Annual Report & CG Report

ADVANCECON HOLDINGS BERHAD

Annual Report for Financial Year Ended	31 Dec 2018
Subject	Annual Report & CG Report - 2018

Please refer attachment below.

Attachments

Advancecon - Corporate Governance Report (Final).pdf
440.8 kB

Advancecon_AR2018 (Bursa) Part 1.pdf
2.6 MB

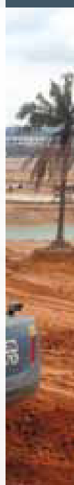
Advancecon_AR2018 (Bursa) Part 2.pdf
374.1 kB

Announcement Info

Company Name	ADVANCECON HOLDINGS BERHAD
Stock Name	ADVCON
Date Announced	30 Apr 2019
Category	Document Submission
Reference Number	DCS-29042019-00060

ADVANCECON

Annual Report 2018



WHAT'S INSIDE

OVERVIEW

BUSINESS OVERVIEW

CORPORATE GOVERNANCE AND FINANCIAL STATEMENT

OTHERS

ABOUT **ADVANCECON**

SET TO SOAR

Understanding the potentials and opportunities beckoning in East Malaysia, Advancecon continues to support Malaysia's infrastructure wave by enhancing our foothold there. At Advancecon, our ultimate determination is to achieve greater heights and we do not rest on our laurels.

As we continue to expand our capabilities, Advancecon is endeavoured to transform challenges into opportunities.

The journey of a million miles begins with small steps. And that is precisely what Advancecon sets to achieve.

VISION

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

CORE VALUES

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

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

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

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

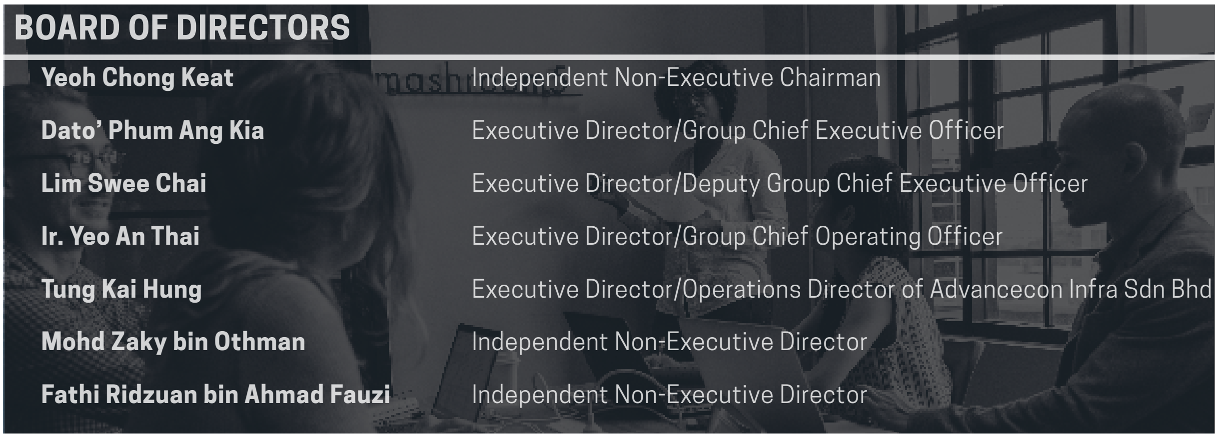
Solution Provider
We are real partner who consistently offer valuable solutions to our clients

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

MISSION

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

CORPORATE **INFORMATION**



BOARD OF DIRECTORS

Yeoh Chong Keat	Independent Non-Executive Chairman
Dato' Phum Ang Kia	Executive Director/Group Chief Executive Officer
Lim Swee Chai	Executive Director/Deputy Group Chief Executive Officer
Ir. Yeo An Thai	Executive Director/Group Chief Operating Officer
Tung Kai Hung	Executive Director/Operations Director of Advancecon Infra Sdn Bhd
Mohd Zaky bin Othman	Independent Non-Executive Director
Fathi Ridzuan bin Ahmad Fauzi	Independent Non-Executive Director

AUDIT COMMITTEE

Name	Designation	Directorship
Mohd Zaky bin Othman	Chairman	Independent Non-Executive Director
Yeoh Chong Keat	Member	Independent Non-Executive Chairman
Fathi Ridzuan bin Ahmad Fauzi	Member	Independent Non-Executive Director

REMUNERATION COMMITTEE

Name	Designation	Directorship
Fathi Ridzuan bin Ahmad Fauzi	Chairman	Independent Non-Executive Director
Yeoh Chong Keat	Member	Independent Non-Executive Chairman
Mohd Zaky bin Othman	Member	Independent Non-Executive Director

NOMINATION COMMITTEE

Name	Designation	Directorship
Yeoh Chong Keat	Chairman	Independent Non-Executive Chairman
Mohd Zaky bin Othman	Member	Independent Non-Executive Director
Fathi Ridzuan bin Ahmad Fauzi	Member	Independent Non-Executive Director

RISK MANAGEMENT AND SUSTAINABILITY COMMITTEE

Name	Designation	Directorship
Fathi Ridzuan bin Ahmad Fauzi	Chairman	Independent Non-Executive Director
Ir. Yeo An Thai	Member	Executive Director/Group Chief Operating Officer
Tung Kai Hung	Member	Executive Director/Operations Director of Advancecon Infra Sdn Bhd

EMPLOYEES SHARE OPTION SCHEME COMMITTEE

Name	Designation	Directorship
Dato' Phum Ang Kia	Chairman	Executive Director/Group Chief Executive Officer
Lim Swee Chai	Member	Executive Director/Deputy Group Chief Executive Officer
Ir. Yeo An Thai	Member	Executive Director/Group Chief Operating Officer

COMPANY SECRETARIES

Tan Tong Lang
(MAICSA 7045482)

Thien Lee Mee
(LS 0009760)

REGISTERED OFFICE

Suite 10.02, Level 10, The Gardens
South Tower
Mid Valley City, Lingkaran Syed Putra
59200 Kuala Lumpur
Wilayah Persekutuan
Malaysia
Telephone no.: 03-2298 0263
Facsimile no.: 03-2298 0268

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
Website: www.advancecon.com.my
E-mail: info@advancecon.com.my

AUDITORS

Crowe Malaysia PLT
(LLP0018817-LCA & AF1018)
Chartered Accountants
Level 16 Tower C
Megan Avenue II
12 Jalan Yap Kwan Seng
50450 Kuala Lumpur
Telephone no.: 03-2788 9999
Facsimile no.: 03-2788 9998

PRINCIPAL BANKERS

Alliance Bank Malaysia Berhad
Al Rajhi Banking & Investment Corporation (M) Berhad
HSBC Bank Malaysia Bhd
Hong Leong Bank Berhad
Public Bank Berhad
United Overseas Bank (Malaysia) Berhad

SHARE REGISTRAR

Boardroom Share Registrars Sdn Bhd
(*formerly known as Symphony Share Registrars Sdn Bhd*)
Level 6, Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan
Telephone no.: 03-7849 0777
Facsimile no.: 03-7841 8151/8152

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad
Construction
(Shariah-compliant stocks)
Stock Code: ADVCON
Stock No.: 5281

DATE & PLACE OF INCORPORATION

9 April 1997, Malaysia

WEBSITE

www.advancecon.com.my

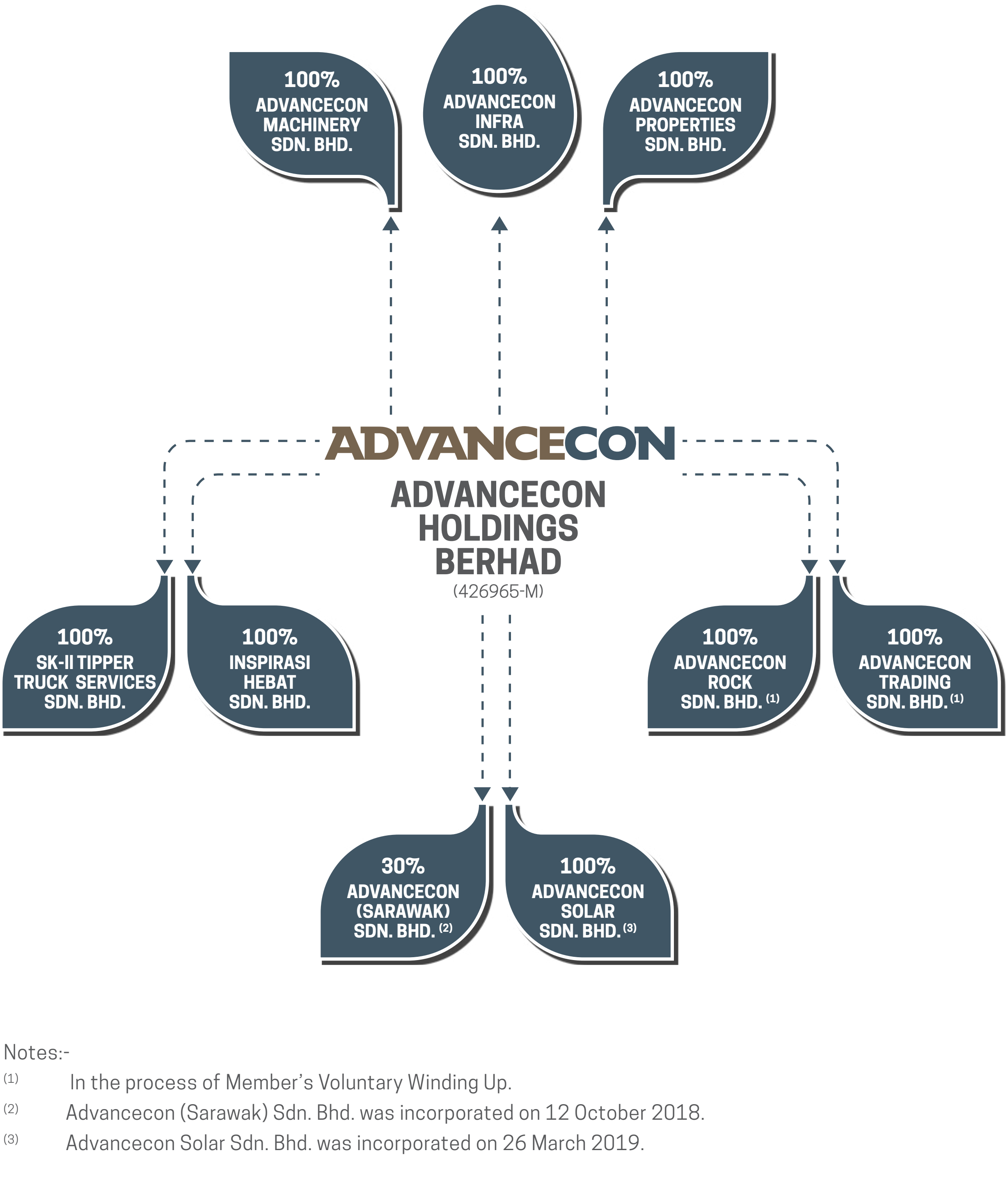
LISTING DATE

10 July 2017

COMPANY NO.

426965-M

CORPORATE **STRUCTURE**



Notes:-

(1) In the process of Member's Voluntary Winding Up.

(2) Advancecon (Sarawak) Sdn. Bhd. was incorporated on 12 October 2018.

(3) Advancecon Solar Sdn. Bhd. was incorporated on 26 March 2019.

DIRECTORS' PROFILE

YEOH CHONG KEAT
Independent Non-Executive Chairman

Mr. Yeoh Chong Keat, a Malaysian male, aged 60, was appointed to our Board on 1 August 2016 and is our Independent Non-Executive Chairman. He is also the Chairman of the Nomination Committee and a member of the Audit Committee and Remuneration Committee respectively.

Mr Yeoh graduated with a Foundation Course in Accountancy from City of Birmingham Polytechnic, United Kingdom in 1978. He is a Fellow of the Institute of Chartered Accountants in England and Wales, a Chartered Accountant of the Malaysian Institute of Accountants, a member of the Malaysian Institute of Certified Public Accountants and a Fellow of the Chartered Tax Institute of Malaysia.

Mr Yeoh began his career in 1978 with a training contract with Deloitte Haskins & Sells (now known as PricewaterhouseCoopers), United Kingdom. After qualifying as a Chartered Accountant in 1982, he left PricewaterhouseCoopers and joined 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 Deloitte, he was involved in the areas of audit, tax compliance and advisory and management consulting services involving corporate rescues and restructuring.

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

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

Apart from Advancecon Holdings Berhad, he is also a Director of Lien Hoe Corporation Berhad and AbleGroup Berhad, all listed on the Main Market of Bursa Malaysia Securities Berhad.

Mr Yeoh does not have any family relationship with any Directors and/or major shareholders of the Company. He has no conflict of interest with the Company and has not been convicted of any offences, within the past five years (other than traffic offences, if any) and there was no public sanction or penalty imposed by the relevant regulatory bodies during the financial year ended 31 December 2018.

Mr Yeoh attended all five board meetings held during the financial year ended 31 December 2018.

DATO' PHUM ANG KIA

Executive Director/Group Chief Executive Officer ("Group CEO")

Dato' Phum Ang Kia, a Malaysian male, aged 61, is our Executive Director/Group CEO. He was appointed to our Board on 9 April 1997. 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 in 2010. During the early stage, the Company was mainly involved in civil engineering services, construction of main drains, road works, sewerage systems and hiring services of heavy machinery and equipment.

Together with Mr Lim Swee Chai, they incorporated Advancecon Sdn Bhd in 1993 to expand the construction business afterwhich, 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 40 years, he was the driving force in raising the Company's profile from a small contractor to now a Main Market public listed company. Dato' Phum was also nominated to be one of the recipients under Master Category for EY Entrepreneur of the year 2018.

Dato' Phum does not hold any directorship in other public listed companies. He is a major shareholder of the Company and his brother, Mr Pham Soon Kok is a substantial shareholder of the Company. Other than that, he does not have any family relationship with any Directors and/or major shareholders. Dato' Phum has no conflict of interest with the Company and has not been convicted of any offences, other than traffic offences (if applicable) within the past five years nor has been imposed of any public sanction or penalties by any relevant regulatory bodies during the financial year ended 31 December 2018.

Dato' Phum attended all five board meetings held during the financial year ended 31 December 2018.

LIM SWEE CHAI

Executive Director/Deputy Group Chief Executive Officer ("Deputy Group CEO")

Mr. Lim Swee Chai, a Malaysian male, aged 62, is our Executive Director/Deputy Group CEO and was appointed to the Board on 9 April 1997. Having more than 37 years of working experience in the construction industry, he is responsible for the Group's overall strategic management and strategic corporate planning. He is also involved in overseeing contracts and operations related matters.

Mr Lim graduated with a Diploma in Technology (Building) from Tunku Abdul Rahman College in 1981 and accumulated his experience in project management and procurement operations. He joined Teguh Kaya Sdn Bhd ("TKSB"), a construction company as Contracts Manager from 1985 until 1993 where he was responsible for the overall contract management functions for several housing development projects in Klang Valley.

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

Presently, Mr Lim does not hold any directorship in other public listed companies. He is also a major shareholder of the Company. Other than that, he does not have any family relationship with any Directors and/or major shareholders. Mr Lim has no conflict of interest with the Company and has not been convicted of any offences, other than traffic offences (if applicable) within the past five years nor has been imposed of any public sanction or penalties by any relevant regulatory bodies during the financial year ended 31 December 2018.

Mr Lim attended all five board meetings held during the financial year ended 31 December 2018.

IR. YEO AN THAI

Executive Director/Group Chief Operating Officer ("Group COO")

Ir. Yeo An Thai, a Malaysian male, aged 46, is our Executive Director/Group COO and was appointed to the Board on 1 August 2016. He is also a member of the Risk Management and Sustainability Committee. He is responsible for the overall operations of the Group which include decision making on corporate affairs and managing site technical operational activities of the Group.

Ir. Yeo graduated with a Bachelor of Engineering with Honours Degree in Civil and Structural Engineering from Universiti Kebangsaan Malaysia in 1997 and subsequently obtained a Master of Engineering Management from Universiti Putra Malaysia in 2015. He is a registered Project Management Professional with the Project Management Institute, United States since 2009, a member of the Institution of Engineers, Malaysia and a registered Professional Engineer with the Board of Engineers, Malaysia since 2013. In 2014, he registered as a Green Building Index Facilitator with Green Building Index, Malaysia.

Ir. Yeo began his career as a Site Engineer in Gamuda Berhad in 1997 and was promoted to be the Section Head before he left Gamuda Berhad. He then joined Advancecon Sdn Bhd as a Site Manager in 2001 where he was responsible for day-to-day on site operations of all the construction projects. In 2010, Advancecon Group was established pursuant to an internal reorganisation exercise undertaken whereby he assumed the role as General Manager of Project Management before he was promoted to Chief Operating Officer in 2015. He has 20 years of working experience in the construction industry and has been instrumental in the Initial Public Offering of Advancecon Holdings Berhad.

Ir. Yeo does not hold any directorship in other public listed companies. He does not have any family relationship with any Directors and/or major shareholders of the Company. He has no conflict of interest with the Company and has not been convicted of any offences, within the past five years (other than traffic offences, if any) and there was no public sanction or penalty imposed by the relevant regulatory bodies during the financial year ended 31 December 2018.

Ir. Yeo attended all five board meetings held during the financial year ended 31 December 2018.

TUNG KAI HUNG, PETER

Executive Director/Operations Director of Advancecon Infra Sdn Bhd ("AISB")

Mr. Tung Kai Hung ("Mr Peter Tung"), a Malaysian male, aged 55, is our Executive Director/Operations Director of AISB and was appointed to our Board on 1 August 2016. He is also a member of Risk Management and Sustainability Committee.

Mr Peter Tung graduated with a Diploma in Technology (Building) from Tunku Abdul Rahman College, Malaysia in 1986 and has extensive background in construction contract claims, project cost budgeting, project management and administration from the various positions he held before assuming his current position.

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

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

He has more than 30 years of working experience in the construction industry and has been instrumental in the Initial Public Offering of Advancecon Holdings Berhad.

Mr Peter Tung does not hold any directorship in other public listed companies. He does not have any family relationship with any Directors and/or major shareholders of the Company. He has no conflict of interest with the Company and has not been convicted of any offences, within the past five years (other than traffic offences, if any) and there was no public sanction or penalty imposed by the relevant regulatory bodies during the financial year ended 31 December 2018.

Mr Peter Tung attended all five board meetings held during the financial year ended 31 December 2018.

MOHD ZAKY BIN OTHMAN

Independent Non-Executive Director

En. Mohd Zaky bin Othman, a Malaysian male, aged 62, is our Independent Non-Executive Director. He was appointed to our Board on 1 August 2016 and is also the Chairman of the Audit Committee. Apart from that, he is also a member of the Remuneration Committee and the Nomination Committee respectively.

En. Mohd Zaky graduated with Bachelor of Science Degree in Business Administration (Finance) from California State University Fresno, United States in 1984 and subsequently obtained a Master of Science in Finance (Corporate Finance) from Golden Gate University, San Francisco, United States in 1992.

En. Mohd Zaky began his career as an Accounts Executive in 1985 and was working overseas for 10 years. In 1995, he returned to Malaysia and joined Keretapi Tanah Melayu Berhad ("KTMB") where he spent approximately 18 years before his retirement in 2013. During his tenure with KTMB, he served in various positions within KTMB group of companies.

En. Mohd Zaky gained experience in his respective field through working for more than 30 years in different companies in several countries.

En. Mohd Zaky does not hold any directorship in other public listed companies. He does not have any family relationship with any Directors and/or major shareholders of the Company. He has no conflict of interest with the Company and has not been convicted of any offences, within the past five years (other than traffic offences, if any) and there was no public sanction or penalty imposed by the relevant regulatory bodies during the financial year ended 31 December 2018.

En. Mohd Zaky attended all five board meetings held during the financial year ended 31 December 2018.

FATHI RIDZUAN BIN AHMAD FAUZI

Independent Non-Executive Director

En. Fathi Ridzuan bin Ahmad Fauzi, a Malaysian male, aged 54, is our Independent Non-Executive Director. He was appointed to our Board on 1 August 2016. He is also the Chairman of Remuneration Committee and Risk Management and Sustainability Committee respectively. Apart from that, he is also a member of the Audit Committee and the Nomination Committee respectively.

En. Fathi Ridzuan graduated with a Bachelor of Science Degree in Accounting and Financial Analysis from University of Warwick, Coventry, United Kingdom in 1989.

En. Fathi Ridzuan began his career in 1989 where he worked in various accounting and finance capacities. He has accumulated vast experience in financial, administrative, legal, information technology, risk management and stockbroking operations. Apart from being an independent consultant for Esperanza Management Advisors, presently, he is also the Deputy Chairman of FNW Capital Partners Sdn Bhd, a management consulting and venture capital management company since 2016.

Currently, En. Fathi Ridzuan also sits on the Board of Jiankun International Berhad, N2N Connect Berhad and Alloy Insurance Brokers Sdn Bhd.

En. Fathi Ridzuan does not have any family relationship with any Directors and/or major shareholders of the Company. He has no conflict of interest with the Company and has not been convicted of any offences, within the past five years (other than traffic offences, if any) and there was no public sanction or penalty imposed by the relevant regulatory bodies during the financial year ended 31 December 2018.

En. Fathi Ridzuan attended four out of five board meetings held during the financial year ended 31 December 2018.

KEY SENIOR **MANAGEMENT**

TEH HENG WEE
Group Chief Financial Officer ("Group CFO")

Teh Heng Wee, a Malaysian male, aged 38, is our Group Chief Financial Officer. He is responsible to lead and oversee the entire financial management and corporate finance of our Group, which include capital raising, financing, treasury, cash flow management, statutory financial reporting as well as risk management.

He graduated with a Bachelor of Accounting & Financial Management with Honours Degree from the University of Sheffield, United Kingdom in 2002. He has been a Fellow Member of the Association of Chartered Certified Accountants, United Kingdom since 2010 and a member of the Malaysia Institute of Accountants since 2014.

He has garnered more than 15 years of experience in financial management. He began his career in the Accounts Department of Bina Goodyear Berhad. After 7 years of various exposures in the commercial environment, he joined Crest Builder Holdings Berhad as Risk Manager primarily involved in a Public Private Partnership deal. He then joined Advancecon Group as Financial Controller in 2010 where he planned and executed the Group's financial strategies/financing needs to firmly support its growth. He was promoted to Chief Financial Officer in 2015 and was instrumental in the Initial Public Offering of Advancecon Holdings Berhad.

Presently, he does not hold any directorship in any public listed companies. He does not have any family relationship with any Directors and/or major shareholders of the Company. He has no conflict of interest with the Company and has not been convicted of any offences,other than traffic offences (if applicable) within the past five (5) years nor has been imposed of any public sanction or penalties by any relevant regulatory bodies during the financial year ended 31 December 2018.

PUAH KIAN YEW
Division General Manager - Earthworks

Puah Kian Yew, a Malaysian male, aged 42, is our Division General Manager - Earthworks. He is responsible for the planning, coordination and the operations of all heavy machinery and equipment of our Group. He has approximately 16 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 a Supervisor with Gabungan Cekapbina Sdn. Bhd. in 2000 where he was responsible for supervising on-site construction activities. In 2006, he left Gabungan Cekapbina Sdn Bhd and joined Advancecon Sdn Bhd as Assistant Project Manager where he was responsible for project execution and management of construction projects.

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

Presently, he does not hold any directorship in any public listed companies. He does not have any family relationship with any Directors and/or major shareholders of the Company. He has no conflict of interest with the Company and has not been convicted of any offences,other than traffic offences (if applicable) within the past five (5) years nor has been imposed of any public sanction or penalties by any relevant regulatory bodies during the financial year ended 31 December 2018.

LIM KOK TIONG
Division General Manager - Infrastructure and Highway

Lim Kok Tiong, a Malaysian male, aged 45, is our Division General Manager - Infrastructure and Highway. He is responsible for overseeing the execution of construction projects undertaken by our Group, which include project planning and project scheduling. He has approximately 19 years of working experience in project management within the construction industry.

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

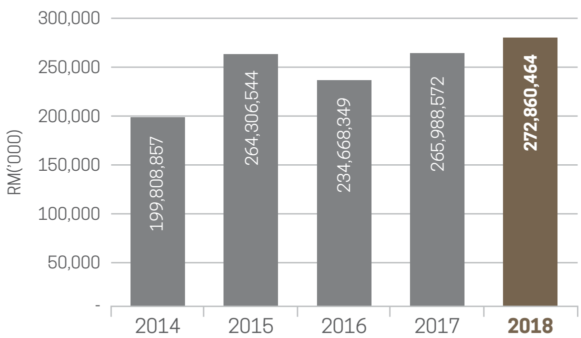
He began his career as an Engineer where he was involved in the design of building structure, responsible for the overall execution and management of steel works projects. Subsequently, he assumed the role of as a director and was responsible for project management and project planning in Gabungan Cekapbina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

Lim Kok Tiong is the nephew of Lim Swee Chai. Other than that, he does not have any family relationship with any other Directors. Presently, he does not hold any directorship in any public listed companies.He has no conflict of interest with the Company and has not been convicted of any offences,other than traffic offences (if applicable) within the past five (5) years nor has been imposed of any public sanction or penalties by any relevant regulatory bodies during the financial year ended 31 December 2018.

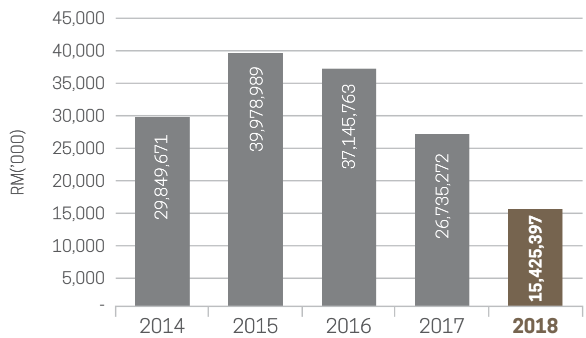
FINANCIAL **HIGHLIGHTS**

Financial Year Ended 31 December	2018 RM	2017 RM	2016 RM	2015 RM	2014 RM
Profitability					
Revenue	**272,860,464**	265,988,572	234,668,349	264,306,544	199,808,857
Profit before taxation	**15,425,397**	26,735,272	37,145,763	39,978,989	29,849,671
Profit after taxation	**10,618,139**	18,463,080	26,447,322	29,940,274	21,410,470
Key Balance Sheet Data					
Total assets	**409,704,945**	368,677,637	295,887,953	267,274,272	217,156,037
Total equity	**180,336,532**	174,607,890	105,620,629	93,673,307	63,733,033
Total borrowings	**134,422,414**	108,203,821	85,350,963	82,757,704	67,446,569
Issued share capital	**402,079,000**	402,079,000	312,079,000	1,248,316	1,248,316
Share Information					
Earnings per share (sen)	**2.64**	5.18	8.47	2,398.45	1,715.15
Net assets per share attributable to owners of the Company	**0.45**	0.43	0.34	75.04	51.06
Gross gearing ratio (times)	**0.75**	0.62	0.81	0.88	1.06
Return on equity (%)	**6%**	11%	25%	32%	34%

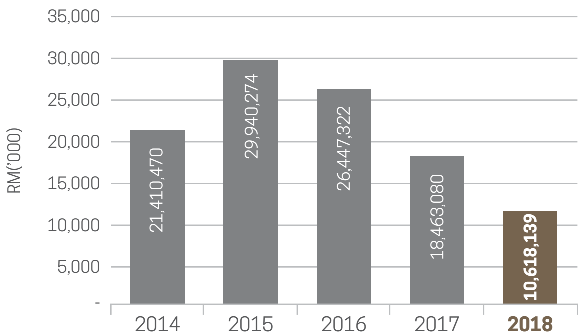
REVENUE



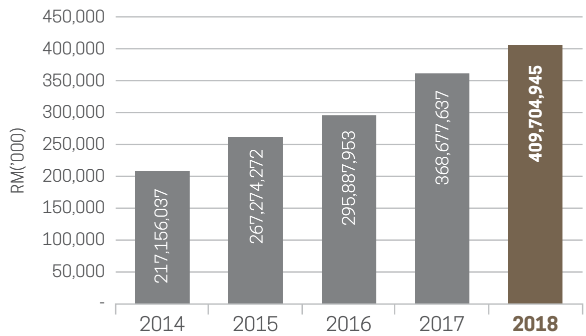
PROFIT BEFORE TAXATION



PROFIT AFTER TAXATION



TOTAL ASSETS



MANAGEMENT DISCUSSION & **ANALYSIS**

Dear shareholders,

2018 proved to be a challenging period for the overall Malaysian economy, as the public and private sector as well as the general man-on-the-street grappled with the widespread effects brought on by the change of Government following the 14th General Election.

Resulting from this, Malaysia's Gross Domestic Product (GDP) growth only managed 4.7% expansion in 2018, compared to 5.9% in 2017. The construction sector bore the brunt of this transformation to register only 4.2% in 2018 from 6.7% in the previous year, as major Federal Government-funded infrastructure projects were subsequently reviewed, deferred or cancelled, leading to a period of uncertainty for the overall industry.

Nonetheless, Advancecon proved resilient despite the tumultuous operating environment, as evidenced by our continued streak of obtaining new contracts from our repeat clients. This testifies to our value proposition as a trusted partner and provider of integrated earthworks and civil engineering services for infrastructure players and top property developers in the country.

On this note, the Board of Directors is pleased to present to you the financial statements and Annual Report for the financial year ended 31 December 2018 ("FY2018").

BUSINESS OVERVIEW

Advancecon is a specialist provider of earthworks and civil engineering services, primarily for township developments and infrastructure projects in Malaysia.

Advancecon's wide range of earthworks services encompass excavation and fill, rock-blasting, erosion and sediment control plan, as well as compaction and surface finishing process. Other than that, Advancecon specialises in civil engineering services such as road works, drainage works, bridge construction, water supply works and sewerage works.

To date, the Group had completed earthworks and civil engineering works for notable projects nationwide, including various township developments such as Bandar Setia Alam, Eco Majestic, Setia EcoHill, Setia Eco Gardens, Tropicana Aman and Bandar Bukit Raja.

Furthermore, Advancecon is also an active participant in several prominent large infrastructure and highway projects such as the ongoing South Klang Valley Expressway, West Coast Expressway and Interchanges for Section 1 and Section 7A, Pan Borneo Highway in Sarawak and the completion of Trumpet Interchange and Ecohill Link connected to Lebuhraya Kajang Seremban (LEKAS) Highway.

OPERATIONS REVIEW

In line with our growth aspirations, we marked significant operational highlights in our second year as a listed entity.

- **Delivered and made steady progress in existing projects**

In keeping with our commitment to project delivery even in trying circumstances, Advancecon successfully completed and handed over four projects in FY2018 namely the site clearing and earthworks for Bandar Serai Development in Rawang, Bandar Bukit Raja in Klang, Setia Eco Glades in Cyberjaya and Tropicana Aman in Kota Kemuning.

- **New contracts secured**

Advancecon was able to triumph in the face of the intensely competitive landscape affecting the industry as we continued winning new contracts with a cumulative value of RM480.1 million in FY2018. This amount was significantly higher or 2.2 times more than the previous year's winnings at RM218.6 million, hence boding well for the Group's prospects.

More crucially, approximately one-third or RM177.7 million of FY2018's new wins were secured from existing clients to undertake subsequent phases for projects currently ongoing or completed in prior years. These repeat orders are namely Serenia City in Sepang, Bandar Bukit Raja in Klang and Eco Ardence in Shah Alam.

Advancecon's outstanding unbilled order book stood at RM845.4 million as at 31 December 2018 that will provide earnings visibility for the next 24 months.

- **Enhanced fleet of machinery**

As a result of increased order book and in anticipation of more upcoming tenders, the Group had expanded its resources to strengthen its project implementation as shown in the table below.

Description	As at 31 Dec 2018	As at 31 Dec 2017	Variance %
Number of key machineries	567	432	31.3
Number of headcount	759	662	14.7

FINANCIAL OVERVIEW

With the steady pace of progress billings for both ongoing and newly-secured projects, alongside the delivery of completed projects, the Group's revenue rose 2.6% to RM272.9 million for FY2018, compared to RM266.0 million in the previous year.

Revenue was mainly derived from the construction services segment, which contributed 99.8% of total revenue or RM272.5 million, while the property investment segment contributed the balance 0.2% or RM 0.4 million.

The Group's profit before taxation ("PBT"), however, declined to RM15.4 million in FY2018 against RM26.7 million in FY2017, that represented PBT margin of 5.6% and 10.0% respectively. Correspondingly, the Group reported lower profit after taxation ("PAT") of RM 10.6 million in FY2018 against RM 18.5 million in FY2017, that translated to PAT margin of 3.9% and 6.9% respectively.

For FY2018, the Group's PBT was adversely affected by increased depreciation charges (RM25.6 million versus RM21.0 million year-on-year ("y-o-y"), higher staff costs inclusive of ESOS charge (RM45.2 million versus RM40.8 million y-o-y), increased industrial diesel costs (RM28.7 million versus RM25.5 million y-o-y) as well as higher finance costs, in particular hire purchase interest (RM7.7 million versus RM5.4 million y-o-y).

In line with the reduction in PBT, the Group's PAT for FY2018 was also impacted by slight increase in effective tax rate of 31.2% mainly due to the gain from disposal of property being taxed based on income tax rather than Real Property Gains Tax as compared to 30.9% for FY2017.

Notwithstanding the above, the Group's balance sheet remained commendable for FY2018 as shown below:

Financial Ratio	FY2018	FY2017
Current Ratio	1.49 times	1.49 times
Gross Gearing	0.75 times	0.62 times
Net Gearing	0.68 times	0.44 times
Total Equity	RM 180.34 million	RM 174.61 million
Net Asset Per Share	RM 0.45	RM 0.43

The Board of Directors of Advancecon declared a first single-tier interim dividend of 1.0 sen per share in respect of FY2018, which was distributed to shareholders on 3 January 2019.

The dividend payout amounted to approximately RM4.0 million, which represented 38% of the Group's PAT, exceeding the Group's minimum dividend policy of 20%.

MARKET OUTLOOK FOR 2019

The Group is cautiously optimistic in relation to the recovery of the construction sector as a whole in the second half of 2019. One of many reasons include the timely announcement by the state of Sarawak that a total of RM 9 billion will be allocated for development expenditure in its 2019 budget which will be funded by the state's reserves, estimated at RM 31 billion.

The expected projects suitably match the Group's core competency in bulk earthworks and major infrastructure, and as such the Group intends to reinforce its presence in Sarawak, having successfully entered the state via the award of two (2) Pan Borneo Sarawak Highway packages with a total contract sum of RM135.3 million, the first package being awarded back in year 2016. During FY2018, the Group had formed an associate company, Advancecon Sarawak Sdn Bhd with a 30% equity, to explore construction opportunities with the aim to expand its income base in East Malaysia.

APPRECIATION

I wish to convey my heartfelt appreciation to the Board, management team and our employees for your commitment towards delivering commendable results despite the challenging business environment. Advancecon's achievements today would not be made possible without your efforts.

Moreover, I wish to extend my deepest gratitude to our business partners, associates, suppliers, customers and also valued shareholders for maintaining their confidence in us.

In our corporate history spanning more than two decades, Advancecon has undergone numerous economic cycles. Hence, we know that an obstacle does not determine the outcome of a journey; in fact, we strongly believe that a united team can and will eventually overcome any hurdle. Going forward, we remain dedicated to reaching new heights as we chart our course towards becoming a leading player in Malaysia's construction industry.

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 CG 2017 ("MCCG") during the financial year ended 31 December 2018 ("FY2018"). This statement is complemented with a CG Report based on a prescribed format pursuant to Paragraph 15.25 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") ("MMLR"). The CG Report is available on the Company's website www.advancecon.com.my under the Investor Relations section as well as via an announcement on the website of Bursa Securities. 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 roles.

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 expressed policies and attainment of the Group's corporate objectives. The demarcation complements and reinforces the supervisory role of the Board. Nevertheless, the Board is always guided by the Board Charter which outlines the duties and responsibilities and matters reserved for the Board in discharging its duties. The Board Charter also acts as a source of reference and primary induction literature in providing insights to Board members and Senior Management.

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

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

1. Board Responsibilities (Cont'd)

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")
(v) Employees' Shares Options Scheme ("ESOS") Committee

Except for ESOS Committee which is governed by its By-Laws, each committee operates within clearly defined Terms of Reference ("TOR"). These Committees are formed in order to enhance business and operational efficiency as well as efficacy. The Chairman of the respective Committees will report to the Board the outcome of the Committees 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 the Companies Act 2016 ("the Act"). The Company Secretaries play an important role in facilitating the overall compliance with the Act, MMLR and other relevant laws and regulations. The Company Secretaries also assist the Board and Board Committees to function effectively and in accordance with their TOR and best practices in ensuring adherence to the existing Board policies and procedures. The roles and responsibilities of the Company Secretaries have been formalised in the Board Charter which provides reference for Company Secretaries in the discharge of their roles and responsibilities.

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

The Board also have access to the advice of both external and internal auditors of the Company and any other independent professional advisers.

d. Board Charter

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

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 discharging their duties and responsibilities and would help to prevent misconduct and unethical practices and consequently, this would support the delivery of long-term sustainable success of the Company. The Code is published on the Company's website, www.advancecon.com.my.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

1. Board Responsibilities (Cont'd)

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 procedure and sexual harassment.

The above list is not exhaustive and includes any act or omissions, which if proven, will constitute an act of misconduct under Advancecon's Code of Conduct and Ethics 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.

2. Board Composition

The current Board composition is in compliance with the M&A and exceeds the minimum one-third requirement of Independent Non-Executive Directors ("INED") as set out in the MMLR. The Directors' profiles are enclosed from pages 7 to 11 of this Annual Report ("AR").

The INED are considered by the Board to be independent of management and free of any business or other relationship or circumstance that could materially interfere with the exercise of objective, unfettered or independent judgement.

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

a. Balance, Diversity and Skills

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

During the FY2018, the Board comprises four Executive Directors and three INED. The existing Directors' age distribution falls within the respective age group and is as follows:

Age Group	**41-50**	**51-60**	**61 & above**
Number of Directors	1	3	3

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

2. Board Composition (Cont'd)

a. Balance, Diversity and Skills (Cont'd)

The current diversity of the existing Board is as follows:

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

b. Re-Election and Re-Appointment of Directors

In compliance with the Company's Articles of Association ("Articles"), one-third of the Directors, who have been the longest in office since their last election shall retire by rotation at each Annual General Meeting ("AGM") and that a Director who is appointed during the year shall retire at the next AGM. The Articles further provides that at least one-third of the Directors for the time being or the number nearest to one-third shall retire from office.

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

c. Independence Assessment of Independent Directors

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

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

d. Tenure of Independent Directors

Under the MCCG, the tenure of an Independent Director should not exceed a cumulative term of nine years. Upon completion of the nine years, an Independent Director may continue to serve on the board subject to the Director's re-designation as a Non-Independent Director.

For the FY2018, none of the INED had served the Company exceeding a cumulative term limit of nine years as per the recommendations of the MCCG.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

2. Board Composition (Cont'd)

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 assisted by NC undertakes 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 upgrade 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 FY2018, five meetings were held in which the Board deliberated upon and considered various issues including the Groups' financial results, performance of the Group's business, major investment, policies and strategic issues affecting the Group's business.

During the FY2018, the Board held a total of five meetings and the details of the attendance are as follows:-

Director	Attendance in FY2018
Yeoh Chong Keat	5 / 5
Dato' Phum Ang Kia	5 / 5
Lim Swee Chai	5 / 5
Ir. Yeo An Thai	5 / 5
Tung Kai Hung	5 / 5
Mohd Zaky Bin Othman	5 / 5
Fathi Ridzuan Bin Ahmad Fauzi	4 / 5

The Directors have full and unrestricted access to all information pertaining to the Advancecon 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 require from the Management or the Company Secretary well ahead of the meeting date, where necessary, in order to be properly briefed before each meetings. Urgent papers may be presented for tabling at the Board meetings under supplemental agenda.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

2. Board Composition (Cont'd)

g. Directors' Training

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

During the FY 2018, the Directors attended the following trainings:

Director	Training attended
Yeoh Chong Keat	▪ Audit Committee Conference-Internal Auditing in the Age of Disruption by Simon Tay Pit Eu, Dato' Lock Peng Kuan, Lee Tuck Heng, Devanesan Evanson, Alex Ooi, Dr Farouck Abdullah (Malaysian Institute of Accountants) ▪ Corporate Rescue Mechanism and Duties & Responsibilities of Company Directors & Officers Under Companies Act 2016 by Dr. Cheah Foo Seong (Norvic Corporate Services Sdn Bhd) ▪ Corporate Liability Provision-Offences by employees & Others and the implications on Directors, Partners and Management by Lee Min On
Dato' Phum Ang Kia	▪ The Global Leadership Summit 2018 by Bill Hybel, Juliet Funt, Marcus Buckingham, Dato' Dr. Daniel Ho and Andy Stanley (Chin Hin Group) ▪ Corporate Liability Provision-Offences by employees & Others and the implications on Directors, Partners and Management by Lee Min On
Lim Swee Chai	▪ Corporate Liability Provision-Offences by employees & Others and the implications on Directors, Partners and Management by Lee Min On
Ir. Yeo An Thai	▪ ISO 9001:2015 Awareness by CK Seek (Ascenda Consulting Sdn Bhd) ▪ CG Briefing Session by Mohd Asri Ahmad (Bursa Malaysia) ▪ The Global Leadership Summit 2018 by Bill Hybel, Juliet Funt, Marcus Buckingham, Dato' Dr. Daniel Ho and Andy Stanley (Chin Hin Group) ▪ PMIMY International Symposium 2018 by Krishnan Srinivasan, Dr Viraj Perera, Sarah Schutte, Cynthia Zhai, Ybhg. Prof. Datuk Dr Leow Chee Seng, Maruthamutu Subramaniam, Dr Mazalan Abbas, Tya Adhitama, Rene Hillig, Sim Bock San and Herley Abdul Hamid (The Project Management Institute, Malaysia Chapter) ▪ Corporate Liability Provision-Offences by employees & Others and the implications on Directors, Partners and Management by Lee Min On ▪ AI on Cloud: Multi-dimensional analysis; benchmarking against industry and system generated action plans! by M. Nazri (Malaysian Investor Relations Association)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

2. Board Composition (Cont'd)

g. Directors' Training (Cont'd)

Director	Training attended
Tung Kai Hung	▪ ISO 9001:2015 Awareness by CK Seek (Ascenda Consulting Sdn Bhd) ▪ Advocacy programme on CG assessment using the revised Asean CG scorecard methodology (Minority Shareholder Watchdog Group) ▪ Corporate Liability Provision-Offences by employees & Others and the implications on Directors, Partners and Management by Lee Min On
Mohd Zaky Bin Othman	▪ CG Briefing Session by Mohd Asri Ahmad (Bursa Malaysia) ▪ Audit Committee Conference-Internal Auditing in the Age of Disruption by Simon Tay Pit Eu, Dato' Lock Peng Kuan, Lee Tuck Heng, Devanesan Evanson, Alex Ooi, Dr Farouck Abdullah (Malaysian Institute of Accountants) ▪ Corporate Rescue Mechanism and Duties & Responsibilities of Company Directors & Officers Under Companies Act 2016 by Dr. Cheah Foo Seong (Norvic Corporate Services Sdn Bhd) ▪ Advocacy programme on CG assessment using the revised Asean CG scorecard methodology (Minority Shareholder Watchdog Group) ▪ Corporate Liability Provision-Offences by employees & Others and the implications on Directors, Partners and Management by Lee Min On ▪ Power Talk - Will The Business Judgement Rule Help Directors Sleep Better At Night? by Prof Chee Keong Low, Philip T.N. Koh (Institute of Corporate Directors Malaysia)
Fathi Ridzuan Bin Ahmad Fauzi	▪ Implementing The Companies Act 2016 & The MCCG 2017 by Raymond Corray and Devanesan Evanson (Bursatra Sdn Bhd) ▪ Audit Committee Conference-Internal Auditing in the Age of Disruption by Simon Tay Pit Eu, Dato' Lock Peng Kuan, Lee Tuck Heng, Devanesan Evanson, Alex Ooi, Dr Farouck Abdullah (Malaysian Institute of Accountants) ▪ Corporate Rescue Mechanism and Duties & Responsibilities of Company Direcotrs & Officers Under Companies Act 2016 by Dr. Cheah Foo Seong (Norvic Corporate Services Sdn Bhd)

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 Advancecon Group. In this regard, the RC is responsible to formulate and review the remuneration for Directors and Senior Management of the Company to ensure the same remain competitive, appropriate and in alignment with the prevalent market practices.

The remuneration packages for Executive Directors are based on the industry practice and comprises elements such as basic salary, allowances, bonuses and other benefits-in-kind.

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

The remuneration paid and payable for FY2018 by the Company and the Group are as follows:

	Company					Subsidiaries				
Director	Directors' fees (RM)	Salaries (RM)	Bonus (RM)	Other benefits (RM)	Defined contribution plan (RM)	Salary (RM)	Bonus (RM)	Other benefits (RM)	Defined contribution (RM)	Total (RM)
Yeoh Chong Keat	88,200			3,500						91,700
Dato' Phum Ang Kia		1,008,240	168,000	656	77,276					1,254,172
Lim Swee Chai		819,240	136,500	616	54,636					1,010,992
Ir. Yeo An Thai		649,440	108,200		90,888					848,528
Tung Kai Hung						378,240	63,000		49,152	490,392
Mohd Zaky Bin Othman	63,000			3,500						66,500
Fathi Ridzuan Bin Ahmad Fauzi	63,000			3,500						66,500

b. Remuneration of Senior Management

Senior Management are those primarily responsible for managing the business operations and corporate divisions of the Group. The Board had deliberated and 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.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

1. AC

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

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

The members of the AC possess a mix of skill, knowledge and appropriate level of expertise and experience to enable them to discharge their duties and responsibilities pursuant to the TOR of the AC. In addition, the AC members are financial literately 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 ensuring that the financial statements comply with the provisions of Malaysian Financial Reporting Standards and International Financial Reporting Standards in Malaysia.

Besides overseeing the Group's accounting and financial reporting process, AC is also responsible to assist the Board to review the nature, scope and results of the external audit, its cost effectiveness and the independence and objectivity of the external auditors, to oversee and monitor the Group internal audit functions, reviews 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 FY2018 is set out in pages 39 to 41 of this Annual Report.

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

Based on the evaluation, the NC concluded that the AC has been effective in its performance and has carried out its duties in accordance with its TOR during FY2018.

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

The AC had in January 2019 undertook an annual assessment of the suitability and independence of the external auditors, Messrs Crowe Malaysia PLT ("Crowe"). Being satisfied with Crowe's performance, technical competency and audit independence as well as fulfilment of criteria as set out in Paragraph 15.21 of the MMLR, the AC recommended the reappointment of Crowe, who have consented to act, as external auditors of the Company for FY2018. The AC was also satisfied that the provision of the non-audit services by Crowe for FY2018 did not in any way impair their objectivity and independence as external auditors of the Company. Subsequently, the Board at its meeting held on 18 April 2019 concurred with the AC on its recommendation for the shareholders' approval to be sought at the forthcoming AGM on the reappointment of Crowe as external auditors of the Company for FY2019.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT (CONT'D)

1. AC (Cont'd)

b. Assessment of Internal Auditor

The Group has appointed Messrs Sterling Business Alignment Consulting Sdn Bhd ("Internal Auditor") to provide outsourced internal audit function for the Group. The Internal Auditor 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 control of the Group.

The following are the activities undertaken by the AC during the financial year under review:-

(i) Reviewed and approved the Internal Audit Plan for FY2018 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 taken into account Management's responses and upon which approved the Internal Auditors' proposals for rectification and implementation of the agreed remedial actions for improvement.

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

The Board fulfills its responsibilities in the risk governance and oversight functions through its RMSC in order to manage the overall risk exposure of the Group. The RMSC identified significant risks and ensuring the implementation of appropriate system to manage the overall risk exposure of the Group, whilst the adequacy and effectiveness of the internal controls were 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 Advancecon Group, set out in pages 30 to 32 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 Bursa Securities' website, 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 take 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 continually 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 and in compliance with MCCG.

The Board took note that the presence of all Directors will provide opportunity for shareholders to effectively engage 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. Barring unforeseen circumstances, all Directors as well as the Chairman of respective Board Committee will present at the Twenty-Second AGM of the Company to enable the shareholders to raise questions and concerns directly to those responsible.

All the resolutions set out in the Notice of the Twenty-First AGM held on 27 June 2018 were put to vote by poll and were duly passed. The outcome of the AGM was announced to Bursa Securities on the same day.

This Corporate Governance Overview Statement has been approved by the Board of Directors at its meeting on 18 April 2019.

STATEMENT ON **RISK MANAGEMENT AND INTERNAL CONTROL**

INTRODUCTION

Pursuant to Paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements"), the Board of Directors ("the Board") is pleased to present the Statement on Risk Management and Internal Control of the Company and its subsidiaries ("the Group") which has been prepared in tandem with the *Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers(the Guidelines)* as well as in compliance with the principles and best practices relating to risk management and internal control as stipulated in the Malaysian Code on Corporate Governance("MCCG")

BOARD RESPONSIBILITY

The Board acknowledges and affirms its overall responsibility for the Group's risk management and internal control system within the Group and to continuously review and evaluate its adequacy and effectiveness. 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 activities.

The Board recognises the importance of establishing a sound system of internal control. In view of the limitations that are inherent in any system of internal control, it can only provide reasonable but not absolute assurance against material misstatement of financial information, loss or fraud. The Board regularly receives and reviews reports on internal control and is of the view that the system of internal control is adequate to safeguard shareholders' interests and the Group's assets.

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

RISK MANAGEMENT PROCESS

Advancecon Risk Management Framework which was developed based on ISO 31000: 2009 was adopted on 17 November 2017. It has been renamed Enterprise Risk Management ("ERM") which is in line with the framework of The Institute of Internal Auditors of Malaysia and Committee Of Sponsoring Organisations ("COSO"). The ERM adopted comprises wide range of techniques for managing risk in a holistic way that correctly identifies risks and prioritises the appropriate responses. It is also to ensure that risk management is aligned across the Group's management organisational structure.The process of identifying, evaluating, monitoring and managing significant risk is embedded in the various work processes and procedures of the respective operational functions and management team. Any significant issues and controls implemented were discussed at the regular operations and management meetings.

The RMSC is chaired by an Independent Non-Executive Director and comprises Senior Management of the Group where they develop a risk management information 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 independent Internal Auditor (IA).

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. At present, the committees which are established are the Audit Committee, Nomination Committee, Remuneration Committee, RMSC and ESOS Committee.

- **Organisational Structure**

  The Group has a defined organisational structure that is aligned with its business and operational requirements. Defined lines of accountability, delegation of responsibility and level of authorisation for all aspects of the business have been laid down and communicated throughout the Group.

- **Policies and Procedures**

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

- **Internal Audit**

  The internal audit function carries out quarterly internal audit reviews to ascertain the adequacy of and to monitor the effectives of operational, compliance with applicable laws and regulations, safe guarding of assets and reliability of financial information. Where weaknesses have been identified as a result of the reviews, improvement measures are recommended to strengthen controls; and follow-up audits are conducted by the internal auditors to assess the status of the implementation thereof by the Management.

- **Board Meetings**

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

- **Training and Development Programmes**

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

INTERNAL AUDIT FUNCTIONS

The Internal Audit function has been outsourced to an independent external service provider, Sterling Business Alignment Consulting Sdn Bhd to provide independent assurance to the Audit Committee.

The Internal Auditors adopt the risk-based internal audit approach to develop its audit plan which addresses the critical business processes, internal control gaps, effectiveness and adequacy of the existing state of internal control and recommend possible improvements to the internal control process.

On a quarterly basis, the Internal Auditors report to the Audit Committee on areas for possible improvement, and the Management's response to such recommendations. Follow-up audits were also carried out and the outcome was reported to the AC to ensure weaknesses identified have been or are being addressed.

During the financial year, the Internal Auditors reviewed the adequacy and the integrity of the Group's key functions' internal control system including system for compliance with applicable laws, regulations, rules, directives and guidelines.

For the financial year ended 31 December 2018, the total cost incurred for the outsourced internal audit function was RM68,000.

ASSURANCE FROM THE MANAGEMENT

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

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

Pursuant to Paragraph 15.23 of the Listing Requirements, the External Auditors have reviewed this Statement on Risk Management and Internal Control for inclusion in this Annual Report. Their reviews were performed in accordance with Malaysian Approved Standard on Assurance Engagements, ISAE 3000 (Revised), Assurance Engagement Other than Audits or Reviews of Historical Financial Information and Audit and Assurance Practice Guide 3 (AAPG 3): Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report issued by the Malaysian Institute of Accountants. Based on their reviews, nothing has come to their attention that causes them to believe that this Statement is not prepared, in all material respects, in accordance with the disclosures required by paragraph 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers and Practices 9.1 and 9.2 of the Malaysian Code on Corporate Governance 2017 to be set out, 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 Risk Management & Sustainability Committee has discussed on the content of this statement and further recommended it for the Board's approval. Subsequently,the Board is pleased to report that the state of the internal control system and risk management practices are able to meet the objectives of the Group and to facilitate good corporate governance.

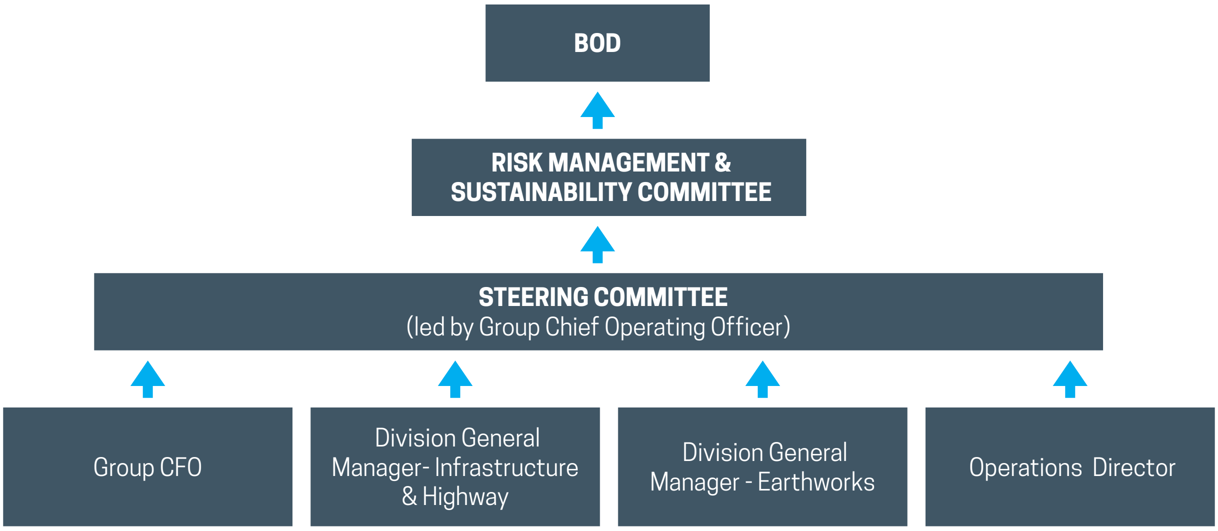
The statement has been approved by the Board of Directors at its meeting on 18 April 2019.

SUSTAINABILITY **STATEMENT**

This is our second year of reporting the Group's sustainability initiatives. In light of the Group's commitment to inculcate the culture of sustainability into our business operations, we continue to identify and formulate efforts and initiatives that will facilitate our sustainability goals and aspirations in the long term. Moving forward, we endeavour to continuously improve our sustainability reporting mechanisms taking into account our business practices that influences our economic performance (Economic), usage of natural resources (Environment) and impact on society (Social).

Our Sustainability Task Force Committee comprising key Senior Management Team was set up in December 2017 as this is our commitment to uphold and execute efforts that supports our sustainability agenda based on the materiality assessment matters duly identified by the Task Force Committee. We have also changed our Committee name to Sustainability Steering Committee in January 2019 to reinforce our commitment towards sustainability initiatives.

Governance Structure – Sustainability Steering Committee



We constantly engage with our internal stakeholders (employees and Management) and external stakeholders (clients and investors) to gauge the level of priority.

The diagram below indicates our Economic, Environment and Social (EES) matters for this year's reporting purpose.

Our engagement with our stakeholders is through series of activities and frequency with the aim of understanding our stakeholders needs and ultimately create a long term value.

Stakeholders	Engagement Methods	Frequency	Material Matters
Employees	Training	As and when required	Talent / Human Capital
	Safety briefings	Every new recruit for site office	Health & Safety Talent / Human Capital
	Induction training	Every new recruit	Talent / Human Capital
	Team Building and Annual Dinner	Annually	Talent / Human Capital
	Annual Performance Review	Annually	Talent / Human Capital
	Sports Club	2 months once	Talent /Human Capital
Customers	Feedback form & ISO 9001:2015 (Quality Management System)	Annually and at the completion of each project	Customer Satisfaction
Investors / Shareholders	Annual General Meeting (AGM) And/ or Extraordinary General Meeting (EGM)	Annually As and when required	Economic Performance / Corporate Governance
	Investors Briefing, marketing roadshows /investors conference	Twice a year and as and when required	
	Corporate Website	Regular update	
Regulators	Filing and BURSA announcements	Regularly	Corporate Governance
Communities	Scheduled Waste Management	Regularly	Environment
	ISO 14001:2015 (Environmental Management System)	On-going compliance to achieve full certification	Environment
	Fund Raising event in support of Cancer Awareness	As and when required	Social
	Fund raising in aid of an employee who was undergoing cancer treatment	As and when required	Social
	BURSA Bull Charge 2018	Yearly	Social

Economic

As far as possible, the Group strives to attract local suppliers in our effort to boost the local economy. The Group has more than 350 active suppliers and our procurement standards are guided by ISO 9001:2015 Quality Management System where we aim to achieve a fair procurement process.

To spur sustainable economic growth within the Group, we are aware of the need to formulate business models that consider long term revenue generation for our shareholders as well as establishing sustainable market presence. The Group has consistently delivered strong financial performance over the years. The Group recorded a revenue of RM 272,860,464 and profit after tax of RM 10,618,137 for the financial year ended 31 December 2018.

Environmental

To ensure sound environmental practices, the Group consistently strives to improve its waste management and the Group is subject to periodic assessments by the relevant authorities and this ensures that the Group operates in an environmentally responsible manner.

Site workers were briefed on waste management procedures:-



- **Waste Management**

  Our environmental commitments are embedded within Environmental Management system (ISO 14001) and we target to achieve full certification of ISO 14001:2015 by the end of 2019.

  Efforts are on-going since we last reported that all scheduled waste generated from our project as well as from our corporate office are segregated and transported to designated disposal sites appropriately.

- **Health and Safety**

  In our commitment towards health, safety and environment (HSE), trainings involving Hazard Identification, Risk Assessment and Risk Control (HIRARC) have been on going in our concerted effort to achieve Occupational Health and Safety Management System ISO 45001:2018 certification.

  We also aim to obtain CIDB Safety and Health Assessment System In Construction (SHASSIC) award for all our current projects which have more than RM50 million project value. SHASSIC will be a benchmark for the level of Safety and Health performances in our Projects.

Site workers observing safety briefing

SOCIAL

Talent / Human Capital

We continue to build talents as being a service-based company, human capital is most important assets as their level of commitment and productivity are key factors to our continued success and overall performance.

As such, we continuously seek to attract the right skills and talents to meet the needs of the Group. Gender diversity is also an important component in strengthening our human capital. A diverse and inclusive workforce enriches our knowledge and broadens our skillsets by harnessing the various perspective in an organisation.

At the end of 2018, Advancecon has 759 employees. This represents an increase of 97 (14.65%) compared to 662 employees in the previous year.

Out of 759 employees, a total of 678 (89%) are male and 81 (11%) are female as construction sector is a male dominated industry.

Diverse and inclusive workforce

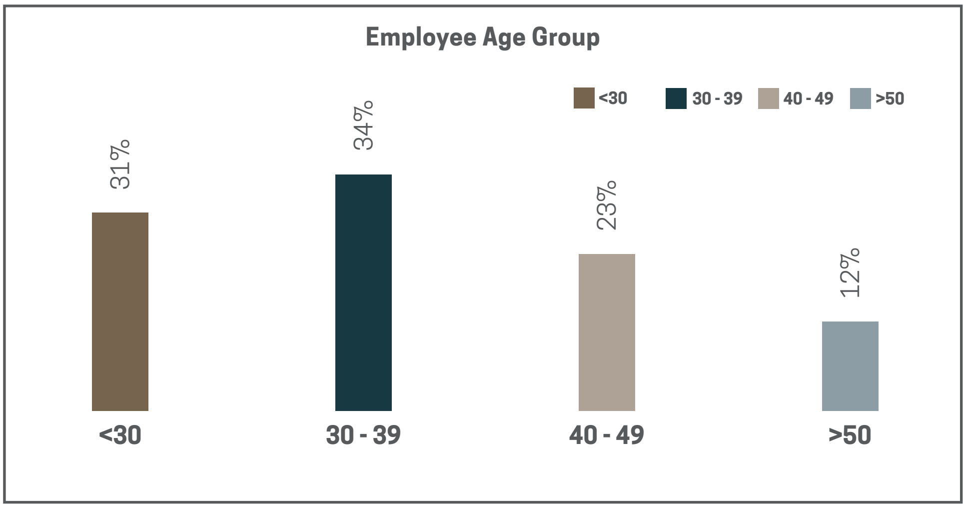
678 (89%)

81 (11%)

(a) Employee composition based on Age Group

Our employees are the backbone of our business and ensure our continuous growth. Hence, priority is given to our workforce when it comes to recruiting the right talent and talent development at the Group.

We have no issue in our succession planning as 31 % of our Employee Age Group are below 30 years of age and 34% are from the age of 30 to 39 years old. In summary, 65% of our employees are below 39 years old whilst 35% are 40 years and above.



(b) Training & Education

We have always been creating opportunities to grow and develop our people to reach their fullest potential. With this in mind, we invest in our employees by training them with in-demand skillsets and competence through in-house trainings and external trainings conducted by relevant professional bodies as well as government agencies like CIDB. In an industry known for its challenging working environment, we take occupational health and safety very seriously. We ensure our employees are trained and equipped with the health and safety knowledge for a conducive working environment.

For financial year ended 31 December 2018, we incurred a total of RM198,000 in trainings and this is equivalent to RM839 per employee.

Series of trainings to equip employees with health safety measures:-



Community

The Group is committed in community programme investment and other initiatives to contribute towards the betterment of local communities.

- **Cheque donation to employee**

  On 14 February 2018, the Company had raised some funds and the total collection from the employees was RM23,000. The amount raised was for the benefit of one of our long serving employees, Ms Lee Yim Phaik.

  Ms Lee was diagnosed with Stage 4 cancer, and we hope the contribution will assist her in her treatment.

Ir. Yeo handing total contribution to Ms. Lee

- **MAKNA – Breast Cancer awareness campaign**

  Every year, thousands of Malaysians from all walks of life are diagnosed with cancer. Their lives are changed tremendously as they need to endure both the physical suffering and emotional uncertainty brought about by the disease. Often, cancer patients from poor financial backgrounds die not because the disease is incurable, but because they cannot afford the treatment.

  In this regards, during the month of October 2018, Malaysian women empowerment organization, Project W launched fundraising pledges in conjunction with the Pink Pride Breast Cancer Awareness Campaign.

  The campaign, initiated alongside MAKNA charity and 50gram, was aimed at arousing health awareness and to raise funds towards supporting breast cancer survivors.

  MAKNA was founded to support cancer patients and their love ones in every way, whether it is providing patients with basic, daily necessities or enabling them to undergo important life saving treatments.

  Through the event, Project W has brought in support from international brands such as Mamonde by Amorepacific, and public listed company, Advancecon Holdings Berhad.

  The pledges were also made in the form of purchases of mini flower bouquet stands provided by 50Gram.

  Contribution towards Yayasan MRCB's Charity Squash 2018.

  Yayasan MRCB with the collaboration with Squash Racquet Association of Malaysia (SRAM) have organized Malaysian Open Squash Championship 2018, which was held on Sunday, 22nd July 2018 at the National Squash Centre, Bukit Jalil.

We participated in the said fund raising event and the funds generated were donated to SRAM for their Sport Educational activities which involved the underprivileged group and children with disabilities which is also in line with Yayasan MRCB's objectives. The fund raised was used to improve the lives of the underprivileged and needy communities such as the needy students in the 6 schools adopted by MRCB, the disabled youth empowerment programme and SRAM for their Sport Educational activities involving the underprivileged group and children with disabilities.

- **BURSA Bull Charge 2018**

As we are in our second year of listing, we continue to support BURSA Bull Charge event and this time the event was held on 27 September 2018.

Our contributions towards BURSA Bull Charge event was channelled towards registered underprivileged homes and orphanages with Yayasan BURSA Malaysia. The donations received help them to purchase necessities and defray their living expenses.

Team Advancecon with YB Ong Kian Ming, Deputy Minister of International Trade and Industry

Team Advancecon with Dato' Seri Tajuddin, the then CEO of Bursa Malaysia Berhad

We are proud of having the privilege to serve various segments of the community towards providing social empowerment and helping to make a positive difference for people across all walks of life.

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 2018 ("FY2018").

AC Composition and Attendance

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

The AC currently comprises the following members:
1. Mohd Zaky Bin Othman (Chairman, INED)
2. Yeoh Chong Keat (Member, Independent Non-Executive Chairman)
3. Fathi Ridzuan Bin Ahmad Fauzi (Member, INED)

In FY2018, the AC had met five times and had private discussions with the External Auditors and Internal Auditors without the presence of Executive Directors' and Management's presence. The Executive Directors, Group Chief Financial Officer, 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	5 / 5
Yeoh Chong Keat	5 / 5
Fathi Ridzuan Bin Ahmad Fauzi	4 / 5

During the FY2018, 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 on key issues discussed in the AC meeting at each Board meeting.

Terms Of Reference ("TOR") of the AC

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

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

Summary of Activities of the AC during the FY2018

During the FY2018, the summary of the activities carried out by the AC was as follow:

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 FY2018 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 the Internal Auditors' recommendations taken into account Management's responses and upon which approved the Internal Auditors' proposals for rectification and implementation of the agreed remedial actions for improvement.

   (c) Undertook assessment of the performance of the Internal Auditors and reviewed its effectiveness of the audit processes.

3. External Audit

   (a) Discussed and deliberated the External Auditors' Audit Planning 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 financial year ended 31 December 2017 before recommending the same to the Board for approval.

   (d) Had discussions with the External Auditors and Internal Auditors without the presence of the Management to discuss on the matters in regards to the audit and financial statements.

   (e) Evaluated and reviewed the performance and independence of the External Auditors and make recommendation to the Board on their re-appointment and remuneration to the Board for ensuing year.

4. Related Party Transactions ("RPT")

   (a) Reviewed and recommended on quarterly basis the RPT presented by Management to the Board for approval, to ensure that these transactions are undertaken in the best interest of the Company, fair, reasonable and on normal commercial terms as well as 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 FY2018, the AC noted that there were no RRPT within the Group.

Summary of Activities of the AC during the FY2018 (Cont'd)

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.

6. Employees' Share Option Scheme ("ESOS")

   Reviewed and verified the options allocations pursuant to the ESOS of the Company during the financial year under review. The AC was satisfied that the allocation of options during the FY2018 was in compliance with the criteria set out in the ESOS By-Laws and by the ESOS Committee.

7. Others

   (a) Reviewed the Discretionary Authority Limit of the Company.
   (b) Reviewed the Whistle-Blowing Policy of the Company.

Training

During the FY2018, 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 19 to 29 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 auditable 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 FY2018, the Internal Auditors have performed their internal audit according to the approved internal audit plan. Internal Audit Reports were issued to the AC in each quarter and tabled during AC meetings. 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 30 to 32 of this Annual Report.

The cost incurred for the internal audit function in respect of the FY2018 was RM68,000 (FY2017: RM26,000).

STATEMENT OF
DIRECTORS' RESPONSIBILITY
IN RESPECT OF AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

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;
- ensured 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

As at 31 December 2018, the gross proceeds from the Initial Public Offering ("IPO") amounting to approximately RM56.70 million was partially utilised from the date of listing in the following manner:

No	Details of utilisation	Allocation of IPO Proceeds upon listing [1] RM'000	Allocation of IPO Proceeds upon listing (revised) RM'000	Actual utilisation of IPO Proceeds RM'000	Unutilised IPO Proceeds RM'000	Estimated timeframe for utilisation (upon listing)
i.	**Total Capital expenditures:-**	29,700	29,190	(12,960)	16,230	Within 36 months
	(a) Purchase of new construction machinery and equipment	15,100	15,100	(12,960)	2,140	Within 24 months
	(b) Construction of new workshop	14,600	14,090 [2]	–	14,090	Within 36 months
ii.	Repayment of bank borrowings	12,500	12,455 [2]	(12,455)	–	Within 6 months
iii.	Working capital	10,700	11,255 [2]	(11,255)	–	Within 24 months
iv.	Estimated listing expenses	3,800	3,800	(3,800)	–	Upon Listing
		56,700	56,700	(40,470)	16,230	

Notes:

(1) As per IPO Prospectus dated 19 June 2017.

(2) On 29 August 2018, the Board announced to re-allocate the utilisation of construction of new workshop and repayment of bank borrowings to day-to-day working capital expenses for payment to suppliers.

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 2018 are as follows:

Type of fee	Group (RM)	Company (RM)
Audit Fees	167,000	38,000
Non-audit Fees		
- Review of Statement of Risk Management and Internal Control	5,000	5,000
Total	172,000	43,000

3. MATERIAL CONTRACTS

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

4. EMPLOYEES SHARE OPTION SCHEME ("ESOS")

The shareholders of the Company had via an Extraordinary General Meeting held on 18 January 2018 approved up to 15% of the total issued and paid-up share capital of the Company at any point of time during the duration of the ESOS. The ESOS is for a duration of five years commencing from the date of implementation on 6 March 2018, unless extended further.

The total number of options granted to the eligible Directors and employees of the Group and the outstanding options as at 31 December 2018 was set out in the table below:

Description	Number of options as at 31 December 2018
Granted during the financial year	20,000,000
Exercised during the financial year	–
Forfeited during the financial year	(380,000)
Outstanding options exercisable during the financial year	19,620,000

The total number of options granted to the Directors and Senior Management, and outstanding options as at 31 December 2018 was set out in the table below:

For the financial year ended 31 December 2018	Directors	Senior Management	Other eligible employees	Total
Number of options granted	3,800,000	6,200,000	10,000,000	20,000,000
Number of options vested	–	–	–	–
Number of options forfeited	–	–	(380,000)	(380,000)
Number of options outstanding	3,800,000	6,200,000	9,620,000	19,620,000

The percentage of options granted to Directors and Senior Management was as follows:

Description	Since commencement up to 31 December 2018
Aggregate maximum allocation applicable to Directors and Senior Management	10,000,000
Actual percentage granted	50%

The number of options granted to Independent Non-Executive Directors in respect of financial year ended 31 December 2018 was as follows:

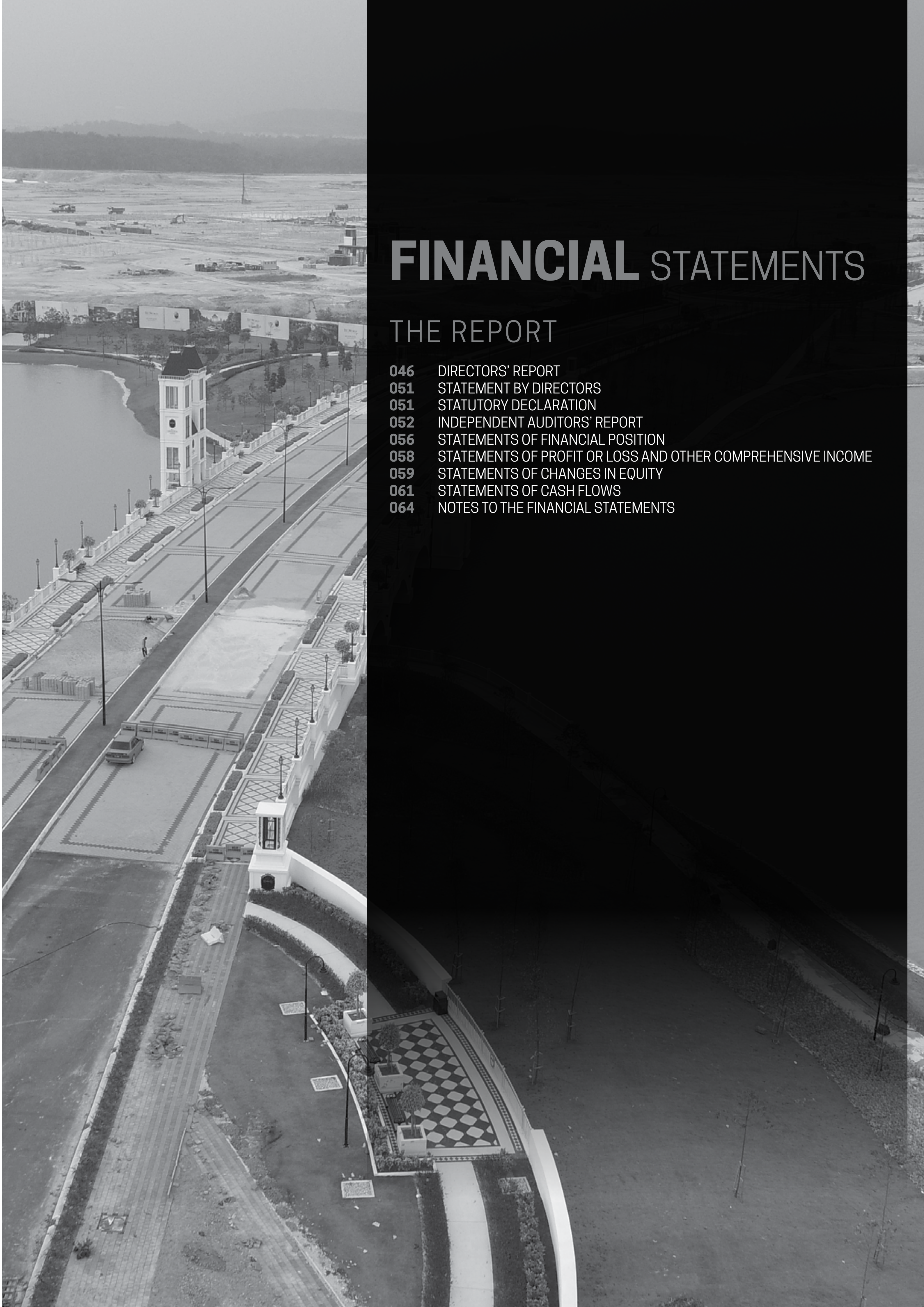
Directors	Number of options granted
Yeoh Chong Keat	–
Mohd Zaky Bin Othman	–
Fathi Ridzuan Bin Ahmad Fauzi	–

5. CONTRACT 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 financial year ended 31 December 2018 is set out on page 114 of the Annual Report.



FINANCIAL STATEMENTS

THE REPORT

DIRECTORS' **REPORT**

The directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2018.

PRINCIPAL ACTIVITIES

The Company is principally engaged in the businesses of provision of management services and hiring of machineries. The principal activities of the subsidiaries are set out in Note 5 to the financial statements.

RESULTS

	The Group RM	The Company RM
Profit after taxation for the financial year	10,618,139	2,475,853
Attributable to:-		
Owners of the Company	10,618,139	2,475,853

DIVIDENDS

Dividend paid by the Company since 31 December 2017 is as follows:-

	RM
In respect of the financial year ended 31 December 2018	
A first interim single-tier dividend of 1 sen per ordinary share, paid on 3 January 2019	4,017,260

The directors do not recommend the payment of any further dividends for the financial year.

RESERVES AND PROVISIONS

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

ISSUES OF SHARES AND DEBENTURES

During the financial year:-

(a) there were no changes in the issued and paid-up share capital of the Company; and

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

TREASURY SHARES

During the financial year, the Company purchased 1,161,000 of its issued ordinary shares from the open market at an average price of RM 0.29 per share. The total consideration paid for the purchase was RM339,077 including transaction costs. The shares purchased are being held as treasury shares in accordance with Section 127(6) of the Companies Act 2016 and are presented as a deduction from equity.

As at 31 December 2018, the Company held as treasury shares a total of 1,161,000 of its 402,079,000 issued and fully paid-up ordinary shares. The treasury shares are held at a carrying amount of RM 339,077. The details on the treasury shares are disclosed in Note 17 to the financial statements.

OPTIONS GRANTED OVER UNISSUED SHARES

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

EMPLOYEE SHARE OPTION SCHEME

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

The details of the ESOS are disclosed in Note 18 to the financial statements.

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for impairment losses on receivables, and satisfied themselves that there are no known bad debts and that adequate allowance had been made for impairment losses on receivables.

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

CURRENT ASSETS

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

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

VALUATION METHODS

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

CONTINGENT AND OTHER LIABILITIES

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

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

(b) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

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

CHANGE OF CIRCUMSTANCES

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

ITEMS OF AN UNUSUAL NATURE

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

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

DIRECTORS

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

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

Dato' Phum Ang Kia and Lim Swee Chai are the directors of the Company's subsidiaries who served during the financial year until the date of this report.

DIRECTORS' INTERESTS

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

	Number of Ordinary Shares			
	At 1.1.2018	Bought	Sold	At 31.12.2018
The Company				
Direct Interests				
Dato' Phum Ang Kia	95,563,750	1,000,000	–	96,563,750
Lim Swee Chai	51,488,250	1,550,000	–	53,038,250
Ir. Yeo An Thai	14,875,250	–	–	14,875,250
Tung Kai Hung	14,875,250	–	2,000,000	12,875,250
Yeoh Chong Keat	25,000	–	–	25,000
Fathi Ridzuan bin Ahmad Fauzi	25,000	–	–	25,000

	Number of Options under ESOS			
	At 1.1.2018	Granted	Exercised	At 31.12.2018
The Company				
Direct Interests				
Dato' Phum Ang Kia	–	1,000,000	–	1,000,000
Lim Swee Chai	–	1,000,000	–	1,000,000
Ir. Yeo An Thai	–	900,000	–	900,000
Tung Kai Hung	–	900,000	–	900,000

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

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

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by directors shown in the financial statements, or the fixed salary of a full-time employee of the Company or related corporations) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest except for any benefits which may be deemed to arise from transactions entered into in the ordinary course of business with companies in which certain directors have substantial financial interests as disclosed in Note 34(b) to the financial statements.

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

DIRECTORS' REMUNERATION

The details of the directors' remuneration paid or payable to the directors of the Group and of the Company during the financial year are disclosed in Note 33 (a) to the financial statements.

INDEMNITY AND INSURANCE COST

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

SUBSIDIARIES

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

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

The significant events during the financial year are disclosed in Note 41 to the financial statements.

SIGNIFICANT EVENTS OCCURRING AFTER THE REPORTING PERIOD

The significant events occurring after the reporting period are disclosed in Note 42 to the financial statements.

AUDITORS

The auditors, Messrs. Crowe Malaysia PLT (converted from a conventional partnership, Crowe Malaysia which was previously known as Crowe Horwath), have expressed their willingness to continue in office.

The auditors' remuneration are disclosed in Note 29 to the financial statements.

SIGNED IN ACCORDANCE WITH A RESOLUTION OF THE DIRECTORS DATED

Dato' Phum Ang Kia

Lim Swee Chai

STATEMENT BY **DIRECTORS**

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

We, **Dato' Phum Ang Kia** and **Lim Swee Chai**, being two of the directors of **Advancecon Holdings Berhad**, state that, in the opinion of the directors, the financial statements set out on pages 56 to 137 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2018 and of their financial performance and cash flows for the financial year ended on that date.

SIGNED IN ACCORDANCE WITH A RESOLUTION OF THE DIRECTORS DATED

Dato' Phum Ang Kia

Lim Swee Chai

STATUTORY **DECLARATION**

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

I, **Teh Heng Wee**, MIA Membership Number: 38286, being the Group Chief Financial Officer primarily responsible for the financial management of **Advancecon Holdings Berhad**, do solemnly and sincerely declare that the financial statements set out on pages 56 to 137 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the abovementioned
Teh Heng Wee
at Kuala Lumpur
in the Federal Territory
on this

Teh Heng Wee

Before me

Lai Din (W668)
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 2018 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 56 to 137.

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 2018, 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' *Code of Ethics for Professional Accountants* ("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.

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

Revenue Recognition for Construction Contracts Refer to Note 28 to the financial statements	
Key Audit Matter	**How our audit addressed the Key Audit Matter**
Revenue recognition for construction contracts, due to the contracting nature of the business, involves significant judgements. This includes the determination of the total budgeted contract costs and the calculation of percentage of completion which affects the quantum of revenue to be recognised. In estimating the revenue to be recognised, the management considers past experience and certification by customers and independent third parties, where applicable. We determined this to be a key audit matter due to the complexity and judgemental nature of the budgeting of contract costs and the determination of revenue recognised.	Our procedures included, amongst others:- ▪ Read all key contracts and discussed with management to obtain an understanding of the terms and risks to assess our consideration of whether revenue was appropriately recognised; ▪ Tested costs incurred to date to supporting documentation such as contractors' claim certificates; ▪ Assessed the management's assumptions in determining the percentage of completion of projects, estimations of revenue and costs, provisions for foreseeable losses, liquidated and ascertained damages as well as recoverability of billed receivables; ▪ Assessed the reasonableness of percentage of completion by comparing to certification by external parties; and ▪ Reviewed estimated profit and costs to complete and adjustments for job costing and potential contract losses.

Key Audit Matters (Cont'd)

Impairment assessment of trade receivables Refer to Note 10 to the financial statements	
Key Audit Matter	**How our audit addressed the Key Audit Matter**
The Group carries significant trade receivables and is exposed to credit risk, or the risk of counterparties defaulting. The assessment of the adequacy of the allowance for impairment losses involved judgement, which includes analysing historical bad debts, customer concentrations, customer creditworthiness, current economic trends and changes in the customer payment terms.	Our procedures included, amongst others:- ▪ Obtained an understanding of:- • the Group's control over the receivable collection process; • how the Group identifies and assesses the impairment of receivables; and • how the Group makes the accounting estimates for impairment. ▪ Reviewed the ageing analysis of receivables and testing the reliability thereof; ▪ Reviewed subsequent cash collections for major receivables and overdue amounts; ▪ Made inquiries of management regarding the action plans to recover overdue amounts; ▪ Compared and challenged management's view on the recoverability of overdue amounts to historical patterns of collection; ▪ Examined other evidence including customer correspondences, proposed or existing settlement plans, repayment schedules, etc.; and ▪ Evaluating the reasonableness and adequacy of the allowance for impairment recognised.

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

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

Responsibilities of the Directors for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.

- 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 and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements of the Group and the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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.

OTHER MATTERS

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

Crowe Malaysia PLT
LLP0018817-LCA & AF 1018
Chartered Accountants

Chin Kit Seong
03030/01/2021 J
Chartered Accountant

Kuala Lumpur

STATEMENTS OF
FINANCIAL POSITION
AT 31 DECEMBER 2018

	Note	The Group 2018 RM	The Group 2017 RM (Restated)	The Company 2018 RM	The Company 2017 RM
ASSETS					
NON-CURRENT ASSETS					
Investments in subsidiaries	5	–	–	11,209,389	10,328,312
Investment in an associate	6	–	–	30	–
Property, plant and equipment	7	151,196,756	151,367,890	6,869,174	6,895,481
Investment properties	8	39,222,108	32,927,635	–	–
Other investments		50,315	–	–	–
Deferred tax assets	19	160,149	–	160,149	–
Finance lease receivables	9	2,748,578	1,691,881	–	–
Trade receivables	10	–	155,675	–	–
		193,377,906	186,143,081	18,238,742	17,223,793
CURRENT ASSETS					
Contract assets	11	79,097,980	84,106,836	–	–
Finance lease receivables	9	890,840	399,149	–	–
Trade receivables	10	66,928,323	38,574,188	–	–
Other receivables, deposits and prepayments	12	25,004,362	7,993,583	4,091,704	587,010
Amount owing by subsidiaries	13	–	–	79,274,972	73,991,583
Amount owing by an associate		5,288	–	3,788	–
Short-term investments	14	4,194,411	2,293,570	636,644	–
Current tax assets		1,509,428	2,270,569	24,541	–
Deposits with licensed banks	15	32,637,176	22,315,291	248,314	4,841,101
Cash and bank balances		7,708,889	24,581,370	276,477	2,574,423
		217,976,697	182,534,556	84,556,440	81,994,117
TOTAL ASSETS		411,354,603	368,677,637	102,795,182	99,217,910

The annexed notes form an integral part of these financial statements.

	Note	The Group 2018 RM	The Group 2017 RM (Restated)	The Company 2018 RM	The Company 2017 RM
EQUITY AND LIABILITIES					
EQUITY					
Share capital	16	85,752,871	85,752,871	85,752,871	85,752,871
Treasury shares	17	(339,077)	–	(339,077)	–
Reserves	18	1,116,498	–	1,116,498	–
Retained profits		95,455,898	88,855,019	6,570,231	8,111,638
TOTAL EQUITY		181,986,190	174,607,890	93,100,523	93,864,509
NON-CURRENT LIABILITIES					
Deferred tax liabilities	19	4,909,076	6,624,084	–	20,724
Long-term borrowings	20	78,790,418	64,746,151	4,216,150	464,524
		83,699,494	71,370,235	4,216,150	485,248
CURRENT LIABILITIES					
Contract liabilities	11	20,679,138	8,976,387	–	–
Trade payables	23	49,147,250	44,793,675	15,808	27,964
Other payables and accruals	24	15,921,253	25,278,026	1,022,543	4,325,499
Amount owing to subsidiaries	13	–	–	110,883	250,059
Dividend payable	25	4,017,260	–	4,017,260	–
Current tax liabilities		272,022	193,754	–	144,631
Short-term borrowings	26	51,176,455	40,556,315	312,015	120,000
Bank overdrafts	27	4,455,541	2,901,355	–	–
		145,668,919	122,699,512	5,478,509	4,868,153
TOTAL LIABILITIES		229,368,413	194,069,747	9,694,659	5,353,401
TOTAL EQUITY AND LIABILITIES		411,354,603	368,677,637	102,795,182	99,217,910

The annexed notes form an integral part of these financial statements.

STATEMENTS OF
PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

		The Group		The Company	
		2018	**2017**	**2018**	**2017**
	Note	**RM**	**RM**	**RM**	**RM**
REVENUE	28	272,860,464	265,988,572	7,941,089	12,410,000
COST OF SALES		(232,949,282)	(215,060,939)	(30,175)	(234,267)
GROSS PROFIT		39,911,182	50,927,633	7,910,914	12,175,733
OTHER INCOME		10,027,133	5,874,699	209,482	585,740
		49,938,315	56,802,332	8,120,396	12,761,473
ADMINISTRATIVE EXPENSES		(24,046,787)	(21,347,458)	(5,502,133)	(1,886,316)
OTHER EXPENSES		(2,260,533)	(3,316,278)	(166,838)	(181,803)
FINANCE COSTS		(7,762,518)	(5,403,324)	(177,906)	(47,221)
IMPAIRMENT LOSSES ON FINANCIAL ASSETS		(433,050)	–	–	–
SHARE OF RESULT OF AN EQUITY ACCOUNTED ASSOCIATE	6	(30)	–	–	–
PROFIT BEFORE TAXATION	29	15,425,397	26,735,272	2,273,519	10,646,133
INCOME TAX EXPENSE	30	(4,807,258)	(8,272,192)	202,334	(79,583)
PROFIT AFTER TAXATION		10,618,139	18,463,080	2,475,853	10,566,550
OTHER COMPREHENSIVE INCOME		–	–	–	–
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		10,618,139	18,463,080	2,475,853	10,566,550
PROFIT AFTER TAXATION ATTRIBUTABLE TO:- Owners of the Company		10,618,139	18,463,080	2,475,853	10,566,550
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:- Owners of the Company		10,618,139	18,463,080	2,475,853	10,566,550
Earnings per share (Sen)					
- Basic	37	2.64	5.18		
- Diluted	37	2.64	5.18		

The annexed notes form an integral part of these financial statements.

STATEMENTS OF **CHANGES IN EQUITY**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Note	Share Capital RM	Treasury Shares RM	Non-Distributable Employee Share Option Reserve RM	Distributable Retained Profits RM	Total RM
The Group						
Balance at 1.1.2017		31,207,900	–	–	74,412,729	105,620,629
Profit after taxation/ Total comprehensive income for the financial year		–	–	–	18,463,080	18,463,080
Contribution by and distributions to owners of the Company:						
- Issuance of shares	16	56,700,000	–	–	–	56,700,000
- Dividend	31	–	–	–	(4,020,790)	(4,020,790)
- Share issue expenses	16	(2,155,029)	–	–	–	(2,155,029)
Balance at 31.12.2017/ 1.1.2018		85,752,871	–	–	88,855,019	174,607,890
Profit after taxation/ Total comprehensive income for the financial year		–	–	–	10,618,139	10,618,139
Contribution by and distributions to owners of the Company:						
- Purchase of treasury shares	17	–	(339,077)	–	–	(339,077)
- Recognition of share option expenses	18	–	–	1,116,498	–	1,116,498
- Dividend	31	–	–	–	(4,017,260)	(4,017,260)
Balance at 31.12.2018		85,752,871	(339,077)	1,116,498	95,455,898	181,986,190

The annexed notes form an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (CONT'D)

	Note	Share Capital RM	Treasury Shares RM	Non-Distributable Employee Share Option Reserve RM	Distributable Retained Profits RM	Total RM
The Company						
Balance at 1.1.2017		31,207,900	–	–	1,565,878	32,773,778
Profit after taxation/ Total comprehensive income for the financial year		–	–	–	10,566,550	10,566,550
Contribution by and distributions to owners of the Company:						
- Issuance of shares	16	56,700,000	–	–	–	56,700,000
- Dividend	31	–	–	–	(4,020,790)	(4,020,790)
- Share issue expenses	16	(2,155,029)	–	–	–	(2,155,029)
Balance at 31.12.2017/ 1.1.2018		85,752,871	–	–	8,111,638	93,864,509
Profit after taxation/ Total comprehensive income for the financial year		–	–	–	2,475,853	2,475,853
Contribution by and distributions to owners of the Company:						
- Purchase of treasury shares	17	–	(339,077)	–	–	(339,077)
- Recognition of share option expenses	18	–	–	1,116,498	–	1,116,498
- Dividend	31	–	–	–	(4,017,260)	(4,017,260)
Balance at 31.12.2018		85,752,871	(339,077)	1,116,498	6,570,231	93,100,523

The annexed notes form an integral part of these financial statements.

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	The Group		The Company	
	2018 RM	2017 RM (Restated)	2018 RM	2017 RM
CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES				
Profit before taxation	15,425,397	26,735,272	2,273,519	10,646,133
Adjustments for:-				
Allowance for impairment losses on trade receivables	443,050	–	–	–
Depreciation:				
- investment properties	527,363	466,410	–	–
- property, plant and equipment	25,042,509	20,485,991	190,062	242,425
Interest expense	7,762,518	5,403,324	177,906	47,221
Loss on deemed disposal due to effects of deconsolidation of subsidiaries under Member's Voluntary Winding Up	231,417	–	–	–
Property, plant and equipment written off	6,003	315,761	61	2,953
Share of result of an equity accounted associate	30	–	–	–
Share options expenses	1,116,498	–	235,421	–
Dividend income	–	–	(6,700,000)	(12,210,000)
Dividend income from short-term investments	(82,601)	(13,570)	(36,644)	–
Gain on disposal of an investment property	–	(153,823)	–	–
Gain on disposal of property, plant and equipment	(5,337,635)	(752,363)	(47,753)	(221,444)
Interest income:				
- deposits with licensed banks	(1,040,792)	(839,011)	(24,549)	(236,749)
- trade receivables	–	(586)	–	(586)
- finance lease receivables	(113,018)	(30,030)	–	–
- others	(26,093)	(310,680)	–	(9,161)
Reversal of impairment losses on:				
- trade receivables	–	(96,220)	–	–
- other receivables	–	(366,536)	–	–
Operating profit/(loss) before working capital changes	43,954,646	50,843,939	(3,931,977)	(1,739,208)
Decrease/(Increase) in contract assets	5,008,856	(31,438,412)	–	–
Increase/(Decrease) in contract liabilities	11,702,751	(11,381,904)	–	–
(Increase)/Decrease in trade and other receivables	(44,060,704)	34,886,585	(3,504,694)	331,930
Increase/(Decrease) in trade and other payables	311,861	(8,143,321)	(3,413,112)	30,091
Decrease in amount owing by subsidiaries	–	–	147,769	10,208,631
Decrease in amount owing to subsidiaries	–	–	–	(22,078)
CASH FROM/(FOR) OPERATIONS CARRIED FORWARD	16,917,410	34,766,887	(10,702,014)	8,809,366

The annexed notes form an integral part of these financial statements.

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (CONT'D)

		The Group		The Company	
	Note	2018 RM	2017 RM (Restated)	2018 RM	2017 RM
CASH FROM/(FOR) OPERATIONS BROUGHT FORWARD		16,917,410	34,766,887	(10,702,014)	8,809,366
Interest paid		(7,762,518)	(5,403,324)	(177,906)	(47,221)
Tax refund		866,578	408,827	–	–
Tax paid		(6,654,840)	(9,458,328)	(147,711)	(104,383)
Interest received from trade receivables		–	586	–	586
NET CASH FROM/(FOR) OPERATING ACTIVITIES		3,366,630	20,314,648	(11,027,631)	8,658,348
CASH FLOWS (FOR)/FROM INVESTING ACTIVITIES					
Net cash flow from deconsolidation of subsidiaries under Member's Voluntary Winding Up	5	(1,943,359)	–	–	–
Investment in an associate		(30)	–	(30)	–
Repayment from finance lease receivables		436,982	95,970	–	–
Advances to subsidiaries		–	–	(5,431,158)	(52,910,741)
Advances to an associate company		(5,288)	–	(3,788)	–
Dividend received		–	–	6,700,000	12,210,000
Dividend income from short-term investments		82,601	13,570	36,644	–
Interest received		1,179,903	1,179,721	24,549	245,910
Proceeds from disposal of an investment property		–	1,150,000	–	–
Proceeds from disposal of property, plant and equipment		13,469,243	3,073,686	49,013	399,257
Purchase of investment properties		(1,514,189)	(3,315,549)	–	–
Purchase of property, plant and equipment	32(a)	(16,022,039)	(17,900,000)	(67,076)	(1,272,510)
(Increase) / Decrease in deposits pledged with licensed banks		(14,921,885)	3,115,238	(7,213)	(7,077)
Withdrawal / (Placement) of deposit with tenure more than three months		4,600,000	(4,600,000)	4,600,000	(4,600,000)
NET CASH (FOR)/ FROM INVESTING ACTIVITIES		(14,638,061)	(17,187,364)	5,900,941	(45,935,161)

The annexed notes form an integral part of these financial statements.

	Note	The Group 2018 RM	The Group 2017 RM (Restated)	The Company 2018 RM	The Company 2017 RM
CASH FLOWS FROM/(FOR) FINANCING ACTIVITIES					
Dividends paid		–	(13,520,790)	–	(13,520,790)
Proceeds from issuance of shares		–	56,700,000	–	56,700,000
Share issue expenses		–	(2,155,029)	–	(2,155,029)
Purchase of treasury shares		(339,077)	–	(339,077)	–
Repayment to subsidiaries		–	–	(139,176)	(224,833)
Repayment of hire purchase obligations		(24,355,185)	(21,570,792)	–	–
Drawdown of term loans		13,751,244	3,522,909	4,166,276	–
Repayment of term loans		(5,277,200)	(4,373,949)	(222,635)	(120,000)
Net drawdown of bankers' acceptances		8,011,000	687,914	–	–
Net drawdown of bank factoring		1,815,805	–	–	–
Net drawdown/(repayment) of invoice financing		12,139,018	(435,691)	–	–
Net (repayment)/drawdown of revolving credit		(11,000,000)	8,000,000	–	–
NET CASH (FOR)/FROM FINANCING ACTIVITIES		(5,254,395)	26,854,572	3,465,388	40,679,348
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(16,525,826)	29,981,856	(1,661,302)	3,402,535
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		23,973,585	(6,008,271)	2,574,423	(828,112)
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	32(c)	7,447,759	23,973,585	913,121	2,574,423

The annexed notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

1. GENERAL INFORMATION

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

Registered office	:	Suite 10.02, Level 10, The Gardens South Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur.
Principal place of business	:	No. 16 & 18, Jalan Pekaka 8/3, Seksyen 8, Kota Damansara, 47810 Petaling Jaya, Selangor Darul Ehsan.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 18 April 2019.

2. PRINCIPAL ACTIVITIES

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

3. BASIS OF PREPARATION

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

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

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

MFRS 9 Financial Instruments (IFRS 9 issued by IASB in July 2014)

MFRS 15 Revenue from Contracts with Customers

IC Interpretation 22 Foreign Currency Transactions and Advance Consideration

Amendments to MFRS 2: Classification and Measurement of Share-based Payment Transactions

Amendments to MFRS 4: Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts

Amendments to MFRS 15: Effective Date of MFRS 15

Amendments to MFRS 15: Clarifications to MFRS 15 'Revenue from Contracts with Customers'

Amendments to MFRS 140 – Transfers of Investment Property

Annual Improvements to MFRS Standards 2014 – 2016 Cycles:
- Amendments to MFRS 1: Deletion of Short-term Exemptions for First-time Adopters
- Amendments to MFRS 128: Measuring an Associate or Joint Venture at Fair Value

3. BASIS OF PREPARATION (CONT'D)

3.1 MFRSs and/or IC Interpretations (Including The Consequential Amendments) (Cont'd)

The adoption of the above accounting standard(s) and/or interpretation(s) (including the consequential amendments, if any) did not have any material impact on the Group's financial statements other than the new classification of financial assets under MFRS 9 which is disclosed in Note 40.3 to the financial statements. This is because the measurement of financial assets under MFRS 9 and the timing and amount of revenue recognised under MFRS 15 are consistent to the Group's current practice.

The adjustments arose from changes in accounting policies as a consequence of the adoption of above accounting standards and interpretation (including the consequential amendments, if any) are presented in Note 43 to the financial statements.

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

MFRSs and/or IC Interpretations (Including The Consequential Amendments)	Effective Date
MFRS 16 Leases	1 January 2019
MFRS 17 Insurance Contracts	1 January 2021
IC Interpretation 23 Uncertainty over Income Tax Treatments	1 January 2019
Amendments to MFRS 3: Definition of a Business	1 January 2020
Amendments to MFRS 9: Prepayment Features with Negative Compensation	1 January 2019
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendments to MFRS 101 and MFRS 108: Definition of Material	1 January 2020
Amendments to MFRS 119: Plan Amendment, Curtailment or Settlement	1 January 2019
Amendments to MFRS 128: Long-term Interests in Associates and Joint Ventures	1 January 2019
Amendments to References to the Conceptual Framework in MFRS Standards	1 January 2020
Annual Improvements to MFRS Standards 2015 – 2017 Cycles	1 January 2019

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

MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and will replace the current guidance on lease accounting when it becomes effective. Under MFRS 16, the classification of leases as either finance leases or operating leases is eliminated for lessees. All lessees are required to recognise their leased assets and the related lease obligations in the statement of financial position (with limited exceptions). The leased assets are subject to depreciation and the interest on lease liabilities are calculated using the effective interest method. The Group has assessed the initial application of MFRS16 on its financial statements for the financial year ended 31 December 2018 is expected to have no material impact on the net profit.

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Key Sources of Estimation Uncertainty

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

(a) Impairment of Investment in Subsidiaries and Investment Properties

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

(b) Impairment of Trade Receivables and Contract Assets

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

(c) Revenue Recognition for Construction Contracts

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 todate 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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

Critical Judgements Made in Applying Accounting Policies

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

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

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

(b) Classification of Leasehold Land

The classification of leasehold land as a finance lease or an operating lease requires the use of judgement in determining the extent to which risks and rewards incidental to its ownership lie. Despite the fact that there will be no transfer of ownership by the end of the lease term and that the lease term does not constitute the major part of the indefinite economic life of the land, management considered that the present value of the minimum lease payments approximated to the fair value of the land at the inception of the lease. Accordingly, management judged that the Group has acquired substantially all the risks and rewards incidental to the ownership of the land through a finance lease.

(c) Contingent Liabilities

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

(d) Share based payments

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.2 BASIS OF CONSOLIDATION

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

Subsidiaries are entities (including structured entities, if any) controlled by the Group. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

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

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

(a) Business Combinations

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.2 BASIS OF CONSOLIDATION (CONT'D)

(b) Non-controlling Interests

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

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

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

(d) Loss of Control

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

(i) the aggregate of the fair value of the consideration received and the fair value of any retained interest in the former subsidiary; and

(ii) the previous carrying amount of the assets (including goodwill), and liabilities of the former subsidiary and any non-controlling interests.

Amounts previously recognised in other comprehensive income in relation to the former subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of (i.e. reclassified to profit or loss or transferred directly to retained profits). The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under MFRS 9 (2017 – MFRS 139) or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

4.3 FUNCTIONAL AND PRESENTATION CURRENCY

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.4 FINANCIAL INSTRUMENTS

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

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

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

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

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

(a) Financial Assets

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

Debt Instruments

(i) Amortised Cost

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

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

(ii) Fair Value through Other Comprehensive Income

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.4 FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Assets (Cont'd)

Debt Instruments (Cont'd)

(iii) Fair Value through Profit or Loss

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

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

Equity Instruments

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

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

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

(b) Financial Liabilities

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

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

(ii) Other Financial Liabilities

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.4 FINANCIAL INSTRUMENTS (CONT'D)

(c) Equity Instruments

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

(i) Ordinary Shares

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

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

(ii) Treasury Shares

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

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

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

(d) Derecognition

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.4 FINANCIAL INSTRUMENTS (CONT'D)

(e) Financial Guarantee Contracts

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

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

Accounting Policies Applied Until 31 December 2017

As disclosed in Note 3.1 to the financial statements, the Group has applied MFRS 9 retrospectively but has elected not to restate comparative information of its financial instruments. As a result, the comparative information of the Group's financial assets continues to be accounted for in accordance with their previous accounting policies as summarised below:-

- Financial assets were designated at fair value through profit or loss when the financial asset was either held for trading or was designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. Financial assets at fair value through profit or loss were stated at fair value at each reporting date with any gain or loss arising on remeasurement recognised in profit or loss.

- Unquoted trade receivables and other receivables with fixed or determinable payments were classified as loans and receivables financial assets, measured at amortised cost using the effective interest method, less any impairment loss. Interest income was recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

4.5 INVESTMENTS IN SUBSIDIARIES

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.6 INVESTMENTS IN ASSOCIATES

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.

Investments in associates 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 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 2018. 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 interest 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.

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 (2017 - MFRS 139). 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.

4.7 PROPERTY, PLANT AND EQUIPMENT

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

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.7 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

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:-

Buildings	2%
Leasehold land	Over the lease period of 86 to 97 years
Plant and machinery	12%
Site equipment	10% - 20%
Office equipment	10% - 20%
Motor vehicles	12%
Renovation	20%
Furniture and fittings	15% - 20%

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.

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

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

4.8 INVESTMENT PROPERTIES

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

Investment properties under construction are properties not ready for commercial use at the end of the reporting period.

Investment properties are initially measured at cost. Cost includes expenditure that is directly attributable to the acquisition of the investment property.

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 years

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.8 INVESTMENT PROPERTIES (CONT'D)

Investment properties under construction are stated at cost less any impairment losses and are not depreciated.

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.

4.9 IMPAIRMENT

(a) Impairment of Financial Assets

The Group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost trade receivables, 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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.9 IMPAIRMENT (CONT'D)

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

Accounting Policy Applied Until 31 December 2017

As disclosed in Note 3.1 to the financial statements, the Group has applied MFRS 9 retrospectively but has elected not to restate comparative information of its financial instruments. As a result, the comparative information on the impairment of Group's financial assets has been accounted for in accordance with its previous accounting policy as summarised below:-

- The Group assessed at the end of each reporting period whether there was objective evidence that a financial asset (or group of financial assets) was impaired. Impairment losses were incurred only if there was objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset and that event(s) had an impact on the estimated future cash flows of the financial asset (or group of financial assets) that could be reliably estimated. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost was considered an indicator that the assets are impaired.

(b) Impairment of Non-financial Assets

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

An impairment loss is recognised in profit or loss.

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.10 LEASED ASSETS

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset (or assets) and the arrangement conveys a right to use the asset (or assets), even if that asset is (or those assets are) not explicitly specified in an arrangement.

(a) Group as a Lessee

A lease is classified at the inception date as a finance lease or an operating lease.

(i) Finance Leases

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incidental to ownership. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. The corresponding liability is included in the statements of financial position as hire purchase payables.

Minimum lease payments made under finance leases are apportioned between the finance costs and the reduction of the outstanding liability. The finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are recognised in the profit or loss and allocated over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability for each accounting period.

Leasehold land which in substance is a finance lease is classified as property, plant and equipment and investment properties.

(ii) Operating Leases

All leases that do not transfer substantially to the Group all the risks and rewards incidental to ownership are classified as operating leases and, the leased assets are not recognised on the statements of financial position of the Group.

Payments made under operating leases are recognised as an expense in the profit or loss on a straight-line method over the term of the lease. Lease incentives received are recognised as a reduction of rental expense over the lease term on a straight-line method. Contingent rentals are charged to profit or loss in the reporting period in which they are incurred.

(b) Group as a Lessor

Operating Leases

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rentals are recognised as revenue in the period in which they are earned.

4.11 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 - Financial Instruments.

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.12 INCOME TAXES

(a) Current Tax

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

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

(b) Deferred Tax

Deferred tax are 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.

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.

(c) Goods and Services Tax ("GST")

Revenues, expenses and assets are recognised net of GST except for the GST in a purchase of assets or services which are not recoverable from the taxation authorities, the GST are included as part of the costs of the assets acquired or as part of the expense item whichever is applicable.

In addition, receivables and payables are also stated with the amount of GST included (where applicable).

The net amount of the GST recoverable from or payable to the taxation authorities at the end of the reporting period is included in other receivables or other payables.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.13 BORROWING COSTS

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

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

4.14 CASH AND CASH EQUIVALENTS

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

4.15 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 unwinding of the discount is recognised as interest expense in profit or loss.

4.16 EMPLOYEE BENEFITS

(a) Short-term Benefits

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

(b) Defined Contribution Plans

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

(c) Share-based Payment Transactions

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.16 EMPLOYEE BENEFITS (CONT'D)

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

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

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

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

4.17 CONTINGENT LIABILITIES

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

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

4.18 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.

4.19 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 the effects of all dilutive potential ordinary shares which comprise share options granted to employees.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.20 FAIR VALUE MEASUREMENTS

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

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.

4.21 REVENUE FROM CONTRACTS WITH CUSTOMERS

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

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

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

- The customer simultaneously receives and consumes the benefits provided as the Group performs.

- The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced.

- The Group's performance does not create an asset with an alternative use and the Group has an enforceable right to payment for performance completed todate.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.21 REVENUE FROM CONTRACTS WITH CUSTOMERS (CONT'D)

(a) Construction Services

Revenue from construction services is recognised over time in the period in which the services are rendered using the input method, determined based the proportion of construction costs incurred for work performed todate 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 most likely method and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur.

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

(b) Hiring of Machinery

Revenue from providing hiring of machinery services is recognised in the period in which the services are rendered. As a practical expedient, the Group recognises revenue on a straight-line method over the period of service.

(c) Rental Income

Revenue from providing renting services is recognised in the period in which the services are rendered. As a practical expedient, the Group and Company recognise revenue on a straight-line method over the period of service.

(d) 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. Following delivery, the customer has full discretion over the usage the goods, and bears the risks of obsolescence and loss in relation to the goods.

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.

(e) Rendering of Services

Revenue from providing dayworks services is recognised in the period in which the services are rendered. For fixed-price contracts, revenue is recognised based on the actual service provided in the end of the reporting period as a proportion of the total services to be provided because the customer receives and uses the benefits simultaneously.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.22 OTHER OPERATING INCOME

(a) Interest Income

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

(b) Dividend Income

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

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

(c) Management Fee

Management fee is recognised on an accrual basis using the effective interest method.

5. INVESTMENTS IN SUBSIDIARIES

	The Company 2018 RM	The Company 2017 RM
Unquoted shares, at cost	10,328,312	10,328,312
Share options granted to employees of subsidiaries	881,077	–
	11,209,389	10,328,312

The details of the subsidiaries are as follows:-

Name of Subsidiary	Principal Place of Business/ Country of Incorporation	Percentage of Issued Share Capital Held by Parent 2018 %	Percentage of Issued Share Capital Held by Parent 2017 %	Principal Activities
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.
Advancecon Properties Sdn. Bhd.	Malaysia	100	100	Property investment.
SK-II Tipper & Truck Services Sdn. Bhd.	Malaysia	100	100	Providing tipper trucks for hire.

5. INVESTMENTS IN SUBSIDIARIES (CONT'D)

The details of the subsidiaries are as follows:- (Cont'd)

Name of Subsidiary	Principal Place of Business/ Country of Incorporation	Percentage of Issued Share Capital Held by Parent 2018 %	2017 %	Principal Activities
Inspirasi Hebat Sdn. Bhd.	Malaysia	100	100	The company has temporarily ceased its operations. The company was principally engaged in the business of providing on-site rock crushing services.
^ Advancecon Rock Sdn. Bhd.	Malaysia	100	100	In the process of Member's Voluntary Winding Up.
^ Advancecon Trading	Malaysia	100	100	In the process of Member's Voluntary Winding Up.

^ *On 6 February 2018, Special Resolutions were passed by the shareholders of Advancecon Rock Sdn. Bhd. and Advancecon Trading Sdn. Bhd., respectively to initiate the process of Member's Voluntary Winding Up and accordingly, liquidators have been appointed. As a result, the Group has accounted these investments as deemed disposal and has deconsolidated the results of the subsidiaries from the Group.*

The financial effects arising from this deemed disposal are summarised below:-

	The Group 2018 RM
Other receivables, deposits and prepayments	(1,648,585)
Current tax assets	2,256
Short-term investments	1,781,758
Cash and bank balances	161,601
Other payables and accruals	(15,298)
Carrying amount of net assets disposed of	281,732
Loss on deemed disposal of subsidiaries	(231,417)
Transfer to other investment #	(50,315)
	–
Proceeds from deemed disposals	##
Less: cash and bank balances of subsidiaries disposed of	(1,943,359)
Net cash outflow from deemed disposal of subsidiaries	(1,943,359)

\# This represent the initial cost of investments which is now, classified as other investment, pending the completion of the Member's Voluntary Winding Up.

\## The proceeds will only made known upon the winding up process is completed, which is expected to complete during the financial year 2019.

There were no disposals or deemed disposal of subsidiaries in the last financial year.

6. INVESTMENTS IN AN ASSOCIATE

	The Group		The Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Unquoted shares, at cost	30	–	30	–
Share of post-acquisition loss	(30)	–	–	–
	–	–	30	–

The details of the associate are as follows:-

Name of Associate	Principal Place of Business	Effective Equity Interest 2018 %	Effective Equity Interest 2017 %	Principal Activity
Advancecon (Sarawak) Sdn. Bhd.	Malaysia	30	–	Providing earthworks and civil engineering services and sales of construction materials.

(a) The associate was incorporated during the financial year.

(b) Summarised financial information has not been presented as the associate is not material to the Group.

7. PROPERTY, PLANT AND EQUIPMENT

The Group	**At 1.1.2018 RM**	**Additions RM**	**Reclassifications RM**	**Transfer to Finance Lease Receivables RM**	**Disposals RM**	**Write-offs RM**	**Depreciation Charges RM**	**At 31.12.2018 RM**
2018								
Carrying Amount								
Leasehold land	9,098,013	13,346,621	–	–	(5,430,796)	–	(196,511)	16,817,327
Buildings	9,536,877	–	(5,307,647)	–	(1,106,638)	–	(84,565)	3,038,027
Plant and machinery	120,869,159	21,876,886	–	(1,985,370)	(1,025,136)	–	(22,185,454)	117,550,085
Site equipment	1,527,327	687,734	–	–	(2)	(2,783)	(370,594)	1,841,682
Office equipment	464,231	173,894	–	–	–	(1,088)	(171,199)	465,838
Motor vehicles	9,678,277	3,937,709	–	–	(422,907)	(987)	(2,003,613)	11,188,479
Renovation	44,333	–	–	–	–	–	(18,817)	25,516
Furniture and fittings	53,045	1,249	–	–	(1)	(1,145)	(11,756)	41,392
Capital work-in-progress	96,628	277,910	–	–	(146,128)	–	–	228,410
	151,367,890	40,302,003	(5,307,647)	(1,985,370)	(8,131,608)	(6,003)	(25,042,509)	151,196,756

	At 1.1.2017 RM	**Additions RM**	**Reclassifications RM**	**Transfer to Finance Lease Receivables RM**	**Disposals RM**	**Write-offs RM**	**Depreciation Charges RM**	**At 31.12.2017 RM**
2017								
Carrying Amount								
Leasehold land	5,872,982	3,300,000	–	–	–	–	(74,969)	9,098,013
Buildings	2,222,090	2,073,680	5,379,372	–	–	–	(138,265)	9,536,877
Plant and machinery	80,888,364	62,236,110	–	(2,187,000)	(1,769,212)	(299,005)	(18,000,098)	120,869,159
Site equipment	1,076,379	774,691	–	–	–	(12,427)	(311,316)	1,527,327
Office equipment	433,163	196,605	–	–	(1,048)	(4,210)	(160,279)	464,231
Motor vehicles	9,277,165	2,724,794	–	–	(551,063)	–	(1,772,619)	9,678,277
Renovation	47,048	14,000	–	–	–	–	(16,715)	44,333
Furniture and fittings	64,894	–	–	–	–	(119)	(11,730)	53,045
Capital work-in-progress	5,207,354	268,646	(5,379,372)	–	–	–	–	96,628
	105,089,439	71,588,526	–	(2,187,000)	(2,321,323)	(315,761)	(20,485,991)	151,367,890

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

The Group	At Cost RM	Accumulated Depreciation RM	Carrying Amount RM
2018			
Leasehold land	17,031,145	(213,818)	16,817,327
Buildings	3,265,939	(227,912)	3,038,027
Plant and machinery	188,507,545	(70,957,460)	117,550,085
Site equipment	3,426,234	(1,584,552)	1,841,682
Office equipment	1,361,383	(895,545)	465,838
Motor vehicles	17,485,075	(6,296,596)	11,188,479
Renovation	222,982	(197,466)	25,516
Furniture and fittings	110,806	(69,414)	41,392
Capital work-in-progress	228,410	–	228,410
	231,639,519	(80,442,763)	151,196,756
2017			
Leasehold land	9,449,128	(351,115)	9,098,013
Buildings	10,088,752	(551,875)	9,536,877
Plant and machinery	172,027,636	(51,158,477)	120,869,159
Site equipment	2,838,095	(1,310,768)	1,527,327
Office equipment	1,194,609	(730,378)	464,231
Motor vehicles	14,989,002	(5,310,725)	9,678,277
Renovation	235,382	(191,049)	44,333
Furniture and fittings	116,106	(63,061)	53,045
Capital work-in-progress	96,628	–	96,628
	211,035,338	(59,667,448)	151,367,890

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

The Company	At 1.1.2018 RM	Additions RM	Disposal RM	Write-off RM	Depreciation Charges RM	At 31.12.2018 RM
2018						
Carrying Amount						
Leasehold land	3,628,002	–	–	–	(40,790)	3,587,212
Building	3,103,346	–	–	–	(65,319)	3,038,027
Plant and machinery	–	25,076	–	–	(23,285)	1,791
Office equipment	85,840	–	–	(61)	(18,064)	67,715
Motor vehicles	33,961	–	(1,260)	–	(23,787)	8,914
Renovation	44,332	–	–	–	(18,817)	25,515
Capital work-in-progress	–	140,000	–	–	–	140,000
	6,895,481	165,076	(1,260)	(61)	(190,062)	6,869,174

	At 1.1.2017 RM	Additions RM	Disposals RM	Write-off RM	Depreciation Charges RM	At 31.12.2017 RM
2017						
Carrying Amount						
Leasehold land	344,149	3,300,000	–	–	(16,147)	3,628,002
Building	1,067,336	2,073,680	–	–	(37,670)	3,103,346
Plant and machinery	133,583	–	(70,008)	–	(63,575)	–
Office equipment	61,158	44,830	–	(2,953)	(17,195)	85,840
Motor vehicles	232,889	–	(107,805)	–	(91,123)	33,961
Renovation	47,047	14,000	–	–	(16,715)	44,332
	1,886,162	5,432,510	(177,813)	(2,953)	(242,425)	6,895,481

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

The Company	At Cost RM	Accumulated Depreciation RM	Carrying Amount RM
2018			
Leasehold land	3,684,524	(97,312)	3,587,212
Building	3,265,939	(227,912)	3,038,027
Plant and machinery	211,000	(209,209)	1,791
Site equipment	103,099	(103,099)	–
Office equipment	210,993	(143,278)	67,715
Motor vehicles	106,138	(97,224)	8,914
Renovation	99,619	(74,104)	25,515
Furniture and fittings	5,210	(5,210)	–
Capital work-in-progress	140,000	–	140,000
	7,826,522	(957,348)	6,869,174
2017			
Leasehold land	3,684,524	(56,522)	3,628,002
Building	3,265,939	(162,593)	3,103,346
Plant and machinery	39,815	(39,815)	–
Site equipment	250,265	(250,265)	–
Office equipment	211,183	(125,343)	85,840
Motor vehicles	310,619	(276,658)	33,961
Renovation	99,619	(55,287)	44,332
Furniture and fittings	5,210	(5,210)	–
	7,867,174	(971,693)	6,895,481

(a) Capital work-in-progress represents assets under construction which are not ready for commercial use at the end of the reporting period.

(b) Included in the carrying amounts of property, plant and equipment of the Group at the end of the reporting year were the following assets acquired under hire purchase terms:-

	The Group	
	2018 RM	2017 RM
Plant and machinery	59,511,993	55,560,715
Motor vehicles	9,123,125	8,279,964
	68,635,118	63,840,679

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

(c) The carrying amounts of the following property, plant and equipment of the Group and of the Company were pledged to licensed banks as security for banking facilities granted to the Group and the Company as disclosed in Notes 22, 26 and 27 to the financial statements:-

	The Group		The Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Leasehold land	16,817,327	5,810,335	3,587,212	340,324
Buildings	3,038,027	7,477,021	3,038,027	1,043,490
	19,855,354	13,287,356	6,625,239	1,383,814

8. INVESTMENT PROPERTIES

	The Group	
	2018 RM	2017 RM
Cost		
At 1 January	33,897,178	31,603,349
Addition during the financial year	1,514,189	3,315,549
Disposal during the financial year	–	(1,021,720)
Transfer from property, plant and equipment to investment properties (Note 7)	5,379,372	–
At 31 December	40,790,739	33,897,178
Accumulated depreciation		
At 1 January	(969,543)	(528,676)
Depreciation during the financial year	(527,363)	(466,410)
Disposal during the financial year	–	25,543
Transfer from property, plant and equipment to investment properties (Note 7)	(71,725)	–
At 31 December	(1,568,631)	(969,543)
Net carrying value	39,222,108	32,927,635
Represented by:-		
Completed investment properties:		
- leasehold land	6,305,258	6,381,608
- freehold land	1,926,680	1,926,680
- buildings	30,990,170	21,594,897
	39,222,108	29,903,185
Investment properties under construction:		
- buildings	–	3,024,450
	39,222,108	32,927,635

8. INVESTMENT PROPERTIES (CONT'D)

The fair values of the completed investment properties of the Group as at the reporting date are estimated at RM 43,168,536 (2017 - RM32,068,814) based on directors' assessment of the current prices in an active market for the respective properties within each vicinity.

At the end of the previous reporting period, the fair value of the investment properties under construction could not be reliably determined until either its fair value becomes reliably determinable or construction is completed, whichever is earlier.

Investment properties of the Group with a total carrying value of RM38,469,357 (2017 - RM32,261,585) have been charged to financial institutions for banking facilities granted to the Group as disclosed in Notes 22, 26 and 27 to the financial statements.

9. FINANCE LEASE RECEIVABLES

	The Group	
	2018	**2017**
	RM	**RM**
Minimum finance lease payments:		
- not later than 1 year	1,056,000	504,000
- later than 1 year and not later than 5 years	2,950,960	1,867,480
	4,006,960	2,371,480
Less: Future finance charges	(367,542)	(280,450)
Present value of finance lease receivables	3,639,418	2,091,030
Analysed by:-		
Current assets	890,840	399,149
Non-current assets	2,748,578	1,691,881
	3,639,418	2,091,030

(a) The Group entered into finance lease arrangements for certain of its earth-moving heavy equipment. All leases are denominated in RM. The average term of finance leases range from 4 to 5 years.

(b) The interest rate inherent in the leases is fixed at the contract date for the entire lease term. The effective interest rates contracted range from 4.55% to 9.49% (2017- 4.55% to 5.86%).

(c) The finance lease receivables at the end of the reporting period are neither past due nor impaired.

10. TRADE RECEIVABLES

	The Group 2018 RM	The Group 2017 RM (Restated)
Non-current		
Trade receivables	–	155,675
Current		
Trade receivables	67,381,641	38,584,456
Allowance for impairment losses	(453,318)	(10,268)
	66,928,323	38,574,188
	66,928,323	38,729,863
Allowance for impairment losses:-		
At 1 January	10,268	106,488
Addition during the financial year	443,050	–
Reversal during the financial year	–	(96,220)
At 31 December	453,318	10,268

The Group's normal trade credit terms range from 5 to 60 (2017 - 5 to 60) days. Other credit terms are assessed and approved on a case-by-case basis.

11. CONTRACT ASSETS/(LIABILITIES)

	The Group 2018 RM	The Group 2017 RM (Restated)
Contract Assets		
Contract assets relating to construction contracts	79,097,980	84,106,836
Contract Liabilities		
Contract liabilities relating to construction contracts	(20,679,138)	(8,976,387)

(a) The contract assets primarily relate to the Group's right to consideration for construction work completed on construction contracts but not yet billed as at the reporting date. The amount will be invoiced within 1 (2017- 1) year.

Included in contract assets are retention sum receivables totalling RM41,085,297 (2017 - RM34,583,754). The retention sums are expected to be collected within the periods ranging from 1 to 4 (2017 - 1 to 4) years.

(b) The contract liabilities primarily relates to advance considerations received from few customers for contruction services of which the revenue will be recognised over the remaining contract term of specific contract it relates to, ranging from 6 to 24 (2017 - 6 to 24) months.

12. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	The Group		The Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Other receivables	19,426,053	1,443,359	4,019,139	186,785
Deposits	2,295,920	2,576,990	45,040	54,480
Prepayments	1,850,693	1,732,912	14,162	19,620
Goods and services tax recoverable	1,431,696	2,240,322	13,363	326,125
	25,004,362	7,993,583	4,091,704	587,010
Allowance for impairment losses:-				
At 1 January	–	446,536	–	–
Reversal during the financial year	–	(366,536)	–	–
Written off during the financial year	–	(80,000)	–	–
At 31 December	–	–	–	–

Included in other receivables of the Group at the end of reporting period is an amount of RM8,888,600 (2017 – Nil) being the remaining proceeds from the disposal of a piece of leasehold land during the financial year for a total consideration of RM9,070,000.

13. AMOUNTS OWING BY/(TO) SUBSIDIARIES

	The Company	
	2018 RM	2017 RM
Amount owing by:-		
Trade balances	632,571	780,340
Non-trade balances	78,642,401	73,211,243
	79,274,972	73,991,583
Amount owing to:-		
Non-trade balances	(110,883)	(250,059)

(a) The trade balances are subject to a normal trade credit term of 30 (2017 - 30) days.

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

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

14. SHORT-TERM INVESTMENTS

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

15. DEPOSITS WITH LICENSED BANKS

Included in the deposits with licensed banks of the Group and of the Company at the end of the reporting period was an amount of RM32,637,176 and RM248,314 (2017 - RM17,715,291 and RM241,101) which has been pledged to licensed banks as security for banking facilities granted to the Group and the Company as disclosed in Notes 22, 26, and 27 to the financial statements.

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

	The Group		The Company	
	2018 %	2017 %	2018 %	2017 %
Effective interest rates	2.90 to 3.50	2.70 to 3.65	3.25	3.00 to 3.65

The maturity periods of the deposits were as follows:-

	The Group		The Company	
	2018	2017	2018	2017
Maturity period (days)	30 to 365	30 to 365	365	180 to 365

16. SHARE CAPITAL

	The Group/The Company			
	2018 Number of shares	2017 Number of shares	2018 RM	2017 RM
Issued and Fully Paid-Up				
Ordinary shares				
At 1 January:	402,079,000	312,079,000	85,752,871	31,207,900
- Issue of shares	–	90,000,000	–	56,700,000
- Share issue expenses	–	–	–	(2,155,029)
At 31 December	402,079,000	402,079,000	85,752,871	85,752,871

The holders of ordinary shares (except treasury shares) are entitled to receive dividends as and when declared by the Company, and are entitled to one vote per ordinary share at meetings of the Company. The ordinary shares have no par value.

17. TREASURY SHARES

During the financial year, the Company has purchased 1,161,000 (2017 - Nil) of its issued ordinary shares from the open market at an average price of RM 0.29 (2017 - Nil) per share between the months of October to December (2017 - Nil). The total consideration paid for the purchase was RM 339,077 (2017 - Nil) including transaction costs. The ordinary shares purchased are held as treasury shares in accordance with Section 127(6) of the Companies Act 2016.

Of the total 402,079,000 (2017 - 402,079,000) issued and fully paid-up ordinary shares at the end of the reporting period, 1,161,000 (2017 - Nil) ordinary shares are held as treasury shares by the Company. None (2017 - Nil) of the treasury shares were resold or cancelled during the financial year.

18. RESERVES

Employee Share Option Reserve

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

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

The main features of the ESOS are as follows:-

(a) Eligible persons are employees and executive directors of the Company and its subsidiary companies which are not dormant, who have been confirmed in service/has served for at least 1 year before the date of the offer.

(b) Where the executive Director or employee is under an employment contract, the contract is for a duration of at least two (2) years and shall have not expired within six (6) months from the Date of Offer.

(c) The maximum number of new ordinary shares of the Company, which may be available under the scheme, shall not exceed in aggregate 15%, or any such amount or percentage as may be permitted by the relevant authorities of the issued and paid-up share capital of the Company at any one time during the existence of the ESOS.

(d) The option price shall be determined by the ESOS Committee based on the 5-day weighted average market price of ordinary shares of the Company immediately preceding the offer date of the option, with a discount of not more than 10%.

(e) The option may be exercised by the grantee by notice in writing to the Company in the prescribed form during the option period in respect of all or any part of the new ordinary shares of the Company comprised in the ESOS.

(f) All new ordinary shares issued upon exercise of the options granted under the ESOS will rank pari passu in all respects with the existing ordinary shares of the Company, provided always that new ordinary shares so allotted and issued, will not be entitled to any dividends, rights, allotments and/or other distributions declared, where the entitlement date of which is prior to date of allotment and issuance of the new ordinary shares.

18. RESERVES (CONT'D)

Employee Share Option Reserve (Cont'd)

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

			Number of Options over Ordinary Shares					
Date of Offer	Exercise Price	Contractual Life of Options	At 1 January 2018	Granted	Exercised	Lapsed	Forfeited	At 31 December 2018
20 September 2018	RM0.35	2 Years	–	20,000,000	–	–	(380,000)	19,620,000

The options which were forfeited during the financial year were due to resignation of employees.

18. RESERVES (CONT'D)

Employee Share Option Reserve (Cont'd)

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

During the financial year, the Company has granted 20,000,000 (2017 - Nil) share options under the ESOS. These options expire on 19 March 2021 and are exercisable if the employee remains in service from the date of grant.

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

	The Group/The Company	
	2018	**2017**
Fair value of share options at the grant date (RM)	0.10	–
Weighted average ordinary share price (RM)	0.38	–
Exercise price of share option (RM)	0.35	–
Expected volatility (%)	30.43	–
Expected life (years)	2	–
Risk-free rate (%)	3.77	–
Expected dividend yield (%)	–	–

19. DEFERRED TAX ASSETS/(LIABILITIES)

	The Group		The Company	
	2018 RM	**2017 RM**	**2018 RM**	**2017 RM**
At 1 January	(6,624,084)	(4,734,467)	(20,724)	(101,734)
Recognised in profit or loss (Note 30)	1,875,157	(1,889,617)	180,873	81,010
At 31 December	(4,748,927)	(6,624,084)	160,149	(20,724)

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

	The Group		The Company	
	2018 RM	**2017 RM**	**2018 RM**	**2017 RM**
Deferred tax assets:-				
Unutilised tax losses	171,529	–	171,529	–
Deferred tax liabilities:-				
Accelerated capital allowances over depreciation	(5,060,611)	(6,464,245)	(11,380)	(20,724)
Others	140,155	(159,839)	–	–
	(4,748,927)	(6,624,084)	160,149	(20,724)

20. LONG-TERM BORROWINGS

	The Group		The Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Hire purchase payables (Note 21)	45,947,568	43,371,501	–	–
Term loans (Note 22)	32,842,850	21,374,650	4,216,150	464,524
	78,790,418	64,746,151	4,216,150	464,524

21. HIRE PURCHASE PAYABLES

	The Group	
	2018 RM	2017 RM
Minimum hire purchase payments:		
- not later than 1 year	18,959,609	16,221,432
- later than 1 year and not later than 5 years	49,533,979	47,683,384
	68,493,588	63,904,816
Less: Future finance charges	(6,595,617)	(7,231,385)
Present value of hire purchase payables	61,897,971	56,673,431
Analysed by:-		
Current liabilities (Note 26)	15,950,403	13,301,930
Non-current liabilities (Note 20)	45,947,568	43,371,501
	61,897,971	56,673,431

22. TERM LOANS

	The Group		The Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Current liabilities (Note 26)	2,206,899	5,201,055	312,015	120,000
Non-current liabilities (Note 20)	32,842,850	21,374,650	4,216,150	464,524
	35,049,749	26,575,705	4,528,165	584,524

22. TERM LOANS (CONT'D)

Details of the repayment terms are as follows:-

Term Loan	Monthly Instalment RM	Number of Monthly Instalments	Date of Commencement of Repayment	The Group Amount Outstanding 2018 RM	The Group Amount Outstanding 2017 RM	The Company Amount Outstanding 2018 RM	The Company Amount Outstanding 2017 RM
1	10,000	120	November 2012	464,524	584,524	464,524	584,524
2	2,587	300	January 2016	426,520	437,435	–	–
3	1,995	300	January 2016	328,824	337,239	–	–
4	2,431	300	January 2016	400,840	411,098	–	–
5	2,452	300	January 2016	398,460	411,379	–	–
6	28,833	240	July 2017	4,339,040	4,482,602	–	–
7	3,209	168	February 2016	334,862	357,322	–	–
8	6,172	180	February 2017	621,169	647,814	–	–
9	4,662	180	February 2017	469,046	489,332	–	–
10	8,967	240	February 2018	1,363,046	1,394,618	–	–
11	5,147	240	April 2017	762,139	785,868	–	–
12	5,567	240	August 2017	822,880	850,082	–	–
13	9,320	240	July2018	1,438,698	726,600	–	–
14	8,580	240	July 2018	1,325,273	669,300	–	–
15	7,600	240	August 2016	1,087,259	1,124,234	–	–
16	30,337	120	February 2017	2,935,421	3,284,166	–	–
17	2,593	300	January2018	446,191	456,600	–	–
18	2,904	300	January2018	499,624	511,200	–	–
19	200,000	23	December 2016	–	3,400,000	–	–
	Balloon repayment	1					
20	23,809	84	February 2017	1,452,385	1,738,097	–	–
21	47,619	84	February 2017	2,904,771	3,476,195	–	–
22	31,870	180	June 2018	4,063,641	–	4,063,641	–
23	36,990	180	December 2018	3,871,372	–	–	–
24	41,020	180	December 2018	4,293,764	–	–	–
				35,049,749	26,575,705	4,528,165	584,524

22. TERM LOANS (CONT'D)

(a) Term loan 1 is secured by:-

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

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

- (i) a facility agreement for loan amounts of RM458,400, RM353,400, RM430,800 and RM434,400 respectively;
- (ii) a deed of assignment and a power of attorney over 4 units of property of a subsidiary;
- (iii) a corporate guarantee of the Company; and
- (iv) a joint and several guarantee of two of the directors of the Company.

(c) Term loan 6 is secured by:-

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

(d) Term loan 7 is secured by:-

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

(e) Term loan 8 is secured by:-

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

(f) Term loan 9 is secured by:-

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

(g) Term loan 10 is secured by:-

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

22. TERM LOANS (CONT'D)

(h) Term loan 11 is secured by:-

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

(i) Term loan 12 is secured by:-

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

(j) Term loan 13 is secured by:-

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

(k) Term loan 14 is secured by:-

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

(l) Term loan 15 is secured by:-

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

(m) Term loan 16 is secured by:-

- (i) a facility agreement for the sum of RM4,000,000;
- (ii) a legal charge over a piece of leasehold land of a subsidiary which has been disposed off during the financial year;
- (iii) a corporate guarantee of the Company;
- (iv) a corporate guarantee of a subsidiary; and
- (v) a joint and several guarantee of two of the directors of the Company.

22. TERM LOANS (CONT'D)

(n) Term loans 17 and 18 are secured by:-

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

(o) Term loan 19 was secured by:-

(i) a corporate guarantee of the Company;
(ii) a joint and several guarantee of two of the directors of the Company; and
(iii) a third party all monies first legal charge of a subsidiary.

(p) Term loans 20 and 21 are secured by:-

(i) a corporate guarantee of the Company; and
(ii) the deposits with a licensed bank of a subsidiary.

(q) Term loan 22 is secured by:-

(i) a facility agreement for loan amount of RM4,160,000;
(ii) a registered opan all monies 1st party charge stamped nominally over a unit of 5 storey shop office; and
(iii) a basic buiding debenture over the property.

(r) Term loan 23 is secured by:-

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

(s) Term loan 24 is secured by:-

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

23. TRADE PAYABLES

	The Group		The Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Trade payables	38,929,299	35,879,912	15,808	27,964
Retention sums	10,217,951	8,913,763	–	–
	49,147,250	44,793,675	15,808	27,964

(a) The normal trade credit terms granted to the Group and the Company range from 14 to 60 (2017 - 14 to 60) days.

(b) The retention sums are unsecured, interest-free and expected to be paid within a period of 1 to 4 (2017 - 1 to 4) years.

24. OTHER PAYABLES AND ACCRUALS

	The Group		The Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Other payables	9,632,295	12,372,331	337,671	4,234,799
Accruals	6,288,958	12,905,695	684,872	90,700
	15,921,253	25,278,026	1,022,543	4,325,499

25. DIVIDEND PAYABLE

	The Group/The Company	
	2018	2017
In respect of the financial year ended 31 December 2018:		
- First interim single-tier dividend of 1 sen per ordinary share	4,017,260	–

The above dividend had been paid subsequenty to the shareholders on 3 January 2019.

26. SHORT-TERM BORROWINGS

	The Group		The Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Hire purchase payables (Note 21)	15,950,403	13,301,930	–	–
Term loans (Note 22)	2,206,899	5,201,055	312,015	120,000
Bankers' acceptances	12,047,000	4,036,000	–	–
Bank factoring	1,815,805	–	–	–
Invoice financing	16,156,348	4,017,330	–	–
Revolving credit	3,000,000	14,000,000	–	–
	51,176,455	40,556,315	312,015	120,000

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

(a) the deposits with licensed banks of a subsidiary;

(b) a joint and several guarantee of two of the directors of the Company;

(c) a corporate guarantee of the Company; and

(d) a legal charge over a few buildings and a few pieces of leasehold land of a subsidiary.

27. BANK OVERDRAFTS

The bank overdrafts are secured by:-

(a) a legal charge over a building and a piece of leasehold land of a subsidiary;

(b) a corporate guarantee of the Company;

(c) the deposits with licensed banks of the Company and certain subsidiaries;

(d) a joint and several guarantee of two of the directors of the Company; and

(e) a deed of assignment of certain contract proceeds by a subsidiary.

28. REVENUE

	The Group		The Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Revenue recognised at a point in time				
Sale of goods	19,473,770	19,027,750	–	–
Hiring of machinery	1,271,727	535,040	12,000	200,000
Day work revenue	2,513,094	703,892	–	–
Rental income	344,131	280,433	–	–
Cabin living quarters rental	1,411	6,399	–	–
Dividend income	–	–	6,700,000	12,210,000
Management fee	–	–	1,229,089	–
Revenue recognised over time				
Contract revenue	249,256,331	245,435,058	–	–
	272,860,464	265,988,572	7,941,089	12,410,000

(a) The disaggregation of revenue is presented under "Operating Segment" in Note 38 to the financial statements.

(b) The transaction price allocated to the remaining performance obligation that are unsatisfied or partially unsatisfied as at the end of the reporting period are summarised below (other than contracts for original periods of one year or less):-

	The Group			
	2019 RM	2020 RM	2021 RM	Total RM
Contract revenue	245,817,454	250,229,305	250,229,305	746,276,064

Comparative information is not presented by virtue of the exemption given in MFRS 15.C5(d).

29. PROFIT BEFORE TAXATION

	The Group		The Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Profit before taxation is arrived at after charging/(crediting):-				
Allowance for impairment losses on trade receivables	443,050	–	–	–
Auditors' remuneration:				
- statutory audit	167,000	125,000	38,000	38,000
- non-statutory audit	5,000	195,600	5,000	195,600
Depreciation:				
- investment properties	527,363	466,410	–	–
- property, plant and equipment	25,042,509	20,485,991	190,062	242,425
Direct operating expenses on investment properties:				
- income generating investment properties	79,531	55,546	–	–
- non-income generating investment properties	210,233	135,455	–	–
Directors' remuneration (Note 33(a))	4,045,027	3,640,103	3,503,420	443,138

29. PROFIT BEFORE TAXATION (CONT'D)

	The Group		The Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Interest expense:				
- bank factoring	89,717	99,006	–	–
- bank overdrafts	521,479	610,134	14,475	16,017
- bankers' acceptances	416,330	163,932	–	–
- hire purchase	3,604,389	2,523,868	–	–
- invoice financing	988,493	436,633	–	–
- revolving credit	510,561	188,586	–	–
- term loans	1,631,549	1,381,165	163,431	31,204
Property, plant and equipment written off	6,003	315,761	61	2,953
Share of result of an equity accounted associate	30	–	–	–
Staff costs (including other key management personnel as disclosed in Note 33(b):				
- salaries, bonuses, allowances and wages	38,367,349	36,273,615	911,630	58,750
- defined contribution plans	3,090,287	2,526,157	110,438	7,134
- share option expenses	900,255	–	70,393	–
- other benefits	2,619,230	2,027,831	70,682	63,516
Compensation received from trade receivables arising from litigation	–	(20,800)	–	(20,800)
Dividend income from short-term investments	(82,601)	(13,570)	(36,644)	–
Loss on deemed disposal due to effects of deconsolidation of subsidiaries under Member's Voluntary Winding Up	231,417	–	–	–
Gain on disposal of an investment property	–	(153,823)	–	–
Gain on disposal of property, plant and equipment	(5,337,635)	(752,363)	(47,753)	(221,444)
Interest income:				
- deposits with licensed banks	(1,040,792)	(839,011)	(24,549)	(236,163)
- trade receivables	–	(586)	–	(586)
- finance lease receivables	(113,018)	(30,030)	–	–
- others	(26,093)	(310,680)	–	(9,161)
Reversal of impairment losses on:				
- trade receivables	–	(96,220)	–	–
- other receivables	–	(366,536)	–	–

30. INCOME TAX EXPENSE

	The Group		The Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Current tax:				
- current financial year	6,512,697	6,358,177	–	166,922
- under/(over)provision in the previous financial year	112,718	24,398	(21,461)	(6,329)
Real property gains tax	57,000	–	–	–
	6,682,415	6,382,575	(21,461)	160,593
Deferred tax (Note 19):				
- origination and reversal of temporary differences	(940,798)	2,249,119	(180,873)	(81,010)
- overprovision in the previous financial year	(934,359)	(359,502)	–	–
	(1,875,157)	1,889,617	(180,873)	(81,010)
	4,807,258	8,272,192	(202,334)	79,583

For years of assessment 2017 and 2018, the Malaysian statutory tax rate will be reduced by 1% to 4%, based on the prescribed incremental percentage of chargeable income from business, compared to that of the immediate preceding year of assessment.

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

	The Group		The Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Profit before taxation	15,425,397	26,735,272	2,273,519	10,646,133
Tax at the statutory tax rate of 24%	3,702,095	6,416,465	545,645	2,555,072
Tax effects of:-				
Non-deductible expenses	2,612,534	2,280,189	890,277	461,240
Non-taxable income	(652,765)	(38,337)	(1,616,795)	(2,930,400)
Real property gains tax	57,000	–	–	–
Deferred tax assets not recognised during the financial year	4,351	2,409	–	–
Utilisation of deferred tax assets previously not recognised	–	(53,430)	–	–
Under/(Over)provision in the previous financial year:				
- current tax	112,718	24,398	(21,461)	(6,329)
- deferred tax	(934,359)	(359,502)	–	–
Differential in tax rates	(94,316)	–	–	–
Income tax expense for the financial year	4,807,258	8,272,192	(202,334)	79,583

30. INCOME TAX EXPENSE (CONT'D)

Income tax savings during the financial year arising from:-

	The Group	
	2018 RM	2017 RM
Utilisation of deferred tax assets previously not recognised arising from:		
- tax losses	–	10,495
- capital allowances	–	48
	–	10,543

No deferred tax assets are recognised at the end of the reporting period in respect of the following items:-

	The Group	
	2018 RM	2017 RM
Unutilised tax losses	518,750	500,626
Unabsorbed capital allowances	10,709	10,706
	529,459	511,332

31. DIVIDEND

	The Group/ The Company	
	2018 RM	2017 RM
In respect of the financial year ended 31 December 2018:		
- First interim dividend of 1 sen per ordinary share	4,017,260	–
In respect of the financial year ended 31 December 2017:		
- First interim dividend of 1 sen per ordinary share	–	4,020,790
	4,017,260	4,020,790

32. CASH FLOW INFORMATION

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

	The Group		The Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Cost of property, plant and equipment purchased	40,302,003	71,588,526	165,076	5,432,510
Amount financed through hire purchase (Note 32(b))	(16,265,666)	(35,475,080)	–	–
Other payables	(8,014,298)	(18,213,446)	(98,000)	(4,160,000)
Cash disbursed for purchase of property, plant and equipment	16,022,039	17,900,000	67,076	1,272,510

32. CASH FLOW INFORMATION (CONT'D)

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

	Hire Purchase Payables RM	Term Loans RM	Bankers' Acceptances RM	Invoice Financing RM	Revolving Credit RM	Bank Factoring RM	Total RM
The Group							
2018							
At 1 January	56,673,431	26,575,705	4,036,000	4,017,330	14,000,000	–	105,302,466
Changes in Financing Cash Flows							
Proceeds from drawdown	–	13,751,244	30,148,791	45,387,294	26,000,000	57,637,362	172,924,691
Repayment of borrowing principal	(24,355,185)	(5,277,200)	(22,137,791)	(33,248,276)	(37,000,000)	(55,821,557)	(177,840,009)
Repayment of borrowing interests	(3,604,389)	(1,631,549)	(416,330)	(988,493)	(510,561)	(89,717)	(7,241,039)
Non-cash Changes							
New hire purchase (Note 32(a))	16,265,666	–	–	–	–	–	16,265,666
Reclassification of other payables to hire purchase payables	13,314,059	–	–	–	–	–	13,314,059
Finance charges recognised in profit or loss	3,604,389	1,631,549	416,330	988,493	510,561	89,717	7,241,039
At 31 December	61,897,971	35,049,749	12,047,000	16,156,348	3,000,000	1,815,805	129,966,873

32. CASH FLOW INFORMATION (CONT'D)

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

	Hire Purchase Payables RM	Term Loans RM	Bankers' Acceptances RM	Invoice Financing RM	Revolving Credit RM	Bank Factoring RM	Total RM
The Group							
2017							
At 1 January	34,494,243	27,426,745	3,348,086	4,453,021	6,000,000	–	75,722,095
Changes in Financing Cash Flow							
Proceeds from drawdown	–	3,522,909	10,824,980	15,817,373	23,000,000	12,554,538	65,719,800
Repayment of borrowing principal	(21,570,792)	(4,373,949)	(10,137,066)	(16,253,064)	(15,000,000)	(12,554,538)	(79,889,409)
Repayment of borrowing interests	(2,523,868)	(1,381,165)	(163,932)	(436,633)	(188,586)	(99,006)	(4,793,190)
Non-cash Changes							
New hire purchase (Note 32(a))	35,475,080	–	–	–	–	–	35,475,080
Reclassification of other payables to hire purchase payables	8,274,900	–	–	–	–	–	8,274,900
Finance charges recognised in profit or loss	2,523,868	1,381,165	163,932	436,633	188,586	99,006	4,793,190
At 31 December	56,673,431	26,575,705	4,036,000	4,017,330	14,000,000	–	105,302,466

32. CASH FLOW INFORMATION (CONT'D)

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

	Amount Owing to Subsidiaries RM	Term Loans RM	Total RM
The Company			
2018			
At 1 January	250,059	584,524	834,583
Changes in Financing Cash Flows			
Management Fee	110,883	–	110,883
Repayment	(250,059)	–	(250,059)
Proceeds from drawdown	–	4,166,276	4,166,276
Repayment of borrowing principal	–	(222,635)	(222,635)
Repayment of borrowing interests	–	(163,431)	(163,431)
Non-cash Changes			
Finance charges recognised in profit or loss	–	163,431	163,431
At 31 December	110,883	4,528,165	4,639,048
2017			
At 1 January	474,892	704,524	1,179,416
Changes in Financing Cash Flows			
Payment on behalf by	64,988	–	64,988
Repayment	(289,821)	–	(289,821)
Repayment of borrowing principal	–	(120,000)	(120,000)
Repayment of borrowing interests	–	(31,204)	(31,204)
Non-cash Changes			
Finance charges recognised in profit or loss	–	31,204	31,204
At 31 December	250,059	584,524	834,583

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

	The Group		The Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Deposits with licensed banks	32,637,176	22,315,291	248,314	4,841,101
Short-term investments	4,194,411	2,293,570	636,644	–
Cash and bank balances	7,708,889	24,581,370	276,477	2,574,423
Bank overdrafts	(4,455,541)	(2,901,355)	–	–
	40,084,935	46,288,876	1,161,435	7,415,524
Less: Deposits pledged to licensed banks	(32,637,176)	(17,715,291)	(248,314)	(241,101)
Less: Deposit with tenure more than 3 months	–	(4,600,000)	–	(4,600,000)
	7,447,759	23,973,585	913,121	2,574,423

33. KEY MANAGEMENT PERSONNEL COMPENSATION

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

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

	The Group		The Company	
	2018 RM	**2017 RM**	**2018 RM**	**2017 RM**
(a) Directors				
Directors of the Company				
Short-term employee benefits:				
- fees	214,200	204,000	214,200	204,000
- salaries, bonuses and other benefits	3,342,632	3,117,671	2,901,392	218,468
	3,556,832	3,321,671	3,115,592	422,468
Defined contribution plans	271,952	318,432	222,800	20,670
Share option expenses	216,243	–	165,028	–
Total directors' remuneration (Note 29)	4,045,027	3,640,103	3,503,420	443,138

The estimated monetary value of benefits-in-kind provided by the Group and the Company to the directors of the Company were RM94,633 and RM79,950 (2017 - RM96,859 and RM6,662) respectively.

	The Group		The Company	
	2018 RM	**2017 RM**	**2018 RM**	**2017 RM**
(b) Other Key Management Personnel				
Short-term employee benefits	1,484,308	1,060,517	488,239	–
Share option expenses	181,531	–	45,525	–
Defined contribution plans	176,880	122,772	58,404	–
Total compensation for other key management personnel (Note 29)	1,842,719	1,183,289	592,168	–

34. RELATED PARTY DISCLOSURES

(a) Identities of Related Parties

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

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

(b) Related Party Transactions and Balances

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

	The Group		The Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Subsidiaries				
Received or receivable:-				
Dividend income	–	–	6,700,000	12,210,000
Management fee	–	–	1,229,089	–
Rental income:				
- premises	–	–	96,000	96,000
- hiring of machinery	–	–	12,000	200,000
Proceeds from disposal ofplant, property and equipment	–	–	15	29,729
Payment on behalf to	–	–	43,395	–
Advances to	–	–	23,872,000	68,157,000
Paid or payable:-				
Management fee	–	–	110,883	–
Payment on behalf by	–	–	–	64,988
Director				
Paid and payable:-				
Rental of premises	66,000	66,000	66,000	66,000

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

35. CAPITAL COMMITMENTS

	The Group 2018 RM	The Group 2017 RM
Approved and contracted for:-		
Purchase of property, plant and equipment	2,565,000	22,820,788
Purchase of investment properties	–	1,395,900
	2,565,000	24,216,688

36. OPERATING LEASE COMMITMENT

The future minimum lease payments under the non-cancellable operating leases are as follows:-

	The Group 2018 RM	The Group 2017 RM
Not later than 1 year	420,000	1,260,000
Later than 1 year and not later than 5 years	–	420,000
	420,000	1,680,000

37. EARNINGS PER SHARE

	The Group 2018	The Group 2017
Profit after taxation (RM)	10,618,139	18,463,080
Weighted average number of ordinary shares:-		
Ordinary shares at 1 January	402,079,000	312,079,000
Effect of treasury shares held	(157,600)	–
Effect of ordinary shares issued	–	44,136,986
Weighted average number of ordinary shares in issue	401,921,400	356,215,986
Basic earnings per share (Sen)	2.64	5.18

37. EARNINGS PER SHARE (CONT'D)

	The Group 2018	2017
Weighted average number of ordinary shares for basic earnings per share	401,921,400	356,215,986
Shares deemed to be issued for no consideration:		
- employee share options in issue	65,478	–
Weigjted aerage number of ordinary shares for diluted earning per share computation	401,986,878	356,215,986
Diluted earnings per ordinary share (Sen)	2.64	5.18

38. OPERATING SEGMENTS

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

The Group is organised into 2 main reportable segments as follows:-

(a) Construction and Support Services – involved in earthworks and civil engineering services; and

(b) Property Investments – involved in sales of investment properties for capital gain and rental of investment properties.

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.

38.1 BUSINESS SEGMENTS

The Group 31 December 2018	**Construction and Support Services RM**	**Property Investment RM**	**Consolidation Adjustments RM**	**Total RM**
Revenue				
External revenue	272,516,333	344,131	–	272,860,464
Inter-segment revenue	74,744,573	–	(74,744,573)	–
Consolidated revenue	347,260,906	344,131	–	272,860,464

38. OPERATING SEGMENTS (CONT'D)

38.1 BUSINESS SEGMENTS (CONT'D)

The Group 31 December 2018	**Construction and Support Services RM**	**Property Investment RM**	**Consolidation Adjustments RM**	**Total RM**
Represented by:-				
Revenue recognised at a point in time				
Sale of goods	19,473,770	–	–	19,473,770
Hiring of machinery	66,837,238	–	(65,565,511)	1,271,727
Day work revenue	2,513,094	–	–	2,513,094
Rental income	–	344,131	–	344,131
Cabin living quarters rental	1,411	–	–	1,411
Dividend income	6,700,000	–	(6,700,000)	–
Management fee	1,229,089	–	(1,229,089)	–
Revenue recognised over time				
Contract revenue	250,506,304	–	(1,249,973)	249,256,331
	347,260,906	344,131		272,860,464
Results				
Segment results				21,925,441
Interest income				1,179,903
Dividend income from short-term investments				82,601
				23,187,945
Finance costs				(7,762,518)
Share of result of an equity accounted associate				(30)
Consolidated profit before taxation				15,425,397
Income tax expense				(4,807,258)
Consolidated profit after taxation				10,618,139
Assets				
Segment assets	468,073,413	48,654,065	(108,474,148)	408,253,330
Deferred tax assets				160,149
Goods and services tax recoverable				1,431,696
Current tax assets				1,509,428
Consolidated total assets				411,354,603
Liabilities				
Segment liabilities	272,419,365	50,148,610	(98,380,660)	224,187,315
Deferred tax liabilities				4,909,076
Current tax liabilities				272,022
Consolidated total liabilities				229,368,413

38. OPERATING SEGMENTS (CONT'D)

38.1 BUSINESS SEGMENTS (CONT'D)

The Group 31 December 2018	**Construction and Support Services RM**	**Property Investment RM**	**Consolidation Adjustments RM**	**Total RM**
Other segment items:				
Capital expenditure:				
- investment properties	–	1,563,711	(49,522)	1,514,189
- property, plant and equipment	40,391,163	–	(89,160)	40,302,003
Depreciation:				
- investment properties	–	566,578	(39,215)	527,363
- property, plant and equipment	25,003,294	–	39,215	25,042,509
Direct operating expenses on investment properties:				
- income generating investment properties	–	79,531	–	79,531
- non-income generating investment properties	–	474,015	(263,782)	210,233
Interest expense	6,854,688	907,830	–	7,762,518
Property, plant and equipment written off	6,003	–	–	6,003
Allowance for impairment losses on trade receivables	443,050	–	–	443,050
Loss on deemed disposal due to effects of deconsolidation of subsidiaries under Member's Voluntary Winding Up	231,417	–	–	231,417
Gain on disposal of property, plant and equipment	(1,844,614)	–	(3,493,021)	(5,337,635)
Gain on disposal of an investment property	–	(3,493,076)	3,493,076	–
Share of results of an equity accounted associate	30	–	–	30
Share option expenses	1,116,498	–	–	1,116,498
Interest income:				
- deposits with licensed banks	(1,040,792)	–	–	(1,040,792)
- finance lease receivables	(113,018)	–	–	(113,018)
- others	(15,238)	(10,855)	–	(26,093)
Dividend income from short-term investments	(82,601)	–	–	(82,601)

38. OPERATING SEGMENTS (CONT'D)

38.1 BUSINESS SEGMENTS (CONT'D)

The Group 31 December 2017	Construction and Support Services RM	Property Investment RM	Consolidation Adjustments RM	Total RM
Revenue				
External revenue	265,708,139	280,433	–	265,988,572
Inter-segment revenue	70,518,336	–	(70,518,336)	–
Consolidated revenue	336,226,475	280,433	(70,518,336)	265,988,572
Results				
Segment results	42,975,523	(99,636)	(11,930,582)	30,945,305
Interest income				1,179,721
Dividend income from short-term investments				13,570
				32,138,596
Finance costs				(5,403,324)
Consolidated profit before taxation				26,735,272
Income tax expense				(8,272,192)
Consolidated profit after taxation				18,463,080
Assets				
Segment assets	411,656,586	44,305,284	(91,795,124)	364,166,746
Goods and services tax recoverable				2,240,322
Current tax assets				2,270,569
Consolidated total assets				368,677,637
Liabilities				
Segment liabilities	222,712,664	46,672,042	(82,132,797)	187,251,909
Deferred tax liabilities				6,624,084
Current tax liabilities				193,754
Consolidated total liabilities				194,069,747

38. OPERATING SEGMENTS (CONT'D)

38.1 BUSINESS SEGMENTS (CONT'D)

The Group **31 December 2017**	**Construction and Support Services** **RM**	**Property Investment** **RM**	**Consolidation Adjustments** **RM**	**Total** **RM**
Other segment items:				
Capital expenditure:				
- investment properties	–	3,315,549	–	3,315,549
- property, plant and equipment	71,349,619	268,646	(29,739)	71,588,526
Depreciation:				
- investment properties	–	525,232	(58,822)	466,410
- property, plant and equipment	20,355,444	71,725	58,822	20,485,991
Direct operating expenses on investment properties:				
- income generating investment properties	–	55,546	–	55,546
- non-income generating investment properties	–	198,788	(63,333)	135,455
Interest expense	4,708,397	694,927	–	5,403,324
Property, plant and equipment written off	315,761	–	–	315,761
Gain on disposal of property, plant and equipment	(752,373)	–	10	(752,363)
Gain on disposal of an investment property	–	(153,823)	–	(153,823)
Interest income:				
- deposits with licensed banks	(839,011)	–	–	(839,011)
- trade receivables	(586)	–	–	(586)
- finance lease receivables	(30,030)	–	–	(30,030)
- others	(309,762)	(918)	–	(310,680)
Dividend income from short-term investments	(13,570)	–	–	(13,570)
Reversal of impairment losses on				
- trade receivables	(96,220)	–	–	(96,220)
- non-trade receivables	(366,536)	–	–	(366,536)

38. OPERATING SEGMENTS (CONT'D)

38.2 MAJOR CUSTOMERS

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

The Group	Revenue RM	Segment
2018		
Customer A	52,144,535	Construction and Support Services
Customer B	48,797,626	Construction and Support Services
Customer C	35,005,935	Construction and Support Services
2017		
Customer B	87,334,956	Construction and Support Services
Customer D	56,973,053	Construction and Support Services
Customer A	28,413,429	Construction and Support Services

39. MATERIAL LITIGATION

Advancecon Infra Sdn. Bhd. (Advancecon Infra"), a wholly-owned subsidiary of Advancecon Holdings Berhad in the High Court of Malaya ("the Court") at Shah Alam Civil Suit No. BA-22C-50-11/2018 vs Infra Tech Projects Malaysia Sdn. Bhd. ("Infra Tech" or "the Defendant")

Advancecon Infra, through its solicitors, Messrs Arthur Wang, Lian & Associates had on 9 November 2018 filed and served a sealed copy of the Writ of Summons together with the Statement of Claim, both dated 2 November 2018 against Infra Tech Projects Malaysia Sdn. Bhd. (Company No. 654784-A) ("Infra Tech" or "the Defendant").

The filing of the Writ of Summons together with the Statement of Claim arose from the Advancecon Infra's claim for damage and losses suffered due to Infra Tech's engagement as a sub-contractor by the Advancecon Infra under 3 Letters of Award dated 20 January 2017 and 7 February 2017 ("Letters of Award") respectively for the Project known as "Phase 1 Earthwork for Cadangan Serah Balik and Berimilik Semula Dibawah Sekysen 204D Kanun Tanah Negara Untuk Pembangunan Bercampur Perumahan Dan Perniagaan, Di Atas PT8 (H.S.(D) 22218), PT 9 (H.S.(D) 22219) Dan PT20090 (H.S.(D) 244038), Mukim Bukit Raja, Daerah Petaling, Seksyen U12, Shah Alam, Selangor Darul Ehsan ("BS49 Project") which was awarded to Infra Tech.

39. MATERIAL LITIGATION (CONT'D)

Due to the alleged breach of the Letters of Award by the Defendant, Advancecon Infra is claiming for the following:

(a) A declaration that the Defendant has breached the terms and conditions of all the 3 Letters of Award under the BS49 Project;

(b) A declaration that Advancecon Infra was allowed to make deductions and set off from payments to the Defendant under all the 3 Letters of Award under the BS49 Project;

(c) A declaration that Advancecon Infra has the right to deduct/set off the total sum amounting to RM1,417,174.75 for the 3 Payment Certificates No. 5, 6 and 7 that are payable to the Defendant by Advancecon Infra;

(d) The sum of RM1,052,157.69 being the total outstanding balance remedial costs incurred due to the slope failures at HIEDYC and PVD Group Improvement at Show Village Area ("KTA2 Area") and CDYC, PVD and Geogrid Ground Improvement at Phase 1&2 Slope Area ("KTA1 Area");

(e) Interests on the sum of RM1,052,157.69 at the rate of 5% per annum from the date of this judgement until the date of full and final settlement;

(f) Solicitors' cost and

(g) Such further or other relief as deemed fit by the Court.

The first case management was fixed on 12 December 2018.

Advancecon Infra had received the Defence and Counterclaim from the Defendant dated 11 December 2018 and had filed and serve the Reply to Defence and Defence to Counterclaim dated 11 January 2019.

Advancecon Infra had received the sealed Amended Defence and Counterclaim dated 4 February 2019 from the Defendant on 13 February 2019.

Advancecon Infra had filed and served the unsealed Amended Defence and Counterclaim dated 27 February 2019 to the Defendant on 27 February 2019.

The Company announced that further to the case management held on 7 March 2019, the Court directed as follows:-

(a) The Defendant to file and serve Reply to Amended Defence to Amended Counterclaim on 13 March 2019; and

(b) Advancecon Infra and Defendant (collectively referred as "the Parties") to file Bundle of Pleadings, Common Bundle of Documents, Agreed Facts, Issues to be Tried, Summary of Case and List of Witnesses before the next date, 29 April 2019.

The Court has fixed next case management on 29 April 2019.

Advancecon Infra had on 13 March 2019 received the Defendant's Reply to Amended Defence to Counterclaim dated 13 March 2019.

40. FINANCIAL INSTRUMENTS

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

40.1 FINANCIAL RISK MANAGEMENT POLICIES

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

(a) Market Risk

(i) Foreign Currency Risk

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

(ii) Interest Rate Risk

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

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

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

	The Group		**The Company**	
	2018 RM	**2017 RM**	**2018 RM**	**2017 RM**
Floating Rate Instruments				
Financial Liabilities				
Term loans	35,049,749	26,575,705	4,528,165	584,524
Bankers' acceptances	12,047,000	4,036,000	–	–
Bank factoring	1,815,805	–	–	–
Invoice financing	16,156,348	4,017,330	–	–
Revolving credit	3,000,000	14,000,000	–	–
Bank overdrafts	4,455,541	2,901,355	–	–
	72,524,443	51,530,390	4,528,165	584,524

40. FINANCIAL INSTRUMENTS (CONT'D)

40.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(ii) Interest Rate Risk (Cont'd)

Interest Rate Risk Sensitivity Analysis

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

	The Group		The Company	
	2018 RM	**2017 RM**	**2018 RM**	**2017 RM**
Effects on Profit After Taxation				
Increase of 100 basis points	(551,186)	(391,631)	(34,414)	(4,442)
Decrease of 100 basis points	551,186	391,631	34,414	4,442

(iii) Equity Price Risk

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

(b) Credit Risk

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

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

(i) Credit Risk Concentration Profile

The Group's major concentration of credit risk relates to the amounts owing by 3 customers which constituted approximately 58% of its trade receivables at the end of the reporting period.

40. FINANCIAL INSTRUMENTS (CONT'D)

40.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(ii) Exposure to Credit Risk

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

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

(iii) Assessment of Impairment Losses

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

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

Trade Receivables and Contract Assets

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

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substially 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.

The Group considers any receivables having significant balances and more than 120 days overdue are deemed credit impaired.

For construction contracts, 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.

40. FINANCIAL INSTRUMENTS (CONT'D)

40.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

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

Trade Receivables and Contract Assets (Cont'd)

The information about the exposure to credit risk and the loss allowances calculated under MFRS 9 for trade receivables and contract assets are summarised below:-

The Group	**Gross Amount RM**	**Lifetime Loss Allowance RM**	**Carrying Amount RM**
2018			
Trade receivables			
Current (not past due)	27,653,802	–	27,653,802
Past due:			
- less than 2 months	19,058,778	–	19,058,778
- 2 to 4 months	13,876,772	(15,129)	13,861,643
- over 4 months	6,259,513	(212,388)	6,047,125
- more than 1 year	320,067	(13,092)	306,975
	67,168,932	(240,609)	66,928,323
Credit impaired:			
- individually impaired	212,709	(212,709)	–
	67,381,641	(453,318)	66,928,323
Contract assets			
Current (not past due)	79,097,980	–	79,097,980
	146,479,621	(453,318)	146,026,303

40. FINANCIAL INSTRUMENTS (CONT'D)

40.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

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

Trade Receivables and Contract Assets (Cont'd)

In the last financial year, the loss allowance on trade receivables was calculated under MFRS 139. The ageing analysis of trade receivables is as follows:-

The Group	Gross Amount RM (Restated)	Individual Impairment RM	Collective Impairment RM	Carrying Amount RM (Restated)
2017				
Not past due	18,207,774	–	–	18,207,774
Past due:				
- less than 2 months	5,603,192	–	–	5,603,192
- 2 to 4 months	12,678,799	–	–	12,678,799
- over 4 months	1,866,934	–	–	1,866,934
- more than 1 year	383,432	(10,268)	–	373,164
	38,740,131	(10,268)	–	38,729,863

The movements in the loss allowances in respect of trade receivables and contract assets are disclosed in Note 10 to the financial statements respectively.

Finance Lease Receivables, Other Receivables and Amount Owing by An Associate

Finance lease receivables, other receivables and amount owing by an associate are also subject to the impairment requirements of MFRS 9, the identified impairment loss was immaterial and hence, it is not provided for.

Deposits with Licensed Banks, Cash and Bank Balances

The Group considers banks and financial institutions have low credit risks. Therefore, the Group is of the view that the loss allowance is immaterial and hence, it is not provided for.

40. FINANCIAL INSTRUMENTS (CONT'D)

40.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

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

Amount Owing By Subsidiaries

The Company applies the 3-stage general approach to measuring expected credit losses for all inter-company balances. Generally, the Company considers loans and advances to subsidiaries have low credit risks. The Company assumes that there is a significant increase in credit risk when a subsidiary's financial position deteriorates significantly. As the Company is able to determine the timing of payments of the subsidiaries' loans and advances when they are payable, the Company considers the loans and advances to be in default when the subsidiaries are not able to pay when demanded. The Company considers a subsidiary's loan or advance to be credit impaired when the subsidiary is unlikely to repay its loan or advance in full or the subsidiary is continuously loss making or the subsidiary is having a deficit in its total equity.

The Company determines the probability of default for these loans and advances individually using internal information available.

The identified impairment loss was immaterial and hence, is not provided for.

Financial Guarantee Contracts

All of the financial guarantee contracts are considered to be performing, have low risks of default and historically there were no instances where these financial guarantee contracts were called upon by the parties of which the financial guarantee contracts were issued to. Accordingly, no loss allowances were identified based on 12-month expected credit losses.

40. FINANCIAL INSTRUMENTS (CONT'D)

40.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk

Liquidity risk arises mainly from general funding and business activities. The Group practises prudent risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities.

Maturity Analysis

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):-

The Group	Effective Interest Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM	1 - 5 Years RM	Over 5 Years RM
2018						
Non-derivative Financial Liabilities						
Trade payables	–	49,147,250	49,147,250	49,147,250	–	–
Other payables and accruals	–	15,921,253	15,921,253	15,921,253	–	–
Dividend payable	–	4,017,260	4,017,260	4,017,260	–	–
Hire purchase payables	3.67 - 8.45	61,897,971	68,493,588	18,959,609	49,533,979	–
Term loans	4.64 - 7.97	35,049,749	52,406,599	4,310,276	16,334,188	31,762,135
Bankers' acceptances	4.12 - 5.51	12,047,000	12,047,000	12,047,000	–	–
Bank factoring	7.92	1,815,805	1,815,805	1,815,805	–	–
Invoice financing	5.36 - 8.32	16,156,348	16,156,348	16,156,348	–	–
Revolving credit	5.90	3,000,000	3,000,000	3,000,000	–	–
Bank overdrafts	7.82 - 7.99	4,455,541	4,455,541	4,455,541	–	–
		203,508,177	227,460,644	129,830,342	65,868,167	31,762,135
2017						
Non-derivative Financial Liabilities						
Trade payables	–	44,793,675	44,793,675	44,793,675	–	–
Other payables and accruals	–	25,278,026	25,278,026	25,278,026	–	–
Hire purchase payables	3.96 - 8.45	56,673,431	63,904,816	16,221,432	47,683,384	–
Term loans	4.34 - 8.06	26,575,705	35,573,740	6,523,067	11,415,880	17,634,793
Bankers' acceptances	4.94 - 5.22	4,036,000	4,036,000	4,036,000	–	–
Invoice financing	6.42 - 7.67	4,017,330	4,017,330	4,017,330	–	–
Revolving credit	4.93 - 5.39	14,000,000	14,000,000	14,000,000	–	–
Bank overdrafts	7.67	2,901,355	2,901,355	2,901,355	–	–
		178,275,522	194,504,942	117,770,885	59,099,264	17,634,793

40. FINANCIAL INSTRUMENTS (CONT'D)

40.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk (Cont'd)

Maturity Analysis (Cont'd)

The Company	Effective Interest Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM	1 - 5 Years RM	Over 5 Years RM
2018						
Trade payables	–	15,808	15,808	15,808	–	–
Other payables and accruals	–	1,022,543	1,022,543	1,022,543	–	–
Amount owing to subsidiaries	–	110,883	110,883	110,883	–	–
Dividend payable	–	4,017,260	4,017,260	4,017,260	–	–
Term loans	4.77 - 5.11	4,528,165	6,225,577	523,307	1,900,475	3,801,795
Financial guarantee Contracts in relation to corporate guarantee given to certain subsidiaries*	–	–	122,738,266	122,738,266	–	–
		9,694,659	134,130,337	128,428,067	1,900,475	3,801,795
2017						
Trade payables	–	27,964	27,964	27,964	–	–
Other payables and accruals	–	4,325,499	4,325,499	4,325,499	–	–
Amount owing to subsidiaries	–	250,059	250,059	250,059	–	–
Term loan	4.88	584,524	655,279	145,686	509,593	–
Financial guarantee contracts in relation to corporate guarantee given to certain subsidiaries*	–	–	101,088,359	101,088,359	–	–
		5,188,046	106,347,160	105,837,567	509,593	–

* The contractual undiscounted cash flows represent the outstanding credit facilities of the subsidiaries at the end of the reporting period. The financial guarantees have not been recognised in since their fair value on initial recognition were not material.

40. FINANCIAL INSTRUMENTS (CONT'D)

40.2 CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities within the Group will be able to maintain an optimal capital structure so as to support their businesses and maximise shareholders' value. To achieve this objective, the Group may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

The Group manages its capital based on debt-to-equity ratio that complies with debt covenants and regulatory, if any. The debt-to-equity ratio is calculated as net debt divided by total equity. The Group includes within net debt, loans and borrowings from financial institutions less cash and cash equivalents.

The debt-to-equity ratio of the Group at the end of the reporting year was as follows:-

	The Group		The Company	
	2018 RM	**2017 RM**	**2018 RM**	**2017 RM**
Hire purchase payables	61,897,971	56,673,431	–	–
Term loans	35,049,749	26,575,705	4,528,165	584,524
Bankers' acceptances	12,047,000	4,036,000	–	–
Bank factoring	1,815,805	–	–	–
Invoice financing	16,156,348	4,017,330	–	–
Revolving credit	3,000,000	14,000,000	–	–
Bank overdrafts	4,455,541	2,901,355	–	–
	134,422,414	108,203,821	4,528,165	584,524
Less:				
- Deposits pledged to licensed banks	(32,637,176)	(17,715,291)	(248,314)	(241,101)
- Deposits with tenure of more than 3 months	–	(4,600,000)	–	(4,600,000)
- Short-term investments	(4,194,411)	(2,293,570)	(636,644)	–
- Cash and bank balances	(7,708,889)	(24,581,370)	(276,477)	(2,574,423)
Net debt/(surplus) of cash and cash equivalents	89,881,938	59,013,590	3,366,730	(6,831,000)
Total equity	181,986,190	174,607,890	93,100,493	93,864,509
Debt-to-equity ratio	0.49	0.34	0.04	#

\# *The debt-to-equity ratio of the Company is not presented as its cash and cash equivalents exceeded the total external borrowings as at 31 December 2017.*

There was no change in the Group's approach to capital management during the financial year.

40. FINANCIAL INSTRUMENTS (CONT'D)

40.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS

	The Group 2018 RM	The Company 2018 RM
Financial Assets		
Amortised Cost		
Finance lease receivables	3,639,418	–
Trade receivables	66,928,323	–
Other receivables and deposits	23,153,669	4,077,542
Amount owing by subsidiaries	–	79,274,972
Amount owing by an associate	5,288	3,788
Deposits with licensed banks	32,637,176	248,314
Cash and bank balances	7,708,889	276,477
	134,072,763	83,881,093
Mandatory at Fair Value Through Profit of Loss		
Short-term investments	4,194,411	636,644
Financial Liabilities		
Amortised Cost		
Trade payables	49,147,250	15,808
Other payables and accruals	15,921,253	1,022,543
Amount owing to subsidiaries	–	110,883
Dividend payable	4,017,260	4,017,260
Hire purchase payables	61,897,971	–
Term loans	35,049,749	4,528,165
Bankers' acceptances	12,047,000	–
Bank factoring	1,815,805	–
Invoice financing	16,156,348	–
Revolving credit	3,000,000	–
Bank overdrafts	4,455,541	–
	203,508,177	9,694,659

40. FINANCIAL INSTRUMENTS (CONT'D)

40.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS (CONT'D)

	The Group 2017 RM (Restated)	The Company 2017 RM
Financial Assets		
Loans and Receivables Financial Assets		
Finance lease receivables	2,091,030	–
Trade receivables	38,729,863	–
Other receivables and deposits	6,260,671	567,390
Amount owing by subsidiaries	–	73,991,583
Deposits with licensed banks	22,315,291	4,841,101
Cash and bank balances	24,581,370	2,574,423
	93,978,225	81,974,497
Fair Value through Profit or Loss		
Short-term investments	2,293,570	–
Financial Liabilities		
Other Financial Liabilities		
Trade payables	44,793,675	27,964
Other payables and accruals	25,278,026	4,325,499
Amount owing to subsidiaries	–	250,059
Hire purchase payables	56,673,431	–
Term loans	26,575,705	584,524
Bankers' acceptances	4,036,000	–
Invoice financing	4,017,330	–
Revolving credit	14,000,000	–
Bank overdrafts	2,901,355	–
	178,275,522	5,188,046

40. FINANCIAL INSTRUMENTS (CONT'D)

40.4 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:-

	Fair Value of Financial Instruments Carried at Fair Value			Fair Value of Financial Instruments not Carried at Fair Value			Total Fair Value	Carrying Amount
The Group	**Level 1 RM**	**Level 2 RM**	**Level 3 RM**	**Level 1 RM**	**Level 2 RM**	**Level 3 RM**	**RM**	**RM**
2018								
Financial Assets								
Finance lease receivables	–	–	–	–	3,596,534	–	3,596,534	3,639,418
Short-term investments	4,194,411	–	–	–	–	–	4,194,411	4,194,411
Financial Liabilities								
Hire purchase payables	–	–	–	–	61,866,543	–	61,866,543	61,897,971
Term loans	–	–	–	–	35,049,749	–	35,049,749	35,049,749
2017								
Financial Assets								
Finance lease receivables	–	–	–	–	2,087,103	–	2,087,103	2,091,030
Short-term investments	2,293,570	–	–	–	–	–	2,293,570	2,293,570
Financial Liabilities								
Hire purchase payables	–	–	–	–	56,747,359	–	56,747,359	56,673,431
Term loans	–	–	–	–	26,575,705	–	26,575,705	26,575,705

40. FINANCIAL INSTRUMENTS (CONT'D)

40.4 FAIR VALUE INFORMATION (CONT'D)

The Company	Fair Value of Financial Instruments Carried at Fair Value Level 1 RM	Level 2 RM	Level 3 RM	Fair Value of Financial Instruments not Carried at Fair Value Level 1 RM	Level 2 RM	Level 3 RM	Total Fair Value RM	Carrying Amount RM
2018								
Financial Assets								
Short-term investments	636,644	–	–	–	–	–	636,644	636,644
Financial Liability								
Term loans	–	–	–	–	4,528,165	–	4,528,165	4,528,165
2017								
Financial Liability								
Term loan	–	–	–	–	584,524	–	584,524	584,524

40. FINANCIAL INSTRUMENTS (CONT'D)

40.4 FAIR VALUE INFORMATION (CONT'D)

(a) Fair Value of Financial Instruments Carried at Fair Value

(i) The fair values of the short-term investments are determined using their quoted closing prices at the end of the reporting period.

(ii) There was no transfer between level 1 and level 2 during the financial year.

(b) Fair Value of Financial Instruments Not Carried at Fair Value

The fair values, which are for disclosure purposes, have been determined using the following basis:-

(i) The fair values of the Group and the Company's term loans that carry floating interest rates approximated their carrying amounts as they are repriced to market interest rates on or near the reporting date.

(ii) The fair values of the Group's and the Company's finance lease receivables, and hire purchase payables that carry fixed interest rates are determined by discounting the relevant future contractual cash flows using current market interest rates for similar instruments at the end of the reporting period. The interest rates used to discount the estimated cash flows are as follows:-

	The Group	
	2018	**2017**
	%	**%**
Financial lease receivables	6.20 to 6.23	5.82
Hire purchase payables	3.22 to 6.36	3.97 to 6.33

41. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

(a) On 18 January 2018, all resolutions as prescribed in relation to the proposed establishment of an Employee's Share Option Scheme ("ESOS") of up to 15% of the total number of issued shares (excluding treasury shares, if any) were duly passed by way of poll at the Extraordinary General Meeting. The effective date of the ESOS has been fixed on 6 March 2018.

(b) On 6 February 2018, Special Resolutions were passed by the shareholders of Advancecon Rock Sdn. Bhd. and Advancecon Trading Sdn. Bhd., respectively to initiate the process of Member's Voluntary Winding Up and accordingly, liquidators have been appointed.

(c) On 12 April 2018, Advancecon Machinery Sdn. Bhd., a wholly-owned subsidiary entered into 2 separate Sale and Purchase Agreement with Perbadanan Kemajuan Negeri Selangor to purchase 2 pieces of industrial land located at Seksyen 6 Kota Puteri Daerah Gombak for a total purchase consideration of approximately RM13,700,000. The Group intends to construct a workshop on these 2 pieces of industrial land to allow the Group to have better flexibility and convenience for its internal servicing team to perform repair and maintenance services for its machinery and equipment catered for the projects on a timely basis.

(d) On 29 August 2018, Advancecon Properties Sdn. Bhd., a wholly-owned subsidiary entered into a Sale and Purchase Agreement with Acmar Auto Parts (M) Sdn Bhd for the disposal of a piece of leasehold industrial land in Port Klang, Selangor for a total purchase consideration of RM9,070,000.

(e) On 12 October 2018, a new 20% owned associate named Advancecon (Sarawak) Sdn. Bhd. was incorporated in Malaysia under the Companies Act 2016. Its principal activities are to provide earthworks and civil engineering services and sales of construction materials.

42. SIGNIFICANT EVENTS OCCURRING AFTER THE REORTING PERIOD

(a) On 26 March 2019, the Company had incorporated a new subsidiary known as Advancecon Solar Sdn. Bhd. with an issued share capital of RM100 comprising 100 ordinary shares.

(b) On 26 March 2019, the Company entered into a Memorandum of Understanding with Kumpulan Semesta Sdn. Bhd. to collaborate and to explore opportunities in the solar energy industry in Malaysia, particularly in respect of the proposed Large Scale Solar Project 3 by the Energy Commission (Suruhanjaya Tenaga).

43. CHANGES IN ACCOUNTING POLICIES

As mentioned in Note 3.1 to the financial statements, the Group has adopted MFRS 15 during the financial year. The financial impacts upon the adoption of this accounting standard are summarised below:-

Statements of Financial Position (Extract):-

	At 1 January 2018		
	As Previously Reported RM	**MFRS 15 Adjustments RM**	**As Restated RM**
Assets			
Contract assets	–	84,106,836	84,106,836
Amount owing by contract customers	8,762,940	(8,762,940)	–
Trade receivables	114,073,759	(75,343,896)	38,729,863
Liabilities			
Contract liabilities	–	8,976,387	8,976,387
Amount owing to contract customers	8,976,387	(8,976,387)	–

LIST OF **PROPERTIES**

No	Title Details/ Postal Address	Description Of Property / Existing Use	Land Area / Built-up Area (Sq. ft.)	Approximate Age Of Building (Years)	Tenure/ Date Of Expiry Of The Lease	Audited Net Book Value As At 31.12.2018 (RM)	Date Of Acquisition
1.	H.S (M) 23117,P.T.NO. 831, Tempat Kota Puteri, Seksyen 6, Bandar Batu Arang, Daerah Gombak, Negeri Selangor Darul Ehsan Lot 23,Jalan Kota Puteri 6, Kawasan Industri Seksyen 6, Kota Puteri, Bandar Batu Arang, Daerah Gombak.	A parcel of leasehold industrial land	Land area: 241,391 Built up area: Not applicable	Not applicable	Leasehold (99 years)/ 4 February 2104	6,955,688	12 April 2018
2.	H.S.(D) 173541, P.T.No.32213, Pekan Baru Sungai Buloh, District of Petaling, State of Selangor Darul Ehsan No. 8, Jalan PJU 3/16D Tropicana Indah 47410 Petaling Jaya Selangor Darul Ehsan	A parcel of leasehold residential land	Land area: 21,269 Built up area: Not applicable	Not applicable	Leasehold (99 years)/ 27 May 2101	6,305,258	29 July 2015
3.	H.S (M) 23116,P.T.No. 830, Tempat Kota Puteri, Seksyen 6, Bandar Batu Arang, Daerah Gombak, Negeri Selangor Darul Ehsan Lot 21,Jalan Kota Puteri 6, Kawasan Industri Seksyen 6, Kota Puteri, Bandar Batu Arang, Daerah Gombak.	A parcel of leasehold industrial land	Land area: 217,679 Built up area: Not applicable	Not applicable	Leasehold (99 years)/ 4 February 2104	6,274,427	12 April 2018
4.	H.S(D) 242482, P.T. 10061, Pekan Baru Sungai Buloh, Daerah Petaling, Negeri Selangor Darul Ehsan No. 20, Jalan Pekaka 8/3,Sekysen 8, Kota Damansara, 47810 Petaling Jaya, Selangor Darul Ehsan	One (1) unit of five (5) storey shop office	Land area: 4,349 Built up area: 21,408	Sixteen (17) years	Leasehold (99 years)/ 17 December 2106	5,269,095	29 September 2017

No	Title Details/ Postal Address	Description Of Property / Existing Use	Land Area / Built-up Area (Sq. ft.)	Approximate Age Of Building (Years)	Tenure/ Date Of Expiry Of The Lease	Audited Net Book Value As At 31.12.2018 (RM)	Date Of Acquisition
5.	PN 52716, Lot 20007 Section 95A and Geran 79381, Lot 20006 Section 95A B01-A-08-1, Menara 2, No. 3, Jalan Bangsar, KL Eco City, 59200 Kuala Lumpur	Whole of 8th floor of a twenty (20) storey building office tower block	Land area: Not applicable Built up area: 4,381	Three (3) years	Leasehold (99 years)/ 5 December 2113	5,200,060	5 August 2013
6.	Geran 316473, Lot 64445, Town of Glenmarie, District of Petaling, State of Selangor Darul Ehsan No.1,Jalan Pengaturcara U1/51E,Seksyen U1, 40150 Shah Alam, Selangor Darul Ehsan.	One (1) unit of three (3) storey bungalow	Land area: 7,158 Built up area: 4,790	Eight (8) years	Freehold	3,747,001	4 September 2015
7.	HS(D) 279746, Lot No. PT 1981 Town of Glenmarie, District of Petaling, State of Selangor Darul Ehsan No. 18, Jalan Pengaturcara, U1/51H, Seksyen U1, 40150 Shah Alam, Selangor Darul Ehsan	One (1) unit of three (3) storey semi-detached house	Land area: 8,253 Built up area: 3,940	Six (6) years	Freehold	3,129,559	4 September 2015
8.	Land Parcel No. S1001 Phase 1A03-Rio Villa Eco Sanctuary PN 114310,Lot 74124 (formerly known as HS(D) 39255 PT 41293, HS(D) 39256 PT 41294, HS(D) 39257 PT41295) Mukim Tanjong Dua belas, District of Kuala Langat, State of Selangor Darul Ehsan Postal Address : No.52, Jalan Eco Santuari 1/1, Eco Santuari, 42500 Telok Panglima Garang, Selangor Darul Ehsan	One (1) unit of double storey semi-detached house	Land area: 4,800 Built up area: 3,577	One (1) year	Leasehold (99 years)/ 9 November 2110	2,273,935	28 June 2015

LIST OF PROPERTIES (CONT'D)

No	Title Details/ Postal Address	Description Of Property / Existing Use	Land Area / Built-up Area (Sq. ft.)	Approximate Age Of Building (Years)	Tenure/ Date Of Expiry Of The Lease	Audited Net Book Value As At 31.12.2018 (RM)	Date Of Acquisition
9.	Land Parcel No. S1002 Phase 1A03-Rio Villa Eco Sanctuary PN 114310,Lot 74124 (formerly known as HS(D) 39255 PT 41293, HS(D) 39256 PT 41294, HS(D) 39257 PT41295) Mukim Tanjong Dua belas, District of Kuala Langat, State of Selangor Darul Ehsan Postal Address : No.50, Jalan Eco Santuari 1/1, Eco Santuari, 42500 Telok Panglima Garang, Selangor Darul Ehsan	One (1) unit of double storey semi-detached house	Land area: 4,004 Built up area: 3,522	One (1) year	Leasehold (99 years)/ 9 November 2110	2,094,612	28 June 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	Three (3) years	Freehold	1,863,372	14 March 2016

ANALYSIS OF **SHAREHOLDINGS**
AS AT 29 MARCH 2019

Total Issued Share	:	402,209,000 Ordinary Shares (including 1,161,000 Treasury Shares as per Record of Depositors as at 29 March 2019)
Types of Shares	:	Ordinary Share
Voting Rights	:	One vote per Ordinary Share on a poll

DISTRIBUTION OF SHAREHOLDINGS AS AT 29 MARCH 2019

Size of Shareholdings	No. of Shareholders	No. of Shares	% of Issued Share Capital
Less than 100	8	100	0.00
100 to 1,000	218	145,300	0.04
1,001 to 10,000	1,107	6,629,900	1.65
10,001 to 100,000	833	29,628,600	7.39
100,001 – 20,052,399 *	184	243,621,850	60.74
20,052,400 and above **	4	121,022,250	30.18
Total	**2,354**	**401,048,000**	**100.00**

Note:-
* *Less than 5% of Issued Holdings*
** *5% and above of Issued Holdings*

\# *Excluding a total of 1,161,000 ordinary shares bought back by the Company and retained as Treasury Shares as per Record of Depositors as at 11 March 2019*

THIRTY LARGEST SECURITIES ACCOUNT HOLDERS (ACCORDING TO THE REGISTER OF DEPOSITORS AS AT 29 MARCH 2019)

	Name	No. of Shares	% of Issued Share Capital
1.	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Dato' Phum Ang Kia (7003846)	38,500,000	9.60
2.	Dato' Phum Ang Kia	30,063,750	7.50
3.	Lim Swee Chai	28,858,250	7.20
4.	Pham Soon Kok	23,600,250	5.88
5.	Amsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lim Swee Chai	15,830,000	3.95
6.	Lim Kok Tiong	14,923,550	3.72
7.	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Yeo An Thai	14,875,250	3.71
8.	RHB Nominees (Tempatan) Sdn Bhd OSK Capital Sdn Bhd for Yayasan Islam Terengganu	13,290,000	3.31
9.	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Dato' Phum Ang Kia	13,000,000	3.24
10.	Amanahraya Trustees Berhad PB Islamic Smallcap Fund	11,304,000	2.82
11.	Chan Keng Kong	11,019,150	2.75
12.	Lam Wing King	10,789,250	2.69
13.	Amsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Dato' Phum Ang Kia	10,200,000	2.54
14.	RHB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lim Swee Chai	7,300,000	1.82
15.	Tung Kai Hung	7,000,000	1.75

THIRTY LARGEST SECURITIES ACCOUNT HOLDERS (ACCORDING TO THE REGISTER OF DEPOSITORS AS AT 29 MARCH 2019) (CONT'D)

	Name	No. of Shares	% of Issued Share Capital
16.	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad Deutsche Trustees Malaysia Berhad for Eastspring Investments Islamic Small-Cap Fund	6,651,200	1.66
17.	Puah Kian Yiew	6,176,850	1.54
18.	Tung Kai Hung	5,875,250	1.46
19.	Yap Goon Ying	5,777,250	1.44
20.	RHB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Pham Soon Kok	5,000,000	1.25
21.	Yap Goon Ying	5,000,000	1.25
22.	Amsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account - Ambank (M) Berhad for Dato' Phum Ang Kia (Smart)	4,800,000	1.20
23.	Cimsec Nominees (Tempatan) Sdn Bhd CIMB Bank for Datuk Chiau Beng Teik (MY2975)	4,470,000	1.11
24.	Citigroup Nominees (Tempatan) Sdn Bhd Kumpulan Wang Persaraan (Diperbadankan) (ESPG IV SC E)	3,388,400	0.84
25.	HLIB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Yap Kok Weng	2,846,700	0.71
26.	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board (PHEIM)	2,122,900	0.53
27.	Loh Lap Keong	2,000,000	0.50
28.	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chan Keng Kong	2,000,000	0.50
29.	Mohammed Abdulaziz S Alajaji	1,625,000	0.41
30.	Tai Thong Ming	1,525,400	0.38

SUBSTANTIAL SHAREHOLDERS AS PER REGISTER OF SUBSTANTIAL SHAREHOLDERS

		Direct Interest		Indirect Interest	
	Name	No. of Shares	%	No. of Shares	%
1.	Dato' Phum Ang Kia	96,563,750	24.08	–	–
2.	Lim Swee Chai	53,038,250	13.22	–	–
3.	Pham Soon Kok	28,600,250	7.13	–	–

DIRECTORS' SHAREHOLDINGS AS PER REGISTER OF DIRECTORS' SHAREHOLDINGS

		Direct Interest		Indirect Interest	
	Name	No. of Shares	%	No. of Shares	%
1.	Dato' Phum Ang Kia	96,563,750	24.08	–	–
2.	Lim Swee Chai	53,038,250	13.22	–	–
3.	Ir. Yeo An Thai	14,875,250	3.71	–	–
4.	Tung Kai Hung	12,875,250	3.21	–	–
5.	Yeoh Chong Keat	25,000	0.01	–	–
6.	Fathi Ridzuan bin Ahmad Fauzi	25,000	0.01	–	–
7.	Mohd Zaky bin Othman	–	–	–	–

NOTICE OF
TWENTY-SECOND ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Twenty-Second (22nd) Annual General Meeting ("AGM") of Advancecon Holdings Berhad ("the Company") will be held at Greens III (Sports Wing), Tropicana Golf & Country Resort, Jalan Kelab Tropicana, 47410 Petaling Jaya, Selangor Darul Ehsan on Thursday, 20 June 2019 at 10.00 a.m. for the following purposes:

AGENDA

AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 December 2018 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 RM350,000 in respect of the period from 21 June 2019 until the conclusion of the next AGM of the Company. ***Ordinary Resolution 1 (Please refer to Explanatory Note 2)***

3. To re-elect the following Directors, who retire by rotation in accordance with Article 95 of the Company's Articles of Association and being eligible, have offered themselves for re-election:

   (a) Tung Kai Hung ***Ordinary Resolution 2***

   (b) Mohd Zaky Bin Othman ***Ordinary Resolution 3 (Please refer to Explanatory Note 3)***

4. To re-appoint Messrs. Crowe Malaysia PLT *(formerly known as Messrs. Crowe Horwath)* as auditors of the Company and to authorise the Directors to fix their remuneration. ***Ordinary Resolution 4 (Please refer to Explanatory Note 4)***

AS SPECIAL BUSINESS

To consider and if thought fit, with or without modifications to pass the following resolutions:

5. **AUTHORITY TO ISSUE AND ALLOT SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016** ***Ordinary Resolution 5 (Please refer to Explanatory Note 5)***

   "THAT subject to Sections 75 and 76 of the Companies Act 2016 ("the Act") and approvals of the relevant governmental/regulatory authorities, the Directors be and are hereby authorised to issue and allot shares in the Company from time to time, at such price, upon such terms and conditions and for such purposes and to such persons whomsoever and as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares to be issued during the preceding 12 months does not exceed 10% of the total number of the issued shares (excluding treasury shares) of the Company for the time being AND THAT the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued from Bursa Malaysia Securities Berhad ("Bursa Securities");

   AND THAT such authority shall commence immediately upon the passing of this resolution and continue to be in force until the conclusion of the next AGM of the Company or at the expiry of the period within which the next AGM is required to be held after the approval was given, whichever is earlier, unless revoked or varied by an ordinary resolution of the Company at a general meeting."

6. **PROPOSED RENEWAL OF AUTHORITY TO PURCHASE ITS OWN SHARES OF UP TO 10% OF THE TOTAL NUMBER OF ISSUED SHARES IN THE COMPANY**

Ordinary Resolution 6 (Please refer to Explanatory Note 6)

"THAT, subject always to the Act, the provisions of the Articles of Association of the Company, the Main Market Listing Requirements of Bursa Securities ("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 Depositors) 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."

7. **PROPOSED ADOPTION OF NEW CONSTITUTION OF THE COMPANY** **Special Resolution (Please refer to Explanatory Note 7)**

   "THAT the proposed new Constitution as set out in Part B of the Circular to Shareholders dated 30 April 2019 be and is hereby adopted as the Constitution of the Company in place of the existing Memorandum and Articles AND THAT the Directors of the Company be and is hereby authorised to assent to any conditions, modifications and/or amendments as may be required by any relevant authorities, and to do all acts and things and take such steps as may be considered necessary to give full effect to the foregoing."

8. To transact any other ordinary business for which due notice have been given.

BY ORDER OF THE BOARD

Tan Tong Lang (MAICSA 7045482)
Thien Lee Mee (LS 0009760)
Company Secretaries

Kuala Lumpur
Dated this 30th day of April 2019

Notes:

1. In respect of deposited securities, only member whose names appear in the Company's Record of Depositors as at 13 June 2019 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 two (2) proxies. Where a member appoints two (2) proxies, he/she shall specify the proportion of his shareholdings to be represented by each proxy.

3. A proxy may but need not be a shareholder of the Company and a shareholder may appoint any person to be his proxy without limitation. 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 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.

5. 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.

6. The original instrument appointing a proxy be deposited at the Company's Share Registrar Office, Boardroom Share Registrars Sdn Bhd *(formerly known as Symphony Share Registrars Sdn Bhd)*, situated at Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan, not less than 48 hours before the time set for holding this meeting.

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 and Special Business:

1. Item 1 of the Agenda

To receive the audited financial statements for the Financial Year Ended 31 December 2018

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

To approve the payment of Directors' fees and other benefits payable

Pursuant to Section 230(1) of the Act, fees and benefits payable to the Directors of a listed company and its subsidiaries shall be approved by shareholders at a general meeting. The Company is requesting for the shareholders' approval for the payment of fees in accordance with the proposed remuneration structure set out below:

	Director's fee (RM)	**Meeting allowance (RM)**	**Business travel, accommodation and etc. (RM)**
Independent Non-Executive Chairman	7,700 per month	500.00 per meeting	20,000 per annum
Independent Non-Executive Director	5,500 per month	500.00 per meeting	20,000 per annum

3. Item 3 of the Agenda

Re-election of retiring Directors

Article 95 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. Mr. Tung Kai Hung and En. Mohd Zaky Bin Othman are standing for re-election as Directors of the Company. En. Mohd Zaky, who is an Independent Non-Executive Director ("INED"), has reaffirmed his independence based on independence criteria applied by the Company which is also used in the yearly assessment of INEDs 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 Resolutions 2 and 3, and considered the following:

(a) The Directors performance and contribution based on the results of the annual evaluation of board;

(b) The Director's level of contribution to the Board deliberations through his skills, experience and strength in qualities; and

(c) Their abilities to act in the best interests of the Company in decision-making.

Based on the results of the annual evaluation of board, the individual Directors met the performance criteria required of an effective and high performance Board. Hence, the Board has recommended the re-election of Mr. Tung and En. Mohd Zaky as Directors of the Company.

Explanatory Notes to Ordinary and Special Business: (Cont'd)

4. Item 4 of the Agenda

Re-appointment of Auditors

The Audit Committee and the Board have considered the re-appointment of Messrs. Crowe Malaysia PLT *(formerly known as Messrs. Crowe Horwath)* as auditors of the Company and collectively agreed that they have met the relevant criteria prescribed by Paragraph 15.21 of Listing Requirements.

5. Item 5 of the Agenda

Authority to issue and allot shares pursuant to Sections 75 and 76 of the Companies Act 2016

The Company would like to act expeditiously on opportunities to expand the Group's business, if and when they arise. The proposed Ordinary Resolution 5, if passed, will authorise the Directors to issue and allot ordinary shares up to 10% of the total number of the issued shares (excluding treasury shares) of the Company and will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for the purpose of funding current and/or future investment project(s), working capital and/or acquisition.

In order to avoid incurring additional cost and time involved in convening a general meeting to approve such an allotment of shares, it is thus considered appropriate that the Directors be authorised to issue and allot shares in the Company up to 10% of the total number of issued shares (excluding treasury shares) of the Company in the forthcoming AGM. The renewed General Mandate will commence from the date of the 22nd AGM and such authority shall continue to be in force until the conclusion of the next AGM or at the expiry of the period within which the next AGM is required to be held after the approval was given, whichever is the earlier, unless such approval is revoked or varied by a resolution of the Company at a general meeting.

The general mandate for the allotment of shares is a renewal mandate. No shares had been issued and allotted by the Company since obtaining the said authority from its shareholders at the last AGM held on 27 June 2018.

6. Item 6 of the Agenda

Proposed renewal of authority to purchase its own shares of up to 10% of the total number of issued shares in the Company

The proposed Ordinary Resolution 6, if passed, will enable the Directors of the Company to purchase Company's shares up to 10% of the total number of issued shares of the Company by utilising the funds allocated which shall not exceed the total amount of the retained profits of the Company 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.

Further information on the proposed renewal of authority to purchase its own shares is set out in the Share Buy-Back Statement to Shareholders dated 30 April 2019 which is dispatched together with the Company's Annual Report 2018.

7. Item 7 of the Agenda

Proposed Adoption of a New Company's Constitution

The proposed Special Resolution if passed, will bring the Company's Constitution in line with the enforcement of the Act, Listing Requirements and to enhance administrative efficiency. The proposed new Constitution shall take effect once the Special Resolution has been passed by a majority of not less than 75% of such members who are entitled to vote and do vote in person or by proxy at the 22nd AGM.

This page has been intentionally left blank

ADVANCECON

ADVANCECON HOLDINGS BERHAD (426965-M)
(Incorporated in Malaysia)

FORM OF PROXY

I/We, ... (FULL NAME IN BLOCK CAPITAL)

*NRIC/Company No. .... of ....

.... (FULL ADDRESS)

being a member(s) of **ADVANCECON HOLDINGS BERHAD (426965-M)** hereby appoint (Proxy 1)

.... (FULL NAME IN BLOCK CAPITAL)

*NRIC No./Passport No. .... of ....

.... (FULL ADDRESS)

and failing* him/her (Proxy 2) ....(FULL NAME IN BLOCK CAPITAL)

*NRIC No./Passport No. .... of ....

.... (FULL ADDRESS)

and failing *him/her, the Chairman of the Meeting as *my/our proxy to vote for me/us and on *my/our behalf at the Twenty-Second ("22nd") Annual General Meeting ("AGM") of the Company to be held at Greens III (Sports Wing), Tropicana Golf & Country Resort, Jalan Kelab Tropicana, 47410 Petaling Jaya, Selangor Darul Ehsan on Thursday, 20 June 2019 at 10.00 a.m. and at any adjournment thereof.

The proportion of *my/our holding to be represented by *my/our proxies are as follows:-

First Proxy

No. of Shares: ....

Percentage : .... %

Second Proxy

No. of Shares: ....

Percentage : .... %

*My/Our proxy is to vote as indicated below:-

	Agenda	For	Against
	Ordinary Resolutions		
1	To approve the payment of Directors' fees and other benefits of up to RM350,000 in respect of the period from 21 June 2019 until the conclusion of the next AGM of the Company.		
2	To re-elect Tung Kai Hung as Director.		
3	To re-elect Mohd Zaky Bin Othman as Director.		
4	To re-appoint Messrs. Crowe Malaysia PLT *(formerly known as Messrs. Crowe Horwath)* as auditors of the Company and to authorise the Directors to fix their remuneration.		
5	Authority to issue and allot shares pursuant to Sections 75 and 76 of the Companies Act 2016		
6	Proposed renewal of authority to purchase its own shares of up to 10% of the total number of issued shares in the Company		
	Special Resolution		
7	Proposed adoption of new Constitution of the Company		

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 2019

....
*Signature/Common Seal of shareholder
Contact no.:

No. of Shares held	
CDS Account No.	
Tel No. (during office hours)	

** Strike out whichever not applicable*

Fold this flap for sealing

Notes:

1. In respect of deposited securities, only member whose names appear in the Company's Record of Depositors as at 13 June 2019 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 two (2) proxies. Where a member appoints two (2) proxies, he/she shall specify the proportion of his shareholdings to be represented by each proxy.

3. A proxy may but need not be a shareholder of the Company and a shareholder may appoint any person to be his proxy without limitation. 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 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.

5. 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.

6. The original instrument appointing a proxy be deposited at the Company's Share Registrar Office, Boardroom Share Registrars Sdn Bhd *(formerly known as Symphony Share Registrars Sdn Bhd)*, situated at Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan, not less than 48 hours before the time set for holding this meeting.

Personal data privacy:-

By submitting an instrument appointing a proxy(ies) and /or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Twenty-Second (22nd) AGM dated 30th day of April 2019.

Please fold here

Stamp

The Share Registrar of
ADVANCECON HOLDINGS BERHAD (426965-M)
Boardroom Share Registrars Sdn Bhd
(formerly known as Symphony Share Registrars Sdn Bhd)
Level 6, Symphony House, Pusat Dagangan Dana 1
Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan

Please fold here

ADVANCECON HOLDINGS BERHAD
(Company No. 426965-M)

16,18 & 20 Jalan Pekaka 8/3,
Seksyen 8, Kota Damansara,
47810 Petaling Jaya,
Selangor Darul Ehsan, Malaysia.

Tel : +603 6157 9563
Fax : +603 6157 0469
Email : info@advancecon.com.my

www.advancecon.com.my

CORPORATE GOVERNANCE REPORT

STOCK CODE **:** 5281
COMPANY NAME **:** ADVANCECON HOLDINGS BERHAD
FINANCIAL YEAR **:** December 31, 2018

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 PERSUANT CORPORATE GOVERNANCE GUIDELINES ISSUED BY BANK NEGARA MALAYSIA
Disclosures in this section are pursuant to Appendix 4 (Corporate Governance Disclosures) of the Corporate Governance Guidelines issued by Bank Negara Malaysia. This section is only applicable for financial institutions or any other institutions that are listed on the Exchange that are required to comply with the above Guidelines.

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

Disclosures in this section are pursuant to Paragraph 15.25 of Bursa Malaysia Listing Requirements.

Intended Outcome

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

Practice 1.1

The board should set the company's strategic aims, ensure that the necessary resources are in place for the company to meet its objectives and review management performance. The board should set the company's values and standards, and ensure that its obligations to its shareholders and other stakeholders are understood and met.

Application	:	Applied
Explanation on application of the practice	:	Advancecon Holdings Berhad ("Advancecon" or "the Company") is led by an experienced, competent and diversified Board that is made up of Directors with appropriate competencies, knowledge, skills and experience from diverse backgrounds. The Directors collectively, set the Company's strategic objectives and ensure that the necessary resources are in place for the Company to meet its objectives and review management performance. The Board is responsible for the oversight and overall management of the Company. The Executive Directors are responsible to manage the day-to-day operations of the business, implementation of Board policies and making strategic decisions for the business while the Independent Non-Executive Directors ("INED") contribute their independent judgment to the Board on issues of strategy and performance. The Board is guided by its Board Charter and the Code of Conduct and Ethics ("Code") which clearly sets out the Board's roles and responsibilities and the standard of conduct expected of Directors respectively. 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 Chairmen of the respective Committees report to the Board the outcome of deliberations of each Committee's meetings. In order to ensure the effective discharge of the Board's functions and responsibilities in meeting the objectives of the Company and of the Group, the Board had carried out the following activities during the financial year ended 31 December 2018 ("FY2018"):

	(a) The Chairman ensures that decisions are taken on a sound and well-informed basis, including by ensuring that all strategic and critical issues are considered by the Board and that Directors receive the relevant information on a timely basis. (b) The Management's performance under the leadership of the Group Chief Executive Officer ("Group CEO") is monitored through a yearly performance evaluation. (c) The Board through the Nomination Committee ("NC") is responsible to ensure the Board is represented by individuals with an optimal mix of qualifications, skills and experience. (d) The Remuneration Committee ("RC") is responsible to formulate and review the remuneration for Directors and Senior Management of the Company to ensure the same remain competitive, appropriate and in alignment with the prevailing market practices. (e) Through the Risk Management and Sustainability Committee ("RMSC"), the Board oversees the risk management framework of the Group. The RMSC assists the Board to fulfill its responsibilities with regards to risk governance and risk management in order to manage the overall risks exposure of the Group. The Audit Committee ("AC") reviews the internal controls of the Group to ensure, as far as possible, the protection of its assets and its shareholders' interest. (f) 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 (g) The Board ensures that financial statements prepared for each financial year have been made out in accordance with the applicable approved accounting standards and give a true and fair view of the state of affairs of the Company and the Group at the end of the financial year. In preparing the financial statements the Board has: • Ensure adherence to accounting policies and applied them consistently. • Made judgements and estimates that are reasonable and prudent. • Ensured that all applicable accounting standards have been adhered to.

	• Ensured financial statements are prepared on the going concern basis as the Directors have a reasonable expectation, having made enquiries that the Group has adequate resources to continue in operations for the foreseeable future.	
Explanation for departure :		
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 1.2
A Chairman of the board who is responsible for instilling good corporate governance practices, leadership and effectiveness of the board is appointed.

Application	:	Applied
Explanation on application of the practice	:	Mr Yeoh Chong Keat is Chairman / INED of the Company. He is responsible for leadership of the Board and presides over the meetings of the Board to ensure that the Board performs its roles and responsibilities effectively at the same time and discharges its fiduciary duties diligently. Other than leading the Board meetings and meetings of shareholders, the Chairman ensures that all relevant issues for the successful stewardship of the Group's business are on the Board agenda to facilitate effective decision making by the Board. During the FY2018, the Chairman had: (a) Provided leadership for the Board so that the board can perform its roles and responsibilities effectively and setting its agenda. The Chairman is also responsible for creating an environment for open, robust and effective debate. This includes ensuring, via the Company Secretary, that the Directors receive accurate, timely and clear information. (b) Set the Board agenda with Company Secretary and ensured that Board members receive complete and accurate information in a timely manner. (c) Led Board meetings and discussions. (d) Managing Boardroom dynamics by promoting a culture of openness and debate; encouraging active participation and allowing dissenting views to be freely expressed. (e) Acting as the conduit between Management and the Board, although all Directors shall have the opportunity to get to know key members of the Management team. (f) Ensured appropriate steps are taken to provide effective communication with stakeholders and that their views are communicated to the Board as a whole.

	(g) Led the Board in establishing and monitoring good corporate governance practices in the company.
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 1.3

The positions of Chairman and CEO are held by different individuals.

Application :	Applied	
Explanation on application of the practice :	The positions of Chairman and Group CEO of Advancecon are held by two different individuals. The Chairman, Mr Yeoh Chong Keat leads and manages the Board in its collective oversight of management by focusing on governance and compliance whereas the Group CEO, Dato' Phum Ang Kia manages the business strategy and day-to-day operations of the Company. The roles of Chairman and the Group CEO are segregated and clearly defined by their individual position descriptions. The distinct and separate roles of the Chairman and Group CEO, with their clear division of roles and responsibilities ensures a balance of power and authority, such that no one individual has unfettered decision-making powers. The roles of the Chairman and Group CEO are defined in the Board Charter which is available on the Company's website at www.advancecon.com.my.	
Explanation for departure :		
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 board is supported by a suitably qualified and competent Company Secretary to provide sound governance advice, ensure adherence to rules and procedures, and advocate adoption of corporate governance best practices.

Application	:	Applied
Explanation on application of the practice	:	The Board is assisted by two Company Secretaries who are qualified to act as company secretaries under Section 235(2) of the Companies Act 2016 ("the Act"). One of them is a member of Malaysian Institute of Chartered Secretaries and Administrators (MAICSA) whilst the the other is a Licensed Company Secretary (LS). During the FY2018, the Company Secretaries had performed the following tasks: (a) Supported the Board and played an important role to facilitate the overall compliance with the Act, Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") ("MMLR") and other relevant laws and regulations by updating the Board at the Board meetings. (b) Assisted the Board and Board Committees to function effectively and in accordance with their respective TOR and best practices and ensuring adherence to the existing Board policies and procedures. (c) Attended Board Meetings and ensured the proper conduct of the meetings. Deliberations and decisions were accurately minuted and kept in the minutes books. (d) Managed processes pertaining to the annual shareholders meeting. (f) Served as a focal point for stakeholders' communication and engagement on corporate governance issues. The roles and responsibilities of the Company Secretaries are set out in the Company's Board Charter, which is available on the Company's website at www.advancecon.com.my.

	The Company Secretaries had attended the necessary training programmes, conferences, seminars and/or forums organised by the Companies Commission of Malaysia (“CCM”), MAICSA, the Securities Commission Malaysia (“SC”) and Bursa Securities as well as in house training so as to keep themselves abreast with the latest changes in laws and regulatory requirements that are relevant to their profession and to provide the necessary advisory role to the Board.	
Explanation for departure :		
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 1.5

Directors receive meeting materials, which are complete and accurate within a reasonable period prior to the meeting. Upon conclusion of the meeting, the minutes are circulated in a timely manner.

Application	:	Applied
Explanation on application of the practice	:	Unless otherwise agreed, notice of each meeting confirming the venue, time, date and agenda of the meeting together with relevant Board papers shall be forwarded to each director no later than seven days before the date of the meeting. This is to ensure that the Board papers comprising due notice of issues to be discussed, supporting information and documentations were provided to the Board sufficiently in advance. Furthermore, Directors are given sufficient time to read the Board papers and seek for any clarification or further explanation from Management and the Company Secretaries. The deliberations of the Board in terms of the issues discussed during the meetings and the Board's conclusions in discharging its duties and responsibilities are recorded in the minutes of meetings by the Company Secretaries. The Board has access to all information within the Company to enable them to discharge their duties and responsibilities and is supplied in a timely basis with information and reports on financial, regulatory and audit matters by way of Board papers for informed decision making. Senior Management and/or external consultants may be invited to attend Board Meetings to advise and/or furnish the Board with relevant information. To facilitate smooth operation of the businesses of the Group, follow up actions requested by the Board or Board Committees pertaining to the decisions of the Board or the Board Committees, were addressed by the Management within the timeline given.
Explanation for departure	:	
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		

Measure :		
Timeframe :		

Intended Outcome

There is demarcation of responsibilities between the board, board committees and management.

There is clarity in the authority of the board, its committees and individual directors.

Practice 2.1

The board has a board charter which is periodically reviewed and published on the company's website. The board charter clearly identifies–

- the respective roles and responsibilities of the board, board committees, individual directors and management; and
- issues and decisions reserved for the board.

Application	:	Applied	
Explanation on application of the practice	:	The Board is guided by its Board Charter which clearly sets out the Board's strategic intent, roles and responsibilities in discharging its fiduciary and leadership functions. The Board Charter serves as a main source of reference and also provides insights to prospective Board members and Senior Management. It clearly explains the relationship and interaction between the Board, Board Committees, Chairman and Executive Directors. Hence, the Board Charter is reviewed periodically and updated in accordance with the needs of the Company to ensure its effectiveness and consistency with the Board's objectives and corporate vision. The Board Charter was adopted by the Board on 28 November 2017. The current Board Charter is accessible for reference on the Company's website at www.advancecon.com.my.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome

The board is committed to promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness.

The board, management, employees and other stakeholders are clear on what is considered acceptable behaviour and practice in the company.

Practice 3.1

The board establishes a Code of Conduct and Ethics for the company, and together with management implements its policies and procedures, which include managing conflicts of interest, preventing the abuse of power, corruption, insider trading and money laundering.

The Code of Conduct and Ethics is published on the company's website.

Application	:	Applied	
Explanation on application of the practice	:	The Board is committed in maintaining a corporate culture which engenders ethical conduct. The Board has formalised the Code as a guidance to be followed by Directors and all employees with regards to the Group's standard of integrity and rules of conduct to be observed in the performance of work and business practices. The core sections of the Code covered the following principles: • Act with Integrity and Ethics • Protect Advancecon Assets and Intellectual Property • Comply with Laws and Regulations • Working with One Another The Board will periodically review the Code when necessary to ensure it remains relevant and appropriate. The details of the Code are available for reference at the Company's website at www.advancecon.com.my.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome
The board is committed to promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness.

The board, management, employees and other stakeholders are clear on what is considered acceptable behaviour and practice in the company.

Practice 3.2
The board establishes, reviews and together with management implements policies and procedures on whistleblowing.

Application	:	Applied	
Explanation on application of the practice	:	The Board has established a Whistle Blowing Policy to provide an avenue to facilitate employees of the Group or members of the public to raise any concerns or disclose any improper conduct within the Group and to take appropriate action to resolve it effectively. Whistle-blowers can report any improper conduct by email to the AC Chairman, En Mohd Zaky bin Othman at mohd_zaky@advancecon.com.my or post it to Advancecon's office. The Whistleblowing Policy is available on the Company's website at www.advancecon.com.my.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 4.1

At least half of the board comprises independent directors. For Large Companies, the board comprises a majority independent directors.

<table>
<tr><td>Application</td><td>:</td><td>Departure</td></tr>
<tr><td>Explanation on application of the practice</td><td>:</td><td></td></tr>
<tr><td rowspan="2">Explanation for departure</td><td rowspan="2">:</td><td>The current Board comprises seven members with three being INED.

<table><tr><th>Designation</th><th>Number of Directors</th><th>Percentage (%)</th></tr><tr><td>Executive Directors</td><td>4</td><td>57.14</td></tr><tr><td>Independent and Non-Executive Directors</td><td>3</td><td>42.86</td></tr><tr><td>Total</td><td>7</td><td>100.00</td></tr></table>
The Board is in compliance with Chapter 15.02 of the MMLR, which requires that at least two Directors or one-third of the Board of the Company, whichever is the higher, are INED.

The Board is mindful that it does not comprise at least half of INED as it is of the view that the present INED, with the breadth of professional background and experience, have enabled the Board to exercise objective judgement on various issues through their sharing of impartial, objective and unbiased opinions and viewpoints. The Board is satisfied that the Independent Directors are independent of management and free from management and/or any business or other relationship which could interfere with the exercise of independent judgement, objectivity and the ability to act in the best interest of the Company.</td></tr>
<tr><td>The current composition of the Board Committees (with the exception of the RMSC) however is made up of only INED. This affirms the Board’s commitment towards independence in Board leadership and provides strong check and balance in the Board’s governance function. Therefore, the lack of the necessary number of INED has not jeopardised the independence of Board deliberations and all decisions have been made in the best interest of the Company and the Group.</td></tr>
<tr><td colspan="3">Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</td></tr>
</table>

Measure :		
Timeframe :		

Intended Outcome

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

Practice 4.2
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 justify and seek annual shareholders' approval. If the board continues to retain the independent director after the twelfth year, the board should seek annual shareholders' approval through a two-tier voting process.

<table>
<tr><td>Application :</td><td colspan="2">Not applicable - No independent director(s) serving beyond 9 years</td></tr>
<tr><td>Explanation on application of the practice :</td><td colspan="2">During the FY2018, none of the Independent Directors have served as Independent Director for a cumulative of nine years or more.</td></tr>
<tr><td rowspan="2">Explanation for departure :</td><td colspan="2"></td></tr>
<tr><td colspan="2"></td></tr>
<tr><td colspan="3">Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</td></tr>
<tr><td>Measure :</td><td colspan="2"></td></tr>
<tr><td>Timeframe :</td><td></td><td></td></tr>
</table>

Intended Outcome

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

Practice 4.3 - Step Up

The board has a policy which limits the tenure of its independent directors to nine years.

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

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

Practice 4.4
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.

Application	:	Applied
Explanation on application of the practice	:	The Board recognises that having a range of different skills, backgrounds and experiences is essential to ensure effective decision making and governance in the best interests of the Company. The normal selection criteria of a Director are based on an effective blend of competencies, skills, experience and knowledge so as to strengthen the Board. The NC is responsible for identifying, assessing and recommending the right candidates to the Board as well as reviewing the composition and performance of the Board. In making its recommendations, the NC will consider, among others, the mix of skills, knowledge, experience, diversity (including gender diversity), background, integrity, competence, time commitment and independence in order to meet the strategic objectives and business requirements of the Group. During the FY2018, the diversity for the Board and Senior Management are as follows: <u>Board of Directors</u> Gender: Male (7); Female (0) Age: 40-49 (1); 50-59 (2); 60 & above (4) Ethnicity: Malay (2); Chinese (5); Indian (0) <u>Senior Management</u> Gender: Male (3); Female (0) Age: 30-39 (1); 40-49 (2); 50-59 (0); 60 & above (0) Ethnicity: Malay (0); Chinese (3); Indian (0) Having assessed the size, composition and diversity of the Board annually, the NC and the Board opined that the existing Board has the requisite competencies and capacity to effectively discharge its functions and responsibilities.
Explanation for departure	:	

<table>
<tr><td colspan="3">Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</td></tr>
<tr><td>Measure :</td><td colspan="2"></td></tr>
<tr><td>Timeframe :</td><td></td><td></td></tr>
</table>

Intended Outcome

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

Practice 4.5

The board discloses in its annual report the company's policies on gender diversity, its targets and measures to meet those targets. For Large Companies, the board must have at least 30% women directors.

Application :	Departure	
Explanation on application of the practice :		
Explanation for departure :	The Board is supportive of the recommendation of MCCG to the establishment of boardroom and workforce gender diversity policy. The Board does not have specific policies on setting target for the appointment of female Director to the Board.	
	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. Currently, our Board members comprise all male Directors. However, to be in line with the country's aspirational target of 30% representation of women on Board, the Board may consider appointing female Directors in future to bring about gender diversity.	
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 4.6

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.

<table>
<tr><td>Application :</td><td colspan="2">Departure</td></tr>
<tr><td>Explanation on application of the practice :</td><td colspan="2">The current process with regards to the appointment of new Directors to the Board is based on the recommendation of the NC. The Board relies on the existing network and referrals from existing board members, senior management and major shareholders as primary means to source for new Directors as they represent a tried and tested method to sourcing high-calibre directors with a sound understanding of the business.

The Directors appointment process is carried out based on methodical and robust process undertaken by the NC. Candidates recommended are thoroughly assessed based on their competence, integrity, character, time commitment and experience as stated in Paragraph 2.20A of Main Market Listing Requirements of Bursa Securities.</td></tr>
<tr><td rowspan="2">Explanation for departure :</td><td colspan="2"></td></tr>
<tr><td colspan="2"></td></tr>
<tr><td colspan="3">Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</td></tr>
<tr><td>Measure :</td><td colspan="2"></td></tr>
<tr><td>Timeframe :</td><td></td><td></td></tr>
</table>

Intended Outcome

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

Practice 4.7
The Nominating Committee is chaired by an Independent Director or the Senior Independent Director.

Application	:	Applied	
Explanation on application of the practice	:	The NC is made up entirely of INEDs in compliance with paragraph 15.08A(1) of the MMLR. The NC is chaired by Mr Yeoh Chong Keat, who is the Independent Non-Executive Chairman of the Group. The composition of the NC can be found on Page 4 of the Annual Report 2018 ("AR") under Corporate Information.	
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

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

Practice 5.1
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 and its outcome.

For Large Companies, the board engages independent experts periodically to facilitate objective and candid board evaluations.

Application :	Applied
Explanation on application of the practice :	During the FY2018, the NC conducted a formal and objective internal annual assessment of the Board performance as a whole, the Board Committees and individual Directors, based on self and peer assessment which was undertaken internally. The assessment covers the size and composition of the Board as well as skill mix, industry experience, roles and responsibilities, and effectiveness of the Board, Board Committees and individual Directors based on a set of questionnaires and rating system. Below are the criteria used to assess Board, Board Committees and individual Directors respectively during the financial year: (a) Directors' self-assessment • knowledge about the Group's vision and mission; • individual roles, responsibilities and functions including but not limited to participation / deliberation at Board meetings, knowledge about the Group's financial status / performance and the state of affairs of the Group; • competency and contribution. (b) Board and Board Committees' assessment • Board mix authority and composition to function effectively; • quality of information and decision making process with regards to financial performance and audit, risk management, internal control and communication with stakeholders. The NC has adopted the same criteria of "Independence" used in the definition of "independent directors" prescribed under the MMLR and Malaysian Code on Corporate Governance ("CG") ("MCCG"). 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

<table>
<tr><td></td><td>consideration.

The Board had undertaken the annual evaluation of themselves, its committees and each individual director for FY2018. The Board was satisfied with the outcome of the evaluation and was of the view that the internal evaluation was adequate to determine the overall effectiveness of the Board and individual Directors.

The Board recognises that it is important that all Directors should be able to dedicate sufficient time to the Company to discharge their responsibilities effectively.</td></tr>
<tr><td rowspan="2">Explanation for departure :</td><td></td></tr>
<tr><td></td></tr>
<tr><td colspan="2">Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</td></tr>
<tr><td>Measure :</td><td></td></tr>
<tr><td>Timeframe :</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 6.1
The board has in place 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 policies and procedures are periodically reviewed and made available on the company's website.

Application	:	Applied
Explanation on application of the practice	:	The RC is authorised by the Board to establish a formal and transparent procedure for developing policy on Executive Directors' remuneration and for fixing the remuneration packages of individual Directors. The Board believes in a remuneration policy that fairly supports the Directors' responsibilities and fiduciary duties in steering the Group to achieve its long-term goals and enhance shareholders' value. The Board offers a competitive remuneration package in order to attract, develop and retain talented individuals to serve as Directors. The RC's principal objective is to evaluate, deliberate and recommend to the Board a remuneration policy for the Executive Directors that is fairly guided by market norms and industry practice. The RC also recommends the Executive Directors' remuneration and benefits based on their individual performances and that of the Group. The determination of the remuneration for INED is a matter of the Board as a whole. The level of remuneration for INED reflects the amount paid by other comparable organisations, adjusted for the experience and levels of responsibilities undertaken by the particular INED concerned. The remuneration package of INED will be a matter to be deliberated by the Board, with the Director concerned abstaining from deliberations and voting on deliberations in respect of his individual remuneration. The aggregate annual Directors' fees and other benefits payable are to be approved by shareholders at the Annual General Meeting ("AGM") based on recommendations of the Board. The remuneration components of key Senior Management shall consist of basic salary, performance based bonus, benefits-in-kind and other incentives (where applicable). The remuneration of key Senior

	Management is determined at a level which enables the Company to attract, develop and retain high performing and talented individual with the relevant experience, level of expertise and skills.	
Explanation for departure :		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure :		
Timeframe :		

Intended Outcome

The level and composition of remuneration of directors and senior management take into account the company's desire to attract and retain the right talent in the board and senior management to drive the company's long-term objectives.

Remuneration policies and decisions are made through a transparent and independent process.

Practice 6.2
The board has a Remuneration Committee to implement its policies and procedures on remuneration including reviewing and recommending matters relating to the remuneration of board and senior management.

The Committee has written Terms of Reference which deals with its authority and duties and these Terms are disclosed on the company's website.

Application	:	Applied
Explanation on application of the practice	:	In line with the best practices of MCCG, the Board has set up a RC which comprises exclusively of INEDs in order to assist the Board for determining the remuneration of Directors' and Senior Management. Amongst the RC's functions and duties outlined in its TOR are: (a) To provide assistance and implement the Company's policies and procedures on remuneration including reviewing and recommending matters relating to remuneration and key performance indicators of the Directors and Senior Management. (b) To ensure the Group's remuneration package and key performance indicators are appropriately established after taking into account the demands, complexities and performance of the Company as well as skills and experience required and are aligned with our Group's vision, values and business objectives, market trends and information sources on the rates of salary for similar jobs in selected group of comparable companies. (c) To ensure a fair differential between the remuneration of Directors and Senior Management and other levels of management is maintained. (d) To review and determine the benefits in kind for the Directors and Senior Management. (e) To provide assistance to the Board on matters relating to, amongst others, and ensure alignment of management grievances pertaining to compensation, compensation strategy, management development and other compensation

	arrangements in line with market practice. The present members of the RC are as follows: • Fathi Ridzuan bin Ahmad Fauzi, Chairman (INED) • Yeoh Chong Keat, Member (Independent Non-Executive Chairman) • Mohd Zaky bin Othman, Member (INED) The TOR of the RC can be viewed at the Company's website at www.advancecon.com.my.	
Explanation for departure :		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure :		
Timeframe :		

Intended Outcome

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 7.1

There is detailed disclosure on named basis for the remuneration of individual directors. The remuneration breakdown of individual directors includes fees, salary, bonus, benefits in-kind and other emoluments.

Application	:	Applied	
Explanation on application of the practice	:	The details of the Directors' Remuneration on a named basis and paid by the Company and its subsidiaries (including the components of directors' fees, salary, bonus, benefits in-kind and other emoluments) during the FY2018 were disclosed in the CG Overview Statement of the Company's Annual Report.	
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

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 7.2
The board discloses on a named basis the top five senior management's remuneration component including salary, bonus, benefits in-kind and other emoluments in bands of RM50,000.

Application :	Departure	
Explanation on application of the practice :		
Explanation for departure :	Disclosure on the remuneration of the top five Senior Management in the bands of RM50,000 is not provided in the CG Overview Statement of the Company's Annual Report. The remuneration of the Executive Directors have been tabled in the CG Overview Statement of the Annual Report. At this juncture, the Board is of the opinion that the disclosure on the remuneration of the other Senior Management on a named basis would not be in the best interest of the Group due to confidentiality and sensitivity concerns as well as the issue of competition and staff poaching. The Board will ensure that the remuneration of the Senior Management commensurate with their duties and responsibilities and the performance of the Company.	
	Based on the above rationale, the Company is not in favour of disclosing the remuneration of the top five Senior Management on a named basis	
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure :		
Timeframe :		

Intended Outcome

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

Practice 7.3 - Step Up

Companies are encouraged to fully disclose the detailed remuneration of each member of senior management on a named basis.

Application	:	Not Adopted
Explanation on adoption of the practice	:	

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 8.1
The Chairman of the Audit Committee is not the Chairman of the board.

Application	:	Applied	
Explanation on application of the practice	:	The roles of the Chairman of the Board and the Chairman of the AC are assumed by different Directors. The Chairman of the Board is Mr Yeoh Chong Keat while the Chairman of the AC is En Mohd Zaky Bin Othman.	
Explanation for departure	:		
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 8.2

The Audit Committee has a policy that requires a former key audit partner to observe a cooling-off period of at least two years before being appointed as a member of the Audit Committee.

Application	:	Applied	
Explanation on application of the practice	:	Paragraph 5.4(x) of the TOR of AC states, "*To require a former key audit partner to observe a cooling-off period of at least two years before being appointed as a member of the Committee.*" None of the members of the AC was a former key audit partner during the FY2018.	
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 8.3

The Audit Committee has policies and procedures to assess the suitability, objectivity and independence of the external auditor.

Application	:	Applied
Explanation on application of the practice	:	The role of the AC in relation to the external auditors, Messrs Crowe Malaysia PLT *(Formerly known as Crowe Horwath)* ("EA") is found in the AC Report included in the Annual Report. Management maintains a transparent working relationship with EA in seeking professional advice and ensuring compliance with the applicable accounting standards. The AC will meet with EA without the presence of Management to ensure that the independence and objectivity of EA are not compromised and matters of concerns expressed by the AC will be raised at that meeting. In November 2018, EA presented the Audit Planning Memorandum ("APM") to the AC and they have given written assurance and confirmation that they are and have been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements. Prior to the re-appointment of EA for the forthcoming AGM, the AC had in January 2019 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 FY2018 did not in any way impair their objectivity and independence as external auditors of the Company. Having taken into consideration of the above, the Board, through the AC opined that the EA are independent and suitably qualified to act.
Explanation for departure	:	

<table>
<tr><td></td><td colspan="2"></td></tr>
<tr><td colspan="3">Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</td></tr>
<tr><td>Measure :</td><td colspan="2"></td></tr>
<tr><td>Timeframe :</td><td></td><td></td></tr>
</table>

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 8.4 - Step Up
The Audit Committee should comprise solely of Independent Directors.

Application	:	Adopted
Explanation on adoption of the practice	:	The AC consists of three members, who are all Independent Non-Executive Directors ("INED"). The members of the AC are as follows: • Mohd Zaky Bin Othman, Chairman (INED) • Yeoh Chong Keat, Member (Independent Non-Executive Chairman) • Fathi Ridzuan Bin Ahmad Fauzi, Member (INED) All the three INED have satisfied the independence test based on the criteria set out in the MMLR.

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 8.5
Collectively, the Audit Committee should possess a wide range of necessary skills to discharge its duties. All members should be financially literate 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.

<table>
<tr><td>Application</td><td>:</td><td>Applied</td></tr>
<tr><td>Explanation on application of the practice</td><td>:</td><td>Members of the AC have diverse background and collectively, possess a wide range of necessary skills to discharge their duties to be able to understand matters under the purview of the AC including the financial reporting process.

During the year, members of the AC were guided on the key audit matters, significant audit issues highlighted in the Audit Planning Memorandum and briefed by the external auditors on financial reporting and other updates.

The Quarterly Interim Financial Reports are briefed to the members of the AC, discussed and deliberated amongst the members before the said Report was recommended to be tabled to the Board for approval.

The AC members had attended training programmes to keep abreast of relevant industry issues, market development and trends including accounting and auditing standards to enable them to sustain their active participation in the functions of the AC.

Details of the training and seminars attended by the Directors during the FY2018 are set out in the CG Overview Statement in the Annual Report of the Company.</td></tr>
<tr><td rowspan="2">Explanation for departure</td><td rowspan="2">:</td><td></td></tr>
<tr><td></td></tr>
<tr><td colspan="3">Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</td></tr>
</table>

Measure :		
Timeframe :		

Intended Outcome

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

Practice 9.1
The board should establish an effective risk management and internal control framework.

Application	:	Applied
Explanation on application of the practice	:	The Board recognises the importance of a sound system of risk management and internal control to safeguard shareholders' investment and the Group's assets. The Board acknowledges its primary responsibility to ensure that risks in the Group are identified, measured and managed with appropriate system of risk management and internal controls, and to ensure that the effectiveness, adequacy and integrity of the risk management and internal control systems are reviewed on an on-going basis. The Group has in place an on-going process for identifying, evaluating and managing significant risks that may affect the achievement of business objectives for the year and up to the date of this report. The top risks are reported to the Board on regular basis for their deliberation. The RMSC continuously evaluates and monitors the significant risks relevant to the Group, appraises and assesses the efficacy of controls implemented to mitigate those risks through a formalised monitoring and reporting process. Reviews are conducted by the RMSC on a regular basis with additional reviews as and when required. Internal control and risk-related matters which require the attention of the Board were recommended by the RMSC to the Board for its deliberation and approval and matters or decisions made within the RMSC's purview were escalated to the Board for its notation. An overview of the state of risk management and internal control within the Group governed by the Risk Management Framework can be found on the Statement on Risk Management and Internal Control ("SORMIC") of the Annual Report.
Explanation for departure	:	

Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure :		
Timeframe :		

Intended Outcome

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

Practice 9.2

The board should disclose the features of its risk management and internal control framework, and the adequacy and effectiveness of this framework.

Application	:	Applied	
Explanation on application of the practice	:	The features of the Group's risk management and internal control framework, and the adequacy and effectiveness of this framework is disclosed in the SORMIC and can be found on Pages 30 to 32 of the Annual Report.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

Practice 9.3 - Step Up

The board establishes a Risk Management Committee, which comprises a majority of independent directors, to oversee the company's risk management framework and policies.

Application	:	Adopted
Explanation on adoption of the practice	:	The Risk Management Committee was established on 29 August 2017. Subsequently, on 28 November 2017, the Board had renamed it to Risk Management and Sustainability Committee ("RMSC"), however it comprises 1 INED and 2 EDs. The composition is as follow: Chairman - Fathi Ridzuan Bin Ahmad Fauzi *(Independent Non-Executive Director)* Member - Ir. Yeo An Thai (Executive Director) Member - Tung Kai Hung (Executive Director) The RMSC is entrusted with the responsibility of overseeing risk management and sustainability matters.

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 10.1
The Audit Committee should ensure that the internal audit function is effective and able to function independently.

Application :	Applied	
Explanation on application of the practice :	The Board had outsourced the Internal Audit Function to an independent professional service firm, namely, Sterling Business Alignment Consulting Sdn Bhd which provides an independent assurance to the Board on the efficiency, effectiveness and adequacy of the Group's system of internal controls. The internal audit functions are carried out in accordance to the risk based internal audit plan approved by the AC. The internal audit plan is developed taking into consideration the Group's risk profiles and concerns of the Management and the Board. The internal auditor reports directly to the AC. Further details of the internal audit activities are set out in the AC Report and the SORMIC of the Annual Report. The appointment of the internal auditor was reviewed by the AC annually and endorsed by the Board. The internal auditors have unrestricted access to the AC, Board and management. The internal audit personnel constantly keep themselves abreast with developments in the profession, relevant industry and regulations through attendance at conferences/trainings.	
Explanation for departure :		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure :		
Timeframe :		

Intended Outcome

Companies have an effective governance, risk management and internal control framework and stakeholders are able to assess the effectiveness of such a framework.

Practice 10.2

The board should disclose–

- whether internal audit personnel are free from any relationships or conflicts of interest, which could impair their objectivity and independence;
- the number of resources in the internal audit department;
- name and qualification of the person responsible for internal audit; and
- whether the internal audit function is carried out in accordance with a recognised framework.

Application	:	Applied	
Explanation on application of the practice	:	In accordance with the Internal Audit Charter (Section 5. Independence & Objectivity), internal Auditors are required to confirm to the AC, at least annually, the organisational independence of the internal audit activity. Majority of Internal Auditors under the external service provider are members of The Institute of Internal Auditors Malaysia. During the year, the internal audit function was carried out in accordance with the Committee of Sponsoring Organisations ("COSO") model.	
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 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 11.1
The board ensures there is effective, transparent and regular communication with its stakeholders.

Application	:	Applied	
Explanation on application of the practice	:	Advancecon ensures that its communication with the shareholders and various stakeholders is transparent, timely and with quality disclosures. Advancecon also actively engages all its stakeholders through various platforms including the announcements via Bursa LINK, disclosures on Advancecon's website and engagement through the investor relations ("IR") briefings. The Board ensures the Company announces its quarterly results on timely basis to the shareholders and also make necessary announcement to its stakeholders. Advancecon via its website, includes an IR section which provides all relevant information on the Company and is accessible to the public. This IR section enhances the IR function by including all announcements made by Advancecon. The IR function is established to enable continuous communication between the Company and its stakeholders. The stakeholders are encouraged to channel their enquiries to the Group CFO whose name, contact number and e-mail address i.e. investors@advancecon.com.my is provided on Advancecon's website.	
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 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 11.2

Large companies are encouraged to adopt integrated reporting based on a globally recognised framework.

<table>
<tr><td>Application :</td><td colspan="2">Not applicable</td></tr>
<tr><td>Explanation on application of the practice :</td><td colspan="2"></td></tr>
<tr><td rowspan="2">Explanation for departure :</td><td colspan="2"></td></tr>
<tr><td colspan="2"></td></tr>
<tr><td colspan="3">Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</td></tr>
<tr><td>Measure :</td><td colspan="2"></td></tr>
<tr><td>Timeframe :</td><td></td><td></td></tr>
</table>

Intended Outcome

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

Practice 12.1
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 :	During the FY2018, the Company had given its shareholders more than 28 days notice of the 21st AGM i.e. on 30 April 2018 prior to the meeting which was held on 27 June 2018. The 22nd AGM of the Company is scheduled on 20 June 2019 and the Notice for the AGM has been despatched to shareholders of the Company on 30 April 2019 which is more than 28 days prior to the meeting.	
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 12.2

All directors attend General Meetings. The Chair of the Audit, Nominating, Risk Management and other committees provide meaningful response to questions addressed to them.

Application	:	Applied	
Explanation on application of the practice	:	All the Board members attended the 21st AGM of the Company held on 27 June 2018. The Chairman presides over the AGM and where appropriate, directs shareholders' queries to the Chairman of AC, NC and RC respectively during the meeting. The Company uploaded the outcome of AGM on the Company's website as soon as practicable after the conclusion of the said meeting.	
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 12.3

Listed companies with a large number of shareholders or which have meetings in remote locations should leverage technology to facilitate–

- including voting in absentia; and
- remote shareholders' participation at General Meetings.

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The location of the General Meetings has always been held at strategic location, at Petaling Jaya/Kuala Lumpur, which is easily accessible by the shareholders. The Company does not have a large number of shareholders. Therefore, the Company does not consider leveraging on the technology to facilitate voting in absentia and remote shareholders participation at general meeting.	
		The Board is guided by the provision of the M&A (Articles of Association) to facilitate proxy voting at all general meetings, which allows shareholders to cast their votes if they are unable to attend the relevant general meetings. Notice of general meeting and circular to shareholders will contain the relevant information pertaining to the resolutions to be tabled and shareholders may contact the Company for clarification by contacting the personnel whose email and telephone number are published at the Company's website.	
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES PERSUANT 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.

Click here to enter text.