

Annual Report & CG Report

ADVANCECON HOLDINGS BERHAD

Annual Report for Financial Year Ended 31 Dec 2021

Subject Annual Report & CG Report - 2021

Please refer attachment below.

Attachments

- [Advancecon - Corporate Governance Report 2021.pdf](#)
528.3 kB
- [Advancecon - Annual Report 2021.pdf](#)
1.2 MB

Announcement Info	
Company Name	ADVANCECON HOLDINGS BERHAD
Stock Name	ADVCON
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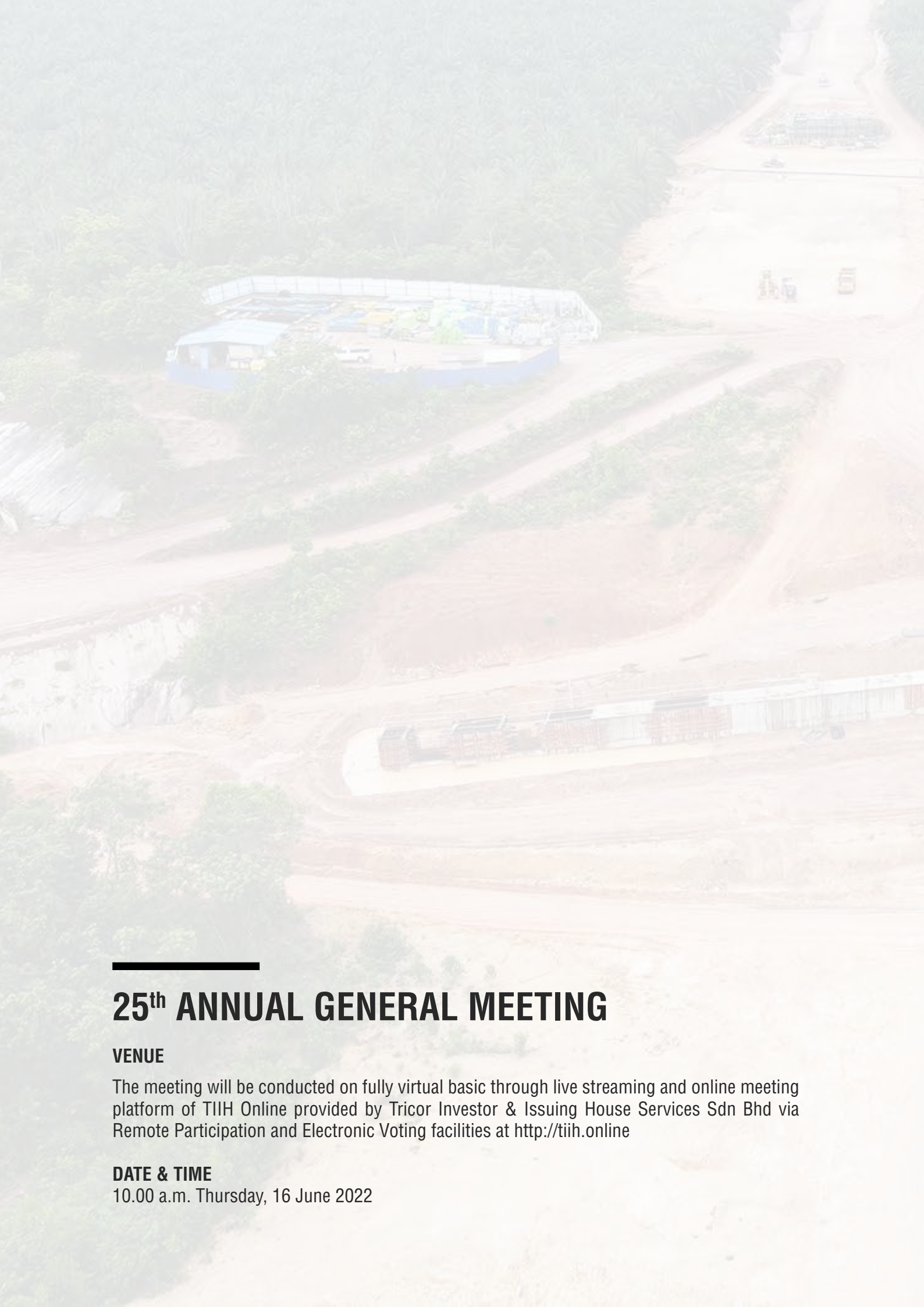
ADVANCECON

ADVANCECON HOLDINGS BERHAD

(Registration No. 199701011469 (426965-M))



**LEADING
THE WAY**
ANNUAL REPORT 2021



25th ANNUAL GENERAL MEETING

VENUE

The meeting will be conducted on fully virtual basis through live streaming and online meeting platform of TIIH Online provided by Tricor Investor & Issuing House Services Sdn Bhd via Remote Participation and Electronic Voting facilities at <http://tiih.online>

DATE & TIME

10.00 a.m. Thursday, 16 June 2022

ABOUT **ADVANCECON**

www.advancecon.com.my



VISION

To become the leading earthworks and civil engineering services contractor in Malaysia, specialising in bulk earthworks and major infrastructure works.



MISSION

To be recognised as Malaysia's premier earthwork and civil engineering services provider as reflected in our outstanding contribution to the nation's infrastructure and township development.



ABOUT **ADVANCECON**

These core values from an integral part of our corporate culture which is geared towards long-term success:



TEAMWORK

We are team players and we work together to achieve our common goals.



SOLUTION PROVIDER

We are real partner who consistently offer valuable solutions to our clients.



PROFESSIONALISM

We act with professionalism and integrity in everything we do and with everyone we deal with.



OUTSTANDING VALUE

We constantly strive to push the limits and surpass standards of excellence at every opportunity.



CUSTOMER FOCUS

We are passionate with everything we do and we place our customers at the heart, constantly delivering our best with quality and exceeds our customer expectations.



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OVERVIEW

CORPORATE INFORMATION

BOARD OF DIRECTORS**YEOH CHONG KEAT**

Independent Non-Executive Chairman

DATO' PHUM ANG KIAExecutive Director and
Group Chief Executive Officer**LIM SWEE CHAI**Executive Director and
Deputy Group Chief Executive Officer**IR. YEO AN THAI**Executive Director and
Group Chief Operating Officer**TUNG KAI HUNG**

Executive Director

MOHD ZAKY BIN OTHMAN

Independent Non-Executive Director

FATHI RIDZUAN BIN AHMAD FAUZI

Independent Non-Executive Director

AUDIT COMMITTEEMohd Zaky bin Othman (*Chairman*)

Yeoh Chong Keat

Fathi Ridzuan bin Ahmad Fauzi

REMUNERATION COMMITTEE

Fathi Ridzuan bin Ahmad Fauzi

(*Chairman*)

Yeoh Chong Keat

Mohd Zaky bin Othman

NOMINATION COMMITTEEYeoh Chong Keat (*Chairman*)

Mohd Zaky bin Othman

Fathi Ridzuan bin Ahmad Fauzi

**RISK MANAGEMENT AND
SUSTAINABILITY COMMITTEE**Fathi Ridzuan bin Ahmad Fauzi
(*Chairman*)

Ir. Yeo An Thai

Tung Kai Hung

**EMPLOYEES SHARE OPTION
SCHEME COMMITTEE**Dato' Phum Ang Kia (*Chairman*)

Lim Swee Chai

Ir. Yeo An Thai

COMPANY SECRETARIES

Tan Tong Lang

(SSM PC No. 202208000250/
MAICSA 7045482)

Thien Lee Mee

(SSM PC No. 201908002254/
LS0009760)**REGISTERED OFFICE**

Level 5, Block B, Dataran PHB

Saujana Resort, Section U2

40150 Shah Alam

Selangor Darul Ehsan

Telephone no.: 03-7890 0638

Facsimile no.: 03-7890 1032

HEAD OFFICE

No. 16, 18 & 20, Jalan Pekaka 8/3

Seksyen 8, Kota Damansara

47810 Petaling Jaya

Selangor Darul Ehsan

Telephone no.: 03-6157 9563

Facsimile no.: 03-6157 0469

AUDITORS

Crowe Malaysia PLT

201906000005

(LLP0018817-LCA & AF1018)

Chartered Accountants

Level 16 Tower C, Megan Avenue II

12 Jalan Yap Kwan Seng

50450 Kuala Lumpur

Telephone no.: 03-2788 9999

Facsimile no.: 03-2788 9998

PRINCIPAL BANKERS

Alliance Bank Malaysia Berhad

Al Rajhi Banking & Investment

Corporation (M) Berhad

Ambank (M) Berhad

Bank of China (Malaysia)

Berhad

Hong Leong Bank Berhad

HSBC Bank Malaysia Bhd

Public Bank Berhad

United Overseas Bank (Malaysia)

Berhad

SHARE REGISTRAR

Boardroom Share Registrars Sdn Bhd

11th Floor, Menara Symphony

No. 5, Jalan Professor Khoo Kay Kim

Seksyen 13

46200 Petaling Jaya

Selangor Darul Ehsan

Telephone no.: 03-7890 4700

Facsimile no.: 03-7890 4670

STOCK EXCHANGE LISTINGMain Market of Bursa Malaysia Securities
Berhad

Construction (Shariah-compliant stocks)

Stock Code.: ADVCON

Stock No.: 5281

DATE & PLACE OF INCORPORATION

9 April 1997, Malaysia

WEBSITE

www.advancecon.com.my

LISTING DATE

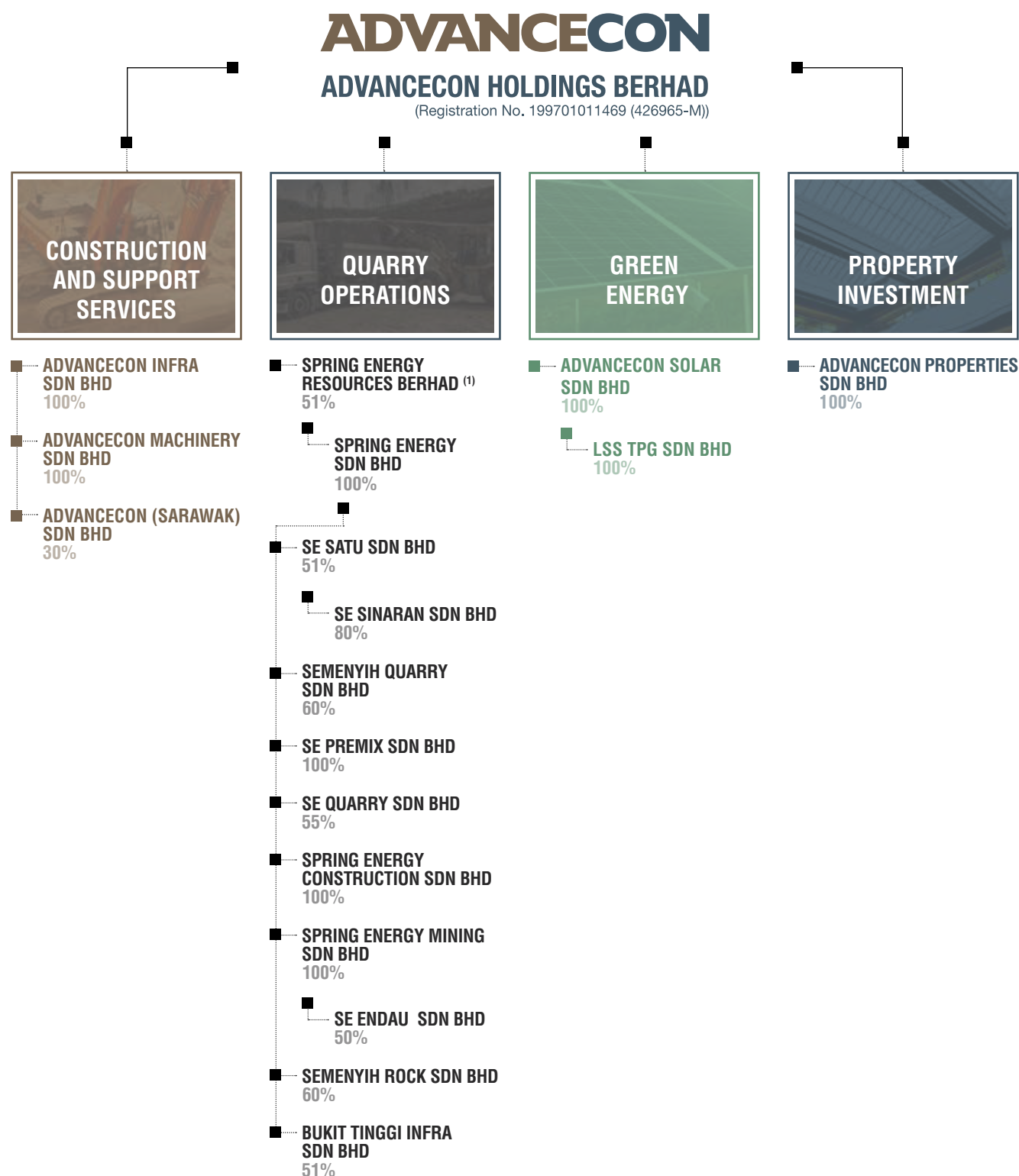
10 July 2017

REGISTRATION NO.

199701011469 (426965-M)

OVERVIEW

CORPORATE STRUCTURE



Notes:-

⁽¹⁾ All the purchase consideration satisfied on 13 December 2021 and obtained the control after the financial year end.

BUSINESS OVERVIEW

BOARD OF DIRECTORS**MOHD ZAKY BIN
OTHMAN**

Independent Non-Executive Director

YEOH CHONG KEAT

Independent Non-Executive Chairman

**FATHI RIDZUAN BIN
AHMAD FAUZI**

Independent Non-Executive Director



BUSINESS OVERVIEW

BOARD OF DIRECTORS (CONT'D)

TUNG KAI HUNG

Executive Director

LIM SWEE CHAI

Executive Director and
Deputy Group Chief
Executive Officer

DATO' PHUM ANG KIA

Executive Director and
Group Chief Executive
Officer

IR. YEO AN THAI

Executive Director and
Group Chief Operating
Officer



BUSINESS OVERVIEW

DIRECTORS' PROFILE

**YEOH CHONG KEAT**

Independent Non-Executive Chairman

📍 Malaysian 👤 Male 📅 64 years old

Date of Appointment: 01 August 2016**Academic / Professional Qualifications:**

- Foundation Course in Accountancy from City of Birmingham Polytechnic, United Kingdom (1978)
- Fellow of the Institute of Chartered Accountants in England and Wales
- Chartered Accountant of the Malaysian Institute of Accountants
- Member of the Malaysian Institute of Certified Public Accountants
- Fellow of the Chartered Tax Institute of Malaysia

Directorships of other Public Listed Companies:

- Lien Hoe Corporation Berhad
- AbleGroup Berhad

Declaration:

- Does not have any family relationship with any Directors and/or major shareholders
- No conflict of interest with Advancecon Holdings Berhad
- No conviction for offences within the past five years and has had no public sanction or penalties imposed by any relevant regulatory bodies during the financial year

Working Experience:

Mr Yeoh began his career in 1978 with a training contract with Deloitte Haskins & Sells, United Kingdom. After qualifying as a Chartered Accountant in 1982, he left Deloitte U.K. and joined Messrs Deloitte KassimChan, Kuala Lumpur as Audit Supervisor and subsequently transferred to the Tax Division of Deloitte and became a Tax Manager. During his tenure with these two audit firms, he was involved in the areas of audit, tax, management and consulting services.

In 1988, Mr Yeoh joined PFA Corporate Services Sdn Bhd as its Executive Director, providing corporate secretarial and advisory services to multinationals, public listed companies and private limited companies of all sizes.

Mr Yeoh left PFA in 2000 and founded Archer Corporate Services Sdn Bhd, a company providing corporate secretarial and advisory services to public listed and private entities and he is now the President cum Chief Executive Officer of Archer.

BUSINESS OVERVIEW

DIRECTORS' PROFILE (CONT'D)

**DATO' PHUM ANG KIA**

Executive Director and Group Chief Executive Officer

 Malaysian
  Male
  64 years old

Date of Appointment: 09 April 1997

Directorships of other Public Listed Companies:
NIL

Declaration:

- He is a major shareholder of the Company
- His brother, Mr Pham Soon Kok is a substantial shareholder of the Company
- Does not have any family relationship with any Directors and/or major shareholders
- No conflict of interest with Advancecon Holdings Berhad
- No conviction for offences within the past five years and has had no public sanction or penalties imposed by any relevant regulatory bodies during the financial year

Academic / Professional Qualification & Working Experience:

As the co-founder and Group CEO, he is responsible for our Group's overall business development which includes setting our Group's direction, formulating corporate development plan and driving our business growth. In addition, he is also involved in overseeing the daily on-site operations and contracts as well as operations related matters.

Dato' Phum started his family business in Soon Kim Trading & Engineering which was subsequently incorporated as a private limited company in 1990 under the name of Pembinaan Sin Soon Kim Sdn Bhd. Subsequently, it changed name to Advancecon Infra Sdn Bhd in 2010. During the early stage, the Company was mainly involved in civil engineering services, construction of main drains, road works, sewerage systems and hiring services of heavy machinery and equipment.

Together with Mr Lim Swee Chai, they incorporated Advancecon Sdn Bhd in 1993 to expand the construction business after which, Advancecon Group was established in 2010 pursuant to an internal reorganisation exercise undertaken. With Dato' Phum's wealth of experience in the construction industry of more than forty years, he was the driving force in raising the Company's profile from a small contractor to now a Main Market public listed company.

BUSINESS OVERVIEW

DIRECTORS' PROFILE (CONT'D)

LIM SWEE CHAI

Executive Director and Deputy Group Chief Executive Officer

 Malaysian
  Male
  66 years old
Date of Appointment: 09 April 1997**Academic / Professional Qualifications:**

- Diploma in Technology (Building) from Tunku Abdul Rahman College (1981)

Directorships of other Public Listed Companies:

NIL

Declaration:

- Does not have any family relationship with any Directors and/or major shareholders
- No conflict of interest with Advancecon Holdings Berhad
- No conviction for offences within the past five years and has had no public sanction or penalties imposed by any relevant regulatory bodies during the financial year

Working Experience:

Having more than forty years of working experience in the construction industry, he is responsible for the Group's overall strategic management and strategic corporate planning. He is also involved in overseeing contracts and operations related matters.

He joined Teguh Kaya Sdn Bhd ("TKSB"), a construction company as Contracts Manager from 1985 until 1993 where he was responsible for the overall contract management functions for several housing development projects in Klang Valley.

Mr Lim left TKS in 1993 and co-founded Advancecon Sdn Bhd with Dato' Phum where he was mainly responsible for the overall contract management functions and managing office operations for the construction projects undertaken. Advancecon Group was then established in 2010 pursuant to an internal reorganisation exercise undertaken and he was the driving force for the Initial Public Offering of Advancecon Holdings Berhad.

BUSINESS OVERVIEW

DIRECTORS' PROFILE (CONT'D)

**IR. YEO AN THAI**

Executive Director and Group Chief Operating Officer

📍 Malaysian 👤 Male 📅 50 years old

Date of Appointment: 01 August 2016**Academic / Professional Qualifications:**

- Bachelor of Engineering with Honours Degree in Civil and Structural Engineering from Universiti Kebangsaan Malaysia (1997)
- Master of Engineering Management from Universiti Putra Malaysia (2015)
- A registered Project Management Professional with the Project Management Institute, United States (since 2009)
- A member of the Institution of Engineers, Malaysia and a registered Professional Engineer with the Board of Engineers, Malaysia (since 2013)
- Green Building Index Facilitator with Green Building Index, Malaysia (since 2014)

Directorships of other Public Listed Companies:

NIL

Declaration:

- Does not have any family relationship with any Directors and/or major shareholders
- No conflict of interest with Advancecon Holdings Berhad
- No conviction for offences within the past five years and has had no public sanction or penalties imposed by any relevant regulatory bodies during the financial year

Working Experience:

Ir. Yeo began his career as a Site Engineer in Gamuda Berhad in 1997 and was promoted to be the Section Head before he left Gamuda Berhad. He then joined Advancecon Sdn Bhd as a Site Manager in 2001 where he was responsible for day-to-day on site operations of all the construction projects. In 2010, Advancecon Group was established pursuant to an internal reorganisation exercise undertaken whereby he assumed the role as General Manager of Project Management before he was promoted to Chief Operating Officer in 2015. He has more than twenty years of working experience in the construction industry and has been instrumental in the Initial Public Offering of Advancecon Holdings Berhad.

BUSINESS OVERVIEW

DIRECTORS' PROFILE (CONT'D)

**TUNG KAI HUNG**

Executive Director

 Malaysian
  Male
  59 years old

Date of Appointment: 01 August 2016**Academic / Professional Qualifications:**

- Diploma in Technology (Building) from Tunku Abdul Rahman College, Malaysia (1986)

Directorships of other Public Listed Companies:

NIL

Declaration:

- Does not have any family relationship with any Directors and/or major shareholders
- No conflict of interest with Advancecon Holdings Berhad
- No conviction for offences within the past five years and has had no public sanction or penalties imposed by any relevant regulatory bodies during the financial year

Working Experience:

In 1999, Mr Tung joined Advancecon Sdn Bhd as Senior Contracts Executive where he was responsible for the overall contract management functions including overseeing the operations of submission of tenders and cost estimates preparation. His roles include selection of our subcontractors and suppliers for all our construction projects.

In 2010, Advancecon Group was established pursuant to an internal reorganisation exercise undertaken whereby Mr Tung assumed the role of General Manager of Contracts since then. He is now the Operations Director of Advancecon Infra Sdn Bhd.

He has more than thirty years of working experience in the construction industry and has been instrumental in the Initial Public Offering of Advancecon Holdings Berhad.

BUSINESS OVERVIEW

DIRECTORS' PROFILE (CONT'D)

MOHD ZAKY BIN OTHMAN

Independent Non-Executive Director

 Malaysian
  Male
  65 years old
Date of Appointment: 01 August 2016**Academic / Professional Qualifications:**

- Bachelor of Science Degree in Business Administration (Finance) from California State University Fresno, United States (1984)
- Master of Science in Finance (Corporate Finance) from Golden Gate University, San Francisco, United States (1992)

Directorships of other Public Listed Companies:

NIL

Declaration:

- Does not have any family relationship with any Directors and/or major shareholders
- No conflict of interest with Advancecon Holdings Berhad
- No conviction for offences within the past five years and has had no public sanction or penalties imposed by any relevant regulatory bodies during the financial year

Working Experience:

En. Mohd Zaky began his career as an Accounts Executive in 1985 and was working overseas for ten years. In 1995, he returned to Malaysia and joined Keretapi Tanah Melayu Berhad ("KTMB") where he spent approximately eighteen years before his retirement in 2013. During his tenure with KTMB, he served in various positions within KTMB group of companies.

En. Mohd Zaky has over thirty years of experience working in the corporate world.

BUSINESS OVERVIEW

DIRECTORS' PROFILE (CONT'D)

**FATHI RIDZUAN BIN AHMAD FAUZI**

Independent Non-Executive Director

📍 Malaysian 👤 Male 📅 57 years old

Date of Appointment: 01 August 2016**Academic / Professional Qualifications:**

- Bachelor of Science Degree in Accounting and Financial Analysis from University of Warwick, Coventry, United Kingdom (1989)

Directorships of other Public Listed Companies:

- N2N Connect Berhad

Declaration:

- Does not have any family relationship with any Directors and/or major shareholders
- No conflict of interest with Advancecon Holdings Berhad
- No conviction for offences within the past five (5) years and has had no public sanction or penalties imposed by any relevant regulatory bodies during the financial year

Working Experience:

En. Fathi Ridzuan began his career in 1989 where he worked in various accounting and finance capacities. He has accumulated vast experience in financial, administrative, legal, information technology, risk management, stockbroking operations, business process outsourcing and trusted identification.

BUSINESS OVERVIEW

KEY SENIOR MANAGEMENT

PUAH KIAN YIEW

Division General Manager - Earthworks

 Malaysian Male 46 years old

Puah Kian Yiew, is our Division General Manager – Earthworks. He is responsible for the planning, coordination and the operations of all the heavy machinery and equipment of our Group. He has more than twenty years of working experience in various operational management in the construction industry. He graduated with a Bachelor of Science Degree in Building Construction Management from Sheffield Hallam University, United Kingdom in 2000.

He began his career as Supervisor with Gabungan Cekapbina Sdn Bhd (“GCSB”) in 2000 where he was responsible for supervising on-site construction activities. In 2006, he left GCSB and joined Advancecon Sdn Bhd as Assistant Project Manager where he was responsible for assisting the execution of project management of construction projects.

In 2010, Advancecon Group was established pursuant to an internal reorganisation exercise undertaken whereby he assumed the role of Project Manager and was subsequently promoted to Senior Manager of Production and Operation in 2012 before he was promoted to General Manager of Production and Operation in 2015.

Presently, he does not hold any directorship in any public listed companies. He does not have any family relationship with any Directors and/or major shareholders of the Company. He has no conflict of interest with the Company and has not been convicted of any offences, other than traffic offences (if applicable) within the past five (5) years nor has been imposed of any public sanction or penalties by any relevant regulatory bodies during the financial year ended 31 December 2021.

LIM KOK TIONG

Division General Manager – Infrastructure and Highway

 Malaysian Male 49 years old

Lim Kok Tiong, is our Division General Manager – Infrastructure and Highway. He is responsible for overseeing the execution of construction projects undertaken by our Group, which include project planning and project scheduling. He has more than twenty years of working experience in project management within the construction industry.

He graduated with a Bachelor of Engineering with first class Honours Degree in Civil and Structural Engineering from University Kebangsaan Malaysia in 1998 and subsequently obtained a Master of Business Administration from University of Lincoln, United Kingdom in 2002.

He began his career as Engineer where he was involved in the design of building structure, responsible for the overall execution and management of steel works projects. Subsequently, he assumed the role of as a director and was responsible for project management and project planning in Gabungan Cekapbina Sdn Bhd until 2006. Thereafter, he joined Advancecon Sdn Bhd in 2006 as Project Manager, mainly responsible for managing and monitoring of project execution and subsequently promoted to Senior Project Manager in 2007. In 2010, Advancecon Group was established pursuant to an internal reorganisation exercise undertaken whereby he assumed the role of Senior Project Manager before he was promoted to General Manager of Project Management in 2015.

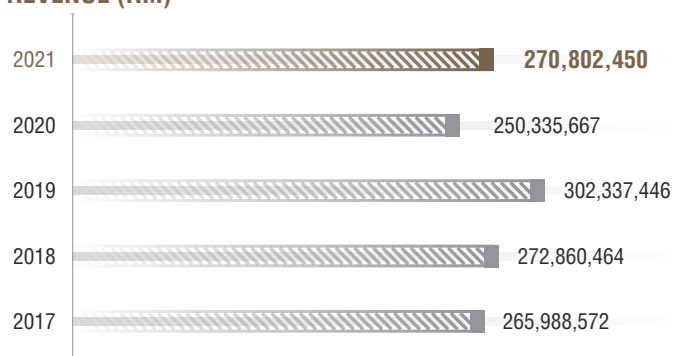
Lim Kok Tiong is the nephew of Lim Swee Chai. Other than that, he does not have any family relationship with any other Directors. Presently, he does not hold any directorship in any public listed companies. He has no conflict of interest with the Company and has not been convicted of any offences, other than traffic offences (if applicable) within the past five (5) years nor has been imposed of any public sanction or penalties by any relevant regulatory bodies during the financial year ended 31 December 2021.

BUSINESS OVERVIEW

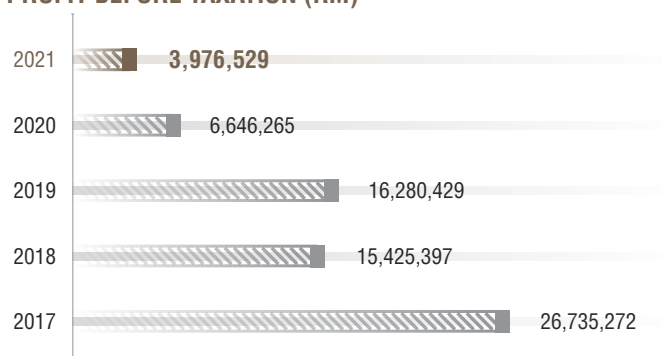
FINANCIAL HIGHLIGHTS

Financial year ended 31 December	2021 RM	2020 RM	2019 RM	2018 RM	2017 RM
<u>Profitability</u>					
Revenue	270,802,450	250,335,667	302,337,446	272,860,464	265,988,572
Profit before taxation	3,976,529	6,646,265	16,280,429	15,425,397	26,735,272
Profit after taxation	2,049,957	2,101,045	10,825,180	10,618,139	18,463,080
<u>Key Balance Sheet Data</u>					
Total assets	442,032,498	407,865,193	409,980,550	411,354,603	368,677,637
Total equity	215,575,390	187,560,712	191,925,420	181,986,190	174,607,890
Total borrowings	126,119,548	133,151,034	128,506,997	134,422,414	108,203,821
Issued share capital	492,756,000	405,075,000	403,928,000	402,079,000	402,079,000
<u>Share information</u>					
Earnings per share (sen)	0.50	0.53	2.69	2.64	5.18
Net assets per share attributable to owners of the Company (RM)	0.44	0.46	0.48	0.45	0.43
Gearing ratio (times)	0.59	0.71	0.67	0.75	0.62
Return on equity (%)	1%	1%	6%	6%	11%

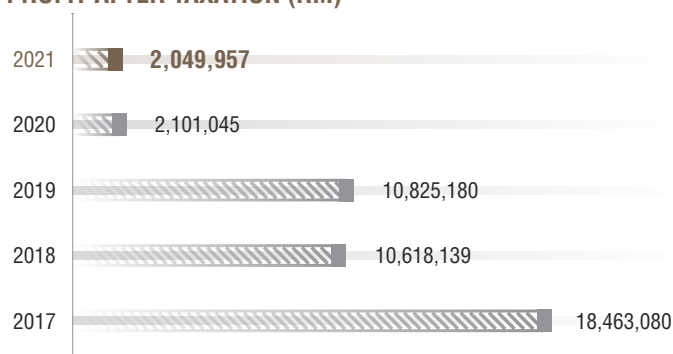
REVENUE (RM)



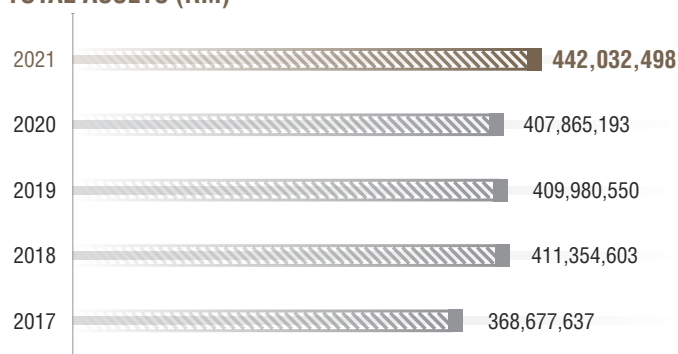
PROFIT BEFORE TAXATION (RM)



PROFIT AFTER TAXATION (RM)



TOTAL ASSETS (RM)



BUSINESS OVERVIEW

MANAGEMENT DISCUSSION & ANALYSIS

**Dear shareholders,**

The operating landscape in Malaysia remained challenging in 2021, as the COVID-19 pandemic weighed heavily on government actions and social practices. The reimplementation of the full Movement Control Order (“MCO”) from June to July 2021 halted operations of non-essential sectors and restricted the workforce capacity of essential businesses to 60%, which caused supply chain disruptions and affected overall productivity.

Fortunately, the aggressive implementation of the vaccination programme allowed the nation to progress to its National Recovery Plan, enabling businesses to operate in adherence to standard operating procedures. With this, Malaysia’s national Gross Development Product (“GDP”) recorded 3.1% growth in 2021 from a contraction of 5.6% a year ago, supported mainly by improved domestic demand in the fourth quarter of 2021.

Despite the inherent difficulties, Advancecon Holdings Berhad and its subsidiaries (“Advancecon” or “the Group”) maintained profitability on a full-year basis, continued making headway with ongoing projects, and even won RM289.4 million worth of new projects which is the highest win in the last three years. Not only that, we concluded an acquisition exercise of a majority stake in a quarry operator, and made significant advancements in our green energy business segment.

On that note, we are pleased to present to you the financial statements and Annual Report for the financial year ended 31 December 2021 (“FY2021”).

BUSINESS OVERVIEW

Advancecon is an established construction player with a strong track record of more than thirty years in providing earthworks and civil engineering services primarily for infrastructure projects and township developments in Malaysia.

The Group’s diverse range of capabilities within earthworks services include excavation and fill, rock-blasting works, erosion and sediment control plan, soil investigation as well as compaction and surface finishing process. Moreover, Advancecon is also highly experienced in providing several types of civil engineering services such as road works, drainage works, bridge construction, water supply works, and sewerage works.

Today, Advancecon has established a firm reputation for providing earthworks and civil engineering services for various major infrastructure projects, having completed works for major highways such as the Trumpet Interchange and Ecohill Link connected to Lebuhraya Kajang Seremban (“LEKAS”) Highway, as well as South Klang Valley Expressway. Ongoing infrastructure projects include West Coast Expressway (“WCE”), East Coast Rail Link (“ECRL”), Pan Borneo Highway Sarawak and new roads in Sarawak under the Upper Rajang Development Agency (“URDA”).

The Group is also known for undertaking earthworks and civil engineering works for township projects undertaken by well-known developers. This includes completed projects for townships including Eco Majestic, Bandar Setia Alam, Setia EcoHill, Setia Eco Gardens and Tropicana Aman, and ongoing works for Serenia City and Bandar Bukit Raja 2.

BUSINESS OVERVIEW

MANAGEMENT DISCUSSION & ANALYSIS (CONT'D)

Advancecon is able to expand into quarry operations by the acquisition of 51.0% stake in Spring Energy Resources Berhad ("SERB"), an integrated quarry operation management and service provider involved in contract quarry operations, provision, marketing and management of quarry products, related advisory services, as well as the undertaking of quarry-related earthworks and civil engineering works. SERB does not own but operates at nine quarry sites across Perak, Terengganu, Pahang, Negeri Sembilan and Selangor.

Advancecon is also involved in the renewable energy field through its wholly-owned subsidiary, Advancecon Solar Sdn Bhd ("Advancecon Solar"), which invests in, develops and operates solar and other renewable energy projects including the fourth cycle of the large-scale solar programme ("LSS4 project"). The green energy segment provides us with an opportunity to diversify our revenue base and secure a stream of recurring income that complements our core earthworks and civil engineering business.



OPERATIONS REVIEW

Advancecon remained resilient in 2021, as we continued to make good progress in our business operations.

- **Continued to deliver works for ongoing projects**

In FY2021, the Group made keen advancements in ongoing key projects despite being impacted by the various forms of MCO for a good part of the year. In our largest infrastructure undertaking of WCE, we completed 70.0% of the Section 7A package, and 69.5% of the 98.4% sites handed over for Section 1.

In light of the full MCO restriction, the Group obtained Extension of Time for ongoing projects, in order to garner sufficient time for project completion.

- **Secured RM289.4 million new wins**

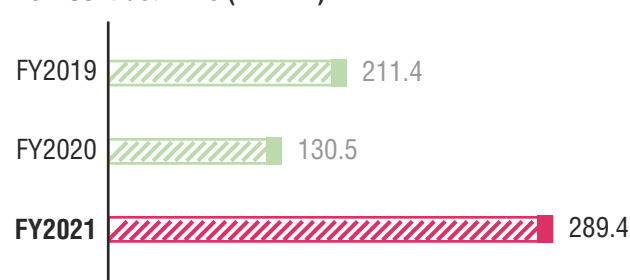
The challenging year notwithstanding, Advancecon proved our competitiveness with six new wins to RM289.4 million in total value, comprising earthworks and civil engineering services for industrial, infrastructure and property development projects. These new wins eclipsed the RM130.5 million a year ago, and reinforced our leadership in the earthworks sector.

Amongst our notable highlights was our associate Advancecon (Sarawak) Sdn Bhd ("Advancecon Sarawak") being awarded its single-largest earthworks contract worth RM153.5 million by Wenan Steel (Malaysia) Sdn Bhd, to undertake works for Wenan Steel Production Facility in Bintulu, Sarawak.

Not only that, we continued our winning streak as we secured three additional contracts worth RM92.2 million for ECRL infrastructure megaproject from China Communications Construction (ECRL) Sdn Bhd. These comprised RM60.6 million for Section 4 (package 3), RM14.6 million for Section 4 (2) and RM17.0 million for Section 4-4, which were secured on 26 January 2021, 2 March 2021 and 14 October 2021 respectively.

Moreover, Advancecon continued to be trusted by repeat customer Sime Darby Property Berhad in the property development segment, as we secured two additional contracts worth RM43.7 million. This consisted of our second contract for the Serenia City Development worth RM20.2 million awarded on 1 June 2021, and our fifth contract for the Bandar Bukit Raja 2 Development worth RM23.5 million awarded on 22 November 2021.

New Contract Wins (RM'mil)



BUSINESS OVERVIEW

MANAGEMENT DISCUSSION & ANALYSIS (CONT'D)

• Acquired quarry operator and secured two project quarry agreements

Advancecon acquired 51.0% stake in SERB in view of the positive long-term prospects of the expansion into quarry operations.

The acquisition will synergise with our core capabilities in earthworks and civil engineering with SERB's quarry operations, enabling us to cross-sell products and services and expand our territorial reach across Peninsular Malaysia.

As part of the acquisition, SERB is also expected to provide a profit guarantee of RM12.0 million across FY2022 and FY2023, with RM6.1 million over 24 months attributable to Advancecon based on the 51% equity interest.

SERB secured two project quarry agreements for a new quarry site in Kinta, Perak worth RM51.3 million, of which RM18.1 million was awarded by Aalborg Resources Sdn Bhd, and RM33.2 million by Omya Malaysia Sdn Bhd. SERB will undertake quarry operation, ancillary works, and other related services on the site for a period of four years.

• Strengthened Green Energy Segment

In FY2021, we had completed the installation of three rooftop solar PV projects, namely for Onn Corp Resources (M) Sdn Bhd ("Onn Corp"), Prominent Image Sdn Bhd and Jemco Sdn Bhd. This enabled us to commence the Power Purchase Agreement ("PPA") programme under the Net Energy Metering scheme ("NEM") for a period of twenty one years.

On 12 March 2021, our subsidiary Advancecon Solar was one of the successful bidders of the LSS4 project and was awarded to generate 26 Megawatt ("MW") out of the offered 1,000 MW capacity by the Energy Commission. Following this, Advancecon Solar's subsidiary LSS TPG Sdn Bhd ("LSS TPG") signed a 21-year PPA with Tenaga Nasional Berhad to connect our photovoltaic energy-generating facility to TNB's medium voltage Distribution Network at 33 kV PMU Teluk Panglima Garang.

LSS TPG will build and operate the awarded 26 MW solar photovoltaic energy-generating facility, with a target to complete in 2023. The scope of works includes designing, constructing, owning, operating and maintaining the facility in Kuala Langat, Selangor.

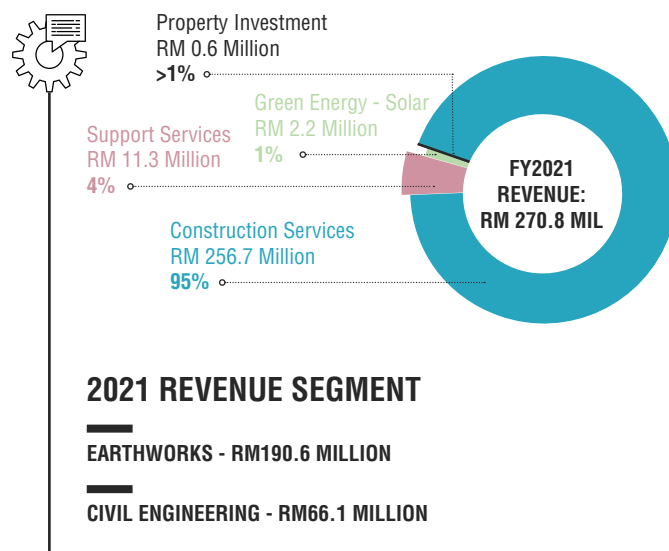


AMONGST OUR NOTABLE HIGHLIGHTS WAS OUR ASSOCIATE ADVANCECON (SARAWAK) SDN BHD ("ADVANCECON SARAWAK") BEING AWARDED ITS SINGLE-LARGEST EARTHWORKS CONTRACT WORTH RM153.5 MILLION BY WENAN STEEL (MALAYSIA) SDN BHD, TO UNDERTAKE WORKS FOR WENAN STEEL PRODUCTION FACILITY IN BINTULU, SARAWAK.

FINANCIAL OVERVIEW

During the year under review, the Group registered a healthy revenue growth of 8.2% to RM270.8 million from RM250.3 million a year ago on overall higher progress billings.

Segmentally, the construction services segment contributed 94.8% of Advancecon's total FY2021 revenue. It must be noted that the segment revenue stood at RM256.7 million, 9.5% higher than RM234.5 million in the previous financial year ended 31 December 2020.



Within construction services, earthworks revenue rose 59.1% to RM190.6 million from RM119.8 million in the previous financial year on higher billings from ongoing and newly secured projects. This mitigated 42.4% lower revenue from civil engineering services of RM66.1 million from RM114.7 million a year ago due to project progress.

BUSINESS OVERVIEW

MANAGEMENT DISCUSSION & ANALYSIS (CONT'D)



The Group's support services segment, which complements both earthworks and civil engineering services, noted a 16.4% decrease in revenue to RM11.3 million from RM13.4 million. The property investment segment remained steady with RM0.6 million revenue in FY2021 compared to RM0.5 million previously.

Additionally, revenue from the green energy segment increased 15.8% to RM2.2 million in FY2021 from RM1.9 million previously, from the commencement of three solar PPA projects.

Albeit the higher group revenue, the escalated costs particularly of diesel, construction material cost and operating cost led to 32.3% lower gross profit of RM18.9 million compared to RM27.9 million in the preceding financial year. Similarly, profit before tax decreased 39.4% to RM4.0 million from RM6.6 million previously.

Nonetheless, the Advancecon was able to remain profitable in FY2021 with net profit of RM2.0 million versus RM2.1 million previously.

It must be said that the Group sought to maintain a strong balance sheet to withstand tumultuous conditions. We succeeded greatly in this respect, with higher total equity from increased cash holdings and a reduced net gearing level to below 0.5 times. Other key indicators of our financial position mainly improved, as shown below:

Financial Ratio	As at 31 December 2021	As at 31 December 2020
Current Ratio	1.89 times	1.52 times
Gross Gearing	0.59 times	0.71 times
Net Gearing	0.47 times	0.69 times
Total Equity	RM215.57 million	RM187.56 million
Net Asset Per Share	RM0.44	RM0.46

MARKET OUTLOOK AND GROWTH STRATEGIES

Although Malaysia had resumed economic activities with the upliftment of MCO since January 2022, uncertainties still persist as COVID-19 continues to evolve globally. Not only that, pressure from the ongoing Ukraine-Russia tensions have also caused fluctuations towards the commodity market such as energy prices and steel bar, potentially sparking higher inflation.

However, the Malaysian Government remains committed to economic revival pro-development policies and stimulus packages aimed at bolstering growth. Bank Negara Malaysia anticipates the national GDP growth of between 5.3% and 6.3% in 2022, underpinned by higher private and public sector expenditure as well as expected global demand.

The Group's order book amounted to RM691.4 million as at end-March 2022, providing earnings visibility till 2024. Banking on this outlook, Advancecon endeavours to continue our journey by undertaking the following avenues:

- **Explore more opportunities within Malaysia's infrastructure space**

The Budget 2022 outlined the Government's continued commitment towards reviving the nation's economy through infrastructure development, with key projects such as Pan Borneo Highways in Sabah and Sarawak, Mass Rapid Transit 3 and others to be implemented.

Backed by our extensive experience thus far, Advancecon intends to further strengthen our track record in the infrastructure space by increasing our tender in infrastructure projects in Peninsular and East Malaysia.

BUSINESS OVERVIEW

MANAGEMENT DISCUSSION & ANALYSIS (CONT'D)

- **Diversifying our sector coverage and reinforcing footprint in East Malaysia**

We are pleased that our associate Advancecon Sarawak has been entrusted to support the urban development plans of the state. As at 31 December 2021, Advancecon Sarawak's portfolio includes earthworks for the Pan Borneo Highway (Sarawak) and roadworks in Sarawak under URDA, Wenan Steel Production Facility in Bintulu and Yayasan Sarawak on Lot 501 Salak Land District in Kuching.

In February 2022, our Sarawak associate marked a momentous milestone by securing its first earthworks project from the oil and gas sector. The RM18.7 million project awarded by Petrofac Engineering Services (Malaysia) Sdn Bhd entails Advancecon Sarawak providing earthworks, site preparation and related services for the Bintulu Additional Gas Sales Facilities 2 of Petronas Carigali Sdn Bhd in Sarawak, for a contract period of five months.

- **Synergise existing core expertise with quarry operator SERB**

Advancecon will synergise our existing earthworks and civil engineering services with quarry operating services by sharing our resources and leveraging on each other's strengths to execute projects. These include cross-selling SERB's quarry products with Advancecon's existing customers, and improving the efficiency of quarry operations services.

Currently, SERB operates at nine quarry sites across Perak, Terengganu, Pahang, Negeri Sembilan and Selangor. Through SERB, Advancecon will be able to expand our territorial reach across Peninsular Malaysia in search of more opportunities to enhance our growth moving forward.

- **Gradually increase revenue contributions from our green energy segment**

In January 2022, we completed the rooftop solar PV installation for Onn Corp. With the full installation of four solar NEM, our green energy segment is off to a stable start.

Our foremost priority would be to commence the construction and installation works for our LSS4 project. This project is expected to be completed in 2023 and will enable us to further expand contribution from our green energy segment to meet our long-term growth plans.



APPRECIATION

Despite the challenging FY2021, we are grateful for the continuous support shown to Advancecon by our shareholders, customers, business associates, bankers, consultants as well as our employees. On behalf of the Board and the management, I wish to thank you all for trusting us since our journey started on 10 July 2017 as a publicly listed company on the Main Market of Bursa Securities Malaysia Berhad.

I would also like to express my appreciation to our Board of Directors for the valuable advice and continuous guidance throughout the year. Advancecon continued to remain resilient and on track with our growth plans regardless of the impact faced from the ongoing COVID-19 pandemic. Looking ahead, we are hopeful in capturing more opportunities in the construction and infrastructure sectors, as the nation heads into pro-development mode.

Sincerely,

Dato' Phum Ang Kia
Group Chief Executive Officer

CORPORATE GOVERNANCE AND FINANCIAL STATEMENTS

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Pursuant to the disclosure requirements, the Board of Directors (“the Board”) of Advancecon Holdings Berhad (“Advancecon” or “the Company”) is pleased to present the Corporate Governance (“CG”) Overview Statement (“Statement”) which provides key highlights on how the Company complies with the principles and core values of Revised Malaysian Code on Corporate Governance 2021 (“MCCG”) during the financial year ended 31 December 2021 (“FY2021”). This statement is complemented by a CG Report based on a prescribed format pursuant to Paragraph 15.25 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) (“MMLR”). The CG Report is available on the Company’s website www.advancecon.com.my under the Investor Relations section. This Statement should also be read in conjunction with the Statement on Risk Management and Internal Control (“SORMIC”) and the respective Board Committee reports in the ensuing pages.

The Board constantly strives to ensure that good corporate practices are carried out throughout the Company and its subsidiaries (“the Group”) as fundamental towards fulfilling its responsibilities, which include protecting and enhancing shareholders’ value as well as the financial performance of the Group.

The Board oversees the overall strategic and operational business performance and is supported by various Board Committees in discharging other specific functions.

The Board will endeavour to improve and enhance the corporate governance practices from time to time. Details of how the Company has applied the CG Code principles and complied with its practices, are set out in the CG Report. The explanation for departure is further disclosed in the CG Report.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

1. Board Responsibilities

a. Roles and Responsibilities

The Board is primarily responsible for the Group’s overall strategic plans for business performance, overseeing the proper conduct of business, succession planning of key management, risk management, shareholders’ communication, internal control, and statutory matters; whilst the Management is accountable for the execution of the adopted policies and attainment of the Group’s corporate objectives. The demarcation complements and reinforces the supervisory role of the Board. Nevertheless, the Board is always guided by the Board Charter which outlines the duties and responsibilities and matters reserved for the Board in discharging its duties. The Board Charter also acts as a source of reference and primary induction literature in providing insights to Board members and Senior Management.

The Chairman responsibilities are providing leadership for the Board so that the Board can perform its responsibilities effectively, leading the Board in the adoption and implementation of good corporate governance practices in the Company, setting the Board agenda and ensuring that Directors receive complete and accurate information in a timely manner, leading Board meetings and discussions, encouraging active participation and allowing dissenting views to be freely expressed, managing the interface between Board and Management, ensuring appropriate steps are taken to provide effective communication with stakeholders and that their views are communicated to the Board as a whole.

The positions of Chairman and Group Chief Executive Officer (“Group CEO”) are held by different individuals with clear and distinct roles. Mr Yeoh Chong Keat is the Chairman while, Dato’ Phum Ang Kia is the Group CEO. The distinct and separate roles of the Chairman and Group CEO with clear division of responsibilities have ensured the balance of power and authority, such that no one individual has unfettered powers of decision making.

The Independent Non-Executive Directors (“INED”) do not engage in the day-to-day management of the Group. They are not involved in any other relationship with the Group that could reasonably be perceived to materially interfere with their exercise of unfettered and independent judgement. This is to enable the INED to discharge their duties and responsibilities effectively and to avoid any conflict of interest situations. The INED also provide independent and objective views, assessment and suggestions in deliberations of the Board and ensure effective check and balance in the functioning of the Board.

b. Chairman of the Board should not be a member of the Board Committees

The Board endeavours to comply with the Practice 1.4 of the MCCG whereby the Chairman of the Board should not be a member of the Audit Committee, Nomination Committee or Remuneration Committee.

CORPORATE GOVERNANCE AND FINANCIAL STATEMENTS

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

b. Chairman of the Board should not be a member of the Board Committees (cont'd)

The Chairman is conscious of his differing roles in the Board, in the Nomination Committee, Remuneration Committee and Audit Committee. All issues before recommending to the Board are thoroughly deliberated at the committee levels which involved the participation of the other two INEDs. All recommendations by the Committees to the Board have been arrived at unanimously and this would have eliminated the risk of self-review and absolute control over decision making by one person.

c. Board Committees

In order to ensure orderly and effective discharge of the above functions and responsibilities of the Board, the Board has delegated specific responsibilities to the following Board Committees:

- (i) Audit Committee ("AC")
- (ii) Remuneration Committee ("RC")
- (iii) Nomination Committee ("NC")
- (iv) Risk Management and Sustainability Committee ("RMSC")
- (v) Employees' Shares Options Scheme ("ESOS") Committee

Except for ESOS Committee which is governed by its By-Laws, each committee operates within clearly defined Terms of Reference ("TOR"). These Committees are formed in order to enhance business and operational efficiency as well as efficacy. The Chairman of the respective Committees will report to the Board the outcome of their Committee's meetings for the Board's considerations and approvals. The Board retains full responsibility for the direction and control of the Company and the Group.

d. Support Services

The Board is supported by the Company Secretaries, who are qualified under the Companies Act 2016 ("the Act"). The Company Secretaries play an important role in facilitating the overall compliance with the Act, MMLR and other relevant laws and regulations. The Company Secretaries also assist the Board and Board Committees to function effectively and in accordance with their TOR and best practices in ensuring adherence to the existing Board policies and procedures. The roles and responsibilities of the Company Secretaries have been formalised in the Board Charter which provides reference for Company Secretaries in the discharge of their roles and responsibilities.

The Company Secretaries have also been continuously attending the necessary training programmes, conferences, seminars and/or forums so as to keep themselves abreast with the current regulatory changes in laws and regulatory requirements that are relevant to their profession and enabling them to provide the necessary advisory role to the Board.

The Board also have access to the advice of both External and Internal Auditors of the Company and any other independent professional advisers.

e. Board Charter

The Board's functions are governed and regulated by the Board Charter, Constitution of the Company and the various applicable legislation, MMLR and other regulations and codes. The Board Charter can be found on the Company's website at www.advancecon.com.my. The Board Charter provides reference for directors in relation to the Board's role, powers, duties and functions. The Board Charter also outlines processes and procedures for the Board to be effective and efficient.

f. Code of Conduct and Ethics ("Code")

The Company's Code is to govern the standards of ethics and good conduct expected from Directors, Management and employees in discharging their duties and responsibilities and would help to prevent misconduct and unethical practices and consequently, this would support the delivery of long-term sustainable success of the Company. The Code is published on the Company's website, www.advancecon.com.my.

g. Whistle Blowing Policy

The Group acknowledges the importance of lawful and ethical behaviours in all its business activities and is committed to adhering to the values of transparency, integrity, impartiality and accountability in the conduct of its business and affairs in its workplace. The Group has in place a Whistle Blowing Policy which serves as an avenue for all employees of Advancecon and members of the public to disclose any improper conduct within Advancecon.

The policy is designed to facilitate employees and members of the public to disclose any improper conduct (misconduct or criminal offence) through internal channel. Such misconduct or criminal offences include fraud, bribery, abuse of power, conflict of interest, theft or embezzlement, misuse of Advancecon's assets, non-compliance with procedures and sexual harassment.

CORPORATE GOVERNANCE AND FINANCIAL STATEMENTS

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

g. Whistle Blowing Policy (cont'd)

The above list is not exhaustive and includes any acts or omissions, which if proven, will constitute an act of misconduct under Advancecon's Code or any criminal offence under relevant legislations in force.

Employees have free access to the AC Chairman and may raise concerns of non-compliance to him. The Whistle Blowing Policy, underlining its protection and reporting channels, is available on the Company's website at www.advancecon.com.my.

h. Anti-Bribery and Corruption Policy

In line with the Guideline on Adequate Procedures pursuant to Section 17A of the Malaysian Anti-Corruption Commission Act 2009, the Company has adopted an Anti-Bribery and Corruption Policy which was approved by the Board on 20 May 2020. The details of the Anti-Bribery and Corruption Policy Statement are available on the Company's website at www.advancecon.com.my.

2. Board Composition

The current Board composition is in compliance with the Constitution and exceeds the minimum one-third requirement of INED as set out in the MMLR. The Directors' profiles are enclosed from pages 8 to 14 of this Annual Report ("AR").

The INED on the Board act as a caretaker for the minority shareholders' interest and their views carry significant weight in the Board's decision-making process. The INED are considered by the Board to be independent of management and free of any business or other relationship or circumstance that could materially interfere with the exercise of objective, unfettered or independent judgement.

The Board regularly reviews the composition of the Board and Board Committees to ensure appropriate balance as well as relevant skills and experience.

a. Balance, Diversity and Skills

The Company's Board Diversity Policy recognises the benefit of gender diversity and the Company will look into appointing women to the Board in the future. The appointment of Directors is based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender. Therefore, the Board believes that a truly diverse and inclusive Board will leverage the differences in thought, perspective, knowledge, skill, regional and industry experience, cultural and geographical background, age, ethnicity and gender. This will ensure that Advancecon retains its competitive advantage.

During the FY2021, the Board consists of seven male members made up of one Independent Non-Executive Chairman, four Executive Directors and two INED. The existing Directors' age distribution falls within the respective age groups and is as follows:

Age group	41-50	51-60	61 and above
Number of Directors	1	2	4

The current diversity in the race/ethnicity and nationality of the existing Board is as follows:

Number of Directors	Race/Ethnicity				Nationality	
	Malay	Chinese	Indian	Others	Malaysian	Foreign
	2	5	0	0	7	0

CORPORATE GOVERNANCE AND FINANCIAL STATEMENTS

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

b. Re-Election and Re-Appointment of Directors

In compliance with the Company's Constitution, one-third of the Directors, who have been the longest in office since their last election shall retire by rotation at each Annual General Meeting ("AGM"). Besides, a Director who is appointed during the year shall hold office only until the next general meeting and shall be eligible for re-election. The Constitution further provides that at least one-third of the Directors for the time being or the number nearest to one-third shall retire from office and that each Director shall retire from office once in every three years.

The Board, via NC, reviews the Directors who are subject to re-election or re-appointment at the AGM by giving due regard to his performance and the ability to continue to contribute to the Board in terms of knowledge, skills and experience required, and submits its recommendation to the shareholders for their approval.

c. Independence Assessment of Independent Directors

Independent Directors bring independence and objective judgement to the Board and this mitigates risks arising from conflicts of interest or undue influence from interested parties. Nevertheless, the existence of Independent Directors on the Board by itself does not assure the exercise of independence and objective judgement as independent judgement can be compromised by, amongst others, familiarity or close relationship with other board members or major shareholders.

The NC undertakes an assessment of the Independent Directors annually. In assessing the independence of Independent Directors, the NC had concluded that all the Independent Directors have met the independence requirements based on the criteria prescribed by Bursa Securities.

d. Tenure of Independent Directors

Under the Practice 5.3 of the MCGG, the tenure of an Independent Director should not exceed a term limit of nine years. Upon completion of the nine 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 years, it should provide justification and seek shareholders' approval through a two-tier voting process.

For the FY2021, none of the INED had served the Company exceeding a cumulative term limit of nine years.

e. Criteria for Recruitment and Annual Assessment of Directors

The NC is responsible for screening and conducting an initial selection, which includes an external search, before making a recommendation to the Board, taking into account the mix of skills, competencies, experience and other qualities required to discharge their duties and responsibilities. NC may obtain the services of professional recruitment firms to source for candidates for directorship or seek independent professional advice whenever necessary.

The Board is assisted by the NC to undertake an annual assessment on the effectiveness of the Board as a whole, its Committees, contribution of each individual Director and the Independent Directors in relation to their skills, experience and core competencies. The assessment is conducted through questionnaires circulated to the Board. Outcomes of the evaluations are generated based on the Directors' feedback on the questionnaires. Upon assessment, the NC will consider and recommend measures to improve the effectiveness of the Board and its Committees. All assessments and evaluations carried out by the NC in the discharge of its function are properly documented.

f. Board Meetings and Attendance

The Board meets at least four times a year and has a formal schedule of matters reserved for it. Additional meetings are held as and when necessary. During the FY2021, eight meetings were held in which the Board deliberated upon and considered various issues including the Groups' financial results, performance of the Group's business, major investment, policies and strategic issues affecting the Group's business.

CORPORATE GOVERNANCE AND FINANCIAL STATEMENTS

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

f. Board Meetings and Attendance (cont'd)

During the FY2021, eight meetings of the Board were held and the details of the Board's attendance record at the Board meetings are as follows:

Director	Attendance in FY2021
Yeoh Chong Keat	8 / 8
Dato' Phum Ang Kia	8 / 8
Lim Swee Chai	8 / 8
Ir. Yeo An Thai	8 / 8
Tung Kai Hung	8 / 8
Mohd Zaky Bin Othman	8 / 8
Fathi Ridzuan Bin Ahmad Fauzi	8 / 8

The Directors have full and unrestricted access to all information pertaining to the Group's business and affairs to enable them to discharge their duties. At least seven days prior to each Board meeting, all Directors receive the agenda together with a comprehensive set of Board papers encompassing qualitative and quantitative information relevant to the business of the meeting. This allows the Directors to obtain further explanations or clarifications from the Management or the Company Secretaries well ahead of the meeting date, where necessary, in order to be well prepared before each meeting. Urgent papers may be presented for tabling at the Board meetings under supplemental agenda.

g. Directors' Training

The Board recognises the importance of attending and participating in conferences, seminars and training programme in order to broaden their perspectives and to keep abreast of developments in the marketplace, new statutory and regulatory requirements which would enable them to fulfil their responsibilities.

During the year under review, the Directors who have attended relevant conferences, seminars and training programmes are as follows:

Director	Training attended
Yeoh Chong Keat	- National Tax Conference 2021 - SSM National Conference 2021 on Governing under New Normal - The Malaysian Code on Corporate Governance (updated 2021) Implications to the Company, its Directors & Management
Dato' Phum Ang Kia	- Understanding Board Decision-Making Process - The Malaysian Code on Corporate Governance (updated 2021) Implications to the Company, its Directors & Management
Lim Swee Chai	- Understanding Board Decision-Making Process - The Malaysian Code on Corporate Governance (updated 2021) Implications to the Company, its Directors & Management
Ir. Yeo An Thai	The Malaysian Code on Corporate Governance (updated 2021) Implications to the Company, its Directors & Management
Tung Kai Hung	The Malaysian Code on Corporate Governance (updated 2021) Implications to the Company, its Directors & Management
Mohd Zaky Bin Othman	- Understanding Board Decision-Making Process - The Malaysian Code on Corporate Governance (updated 2021) Implications to the Company, its Directors & Management
Fathi Ridzuan Bin Ahmad Fauzi	- Understanding Board Decision-Making Process - Implementing Amendments in the Malaysian Code on Corporate Governance

CORPORATE GOVERNANCE AND FINANCIAL STATEMENTS

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

3. Remuneration

a. Directors' Remuneration

The Board has in place a Remuneration Policy for Directors and Senior Management which is designed to support and drive business strategy and long-term objectives of the Group. In this regard, the RC is responsible to formulate and review the remuneration for Directors and Senior Management of the Company to ensure the same remain competitive, appropriate and in alignment with the prevalent market practices.

The remuneration package for Executive Directors are structured to link the rewards to financial performance and long-term objectives of the Group aside from individual performance. The remuneration package comprises of a number of separate elements such as basic salary, allowances, bonuses and other benefits-in-kind.

In the case of the INED, the level of remuneration shall be linked to their experience and the level of responsibilities undertaken. The remuneration package for INED shall be determined by the Board as a whole. The Director concerned shall abstain from deliberation and voting on decisions in respect of his individual remuneration package.

The remuneration paid and payable for the FY2021 by the Company and the Group are as follows:

Director	----- Company -----					----- Subsidiaries -----				Total (RM)
	Directors' fees (RM)	Salaries (RM)	Bonus (RM)	Other benefits (RM)	Defined contribution plan (RM)	Salary (RM)	Bonus (RM)	Other benefits (RM)	Defined contribution (RM)	
Yeoh Chong Keat	97,200			5,000						102,200
Dato' Phum Ang Kia		1,083,600	45,500	35,162	69,822					1,234,084
Lim Swee Chai		885,600	37,250	20,004	56,542					999,396
Ir. Yeo An Thai		732,596	29,900	51,750	94,908					909,154
Tung Kai Hung						422,400	17,950	3,819	53,306	497,475
Mohd Zaky Bin Othman	69,600			5,000						74,600
Fathi Ridzuan Bin Ahmad Fauzi	69,600			5,500						75,100

CORPORATE GOVERNANCE AND FINANCIAL STATEMENTS

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

b. Remuneration of Senior Management

Senior Management are those primarily responsible for managing the business operations and corporate divisions of the Group. The Board decided not to disclose on a named basis the top five Senior Management's remuneration in bands of RM50,000 in order to allay valid concerns of intrusion on staff confidentiality as well as maintaining the Company's ability to retain talented senior management in view of the competitive employment environment, in particular for the Group's nature of business.

The performance of the AC is reviewed annually by the NC. The evaluation covered aspects such as the members' financial literacy levels, its quality and composition, skills and competencies and the conduct and administration of the AC meetings.

Based on the evaluation, the NC concluded that the AC has been effective in its performance and has carried out its duties in accordance with its TOR during the FY2021.

a. Assessment of Suitability, Objectivity and Independence of External Auditors

The AC had on 25 April 2022 undertook an annual assessment of the suitability and independence of the External Auditors, Messrs Crowe Malaysia PLT ('Crowe'). Being satisfied with Crowe's performance, technical competency and audit independence as well as fulfilment of criteria as set out in Paragraph 15.21 of the MMLR, the AC recommended the reappointment of Crowe, who have consented to act, as External Auditors of the Company for the FY2021. The AC was also satisfied that the provision of the non-audit services by Crowe for the FY2021 did not in any way impair their objectivity and independence as External Auditors of the Company. Subsequently, the Board at its meeting held on 25 April 2022 concurred with the AC on its recommendation for the shareholders' approval to be sought at the forthcoming AGM on the reappointment of Crowe as External Auditors of the Company for the FY2022.

b. Assessment of Internal Auditors

The Group has appointed Sterling Business Alignment Consulting Sdn Bhd ("Internal Auditors") to provide outsourced internal audit function for the Group. The Internal Auditors reports directly to the AC and the internal audit function is independent from the Management. They provide reasonable assurance of the effectiveness of the system of internal controls of the Group.

The following are the activities undertaken by the Internal Auditors which have been reviewed by the AC during the financial year:

- (i) Internal Audit Plan for the FY2021 proposed by the Internal Auditors to ensure the adequacy of the scope, functions and resources and that it has the necessary authority to carry out its works.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

1. AC

The AC of the Company comprises of three members, all of whom are INED:

- Mohd Zaky Bin Othman, Chairman (INED)
- Yeoh Chong Keat, Member (INED)
- Fathi Ridzuan Bin Ahmad Fauzi, Member (INED)

The members of the AC possess a mix of skill, knowledge and appropriate level of expertise and experience to enable them to discharge their duties and responsibilities pursuant to the TOR of the AC. In addition, the AC members are financial literate and are able to understand, analyse and challenge matters under purview of the AC including the financial reporting process.

The Board is assisted by the AC to among others, oversee the Group's and Company's financial reporting process and the quality of financial reporting and ensure that the financial statements comply with the provisions of Malaysian Financial Reporting Standards and International Financial Reporting Standards in Malaysia.

Besides overseeing the Group's accounting and financial reporting process, AC is also responsible to assist the Board to review the nature, scope and results of the external audit, its cost effectiveness and the independence and objectivity of the External Auditors, to oversee and monitor the Group internal audit functions, review any related party transactions, and other activities such as governance matters. A full AC Report detailing its composition and a summary of activities during the FY2021 are set out on pages 43 to 44 of this Annual Report.

CORPORATE GOVERNANCE AND FINANCIAL STATEMENTS

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

b. Assessment of Internal Auditors (cont'd)

- (ii) Internal Audit Reports together with the recommendations from the Internal Auditors, which had taken into account the Management's responses for rectification and implementation of the agreed remedial actions.
- (iii) Undertook assessment of the performance of the Internal Auditors and reviewed its effectiveness of the audit processes.

the prevailing legislative restrictions and requirements as well as investors' need for timely release of price-sensitive information such as the financial performance results and significant corporate proposals.

In all circumstances, the Company is conscious of the timeliness in providing material information about the Group and continuously stress the importance of timely and equal dissemination of information to stakeholders.

2. Risk Management and Internal Control Framework

The Board acknowledges its responsibility for ensuring the maintenance of a sound system of internal controls and risk management. The Company has a risk management and internal control framework in place that provides the foundations and organisational arrangement on how to manage risks across the Group, safeguard shareholders' interests and the Group's assets.

The Board fulfills its responsibilities in the risk governance and oversight functions through its RMSC in order to manage the overall risk exposure of the Group. The RMSC identifies significant risks and ensures the implementation of appropriate system to manage the overall risk exposure of the Group, whilst the adequacy and effectiveness of the internal controls are reviewed by the AC in relation to internal audit function of the Group.

The SORMIC which provides an overview of the state of the internal control and risk management within the Group, are set out on pages 30 to 32 of this Annual Report.

2. Conduct of General Meetings

Advancecon's AGM is an important means of communicating with its shareholders. The notice of AGM together with the annual report and details of the resolutions proposed are sent out to the shareholders at least twenty-eight days before the date of the AGM which is beyond the requirements of the Act, MMLR and in compliance with MCGG.

The Board takes note that the presence of all Directors will provide opportunity for shareholders to effectively engage with each Director. Besides, having the Chair of the Board subcommittees present facilitates these conversations and allows shareholders to raise questions and concerns directly to those responsible. All the Directors of the Company attended 24th AGM and Extraordinary General Meeting of the Company held on 17 June 2021 and 26 October 2021 respectively on a fully virtual basis to engage with the shareholders proactively.

Barring any unforeseen circumstances, all the Directors of the Company will endeavour to attend the upcoming 25th AGM of the Company as well as the Chairman of respective Board subcommittees will provide meaningful response to questions addressed to them in compliance with the MCGG.

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

1. Communication with Stakeholders

The Board recognises the importance of maintaining transparency and accountability to their stakeholders. As such, the Board actively engages all its stakeholders through various platforms including the announcements via Bursa LINK, disclosures on Company's website and engagement through the investor relations function. The Company has also established an investor relations function and engage external service providers to enable continuous communication between the Company and its stakeholders. All corporate disclosures are made after taking into account

This Corporate Governance Overview Statement is issued in accordance with a resolution of the Board dated 25 April 2022.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

THE BOARD OF DIRECTORS (“THE BOARD”) IS PLEASED TO PRESENT HERewith THE STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (“STATEMENT”) WHICH OUTLINES THE NATURE AND SCOPE OF INTERNAL CONTROLS AND RISK MANAGEMENT OF THE ADVANCECON HOLDINGS BERHAD (“ADVANCECON” OR “THE COMPANY”) AND ITS SUBSIDIARIES (“THE GROUP”) DURING THE FINANCIAL YEAR ENDED 31 DECEMBER 2021. THIS STATEMENT IS PREPARED PURSUANT TO PARAGRAPH 15.26(B) OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (“BURSA SECURITIES”) (“MMLR”) AND PRINCIPLE B OF THE MALAYSIAN CODE ON CORPORATE GOVERNANCE, WITH GUIDANCE FROM THE STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL: GUIDELINES FOR DIRECTORS OF LISTED ISSUERS.



BOARD RESPONSIBILITY

The Board has always placed significant emphasis on sound risk management and internal control frameworks to good corporate governance and acknowledges its overall responsibility to ensure that the principal risks of the Group are identified, evaluated and managed with an appropriate system of internal control, and to ensure the effectiveness, adequacy and integrity of the system are reviewed from time to time to suit the changes in the business environment in order to safeguard shareholders' interest and the Group's assets. The risk management system is designed to manage the Group's risks within an acceptable risk profile, rather than to totally avoid or eliminate the risks that are inherent to the Group's businesses.

The Audit Committee (“AC”) and Risk Management and Sustainability Committee (“RMSC”) have been delegated and empowered to implement the internal control practices and risk management within the Group. The role of the Management is to implement the Board's policies and guidelines on risks and controls, to identify and evaluate the risk faced and to operate a suitable system of internal controls to manage these risks.

Due to inherent limitations in any system of internal control and risk management, the Board recognises that such systems are designed to manage rather than to eliminate all the risks that may hinder the Group from achieving its business objectives, and as such, can only provide reasonable but not absolute assurance against material misstatement, loss or fraud. The Board remains responsible for the governance of risk and for all the actions of the Board Committees with regard to the execution of delegated oversight responsibilities.

The Board does not review the risk management and internal control system of its associated company as the Group does not have management control over the associated company. Notwithstanding that, the Group's interests are served through representation on the Board of the associated company and provide the Board with information on the performance of the Group's investments on an equity basis.

CORPORATE GOVERNANCE AND FINANCIAL STATEMENTS

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

RISK MANAGEMENT PROCESS

The Group adopted the COSO-ERM Integrated Framework as the Group's framework in managing the Enterprise Risk Management of the Group. The framework is a worldwide recognised comprehensive framework advocated by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO").

The Group's risk management practice is benchmarked against ISO31000:2018 Risk Management – Guidelines and is designed to embed COSO-ERM into key activities, initiatives and processes of the Group. The risk management framework adopted comprises a wide range of techniques for managing risk in a holistic way that correctly identifies risks and prioritises the appropriate responses. It is also to ensure that risk management is aligned across the Group's management organisational structure. The process of identifying, evaluating, monitoring and managing significant risk is embedded in the various work processes and procedures of the respective operational functions and management team. Any significant issues and controls implemented were discussed at the regular operations and management meetings.

The RMSC is chaired by an Independent Non-Executive Director and comprises Senior Management of the Group where they develop a risk management profile in which new risks are identified, mitigation plans and changes in risk profile (if any) are discussed on an annual basis with the assistance of our outsourced Internal Auditor. During the financial year under review, an updated risk profile of the Group which includes Covid-19 Control Management Procedures was presented and deliberated by the RMSC.

KEY ELEMENTS OF INTERNAL CONTROLS

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

• Board Committees

The delegation of responsibilities to the various committees of the Board is clearly defined under the terms of reference. At present, committees established are AC, Nomination Committee, Remuneration Committee, RMSC and Employees' Share Option Scheme Committee.

• Organisational Structure

The Group has a clear organisational structure which formally defines the line of reporting, as well as the accountabilities and responsibilities of the respective functions within the Group.

• Limits of Authority

The Group has a clear Limits of Authority Policy which defines the approving limits that have been assigned and delegated to each approving authority within the Group. The limits of authority are reviewed periodically and updated in line with changes in the organisation.

• Policies and Procedures

There are policies and procedures in place to ensure the adequacy of controls and compliance with relevant laws and regulations. These policies and procedures are periodically reviewed and updated to reflect changes in business structure and processes. Certain companies within the Group have obtained ISO 9001:2015 accreditation for operational purposes. These certifications demonstrate our ongoing commitment to drive excellence and continuous quality improvement.

• Internal Audit

The outsourced Internal Auditor carried out reviews every half a year to ascertain the adequacy of and to monitor operational effectiveness, compliance with applicable laws and regulations and the reliability of financial information, in safeguarding the shareholders' interests and Company's assets. Where weaknesses have been identified as a result of the reviews, remedial and improvement measures are recommended to strengthen controls; and follow-up reviews are conducted by Internal Auditors to assess the status of the implementation thereof by the Management.

• Board Meetings

During the AC and Board meetings, quarterly results, annual financial statements, related party transactions and updates on business development are reviewed.

• Training and Development Programmes

Training and development programmes are established to ensure that staff are constantly kept up-to-date with the constantly technologically changing environment in order to be competent in the industry in line with the Group's business objectives.

CORPORATE GOVERNANCE AND FINANCIAL STATEMENTS

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

• Good Corporate Governance Policies

Implemented Anti-bribery and Corruption Policy and Whistle Blowing Policy to supplement the Group's Code of Conduct and Ethics. This is also part of the Group's efforts to eliminate corporate liabilities risk in relation to the new provision of Section 17A of the Malaysian Anti-Corruption Commission Act 2009 and the Malaysian Anti-Corruption Commission (Amendment) Act 2018.

INTERNAL AUDIT FUNCTIONS

The AC evaluates the effectiveness of the internal audit functions in relation to their defined responsibilities. The internal audit function is outsourced to an independent external service provider, Sterling Business Alignment Consulting Sdn Bhd to provide independent assurance to the AC.

The role of the Internal Auditor remains independent and has no direct operational responsibility or authority over any of the activities audited. Accordingly, the Internal Auditor does not implement internal controls, develop procedures, install systems, prepare records, or engage in any other activities that may impair the Internal Auditor's judgment.

The Internal Auditors adopt the risk-based internal audit approach by reviewing the latest risk register, risk matrix and also considering the Company's business environment and activities, etc to gauge the business conditions when preparing the yearly Internal Audit Plan.

On a half-yearly basis, the Internal Auditor attended the AC meetings to present the Internal Audit Report which includes overall audit opinion, significant weakness identified, recommended action plans, management responses, responsible personnel and deadlines. Follow-up reviews are also carried out to assess the status of implementation of management action plans, which are based on recommended action plans. The results of these follow-up reviews are also highlighted to the AC at their meetings.

For the financial year ended 31 December 2021, the total cost incurred for the outsourced internal audit function was RM38,000.

ASSURANCE FROM THE MANAGEMENT

In line with the Guidelines, the Group Chief Executive Officer and General Manager - Finance and Corporate Services have provided assurance to the Board stating that the Group's risk management and internal control system have operated adequately and effectively in all material aspects to meet the Group's objectives during the period under review.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

Pursuant to Paragraph 15.23 of the MMLR, the External Auditors have reviewed this Statement for inclusion in this Annual Report. Their limited assurance review was performed in accordance with Malaysian Approved Standard on Assurance Engagements, ISAE 3000 (Revised), Assurance Engagement Other than Audits or Reviews of Historical Financial Information and Audit and Assurance Practice Guide 3 ("AAPG 3") - Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report issued by the Malaysian Institute of Accountants. Based on their reviews, nothing has come to their attention that causes them to believe that this Statement is not prepared, in all material respects, in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, nor is factually inaccurate.

CONCLUSION

For the financial year under review and up to the date of issuance of the Statement in the Annual Report, the AC and RMSC have discussed the content of this Statement and further recommended it for the Board's approval. Subsequently, the Board is pleased to report that the state of the control system and risk management internal practices are able to meet the objectives of the Group and to facilitate good corporate governance.

This Statement has been approved by the Board of Directors at its meeting on 25 April 2022.

CORPORATE GOVERNANCE AND FINANCIAL STATEMENTS

SUSTAINABILITY STATEMENT



GOVERNANCE STRUCTURE AND RESPONSIBILITY

The sustainability governance structure is spearheaded by the Board of Directors (“Board”), who is responsible in overseeing the Group’s overall sustainability performance. A formal structure was established in 2017 for sustainability governance as follows:

The governance structure focuses mainly on key areas like the context of the Economic, Environmental and Social (“EES”) and report the progress of these key areas through the collection and monitoring of data.

The Risk Management and Sustainability Committee is to support the Board by overseeing the management of principal business risks and significant/material economic, environmental and social risks.

The Sustainability Steering Committee is responsible for coordinating daily activities and implementing company-wide sustainability initiatives.

BOARD OF DIRECTORS

RISK MANAGEMENT AND SUSTAINABILITY COMMITTEE

SUSTAINABILITY STEERING COMMITTEE

SUSTAINABILITY STATEMENT (CONT'D)

ENGAGING OUR STAKEHOLDERS

Our stakeholders have a significant interest, impact and influence over our businesses. To keep our stakeholders informed, we constantly engage them to address their concerns, obtain their views and manage their interests and expectations through the varied existing engagement and communication platforms. This helps to improve our business decision-making and informs us of our shareholders' expectations.

Numerous practices have been adopted to engage stakeholders as summarised in the table below:

Stakeholders	Issues	Methods of Engagement	Frequency
 Board	To enhance shareholders' values and financial performances.	- Board meetings - Annual General Meeting - General Meetings	- Quarterly - Annually - As and when required
 Employees	Provide professional development and career progression opportunities to create a conducive and engaging workplace that values employees contribution.	- Meeting with employees - Performance appraisal - Training need analysis - Safety walkabout audit - Occupational and Safety committee meeting	- Throughout the year - Annually - Annually - Monthly - Quarterly
 Investors / Shareholders	Create sustainable values for our shareholders by consistently improving profitability and growth.	- Annual General Meeting - General Meetings - Annual report - Quarterly results announcement - Investors' briefing - Press release - One-on-one/ group meeting with analysts and fund managers - Corporate website	- Annually - As and when required - Annually - Quarterly - Twice yearly - Throughout the year (as and when required) - Throughout the year (as and when required) - Throughout the year
 Customers	Achieve highest level of customer satisfaction by delivering high quality products and services.	Customer satisfaction survey	Annually
 Regulators	Ensure that we comply with all laws and regulations that are relevant to our business.	- Filings and announcements on Bursa Securities - Dialogues with authorities - Annual report - Periodic site inspections and visits	- Throughout the year (as and when required) - Throughout the year (as and when required) - Annually - Throughout the year (as and when required)

CORPORATE GOVERNANCE AND FINANCIAL STATEMENTS

SUSTAINABILITY STATEMENT (CONT'D)

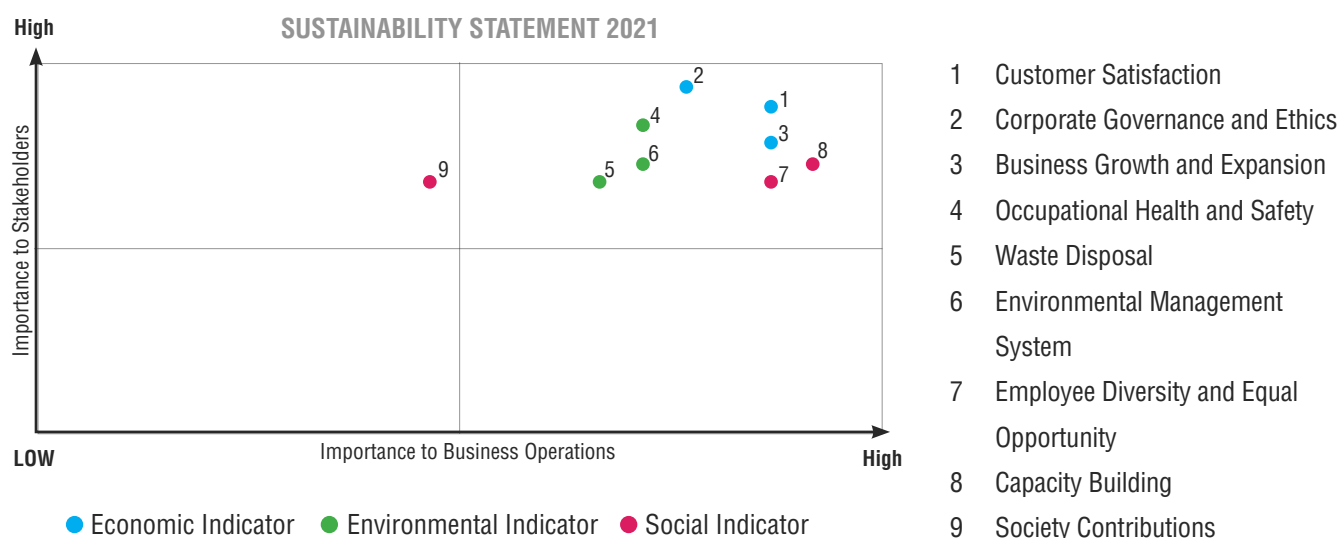
FEEDBACK

We welcome our stakeholders' feedbacks and concerns in our efforts to improve the sustainability measures and reporting standards. You may direct your feedbacks and enquiries to investors@advancecon.com.my.

MATERIALITY ASSESSMENT

The materiality in relation to the sustainability of the Group's business has been determined from our experience in dealing with sustainability matters in executing our projects, as well as the analysis of the Group's internal documents and internal processes. The Group reviews sustainability related risk once a year as part of its risk assessment to ensure it continues to address its key sustainability concerns.

In FY2021, 9 material topics were plotted on the materiality matrix denoting the importance to stakeholders and Advancecon, where the top right quadrant of the matrix contains sustainability topics that are most material.

Advancecon's FY2021 Materiality Matrix

SUSTAINABILITY STATEMENT (CONT'D)

ECONOMIC

CUSTOMER SATISFACTION

Our Group recognises that customers' satisfaction is one of the key factors underlying our Group's operations' long-term sustainability. We strive to meet the expectations of our customers through the provision of quality products and services. Gathering customer feedback is critical as it allows Advancecon to improve its deliverables and rectify problems raised by customer in an efficient manner.

The survey this year showed positive response and thus we aim to perform at a better level next year:

Description	2021	2020
Total projects surveyed	17	18
Total on-going / completed	13 / 4	14 / 4
Highest score	95%	95%
Lowest score	63%	65%

CORPORATE GOVERNANCE AND ETHICS

The Group complies with the Malaysian Code on Corporate Governance when carrying out its operations. Advancecon also aims to be as transparent as possible in its business dealings and adhere to other policies or standard operating procedures that have been put in place.

Advancecon complies with Anti-Bribery and Corruption Policy to preserve its business integrity and accountability. Training on anti-bribery and corruption awareness and prevention was provided in FY2021 to ensure that our employees are aware of the negative consequences of corruption. We are pleased to announce that we recorded zero cases of misconduct in FY2021.

Documents such as the Board Charter, Whistle Blowing Policy, Anti-Bribery and Corruption Policy and Code of Conduct and Ethics are available to employees and the public via the Group's corporate website at www.advancecon.com.my.



BUSINESS GROWTH AND EXPANSION

Additional Assets Ownership for Recurring Income

Advancecon has achieved a new milestone to embark into asset ownership in the fourth cycle of the large-scale solar programme ("LSS4 project"). This programme is offered by the Ministry of Energy and Natural Resources ("KeTSA") via the EC by LSS@MEntARI on 31 May 2020. Under LSS@MEntARI, 1,000MWp of solar quota is offered through bidding process where Advancecon, via its wholly-owned subsidiary, Advancecon Solar Sdn Bhd has been successfully shortlisted for a cumulative capacity of 26MWp via its solar plant to be constructed in Kuala Langat, Selangor. The LSS4 project is expected to contribute recurring income for the Group for the entire tenure of 21-year power purchase agreement.

Diversification into Quarry Operation Business

On 26 October 2021, shareholders have approved the acquisition of Spring Energy Resources Berhad and diversification activities into Quarry Operation Business. This diversification is expected to broaden and expand Advancecon's earnings base.



SUSTAINABILITY STATEMENT (CONT'D)



ENVIRONMENTAL

OCCUPATIONAL HEALTH AND SAFETY ("OHS")

Keeping our people safe is our first and primary responsibility as a company. Advancecon has developed a comprehensive Health and Safety framework to create safety awareness among the employees. This is to ensure a safe and healthy working environment for the employees. The Health and Safety framework is prepared according to Occupational Safety and Health Act, 1994 ("OSHA 1994") and the Occupational Health and Safety Assessment Series ("OHSAS 18001").

To manage occupational health and safety issues in addition to ensuring environmental compliance at worksites, we establish a safety and health committee in every project site. This committee consist of our project management personnel site, managers and representatives from consultants and contractors.

Site managers are responsible for conducting daily inspections with the qualified safety and health officer of the project site. This is to ensure all identified safety measures have been properly implemented. Fogging, pest control measures and sanitisation work are also regularly being carried out at the construction site to prevent any virus outbreak.

The appointed health and safety office will be tasked to prepare monthly report detailing the status of health and safety issues at the site including man-hours lost due to injuries. The officer is also responsible for the coordination of safety programmes to promote a safe and healthy working culture.



Elevating OHS capabilities and performance

Advancecon believes that it is crucial to develop OHS awareness and maintain competency levels of our employees to ensure a high level of sustained performance throughout our businesses. Throughout the year, we have conducted 273 (2020: 275) on the job training sessions for a total of 712 (2020: 624) of our employees and subcontractors. Some of the training topics include Aspect Impact Assessment, Risk Assessment, Machinery Operators, Traffic Controller & Banksman, Working at Height, Scheduled Waste Management, Chemical Management as well as Managing Plant And Machinery.



KEEPING OUR PEOPLE SAFE IS OUR FIRST AND PRIMARY RESPONSIBILITY AS A COMPANY. ADVANCECON HAS DEVELOPED A COMPREHENSIVE HEALTH AND SAFETY FRAMEWORK TO CREATE SAFETY AWARENESS AMONG THE EMPLOYEES.

SUSTAINABILITY STATEMENT (CONT'D)

Preventing workplace accidents

Advancecon is committed to improving our safety standards and we work diligently to reduce the risk of accidents at our workplace. Zero fatality and zero accidents targets are key performance indicators which are included in our incentive packages for all project personnel.

During the FY2021, there were no major accidents occur at any of the Group's construction sites. In recognition of our achievement, Advancecon received 1 award which was assessed under the performance achievement scoring by our existing client.

Since 2020, the Covid-19 pandemic has caused severe health and economic impacts across the world. Many countries are still dealing with an unprecedented challenges that affects people, communities and economies. Advancecon has launched Covid-19 Preparedness and Responses and updated the policies and procedures according to the latest developments, guidelines and standard operating procedures provided by Malaysian Government and health authorities. The objectives were to keep our employees safe, build greater resilience across business operations, and support our local communities wherever possible.

Advancecon also provided information about COVID-19 vaccination and established supportive policies in order to increase vaccination uptake among employees. As a result, 100% of our employees have been fully vaccinated.



WASTE DISPOSAL

Advancecon remains committed in managing our scheduled waste according to local waste regulations to minimise impacts on the environment and communities.

We comply with stipulated legislations on managing scheduled wastes and have a designated storage area at all construction sites with available guidelines and specifications. We aim to reduce scheduled waste from its source through best management practices on chemical and material handling such as conducting machinery and equipment inspections regularly to avoid spillage and leakage. We have invested in several used 20-foot containers dividing each one into 5 compartments to store different types of scheduled waste. Scheduled waste was collected by a licensed contractor and transported to a certified facility for disposal.

CORPORATE GOVERNANCE AND FINANCIAL STATEMENTS

SUSTAINABILITY STATEMENT (CONT'D)

Scheduled waste that we have collected are as follows:

Type of Scheduled Waste	Quantity (KG)
Rags, plastics, papers or filters contaminated with Scheduled Waste	1,452
Disposed containers, bags or equipment contaminated with chemicals, pesticides, mineral oil or scheduled wastes	90
Spent lubricating oil	11,120
Spent hydraulic oil	800
Oil-water mixture	400
Total	13,862



We have organised an E-waste Management Programme to cultivate the awareness of recycling e-waste. We have successfully collected 346 kg of e-waste at the designated places. E-waste was collected by a licensed contractor who registered with the state environmental department. The method of disposal was according to the Environment Quality (Scheduled Wastes) Regulations 2015.

ENVIRONMENTAL MANAGEMENT SYSTEM

During the year, the Group had successfully maintained the ISO 14001:2015 certification that further strengthened our commitment towards sound environmental management and practices.

SUSTAINABILITY STATEMENT (CONT'D)



We have established a Corporate Environmental Policy which enables us:

- To comply with all applicable legislation as far as it is reasonably practicable to minimise the adverse effects to the environment and respect the interests of surrounding neighbourhood;
- To develop and foster a strong environmental care culture with a high level of awareness;
- To ensure every employee and interested parties conduct themselves in ways consistent with our environmental practices; and
- To prevent situations of environmental pollution to air, land and / or water through strict conformity to regulatory requirements at all times.



CORPORATE GOVERNANCE AND FINANCIAL STATEMENTS

SUSTAINABILITY STATEMENT (CONT'D)

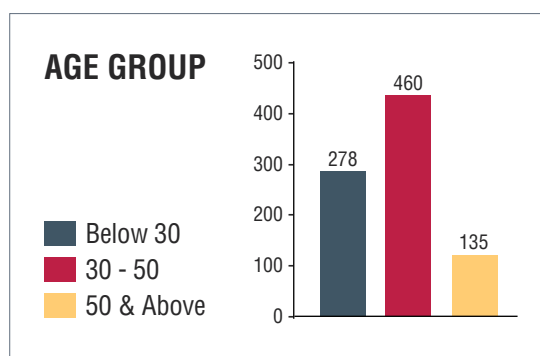
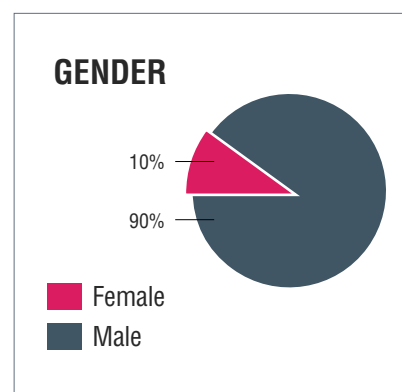
SOCIAL

EMPLOYEE DIVERSITY

At Advancecon, we promote diversity, inclusivity and equality regardless of gender, race and religion to encourage different groups of people to build positive relationships at the workplace. Diversity also ensures that the Group has the requisite variety of skillsets and understanding to effectively serve our stakeholders, both internal and external.

All our employees are employed based on skills and experience through fair selection processes. Each year, our employees receive feedback on their performance through performance reviews, which are conducted in a fair and transparent manner.

As of 31 December 2021, we have a total of 873 employees, as summarised as follows:



CAPACITY BUILDING

At Advancecon, we provide various learning opportunities throughout the employees' career to ensure that they develop the skills needed to perform their responsibilities. With this in mind, we have identified employee training needs and provided the required skills training in areas such as Human Resource Management, Health Safety and Environment Management System, etc.

Our employees receive trainings from both internal and external sources. These trainings include those that are mandatory or on a voluntary basis to ensure they are equipped with relevant skills to perform their jobs. They are also encouraged to obtain certifications that allow them to perform specific tasks or to operate particular machines.



During the year, 82 employees from Executive Level and 85 employees from Non-Executive / Blue Collar Level attended various training engagements pertaining to leadership skills, compliance awareness, health, safety, security and environment, soft skills and finance. They have clocked in a total of 2,348 (2020:2,000) training hours, equivalent to an average of 20.34 (2020:11.0) training hours for Executive and above and 8.00 (2020:8.0) training hours for Non-Executive / Blue Collar Employees.

SUSTAINABILITY STATEMENT (CONT'D)



SOCIETY CONTRIBUTIONS

Although there were many challenges during COVID-19 pandemic, Advancecon was actively involved in local community projects by way of monetary and non-monetary contributions and donations in kind.

Heavy rains that happened in December 2021 have caused a series of severe flood in several parts of Malaysia, Advancecon has provided relief to the 80 units of affected residents in Kampung Bukit Belimbing and Majlis Perbandaran Kuala Langat, Selangor by donating packed foods and water pumps respectively. Advancecon also has donated RM3,000 to Sekolah Menengah Hwa Lian, Pahang to refurbish damaged facilities due to the impact of flooding.

Moving forward, we will continue to provide contributions to various charitable organisations and participate in the internship programme.



CORPORATE GOVERNANCE AND FINANCIAL STATEMENTS

AUDIT COMMITTEE REPORT

THE BOARD OF DIRECTORS (“THE BOARD”) OF ADVANCECON HOLDINGS BERHAD (“THE COMPANY”) IS PLEASED TO PRESENT THE AUDIT COMMITTEE (“AC”) REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (“FY2021”).

AC COMPOSITION AND ATTENDANCE

The AC comprises of three members, whom are all Independent Non-Executive Directors (“INED”), which meets the requirements of Paragraphs 15.09(1)(a) and (b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) (“MMLR”).

The AC currently comprises of the following members:

1. Mohd Zaky Bin Othman (Chairman, INED)
2. Yeoh Chong Keat (Member, INED)
3. Fathi Ridzuan Bin Ahmad Fauzi (Member, INED)

In FY2021, the AC met seven times and had private discussions with the External Auditors without the presence of the Executive Directors and the Management. The Executive Directors, General Manager-Finance and Corporate Services, External Auditors, Internal Auditors and other Board members attended the AC meetings upon invitation, as and when necessary. The attendance of the AC meetings is tabulated below:

Name	Meeting attendance
Mohd Zaky Bin Othman	7 / 7
Yeoh Chong Keat	7 / 7
Fathi Ridzuan Bin Ahmad Fauzi	7 / 7

During the FY2021, the AC had engaged with the External Auditors to review the key audit issues and audit concerns affecting the Company.

Minutes of each AC meeting were noted by the Board via distribution to each Board member and the Chairman of the AC reports on the deliberations of the AC at each Board meeting.

TOR OF THE AC

The AC had discharged its functions and carried out its duties as set out in the TOR of the AC.

The TOR of the AC is available for reference on the Company's website at www.advancecon.com.my.

SUMMARY OF ACTIVITIES OF THE AC DURING THE FY2021

During the FY2021, the summary of activities carried out by the AC are as follows:

1. Financial Reporting

- (a) Reviewed the unaudited financial results of the Group and annual audited financial statements of the Group before recommending the same for Board's approval for release to Bursa Securities. Discussions were focused particularly on any change in the accounting policies and its implementation, significant and unusual events arising from the audit, the going concern assumption, compliance with accounting standards and other statutory requirements, significant matters highlighted in the financial statements and significant judgements made by Management.

2. Internal Audit

- (a) Reviewed and approved the Internal Audit Plan for the FY2021 proposed by the Internal Auditors (“Sterling”) to ensure the adequacy of the scope, coverage of works and that Sterling has the necessary authority to carry out its works.
- (b) Reviewed the Internal Audit Reports together with the recommendations from Sterling. The AC considered Sterling's recommendations which had taken into account the Management's responses, and upon which approved the Internal Auditors' proposals for rectification and implementation of the agreed remedial actions.
- (c) Undertook assessment of the performance of the Internal Auditors and reviewed the effectiveness of the audit processes.

3. External Audit

- (a) Discussed and deliberated the External Auditors' Audit Planning Memorandum which covers engagement and reporting requirements, audit approach, areas of audit emphasis, communication with Management, engagement team, reporting and deliverables, accounting standards update, tax update, amendments to MMLR, sample draft Independent Auditor's Report, indicators of going concern and enforcement of Companies Act 2016.

CORPORATE GOVERNANCE AND FINANCIAL STATEMENTS

AUDIT COMMITTEE REPORT (CONT'D)

3. External Audit (cont'd)

- (b) Discussed and deliberated on the External Auditors' Audit Review Memorandum and deficiencies in internal control based on observations made during the course of audit.
- (c) Reviewed the draft Audited Consolidated Financial Statements for the financial year ended 31 December 2020 before recommending the same to the Board for approval.
- (d) Discussed and deliberated on consolidated profit forecasts for the financial period from 1 January 2021 to 31 December 2023 in respect of the Proposed Acquisition of 51% Equity Interest in Spring Energy Resources Berhad.
- (e) Had discussions with the External Auditors, without Management's presence, on matters pertaining to the audits and the financial statements.
- (f) Evaluated and reviewed the performance and independence of the External Auditors and recommended to the Board for the reappointment and remuneration of the External Auditors.

4. Related Party Transactions ("RPT")

- (a) Reviewed and recommended the RPT presented by Management to the Board on quarterly basis for approval, to ensure that these transactions are undertaken in the best interest of the Company, fair, reasonable and based on normal commercial terms and not detrimental to the interest of the minority shareholders.
- (b) Monitored the thresholds of the RPT and recurrent related party transactions ("RRPT") to ensure compliance with MMLR. For the FY2021, the AC noted that there were no RRPT within the Group.

5. Annual Reporting

Reviewed the AC Report and Statement on Risk Management and Internal Control to ensure adherence to the relevant statutory requirements and recommended the same to the Board for approval.

TRAINING

During the FY2021, all of the AC members have attended various seminars, training programme and conferences. The list of trainings attended is disclosed in the Corporate Governance Overview Statement on page 26 of this Annual Report.

INTERNAL AUDIT FUNCTION

The Company engaged the services of an independent professional firm i.e., Sterling Business Alignment Consulting Sdn Bhd ("Sterling") to carry out the internal audit functions of the Group in order to assist the AC in discharging its duties and responsibilities. The Internal Auditors are empowered by the AC to provide objective evaluation of risks and controls in the audited activities to ensure a sound system of internal controls.

The Internal Auditors adopts a risk-based audit methodology to develop its audit plan and activities. The internal audit functions of the Group are carried out according to the Internal Audit Plan as approved by the AC. Greater focus and appropriate review intervals are set for higher risk activities, material internal controls, including compliance with the Company's policies, procedures and regulatory requirements.

During the FY2021, the Internal Auditors have performed the internal audit according to the approved Internal Audit Plan. On a half-yearly basis, the Internal Auditors attended the AC meetings to present the Internal Audit Reports. The Internal Audit Reports were also issued to the respective operations management, incorporating audit recommendations and Management's responses. The Internal Auditors conducted follow-up audits to ensure the recommendations were implemented appropriately. Further details of the internal audit function and its activities are set out in the Statement on Risk Management and Internal Control on pages 30 to 32 of this Annual Report.

The cost incurred for the internal audit function in respect of the FY2021 was RM38,000 (FY2020: RM40,000).

CORPORATE GOVERNANCE AND FINANCIAL STATEMENTS

STATEMENT OF DIRECTORS' RESPONSIBILITY

**IN RESPECT OF AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021**

The Directors are required by the Companies Act 2016 ("the Act") and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad to prepare the financial statements for each financial year in accordance with applicable Malaysian Financial Reporting Standards, the International Financial Reporting Standards and requirements of the Act in Malaysia.

The Directors are responsible to ensure that the audited financial statements give a true and fair view of the financial position, financial performance and cash flows of the Group and the Company for the financial year. Where there are new accounting standards or policies that become effective during the year, the impact of these new treatments would be stated in the notes to the financial statements, accordingly.

In preparing the financial statements, the Directors have:

- adopted appropriate and relevant accounting policies and applied them consistently;
- made judgments and estimates that are reasonable and prudent;
- ensure that all applicable accounting standards have been followed; and
- prepared financial statements on a going concern basis as the Directors have a reasonable expectation, having made enquiries, that the Group and the Company have adequate resources to continue operations for the foreseeable future.

The Directors are responsible to ensure that the Group and the Company keep accounting records which disclose the financial position of the Group and of the Company with reasonable accuracy, enabling them to ensure that the financial statements comply with the Act.

The Directors have overall responsibility for taking such steps as are reasonably available to them to safeguard the assets of the Group and of the Company to prevent and detect fraud and other irregularities.

CORPORATE GOVERNANCE AND FINANCIAL STATEMENTS

ADDITIONAL COMPLIANCE INFORMATION

1. UTILISATION OF PROCEEDS FROM CORPORATE PROPOSALS

Save as disclosed below, the Advancecon Holdings Berhad and its subsidiaries ("the Group") do not have any proceeds from corporate proposals.

Utilisation of proceeds from the Initial Public Offering ("IPO")

The Advancecon Holdings Berhad ("the Company") has undertaken a Public Issue of 90,000,000 new ordinary shares at an issue price of RM0.63 per share in conjunction with its listing on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities"). The Company was successfully admitted to the Official Lists of Bursa Securities on 10 July 2017. On 29 August 2018, the Company announced its intention to vary the utilisation of proceeds raised from the IPO exercise of RM56.70 million ("IPO Proceeds").

The details of the variations of the IPO Proceeds as at 31 December 2021 are as set out below:

	Details of utilisation	Allocation of IPO Proceeds upon listing ⁽¹⁾ RM'000	Allocation of IPO Proceeds upon listing (revised) (RM'000)	Actual utilisation of IPO Proceeds RM'000	Unutilised IPO Proceeds RM'000	Estimated timeframe for utilisation (from the listing date)
i.	Total Capital expenditures:	29,700	27,050	(13,963)	13,087	Within 78 months ⁽³⁾
	(a) Purchase of new construction machinery and equipment	15,100	12,960	(12,960)	-	Within 24 months
	(b) Construction of new workshop	14,600	14,090 ⁽²⁾	(1,003)	13,087	Within 78 months ⁽³⁾
ii.	Repayment of bank borrowings	12,500	12,455 ⁽²⁾	(12,455)	-	Within 6 months
iii.	Working capital	10,700	13,395	(13,395)	-	Within 24 months
iv.	Estimated listing expenses	3,800	3,800	(3,800)	-	Upon Listing
	Total	56,700	56,700	(43,613)	13,087	

Notes:-

- (1) As per IPO Prospectus dated 19 June 2017.
- (2) On 29 August 2018, the Board announced to re-allocate the utilisation of construction of new workshop and repayment of bank borrowings to day-to-day working capital expenses for payment to suppliers.
- (3) On 6 January 2022, the Board announced to further extend the estimate timeframe for the utilisation of the balance IPO proceeds from 54 months to 78 months from date of IPO, up till 10 January 2024.

CORPORATE GOVERNANCE AND FINANCIAL STATEMENTS

ADDITIONAL COMPLIANCE INFORMATION (CONT'D)

Utilisation of proceeds from the Private Placement

On 29 December 2021, the Company successfully raised RM12.018 million from the Private Placement following the listing and quotation of 43,943,000 Placement Shares at an issue price of RM0.2735 per placement share on Main Market of Bursa Securities. The status of the utilisation of proceeds are as follows:

	Details of utilisation	Proposed utilisation RM'000	Actual utilisation of proceeds RM'000	Unutilised proceeds RM'000	Estimated timeframe for utilisation
i.	Shareholders' advances to Spring Energy Resources Berhad pursuant to Acquisition	10,200	(10,200)	-	Upon completion of the Private Placement
ii.	Working capital of the Group	1,776	(1,776)	-	Within 24 months upon receipt of the placement funds
iii.	Estimated expenses for the Private Placement	42	(42)	-	Upon completion of the Private Placement
	Total	12,018	(12,018)	-	

2. AUDIT AND NON-AUDIT FEES

The amount of audit fees and non-audit fees paid/payable to the Company's External Auditors and a firm affiliated to the External Auditors' firm by the Group and the Company for the financial year ended 31 December 2021 ("FY2021") are as follows:

Type of fee	Group (RM)	Company (RM)
Audit Fees	192,000	40,000
Non-audit Fees		
- Review of Statement of Risk Management and Internal Control	5,000	5,000
- Review of 3 years Profit Forecast on the Target Company	30,000	30,000
- Financial Due Diligence on the Target Company	180,000	180,000
Total	407,000	255,000

3. MATERIAL CONTRACTS

During the year under review, the Company and its subsidiaries did not enter into any material contracts involving Directors' and major shareholders' interest.

CORPORATE GOVERNANCE AND FINANCIAL STATEMENTS

ADDITIONAL COMPLIANCE INFORMATION (CONT'D)

4. EMPLOYEES SHARE OPTION SCHEME ("ESOS")

The shareholders of the Company had via an Extraordinary General Meeting held on 18 January 2018 approved the ESOS of up to 15% of the issued and paid-up share capital of the Company at any point of time during the duration of the ESOS. The ESOS is for a duration of five years commencing from the date of implementation of ESOS on 20 September 2018, unless extended further.

The total number of options granted to the eligible Executive Directors and employees of the Group and outstanding options under the ESOS as at 31 December 2021 are set out in the table below:

Description	Number of Options as at 31 December 2021
Granted during the financial year	17,004,000
Exercised during the financial year	10,738,000
Lapsed [^] during the financial year	6,266,000
Outstanding options exercisable during the financial year	-

[^] Due to expiry of ESOS on 19 March 2021.

5. CONTRACTS RELATING TO LOANS

There were no contracts relating to loans entered into by the Company involving Directors' and major shareholders' interest.

6. RELATED PARTY TRANSACTIONS

A list of the significant related party transactions between the Company and its subsidiaries, and between the Group and other related parties for the FY2021 are set out on page 129 to 130 of the Annual Report.

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CORPORATE GOVERNANCE AND FINANCIAL STATEMENTS

DIRECTORS' REPORT

The directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2021.

PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of providing management services. The principal activities of the subsidiaries are set out in Note 5 to the financial statements.

RESULTS

	The Group RM	The Company RM
Profit/(Loss) after taxation for the financial year	2,049,957	(1,802,874)
Attributable to:-		
Owners of the Company	2,049,957	(1,802,874)

DIVIDEND

No dividend was recommended by the directors for the financial year.

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.

ISSUES OF SHARES AND DEBENTURES

During the financial year:-

- (a) the Company increased its issued and paid-up share capital from RM87,101,071 to RM114,139,592 by way of:-
- (i) issuance of 33,000,000 new ordinary shares for a share consideration of RM10,230,000 at an issue price of RM0.46 per share for the acquisition of 51% equity interest in Spring Energy Resources Berhad ("SERB") and its subsidiaries as disclosed in Note 40(b) to the financial statements;
 - (ii) issuance of 43,943,000 new ordinary shares for a cash consideration of RM12,018,410 at an issue price of RM0.2735 per share through a private placement of shares; and
 - (iii) issuance of 10,738,000 new ordinary shares from the exercise of options under the Company's Employee Share Option Scheme as disclosed in Note 19 to the financial statements which amounted to RM4,832,100.

The new ordinary shares issued rank pari passu in all respects with the existing ordinary shares of the Company.

- (b) there were no issues of debentures by the Company.

CORPORATE GOVERNANCE AND FINANCIAL STATEMENTS

DIRECTORS' REPORT (CONT'D)**TREASURY SHARES**

As at 31 December 2021, the Company held as treasury shares a total of 9,381,300 of its 492,756,000 issued and fully paid-up ordinary shares. The treasury shares are held at a carrying amount of RM3,249,343. The details of the treasury shares are disclosed in Note 18 to the financial statements.

OPTIONS GRANTED OVER UNISSUED SHARES

During the financial year, no options were granted by the Company to any person to take up any unissued shares in the Company except for the share options granted pursuant to the Company's Employee Share Option Scheme below.

EMPLOYEE SHARE OPTION SCHEME

The Employee Share Option Scheme of the Company ("ESOS") is governed by the ESOS By-Laws and was approved by shareholders on 18 January 2018. The ESOS is to be in force for a period of 5 years effective from 6 March 2018.

The details of the ESOS are disclosed in Note 19 to the financial statements.

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for impairment losses on receivables and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for impairment losses on receivables.

At the date of this report, the directors are not aware of any circumstances that would require the writing off of bad debts, or the additional allowance for impairment losses on receivables in the financial statements of the Group and of the Company.

CURRENT ASSETS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ensure that any current assets, which were unlikely to be realised in the ordinary course of business, including their value as shown in the accounting records of the Group and of the Company, have been written down to an amount which they might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements misleading.

VALUATION METHODS

At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing methods of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

CORPORATE GOVERNANCE AND FINANCIAL STATEMENTS

DIRECTORS' REPORT (CONT'D)**CONTINGENT AND OTHER LIABILITIES**

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

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

No contingent or other liability of the Group and of the Company 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 substantially affect the ability of the Group and of the Company to meet their obligations when they fall due.

CHANGE OF CIRCUMSTANCES

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

ITEMS OF AN UNUSUAL NATURE

The results of the operations of the Group and of the Company during the financial year were not, in the opinion of the directors, substantially affected by any item, transaction or event of a material and unusual nature.

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, in the opinion of the directors, 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.

DIRECTORS

The names of directors of the Company who served during the financial year and up to the date of this report are as follows:-

Dato' Phum Ang Kia
Lim Swee Chai
Ir. Yeo An Thai
Tung Kai Hung
Yeoh Chong Keat
Fathi Ridzuan bin Ahmad Fauzi
Mohd Zaky bin Othman

The name of director of the Company's subsidiaries who served during the financial year and up to the date of this report, not including those directors mentioned above, is as follows:-

Phum Boon Lim (Resigned on 18.5.2021)

CORPORATE GOVERNANCE AND FINANCIAL STATEMENTS

DIRECTORS' REPORT (CONT'D)

DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of directors holding office at the end of the financial year in shares or options over unissued shares of the Company and its related corporations during the financial year are as follows:-

	< -----	Number of Ordinary Shares			> -----
	At				At
	1.1.2021	Bought	Sold		31.12.2021
The Company					
<i>Direct Interests</i>					
Dato' Phum Ang Kia	96,563,750	1,000,000	-		97,563,750
Lim Swee Chai	53,038,250	1,000,000	-		54,038,250
Ir. Yeo An Thai	14,875,250	1,200,000	-		16,075,250
Tung Kai Hung	8,875,250	900,000	-		9,775,250
Yeoh Chong Keat	25,000	-	-		25,000
Fathi Ridzuan bin Ahmad Fauzi	25,000	-	-		25,000
<i>Indirect Interest</i>					
Dato' Phum Ang Kia*	-	150,000	-		150,000

* By virtue of his children's shareholdings in the Company pursuant to Section 59 of the Company.

	< -----	Number of Options under ESOS			> -----
	At				At
	1.1.2021	Granted	Exercised	Lapsed	31.12.2021
The Company					
<i>Direct Interests</i>					
Dato' Phum Ang Kia	1,000,000	-	1,000,000	-	-
Lim Swee Chai	1,000,000	-	1,000,000	-	-
Ir. Yeo An Thai	900,000	300,000	1,200,000	-	-
Tung Kai Hung	900,000	-	900,000	-	-

By virtue of his shareholding in the Company, Dato' Phum Ang Kia is deemed to have interests in shares in its related corporations during the financial year to the extent of the Company's interest, in accordance with Section 8 of the Companies Act 2016.

The other director holding office at the end of the financial year had no interest in shares, or options over unissued shares of the Company or its related corporations during the financial year.

DIRECTORS' REPORT (CONT'D)

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (other than directors' remuneration as disclosed in Note 30 and Note 34(a) to 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 the director is a member, or with a company in which the director has a substantial financial interest except for any benefits which may be deemed to arise from transactions entered into in the ordinary course of business with companies in which certain directors have substantial financial interests as disclosed in Note 35(b) to the financial statements.

Neither during nor at the end of the financial year was the Group or the Company a party to any arrangements whose object is to enable the directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate other than the share options granted to certain directors pursuant to the ESOS of the Company.

DIRECTORS' REMUNERATION

The details of the directors' remuneration paid or payable to the directors of the Group and of the Company during the financial year are disclosed in Note 34(a) to the financial statements.

INDEMNITY AND INSURANCE COST

During the financial year, the total amount of indemnity coverage and insurance premium paid for the directors and a principal officer of the Group and of the Company were RM10,000,000 and RM17,500 respectively. No indemnity was given to or insurance effected for auditors of the Company.

SUBSIDIARIES

The details of the Company's subsidiaries are disclosed in Note 5 to the financial statements.

SIGNIFICANT EVENT DURING THE FINANCIAL YEAR AND SUBSEQUENT EVENT

The significant event during the financial year and subsequent event are disclosed in Note 40 to the financial statements.

AUDITORS

The auditors, Crowe Malaysia PLT, have expressed their willingness to continue in office.

The details of the auditors' remuneration are disclosed in Note 30 to the financial statements.

Signed in accordance with a resolution of the directors dated

Dato' Phum Ang Kia

Lim Swee Chai

CORPORATE GOVERNANCE AND FINANCIAL STATEMENTS

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

We, Dato' Phum Ang Kia and Lim Swee Chai, being two of the directors of Advancecon Holdings Berhad, state that, in the opinion of the directors, the financial statements set out on pages 60 to 155 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 ended on that date.

Signed in accordance with a resolution of the directors dated

Dato' Phum Ang Kia

Lim Swee Chai

CORPORATE GOVERNANCE AND FINANCIAL STATEMENTS

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

I, Lau Kent Lit @ Loh Kent Lit, MIA Membership Number: 33683, being the officer primarily responsible for the financial management of Advancecon Holdings Berhad, do solemnly and sincerely declare that the financial statements set out on pages 60 to 155 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the abovementioned
Lau Kent Lit @ Loh Kent Lit
at Kuala Lumpur
in the Federal Territory
on this

Before me

Lau Kent Lit @ Loh Kent Lit

CORPORATE GOVERNANCE AND FINANCIAL STATEMENTS

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF ADVANCECON HOLDINGS BERHAD

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Advancecon Holdings 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 60 to 155.

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.

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

CORPORATE GOVERNANCE AND FINANCIAL STATEMENTS

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF ADVANCECON HOLDINGS BERHAD (CONT'D)

Key Audit Matters (Cont'd)

We have determined the matters described below to be the key audit matters to be communicated in our report.

Revenue Recognition for Construction Services

Refer to Note 29 to the financial statements

Key Audit Matter	How our audit addressed the Key Audit Matter
Revenue recognition for construction activities, due to the contracting nature of the business, involves significant judgements. This includes the determination of the total budgeted contract costs and the calculation of percentage of completion which affects the quantum of revenue to be recognised. In estimating the revenue to be recognised, the management considers past experience and certification by customers and independent third parties, where applicable. We determined this to be a key audit matter due to the complexity and judgemental nature of the budgeting of contract costs and the determination of revenue recognised.	Our procedures included, amongst others:- • Read all key contracts and discussed with management to obtain an understanding of the terms and risks to assess our consideration of whether revenue was appropriately recognised; • Tested costs incurred to date to supporting documentation such as contractors' claim certificates; • Assessed the management's assumptions in determining the percentage of completion of projects, estimations of revenue and costs, provisions for foreseeable losses, liquidated and ascertained damages as well as recoverability of billed receivables; • Assessed the reasonableness of percentage of completion by comparing to certification by external parties; and • Reviewed estimated profit and costs to complete and adjustments for job costing and potential contract losses.

Impairment Assessment of Trade Receivables

Refer to Note 10 to the financial statements

Key Audit Matter	How our audit addressed the Key Audit Matter
The Group carries significant trade receivables and is exposed to credit risk, or the risk of counterparties defaulting. The assessment of the adequacy of the allowance for impairment losses involved judgement, which includes analysing historical bad debts, customer concentrations, customer creditworthiness, current economic trends and changes in the customer payment terms.	Our procedures included, amongst others:- • Obtained an understanding of:- • the Group's control over the receivable collection process; • how the Group identifies and assesses the impairment of receivables; and • how the Group makes the accounting estimates for impairment. • Reviewed the ageing analysis of receivables and testing the reliability thereof; • Reviewed subsequent cash collections for major receivables and overdue amounts; • Made inquiries of management regarding the action plans to recover overdue amounts; • Compared and challenged management's view on the recoverability of overdue amounts to historical patterns of collection; • Examined other evidence including customer correspondences, proposed or existing settlement plans, repayment schedules, etc.; and • Evaluating the reasonableness and adequacy of the allowance for impairment recognised.

CORPORATE GOVERNANCE AND FINANCIAL STATEMENTS

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF ADVANCECON HOLDINGS BERHAD (CONT'D)

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

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

Responsibilities of the Directors for the Financial Statements

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

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group 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 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.

CORPORATE GOVERNANCE AND FINANCIAL STATEMENTS

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF ADVANCECON HOLDINGS BERHAD (CONT'D)

Auditors' Responsibilities for the Audit of the Financial Statements (Cont'd)

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current financial 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.

OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Crowe Malaysia PLT

201906000005 (LLP0018817-LCA) & AF 1018

Chartered Accountants

Kuala Lumpur

Chua Wai Hong

02974/09/2023 J

Chartered Accountant

CORPORATE GOVERNANCE AND FINANCIAL STATEMENTS

STATEMENTS OF FINANCIAL POSITION

AT 31 DECEMBER 2021

		The Group		The Company	
	Note	2021 RM	2020 RM	2021 RM	2020 RM
ASSETS					
NON-CURRENT ASSETS					
Investments in subsidiaries	5	-	-	12,861,303	12,864,297
Investment in an associate	6	564,981	-	225,000	225,000
Property, plant and equipment	7	108,461,221	120,741,965	6,950,313	7,389,321
Investment properties	8	38,618,591	43,483,039	-	-
Other investments		-	2,994	-	-
Deferred tax assets	20	160,149	160,149	160,149	160,149
Finance lease receivables	9	2,326,035	1,790,560	-	-
Trade receivables	10	636,658	-	-	-
Other receivables	12	1,387,312	-	-	-
		152,154,947	166,178,707	20,196,765	20,638,767
CURRENT ASSETS					
Contract assets	11	104,091,186	106,056,723	-	-
Finance lease receivables	9	717,340	2,114,930	-	-
Trade receivables	10	41,279,622	66,673,120	-	-
Other receivables, deposits and prepayments	12	52,740,450	9,379,213	35,713,157	58,922
Amount owing by subsidiaries	13	-	-	73,409,594	74,650,947
Amount owing by an associate	14	2,086,597	941,218	1,317	-
Short-term investments	15	2,845,915	1,390,666	62,626	153,299
Current tax assets		3,455,520	2,844,701	34,125	28,218
Deposits with licensed banks	16	59,979,480	50,053,145	268,695	264,074
Cash and bank balances		22,681,441	2,232,770	2,566,116	237,034
		289,877,551	241,686,486	112,055,630	75,392,494
TOTAL ASSETS		442,032,498	407,865,193	132,252,395	96,031,261

CORPORATE GOVERNANCE AND FINANCIAL STATEMENTS

STATEMENTS OF FINANCIAL POSITION

AT 31 DECEMBER 2021 (CONT'D)

	Note	The Group		The Company	
		2021 RM	2020 RM	2021 RM	2020 RM
EQUITY AND LIABILITIES					
EQUITY					
Share capital	17	114,139,592	87,101,071	114,139,592	87,101,071
Treasury shares	18	(3,249,343)	(3,249,343)	(3,249,343)	(3,249,343)
Reserves	19	-	1,700,400	-	1,700,400
Retained profits		104,685,141	102,008,584	4,829,855	6,006,129
TOTAL EQUITY		215,575,390	187,560,712	115,720,104	91,558,257
NON-CURRENT LIABILITIES					
Deferred tax liabilities	20	3,758,402	4,446,380	-	-
Long-term borrowings	21	48,039,001	24,693,873	12,501,614	3,688,212
Lease liabilities	22	20,838,905	32,213,598	-	43,407
		72,636,308	61,353,851	12,501,614	3,731,619
CURRENT LIABILITIES					
Contract liabilities	11	22,389,595	16,670,776	-	-
Trade payables	24	60,338,350	54,427,963	-	-
Other payables and accruals	25	13,581,875	11,260,510	611,772	337,559
Amount owing to subsidiaries	13	-	-	11,946	26,127
Amount owing to an associate	14	269,338	98,942	-	-
Amount owing to a director	26	-	192,290	-	-
Current tax liabilities		-	56,586	-	-
Short-term borrowings	27	39,948,700	51,467,468	3,363,552	306,035
Lease liabilities	22	17,292,942	20,897,158	43,407	71,664
Bank overdrafts	28	-	3,878,937	-	-
		153,820,800	158,950,630	4,030,677	741,385
TOTAL LIABILITIES		226,457,108	220,304,481	16,532,291	4,473,004
TOTAL EQUITY AND LIABILITIES		442,032,498	407,865,193	132,252,395	96,031,261

CORPORATE GOVERNANCE AND FINANCIAL STATEMENTS

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Note	The Group		The Company	
		2021 RM	2020 RM	2021 RM	2020 RM
REVENUE	29	270,802,450	250,335,667	4,630,816	6,393,516
COST OF SALES		(251,903,701)	(222,399,679)	-	-
GROSS PROFIT		18,898,749	27,935,988	4,630,816	6,393,516
OTHER INCOME		8,515,106	4,188,425	384,934	457,919
		27,413,855	32,124,413	5,015,750	6,851,435
ADMINISTRATIVE EXPENSES		(15,501,542)	(16,238,032)	(6,199,220)	(4,888,808)
OTHER EXPENSES		(2,603,444)	(2,690,494)	(447,407)	(455,562)
FINANCE COSTS		(5,897,321)	(6,382,440)	(171,997)	(178,138)
SHARE OF RESULT OF AN EQUITY ACCOUNTED ASSOCIATE	6	564,981	(167,182)	-	-
PROFIT/(LOSS) BEFORE TAXATION	30	3,976,529	6,646,265	(1,802,874)	1,328,927
INCOME TAX EXPENSE	31	(1,926,572)	(4,545,220)	-	-
PROFIT/(LOSS) AFTER TAXATION		2,049,957	2,101,045	(1,802,874)	1,328,927
OTHER COMPREHENSIVE INCOME		-	-	-	-
TOTAL COMPREHENSIVE INCOME/(EXPENSES) FOR THE FINANCIAL YEAR		2,049,957	2,101,045	(1,802,874)	1,328,927
PROFIT/(LOSS) AFTER TAXATION ATTRIBUTABLE TO:-					
Owners of the Company		2,049,957	2,101,045	(1,802,874)	1,328,927
TOTAL COMPREHENSIVE INCOME/(EXPENSES) ATTRIBUTABLE TO:-					
Owners of the Company		2,049,957	2,101,045	(1,802,874)	1,328,927
Earnings per share (Sen)					
- Basic	37	0.50	0.53		
- Diluted	37	0.50	0.53		

CORPORATE GOVERNANCE AND FINANCIAL STATEMENTS

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Note	Share Capital RM	Treasury Shares RM	Non- distributable Employee Share Option Reserve RM	Distributable Retained Profits RM	Total RM
The Group						
Balance at 1.1.2020		86,584,921	(339,077)	1,815,100	103,864,476	191,925,420
Profit after taxation/Total comprehensive income for the financial year		-	-	-	2,101,045	2,101,045
Contributions by and distributions to owners of the Company:						
- Purchase of treasury shares	18	-	(2,910,266)	-	-	(2,910,266)
- Employees' share options exercised	19	516,150	-	(114,700)	-	401,450
- Dividend	32	-	-	-	(3,956,937)	(3,956,937)
Balance at 31.12.2020/1.1.2021		87,101,071	(3,249,343)	1,700,400	102,008,584	187,560,712
Profit after taxation/Total comprehensive income for the financial year		-	-	-	2,049,957	2,049,957
Contributions by and distributions to owners of the Company:						
- Issuance of shares:						
- Issuance of new ordinary shares	17	22,248,410	-	-	-	22,248,410
- Share issue expenses	17	(41,989)	-	-	-	(41,989)
- Employees' share options exercised	19	4,832,100	-	(1,073,800)	-	3,758,300
- Employees' share options lapsed		-	-	(626,600)	626,600	-
Balance at 31.12.2021		114,139,592	(3,249,343)	-	104,685,141	215,575,390

CORPORATE GOVERNANCE AND FINANCIAL STATEMENTS

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONT'D)

	Note	Share Capital RM	Treasury Shares RM	Non- distributable Employee Share Option Reserve RM	Distributable Retained Profits RM	Total RM
The Company						
Balance at 1.1.2020		86,584,921	(339,077)	1,815,100	8,634,139	96,695,083
Profit after taxation/Total comprehensive income for the financial year		-	-	-	1,328,927	1,328,927
Contributions by and distributions to owners of the Company:						
- Purchase of treasury shares	18	-	(2,910,266)	-	-	(2,910,266)
- Employees' share options exercised	19	516,150	-	(114,700)	-	401,450
- Dividend	32	-	-	-	(3,956,937)	(3,956,937)
Balance at 31.12.2020/1.1.2021		87,101,071	(3,249,343)	1,700,400	6,006,129	91,558,257
Loss after taxation/Total comprehensive loss for the financial year		-	-	-	(1,802,874)	(1,802,874)
Contributions by and distributions to owners of the Company:						
- Issuance of shares:						
- Issuance of new ordinary shares	17	22,248,410	-	-	-	22,248,410
- Share issue expenses	17	(41,989)	-	-	-	(41,989)
- Employees' share options exercised	19	4,832,100	-	(1,073,800)	-	3,758,300
- Employees' share options lapsed		-	-	(626,600)	626,600	-
Balance at 31.12.2021		114,139,592	(3,249,343)	-	4,829,855	115,720,104

CORPORATE GOVERNANCE AND FINANCIAL STATEMENTS

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	The Group		The Company	
	2021 RM	2020 RM	2021 RM	2020 RM
CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES				
Profit/(Loss) before taxation	3,976,529	6,646,265	(1,802,874)	1,328,927
Adjustments for:-				
Bad debt written off	955	-	-	-
Depreciation:				
- investment properties	539,341	575,833	-	-
- property, plant and equipment	25,699,563	25,657,710	447,373	455,562
COVID-19-related rent concessions	-	(1,000)	-	-
Interest expense:				
- lease liabilities	2,435,639	2,680,120	3,936	7,267
- others	3,461,682	3,702,320	168,061	170,871
Loss/(Gain) on dissolution of subsidiaries	866	(115,340)	866	(115,340)
Property, plant and equipment written off	957	248,232	34	-
Share of results of an equity accounted associate	(564,981)	167,182	-	-
Dividend income:				
- subsidiary	-	-	-	(3,950,000)
- short-term investments	(75,867)	(61,146)	(9,327)	(3,604)
Gain on disposal:				
- property, plant and equipment	(877,210)	(397,808)	(43,999)	-
- investment properties	(354,673)	-	-	-
Interest income:				
- deposits with licensed banks	(928,578)	(1,114,616)	(8,337)	(9,575)
- finance lease receivables	(388,605)	(543,492)	-	-
- others	(2,495)	(1,972)	-	-
Operating profit/(loss) before working capital changes	32,923,123	37,442,288	(1,244,267)	(2,115,892)
Decrease/(Increase) in contract assets	1,965,537	(7,152,298)	-	-
Increase in contract liabilities	5,718,819	5,474,336	-	-
(Increase)/Decrease in trade and other receivables	(10,683,464)	(2,362,933)	(25,424,235)	14,983
Increase/(Decrease) in trade and other payables	5,457,144	(882,797)	274,213	(1,309,425)
Increase in amount owing to subsidiaries	-	-	237	-
Increase in amount owing by an associate company	(1,153,103)	(932,177)	-	-
CASH FROM/(FOR) OPERATIONS CARRIED FORWARD	34,228,056	31,586,419	(26,394,052)	(3,410,334)

CORPORATE GOVERNANCE AND FINANCIAL STATEMENTS

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONT'D)

		The Group		The Company	
	Note	2021 RM	2020 RM	2021 RM	2020 RM
CASH FROM/(FOR) OPERATIONS BROUGHT FORWARD		34,228,056	31,586,419	(26,394,052)	(3,410,334)
Interest paid		(5,897,321)	(6,382,440)	(171,997)	(178,138)
Income tax paid		(3,281,955)	(5,321,325)	(5,907)	(12,353)
NET CASH FROM/(FOR) OPERATING ACTIVITIES		25,048,780	19,882,654	(26,571,956)	(3,600,825)
CASH FLOWS (FOR)/FROM INVESTING ACTIVITIES					
Proceeds from dissolution of subsidiaries		2,128	115,340	2,128	115,340
Repayment from finance lease receivables		862,115	1,987,187	-	-
Repayment from subsidiaries		-	-	1,241,116	5,350,105
Repayment from/(Advances to) an associate		7,724	107,385	(1,317)	37,876
Dividend received:					
- subsidiary		-	-	-	3,950,000
- short-term investments		75,867	61,146	9,327	3,604
Interest received		1,319,678	1,660,080	8,337	9,575
Proceeds from disposal of property, plant and equipment		2,614,300	1,054,600	44,000	-
Proceeds from disposal of investment properties		1,923,224	-	-	-
Addition to investment properties	33(a)	(7,100)	(8,380)	-	-
Purchase of property, plant and equipment	33(a)	(3,795,178)	(2,308,461)	(8,400)	(1,600)
Increase in deposits pledged with licensed banks		(9,926,335)	(10,423,647)	(4,621)	(7,712)
NET CASH (FOR)/ FROM INVESTING ACTIVITIES		(6,923,577)	(7,754,750)	1,290,570	9,457,188

CORPORATE GOVERNANCE AND FINANCIAL STATEMENTS

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONT'D)

	Note	The Group		The Company	
		2021 RM	2020 RM	2021 RM	2020 RM
CASH FLOWS FROM/(FOR) FINANCING ACTIVITIES					
Dividend paid		-	(3,956,937)	-	(3,956,937)
Proceeds from issuance of ordinary shares		12,018,410	-	12,018,410	-
Share issue expenses		(41,989)	-	(41,989)	-
Proceeds from exercise of ESOS		3,758,300	401,450	3,758,300	401,450
Purchase of treasury shares		-	(2,910,266)	-	(2,910,266)
Repayment to subsidiaries		-	-	(14,181)	(88,537)
Advances from/(repayment to) an associate company		170,396	(106,857)	-	-
Repayment of lease liabilities		(21,643,309)	(18,335,092)	(71,664)	(68,333)
Net drawdown/(repayment) of term loans		33,187,528	(693,938)	11,870,919	(223,709)
Net drawdown of bankers' acceptances		713,357	5,567,582	-	-
Net repayment of bank factoring		(6,592,975)	(4,721,305)	-	-
Net repayment of invoice financing		(3,219,774)	(1,507,453)	-	-
Net (repayment)/drawdown of revolving credit		(10,500,000)	4,500,000	-	-
Repayment to a director		(192,290)	-	-	-
NET CASH FROM/(FOR) FINANCING ACTIVITIES		7,657,654	(21,762,816)	27,519,795	(6,846,332)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		25,782,857	(9,634,912)	2,238,409	(989,969)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		(255,501)	9,379,411	390,333	1,380,302
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	33(c)	25,527,356	(255,501)	2,628,742	390,333

CORPORATE GOVERNANCE AND FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

1. GENERAL INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia. The registered office and principal place of business are as follows:-

Registered office	:	Level 5, Block B, Dataran PHB Saujana Resort, Section U2, 40150 Shah Alam, Selangor Darul Ehsan.
Principal place of business	:	No. 16, 18 & 20, Jalan Pekaka 8/3, Seksyen 8, Kota Damansara, 47810 Petaling Jaya, Selangor Darul Ehsan.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 25 April 2022.

2. PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of providing management services. The principal activities of the subsidiaries are set out in Note 5 to the financial statements.

3. BASIS OF PREPARATION

The financial statements of the Group are prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under significant accounting policies, and in compliance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

3.1 During the current financial year, the Group has adopted the following new accounting standards and/or interpretations (including the consequential amendments, if any):-

MFRSs and/or IC Interpretations (Including The Consequential Amendments)

Amendment to MFRS 16: Covid-19-Related Rent Concessions beyond 30 June 2021

Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16: Interest Rate Benchmark Reform – Phase 2

The adoption of the above accounting standard(s) and/or interpretation(s) (including the consequential amendments, if any) did not have any material impact on the Group's financial statements.

CORPORATE GOVERNANCE AND FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONT'D)

3. BASIS OF PREPARATION (CONT'D)

- 3.2 The Group has not applied in advance the following accounting standards and/or interpretations (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the current financial year:-

MFRSs and/or IC Interpretations (Including The Consequential Amendments)	Effective Date
MFRS 17 Insurance Contracts	1 January 2023
Amendments to MFRS 3: Reference to the Conceptual Framework	1 January 2022
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendments to MFRS 17 Insurance Contracts	1 January 2023
Amendment to MFRS 17: Initial Application of MFRS 17 and MFRS 9 – Comparative Information	1 January 2023
Amendment to MFRS 101: Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to MFRS 101: Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108: Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 112: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to MFRS 116: Property, Plant and Equipment - Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137: Onerous Contracts - Cost of Fulfilling a Contract	1 January 2022
Annual Improvements to MFRS Standards 2018 - 2020	1 January 2022

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) is expected to have no material impact on the financial statements of the Group upon their initial application.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Key Sources of Estimation Uncertainty

Management believes that there are no key assumptions made concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year other than as disclosed below:-

(a) Impairment of Investment in Subsidiaries and Investment Properties

The Group determines whether an item of its investment in subsidiaries and investment properties are impaired by evaluating the extent to which the recoverable amount of the asset is less than its carrying amount. This evaluation is subject to changes such as market performance, economic and political situation of the country. A variety of methods is used to determine the recoverable amount, such as valuation reports and discounted cash flows. For discounted cash flows, significant judgement is required in the estimation of the present value of future cash flows generated by the assets, which involve uncertainties and are significantly affected by assumptions used and judgements made regarding estimates of future cash flows and discount rates. The carrying amounts of investment in subsidiaries and investment properties as at the reporting date are disclosed in Notes 5 and 8 to the financial statements.

(b) Impairment of Trade Receivables and Contract Assets

The Group uses the simplified approach to estimate a lifetime expected credit loss allowance for all trade receivables and contract assets. The contract assets are grouped with trade receivables for impairment assessment because they have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group develops the expected loss rates based on the payment profiles of past sales and the corresponding historical credit losses, and adjusts for qualitative and quantitative reasonable and supportable forward-looking information. If the expectation is different from the estimation, such difference will impact the carrying values of trade receivables and contract assets. The carrying amounts of trade receivables and contract assets as at the reporting date are disclosed in Notes 10 and 11 to the financial statements.

(c) Revenue Recognition for Construction Services

The Company recognises construction revenue by reference to the construction progress using the input method, determined based on the proportion of construction costs incurred for work performed to date over the estimated total construction costs. The total estimated costs are based on approved budgets, which require assessment and judgement to be made on changes in, for example, work scope, changes in costs and costs to completion. In making the judgement, management relies on past experience and the work of specialists. The carrying amounts of contract assets and contract liabilities as at the reporting date are disclosed in Note II to the financial statements.

CORPORATE GOVERNANCE AND FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

Critical Judgements Made in Applying Accounting Policies

Management believes that there are no instances of application of critical judgement in applying the Group's accounting policies which will have a significant effect on the amounts recognised in the financial statements other than as disclosed below:-

(a) Classification between Investment Properties and Owner-occupied Properties

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately (or leased out separately under a finance lease), the Group accounts for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes.

(b) Lease Terms

Some leases contain extension options exercisable by the Group before the end of the non-cancellable contract period. In determining the lease term, management considers all facts and circumstances including the past practice and any cost that will be incurred to change the asset if an option to extend is not taken. An extension option is only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

(c) Contingent Liabilities

The recognition and measurement for contingent liabilities is based on management's view of the expected outcome on contingencies after consulting legal counsel for litigation cases and experts, for matters in the ordinary course of business. Furthermore, the directors are of the view that the chances of the financial institutions to call upon the corporate guarantees issued by the Group and the Company are remote.

(d) Share-based Payments

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity investments at the date at which they are granted. The estimating of the fair value requires determining the most appropriate valuation model for a grant of equity instruments, which is dependent on the terms and conditions of the grant. This also requires determining the most appropriate inputs to the valuation model including the expected life of the option volatility and dividend yield and making assumptions about them.

CORPORATE GOVERNANCE AND FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.2 BASIS OF CONSOLIDATION

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to the end of the reporting period.

Subsidiaries are entities (including structured entities, if any) 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. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate.

Intragroup transactions, balances, income and expenses are eliminated on consolidation. Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

(a) Business Combinations

Acquisitions of businesses are accounted for using the acquisition method. Under the acquisition method, the consideration transferred for acquisition of a subsidiary is the fair value of the assets transferred, liabilities incurred and the equity interests issued by the Group at the acquisition date. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs, other than the costs to issue debt or equity securities, are recognised in profit or loss when incurred.

In a business combination achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

Non-controlling interests in the acquiree may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets at the date of acquisition. The choice of measurement basis is made on a transaction-by-transaction basis.

CORPORATE GOVERNANCE AND FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.2 BASIS OF CONSOLIDATION (CONT'D)

(b) Non-controlling Interests

Non-controlling interests are presented within equity in the consolidated statement of financial position, separately from the equity attributable to owners of the Company. Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

(c) Changes in Ownership Interests in Subsidiaries Without Change of Control

All changes in the parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of consideration paid or received is recognised directly in equity of the Group.

(d) Loss of Control

Upon the loss of control of a subsidiary, the Group recognises any gain or loss on disposal in profit or loss which is calculated as the difference between:-

- (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest in the former subsidiary; and
- (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the former subsidiary and any non-controlling interests.

Amounts previously recognised in other comprehensive income in relation to the former subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of (i.e. reclassified to profit or loss or transferred directly to retained profits). The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value of the initial recognition for subsequent accounting under MFRS 9 or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

4.3 FUNCTIONAL AND PRESENTATION CURRENCY

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.4 FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised in the statements of financial position when the Group has become a party to the contractual provisions of the instruments.

Financial instruments are classified as financial assets, financial liabilities or equity instruments in accordance with the substance of the contractual arrangement and their definitions in MFRS 132. Interest, dividends, gains and losses relating to a financial instrument classified as liability are reported as an expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity.

Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

A financial instrument is recognised initially at its fair value (other than trade receivables without significant financing component which are measured at transaction price as defined in MFRS 15 at inception). Transaction costs that are directly attributable to the acquisition or issue of the financial instrument (other than a financial instrument at fair value through profit or loss) are added to/deducted from the fair value on initial recognition, as appropriate. Transaction costs on the financial instrument at fair value through profit or loss are recognised immediately in profit or loss.

Financial instruments recognised in the statements of financial position are disclosed in the individual policy statement associated with each item.

(a) Financial Assets

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value (through profit or loss, or other comprehensive income), depending on the classification of the financial assets.

Debt Instruments

(i) Amortised Cost

The financial asset is held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest. Interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset. When the asset has subsequently become credit-impaired, the interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset.

CORPORATE GOVERNANCE AND FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.4 FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Assets (Cont'd)

Debt Instruments (Cont'd)

(i) Amortised Cost (Cont'd)

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts), excluding expected credit losses, through the expected life of the financial asset or a shorter period (where appropriate).

(ii) Fair Value through Other Comprehensive Income

The financial asset is held for both collecting contractual cash flows and selling the financial asset, where the asset's cash flows represent solely payments of principal and interest. Movements in the carrying amount are taken through other comprehensive income and accumulated in the fair value reserve, except for the recognition of impairment, interest income and foreign exchange difference which are recognised directly in profit or loss. Interest income is calculated using the effective interest rate method.

(iii) Fair Value through Profit or Loss

All other financial assets that do not meet the criteria for amortised cost or fair value through other comprehensive income are measured at fair value through profit or loss. The fair value changes do not include interest or dividend income.

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

Equity Instruments

All equity investments are subsequent measured at fair value with gains and losses recognised in profit or loss except where the Group has elected to present the subsequent changes in fair value in other comprehensive income and accumulated in the fair value reserve at initial recognition.

The designation at fair value through other comprehensive income is not permitted if the equity investment is either held for trading or is designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise.

Dividend income from this category of financial assets is recognised in profit or loss when the Group's right to receive payment is established unless the dividends clearly represent a recovery of part of the cost of the equity investments.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.4 FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial Liabilities

(i) Financial Liabilities at Fair Value through Profit or Loss

Fair value through profit or loss category comprises financial liabilities that are either held for trading or are designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. The changes in fair value (excluding interest expense) of these financial liabilities are recognised in profit or loss.

(ii) Other Financial Liabilities

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

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts), through the expected life of the financial liability or a shorter period (where appropriate).

(c) Equity Instruments

Equity instruments classified as equity are measured initially at cost and are not remeasured subsequently.

(i) Ordinary Shares

Ordinary shares are classified as equity and recorded at the proceeds received, net of directly attributable transaction costs.

Dividends on ordinary shares are recognised as liabilities when approved for appropriation.

(ii) Treasury Shares

When the Company's own shares recognised as equity are bought back, the amount of the consideration paid, including all costs directly attributable, are recognised as a deduction from equity. Own shares purchased that are not subsequently cancelled are classified as treasury shares and are presented as a deduction from total equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of treasury shares.

CORPORATE GOVERNANCE AND FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.4 FINANCIAL INSTRUMENTS (CONT'D)

(c) Equity Instruments (Cont'd)

(ii) Treasury Shares (Cont'd)

Where treasury shares are reissued by resale, the difference between the sales consideration received and the carrying amount of the treasury shares is recognised in equity.

Where treasury shares are cancelled, their costs are transferred to retained profits.

(d) Derecognition

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. On derecognition of a financial asset measured at amortised cost, the difference between the carrying amount of the asset and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of a debt instrument classified as fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the fair value reserve is reclassified from equity to profit or loss. In contrast, there is no subsequent reclassification of the fair value reserve to profit or loss following the derecognition of an equity investment.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(e) Financial Guarantee Contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specific debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantee contracts are recognised initially as liabilities at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee or, when there is no specific contractual period, recognised in profit or loss upon discharge of the guarantee. If the debtor fails to make payment relating to a financial guarantee contract when it is due and the Group, as the issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of the amount of the credit loss determined in accordance with the expected credit loss model and the amount initially recognised less cumulative amortisation.

CORPORATE GOVERNANCE AND FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.5 INVESTMENTS IN SUBSIDIARIES

Investments in subsidiaries including the share options granted to employees of the subsidiaries are stated at cost in the statement of financial position of the Company, and are reviewed for impairment at the end of the reporting period if events or changes in circumstances indicate that the carrying values may not be recoverable. The cost of the investments includes transaction costs.

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

4.6 INVESTMENT IN AN ASSOCIATE

An associate is an entity in which the Group and the Company have a long-term equity interest and where it exercises significant influence over the financial and operating policies.

Investment in an associate is stated at cost in the statement of financial position of the Company, and is reviewed for impairment at the end of the reporting period if events or changes in circumstances indicate that the carrying value may not be recoverable. The cost of the investment includes transaction costs.

The investment in an associate is accounted for in the consolidated financial statements using the equity method based on the financial statements of the associate made up to 31 December 2021. The Group's share of the post acquisition profits and other comprehensive income of the associate is included in the consolidated statement of profit or loss and other comprehensive income, after adjustment if any, to align the accounting policies with those of the Group, from the date that significant influence commences up to the effective date on which significant influence ceases or when the investment is classified as held for sale. The Group's investment in the associate is carried in the consolidated statement of financial position at cost plus the Group's share of the post acquisition retained profits and reserves. The cost of investment includes transaction costs.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation. The interest in the associate is the carrying amount of the investment in the associate determined using the equity method together with any long-term interests that, in substance, form part of the Group's net investment in the associate.

Unrealised gains or losses on transactions between the Group and the associate are eliminated to the extent of the Group's interest in the associate. Unrealised losses are eliminated unless cost cannot be recovered.

When the Group ceases to have significant influence over an associate and the retained interest in the former associate is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as the initial carrying amount of the financial asset in accordance with MFRS 9. Furthermore, the Group also reclassifies its share of the gain or loss previously recognised in other comprehensive income of that associate to profit or loss when the equity method is discontinued.

CORPORATE GOVERNANCE AND FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.7 PROPERTY, PLANT AND EQUIPMENT

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

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

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset will flow to the Group and the Company, and the cost of the asset can be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Capital work-in-progress represents assets under construction, and which are not ready for commercial use at the end of the reporting period. Capital work-in-progress is stated at cost, and is transferred to the relevant category of assets and depreciated accordingly when the assets are completed and ready for commercial use. Cost of capital work-in-progress includes direct cost, related expenditure and interest cost on borrowings taken to finance the acquisition of the assets to the date that the assets are completed and put into use.

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

Owned Assets

Buildings	2%
Plant and machinery	12%
Site equipment	10% - 20%
Office equipment	10% - 20%
Motor vehicles	12%
Renovation	20%
Furniture and fittings	15% - 20%

Right-of-use Assets

Leasehold land	Over the lease period of 86 to 95 years
Plant and machinery	12%
Motor vehicles	12%
Office building	33%
Leased land	52%

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

CORPORATE GOVERNANCE AND FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.7 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Capital work-in-progress included in property is not depreciated as this asset is not yet available for use.

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.

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

4.8 INVESTMENT PROPERTIES

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

Investment properties which are owned are initially measured at cost. Cost includes expenditure that is directly attributable to the acquisition of the investment property. The right-of-use asset held under a lease contract that meets the definition of investment property is measured initially similarly as other right-of-use assets.

Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and impairment losses, if any.

Depreciation is charged to profit or loss on a straight-line method over the estimated useful lives of the investment properties. The estimated useful lives of the investment properties are as follows:-

Buildings	2%
Leasehold land	Over the lease period of 86 to 93 years

Freehold land is stated at cost less impairment loss, if any, and is not depreciated.

Investment properties under construction are not depreciated as these assets are not yet available for use.

Investment properties are derecognised when they have either been disposed of or when the investment property is permanently withdrawn from use and no future benefit is expected from its disposal.

On the derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss.

Transfers are made to or from investment property only when there is a change in use. All transfers do not change the carrying amount of the property reclassified.

CORPORATE GOVERNANCE AND FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.9 LEASES

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for low-value assets and short-term leases with 12 months or less. For these leases, the Group recognises the lease payments as an operating expense on a straight-line method over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The Group presents right-of-use assets in property, plant and equipment, and investment properties, and the associated lease liabilities are presented as a separate line item in the statements of financial position.

The right-of-use asset is initially measured at cost. Cost includes the initial amount of the corresponding lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred, less any incentives received.

The right-of-use asset is subsequently measured at cost less accumulated depreciation and any impairment losses, and adjusted for any remeasurement of the lease liability. The depreciation starts from the commencement date of the lease. If the lease transfers ownership of the underlying asset to the Group or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. Otherwise, the Group depreciates the right-of-use asset to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of the right-of-use assets are determined on the same basis as those property, plant and equipment, and investment properties.

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

The lease liability is subsequently measured at amortised cost using the effective interest method. It is remeasured when there is a change in the future lease payments (other than lease modification that is not accounted for as a separate lease) with the corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recognised in profit or loss if the carrying amount has been reduced to zero.

CORPORATE GOVERNANCE AND FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.10 CONTRACT ASSET AND CONTRACT LIABILITY

A contract asset is recognised when the Group's right to consideration is conditional on something other than the passage of time. A contract asset is subject to impairment in accordance with MFRS 9.

A contract liability is stated at cost and represents the obligation of the Group to transfer goods or services to a customer for which consideration has been received (or the amount is due) from the customers.

4.11 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value with original maturity periods of three months or less. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts.

4.12 IMPAIRMENT

(a) Impairment of Financial Assets

The Group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost, trade receivables and contract assets, as well as on financial guarantee contracts.

The expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. The Group always recognises lifetime expected credit losses for trade receivables and contract assets using the simplified approach. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience and are adjusted for forward-looking information (including time value of money where appropriate).

For all other financial instruments, the Group recognises lifetime expected credit losses when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

CORPORATE GOVERNANCE AND FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.12 IMPAIRMENT (CONT'D)

(a) Impairment of Financial Assets (Cont'd)

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at fair value through other comprehensive income, for which the loss allowance is recognised in other comprehensive income and accumulated in the fair value reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

(b) Impairment of Non-financial Assets

The carrying values of assets, other than those to which MFRS 136 does not apply, are reviewed at the end of each reporting period for impairment when an annual impairment assessment is compulsory or there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. When the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount and an impairment loss shall be recognised. The recoverable amount of an asset is the higher of the asset's fair value less costs to sell and its value-in-use, which is measured by reference to discounted future cash flows using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where it is not possible to estimate the recoverable amount of an individual asset, the Group determines the recoverable amount of the cash-generating unit to which the asset belongs.

An impairment loss is recognised in profit or loss.

When there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in profit or loss immediately.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.13 PROVISIONS

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount can be made. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the provision is the present value of the estimated expenditure required to settle the obligation. The discount rate shall be a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as interest expense in profit or loss.

4.14 EMPLOYEE BENEFITS

(a) Short-term Benefits

Wages, salaries, paid annual leave and sick leave, bonuses and non-monetary benefits are measured on an undiscounted basis and are recognised in profit or loss and included in the construction costs, where appropriate, in the period in which the associated services are rendered by employees of the Group.

(b) Defined Contribution Plans

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

(c) Share-based Payment Transactions

The Group operates an equity-settled share-based compensation plan, under which the Group receives services from employees as consideration for equity instruments of the Company (known as "share options").

At grant date, the fair value of the share options is recognised as an expense on a straight-line method over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding credit to employee share option reserve in equity. The amount recognised as an expense is adjusted to reflect the actual number of the share options that are expected to vest. Service and non-market performance conditions attached to the transaction are not taken into account in determining the fair value.

CORPORATE GOVERNANCE AND FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.14 EMPLOYEE BENEFITS (CONT'D)

(c) Share-based Payment Transactions (Cont'd)

In the Company's separate financial statements, the grant of the share options to the subsidiaries' employees is not recognised as an expense. Instead, the fair value of the share options measured at the grant date is accounted for as an increase to the investment in subsidiary undertaking with a corresponding credit to the employee share option reserve.

Upon expiry of the share option, the employee share option reserve is transferred to retained profits.

When the share options are exercised, the employee share option reserve is transferred to share capital if new ordinary shares are issued.

4.15 INCOME TAXES

(a) Current Tax

Current tax assets and liabilities are the expected amount of income tax recoverable or payable to the taxation authorities.

Current taxes are measured using tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period and are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss (either in other comprehensive income or directly in equity).

(b) Deferred Tax

Deferred tax is recognised using the liability method for all temporary differences other than those that arise from goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantively enacted at the end of the reporting period.

CORPORATE GOVERNANCE AND FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.15 INCOME TAXES (CONT'D)

(b) Deferred Tax (Cont'd)

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amounts of deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that the related tax benefits will be realised.

Current and deferred tax items are recognised in correlation to the underlying transactions either in profit or loss, other comprehensive income or directly in equity. Deferred tax arising from a business combination is adjusted against goodwill or negative goodwill.

Current tax assets and liabilities or deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same taxable entity (or on different tax entities but they intend to settle current tax assets and liabilities on a net basis) and the same taxation authority.

4.16 CONTINGENT LIABILITIES

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that an outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial statements, unless the probability of outflow of economic benefits is remote. When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as a provision.

4.17 OPERATING SEGMENTS

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

CORPORATE GOVERNANCE AND FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.18 EARNINGS PER ORDINARY SHARE

Basic earnings per ordinary share is calculated by dividing the consolidated profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the reporting period, adjusted for own shares held.

Diluted earnings per ordinary share is determined by adjusting the consolidated profit or loss attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise share options granted to employees.

4.19 BORROWING COSTS

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset, are capitalised as part of the cost of those assets, until such time as the assets are ready for their intended use or sale. Capitalisation of borrowing costs is suspended during extended periods in which active development is interrupted.

All other borrowing costs are recognised in profit or loss as expenses in the period in which they are incurred.

4.20 FAIR VALUE MEASUREMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using a valuation technique. The measurement assumes that the transaction takes place either in the principal market or in the absence of a principal market, in the most advantageous market. For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. However, this basis does not apply to share-based payment transactions and leasing transactions.

For financial reporting purposes, the fair value measurements are analysed into level 1 to level 3 as follows:-

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

The transfer of fair value between levels is determined as of the date of the event or change in circumstances that caused the transfer.

CORPORATE GOVERNANCE AND FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.21 REVENUE FROM CONTRACTS WITH CUSTOMERS

Revenue is recognised by reference to each distinct performance obligation in the contract with customer and is measured at the consideration specified in the contract of which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, net of sales and service tax, returns, rebates and discounts.

The Group recognises revenue when (or as) it transfers control over a product or service to customer. An asset is transferred when (or as) the customer obtains control of that asset.

Depending on the substance of the contract, revenue is recognised when the performance obligation is satisfied, which may be at a point in time or over time. The Group transfers control of a good or service at a point in time unless one of the following overtime criteria is met:-

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

(a) Construction Services

Revenue from construction services is recognised over time in the period in which the services are rendered using the input method, determined based the proportion of construction costs incurred for work performed to date over the estimated total construction costs. Transaction price is computed based on the price specified in the contract and adjusted for any variable consideration such as incentives and penalties. Past experience is used to estimate and provide for the variable consideration, using expected value method and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur.

A receivable is recognised when the construction services are rendered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due. If the construction services rendered exceed the payment received, a contract asset is recognised. If the payments exceed the construction services rendered, a contract liability is recognised.

(b) Hiring of Machinery

Revenue from providing hiring of machinery services is recognised at a point in time when the services have been rendered to the customers and coincides with the delivery of services and acceptance by customers.

CORPORATE GOVERNANCE AND FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.21 REVENUE FROM CONTRACTS WITH CUSTOMERS (CONT'D)

(c) Sale of Goods

Revenue from sale of goods is recognised when the Group has transferred control of the goods to the customer, being when the goods have been delivered to the customer and upon its acceptance.

Revenue from these sales is recognised based on the price specified in the contract and net of returns.

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

(d) Rendering of Day Work Services

Revenue from providing day work services is recognised at a point in time when the services have been rendered to the customers and coincides with the delivery of services and acceptance by customers.

(e) Rental Income from Investment Properties

Rental income from investment properties is accounted for on a straight-line method over the lease term.

(f) Design, Construct and Installation Services

Revenue from design, construct and installation services is recognised over time in the period in which the services are rendered using the input method, determined based on the proportion of costs incurred for work performed to date over the estimated total costs. Transaction price is computed based on the price specified in the contract and adjusted for any variable consideration such as incentives and penalties. Past experience is used to estimate and provide for the variable consideration, using expected value method and revenue is only recognised to the extent that is highly probable that a significant reversal will not occur.

A receivable is recognised when the services are rendered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due. If the services rendered exceed the payment received, a contract asset is recognised. If the payments exceed the services rendered, a contract liability is recognised.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.21 REVENUE FROM CONTRACTS WITH CUSTOMERS (CONT'D)

(g) Sale of Electricity Generated from Renewable Energy

Revenue from sale of energy is recognised upon invoiced value of electricity generated, net of billing adjustments (whichever applicable) because the customers receive and use the benefits simultaneously.

Customers are invoiced on a monthly basis and consideration is payable when invoiced.

4.22 REVENUE FROM OTHER SOURCES AND OTHER OPERATING INCOME

(a) Interest Income

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

(b) Dividend Income

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

Dividend income from short-term investment is recognised on an accrual basis using the effective interest method.

(c) Management Fee

Management fee from providing managing services is recognised in the period in which the services are rendered.

(d) Rental Income

Rental income is recognised on an accrual basis.

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONT'D)

5. INVESTMENTS IN SUBSIDIARIES

	The Company	
	2021 RM	2020 RM
Unquoted shares, at cost	11,275,003	11,277,997
Share options granted to employees of subsidiaries	1,586,300	1,586,300
	12,861,303	12,864,297

The details of the subsidiaries are as follows:-

Name of Subsidiary	Principal Place of Business/ Country of Incorporation	Percentage of Issued Share Capital Held by Parent		Principal Activities
		2021 %	2020 %	
Advancecon Infra Sdn. Bhd.	Malaysia	100	100	Providing earthworks and civil engineering services and sales of construction materials.
Advancecon Solar Sdn. Bhd.	Malaysia	100	100	Carry on development and/or operation of power generation from renewable energy, solar and other renewable energy projects.
Advancecon Machinery Sdn. Bhd.	Malaysia	100	100	Providing earth-moving machineries for hire and transportation agent.
Advancecon Properties Sdn. Bhd.	Malaysia	100	100	Property investment.
^ SK-II Tipper & Truck Services Sdn. Bhd.	Malaysia	-	100	Dissolved.
^ Inspirasi Hebat Sdn. Bhd.	Malaysia	-	100	Dissolved.
<i>Subsidiary of Advancecon Solar Sdn. Bhd.</i>				
LSS TPG Sdn. Bhd.	Malaysia	100	-	Carry on development and/or operation of power generation from renewable energy, solar and other renewable energy projects.

^ On 22 March 2021 and 3 May 2021, the final meeting of Inspirasi Hebat Sdn. Bhd. and SK-II Tipper Truck Services Sdn. Bhd. respectively were held to conclude the winding up proceedings. Pursuant to Section 459(5) of the Companies Act 2016 in Malaysia, the subsidiaries were deemed dissolved on the expiration of three months after lodgement of the Return by the liquidators relating to the final meeting with the Companies Commission of Malaysia and Official Receiver.

The total proceeds from the dissolution of SK-II Tipper & Truck Services Sdn. Bhd. received during the financial year is RM2,128.

CORPORATE GOVERNANCE AND FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONT'D)

6. INVESTMENT IN AN ASSOCIATE

	The Group		The Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Unquoted share, at cost	225,000	225,000	225,000	225,000
Share of post acquisition profit/(loss)	339,981	(225,000)	-	-
	564,981	-	225,000	225,000

The details of the associate are as follows:-

Name of Associate	Principal Place of Business	Effective Equity Interest		Principal Activity
		2021 %	2020 %	
Advancecon (Sarawak) Sdn. Bhd.	Malaysia	30	30	Providing earthworks, civil engineering services and other related services.

The associate provides earthworks and civil engineering services. It is a strategic investment which enables the Group to explore more opportunities to provide earthworks and engineering services in Sarawak.

- (a) The Group recognised its share of results based on the audited financial statements.
- (b) Summarised financial information has not been presented as the associate is not material to the Group.

CORPORATE GOVERNANCE AND FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONT'D)

7. PROPERTY, PLANT AND EQUIPMENT

The Group	At 1.1.2021 RM	Additions RM	Disposals RM	Write-offs RM	Depreciation Charges RM	At 31.12.2021 RM
2021						
<i>Carrying Amount</i>						
<u>Owned Assets</u>						
Buildings	2,907,389	-	-	-	(65,318)	2,842,071
Plant and machinery	22,259,488	1,351,000	(58,002)	-	(8,987,191)	14,565,295
Site equipment	2,121,843	373,746	(2,803)	(922)	(489,930)	2,001,934
Office equipment	502,637	43,834	-	(35)	(172,584)	373,852
Motor vehicles	671,487	6,200	(20,704)	-	(374,043)	282,940
Renovation	581,089	-	-	-	(193,844)	387,245
Furniture and fittings	446,904	8,400	-	-	(123,263)	332,041
Capital work-in-progress	816,498	274,725	-	-	-	1,091,223
<u>Right-of-use Assets</u>						
Leasehold land	16,425,067	-	-	-	(196,131)	16,228,936
Plant and machinery	66,022,459	11,807,000	(1,610,100)	-	(13,301,847)	62,917,512
Motor vehicles	7,869,454	1,291,961	(45,481)	-	(1,724,822)	7,391,112
Office building	117,650	-	-	-	(70,590)	47,060
	120,741,965	15,156,866	(1,737,090)	(957)	(25,699,563)	108,461,221

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONT'D)

7. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

The Group	At 1.1.2020 RM	Additions RM	Reclassifications RM	Transfer to Finance Lease Receivables RM	Disposals RM	Write-offs RM	Depreciation Charges RM	At 31.12.2020 RM
2020								
<i>Carrying Amount</i>								
<u>Owned Assets</u>								
Buildings	2,972,708	-	-	-	-	-	(65,319)	2,907,389
Plant and machinery	32,520,205	269,999	9,585	(141,795)	(446,601)	-	(9,951,905)	22,259,488
Site equipment	2,012,276	591,834	-	-	(8,463)	(26,765)	(447,039)	2,121,843
Office equipment	643,540	63,529	-	-	-	(4,469)	(199,963)	502,637
Motor vehicles	1,148,297	12,598	-	-	(3)	(5,131)	(484,274)	671,487
Renovation	774,932	-	-	-	-	-	(193,843)	581,089
Furniture and fittings	570,938	-	-	-	-	-	(124,034)	446,904
Capital work-in-progress	332,208	493,875	(9,585)	-	-	-	-	816,498
<u>Right-of-use Assets</u>								
Leasehold land	16,621,198	-	-	-	-	-	(196,131)	16,425,067
Plant and machinery	73,686,076	4,749,000	-	-	(158,400)	-	(12,254,217)	66,022,459
Motor vehicles	8,838,394	920,828	-	-	(43,325)	(211,867)	(1,634,576)	7,869,454
Office building	188,238	-	-	-	-	-	(70,588)	117,650
Leased land	35,821	-	-	-	-	-	(35,821)	-
	140,344,831	7,101,663	-	(141,795)	(656,792)	(248,232)	(25,657,710)	120,741,965

CORPORATE GOVERNANCE AND FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONT'D)

7. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

The Group	At Cost RM	Accumulated Depreciation RM	Carrying Amount RM
2021			
<u>Owned Assets</u>			
Buildings	3,265,939	(423,868)	2,842,071
Plant and machinery	88,732,348	(74,167,053)	14,565,295
Site equipment	4,565,221	(2,563,287)	2,001,934
Office equipment	1,803,236	(1,429,384)	373,852
Motor vehicles	3,363,718	(3,080,778)	282,940
Renovation	1,178,200	(790,955)	387,245
Furniture and fittings	745,775	(413,734)	332,041
Capital work-in-progress	1,091,223	-	1,091,223
<u>Right-of-use Assets</u>			
Leasehold land	17,031,145	(802,209)	16,228,936
Plant and machinery	112,671,311	(49,753,799)	62,917,512
Motor vehicles	14,990,755	(7,599,643)	7,391,112
Office building	1,037,445	(990,385)	47,060
Leased land	74,899	(74,899)	-
	250,551,215	(142,089,994)	108,461,221

CORPORATE GOVERNANCE AND FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONT'D)

7. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

The Group	At Cost RM	Accumulated Depreciation RM	Carrying Amount RM
2020			
<u>Owned Assets</u>			
Buildings	3,265,939	(358,550)	2,907,389
Plant and machinery	89,016,086	(66,756,598)	22,259,488
Site equipment	4,203,316	(2,081,473)	2,121,843
Office equipment	1,765,106	(1,262,469)	502,637
Motor vehicles	4,231,479	(3,559,992)	671,487
Renovation	1,178,200	(597,111)	581,089
Furniture and fittings	737,375	(290,471)	446,904
Capital work-in-progress	816,498	-	816,498
<u>Right-of-use Assets</u>			
Leasehold land	17,031,145	(606,078)	16,425,067
Plant and machinery	103,654,311	(37,631,852)	66,022,459
Motor vehicles	13,945,545	(6,076,091)	7,869,454
Office building	748,548	(630,898)	117,650
Leased land	74,899	(74,899)	-
	<u>240,668,447</u>	<u>(119,926,482)</u>	<u>120,741,965</u>

CORPORATE GOVERNANCE AND FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONT'D)

7. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

The Company	At 1.1.2021 RM	Additions RM	Disposal RM	Write-off RM	Depreciation Charges RM	At 31.12.2021 RM
2021						
<i>Carrying Amount</i>						
<u>Owned Assets</u>						
Buildings	2,907,389	-	-	-	(65,318)	2,842,071
Office equipment	96,359	-	-	(34)	(16,318)	80,007
Motor vehicles	4	-	(1)	-	-	3
Renovation	573,888	-	-	-	(191,444)	382,444
Furniture and fittings	188,399	8,400	-	-	(62,913)	133,886
<u>Right-of-use Assets</u>						
Leasehold land	3,505,633	-	-	-	(40,790)	3,464,843
Office building	117,649	-	-	-	(70,590)	47,059
	7,389,321	8,400	(1)	(34)	(447,373)	6,950,313

CORPORATE GOVERNANCE AND FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONT'D)

7. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

The Company	At 1.1.2020 RM	Addition RM	Depreciation Charges RM	At 31.12.2020 RM
2020				
<i>Carrying Amount</i>				
<u>Owned Assets</u>				
Buildings	2,972,708	-	(65,319)	2,907,389
Office equipment	119,547	1,600	(24,788)	96,359
Motor vehicles	4	-	-	4
Renovation	765,331	-	(191,443)	573,888
Furniture and fittings	251,032	-	(62,633)	188,399
<u>Right-of-use Assets</u>				
Leasehold land	3,546,423	-	(40,790)	3,505,633
Office building	188,238	-	(70,589)	117,649
	<u>7,843,283</u>	<u>1,600</u>	<u>(455,562)</u>	<u>7,389,321</u>

CORPORATE GOVERNANCE AND FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONT'D)

7. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

The Company	At Cost RM	Accumulated Depreciation RM	Carrying Amount RM
2021			
<u>Owned Assets</u>			
Buildings	3,265,939	(423,868)	2,842,071
Plant and machinery	8,000	(8,000)	-
Site equipment	99,199	(99,199)	-
Office equipment	287,879	(207,872)	80,007
Motor vehicles	11,190	(11,187)	3
Renovation	1,042,837	(660,393)	382,444
Furniture and fittings	326,775	(192,889)	133,886
<u>Right-of-use Assets</u>			
Leasehold land	3,684,524	(219,681)	3,464,843
Office building	211,768	(164,709)	47,059
	8,938,111	(1,987,798)	6,950,313
2020			
<u>Owned Assets</u>			
Buildings	3,265,939	(358,550)	2,907,389
Plant and machinery	8,000	(8,000)	-
Site equipment	99,199	(99,199)	-
Office equipment	288,338	(191,979)	96,359
Motor vehicles	106,138	(106,134)	4
Renovation	1,042,837	(468,949)	573,888
Furniture and fittings	318,375	(129,976)	188,399
<u>Right-of-use Assets</u>			
Leasehold land	3,684,524	(178,891)	3,505,633
Office building	211,768	(94,119)	117,649
	9,025,118	(1,635,797)	7,389,321

CORPORATE GOVERNANCE AND FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONT'D)

7. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

- (a) Capital work-in-progress represents assets under construction which are not ready for commercial use at the end of the reporting period.
- (b) The carrying amounts of the following property, plant and equipment of the Group and of the Company which have been pledged to licensed banks as security for banking facilities granted to the Group and the Company as disclosed in Notes 23 and 27 to the financial statements are as follows:-

	The Group		The Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Buildings	2,842,071	2,907,389	2,842,071	2,907,389
Leasehold land	16,228,936	16,425,067	3,464,843	3,505,633
	19,071,007	19,332,456	6,306,914	6,413,022

- (c) The Group leases certain assets of which the leasing activities are summarised below:-

- | | |
|---|---|
| (i) Leasehold land | The Group has entered into 4 non-cancellable operating lease agreements for the use of land. The leases are for periods between 86 to 95 years with no renewal or purchase option included in the agreements. The leases do not allow the Group to assign, transfer or sublease or create any charge, lien or trust in respect of or dispose of the whole or any part of the land. A tenancy is, however, allowed with the consent of the lessor. |
| (ii) Leased land | The Group has leased a piece of vacant land as a workshop for 2 years, with an option to renew the lease after that date. The Group is allowed to sublease the land with the consent of the lessor. |
| (iii) Office building | The Group has leased an office building for 3 years, with an option to renew the lease after that date. The Group is allowed to sublease the office building. |
| (iv) Plant and machineries and motor vehicles | The Group has leased certain plant and machineries and motor vehicles under hire purchase arrangements. At the end of the lease term, the Group has the option to purchase the asset at an insignificant amount. |

CORPORATE GOVERNANCE AND FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONT'D)

8. INVESTMENT PROPERTIES

	The Group	
	2021 RM	2020 RM
Cost:-		
At 1 January	46,199,509	40,802,239
Additions during the financial year	490,220	5,397,270
Disposal during the financial year	(5,196,164)	-
At 31 December	41,493,565	46,199,509
Accumulated depreciation:-		
At 1 January	(2,716,470)	(2,140,637)
Depreciation during the financial year	(539,341)	(575,833)
Disposal during the financial year	380,837	-
At 31 December	(2,874,974)	(2,716,470)
Net carrying value	38,618,591	43,483,039
<i>Represented by:-</i>		
Completed investment properties:-		
Leasehold land	6,076,207	6,152,557
Freehold land	1,926,680	1,926,680
Buildings	26,064,494	31,335,712
	34,067,381	39,414,949
Investment properties under construction:-		
Buildings	4,551,210	4,068,090
	38,618,591	43,483,039

- (a) The investment properties of the Group are leased to customers under operating leases with rentals payable monthly. The leases contain initial non-cancellable periods ranging from 1 to 3 years and an option that is exercisable by the customers to extend their leases for an average of 2 years.

As of the reporting date, the undiscounted operating lease payments receivable are as follows:-

	2021 RM	2020 RM
Within 1 year	250,400	169,500
Between 1 and 2 years	202,200	36,000
Later than 2 years	115,000	27,000
	567,600	232,500

CORPORATE GOVERNANCE AND FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONT'D)

8. INVESTMENT PROPERTIES (CONT'D)

- (b) Investment properties of the Group with a total carrying value of RM37,270,310 (2020 - RM37,426,000) have been pledged to licensed banks for banking facilities granted to the Group as disclosed in Notes 23 and 27 to the financial statements.
- (c) The fair values of the completed investment properties of the Group as at the reporting date are estimated at RM39,197,315 (2020 - RM44,489,336) based on directors' assessment of the current prices in an active market for the respective properties within each vicinity.

The fair value of the investment properties under construction could not be reliably determined until either its fair value become reliably determinable or construction is completed, whichever is earlier.

9. FINANCE LEASE RECEIVABLES

	The Group	
	2021 RM	2020 RM
Gross receivables from finance leases:		
- not later than 1 year	1,016,640	2,421,120
- later than 1 year and not later than 5 years	2,664,210	1,867,943
	3,680,850	4,289,063
Less: Unearned future finance income	(637,475)	(383,573)
Net investment in finance leases	3,043,375	3,905,490
Analysed by:-		
Current assets	717,340	2,114,930
Non-current assets	2,326,035	1,790,560
	3,043,375	3,905,490

- (a) The Group entered into finance lease arrangements for certain of its earth-moving heavy equipment. All leases are denominated in RM. The average terms of finance leases entered into are ranging from 6 to 9 (2020 - 3 to 5) years.
- (b) The interest rate inherent in the leases is fixed at the contract date for the entire lease term. The effective interest rates contracted range from 5.42% to 13.77% (2020 - 4.55% to 18.27%).
- (c) The finance lease receivables at the end of the reporting period are neither past due nor impaired.

CORPORATE GOVERNANCE AND FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONT'D)

10. TRADE RECEIVABLES

	The Group 2021 RM	2020 RM
Trade receivables	42,359,330	67,116,170
Allowance for impairment losses	(443,050)	(443,050)
	41,916,280	66,673,120
Allowance for impairment losses:-		
At 1 January	443,050	443,050
Written off during the financial year	-	-
At 31 December	443,050	443,050
Analysed by:-		
Current assets	41,279,622	66,673,120
Non-current assets	636,658	-
	41,916,280	66,673,120

The Group's normal trade credit terms range from 5 to 90 (2020 - 5 to 60) days. Other credit terms are assessed and approved on a case-by-case basis.

11. CONTRACT ASSETS/(LIABILITIES)

	The Group 2021 RM	2020 RM
Contract assets:-		
Contract assets relating to construction services	104,091,186	106,056,723
Contract liabilities:-		
Contract liabilities relating to construction services	(22,389,595)	(16,670,776)

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONT'D)

11. CONTRACT ASSETS/(LIABILITIES) (CONT'D)

- (a) The contract assets primarily relate to the Group's right to consideration for construction work completed on construction services but not yet billed as at the reporting date. The amount will be invoiced within 1 month to 21 years (2020 - 1 month to 2 years).

Included in contract assets are retention sum receivables from third parties and a related party totalling RM18,863,791 (2020 - RM31,349,656) and RM6,916,598 (2020 - Nil) respectively. The retention sums are expected to be collected within the periods ranging from 1 to 4 (2020 - 1 to 4) years.

- (b) The contract liabilities primarily relate to advance considerations received from few customers for construction services of which the revenue will be recognised over the remaining contract term of specific contract it relates to, ranging from 2 to 11 (2020 - 1 to 14) months.

- (c) The changes to contract assets and contract liabilities balances during the financial year are summarised below:-

	The Group	
	2021 RM	2020 RM
At 1 January	89,385,947	87,707,985
Revenue recognised in profit or loss during the financial year	258,914,053	236,707,097
Billings to customers during the financial year	(266,598,409)	(235,029,135)
At 31 December	81,701,591	89,385,947
Represented by:-		
Contract assets	104,091,186	106,056,723
Contract liabilities	(22,389,595)	(16,670,776)
	81,701,591	89,385,947

CORPORATE GOVERNANCE AND FINANCIAL STATEMENTS

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONT'D)

12. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	The Group		The Company	
	2021 RM	2020 RM	2021 RM	2020 RM
<u>Non-current Asset</u>				
Other receivables	1,387,312	-	-	-
<u>Current Assets</u>				
Other receivables	14,940,689	3,435,966	10,203,979	1,076
Deposits	8,599,002	2,595,490	46,020	46,020
Prepayments	28,410,289	2,557,287	25,463,038	11,706
Goods and services tax recoverable	790,470	790,470	120	120
	52,740,450	9,379,213	35,713,157	58,922
	54,127,762	9,379,213	35,713,157	58,922

- (a) The non-current receivables of the Group at the end of the reporting period represent amounts owing by third parties which are repayable within 13 to 45 (2020 - Nil) months. Interest is charged at 3.00% per annum on the balances.
- (b) Included in other receivables of the Group and the Company at the end of the reporting period is a total of RM10,200,000 (2020 - Nil) represents advances to Spring Energy Resources Berhad ("SERB") pursuant to Shareholder Agreement ("SA") entered into between the Company, Fook Hua Holdings Sdn Bhd ("FHHSB") and SERB in relation to the acquisition of 51% equity interest in SERB as disclosed in Note 40(b) to the financial statements. Interest is charged at 3.44% per annum on the balance.
- (c) Included in other receivables of the Group at the end of the reporting period is a total of RM1,485,000, represents the remaining proceed from the disposal of a freehold building of a subsidiary in current financial year for a total consideration of RM1,650,000.
- (d) Included in prepayments of the Group and the Company at the end of the reporting period is a total of RM25,450,000 (2020 - Nil) represents the purchase consideration paid for the acquisition of 51% equity interest in SERB as disclosed in Note 40(b) to the financial statements.

CORPORATE GOVERNANCE AND FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONT'D)

13. AMOUNTS OWING BY/(TO) SUBSIDIARIES

	The Company	
	2021 RM	2020 RM
Amount owing by:-		
Trade balances	1	238
Non-trade balances	73,409,593	74,650,709
	<u>73,409,594</u>	<u>74,650,947</u>
Amount owing to:-		
Non-trade balances	(11,946)	(26,127)

(a) The trade balances are subject to a normal trade credit term of 30 (2020 - 30) days.

(b) The non-trade balances are unsecured, interest-free and repayable on demand.

(c) The amounts owing are to be settled in cash.

14. AMOUNTS OWING BY/(TO) AN ASSOCIATE

	The Group		The Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Amount owing by:-				
Trade balance	2,085,280	932,177	-	-
Non-trade balances	1,317	9,041	1,317	-
	<u>2,086,597</u>	<u>941,218</u>	<u>1,317</u>	<u>-</u>
Amount owing to:-				
Non-trade balances	(269,338)	(98,942)	-	-

(a) The trade balances are subject to a normal trade credit term of 30 (2020 - 30) days.

(b) The non-trade balances are unsecured, interest-free and repayable on demand.

(c) The amounts owing are to be settled in cash.

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONT'D)

15. SHORT-TERM INVESTMENTS

Investments in fixed income trust funds represent investments in highly liquid money market instruments, which are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

16. DEPOSITS WITH LICENSED BANKS

The deposits with licensed banks of the Group and of the Company at the end of the reporting period have been pledged to licensed banks as security for banking facilities granted to the Group and the Company as disclosed in Notes 23, 27, and 28 to the financial statements.

The effective interest rates of the deposits at the end of the reporting period were as follows:-

	The Group		The Company	
	2021	2020	2021	2020
	%	%	%	%
Effective interest rates	1.28 to 2.00	1.45 to 3.15	1.75	1.75

The maturity periods of the deposits were as follows:-

	The Group		The Company	
	2021	2020	2021	2020
Maturity period (days)	30 to 365	30 to 366	365	366

17. SHARE CAPITAL

	The Group/The Company			
	2021	2020	2021	2020
	Number of shares		RM	RM
Issued and Fully Paid-Up				
Ordinary shares				
At 1 January	405,075,000	403,928,000	87,101,071	86,584,921
Issuance of new shares:				
- Acquisition of SERB	33,000,000	-	10,230,000	-
- Private placement	43,943,000	-	12,018,410	-
- Share issue expenses	-	-	(41,989)	-
New shares issued under ESOS for cash (Note 19)	10,738,000	1,147,000	4,832,100	516,150
At 31 December	492,756,000	405,075,000	114,139,592	87,101,071

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONT'D)

17. SHARE CAPITAL (CONT'D)

- (a) The holders of ordinary shares (except treasury shares) are entitled to receive dividends as and when declared by the Company, and are entitled to one vote per ordinary share at meetings of the Company. The ordinary shares have no par value.
- (b) During the financial year, the Company increased its issued and paid-up share capital from RM87,101,071 comprising 405,075,000 ordinary shares to RM114,139,592 comprising 492,756,000 ordinary shares by way of:-
 - (i) issuance of 33,000,000 new ordinary shares for a share consideration of RM10,230,000 each at an issue price of RM0.46 per share for the acquisition of 51% of equity interest in SERB as disclosed in Note 40(b) to the financial statements;
 - (ii) issuance of 43,943,000 new ordinary shares for a cash consideration of RM12,018,410 each at an issue price of RM0.2735 per share through a private placement of shares; and
 - (iii) issuance of 10,738,000 new ordinary shares from the exercise of options under the Company's Employee Share Option Scheme which amounted to RM4,832,100 as disclosed in Note 19 to the financial statements.

The new ordinary shares issued rank pari passu in all respects with the existing ordinary shares of the Company.

18. TREASURY SHARES

During the financial year, the Company has not purchased its issued ordinary shares from the open market.

In the previous financial year, the Company purchased 8,220,300 of its issued ordinary shares from the open market at an average price of RM0.35 per share between the months of March to August 2020. The total consideration paid for the purchases were RM2,910,266 including transaction costs. The ordinary shares purchased are held as treasury shares in accordance with Section 127(6) of the Companies Act 2016.

Of the total 492,756,000 (2020 - 405,075,000) issued and fully paid-up ordinary shares at the end of the reporting period, 9,381,300 (2020 - 9,381,300) ordinary shares are held as treasury shares by the Company. None of the treasury shares were resold or cancelled during the financial year.

CORPORATE GOVERNANCE AND FINANCIAL STATEMENTS

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONT'D)

19. RESERVES

Employee Share Option Reserve

The employee share option reserve represents the equity-settled share options granted to employees. The reserve is made up of the cumulative value of services received from employees recorded over the vesting period commencing from the grant date of equity-settled share options, and is reduced by the expiry or exercise of the share options.

The Employee Share Option Scheme of the Company ("ESOS") is governed by the ESOS By-Laws and was approved by shareholders on 18 January 2018. The ESOS is to be in force for a period of 5 years effective from 6 March 2018.

The main features of the ESOS are as follows:-

- (a) Eligible persons are employees and executive directors of the Company and its subsidiary companies which are not dormant, who have been confirmed in service/has served for at least 1 year before the date of the offer.
- (b) Where the executive director or employee is under an employment contract, the contract is for a duration of at least two (2) years and shall have not expired within six (6) months from the date of offer.
- (c) The maximum number of new ordinary shares of the Company, which may be available under the scheme, shall not exceed in aggregate 15%, or any such amount or percentage as may be permitted by the relevant authorities of the issued and paid-up share capital of the Company at any one time during the existence of the ESOS.
- (d) The option price shall be determined by the ESOS Committee based on the 5-day weighted average market price of ordinary shares of the Company immediately preceding the offer date of the option, with a discount of not more than 10%.
- (e) The option may be exercised by the grantee by notice in writing to the Company in the prescribed form during the option period in respect of all or any part of the new ordinary shares of the Company comprised in the ESOS.
- (f) All new ordinary shares issued upon exercise of the options granted under the ESOS will rank pari passu in all respects with the existing ordinary shares of the Company, provided always that new ordinary shares so allotted and issued, will not be entitled to any dividends, rights, allotments and/or other distributions declared, where the entitlement date of which is prior to date of allotment and issuance of the new ordinary shares.

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONT'D)

19. RESERVES (CONT'D)**Employee Share Option Reserve (Cont'd)**

The option prices and the details in the movement of the options granted are as follows:-

Date of Offer	Exercise Price	Contractual Life of Options	<-----Number of Options over Ordinary Share----->			
			At 1 January 2021	Exercised	Lapsed	At 31 December 2021
20 September 2018	RM0.35	2 Years	17,004,000	(10,738,000)	(6,266,000)	-

No person to whom the share option has been granted above has any right to participate by virtue of the option in any share issue of any other company.

On 20 September 2018, the Company has granted 20,000,000 share options under the ESOS. The remaining unexercised shares which amounted to 6,266,000 have expired as at 19 March 2021.

The fair values of the share options granted were estimated using a binomial model, taking into account the terms and conditions upon which the options were granted. The fair value of the share options measured at grant date and the assumptions used are as follows:-

	Granted on 20.9.2018
Fair value of share options at the grant date (RM)	0.10
Weighted average ordinary share price (RM)	0.38
Exercise price of share option (RM)	0.35
Expected volatility (%)	30.43
Expected life (years)	2
Risk-free rate (%)	3.77
Expected dividend yield (%)	-

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONT'D)

20. DEFERRED TAX ASSETS/(LIABILITIES)

	The Group		The Company	
	2021 RM	2020 RM	2021 RM	2020 RM
At 1 January	(4,286,231)	(3,631,876)	160,149	160,149
Recognised in profit or loss (Note 31)	687,978	(654,355)	-	-
At 31 December	(3,598,253)	(4,286,231)	160,149	160,149
Presented after appropriate offsetting as follows:-				
Deferred tax assets	160,149	160,149	160,149	160,149
Deferred tax liabilities	(3,758,402)	(4,446,380)	-	-
	(3,598,253)	(4,286,231)	160,149	160,149

The deferred tax assets/(liabilities) recognised at the end of the reporting period and after appropriate offsetting are as follows:-

	The Group		The Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Deferred tax assets:-				
Unused tax losses	171,529	171,529	171,529	171,529
Deferred tax liabilities:-				
Accelerated capital allowances over depreciation	(3,789,189)	(4,515,368)	(11,380)	(11,380)
Others	19,407	57,608	-	-
	(3,598,253)	(4,286,231)	160,149	160,149

21. LONG-TERM BORROWINGS

	The Group		The Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Term loans (Note 23)	48,039,001	24,693,873	12,501,614	3,688,212

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONT'D)

22. LEASE LIABILITIES

	The Group		The Company	
	2021 RM	2020 RM	2021 RM	2020 RM
At 1 January	53,110,756	53,674,448	115,071	183,404
Acquisition of new leases	6,319,400	4,147,400	-	-
COVID-19-related rent concessions	-	(1,000)	-	-
Reclassification of other payables to lease liabilities	345,000	13,625,000	-	-
Interest expense recognised in profit or loss (Note 30)	2,435,639	2,680,120	3,936	7,267
Repayment of principal	(21,643,309)	(18,335,092)	(71,664)	(68,333)
Repayment of interest expense	(2,435,639)	(2,680,120)	(3,936)	(7,267)
At 31 December	38,131,847	53,110,756	43,407	115,071
Analysed by:-				
Current liabilities	17,292,942	20,897,158	43,407	71,664
Non-current liabilities	20,838,905	32,213,598	-	43,407
	38,131,847	53,110,756	43,407	115,071

23. TERM LOANS

	The Group		The Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Current liabilities (Note 27)	9,305,771	1,225,147	3,363,552	306,035
Non-current liabilities (Note 21)	48,039,001	24,693,873	12,501,614	3,688,212
	57,344,772	25,919,020	15,865,166	3,994,247

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONT'D)

23. TERM LOANS (CONT'D)

Details of the repayment terms are as follows:-

Term Loan	Monthly Instalment RM	Number of Monthly Instalments	Date of Commencement of Repayment	The Group Amount Outstanding		The Company Amount Outstanding	
				2021 RM	2020 RM	2021 RM	2020 RM
1	10,000	120	November 2012	104,524	224,524	104,524	224,524
2	2,429	300	January 2016	-	401,560	-	-
3	1,873	300	January 2016	299,305	309,579	-	-
4	2,283	300	January 2016	364,859	377,382	-	-
5	2,248	300	January 2016	357,542	371,066	-	-
6	28,833	240	July 2017	3,917,873	4,094,835	-	-
7	3,199	168	February 2016	267,312	296,475	-	-
8	6,172	180	February 2017	552,926	577,872	-	-
9	4,662	180	February 2017	417,500	436,343	-	-
10	8,967	240	February 2018	1,253,622	1,299,049	-	-
11	5,147	240	April 2017	697,686	724,436	-	-
12	5,567	240	August 2017	755,238	783,447	-	-
13	9,320	240	July 2018	-	1,373,880	-	-
14	8,580	240	July 2018	1,223,367	1,265,664	-	-
15	7,600	240	August 2016	987,082	1,028,716	-	-
16	2,414	300	January 2018	411,160	423,416	-	-
17	2,703	300	January 2018	460,395	474,117	-	-
18	31,870	180	June 2018	3,580,642	3,769,723	3,580,642	3,769,723
19	36,990	180	December 2018	3,562,407	3,644,565	-	-
20	41,020	180	December 2018	3,951,332	4,042,371	-	-
21	250,000	60	January 2022	12,180,000	-	12,180,000	-
22	407,410	60	January 2022	22,000,000	-	-	-
				57,344,772	25,919,020	15,865,166	3,994,247

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONT'D)

23. TERM LOANS (CONT'D)

(a) Term loan 1 is secured by:-

- (i) a legal charge over a piece of leasehold land and building of the Company; and
- (ii) the deposit with a licensed bank of the Company.

(b) Term loans 2, 3, 4 and 5 are secured by:-

- (i) a facility agreement for loan amounts of RM458,400, RM353,400, RM430,800 and RM434,400 respectively;
- (ii) a deed of assignment and a power of attorney over 4 units of terrace house of a subsidiary. One of the units, in relation to term loan 2 has been disposed off during the financial year;
- (iii) a corporate guarantee of the Company; and
- (iv) a joint and several guarantee of two of the directors of the Company.

Term loan 2 was fully repaid during the financial year upon the disposal of the investment property of the subsidiary.

(c) Term loan 6 is secured by:-

- (i) a facility agreement for the sum of RM4,557,500;
- (ii) a deed of assignment and a power of attorney over a unit of office of a subsidiary;
- (iii) a corporate guarantee of the Company; and
- (iv) a joint and several guarantee of two of the directors of the Company.

(d) Term loan 7 is secured by:-

- (i) a facility agreement for the sum of RM396,540;
- (ii) a deed of assignment and a power of attorney over a serviced apartment of a subsidiary; and
- (iii) a joint and several guarantee of two of the directors of the Company.

(e) Term loan 8 is secured by:-

- (i) a facility agreement for the sum of RM672,000;
- (ii) a deed of assignment and a power of attorney over a piece of vacant bungalow land of a subsidiary;
- (iii) a corporate guarantee of the Company; and
- (iv) a joint and several guarantee of two of the directors of the Company.

(f) Term loan 9 is secured by:-

- (i) a facility agreement for the sum of RM507,600;
- (ii) a deed of assignment and a power of attorney over a piece of vacant bungalow land of a subsidiary;
- (iii) a corporate guarantee of the Company; and
- (iv) a joint and several guarantee of two of the directors of the Company.

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONT'D)

23. TERM LOANS (CONT'D)

(g) Term loan 10 is secured by:-

- (i) a facility agreement for the sum of RM1,399,400;
- (ii) a deed of assignment and a power of attorney over a unit of office suite of a subsidiary;
- (iii) a corporate guarantee of the Company;
- (iv) a joint and several guarantee of two of the directors of the Company; and
- (v) an assignment of rental proceeds over a unit of office suite of a subsidiary.

(h) Term loan 11 is secured by:-

- (i) a facility agreement for the sum of RM803,280;
- (ii) a deed of assignment and a power of attorney over a unit of double storey terrace house of a subsidiary;
- (iii) a corporate guarantee of the Company; and
- (iv) a joint and several guarantee of two of the directors of the Company.

(i) Term loan 12 is secured by:-

- (i) a facility agreement for the sum of RM868,800;
- (ii) a deed of assignment and a power of attorney over a unit of double storey semi-detached house of a subsidiary;
- (iii) a corporate guarantee of the Company;
- (iv) a joint and several guarantee of two of the directors of the Company; and
- (v) an assignment of rental proceeds created over a unit of double storey semi-detached house of a subsidiary.

(j) Term loan 13 is secured by:-

- (i) a facility agreement for the sum of RM1,453,200;
- (ii) a deed of assignment and power attorney over a unit of double storey semi-detached house which has been disposed off during the financial year of a subsidiary;
- (iii) a corporate guarantee of the Company;
- (iv) a joint and several guarantee of two of the directors of the Company; and
- (v) an assignment of rental proceeds created over a unit of double storey semi-detached house of a subsidiary.

Term loan 13 was fully repaid during the financial year upon the disposal of the investment property of the subsidiary.

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONT'D)

23. TERM LOANS (CONT'D)

(k) Term loan 14 is secured by:-

- (i) a facility agreement for the sum of RM1,338,600;
- (ii) a deed of assignment and power attorney over a unit of double storey semi-detached house of a subsidiary;
- (iii) a corporate guarantee of the Company;
- (iv) a joint and several guarantee of two of the directors of the Company; and
- (v) an assignment of rental proceeds created over a unit of double storey semi-detached house of a subsidiary.

(l) Term loan 15 is secured by:-

- (i) a facility agreement for the sum of RM1,175,915;
- (ii) a legal charge over a unit of double storey zero-lot bungalow of a subsidiary;
- (iii) a corporate guarantee of the Company;
- (iv) a joint and several guarantee of two of the directors of the Company; and
- (v) an assignment of rental proceeds created over a unit of double storey zero-lot bungalow of a subsidiary.

(m) Term loans 16 and 17 are secured by:-

- (i) a facility agreement for loan amounts of RM456,600 and RM511,200 respectively;
- (ii) a deed of assignment and a power of attorney over 2 units of serviced apartments of a subsidiary;
- (iii) a corporate guarantee of the Company; and
- (iv) a joint and several guarantee of the directors of the Company.

(n) Term loan 18 is secured by:-

- (i) a facility agreement for loan amount of RM4,160,000;
- (ii) a registered open all monies 1st party charge stamped nominally over a piece of leasehold land and building of the Company; and
- (iii) a basic building debenture over the property.

(o) Term loan 19 is secured by:-

- (i) a facility agreement for the sum of RM3,877,000;
- (ii) a corporate guarantee of the Company; and
- (iii) a registered open all monies 1st party charge stamped nominally over a piece of leasehold land of a subsidiary.

(p) Term loan 20 is secured by:-

- (i) a facility agreement for the sum of RM4,300,000;
- (ii) a corporate guarantee of the Company; and
- (iii) a registered open all monies 1st party charge stamped nominally over a piece of leasehold land of a subsidiary.

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONT'D)

23. TERM LOANS (CONT'D)

(q) Term loan 21 is secured by:-

- (i) a facility agreement for loan amount of RM15,000,000;
- (ii) a deed of assignment over 3 units of strata office of a subsidiary; and
- (iii) a corporate guarantee of a subsidiary.

(r) Term loan 22 is secured by:-

- (i) a facility agreement for the sum of RM22,000,000;
- (ii) the deposits with a licensed bank of a subsidiary;
- (iii) a corporate guarantee of the Company; and
- (iv) a Government's guarantee under the Danajamin Prihatin Guarantee Scheme ("DPGS") of up to RM 17,600,000

24. TRADE PAYABLES

	The Group		The Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Trade payables	47,654,650	43,305,480	-	-
Retention sums	12,683,700	11,122,483	-	-
	60,338,350	54,427,963	-	-

(a) The normal trade credit terms granted to the Group and the Company range from 14 to 60 (2020 - 14 to 60) days.

(b) The retention sums are unsecured, interest-free and expected to be paid within a period of 1 to 4 (2020 - 1 to 4) years.

25. OTHER PAYABLES AND ACCRUALS

	The Group		The Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Other payables	5,543,240	7,584,257	57,423	72,478
Accruals	8,038,635	3,676,253	554,349	265,081
	13,581,875	11,260,510	611,772	337,559

Included in other payables and accruals of the Group at the end of the reporting period is a total amount of RM5,042,288 (2020 - RM645,802) outstanding on purchase of plant and machineries and Nil (2020 - RM5,196,600) outstanding on purchase of investment properties.

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26. AMOUNT OWING TO A DIRECTOR

The amount owing at the end of the previous reporting period is non-trade in nature, unsecured, interest-free and repayable on demand. The amount owing has been settled in cash.

27. SHORT-TERM BORROWINGS

	The Group		The Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Term loans (Note 23)	9,305,771	1,225,147	3,363,552	306,035
Bankers' acceptances	20,621,288	19,907,931	-	-
Bank factoring	-	6,592,975	-	-
Invoice financing	7,021,641	10,241,415	-	-
Revolving credit	3,000,000	13,500,000	-	-
	39,948,700	51,467,468	3,363,552	306,035

The bankers' acceptances, bank factoring, invoice financing and revolving credit are secured by:-

- (a) the deposits with licensed banks of certain subsidiaries;
- (b) a joint and several guarantee of two of the directors of the Company;
- (c) a corporate guarantee of the Company;
- (d) a legal charge over a few buildings and a piece of leasehold land of a subsidiary;
- (e) a deed of assignment of certain contract proceeds of a subsidiary;
- (f) an assignment of life insurance policy by two of the directors of the Company; and
- (g) subordination of loans and advances of RM30,000,000 of the Company.

28. BANK OVERDRAFTS

The bank overdrafts are secured by:-

- (a) a legal charge over four buildings of a subsidiary;
- (b) a corporate guarantee of the Company;
- (c) the deposit with a licensed bank of a subsidiary;
- (d) a deed of assignment of certain contract proceeds of a subsidiary; and
- (e) subordination of loans and advances of RM30,000,000 of the Company.

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29. REVENUE

	The Group		The Company	
	2021 RM	2020 RM	2021 RM	2020 RM
<u>Revenue from Contract with Customers</u>				
Contract revenue	256,827,569	234,831,934	-	-
Sale of goods	5,315,043	10,775,993	-	-
Hiring of machinery	4,034,971	1,295,438	-	-
Day work revenue	1,772,341	1,051,992	-	-
Rental income from investment properties	607,083	489,071	-	-
Cabin living quarters rental	44,317	16,076	-	-
Solar energy:			-	-
- Contract revenue	2,086,484	1,875,163	-	-
- Operating revenue	114,642	-	-	-
<u>Revenue from Other Sources</u>				
Dividend income	-	-	-	3,950,000
Management fee	-	-	4,630,816	2,443,516
	270,802,450	250,335,667	4,630,816	6,393,516

- (a) The information on the disaggregation of revenue is presented under "Operating Segments" in Note 38 to the financial statements.
- (b) The transaction price allocated to the remaining performance obligation that is unsatisfied or partially unsatisfied as at the end of the reporting period are summarised below (other than contracts for original periods of one year or lesser):-

	The Group	
	2021 RM	2020 RM
Within 1 year	475,874,719	447,306,022
Between 1 and 3 years	168,330,346	265,778,606
More than 3 years	5,088,611	5,401,201
	649,293,676	718,485,829

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30. PROFIT/(LOSS) BEFORE TAXATION

	The Group		The Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Profit before taxation is arrived at after charging/ (crediting):-				
Auditors' remuneration:				
- statutory audit				
- current financial year	182,000	167,000	40,000	40,000
- underprovision in the previous financial year	10,000	-	-	-
- non-statutory audit	215,000	5,000	215,000	5,000
Bad debts written off	955	-	-	-
Depreciation:				
- investment properties	539,341	575,833	-	-
- property, plant and equipment	25,699,563	25,657,710	447,373	455,562
Direct operating expenses on investment properties:				
- income generating investment properties	133,956	151,819	-	-
- non-income generating investment properties	189,069	141,258	-	-
Directors' remuneration (Note 34(a))	3,892,010	3,633,442	3,394,535	3,158,967
Interest expense:				
- bank factoring	64,396	188,072	-	-
- bank overdrafts	255,563	614,186	8,245	19,328
- bankers' acceptances	619,279	554,091	-	-
- invoice financing	739,589	664,251	-	-
- revolving credit	341,114	443,113	-	-
- term loans	1,441,741	1,238,607	159,816	151,543
- lease liabilities (Note 22)	2,435,639	2,680,120	3,936	7,267
Property, plant and equipment written off	957	248,232	34	-
Share of results of an equity accounted associate	(564,981)	167,182	-	-
Staff costs (including other key management personnel as disclosed in (Note 34(b)):				
- salaries, bonuses, allowances and wages	36,229,227	35,701,151	1,184,579	709,235
- defined contribution plan	3,228,808	3,106,624	145,198	86,497
- other benefits	2,684,992	2,544,683	93,512	57,396
Dividend income from short-term investments	(75,867)	(61,146)	(9,327)	(3,604)

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30. PROFIT/(LOSS) BEFORE TAXATION (CONT'D)

	The Group		The Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Loss/(Gain) on dissolution of subsidiaries	866	(115,340)	866	(115,340)
Gain on disposal of:				
- property, plant and equipment	(877,210)	(397,808)	(43,999)	-
- investment properties	(354,673)	-	-	-
Interest income:				
- deposits with licensed banks	(928,578)	(1,114,616)	(8,337)	(9,575)
- finance lease receivables	(388,605)	(543,492)	-	-
- others	(2,495)	(1,972)	-	-
COVID-19- related rent concessions	-	(1,000)	-	-

31. INCOME TAX EXPENSE

	The Group		The Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Current tax:				
- current financial year	2,693,068	3,918,284	-	-
- overprovision in the previous financial year	(78,518)	(27,419)	-	-
	2,614,550	3,890,865	-	-
Deferred tax (Note 20):				
- reversal of temporary differences	(592,447)	(751,983)	-	-
- (over)/underprovision in the previous financial year	(95,531)	1,406,338	-	-
	(687,978)	654,355	-	-
	1,926,572	4,545,220	-	-

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31. INCOME TAX EXPENSE (CONT'D)

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

	The Group		The Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Profit/(Loss) before taxation	3,976,529	6,646,265	(1,802,874)	1,328,927
Tax at the statutory tax rate of 24%	954,367	1,595,104	(432,690)	318,942
Tax effects of:-				
Share of results of an associate	(135,595)	-	-	-
Non-deductible expenses	1,420,173	1,671,896	364,241	601,025
Non-taxable income	(246,324)	(189,256)	(2,063)	(976,547)
Deferred tax assets not recognised during the financial year	108,000	88,557	70,512	56,580
(Over)/Underprovision in the previous financial year:				
- current tax	(78,518)	(27,419)	-	-
- deferred tax	(95,531)	1,406,338	-	-
Income tax expense for the financial year	1,926,572	4,545,220	-	-

The amounts of temporary differences for which no deferred tax asset has been recognised in the statements of financial position are as follows:-

	The Group		The Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Unused tax losses	661,960	250,214	257,138	-
Unabsorbed capital allowances	36,662	-	36,662	-
Accelerated depreciation over capital allowances	1,590	-	-	-
	700,212	250,214	293,800	-

The unused tax losses are allowed to be utilised for 7 consecutive years of assessment while unabsorbed capital allowances are allowed to be carried forward indefinitely.

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONT'D)

32. DIVIDEND

	The Group/ The Company	
	2021 RM	2020 RM

In respect of the financial year ended 31 December 2020:-

First interim dividend of 1 sen per ordinary share	-	3,956,937
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33. CASH FLOWS INFORMATION

(a) The cash disbursed for the purchase of property, plant and equipment and investment properties is as follows:-

	The Group		The Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Property, plant and equipment				
Cost of property, plant and equipment purchased (Note 7)	15,156,866	7,101,663	8,400	1,600
Acquisition of new leases (Note 22)	(6,319,400)	(4,147,400)	-	-
Other payables	(5,042,288)	(645,802)	-	-
Cash disbursed for purchase of property, plant and equipment	3,795,178	2,308,461	8,400	1,600
Investment properties				
Cost of investment properties purchased (Note 8)	490,220	5,397,270	-	-
Amount owing to a director	-	(192,290)	-	-
Other payables	-	(5,196,600)	-	-
Settlement through contra arrangement with trade receivables	(483,120)	-	-	-
Cash disbursed for purchase of investment properties	7,100	8,380	-	-

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONT'D)

33. CASH FLOWS INFORMATION (CONT'D)

(b) The reconciliations of liabilities arising from financing activities are as follows:-

	Lease Liabilities RM	Term Loans RM	Bankers' Acceptances RM	Invoice Financing RM	Revolving Credit RM	Bank Factoring RM	Total RM
The Group							
2021							
At 1 January	53,110,756	25,919,020	19,907,931	10,241,415	13,500,000	6,592,975	129,272,097
Changes in Financing Cash Flows							
Proceeds from drawdown	-	34,180,000	73,484,452	46,861,626	70,500,000	118,247,102	343,273,180
Repayment of principal	(21,643,309)	(992,472)	(72,771,095)	(50,081,400)	(81,000,000)	(124,840,077)	(351,328,353)
Repayment of interests	(2,435,639)	(1,441,741)	(619,279)	(739,589)	(341,114)	(64,396)	(5,641,758)
	(24,078,948)	31,745,787	94,078	(3,959,363)	(10,841,114)	(6,657,371)	(13,696,931)
Non-cash Changes							
Acquisition of new leases (Note 33(a))	6,319,400	-	-	-	-	-	6,319,400
Reclassification of other payables to lease liabilities	345,000	-	-	-	-	-	345,000
Redemption of term loans upon disposal of investment properties	-	(1,761,776)	-	-	-	-	(1,761,776)
Interest expense recognised in profit or loss	2,435,639	1,441,741	619,279	739,589	341,114	64,396	5,641,758
	9,100,039	(320,035)	619,279	739,589	341,114	64,396	10,544,382
At 31 December	38,131,847	57,344,772	20,621,288	7,021,641	3,000,000	-	126,119,548

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONT'D)

33. CASH FLOWS INFORMATION (CONT'D)

(b) The reconciliations of liabilities arising from financing activities are as follows (Cont'd):-

	Lease Liabilities RM	Term Loans RM	Bankers' Acceptances RM	Invoice Financing RM	Revolving Credit RM	Bank Factoring RM	Total RM
The Group							
2020							
At 1 January	53,674,448	26,612,958	14,340,349	11,748,868	9,000,000	11,314,280	126,690,903
<u>Changes in Financing Cash Flows</u>							
Proceeds from drawdown	-	-	55,421,119	42,371,240	85,500,000	132,379,559	315,671,918
COVID-19-related rent concessions	(1,000)	-	-	-	-	-	(1,000)
Repayment of principal	(18,335,092)	(693,938)	(49,853,537)	(43,878,693)	(81,000,000)	(137,100,864)	(330,862,124)
Repayment of interests	(2,680,120)	(1,238,607)	(554,091)	(664,251)	(443,113)	(188,072)	(5,768,254)
	(21,016,212)	(1,932,545)	5,013,491	(2,171,704)	4,056,887	(4,909,377)	(20,959,460)
<u>Non-cash Changes</u>							
Acquisition of new leases (Note 33(a))	4,147,400	-	-	-	-	-	4,147,400
Reclassification of other payables to lease liabilities	13,625,000	-	-	-	-	-	13,625,000
Interest expense recognised in profit or loss	2,680,120	1,238,607	554,091	664,251	443,113	188,072	5,768,254
	20,452,520	1,238,607	554,091	664,251	443,113	188,072	23,540,654
At 31 December	53,110,756	25,919,020	19,907,931	10,241,415	13,500,000	6,592,975	129,272,097

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONT'D)

33. CASH FLOWS INFORMATION (CONT'D)

(b) The reconciliations of liabilities arising from financing activities are as follows (Cont'd):-

	Amount Owing to Subsidiaries RM	Term Loans RM	Lease Liabilities RM	Total RM
The Company				
2021				
At 1 January	-	3,994,247	115,071	4,109,318
<u>Changes in Financing Cash Flows</u>				
Advances from	1,500,000	-	-	1,500,000
Repayment to	(1,500,000)	-	-	(1,500,000)
Proceeds from drawdown	-	12,180,000	-	12,180,000
Repayment of principal	-	(309,081)	(71,664)	(380,745)
Repayment of interests	-	(159,816)	(3,936)	(163,752)
	-	11,711,103	(75,600)	11,635,503
<u>Non-cash Changes</u>				
Interest expense recognised in profit or loss	-	159,816	3,936	163,752
At 31 December	-	15,865,166	43,407	15,908,573

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONT'D)

33. CASH FLOWS INFORMATION (CONT'D)

(b) The reconciliations of liabilities arising from financing activities are as follows (Cont'd):-

	Amount Owing to Subsidiaries RM	Term Loans RM	Lease Liabilities RM	Total RM
The Company				
2020				
At 1 January	-	4,217,956	183,404	4,401,360
<u>Changes in Financing Cash Flows</u>				
Advances from	23,980,000	-	-	23,980,000
Repayment to	(23,980,000)	-	-	(23,980,000)
Repayment of principal	-	(223,709)	(68,333)	(292,042)
Repayment of interests	-	(151,543)	(7,267)	(158,810)
	-	(375,252)	(75,600)	(450,852)
<u>Non-cash Changes</u>				
Interest expense recognised in profit or loss	-	151,543	7,267	158,810
At 31 December	-	3,994,247	115,071	4,109,318

(c) For the purpose of the statements of cash flows, cash and cash equivalents comprise the following:-

	The Group		The Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Deposits with licensed banks	59,979,480	50,053,145	268,695	264,074
Short-term investments	2,845,915	1,390,666	62,626	153,299
Cash and bank balances	22,681,441	2,232,770	2,566,116	237,034
Bank overdrafts	-	(3,878,937)	-	-
	85,506,836	49,797,644	2,897,437	654,407
Less: Deposits pledged to licensed banks	(59,979,480)	(50,053,145)	(268,695)	(264,074)
	25,527,356	(255,501)	2,628,742	390,333

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONT'D)

34. KEY MANAGEMENT PERSONNEL COMPENSATION

The key management personnel of the Group and of the Company include executive directors and non-executive directors of the Company and certain members of senior management of the Group and of the Company.

The key management personnel compensation during the financial year are as follows:-

	The Group		The Company	
	2021 RM	2020 RM	2021 RM	2020 RM

(a) Directors

Directors of the Company

Short-term employee benefits:

- fees	236,400	229,400	236,400	229,400
- salaries, bonuses and other benefits	3,381,032	3,151,501	2,936,863	2,726,524
	3,617,432	3,380,901	3,173,263	2,955,924
Defined contribution plan	274,578	252,541	221,272	203,043
Total directors' remuneration (Note 30)	3,892,010	3,633,442	3,394,535	3,158,967

The estimated monetary value of benefits-in-kind provided by the Group and the Company to the directors of the Company were RM61,725 and RM44,325 (2020 – RM77,250 and RM58,821) respectively.

(b) Other Key Management Personnel

Short-term employee benefits	929,229	1,437,000	-	360,924
Defined contribution plan	110,940	168,300	-	43,200
Other benefits	95,396	19,369	-	-
Total compensation for other key management personnel (Note 30)	1,135,565	1,624,669	-	404,124

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONT'D)

35. RELATED PARTY DISCLOSURES

(a) Identities of Related Parties

Parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control.

In addition to the information detailed elsewhere in the financial statements, the Group has related party relationships with its directors, associate, key management personnel and entities within the same group of companies.

(b) Significant Related Party Transactions and Balances

Other than those disclosed elsewhere in the financial statements, the Group and the Company also carried out the following transactions with the related parties during the financial year:-

	The Group		The Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Entity Related to the Group				
Received or receivable:-				
Contract revenue	68,656,089	3,617,937	-	-
Payment on behalf of	87,603	308,668	1,487	-
Paid or payable:-				
Secondment fees	874,087	414,178	-	-
Payment made by	2,703,320	3,162	-	-
Subsidiaries				
Received or receivable:-				
Dividend income	-	-	-	3,950,000
Management fee	-	-	4,630,816	2,443,516
Rental income on premises	-	-	324,000	324,000
Payment on behalf of	-	-	27,353	6,967
Advances to	-	-	13,670,000	9,550,000
Paid or payable:-				
Management fee	-	-	81,677	142,566
Payment made by	-	-	7,108	222,689
Advances from	-	-	1,500,000	23,980,000

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35. RELATED PARTY DISCLOSURES (CONT'D)**(b) Significant Related Party Transactions and Balances (Cont'd)**

	The Group		The Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Director				
Paid and payable:-				
Rental of premises	75,600	75,600	75,600	75,600
Deposit paid by	-	192,290	-	-

The significant outstanding balances of the related parties together with their terms and conditions are disclosed in the respective notes to the financial statements.

36. CAPITAL COMMITMENTS

	The Group	
	2021 RM	2020 RM
Purchase of:		
- property, plant and equipment	2,273,876	3,902,076
- investment properties under construction	258,030	741,150
	<u>2,531,906</u>	<u>4,643,226</u>

37. EARNINGS PER SHARE

	The Group	
	2021	2020
Profit after taxation (RM)	2,049,957	2,101,045
Weighted average number of ordinary shares:-		
Ordinary shares at 1 January	405,075,000	403,928,000
Effect of treasury shares held	(9,381,300)	(5,650,974)
Effect of ordinary shares issued	13,659,253	535,612
Weighted average number of ordinary shares in issue	<u>409,352,953</u>	<u>398,812,638</u>
Basic earnings per share (Sen)	<u>0.50</u>	<u>0.53</u>

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37. EARNINGS PER SHARE (CONT'D)

	The Group 2021	2020
Weighted average number of ordinary shares for basic earnings per share	409,352,953	398,812,638
Shares deemed to be issued for no consideration:		
- employee share options in issue	-	1,049,640
Weighted average number of ordinary shares for diluted earnings per share computation	409,352,953	399,862,278
Diluted earnings per ordinary share (Sen)	0.50	0.53

The diluted earnings per share is equal to the basic earnings per share as there is no outstanding dilutive equity instrument issued by the Company as at the end of the reporting period.

38. OPERATING SEGMENTS

Operating segments are prepared in a manner consistent with the internal reporting provided to the Group Chief Executive Officer as its chief operating decision maker in order to allocate resources to segments and to assess their performance on a quarterly basis. For management purposes, the Group is organised into business units based on their services provided.

The Group is organised into 3 main reportable segments as follows:-

- (a) Construction and Support Services - involved in earthworks and civil engineering services;
- (b) Property Investments - involved in sales of investment properties for capital gain and rental of investment properties; and
- (c) Green Energy - involved in the development and/or operation of power generation from renewable energy, solar and other renewable energy projects.

Assets, liabilities and expenses which are common and cannot be meaningfully allocated to the operating segments are presented under unallocated items. Unallocated items comprise mainly current tax assets, current tax liabilities, goods and services tax recoverable, deferred tax assets and deferred tax liabilities.

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38. OPERATING SEGMENTS (CONT'D)

38.1 BUSINESS SEGMENTS

	Construction and Support Services RM	Property Investment RM	Green Energy RM	Consolidation Adjustments RM	Total RM
The Group					
31 December 2021					
Revenue					
External revenue	267,994,241	607,083	2,201,126	-	270,802,450
Inter-segment revenue	65,875,374	12,000	-	(65,887,374)	-
Consolidated revenue	333,869,615	619,083	2,201,126		270,802,450
Represented by:-					
<u>Revenue recognised at a point in time</u>					
Sale of goods	5,315,043	-	-	-	5,315,043
Hiring of machinery	65,360,391	-	-	(61,325,420)	4,034,971
Day work revenue	1,772,341	-	-	-	1,772,341
Cabin living quarters rental	44,317	-	-	-	44,317
Solar energy					
- operating revenue	-	-	114,642	-	114,642
<u>Revenue recognised over time</u>					
Contract revenue	256,746,707	-	-	80,862	256,827,569
Rental income from investment properties	-	619,083	-	(12,000)	607,083
Solar energy					
- contract revenue	-	-	2,086,484	-	2,086,484
<u>Revenue from other sources</u>					
Management fee	4,630,816	-	-	(4,630,816)	-
	333,869,615	619,083	2,201,126		270,802,450

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONT'D)

38. OPERATING SEGMENTS (CONT'D)**38.1 BUSINESS SEGMENTS (CONT'D)**

	Construction and Support Services RM	Property Investment RM	Green Energy RM	Consolidation Adjustments RM	Total RM
The Group					
31 December 2021					
Results					
Segment results					7,913,324
Interest income					1,319,678
Dividend income from short-term investments					75,867
					<u>9,308,869</u>
Finance costs					(5,897,321)
Share of result of an equity accounted associate					564,981
Consolidated profit before taxation					<u>3,976,529</u>
Income tax expense					(1,926,572)
Consolidated profit after taxation					<u>2,049,957</u>
Assets					
Segment assets	493,077,113	39,983,219	5,163,419	(100,597,392)	437,626,359
Deferred tax assets					160,149
Goods and services tax recoverable					790,470
Current tax assets					3,455,520
Consolidated total assets					<u>442,032,498</u>
Liabilities					
Segment liabilities	261,609,289	44,535,751	4,485,677	(87,932,011)	222,698,706
Deferred tax liabilities					3,758,402
Consolidated total liabilities					<u>226,457,108</u>

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONT'D)

38. OPERATING SEGMENTS (CONT'D)

38.1 BUSINESS SEGMENTS (CONT'D)

	Construction and Support Services RM	Property Investment RM	Green Energy RM	Consolidation Adjustments RM	Total RM
The Group					
31 December 2021					
Other segment items:					
Capital expenditure:					
- investment properties	-	490,220	-	-	490,220
- property, plant and equipment	15,222,914	-	-	(66,048)	15,156,866
Depreciation:					
- investment properties	26,416	512,925	-	-	539,341
- property, plant and equipment	25,987,243	-	1,217	(288,897)	25,699,563
Direct operating expenses on investment properties:					
- income generating investment properties	-	133,956	-	-	133,956
- non-income generating investment properties	-	189,069	-	-	189,069
Bad debt written off	955	-	-	-	955
Interest expense:					
- lease liabilities	2,473,337	-	-	(37,698)	2,435,639
- others	2,987,911	472,339	1,432	-	3,461,682
Property, plant and equipment written off	957	-	-	-	957
Gain on dissolution of subsidiaries	866	-	-	-	866
Gain on disposal of:					
- property, plant and equipment	(877,210)	-	-	-	(877,210)
- investment properties	-	(354,673)	-	-	(354,673)
Share of results of an equity accounted associate	-	-	-	(564,981)	(564,981)
Interest income:					
- deposits with licensed banks	(918,525)	-	(10,053)	-	(928,578)
- finance lease receivables	(388,605)	-	-	-	(388,605)
- others	(2,144)	(351)	-	-	(2,495)
Dividend income from short-term investments	(75,832)	-	(35)	-	(75,867)

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONT'D)

38. OPERATING SEGMENTS (CONT'D)**38.1 BUSINESS SEGMENTS (CONT'D)**

	Construction and Support Services RM	Property Investment RM	Green Energy RM	Consolidation Adjustments RM	Total RM
The Group					
31 December 2020					
Revenue					
External revenue	247,971,433	489,071	1,875,163	-	250,335,667
Inter-segment revenue	62,705,403	20,800	-	(62,726,203)	-
Consolidated revenue	310,676,836	509,871	1,875,163		250,335,667
Represented by:-					
<u>Revenue recognised at a point in time</u>					
Sale of goods	10,775,993	-	-	-	10,775,993
Hiring of machinery	57,965,639	-	-	(56,670,201)	1,295,438
Day work revenue	1,051,992	-	-	-	1,051,992
Cabin living quarters rental	16,076	-	-	-	16,076
<u>Revenue recognised over time</u>					
Contract revenue	234,473,620	-	-	358,314	234,831,934
Rental income from investment properties	-	509,871	-	(20,800)	489,071
Solar energy					
- contract revenue	-	-	1,875,163	-	1,875,163
<u>Revenue from other sources</u>					
Dividend income	3,950,000	-	-	(3,950,000)	-
Management fee	2,443,516	-	-	(2,443,516)	-
	310,676,836	509,871	1,875,163		250,335,667

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONT'D)

38. OPERATING SEGMENTS (CONT'D)**38.1 BUSINESS SEGMENTS (CONT'D)**

	Construction and Support Services RM	Property Investment RM	Green Energy RM	Consolidation Adjustments RM	Total RM
The Group					
31 December 2020					
Results					
Segment results					11,474,661
Interest income					1,660,080
Dividend income from short-term investments					61,146
					<u>13,195,887</u>
Finance costs					(6,382,440)
Share of result of an equity accounted associate					(167,182)
					<u>6,646,265</u>
Consolidated profit before taxation					6,646,265
Income tax expense					(4,545,220)
					<u>2,101,045</u>
Assets					
Segment assets	465,787,209	43,359,296	1,908,671	(106,985,303)	404,069,873
Deferred tax assets					160,149
Goods and services tax recoverable					790,470
Current tax assets					2,844,701
					<u>407,865,193</u>
Liabilities					
Segment liabilities	261,118,278	47,388,771	966,050	(93,671,584)	215,801,515
Deferred tax liabilities					4,446,380
Current tax liabilities					56,586
					<u>220,304,481</u>

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONT'D)

38. OPERATING SEGMENTS (CONT'D)**38.1 BUSINESS SEGMENTS (CONT'D)**

	Construction and Support Services RM	Property Investment RM	Green Energy RM	Consolidation Adjustments RM	Total RM
The Group					
31 December 2020					
Other segment items:					
Capital expenditure:					
- investment properties	1,320,800	4,076,470	-	-	5,397,270
- property, plant and equipment	7,091,113	-	10,550	-	7,101,663
Depreciation:					
- investment properties	2,201	573,632	-	-	575,833
- property, plant and equipment	25,946,221	-	388	(288,899)	25,657,710
Direct operating expenses on investment properties:					
- income generating investment properties	-	151,819	-	-	151,819
- non-income generating investment properties	-	141,258	-	-	141,258
Interest expense:					
- lease liabilities	2,731,127	-	-	(51,007)	2,680,120
- others	3,154,764	547,556	-	-	3,702,320
Property, plant and equipment written off	248,232	-	-	-	248,232
Gain on dissolution of subsidiaries	(115,340)	-	-	-	(115,340)
Gain on disposal of property, plant and equipment	(397,808)	-	-	-	(397,808)
Share of results of an equity accounted associate	-	-	-	167,182	167,182
Interest income:					
- deposits with licensed banks	(1,114,616)	-	-	-	(1,114,616)
- finance lease receivables	(543,492)	-	-	-	(543,492)
- others	(1,969)	(3)	-	-	(1,972)
Dividend income from short-term investments	(48,891)	-	(12,255)	-	(61,146)

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONT'D)

38. OPERATING SEGMENTS (CONT'D)

38.2 MAJOR CUSTOMERS

The following are major customers with revenue equal to or more than 10% of the Group's total revenue.

The Group	Revenue RM	Segment
2021		
Customer A	95,529,584	Construction and Support Services
Customer B	85,111,155	Construction and Support Services
Customer C	43,234,318	Construction and Support Services
2020		
Customer A	121,080,229	Construction and Support Services
Customer B	41,433,116	Construction and Support Services
Customer C	24,350,478	Construction and Support Services

39. FINANCIAL INSTRUMENTS

The Group's activities are exposed to a variety of market risk (including foreign currency risk, interest rate risk and equity price risk), credit risk and liquidity risk. The Group's overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

39.1 FINANCIAL RISK MANAGEMENT POLICIES

The Group's policies in respect of the major areas of treasury activity are as follows:-

(a) Market Risk

(i) Foreign Currency Risk

The Group does not have any transactions or balances denominated in foreign currencies and hence, is not exposed to foreign currency risk.

(ii) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises mainly from borrowings with variable rates. The Group's policy is to obtain the most favourable interest rates available and by maintaining a balanced portfolio mix of fixed and floating rate borrowings.

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONT'D)

39. FINANCIAL INSTRUMENTS (CONT'D)

39.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(ii) Interest Rate Risk (Cont'd)

The Group's fixed rate receivables and deposits with licensed banks are carried at amortised cost. Therefore, they are not subject to interest rate risk as defined by MFRS 7 since neither their carrying amounts nor the future cash flows will fluctuate because of a change in market interest rates.

The Group's exposure to interest rate risk based on the carrying amounts of the financial instruments at the end of the reporting period is summarised as follows:-

	The Group		The Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Floating Rate Instruments				
<u>Financial Liabilities</u>				
Term loans	57,344,772	25,919,020	15,865,166	3,994,247
Bankers' acceptances	20,621,288	19,907,931	-	-
Bank factoring	-	6,592,975	-	-
Invoice financing	7,021,641	10,241,415	-	-
Revolving credit	3,000,000	13,500,000	-	-
Bank overdrafts	-	3,878,937	-	-
	87,987,701	80,040,278	15,865,166	3,994,247

Interest Rate Risk Sensitivity Analysis

The following table details the sensitivity analysis to a reasonably possible change in the interest rates at the end of the reporting period, with all other variables held constant:-

	The Group		The Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Effects on Profit After Taxation				
Increase of 100 basis points	(668,707)	(608,306)	(120,575)	(30,356)
Decrease of 100 basis points	668,707	608,306	120,575	30,356

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONT'D)

39. FINANCIAL INSTRUMENTS (CONT'D)

39.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(iii) Equity Price Risk

The Group does not have any quoted investments and hence, is not exposed to equity price risk.

(b) Credit Risk

The Group's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trade and other receivables. The Group manages its exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis. For other financial assets (including cash and bank balances), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

The Company's exposure to credit risk arises principally from loans and advances to subsidiaries, and corporate guarantee given to financial institutions for credit facilities granted to certain subsidiaries. The Company monitors the results of these subsidiaries regularly and repayments made by the subsidiaries.

(i) Credit Risk Concentration Profile

The Group's major concentration of credit risk relates to the amounts owing by a customer which constituted approximately 56% of its trade receivables at the end of the reporting period.

(ii) Maximum Exposure to Credit Risk

At the end of the reporting period, the maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statement of financial position of the Group and the Company after deducting any allowance for impairment losses (where applicable).

In addition, the Company's maximum exposure to credit risk also includes corporate guarantees provided to its subsidiaries as disclosed under the 'Maturity Analysis' of item (c) below, representing the outstanding banking facilities of the subsidiaries as at the end of the reporting period. These corporate guarantees have not been recognised in the Company's financial statements since their fair value on initial recognition were not material.

(iii) Assessment of Impairment Losses

At each reporting date, the Group assesses whether any of the financial assets at amortised cost and contract assets are credit impaired.

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONT'D)

39. FINANCIAL INSTRUMENTS (CONT'D)

39.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(iii) Assessment of Impairment Losses (Cont'd)

The gross carrying amounts of financial assets are written off against the associated impairment, if any, when there is no reasonable expectation of recovery (i.e. the debtor does not have assets or sources of income to generate sufficient cash flows to repay the debt) despite they are still subject to enforcement activities.

A financial asset is credit impaired when any of following events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred:

- Significant financial difficult of receivable;
- A breach of contract, such as a default or past due event;
- Restructuring of a debt in relation to the receivable's financial difficulty; and
- It is becoming probable that the receivable will enter bankruptcy or other financial reorganisation.

The Group uses a more lagging past due criterion for certain trade receivables when it is more appropriate to reflect their loss patterns.

Trade Receivables and Contract Assets

The Group applies the simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contract. Therefore, the Group concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

For certain large customers or customers with a high risk of default, the Group assesses the risk of loss of each customer individually based on their financial information, past trends of payments an external credit rating, where applicable.

Also, the Group considers any trade receivables having financial difficulty or in default with significant balances outstanding for more than a year overdue are deemed credit impaired and assess for their risk of loss individually.

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONT'D)

39. FINANCIAL INSTRUMENTS (CONT'D)

39.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(iii) Assessment of Impairment Losses (Cont'd)

Trade Receivables and Contract Assets (Cont'd)

The expected loss rates are based on the payment profiles of sales over certain period from the measurement date and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle their debts.

For construction services and services rendered for the other contracts with customers, the Group assessed the expected credit loss of each customer individually based on their financial information and past trends of payments as there are only a few customers. All of these customers have low risk of default as they have a strong capacity to meet their debts.

The information about the exposure to credit risk and the loss allowances calculated under MFRS 9 for both trade receivables and contract assets are summarised below:-

The Group	Gross Amount RM	Individual Impairment RM	Collective Impairment RM	Carrying Amount RM
2021				
<u>Trade receivables</u>				
Current (not past due)	13,936,260	-	(59)	13,936,201
Past due:				
- less than 2 months	22,092,283	-	(165)	22,092,118
- 2 to 4 months	1,505,998	-	(1,463)	1,504,535
- over 4 months	3,989,596	-	(75,775)	3,913,821
- more than 1 year	632,752	-	(163,147)	469,605
Credit impaired	202,441	(202,441)	-	-
Trade receivables	42,359,330	(202,441)	(240,609)	41,916,280
Contract assets	104,091,186	-	-	104,091,186
	146,450,516	(202,441)	(240,609)	146,007,466

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONT'D)

39. FINANCIAL INSTRUMENTS (CONT'D)**39.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)****(b) Credit Risk (Cont'd)****(iii) Assessment of Impairment Losses (Cont'd)***Trade Receivables and Contract Assets (Cont'd)*

The Group	Gross Amount RM	Individual Impairment RM	Collective Impairment RM	Carrying Amount RM
2020				
<u>Trade receivables</u>				
Current (not past due)	39,934,847	-	(14,034)	39,920,813
Past due:				
- less than 2 months	18,293,949	-	(15,104)	18,278,845
- 2 to 4 months	972,077	-	(2,153)	969,924
- over 4 months	5,663,402	-	(80,003)	5,583,399
- more than 1 year	2,049,454	-	(129,315)	1,920,139
Credit impaired	202,441	(202,441)	-	-
Trade receivables	67,116,170	(202,441)	(240,609)	66,673,120
Contract assets	106,056,723	-	-	106,056,723
	173,172,893	(202,441)	(240,609)	172,729,843

The movements in the loss allowances in respect of trade receivables is disclosed in Note 10 to the financial statements.

Finance Lease Receivables, Other Receivables and Amount Owing By An Associate

Finance lease receivables, other receivables and amount owing by an associate are also subject to the impairment requirements of MFRS 9. The identified impairment loss was immaterial and hence, it is not provided for.

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONT'D)

39. FINANCIAL INSTRUMENTS (CONT'D)

39.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(iii) Assessment of Impairment Losses (Cont'd)

Deposits with Licensed Banks, Cash and Bank Balances

The Group considers these banks and financial institutions have low credit risks. In addition, some of the bank balances are insured by Government agencies. Therefore, the Group is of the view that the loss allowance is immaterial and hence, it is not provided for.

Amount Owing By Subsidiaries

The Company applies the 3-stage general approach to measuring expected credit losses for all inter-company balances. Generally, the Company considers loans and advances to subsidiaries have low credit risks. The Company assumes that there is a significant increase in credit risk when a subsidiary's financial position deteriorates significantly. As the Company is able to determine the timing of payments of the subsidiaries' loans and advances when they are payable, the Company considers the loans and advances to be in default when the subsidiaries are not able to pay when demanded. The Company considers a subsidiary's loan or advance to be credit impaired when the subsidiary is unlikely to repay its loan or advance in full or the subsidiary is continuously loss making or the subsidiary is having a deficit in its total equity.

The Company determines the probability of default for these loans and advances individually using internal information available.

The identified impairment loss was immaterial and hence, is not provided for.

Financial Guarantee Contracts

All of the financial guarantee contracts are considered to be performing, have low risks of default and historically there were no instances where these financial guarantee contracts were called upon by the parties of which the financial guarantee contracts were issued to. Accordingly, no loss allowances were identified based on 12-month expected credit losses.

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39. FINANCIAL INSTRUMENTS (CONT'D)

39.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk

Liquidity risk arises mainly from general funding and business activities. The Group practises prudent risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities.

Maturity Analysis

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):-

The Group	Effective Interest Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM	1 - 5 Years RM	Over 5 Years RM
2021						
<u>Non-derivative Financial Liabilities</u>						
Trade payables		60,338,350	60,338,350	60,338,350	-	-
Other payables and accruals		13,581,875	13,581,875	13,581,875	-	-
Amount owing to an associate		269,338	269,338	269,338	-	-
Lease liabilities	3.67 - 8.45	38,131,847	41,632,081	19,120,196	22,511,885	-
Term loans	3.22 - 6.47	57,344,772	67,247,534	11,501,469	37,534,133	18,211,932
Bankers' acceptances	2.90 - 4.35	20,621,288	20,621,288	20,621,288	-	-
Invoice financing	3.49 - 6.32	7,021,641	7,021,641	7,021,641	-	-
Revolving credit	4.48	3,000,000	3,000,000	3,000,000	-	-
Financial guarantee contracts in relation to corporate guarantee given to an associate and third party		-	8,393,080	8,393,080	-	-
		200,309,111	222,105,187	143,847,237	60,046,018	18,211,932

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONT'D)

39. FINANCIAL INSTRUMENTS (CONT'D)**39.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)****(c) Liquidity Risk (Cont'd)***Maturity Analysis (Cont'd)*

The Group	Effective Interest Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM	1 - 5 Years RM	Over 5 Years RM
2020						
<u>Non-derivative</u> <u>Financial Liabilities</u>						
Trade payables		54,427,963	54,427,963	54,427,963	-	-
Other payables and accruals		11,260,510	11,260,510	11,260,510	-	-
Amount owing to an associate		98,942	98,942	98,942	-	-
Amount owing to a director		192,290	192,290	192,290	-	-
Lease liabilities	3.67 - 8.45	53,110,756	57,356,960	23,164,310	34,192,650	-
Term loans	3.22 - 6.47	25,919,020	35,153,896	2,671,430	10,276,336	22,206,130
Bankers' acceptances	2.86 - 3.85	19,907,931	19,907,931	19,907,931	-	-
Bank factoring	6.32 - 6.42	6,592,975	6,592,975	6,592,975	-	-
Invoice financing	3.50 - 6.42	10,241,415	10,241,415	10,241,415	-	-
Revolving credit	3.35 - 4.38	13,500,000	13,500,000	13,500,000	-	-
Bank overdrafts	6.42 - 6.49	3,878,937	3,878,937	3,878,937	-	-
		199,130,739	212,611,819	145,936,703	44,468,986	22,206,130

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONT'D)

39. FINANCIAL INSTRUMENTS (CONT'D)**39.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)****(c) Liquidity Risk (Cont'd)***Maturity Analysis (Cont'd)*

The Company	Effective Interest Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM	1 - 5 Years RM	Over 5 Years RM
2021						
<u>Non-derivative</u>						
<u>Financial Liabilities</u>						
Other payables and accruals	-	611,772	611,772	611,772	-	-
Amount owing to subsidiaries	-	11,946	11,946	11,946	-	-
Lease liabilities	4.77	43,407	44,100	44,100	-	-
Term loans	3.27 – 3.88	15,865,166	17,553,873	3,900,337	11,270,392	2,383,144
Financial guarantee contracts in relation to corporate guarantee given to certain subsidiaries, associate and third party *	-	-	176,984,500	176,984,500	-	-
		16,532,291	195,206,191	181,552,655	11,270,392	2,383,144

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONT'D)

39. FINANCIAL INSTRUMENTS (CONT'D)

39.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk (Cont'd)

Maturity Analysis (Cont'd)

The Company	Effective Interest Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM	1 - 5 Years RM	Over 5 Years RM
2020						
<u>Non-derivative</u> <u>Financial Liabilities</u>						
Other payables and accruals	-	337,559	337,559	337,559	-	-
Amount owing to subsidiaries	-	26,127	26,127	26,127	-	-
Lease liabilities	4.77	115,071	119,700	75,600	44,100	-
Term loans	3.27 - 3.47	3,994,247	4,901,306	508,275	1,636,000	2,757,031
Financial guarantee contracts in relation to corporate guarantee given to certain subsidiaries*	-	-	177,258,303	177,258,303	-	-
		4,473,004	182,642,995	178,205,864	1,680,100	2,757,031

* The contractual undiscounted cash flows represent the outstanding credit facilities of the subsidiaries at the end of the reporting period. The financial guarantees have not been recognised in the financial statements since their fair value on initial recognition were not material.

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONT'D)

39. FINANCIAL INSTRUMENTS (CONT'D)

39.2 CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities within the Group will be able to maintain an optimal capital structure so as to support their businesses and maximise shareholder(s) value. To achieve this objective, the Group may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

The Group manages its capital based on debt-to-equity ratio that complies with debt covenants and regulatory, if any. The debt-to-equity ratio is calculated as net debt divided by total equity. The Group includes within net debt, loans and borrowings from financial institutions less cash and cash equivalents.

The debt-to-equity ratio of the Group at the end of the reporting year was as follows:-

	The Group		The Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Lease liabilities	38,131,847	53,110,756	43,407	115,071
Term loans	57,344,772	25,919,020	15,865,166	3,994,247
Bankers' acceptances	20,621,288	19,907,931	-	-
Bank factoring	-	6,592,975	-	-
Invoice financing	7,021,641	10,241,415	-	-
Revolving credit	3,000,000	13,500,000	-	-
Bank overdrafts	-	3,878,937	-	-
	126,119,548	133,151,034	15,908,573	4,109,318
Less:				
- Deposits with licensed banks	(59,979,480)	(50,053,145)	(268,695)	(264,074)
- Short-term investments	(2,845,915)	(1,390,666)	(62,626)	(153,299)
- Cash and bank balances	(22,681,441)	(2,232,770)	(2,566,116)	(237,034)
Net debt of cash and cash equivalents	40,612,712	79,474,453	13,011,136	3,454,911
Total equity	215,575,390	187,560,712	115,720,104	91,558,257
Debt-to-equity ratio	0.19	0.42	0.11	0.04

There was no change in the Group's approach to capital management during the financial year.

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39. FINANCIAL INSTRUMENTS (CONT'D)

39.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS

	The Group		The Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Financial Assets				
<u>Fair Value Through Profit or Loss</u>				
Short-term investments	2,845,915	1,390,666	62,626	153,299
<u>Amortised Cost</u>				
Finance lease receivables	3,043,375	3,905,490	-	-
Trade receivables	41,916,280	66,673,120	-	-
Other receivables	16,328,001	3,435,966	10,203,979	1,076
Amount owing by subsidiaries	-	-	73,409,594	74,650,947
Amount owing by an associate	2,086,597	941,218	1,317	-
Deposits with licensed banks	59,979,480	50,053,145	268,695	264,074
Cash and bank balances	22,681,441	2,232,770	2,566,116	237,034
	146,035,174	127,241,709	86,449,701	75,153,131
Financial Liabilities				
<u>Amortised Cost</u>				
Trade payables	60,338,350	54,427,963	-	-
Other payables and accruals	13,581,875	11,260,510	611,772	337,559
Amount owing to subsidiaries	-	-	11,946	26,127
Amount owing to an associate	269,338	98,942	-	-
Amount owing to a director	-	192,290	-	-
Lease liabilities	38,131,847	53,110,756	43,407	115,071
Term loans	57,344,772	25,919,020	15,865,166	3,994,247
Bankers' acceptances	20,621,288	19,907,931	-	-
Bank factoring	-	6,592,975	-	-
Invoice financing	7,021,641	10,241,415	-	-
Revolving credit	3,000,000	13,500,000	-	-
Bank overdrafts	-	3,878,937	-	-
	200,309,111	199,130,739	16,532,291	4,473,004

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39. FINANCIAL INSTRUMENTS (CONT'D)**39.4 GAINS OR LOSSES ARISING FROM FINANCIAL INSTRUMENTS**

	The Group		The Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Financial Assets				
<u>Fair Value Through Profit or Loss</u>				
Net gains recognised in profit or loss	75,867	61,146	9,327	3,604
<u>Amortised Cost</u>				
Net gains recognised in profit or loss	1,318,723	1,660,080	8,337	9,575
Financial Liabilities				
<u>Amortised Cost</u>				
Net losses recognised in profit or loss	(5,897,321)	(6,382,440)	(171,997)	(178,138)

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONT'D)

39. FINANCIAL INSTRUMENTS (CONT'D)

39.5 FAIR VALUE INFORMATION

The fair values of the financial assets and financial liabilities of the Group and of the Company which are maturing within the next 12 months approximated their carrying amounts due to the relatively short-term maturity of the financial instruments or repayable on demand terms.

The following table sets out the fair value profile of financial instruments that are carried at fair value and those not carried at fair value at the end of the reporting period:-

The Group	Fair Value of Financial Instruments Carried at Fair Value			Fair Value of Financial Instruments Not Carried at Fair Value			Total Fair Value	Carrying Amount
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3		
	RM	RM	RM	RM	RM	RM	RM	RM
2021								
<u>Financial Assets</u>								
Finance lease receivables	-	-	-	-	3,297,010	-	3,297,010	3,043,375
Short-term investments	2,845,915	-	-	-	-	-	2,845,915	2,845,915
<u>Financial Liability</u>								
Term loans	-	-	-	-	57,344,772	-	57,344,772	57,344,772
2020								
<u>Financial Assets</u>								
Finance lease receivables	-	-	-	-	4,101,068	-	4,101,068	3,905,490
Short-term investments	1,390,666	-	-	-	-	-	1,390,666	1,390,666
<u>Financial Liability</u>								
Term loans	-	-	-	-	25,919,020	-	25,919,020	25,919,020

CORPORATE GOVERNANCE AND FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONT'D)

39. FINANCIAL INSTRUMENTS (CONT'D)

39.5 FAIR VALUE INFORMATION (CONT'D)

The Company	Fair Value of Financial Instruments Carried at Fair Value			Fair Value of Financial Instruments Not Carried at Fair Value			Total Fair Value	Carrying Amount
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3		
	RM	RM	RM	RM	RM	RM	RM	RM
2021								
<u>Financial Asset</u>								
Short-term investment	62,626	-	-	-	-	-	62,626	62,626
<u>Financial Liability</u>								
Term loans	-	-	-	-	15,865,166	-	15,865,166	15,865,166
2020								
<u>Financial Asset</u>								
Short-term investment	153,299	-	-	-	-	-	153,299	153,299
<u>Financial Liability</u>								
Term loans	-	-	-	-	3,994,247	-	3,994,247	3,994,247

CORPORATE GOVERNANCE AND FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONT'D)

39. FINANCIAL INSTRUMENTS (CONT'D)

39.5 FAIR VALUE INFORMATION (CONT'D)

(a) Fair Value of Financial Instruments Carried at Fair Value

- (i) The fair values of the Group's and the Company's money market fund are determined based on the fund managers' statements at the reporting date.
- (ii) There were no transfers between level 1 and level 2 during the financial year.

(b) Fair Value of Financial Instruments Not Carried at Fair Value

The fair values, which are for disclosure purposes, have been determined using the following basis:-

- (i) The fair values of the Group's and the Company's term loans that carry floating interest rates approximated their carrying amounts as they are repriced to market interest rates on or near the reporting date.
- (ii) The fair values of the Group's and the Company's finance lease receivables that carry fixed interest rates are determined by discounting the relevant future contractual cash flows using current market interest rates for similar instruments at the end of the reporting period. The interest rates used to discount the estimated cash flows are as follows:-

	The Group	
	2021	2020
	%	%
Finance lease receivables	6.21 to 6.22	6.20 to 6.26

CORPORATE GOVERNANCE AND FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONT'D)

40. SIGNIFICANT EVENT DURING THE FINANCIAL YEAR AND SUBSEQUENT EVENT

- (a) On 11 March 2020, the World Health Organisation declared the COVID-19 outbreak as global pandemic. Following the declaration, the Government of Malaysia has on 18 March 2020 imposed the Movement Control Order ("MCO") and subsequently entered into various phases of the MCO to curb the spread of the COVID-19 pandemic in Malaysia.

The management has assessed the impact on the Group and the Company and of the opinion that there were no material financial impacts arising from the pandemic. Nevertheless, the Group and the Company has taken and will continue to take necessary steps to safeguard and preserve its financial condition, emphasising on liquidity management to meet its continuing financial commitments and liquidity needs.

Given the dynamic nature of the COVID-19 pandemic, it is not practicable to provide a reasonable estimate of its impacts on the Group's and the Company's financial position, operating results and cash flows at the date on which these financial statements are authorised for issue.

- (b) On 17 June 2021, the Company entered into a Shares Sale Agreement ("SSA") with FHHSB for the acquisition of 51% equity interest in SERB. The total purchase consideration has been satisfied through a combination of cash amounting to RM15,220,000 and the issuance of 33,000,000 new ordinary shares in the Company.

The Company obtained control over SERB subsequently on 5 January 2022.

The acquisition forms part of the Quarry Operations segment and is expected to improve the Group's cost control through the utilisation of the quarry products sourced internally from SERB and its subsidiaries.

At the time the financial statements were authorised for issue, the Group had not yet completed the accounting for the acquisition of SERB. In particular, the fair values of the assets and liabilities have not been determined as the independent valuations have not been finalised.

OTHERS INFORMATION

LIST OF PROPERTIES

No	Title Details/ Postal Address	Description of property / Existing use	Land area / Built-up area (Sf)	Approximate age of building (Years)	Tenure/ Date of expiry of the Lease	Audited Net Book Value as at 31.12.2021 RM	Date of acquisition
1.	H.S (M) 23117, P.T.NO. 831, Tempat Kota Puteri, Seksyen 6, Bandar Batu Arang, Daerah Gombak, Negeri Selangor Darul Ehsan. Lot 23, Jalan Kota Puteri 6, Kawasan Industri Seksyen 6, Kota Puteri, Bandar Batu Arang, Daerah Gombak.	A parcel of leasehold industrial land	Land area: 241,391 Built up area: Not applicable	Not applicable	Leasehold (99 years)/ 4 February 2104	7,670,302	12 April 2018
2.	H.S.(D) 173541, P.T.No.32213, Pekan Baru Sungai Buloh, District of Petaling, State of Selangor Darul Ehsan. No. 8, Jalan PJU 3/16D Tropicana Indah, 47410 Petaling Jaya, Selangor Darul Ehsan.	A parcel of leasehold residential land	Land area: 21,269 Built up area: Not applicable	Not applicable	Leasehold (99 years)/ 27 May 2101	6,076,207	29 July 2015
3.	H.S (M) 23116, P.T.No. 830, Tempat Kota Puteri, Seksyen 6, Bandar Batu Arang, Daerah Gombak, Negeri Selangor Darul Ehsan. Lot 21, Jalan Kota Puteri 6, Kawasan Industri Seksyen 6, Kota Puteri, Bandar Batu Arang, Daerah Gombak.	A parcel of leasehold Industrial land	Land area: 217,679 Built up area: Not applicable	Not applicable	Leasehold (99 years)/ 4 February 2104	6,053,414	12 April 2018

OTHERS INFORMATION

LIST OF PROPERTIES (CONT'D)

No	Title Details/ Postal Address	Description of property / Existing use	Land area / Built-up area (Sf)	Approximate age of building (Years)	Tenure/ Date of expiry of the Lease	Audited Net Book Value as at 31.12.2021 RM	Date of acquisition
4.	H.S(D) 242482, P.T. 10061, Pekan Baru Sungai Buloh, Daerah Petaling, Negeri Selangor Darul Ehsan. No. 20, Jalan Pekaka 8/3, Sekysen 8, Kota Damansara, 47810 Petaling Jaya, Selangor Darul Ehsan.	One (1) unit of five (5) storey shop office	Land area: 4,349 Built up area: 21,408	Twenty (20) years	Leasehold (99 years)/ 17 December 2106	5,033,780	29 September 2017
5.	PN 52716, Lot 20007 Section 95A and Geran 79381, Lot 20006 Section 95A. BO 1-A-08, Menara 2, NO.3,Jalan Bangsar, KL ECO CITY, 59200 Kuala Lumpur.	Whole of 8th floor of a twenty (20) storey building office tower block	Land area: Not applicable Built up area: 4,381	Six (6) years	Leasehold (99 years)/ 5 December 2113	4,877,297	5 August 2013
6.	Geran 316473, Lot 64445, Town of Glenmarie, District of Petaling, State of Selangor Darul Ehsan. No.1, Jalan Pengaturcara U1/51E, Seksyen U1, 40150 Shah Alam, Selangor Darul Ehsan.	One (1) unit of three (3) storey bungalow	Land area: 7,158 Built up area: 4,790	Eleven (11) years	Freehold	3,727,611	4 September 2015
7.	HS(D) 279746, Lot No. PT 1981 Town of Glenmarie, District of Petaling, State of Selangor Darul Ehsan. No. 18, Jalan Pengaturcara, U1/51H, Seksyen U1, 40150 Shah Alam, Selangor Darul Ehsan.	One (1) unit of three (3) storey semi- detached house	Land area: 8,253 Built up area: 3,940	Nine (9) years	Freehold	3,119,747	4 September 2015

OTHERS INFORMATION

LIST OF PROPERTIES (CONT'D)

No	Title Details/ Postal Address	Description of property / Existing use	Land area / Built-up area (Sf)	Approximate age of building (Years)	Tenure/ Date of expiry of the Lease	Audited Net Book Value as at 31.12.2021 RM	Date of acquisition
8.	Land Parcel No. S1002 Phase 1A03-Rio Villa Eco Sanctuary PN 114310, Lot 74124 (formerly known as HS(D) 39255 PT 41293, HS(D) 39256 PT 41294, HS(D) 39257 PT41295) Mukim Tanjong Duabelas, District of Kuala Langat, State of Selangor Darul Ehsan. No.50, Jalan Eco Santuari 1/1, Eco Santuari, 42500 Telok Panglima Garang, Selangor Darul Ehsan.	One (1) unit of double storey semi- detached house	Land area: 4,004 Built up area : 3,522	Four (4) years	Leasehold (99 years)/ 9 November 2110	1,982,840	28 June 2015
9.	HS(D) 164582 PT 40672 Mukim Semenyih, District of Ulu Langat, State of Selangor Darul Ehsan. No. 55, Jalan Ecohill 3/1B, Setia Ecohill, 43500 Semenyih, Selangor Darul Ehsan.	One (1) unit of double storey zero lot bungalow	Land area: 6,712 Built up area: 3,304	Six (6) years	Freehold	1,789,496	14 March 2016
10.	Pajakan Negeri 52922, Lot 20026, Seksyen 56 (formerly known as H.S (D) 120348, PT 153 Seksyen 56) Bandar Kuala Lumpur, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan. 40-07, Menara The Stride, Bukit Bintang City Centre, No.2, Jalan Hang Tuah, 55100 Kuala Lumpur.	One (1) of Strata Office	Land area: Not applicable Built up area: 1,184	Not applicable*	Leasehold (99 years)/ 5 December 2110	1,517,211	12 June 2020

* As at 31 December 2021, there is no Certificate of Fitness issued for this property as it is under construction.

OTHERS INFORMATION

ANALYSIS OF SHAREHOLDINGS

AS AT 8 APRIL 2022

Total Issued Share	:	492,756,000 Ordinary Shares (including 9,381,300 Treasury Shares as per Record of Depositors as at 8 April 2022)
Types of Shares	:	Ordinary Share
Voting Rights	:	One vote per Ordinary Share on a poll

DISTRIBUTION OF SHAREHOLDINGS AS AT 8 APRIL 2022

Size of Shareholdings	No. of Shareholders	%	No. of Shares [#]	% [#]
1 - 99	8	0.24	100	0.00
100 to 1,000	363	11.00	224,000	0.05
1,001 to 10,000	1,542	46.71	9,395,100	1.94
10,001 to 100,000	1,152	34.90	39,493,350	8.17
100,001 – 24,168,734 ^{*#}	234	7.09	370,532,150	76.66
24,168,735 and above ^{**#}	2	0.06	63,730,000	13.18
Total	3301	100.00	483,374,700	100.00

Note:-

^{*} Less than 5% of Issued Holdings^{**} 5% and above of Issued Holdings[#] Excluding a total of 9,381,300 ordinary shares bought back by the Company and retained as Treasury Shares as per Record of Depositors as at 8 April 2022**SUBSTANTIAL SHAREHOLDERS AS PER REGISTER OF SUBSTANTIAL SHAREHOLDERS**

	Name	Direct Interest		Indirect Interest	
		No. of Shares [#]	% [#]	No. of Shares [#]	% [#]
1.	Dato' Phum Ang Kia	97,563,750	20.18	150,000 [*]	0.03 [*]
2.	Lim Swee Chai	54,038,250	11.18	-	-
3.	Pham Soon Kok	28,600,250	5.92	-	-

Note:-

[#] Calculated based on the issued share capital excluding a total of 9,381,300 ordinary shares bought back by the Company and retained as Treasury Shares.^{*} Indirect Interest by virtue of his children pursuant to Section 59(11)(c) of the Companies Act, 2016.

OTHERS INFORMATION

ANALYSIS OF SHAREHOLDINGS

AS AT 8 APRIL 2022 (CONT'D)

DIRECTORS' SHAREHOLDINGS AS PER REGISTER OF DIRECTORS' SHAREHOLDINGS

	Name	Direct Interest		Indirect Interest	
		No. of Shares [#]	% [#]	No. of Shares [#]	% [#]
1.	Dato' Phum Ang Kia	97,563,750	20.18	150,000*	0.04*
2.	Lim Swee Chai	54,038,250	11.18	-	-
3.	Ir. Yeo An Thai	16,075,250	3.33	-	-
4.	Tung Kai Hung	9,775,250	2.02	-	-
5.	Yeoh Chong Keat	25,000	0.01	-	-
6.	Fathi Ridzuan bin Ahmad Fauzi	-	-	-	-
7.	Mohd Zaky bin Othman	-	-	-	-

Note:-

[#] Calculated based on the issued share capital excluding a total of 9,381,300 ordinary shares bought back by the Company and retained as Treasury Shares.

* Indirect Interest by virtue of his children pursuant to Section 59(11)(c) of the Companies Act, 2016.

**THIRTY LARGEST SECURITIES ACCOUNT HOLDERS
ACCORDING TO THE REGISTER OF DEPOSITORS AS AT 8 APRIL 2022**

No.	Name	No. of Shares	%
1.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR DATO' PHUM ANG KIA (7003846)	38,500,000	7.96
2.	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LIM SWEE CHAI	25,230,000	5.22
3.	PHAM SOON KOK	23,600,250	4.88
4.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR DATO' PHUM ANG KIA	19,200,000	3.97
5.	LIM SWEE CHAI	18,958,250	3.92
6.	IR. YEO AN THAI	16,075,250	3.33
7.	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR DATO' PHUM ANG KIA	14,200,000	2.94
8.	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHEONG KAI MENG	14,160,000	2.93
9.	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT - AMBANK (M) BERHAD FOR DIVINE INVENTIONS SDN BHD (SMART)	14,146,900	2.93
10.	RHB NOMINEES (TEMPATAN) SDN BHD OSK CAPITAL SDN BHD FOR YAYASAN ISLAM TERENGGANU	13,290,000	2.75

OTHERS INFORMATION

ANALYSIS OF SHAREHOLDINGS

AS AT 8 APRIL 2022 (CONT'D)

THIRTY LARGEST SECURITIES ACCOUNT HOLDERS (CONT'D) ACCORDING TO THE REGISTER OF DEPOSITORS AS AT 8 APRIL 2022

No.	Name	No. of Shares	%
11.	LIM PENG HONG	12,141,100	2.51
12.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (PHEIM)	11,844,000	2.45
13.	LTS LOGISTICS SDN BHD	11,000,000	2.28
14.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR DESIRAN REALITI SDN BHD	11,000,000	2.28
15.	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT – AMBANK (M) BERHAD FOR DATO' PHUM ANG KIA (SMART)	10,800,000	2.23
16.	LIM KOK TIONG	10,507,150	2.17
17.	CHAN KENG KONG	9,449,950	1.95
18.	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KEH CHUAN SENG	8,099,600	1.68
19.	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR DATO' PHUM ANG KIA (MY3638)	8,000,000	1.66
20.	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN CHEE SING (021)	8,000,000	1.66
21.	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LIM SWEE CHAI	7,800,000	1.61
22.	TUNG KAI HUNG	6,775,250	1.40
23.	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR DATO' PHUM ANG KIA	5,800,000	1.20
24.	YAP GOON YING	5,777,250	1.20
25.	MAYBANK NOMINEES (TEMPATAN) SDN BHD MAYBANK TRUSTEES BERHAD FOR DANA MAKMUR PHEIM (211901)	5,622,800	1.16
26.	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR PHAM SOON KOK	5,000,000	1.03
27.	NG CHUN KOOI	3,930,700	0.81
28.	TEYO TUAN CHIN	3,673,000	0.76
29.	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR DIVINE INVENTIONS SDN BHD (MY3789)	3,660,000	0.76
30.	HLIB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR PUAH KIAN YIEW	3,515,250	0.73

OTHERS INFORMATION

NOTICE OF TWENTY-FIFTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Twenty-Fifth (25th) Annual General Meeting (“AGM”) of Advancecon Holdings Berhad (“the Company”) will be held on a fully virtual through the live streaming and online meeting platform of TIIH online provided by Tricor Investor & Issuing House Services Sdn Bhd in Malaysia via its website at <https://tiih.online> or <https://tiih.com.my> (Domain registration number with MYNIC – D1A282781) on Thursday, 16 June 2022 at 10.00 a.m. or at any adjournment thereof for the following purposes:

AGENDA

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 Auditors thereon. *(Please refer to Explanatory Note 1)*
2. To approve the payment of Directors’ fees and other benefits of up to RM315,120 in respect of the period from 17 June 2022 until the conclusion of the next AGM of the Company. *Ordinary Resolution 1*
3. To re-elect the following Directors, who retire by rotation in accordance with Clause 125 of the Company’s Constitution and being eligible, have offered themselves for re-election:
 - (a) Encik Mohd Zaky Bin Othman *Ordinary Resolution 2*
 - (b) Mr Tung Kai Hung *Ordinary Resolution 3*
4. To re-appoint Messrs. Crowe Malaysia PLT as auditors of the Company and to authorise the Directors to fix their remuneration. *Ordinary Resolution 4*

AS SPECIAL BUSINESS

To consider and if thought fit, with or without modifications to pass the following resolutions:

5. **AUTHORITY TO ISSUE AND ALLOT SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016** *Ordinary Resolution 5*

“THAT pursuant to Sections 75 and 76 of the Companies Act, 2016 (“the Act”), the Constitution of the Company, the Main Market Listing Requirements (“Listing Requirements”) 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 twenty per centum (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 20% of the total number of issued shares of the Company (excluding treasury shares) at any point in time (“20% General Mandate”); AND THAT the Directors be and are hereby also empowered to obtain approval from the Bursa Securities for the listing and quotation of the additional shares so issued pursuant to the 20% General Mandate on Bursa Securities which would be utilised before 31 December 2022 and thereafter, the 10% general mandate will be reinstated;

AND THAT such authority shall continue to be in force until the conclusion of the next AGM of the Company.”

OTHERS INFORMATION

NOTICE OF TWENTY-FIFTH ANNUAL GENERAL MEETING (CONT'D)

6. PROPOSED RENEWAL OF AUTHORITY FOR THE COMPANY TO PURCHASE ITS OWN ORDINARY SHARES ("PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY")

Ordinary Resolution 6

"THAT, subject always to the Act, the provisions of the Constitution of the Company, the Main Market Listing Requirements ("Listing Requirements") and the approvals of all relevant authorities (if any), the Board of Directors of the Company be and is hereby unconditionally and generally authorised, to purchase such number of issued 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 maximum aggregate number of shares which may be purchased and held by the Company must not exceed 10% of the total number of issued shares of the Company at any point in time ("Proposed Share Buy-Back");
- (ii) the maximum amount to be allocated for the Proposed Share Buy-Back shall not exceed the aggregate of the Company's retained profits based on the latest audited financial statements and/or the latest management accounts (where applicable) available at the time of purchase of the Proposed Share Buy-Back; and
- (iii) the shares of the Company so purchased may be cancelled, retained as treasury shares, distributed as dividends or resold on Bursa Securities, or a combination of any of the above, or be dealt with in such manner allowed by the Act and Listing Requirements from time to time.

THAT the authority conferred by this resolution will commence immediately upon the passing of this resolution and will continue to be in force until:

- (a) the conclusion of the next AGM of the Company following the general meeting at which such resolution is passed at which time the authority will lapse unless by ordinary resolution passed at that meeting, the authority is renewed either unconditionally or subject to conditions;
- (b) the expiration of the period within which the next AGM of the Company is required by law to be held; or
- (c) the authority is revoked or varied by an ordinary resolution passed by the shareholders of the Company in a general meeting;

whichever occurs first, but shall not prejudice the completion of the purchase by the Company before the aforesaid expiry date and, in any event, in accordance with the provisions of the Act, the rules and regulations made pursuant thereto and the guidelines issued by Bursa Securities and/or any other relevant authority.

AND THAT authority be and is hereby unconditionally and generally given to the Directors to take all such steps as are necessary or expedient (including without limitation, the opening and maintaining of central depository account(s) under the Securities Industry (Central Depositories) Act 1991, and the entering into all agreements, arrangements and guarantees with any party or parties) to implement, finalise and give full effect to the Proposed Share Buy-Back with full powers to assent to any conditions, modifications, variations and/or amendments (if any) as may be imposed by the relevant authorities and with full power to do all such acts and things thereafter in accordance with the Act, the provisions of the Constitution of the Company, the Listing Requirements and all other relevant governmental and/or regulatory authorities."

OTHERS INFORMATION

NOTICE OF TWENTY-FIFTH ANNUAL GENERAL MEETING (CONT'D)

7. PROPOSED NEW SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE ("PROPOSED RRPT MANDATE")*Ordinary Resolution 7*

"THAT pursuant to Paragraph 10.09 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements"), the Company and/or its subsidiaries be and are hereby authorised to enter into any of the recurrent related party transactions of revenue or trading nature as set out in Circular to Shareholders dated 29 April 2022 with the related parties mentioned therein provided that such transactions are:-

- (a) undertaken in the ordinary course of business at arm's length basis and on normal commercial terms which are not more favourable to the Related Parties than those generally available to the public;
- (b) necessary for the day-to-day operations; and
- (c) not to the detriment of the minority shareholders of the Company.

THAT such approval shall continue to be in full force until :-

- (a) the conclusion of the next Annual General Meeting ("AGM") of the Company at which such Shareholders' Mandate is passed, at which it will lapse, unless by an ordinary resolution passed at next AGM, the authority is renewed; or
- (b) the expiration of the period within which the next AGM of the Company after that date is required to be held pursuant to Section 340(2) of the Companies Act, 2016 ("the Act") (but must not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
- (c) revoked or varied by resolution passed by the shareholders in a general meeting.

whichever is earlier;

AND THAT the Board of Directors be and is hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the Proposed RRPT Mandate."

8. To transact any other ordinary business for which due notice have been given.

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 Darul Ehsan
Dated: 29 April 2022

OTHERS INFORMATION

NOTICE OF TWENTY-FIFTH ANNUAL GENERAL MEETING (CONT'D)

Notes:

An online meeting platform can be recognised as the meeting venue or place under Section 327(2) of the Companies Act 2016 if the online meeting platform is located in Malaysia. Members are to attend, speak (including posing questions to the Board via real time submission of typed texts) and vote (collectively, "Participate") remotely at this AGM via Remote Participation and Voting ("RPV") facilities provided by Tricor Investor & Issuing House Services Sdn Bhd's ("Tricor") through its TIIH Online website at <https://tiih.online>. Members are advised to follow the procedures provided in the Administrative Guide for the 25th AGM in order to Participate remotely via the RPV.

1. In respect of deposited securities, only member whose names appear in the Company's Record of Depositors as at 9 June 2022 shall be eligible to attend, participate, speak and vote at this meeting or appoint proxy(ies) to attend, participate, speak and vote on his/ her behalf.
2. A member shall not be entitled to appoint more than (2) proxies. Where a member appoints more than one (1) proxy, he shall specify the proportions of his shareholdings to be represented by each proxy, failing which the appointment shall be invalid.
3. A proxy may but need not be a shareholder of the Company. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at the meeting shall have the same rights as the shareholder to speak at the meeting.
4. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991 ("Central Depositories Act"), it may appoint at least one proxy in respect of each securities account it holds with ordinary shares to the credit of the said securities account.
5. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
6. The instrument appointing a proxy shall be in writing under the hand of the appointer or his/her attorney duly authorised in writing, or if the appointer is a corporation, either under seal or under the hand of an officer or attorney duly authorised.
7. The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company not less than 48 hours before the time appointed for holding this meeting.
 - (a) In hard copy form
In the case of an appointment made in hard copy form, the original Proxy Form must be deposited at the Poll Administrator office, Tricor Investor & Issuing House Services Sdn Bhd at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur
 - (b) By electronic means
The Proxy Form can be electronically lodged via Tricor's TIIH Online website at <https://tiih.online>. Please follow the procedure for the electronic lodgement of proxy form as set out in the Administrative Guide for the 25th AGM.
8. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in this Notice will be put to vote by way of poll.

OTHERS INFORMATION

NOTICE OF TWENTY-FIFTH ANNUAL GENERAL MEETING (CONT'D)

Personal data privacy:-

By submitting an instrument appointing a proxy(ies) and/ or representative(s) to attend, participate, speak and vote at this meeting, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for this meeting and the preparation and compilation of the attendance lists, minutes and other documents relating to this meeting, and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/ or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/ or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/ or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/ or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

Explanatory Notes to Ordinary Resolutions and Special Business:**1. Item 1 of the Agenda - Audited financial statements for the Financial Year Ended 31 December 2021**

This Agenda item is meant for discussion only as the provisions of Sections 248(2) and 340(1)(a) of the Act do not require a formal approval of the shareholders for the Audited Financial Statements. Hence, this Agenda item is not put forward to the shareholders for voting.

2. Item 2 of the Agenda - Payment of Directors' fees and other benefits payable

Pursuant to Section 230(1) of the Act, fees and benefits payable to the Directors of a listed company and its subsidiaries shall be approved by shareholders at a general meeting. The Company is requesting for the shareholders' approval for the payment of fees in accordance with the proposed remuneration structure set out below:

	Director's fee (RM)	Meeting allowance (RM)	Business travel, accommodation and etc. (RM)
Independent Non-Executive Chairman	8,430.00 per month	500.00 per meeting	20,000.00 per annum
Independent Non-Executive Director	6,040.00 per month	500.00 per meeting	20,000.00 per annum

3. Item 3 of the Agenda - Re-election of retiring Directors

Clause 125 of the Company's Constitution provides that one-third of the Directors of the Company for the time being shall retire by rotation at the AGM of the Company. All the Directors shall retire from office once at least in each three years but shall be eligible for re-election. Encik Mohd Zaky Bin Othman and Mr Tung Kai Hung are standing for re-election as Directors of the Company. Encik Mohd Zaky Bin Othman, who is the Independent Non-Executive Director, has reaffirmed his independence based on independence criteria applied by the Company which is also used in the yearly assessment of Independent Non-Executive Director's independence and fulfilled the independence definitions as prescribed under the Listing Requirements.

For the purpose of determining the eligibility of the Directors to stand for re-election at this meeting and in line with Practice 5.1 of the Malaysian Code on Corporate Governance, the Nomination Committee has assessed each of the retiring Directors under Ordinary Resolutions 2 and 3, and considered the following:

- (a) the Directors performance and contribution based on the results of the annual evaluation of board;
- (b) the Director's level of contribution to the Board deliberations through his skills, experience and strength in qualities; and
- (c) their abilities to act in the best interests of the Company in decision-making.

Based on the results of the annual evaluation of board, the individual Directors met the performance criteria required of an effective Board. Hence, the Board has recommended the re-election of Encik Mohd Zaky Bin Othman and Mr Tung Kai Hung as Directors of the Company.

OTHERS INFORMATION

NOTICE OF TWENTY-FIFTH ANNUAL GENERAL MEETING (CONT'D)

4. Item 4 of the Agenda - Re-appointment of Auditors

The Audit Committee and the Board have considered the re-appointment of Messrs. Crowe Malaysia PLT as auditors of the Company and collectively agreed that they have met the relevant criteria prescribed by Paragraph 15.21 of Listing Requirements.

5. Item 5 of the Agenda - Authority to issue and allot shares pursuant to Sections 75 and 76 of the Act

The proposed Ordinary Resolution 5, 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 25th 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 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 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, 43,943,000 new ordinary shares were issued with total proceeds raised of RM12.018 million pursuant to the previous General Mandate granted to the Directors at the 24th AGM held on 17 June 2021.

6. Item 6 of the Agenda - Proposed Renewal of Share Buy-Back Authority

The proposed Ordinary Resolution 6, if passed, will provide the mandate for the Company to purchase up to 10% of the total number of issued ordinary shares of the Company. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next AGM of the Company.

Please refer to the Share Buy-Back Statement dated 29 April 2022 for further details of the Proposed Renewal of Authority for the Company to purchase its own ordinary shares.

OTHERS INFORMATION

NOTICE OF TWENTY-FIFTH ANNUAL GENERAL MEETING (CONT'D)

7. Item 7 of the Agenda - Proposed RRPT Mandate

The proposed Ordinary Resolution 7, if passed, will allow the Company and/or its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature which are necessary for the day-to-day operations of the Company and/or its subsidiaries, subject to the transactions being carried out in the ordinary course of business of the Company and/or its subsidiaries and on normal commercial terms which are generally available to the public and not detrimental to the minority shareholders of the Company.

This authority, unless revoked or varied by the Company at a general meeting, will expire at the next AGM of the Company.

Further information on the Proposed RRPTs Mandate are set out in the Circular to Shareholders dated 29 April 2022 which is dispatched together with the Company's 2021 Annual Report.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING**1. Details of persons who are standing for election as Directors**

No individual is seeking election as a Director at the 25th AGM of the Company.

2. Statement relating to general mandate for issue of securities

Please refer to Explanatory Note 5 of the Notice of 25th AGM for information relating to general mandate for issue of securities.

OTHERS INFORMATION

ADMINISTRATIVE GUIDE

FOR THE TWENTY-FIFTH ANNUAL GENERAL MEETING (“25TH AGM”)

Day, Date and Time	: Thursday, 16 June 2022 at 10.00 a.m.
Venue	: Online Meeting Platform provided by Tricor Investor & Issuing House Services Sdn Bhd in Malaysia
Meeting Platform	: TIIH Online website at https://tiih.online or https://tiih.com.my (Domain registration number with MYNIC – D1A282781)

MODE OF MEETING

In line with the Government’s directive and the revised Guidance Note and Frequently Asked Questions on the Conduct of General Meetings for Listed Issuers issued by the Securities Commission Malaysia (“SC”) on 7 April 2022, the 25th AGM of the Company will be conducted fully virtual through live streaming and online voting via Remote Participation and Voting (“RPV”) facilities via TIIH Online website at <https://tiih.online>. An online meeting platform used to conduct the meeting can be recognised as the meeting venue as required under Section 327(2) of the Companies Act 2016, provided that the online platform located in Malaysia. Pursuant to the SC’s Guidance, all meeting participants including the Chairman of the Meeting, board members, senior management and shareholders are to participate in the meeting online.

REMOTE PARTICIPATION AND VOTING (“RPV”) FACILITIES

The RPV facilities are available on Tricor’s **TIIH Online** website at <https://tiih.online>.

Shareholders are to attend, speak (in the form of real time submission of typed texts) and vote (collectively, “participate”) remotely at the 25th AGM using RPV facilities from Tricor.

A shareholder who has appointed a proxy(ies) or attorney(s) or authorised representative(s) to attend, participate, speak and vote at this 25th AGM via RPV must request his/her proxy(ies) or attorney(s) or authorised representative(s) to register himself/herself for RPV at TIIH Online website at <https://tiih.online>.

PROCEDURES TO REMOTE PARTICIPATION AND VOTING VIA RPV FACILITIES

Please read and follow the procedures below to engage in remote participation through live streaming and online remote voting at the 25th AGM using the RPV facilities:

Before the AGM Day

	Procedure	Action
i	Register as a user with TIIH Online	- Using your computer, access the website at https://tiih.online. Register as a user under the “e-Services”, select the “Sign Up” button and followed by “Create Account by Individual Holder”. Refer to the tutorial guide posted on the homepage for assistance. - Registration as a user will be approved within one (1) working day and you will be notified via e-mail. - If you are already a user with TIIH Online, you are not required to register again. You will receive an e-mail to notify you that the remote participation is available for registration at TIIH Online.

OTHERS INFORMATION

ADMINISTRATIVE GUIDE

FOR THE TWENTY-FIFTH ANNUAL GENERAL MEETING (“25TH AGM”)(CONT'D)

ii	Submit your registration for RPV	- Registration is open from Friday, 29 April 2022 until the day of 25th AGM on Thursday, 16 June 2022. Shareholder(s) or proxy(ies) or corporate representative(s) or attorney(s) are required to pre-register their attendance for the 25th AGM to ascertain their eligibility to participate in the 25th AGM using the RPV. - Login with your user ID (i.e. email address) and password and select the corporate event: “(REGISTRATION) ADVANCECON HOLDINGS BERHAD 25TH AGM”. - Read and agree to the Terms & Conditions and confirm the Declaration. - Select “Register for Remote Participation and Voting” - Review your registration and proceed to register - System will send an e-mail to notify that your registration for remote participation is received and will be verified. - After verification of your registration against the General Meeting Record of Depositors as at 9 June 2022, the system will send you an e-mail on 14 June 2022 to approve or reject your registration for remote participation. <i>(Note: Please allow sufficient time for approval of new user of TIH Online and registration for the RPV).</i>
On the AGM Day		
(c)	Login to TIH Online	Login with your user ID and password for remote participation at the 25th AGM at any time from 9.00 a.m. i.e. 1 hour before the commencement of the 25th AGM on Thursday, 16 June 2022 at 10.00 a.m.
(d)	Participate through Live Streaming	- Select the corporate event: “(LIVE STREAM MEETING) ADVANCECON HOLDINGS BERHAD 25TH AGM” to engage in the proceedings of the 25th AGM remotely. - If you have any question for the Chairman/ Board, you may use the query box to transmit your question. The Chairman/ Board will endeavor to respond to questions submitted by remote participants during the 25th AGM. If there is time constraint, the responses will be e-mailed to you at the earliest possible, after the meeting.
(e)	Online Remote Voting	- Voting session commences from 10.00 a.m. on Thursday, 16 June 2022 until a time when the Chairman announces the end of the session. - Select the corporate event: “(REMOTE VOTING) ADVANCECON HOLDINGS BERHAD 25TH AGM” or if you are on the live stream meeting page, you can select “GO TO REMOTE VOTING PAGE” button below the Query Box. - Read and agree to the Terms & Conditions and confirm the Declaration. - Select the CDS account that represents your shareholdings. - Indicate your votes for the resolutions that are tabled for voting. - Confirm and submit your votes.
(f)	End of remote participation	Upon the announcement by the Chairman on the closure of the 25th AGM, the Live Streaming will end.

OTHERS INFORMATION

ADMINISTRATIVE GUIDE

FOR THE TWENTY-FIFTH ANNUAL GENERAL MEETING ("25TH AGM")(CONT'D)

Note to users of the RPV facilities:

1. Should your registration for the RPV facilities be approved, we will make available to you the rights to join the live stream meeting and to vote remotely. Your login to TIIH Online on the day of meeting will indicate your presence at the virtual meeting.
2. The quality of your connection to the live broadcast is dependent on the bandwidth and stability of the internet at your location and the device you use.
3. In the event you encounter any issues with logging-in, connection to the live stream meeting or online voting, kindly call Tricor Help Line at 011-40805616 / 011-40803168 / 011-40803169 / 011-40803170 or e-mail to tiih.online@my.tricorglobal.com for assistance.

Entitlement to Participate and Appointment of Proxy

- Only members whose names appear on the Record of Depositors as at 9 June 2022 shall be eligible to participate, speak and vote at the 25th AGM or appoint a proxy(ies) and/or the Chairman of the Meeting to attend and vote on his/her behalf.
- In view that the 25th AGM will be conducted on a fully virtual basis, a member can appoint the Chairman of the Meeting as his/her proxy and indicate the voting instruction in the Form of Proxy.
- If you wish to participate in the 25th AGM yourself, please do not submit any Proxy Form for the 25th AGM. You will not be allowed to participate in the 25th AGM together with a proxy appointed by you.
- Accordingly, proxy forms and/or documents relating to the appointment of proxy/corporate representative/attorney for the 25th AGM whether in hard copy or by electronic means shall be deposited or submitted in the following manner not later than **Tuesday, 14 June 2022 at 10.00 a.m:**

(i) In Hard copy:

By hand or post to the office of the Poll Administrator, Tricor Investor & Issuing House Services Sdn Bhd at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur.

(ii) By Electronic form:

All shareholders can have the option to submit Proxy Form electronically via TIIH Online and the steps to submit are summarised below:

OTHERS INFORMATION

ADMINISTRATIVE GUIDE

FOR THE TWENTY-FIFTH ANNUAL GENERAL MEETING ("25TH AGM")(CONT'D)

PROCEDURES FOR ELECTRONIC SUBMISSION OF PROXY FORM

Procedure	Action
i. Steps for Individual Shareholders	
Register as a User with TIIH Online	- Using your computer, please access the website at https://tiih.online. Register as a user under the "e-Services". Please refer to the tutorial guide posted on the homepage for assistance. - If you are already a user with TIIH Online, you are not required to register again.
Proceed with submission of Proxy Form	- After the release of the Notice of Meeting by the Company, login with your user name (i.e. email address) and password. - Select the corporate event: "ADVANCECON HOLDINGS BERHAD 25TH AGM – SUBMISSION OF PROXY FORM". - Read and agree to the Terms and Conditions and confirm the Declaration. - Insert your CDS account number and indicate the number of shares for your proxy(s) to vote on your behalf. - Appoint your proxy/proxies and insert the required details of your proxy/proxies or appoint the Chairman as your proxy. - Indicate your voting instructions – FOR or AGAINST, otherwise your proxy will decide on your votes. - Review and confirm your proxy(s) appointment. - Print the form of proxy for your record.
ii. Steps for corporation or institutional shareholders	
Register as a User with TIIH Online	- Access TIIH Online at https://tiih.online - Under e-Services, the authorised or nominated representative of the corporation or institutional shareholder selects the "Sign Up" button and followed by "Create Account by Representative of Corporate Holder". - Complete the registration form and upload the required documents. - Registration will be verified, and you will be notified by email within one (1) to two (2) working days. - Proceed to activate your account with the temporary password given in the email and re-set your own password. <i>(Note: The representative of a corporation or institutional shareholder must register as a user in accordance with the above steps before he/she can subscribe to this corporate holder electronic proxy submission. Please contact Tricor Investor & Issuing House Services Sdn Bhd if you need clarifications on the user registration.)</i>

OTHERS INFORMATION

ADMINISTRATIVE GUIDE

FOR THE TWENTY-FIFTH ANNUAL GENERAL MEETING ("25TH AGM")(CONT'D)

Proceed with submission of Proxy Form	• Login to TIIH Online at https://tiih.online • Select the corporate event: "ADVANCECON HOLDINGS BERHAD 25TH AGM – SUBMISSION OF PROXY FORM" • Agree to the Terms & Conditions and Declaration. • Proceed to download the file format for "Submission of Proxy Form" in accordance with the Guidance Note set therein. • Prepare the file for the appointment of proxies by inserting the required data. • Login to TIIH Online, select corporate event: "ADVANCECON HOLDINGS BERHAD 25TH AGM – SUBMISSION OF PROXY FORM". • Proceed to upload the duly completed proxy appointment file. • Select "Submit" to complete your submission. • Print the confirmation report of your submission for your record.
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POLL VOTING

The voting at the 25th AGM will be conducted by poll in accordance with Rule 8.31A(1) of ACE Market Listing Requirements of Bursa Malaysia Securities Berhad. The Company has appointed Tricor Investor & Issuing House Services Sdn Bhd as Poll Administrator to conduct the poll voting electronically.

Shareholders or proxy(es) or corporate representative(s) or attorney(s) can proceed to vote on the resolutions at any time from **10.00 a.m.** on **Thursday, 16 June 2022** but before the end of the voting session which will be announced by the Chairman of the meeting. Please refer to the Procedures for Remote Participation and Voting via RPV Facilities provided above for guidance on how to vote remotely via TIIH Online.

Upon completion of the voting session for the 25th AGM, the Scrutineers will verify the poll results followed by the Chairman's declaration whether the resolutions are duly passed.

PRE-MEETING SUBMISSION OF QUESTION TO THE BOARD OF DIRECTORS

Shareholders may submit questions for the Board in advance of the 25th AGM via Tricor's TIIH Online website at <https://tiih.online> by selecting "e-Services" to login, pose questions and submit electronically no later than **Tuesday, 14 June 2022** at **10.00 a.m.** The Board will endeavor to answer the questions received at the 25th AGM.

NO DOOR GIFT/FOOD VOUCHER

There will be no distribution of door gift or food voucher for the AGM.

We thank you for your continuous support to the Company.

ENQUIRY

If you have any enquiry prior to the meeting, you may contact the following persons during office hours on Mondays to Fridays from 9:00 a.m. to 5:30 p.m. (except on public holidays):

OTHERS INFORMATION

ADMINISTRATIVE GUIDE

FOR THE TWENTY-FIFTH ANNUAL GENERAL MEETING (“25TH AGM”)(CONT'D)

Tricor Investor & Issuing House Services Sdn Bhd <i>Registration No. 197101000970 (11324-H)</i> Unit 32-01, Level 32, Tower A Vertical Business Suite, Avenue 3, Bangsar South No. 8, Jalan Kerinchi 59200 Kuala Lumpur, Malaysia		<i>Telephone Number</i>
	General Line	603-2783 9299
	Ms Nur Qaisara Naaila	603-2783 9272 Nur.Qaisara.Naaila@my.tricorglobal.com
	Pn Nor Faeayzah	603-2783 9274 Nor.Faeayzah@my.tricorglobal.com
	Fax Number	603-2783 9222
	Email	is.enquiry@my.tricorglobal.com

PROXY FORM

I/We _____ (FULL NAME IN BLOCK CAPITAL)

*NRIC/ Registration No. _____ of _____ (FULL ADDRESS)

being a member(s) of **ADVANCECON HOLDINGS BERHAD (Registration No. 199701011469 (426965-M))** hereby appoint (Proxy 1) _____ (FULL NAME IN BLOCK CAPITAL)

*NRIC/ Registration No. _____ of _____ (FULL ADDRESS)

and (if more than one (1) proxy)(Proxy 2) _____ (FULL NAME IN BLOCK CAPITAL) *NRIC/ Registration No. _____ of _____ (FULL ADDRESS)

and failing *him/her, the Chairman of the Meeting as *my/our proxy to vote for me/us and on *my/our behalf at the Twenty-Fifth

("25th") Annual General Meeting ("AGM") of the Company to be held on a fully virtual basis through live streaming and online meeting platform of TIH Online provided by Tricor Investor & Issuing House Services Sdn Bhd via its website at <https://tiah.online> or <https://tiah.com.my> (Domain registration number with MYNIC – D1A282781) on Thursday, 16 June 2022 at 10.00 a.m. or at any adjournment thereof.

The proportions of my/our holdings to be represented by *my/our proxies are as follows:

First Proxy

No. of Shares:

Percentage :%

Second Proxy

No. of Shares:

Percentage :%

My/Our proxy is to vote as indicated below:

	Resolutions	For	Against
Ordinary Resolution 1	To approve the payment of Directors' fees and other benefits of up to RM315,120 in respect of the period from 17 June 2022 until the conclusion of the next AGM of the Company.		
Ordinary Resolution 2	To re-elect Encik Mohd Zaky Bin Othman as Director.		
Ordinary Resolution 3	To re-elect Mr Tung Kai Hung as Director.		
Ordinary Resolution 4	To re-appoint Messrs. Crowe Malaysia PLT as auditors of the Company and to authorise the Directors to fix their remuneration.		
Ordinary Resolution 5	Authority to issue and allot shares pursuant to Sections 75 and 76 of the Companies Act 2016.		
Ordinary Resolution 6	Proposed Renewal of Share Buy-Back Authority.		
Ordinary Resolution 7	Proposed RRPT Mandate.		

Please indicate with an "X" in the spaces provided how you wish your vote to be cast. If no specific instruction is given on the voting, the proxy/proxies will vote or abstain from voting on the resolution at his/her discretion.

Dated this _____ day of _____, 2022.

No. of Shares held	
CDS Account No.	
Tel No. (during office hours)	

* Strike out whichever not applicable

*Signature/Common Seal of Shareholder

Contact no.:

Notes:

An online meeting platform can be recognised as the meeting venue or place under Section 327(2) of the Companies Act 2016 if the online meeting platform is located in Malaysia. Members are to attend, speak (including posing questions to the Board via real time submission of typed texts) and vote (collectively, "Participate") remotely at this AGM via Remote Participation and Voting ("RPV") facilities provided by Tricor Investor & Issuing House Services Sdn Bhd's ("Tricor") through its TIIH Online website at <https://tiih.online>. Members are advised to follow the procedures provided in the Administrative Guide for the 25th AGM in order to Participate remotely via the RPV.

1. In respect of deposited securities, only member whose names appear in the Company's Record of Depositors as at 9 June 2022 shall be eligible to attend, participate, speak and vote at this meeting or appoint proxy(ies) to attend, participate, speak and vote on his/ her behalf.
2. A member shall not be entitled to appoint more than (2) proxies. Where a member appoints more than one (1) proxy, he shall specify the proportions of his shareholdings to be represented by each proxy, failing which the appointment shall be invalid.
3. A proxy may but need not be a shareholder of the Company. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at the meeting shall have the same rights as the shareholder to speak at the meeting.
4. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991 ("Central Depositories Act"), it may appoint at least one proxy in respect of each securities account it holds with ordinary shares to the credit of the said securities account.
5. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
6. The instrument appointing a proxy shall be in writing under the hand of the appointer or his/her attorney duly authorised in writing, or if the appointer is a corporation, either under seal or under the hand of an officer or attorney duly authorised.
7. The appointment of a proxy may be made in a hardcopy form or by electronic means in the following manner and must be received by the Company not less than 48 hours before the time set for holding this meeting.
 - (a) In hard copy form
In the case of an appointment made in hard copy form, the original Proxy Form must be deposited at the Poll Administrator office, Tricor Investor & Issuing House Services Sdn Bhd (Tricor) at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur.
 - (b) By electronic means
The Proxy Form can be electronically lodged via Tricor's TIIH Online website at <https://tiih.online>. Please follow the procedure for the electronic lodgement of proxy form as set out in the Administrative Guide for the 25th AGM.
8. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in this Notice will be put to vote by way of poll.

Personal Data Privacy:-

By submitting an instrument appointing a proxy(ies) and /or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Twenty-Fifth (25th) AGM dated 29 April 2022.

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The Poll Administrator for the Meeting of
ADVANCECON HOLDINGS BERHAD (Registration No. 199701011469 (426965-M))
Tricor Investor & Issuing House Services Sdn Bhd
Unit 32-01, Level 32, Tower A, Vertical Business Suite,
Avenue 3, Level 32, Tower A, Vertical Business Suite
Avenue 3, Bangsar South, No. 8, Jalan Kerinchi,
59200 Kuala Lumpur

ADVANCECON

ADVANCECON HOLDINGS BERHAD

(Registration No. 199701011469 (426965-M))

(Incorporated in Malaysia)

REQUEST FORM

To : ADVANCECON HOLDINGS BERHAD
No. 16,18 & 20, Jalan Pekaka 8/3
Seksyen 8, Kota Damasara
47810 Petaling Jaya
Selangor Darul Ehsan

Tel : 03-6157 9563 ext 306
Fax : 03-6156 0290
Email : sy_chan@advancecon.com.my

.....

Please send *me/us the hard copies of Annual Report 2021 and Statement/Circular

NAME OF SHAREHOLDER : _____

*NRIC NO./ PASSPORT NO./ COMPANY NO. : _____

CDS ACCOUNT NO. : _____

ADDRESS : _____

CONTACT NO. : _____

Signature of Shareholder

Date

Notes:

1. The printed copy will be sent to you within four (4) market days by ordinary post upon receipts of your request.
2. The Annual Report can be downloaded from <http://www.advancecon.com.my>

* Strike out whenever not applicable

Please fold here

Place Stamp Here

The Poll Administrator for the Meeting of
ADVANCECON HOLDINGS BERHAD (Registration No. 199701011469 (426965-M))
Tricor Investor & Issuing House Services Sdn Bhd
Unit 32-01, Level 32, Tower A, Vertical Business Suite,
Avenue 3, Level 32, Tower A, Vertical Business Suite
Avenue 3, Bangsar South, No. 8, Jalan Kerinchi,
59200 Kuala Lumpur

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ADVANCECON

ADVANCECON HOLDINGS BERHAD

(Registration No. 199701011469 (426965-M))

16,18 & 20 Jalan Pekaka 8/3,
Seksyen 8, Kota Damansara,
47810 Petaling Jaya,
Selangor Darul Ehsan, Malaysia.

Tel : +603 6157 9563

Fax : +603 6157 0469

Email : info@advancecon.com.my

www.advancecon.com.my

CORPORATE GOVERNANCE REPORT

STOCK CODE : 5281
COMPANY NAME : ADVANCECON HOLDINGS BERHAD
FINANCIAL YEAR : December 31, 2021

OUTLINE:

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

Disclosures in this section are pursuant to Paragraph 15.25 of Bursa Malaysia Listing Requirements.

SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES PURSUANT CORPORATE GOVERNANCE GUIDELINES ISSUED BY BANK NEGARA MALAYSIA

Disclosures in this section are pursuant to Appendix 4 (Corporate Governance Disclosures) of the Corporate Governance Guidelines issued by Bank Negara Malaysia. This section is only applicable for financial institutions or any other institutions that are listed on the Exchange that are required to comply with the above Guidelines.

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

Disclosures in this section are pursuant to Paragraph 15.25 of Bursa Malaysia Listing Requirements.

Intended Outcome

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

Practice 1.1

The board should set the company's strategic aims, ensure that the necessary resources are in place for the company to meet its objectives and review management performance. The board should set the company's values and standards, and ensure that its obligations to its shareholders and other stakeholders are understood and met.

Application	:	Applied
Explanation on application of the practice	:	Advancecon Holdings Berhad ("Advancecon" or "the Company") is led by an experienced, competent and diversified Board of Directors ("Board") that is made up of Directors with appropriate competencies, knowledge, skills and experience from diverse backgrounds. The Directors collectively, set the Company's strategic objectives and ensure that the necessary resources are in place for the Company to meet its objectives and review management performance. The Board is responsible for the oversight and overall management of the Company. The Executive Directors are responsible to manage the day-to-day operations of the business, implementation of Board policies and making strategic decisions for the business while the Independent Non-Executive Directors ("INEDs") contribute their independent judgement to the Board on issues of strategy and performance. The Board is guided by its Board Charter and the Code of Conduct and Ethics ("Code") which clearly sets out the Board's roles and responsibilities and the standard of conduct expected of Directors respectively are available on the Company's website at www.advancecon.com.my. Board Committees, which operate within its respective defined Terms of Reference ("TOR"), have been established to assist the Board in the discharge of its specific duties and responsibilities. Hence, the Chairman of the respective Committees report to the Board the outcome of deliberations of each Committee's meetings. In order to ensure the effective discharge of the Board's functions and responsibilities in meeting the objectives of the Company and of the Group, the Board had carried out the following activities during the financial year ended 31 December 2021 ("FY2021"):

	(a) The Chairman ensures that decisions are taken on a sound and well-informed basis, including ensuring that all strategic and critical issues are considered by the Board and that Directors receive the relevant information on a timely basis. (b) The Management's performance under the leadership of the Group Chief Executive Officer ("Group CEO") is monitored through a yearly performance evaluation. (c) The Board through the Nomination Committee ("NC") is responsible to ensure the Board is represented by individuals with an optimal mix of qualifications, skills and experience. (d) Through the Risk Management and Sustainability Committee ("RMSC"), the Board oversees the risk management framework of the Group. The RMSC assists the Board to fulfill its responsibilities with regards to risk governance and risk management in order to manage the overall risks exposure of the Group. The Audit Committee ("AC") reviews the risk management and internal controls of the Group to ensure, as far as possible, to safeguard shareholders' interest and the Group's assets. (e) The Board maintains an open communication policy that enables the Board and its Management to communicate effectively with shareholders and members of the general public. Whenever appropriate, the Board or the relevant management personnel will respond to queries from the stakeholders on a timely manner. (f) The Board ensures that financial statements prepared for each financial year have been made out in accordance with the applicable approved accounting standards and give a true and fair view of the state of affairs of the Company and the Group at the end of the financial year. In preparing the financial statements the Board has: • Ensure adherence to accounting policies and applied them consistently. • Made judgements and estimates that are reasonable and prudent. • Ensure that all applicable accounting standards have been adhered to. • Ensure financial statements are prepared on the going concern basis as the Directors have a reasonable expectation, having made enquiries that the Group has adequate resources to continue in operations for the foreseeable future.
Explanation for departure	:

<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 1.2

A Chairman of the board who is responsible for instilling good corporate governance practices, leadership and effectiveness of the board is appointed.

Application	:	Applied
Explanation on application of the practice	:	Mr. Yeoh Chong Keat is the Independent Non-Executive Chairman of the Company. He is responsible for leadership of the Board and presides over the meetings of the Board to ensure that the Board perform its roles and responsibilities effectively at the same time and discharges its fiduciary duties diligently. Other than leading the Board meetings and meetings of shareholders, the Chairman ensures that all relevant issues for the successful stewardship of the Group's business are on the Board agenda to facilitate effective decision making by the Board. During the FY2021, the Chairman had: (a) Provided leadership for the Board so that the Board could perform its roles and responsibilities effectively and setting its agenda. The Chairman is also responsible for creating an environment for open, robust and effective debate. This includes ensuring, via the Company Secretary, that the Directors receive accurate, timely and clear information. (b) Set the Board agenda with Company Secretary and ensured that Board members had received complete and accurate information in a timely manner. (c) Led Board meetings and discussions. (d) Managed boardroom dynamics by promoting a culture of openness and debate; encouraged active participation and allowed dissenting views to be freely expressed. (e) Acted as the conduit between Management and the Board, although all Directors should have the opportunity to get to know key members of the Management team. (f) Ensured appropriate steps are taken to provide effective communication with stakeholders and that their views were communicated to the Board as a whole. (g) Led the Board in establishing and monitoring good corporate governance practices in the Company.

	(h) Chaired the Annual General Meetings (“AGM”) and general meeting of the Company and providing clarification on issues raised by shareholders.			
Explanation for departure	:			
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>				
Measure	:			
Timeframe	:	<table border="1"> <tr> <td></td><td></td></tr> </table>		

Intended Outcome

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

Practice 1.3

The positions of Chairman and CEO are held by different individuals.

Application	:	Applied
Explanation on application of the practice	:	The positions of Chairman and Group CEO of Advancecon are held by two different individuals. The Independent Non-Executive Chairman, Mr. Yeoh Chong Keat leads and manages the Board in its collective oversight of management by focusing on governance and compliance whereas the Group CEO, Dato' Phum Ang Kia manages the business strategy and day-to-day operations of the Company. The roles of Chairman and the Group CEO are segregated and clearly defined by their individual position descriptions. The distinct and separate roles of the Chairman and Group CEO, with their clear division of roles and responsibilities have ensured a balance of power and authority, such that no one individual has unfettered decision-making powers. The roles of the Chairman and Group CEO are defined in the Board Charter which is available on the Company's website at www.advancecon.com.my.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 1.4

The Chairman of the board should not be a member of the Audit Committee, Nomination Committee or Remuneration Committee

<i>Note: If the board Chairman is not a member of any of these specified committees, but the board allows the Chairman to participate in any or all of these committees' meetings, by way of invitation, then the status of this practice should be a 'Departure'.</i>		
Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	The Chairman of the Board, Mr. Yeoh Chong Keat is also the Chairman of NC, members of AC and Remuneration Committee ("RC"). These committees are supported by two INEDs, En. Fathi Ridzuan Bin Ahmad Fauzi and En. Mohd Zaky Bin Othman. The Chairman is conscious of his differing roles in the Board, in the NC, RC and AC. All issues before recommending to the Board are thoroughly deliberated at the committee levels which involved the participation of the other two INEDs. All recommendations by the Committees to the Board have been arrived at unanimously and this would have eliminated the risk of self-review and absolute control over decision making by one person.
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 1.5

The board is supported by a suitably qualified and competent Company Secretary to provide sound governance advice, ensure adherence to rules and procedures, and advocate adoption of corporate governance best practices.

Application	:	Applied
Explanation on application of the practice	:	The Board is assisted by two Company Secretaries who are qualified to act as company secretaries under Section 235(2) of the Companies Act 2016 ("the Act"). One of them is a member of Malaysian Institute of Chartered Secretaries and Administrators ("MAICSA") whilst the other is a Licensed Company Secretary ("LS"). During the FY2021, the Company Secretaries had performed the following tasks: (a) Supported the Board and played an important role to facilitate the overall compliance with the Act, Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") ("MMLR") and other relevant laws and regulations by updating the Board at the Board meetings. (b) Assisted the Board and Board Committees to function effectively and in accordance with their respective TOR and best practices and ensured adherence to the existing Board policies and procedures. (c) Attended Board Meetings and ensured the proper conduct of the meetings. Deliberations and decisions were accurately minuted and kept in the minutes books. (d) Managed processes pertaining to the annual shareholders meeting. (e) Served as a focal point for stakeholders' communication and engagement on corporate governance issues. The roles and responsibilities of the Company Secretaries are set out in the Company's Board Charter, which is available on the Company's website at www.advancecon.com.my. The Company Secretaries had attended the necessary training programmes, conferences, seminars and/or forums organised by the Companies Commission of Malaysia, MAICSA, the Securities Commission Malaysia ("SC") and Bursa Securities as well as in house training so as to keep themselves abreast with the latest changes in laws

	and regulatory requirements that are relevant to their profession and to provide the necessary advisory role to the Board.	
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 1.6

Directors receive meeting materials, which are complete and accurate within a reasonable period prior to the meeting. Upon conclusion of the meeting, the minutes are circulated in a timely manner.

Application	:	Applied
Explanation on application of the practice	:	Unless otherwise agreed, notice of each meeting confirming the venue, time, date and agenda of the meeting together with relevant Board papers are forwarded to each director no later than seven days before the date of the meeting. This is to ensure that the Board papers comprising issues to be discussed, supporting information and documentations are provided to the Board sufficiently in advance. Furthermore, Directors are given sufficient time to read the Board papers and seek for any clarification or further explanation from Management and the Company Secretaries. The deliberations of the Board in terms of the issues discussed during the meetings and the Board's conclusions in discharging its duties and responsibilities are recorded in the minutes of meetings by the Company Secretaries. The Board has access to all information within the Company to enable them to discharge their duties and responsibilities and is supplied in a timely basis with information and reports on financial, regulatory and audit matters by way of Board papers for informed decision making. Senior Management and/or external consultants may be invited to attend Board Meetings to advise and/or furnish the Board with relevant information. To facilitate smooth operation of the businesses of the Group, follow up actions requested by the Board or Board Committees pertaining to the decisions of the Board or the Board Committees, are addressed by the Management within the timeline given. All proceedings of Board meetings were minuted. The minutes would be distributed to all Directors on a timely manner and tabled for confirmation at the next meeting. Signed copies of the minutes were kept in the minutes book maintained by the Company Secretaries.
Explanation for departure	:	

Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.

Measure	:		
Timeframe	:		

Intended Outcome

There is demarcation of responsibilities between the board, board committees and management.

There is clarity in the authority of the board, its committees and individual directors.

Practice 2.1

The board has a board charter which is periodically reviewed and published on the company's website. The board charter clearly identifies–

- the respective roles and responsibilities of the board, board committees, individual directors and management; and
- issues and decisions reserved for the board.

Application	:	Applied	
Explanation on application of the practice	:	Board’s strategic intent, roles and responsibilities in discharging its fiduciary and leadership functions. The Board Charter serves as a main source of reference and also provides insights to prospective Board members and Senior Management. It clearly explains the relationship and interaction between the Board, Board Committees, Chairman and Executive Directors. Hence, the Board Charter is reviewed periodically and updated in accordance with the needs of the Company to ensure its effectiveness and consistency with the Board’s objectives and corporate vision. The Board Charter was reviewed by the Board on 24 February 2021. The current Board Charter is accessible for reference on the Company’s website at www.advancecon.com.my.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome

The board is committed to promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness.

The board, management, employees and other stakeholders are clear on what is considered acceptable behaviour and practice in the company.

Practice 3.1

The board establishes a Code of Conduct and Ethics for the company, and together with management implements its policies and procedures, which include managing conflicts of interest, preventing the abuse of power, corruption, insider trading and money laundering.

The Code of Conduct and Ethics is published on the company's website.

Application	:	Applied
Explanation on application of the practice	:	The Board is committed in maintaining a corporate culture which engenders ethical conduct. The Board has formalised the Code of Conduct and Ethics ("Code") as a guidance to be followed by Directors and all employees with regards to the Group's standard of integrity and rules of conduct to be observed in the performance of work and business practices. The core sections of the Code covered the following principles: • Act with Integrity and Ethics • Protect Advancecon Assets and Intellectual Property • Comply with Laws and Regulations • Working with One Another The Board will periodically review the Code when necessary to ensure it remains relevant and appropriate. The details of the Code are available for reference at the Company's website at www.advancecon.com.my.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

The board is committed to promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness.

The board, management, employees and other stakeholders are clear on what is considered acceptable behaviour and practice in the company.

Practice 3.2

The board establishes, reviews and together with management implements policies and procedures on whistleblowing.

Application	:	Applied
Explanation on application of the practice	:	The Code formalised by the Board includes the Whistle Blowing Policy to provide an avenue to facilitate employees of the Group or members of the public to raise any concerns or disclose any improper conduct within the Group and to take appropriate action to resolve it effectively. Whistle-blowers can report any improper conduct by email to the AC Chairman, En. Mohd Zaky bin Othman at mohd_zaky@advancecon.com.my or post it to Advancecon's office. The Whistle Blowing Policy and the Anti-Bribery and Corruption Policy Statement are available on the Company's website at www.advancecon.com.my.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 4.1

The board together with management takes responsibility for the governance of sustainability in the company including setting the company's sustainability strategies, priorities and targets.

The board takes into account sustainability considerations when exercising its duties including among others the development and implementation of company strategies, business plans, major plans of action and risk management.

Strategic management of material sustainability matters should be driven by senior management.

Application	:	Applied	
Explanation on application of the practice	:	The Board sets out and oversees the sustainability governance structure consisting of vision, mission and sustainability strategy. The governance structure focuses mainly on key areas like the context of the Economic, Environmental and Social and report the progress of these key areas through the collection and monitoring of data. The Risk Management and Sustainability Committee is to supports the Board by overseeing the management of principal business risks and significant/material economic, environmental and social risks. The Group’s sustainability management is driven by the Sustainability Steering Committee who is responsible for coordinating daily activities and implement company-wide sustainability initiatives. The sustainability governance structure and roles of Sustainability Steering Committee are outlined in the Sustainability Statement in the Annual Report (“AR”).	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 4.2

The board ensures that the company's sustainability strategies, priorities and targets as well as performance against these targets are communicated to its internal and external stakeholders.

Application	:	Applied	
Explanation on application of the practice	:	The Company has an established stakeholder engagement practice for respective stakeholder groups, which drives long-term sustainability by providing opportunities to further align practices with societal needs and expectations. Details pertaining to engagement platforms and how the Group engages its stakeholders are available in the "ENGAGING OUR STAKEHOLDERS" section of our Sustainability Statement. Advancecon' Sustainability Report complies with Bursa Malaysia's Sustainability Reporting Framework and included in the AR. The AR is available for reference at the Company's website at www.advancecon.com.my.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 4.3

The board takes appropriate action to ensure they stay abreast with and understand the sustainability issues relevant to the company and its business, including climate-related risks and opportunities.

Application	:	Applied	
Explanation on application of the practice	:	The Board continuously keep themselves abreast with and understanding to the sustainability agendas which are relevant to the Company and its business through periodical updates by the SC.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 4.4

Performance evaluations of the board and senior management include a review of the performance of the board and senior management in addressing the company's material sustainability risks and opportunities.

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	A detailed study is required for developing the criteria for the performance evaluations of the Board and the Management to address the material sustainability risks and opportunities.	
		The Company does not have any alternative practice currently.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 4.5- Step Up

The board identifies a designated person within management, to provide dedicated focus to manage sustainability strategically, including the integration of sustainability considerations in the operations of the company.

Note: The explanation on adoption of this practice should include a brief description of the responsibilities of the designated person and actions or measures undertaken pursuant to the role in the financial year.

Application	:	Adopted
Explanation on adoption of the practice	:	The Group Chief Operating Officer who is the leading the Sustainability Steering Committee provides direction, oversight and guidance throughout the Group to implement sustainability-related projects. He serves as a channel of communication in explaining the material, economic, environmental and social impacts to the Board.

Intended Outcome

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

Practice 5.1

The Nomination Committee should ensure that the composition of the board is refreshed periodically. The tenure of each director should be reviewed by the Nomination Committee and annual re-election of a director should be contingent on satisfactory evaluation of the director's performance and contribution to the board.

Application	:	Applied	
Explanation on application of the practice	:	The NC annually assesses the experience, the tenure, and diversity required collectively for the Board and ensures that it is periodically refreshed so that it can discharge its duties effectively. The NC annually reviews the performance of all directors including those seeking re-election based on competency, preparedness and independence (for independent directors). Only those with satisfactory evaluation are recommended to the Board for re-election.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 5.2

At least half of the board comprises independent directors. For Large Companies, the board comprises a majority independent directors.

Application	:	Departure												
Explanation on application of the practice	:													
Explanation for departure	:	The current Board comprises of seven members with three being INED. <table><tr><th>Designation</th><th>Number of Directors</th><th>Percentage (%)</th></tr><tr><td>Executive Directors</td><td>4</td><td>57.14</td></tr><tr><td>Independent and Non-Executive Directors</td><td>3</td><td>42.86</td></tr><tr><td>Total</td><td>7</td><td>100.00</td></tr></table> The Board is in compliance with Paragraph 15.02 of the MMLR, which requires that at least two Directors or one-third of the Board of the Company, whichever is the higher, are INED. The Board is mindful that it does not comprise at least half of INED as it is of the view that the present INED, with the breadth of professional background and experience, have enabled the Board to exercise objective judgement on various issues through their sharing of impartial, objective and unbiased opinions and viewpoints. The Board is satisfied that the Independent Directors are independent of management and free from management and/or any business or other relationship which could interfere with the exercise of independent judgement, objectivity and the ability to act in the best interest of the Company. The current composition of the Board Committees (with the exception of the RMSC) however is made up of only INED. This affirms the Board's commitment towards independence in Board leadership and provides strong check and balance in the Board's governance function. Therefore, the lack of the necessary number of INED has not jeopardised the independence of Board deliberations and all decisions have been made in the best interest of the Company and the Group.	Designation	Number of Directors	Percentage (%)	Executive Directors	4	57.14	Independent and Non-Executive Directors	3	42.86	Total	7	100.00
Designation	Number of Directors	Percentage (%)												
Executive Directors	4	57.14												
Independent and Non-Executive Directors	3	42.86												
Total	7	100.00												
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>														
Measure	:													

Timeframe	:		
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Intended Outcome

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

Practice 5.3

The tenure of an independent director does not exceed a cumulative term limit of nine years. Upon completion of the nine 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 years, it should provide justification and seek annual shareholders' approval through a two-tier voting process.

Application	:	Not applicable - Step Up 5.4 adopted	
Explanation on application of the practice	:	During the FY2021, none of the Independent Directors have served as Independent Director for a cumulative term of nine years or more.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 5.4 - Step Up

The board has a policy which limits the tenure of its independent directors to nine years without further extension.

Note: To qualify for adoption of this Step Up practice, a listed issuer must have a formal policy which limits the tenure of an independent director to nine years without further extension i.e. shareholders' approval to retain the director as an independent director beyond nine years.

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

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

Practice 5.5

Appointment of board and senior management are based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender.

Directors appointed should be able to devote the required time to serve the board effectively. The board should consider the existing board positions held by a director, including on boards of non-listed companies. Any appointment that may cast doubt on the integrity and governance of the company should be avoided.

Application	:	Applied
Explanation on application of the practice	:	The Board recognises that having a range of different skills, backgrounds and experiences is essential to ensure effective decision making and governance in the best interests of the Company. The normal selection criteria of a Director are based on an effective blend of competencies, skills, experience and knowledge so as to strengthen the Board. The NC is responsible for identifying, assessing and recommending the right candidates to the Board as well as reviewing the composition and performance of the Board. In making its recommendations, the NC will consider, among others, the mix of skills, knowledge, experience, diversity (including gender diversity), background, integrity, competence, time commitment and independence in order to meet the strategic objectives and business requirements of the Group. During the FY2021, the diversity for the Board and Senior Management are as follows: <u>Board of Directors</u> Gender: Male (7); Female (0) Age: 40-49 (1); 50-59 (2); 60 & above (4) Ethnicity: Malay (2); Chinese (5); Indian (0) <u>Senior Management</u> Gender: Male (2); Female (0) Age: 30-39 (0); 40-49 (2); 50-59 (0); 60 & above (0) Ethnicity: Malay (0); Chinese (2); Indian (0) Having assessed the size, composition and diversity of the Board annually, the NC and the Board opined that the existing Board has the requisite competencies and capacity to effectively discharge its functions and responsibilities.

Explanation for departure :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure :		
Timeframe :		

Intended Outcome

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

Practice 5.6

In identifying candidates for appointment of directors, the board does not solely rely on recommendations from existing board members, management or major shareholders. The board utilises independent sources to identify suitably qualified candidates.

If the selection of candidates was based on recommendations made by existing directors, management or major shareholders, the Nominating Committee should explain why these source(s) suffice and other sources were not used.

Application	:	Applied	
Explanation on application of the practice	:	In identifying candidates for appointment of Independent Directors, the Board accepts recommendations from existing Board members, Management or major shareholders. In addition, the Company will also engage the Institute of Corporate Directors Malaysia ("ICDM") as an independent consultant to source suitably qualified candidates for future Board appointments.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 5.7

The board should ensure shareholders have the information they require to make an informed decision on the appointment and reappointment of a director. This includes details of any interest, position or relationship that might influence, or reasonably be perceived to influence, in a material respect their capacity to bring an independent judgement to bear on issues before the board and to act in the best interests of the listed company as a whole. The board should also provide a statement as to whether it supports the appointment or reappointment of the candidate and the reasons why.

Application	:	Applied
Explanation on application of the practice	:	The profiles of Directors are published in the AR and on Company's website. These include their age, gender, tenure of service, directorships in other companies, working experience and any conflict of interest as well as their shareholdings in the Company, if any. Clause 125 of the Company's Constitution provides that one-third of the Directors of the Company for the time being shall retire by rotation at the AGM of the Company. All the Directors shall retire from office once at least in each three years but shall be eligible for re-election. En. Mohd Zaky Bin Othman and Mr Tung Kai Hung are standing for re-election as Directors of the Company. En. Mohd Zaky Bin Othman, who is the Independent Non-Executive Director, has reaffirmed his independence based on independence criteria applied by the Company which is also used in the yearly assessment of Independent Non-Executive Director's independence and fulfilled the independence definitions as prescribed under the MMLR. En. Mohd Zaky Bin Othman and Mr Tung Kai Hung had abstained themselves from deliberation and decision by the Board on their re-election. The Board upon due deliberation, resolved to approve the proposed re-election of En. Mohd Zaky Bin Othman and Mr Tung Kai Hung at the 25th AGM of the Company, as recommended by the NC.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 5.8

The Nominating Committee is chaired by an Independent Director or the Senior Independent Director.

Application	:	Applied	
Explanation on application of the practice	:	The NC is made up entirely of INEDs in compliance with paragraph 15.08A(1) of the MMLR. The NC is chaired by Mr. Yeoh Chong Keat, who is the Independent Non-Executive Chairman of the Group. The composition of the NC can be found on Page 4 of the AR 2021 under Corporate Information. The TOR of the NC was reviewed by the NC and approved by the Board on 24 February 2021. The TOR of the NC can be viewed at the Company’s website at www.advancecon.com.my.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 5.9

The board comprises at least 30% women directors.

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	Currently, our Board members comprise of all male Directors. The Board endeavours to fulfil gender diversity expected by Revised Malaysian Code on Corporate Governance 2021 ("MCCG") on or after 1 June 2023.	
		Nonetheless, the main criteria of the Advancecon Board's candidate is meritocracy based on relevant qualifications, experience, knowledge and expertise that will enhance the Board's value.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 5.10

The board discloses in its annual report the company's policy on gender diversity for the board and senior management.

Application	:	Applied	
Explanation on application of the practice	:		
Explanation for departure	:	The Board is supportive of the recommendation of MCCG to the establishment of boardroom and workforce gender diversity policy. Board targets to appoint at least a female director on or after 1 June 2023.	
		The NC will evaluate, assess and recommend the right candidate to the Board based on the candidates’ competency, skills, character, time commitment, knowledge, experience and other qualities in meeting the needs of the Group. Equal opportunity is given and the Board does not practise discrimination of any form, whether based on age, gender, race and religion throughout the organisation. Nevertheless, the Board will evaluate and match the criteria of the potential candidate as well as considering the boardroom diversity for any new proposed appointment of directors.	
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 6.1

The board should undertake a formal and objective annual evaluation to determine the effectiveness of the board, its committees and each individual director. The board should disclose how the assessment was carried out its outcome, actions taken and how it has or will influence board composition.

For Large Companies, the board engages an independent expert at least every three years, to facilitate objective and candid board evaluation.

<i>Note: For a Large Company to qualify for adoption of this practice, it must undertake annual board evaluation and engage an independent expert at least every three years to facilitate the evaluation.</i>	
Application	: Applied
Explanation on application of the practice	During the FY2021, the NC conducted a formal and objective internal annual assessment of the Board performance as a whole, the Board Committees and individual Directors, based on self and peer assessment which was undertaken internally. The assessment covers the size and composition of the Board as well as skill mix, industry experience, roles and responsibilities, and effectiveness of the Board, Board Committees and individual Directors based on a set of questionnaires and rating system. Below are the criteria used to assess Board, Board Committees and individual Directors respectively during the financial year: (a) Directors' self-assessment • knowledge about the Group's vision and mission; • individual roles, responsibilities and functions including but not limited to participation / deliberation at Board meetings, knowledge about the Group's financial status / performance and the state of affairs of the Group; • competency and contribution. (b) Board and Board Committees' assessment • Board mix authority and composition to function effectively; • quality of information and decision-making process with regards to financial performance and audit, risk management, internal control and communication with stakeholders. The NC has referred to the criteria of "Independence" used in the definition of "independent directors" prescribed under the MMLR and MCCG when assessing the independence of INED.

	The results of the assessments were compiled by the Company Secretary for deliberation and recommendation at the NC meeting and the NC will subsequently table the matter to the Board for their consideration. The Board had undertaken the annual evaluation of themselves, its committees and each individual director for FY2021. The Board was satisfied with the outcome of the evaluation and was of the view that the internal evaluation was adequate to determine the overall effectiveness of the Board and individual Directors. The Board recognises that it is important that all Directors should be able to dedicate sufficient time to the Company to discharge their responsibilities effectively.	
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

The level and composition of remuneration of directors and senior management take into account the company's desire to attract and retain the right talent in the board and senior management to drive the company's long-term objectives.

Remuneration policies and decisions are made through a transparent and independent process.

Practice 7.1

The board has remuneration policies and procedures to determine the remuneration of directors and senior management, which takes into account the demands, complexities and performance of the company as well as skills and experience required. The remuneration policies and practices should appropriately reflect the different roles and responsibilities of non-executive directors, executive directors and senior management. The policies and procedures are periodically reviewed and made available on the company's website.

Application	:	Applied
Explanation on application of the practice	:	The RC is authorised by the Board to establish a formal and transparent procedure for developing a policy on Executive Directors' remuneration. The Board believes in a remuneration policy that fairly supports the Directors' responsibilities and fiduciary duties in steering the Group to achieve its long-term goals and enhance shareholders' value. The Board offers a competitive remuneration package in order to attract, develop and retain talented individuals to serve as Directors. The RC's principal objective is to evaluate, deliberate and recommend to the Board a remuneration policy for the Executive Directors that is fairly guided by market norms and industry practice. The RC also recommends the Executive Directors' remuneration and benefits based on their individual performances and that of the Group. The determination of the remuneration for INED is a matter of the Board as a whole. The level of remuneration for INED reflects the amount paid by other comparable organisations, adjusted for the experience and levels of responsibilities undertaken by the particular INED concerned. The remuneration package of INED will be a matter to be deliberated by the Board, with the Director concerned abstaining from deliberations and voting on deliberations in respect of his individual remuneration. The aggregate annual Directors' fees and other benefits payable are to be approved by shareholders at the Annual General Meeting ("AGM") based on recommendations of the Board.

	The remuneration components of key Senior Management shall consist of basic salary, performance-based bonus, benefits-in-kind and other incentives (where applicable). The remuneration of key Senior Management is determined at a level which enables the Company to attract, develop and retain high performing and talented individual with the relevant experience, level of expertise and skills.	
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

The level and composition of remuneration of directors and senior management take into account the company's desire to attract and retain the right talent in the board and senior management to drive the company's long-term objectives.

Remuneration policies and decisions are made through a transparent and independent process.

Practice 7.2

The board has a Remuneration Committee to implement its policies and procedures on remuneration including reviewing and recommending matters relating to the remuneration of board and senior management.

The Committee has written Terms of Reference which deals with its authority and duties and these Terms are disclosed on the company's website.

Application	:	Applied
Explanation on application of the practice	:	In line with the best practices of MCCG, the Board has set up a RC which comprises exclusively of INEDs in order to assist the Board for determining the remuneration of Directors' and Senior Management. Amongst the RC's functions and duties outlined in its TOR are: (a) To provide assistance and implement the Company's policies and procedures on remuneration including reviewing and recommending matters relating to remuneration and key performance indicators of the Directors and Senior Management. (b) To ensure the Group's remuneration package and key performance indicators are appropriately established after taking into account the demands, complexities and performance of the Company as well as skills and experience required and are aligned with our Group's vision, values and business objectives, market trends and information sources on the rates of salary for similar jobs in selected group of comparable companies. (c) To ensure a fair differential between the remuneration of Directors and Senior Management and other levels of management is maintained. (d) To review and determine the benefits in kind for the Directors and Senior Management. (e) To provide assistance to the Board on matters relating to, amongst others, and ensure alignment of management grievances pertaining to compensation, compensation strategy, management development and other compensation arrangements in line with market practice.

	The present members of the RC are as follows: • Fathi Ridzuan bin Ahmad Fauzi, Chairman (INED) • Yeoh Chong Keat, Member (Independent Non-Executive Chairman) • Mohd Zaky bin Othman, Member (INED) The TOR of the RC was reviewed by the RC and approved by the Board on 24 February 2021. The TOR of the RC can be viewed at the Company's website at www.advancecon.com.my.	
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 8.1

There is detailed disclosure on named basis for the remuneration of individual directors. The remuneration breakdown of individual directors includes fees, salary, bonus, benefits in-kind and other emoluments.

Application	:	Applied
Explanation on application of the practice	:	The details of the Directors' Remuneration on a named basis and paid by the Company and its subsidiaries (including the components of directors' fees, salary, bonus, benefits in-kind and other emoluments) during the FY2021 were disclosed in the Corporate Governance ("CG") Overview Statement on page 27 of the AR.

No	Name	Directorate	Company ('000)							Group ('000)						
			Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total	Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total
1	Yeoh Chong Keat	Independent Director	97,200	Input info here	Input info here	Input info here	Input info here	5,000	102,200	97,200	Input info here	Input info here	Input info here	Input info here	5,000	102,200
2	Dato' Phum Ang Kia	Executive Director	Input info here	Input info here	1,083,600	45,500	Input info here	104,984	1,234,084	Input info here	Input info here	1,083,600	45,500	Input info here	104,984	1,234,084
3	Lim Swee Chai	Executive Director	Input info here	Input info here	885,600	37,250	Input info here	76,546	999,396	Input info here	Input info here	885,600	37,250	Input info here	76,546	999,396
4	Ir. Yeo An Thai	Executive Director	Input info here	Input info here	732,596	29,900	Input info here	146,658	909,154	Input info here	Input info here	732,596	29,900	Input info here	146,658	909,154
5	Tung Kai Hung	Executive Director	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	422,400	17,950	Input info here	57,125	497,476
6	Mohd Zaky Bin Othman	Independent Director	69,600	Input info here	Input info here	Input info here	Input info here	5,000	74,600	69,600	Input info here	Input info here	Input info here	Input info here	5,000	74,600
7	Fathi Ridzuan Bin Ahmad Fauzi	Independent Director	69,600	Input info here	Input info here	Input info here	Input info here	5,500	75,100	69,600	Input info here	Input info here	Input info here	Input info here	5,000	75,100 re

Intended Outcome

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

Practice 8.2

The board discloses on a named basis the top five senior management's remuneration component including salary, bonus, benefits in-kind and other emoluments in bands of RM50,000.

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	Disclosure on the remuneration of the top five Senior Management in the bands of RM50,000 is not provided in the CG Overview Statement of the Company's AR. However, the remuneration of the Executive Directors has been disclosed in the CG Overview Statement of the AR. At this juncture, the Board is of the opinion that the disclosure on the remuneration of the top five Senior Management on a named basis would not be in the best interest of the Group due to confidentiality and sensitivity concerns as well as the issue of competition and staff poaching. The Board will ensure that the remuneration of the Senior Management commensurate with their duties and responsibilities and the performance of the Company. Based on the above rationale, the Company is not in favour of disclosing the remuneration of the top five Senior Management on a named basis
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

No	Name	Position	Company					
			Salary	Allowance	Bonus	Benefits	Other emoluments	Total
1	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.
2	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.
3	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.
4	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.
5	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.

Intended Outcome

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

Practice 8.3 - Step Up

Companies are encouraged to fully disclose the detailed remuneration of each member of senior management on a named basis.

Application	:	Not Adopted
Explanation on adoption of the practice	:	

No	Name	Position	Company ('000)					
			Salary	Allowance	Bonus	Benefits	Other emoluments	Total
1	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
2	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
3	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
4	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
5	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here

Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations.

The company's financial statement is a reliable source of information.

Practice 9.1

The Chairman of the Audit Committee is not the Chairman of the board.

Application	:	Applied	
Explanation on application of the practice	:	The roles of the Chairman of the Board and the Chairman of the AC are assumed by different Directors. The Chairman of the Board is Mr. Yeoh Chong Keat while the Chairman of the AC is En. Mohd Zaky Bin Othman.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 9.2

The Audit Committee has a policy that requires a former partner of the external audit firm of the listed company to observe a cooling-off period of at least three years before being appointed as a member of the Audit Committee.

Application	:	Applied	
Explanation on application of the practice	:	None of the members of the AC was a former audit partner during FY2021.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 9.3

The Audit Committee has policies and procedures to assess the suitability, objectivity and independence of the external auditor to safeguard the quality and reliability of audited financial statements.

Application	:	Applied
Explanation on application of the practice	:	The role of the AC in relation to the external auditors, Messrs Crowe Malaysia PLT ("EA") is found in the AC Report included in the AR. Management maintains a transparent working relationship with EA in seeking professional advice and ensuring compliance with the applicable accounting standards. The AC will meet with EA without the presence of Management to ensure that the independence and objectivity of EA are not compromised and matters of concerns expressed by the AC will be raised at that meeting. In November 2021, EA presented the Audit Planning Memorandum ("APM") to the AC and they have given written assurance and confirmation 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. Prior to the re-appointment of EA for the forthcoming AGM, the AC had undertaken an annual assessment of the quality of audit which encompassed the performance of EA, the quality of their communications with the AC and the Company and their independence, objectivity and professionalism. After the review, the AC was satisfied with the suitability of EA based on their quality of audit, performance, competency and sufficiency of resources the external audit team provided to the Group. The AC was also satisfied that the provision of the non-audit services provided by EA to the Company for the FY2021 did not in any way impair their objectivity and independence as external auditors of the Company. Having taken into consideration of the above, the Board, through the AC opined that the EA are independent and suitably qualified to act.
Explanation for departure	:	

Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.

Measure	:		
Timeframe	:		

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 9.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

Application	:	Adopted
Explanation on adoption of the practice	:	The AC consists of three members, who are all Independent Non-Executive Directors ("INED"). The members of the AC are as follows: • Mohd Zaky Bin Othman, Chairman (INED) • Yeoh Chong Keat, Member (INED) • Fathi Ridzuan Bin Ahmad Fauzi, Member (INED) All the three INED have satisfied the independence test based on the criteria set out in the MMLR. The TOR of the AC was reviewed by the AC and approved by the Board on 24 February 2021. The TOR of the AC can be viewed at the Company's website at www.advancecon.com.my.

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 9.5

Collectively, the Audit Committee should possess a wide range of necessary skills to discharge its duties. All members should be financially literate, competent and are able to understand matters under the purview of the Audit Committee including the financial reporting process.

All members of the Audit Committee should undertake continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules.

Application	:	Applied
Explanation on application of the practice	:	Members of the AC are financially literate and have diverse background and collectively, possess a wide range of necessary skills to discharge their duties to be able to understand matters under the purview of the AC including the financial reporting process. During the year, members of the AC were guided on the key audit matters, significant audit issues highlighted in the Audit Planning Memorandum and briefed by the external auditors on financial reporting and other updates. The Quarterly Interim Financial Reports are briefed to the members of the AC, discussed and deliberated amongst the members before the said Report was recommended to be tabled to the Board for approval. The AC members had attended training programmes to keep abreast of relevant industry issues, market development and trends including accounting and auditing standards to enable them to sustain their active participation in the functions of the AC. Details of the training and seminars attended by the Directors during FY2021 are set out in the CG Overview Statement on page 26 of the AR.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		

Measure	:		
Timeframe	:		

Intended Outcome

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

Practice 10.1

The board should establish an effective risk management and internal control framework.

Application	:	Applied
Explanation on application of the practice	:	The Board recognises the importance of a sound system of risk management and internal control to safeguard shareholders' investment and the Group's assets. The Board acknowledges its primary responsibility to ensure that risks in the Group are identified, measured and managed with appropriate system of risk management and internal controls, and to ensure that the effectiveness, adequacy and integrity of the risk management and internal control systems are reviewed on an on-going basis. The Group has in place an on-going process for identifying, evaluating and managing significant risks that may affect the achievement of business objectives for the year and up to the date of this report. The top risks are reported to the Board on regular basis for their deliberation. The RMSC continuously evaluates and monitors the significant risks relevant to the Group, appraises and assesses the efficacy of controls implemented to mitigate those risks through a formalised monitoring and reporting process. Reviews are conducted by the RMSC on a regular basis with additional reviews as and when required. Internal control and risk-related matters which require the attention of the Board were recommended by the RMSC to the Board for its deliberation and approval and matters or decisions made within the RMSC's purview were escalated to the Board for its notation. An overview of the state of risk management and internal control within the Group governed by the Risk Management and Internal Control Framework is set out in the Statement on Risk Management and Internal Control ("SORMIC") of the AR.
Explanation for departure	:	

Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.

Measure	:		
Timeframe	:		

Intended Outcome

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

Practice 10.2

The board should disclose the features of its risk management and internal control framework, and the adequacy and effectiveness of this framework.

Application	:	Applied	
Explanation on application of the practice	:	The features of the Group's risk management and internal control framework, and the adequacy and effectiveness of this framework are disclosed in the SORMIC on pages 30 to 32 of the AR.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

Practice 10.3 - Step Up

The board establishes a Risk Management Committee, which comprises a majority of independent directors, to oversee the company's risk management framework and policies.

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

Companies have an effective governance, risk management and internal control framework and stakeholders are able to assess the effectiveness of such a framework.

Practice 11.1

The Audit Committee should ensure that the internal audit function is effective and able to function independently.

Application	:	Applied	
Explanation on application of the practice	:	The Board had outsourced the internal audit function to an independent professional service firm, namely, Sterling Business Alignment Consulting Sdn Bhd which provides an independent assurance to the Board on the efficiency, effectiveness and adequacy of the Group’s system of internal controls. The internal audit functions are carried out in accordance to the risk based internal audit plan approved by the AC. The internal audit plan is developed taking into consideration the Group’s latest risk register, risk matrix, business environment, activities, and concerns of the Management and the Board. The Internal Auditors reports directly to the AC. Further details of the internal audit activities are set out in the AC Report on pages 43 to 44 and the SORMIC on pages 30 to 32 of the AR. The appointment of the internal auditor was reviewed by the AC annually and endorsed by the Board. The Internal Auditors have unrestricted access to the AC, Board and management. The internal audit personnel constantly keep themselves abreast with developments in the profession, relevant industry and regulations through attendance at conferences/trainings.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome

Companies have an effective governance, risk management and internal control framework and stakeholders are able to assess the effectiveness of such a framework.

Practice 11.2

The board should disclose—

- whether internal audit personnel are free from any relationships or conflicts of interest, which could impair their objectivity and independence;
- the number of resources in the internal audit department;
- name and qualification of the person responsible for internal audit; and
- whether the internal audit function is carried out in accordance with a recognised framework.

Application	:	Applied
Explanation on application of the practice	:	In accordance with the Internal Audit Charter (Section 5. Independence & Objectivity), Internal Auditors are required to confirm to the AC, at least annually, the organisational independence of the internal audit activity. The Group's internal audit function is outsourced to professional service firm Sterling Business Alignment Consulting Sdn Bhd ("Internal Auditors" or "Sterling"). Internal Auditors ensures adequate number of personnel to conduct the review. Sterling had confirmed that they are independent and free from any relationship or conflict of interest with the Group. The personnel of the Internal Auditors are free from any relationships or conflicts of interest which could impair their objectivity and independence. For the Financial year under review, the following Internal Auditors have led the reviews respectively. - Ms. So Hsien Ying, a Certified Internal Control Professional (US), Master in Business Administration (Finance) (Hull), BSc Economics (Hons) (London), permanent member of The Internal Control Institute (US), Member of Malaysian Alliance of Corporate Directors and Associate Member of The Institute of Internal Auditors Malaysia (IIAM) with 27 years of experience in business process improvement, internal control review, internal audit and risk management. - Ms. Yap Sau Peng, a member of Malaysian Institute of Accountant, Certified Member of The Institute Internal Auditors Malaysia, Certified Practicing Accountant (CPA) (Australia) and Master in Business Administration (Australia) with 19 years of experience in business process improvement, internal control review, internal audit and risk management. - Mr. Cheng Chean, a member of Malaysian Institute of Accountant and a Certified Member of Institute of Internal Auditors Malaysia (CMIIA). He is also a Fellow Chartered

	Certified Accountant (FCCA). Mr. Cheng has 15 years of hand on experience in the fields of External Audit, Internal Audit and Internal Control Review. The number of resources of Sterling deployed for each internal audit review ranges from 2 to 5 audit personnel per visit. The staff involved in the internal audit reviews possesses professional qualifications and/or university degree. Majority of the staff are members of The IIAM. The IA review work is reviewed by the respective Manager in charge of the assignment and the Principal. During the year, the internal audit function was carried out in accordance with the Committee of Sponsoring Organizations of the Treadway Commission's ("COSO") Internal Control — Integrated Framework. At the same time, Internal Auditors also refer to the International Standards For The Professional Practice Of Internal Auditing (Standards) as guidance of providing a general framework for performing and promoting a broad range of value-added internal auditing functions.			
Explanation for departure	:			
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>				
Measure	:			
Timeframe	:	<table border="1"> <tr> <td></td><td></td></tr> </table>		

Intended Outcome

There is continuous communication between the company and stakeholders to facilitate mutual understanding of each other's objectives and expectations.

Stakeholders are able to make informed decisions with respect to the business of the company, its policies on governance, the environment and social responsibility.

Practice 12.1

The board ensures there is effective, transparent and regular communication with its stakeholders.

Application	:	Applied
Explanation on application of the practice	:	Advancecon ensures that its communication with the shareholders and various stakeholders is transparent, timely and with quality disclosures. Advancecon also actively engages all its stakeholders through various platforms including the announcements via Bursa LINK, disclosures on Advancecon's website and engagement through the investor relations ("IR") briefings. The Board ensures the Company announces its quarterly results on a timely basis to the shareholders and also make necessary announcement to its stakeholders. Advancecon via its website, includes an IR section which provides all relevant information on the Company and is accessible to the public. This IR section enhances the IR function by including all announcements made by Advancecon. The IR function is established to enable continuous communication between the Company and its stakeholders. The stakeholders are encouraged to channel their enquiries to the respective personal whose name, contact number and e-mail address i.e. investors@advancecon.com.my is provided on Advancecon's website
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

There is continuous communication between the company and stakeholders to facilitate mutual understanding of each other's objectives and expectations.

Stakeholders are able to make informed decisions with respect to the business of the company, its policies on governance, the environment and social responsibility.

Practice 12.2

Large companies are encouraged to adopt integrated reporting based on a globally recognised framework.

Application	:	Not applicable – Not a Large Company	
Explanation on application of the practice	:		
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 13.1

Notice for an Annual General Meeting should be given to the shareholders at least 28 days prior to the meeting.

Application	:	Applied	
Explanation on application of the practice	:	Shareholders were given notice of more than 28 days in respect of the 24th AGM of the Company held on 17 June 2021. The 25th AGM of the Company is scheduled on 16 June 2022 and the Notice for the 25th AGM has been despatched to shareholders of the Company on 29 April 2022 which is more than 28 days prior to the meeting. The additional time given to the shareholders allows them to make the necessary arrangements to attend and participate in person or through their corporate representatives and/or proxies. It also enables the shareholders to consider the resolutions and make an informed decision in exercising their voting rights at the AGM.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 13.2

All directors attend General Meetings. The Chair of the Audit, Nominating, Risk Management and other committees provide meaningful response to questions addressed to them.

Application	:	Applied	
Explanation on application of the practice	:	All the Board members attended the 24th AGM of the Company held on 17 June 2021 and Extraordinary General Meeting (“EGM”) of the Company held on 26 October 2021 The Chairman presides over the AGM and EGM and where appropriate, directs shareholders’ queries to the Chairman of AC, NC and RC respectively during the meetings. The members of Senior Management were also in attendance at the General Meetings to allow shareholders to raise questions and concerns directly to them if required. The Company uploaded the outcome of AGM and EGM on the Company’s website at www.advancecon.com.my as soon as practicable after the conclusion of the said meetings.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 13.3

Listed companies should leverage technology to facilitate—

- voting including voting in absentia; and
- remote shareholders' participation at general meetings.

Listed companies should also take the necessary steps to ensure good cyber hygiene practices are in place including data privacy and security to prevent cyber threats.

Application	:	Applied
Explanation on application of the practice	:	At its virtual 24th AGM held on 17 June 2021 and EGM held on 26 October 2021 respectively, the Company had leveraged technology to facilitate for the conducting of the Remote Participation and electronic voting facilities ("RPV"). The Company's forthcoming 25th AGM scheduled to be held on 16 June 2022 will be conducted on a virtual basis through live streaming and RPV in view of the COVID-19 pandemic so as to ensure the safety of all individuals in accordance with the Guidance on Conduct of General Meetings by Listed Issuers by the SC in July 2021 (as amended from time to time) and the standard operating procedures issued by Majlis Keselamatan Negara or MKN.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 13.4

The Chairman of the board should ensure that general meetings support meaningful engagement between the board, senior management and shareholders. The engagement should be interactive and include robust discussion on among others the company's financial and non-financial performance as well as the company's long-term strategies. Shareholders should also be provided with sufficient opportunity to pose questions during the general meeting and all the questions should receive a meaningful response.

<i>Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to.</i>	
Application	: Applied
Explanation on application of the practice	The 24th AGM was a virtual meeting. The Company had issued the AR 2021 for 24th AGM together with administrative notes which encompassed the guidance on the conduct of the virtual meeting. The shareholders were allowed to submit their questions electronically through the online platform provided by Tricor Investor & Issuing House Services Sdn Bhd (Tricor) via its TIIH Online website at https://tiih.online prior to AGM (from 8 June 2021), or used the query box to transmit questions to the Board via Remote Participation and Voting ("RPV") facilities during live streaming of the AGM. The Chairman of the AGM had also informed the shareholders during the live streaming of the AGM on 17 June 2021 that they could submit their questions and comments to the Board during the AGM via the RPV facilities. In view that shareholders were allowed to submit questions commencing 29 April 2022, they were given sufficient opportunity to pose their questions before the AGM and during the AGM. The Company had ensured that all the questions were answered. Questions received after the close of Q&A session were answered via emails.
Explanation for departure	:
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure	:

Timeframe	:		
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Intended Outcome

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

Practice 13.5

The board must ensure that the conduct of a virtual general meeting (fully virtual or hybrid) support meaningful engagement between the board, senior management and shareholders. This includes having in place the required infrastructure and tools to support among others, a smooth broadcast of the general meeting and interactive participation by shareholders. Questions posed by shareholders should be made visible to all meeting participants during the meeting itself.

<i>Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to. Further, a listed issuer should also provide brief reasons on the choice of the meeting platform.</i>		
Application	:	Applied
Explanation on application of the practice	:	In view of the COVID-19 pandemic, the Company's held its 24th AGM as a virtual general meeting. The RPV facilities provided by Tricor Investor & Issuing House Services Sdn Bhd via its TIIH Online website at https://tiih.online allowed shareholders to pose questions to the Board and Chairman of the AGM via typed text in the query box. At the "Questions and Answers" session in the meeting agenda, the TIIH Online platform had the facilities to live broadcast the questions/remarks and answers; and the shareholders had experienced real time interaction with the Board during the AGM. Questions posed by shareholders had been made visible to all meeting participants during the meeting itself via RPV facilities.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 13.6

Minutes of the general meeting should be circulated to shareholders no later than 30 business days after the general meeting.

<i>Note: The publication of Key Matters Discussed is not a substitute for the circulation of minutes of general meeting.</i>		
Application	:	Applied
Explanation on application of the practice	:	Minutes of the 24 th AGM held on 17 June 2021 and EGM held on 26 October 2021 have been made available to shareholders no later than 30 business days after the AGM and EGM on its Company's website at www.advancecon.com.my .
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES PURSUANT CORPORATE GOVERNANCE GUIDELINES ISSUED BY BANK NEGARA MALAYSIA

Disclosures in this section are pursuant to Appendix 4 (Corporate Governance Disclosures) of the Corporate Governance Guidelines issued by Bank Negara Malaysia. This section is only applicable for financial institutions or any other institutions that are listed on the Exchange that are required to comply with the above Guidelines.

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