

# Annual Report & CG Report

## ADVANCECON HOLDINGS BERHAD

Annual Report for Financial Year Ended 31 Dec 2023

Subject Annual Report & CG Report - 2023

Please refer attachment below.

### Attachments

- [Advancecon - CG Report 2023 \(to Bursa\).pdf](#)  
1.1 MB
- [Advancecon - AR 2023 \(to Bursa\).pdf](#)  
1.4 MB

Announcement Info	
Company Name	ADVANCECON HOLDINGS BERHAD
Stock Name	ADVCON
Date Announced	30 Apr 2024
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Reference Number	DCS-29042024-00088

# ADVANCECON

## ADVANCECON HOLDINGS BERHAD

(Registration No. 199701011469 (426965-M))

ANNUAL REPORT 2023



# 27<sup>th</sup> ANNUAL GENERAL MEETING

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## 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 <https://tiih.online> or <https://tiih.com.my>.

## DATE & TIME

10.00 a.m. Thursday, 13 June 2024





# ABOUT ADVANCECON

[www.advancecon.com.my](http://www.advancecon.com.my)



## PURPOSE

Transforming nations by building strong foundations for a better future.



## VISION

A global infrastructure and earthwork contractor.










## MISSION

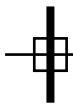
Nurture industry leaders to build the foundations that connect people and transform nations.



## CORE VALUE

-  **Always take Ownership**
-  **Deliver WOW**
-  **Value and Driven by Professionalism**
-  **Appreciate and Recognize**
-  **Nurture for Growth**
-  **Commitment, Competency & Consistency**
-  **Engineerise Innovation**

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# CORPORATE INFORMATION

## BOARD OF DIRECTORS

### YEOH CHONG KEAT

Independent  
Non-Executive Chairman

### DATO' PHUM ANG KIA

Executive Director and  
Group Chief Executive Officer

### TUNG KAI HUNG

Executive Director

### MOHD ZAKY BIN OTHMAN

Independent  
Non-Executive Director

### JANANEE PRIYA A/P GOPAL

Independent  
Non-Executive Director  
(Appointed on 1 October 2023)

## AUDIT COMMITTEE

Mohd Zaky Bin Othman (*Chairman*)  
Yeoh Chong Keat  
Jananee Priya A/P Gopal  
(Appointed on 1 October 2023)

## REMUNERATION COMMITTEE

Jananee Priya A/P Gopal (*Chairperson*)  
(Appointed on 1 October 2023)  
Yeoh Chong Keat  
Mohd Zaky Bin Othman

## NOMINATION COMMITTEE

Yeoh Chong Keat (*Chairman*)  
Mohd Zaky Bin Othman  
Jananee Priya A/P Gopal  
(Appointed on 1 October 2023)

## RISK MANAGEMENT AND SUSTAINABILITY COMMITTEE

Jananee Priya A/P Gopal (*Chairperson*)  
(Appointed on 1 October 2023)  
Tung Kai Hung  
Lim Kok Tiong  
(Appointed on 23 November 2023)  
Roger Chin Chew Choy  
(Appointed on 23 November 2023)

## COMPANY SECRETARIES

Tan Tong Lang  
(SSM PC No. 202208000250/  
MAICSA 7045482)  
Thien Lee Mee  
(SSM PC No. 201908002254/  
LS0010621)  
Low Ven Sin  
(SSM PC No. 202208000340/  
MAICSA 7076080)

## REGISTERED OFFICE

B-21-1, Level 21, Tower B  
Northpoint Mid Valley City  
No. 1, Medan Syed Putra Utara  
59200 Kuala Lumpur  
W.P. Kuala Lumpur  
Telephone no.: 03-9770 2200  
Facsimile no.: 03-2201 7774

## 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

Messrs. UHY (AF 1411)  
Chartered Accountants  
Suite 11.05, Level 11  
The Gardens South Tower  
Mid Valley City  
Lingkaran Syed Putra  
59200 Kuala Lumpur  
W.P. Kuala Lumpur  
Telephone no.: 03-2279 3088  
Facsimile no.: 03-2279 3099

## PRINCIPAL BANKERS

Alliance Bank Malaysia Berhad  
Ambank(M) Berhad  
Bank of China (Malaysia) Berhad  
CIMB Bank Berhad  
Hong Leong Bank Berhad  
HSBC Bank Malaysia Bhd  
Public Bank Berhad  
United Overseas Bank (Malaysia) Berhad

## SHARE REGISTRAR

Boardroom Share Registrars Sdn Bhd  
11<sup>th</sup> 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 LISTING

Main Market of Bursa Malaysia Securities  
Berhad  
Construction  
Stock Code.: ADVCON  
Stock No.: 5281

## DATE & PLACE OF INCORPORATION

9 April 1997, Malaysia

## WEBSITE

[www.advancecon.com.my](http://www.advancecon.com.my)

## LISTING DATE

10 July 2017

## REGISTRATION NO.

199701011469 (426965-M)



# CORPORATE STRUCTURE

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## ADVANCECON

### ADVANCECON HOLDINGS BERHAD

(Registration No. 199701011469 (426965-M))





# DIRECTORS' PROFILE



📍 Malaysian    👤 Male    📅 66 years old

## YEOH CHONG KEAT

Independent Non-Executive Chairman

### 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 (2) 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 ("PFA") 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 ("Archer"), 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.

**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:

- AbleGroup Berhad

### Declaration:

- Does not have any family relationship with any Directors and/or major shareholders
- No conflict of interest or potential conflict of interest, including interest in any competing business that the person has with Advancecon Holdings Berhad or its subsidiaries
- 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

# DIRECTORS' PROFILE

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📍 Malaysian    👤 Male    📅 66 years old

## DATO' PHUM ANG KIA

Executive Director and Group Chief Executive Officer

### 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.

Advancecon Sdn Bhd was incorporated 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 a public listed company on the Main Market of Bursa Malaysia.

**Date of Appointment:** 09 April 1997

**Directorships of other Public Listed Companies:**  
NIL

### Declaration:

- He is a major shareholder of the Company
- Does not have any family relationship with any Directors and/or major shareholders
- No conflict of interest or potential conflict of interest, including interest in any competing business that the person has with Advancecon Holdings Berhad or its subsidiaries except by virtue of being the father of Phum Boon Lim, who is the shareholder of a company in the similar business
- 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

# DIRECTORS' PROFILE



Malaysian



Male



61 years old



## TUNG KAI HUNG

Executive Director

### 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 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 Director, Commercial 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.

**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 or potential conflict of interest, including interest in any competing business that the person has with Advancecon Holdings Berhad or its subsidiaries
- 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

# DIRECTORS' PROFILE

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📍 Malaysian    👤 Male    📅 67 years old

## MOHD ZAKY BIN OTHMAN

Independent Non-Executive Director

### Working Experience:

En. Mohd Zaky began his career as an Accounts Executive in 1985 and was working in 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.

**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 or potential conflict of interest, including interest in any competing business that the person has with Advancecon Holdings Berhad or its subsidiaries
- 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



# DIRECTORS' PROFILE



📍 Malaysian    👤 Female    📅 44 years old

## JANANEE PRIYA A/P GOPAL

Independent Non-Executive Director

### Working Experience:

Jananee Gopal is our newly appointed Independent Non-Executive Director and her appointment to our Board was effective 1 October 2023.

She graduated with an LL.B (Honours) degree from Northumbria University, United Kingdom in 2006 and was called to the Bar at Lincoln's Inn, United Kingdom in 2008. Upon her return to Malaysia she completed her pupillage and was admitted as an Advocate and Solicitor of the High Court of Malaya in 2008.

Jananee Gopal began her practice as a legal associate with Messrs. Chellam Wong and became a partner in 2014. She has fifteen years of experience in civil and corporate litigation. In pursuit of unlocking her full potential, she started her own practice in the year end of 2017 and continues to be an active civil and corporate litigator.

**Date of Appointment:** 01 October 2023

### Academic / Professional Qualifications:

- LL.B (Honours) degree from Northumbria University, United Kingdom (2006)
- Barrister-at-Law, at Lincoln's Inn, United Kingdom (2008)

### 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 or potential conflict of interest, including interest in any competing business that the person has with Advancecon Holdings Berhad or its subsidiaries
- 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

# PROFILE OF KEY SENIOR MANAGEMENT

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## Lim Kok Tiong

Director - Infrastructure and Highway

📍 Malaysian    👤 Male    📅 51 years old



Lim Kok Tiong, is our Director - Infrastructure and Highway. He is responsible for overseeing the execution of all Infrastructure and Highway construction projects undertaken by our Group. He is a visionary and strategic leader with more than twenty years of working experience in project management within the construction industry. Throughout his career, he has a proven track record of driving growth, improving operational efficiency, and delivering exceptional results that contributed to the achievements and successes of the Group.

With a deep understanding of market trends and customer needs, he has well leveraged his talent for identifying and capitalizing on growth opportunities. He has successfully led cross-functional teams to develop and implement effective strategies that have resulted in significant revenue growth and market share expansion. Within the organization, he is known to be a collaborative and inspiring leader, with a talent for building high-performing teams.

He holds first-class honours degree in Civil and Structural Engineering from University Kebangsaan Malaysia which he was conferred in 1998. Subsequently, he continued to obtain a Master of Business Administration from University of Lincoln, United Kingdom in 2002.

He began his career as an Engineer where he was involved in the design of building structure specifically on steel works projects. Subsequently, he joined Gabungan Cekapbina Sdn Bhd to build his career honed towards project management. Thereafter, he joined Advancecon Sdn Bhd in 2006 as a project manager and continue his career path development as a Director of Infrastructure and Highway in 2022.

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 or potential conflict of interest, including interest in any competing business that the person has with the Company. He 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 2023.

# PROFILE OF KEY SENIOR MANAGEMENT

## Puah Kian Yiew

Director – Earthworks

📍 Malaysian    👤 Male    📅 48 years old



Puah Kian Yiew, is our Director – 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 in 2000 where he was responsible for supervising on-site construction activities. In 2006, he left Gabungan Cekap Sdn Bhd 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 reorganization exercise undertaken whereby he assumed the role of Project Manager and continue his career path development as a Director of Earthworks in 2022.

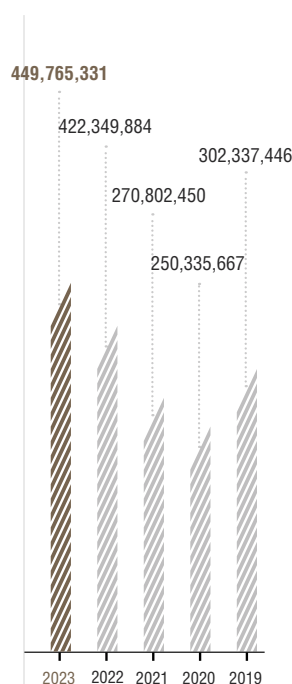
Presently, he does not hold any directorship in any public listed companies. He does not have any family relationship with any Directors and/or major shareholders of the Company. He has no conflict of interest or potential conflict of interest, including interest in any competing business that the person has with the Company. He 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 2023.

# FINANCIAL HIGHLIGHTS

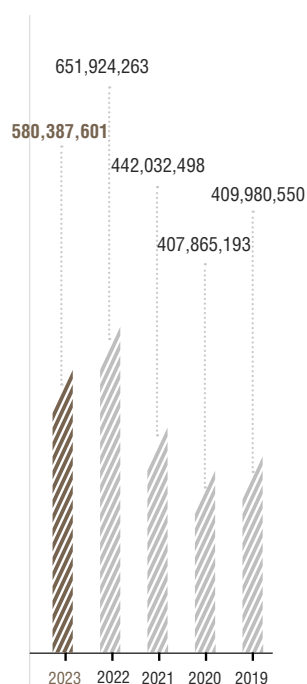
15

Financial year ended 31 December	2023 RM	2022 RM	2021 RM	2020 RM	2019 RM
<b>Profitability</b>					
Revenue	449,765,331	422,349,884	270,802,450	250,335,667	302,337,446
(Loss) / Profit before taxation	(42,938,782)	(19,183,688)	3,976,529	6,646,265	16,280,429
(Loss) / Profit after taxation attributable to:					
Owner of the Company	(34,292,692)	(23,358,610)	2,049,957	2,101,045	10,825,180
<b>Key Balance Sheet Data</b>					
Total assets	580,387,601	651,924,263	442,032,498	407,865,193	409,980,550
Total equity	176,155,766	207,237,066	215,575,390	187,560,712	191,925,420
Shareholders' equity	179,146,042	192,216,780	215,575,390	187,560,712	191,925,420
Total Borrowings	216,136,019	255,501,142	126,119,548	133,151,034	128,506,997
Issued share capital (unit)	584,731,900	492,756,000	492,756,000	405,075,000	403,928,000
<b>Share information</b>					
Net (loss) / earnings per share (sen)	(6.20)	(4.83)	0.50	0.53	2.69
Net assets per share attributable to owners of the Company (RM)	0.31	0.39	0.44	0.46	0.48
Gearing ratio (times)	1.21	1.33	0.59	0.71	0.67
Return on equity (%)	-19%	-12%	1%	1%	6%

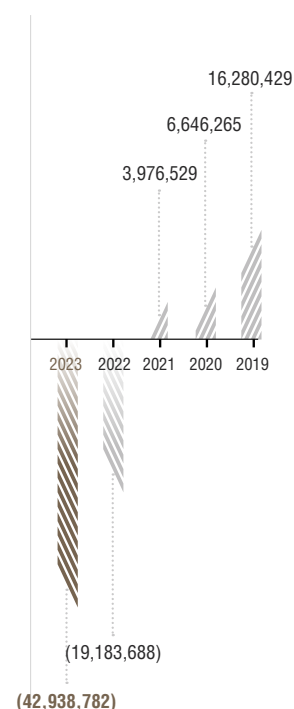
**REVENUE  
(RM)**



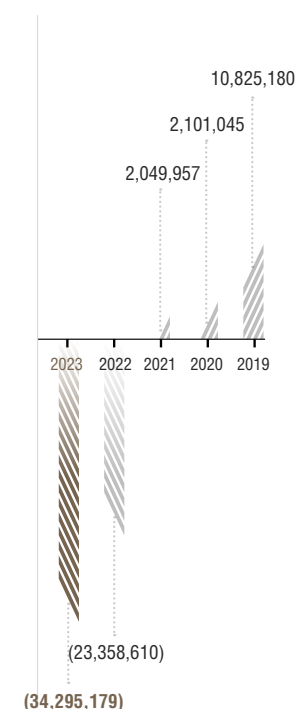
**TOTAL ASSETS  
(RM)**



**(LOSS) / PROFIT  
BEFORE TAXATION**



**(LOSS) / PROFIT AFTER  
TAXATION ATTRIBUTABLE TO:  
OWNER OF THE COMPANY**





# MANAGEMENT DISCUSSION & ANALYSIS

## Dear shareholders,

On behalf of the Board of Directors (“Board”) of Advancecon Holdings Berhad (“ADVANCECON” or “Group”), it is my privilege to present the financial statements and Annual Report for the financial year ended 31 December 2023 (“FY2023”).

Although Malaysia began the transition to the endemic phase of Covid-19 in April 2022, the lingering effects of the pandemic were still significant economic disruptors. ADVANCECON faced challenges in the operating environment, including prolonged geopolitical tensions leading to supply chain disruptions, higher diesel costs and global inflationary pressures.

Despite these constraints, the Group demonstrated resilience, evidenced by progress on ongoing projects and continued success in securing new contracts from repeat clients.

In FY2023, we embarked on new initiatives, notably the development of Silver Valley Technology Park (“SVTP”) in Perak as well as a public-private-partnership project involving Centralised Labour Quarters (“CLQ”) through a collaboration with the Perak State Development Corporation (Perbadanan Kemajuan Negeri Perak, “PKNPK”). These endeavours build upon our existing expertise in earthworks and civil engineering services, and represent strategic expansions for sustainable growth.

## BUSINESS OVERVIEW

ADVANCECON is a construction firm with a robust history spanning more than 30 years, specializing in the delivery of earthworks and civil engineering services, primarily focused on infrastructure projects and the development of townships.

The Group’s broad spectrum of expertise in earthworks services encompasses excavation and fill, rock-blasting works, erosion and sediment control planning, soil investigation, as well as compaction and surface finishing processes. Additionally, ADVANCECON boasts vast experience in delivering various civil engineering services, including construction of road, drainage, bridge, water supply, and sewerage system.

Today, ADVANCECON has a solid reputation for providing earthworks and civil engineering services for a wide range of major infrastructure projects, including the Trumpet Interchange and Ecohill Link, which connects to the Lebuhraya Kajang Seremban (“LEKAS”) Highway, South Klang Valley Expressway, Pan Borneo Highway Sarawak, as well as commercial projects including Wenan Iron and Steel Production Complex, and Bintulu Additional Gas Sales Facilities 2 (“BAGSF2”). Ongoing infrastructure projects include West Coast Expressway (“WCE”) and East Cost Rail Link (“ECRL”).

As for township developments, the Group has completed projects for reputable property developers such as S P Setia and Sime Darby. These projects encompass prominent developments such as Eco Majestic, Bandar Setia Alam, Setia EcoHill, Setia Eco Gardens, Eco Grandeur, and Tropicana Aman. The Group has ongoing works for Serenia City, Bandar Bukit Raja 2 and 3, Bandar University Pagoh, Sierra Alam and Gamuda Gardens Park.

In 2022, ADVANCECON expanded its portfolio into the quarry operation business through a 51.0% acquisition of Spring Energy Resources Berhad (“SERB”), a quarry operator. SERB is an integrated quarry operation management and service provider involved in contract quarry operations, provision of marketing and management of quarry products, related advisory services, as well as the undertaking of quarry-related earthworks and civil engineering works.



# MANAGEMENT DISCUSSION & ANALYSIS

In addition, the Group announced a public-private-partnership with PKNP in 2022 to initiate a pilot project to develop the state's first CLQ with the aim of supporting the state's industrialisation and economic development. ADVANCECON will contribute the necessary technical expertise to reduce the risk of CLQ implementation. This pilot project has the capacity to house up to 368 workers and will serve as a model for future pilot projects with the aim to accommodate 12,000 workers over a period of five years.

Besides, ADVANCECON's wholly owned subsidiary, Advancecon Solar Sdn Bhd, invests in, develops, and operates solar and other renewable energy projects, including the rooftop solar projects under Net Energy Metering (NEM) scheme and fourth cycle of the large-scale solar programme. Venturing into the green energy business aligns with the Group's commitment to sustainability and provides a steady stream to supplement our core business in earthworks and civil engineering.



**ADVANCECON PROJECT HAS THE CAPACITY TO HOUSE UP TO 368 WORKERS AND WILL SERVE AS A MODEL FOR FUTURE PILOT PROJECTS WITH THE AIM TO ACCOMMODATE 12,000 WORKERS OVER A PERIOD OF FIVE YEARS.**



**ADVANCECON'S WHOLLY OWNED SUBSIDIARY, ADVANCECON SOLAR SDN BHD, INVESTS IN, DEVELOPS, AND OPERATES SOLAR AND OTHER RENEWABLE ENERGY PROJECTS.**



# MANAGEMENT DISCUSSION & ANALYSIS

## OPERATIONS REVIEW

In FY2023, ADVANCECON maintained our focus on delivering earthworks, civil engineering works, and construction related services while concurrently developing the green energy segment.

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

ADVANCECON is steadily advancing ongoing projects in the infrastructure, property development, and industrial segments.

In Peninsular Malaysia, we achieved significant progress in several infrastructure projects, including ECRL and WCE, as well as residential and commercial projects for prominent property developers.

Meanwhile, in East Malaysia, we continued to make progress on infrastructure projects such as the new power plant project from Petros Power Sdn Bhd ("PETROS").

As at the end of the year, we completed a total of five projects, which demonstrated our dedication to successful project delivery.



**IN FY2023, ADVANCECON DEMONSTRATED OUR RESILIENCE AND COMPETITIVENESS BY CLINCHING SEVEN NEW CONTRACTS TOTALLING RM223.8 MILLION FOR EARTHWORKS AND INFRASTRUCTURE PROJECTS ACROSS SEVERAL STATES.**

**BUSINESS FROM SIME DARBY BERHAD, A RM35.6 MILLION CONTRACT FOR STAGE 3 OF THE BANDAR BUKIT RAJA TOWNSHIP DEVELOPMENT IN KLANG, SELANGOR, AND A RM22.8 MILLION CONTRACT FOR AN INDUSTRIAL PARK DEVELOPMENT IN BANDAR UNIVERSITI PAGOH, JOHOR.**



# MANAGEMENT DISCUSSION & ANALYSIS

- **Secured seven new contracts totalling RM223.8 million**

In FY2023, ADVANCECON demonstrated our resilience and competitiveness by clinching seven new contracts totalling RM223.8 million for earthworks and infrastructure projects across several states.

We are proud to have secured repeat business from Sime Darby Berhad, who entrusted us with two new earthworks contracts, namely a RM35.6 million contract for Stage 3 of the Bandar Bukit Raja township development in Klang, Selangor, and a RM22.8 million contract for an industrial park development in Bandar Universiti Pagoh, Johor. The multiple wins reflect our commitment to delivering projects on time and with high standards.

Additionally, Advancecon Infra Sdn Bhd, our wholly owned subsidiary, bagged a contract worth RM86.0 million from Perbadanan Kemajuan Negeri Selangor ("PKNS") for earthworks and associated works for Sierra Alam (Phase 1) in Section U10, Shah Alam, Selangor. We are seeing strong business opportunities from ongoing and future projects in the state.

Besides, our 51% owned subsidiary, Spring Energy Sdn Bhd ("SESB") completed a contract worth RM11.5 million from China Communications Construction (ECRL) Sdn Bhd ("CCC") as the subcontractor for the construction and completion of subgrade earthworks within KPC Depot Station and OCC Area, Section 5 in September 2023.

Subsequently, SESB secured repeat business from CCC for the construction and completion of a stone crushing plant at its Gombak factory and Serendah, for a sum of RM7.8 million and another contract for Subgrade Earthworks at ECRL Section 5 Kuantan for a sum of RM14.7 million in November 2023. In addition, SESB accepted business from CCC worth RM21.1 million as the subcontractor for the construction and completion of subgrade earthworks at Section 8 Gombak in early January 2024.

Furthermore, we continue to establish a firm foothold in East Malaysia. Our associate company, Advancecon (Sarawak) Sdn Bhd, was awarded a RM45.4 million earthworks contract by PETROS. This is the Group's second project in the oil and gas industry, at a higher value compared to the first earthworks project, a RM18.7 million contract from Petrofac Engineering Services (Malaysia) Sdn Bhd.

As at 31 December 2023, the Group's total outstanding order book amounted to RM475.7 million, predominantly from Peninsular Malaysia, providing earnings visibility for at least 24 months.



**AS AT 31 DECEMBER 2023, THE GROUP'S TOTAL OUTSTANDING ORDER BOOK AMOUNTED TO RM475.7 MILLION, PREDOMINANTLY FROM PENINSULAR MALAYSIA, PROVIDING EARNINGS VISIBILITY FOR AT LEAST 24 MONTHS.**





# MANAGEMENT DISCUSSION & ANALYSIS

- **Collaboration with Perak State to initiate a pilot project for Centralised Labour Quarters**

In FY2023, ADVANCECON completed the upgrades of Blocks A and B of the first phase of CLQ at Asrama Murni on 9 October 2023 and 14 April 2023 respectively. As at 31 December 2023, Block B is fully accommodated with 152 employees from Carsem (M) Sdn Bhd, the local subsidiary of a multinational corporation. The Group will continue efforts to secure more occupants for Block A.

- **Execution of solar project**

Following the successful bid for the development of Large Scale Solar Photovoltaic Plant of 26 MW at Kuala Langat (“LSS4 Project”) in August 2021 and a four-year extension to the Power Purchase Agreement with Tenaga Nasional Berhad in August 2022, the Group is able to optimize its returns over the next 25 years.

In March 2023, the Group secured 80% project financing of 15 years for the development of LSS4 Project, with the remaining 20% equity financed. As at December 2023, the Group had completed 90% of the LSS4 Project, and expects to achieve commercial operation in the second quarter of 2024.



- **Health, Safety, and Environment (HSE) Achievements**

In January 2024, Advancecon Infra Sdn Bhd received recognition as an “Excellent Subcontractor for HSE Management” from CCC for our contributions to the ECRL works in 2023.

Additionally, in March 2024, Advancecon (Sarawak) Sdn Bhd was awarded the Certificate of Registration for the ISO 45001:2018 Occupational Health and Safety System. This certification acknowledges our adherence to rigorous safety standards in the provision of project management services for building construction and infrastructure works.

# MANAGEMENT DISCUSSION & ANALYSIS

## FINANCIAL OVERVIEW

In the year under review, the Group witnessed a 6.5% increase in revenue to RM449.8 million from RM422.3 million a year ago, driven by higher progress works in our projects and revenue from the quarry segment.

The construction and support services segment remained the primary revenue contributor, accounting for 60.8% of total revenue. However, the segment's revenue declined by 3.2% to RM273.3 million from RM282.2 million in the previous year, mainly due to the completion of certain projects and the lower contribution from newly secured projects, which were still at the initial stages of construction progress.

Within the construction services segment, revenue from civil engineering services rose to RM81.6 million, up 1.1% from RM80.7 million in the previous year, whereas earthworks revenue declined to RM174.5 million from RM191.5 million previously.

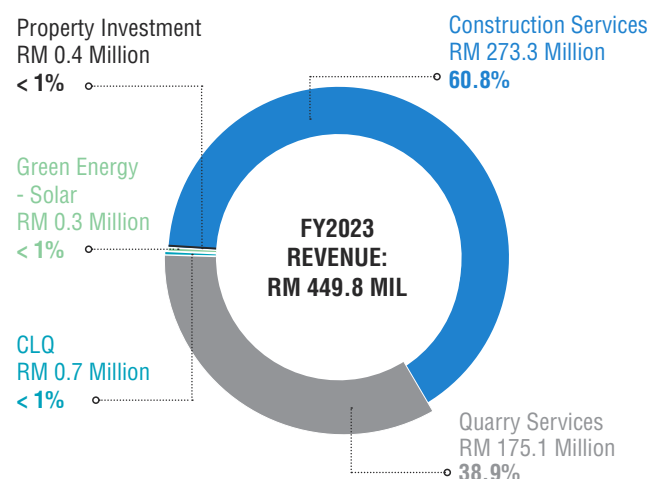
The Group's support services segment, which complements both earthworks and civil engineering services, experienced a 72.0% growth in revenue to RM17.2 million from RM10.0 million previously.

Additionally, the quarry segment contributed RM175.1 million in revenue, making up 38.9% of total Group revenue. Year-on-year, the segment's revenue grew 25.8% to RM175.1 million from RM139.2 million a year ago. The higher revenue achieved was mainly driven by higher production volume, sales volume, selling prices and various projects from CCC.

Meanwhile, the Group's property investment segment decreased to RM0.4 million in FY2023 from RM0.5 million previously, while revenue from the green energy segment revenue decreased to RM0.3 million, down from RM0.4 million a year ago, due to zero contract revenue from Net Energy Metering ("NEM") scheme. In addition, the CLQ segment contributed RM0.7 million in revenue to the Group.

Despite higher revenue, the Group registered lower gross profit of RM0.4 million compared to RM6.5 million in the previous year. This was mainly due to pandemic related disruptions, additional work scope and prolonged completion of the WCE project, which caused non-budgeted and unforeseen additional expenses, as well as significant increase in material prices by at least 30% in the current financial year.

## 2023 REVENUE SEGMENT



**IN THE YEAR UNDER REVIEW, THE GROUP WITNESSED A 6.5% INCREASE IN REVENUE TO RM449.8 MILLION FROM RM422.3 MILLION A YEAR AGO, DRIVEN BY HIGHER PROGRESS WORKS IN OUR PROJECTS AND REVENUE FROM THE QUARRY SEGMENT.**

Consequently, the Group registered a net loss of RM45.9 million in FY2023, versus net loss of RM18.3 million in FY2022. The significant variance between FY2023 and FY2022 is primarily attributed to a one-off gain of RM30.8 million recorded in FY2022 from the early settlement of profit guarantee related to the acquisition of SERB.

The Group's balance sheet remained resilience amid market conditions. Net asset per share amounted to RM0.32 as at 31 December 2023.

Financial Ratio	As at 31 December 2023	As at 31 December 2022
Current Ratio	1.01 times	1.02 times
Gross Gearing	1.21 times	1.33 times
Net Gearing	0.76 times	0.75 times
Total Equity	RM176.2 million	RM207.2 million
Net Asset Per Share	RM0.31	RM0.39

# MANAGEMENT DISCUSSION & ANALYSIS



## MARKET OUTLOOK AND GROWTH STRATEGIES

The Malaysian government's new economic strategy under the MADANI Economy framework aims to drive sustainable economic growth for the next decade. With economic conditions improving, Malaysia is expected to achieve a growth rate of 4% to 5% in 2024.

Additionally, the construction sector is poised for improved performance, supported by the acceleration of ongoing infrastructure and utilities projects. This growth is further bolstered by increasing demand for renewable clean energy amidst decarbonization efforts.

Furthermore, robust growth in the civil engineering and residential building subsectors will play a pivotal role in supporting the recovery of the construction sector. We remain optimistic about the outlook for the construction industry in 2024, buoyed by the anticipated acceleration of progress billings and a gradual rebound in margins. This positivity is further reinforced by increased contract flows from both the public and private sectors.

Moreover, according to the Works Ministry, Malaysia's construction industry is expected to expand by 5% - 6% in 2024, driven by various construction projects including building, road, bridge, and slope construction, as well as maintenance works for the private and government sectors.

To enhance business operations in the upcoming financial year, the Group will implement the following key growth strategies:

- **Capitalizing on Malaysia's infrastructure activity revival**

Malaysia's renewed focus on infrastructure development is creating significant opportunities for expansion and growth in the construction sector. With several large-scale projects experiencing a revival, particularly in rail and road infrastructure, the government's proactive approach will drive momentum in the construction industry and boost economic activity.

We are well-prepared to leverage our expertise and resources to capture these opportunities. By actively participating in tender processes across Peninsular and East Malaysia, we aim to expand our presence and play a key role in the country's development efforts.

- **Developing Silver Valley Technology Park in Kanthan, Perak**

On 8 January 2024, ADVANCECON's wholly owned subsidiary Advancecon Development Sdn Bhd ("ADSB") and Perak Corporation Berhad ("Perak Corp"), a subsidiary of PKNPk, signed a Joint Development Agreement ("JDA") to develop Silver Valley Technology Park ("SVTP") on a 798.32 acre land in Kanthan, Perak. This agreement follows ADSB's appointment as joint venture partner for project development by Perak Corp on 27 November 2023.



# MANAGEMENT DISCUSSION & ANALYSIS

- **Developing Silver Valley Technology Park in Kanthan, Perak (Cont'd)**

SVTP, with an estimated Gross Development Value of RM1.0 billion, is envisioned to become a state-of-the-art industrial park. The inception of SVTP is a collaborative effort, uniting the strengths and visions of ADVANCECON, PKNPk and Perak Corp, embodying a collective aspiration to fulfil the Perak Sejahtera 2030 vision of holistic development of the state.

The project is expected to commence upon the fulfilment of all the conditions precedent of the JDA and span a period of five years, with ADVANCECON entitled to a 65% revenue share based on the net development value. ADVANCECON's extensive expertise across significant development projects positions the Group as an ideal collaborative partner for Perak Corp in advancing the SVTP project.

- **Expanding CLQ development initiative**

Our participation in the CLQ development initiative reflects our dedication to support the rapid industrial growth in Perak, in line with the Perak Sejahtera Development Plan 2030.

The successful implementation of the CLQ pilot project in Asrama Murni, Jelapang will be used as a benchmark model to develop other CLQ projects in other potential areas throughout Perak, particularly around large-scale industrial areas with a high number of foreign workers, such as the Kerian Industrial Estate, Kamunting Industrial Park, Silver Valley Technology Park (SVTP), Kinta District Industrial Area, Tanjung Malim, Bemban Industrial Park, Batu Gajah, and Lumut Maritime Terminal 2 (LMT2) in Manjung and Seri Iskandar.

As the government implements future phases of the CLQ project, we anticipate heightened interest from both international and domestic companies seeking worker accommodation solutions.



- **Pursuing growth in green and sustainable businesses**

The LSS4 Project is an important part of our long-term growth strategy, providing a recurring income stream to complement our project-focused construction business. ADVANCECON prioritizes the commencement of construction and installation for LSS4 Project in 2024.

As the world transitions towards a low-carbon economy, ADVANCECON will continue to pursue new opportunities in sustainable businesses, to assist clients in optimizing their energy usage and reducing their emissions, aligning with the aim of achieving Net Zero Carbon Emission by 2050.

## APPRECIATION

On behalf of the Board, I extend my heartfelt thanks to our shareholders, customers, business associates, bankers, consultants, and dedicated employees for their steadfast support to ADVANCECON during this challenging period. We appreciate your unwavering confidence in us throughout the years.

I would like to express my gratitude to our Board of Directors for their commitment and dedication to the Group. Their efforts have been instrumental in steering the Group through challenges, paving the way for our future growth and success.

ADVANCECON remains committed to exploring opportunities that propel our business forward, leveraging on the robust track record we have cultivated over the years.

Sincerely,

**Dato' Phum Ang Kia**  
Group Chief Executive Officer



# 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 PRACTICES OF THE MALAYSIAN CODE ON CORPORATE GOVERNANCE 2021 ("MCCG") DURING THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 ("FY2023"). 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](http://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 TO 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 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 Board assumes, amongst others, leadership, due care and fiduciary duties under Companies Act 2016 and applicable laws, the following duties and responsibilities:

- i. together with Senior Management, promote good corporate governance culture within the Company which reinforces ethical, prudent and professional behaviour;
- ii. review, challenge and decide on Management's proposals for the Company, and monitor its implementation by Management;
- iii. ensure that the strategic plan of the Company supports long-term value creation and includes strategies on economic, environmental and social considerations underpinning sustainability;
- iv. supervise and assess Management performance to determine whether the business is being properly managed;
- v. ensure there is a sound framework for internal controls, risk management and sustainability;
- vi. understand the principal risks of the Company's business and recognise that business decisions involve the taking of appropriate risks;
- vii. set the risk appetite within which the Board expects Management to operate and ensure that there is an appropriate risk management framework to identify, analyse, evaluate, manage and monitor significant financial and non-financial risks;
- viii. ensure that Senior Management has the necessary skills and experience, and there are measures in place to provide for the orderly succession of Board and Senior Management;

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

### 1. Board Responsibilities (cont'd)

#### a. Roles and Responsibilities (cont'd)

- ix. ensure that the Company has in place procedures to enable effective communication with stakeholders;
- x. ensure the integrity of the Company's financial and non-financial reporting;
- xi. oversee the establishment, maintenance and review of the Company's Anti-Bribery and Corruption Framework;
- xii. oversee all sustainability matters of the Company as part of its corporate governance and risk management functions; and
- xiii. review and approve the Company's disclosures and strategic direction in relation to sustainability matters.

The Chairman is responsible for the leadership of the Board in ensuring the effectiveness of all aspects of its role, and is primarily responsible for leading the Board in setting the values and standards of the Company, the orderly and effective conduct of the meetings of the Board and shareholders, ensuring the provision of accurate, timely and clear information to Directors as well as facilitating the effective contribution of Non-Executive Directors.

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 ("INEDs") 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 INEDs to discharge their duties and responsibilities effectively and to avoid any conflict of interest situations. The INEDs 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. 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")

Each committee operates under clearly defined roles and responsibilities as set out its respective Terms of Reference ("TORs"). 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.

#### c. Support Services

The Board is supported by the Company Secretaries, who are qualified under Section 235 (2) of 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 in accordance with their TOR and best practices in ensuring adherence to the existing Board's 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.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

### 1. Board Responsibilities (cont'd)

#### d. 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 is published on the Company's website at [www.advancecon.com.my](http://www.advancecon.com.my). The Board Charter provides the reference for Directors in relation to the Board's role, powers, duties and functions. It also outlines processes and procedures for the Board to be effective and efficient. The Board Charter is periodically reviewed and updated as and when deemed necessary and upon any new regulations that may have an impact on the discharge of the Board's duties and responsibilities.

#### e. 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 carrying out and their duties and responsibilities to the highest standards of personal and corporate integrity. These would help to prevent misconduct, unethical practices and to support the delivery of long-term sustainable success of the Company. The Code is published on the Company's website at [www.advancecon.com.my](http://www.advancecon.com.my).

#### f. Whistleblowing 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 Whistleblowing 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 property, non-compliance with procedures and sexual harassment.

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 Whistleblowing Policy, underlining its protection and reporting channels, is available on the Company's website at [www.advancecon.com.my](http://www.advancecon.com.my).

#### g. Anti-Bribery and Corruption Policy ("ABAC Policy")

The Board had approved and adopted the ABAC Policy on anti-corruption as guided by the "Guidelines on Adequate Procedures" issued by the Prime Minister's Department to promote better governance culture and ethical behaviour within our Group and to prevent the occurrence of corrupt practices in accordance with the new Section 17A of the Malaysian Anti-Corruption Commission Act 2018 on corporate liability for corruption which came into force on 1 June 2020.

The Directors and employees of the Group are expected to observe high standards of integrity and fair dealings in relation to customers, staff and regulators in the communities within which the Group operates and ensure compliance with all applicable laws, rules and regulations to which the Group is bound to observe in the performance of its duties.

The details of the ABAC Policy are available for reference at the Company's website at [www.advancecon.com.my](http://www.advancecon.com.my).

#### h. Directors' Fit and Proper Policy

Pursuant to Paragraph 15.01A of the MMLR of Bursa Securities, the Board had approved and adopted the Directors' Fit and Proper Policy which sets out the fit and proper criteria for the appointment and re-election of Directors of the Group. This Policy shall serve as a guide to the NC and the Board in their review and assessment of the fitness and propriety of potential candidates for the appointment or re-election of Directors.

The details of the Directors' Fit and Proper Policy are available for reference at the Company's website at [www.advancecon.com.my](http://www.advancecon.com.my).

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

### 2. Board Composition

The current Board composition is in compliance with the Constitution and exceeds the minimum one-third requirement of INEDs as set out in the MMLR. The Directors with their different backgrounds and specialisations, collectively bring with them a wide range of experience and expertise in business activities, accounting, finance, corporate and legal disciplines and their profiles are enclosed from pages 8 to 12 of this Annual Report ("AR").

The INEDs 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 NC will regularly reviews the composition of the Board and its Committees, based on their skills, knowledge, qualities and experience to ensure all matters are reviewed with balance and fairness for the best interests of the Company.

#### a. Balance, Diversity and Skills

The Board acknowledges the importance of boardroom diversity and is supportive of the recommendation of MCCG to the establishment of boardroom and workforce Gender Diversity Policy in 2017. The Board's aim is to have a broad range of approaches, backgrounds, skills and experience represented on the Board and to make appointments on merit, and against objective criteria, with due regard given to the benefits of diversity on the Board, including age, ethnicity and gender by appointing female director to ensure that ADVANCECON retains its competitive advantages.

The Board currently has one (1) female director out of five (5) directors, made up of one Independent Non-Executive Chairman, two Executive Directors and two INEDs. The existing Directors' age distribution falls within the respective age groups and is as follows:

Age Group	40-49	50-59	60 & above
Number of Directors	1	-	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
	1	3	1	0	5	0

#### b. Re-Election and Re-Appointment of Directors

In compliance with the Company's Constitution, all directors shall submit themselves for re-election at least once every three years. Directors appointed during the year are required to retire at the following Annual General Meeting but are eligible for re-election.

The NC will also reviews those Directors who are subject to re-election or re-appointment by giving due regard to his/her performance, knowledge, skills, experience and ability to continuously contribute to the Board and submits its recommendation for shareholders' approval at the AGM.

#### 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.



# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

### 2. Board Composition (cont'd)

#### c. Independence Assessment of Independent Directors (cont'd)

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 MCGG, the tenure of an Independent Director should not exceed a cumulative term of nine years. If the Board intends to retain Independent Non-Executive Directors who have served consecutively or cumulatively more than nine years, it should be subjected to annual assessment by the NC and annual shareholders' approval through a two-tier voting process in a general meeting. The Board shall provide justification on the recommendation to the shareholders for their informed decision making.

For the FY2023, 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 FY2023, nine meetings were held in which the Board deliberated upon and considered various issues including the Groups' financial results, performance of the Group's business, policies and strategic issues affecting the Group's business.

The details of the Board members' attendance recorded during FY2023 are set out as below:

Directors	Attendance in FY2023
Yeoh Chong Keat	9/9
Dato' Phum Ang Kia	9/9
Tung Kai Hung	9/9
Mohd Zaky Bin Othman	9/9
Jananee Priya A/P Gopal (Appointed on 1 October 2023)	2/2
Ir Yeo An Thai (Not being re-elected at the 26 <sup>th</sup> AGM on 29 May 2023)	3/3
Lee Elaine (Resigned on 31 July 2023)	5/6

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 Secretary 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.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

### 2. Board Composition (cont'd)

#### g. Directors' Training

The Board acknowledges the importance of continuous education such as attending and participating in conferences, seminars and training programme in order to broaden their perspectives and to keep abreast of developments in the marketplace. All Directors had attended and completed the Mandatory Accreditation Programme as required pursuant to the Listing Requirements. The Directors are also regularly updated by the Management and Company Secretary of changes in statutory requirements, accounting standards and other relevant laws and regulations, which would enable them to fulfil their responsibilities and discharge their duties.

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

Directors	Training attended
Yeoh Chong Keat	<ul style="list-style-type: none"> <li>National Tax Conference 2023</li> <li>Management of Cyber Risk</li> <li>2024 Budget Seminar</li> <li>Engagement on the AML/ CFT and TFS for DNFBPs and NBFIs Policy Document Review</li> <li>Mandatory Accreditation Programme Part II: Leading for Impact (LIP)</li> </ul>
Dato' Phum Ang Kia	<ul style="list-style-type: none"> <li>Anti Bribery &amp; Corruption (Personal &amp; Corporate Liability) Awareness &amp; Compliance</li> <li>Mandatory Accreditation Programme Part II: Leading for Impact (LIP)</li> <li>Performance Management – Performance Planning</li> <li>Virtual Sustainability Reporting Forum - The Next Wave in Corporate Disclosure</li> <li>What Amounts to a Conflict of Interest by Directors?</li> </ul>
Tung Kai Hung	<ul style="list-style-type: none"> <li>Anti Bribery &amp; Corruption (Personal &amp; Corporate Liability) Awareness &amp; Compliance</li> <li>Introduction of Bursa Carbon Exchange (BCX) &amp; Centralised Sustainability Intelligence Platform (CSIP)</li> <li>Mandatory Accreditation Programme Part II: Leading for Impact (LIP)</li> <li>Performance Management – Performance Planning</li> <li>Virtual Sustainability Reporting Forum - The Next Wave in Corporate Disclosure</li> <li>What Amounts to a Conflict of Interest by Directors?</li> </ul>
Mohd Zaky Bin Othman	<ul style="list-style-type: none"> <li>SCLE Revision: Module 7: Financial Statement Analysis and Asset Valuation</li> <li>Mandatory Accreditation Programme Part II: Leading for Impact (LIP)</li> <li>Audit Committee Conference 2023</li> <li>Virtual Sustainability Reporting Forum - The Next Wave in Corporate Disclosure</li> <li>IIC Corporate Governance Conference 2024 - Countdown to 2030: Investing Towards Sustainable Development in Malaysia</li> </ul>
Jananee Priya A/L Gopal	<ul style="list-style-type: none"> <li>Virtual Sustainability Reporting Forum – The Next Wave in Corporate Disclosure</li> <li>Mandatory Accreditation Programme (MAP)</li> </ul>

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (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 competitiveness, appropriateness and in alignment with the prevalent market practices.

The remuneration package for Executive Directors is 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 INEDs, 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 detailed breakdown of the Directors' Remuneration and other benefits paid (both the Company and the Group) for the FY2023 are as follows:-

Director	Company					Subsidiaries			
	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	101,160	-	-	13,000	-	-	-	-	-
Dato' Phum Ang Kia	-	1,147,200	95,600	16,102	149,879	-	-	-	-
Tung Kai Hung	-	-	-	-	-	556,865	45,900	13,580	50,691
Mohd Zaky Bin Othman	72,480	-	-	13,000	-	-	-	-	-
Jananee Priya A/P Gopal (Appointed on 01 October 2023)	10,710	-	-	3,000	-	-	-	-	-
Ir. Yeo An Thai (Not being elected at the 26 <sup>th</sup> AGM on 29 May 2023)	-	444,431	-	7,495	54,008	-	-	-	-
Lee Elaine (Resigned on 31 July 2023)	36,613	-	-	8,500	-	-	-	-	-

#### 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.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

### 1. Audit Committee (“AC”)

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

- Mohd Zaky Bin Othman, Chairman (INED)
- Yeoh Chong Keat, Member (INED)
- Jananee Priya A/P Gopal, Member (INED) (*Appointed on 1 October 2023*)
- Lee Elaine (INED) (*Resigned on 31 July 2023*)

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:

- (i) to review the nature, scope and results of the external audit,
- (ii) to review the cost of effectiveness, independence and objectivity of the external auditors,
- (iii) to oversee and monitor the Group internal audit functions, and
- (iv) to 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 FY2023 is set out in pages 66 to 67 of this Annual Report.

Through the AC, the Group has established a transparent and appropriate relationship with the Group's auditors. The AC had convened one meeting with the external auditors without the presence of executive directors and officers to discuss the audit process and findings.

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 TORs during FY2023.

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

The AC had on 24 April 2024 undertook an annual assessment of the suitability and independence of the external auditors, Messrs. UHY (“UHY”). Being satisfied with UHY'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 re-appointment of UHY, who have consented to act, as external auditors of the Company for FY2024. The AC was also satisfied that the provision of the non-audit services by UHY for FY2023 did not in any way impair their objectivity and independence as external auditors of the Company. Subsequently, the Board at its meeting concurred with the AC on its recommendation for the shareholders' approval to be sought at the forthcoming AGM on the reappointment of UHY as external auditors of the Company for FY2024.

### b. Assessment of Internal Auditor

The Group has appointed Sterling Business Alignment Consulting Sdn Bhd (“Sterling”) to provide outsourced internal audit function for the Group. Sterling 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.

Activities undertaken by Sterling during the financial year under review as set out as below:-

- (i) Reviewed and approved the Internal Audit Plan for FY2023 proposed by the Internal Auditors to ensure the adequacy of the scope, coverage of works and that it has the necessary authority to carry out its works.
- (ii) Reviewed the Internal Audit Reports together with the recommendations from the Internal Auditors. The AC considered the Internal Auditors' 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.



# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## **PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT (cont'd)**

### **1. Audit Committee ("AC") (cont'd)**

#### **b. Assessment of Internal Auditor (cont'd)**

- (iii) Undertook assessment of the performance of the internal auditors and reviewed its effectiveness of the audit processes.

### **2. Risk Management and Internal Control Framework**

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

The Board fulfils 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 Statement on Risk Management and Internal Control which provides an overview of the state of the internal control and risk management within the Group, is set out in pages 33 to 35 of this Annual Report.

## **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 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. 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 Extraordinary General Meeting and 26<sup>th</sup> AGM of the Company held on 28 February 2023 and 29 May 2023 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 coming 27<sup>th</sup> AGM of the Company and the Chair of AC, NC, RC and RMSC will provide meaningful response to questions addressed to them in compliance with the MCGG.

This Corporate Governance Overview Statement is issued in accordance with a resolution of the Board dated 24 April 2024.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

THE BOARD OF DIRECTORS (“THE BOARD”) IS PLEASED TO PRESENT HERewith THE STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL 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 2023. 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 RESPONSIBILITIES

The Board affirms its responsibility for maintaining a sound and effective system of risk management and internal control frameworks to safeguard the Group’s assets, promote operational efficiency, and ensure compliance with corporate governance, applicable laws and regulations. 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. This is to ensure that:-

- a. the principal risks of the Group which may impede the Group business objectives are identified, evaluated, monitored and managed with an appropriate internal control system;
- b. 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’ interests and the Group’s assets;
- c. proper accounting records are maintained;
- d. financial information is reliable to the public; and
- e. compliance with applicable laws and regulations.

The Board is aware that the risk management and internal control system can only provide reasonable but not absolute assurance against the risks of material errors, misstatement, loss, fraud or occurrences of unforeseeable circumstances.

The Board has delegated and empowered the Audit Committee (“AC”) and Risk Management and Sustainability Committee (“RMSC”) to implement the internal control practices and risk management within the Group. The Board consistently review the adequacy and integrity of the Group’s risk management and internal control system with the assistance of both the AC and RMSC.

The Management is responsible for implementing the Board’s policies and guidelines on risks and controls, identifying and evaluating the risks faced and operating a suitable internal controls system to accomplish the Group’s mission and business objectives.

The Board does not or oversee 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.

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.

## RISK MANAGEMENT PROCESS

The Group adopted the COSO-ERM Intergrated Framework as the Group’s framework in managing the Enterprise Risk Management the Group. The framework is a worldwide recognised comprehensive framework advocated by the Committee of Sponsoring Organizations of the Treadway Commission (“COSO”) to manage risks in an increasingly turbulent, unpredictable business landscape.

The Group’s risk management practice is benchmarked against ISO31000:2018 Risk Management – Principles and 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 with the Group’s management organisational structure and business objective.

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.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

## RISK MANAGEMENT PROCESS (CONT'D)

During the financial year under review, there were no significant changes in the Risk Management Framework and the Risk Assessment Matrix for Operation and Project Execution 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 and needs in the organisation.

- **Policies and Procedures**

There are policies and procedures in place to ensure the adequacy of internal 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 14001:2015, Environmental Management Systems ("EMS") accreditation for operational purposes. These certifications demonstrate our ongoing commitment to driving excellence and continuous quality improvement.

- **Internal Audit**

The Board recognises that the Internal Audit is an integral part of the governance process of the Group. 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 the 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 their knowledge and skills up-to-date with the constantly technologically changing environment in order to be competent in the industry and in line with the Group's business objectives.

- **Good Corporate Governance Policies**

The Group has implemented Anti-bribery and Corruption Policy and a Whistleblowing 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 FUNCTION

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.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

## INTERNAL AUDIT FUNCTION (CONT'D)

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 Auditor adopt the risk-based internal audit approach by reviewing the latest risk register, and 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 weaknesses identified, recommended action plans, management responses, responsible personnel and deadlines. Follow-up reviews are also carried out to assess the status of implementation of the management action plans, which are based on recommended action plans. The results of these follow-up reviews are also highlighted to the AC during the AC meetings.

For the financial year ended 31 December 2023, the total cost incurred for the outsourced internal audit function was RM40,000.

## ASSURANCE FROM THE MANAGEMENT

In line with the Guidelines, the Group Chief Executive Officer has 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 of Bursa Securities, 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.

AAPG 3 (February 2018) does not require the external auditors to consider whether this Statement covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system including the assessment and opinion by the Board of Directors and Management thereon. Based on the external auditor's 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 internal control system and risk management 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 24 April 2024.



# SUSTAINABILITY STATEMENT



Dear Stakeholders,

The Board of Directors (“Board”) of Advancecon Holdings Berhad and its subsidiaries (“ADVANCECON” or “Group”) is pleased to present the Sustainability Statement of the Group for the Financial Year 2023 (“FY2023” or “2023”). In 2023, we introduced a Sustainability Policy which served to integrate sustainability with a long-term viability of the business. We believe that this integration will lead to value creation and ultimately result in a positive effect on the economic, environment, social and governance of the Group. Several specific disclosures on how the Group has embarked on its journey of sustainability has been adequately outlined in the report which covers those initiatives that have been implemented and achieved in the FY2023; a period from 1 January 2023 to 31 December 2023.

# SUSTAINABILITY STATEMENT

At ADVANCECON, we recognise that sustainability is not just an aspiration, but it is imperative. As a key player in the construction industry, we understand that we significantly impact the environment, society and economy in various ways – both positive and negative. Therefore, we are committed to establishing a system internally to integrate sustainability into every facet of our operations to mitigate the risk of negative sustainability impact. For us, sustainability is not just a checkbox exercise on our corporate agenda, but it is woven into our culture. From our business operation in solar to the communities we serve, we have made sustainability the north star of our business decisions.

We recognise that as stewards of the environment, there is a great need to minimise the ecological footprint of the industry. Therefore, we have implemented the ISO 14001:2015 environmental management system to guide our operations, in particular to Advancecon Infra Sdn Bhd, which is in line with global standards. Besides that, we have also promoted various initiatives including energy-saving and water conservation programmes across all the subsidiaries within the Group.

We recognise our responsibility to the communities in which we operate. Through strategic partnerships and community engagement activities, we have implemented shared value creation through various programmes including blood donation drives, road maintenance work and spending mainly on local suppliers.

As we embark on this sustainability journey, we are confident that with the collective effort of our various teams and committees, we will continue to improve our operations in order to build a more sustainable future for the generations to come.

Sincerely,  
**JANANEE PRIYA A/P GOPAL**  
**CHAIRPERSON OF RMSC**

## INTRODUCTION

This Sustainability Statement (“Statement”) contains an overview of ADVANCECON’s initiatives and practices, highlighting our economic, environmental and relevant social sustainability matters as well as specific disclosures on how the Group has embarked on its journey of sustainability.

As it is the initial Enhanced Sustainability Disclosure for ADVANCECON, the information presented is on a rolling basis approach where the year-over-year (“YOY”) comparison will be disclosed in future reporting cycles. ADVANCECON is committed to a detailed narrative as well as specific disclosures to enable its stakeholders to have a better understanding on sustainability performances and how the Group has continued to make progress on its journey of sustainability management.

## REPORTING SCOPE AND BOUDARY

The scope of this Statement covers the activities and performance of ADVANCECON’s identified material matters as well as relevant sustainability initiatives and practices adopted for the financial year of 1 January 2023 to 31 December 2023 except for Advancecon (Sarawak) Sdn Bhd, a 30% owned associated company.

## REPORTING GUIDELINES AND STANDARDS

This Statement is prepared in accordance with the Bursa Securities’ Main Market Listing Requirements in Relation to Sustainability Reporting Framework, Bursa Malaysia Sustainability Reporting Guide (Third Edition) and the Global Reporting Initiative (“GRI”) Standards. The GRI content index can be found at the end of this Statement from pages 64 to 65.

## REPORT ASSURANCES

This Statement is monitored internally by the Sustainability Working Group (“SWG”) and it is reported to the Group Risk Management and Sustainability Committee (“RMSC”). In strengthening the credibility of this Report, the data and narrative content have been independently reviewed by Sterling Business Alignment Consulting Sdn. Bhd., our appointed internal auditors to ensure key information disclosure is free from any material error. The information provided in this report is presented on a best-effort basis and is subject to further improvement in future reporting cycles.

# SUSTAINABILITY STATEMENT

## FORWARD-LOOKING STATEMENTS DISCLAIMER

Any forward-looking statements made with regard to the operations and plans found in this Statement are based on reasonable current assumptions. The actual results may differ and readers are advised not to place undue reliance on such statements as the business is subject to risk and uncertainties beyond ADVANCECON's control.

## FEEDBACK AND ACCESSIBILITY

We are committed to listening to valued feedback from our stakeholders as part of our efforts to continuously improve our sustainability performance and approach. Any questions, comments or feedback can be channelled to [investors@advancecon.com.my](mailto:investors@advancecon.com.my).

## SUSTAINABILITY APPROACH

In upholding our commitment to sustainability, we have embraced an integrated approach encompassing the relevant Environmental, Social and Governance ("ESG") considerations into ADVANCECON's business strategy planning, business decisions and work practices across the Group's operations.

ADVANCECON focuses on creating value for all stakeholders, investors, employees, suppliers, customers and communities through proactive engagement and continually assessing, adopting and practising effective measures in the management of the Group's risks and opportunities as well as promoting sustainability practices.



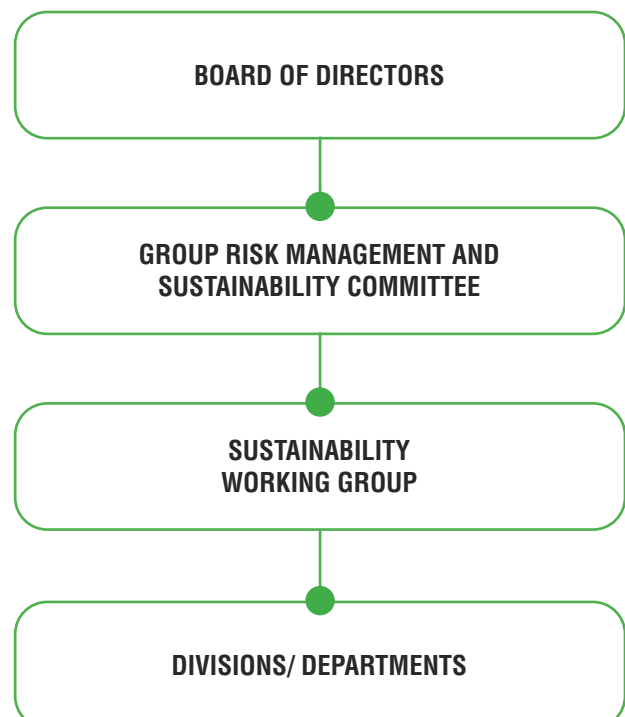
## SUSTAINABILITY GOVERNANCE

The sustainability governance structure at ADVANCECON is overseen primarily by the Board of Directors ("Board") who then decides on strategic directions including how sustainability matters are integrated directly into the Group's operation.

The Board is supported by the RMSC which is chaired by an independent director and comprises of other senior management who report to the Board on sustainability related matters in order for them to make sound business decisions.

The RMSC is supported by a Sustainability Working Group ("SWG") who ensures implementation and conduct of sustainability initiatives which have been agreed by the RMSC. This working group comprises of an interdisciplinary team which includes employees from the Human Resources & Administration Department, Health, Safety & Environmental Department, Project Divisions, Quality & System Department and Finance & Corporate Services Department. The SWG works hand in hand with the Risk Management Working Group.

At the operations level, every department and operation division are required to provide support to the SWG to ensure the implementation of the programmes and initiatives, as well as to incorporate sustainability related matters into the day-to-day operations of the Group.





# SUSTAINABILITY STATEMENT

## **Governance Body**



### **Board of Directors**

#### **Roles and Responsibilities**

- Provide oversight for all ADVANCECON's sustainability operations and strategies.
- Review and approve the Group's disclosures and strategic direction in relation to sustainability matters.
- Periodically evaluate the efficacy of governance over sustainability matters and continuously work towards creating a more robust structure.
- Deliver sustainable value to shareholders and stakeholders through ADVANCECON's sustainability principles, frameworks, policies, objectives and strategies.
- Attend sustainability-related trainings as part of the requirements under the Mandatory Accreditation Programme.

## **Governance Body**



### **Group Risk Management & Sustainability Committee**

#### **Roles and Responsibilities**

- Accountable for overall governance of ADVANCECON's sustainability strategies and performances.
- Oversee and monitor the execution and progress of sustainability processes and activities across ADVANCECON.
- Identify key sustainability risks and opportunities encountered by ADVANCECON and ensure the implementation of appropriate internal controls and mitigating measures to manage such risks and opportunities.
- Review, discuss and provide advice to the Board for approval on ADVANCECON's sustainability strategies and affairs.
- Report the progress and performance of sustainability matters to the Board on a periodical basis.

## **Governance Body**



### **Sustainability Working Group**

#### **Roles and Responsibilities**

- Coordinate and implement sustainability activities that are in line with the strategic direction of ADVANCECON and its policies.
- Direct monitoring of the sustainability performances of ADVANCECON at all levels.
- Prepare the reports for material sustainability matters, sustainability progress, performance indicators and targets and the performance and annual sustainability disclosure.
- Ensure sustainability matters are effectively communicated to all shareholders and stakeholders and maintain stakeholder engagement.

## **Governance Body**



### **Operating Division / Departments**

#### **Roles and Responsibilities**






- Execute and integrate sustainability initiatives of the Group as part of its daily operations.
- Implement the stakeholder engagement effort.



# SUSTAINABILITY STATEMENT



## STAKEHOLDER ENGAGEMENT

ADVANCECON understand that our stakeholders have their significance, interest, impact and influence on our businesses. At ADVANCECON, stakeholder engagement is a critical means to keep our stakeholders informed, to obtain their views, to address their concerns, interests and expectations. ADVANCECON manages the stakeholder's engagement through various existing engagement and communication platforms (formal and informal). This helps to improve our business decision-making process, enable key insights to further improve our business processes, products and service levels and strengthen the relationships with relevant stakeholders for current and future growth. Numerous practices have been adopted to engage stakeholders as summarised in the table below:-

Stakeholders	Topics of Concern	Engagement Methods	Frequency
 <b>Shareholders &amp; investors</b>	<ul style="list-style-type: none"> <li>Sustainable business growth</li> <li>Business &amp; financial performance</li> <li>Risk management</li> <li>ESG practices and commitments</li> </ul>	<ul style="list-style-type: none"> <li>General meetings</li> <li>Annual reports</li> <li>Quarterly financial reports</li> <li>Bursa Announcements</li> <li>Public &amp; media announcements</li> <li>Company websites</li> </ul>	<ul style="list-style-type: none"> <li>Annually</li> <li>Annually</li> <li>Quarterly</li> <li>Ongoing</li> <li>Ongoing</li> <li>Ongoing</li> </ul>
 <b>Board</b>	<ul style="list-style-type: none"> <li>Company direction &amp; strategies</li> <li>Risk management</li> <li>Regulatory compliance</li> </ul>	<ul style="list-style-type: none"> <li>Board meetings &amp; discussions</li> <li>General meetings</li> <li>Company events</li> </ul>	<ul style="list-style-type: none"> <li>Quarterly</li> <li>Annually</li> <li>Ongoing</li> </ul>
 <b>Clients</b>	<ul style="list-style-type: none"> <li>Product &amp; service quality</li> <li>Timely project delivery</li> </ul>	<ul style="list-style-type: none"> <li>Project progress meetings</li> <li>Customer surveys</li> </ul>	<ul style="list-style-type: none"> <li>Monthly</li> <li>Annually</li> </ul>
 <b>Employees</b>	<ul style="list-style-type: none"> <li>Occupational health, safety and well-being</li> <li>Career development &amp; training opportunities</li> <li>ESG and Climate Change Awareness</li> </ul>	<ul style="list-style-type: none"> <li>Face-to-face communication</li> <li>Company events</li> <li>Internal communications (i.e. emails, memorandum from Group Chief Executive Officer)</li> <li>Annual performance appraisals</li> <li>Training &amp; human capital plan</li> <li>Occupational and Safety Committee meetings</li> <li>Health, Safety and Environment ("HSE") walkabouts</li> </ul>	<ul style="list-style-type: none"> <li>Ongoing</li> <li>Ongoing</li> <li>Ongoing</li> <li>Annually</li> <li>Ongoing</li> <li>Ongoing</li> <li>Ongoing</li> </ul>
 <b>Sub-contractors &amp; suppliers</b>	<ul style="list-style-type: none"> <li>Fair &amp; transparent procurement</li> <li>Quality work and ethical practices</li> <li>Timely payment &amp; business continuity</li> </ul>	<ul style="list-style-type: none"> <li>Sub-contractor progress meetings</li> <li>Sub-contractor &amp; supplier annual performance evaluation</li> </ul>	<ul style="list-style-type: none"> <li>Ongoing</li> <li>Annually</li> </ul>

# SUSTAINABILITY STATEMENT

## STAKEHOLDER ENGAGEMENT

Stakeholders	Topics of Concern	Engagement Methods	Frequency
 Regulatory Bodies	<ul style="list-style-type: none"> <li>Regulatory compliance</li> <li>HSE practices</li> <li>Certifications and awards</li> <li>Corporate governance</li> </ul>	<ul style="list-style-type: none"> <li>Annual report</li> <li>Audit, site inspections &amp; visits</li> <li>Online declaration and submissions</li> <li>Dialogues with authorities</li> </ul>	<ul style="list-style-type: none"> <li>Annually</li> <li>Ongoing</li> <li>Ongoing</li> </ul>
 Community	<ul style="list-style-type: none"> <li>Employment opportunities</li> <li>Health &amp; safety of the community</li> <li>ESG initiatives</li> </ul>	<ul style="list-style-type: none"> <li>Corporate social responsibility programmes</li> <li>Company website</li> </ul>	<ul style="list-style-type: none"> <li>Ongoing</li> <li>Ongoing</li> </ul>

## MATERIALITY ASSESSMENT

In understanding our sustainability reporting, we have defined a list of sustainability matters which is deemed to be important to our organisation as well as that of the stakeholders (“material” or “material matters”). This analysis is vital to allow us to identify, assess and prioritise issues which are relevant to ADVANCECON and the stakeholders.

In defining what are material matters to the Group, reference is made to the Bursa Malaysia’s Sustainability Reporting Guide 3<sup>rd</sup> Edition, Bursa Malaysia Materiality Toolkit and the Global Reporting Initiative (“GRI”). ADVANCECON undertaken materiality assessment exercise to identify material matters that have significant impact to stakeholders and our business.

This exercise is vital to identify, assess and prioritise sustainability concerns that are relevant to ADVANCECON and its related stakeholders. They are put through a rigorous internal process from being vetted based on current priorities or latest trends relating to sustainability issues as well as stakeholders’ concerns and expectations. This materiality assessment exercise follows an established, structured three-phase approach, as provided below:

In FY2022, ADVANCECON had identified a total of nine (9) material matters which covered customer satisfaction, corporate governance and ethics, business growth and expansion, occupational health and safety, environmental management system, waste disposal, employee diversity and equal opportunity, human capital management and society contributions.

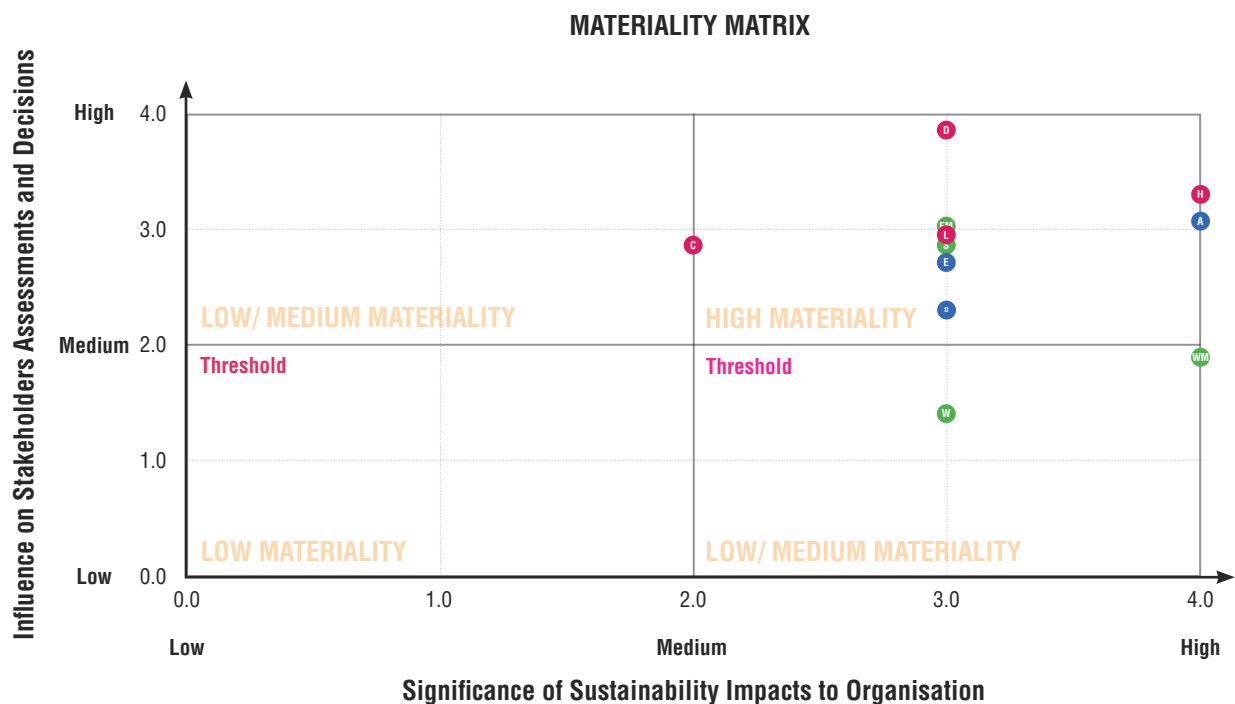
Whereas in FY2023, a total of eleven (11) relevant sustainability matters were mapped out with eight (8) identified as material sustainability matters including Anti-Corruption, Diversity, Energy Management, Health & Safety, Labour Practices & Standards, Supply Chain Management, Data Privacy and Security and Emission Management as shown in the tables see next page. The prioritisation was made based on the impact of the sustainability matter on ADVANCECON and its importance to the relevant stakeholders.



# SUSTAINABILITY STATEMENT

## IDENTIFICATION PRIORITITION VALIDATION REPORTING

This year, we have identified the following materiality matters and the result of this assessment is mapped out in a materiality matrix to illustrate the level of importance each materiality matter is towards the stakeholders and ADVANCECON.



Environmental Performance	Social Compliance	Good Governance Practices
<ul style="list-style-type: none"> <li>EM Energy Management</li> <li>E Emission Management</li> <li>W Water</li> <li>WM Waste Management</li> </ul>	<ul style="list-style-type: none"> <li>D Diversity</li> <li>H Occupational Safety &amp; Health</li> <li>L Labour Practices &amp; Standards</li> <li>C Community/ Society</li> </ul>	<ul style="list-style-type: none"> <li>A Anti-Bribery &amp; Corruption</li> <li>S Supply Chain Management</li> <li>D Data Privacy &amp; Security</li> </ul>

We will continue to determine if there are any changes to the material matters and whether it requires any change in the organisational strategy to meet those changes. We plan to revisit this during the upcoming year to ensure that all these material matters are up to date with the development and changes in the business and sustainability landscape.

# SUSTAINABILITY STATEMENT

## ENVIRONMENTAL RESPONSIBILITY

### A. ENVIRONMENTAL HEALTH & SAFETY MANAGEMENT SYSTEMS

ADVANCECON is deeply committed to environmental stewardship and addressing our environmental footprint to ensure compliance with environmental regulations. We do this through vigorous environmental monitoring activities including third party testing and evaluation of our environmental impacts. We have also implemented and will continue to implement a range of measures from pollution prevention to efficient management of waste, including scheduled wastes. Specifically, we adhere strictly to regulations governing hazardous and liquid wastes, as outlined in the Environmental Quality (Scheduled Wastes) Regulations 2005, covering substances including used containers and used oils. This commitment to compliance is diligently upheld by all stakeholders, including employers, employees, and subcontractors, across our operations.

In 2022, we have recertified our ISO 14001:2015 Environmental Management System ("EMS"), and in 2023 we continue to maintain the EMS through implementing practices including risk assessments, internal audits and management review processes. In the last audit conducted from 13 to 14 September 2023, there were no non-compliances raised by the external auditors.

ADVANCECON sets and maintains the Corporate Environmental Policy which enables us to:

- (i) Comply with all applicable legislations as far as it is reasonably practicable to minimise the adverse effects on the environment and respect the interests of the surrounding neighbourhood;
- (ii) Develop and foster a strong environmental care culture with a prominent level of awareness;
- (iii) Ensure every employee and interested party conduct themselves in ways consistent with our environmental practices; and
- (iv) Prevent situations of environmental pollution to air, land and / or water through strict conformity to regulatory requirements at all times.

### B. CLIMATE CHANGE & EMISSION

Climate change is a significant challenge to ADVANCECON's business operations as our daily operational activities are heavily dependent on climate. ADVANCECON is cognisant that our course of operations contributes to greenhouse gas ("GHG") emissions which has an impact on the environment, particularly on climate change. In responding to this climate impact, ADVANCECON is committed to managing our emissions in compliance with the regulatory standards and increasing our energy efficiency.

### C. ENERGY AND EMISSION MANAGEMENT

At ADVANCECON, our main energy consumption is from non-renewable fuel which we use for our equipment and machineries. We have implemented various measures to optimize energy consumption, including prudent electricity usage, activating air-conditioning systems closer to business hours, conducting regular maintenance on our heating, ventilation and air-conditioning systems and minimizing lighting during non-business hours. Our approach extends to monitoring and tracking energy consumption meticulously, allowing us to identify opportunities for continual improvement and mitigate emissions into the atmosphere. This proactive stance underscores our dedication to sustainability and regulatory compliance.



# SUSTAINABILITY STATEMENT

## C. ENERGY AND EMISSION MANAGEMENT (CONT'D)

In 2023, we have consumed a total of 3,275,477.30 kWh worth of diesel and a total of 4,051,983.13 kWh of purchased electricity in our operations. Total energy consumption stood at 7,327,460.43 kWh and total GHG emission amounted to 56,286.68 tCO<sub>2</sub>e as shown in the table below:-

Indicator	Unit of Measurement	Performance (Year 2023)
Total Energy Consumption	kWh	7,327,460.43
Total GHG Emission	tCO <sub>2</sub> e	56,286.68

The Emissions Factor used for the reporting of GHG emissions are based on the following:

1. Diesel : US:EPA 2021AR5@2.7325 kgCO<sub>2</sub>e/litre
2. Electricity: MY Energy Commission 2019 Grid EF @ 0.78 kgCO<sub>2</sub>e/kWh.  
(Tool: LCOS SME Carbon Footprint Snapshot)

Moving forward ADVANCECON is planning to explore technology to further improve its business operations and processes in promoting energy efficiency at the same time reducing GHG emission.

ADVANCECON's commitment to promoting renewable energy was witnessed with the Group venturing into solar power generation via its green energy segment under Advancecon Solar Sdn Bhd's subsidiary, LSS TPG Sdn. Bhd. The Group believes that focusing on green energy segment is critical for long-term sustainability.

## D. WATER SECURITY

ADVANCECON acknowledges that clean water is a limited natural resource and it is essential to support the practical needs of society. Hence the Group is adopting water conservation initiatives by using water more efficiently and reducing unnecessary usage including close monitoring of our water consumption to identify wastage for continuous improvement in our operations and identifying alternative sources of water.

Besides the municipal water, ADVANCECON uses diverse water sources such as detention ponds, sediment basins and rainwater to enhance our water supply resilience in supporting our operations.

In FY2023, ADVANCECON's total consumption of water was 306,489 m<sup>3</sup> as shown in the table below: -

Water Withdrawal and Consumption	
Municipal water sources (m <sup>3</sup> )	90,811
Natural water sources (detention pond, sediment basins and rainwater) (m <sup>3</sup> )	215,678
<b>Total Water Withdrawal (m<sup>3</sup>)</b>	<b>306,489</b>

We intend to maintain our existing control for water conservation.



# SUSTAINABILITY STATEMENT

## E. WASTE MANAGEMENT

In our operations, we generate two main categories of waste; scheduled waste, hazardous waste which is categorized and listed in the Environmental Quality (Scheduled Waste) Regulations 2005 and general waste, non-hazardous waste from our daily operations.

ADVANCECON understands the inevitability of waste generation within our business operations which is why we ensure that our waste management and disposal are performed in alignment with the established ISO 14001:2015 EMS. We have implemented various standard operating procedures and guidelines which govern the process of waste management and we are audited on an annual basis during the ISO 14001:2015 EMS.

We are committed to ensuring that our scheduled waste management practices are aligned with legal requirements and the environment management system. We comply with the Environmental Quality (Scheduled Waste) Regulations 2005 which include ensuring that the scheduled waste generated is stored in a designated scheduled waste storage area and is transported and disposed off by a designated contractor which is licenced by the Department of Environment ("DOE").

In 2023, we have generated the following scheduled wastes:-

Waste Code	Type of Scheduled Wastes	Quantity (KG)	
		2022	2023
SW409	Used plastic container, oil-contaminated container	135	370
SW410	Used oil filter, oil-contaminated rags/glove	5,833	5,378
SW307	Oil water mixture	1,360	550
SW305	Used engine oil	47,490	49,750
SW306	Used hydraulic oil	750	2,630

In 2023, we have generated a total of 530.79 MT of waste, consisting of 0.25 MT of waste which are diverted from disposal through various programmes and a total of 530.54 MT of waste which have been diverted to disposal.

Indicator	Unit of Measurement	Performance (Year 2023)
Total Waste Diverted from Disposal	MT	0.25
Total Waste Diverted to Disposal	MT	530.54
TOTAL WASTE GENERATED	MT	530.79

Moving forward, we plan to look into means of reducing the waste that we generate from our operations and also waste entering the landfill. This is because we understand that disposal to landfill is the least preferable method for waste management as it negatively impacts the environment and human health. To meet these plans, we intend to do this by looking into possibilities of implementing initiatives for waste reduction through recycling, waste segregation or through other means available to us.

Through the effective implementation of our ISO 14001:2015 EMS and our internal policies and procedures, we are proud to report no findings from the auditors and no substantiated complaints related to our waste management and disposal approach.

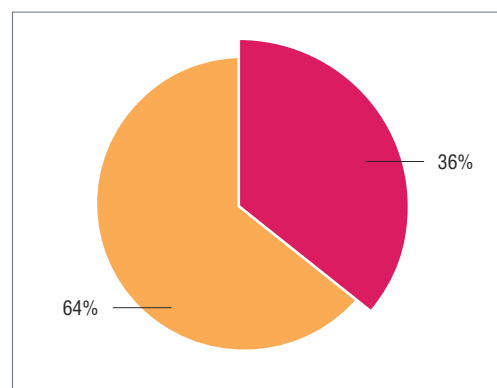
# SUSTAINABILITY STATEMENT

## SOCIAL RESPONSIBILITY

### A. LABOUR PRACTICES AND STANDARDS

At ADVANCECON, our workers are our key resource to ensuring business sustainability and we are committed to ensuring that workers are provided with fair labour practices in line with our local legal requirements across all our operations.

During this reporting period of 2023, we only hired employees directly in our operations. The following table shows the breakdown of employees based on their contract terms:-



Employee Demographics	
Direct Employees – Permanent Contract (%)	36
Direct Employees – Fixed Term Contract (%)	64

In addition, we have provided our employees with a variety of benefits to attract and retain talent. The following is a list of the said benefits:-

#### Medical Benefits

1. Outpatient
2. Group Hospital & Surgical & Group Personal Accident insurance
3. Covid-19 testing and examination
4. Optical benefits

#### Social Benefits

1. Sports Club (festival celebrations, durian parties, cooking competitions, etc)
2. Yoga
3. Zumba events
4. Badminton & Bowling competition
5. Sponsorship of movie ticket

#### Leave(s)

1. Annual Leave
2. Medical Leave
3. Maternity Leave
4. Paternity Leave
5. Unpaid Leave
6. Hospitalisation Leave

#### Training & Upskilling Programmes

1. Teambuilding training
2. Technical & competency trainings
3. Soft-skill trainings
4. On-the-job trainings
5. Tool-box trainings and other short trainings

# SUSTAINABILITY STATEMENT



## SOCIAL BENEFITS

1. Sports Club (festival celebrations, durian parties, cooking competitions, etc)
2. Yoga
3. Zumba events





# SUSTAINABILITY STATEMENT

ADVANCECON also actively promotes non-work related activities with a particular emphasis on sports. Recognizing the positive impact of physical activity on mental health, team dynamics and overall satisfaction, we have integrated various sports initiatives into our corporate culture. In 2023, ADVANCECON organized a Bowling and Badminton Competition by the corporate sports club fostering healthy competition among colleagues and enhancing communication among team members as well as strengthening team spirit.



We have also performed our first teambuilding exercise at Beacon Resort after the Covid-19 pandemic. The objective of the team building was to reconnect and foster better relationship with the team after the hiatus. This allowed our employees to improve communication and trust among the various departments from the headquarters to project site.



# SUSTAINABILITY STATEMENT

## ADVANCECON'S TEAMBUILDING



**CHAMPION**



**1<sup>ST</sup> RUNNER UP**



**2<sup>ND</sup> RUNNER UP**



During this reporting period of 2023, we have not received any substantiated complaints on human rights violations from any of our reporting channels. We consider this as a positive indicator of our commitment to respecting human rights issues in our operation.

Despite this, there is always more room for improvement. Moving forward, we plan to continue our employee satisfaction survey and engagement to ensure that there continues to be no cases of human rights violations.



# SUSTAINABILITY STATEMENT

## B. LEARNING AND DEVELOPMENT

ADVANCECON recognises that a well-trained workforce is paramount. Learning and development continue to be a primary focus of ADVANCECON's human capital investment to ensuring employees are aligned with ADVANCECON's values, attitudes and skills and knowledge, which is crucial in ensuring long-term viability and success of ADVANCECON.

At ADVANCECON, employees undergo a variety of training programmes including on-the-job training, competency training, technical skill workshops and seminars. This multifaceted approach ensures that our team remains equipped with the latest industry knowledge and practices.

Additionally, ADVANCECON believes that it is essential for our employees to be agile, adaptable to changes and being continuous learners to enable them to keep pace with the changing demands of their jobs and stay ahead of competition for sustainable success.

In 2023, we have provided a total of 8,241 hours of training across different employee groups including our management, executive and supervisory, and non-executive and support groups. The following table outlines the summary of the training provided:-

Employee Training	Unit of Measurement	Performance (Year 2023)
Management	Hours	1,242
Executive & Supervisory	Hours	3,087
Non-Executive & Support Group	Hours	3,912
<b>TOTAL TRAINING HOURS</b>	Hours	8,241

## C. RECRUITMENT AND RETENTION

ADVANCECON believes high-performance culture helps organisations achieve high levels of performance and results consistently over time. ADVANCECON views attributes of a high-performance culture as having talented strong leaders, empowered and engaged employees as well as openness to change. Hence, we strive to develop and retain our talents to stay ahead of our competition. Our efforts include providing a safe and conducive work environment to our employees, keeping our employees motivated in delivering our strategy and goals as well as demonstrating inclusion and equality across our human resource management, ranging from hiring to training, upskilling and advancing the careers of our employees.

The table below highlights the total number of employee turnovers by employee category in FY2023.

Employee Turnover	Unit of Measurement	Performance (Year 2023)
Management	Numbers	14
Executive & Supervisory	Numbers	51
Non-Executive & Support Group	Numbers	494
<b>TOTAL EMPLOYEE TURNOVER</b>	Numbers	559

# SUSTAINABILITY STATEMENT

## D. HEALTHY AND SAFETY

At ADVANCECON, utmost priority is placed on employees' health, safety and well-being as we believe in advancing our occupational safety and health ("OSH") management and practices as an integral part of our business culture. While adhering strictly to relevant regulations, ADVANCECON's OSH Policy Statement entails our commitment to upholding workplace safety across our business operations.

We have established an OSH management system to manage the risk of occupational health and safety within our operations based on the ISO 45001:2018 OSH Management System which is an internationally recognised management system framework. This management system is audited on an annual basis by an external party to ensure the continued effective implementation of the management system. Currently, the management system covers only Spring Energy Sdn. Bhd. but despite that the same management system is being implemented across other business units. Our last audit was conducted from 04 September 2023 to 06 September 2023 which covered Spring Energy Sdn. Bhd.'s headquarters including the sampling performed at Semenyih Quarry and Tanjung Premix sites. During the said audit, there were no non-conformities issued.

We undertake safety initiatives and programmes including conducting relevant occupational, safety and health trainings such as Fire Safety and Fire Drill Training, First-Aid Training and Safety Campaigns.

All new employees and subcontractors are required to undergo induction training which covers health and safety requirements and risks related to the business and working environment. This is supplemented with daily toolbox meetings for information sharing and communication of safety and health related matters in order to increase awareness of relevant stakeholders.

To ensure that the management system remains effective, we have competent employees in our operation recognised as first aiders, emergency response teams and safety and health officers. This allows and equips us to react adequately to incidences and emergencies which may arise in our operations.

In addition to planned training, we have also implemented toolbox meetings where we provide training which are relevant to the daily operations including knowledge on using work equipment and risks associated with the daily tasks. These briefings and communications are conducted by the safety personnel in-charge of each respective site.

In 2023, we have conducted trainings for a total of 828 participants.

### Daily Exercises and Toolbox Briefing



### HSE Induction for New staff & Workers



### Monthly HSE Inspection Audit / HSE Management Walkabout



# SUSTAINABILITY STATEMENT

## Monthly HSE Committee Meeting



## HSE Machinery Inspection



## Safety Induction Construction Worker (SICW) Training



Monthly on job training for safety, health and environmental at all project site or office:-

## Fire-fighting Awareness Training (Jan'2023)



## Fire Drill Training at Head Office



## Personnel Protective Equipment Awareness Training (Feb'2023)



## Proper Storage of Oil & Chemical Awareness Training (Feb'2023)





# SUSTAINABILITY STATEMENT

**Chocking First Aid Awareness Training (Mar'2023)**



**Machinery Blindspot Awareness Training (Apr'2023)**



**Schedule Waste Management Awareness Training (Apr'2023)**



**Machinery Safe Operation with Practical Awareness Training (May'2023)**



# SUSTAINABILITY STATEMENT

**Defensive Driving Awareness Training (Jun'2023)**



**Prevention of Water Pollution Awareness Training (Jun'2023)**



**Lightning Safety Awareness Training (Aug'2023)**



**Chemical Safe Handling Awareness Training (Jul'2023)**



**Erosion & Sediment Control Plan (ESCP) Awareness Training (Aug'2023)**





# SUSTAINABILITY STATEMENT

Ergonomic / Manual Handling Awareness Training (Sep'2023)



Traffic Management / Flagman Safety Awareness Training (Oct'2023)



Waste Management (3R) Awareness Training (Oct'2023)



Banksman Awareness Training (Nov'2023)



Working at Height Awareness Training (Nov'2023)



# SUSTAINABILITY STATEMENT

**Hand & Finger Safety Awareness Training (Dec'2023)**



**Proper Method of Re-fuelling Awareness Training (Dec'2023)**



ADVANCECON's management recognises the importance of reporting near-miss or significant safety occurrences and non-lost time injuries as part of our proactive accident prevention initiative and acknowledges the need of encouraging more reporting of these incidents. The management holds ultimate accountability by putting more effort to ensure strict compliance with the legal requirements. The Hazard Identification, Risk Assessment and Incident Investigation is conducted by a competent Safety and Health Officer to ensure that the risk decisions are accurate and our occupational health and safety practices remain effective. We conduct reviews of our health and safety risks when required based on the Hazard Identification, Risk Assessment and Risk Control methodology which is published by the Department of Occupational Safety and Health.

We also implemented a worker participation and consultation programme in the form of an OSH Committee based on legally established frequencies to discuss issues which relate to health and safety at the workplace. During this meeting, the committee will discuss any plans and programmes for the improvement of the management system.

To ensure the effectiveness of this committee, we have provided each member with internal training and communication to allow them to understand the legal requirements related to occupational health and safety, as well as applicable legal requirements.

ADVANCECON monitors and reviews OSH performance as per the table below which summaries the performance in FY2023:-

Indicator	Unit of Measurement	Performance (Year 2023)
Number of Work-Related Fatalities	Case	1
Lost Time Injuries Rate	Hours	17.24
Training on Health & Safety Standards	Number of Employees	828

In FY2023, there was one (1) fatal injury reported under the Quarry segment and the number of lost time injuries involved was seventeen (17) hours. Immediate actions were implemented in addressing the gap identified including revising risk assessments and standard operating procedures, conducting training and briefing to our employees and relevant stakeholders and sharing the information in OSH notice boards around the sites. We will continue to maintain the existing control measures based on the occupational health and safety management system which has been implemented in our operations in an effort to ensuring that the health and safety of our stakeholders are protected.

# SUSTAINABILITY STATEMENT

## E. DIVERSITY AND EQUITY

ADVANCECON acknowledges diversity as a strength. This is in line with ADVANCECON's basic principles of respecting and appreciating each individual regardless of their gender, age and background. Having employees of diverse gender, age group and culture, ADVANCECON seeks to harness diversity to further sharpen its business competitive advantage. The Group offers equal access to opportunities for training and learning and ensures that promotions are accorded fairly and equally based on skills and abilities. All employees are provided with good working environment and relevant tools which enable them to perform their tasks to the fullest of their capabilities.

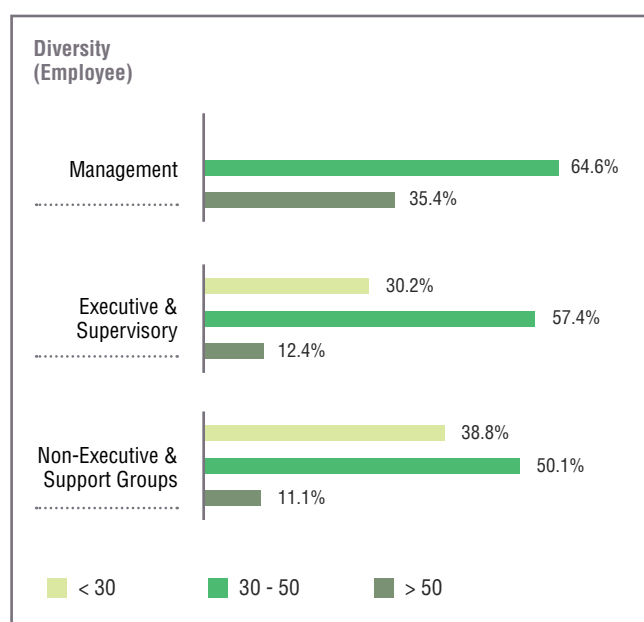
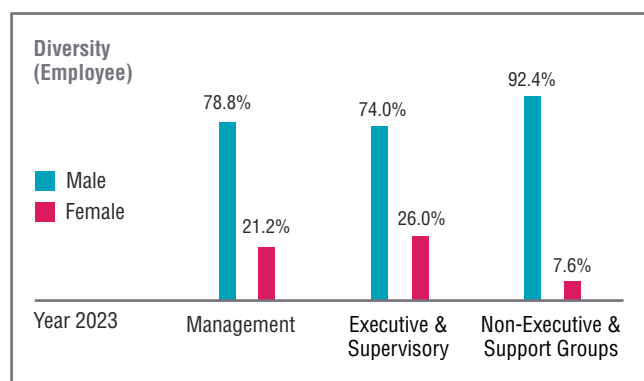
ADVANCECON's performance in diversity in FY2023 is summarized in the table below:

Diversity (Employee)	Gender	Unit of Measurement	Performance (Year 2023)
Management	Male	%	78.8
	Female	%	21.2
Executive & Supervisory	Male	%	74.0
	Female	%	26.0
Non-Executive & Support Groups	Male	%	92.4
	Female	%	7.6

Diversity (Employee)	Age Group	Unit of Measurement	Performance (Year 2023)
Management	< 30	%	0.0
	30 - 50	%	64.6
	> 50	%	35.4
Executive & Supervisory	< 30	%	30.2
	30 - 50	%	57.4
	> 50	%	12.4
Non-Executive & Support Groups	< 30	%	38.8
	30 - 50	%	50.1
	> 50	%	11.1

Diversity (Director)	Gender	Unit of Measurement	Performance (Year 2023)
Director	Male	%	80.0
	Female	%	20.0

Diversity (Director)	Age Group	Unit of Measurement	Performance (Year 2023)
Director	< 50	%	20.0
	50 - 59	%	0.0
	60 - 69	%	80.0
	70 & Above	%	0.0



# SUSTAINABILITY STATEMENT

## F. COMMITMENT TO OUR COMMUNITIES

In today's ever-evolving business landscape, it is important for us to understand the interconnectedness of our operations and the broader ecosystem within which we operate. ADVANCECON is committed to contributing towards the nation's economic growth and well-being of its communities by reaching out to deserving organisations and individuals to lend a helping hand as part of its ESG initiatives.

As with past years, ADVANCECON has been conscientious in the focus on giving back to the local communities where we operate by providing gainful employment to those in need. The challenge remains in retaining and equipping these talents with life skills that enable them to have a more sustainable income.

In 2023, we have performed multiple initiatives to ensure that our communities strive along with our business. We have performed these initiatives based on the request of the respective stakeholders. These include performing financial donations for various activities including sports and school programmes. A list of beneficiaries can be found in the table below:-

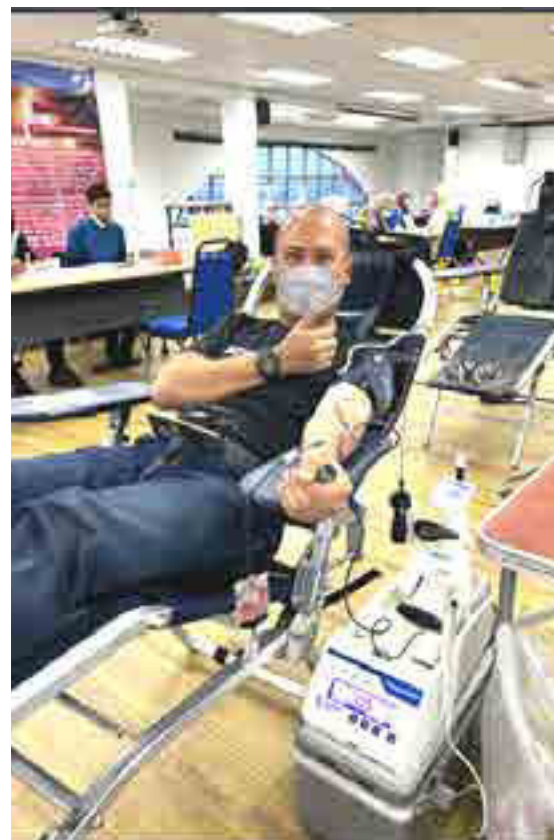
Beneficiary	Event	Amount (RM)
<b>Tabung Jawatankuasa Pembangunan Dan Keselamatan Kampung Persekutuan (JPKKD) Sepang, Selangor.</b>	Programme Kampung Olak Lempit	500.00
<b>Ibu Pejabat Polis Daerah Dungun</b>	Ketua Polis Negara Golf Tournament	1,000.00
<b>SK Chedong Jaya</b>	Study tour for pre-school children	300.00
<b>Badan Kebajikan Social Dan LLM</b>	Programme "Rahman Raya" with orphans	3,000.00
<b>Affected families of Kg Asahan</b>	Engagement event with resident of Kg Asahan due to flood in the Year 2022	25,000.00
<b>Majlis Pengurusan Komuniti Kampung (MPKK) Seri Cheeding, Kuala Langat.</b>	Food distribution within Kampung Seri Cheeding	1,000.00
<b>UOB SHARE THE LOVE <i>United Overseas Bank (Malaysia) Bhd</i></b>	2023 UOB Global Heartbeat Run/ Walk Fundraiser	3,000.00
<b>Persatuan Sukan &amp; Kebajikan Anggota-Anggota Bomba &amp; Penyelamat Negeri Terengganu</b>	Contribution to participate in Bomba Malaysia Sport Day	600.00
<b>Majlis Pengurusan Komuniti Kampung (MPKK) Seri Cheeding, Kuala Langat.</b>	MPKK fund	1,000.00
<b>Majlis Pengurusan Komuniti Kampung (MPKK) Seri Cheeding, Kuala Langat.</b>	Majlis Ihtifal Kampung Jenjarom	1,000.00
<b>TOTAL</b>		<b>RM 36,400.00</b>



# SUSTAINABILITY STATEMENT

We have also engaged in non-financial activities including blood donation drives and employee engagement programmes to give back to our stakeholders, both internally and externally.

A blood donation campaign was organised in collaboration with Pusat Perubatan Universiti Malaya on 14 July 2023 at ADVANCECON's head office. The blood donation drive was a part of the Group's initiative to give back to the community as it strives to actively contribute towards the needs and well-being of the local communities. A total of forty-four (44) participants donated blood and successful donors were presented with a bottle of refreshment as a token of appreciation.



# SUSTAINABILITY STATEMENT

## GOVERNANCE RESPONSIBILITY

### A. ANTI-BRIBERY AND CORRUPTION

At ADVANCECON, corporate governance goes beyond the existing standards and regulations to include ethics, trust and values. This strengthens stakeholder confidence and sets the benchmark of conduct for the entire organisation, as contained in ADVANCECON's Anti-Bribery and Corruption ("ABAC") Policy and Code of Conduct and Ethics Policy.

To reinforce ADVANCECON's strong commitment to its ABAC policy, the Board is responsible for overseeing the establishment, maintenance and review of the Group's Anti-Bribery and Corruption Framework coupled with an internal auditor having the effectiveness of our Anti-Bribery Framework reviewed in Year 2022. The policy is uploaded onto our corporate website and duly shared with the public for awareness purposes. Trainings were organised to reiterate the importance of preventative measures to guard against corruption.

In addition to our efforts to strengthen the control over anti-bribery and corruption, we have established a risk register in addressing all possible corruption risks within our business operations for company-wide adoption. All corruption risks identified are subject to annual review to ensure their relevance. We have also covered the briefing of the ABAC Policy during new employee induction and provided multiple in-house and external party training to our internal employees to help them understand the ABAC Policy and how preventing bribery and corruption will better improve the business.

In FY2023, the percentage of employees who have received training on anti-corruption by employee category is as tabulated below:

Indicator	Employee Category	Unit of Measurement	Performance (Year 2023)
Employee Trained on Anti-Corruption	Management	%	85.0
	Executive & Supervisory	%	94.0
	Non-Executive & Support Group	%	34.4

Moving forward, we will continue to provide trainings for all our internal employees to increase the percentage covered.

We have also continued to maintain our whistleblowing channel which is available to all our stakeholders, including internal employees and external parties to disclose any improper conduct within ADVANCECON to the Chairman of the Audit Committee for investigation and appropriate action. This Whistle Blowing Policy protects the identity and information pertaining to the reporting individual as well as against any form of retaliation.

There were no reports of any bribery or corruption cases through any of our reporting channels including the whistleblowing channel in FY2023.

### B. SUPPLY CHAIN MANAGEMENT

As a responsible corporate citizen and to align with the Government's call to support local entrepreneurs, ADVANCECON acknowledges that local suppliers are highly important to our business. Local suppliers are able to provide us with products and services at a better rate and in a timely manner. In 2023, we have begun to analyse our spending patterns to understand the amount of local business we support. Currently, a total of 84.9 % of our spending is on local suppliers while the other 15.1% are from overseas suppliers.

# SUSTAINABILITY STATEMENT

## C. DATA PRIVACY & SECURITY

Adhering to principles established by international bodies such as the Organisation for Economic Co-operation and Development (“OCED”), we at ADVANCECON strive to ensure our stakeholders feel confident about the privacy and security of personal data held by the Group. Hence, we are committed to a robust management of personal and sensitive data via the adoption and enforcement of Privacy Policy incorporated into our Human Resources Policies and Procedures Manual in line with the Personal Data Protection Act 2010.

In FY2023, there were no reported cases of substantiated complaints concerning breach of customer privacy and loss of customer data.

Moving forward, we shall continue to further enhance our data privacy and security measures through more in-depth employee training and awareness programmes to ensure that employees understand their roles and responsibilities in safeguarding customer data. This includes ensuring that employees are educated on the latest data protection requirements and best practices.

## ESG PERFORMANCE DATA

Environmental Performance	2023
<b>Energy Consumption</b>	
Energy from diesel (kWh)	3,275,477.30
Purchased electricity (kWh)	4,051,983.13
<b>Total Energy Consumption (kWh)</b>	<b>7,327,460.43</b>
<b>Greenhouse Gas Emissions</b>	
Scope 1 emissions (tCO <sub>2</sub> e) – covering diesel and petrol	53,217.38
Scope 2 emissions (tCO <sub>2</sub> e) – covering purchased electricity	3,069.30
<b>Total Scope 1 &amp; 2 Emissions (tCO<sub>2</sub>e)</b>	<b>56,286.68</b>
<b>Water Withdrawal and Consumption</b>	
Municipal water sources (m <sup>3</sup> )	90,811.00
Natural water sources (detention pond, sediment basin, slit traps and rainwater) (m <sup>3</sup> )	215,678.00
<b>Total Water Withdrawal</b>	<b>306,489.00</b>
<b>Waste Management</b>	
Total waste diverted from disposal (MT)	0.25
Total waste diverted to disposal (MT)	530.54
<b>Total waste generated (MT)</b>	<b>530.79</b>

# SUSTAINABILITY STATEMENT

Social Compliance		2023
<b>Occupational Health &amp; Safety Performance</b>		
Number of Work-Related Fatalities (number of cases)		1
Lost Time Injuries Rate (hours)		17.24
Employees trained on health & safety standards (number of employees)		828
<b>Employee Training</b>		
Training Hours – Management (number of hours)		1,242
Training Hours –Executive & Supervisory (number of hours)		3,087
Training Hours – Non-Executive & Support Group (number of hours)		3,912
<b>Total Training Hours (number of hours)</b>		<b>8,241</b>
<b>Employee Demographics</b>		
Direct Employees – Permanent Contract (%)		36
Direct Employees – Fixed Term Contract (%)		64
<b>Gender Demographics</b>		
Director – Male (%)		80.0
Director – Female (%)		20.0
Management – Male (%)		78.8
Management – Female (%)		21.2
Executive & Supervisory – Male (%)		74.0
Executive & Supervisory – Female (%)		26.0
Non-Executive & Support Group – Male (%)		92.4
Non-Executive & Support Group – Female (%)		7.6
<b>Age Demographics</b>		
Director – Below 50 years old (%)		20.0
Director – 50 – 59 years old (%)		0.0
Director – 60 – 69 years old (%)		80.0
Director – 70 and above 70 years old (%)		0.0
Management – below 30 years old (%)		0.0
Management – between 30 to 50 years old (%)		64.6
Management – above 50 years old (%)		35.4
Executive & Supervisory – below 30 years old (%)		30.2
Executive & Supervisory – between 30 to 50 years old (%)		57.4
Executive & Supervisory – above 50 years old (%)		12.4
Non-Executive & Support Group – below 30 years old (%)		38.8
Non-Executive & Support Group – between 30 to 50 years old (%)		50.1
Non-Executive & Support Group – above 50 years old (%)		11.1

# SUSTAINABILITY STATEMENT

Social Compliance	2023
<b>Employee Turnover</b>	
Employee Turnover – Management (number)	14
Employee Turnover – Executive & Supervisory (number)	51
Employee Turnover - Non-Executive & Support Group (number)	494
<b>Total Employee Turnover (number)</b>	<b>559</b>

Good Governance Practices	2023
<b>Anti-Corruption Management</b>	
Operations assessed for corruption risks (%)	100
Number of confirmed cases of corruption (number of cases)	0
Employees trained on Anti-Corruption – Management (%)	85.0
Employees trained on Anti-Corruption – Executive & Supervisory (%)	94.0
Employees trained on Anti-Corruption – Non-Executive & Support Group (%)	34.4
<b>Community &amp; Society</b>	
Amount invested in community (RM)	36,400.00
Beneficiaries of investment (number of groups)	10
<b>Supply Chain Management</b>	
Proportion of spending on local supplies (%)	84.9%
<b>Data Privacy &amp; Security</b>	
Number of substantiated complaints concerning breaches of customer privacy and losses of customer data (number of cases)	0



# SUSTAINABILITY STATEMENT

## GRI CONTENT INDEX

The following information cited in the GRI Content Index below is for the period affecting 1 January 2023 until 31 December 2023 based on GRI Standards:-

GRI Indicator	Content of Disclosure	Page Number(s)
<b>The organisation and its reporting practices</b>		
2-1	Organisational details	6-7
2-2	Entities included in the organisation's sustainability reporting	7, 37
2-3	Reporting period, frequency, and contact point	37, 38, 40
<b>Activities and workers</b>		
2-6	Activities, value chain and other business relationships	18-20
2-7	Employees	46
<b>Governance</b>		
2-9	Governance structure and composition	38-39
2-10	Nomination and selection of the highest governance body	38-39
2-11	Chair of the highest governance body	38
2-12	Role of the highest governance body in overseeing the management of impacts	38-39
2-13	Delegation of responsibility for managing impacts	39
2-14	Role of the highest governance body in sustainability reporting	39
<b>GRI 204: Procurement Practices</b>		
204-1	Proportion of spending on local suppliers	60
<b>GRI 205: Anti-corruption</b>		
205-1	Operations assessed for risks related to corruption	60
205-2	Communication and training about anti-corruption policies and procedures	60
205-3	Confirmed incidents of corruption and actions taken	60
<b>GRI 302: Energy</b>		
302-1	Proportion of spending on local suppliers	61
<b>GRI 303: Water and Effluents</b>		
303-1	Interactions with water as a shared resource	44
303-2	Management of water discharged-related impacts	44
303-3	Water withdrawal	44
<b>GRI 305: Emissions</b>		
305-1	Direct (Scope 1) GHG emissions	61
305-2	Energy indirect (Scope 2) GHG emissions	61

# SUSTAINABILITY STATEMENT

GRI Indicator	Content of Disclosure	Page Number(s)
<b>GRI 306: Effluents and Waste</b>		
306-2	Waste by type and disposal method	45
306-3	Significant spills	45
306-4	Transport of hazardous waste	45
<b>GRI 403: Occupational Health and Safety</b>		
403-1	Occupational health and safety management system	51-56
403-2	Hazard identification, risk assessment, and incident investigation	56
403-4	Worker participation, consultation, and communication on occupational health and safety	56
403-5	Worker training on occupational health and safety	51-56
<b>GRI 413: Local Communities</b>		
413-1	Operations with local community engagement, impact assessment, and development programmes	58-59

# 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 2023 ("FY2023").

## AC COMPOSITION AND ATTENDANCE

The AC comprises of three members and all of whom are Independent Non-Executive Directors ("INEDs"), 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. Jananee Priya A/P Gopal (Member, INED) (Appointed on 1 October 2023)
4. Lee Elaine (Member, INED) (Resigned on 31 July 2023)

In FY2023, the AC met six (6) times and had private discussions with both the External Auditors without the presence of the Executive Directors and the Management. The Executive Directors, General Manager-Finance and Corporate Services, Finance Manager, External Auditors, Internal Auditors and other Board members attended the AC meetings upon invitation, as and when necessary. The attendance record of AC members is as follows:

Name	Meeting attendance
Mohd Zaky Bin Othman	6/6
Yeoh Chong Keat	6/6
Jananee Priya A/P Gopal (Appointed on 1 October 2023)	1/1
Lee Elaine (Resigned on 31 July 2023)	3/4

During the FY2023, 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.

## TORS OF THE AC

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

The TORs of the AC is available for reference on the Company's website at [www.advancecon.com.my](http://www.advancecon.com.my).

## SUMMARY OF ACTIVITIES OF THE AC DURING THE FY2023

During the FY2023, the summary of activities carried out by the AC is 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 FY2023 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.

# AUDIT COMMITTEE REPORT

## 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.
- (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 FY2023 before recommending the same to the Board for approval.
- (d) Had discussions with both the External and Internal Auditors, without Management's presence, on matters pertaining to the audits and the financial statements.
- (e) 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 FY2023, 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 FY2023, 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 pages 24 to 32 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 FY2023, the Internal Auditors have performed the internal audit according to the approved internal audit plan. Internal Audit Reports were issued and tabled at each AC meeting throughout FY2023. The Internal Audit Reports were also issued to the respective operations management, incorporating audit recommendations and Management 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 provided in the Statement on Risk Management and Internal Control, set out in pages 33 to 35 of this Annual Report.

The cost incurred for the internal audit function in respect of the FY2023 was RM40,000 (FY2022: RM28,000).

This report is dated 27 February 2024.



# NOMINATION COMMITTEE REPORT

**THIS REPORT HAS BEEN REVIEWED BY THE NOMINATION COMMITTEE (“NC”) AND APPROVED BY THE BOARD OF DIRECTORS OF ADVANCECON FOR INCLUSION IN THIS ANNUAL REPORT 2023.**

## COMPOSITION OF THE NC

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

Name	Designation	Directorship
Yeoh Chong Keat	Chairman	Independent Non-Executive Chairman
Mohd Zaky Bin Othman	Member	Independent Non-Executive Director
Jananee Priya A/P Gopal (Appointed on 1 October 2023)	Member	Independent Non-Executive Director
Lee Elaine (Resigned on 31 July 2023)	Member	Independent Non-Executive Director

The NC is chaired by Mr. Yeoh Chong Keat, who is an Independent Director, thereby meeting Practice 5.8 of the Malaysian Code on Corporate Governance 2021 that the NC should be chaired by an independent director or the senior independent director.

During FY2023, the NC continued to play a key role in assisting the Board to fulfil its oversight responsibilities, primarily relating to the Board’s composition and appointment of key Senior Management, assessing the effectiveness of the Board and Board Committees. In discharging its responsibilities, the NC is guided by the NC Terms of Reference, which may be reviewed at the Company’s website at [www.advancecon.com.my](http://www.advancecon.com.my).

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

# NOMINATION COMMITTEE REPORT

## SUMMARY OF ACTIVITIES OF THE NC

The NC's key activities throughout FY2023 are summarized below:

### a) Board Effectiveness Evaluation

The annual Board assessment FY2023 was carried out by the NC with the assistance of the Company Secretaries.

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

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

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

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

### b) Re-election of Directors

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

The NC is satisfied with the performances of Dato' Phum Ang Kia, Mohd Zaky Bin Othman and Jananee Priya A/P Gopal. Dato' Phum Ang Kia and Mohd Zaky Bin Othman are retiring pursuant to Clause 125 of the Company's Constitution while Jananee Priya A/P Gopal is retiring pursuant to Clause 130 of the Company's Constitution and they are seeking shareholders' approval for re-election at the Twenty-Seventh (27<sup>th</sup>) Annual General Meeting of the Company. Dato' Phum Ang Kia, Mohd Zaky Bin Othman and Jananee Priya A/P Gopal abstained from deliberations on their own re-elections, where applicable.

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

This Report is dated 27 February 2024.

# STATEMENT OF DIRECTORS' RESPONSIBILITIES

## IN RESPECT OF AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

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 judgements 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.

# ADDITIONAL COMPLIANCE INFORMATION

## 1. UTILISATION OF PROCEEDS FROM CORPORATE PROPOSALS

Save as disclosed below, the Group does 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 Initial Public Offering ("IPO") exercise of RM56.70 million ("IPO Proceeds").

The details of the variations of the IPO Proceeds as at 31 December 2023 are as set out below:-

		Allocation of IPO Proceeds upon listing <sup>(1)</sup> (RM'000)	Allocation of IPO Proceeds upon listing (revised) (RM'000)	Actual utilization of IPO Proceeds (RM'000)	Unutilised IPO Proceeds (RM'000)	Estimated timeframe for utilisation (from the listing date) (RM'000)
	Details of utilisation					
I.	Total Capital expenditures:	29,700	29,190	(16,385)	12,805	Within 90 months <sup>(4)</sup>
	(a) Purchase of new construction machinery and equipment	15,100	15,100	(15,100)	-	Within 24 months
	(b) Construction of new workshop	14,600	14,090 <sup>(2)</sup>	(1,285)	12,805	Within 90 months <sup>(4)</sup>
II.	Repayment of bank borrowings	12,500	12,455 <sup>(2)</sup>	(12,455)	-	Within 6 months
III.	Working capital	10,700	11,255	(11,255)	-	Within 24 months
IV.	Estimated listing expenses	3,800	3,800	(3,800)	-	Upon Listing
	<b>Total</b>	<b>56,700</b>	<b>56,700</b>	<b>(43,895)</b>	<b>12,805</b>	

Notes:-

<sup>(1)</sup> As per IPO Prospectus dated 19 June 2017.

<sup>(2)</sup> On 29 August 2018, the Board announced to re-allocate the utilisation of construction of new workshop and repayment of bank borrowings by RM0.51 million and RM0.05 million respectively to day-to-day working capital expenses for payment to suppliers.

<sup>(3)</sup> 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.

<sup>(4)</sup> On 18 December 2023, the Board announced to further extend the estimate timeframe for the utilisation of the balance IPO proceeds from 78 months to 90 months from date of IPO, up till 10 January 2025.



# ADDITIONAL COMPLIANCE INFORMATION

## Utilisation of proceeds from the Private Placement

On 06 April 2023, the Company successfully raised RM19.78 million from the Private Placement following the listing and quotation of 91,975,900 Placement Shares at an issue price of RM0.2150 per placement share on Main Market of Bursa Securities. The status of the utilisation of proceeds is as follows:-

Utilisation of Proceeds	Proposed utilization RM'000	Actual utilisation of proceeds RM'000	Unutilised proceeds RM'000	Expected timeframe for utilisation
Development of solar photovoltaic energy generating facility	19,665	(19,665)	-	Within 12 months from the receipt of placement funds
Estimated expenses for Private Placement	110	(110)	-	Upon completion of the Private Placement
<b>Total</b>	<b>19,775</b>	<b>(19,775)</b>	<b>-</b>	

Notes:

On 6 April 2023, the Company successfully raised RM19.78 million from the Private Placement following the listing and quotation of 91,975,900 Placement Shares at an issue price of RM0.2150 per placement share on Main Market of Bursa Securities. The Private Placement had lapsed on 2 August 2023, which marks the completion of the Private Placement.

## 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 2023 are as follows:-

Type of fee	Group (RM)	Company (RM)
Audit Fees	330,000	40,000
Non-audit Fees		
- Review of Statement of Risk Management and Internal Control	5,000	5,000
<b>Total</b>	<b>335,000</b>	<b>45,000</b>

## 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.

## 4. EMPLOYEES SHARE OPTION SCHEME ("ESOS")

The ESOS was established on 6 March 2018 and was expired on 5 March 2023. There are no options granted, exercised or outstanding options during the financial year ended 31 December 2023.

## 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 FY2023 is set out on page 169 to 170 of the Annual Report.

# FINANCIAL STATEMENT



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# DIRECTORS' REPORT

The Directors of Advancecon Holdings Berhad hereby present their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2023.

## PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of providing management services, whilst the principal activities of the Group, comprising the Company and its subsidiaries, which involved in construction and support services, property investments, green energy, centralised labour quarter and quarry operations. Details of the principal activities of the subsidiary companies are shown in Note 8.

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

## FINANCIAL RESULTS

The results of the Group and of the Company for the financial year are as follows:

	Group RM	Company RM
Loss for the financial year	45,875,114	1,227,862
Attributable to:-		
Owners of the Parent	34,292,692	1,227,862
Non-controlling interests	11,582,422	-
	45,875,114	1,227,862

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

## RESERVES AND PROVISIONS

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

## DIVIDENDS

There were no dividends proposed, declared or paid by the Company since the end of the previous financial year. The Board of Directors does not recommend any dividend in respect of the current financial year.

## ISSUE OF SHARES AND DEBENTURES

During the financial year, the Company increased its issued and paid-up share capital from RM114,139,592 comprising 492,756,000 ordinary shares to RM133,729,611 comprising 584,731,900 ordinary shares through issuance of 91,975,900 new ordinary shares pursuant to the private placement at an exercise price of RM0.2150 per share.

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

There was no issuance of debentures during the financial year.

# DIRECTORS' REPORT

## TREASURY SHARES

As at 31 December 2023, the Company held as treasury shares a total of 9,381,300 of its 584,731,900 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 25.

## SHARE OPTIONS

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

## Directors

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

Dato' Phum Ang Kia*	
Tung Kai Hung*	
Yeoh Chong Keat	
Mohd Zaky Bin Othman	
Jananee Priya A/P Gopal	(Appointed on 1.10.2023)
Lee Elaine	(Appointed on 3.1.2023, Resigned on 31.7.2023)
Ir. Yeo An Thai	(Not re-elected at the Twenty-Sixth Annual General Meeting held on 29.5.2023)

*\* Director of the Company and of its subsidiary companies*

The Directors who held office in the subsidiary companies (excluding Directors who are also Directors of the Company) in office during the financial year and during the period from the end of the financial year to the date of this report are:

Dato' Yap Soon Huat	
Dato' Chin Han Keat	
Yap Ho Huat	
Ikhlas bin Kamarudin	
Lim Chin Khuan	
Lim Ten Fong	
Lt. Kol. (B) Dato' Haji Nor Hashim bin Abdul Aziz	
Yap Chai Huat	
Yap Yee Huat	
Lim Kok Tiong	
Puah Kian Yiew	
Dato' Neoh Soon Hiong	(Appointed on 27.2.2023)
Choy Jian Tian	(Resigned on 22.9.2023)
Azlan Shah bin Mohd Yusoh	(Resigned on 10.6.2023)

The information required to be disclosed pursuant to Section 253 of the Companies Act 2016 is deemed incorporated herein by such reference to the financial statements of the respective subsidiary companies and made a part hereof.



# DIRECTORS' REPORT

## DIRECTORS' INTERESTS IN SHARES

The interests and deemed interests in the shares of the Company and of its related corporations (other than wholly-owned subsidiary companies) of those who were Directors at financial year end (including their spouses or children) according to the Register of Directors' Shareholdings are as follows:

	< -----	Number of Ordinary Shares		----- >
	At 1.1.2023	Acquired	Disposed	At 31.12.2023
<b>Interests in the Company</b>				
<b><i>Direct Interests:</i></b>				
Dato' Phum Ang Kia	97,563,750	-	-	97,563,750
Tung Kai Hung	9,775,250	-	-	9,775,250
Yeoh Chong Keat	25,000	-	(25,000)	-
<b><i>Indirect Interests:</i></b>				
Dato' Phum Ang Kia*	150,000	-	-	150,000

\* Deemed interests pursuant to Section 59(11)(c) of the Companies Act, 2016 by virtue of his spouse's and/or child's direct interests in the Company.

By virtue of his interests in the shares of the Company, Dato' Phum Ang Kia is also deemed interested in the shares of all the subsidiary companies during the financial year to the extent that the Company has an interest under Section 8 of the Companies Act 2016.

None of the other Directors in office at the end of the financial year had any interest in shares in the Company or its related corporations during the financial year.

## DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the Directors of the Company has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by Directors as disclosed in the Directors' Remuneration of this report) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which he is a member, or with a company in which he has a substantial financial interest, other than Directors who have significant financial interests in companies which traded with certain companies in the Group in the ordinary course of business as disclosed in Note 37(b).

Neither during nor at the end of the financial year, no arrangement subsisted to which the Company was a party whereby Directors of the Company might acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

# DIRECTORS' REPORT

## DIRECTORS' BENEFITS

The details of the Directors' remuneration paid/payable to Directors of the Group and of the Company during the financial year are as follows:

	Group RM	Company RM
Salary and other emoluments	2,327,496	1,726,150
Directors' fees	220,963	220,963
Defined contribution plans	254,578	202,468
	<u>2,803,037</u>	<u>2,149,581</u>

## INDEMNITY AND INSURANCE COSTS

During the financial year, the total amounts 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 RM25,000 respectively. No indemnity was given to or insurance effected for auditors of the Company.

## OTHER STATUTORY INFORMATION

- (a) Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:
- (i) to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and
  - (ii) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including the value of current assets as shown in the accounting records of the Group and of the Company have been written down to an amount which the current assets might be expected so to realise.
- (b) At the date of this report, the Directors are not aware of any circumstances:
- (i) which would render the amounts written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or
  - (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
  - (iii) 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; or
  - (iv) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

# DIRECTORS' REPORT

## OTHER STATUTORY INFORMATION (CONT'D)

- (c) At the date of this report, there does not exist:
- (i) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
  - (ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.
- (d) In the opinion of the Directors:
- (i) no contingent liability or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due; and
  - (ii) the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and
  - (iii) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

## SUBSIDIARY COMPANIES

The details of the subsidiary companies are disclosed in Note 8.

## AUDITORS' REMUNERATION

The auditors' remuneration of the Group and of the Company for the financial year ended 31 December 2023 is RM335,000 and RM45,000.

## AUDITORS

The Auditors, UHY have indicated their willingness to continue in office.

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

**DATO' PHUM ANG KIA**

**TUNG KAI HUNG**

KUALA LUMPUR

24 April 2024

# STATEMENT BY DIRECTORS

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PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

The Directors of Advancecon Holdings Berhad, state that, in their opinion, the accompanying financial statements 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 Company as of 31 December 2023 and of the financial performance and the cash flows of the Company for the financial year ended on that date.

Signed in accordance with a resolution of the Directors,

**DATO' PHUM ANG KIA**

**TUNG KAI HUNG**

KUALA LUMPUR

24 April 2024

# DECLARATION BY THE OFFICER PRIMARILY RESPONSIBLE FOR THE FINANCIAL MANAGEMENT OF THE COMPANY

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

I, Teh Soon Seong (MIA Membership No: CA 49573) being the Officer primarily responsible for the financial management of Advancecon Holdings Berhad do solemnly and sincerely declare that the accompanying financial statements are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

**TEH SOON SEONG**

Subscribed and solemnly declared by the abovenamed Teh Soon Seong at Kuala Lumpur in the Federal Territory, this 24 April 2024.

Before me,

**COMMISSIONER FOR OATHS**

# 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 2023 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 85 to 194.

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 2023, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

### Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### *Independence and Other Ethical Responsibilities*

We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current 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.



# INDEPENDENT AUDITORS' REPORT

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

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## Key Audit Matters (Cont'd)

Key Audit Matters	How our audit addressed the Key Audit Matters
<b>Revenue Recognition for Construction Services</b>	
<p>Revenue recognition for construction activities, due to the contracting nature of the business, involves significant judgements. This includes the determination of the total budgeted contracts costs and the calculation of percentage of completion which affects the quantum of the 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.</p> <p>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.</p>	<ul style="list-style-type: none"><li>• Read key contracts and discussed with management to obtain an understanding of the terms and conditions to assess our consideration of whether revenue was appropriately recognised;</li><li>• Tested costs incurred to date to supporting documentation such as contractors' claim certificates;</li><li>• 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;</li><li>• Assessed the reasonableness of percentage of completion by comparing to certification by external parties; and</li><li>• Reviewed estimated profit and costs to complete and adjustments for job costing and potential contract losses.</li></ul>
<b>Impairment Assessment of Trade Receivables</b>	
<p>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.</p>	<ul style="list-style-type: none"><li>• Obtained an understanding of:-<ul style="list-style-type: none"><li>• the Group's control over the receivable collection process;</li><li>• how the Group identifies and assesses the impairment of receivables; and</li><li>• how the Group makes the accounting estimates for impairment.</li></ul></li><li>• Reviewed the ageing analysis of receivables and tested the reliability thereof;</li><li>• Reviewed subsequent cash collections for major receivables and overdue amounts; and</li><li>• Evaluated the reasonableness and adequacy of the allowance for impairment recognised.</li></ul>

# 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 has no realistic alternative but to do so.

## **Auditors' Responsibilities for the Audit of the Financial Statements**

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

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

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

# INDEPENDENT AUDITORS' REPORT

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

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

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: (Cont'd)

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

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

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

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

# INDEPENDENT AUDITORS' REPORT

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

## OTHER MATTERS

1. 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.
2. The financial statements of the Company for the financial year ended 31 December 2022 were audited by another firm of chartered accountants who expressed an unmodified opinion on those statements on 20 April 2023.

### UHY

Firm Number: AF 1411

Chartered Accountants

Kuala Lumpur

24 April 2024

### TEOH WEI YEIN

Approved Number: 03655/04/2024 J

Chartered Accountant

# STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2023

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		Group		Company	
	Note	2023 RM	2022 RM	2023 RM	2022 RM
ASSETS					
NON-CURRENT ASSETS					
Property, plant and equipment	4	238,109,738	191,662,059	6,288,165	6,733,918
Investment properties	5	34,345,680	34,924,716	-	-
Intangible assets	6	1,200,000	1,300,000	-	-
Goodwill on consolidation	7	-	-	-	-
Investment in subsidiary companies	8	-	-	95,104,005	11,275,005
Investment in an associate company	9	1,683,166	1,075,721	225,000	225,000
Investment in joint ventures	10	594,791	480,762	-	-
Deferred tax assets	11	-	1,379,446	-	160,149
Finance lease receivables	12	345,077	756,929	-	-
Trade receivables	13	305,194	429,745	-	-
Other receivables	14	7,639,340	3,695,433	-	-
Inventories	15	80,657	-	-	-
		284,303,643	235,704,811	101,617,170	18,394,072
CURRENT ASSETS					
Inventories	15	11,068,242	13,125,525	-	-
Contract assets	16	100,204,271	117,846,104	-	-
Finance lease receivables	12	411,852	360,950	-	-
Trade receivables	13	55,385,503	83,330,422	-	-
Other receivables	14	32,331,296	35,110,646	79,006	64,120
Amounts due from subsidiary companies	17	-	-	32,655,777	95,556,325
Amount due from associated company	18	3,598,218	15,070,187	32,150	246
Amount due from related parties	19	378,992	-	-	-
Amount due from a joint venture	20	2,075,685	2,113,942	-	-
Tax recoverable		6,444,505	6,230,764	-	-
Short-term investment	21	244,015	234,321	66,246	63,969
Deposits with licensed banks	22	55,251,425	64,332,129	279,995	273,397
Cash and bank balances		27,037,763	34,825,070	643,739	1,912,095
		294,431,767	372,580,060	33,756,913	97,870,152
Non-current assets held for sale	23	1,652,191	43,639,392	-	-
Total Assets		580,387,601	651,924,263	135,374,083	116,264,224



# STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2023 (CONT'D)

		Group		Company	
	Note	2023 RM	2022 RM	2023 RM	2022 RM
<b>EQUITY</b>					
Share capital	24	133,729,611	114,139,592	133,729,611	114,139,592
Treasury shares	25	(3,249,343)	(3,249,343)	(3,249,343)	(3,249,343)
Retained earnings/(accumulated losses)		48,665,774	81,326,531	(12,003,267)	(10,775,405)
<b>Equity attributable to owners of the Company</b>		179,146,042	192,216,780	118,477,001	100,114,844
Non-controlling interests		(2,990,276)	15,020,286	-	-
<b>TOTAL EQUITY</b>		176,155,766	207,237,066	118,477,001	100,114,844
<b>LIABILITIES</b>					
<b>NON-CURRENT LIABILITIES</b>					
Bank borrowings	26	105,221,224	71,427,961	8,811,613	12,073,945
Lease liabilities	27	2,262,017	1,900,279	43,515	115,782
Deferred tax liabilities	11	5,004,303	5,696,750	-	-
		112,487,544	79,024,990	8,855,128	12,189,727
<b>CURRENT LIABILITIES</b>					
Contract liabilities	16	19,493,564	28,352,108	-	-
Trade payables	28	99,559,705	97,984,275	-	-
Other payables	29	28,237,812	24,742,863	742,092	607,379
Amounts due to subsidiary companies	17	-	-	519,493	14,884
Amount due to an associated company	18	4,867,431	-	-	-
Amount due to related party	19	25,406,791	26,798,879	-	-
Amount due to a joint venture	20	1,421,720	2,549,361	-	-
Bank borrowings	26	110,914,795	184,073,181	6,622,414	3,252,238
Lease liabilities	27	1,450,854	913,693	72,267	69,425
Tax payable		391,619	247,847	85,688	15,727
		291,744,291	365,662,207	8,041,954	3,959,653
<b>Total Liabilities</b>		404,231,835	444,687,197	16,897,082	16,149,380
<b>Total Equity and Liabilities</b>		580,387,601	651,924,263	135,374,083	116,264,224

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

# STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Note	Group		Company	
		2023 RM	2022 RM	2023 RM	2022 RM
Revenue	30	449,765,331	422,349,884	5,410,822	16,166,401
Cost of sales		(449,397,465)	(415,874,052)	-	-
Gross profit		367,866	6,475,832	5,410,822	16,166,401
Other income		15,672,120	42,658,957	2,062,570	1,354,485
Net (loss)/gain on impairment of financial instruments	32	(10,033,955)	11,644,111	-	-
Selling and distribution expenses		(2,017,292)	(2,185,787)	-	-
Administrative expenses		(23,359,999)	(26,913,719)	(6,885,309)	(6,337,482)
Other expenses		(11,459,780)	(38,146,433)	(445,753)	(25,894,931)
Finance costs	31	(12,829,216)	(13,611,590)	(791,036)	(846,230)
Share of results of an equity accounted associate	9	607,445	510,740	-	-
Share of results of equity accounted joint ventures	10	114,029	384,201	-	-
<b>Loss before taxation</b>	32	(42,938,782)	(19,183,688)	(648,706)	(15,557,757)
Taxation	33	(2,936,332)	881,135	(579,156)	(47,503)
Loss for the financial year, representing total comprehensive loss for the financial year		(45,875,114)	(18,302,553)	(1,227,862)	(15,605,260)
<b>(Loss)/Profit attributable to:</b>					
Owner of the Parent		(34,292,692)	(23,358,610)	(1,227,862)	(15,605,260)
Non-controlling interest		(11,582,422)	5,056,057	-	-
		(45,875,114)	(18,302,553)	(1,227,862)	(15,605,260)
<b>Total comprehensive (loss)/profit attributable to:</b>					
Owner of the Parent		(34,292,692)	(23,358,610)	(1,227,862)	(15,605,260)
Non-controlling interest		(11,582,422)	5,056,057	-	-
		(45,875,114)	(18,302,553)	(1,227,862)	(15,605,260)
<b>Loss per share:</b>					
- Basic (sen)	35	(6.20)	(4.83)		
- Diluted (sen)	35	(6.20)	(4.83)		

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

# STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

Group	Note	Attributable to Owners of the Parent					Non-Controlling Interests RM	Total Equity RM
		Non-distributable		Distributable		Total RM		
		Share Capital RM	Treasury Shares RM	Retained Earnings RM				
At 1 January 2023		114,139,592	(3,249,343)	81,326,531		192,216,780	15,020,286	207,237,066
Loss for the financial year, representing total comprehensive loss for the financial year		-	-	(34,292,692)		(34,292,692)	(11,582,422)	(45,875,114)
Transactions with owners:								
Issuance of shares pursuant to private placement	24	19,774,819	-	-		19,774,819	-	19,774,819
Share issuance expenses	24	(184,800)	-	-		(184,800)	-	(184,800)
Changes in non-controlling interests	8	-	-	1,631,935		1,631,935	(6,428,140)	(4,796,205)
At 31 December 2023		133,729,611	(3,249,343)	48,665,774		179,146,042	(2,990,276)	176,155,766

# STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)

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Group	Note	Attributable to Owners of the Parent					Non-Controlling Interests RM	Total Equity RM
		Non-distributable		Distributable				
		Share Capital RM	Treasury Shares RM	Retained Earnings RM	Total RM			
At 1 January 2022		114,139,592	(3,249,343)	104,685,141		215,575,390	-	215,575,390
Loss for the financial year, representing total comprehensive loss for the financial year		-	-	(23,358,610)		(23,358,610)	5,056,057	(18,302,553)
Transactions with owners:								
Acquisition of subsidiary companies	8	-	-	-		-	9,964,229	9,964,229
At 31 December 2022		114,139,592	(3,249,343)	81,326,531		192,216,780	15,020,286	207,237,066

# STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)

	Note	Share Capital RM	Treasury Shares RM	Retained Earnings RM	Total RM
<b>Company</b>					
<b>At 1 January 2023</b>		114,139,592	(3,249,343)	(10,775,405)	100,114,844
Loss for the financial year, representing total comprehensive loss for the financial year		-	-	(1,227,862)	(1,227,862)
<b>Transactions with owners:</b>					
Issuance of shares pursuant to private placement	24	19,774,819	-	-	19,774,819
Share issuance expenses	24	(184,800)	-	-	(184,800)
<b>At 31 December 2023</b>		133,729,611	(3,249,343)	(12,003,267)	118,477,001
<b>At 1 January 2022</b>					
		114,139,592	(3,249,343)	4,829,855	115,720,104
Loss for the financial year, representing total comprehensive loss for the financial year		-	-	(15,605,260)	(15,605,260)
<b>At 31 December 2022</b>		114,139,592	(3,249,343)	(10,775,405)	100,114,844

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



# STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

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	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
<b>Cash Flows From Operating Activities</b>				
Loss before tax	(42,938,782)	(19,183,688)	(648,706)	(15,557,757)
Adjustments for:-				
Amortisation of intangible assets	100,000	952,408	-	-
Bad debts written off	3,825	-	-	-
Depreciation of property, plant and equipment	41,717,438	52,025,563	445,753	444,931
Depreciation of investment properties	579,036	617,927	-	-
Gain on disposals of property, plant and equipment	(7,026,942)	(5,935,734)	-	-
Gain on disposals of investment properties	-	(193,442)	-	-
Gain on disposal of non-current asset held for sale	(442,430)	-	-	-
Impairment loss on:				
- goodwill on consolidation	-	21,134,203	-	-
- intangible assets	-	8,592,263	-	-
- trade receivables	597,704	2,652,544	-	-
- other receivables	9,791,991	450,251	-	-
- contract assets	-	2,753,204	-	-
- investment in subsidiary companies	-	-	-	25,450,000
- property, plant and equipment	-	3,360,608	-	-
Reversal of impairment loss on:				
- trade receivables	(267,803)	(17,500,110)	-	-
- other receivables	(98,620)	-	-	-
Dividend income	(9,694)	(38,407)	(2,277)	(11,501,343)
Interest expenses	12,829,216	13,611,590	791,036	846,230
Interest income	(1,829,621)	(1,572,731)	(1,614,421)	(1,028,265)
Fair value loss on receivables	320,817	387,748	-	-
Gain on termination of lease contracts	(6,217)	-	-	-
Gain on modification of lease liabilities	-	(6,772)	-	-
Property, plant and equipment written off	142,952	18,276	-	-
Share of results of an equity accounted associate	(607,445)	(510,740)	-	-
Share of results of an equity accounted joint ventures	(114,029)	(384,201)	-	-
Bad debt recovery	-	(3,200,000)	-	-
Early settlement of profit guarantee	-	(30,800,000)	-	-
Operating profit/(loss) before working capital changes	12,741,396	27,230,760	(1,028,615)	(1,346,204)

# STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
<b>Cash Flows From Operating Activities (Cont'd)</b>				
Changes in working capital:				
Inventories	1,976,626	(722,868)	-	-
Contract assets/liabilities	8,783,289	(11,163,420)	-	-
Trade and other receivables	16,556,999	39,499,017	(14,886)	35,649,037
Trade and other payables	6,770,379	(22,490,380)	134,713	(4,393)
Amounts due from associate companies	11,209,441	(12,691,479)	(30,900)	-
Amounts due from joint ventures	(1,127,641)	2,549,361	-	-
	44,169,093	(5,019,769)	88,927	35,644,644
Cash generated from/(used in) operations	56,910,489	22,210,991	(939,688)	34,298,440
Interest paid	(11,766,727)	(13,611,590)	(791,036)	(846,230)
Tax refunded	1,159,203	879,285	4,776	29,349
Tax paid	(3,478,505)	(4,352,083)	(353,822)	(27,000)
	(14,086,028)	(17,084,388)	(1,140,082)	(843,881)
<b>Net cash from/(used in) operating activities</b>	<b>42,824,460</b>	<b>5,126,603</b>	<b>(2,079,770)</b>	<b>33,454,559</b>
<b>Cash Flows From Investing Activities</b>				
Investment in subsidiary	-	-	(4,000,000)	(25,450,002)
Interest received	1,829,621	1,572,731	12,244	1,028,265
Repayment from finance lease receivables	360,950	1,925,496	-	-
Advance to subsidiary companies	-	-	(14,809,745)	(15,560,431)
(Advances to)/Repayment from an associate	262,528	(292,111)	(1,004)	1,071
(Advance to)/Repayment from related parties	(2,833,569)	12,004,174	-	-
Advances to a joint venture	38,257	(2,113,942)	-	-
Additional investment in a subsidiary company	(4,796,205)	-	-	-
Net cash outflow from acquisition of subsidiary companies	-	(14,830,482)	-	-
Proceeds from disposals of property, plant and equipment	12,518,076	4,509,548	-	-
Proceeds from disposals of investment properties	-	323,400	-	-
Proceeds from disposals of non-current asset held for sale	42,381,822	-	-	-
Addition to investment properties	-	(2,580)	-	-
Purchase of property, plant and equipment	(89,640,981)	(5,029,575)	-	(14,500)
Dividend received:				
-subsidiary	-	-	-	6,500,000
-short-term investment	9,694	38,407	2,277	1,343
Changes in deposits pledged with licensed banks	9,080,704	(1,900,964)	(6,598)	(4,702)
<b>Net cash used in investing activities</b>	<b>(30,789,103)</b>	<b>(3,795,898)</b>	<b>(18,802,826)</b>	<b>(33,498,956)</b>

# STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)

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	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
<b>Cash Flows From Financing Activities</b>				
Repayment of lease liabilities	(1,184,497)	(973,567)	(69,425)	(72,236)
Proceeds from issuance of shares	19,774,819	-	19,774,819	-
Share Issue expenses	(184,800)	-	(184,800)	-
Repayment of hire purchase	(21,126,417)	(31,892,134)	-	-
Advances from subsidiary companies	-	-	(11,921)	2,938
Repayment to associate	4,867,431	(269,338)	-	-
Net changes of term loans	39,358,800	(16,920,480)	(3,253,904)	(538,983)
Net changes of bankers' acceptance	(4,678,493)	(9,585,658)	-	-
Net changes of bank factoring	(29,984,547)	24,869,040	-	-
Net changes in invoice financing, trust receipts and revolving credit	(16,188,132)	20,713,124	-	-
<b>Net cash (used in)/from financing activities</b>	<b>(9,345,836)</b>	<b>(14,059,013)</b>	<b>16,254,769</b>	<b>(608,281)</b>
<b>Net changes in cash and cash equivalents</b>	<b>2,689,521</b>	<b>(12,728,308)</b>	<b>(4,627,827)</b>	<b>(652,678)</b>
<b>Cash and cash equivalents at beginning of the financial year</b>	<b>12,799,048</b>	<b>25,527,356</b>	<b>1,976,064</b>	<b>2,628,742</b>
<b>Cash and cash equivalents at end of the financial year</b>	<b>15,488,569</b>	<b>12,799,048</b>	<b>(2,651,763)</b>	<b>1,976,064</b>
<b>Cash and cash equivalents at the end of the financial year comprises:</b>				
Short-term investment	244,015	234,321	66,246	63,969
Deposits with licensed banks	55,251,425	64,332,129	279,995	273,397
Cash and bank balances	27,037,763	34,825,070	643,739	1,912,095
Bank overdrafts	(11,793,209)	(22,260,343)	(3,361,748)	-
	70,739,994	77,131,177	(2,371,768)	2,249,461
Less: Deposits pledged with licensed banks	(55,251,425)	(64,332,129)	(279,995)	(273,397)
	15,488,569	12,799,048	(2,651,763)	1,976,064

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

## 1. CORPORATE INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of the Bursa Malaysia Securities Berhad.

The principal place of business is located at No.16, 18 & 20, Jalan Pekaka 8/3, Seksyen 8, Kota Damansara, 47810 Petaling Jaya, Selangor Darul Ehsan.

The registered office of the Company are located at B-21-1, Level 21, Tower B, Northpoint Mid Valley City, No.1, Medan Syed Putra Utara, 59200 Kuala Lumpur.

The Company is principally engaged in the business of providing management services, whilst the principal activities of the Group, comprising the Company and its subsidiaries, which involved in construction and support services, property investments, green energy, centralised labour quarter and quarry operations. Details of the principal activities of the subsidiary companies are shown in Note 8. There have been no significant changes in the nature of these activities during the financial year.

The financial statements were authorised for issue by the Directors in accordance with a resolution of the Board of Directors passed on 24 April 2024.

## 2. BASIS OF PREPARATION

### (a) Statement of compliance

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

The financial statements of the Group and of the Company have been prepared under the historical cost convention, unless otherwise indicated in the material accounting policies below.

### Adoption of new and amended standards

During the financial year, the Group and the Company have adopted the following amendments to MFRSs issued by the Malaysian Accounting Standards Board ("MASB") that are mandatory for current financial year:

MFRS 17	Insurance Contracts
Amendments to MFRS 17	Initial application of MFRS 17 and MFRS 9 - Comparative Information
Amendments to MFRS 101 and MFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current
Amendments to MFRS 108	Definition of Accounting Estimates
Amendments to MFRS 112	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to MFRS 112	International Tax Reform - Pillar Two Model Rules

# NOTES TO THE FINANCIAL STATEMENTS

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31 DECEMBER 2023

## 2. BASIS OF PREPARATION (CONT'D)

### (a) Statement of compliance (Cont'd)

The adoption of the above amendments to MFRSs did not have any significant impact on the financial statements of the Group and the Company except as disclosed below:

#### Amendments to MFRS 101 Disclosure of Accounting Policies

The Group and the Company adopted Amendments to MFRS 101 Disclosure of Accounting Policies from 1 January 2023. The amendments require the disclosure of material accounting policy information rather than significant accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand information in the financial statements.

Accordingly, the Group and the Company disclosed their material accounting policies information in these financial statements. However, the amendments did not result in any material changes to the accounting policies of the Group and of the Company.

#### Standards issued but not yet effective

The Group and the Company have not applied the following amendments to MFRSs that have been issued by MASB but are not yet effective for the Group and for the Company:

		Effective dates for financial periods beginning on or after
Amendments to MFRS 16	Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to MFRS 101	Classification of Liabilities as Current or Non - Current	1 January 2024
Amendments to MFRS 101	Non-current Liabilities with Covenants	1 January 2024
Amendments to MFRS 107 and MFRS 7	Supplier Finance Arrangements	1 January 2024
Amendments to MFRS 121	Lack of Exchangeability	1 January 2025
Amendments to MFRS 10 and MFRS 128	Sales or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further notice

The Group and the Company intend to adopt the above new standards and amendments to MFRSs, if applicable, when they become effective.

The initial application of the above mentioned MFRSs is not expected to have any significant impacts on the financial statements of the Company.

### (b) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia ("RM"), which is the Group's and the Company's functional currency. All financial information is presented in RM, unless otherwise stated.



# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

## 2. BASIS OF PREPARATION (CONT'D)

### (c) Significant accounting judgements, estimates and assumptions

The preparation of the Group's and of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

#### Judgements

The following are the judgements made by management in the process of applying the Group's and the Company's accounting policies that have the most significant effect on the amounts recognised in the financial statements:

##### Satisfaction of performance obligation in relation to contracts with customers

The Group is required to assess each of its contracts with customers to determine whether performance obligations are satisfied over time or at a point in time in order to determine the appropriate method for recognising revenue. This assessment was made based on the terms and conditions of the contracts, and the provisions of relevant laws and regulations:

The Group recognises revenue over time in the following circumstances:

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

Where the above criteria are not met, revenue is recognised at a point in time. Where revenue is recognised at a point in time, the Group assesses each contract with customers to determine when the performance obligation of the Group under the contract is satisfied.

##### 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.

##### 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).

# NOTES TO THE FINANCIAL STATEMENTS

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31 DECEMBER 2023

## 2. BASIS OF PREPARATION (CONT'D)

### (c) Significant accounting judgements, estimates and assumptions (Cont'd)

#### **Key sources of estimation uncertainty**

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

#### Impairment of investment in subsidiaries, property, plant and equipment and investment properties

The Group determines whether an item of its investment in subsidiaries, property, plant and equipment 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, property, plant and equipment and investment properties as at the reporting date are disclosed in Note 4, 5 and 8 respectively.

#### 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 Note 13 and 16 respectively.

#### 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 16.

#### Depreciation of property, plant and equipment

The estimates for the residual values, useful lives and related depreciation charges for the property and equipment are based on commercial factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions. The Group anticipates that the residual values of its property and equipment will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount. Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised. The carrying amount of property, plant and equipment as at the reporting date are disclosed in Note 4.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

## 2. BASIS OF PREPARATION (CONT'D)

### (c) Significant accounting judgements, estimates and assumptions (Cont'd)

#### Key sources of estimation uncertainty (Cont'd)

##### Classification of joint ventures

The Group's interest in AISB-IIBSB JV, SE-SJK-JV and SE Endau Sdn. Bhd. are classified as a joint venture based on its contractual arrangement evidenced by a joint venture agreement entered into between the parties to the joint arrangement. The agreement provides a joint management committee for the joint arrangement, and based on the terms of the agreement and other facts and circumstances, neither parties have rights to the assets and obligations for the liabilities relating to the joint arrangement.

##### Income taxes

Judgement is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business.

The Group and the Company recognise liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. As at 31 December 2023, the Group has tax recoverable of RM6,444,505 (2022: RM6,230,764) and tax payable of RM391,619 (2022: RM247,847) respectively. While, the Company has tax payable of RM85,688 (2022: RM15,727).

## 3. MATERIAL ACCOUNTING POLICIES

The Group and the Company apply the material accounting policies set out below, consistently throughout all periods presented in the financial statements unless otherwise stated.

### (a) 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.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

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

### (a) Basis of consolidation (Cont'd)

#### (i) 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.

#### (ii) 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 noncontrolling interests having a deficit balance.

#### (iii) 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.

#### (iv) 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.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

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

### (b) Goodwill

Goodwill is measured at cost less accumulated impairment losses, if any. The carrying value of goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying amount may be impaired. The impairment value of goodwill is recognised immediately in profit or loss. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Under the acquisition method, any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interests recognised and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities at the date of acquisition is recorded as goodwill.

Where the latter amount exceeds the former, after reassessment, the excess represents a bargain purchase gain and is recognised in profit or loss immediately.

In respect of equity-accounted associate and joint ventures, the carrying amount of goodwill is included in the carrying amount of the investment and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the equity-accounted associate and joint ventures.

### (c) Functional and presentation currency

#### (i) 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.

#### (ii) Foreign currency transactions and balances

Transactions in foreign currencies are converted into the respective functional currencies on initial recognition, using the exchange rates at the transaction dates. Monetary assets and liabilities at the end of the reporting period are translated at the exchange rates ruling as of that date. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. All exchange differences are recognised in profit or loss except for differences arising from the translation of available-for-sale equity instruments which are recognised in other comprehensive income.

### (d) 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.



# NOTES TO THE FINANCIAL STATEMENTS

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31 DECEMBER 2023

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

### (d) Financial instruments (Cont'd)

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.

#### (i) 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*

#### (a) 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.

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).

#### (b) 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.

#### (c) 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.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

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

### (d) Financial instruments (Cont'd)

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

##### *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.

#### (ii) Financial liabilities

##### (a) 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.

##### (b) 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).

#### (iii) Equity instruments

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

##### (a) 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.

# NOTES TO THE FINANCIAL STATEMENTS

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31 DECEMBER 2023

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

### (d) Financial instruments (Cont'd)

#### (iii) Equity instruments (Cont'd)

##### (b) 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.

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.

#### (iv) 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.

#### (v) 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.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

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

### (e) Investment in subsidiaries

Investments in 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.

### (f) 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 2023. 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.

### (g) 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.

# NOTES TO THE FINANCIAL STATEMENTS

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31 DECEMBER 2023

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

### (g) Property, plant and equipment (Cont'd)

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% -17%
Furniture, fittings and office equipment	10% -20%
Plant, machinery and equipment	10% - 33%
Motor vehicles	12% -15%
Renovation	15% - 20%

#### Right-of-use assets

Leasehold land	Over the lease period of 51 to 99 years
Leased land	33%-50%
Premises	1% - 50%

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.

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

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.



# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

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

### (h) 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.

### (i) Intangible assets

Intangible assets acquired separately are measured initially at cost. The cost of intangible assets acquired in a business combination are their fair values as at the date of acquisition. Following initial acquisition, intangible assets are measured at cost less any accumulated amortisation and accumulated impairment losses.

Intangible assets with finite useful lives are amortised over their estimated useful lives and assessed for impairment whenever there is an indication that the intangible assets may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in profit or loss.

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

# NOTES TO THE FINANCIAL STATEMENTS

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31 DECEMBER 2023

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

### (j) Quarry and mining production stripping costs

Production stripping costs incurred in the removal of waste materials (overburden) on quarry and mining sites which provide improved access to the quarry and mining body but do not meet the criteria for recognition as a non-current stripping activity asset are recognised in profit or loss as part of quarry and mining operating costs.

### (k) Inventories

Inventories representing stockpile of quarry products, raw materials and spare parts are valued at the lower of cost and net realisable value. Cost of stockpile of quarry products is determined on the weighted average cost basis and the cost includes the cost of materials, royalties, direct labour and an appropriate proportion of production overheads. Cost of spare parts and raw materials is determined on first-in-first-out basis.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

### (l) 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.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

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

### (m) 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.

### (n) Contract asset

Contract costs are recognised as an asset when the following criteria are met:-

- (i) In relation to incremental costs of obtaining a contract, the Group recognises the costs as an asset if the Group expects to recover those costs.
- (ii) In relation to costs to fulfil a contract, the Group recognises the contract costs as an asset if (i) they relate directly to a contract or to an anticipated contract that the Group can specifically identify; (ii) when the costs generate or enhance resources of the Group that will be used in satisfying performance obligations in the future; and (iii) the costs are expected to be recovered.

These assets are initially measured at cost and are subsequently amortised on a systematic basis that is consistent with the transfer to the customers of the goods or services to which the assets relate. An impairment loss is recognised in profit or loss to the extent that the carrying amount of the asset exceeds the remaining amount of consideration expected to be received less the remaining costs expected to be incurred. A reversal of impairment loss is recognised in profit or loss when the impairment conditions no longer exist or have improved. The increased carrying amount after reversal of impairment loss shall not exceed the amount that would have been determined (net of amortisation) if no impairment loss had been recognised previously.

### (o) 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.

### (p) Non-current asset held for sale

Non-current assets (or disposal group comprising assets and liabilities) that are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale. Immediately before classification as held for sale, the non-current assets (or the disposal group) are remeasured in accordance with the Group's accounting policies. Upon classification as held for sale, the non-current assets (or non-current assets of the disposal group) are not depreciated and are measured at the lower of their previous carrying amount and fair value less cost to sell. Any differences are recognised in profit or loss.

# NOTES TO THE FINANCIAL STATEMENTS

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31 DECEMBER 2023

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

### (q) Impairment

#### (i) 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.

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.

#### (ii) 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 immediately unless the asset is carried at its revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of a previously recognised revaluation surplus for the same asset. Any impairment loss recognised in respect of a cash-generating unit is allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit and then to reduce the carrying amounts of the other assets in the cash-generating unit on a pro rata basis.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

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

### (q) Impairment (Cont'd)

#### (ii) Impairment of non-financial assets (Cont'd)

In respect of assets other than goodwill, and 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 unless the asset is carried at its revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

### (r) 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.

### (s) Employee benefits

#### (i) 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.

#### (ii) 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.

### (t) Income tax

#### (i) 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).



# NOTES TO THE FINANCIAL STATEMENTS

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31 DECEMBER 2023

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

### (i) Income tax (Cont'd)

#### (ii) 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.

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.

### (u) 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.

### (v) 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.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

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

### (w) 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.

### (x) 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.

### (y) Fair value measurement

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.

### (z) 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.

# NOTES TO THE FINANCIAL STATEMENTS

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31 DECEMBER 2023

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

### (z) Revenue from contracts with customers (Cont'd)

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.

#### (i) 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.

#### (ii) 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.

#### (iii) 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.

#### (iv) 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.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

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

### (z) Revenue from contracts with customers (Cont'd)

#### (v) Rental income from investment properties

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

#### (vi) 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 received exceed the services rendered, a contract liability is recognised.

#### (vii) Sale of electricity generated from renewable energy

Revenue from the 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.

#### (viii) Sale of quarry products and premix from quarry operations

Revenue from sales of quarry products and premix from quarry operations is recognised at a point in time when the goods are delivered and accepted by the customers. Billings are rendered on twice a month basis.

#### (ix) Sub-contract works income

The Group operates bauxite mines and quarries for mines and quarry owners and satisfies its performance obligations when the requisite bauxite and quarry products have been produced and ready for use or sales by the owners. The Group's customary obligations under such contracts include provision of the necessary plant and equipment and labour to operate the mines and quarries. Revenue from such services is recognised over time by reference to the amount determined based on contracted rates that the Group has the right to invoice the customers, which correspond directly with the value of services transferred to the customers for the Group's performance to- date. Billings are rendered on a monthly basis.

#### (x) Washing bay income

Revenue from washing bay services are recognised at a point in time where the performance obligations are satisfied being when the services are rendered and accepted by the customer. Billings are rendered when services are rendered.

# NOTES TO THE FINANCIAL STATEMENTS

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31 DECEMBER 2023

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

### (z) Revenue from contracts with customers (Cont'd)

#### (xi) Stevedore income

Revenue from stevedore services are recognised at a point in time where the performance obligations are satisfied being when the services are rendered and accepted by the customer. Billings are rendered on a monthly basis.

### (aa) Revenue from other sources and other operating income

#### (i) Interest income

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

#### (ii) 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.

#### (iii) Management fee

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

#### (iv) Rental income

Rental income is recognised on an accrual basis.

### (bb) Joint arrangements

Joint arrangements are arrangements of which the Group has joint control, established by contracts requiring unanimous consent for decisions about the activities that significantly affect the arrangements returns.

Investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures.

#### (i) Joint operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, the obligations for the liabilities, relating to the arrangement. The Group accounts for each of its interest in the joint operations the assets, liabilities, revenue and expenses (including its share of those held or incurred jointly with the other investors) in accordance with the applicable accounting standards.



# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

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

### (bb) Joint arrangements (Cont'd)

#### (ii) Joint venture

A joint venture is a joint arrangement whereby the Group has rights only to the net assets of the arrangement.

The investment in a joint venture is accounted for in the consolidated financial statements using the equity method, based on the financial statements of the joint venture made up to end of reporting date. The Group's share of the post acquisition profits and other comprehensive income of the joint venture 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 joint control commences up to the effective date when the investment ceases to be a joint venture or when the investment is classified as held for sale. The Group's investment in the joint venture 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 a joint venture, 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 joint venture is the carrying amount of the investment in the joint venture determined using the equity method together with any long-term interests that, in substance, form part of the Group's net investment in the joint venture.

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

The Group discontinues the use of the equity method from the date when the investment ceases to be a joint venture or when the investment is classified as held for sale. When the Group retains an interest in the former joint venture and the retained interest 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 joint venture to profit or loss when the equity method is discontinued. However, the Group will continue to use the equity method when an investment in a joint venture becomes an investment in an associate. Under such change in ownership interest, the retained investment is not remeasured to fair value but a proportionate share of the amounts previously recognised in other comprehensive income of the joint venture will be reclassified to profit or loss where appropriate. All dilution gains or losses arising in investments in joint ventures are recognised in profit or loss.

# NOTES TO THE FINANCIAL STATEMENTS

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## 4. PROPERTY, PLANT AND EQUIPMENT

	At cost									
	At 1 January	Transfer to held for sales (Note 23)	Additions	Termination of lease contracts	Expiration of lease contracts	Disposals	Written off	Reclassification	Total	
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
<b>Group</b>										
<b>2023</b>										
<u>Owned Assets</u>										
Freehold land	3,360,608	-	-	-	-	-	-	-	-	3,360,608
Buildings	5,143,836	-	49,080	-	-	-	-	-	-	5,192,916
Furniture, fittings and office equipment	7,123,522	-	346,478	-	-	(16,668)	(2,050)	253,424	7,704,706	
Plant, machinery and equipment	484,630,005	(5,181,000)	8,714,184	-	-	(45,474,955)	(3,787,908)	201,230	439,101,556	
Motor vehicles	75,405,984	-	2,549,074	-	-	(2,042,335)	(235,000)	-	75,677,723	
Renovation	2,146,249	-	4,240	-	-	-	-	989,393	3,139,882	
Capital work-in-progress	2,691,208	-	81,698,725	-	-	-	(15,517)	(1,444,047)	82,930,369	
<u>Right-of-use Assets</u>										
Leasehold land	35,549,867	-	-	-	-	-	-	-	-	35,549,867
Leased land	185,124	-	1,400,586	(74,897)	-	-	-	-	-	1,510,813
Premises	5,600,423	-	843,759	(380,282)	(125,493)	-	-	-	-	5,938,407
	621,836,826	(5,181,000)	95,606,126	(455,179)	(125,493)	(47,533,958)	(4,040,475)	-	660,106,847	

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

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

	Accumulated depreciation							
	At 1 January RM	Transfer to held for sales (Note 23) RM	Charge for the financial year RM	Termination of lease contracts RM	Expiration of lease contracts RM	Disposals RM	Written off RM	Total RM
<b>Group</b>								
<b>2023</b>								
<u>Owned Assets</u>								
Buildings	2,117,408	-	157,242	-	-	-	-	2,274,650
Furniture, fittings and office equipment	5,946,780	-	496,180	-	-	(13,462)	(2,049)	6,427,449
Plant, machinery and equipment	353,823,901	(3,528,809)	32,472,448	-	-	(40,280,892)	(3,660,476)	338,826,172
Motor vehicles	57,717,491	-	6,441,819	-	-	(1,748,470)	(234,998)	62,175,842
Renovation	1,842,516	-	473,795	-	-	-	-	2,316,311
<u>Right-of-use Assets</u>								
Leasehold land	2,467,461	-	446,530	-	-	-	-	2,913,991
Leased land	145,297	-	310,186	(74,897)	-	-	-	380,586
Premises	2,753,305	-	919,238	(225,550)	(125,493)	-	-	3,321,500
	426,814,159	(3,528,809)	41,717,438	(300,447)	(125,493)	(42,042,824)	(3,897,523)	418,636,501

# NOTES TO THE FINANCIAL STATEMENTS

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

	Accumulated impairment losses	Carrying amount
	At 1 January/ 31 December RM	At 31 December RM
<b>Group</b>		
<b>2023</b>		
<u>Owned Assets</u>		
Freehold land	3,360,608	-
Buildings	-	2,918,266
Furniture, fittings and office equipment	-	1,277,257
Plant, machinery and equipment	-	100,275,384
Motor vehicles	-	13,501,881
Renovation	-	823,571
Capital work-in-progress	-	82,930,369
<u>Right-of-use Assets</u>		
Leasehold land	-	32,635,876
Leased land	-	1,130,227
Premises	-	2,616,907
	3,360,608	238,109,738

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

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

	At cost							
	At 1 January RM	Acquisition of a subsidiary company (Note 8(c)) RM	Transfer to held for sales (Note 23) RM	Additions RM	Modification of lease liabilities RM	Disposals RM	Written off RM	Total RM
<b>Group</b>								
<b>2022</b>								
<u>Owned Assets</u>								
Freehold land	-	13,000,000	(9,639,392)	-	-	-	-	3,360,608
Buildings	3,265,939	1,877,897	-	-	-	-	-	5,143,836
Furniture, fittings and office equipment	2,549,011	4,164,556	-	557,608	-	(28,763)	(118,890)	7,123,522
Plant, machinery and equipment	205,968,880	299,150,408	-	11,257,848	-	(29,181,752)	(2,565,379)	484,630,005
Motor vehicles	18,354,473	57,162,223	-	814,645	-	(777,855)	(147,502)	75,405,984
Renovation	1,178,200	856,572	-	111,477	-	-	-	2,146,249
Capital work-in- progress	1,091,223	740,488	-	859,497	-	-	-	2,691,208
<u>Right-of-use Assets</u>								
Leasehold land	17,031,145	18,518,722	-	-	-	-	-	35,549,867
Leased land	74,899	175,347	-	-	(65,122)	-	-	185,124
Premises	211,769	3,869,732	-	1,722,554	(203,632)	-	-	5,600,423
	249,725,539	399,515,945	(9,639,392)	15,323,629	(268,754)	(29,988,370)	(2,831,771)	621,836,826



# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

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

	Accumulated depreciation					
	At 1 January RM	Acquisition of a subsidiary company (Note 8(c)) RM	Charge for the financial year RM	Modification of lease liabilities RM	Disposals RM	Written off RM
<b>Group</b>						<b>Total RM</b>
<b>2022</b>						
<u>Owned Assets</u>						
Buildings	423,868	1,511,078	182,462	-	-	2,117,408
Furniture, fittings and office equipment	1,843,118	3,755,355	489,602	-	(22,427)	5,946,780
Plant, machinery and equipment	126,484,139	213,536,036	42,174,208	-	(25,809,978)	353,823,901
Motor vehicles	10,680,421	40,276,722	7,460,623	-	(566,152)	57,717,491
Renovation	790,955	797,979	253,582	-	-	1,842,516
<u>Right-of-use Assets</u>						
Leasehold land	802,209	1,218,720	446,532	-	-	2,467,461
Leased land	74,899	64,862	50,307	(44,771)	-	145,297
Premises	164,709	1,688,534	968,247	(68,185)	-	2,753,305
	141,264,318	262,849,286	52,025,563	(112,956)	(26,398,557)	426,814,159

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

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

	Accumulated impairment losses			Carrying amount
	At 1 January RM	Impairment losses for the financial year RM	At 31 December RM	
<b>Group</b>				
<b>2022</b>				
<u>Owned Assets</u>				
Freehold land	-	3,360,608	3,360,608	-
Buildings	-	-	-	3,026,428
Furniture, fittings and office equipment	-	-	-	1,176,742
Plant, machinery and equipment	-	-	-	130,806,104
Motor vehicles	-	-	-	17,688,493
Renovation	-	-	-	303,733
Capital work-in-progress	-	-	-	2,691,208
<u>Right-of-use Assets</u>				
Leasehold land	-	-	-	33,082,406
Leased land	-	-	-	39,827
Premises	-	-	-	2,847,118
	-	3,360,608	3,360,608	191,662,059

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

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

	Owned assets				Right-of-use Assets		
	Buildings RM	Furniture, fittings and office equipment RM	Plant, machinery and equipment RM	Motor vehicles RM	Renovation RM	Leasehold land RM	Premises RM
<b>Company</b>							
<b>2023</b>							
<b>Cost</b>							
At 1 January/31 December	3,265,939	629,154	107,199	11,190	1,042,837	3,684,524	214,036
							8,954,879
<b>Accumulated depreciation</b>							
At 1 January	489,187	478,000	107,199	11,187	851,135	260,471	23,782
Charge for the financial year	65,319	79,656	-	-	188,643	40,790	71,345
At 31 December	554,506	557,656	107,199	11,187	1,039,778	301,261	95,127
							2,666,714
<b>Carrying amount</b>							
At 31 December	2,711,433	71,498	-	3	3,059	3,383,263	118,909
							6,288,165

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

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

	Owned assets					Right-of-use Assets		
	Buildings RM	Furniture, fixtures and office equipment RM	Plant, machinery and equipment RM	Motor vehicles RM	Renovation RM	Leasehold land RM	Premises RM	Total RM
<b>Company</b>								
<b>2022</b>								
<b>Cost</b>								
At 1 January	3,265,939	614,654	107,199	11,190	1,042,837	3,684,524	211,768	8,938,111
Additions	-	14,500	-	-	-	-	214,036	228,536
Expiration of lease contracts	-	-	-	-	-	-	(211,768)	(211,768)
At 31 December	3,265,939	629,154	107,199	11,190	1,042,837	3,684,524	214,036	8,954,879
<b>Accumulated depreciation</b>								
At 1 January	423,868	400,761	107,199	11,187	660,393	219,681	164,709	1,987,798
Charge for the financial year	65,319	77,239	-	-	190,742	40,790	70,841	444,931
Expiration of lease contracts	-	-	-	-	-	-	(211,768)	(211,768)
At 31 December	489,187	478,000	107,199	11,187	851,135	260,471	23,782	2,220,961
<b>Carrying amount</b>								
At 31 December	2,776,752	151,154	-	3	191,702	3,424,053	190,254	6,733,918

# NOTES TO THE FINANCIAL STATEMENTS

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31 DECEMBER 2023

## 4. Property, Plant and Equipment (Cont'd)

### (a) Purchase of property, plant and equipment

The aggregate cost for the property, plant and equipment of the Group and the Company during the financial year under finance lease and cash payments are as follows:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Aggregate costs	95,606,126	15,323,629	-	228,536
Less:				
- Finance lease financing	(3,720,800)	(6,703,500)	-	-
- New lease (Note 27)	(2,244,345)	(1,722,554)	-	(214,036)
- Other payables	-	(1,868,000)	-	-
Cash payments	89,640,981	5,029,575	-	14,500

### (b) The carrying amounts of the plant and equipment held under hire purchase arrangements are as follows:-

	Group	
	2023 RM	2022 RM
Plant, machinery and equipment	47,801,322	72,942,599
Motor vehicles	6,472,939	8,101,794
	54,274,261	81,044,393

### (c) 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 Note 26 are as follows:-

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Buildings	2,711,433	2,776,752	2,711,433	2,776,752
Leasehold land	21,815,408	22,142,642	3,383,263	3,424,053
	24,526,841	24,919,394	6,094,696	6,200,805

# NOTES TO THE FINANCIAL STATEMENTS

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## 4. Property, Plant and Equipment (Cont'd)

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

- (i) **Leasehold land** The Group entered into 5 non-cancellable operating lease agreements for the use of land. The leases are for periods between 51 to 99 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 leases 4 pieces of vacant land as a workshop for 2 to 3 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) **Premises** The Group leases 2 office building and 44 units of house accommodation for 2 to 81 years, with an option to renew the lease after that date. The Group is allowed to sublease the office building.

## 5. INVESTMENT PROPERTIES

	Freehold land RM	Leasehold land RM	Buildings RM	Total RM
<b>Group</b>				
<b>2023</b>				
<b>Cost</b>				
At 1 January/31 December	1,926,680	6,566,121	29,549,259	38,042,060
<b>Accumulated depreciation</b>				
At 1 January	-	566,264	2,551,080	3,117,344
Charge for the financial year	-	76,350	502,686	579,036
At 31 December	-	642,614	3,053,766	3,696,380
<b>Carrying amount</b>				
At 31 December	1,926,680	5,923,507	26,495,493	34,345,680
Fair value of investment properties	2,041,306	9,817,487	36,437,057	48,295,850
<b>2022</b>				
<b>Cost</b>				
At 1 January	1,926,680	6,566,121	33,000,764	41,493,565
Additions	-	-	34,260,610	34,260,610
Disposal	-	-	(3,712,115)	(3,712,115)
Transfer to non-current assets held for sale (Note 23)	-	-	(34,000,000)	(34,000,000)
At 31 December	1,926,680	6,566,121	29,549,259	38,042,060



# NOTES TO THE FINANCIAL STATEMENTS

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## 5. INVESTMENT PROPERTIES (CONT'D)

	Freehold land RM	Leasehold land RM	Buildings RM	Total RM
<b>Group</b>				
<b>2022</b>				
<b>Accumulated depreciation</b>				
At 1 January	-	489,914	2,385,060	2,874,974
Charge for the financial year	-	76,350	541,577	617,927
Disposal	-	-	(375,557)	(375,557)
At 31 December	-	566,264	2,551,080	3,117,344
<b>Carrying amount</b>				
At 31 December	1,926,680	5,999,857	26,998,179	34,924,716
Fair value of investment properties	1,926,680	7,500,000	30,634,009	40,060,689

### (a) Addition of investment properties

The aggregate cost for the investment properties of the Group during the financial year under finance lease and cash payments are as follows:

	Group	
	2023 RM	2022 RM
Aggregate costs	-	34,260,610
Less:		
- Settlement through contra arrangement	-	(34,000,000)
- Other payables	-	(258,030)
	-	2,580

### (b) Investment properties under leases

Certain 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.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

## 5. INVESTMENT PROPERTIES (CONT'D)

### (b) Investment properties under leases (Cont'd)

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

	Group	
	2023 RM	2022 RM
Within 1 year	281,500	233,400
Between 1 to 2 years	29,700	130,300
	<u>311,200</u>	<u>363,700</u>

### (c) Fair value basis of investment properties

The fair values of the completed investment properties of the Group as at the reporting date are estimated at RM48,295,850 (2022 - RM40,060,689) based on directors' assessment of the current prices in an active market for the respective properties within each vicinity.

### (d) Investment properties of the Group with a total carrying amount of RM33,098,814 (2022: RM33,629,370) have been pledged to licensed banks for banking facilities granted to the Group as disclosed in Note 26.

### (e) Income and expenses recognised in profit or loss

The following are recognised in profit or loss in respect of investment properties:

	Group	
	2023 RM	2022 RM
Rental income	387,625	509,181
Direct operating expenses:		
- Income generating investment properties	149,914	195,197
- Non-income generating investment properties	<u>116,802</u>	<u>178,791</u>

# NOTES TO THE FINANCIAL STATEMENTS

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31 DECEMBER 2023

## 6. INTANGIBLE ASSETS

	Quarry Concession RM	Quarry Related Projects RM	Quarry Rights RM	Total RM
<b>Group</b>				
<b>2023</b>				
<b>Cost</b>				
At 1 January/31 December	8,528,994	915,677	2,000,000	11,444,671
<b>Accumulated amortisation</b>				
At 1 January	344,456	507,952	700,000	1,552,408
Charge for the financial year	-	-	100,000	100,000
At 31 December	344,456	507,952	800,000	1,652,408
<b>Accumulated impairment losses</b>				
At 1 January/31 December	8,184,538	407,725	-	8,592,263
<b>Carrying amount</b>				
At 31 December	-	-	1,200,000	1,200,000
<b>2022</b>				
<b>Cost</b>				
At 1 January	-	-	-	-
Acquisition of a subsidiary company (Note 8)	8,528,994	915,677	2,000,000	11,444,671
At 31 December	8,528,994	915,677	2,000,000	11,444,671
<b>Accumulated amortisation</b>				
At 1 January	-	-	-	-
Acquisition of a subsidiary company (Note 8)	-	-	600,000	600,000
Charge for the financial year	344,456	507,952	100,000	952,408
At 31 December	344,456	507,952	700,000	1,552,408
<b>Accumulated impairment losses</b>				
At 1 January	-	-	-	-
Impairment losses during the financial year	8,184,538	407,725	-	8,592,263
At 31 December	8,184,538	407,725	-	8,592,263
<b>Carrying amount</b>				
At 31 December	-	-	1,300,000	1,300,000

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

## 6. INTANGIBLE ASSETS (CONT'D)

The quarry rights with total carrying amount of RM1,200,000 (2022: RM1,300,000) represents the exclusive rights to operate a quarry for a contracted period of 20 years. The cost of the quarrying right is amortised on a straight line basis to the Group's cost of sales in profit or loss over the contracted period of 20 years.

## 7. GOODWILL ON CONSOLIDATION

	Goodwill on Consolidation RM
<b>Group</b>	
<b>2023</b>	
<b>Cost</b>	
At 1 January/31 December	21,134,203
<b>Accumulated impairment losses</b>	
At 1 January/31 December	21,134,203
<b>Carrying amount</b>	
At 31 December	-
<b>2022</b>	
<b>Cost</b>	
At 1 January	-
Acquisition of a subsidiary company (Note 8(c)(iv))	21,134,203
At 31 December	21,134,203
<b>Accumulated impairment losses</b>	
At 1 January/31 December	-
Impairment losses during the financial year	21,134,203
At 31 December	21,134,203
<b>Carrying amount</b>	
At 31 December	-

# NOTES TO THE FINANCIAL STATEMENTS

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## 7. GOODWILL ON CONSOLIDATION (CONT'D)

### In the previous financial year

An impairment loss of RM21,134,203 was recognised on Quarry Operations in "Other Expenses" line item of the statements of profit or loss and other comprehensive income. This goodwill belongs to the Group's Quarry Operations reportable segment.

The Group has assessed the recoverable amount of goodwill allocated. The recoverable amounts of the cash-generating units are determined using the value in use approach, and this is derived from the present value of the future cash flows from each cash-generating unit computed based on the projections of financial budgets approved by management covering a total period of up to 33 years. The key assumptions used in the determination of the recoverable amounts are as follows:-

	Gross Margins 2022 %	Growth Rates 2022 %	Discount Rates 2022 %
Sales of quarry products	(1.0) - 37.7	(48.5) - 6.9	12.0
Sales of premix products from quarry operation	12.3 - 60.5	(53.3) - 6.0	12.0
Quarry related projects	35.7 - 40.6	5.0	12.0

The values assigned to the key assumptions represent management's assessment of future trends in the cash-generating units and are based on both external sources and internal historical data.

Management had determined the average gross profit margin and weighted average growth rate based on past performance and its expectation of market development. The discount rate used reflects specific risks relating to the relevant cash-generating unit.

## 8. INVESTMENTS IN SUBSIDIARY COMPANIES

	Company	
	2023 RM	2022 RM
<b>In Malaysia</b>		
Unquoted shares, at cost	40,725,005	36,725,005
Redeemable convertible preference shares, at cost	79,829,000	-
	120,554,005	36,725,005
Less: Accumulated impairment loss	(25,450,000)	(25,450,000)
	95,104,005	11,275,005

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

## 8. INVESTMENTS IN SUBSIDIARY COMPANIES (CONT'D)

Movement in the allowance for impairment losses of investments in subsidiary companies are as follows:

	Company	
	2023 RM	2022 RM
At 1 January	25,450,000	-
Impairment loss recognised	-	25,450,000
At 31 December	25,450,000	25,450,000

In the previous financial year, the Company has carried out a review of the recoverable amount of its investment in a subsidiary. An impairment loss of RM25,450,000, representing a full write down of the investment was recognised in "Other Expenses" line item of the statements of profit or loss and other comprehensive income. This investment in a subsidiary is belongs to the Group's 'Quarry' reportable segment.

Details of the subsidiary companies are as follows:

Name of Company	Place of business/ country of incorporation	Effective interest		Principal Activities
		2023 %	2022 %	
Advancecon Infra Sdn. Bhd.	Malaysia	100	100	Providing earthworks and civil engineering services and sales of construction materials.
Advancecon Machinery Sdn. Bhd.	Malaysia	100	100	Providing earth-moving machineries for hire and transportation agent.
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 Properties Sdn. Bhd.	Malaysia	100	100	Property investment.
Advancecon Ventures Sdn. Bhd.	Malaysia	100	100	Investment holding and contracting in all types of construction works and other related businesses.
Spring Energy Resources Berhad	Malaysia	51	51	Investment holding.
<i>Held through Advancecon Solar Sdn. Bhd.:</i>				
LSS TPG Sdn. Bhd.	Malaysia	100	100	Carry on development and/or operation of power generation from renewable energy, solar and other renewable energy projects.



# NOTES TO THE FINANCIAL STATEMENTS

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## 8. INVESTMENTS IN SUBSIDIARY COMPANIES (CONT'D)

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

Name of Company	Place of business/ country of incorporation	Effective interest		Principal Activities
		2023 %	2022 %	
<i>Held through Advancecon Ventures Sdn. Bhd.:</i>				
CLQ SilverValley Sdn. Bhd.	Malaysia	100	100	Providing business related to dormitory accommodation services and other related businesses.
Advancecon Development Sdn. Bhd.	Malaysia	100	-	Property investment, development and construction.
<i>Held through Spring Energy Resources Berhad:</i>				
Spring Energy Sdn. Bhd.	Malaysia	100	100	Quarry operator, sale of quarry and premix products, and contractor in civil engineering works.
<i>Held through Spring Energy Sdn. Bhd.:</i>				
SE Premix Sdn. Bhd.	Malaysia	100	100	Supply of labour and premix production of premix products.
Semenyih Quarry Sdn. Bhd.	Malaysia	100	100	Quarry operator.
SE Satu Sdn. Bhd.	Malaysia	100	51	Bauxite mining operator and contractor in civil engineering work.
SE Quarry Sdn. Bhd.	Malaysia	55	55	Quarry operator.
Spring Energy Construction Sdn. Bhd.	Malaysia	100	100	Contractor in civil engineering.
Spring Energy Mining Sdn. Bhd.	Malaysia	100	100	Investment holding. (presently dormant)
Bukit Tinggi Infra Sdn. Bhd.	Malaysia	51	51	Quarry operator. (presently dormant)
Semenyih Rock Sdn. Bhd.	Malaysia	60	60	Quarry operator.
<i>Held through SE Satu Sdn. Bhd.:</i>				
SE Sinaran Sdn. Bhd.	Malaysia	80	80	Provision of port services including forwarding and stevedoring of cargo onto vessels.

# NOTES TO THE FINANCIAL STATEMENTS

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## 8. INVESTMENTS IN SUBSIDIARY COMPANIES (CONT'D)

### (a) Material partly-owned subsidiary companies

Set out below are the Group's subsidiary companies that have material non-controlling interests:

Name of Company	Proportion of ownership interests and voting rights held by non-controlling interests		(Loss)/Profit allocated to non-controlling interests		Accumulated non-controlling interests	
	2023 %	2022 %	2023 RM	2022 RM	2023 RM	2022 RM
Spring Energy Resources Berhad	49	49	(18,010,562)	5,056,057	(2,990,276)	15,020,286

Summarised financial information for each subsidiary company that has non-controlling interests that are material to the Group is set out below. The summarised financial information below represents amounts before inter-company elimination.

### (i) Summarised statements of financial position

	Spring Energy Resources Berhad	
	2023 RM	2022 RM
Non-current assets	71,753,252	91,819,865
Current assets	69,185,617	88,728,418
Non-current assets held for sale	1,652,191	44,081,822
Non-current liabilities	(9,212,617)	(25,573,477)
Current liabilities	(141,544,750)	(180,380,996)
Net (liabilities)/assets	(8,166,307)	18,675,632

# NOTES TO THE FINANCIAL STATEMENTS

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## 8. INVESTMENTS IN SUBSIDIARY COMPANIES (CONT'D)

### (a) Material partly-owned subsidiary companies (Cont'd)

#### (ii) Summarised statements of profit or loss and other comprehensive income

	Spring Energy Resources Berhad	
	2023 RM	2022 RM
Revenue	198,605,133	149,412,990
Loss for the financial year, representing total comprehensive income for financial year	(22,045,735)	(11,727,151)

#### (iii) Summarised statements of cash flows

	Spring Energy Resources Berhad	
	2023 RM	2022 RM
Net cash from/(used in) operating activities	12,886,698	(7,389,305)
Net cash from investing activities	38,673,035	1,277,283
Net cash (used in)/from financing activities	(52,032,850)	6,594,113
Net changes in cash and cash equivalents	(473,117)	482,091

### (b) Acquisition of subsidiary companies

#### In the previous financial year

On 17 June 2021, the Company entered into a Shares Sale Agreement ("SSA") with Fook Hua Holdings Sdn. Bhd. ("FHHSB") for the acquisition of 51% equity interest in Spring Energy Resources Berhad ("SERB"). The total purchase consideration was satisfied through a combination of cash amounted 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.

The following summarises the major classes of consideration transferred, and the recognised amounts of assets acquired and liabilities assumed at the date of acquisition.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

## 8. INVESTMENTS IN SUBSIDIARY COMPANIES (CONT'D)

### (b) Acquisition of subsidiary companies (Cont'd)

#### In the previous financial year (Cont'd)

#### (i) Fair value of purchase consideration

	Group 2022 RM
Cash consideration	15,220,000
Shares consideration of 33,000,000 at issue price of RM0.31 per share	10,230,000
Less: Contingent consideration	(2,599,314)
Fair value of purchase consideration	22,850,686

As represented in the SSA, FHHSB had agreed to undertake and guarantee that the aggregate profit after tax of SERB and its subsidiaries for two financial years ending 31 December 2023 shall not be less than RM12,000,000 ("Profit Guarantee"). In the event where the Profit Guarantee is not met, FHHSB will be accountable for the shortfall between the aggregate profit after tax for the Profit Guarantee period and the Profit Guarantee amount.

On 18 October 2022, the Company and FHHSB entered into a Supplemental Agreement for an early settlement of the Profit Guarantee ("Proposed Settlement"). On 21 December 2022, the Company had obtained shareholders' approval for the Proposed Settlement via an Extraordinary General Meeting. The Proposed Settlement will enable FHHSB to settle its obligation for the Profit Guarantee for a total sum of RM48 million by way of:

- (a) transfer of a parcel of land located at Lot 7957, Jalan Gurun-Sungai Petani, Mukim Gurun, Kedah amounted to RM30.8 million. On 25 October 2022, SESB and Thong Guan Industries Sdn. Bhd. entered into a Sales and Purchase Agreement to dispose the land for a sale consideration amounting to RM34 million. The disposal of land was subsequently completed in January 2023.
- (b) remaining settlement sum from a debtor amounted to RM17.2 million which had been subsequently received in January 2023.

# NOTES TO THE FINANCIAL STATEMENTS

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## 8. INVESTMENTS IN SUBSIDIARY COMPANIES (CONT'D)

### (b) Acquisition of subsidiary companies (Cont'd)

#### In the previous financial year (Cont'd)

#### (ii) Identifiable assets acquired and liabilities assumed

	Group 2022 RM
Property, plant and equipment (Note 4)	136,666,659
Intangible assets (Note 6)	10,844,671
Investment in joint ventures	96,561
Inventories	12,402,657
Net contract assets	943,895
Trade receivables	30,332,623
Other receivables, deposits and prepayments	20,786,411
Amount owing by related party	3,536,265
Current tax assets	1,472,534
Deposits with licensed banks	2,451,685
Cash and cash equivalents	389,518
Trade payables	(48,827,663)
Other payables and accrual	(23,982,098)
Amount due to holding company	(13,448,718)
Amount owing to related companies	(970,321)
Amount owing to directors	(811,705)
Amount owing to a shareholder	(3,100,226)
Current tax liabilities	(3,114)
Borrowings	(110,899,766)
Lease liabilities (Note 27)	(2,184,148)
Deferred tax liabilities	(4,015,008)
Non-controlling interests	(8,315,060)
Fair value of net assets acquired	3,365,652

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

## 8. INVESTMENTS IN SUBSIDIARY COMPANIES (CONT'D)

### (b) Acquisition of subsidiary companies (Cont'd)

#### In the previous financial year (Cont'd)

#### (iii) Cash flows arising from acquisition

	Group 2022 RM
Purchase consideration	22,850,686
Less: Shares consideration	(10,230,000)
Purchase consideration settled in cash and cash equivalents	12,620,686
Less: Cash and cash equivalents of acquired subsidiary	(389,518)
Add: Contingent consideration receivables	2,599,314
Net cash outflow from the acquisition of a subsidiary	14,830,482

#### (iv) Goodwill arising from acquisition

	Group 2022 RM
Fair value of consideration transferred	22,850,686
Less: Fair value of identifiable net assets acquired	(3,365,652)
Add: Non-controlling interests based on their proportionate interests	1,649,169
Goodwill arising from the acquisition of a subsidiary (Note 7)	21,134,203

- (a) The non-controlling interests are measured at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets at the date of acquisition.
- (b) The Group incurred acquisition-related costs of RM340,000 related to external legal fees and due diligence costs. These expenses were recognised in "Other Expenses" line item of the consolidated statement of profit or loss and other comprehensive income.
- (c) The goodwill is attributable to the workforce and the high profitability of the acquired business as well as the synergies expected to be achieved from integrating the subsidiary into the Group's Quarry Operations. The goodwill is not deductible for tax purposes.



# NOTES TO THE FINANCIAL STATEMENTS

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31 DECEMBER 2023

## 8. INVESTMENTS IN SUBSIDIARY COMPANIES (CONT'D)

### (b) Acquisition of subsidiary companies (Cont'd)

#### In the previous financial year (Cont'd)

#### (v) Impact of acquisition on the group's results

The acquired subsidiary has contributed the following results to the Group:-

	Group 2022 RM
Revenue	139,228,569
Loss after taxation	<u>(18,515,396)</u>

### (c) Incorporation of a subsidiary company

On 19 October 2023, Advancecon Ventures Sdn. Bhd. ("AVSB"), a wholly-owned subsidiary of the Company incorporated Advancecon Development Sdn. Bhd. ("ADSB") with an initial paid-up share capital of RM10 comprising of 10 ordinary shares. AVSB subscribed 10 ordinary shares in ADSB for a total cash consideration of RM10 only. Consequently, ADSB became a wholly-owned subsidiary of AVSB.

### (d) Changes of equity interest in subsidiary companies

During the financial year, the indirect subsidiary of the Company, Spring Energy Sdn. Bhd. ("SESB"), acquired additional 3,470,000 ordinary shares in total cash consideration of RM4,796,205 representing 49% of total issued and paid-up share capital in SE Satu Sdn. Bhd. ("SE SATU"). The Group's effective equity interest in SE SATU had changed from 51% to 100%.

The effect of changes in the equity interest in SE SATU that is attributable to owners of the Company:

	Group 2022 RM
Carrying amount of non-controlling interest acquired	6,428,140
Consideration paid to non-controlling interest	<u>(4,796,205)</u>
Increase in parent's equity	<u>1,631,935</u>

### (e) Additional investments

- (i) On 9 November 2023, Advancecon Solar Sdn. Bhd. ("ASSB"), a wholly owned subsidiary company of the Company increased its paid-up share capital from RM1,000,000 to RM5,000,000 ordinary shares. The Company has subscribed for additional RM4,000,000 ordinary shares in ASSB for a total cash consideration of RM4,000,000.
- (ii) On 20 December 2023, RM79,829,000 of capital contribution to subsidiary companies have been converted into RCPS.

# NOTES TO THE FINANCIAL STATEMENTS

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## 9. INVESTMENT IN ASSOCIATE

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
<b>At Cost</b>				
Unquoted shares in Malaysia	225,000	225,000	225,000	225,000
Share of post acquisition profit	1,458,166	850,721	-	-
	<u>1,683,166</u>	<u>1,075,721</u>	<u>225,000</u>	<u>225,000</u>

Details of the associate company is as follows:

Name of Associate	Place of business/ country of incorporation	Effective interest		Principal Activities
		2023 %	2022 %	
Advancecon (Sarawak) Sdn. Bhd.*	Malaysia	30	30	Providing earthworks, civil engineering services and other related services.

\* Associate not audited by UHY

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.

## 10. INVESTMENT IN JOINT VENTURES

	Group	
	2023 RM	2022 RM
<b>At cost</b>		
Unquoted shares in Malaysia	1	1
Share of post acquisition profits	2,635,111	2,521,082
Current account with a joint venture	(2,040,321)	(2,040,321)
	<u>594,791</u>	<u>480,762</u>

# NOTES TO THE FINANCIAL STATEMENTS

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## 10. INVESTMENT IN JOINT VENTURES (CONT'D)

Details of the joint ventures are as follows:-

Name of Joint Venture	Place of business/ country of incorporation	Effective interest		Principal Activity
		2023 %	2022 %	
Joint venture of Advancecon Infra Sdn. Bhd.				
AISB-IIBSB JV*	Malaysia	80	80	Providing earthworks, civil engineering services and other related services.
Joint venture of Spring Energy Sdn. Bhd.				
SE-SJK-JV*	Malaysia	50	50	Quarrying and sales of quarry products. (ceased operation)
Joint venture of Spring Energy Mining Sdn. Bhd.				
SE Endau Sdn. Bhd.	Malaysia	50	50	Business of iron ore mining operations.

\* Joint ventures not audited by UHY

Although the Group holds more than 50% of the voting power in AISB-IIBSB JV, the Group has determined that it does not have sole control over the investee considering that strategic and financial decisions of the relevant activities of the investee require unanimous consent by both joint venture parties.

The Group's joint ventures are individually immaterial to the financial position, financial performance and cash flows of the Group.

## 11. DEFERRED TAX ASSETS/(LIABILITIES)

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
At 1 January	(4,317,304)	(3,598,252)	160,149	160,149
Acquisition of a subsidiary company [Note 8 (c)(ii)]	-	(4,015,008)	-	-
Recognised in profit or loss (Note 33)	645,516	3,295,956	-	-
Under provision in prior year	(1,332,515)	-	(160,149)	-
At 31 December	(5,004,303)	(4,317,304)	-	160,149

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

## 11. DEFERRED TAX ASSETS/(LIABILITIES)(CONT'D)

The net deferred tax liabilities and assets shown on the statements of financial position after appropriate offsetting are as follows:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Deferred tax assets	11,060,759	12,964,526	189	171,529
Deferred tax liabilities	(16,065,062)	(17,281,830)	(189)	(11,380)
	(5,004,303)	(4,317,304)	-	160,149

The components and movements of deferred tax liabilities and assets prior to offsetting are as follows:

	Unutilised tax losses RM	Unabsorbed capital allowances RM	Others RM	Total RM
<b>Group</b>				
<b>Deferred tax assets</b>				
<b>2023</b>				
At 1 January	171,529	9,556,900	3,236,097	12,964,526
Recognised in profit or loss	46,184	(217,664)	(34,718)	(206,198)
Over provision in prior year	(129,335)	(445,864)	(1,122,370)	(1,697,569)
At 31 December	88,378	8,893,372	2,079,009	11,060,759
<b>2022</b>				
At 1 January	171,529	-	19,407	190,936
Recognised in profit or loss	-	9,556,900	3,216,690	12,773,590
At 31 December	171,529	9,556,900	3,236,097	12,964,526

	2023 RM	2022 RM
<b>Group</b>		
<b>Deferred tax liabilities</b>		
<b>Accelerated capital allowances</b>		
At 1 January	(17,281,830)	(3,789,189)
Recognised in profit or loss	851,714	(13,492,641)
Over provision in prior year	365,054	-
At 31 December	(16,065,062)	(17,281,830)

# NOTES TO THE FINANCIAL STATEMENTS

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## 11. DEFERRED TAX ASSETS/(LIABILITIES)(CONT'D)

The components and movements of deferred tax liabilities and assets prior to offsetting are as follows: (Cont'd)

	Unutilised tax losses RM	Unabsorbed capital allowances RM	Total RM
<b>Company</b>			
<b>Deferred tax assets</b>			
<b>2023</b>			
At 1 January	171,529	-	171,529
Recognised in profit or loss	(42,194)	(15,963)	(58,157)
(Over)/Under provision in prior year	(129,335)	16,152	(113,183)
At 31 December	-	189	189
<b>2022</b>			
At 1 January/31 December	171,529	-	171,529

	2023 RM	2022 RM
<b>Company</b>		
<b>Deferred tax liabilities</b>		
<b>Accelerated capital allowances</b>		
At 1 January	(11,380)	(11,380)
Recognised in profit or loss	58,157	-
Under provision in prior year	(46,966)	-
At 31 December	(189)	(11,380)

Deferred tax assets have not been recognised in respect of the following items:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Unutilised tax losses	45,704,609	40,864,130	257,138	81,329
Unabsorbed capital allowances	70,174,121	55,485,996	92,492	-
	115,878,730	96,350,126	349,630	81,329

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

## 11. DEFERRED TAX ASSETS/(LIABILITIES)(CONT'D)

Deferred tax assets have not been recognised in respect of the following items: (Cont'd)

Deferred tax assets have not been recognised in respect of these items as they may not have sufficient taxable profits to be used to offset or they have arisen in subsidiary companies that have a recent history of losses.

## 12. FINANCE LEASE RECEIVABLES

	Group	
	2023 RM	2022 RM
<b>Gross receivables from finance lease:</b>		
Within one year	477,600	477,600
Later than one year but not later than five years	360,984	838,584
	838,584	1,316,184
Less: Unearned future finance income	(81,655)	(198,305)
Net investment in finance leases	756,929	1,117,879
<b>Analysed as:</b>		
Current assets	411,852	360,950
Non-current assets	345,077	756,929
	756,929	1,117,879

- (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 2 to 3 (2022: 3 to 4) 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 12.10% to 13.77% (2022: 12.10% to 13.77%).
- (c) The finance lease receivables at the end of the reporting period are neither past due nor impaired.

## 13. TRADE RECEIVABLES

	Group	
	2023 RM	2022 RM
<b>Non-Current</b>		
Trade receivables	305,194	429,745



# NOTES TO THE FINANCIAL STATEMENTS

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## 13. TRADE RECEIVABLES (CONT'D)

	Group	
	2023 RM	2022 RM
<b>Current</b>		
Trade receivables	58,894,144	86,509,162
Less: Accumulated impairment losses	(3,508,641)	(3,178,740)
	55,385,503	83,330,422
	55,690,697	83,760,167

The Group's normal trade credit terms range from 5 to 90 (2022 - 5 to 90) days. Other credit terms are assessed and approved on a case-by-case basis.

Movements in the allowance for impairment losses are as follows:

	Group	
	2023 RM	2022 RM
At 1 January	3,178,740	443,050
Acquisition of a subsidiary company	-	17,593,870
Impairment loss recognised	597,704	2,652,544
Impairment loss reversed	(267,803)	(17,500,110)
Amount written off	-	(10,614)
As at 31 December 2023	3,508,641	3,178,740

The loss allowance account in respect of trade receivables is used to record loss allowance. Unless the Group and the Company are satisfied that recovery of the amount is possible, the amount considered irrecoverable is written off against the receivable directly.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

**13. TRADE RECEIVABLES (CONT'D)**

The aged analysis of trade receivables and contract assets as at the end of the reporting period:

	Gross amount RM	Loss allowance RM	Net amount RM
<b>Group</b>			
<b>2023</b>			
Neither past due nor impaired	35,477,581	(24,734)	35,452,847
<i>Past due not impaired:</i>			
Less than 30 days	10,502,429	(20,444)	10,481,985
31 to 60 days	4,990,052	(33,736)	4,956,316
61 to 90 days	363,895	(25,858)	338,037
More than 90 days	5,193,810	(732,298)	4,461,512
	21,050,186	(812,336)	20,237,850
	56,527,767	(837,070)	55,690,697
<b>Credit impaired:</b>			
Individually impaired	2,671,571	(2,671,571)	-
	59,199,338	(3,508,641)	55,690,697
<b>2022</b>			
Neither past due nor impaired	34,209,962	(3,249)	34,206,713
<i>Past due not impaired:</i>			
Less than 30 days	28,793,697	(8,736)	28,784,961
31 to 60 days	13,611,156	(34,439)	13,576,717
61 to 90 days	4,360,623	(232,131)	4,128,492
More than 90 days	3,466,252	(402,968)	3,063,284
	50,231,728	(678,274)	49,553,454
	84,441,690	(681,523)	83,760,167
<b>Credit impaired:</b>			
Individually impaired	2,497,217	(2,497,217)	-
	86,938,907	(3,178,740)	83,760,167

# NOTES TO THE FINANCIAL STATEMENTS

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31 DECEMBER 2023

## 13. TRADE RECEIVABLES (CONT'D)

Trade receivables that are neither past due nor impaired are creditworthy receivables with good payment records with the Group and the Company.

As at 31 December 2023, trade receivables of RM20,237,850 (2022: RM49,553,454) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default.

The trade receivables of the Group that are individually assessed to be impaired amounting to RM2,671,571 (2022: RM2,497,217) respectively, relate to customers that are in financial difficulties, have defaulted on payments and / or have disputed on the billings. These balances are expected to be recovered through the debts recovery process.

## 14. OTHER RECEIVABLES

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
<b><u>Non-Current Asset</u></b>				
Other receivables	7,639,340	3,695,433	-	-
<b><u>Current Assets</u></b>				
Other receivables	15,608,920	15,821,854	1,761	3,521
Less: Accumulated impairment losses	(5,105,366)	(450,251)	-	-
	10,503,554	15,371,603	1,761	3,521
Deposits	18,783,845	10,495,031	59,020	46,020
Less: Accumulated impairment losses	(5,038,256)	-	-	-
	13,745,589	10,495,031	59,020	46,020
Prepayments	8,081,931	8,446,502	18,105	14,459
GST recoverable	222	797,510	120	120
	32,331,296	35,110,646	79,006	64,120
	39,970,636	38,806,079	79,006	64,120

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

**14. OTHER RECEIVABLES (CONT'D)**

Movements in the allowance for impairment losses are as follows:

	Group	
	2023 RM	2022 RM
At 1 January	450,251	-
Impairment losses recognised	9,791,991	450,251
Impairment loss reversed	(98,620)	-
At 31 December	10,143,622	450,251

- (a) The non-current receivables of the Group at the end of the reporting period represent amount owing by third parties which are repayable within 21 to 48 (2022: 13 to 43) months. Interest is charged at Nil (2022: 3.00%) per annum on the balances.
- (b) In previous financial year, included in other receivables of the Group at the end of the reporting period is a total of RMNil (2022: RM3,207,000), represents the remaining proceeds from the disposal of certain properties of a subsidiary for a total consideration of RMNil (2022: RM3,530,000). The proceeds have been received during the financial year.
- (c) Included in other receivables of the Group at the end of the reporting period is a deposit amounting to RM6,000,000, paid in prior financial year in relation to the proposed acquisition of the entire equity interest in Bakat Serimas Sdn. Bhd.. The proposed acquisition has been subsequently cancelled by SERB and partial amount of the deposit amounting to RM1.39 million was returned to SERB in April 2023. The remaining of the deposit amounting to RM4.61 million was fully impaired during the financial year.

**15. INVENTORIES**

	Note	Group	
		2023 RM	2022 RM
<b>Non-Current</b>			
Property development costs	(a)	80,657	-
<b>Current</b>			
Other inventories	(b)	11,068,242	13,125,525

# NOTES TO THE FINANCIAL STATEMENTS

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## 15. INVENTORIES (CONT'D)

### (a) Property development costs

	Group	
	2023 RM	2022 RM
<b>Non-Current</b>		
<b>Property development costs</b>		
At 1 January	-	-
Additions	80,657	-
At 31 December	80,657	-

### (b) Other inventories

	Group	
	2023 RM	2022 RM
<b>At cost:</b>		
Stockpile of quarry products	5,103,496	9,312,832
Raw materials	4,898,810	2,442,691
Spare parts	1,065,936	1,370,002
	11,068,242	13,125,525
<b>Recognised in profit or loss:</b>		
Inventories recognised as cost of sales	103,828,925	80,656,087

## 16. CONTRACT ASSETS/(LIABILITIES)

	Group	
	2023 RM	2022 RM
<u>Contract assets</u>		
Construction contracts	100,204,271	117,846,104
<u>Contract liabilities</u>		
Construction contracts	(19,493,564)	(28,352,108)

# NOTES TO THE FINANCIAL STATEMENTS

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## 16. 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 (2022: 1 month to 21 years).

Included in contract assets are retention sum receivables from third parties and a related party totalling RM27,101,620 (2022: RM27,333,308) and RM8,606,152 (2022: RM7,966,652) respectively. The retention sums are expected to be collected within the periods ranging from 1 to 4 (2022: 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 30 (2022: 2 to 30) months.
- (c) The changes to contract assets and contract liabilities balances during the financial year are summarised below:-

	Group	
	2023 RM	2022 RM
At 1 January	89,493,996	81,701,591
Acquisition of a subsidiary	-	943,895
Revenue recognised in profit or loss during the financial year	258,016,416	265,291,451
Billings to customers during the financial year	(266,799,705)	(255,689,737)
Allowance for impairment losses	-	(2,753,204)
At 31 December	80,710,707	89,493,996
Presented as:		
Contract assets	100,204,271	117,846,104
Contract liabilities	(19,493,564)	(28,352,108)
	80,710,707	89,493,996

Movements in the allowance for impairment losses of contract assets are as follows:

	Group	
	2023 RM	2022 RM
At 1 January	2,753,204	-
Allowance for impairment losses	-	2,753,204
At 31 December	2,753,204	2,753,204



# NOTES TO THE FINANCIAL STATEMENTS

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## 16. CONTRACT ASSETS/(LIABILITIES) (CONT'D)

- (d) Contract value yet to be recognised as revenue

As of the reporting date, revenue expected to be recognised in the future relating to performance obligations that are unsatisfied (or partially unsatisfied) is RM279,916,736. The Group expects to recognise this revenue as the construction contracts are completed, which is expected to occur over the next 12-36 months.

## 17. AMOUNT DUE FROM/(TO) SUBSIDIARY COMPANIES

	Company	
	2023 RM	2022 RM
<b>Amount due from:</b>		
Trade balances	5,410,822	5,000,000
Non-trade balances	27,244,955	90,556,325
	<u>32,655,777</u>	<u>95,556,325</u>
<b>Amount due to:</b>		
Trade balances	(516,530)	-
Non-trade balances	(2,963)	(14,884)
	<u>(519,493)</u>	<u>(14,884)</u>

- (a) The trade balance is subject to a normal trade credit term of 30 (2022: 30) days
- (b) The non-trade balances are unsecured, repayable on demand and interest-free, except for amount due to certain subsidiaries which are subject to 4.97% - 5.49% (2022: 3.44% - 5.01%) interest per annum.
- (c) The amounts due are to be settled in cash.

## 18. AMOUNT DUE FROM/(TO) AN ASSOCIATED COMPANY

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
<b>Amount due from:</b>				
Trade balances	3,567,318	14,776,759	30,900	-
Non-trade balances	30,900	293,428	1,250	246
	<u>3,598,218</u>	<u>15,070,187</u>	<u>32,150</u>	<u>246</u>

# NOTES TO THE FINANCIAL STATEMENTS

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## 18. AMOUNT DUE FROM/(TO) AN ASSOCIATED COMPANY (CONT'D)

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
<b>Amount due to:</b>				
Non-trade balances	(4,867,431)	-	-	-

- (a) The trade balances are subject to a normal trade credit term of 30 (2022: 30) days
- (b) The non-trade balances are unsecured, interest-free and repayable on demand.
- (c) The amounts due are to be settled in cash.

## 19. AMOUNT DUE FROM/(TO) RELATED PARTIES

	Group	
	2023 RM	2022 RM
<b>Amount due from:</b>		
Trade balances	378,992	-
<b>Amount due to:</b>		
Trade balances	-	(1,620,354 )
Non-trade balances	(25,406,791)	(25,178,525)
	( 25,406,791)	(26,798,879 )

- (a) The trade balance is subject to a normal trade credit term of 15 - 60 days.
- (b) The non-trade balance is unsecured, repayable on demand and interest-free, except for amount owing to certain related parties which are subject to 4.97% - 5.45% (2022: 3.44% - 5.01%) interest per annum.
- (c) The amount due is to be settled in cash.

# NOTES TO THE FINANCIAL STATEMENTS

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## 20. AMOUNT DUE FROM/(TO) JOINT VENTURES

	Group	
	2023 RM	2022 RM
<b>Amount due from:</b>		
Non-trade balance	2,075,685	2,113,942
<b>Amount due to:</b>		
Trade balance	(1,421,720)	(2,549,361)

- (a) The trade balances are subject to a normal trade credit term of 30 (2022: 30) days
- (b) The non-trade balances are unsecured, interest-free and repayable on demand.
- (c) The amounts due are to be settled in cash

## 21. SHORT-TERM INVESTMENTS

Investments in fixed income trust funds represents 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.

## 22. 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 Note 26.

The interest rates of the deposits of the Group and of the Company range from 1.60% to 3.10% (2022: 1.20% to 2.85%) per annum and 2.70% (2022: 2.40%) per annum respectively and mature with range from 30 to 365 (2022: 12 to 365) days and 365 (2022: 365) days respectively.

## 23. NON-CURRENT ASSETS HELD FOR SALE

During the financial year

- (a) On 10 November 2023, the indirect subsidiary of the Company, Spring Energy Sdn. Bhd. ("SESB") entered into Sale and Purchase Agreement with Yau Poh Trading Sdn. Bhd. to dispose plant and machineries for sale consideration amounting to RM6,000,000. The disposal of assets was subsequently completed on 23 February 2024.

# NOTES TO THE FINANCIAL STATEMENTS

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## 23. NON-CURRENT ASSETS HELD FOR SALE (CONT'D)

In the previous financial year

- (a) On 22 December 2022, the indirect subsidiaries of the Company, SE Satu Sdn. Bhd. ("SE SATU") and Spring Energy Sdn. Bhd. ("SESB") entered into a Settlement Agreement with Citaglobal Berhad ("CGB") to facilitate the disposal of 3,470,000 ordinary shares, representing 49% of the issued shares capital of CGB in SE SATU and SESB to acquire full control of SE SATU from CGB. This is pursuant to CGB's exit from its investments in SE SATU by way of conveying ownership of CGB's shareholding to SESB with a purchase consideration of RM4,796,205, subject to compliance of SESB of all the terms and conditions relating to the satisfaction of the commercial terms herein contained in the Settlement Agreement ("Proposed Acquisition"). Consequent to this, a subsidiary of CGB, Sinergi Dayang Sdn. Bhd. shall acquire the freehold agricultural land held under Individual Title H.S.(D) 7625, PT 3521, Tempat Sungai Karang, Mukim Sungai Karang, Daerah Kuantan, Negeri Pahang Darul Makmur ("the said Land") for a total purchase consideration of RM10,081,823 from SE SATU after redemption of any charges upon the Land by CGB. The disposal of land was subsequently completed in June 2023.
- (b) On 25 October 2022, SESB and Thong Guan Industries Sdn. Bhd. entered into a Sales and Purchase Agreement to dispose a parcel of land located at Lot 7957, Jalan Gurun-Sungai Petani, Mukim Gurun, Kedah for a sale consideration amounting to RM34,000,000. The disposal of land was subsequently completed in January 2023.

## 24. SHARE CAPITAL

	Group and Company			
	Number of shares		Amount	
	2023 RM	2022 RM	2023 RM	2022 RM
<b>Issued and fully paid</b>				
<b>Ordinary shares</b>				
At 1 January	492,756,000	492,756,000	114,139,592	114,139,592
Issuance of shares				
- Private placement	91,975,900	-	19,774,819	-
- Share issue expenses	-	-	(184,800)	-
At 31 December	584,731,900	492,756,000	133,729,611	114,139,592

During the financial year, the Company increased its issued and paid-up share capital from RM114,139,592 comprising 492,756,000 ordinary shares to RM133,729,611 comprising 584,731,900 ordinary shares by way of issuance of 91,975,900 new ordinary shares for a share consideration of RM19,774,819 pursuant to the private placement at an exercise price of RM0.2150 per share.

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

The holders of ordinary shares are entitled to receive dividends as declared from time to time and entitled to one vote per share at meetings of the Company. All ordinary shares carry rank equally with regard to the Company's residual assets.

# NOTES TO THE FINANCIAL STATEMENTS

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## 25. TREASURY SHARES

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

Of the total 584,731,900 (2022: 492,756,000) issued and fully paid-up ordinary shares at the end of the reporting period, 9,381,300 (2022: 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.

## 26. BANK BORROWINGS

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
<b>Secured</b>				
Invoice financing	28,896,664	27,584,796	-	-
Bankers' acceptance	25,323,157	30,001,650	-	-
Bank factoring	4,502,984	34,487,531	-	-
Revolving credit	-	17,500,000	-	-
Hire purchase payables	26,851,966	44,257,583	-	-
Term loan	118,768,039	79,409,239	12,072,279	15,326,183
Bank overdrafts	11,793,209	22,260,343	3,361,748	-
	<u>216,136,019</u>	<u>255,501,142</u>	<u>15,434,027</u>	<u>15,326,183</u>
<b>Analysed as:</b>				
<b>Non-current</b>				
Hire purchase payables	14,526,014	23,626,034	-	-
Term loan	90,695,210	47,801,927	8,811,613	12,073,945
	<u>105,221,224</u>	<u>71,427,961</u>	<u>8,811,613</u>	<u>12,073,945</u>
<b>Current</b>				
Invoice financing	28,896,664	27,584,796	-	-
Bankers' acceptance	25,323,157	30,001,650	-	-
Bank factoring	4,502,984	34,487,531	-	-
Revolving credit	-	17,500,000	-	-
Hire purchase payables	12,325,952	20,631,549	-	-
Term loan	28,072,829	31,607,312	3,260,666	3,252,238
Bank overdrafts	11,793,209	22,260,343	3,361,748	-
	<u>110,914,795</u>	<u>184,073,181</u>	<u>6,622,414</u>	<u>3,252,238</u>
	<u>216,136,019</u>	<u>255,501,142</u>	<u>15,434,027</u>	<u>15,326,183</u>

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

## 26. BANK BORROWINGS (CONT'D)

### Hire purchase payables

	Group	
	2023 RM	2022 RM
Minimum hire purchase payments:		
- not later than one year	13,412,934	22,452,632
- later than one year and not later than five years	15,378,768	25,211,625
	28,791,702	47,664,257
Less: Future finance charges	(1,939,736)	(3,406,674)
Present value of hire purchase payables	26,851,966	44,257,583

(a) The term loans are secured by:

- (i) Facility agreement for a total sum of RM61,366,635;
- (ii) The deposits with licensed banks of certain subsidiaries;
- (iii) Corporate guarantee of the Company;
- (iv) A Government's guarantee under the Danajamin Prihatin Guarantee Scheme ("DPGS") or up to RM17,600,000;
- (v) Basic building debenture over certain properties of the Company;
- (vi) Registered open all monies 1st party charge stamp nominally over certain properties of the Company and a subsidiary;
- (vii) Corporate guarantee of a subsidiary;
- (viii) Deed of assignment and power of attorney over certain investment properties of a subsidiary
- (ix) Legal charge over certain investment properties of a subsidiary
- (x) Assignment of rental proceeds created over certain investment properties of a subsidiary, and
- (xi) Joint corporate guarantee from the Company and a shareholder of a subsidiary

In the previous financial year, a subsidiary had declared a dividend by seeking lender's approval. The written consent is still under review by the lender as at the end of the reporting period. The lender has not demanded for the term loan outstanding amounting to RM12,629,570 to be immediately due and payables as at 31 December 2023.



# NOTES TO THE FINANCIAL STATEMENTS

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## 26. BANK BORROWINGS (CONT'D)

(b) The invoice financing, bankers' acceptance, bank factoring and revolving credit are secured by:

- (i) The deposits with licensed banks of certain subsidiaries;
- (ii) Corporate guarantee of the Company;
- (iii) Legal charge over certain investment properties of a subsidiary;
- (iv) Deed of assignment of certain contract proceeds of a subsidiary;
- (v) Subordination of loans and advances of the Company; and
- (vi) Joint corporate guarantee from the Company and a shareholder of a subsidiary.

(c) The bank overdrafts are secured by:

- (i) Legal charge over certain properties of a subsidiary;
- (ii) Corporate guarantee of the Company;
- (iii) The deposits with licensed banks of a certain subsidiaries;
- (iv) Deed of assignment of certain contract proceeds of a subsidiary;
- (v) Subordination of loans and advances of the Company;
- (vi) Joint and several guarantee by all the directors of a subsidiary; and
- (vii) Joint corporate guarantee from the Company and a shareholder of a subsidiary.

The maturity of bank borrowings are as follows:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Within one year	110,914,795	184,073,181	6,622,414	3,252,238
Later than one year but not later than two years	23,374,928	32,929,244	3,285,563	10,177,530
Later than two years but not later than five years	29,272,200	38,498,717	3,937,975	1,896,415
Later than five years	52,574,096	-	1,588,075	-
	<u>216,136,019</u>	<u>255,501,142</u>	<u>15,434,027</u>	<u>15,326,183</u>

# NOTES TO THE FINANCIAL STATEMENTS

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## 26. BANK BORROWINGS (CONT'D)

The Group's interest rates per annum are as follows:

	Group		Company	
	2023 %	2022 %	2023 %	2022 %
Invoice financing	4.27 - 8.10	4.35 - 7.42	-	-
Bankers' acceptance	4.27 - 7.57	2.85 - 7.85	-	-
Hire Purchase	2.80 - 8.50	2.30 - 9.69	-	-
Other trade bills financing	5.23 - 5.50	4.00 - 6.48	-	-
Bank overdrafts	6.65 - 8.32	6.70 - 7.49	8.32	-
Revolving credit	-	4.44 - 5.79	-	-
Term loan	4.26 - 8.00	4.22 - 8.00	4.26 - 5.38	4.27 - 4.95

## 27. LEASE LIABILITIES

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
At 1 January	2,813,972	43,407	185,207	43,407
Acquisition of subsidiary	-	2,184,148	-	-
Addition of new leases	2,244,345	1,722,554	-	214,036
Interest expense recognised in profit or loss	204,214	174,612	6,175	3,364
Modification of lease liabilities	-	(162,570)	-	-
Termination of lease contracts	(160,949)	-	-	-
Repayment of principal	(1,184,497)	(973,567)	(69,425)	(72,236)
Repayment of interest expense	(204,214)	(174,612)	(6,175)	(3,364)
At 31 December	3,712,871	2,813,972	115,782	185,207
<b>Presented as:</b>				
Non-current	2,262,017	1,900,279	43,515	115,782
Current	1,450,854	913,693	72,267	69,425
	3,712,871	2,813,972	115,782	185,207

# NOTES TO THE FINANCIAL STATEMENTS

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## 27. LEASE LIABILITIES (CONT'D)

The maturity analysis of lease liabilities of the Group at the end of reporting period:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Within one year	1,569,880	1,058,870	75,600	75,600
Later than one year and not later than two years	1,725,856	758,680	44,100	75,600
Later than two years and not later than five years	733,950	1,436,720	-	44,100
	4,029,686	3,254,270	119,700	195,300
Less: Future finance charges	(316,815)	(440,298)	(3,918)	(10,093)
Present value of lease liabilities	3,712,871	2,813,972	115,782	185,207

The average effective interest rates for the leases of the Group and the Company are ranging from 3.80% to 6.24% and 3.80% to 5.38% (2022: 4.02% to 6.24% and 3.80% to 5.38%) per annum.

## 28. TRADE PAYABLES

	Group	
	2023 RM	2022 RM
<b>Current</b>		
Trade payables	86,159,832	83,610,979
Retention sum	13,399,873	14,373,296
	99,559,705	97,984,275

The normal trade credit terms granted to the Group range from 14 to 60 days (2022: 14 to 60 days). Other credit terms are assessed and approved on a case by case basis.

The retention sums are unsecured, interest-free and expected to be paid within a period of 1 to 4 (2022: 1 to 4) years.

## 29. OTHER PAYABLES

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Other payables	7,118,031	9,412,557	64,193	119,221
Accruals	20,970,656	15,198,095	677,899	488,158
Deposits received	149,125	132,211	-	-
	28,237,812	24,742,863	742,092	607,379

# NOTES TO THE FINANCIAL STATEMENTS

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## 29. OTHER PAYABLES (CONT'D)

Included in other payables and accruals of the Group at the end of the reporting period is a total amount of RMNil (2022: RM1,868,000) outstanding on purchase of plant and machineries.

## 30. REVENUE

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
<u>Revenue from Contract with Customers</u>				
Construction and support services:				
- Contract revenue	240,740,719	254,472,493	-	-
- Sale of goods	21,336,341	7,087,202	-	-
- Hiring of machinery	5,454,760	11,689,797	-	-
- Day work revenue	5,712,041	8,874,246	-	-
Rental income from investment properties	387,625	509,181	-	-
Cabin living quarter rental	688,937	68,195	-	-
Quarry operations:				
- Contract revenue	17,275,697	10,732,566	-	-
- Sale of quarry products	89,756,426	86,598,419	-	-
- Hiring of machinery	721,975	432,441	-	-
- Transport income	1,408,538	704,675	-	-
- Sub-contract work	65,922,270	40,793,103	-	-
Solar energy:				
- Contract revenue	-	86,392	-	-
- Operating revenue	310,002	301,174	-	-
	449,715,331	422,349,884	-	-
<u>Revenue from Other Sources</u>				
Dividend income	-	-	-	11,500,000
Management fee	50,000	-	5,410,822	4,666,401
	50,000	-	5,410,822	16,166,401
	449,765,331	422,349,884	5,410,822	16,166,401
<u>Timing of revenue recognition</u>				
At a point in time	124,700,084	115,739,181	-	-
Over time	325,015,247	306,610,703	-	-
	449,715,331	422,349,884	-	-

# NOTES TO THE FINANCIAL STATEMENTS

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## 31. FINANCE COSTS

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
<b>Interest expenses on:</b>				
Bank factoring	65,317	715,348	-	-
Bank overdrafts	2,839,193	566,573	110,235	166,422
Invoice financing and bankers' acceptance	1,955,876	3,280,311	-	-
Hire purchase	1,916,538	2,896,308	-	-
Revolving credit	602,860	317,801	-	-
Term loan	3,283,054	4,164,366	674,626	676,444
Overdue interest on borrowings	606,615	573,383	-	-
Related parties	1,062,489	894,488	-	-
Others	293,060	28,400	-	-
Lease liabilities	204,214	174,612	6,175	3,364
	12,829,216	13,611,590	791,036	846,230

## 32. LOSS BEFORE TAX

Loss before tax is derived at after at charging/(crediting) amongst other, the following items:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Auditors' remuneration				
- Statutory audit				
- Current year	330,000	462,400	40,000	111,500
- Under/(Over) provision in prior year	17,900	7,500	-	5,000
- Non-statutory audit	5,000	5,000	5,000	5,000
Amortisation of intangible assets	100,000	952,408	-	-
Bad debt written off	3,825	-	-	-
Depreciation of:				
- property, plant and equipment	41,717,438	52,025,563	445,753	444,931
- investment properties	579,036	617,927	-	-
Property, plant and equipment written off	142,952	18,276	-	-
Fair value (gain)/loss on long-term:				
- trade receivables	(15,006)	41,181	-	-
- other receivables	335,823	346,567	-	-

# NOTES TO THE FINANCIAL STATEMENTS

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## 32. LOSS BEFORE TAX (CONT'D)

Loss before tax is derived at after at charging/(crediting) amongst other, the following items:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Gain on disposals of:				
- investment properties	-	(193,442)	-	-
- property, plant and equipment	(7,026,942)	(5,935,734)	-	-
- non-current asset held for sale	(442,430)	-	-	-
Gain on termination of lease contracts	(6,217)	-	-	-
Impairment loss on:				
- trade receivables	597,704	2,652,544	-	-
- other receivables	9,791,991	450,251	-	-
- contract assets	-	2,753,204	-	-
- investment in subsidiary company	-	-	-	25,450,000
- goodwill on consolidation	-	21,134,203	-	-
- property, plant and equipment	-	3,360,608	-	-
- intangible assets	-	8,592,263	-	-
Royalties and tributes	9,470,392	14,515,644	-	-
Reversal of impairment loss on:				
- trade receivables	(267,803)	(17,500,110)	-	-
- other receivables	(98,620)	-	-	-
Dividend income	(9,694)	(38,407)	(2,277)	(1,343)
Interest income	(1,829,621)	(1,572,731)	(1,614,421)	(1,028,265)
Bad debt recovery	-	(3,200,000)	-	-
Early settlement of profit guarantee	-	(30,800,000)	-	-
Rental income				
- operating lease of land	(120,000)	(120,000)	-	-
- staff accommodation for general work	(60,000)	-	-	-
- motor vehicle	(183,000)	-	-	-
Gain on modification of lease liabilities	-	(6,773)	-	-



# NOTES TO THE FINANCIAL STATEMENTS

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## 33. TAXATION

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
<b>Tax expenses/(credit) for the financial year:</b>				
Current tax provision	2,059,082	1,390,417	278,288	47,503
Underprovision in prior years	190,251	1,024,404	140,719	-
	2,249,333	2,414,821	419,007	47,503
<b>Deferred tax: (Note 11)</b>				
Relating to origination and reversal of temporary differences	(645,916)	(3,295,956)	-	-
Under provision in prior years	1,332,915	-	160,149	-
	686,999	(3,295,956)	160,149	-
	2,936,332	(881,135)	579,156	47,503

Malaysian income tax is calculated at the statutory tax rate of 24% (2022:24%) of chargeable income of the estimated assessable profit for the financial year.

A reconciliation of income tax expenses applicable to loss before tax at the statutory tax rate to income tax expenses at the effective tax rate of the Group and of the Company are as follows:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Loss before tax	(42,938,782)	(19,183,688)	(648,706)	(15,557,757)
Taxation at statutory tax rate of 24% (2022: 24%)	(10,305,308)	(4,604,085)	(155,689)	(3,733,862)
Income not subject to tax	(184,749)	(4,928,710)	-	(2,760,456)
Expenses not deductible for tax purposes	7,216,758	2,190,429	369,585	6,533,440
Taxable income not included in profit or loss	-	(214,786)	-	-
Deferred tax assets not recognised	4,686,865	5,750,569	64,392	8,381
Utilisation of previously unrecognised deferred tax	-	(98,956)	-	-
Under provision of income tax expense in prior years	190,251	1,024,404	140,719	-
Under provision deferred tax expense in prior years	1,332,515	-	160,149	-
Tax expense/(credit) for the financial year	2,936,332	(881,135)	579,156	47,503

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## 33. TAXATION (CONT'D)

The Group has the following estimated unabsorbed capital allowances and unutilised tax losses available to carry forward to offset against future taxable profit. The said amounts are subject to approval by tax authorities.

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Unutilised tax losses	46,591,179	41,448,365	257,138	257,138
Unabsorbed capital allowances	108,828,166	104,118,079	93,279	67,302
	155,419,345	145,566,444	350,417	324,440

With effects from year assessment 2019, unutilised tax losses are allowed to be carried forward up to a maximum of ten (10) years of assessment under the current tax legislation in Malaysia. The other temporary difference does not expire under tax legislation.

Pursuant to Section 44(5F) of the Income Tax Act 1967, the unutilised tax losses can only be carried forward until the following years of assessment.

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
<b>Unutilised tax losses to be carried forward until:</b>				
Year of assessment				
- 2028	6,336,509	6,336,509	-	-
- 2029	4,953,774	4,953,774	-	-
- 2030	23,492,462	23,492,462	-	-
- 2031	2,531,748	2,531,748	257,138	257,138
- 2032	4,488,667	4,133,872	-	-
- 2033	4,788,019	-	-	-
	46,591,179	41,448,365	257,138	257,138

## 34. STAFF COSTS

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Salaries, wages and other emoluments	76,096,568	69,425,355	4,876,838	2,240,051
Defined contribution plans	7,393,394	6,553,217	590,145	274,343
Other benefits	3,306,765	3,743,788	43,152	194,914
	86,796,727	79,722,360	5,510,135	2,709,308

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## 34. STAFF COSTS (CONT'D)

Included in staff costs is aggregate amount of remuneration received and receivables by the Directors of the Company and of the subsidiary companies during the financial year as below:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
<b>Executive Directors</b>				
Salary, fees and other emoluments	2,289,996	2,714,780	1,687,231	2,201,000
Defined contribution plans	254,578	308,117	203,887	241,559
	<u>2,544,574</u>	<u>3,022,897</u>	<u>1,891,118</u>	<u>2,442,559</u>
<b>Non-Executive Directors</b>				
Fees	220,963	229,180	220,963	229,180
Allowances	37,500	12,322	37,500	12,322
	<u>258,463</u>	<u>241,502</u>	<u>258,463</u>	<u>241,502</u>
	<u>2,803,037</u>	<u>3,264,399</u>	<u>2,149,581</u>	<u>2,684,061</u>

## 35. LOSS PER SHARE

### (a) Basic loss per share

The basic loss per share are calculated based on the consolidated loss for the financial year attributable to the owners of the parent and the weighted average number of ordinary shares in issue during the financial year is disclosed in next page.

	Group	
	2023 RM	2022 RM
Loss for the financial year, attributable to owners of the Parent	(34,295,179)	(23,358,610)
Weighted average number of ordinary shares:		
Ordinary shares in issue as at 1 January	492,756,000	492,756,000
Effect of treasury shares held	(9,381,300)	(9,381,300)
Effect of private placement	69,296,911	-
Weighted average number of ordinary shares in issue	<u>552,671,611</u>	<u>483,374,700</u>
Basic loss per share (in sen)	<u>(6.20)</u>	<u>(4.83)</u>

### (b) Diluted loss per share

The diluted loss per share of the Group is equal to the basic loss per share as the Group does not have any dilutive potential ordinary shares in issue.

# NOTES TO THE FINANCIAL STATEMENTS

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## 36. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the liabilities of the Group and of the Company arising from financing activities, including both cash and non-cash changes:

	At 1 January RM	Financing Cash Flows		Other changes (i) RM	At 31 December RM
		Drawdown RM	Repayment RM		
<b>2023</b>					
<b>Group</b>					
Hire purchase payables (Note 26)	44,257,583	-	(21,126,417)	3,720,800	26,851,966
Lease liabilities (Note 27)	2,813,972	-	(1,184,497)	2,083,396	3,712,871
Term loan (Note 26)	79,409,239	63,848,802	(24,490,002)	-	118,768,039
Bankers' acceptance (Note 26)	30,001,650	95,719,822	(100,398,315)	-	25,323,157
Invoice financing (Note 26)	27,584,796	118,904,541	(117,592,673)	-	28,896,664
Revolving credit (Note 26)	17,500,000	-	(17,500,000)	-	-
Bank factoring (Note 26)	34,487,531	-	(29,984,547)	-	4,502,984
Amount due to an associated company (Note 18)	-	-	-	4,867,431	4,867,431
	236,054,771	278,473,165	(312,276,451)	10,671,627	212,923,112

# NOTES TO THE FINANCIAL STATEMENTS

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## 36. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES (CONT'D)

The table below details changes in the liabilities of the Group and of the Company arising from financing activities, including both cash and non-cash changes:  
(Cont'd)

	At 1 January RM	Financing Cash Flows		Acquisition of a subsidiary company RM	Other changes (i) RM	At 31 December RM
		Drawdown RM	Repayment RM			
<b>2022</b>						
<b>Group</b>						
Hire purchase payables (Note 26)	38,088,440	-	(31,892,134)	27,719,277	10,342,000	44,257,583
Lease liabilities (Note 27)	43,407	-	(973,567)	2,184,148	1,559,984	2,813,972
Term loan (Note 26)	57,344,772	10,520,000	(27,440,480)	40,245,947	(1,261,000)	79,409,239
Bankers' acceptance (Note 26)	20,621,288	109,270,178	(118,855,836)	18,966,020	-	30,001,650
Invoice financing (Note 26)	7,021,641	116,265,337	(110,052,213)	14,350,031	-	27,584,796
Revolving credit (Note 26)	3,000,000	17,500,000	(3,000,000)	-	-	17,500,000
Bankers factoring (Note 26)	-	158,528,465	(133,659,425)	9,618,491	-	34,487,531
Amount due to an associated company (Note 18)	269,338	-	-	-	(269,338)	-
	126,388,886	412,083,980	(425,873,655)	113,083,914	10,371,646	236,054,771

# NOTES TO THE FINANCIAL STATEMENTS

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## 36. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES (CONT'D)

The table below details changes in the liabilities of the Group and of the Company arising from financing activities, including both cash and non-cash changes: (Cont'd)

	At 1 January RM	Financing Cash Flows		Other changes (i) RM	At 31 December RM
		Drawdown RM	Repayment RM		
<b>2023</b>					
<b>Company</b>					
Term loan (Note 26)	15,326,183	7,581	(3,261,485)	-	12,072,279
Lease liabilities (Note 27)	185,207	-	(69,425)	-	115,782
Amount due to subsidiary companies (Note 17)	14,884	-	-	(11,921)	2,963
	15,526,274	7,581	(3,330,910)	(11,921)	12,191,024
<b>2022</b>					
<b>Company</b>					
Term loan (Note 26)	15,865,166	2,820,000	(3,358,983)	-	15,326,183
Lease liabilities (Note 27)	43,407	-	(72,236)	214,036	185,207
Revolving credit (Note 21)	-	-	-	-	-
Amount due to subsidiary companies (Note 17)	11,946	-	-	2,938	14,884
	15,920,519	2,820,000	(3,431,219)	216,974	15,526,274

(i) Other changes include new lease, new hire purchase, modification of lease liabilities, termination of lease liabilities, reclassification of other payables to lease liabilities, repayment to and advances from subsidiary companies, advances from and repayment to an associate and redemption of term loans upon disposal of investment properties.

# NOTES TO THE FINANCIAL STATEMENTS

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## 37. RELATED PARTY DISCLOSURES

### (a) Identified related parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control or joint 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. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel include all the Directors of the Group and certain members of senior management and chief executive officers of major subsidiary companies of the Group.

### (b) Significant related party transactions

Related party transactions have been entered into in the normal course of business under normal trade terms. In addition to related party balances disclosed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
<b>Entity related to the Group</b>				
Received or receivable:-				
Contract revenue	32,060,309	69,250,313	-	-
Hiring of machinery	1,248,418	2,882,652	-	-
Management fees	50,000	33,000	-	-
Sales of goods	-	5,797,609	-	-
Secondment fee	760,986	611,289	-	-
Transportation charged	-	31,770	-	-
Rental of motor vehicle	183,000	-	-	-
Rental of staff accomodation	60,000	-	-	-
<b>Paid or payable:-</b>				
Purchase of material	-	40,946	-	-
Rental of premises	342,000	402,000	-	-
Secondment fees	313,863	163,486	-	-
Subcontractor fees	2,552,098	7,299,074	-	-
Subcontract wages	-	119,531	-	-
Interest expense	1,181,520	894,488	-	-
Royalty and tribute	1,041,832	2,076,233	-	-



# NOTES TO THE FINANCIAL STATEMENTS

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## 37. RELATED PARTY DISCLOSURES (CONT'D)

### (b) Significant related party transactions (Cont'd)

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
<b>Subsidiaries</b>				
Received or receivable:-				
Dividend income	-	-	-	11,500,000
Management fee	-	-	5,360,822	4,666,401
Rental income	-	-	324,000	324,000
Interest income	-	-	1,602,177	1,022,909
<b>Director</b>				
Paid or payable:-				
Rental of premises	75,600	75,600	75,600	75,600

### (c) Compensation of key management personnel

Information regarding compensation of key management personnel is as follows:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
<u>Directors of the Company</u>				
Short-term employee benefits:				
- Fees	220,963	229,180	220,963	229,180
- Salaries and other emoluments	2,327,496	2,727,102	1,724,731	2,213,322
	2,548,459	2,956,282	1,945,694	2,442,502
Defined contribution plan	254,578	308,117	203,887	241,559
Total directors' remuneration	2,803,037	3,264,399	2,149,581	2,684,061
<u>Other key management personnel</u>				
Short-term employee benefits	2,860,387	3,530,857	-	-
Defined contribution plan	343,033	503,108	-	-
Other benefits	301,011	109,652	-	-
Total compensation for other key management personnel	3,504,431	4,143,617	-	-

# NOTES TO THE FINANCIAL STATEMENTS

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## 38. SEGMENTAL INFORMATION

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 5 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;
- (c) Green Energy - involved in the development and/or operation of power generation from renewable energy, solar and other renewable energy projects;
- (d) Quarry Operations - involved in contracted quarry operations; and
- (e) Centralised Labour Quarter - involved in workers' dormitory/accommodation services.

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.

# NOTES TO THE FINANCIAL STATEMENTS

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## 38. SEGMENTAL INFORMATION (CONT'D)

	Construction and support services RM	Property investment RM	Green energy RM	Centralised labour quarter RM	Quarry operations RM	Total segments RM	Adjustments and eliminations RM	Consolidated RM
<b>2023</b>								
<b>Revenue</b>								
External sales	273,328,626	387,625	310,002	654,172	175,084,906	449,765,331	-	449,765,331
Inter-segment	48,209,964	-	-	-	23,520,227	71,730,191	(71,730,191)	-
Total revenue	321,538,590	387,625	310,002	654,172	198,605,133	521,495,522	(71,730,191)	449,765,331
<b>Results</b>								
Segment results	(15,519,936)	(640,756)	(156,416)	(378,871)	(14,617,499)	(31,313,478)	(1,356,877)	(32,670,355)
Interest income								1,829,621
Dividend income from short-term investments								9,694
Finance cost								(30,831,040)
Share of results of an equity accounted associate								(12,829,216)
Share of results of equity accounted joint ventures								607,445
Consolidated loss before tax								114,029
Income tax expense								(42,938,782)
Consolidated loss after tax								(2,936,332)
								(45,875,114)

# NOTES TO THE FINANCIAL STATEMENTS

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## 38. SEGMENTAL INFORMATION (CONT'D)

	Construction and support services RM	Property investment RM	Green energy RM	Centralised labour quarter RM	Quarry operations RM	Total segments RM	Adjustments and eliminations RM	Consolidated RM
<b>Assets</b>								
Segment assets	440,711,616	35,229,456	118,732,683	7,117,075	140,220,931	742,011,761	(169,721,078)	572,290,683
Goods and service tax recoverable								222
Tax recoverable								6,444,505
Non-current assets held for sales								1,652,191
Consolidated total assets								<u>580,387,601</u>
<b>Liabilities</b>								
Segment liabilities	208,401,415	15,100,960	77,898,394	7,625,068	150,408,306	459,434,143	(60,598,230)	398,835,913
Deferred tax liabilities								5,004,303
Tax payables								391,619
Consolidated total liabilities								<u>404,231,835</u>

# NOTES TO THE FINANCIAL STATEMENTS

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## 38. SEGMENTAL INFORMATION (CONT'D)

	Construction and support services RM	Property investment RM	Green energy RM	Centralised labour quarter RM	Quarry operations RM	Total segments RM	Adjustments and eliminations RM	Consolidated RM
<b>2023</b>								
<b>Other segment items:</b>								
Capital expenditure:								
- Property, plant and equipment	10,284,661	-	80,964,581	2,090,733	2,619,089	95,959,064	(352,938)	95,606,126
Amortisation of intangible assets	-	-	-	-	100,000	100,000	-	100,000
Depreciation:								
- Investment properties	26,416	552,620	-	-	-	579,036	-	579,036
- Property, plant and equipment	19,957,323	-	280,967	365,790	20,630,475	41,234,555	482,883	41,717,438
Direct operating expenses on investment properties:								
- Income generating	14,562	135,352	-	-	-	149,914	-	149,914
- Non-income generating	-	116,802	-	-	-	116,802	-	116,802
Fair value loss on long term:								
- Trade receivables	(15,006)	-	-	-	-	(15,006)	-	(15,006)
- Other receivables	335,823	-	-	-	-	335,823	-	335,823
Impairment losses on:								
- Trade receivables	181,886	-	-	-	415,818	597,704	-	597,704
- Other receivables	574,991	-	-	-	9,217,000	9,791,991	-	9,791,991
Reversal of impairment losses on:								
- Trade receivables	-	-	-	-	(267,803)	(267,803)	-	(267,803)
- Other receivables	(98,620)	-	-	-	-	(98,620)	-	(98,620)

# NOTES TO THE FINANCIAL STATEMENTS

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## 38. SEGMENTAL INFORMATION (CONT'D)

	Construction and support services RM	Property investment RM	Green energy RM	Centralised labour quarter RM	Quarry operations RM	Total segments RM	Adjustments and eliminations RM	Consolidated RM
<b>2023</b>								
<b>Other segment items: (Cont'd)</b>								
Interest expense:								
- Lease liabilities	15,273	-	30,315	-	167,724	213,312	(9,098)	204,214
- Others	7,308,896	403,620	78,886	1,019	6,434,758	14,227,179	(1,602,177)	12,625,002
Property, plant and equipment written off	-	-	-	-	142,952	142,952	-	142,952
Gain on disposal of:								
- Property, plant and equipment	(6,563,449)	-	-	-	(463,493)	(7,026,942)	-	(7,026,942)
Share of results of an equity accounted associate	-	-	-	-	-	-	(607,445)	(607,445)
Share of results of equity accounted joint ventures	-	-	-	-	5,349	5,349	(119,378)	(114,029)
Interest income:								
- Deposits with licensed banks	(1,440,184)	-	(131,317)	-	(60,753)	(1,632,254)	-	(1,632,254)
- Finance lease receivables	(197,367)	-	-	-	-	(197,367)	-	(197,367)
Dividend income:								
- Short-term investments	(9,694)	-	-	-	-	(9,694)	-	(9,694)
Gain on termination of lease liabilities	-	-	-	-	(6,217)	(6,217)	-	(6,217)

# NOTES TO THE FINANCIAL STATEMENTS

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## 38. SEGMENTAL INFORMATION (CONT'D)

	Construction and support services RM	Property investment RM	Green energy RM	Centralised labour quarter RM	Quarry operations RM	Total segments RM	Adjustments and eliminations RM	Consolidated RM
<b>2022</b>								
<b>Revenue</b>								
External sales	282,207,600	509,181	387,566	16,968	139,228,569	422,349,884	-	422,349,884
Inter-segment	76,841,590	27,000	-	-	10,184,421	87,053,011	(87,053,011)	-
Total revenue	359,049,190	536,181	387,566	16,968	149,412,990	509,402,895	(87,053,011)	422,349,884
<b>Results</b>								
Segment results	(15,966,499)	(415,283)	(59,572)	(89,992)	(2,403,224)	(18,934,570)	10,856,393	(8,078,177)
Interest income								1,572,731
Dividend income from short-term investments								38,407
Finance cost								(6,467,039)
Share of results of an equity accounted associate								(13,611,590)
Share of results of equity accounted joint ventures								510,740
Consolidated loss before tax								384,201
Income tax expense								(19,183,688)
Consolidated loss after tax								881,135
								(18,302,553)



# NOTES TO THE FINANCIAL STATEMENTS

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## 38. SEGMENTAL INFORMATION (CONT'D)

	Construction and support services RM	Property investment RM	Green energy RM	Centralised labour quarter RM	Quarry operations RM	Total segments RM	Adjustments and eliminations RM	Consolidated RM
<b>2022</b>								
<b>Assets</b>								
Segment assets	493,255,381	37,485,861	5,545,850	1,909,129	179,208,099	717,404,320	(117,527,169)	599,877,151
Deferred tax assets								1,379,446
Goods and service tax recoverable								797,510
Tax recoverable								6,230,764
Non-current assets held for sales								43,639,392
Consolidated total assets								<u>651,924,263</u>
<b>Liabilities</b>								
Segment liabilities	296,980,219	42,523,029	5,027,580	1,999,109	205,509,282	552,039,219	(113,296,619)	438,742,600
Deferred tax liabilities								5,696,750
Tax payables								247,847
Consolidated total liabilities								<u>444,687,197</u>

# NOTES TO THE FINANCIAL STATEMENTS

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## 38. SEGMENTAL INFORMATION (CONT'D)

	Construction and support services RM	Property investment RM	Green energy RM	Centralised labour quarter RM	Quarry operations RM	Total segments RM	Adjustments and eliminations RM	Consolidated RM
<b>2022</b>								
<b>Other segment items:</b>								
Capital expenditure:								
- Investment properties	-	260,610	-	-	34,000,000	34,260,610	-	34,260,610
- Property, plant and equipment	11,708,071	-	-	1,134,436	2,481,122	15,323,629	-	15,323,629
Amortisation of intangible assets	-	-	-	-	100,000	100,000	852,408	952,408
Depreciation:								
- Investment properties	26,416	591,511	-	-	-	617,927	-	617,927
- Property, plant and equipment	24,099,498	-	850	2,572	27,439,760	51,542,680	482,883	52,025,563
Direct operating expenses on investment properties:								
- Income generating	-	195,197	-	-	-	195,197	-	195,197
- Non-income generating	-	178,791	-	-	-	178,791	-	178,791
Fair value loss on long term:								
- Trade receivables	41,181	-	-	-	-	41,181	-	41,181
- Other receivables	346,567	-	-	-	-	346,567	-	346,567

# NOTES TO THE FINANCIAL STATEMENTS

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## 38. SEGMENTAL INFORMATION (CONT'D)

	Construction and support services RM	Property investment RM	Green energy RM	Centralised labour quarter RM	Quarry operations RM	Total segments RM	Adjustments and eliminations RM	Consolidated RM
<b>2022</b>								
<b>Other segment items: (Cont'd)</b>								
Impairment losses on:								
- Investment in a subsidiary company	25,450,000	-	-	-	-	25,450,000	(25,450,000)	-
- Property, plant and equipment	-	-	-	-	3,030,608	3,030,608	-	3,030,608
- Goodwill	-	-	-	-	-	-	21,134,203	21,134,203
- Intangible assets	-	-	-	-	-	-	8,592,263	8,592,263
- Trade receivables	1,022,407	-	-	-	1,630,137	2,652,544	-	2,652,544
- Other receivables	450,042	-	-	-	209	450,251	-	450,251
- Contract assets	2,753,204	-	-	-	-	2,753,204	-	2,753,204
Bad debt recovery	-	-	-	-	(3,200,000)	(3,200,000)	-	(3,200,000)
Early settlement of profit guarantee	-	-	-	-	-	-	(30,800,000)	(30,800,000)
Reversal of impairment losses on trade receivables	-	-	-	-	(17,500,110)	(17,500,110)	-	(17,500,110)
Interest expense:								
- Lease liabilities	27,102	-	-	-	171,248	198,350	(23,738)	174,612
- Others	5,975,242	402,663	55,959	-	8,026,023	14,459,887	(1,022,909)	13,436,978
Property, plant and equipment written off	18,270	-	-	-	6	18,276	-	18,276
Gain on disposal of:								
- Property, plant and equipment	(5,917,402)	-	-	-	(18,332)	(5,935,734)	-	(5,935,734)
- Investment properties	-	(193,442)	-	-	-	(193,442)	-	(193,442)

# NOTES TO THE FINANCIAL STATEMENTS

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## 38. SEGMENTAL INFORMATION (CONT'D)

	Construction and support services RM	Property investment RM	Green energy RM	Centralised labour quarter RM	Quarry operations RM	Total segments RM	Adjustments and eliminations RM	Consolidated RM
<b>2022</b>								
<b>Other segment items: (Cont'd)</b>								
Share of results of an equity accounted associate	-	-	-	-	-	-	(510,740)	(510,740)
Share of results of equity accounted joint ventures	-	-	-	-	(272,128)	(272,128)	(112,073)	(384,201)
Interest income:								
- Deposits with licensed banks	(1,091,951)	-	(17,305)	-	(41,958)	(1,151,214)	-	(1,151,214)
- Trade receivables	-	-	-	-	(144,986)	(144,986)	-	(144,986)
- Finance lease receivables	(270,424)	-	-	-	-	(270,424)	-	(270,424)
- Others	(1,023,298)	(3,942)	-	-	(1,776)	(1,029,016)	1,022,909	(6,107)
Dividend income:								
- Subsidiary company	(11,500,000)	-	-	-	-	(11,500,000)	11,500,000	-
- Short-term investments	(38,407)	-	-	-	-	(38,407)	-	(38,407)
Gain on termination of lease liabilities	-	-	-	-	(6,773)	(6,773)	-	(6,773)

# NOTES TO THE FINANCIAL STATEMENTS

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## 38. SEGMENTAL INFORMATION (CONT'D)

### (a) Major customers

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

	Revenue RM	Segment
<b>Group</b>		
<b>2023</b>		
Customer A	83,801,893	Construction and Support Services
Customer B	29,259,024	Construction and Support Services
Customer C	80,739,340	Construction and Support Services
<b>2022</b>		
Customer A	65,733,180	Construction and Support Services
Customer B	70,624,574	Construction and Support Services
Customer C	68,594,356	Construction and Support Services

## 39. FINANCIAL INSTRUMENTS

### (a) Categories of financial instruments

Financial assets and financial liabilities are measured on an ongoing basis either at fair value or at amortised cost. The principal accounting policies in Note 3 describe how the classes of financial instruments are measured, and how income and expense, including fair value gains and losses, are recognised.

The following table analyses the financial assets and liabilities in the statements of financial position by the class of financial instruments to which they are assigned, and therefore by the measurement basis:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
<b>Financial assets</b>				
<b>Fair value through profit or loss</b>				
Short-term investment	244,015	234,321	66,246	63,969

# NOTES TO THE FINANCIAL STATEMENTS

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## 39. FINANCIAL INSTRUMENTS (CONT'D)

### (a) Categories of financial instruments (Cont'd)

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
<b>Financial assets</b>				
<b>Amortised cost</b>				
Finance lease receivables	756,929	1,117,879	-	-
Trade receivables	55,690,697	83,760,167	-	-
Other receivables	18,142,894	19,067,036	1,761	3,521
Amount due from subsidiary companies	-	-	32,655,777	95,556,325
Amount due from an associated company	3,598,218	15,070,187	32,150	246
Amount due from related parties	378,992	-	-	-
Amount due from joint ventures	2,075,685	2,113,942	-	-
Fixed deposits with licensed banks	55,251,425	64,332,129	279,995	273,397
Cash and bank balances	27,037,763	34,825,070	643,739	1,912,095
	162,932,603	220,286,410	33,613,422	97,745,584
<b>Financial liabilities</b>				
<b>Amortised cost</b>				
Trade payables	99,559,705	97,984,275	-	-
Other payables	28,237,812	24,742,863	742,092	607,379
Amounts due to subsidiary companies	-	-	519,493	14,884
Amount due to an associated company	4,867,431	-	-	-
Amount due to related parties	25,406,791	26,798,879	-	-
Amount due to joint venture	1,421,720	2,549,361	-	-
Lease liabilities	3,712,871	2,813,972	115,782	185,207
Bank borrowings	216,136,019	255,501,142	15,434,027	15,326,183
	379,342,349	410,390,492	16,811,394	16,133,653

# NOTES TO THE FINANCIAL STATEMENTS

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## 39. FINANCIAL INSTRUMENTS (CONT'D)

### (b) Financial risk management

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

The following sections provide details regarding the Group's and the Company's exposure to the abovementioned financial risks and the objectives, policies and processes for the management of these risks.

#### (i) 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.

#### (a) Credit risk concentration profile

The Group's major concentration of credit risk relates to the amounts owing by two customers which constituted approximately 26% of its trade receivables at the end of the reporting period.

#### (b) 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 of 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 39(b)(ii), 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.

#### (c) 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.

The gross carrying amounts of financial assets are written off against the associated impairment, if any, when there is no reasonable expectation of recovery despite the fact they are still subject to enforcement activities.



# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

## 39. FINANCIAL INSTRUMENTS (CONT'D)

### (b) Financial risk management (Cont'd)

#### (i) Credit risk (Cont'd)

#### (c) Assessment of impairment losses (Cont'd)

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.

#### *Inputs, Assumptions and Techniques used for Estimating Impairment Losses*

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.

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.

# NOTES TO THE FINANCIAL STATEMENTS

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31 DECEMBER 2023

## 39. FINANCIAL INSTRUMENTS (CONT'D)

### (b) Financial risk management (Cont'd)

#### (i) Credit risk (Cont'd)

#### (c) Assessment of impairment losses (Cont'd)

##### Trade receivables and contract assets(Cont'd)

##### *Inputs, Assumptions and Techniques used for Estimating Impairment Losses (Cont'd)*

The information about the exposure to credit risk and the loss allowances calculated under MFRS 9 for both trade receivables and contract assets are disclosed in Note 13 and 16.

##### Finance lease receivables, other receivables, amount owing by an associate and amount owing by a joint venture

The Group applies the 3-stage general approach to measuring expected credit losses for its finance lease receivables and other receivables.

##### *Inputs, Assumptions and Techniques used for Estimating Impairment Losses*

Under this approach, loss allowance is measured on either 12-month expected credit losses or lifetime credit losses, by considering the likelihood that the receivable would not be able to repay during the contractual period (probability of default, PD), the percentage of contractual cash flows that will not be collected if default happens (loss given default, LDG) and the outstanding amount that is exposed to default risk (exposure at default, EAD).

In deriving the PD and LGD, the Company considers the receivable's past payment status and its financial condition as at the reporting date. The PD is adjusted to reflect current and forward looking information on macroeconomic factors affecting the ability of the receivable to settle its debts.

##### 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 due from 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.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

## 39. FINANCIAL INSTRUMENTS (CONT'D)

### (b) Financial risk management (Cont'd)

#### (i) Credit risk (Cont'd)

##### (c) Assessment of impairment losses (Cont'd)

##### Amount due from subsidiaries (Cont'd)

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.

#### (ii) Liquidity risk

Liquidity risk is the risk that the Group and the Company will not be able to meet its financial obligations as they fall due. The Group's and the Company's exposure to liquidity risk arises mainly from general funding and business activities. The Group practices prudent risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities.

The following table analyses the remaining contractual maturity for financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay.

	On demand or within 1 year RM	1 - 2 years RM	2 - 5 years RM	After 5 years RM	Total Contractual Cash Outflow RM	Total Carrying Amount RM
<b>Group</b>						
<b>2023</b>						
Trade payables	99,559,705	-	-	-	99,559,705	99,559,705
Other payables	28,237,812	-	-	-	28,237,812	28,237,812
Amount due to an associated company	4,867,431	-	-	-	4,867,431	4,867,431

# NOTES TO THE FINANCIAL STATEMENTS

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## 39. FINANCIAL INSTRUMENTS (CONT'D)

### (b) Financial risk management (Cont'd)

#### (ii) Liquidity risk (Cont'd)

The following table analyses the remaining contractual maturity for financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay. (Cont'd)

	On demand or within 1 year RM	1 - 2 years RM	2 - 5 years RM	After 5 years RM	Total Contractual Cash Outflow RM	Total Carrying Amount RM
<b>Group</b>						
<b>2023</b>						
Amount due to related parties	25,406,791	-	-	-	25,406,791	25,406,791
Amount due to joint venture	1,421,720	-	-	-	1,421,720	1,421,720
Lease liabilities	1,569,880	1,725,856	733,950	-	4,029,686	3,712,871
Bank borrowings	116,838,862	28,512,212	39,361,358	64,337,108	249,049,540	216,136,019
Financial guarantee*	3,914,292	-	-	-	3,914,292	-
	<u>281,816,493</u>	<u>30,238,068</u>	<u>40,095,308</u>	<u>64,337,108</u>	<u>416,486,977</u>	<u>379,342,349</u>
<b>2022</b>						
Trade payables	97,984,275	-	-	-	97,984,275	97,984,275
Other payables	24,742,863	-	-	-	24,742,863	24,742,863
Amount due to related parties	26,798,879	-	-	-	26,798,879	26,798,879
Amount due to joint venture	2,549,361	-	-	-	2,549,361	2,549,361
Lease liabilities	1,058,870	758,680	1,436,720	-	3,254,270	2,813,972
Bank borrowings	188,790,055	29,022,798	33,595,949	19,957,480	271,366,282	255,501,142
Financial guarantee*	2,302,500	-	-	-	2,302,500	-
	<u>344,226,803</u>	<u>29,781,478</u>	<u>35,032,669</u>	<u>19,957,480</u>	<u>428,998,430</u>	<u>410,390,492</u>

\* The contractual undiscounted cash flows represent the outstanding credit facilities of the subsidiaries, associate and third party 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.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

**39. FINANCIAL INSTRUMENTS (CONT'D)**

(b) Financial risk management (Cont'd)

(ii) Liquidity risk (Cont'd)

	On demand or within 1 year RM	1 - 2 years RM	2 - 5 years RM	After 5 years RM	Total Contractual Cash Outflow RM	Total Carrying Amount RM
<b>Company</b>						
<b>2023</b>						
Other payables	742,092	-	-	-	742,092	742,092
Amount due to subsidiary companies	519,493	-	-	-	519,493	519,493
Lease liabilities	75,600	44,100	-	-	119,700	115,782
Bank borrowings	7,178,201	3,653,522	4,306,868	1,750,409	16,889,000	15,434,027
Financial guarantee*	239,067,478	-	-	-	239,067,478	-
	<u>247,582,864</u>	<u>3,697,622</u>	<u>4,306,868</u>	<u>1,750,409</u>	<u>257,337,763</u>	<u>16,811,394</u>
<b>2022</b>						
Other payables	607,379	-	-	-	607,379	607,379
Amount due to subsidiary companies	14,884	-	-	-	14,884	14,884
Lease liabilities	75,600	75,600	44,100	-	195,300	185,207
Bank borrowings	3,930,903	3,780,301	7,514,594	2,121,713	17,347,511	15,326,183
Financial guarantee*	233,960,207	-	-	-	233,960,207	-
	<u>238,588,973</u>	<u>3,855,901</u>	<u>7,558,694</u>	<u>2,121,713</u>	<u>252,125,281</u>	<u>16,133,653</u>

\* The contractual undiscounted cash flows represent the outstanding credit facilities of the subsidiaries, associate and third party 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.

# NOTES TO THE FINANCIAL STATEMENTS

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## 39. FINANCIAL INSTRUMENTS (CONT'D)

### (b) Financial risk management (Cont'd)

#### (iii) 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.

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:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
<b>Floating rate instrument</b>				
<b>Financial liability</b>				
Bank borrowings	189,284,053	158,224,055	15,434,027	15,326,183

#### Cash flow sensitivity analysis for floating rate instruments

A change of 1% interest rate at the end of the reporting period would have increased/(decreased) the Group's and the Company's loss before tax by RM1,892,841 and RM154,340 (2022: RM1,582,241 and RM153,262), arising mainly as a result of lower/higher interest expenses on floating rate loans and borrowings. This analysis assumes that all other variables remain constant. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

### (c) 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:

# NOTES TO THE FINANCIAL STATEMENTS

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## 39. FINANCIAL INSTRUMENTS (CONT'D)

(c) Fair value information (Cont'd)

	Fair value of financial instruments carried at fair value			Fair value of financial instruments not carried at fair value			Total fair value RM	Carrying amount RM
	Level 1 RM	Level 2 RM	Level 3 RM	Level 1 RM	Level 2 RM	Level 3 RM		
<b>Group</b>								
<b>2023</b>								
<b>Financial assets</b>								
Finance lease receivables	-	-	-	-	794,000	-	794,000	756,929
Short-term investments	244,015	-	-	-	-	-	244,015	244,015
<b>Financial liabilities</b>								
Term loan (floating rate)	-	-	-	-	118,768,039	-	118,768,039	118,768,039
<b>2022</b>								
<b>Financial assets</b>								
Finance lease receivables	-	-	-	-	1,213,737	-	1,213,737	1,117,879
Short-term investments	234,321	-	-	-	-	-	234,321	234,321
<b>Financial liabilities</b>								
Term loan (fixed rate)	-	-	-	-	442,652	-	442,652	442,652
Term loan (floating rate)	-	-	-	-	78,966,587	-	78,966,587	78,966,587



# NOTES TO THE FINANCIAL STATEMENTS

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## 39. FINANCIAL INSTRUMENTS (CONT'D)

(c) Fair value information (Cont'd)

	Fair value of financial instruments carried at fair value			Fair value of financial instruments not carried at fair value			Total fair value RM	Carrying amount RM
	Level 1 RM	Level 2 RM	Level 3 RM	Level 1 RM	Level 2 RM	Level 3 RM		
<b>Company</b>								
<b>2023</b>								
<b>Financial assets</b>								
Short-term investments	66,246	-	-	-	-	-	66,246	66,426
<b>Financial liabilities</b>								
Term loan (floating rate)	-	-	-	-	12,072,279	-	12,072,279	12,072,279
<b>2022</b>								
<b>Financial assets</b>								
Short-term investments	63,969	-	-	-	-	-	63,969	63,969
<b>Financial liabilities</b>								
Term loan (floating rate)	-	-	-	-	15,326,183	-	15,326,183	15,326,183

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

## 39. FINANCIAL INSTRUMENTS (CONT'D)

### (c) Fair value information (Cont'd)

#### (i) Fair value of financial instruments carried at fair value

- (a) 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.
- (b) There were no transfers between level 1 and level 2 during the financial year.

#### (ii) 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:

- (a) 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.
- (b) The fair values of the Group's and the Company's finance lease receivables and term loan 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:

	Group	
	2023	2022
	%	%
Finance lease receivables	5.65	6.21
Term loan	-	8.00

## 40. CAPITAL 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 gearing ratio that complies with debt covenants and regulatory, if any. The gearing 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.

# NOTES TO THE FINANCIAL STATEMENTS

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## 40. CAPITAL MANAGEMENT

The gearing ratio of the Group at the end of the reporting year was as follows:-

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Total loans and borrowings	216,136,019	255,501,142	15,434,027	15,326,183
Less: Cash and equivalents	(82,533,203)	(99,391,520)	(989,980)	(2,249,461)
Net debt	133,602,816	156,109,622	14,444,047	13,076,722
Total equity	176,155,766	207,237,066	118,477,001	100,114,844
Net gearing ratio	0.76	0.75	0.12	0.13

There was no change in the Group's approach to capital management during the financial year.

## 41. CAPITAL COMMITMENTS

	Group	
	2023 RM	2022 RM
Approved and contracted for:		
- Acquisition of property, plant and equipment	14,021,044	4,088,956

## 42. CONTINGENT LIABILITY

- (a) An indirect subsidiary of the Company is a defendant in a legal action involving the alleged specific damages for the sum of RM3,966,065 suffered by landowners due to failure of the subsidiary to carry out construction works on the land without landowners' consent.

The subsidiary had subsequently filed the Writ of Summons and Statement of Claim against the chairman/officer-bearer of the housing committee (third parties) for the breach of contract and two individuals in personal capacity under the tort of deceit and misrepresentation.

The Court has on 27 March 2024 dismissed the Striking out application filed by the third parties with costs of RM3,000.00 to be paid by the Third parties. The Court has also fixed the trial dates for this matter on 11 to 22 November 2024.

Management believes, based on legal advice, that the action can be successfully defended and therefore no provision is required to be made in the financial statements. The legal claim is expected to be settled in the next 12 months.

# NOTES TO THE FINANCIAL STATEMENTS

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## 42. CONTINGENT LIABILITY (CONT'D)

- (b) A direct subsidiary of the Company is a defendant in a legal action involving a claim for the sum of RM1,177,432 in respect of a project in Bandar Bukit Raja 2. The subsidiary disputed the Plaintiff's claims and further initiated a counterclaim against the Plaintiff to claim for the sum of RM3,601,253.

The suit is currently fixed for Case Management on 28.05.2024.

Management believes, based on legal advice, that the action can be successfully defended and therefore no provision is required to be made in the financial statements. The legal claim is expected to be settled in the next 12 months.

# 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 31.12.2023 RM	Date of acquisition
1.	H.S.(D) 48427, PT 22736, Lot 205A, Kawasan Perindustrian Gebeng Phase II, Mukim Sungai Karang, Daerah Kuantan, Pahang	A parcel of leasehold industrial land	Land area: 587,096 Built-up area: Not applicable	Not applicable	Leasehold (99 years)/ 25 Sep 2115	9,910,119	15 Apr 2015
2.	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, Banda 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	7,534,962	12 April 2018
3.	H.S.(M) 460, Lot 4777, Mukim Rawang, Tempat Sungai Mangga, Kuang, Daerah Gombak, Selangor.	A parcel of leasehold agriculture land	Land area: 269,679 Built-up area: Not applicable	Not applicable	Leasehold (99 years)/ 21 Jul 2069	5,978,734	23 Nov 2017
4.	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	5,923,506	29 July 2015

# 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 31.12.2023 RM	Date of acquisition
5.	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, Banda 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	5,906,072	12 April 2018
6.	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-two (22) years	Leasehold (99 years)/ 17 December 2106	4,876,903	29 September 2017
7.	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 8 <sup>th</sup> floor of a twenty (20) storey building office tower block	Land area: Not applicable Built up area: 4,381	Eight (8) years	Leasehold (99 years)/ 5 December 2113	4,662,121	5 August 2013

# 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 31.12.2023 RM	Date of acquisition
8.	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	Thirteen (13) years	Freehold	3,661,429	4 September 2015
9.	HS(D) 279746, Lot No. PT 1981, Town of Glenmarie, District of Petaling, State of Selangor Darul Ehsan.  No. 18, Jalan Pengatur- cara, 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	Eleven (11) years	Freehold	3,067,129	4 September 2015
10.	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	Eight (8) years	Freehold	1,729,189	14 March 2016



# ANALYSIS OF SHAREHOLDINGS

## AS AT 29 MARCH 2024

Total Issued Share	:	584,731,900 Ordinary Shares (including 9,381,300 Treasury Shares as per Record of Depositors as at 29 March 2024)
Types of Shares	:	Ordinary Share
Voting Rights	:	One vote per Ordinary Share on a poll

### DISTRIBUTION OF SHAREHOLDINGS AS AT 29 MARCH 2024

Size of Shareholdings	No. of Shareholders	%	No. of Shares <sup>#</sup>	% <sup>#</sup>
1 - 99	8	0.28	100	0
100 to 1,000	336	11.85	195,900	0.03
1,001 to 10,000	1,250	44.08	7,544,000	1.31
10,001 to 100,000	1,015	35.80	36,507,950	6.35
100,001 – 24,168,734 <sup>*#</sup>	226	8.0	492,602,650	85.61
24,168,734 and above <sup>**#</sup>	1	0	38,500,000	6.70
<b>Total</b>	<b>2,836</b>	<b>100.00</b>	<b>575,350,600</b>	<b>100.00</b>

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 29 March 2024

### SUBSTANTIAL SHAREHOLDERS AS PER REGISTER OF SUBSTANTIAL SHAREHOLDERS

	Name	Direct Interest		Indirect Interest	
		No. of Shares <sup>#</sup>	% <sup>#</sup>	No. of Shares <sup>#</sup>	% <sup>#</sup>
1.	Dato' Phum Ang Kia	97,563,750	16.96	150,000*	0.03*
2.	Lim Swee Chai	50,381,250	8.76	-	-

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.

# ANALYSIS OF SHAREHOLDINGS

AS AT 29 MARCH 2024

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## DIRECTORS' SHAREHOLDINGS AS PER REGISTER OF DIRECTORS' SHAREHOLDINGS

	Name	Direct Interest		Indirect Interest	
		No. of Shares <sup>#</sup>	% <sup>#</sup>	No. of Shares <sup>#</sup>	% <sup>#</sup>
1.	Dato' Phum Ang Kia	97,563,750	16.96	150,000*	0.03*
2.	Tung Kai Hung	9,775,250	1.70	-	-
3.	Yeoh Chong Keat	-	-	-	-
4.	Mohd Zaky Bin Othman	-	-	-	-
5.	Jananee Priya A/P Gopal	-	-	-	-

Note:-

<sup>#</sup> 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 29 MARCH 2024)

No.	Name	No. of Shares	%
1.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR DATO' PHUM ANG KIA (7003846)	38,500,000	6.69
2.	NG CHUN KOOI	28,450,000	4.95
3.	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LIM SWEE CHAI	26,573,000	4.62
4.	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR TANG VEE MUN (DATUK)	26,143,700	4.54
5.	DATO' NEOH SOON HIONG	25,085,500	4.36
6.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR DESIRAN REALITI SDN BHD	23,052,000	4.01
7.	PHAM SOON KOK	22,863,550	3.97
8.	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KEH CHUAN SENG	21,652,400	3.80
9.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR DATO' PHUM ANG KIA (DATO')	19,200,000	3.34
10.	HLIB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ONG CHOO MENG (DATO')	16,660,000	2.90

# ANALYSIS OF SHAREHOLDINGS

AS AT 29 MARCH 2024

## THIRTY LARGEST SECURITIES ACCOUNT HOLDERS (ACCORDING TO THE REGISTER OF DEPOSITORS AS AT 29 MARCH 2024)

No.	Name	No. of Shares	%
11.	LIM SWEE CHAI	16,008,250	2.78
12.	YEO AN THAI	15,875,250	2.76
13.	RHB NOMINEES (TEMPATAN) SDN BHD OSK CAPITAL SDN BHD FOR YAYASAN ISLAM TERENGGANU	13,290,000	2.31
14.	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR DATO' PHUM ANG KIA	13,050,000	2.27
15.	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT - AMBANK (M) BERHAD FOR DATO' PHUM ANG KIA (SMART)	11,950,000	2.08
16.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (PHEIM)	11,844,000	2.06
17.	HLB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHIAU HAW CHOON	11,500,000	2.00
18.	LIM KOK TIONG	10,507,150	1.83
19.	CHAN KENG KONG	9,449,950	1.64
20.	CGS INTERNATIONAL NOMINEES MALAYSIA (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR DATO' PHUM ANG KIA (MY3638)	8,000,000	1.39
21.	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN CHEE SING (021)	8,000,000	1.39
22.	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LIM SWEE CHAI	7,800,000	1.36
23.	TUNG KAI HUNG	6,775,250	1.18
24.	YAP GOON YING	6,367,250	1.11
25.	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR DATO' PHUM ANG KIA	5,800,000	1.01
26.	MAYBANK NOMINEES (TEMPATAN) SDN BHD MAYBANK TRUSTEES BERHAD FOR DANA MAKMUR PHEIM (211901)	5,622,800	0.98
27.	CGS INTERNATIONAL NOMINEES MALAYSIA (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR DESIRAN REALITI SDN. BHD. (MY3933)	5,500,000	0.96
28.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHIAU HAW CHOON	5,146,900	0.90
29.	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR KEH CHUAN CHOON (M01)	5,000,000	0.87
30.	KANG GET NEE	5,000,000	0.87

# NOTICE OF TWENTY-SEVENTH ANNUAL GENERAL MEETING

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**NOTICE IS HEREBY GIVEN** that the Twenty-Seventh Annual General Meeting (“27<sup>th</sup> AGM”) of Advancecon Holdings Berhad (“the Company”) will be conducted on a virtual basis 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, 13 June 2024 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 2023 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 RM300,000 in respect of the period from 14 June 2024 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) Dato’ Phum Ang Kia

*Ordinary Resolution 2*

(b) Mohd Zaky Bin Othman

*Ordinary Resolution 3*
4. To re-elect Jananee Priya A/P Gopal who is retiring in accordance with Clause 130 of the Company’s Constitution and being eligible, has offered herself for re-election. *Ordinary Resolution 4*
5. To re-appoint Messrs. UHY as auditors of the Company and to authorise the Directors to fix their remuneration *Ordinary Resolution 5*

### AS SPECIAL BUSINESS

To consider and if thought fit, with or without modifications to pass the following resolutions:

6. **AUTHORITY TO ISSUE AND ALLOT SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016 (“THE ACT”) AND WAIVER OF PRE-EMPTIVE RIGHTS PURSUANT TO SECTION 85 OF THE ACT** *Ordinary Resolution 6*

“THAT pursuant to Section 85 of the Act, read in conjunction with Clause 15 and Clause 16 of the Company’s Constitution, approval be and is hereby given to waive the statutory pre-emptive rights of the shareholders of the Company to be offered new shares ranking equally to the existing issued shares of the Company arising from the allotment and issuance of shares.

THAT pursuant to Sections 75 and 76 of the Act and subject to the approvals of the relevant governmental/regulatory authorities, the Directors be and are hereby empowered to issue and allot shares in the capital of the Company from time to time 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 issued pursuant to this resolution does not exceed 10% of the total number of issued shares of the Company or such higher percentage as Bursa Malaysia Securities Berhad (“Bursa Securities”) allowed for the time being 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 and that such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company.

# NOTICE OF TWENTY-SEVENTH ANNUAL GENERAL MEETING

AND THAT such authority shall continue to be in force until the conclusion of the next AGM of the Company.”

**7. PROPOSED RENEWAL OF AUTHORITY FOR THE COMPANY TO PURCHASE ITS OWN ORDINARY SHARES (“PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY”)** *Ordinary Resolution 7*

“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.”

# NOTICE OF TWENTY-SEVENTH ANNUAL GENERAL MEETING

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**8. PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE ("PROPOSED RENEWAL OF RRPTs MANDATE")**

*Ordinary Resolution 8*

"THAT pursuant to Paragraph 10.09 of the 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 30 April 2024 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 RRPT 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 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 Renewal of RRPTs Mandate."

**9. 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 (LS0010621 / SSM PC No. 201908002254)  
Low Ven Sin (MAICSA 7076080 / SSM PC No. 202208000340)  
Company Secretaries

W.P. Kuala Lumpur  
Dated: 30 April 2024

# NOTICE OF TWENTY-SEVENTH ANNUAL GENERAL MEETING

## 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> or <https://tiih.com.my>. Members are advised to follow the procedures provided in the Administrative Guide for the 27<sup>th</sup> 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 6 June 2024 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's 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> or <https://tiih.com.my>. Please follow the procedure for the electronic lodgement of proxy form as set out in the Administrative Guide for the 27<sup>th</sup> 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.



# NOTICE OF TWENTY-SEVENTH ANNUAL GENERAL MEETING

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## **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 2023**

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:

	<b>Director's fee (RM)</b>	<b>Meeting allowance (RM)</b>	<b>Business travel, accommodation and etc. (RM)</b>
Independent Non-Executive Chairman	8,430 per month	500 per day	20,000 per annum
Independent Non-Executive Director	6,040 per month	500 per day	20,000 per annum
Independent Non-Executive Director	4,000 per month	500 per day	20,000 per annum

### **3. Item 3 of the Agenda - Re-election of retiring Directors who retire in accordance with Clause 125 of the Company's Constitution**

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. Dato' Phum Ang Kia and Mohd Zaky Bin Othman are standing for re-election as Directors of the Company. 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;

# NOTICE OF TWENTY-SEVENTH ANNUAL GENERAL MEETING

### **3. Item 3 of the Agenda - Re-election of retiring Directors who retire in accordance with Clause 125 of the Company's Constitution (Cont'd)**

- (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 Dato' Phum Ang Kia and Mohd Zaky Bin Othman as Directors of the Company.

### **4. Item 4 of the Agenda - Re-election of Director who retire in accordance with Clause 130 of the Company's Constitution**

Clause 130 of the Company's Constitution states that an election of Directors shall take place if the Company, at the meeting at which a Director retires by rotation, does not fill the vacancy, the retiring Director shall, if willing to act, be deemed to have been reappointed unless at the meeting, it is resolved not to fill the vacancy or unless a resolution for the reappointment of the Director is put to the meeting and lost. All Directors who retire from office shall be eligible for re-election.

Jananee Priya A/P Gopal is standing for re-election as Director of the Company and being eligible, has offered herself for re-election.

For the purpose of determining the eligibility of the Directors to stand for re-election at the 27<sup>th</sup> AGM, the Nomination Committee has considered and recommended Jananee Priya A/P Gopal for re-election as Director pursuant to Clause 130 of the Company's Constitution.

### **5. Item 5 of the Agenda - Re-appointment of Auditors**

The Audit Committee and the Board have considered the re-appointment of Messrs. UHY as auditors of the Company and collectively agreed that they have met the relevant criteria prescribed by Paragraph 15.21 of Listing Requirements.

### **6. Item 6 of the Agenda - Authority to issue and allot shares pursuant to Sections 75 and 76 of the Act and waiver of Pre-emptive Rights pursuant to Section 85 of the Act**

The proposed Ordinary Resolution 6, allot new shares at any time to such persons, in their absolute discretion, deem fit ("General Mandate"), provided that the number of shares issued pursuant to this General Mandate, when aggregated with the nominal value of any such shares issued during the preceding twelve (12) months, does not exceed 10% of the total issued share capital of the Company at the time of issue. This renewed General Mandate, unless revoked or varied at a general meeting, will expire at the conclusion of the next AGM of the Company.

With this renewed General Mandate, the Company will be able to raise funds expeditiously for the purpose of funding future investment, working capital and/or acquisition(s) at any time without convening a general meeting as it would be both costs and time consuming to organize a general meeting.

The Company is also seeking shareholders' approval to waive their statutory pre-emptive rights under Section 85 of the Act and to allow the Company's Directors to allot new shares without first offering them to existing shareholders in proportion to their holding pursuant to the general mandate.

As at the date of this Notice, no new shares in the Company were issued pursuant to the previous General Mandate granted to the Directors at the 26<sup>th</sup> AGM held on 29 May 2023.

# NOTICE OF TWENTY-SEVENTH ANNUAL GENERAL MEETING

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## **7. Item 7 of the Agenda - Proposed Renewal of Share Buy-Back Authority**

The proposed Ordinary Resolution 7, 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 30 April 2024 for further details of the Proposed Renewal of Authority for the Company to purchase its own ordinary shares.

## **8. Item 8 of the Agenda - Proposed Renewal of RRPTs Mandate**

The proposed Ordinary Resolution 8, 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 Renewal of RRPTs Mandate are set out in the Circular to Shareholders dated 30 April 2024.

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## **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 27<sup>th</sup> AGM of the Company.

### **2. Statement relating to general mandate for issue of securities**

Please refer to Explanatory Note 6 of the Notice of 27<sup>th</sup> AGM for information relating to general mandate for issue of securities.

# ADMINISTRATIVE GUIDE

## FOR THE TWENTY-SEVENTH ANNUAL GENERAL MEETING (“27<sup>TH</sup> AGM”)

<b>Day, Date and Time</b>	: Thursday, 13 June 2024 at 10.00 a.m. or at any adjournment thereof
<b>Venue</b>	: Online Meeting Platform provided by Tricor Investor & Issuing House Services Sdn Bhd in Malaysia
<b>Meeting Platform</b>	: TIIH Online website at <a href="https://tiih.online">https://tiih.online</a> or <a href="https://tiih.com.my">https://tiih.com.my</a> (Domain registration number with MYNIC – D1A282781)

### MODE OF MEETING

The 27<sup>th</sup> AGM of the Company will be conducted a virtual basis through live streaming and online voting via Remote Participation and Voting (“RPV”) facilities via TIIH Online website at <https://tiih.online> or <https://tiih.com.my>. 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.

### REMOTE PARTICIPATION AND VOTING (“RPV”) FACILITIES

The RPV facilities are available on Tricor’s TIIH Online website at <https://tiih.online> or <https://tiih.com.my>.

Shareholders are to attend, speak (in the form of real time submission of typed texts) and vote (collectively, “participate”) remotely at the 27<sup>th</sup> AGM using RPV facilities from Tricor.

A shareholder who has appointed a proxy(ies) or attorney(s) or authorized representative(s) to attend, participate, speak and vote at this 27<sup>th</sup> AGM via RPV must request his/her proxy(ies) or attorney(s) or authorized 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 27<sup>th</sup> AGM using the RPV facilities:

#### Before the AGM Day

	Procedure	Action
i	Register as a user with TIIH Online	<ul style="list-style-type: none"> <li>Using your computer, access the website at <a href="https://tiih.online">https://tiih.online</a>. Register as a user under the “e-Services”, select the “Sign Up” button and followed by <b>“Create Account by Individual Holder”</b>. Refer to the tutorial guide posted on the homepage for assistance.</li> <li>Registration as a user will be approved within one (1) working day and you will be notified via e-mail.</li> <li>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.</li> </ul>

# ADMINISTRATIVE GUIDE

## FOR THE TWENTY-SEVENTH ANNUAL GENERAL MEETING (“27<sup>TH</sup> AGM”)

ii	Submit your registration for RPV	<ul style="list-style-type: none"> <li>Registration is open from Tuesday, 30 April 2024 until the day of 27<sup>th</sup> AGM on Thursday, 13 June 2024. Shareholder(s) or proxy(ies) or corporate representative(s) or attorney(s) are required to pre-register their attendance for the 27<sup>th</sup> AGM to ascertain their eligibility to participate in the 27<sup>th</sup> AGM using the RPV.</li> <li>Login with your user ID (i.e. email address) and password and select the corporate event: “<b>(REGISTRATION) ADVANCECON HOLDINGS BERHAD 27<sup>TH</sup> AGM</b>”.</li> <li>Read and agree to the Terms &amp; Conditions and confirm the Declaration.</li> <li>Select “Register for Remote Participation and Voting”</li> <li>Review your registration and proceed to register</li> <li>System will send an <b>e-mail to notify</b> that your registration for remote participation is received and will be verified.</li> <li>After verification of your registration against the General Meeting Record of Depositors as at 6 June 2024, the system will send you an <b>e-mail on 11 June 2024 to approve or reject</b> your registration for remote participation.</li> </ul> <p><i>(Note: Please allow sufficient time for approval of new user of TIIH Online and registration for the RPV).</i></p>
<b>On the AGM Day</b>		
(c)	Login to TIIH Online	<ul style="list-style-type: none"> <li>Login with your user ID and password for remote participation at the 27<sup>th</sup> AGM at any time from <b>9.00 a.m.</b> i.e. 1 hour before the commencement of the 27<sup>th</sup> AGM on <b>Thursday, 13 June 2024 at 10.00 a.m.</b></li> </ul>
(d)	Participate through Live Streaming	<ul style="list-style-type: none"> <li>Select the corporate event: “<b>(LIVE STREAM MEETING) ADVANCECON HOLDINGS BERHAD 27<sup>TH</sup> AGM</b>” to engage in the proceedings of the 27<sup>th</sup> AGM remotely.</li> <li>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 27<sup>th</sup> AGM. If there is time constraint, the responses will be e-mailed to you at the earliest possible, after the meeting.</li> </ul>
(e)	Online Remote Voting	<ul style="list-style-type: none"> <li>Voting session commences from 10.00 a.m. on Thursday, 13 June 2024 until a time when the Chairman announces the end of the session.</li> <li>Select the corporate event: “<b>(REMOTE VOTING) ADVANCECON HOLDINGS BERHAD 27<sup>TH</sup> AGM</b>” or if you are on the live stream meeting page, you can select “<b>GO TO REMOTE VOTING PAGE</b>” button below the Query Box.</li> <li>Read and agree to the Terms &amp; Conditions and confirm the Declaration.</li> <li>Select the CDS account that represents your shareholdings.</li> <li>Indicate your votes for the resolutions that are tabled for voting.</li> <li>Confirm and submit your votes.</li> </ul>
(f)	End of remote participation	<ul style="list-style-type: none"> <li>Upon the announcement by the Chairman on the closure of the 27<sup>th</sup> AGM, the Live Streaming will end.</li> </ul>

# ADMINISTRATIVE GUIDE

FOR THE TWENTY-SEVENTH ANNUAL GENERAL MEETING (“27<sup>TH</sup> AGM”)

## 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](mailto: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 6 June 2024 shall be eligible to participate, speak and vote at the 27<sup>th</sup> 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 27<sup>th</sup> 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 27<sup>th</sup> AGM yourself, please do not submit any Proxy Form for the 27<sup>th</sup> AGM. You will not be allowed to participate in the 27<sup>th</sup> 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 27<sup>th</sup> AGM whether in hard copy or by electronic means shall be deposited or submitted in the following manner not later than **Tuesday, 11 June 2024 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:

# ADMINISTRATIVE GUIDE

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## FOR THE TWENTY-SEVENTH ANNUAL GENERAL MEETING (“27<sup>TH</sup> AGM”)

### PROCEDURES FOR ELECTRONIC SUBMISSION OF PROXY FORM

Procedure	Action
<b>i. Steps for Individual Shareholders</b>	
Register as a User with TIIH Online	<ul style="list-style-type: none"> <li>Using your computer, please access the website at <a href="https://tiih.online">https://tiih.online</a>. Register as a user under the “e-Services”. Please refer to the tutorial guide posted on the homepage for assistance.</li> <li>If you are already a user with TIIH Online, you are not required to register again.</li> </ul>
Proceed with submission of Proxy Form	<ul style="list-style-type: none"> <li>After the release of the Notice of Meeting by the Company, login with your user name (i.e. email address) and password.</li> <li>Select the corporate event: <b>“ADVANCECON HOLDINGS BERHAD 27<sup>TH</sup> AGM – SUBMISSION OF PROXY FORM”</b>.</li> <li>Read and agree to the Terms and Conditions and confirm the Declaration.</li> <li>Insert your CDS account number and indicate the number of shares for your proxy(s) to vote on your behalf.</li> <li>Appoint your proxy/proxies and insert the required details of your proxy/proxies or appoint the Chairman as your proxy.</li> <li>Indicate your voting instructions – FOR or AGAINST, otherwise your proxy will decide on your votes.</li> <li>Review and confirm your proxy(s) appointment.</li> <li>Print the form of proxy for your record.</li> </ul>
<b>ii. Steps for corporation or institutional shareholders</b>	
Register as a User with TIIH Online	<ul style="list-style-type: none"> <li>Access TIIH Online at <a href="https://tiih.online">https://tiih.online</a></li> <li>Under e-Services, the authorised or nominated representative of the corporation or institutional shareholder selects the “Sign Up” button and followed by <b>“Create Account by Representative of Corporate Holder”</b>.</li> <li>Complete the registration form and upload the required documents.</li> <li>Registration will be verified, and you will be notified by email within one (1) to two (2) working days.</li> <li>Proceed to activate your account with the temporary password given in the email and re-set your own password.</li> </ul> <p><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 &amp; Issuing House Services Sdn Bhd if you need clarifications on the user registration.)</i></p>



# ADMINISTRATIVE GUIDE

FOR THE TWENTY-SEVENTH ANNUAL GENERAL MEETING (“27<sup>TH</sup> AGM”)

Proceed with submission of Proxy Form	<ul style="list-style-type: none"> <li>• Login to TIH Online at <a href="https://tiih.online">https://tiih.online</a></li> <li>• Select the corporate event: <b>“ADVANCECON HOLDINGS BERHAD 27<sup>TH</sup> AGM – SUBMISSION OF PROXY FORM”</b></li> <li>• Agree to the Terms &amp; Conditions and Declaration.</li> <li>• Proceed to download the file format for “Submission of Proxy Form” in accordance with the Guidance Note set therein.</li> <li>• Prepare the file for the appointment of proxies by inserting the required data.</li> <li>• Login to TIH Online, select corporate event: <b>“ADVANCECON HOLDINGS BERHAD 27<sup>TH</sup> AGM – SUBMISSION OF PROXY FORM”</b>.</li> <li>• Proceed to upload the duly completed proxy appointment file.</li> <li>• Select “Submit” to complete your submission.</li> <li>• Print the confirmation report of your submission for your record.</li> </ul>
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## POLL VOTING

The voting at the 27<sup>th</sup> 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, 13 June 2024** 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 TIH Online.

Upon completion of the voting session for the 27<sup>th</sup> 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 27<sup>th</sup> AGM via Tricor's TIH Online website at <https://tiih.online> by selecting “e-Services” to login, pose questions and submit electronically no later than **Tuesday, 11 June 2024 at 10.00 a.m.** The Board will endeavor to answer the questions received at the 27<sup>th</sup> 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.

# ADMINISTRATIVE GUIDE

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FOR THE TWENTY-SEVENTH ANNUAL GENERAL MEETING (“27<sup>TH</sup> AGM”)

## 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):

<b>Tricor Investor &amp; Issuing House Services Sdn Bhd</b>  <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		<b><i>Telephone Number</i></b>
	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



## FORM OF PROXY

CDS Account No.	
No. of Shares Held	

I/We, \_\_\_\_\_

NRIC/Passport/Company No. \_\_\_\_\_

of \_\_\_\_\_

and telephone no./ email address \_\_\_\_\_

being a member/members of Advancecon Holdings Berhad (the "Company"), hereby appoint

Proxy 1 Full Name and Address (in Block Letters)	NRIC/Passport No.	No. of Shares	% of Shareholding
Email Address/ Contact No.			

and (if more than 1 proxy)

Proxy 2 Full Name and Address (in Block Letters)	NRIC/Passport No.	No. of Shares	% of Shareholding
Email Address/ Contact No.			

or failing \*him/ her, the CHAIRMAN OF THE MEETING as \*my/ our \*proxy/ proxies, to vote for \*me/ us and on \*my/ our behalf at the Twenty-Seventh Annual General Meeting ("27<sup>th</sup> AGM") of the Company to be conducted on a virtual basis through live streaming and online meeting platform of TIIH Online provided by Tricor Investor & Issuing House Services Sdn Bhd via its website at <https://tiih.online> or <https://tiih.com.my> (Domain registration number with MYNIC – D1A282781) on Thursday, 13 June 2024 at 10.00 a.m. or at any adjournment thereof.

Please indicate with an "X" in the appropriate space(s) provided below on how you wish your vote to be cast. If no specific direction as to voting is given, the proxy will vote or abstain from voting at \*his/ her discretion.

NO.	RESOLUTION	FOR	AGAINST
Ordinary Resolution 1	To approve the payment of Directors' fees and other benefits of up to RM300,000 in respect of the period from 14 June 2024 until the conclusion of the next AGM of the Company.		
Ordinary Resolution 2	To re-elect Dato' Phum Ang Kia as Director.		
Ordinary Resolution 3	To re-elect Mohd Zaky Bin Othman as Director.		
Ordinary Resolution 4	To re-elect Ms. Jananee Priya A/P Gopal as Director.		
Ordinary Resolution 5	To re-appoint Messrs. UHY as auditors of the Company and to authorise the Directors to fix their remuneration.		
Ordinary Resolution 6	Authority to issue and allot shares pursuant to Sections 75 and 76 of the Companies Act 2016 ("the Act") and waiver of Pre-emptive Rights pursuant to Section 85 of the Act		
Ordinary Resolution 7	Proposed Renewal of Share Buy-Back Authority		
Ordinary Resolution 8	Proposed Renewal of RRPTs 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 \_\_\_\_\_, 2024.

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 TIH Online website at <https://tiah.online> or <https://tiah.com.my>. Members are advised to follow the procedures provided in the Administrative Guide for the 27<sup>th</sup> 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 6 June 2024 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's 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 TIH Online website at <https://tiah.online> or <https://tiah.com.my>. Please follow the procedure for the electronic lodgement of proxy form as set out in the Administrative Guide for the 27<sup>th</sup> 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 27<sup>th</sup> AGM dated 30 April 2024.*

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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, 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 2023 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 as soon as reasonably practicable 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

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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, 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](mailto:info@advancecon.com.my)

**[www.advancecon.com.my](http://www.advancecon.com.my)**

## **CORPORATE GOVERNANCE REPORT**

**STOCK CODE** : 5281  
**COMPANY NAME** : ADVANCECON HOLDINGS BERHAD  
**FINANCIAL YEAR** : December 31, 2023

### **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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>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.</p> <p>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.</p> <p>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 <a href="http://www.advancecon.com.my">www.advancecon.com.my</a>.</p> <p>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 / Chairperson of the respective Committees report to the Board the outcome of deliberations of each Committee's meetings.</p> <p>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 2023 ("FY2023"):</p>

	<p>(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.</p> <p>(b) The Management's performance under the leadership of the Group Chief Executive Officer ("Group CEO") is monitored through a yearly performance evaluation.</p> <p>(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.</p> <p>(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 fulfil 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.</p> <p>(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.</p> <p>(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:</p> <ul style="list-style-type: none"> <li>• Ensure adherence to accounting policies and applied them consistently.</li> <li>• Made judgements and estimates that are reasonable and prudent.</li> <li>• Ensure that all applicable accounting standards have been adhered to.</li> <li>• 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.</li> </ul>
<b>Explanation for departure</b>	:

<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>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.</p> <p>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.</p> <p>During the FY2023, the Chairman had:</p> <ul style="list-style-type: none"> <li>(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.</li> <li>(b) Set the Board agenda with Company Secretary and ensured that Board members had received complete and accurate information in a timely manner.</li> <li>(c) Led Board meetings and discussions.</li> <li>(d) Managed boardroom dynamics by promoting a culture of openness and debate; encouraged active participation and allowed dissenting views to be freely expressed.</li> <li>(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.</li> <li>(f) Ensured appropriate steps are taken to provide effective communication with stakeholders and that their views were communicated to the Board as a whole.</li> <li>(g) Led the Board in establishing and monitoring good corporate governance practices in the Company.</li> </ul>



	(h) Chaired the Annual General Meetings (“AGM”), Extraordinary General Meeting (“EGM”) and general meeting of the Company and providing clarification on issues raised by shareholders.			
<b>Explanation for departure</b>	:			
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>				
<b>Measure</b>	:			
<b>Timeframe</b>	:	<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	:	<p>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.</p> <p>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.</p> <p>The roles of the Chairman and Group CEO are defined in the Board Charter which is available on the Company’s website at <a href="http://www.advancecon.com.my">www.advancecon.com.my</a>.</p>	
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

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>		
<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<p>The Chairman of the Board, Mr. Yeoh Chong Keat is also the Chairman of NC, and the member of AC and Remuneration Committee ("RC"). The NC, AC and RC presently comprises two other INEDs, En. Mohd Zaky Bin Othman and Ms. Jananee Priya A/P Gopal.</p> <p>The Chairman is mindful of his differing roles on the Board, NC, AC and RC. All issues before recommending to the Board are thoroughly deliberated at the committee levels which involve the participation of the other two INEDs. All recommendations by the Committees to the Board have been arrived at unanimously and this should eliminate the risk of self-review and absolute control over decision making by one person.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>Presently, the Board is assisted by three Company Secretaries who are qualified to act as company secretaries under Section 235(2) of the Companies Act 2016 ("the Act"). Two of them are members of Malaysian Institute of Chartered Secretaries and Administrators ("MAICSA") whilst the other is a Licensed Company Secretary ("LS").</p> <p>During the FY2023, the Company Secretaries had performed the following tasks:</p> <ul style="list-style-type: none"><li>(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.</li><li>(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.</li><li>(c) Attended Board Meetings and ensured the proper conduct of the meetings. Deliberations and decisions were accurately minuted and kept in the minutes books.</li><li>(d) Managed processes pertaining to the annual shareholders meeting.</li><li>(e) Served as a focal point for stakeholders' communication and engagement on corporate governance issues.</li></ul> <p>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 <a href="http://www.advancecon.com.my">www.advancecon.com.my</a>.</p> <p>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</p>

	and regulatory requirements that are relevant to their profession and to provide the necessary advisory role to the Board.			
<b>Explanation for departure</b>	:			
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>				
<b>Measure</b>	:			
<b>Timeframe</b>	:	<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 1.6**

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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>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.</p> <p>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.</p> <p>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.</p> <p>Senior Management and/or external consultants may be invited to attend Board Meetings to advise and/or furnish the Board with relevant information.</p> <p>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.</p> <p>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.</p>
<b>Explanation for departure</b>	:	

<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	



**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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>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.</p> <p>The Board Charter was reviewed by the Board periodically. The current Board Charter is accessible for reference on the Company's website at <a href="http://www.advancecon.com.my">www.advancecon.com.my</a>.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>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.</p> <p>The core sections of the Code covered the following principles:</p> <ul style="list-style-type: none"> <li>• Act with Integrity and Ethics</li> <li>• Protect Advancecon Assets and Intellectual Property</li> <li>• Comply with Laws and Regulations</li> <li>• Working with One Another</li> </ul> <p>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 <a href="http://www.advancecon.com.my">www.advancecon.com.my</a>.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>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.</p> <p>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.</p> <p>The Whistle Blowing Policy and the Anti-Bribery and Corruption Policy Statement are available on the Company's website at <a href="http://www.advancecon.com.my">www.advancecon.com.my</a>.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**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.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Board sets out and oversees the sustainability governance structure consisting of vision, mission, core value and sustainability strategy.</p> <p>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.</p> <p>The RMSC is to supports the Board by overseeing the management of principal business risks and significant/material economic, environmental and social risks.</p> <p>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.</p> <p>The sustainability governance structure and roles of Sustainability Steering Committee are outlined under the Sustainability Statement in the Annual Report 2023.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>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.</p> <p>Details pertaining to engagement platforms and how the Group engages its stakeholders are available in the "ENGAGING OUR STAKEHOLDERS" section of our Sustainability Statement.</p> <p>Advancecon' Sustainability Report complies with Bursa Malaysia's Sustainability Reporting Framework and included in the Annual Report ("AR"). The AR is available for reference at the Company's website at <a href="http://www.advancecon.com.my">www.advancecon.com.my</a>.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**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.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	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.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**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.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The annual assessment reviews the effectiveness of the Board including the role of the Board in the Company's operational business and risk environment and ability to act in the best interest of the Company to achieve its strategic objectives, including embedding sustainability in the Company's strategies and operations.</p> <p>The Senior Management implements strategies and reports on performance of processes and controls, and management targets to ensure alignment and effective implementation of the Group's strategic initiatives in pursuing its business goals of which sustainability aspects are considered.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**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.*

<b>Application</b>	:	Adopted
<b>Explanation on adoption of the practice</b>	:	<p>RMSC leads the Sustainability Working Committee ("SWC") and provides direction, oversight and guidance throughout the Group to implement sustainability-related projects.</p> <p>The key responsibilities of SWC are as follows:</p> <ul style="list-style-type: none"><li>(i) to assist management in analysing the principal business risks and significant/material economic, environmental and social risks; and</li><li>(ii) to oversee the stakeholder engagement and its outcomes addressing economic, environmental, social and governance matters with regard to the strategic sustainability goals.</li></ul>



**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	:	<p>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.</p> <p>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.</p>	
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.

<b>Application</b>	:	Applied		
<b>Explanation on application of the practice</b>	:	The current Board comprise of five members with three being INEDs.		
		Designation	Number of Directors	Percentage (%)
		Executive Directors	2	40.00
		Independent and Non-Executive Directors	3	60.00
		Total	5	100.00
<b>Explanation for departure</b>	:			
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>				
<b>Measure</b>	:			
<b>Timeframe</b>	:			

**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 FY2023, 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.*

<b>Application</b>	:	Not Adopted
<b>Explanation on adoption of the practice</b>	:	

**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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>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.</p> <p>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.</p> <p>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.</p> <p>During the FY2023, the diversity for the Board and Senior Management are as follows:</p> <p><u>Board of Directors</u>  Gender: Male (4); Female (1)  Age: 30-39 (0); 40-49 (1); 50-59 (0); 60 &amp; above (4)  Ethnicity: Malay (1); Chinese (3); Indian (1)</p> <p><u>Senior Management</u>  Gender: Male (2); Female (0)  Age: 30-39 (0); 40-49 (1); 50-59 (1); 60 &amp; above (0)  Ethnicity: Malay (0); Chinese (2); Indian (0)</p> <p>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.</p>

<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**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.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	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.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**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	:	<p>The profiles of Directors are published in the Annual Report 2023 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.</p> <p>The reasons for the re-election of the retiring Directors for re-election are also set out in the explanatory notes to the notice of the 27<sup>th</sup> Annual General Meeting of the Company.</p>	
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 5.8**

The Nominating Committee is chaired by an Independent Director or the Senior Independent Director.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The NC is made up entirely of INEDs in compliance with paragraph 15.08A(1) of the MMLR.</p> <p>The NC is chaired by Mr. Yeoh Chong Keat, who is the Independent Non-Executive Chairman of the Group.</p> <p>The composition of the NC can be found in the Annual Report 2023 under Corporate Information.</p> <p>The TOR of the NC was reviewed by the NC and approved by the Board periodically. The TOR of the NC can be viewed at the Company's website at <a href="http://www.advancecon.com.my">www.advancecon.com.my</a>.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**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.

<b>Application</b>	:	Departure	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	<p>Currently, our Board members comprise of one female Director. The Board recognises the importance of diversity in its composition in ensuring its effectiveness and good corporate governance and the Board endeavours to fulfil gender diversity expected by Revised Malaysian Code on Corporate Governance 2021 ("MCCG").</p> <p>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.</p>	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**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.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Board acknowledges the importance of boardroom diversity and is supportive of the recommendation of MCCG on the establishment of boardroom and workforce gender diversity policy. The Board’s aim is to have a broad range of approaches, backgrounds, skills and experience represented on the Board and to make appointments based on merit, and against objective criteria, with due regard given to the benefits of diversity on the Board, including gender, age and ethnicity. The Board recognises diversity in the boardroom as an essential component of a good corporate governance.</p> <p>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.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

## 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.

*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.*

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>During the FY2023, 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.</p> <p>Below are the criteria used to assess Board, Board Committees and individual Directors respectively during the financial year:</p> <p>(a) Directors' self-assessment</p> <ul style="list-style-type: none"><li>• knowledge about the Group's vision and mission;</li><li>• 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;</li><li>• competency and contribution.</li></ul> <p>(b) Board and Board Committees' assessment</p> <ul style="list-style-type: none"><li>• Board mix authority and composition to function effectively;</li><li>• quality of information and decision-making process with regards to financial performance and audit, risk management, internal control and communication with stakeholders.</li></ul> <p>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 independency of INED.</p>

	<p>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.</p> <p>The Board had undertaken the annual evaluation of themselves, its committees and each individual director for FY2023. 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.</p> <p>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.</p>			
<b>Explanation for departure</b>	:			
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>				
<b>Measure</b>	:			
<b>Timeframe</b>	:	<table border="1"> <tr> <td></td><td></td></tr> </table>		

### 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The RC is authorised by the Board to establish a formal and transparent procedure for developing a policy on Executive Directors' remuneration.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>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 AGM based on recommendations of the Board.</p>

	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.	
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>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.</p> <p>Amongst the RC's functions and duties outlined in its TOR are:</p> <ul style="list-style-type: none"> <li>(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.</li> <li>(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, mission, core values and business objectives, market trends and information sources on the rates of salary for similar jobs in selected group of comparable companies.</li> <li>(c) To ensure a fair differential between the remuneration of Directors and Senior Management and other levels of management is maintained.</li> <li>(d) To review and determine the benefits in kind for the Directors and Senior Management.</li> <li>(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.</li> </ul>



	<p>The present members of the RC are as follows:</p> <ul style="list-style-type: none"> <li>• Ms. Jananee Priya A/P Gopal, Chairperson (INED)</li> <li>• Yeoh Chong Keat, Member (Independent Non-Executive Chairman)</li> <li>• Mohd Zaky Bin Othman, Member (INED)</li> </ul> <p>The TOR of the RC was reviewed by the RC and approved by the Board periodically. The TOR of the RC can be viewed at the Company's website at <a href="http://www.advancecon.com.my">www.advancecon.com.my</a>.</p>	
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	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 FY2023 were disclosed, as below:

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	101				13		114							
2	Dato' Phum Ang Kia	Executive Director			1,147	96	16	150	1,409							
3	Tung Kai Hung	Executive Director										557	46	14	51	668
4	Mohd Zaky Bin Othman	Independent Director	72				13		85							
5	Jananee Priya A/P Gopal (Appointed on 1 October 2023)	Independent Director	11				3		14							

**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.

<b>Application</b>	:	Departure	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	<p>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.</p> <p>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 for confidentiality concerns purposes.</p> <p>The Board will ensure that the remuneration of the Senior Management commensurate with their duties and responsibilities and the performance of the Company.</p> <p>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</p>	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

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.

<b>Application</b>	:	Not Adopted
<b>Explanation on adoption of the practice</b>	:	

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.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The roles of the Chairman of the Board and the Chairman of the AC are assumed by different Directors.</p> <p>The Chairman of the Board is Mr. Yeoh Chong Keat while the Chairman of the AC is En. Mohd Zaky Bin Othman.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		



**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 FY2023.	
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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The role of the AC in relation to the external auditors, Messrs. UHY ("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.</p> <p>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.</p> <p>In November 2023, 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.</p> <p>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 FY2023 did not in any way impair their objectivity and independence as external auditors of the Company.</p> <p>Having taken into consideration of the above, the Board, through the AC opined that the EA are independent and suitably qualified to act.</p>
<b>Explanation for departure</b>	:	

<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**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.

<b>Application</b>	:	Adopted
<b>Explanation on adoption of the practice</b>	:	<p>The AC consists of three members, who are all Independent Non-Executive Directors ("INED").</p> <p>The members of the AC are as follows:</p> <ul style="list-style-type: none"><li>• Mohd Zaky Bin Othman, Chairman (INED)</li><li>• Yeoh Chong Keat, Member (INED)</li><li>• Jananee Priya A/P Gopal (Appointed on 1 October 2023), Member (INED)</li></ul> <p>All the three INED have satisfied the independence test based on the criteria set out in the MMLR.</p> <p>The TOR of the AC was reviewed by the AC and approved by the Board periodically. The TOR of the AC can be viewed at the Company's website at <a href="http://www.advancecon.com.my">www.advancecon.com.my</a>.</p>

**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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>Details of the training and seminars attended by the Directors during FY2023 are set out under the CG Overview Statement in the Annual Report 2023.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		

<b>Measure</b>	:		
<b>Timeframe</b>	:		

**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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p>
<b>Explanation for departure</b>	:	

<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	



**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.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The features of the Group's risk management and internal control framework, and the adequacy and effectiveness of this framework are disclosed under the SORMIC in the Annual Report 2023.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**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.

<b>Application</b> :	Not Adopted
<b>Explanation on adoption of the practice</b> :	

**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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>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.</p> <p>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 of Annual Report 2023.</p> <p>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.</p> <p>The internal audit personnel constantly keep themselves abreast with developments in the profession, relevant industry and regulations through attendance at conferences/trainings.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>In accordance with the Internal Audit Charter (Section 5. Independence &amp; Objectivity), Internal Auditors are required to confirm to the AC, at least annually, the organisational independence of the internal audit activity.</p> <p>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.</p> <p>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.</p> <p>For the Financial year under review, the following Internal Auditors have led the internal audit reviews.</p> <ul style="list-style-type: none"><li>- Dr. So Hsien Ying, a Certified Internal Control Professional (US), Doctor in Business Administration (Wales), Master in Business Administration (Finance) (Hull), BSC Economics (Hons) (London), permanent member of The Internal Control Institute (US), member of the Malaysian Alliance of Corporate Directors and Associate, permanent member of the Internal Control Institute (US), Associate Member of The Institute of Internal Auditors Malaysia (IIAM) with 29 years of experience in business process improvement, internal control review, internal audit and risk management.</li><li>- Mr. Cheng Chean, is a Chartered Member of the Institute of Internal Auditors Malaysia (CMIIA and a Fellow Member of Chartered Certified Accountant (FCCA). Mr. Cheng has 22 years of hand on experience in the fields of External Audit, Internal Audit and Internal Control Review.</li></ul>

	<p>The number of resources of Sterling deployed for each internal audit review ranges from 2 to 4 audit personnel per visit. The staff involved in the internal audit reviews possesses professional qualifications and/or university degree. The IA review work is reviewed by the respective Manager in charge of the assignment and the Principal Consultant.</p> <p>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.</p>			
<b>Explanation for departure</b>	:			
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>				
<b>Measure</b>	:			
<b>Timeframe</b>	:	<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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>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.</p> <p>The Board ensures the Company announces its quarterly results on a timely basis to the shareholders and also make necessary announcement to its stakeholders.</p> <p>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.</p> <p>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.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**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.

<b>Application</b>	:	Not applicable – Not a Large Company	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	Not applicable – Not a Large Company	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**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	:	<p>Shareholders were given notice of more than 28 days in respect of the 26<sup>th</sup> AGM of the Company held on 29 May 2023.</p> <p>The 27<sup>th</sup> AGM of the Company is scheduled on 13 June 2024 and the Notice for the 27<sup>th</sup> AGM has been despatched to shareholders of the Company on 30 April 2024 which is more than 28 days prior to the meeting.</p> <p>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.</p>	
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**

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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>All the Board members attended the 26<sup>th</sup> AGM of the Company held on 29 May 2023.</p> <p>The Chairman presides over the AGM and where appropriate, directs shareholders' queries to the Chairman of AC, NC, RC and RMSC respectively during the meetings.</p> <p>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.</p> <p>The Company uploaded the outcome of AGM on the Company's website at <a href="http://www.advancecon.com.my">www.advancecon.com.my</a> as soon as practicable after the conclusion of the said meetings.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**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.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	At its virtual 26 <sup>th</sup> AGM held on 29 May 2023, the Company had leveraged technology to facilitate for the conducting of the Remote Participation and electronic voting facilities (“RPV”).  The Company’s forthcoming 27 <sup>th</sup> AGM scheduled to be held on 13 June 2024 will be conducted on a virtual basis through live streaming and RPV.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### 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.

*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.*

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>All the Directors and the Senior Management (i.e. General Manager-Finance and Corporate Services and Finance Manager) were present at the 26<sup>th</sup> AGM held on 29 May 2023, and to provide responses to the questions posed by shareholders.</p> <p>Sufficient time and opportunity were also made available for the shareholders to pose questions during the 26<sup>th</sup> AGM held on 29 May 2023, using the RPV facilities.</p> <p>The Directors have answered all the questions posed by the shareholders during the 26<sup>th</sup> AGM held on 29 May 2023.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### 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.

*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.*

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Company's held its 26<sup>th</sup> AGM as a virtual general meeting.</p> <p>The RPV facilities provided by Tricor Investor &amp; Issuing House Services Sdn Bhd via its TIIH Online website at <a href="https://tiih.online">https://tiih.online</a> allowed shareholders to pose questions to the Board and Chairman of the AGM via typed text in the query box.</p> <p>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.</p> <p>Questions posed by shareholders had been made visible to all meeting participants during the meeting itself via RPV facilities.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**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>		
<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	Minutes of the 26 <sup>th</sup> AGM held on 29 May 2023 have been made available to shareholders on its Company's website at <a href="http://www.advancecon.com.my">www.advancecon.com.my</a> . no later than 30 business days after the AGM.
<b>Explanation for departure</b>	:	
	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	
	:	

## **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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