

ADVANCECON

ADVANCECON HOLDINGS BERHAD

(Registration No. 199701011469 (426965-M))



LEADING THE FUTURE

ANNUAL REPORT 2022



26th ANNUAL GENERAL MEETING

VENUE

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

DATE & TIME

10.00 a.m. Monday, 29 May 2023





PURPOSE

Transforming nations by building strong foundations for a better future.



VISION

A global infrastructure and earthwork contractor.



MISSION


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

ABOUT ADVANCECON

www.advancecon.com.my



CORE VALUE

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

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Pan Borneo Highway

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OVERVIEW

CORPORATE INFORMATION

BOARD OF DIRECTORS

YEOH CHONG KEAT

Independent
Non-Executive Chairman

IR. YEO AN THAI

Executive Director and
Group Chief Operating Officer

MOHD ZAKY BIN OTHMAN

Independent
Non-Executive Director

DATO' PHUM ANG KIA

Executive Director and
Group Chief Executive Officer

TUNG KAI HUNG

Executive Director

LEE ELAINE

Independent
Non-Executive Director
(Appointed on 3 January 2023)

AUDIT COMMITTEE

Mohd Zaky bin Othman (*Chairman*)
Yeoh Chong Keat
Lee Elaine
(Appointed on 3 January 2023)

REGISTERED OFFICE

B-21-1, Level 21, Tower B
Northpoint Mid Valley City
No. 1, Medan Syed Putra Utara
59200 Kuala Lumpur
W.P. Kuala Lumpur
Telephone no.: 03-9770 2200
Facsimile no.: 03-9770 2239

SHARE REGISTRAR

Boardroom Share Registrars Sdn Bhd
11th Floor, Menara Symphony
No. 5, Jalan Professor Khoo Kay Kim
Seksyen 13
46200 Petaling Jaya
Selangor Darul Ehsan
Telephone no.: 03-7890 4700
Facsimile no.: 03-7890 4670

REMUNERATION COMMITTEE

Lee Elaine (*Chairperson*)
(Appointed on 3 January 2023)
Yeoh Chong Keat
Mohd Zaky bin Othman

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

STOCK EXCHANGE LISTING

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

NOMINATION COMMITTEE

Yeoh Chong Keat (*Chairman*)
Mohd Zaky bin Othman
Lee Elaine
(Appointed on 3 January 2023)

**RISK MANAGEMENT AND
SUSTAINABILITY COMMITTEE**

Lee Elaine (*Chairperson*)
(Appointed on 3 January 2023)
Ir. Yeo An Thai
Tung Kai Hung

COMPANY SECRETARIES

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

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

DATE & PLACE OF INCORPORATION

9 April 1997, Malaysia

WEBSITE

www.advancecon.com.my

LISTING DATE

10 July 2017

PRINCIPAL BANKERS

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

REGISTRATION NO.

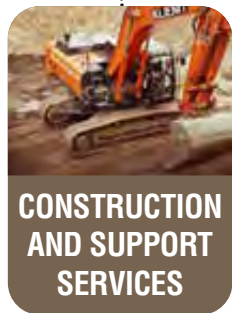
199701011469 (426965-M)

OVERVIEW

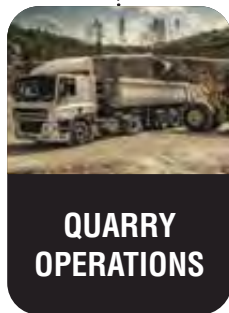
CORPORATE STRUCTURE

ADVANCECON**ADVANCECON HOLDINGS BERHAD**

(Registration No. 199701011469 (426965-M))



- ADVANCECON INFRA SDN BHD
100%
- ADVANCECON MACHINERY SDN BHD
100%
- ADVANCECON (SARAWAK) SDN BHD
30%



- SPRING ENERGY RESOURCES BERHAD ⁽¹⁾
51%

- SPRING ENERGY SDN BHD
100%

- SE SATU SDN BHD
100%

- SE SINARAN SDN BHD
80%

- SEMENYIH QUARRY SDN BHD
100%

- SE PREMIX SDN BHD
100%

- SE QUARRY SDN BHD
55%

- SPRING ENERGY CONSTRUCTION SDN BHD
100%

- SPRING ENERGY MINING SDN BHD
100%

- SE ENDAU SDN BHD
50%

- SEMENYIH ROCK SDN BHD
60%

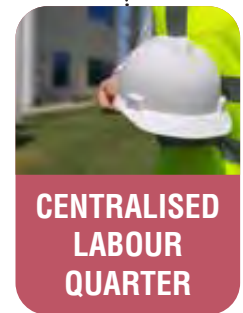
- BUKIT TINGGI INFRA SDN BHD
51%



- ADVANCECON SOLAR SDN BHD
100%
- LSS TPG SDN BHD
100%



- ADVANCECON PROPERTIES SDN BHD
100%



- ADVANCECON VENTURES SDN BHD
100%

- CLQ SILVERVALLEY SDN BHD
100%

BUSINESS OVERVIEW

DIRECTORS' PROFILE

YEOH CHONG KEAT

Independent Non-Executive Chairman



Malaysian



Male



65 years old

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

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

Directorships of other Public Listed Companies:

- Lien Hoe Corporation Berhad
- AbleGroup Berhad

Declaration:

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

Working Experience:

Mr Yeoh began his career in 1978 with a training contract with Deloitte Haskins & Sells, United Kingdom. After qualifying as a Chartered Accountant in 1982, he left Deloitte U.K. and joined Messrs Deloitte KassimChan, Kuala Lumpur as Audit Supervisor and subsequently transferred to the Tax Division of Deloitte and became a Tax Manager. During his tenure with these two (2) audit firms, he was involved in the areas of audit, tax, management and consulting services.

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

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

BUSINESS OVERVIEW

DIRECTORS' PROFILE (CONT'D)

DATO' PHUM ANG KIA

Executive Director and Group Chief Executive Officer



Malaysian



Male



65 years old

Date of Appointment: 09 April 1997**Directorships of other Public Listed Companies:**

NIL

Declaration:

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

Working Experience:

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

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

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

BUSINESS OVERVIEW

DIRECTORS' PROFILE

IR. YEO AN THAI

Executive Director and Group Chief Operating Officer



Malaysian



Male



51 years old

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

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

Directorships of other Public Listed Companies:

NIL

Declaration:

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

Working Experience:

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

BUSINESS OVERVIEW

DIRECTORS' PROFILE (CONT'D)

TUNG KAI HUNG

Executive Director



Malaysian



Male



60 years old

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

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

Directorships of other Public Listed Companies:

NIL

Declaration:

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

Working Experience:

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

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

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

BUSINESS OVERVIEW

DIRECTORS' PROFILE

MOHD ZAKY BIN OTHMAN

Independent Non-Executive Director



Malaysian



Male



66 years old

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

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

Directorships of other Public Listed Companies:

NIL

Declaration:

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

Working Experience:

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

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

BUSINESS OVERVIEW

DIRECTORS' PROFILE (CONT'D)

LEE ELAINE

Independent Non-Executive Director



Malaysian



Female



30 years old

Date of Appointment: 03 January 2023**Academic / Professional Qualifications:**

- Bachelor of Law from University of London, United Kingdom
- Certificate of Legal Practice, Advance Tertiary College (ATC)

Directorships of other Public Listed Companies:

NIL

Declaration:

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

Working Experience:

Ms. Lee Elaine is the co-founder and partner of Messrs Ching, Elaine & Co, a law firm in Kuala Lumpur, Malaysia specialising in capital market and corporate finance where she is exposed to vast areas in conducting legal due diligence review exercises for companies that are listed on Bursa Malaysia Securities Berhad as well as foreign stock exchange.

She has been actively involved in numerous corporate exercises for diversification of companies, initial public offerings (IPO), rights issues and de-listing of companies, fund raising, warrants and loan stocks issues and employee issuance scheme. She is also well versed with corporate litigations including but not limited to corporate scheme arrangements, shareholders disputes, minority oppression, derivative action and winding up action.

BUSINESS OVERVIEW

PROFILE OF KEY SENIOR MANAGEMENT

**Lim Kok Tiong**

Director - Infrastructure and Highway

📍 Malaysian

👤 Male

📅 50 years old

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

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

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

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

Presently, he does not hold any directorship in any public listed companies. He does not have any family relationship with any Directors and/or major shareholders of the Company. He has no conflict of interest 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 2022.

BUSINESS OVERVIEW

PROFILE OF KEY SENIOR MANAGEMENT (CONT'D)

**Puah Kian Yiew**

Director – Earthworks

📍 Malaysian

👤 Male

📅 47 years old

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

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

In 2010, Advancecon Group was established pursuant to an internal reorganization exercise undertaken whereby he assumed the role of Project Manager and continue his career path development as a Director of Earthworks in 2022.

Presently, he does not hold any directorship in any public listed companies. He does not have any family relationship with any Directors and/or major shareholders of the Company. He has no conflict of interest 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 2022.

BUSINESS OVERVIEW

PROFILE OF KEY SENIOR MANAGEMENT (CONT'D)

**Choy Jian Tian**

Division General Manager – Plant & Equipment

📍 Malaysian

👤 Male

📅 39 years old

Choy Jian Tian, is our Division General Manager – Plant & Equipment. He is responsible for overseeing the operation of the company machineries, lorries and equipment, which included logistic operation, rental of production machineries and repair & maintenance of plant and equipment. He has more than sixteen years of working experience in mechanical engineering, project management and operation management within the oil & gas and construction industries.

He graduated with a Bachelor of Engineering with Honours Degree in Mechatronic Engineering from Curtin University of Technology, Perth Australia in 2006.

He began his career as Project Engineer with Well Ops Helix in Australia where he was involved in the design and built of the first Eletro-Hydraulic Rigless Subsea Intervention Device (SID) in Southeast Asia region, responsible for the design, assembly and commissioning of the subsea hydraulic control system of SID. He also been on to multiple clients offshore subsea projects in the field perform the duty as Offshore Engineer. Subsequently, he assumed the role of Project Manager and Far East Operation Manager in Well Ops Helix until year 2012 he went on to join Aker Solutions in Perth, Australia as Subsea Project Lead. In Aker Solutions he was responsible for the project delivery of Subsea Equipment for Origin Otway field in Australia. In year 2016, he joined Advancecon Infra Sdn Bhd as Senior Manager – Production & Operation, mainly responsible for managing and monitoring of site machineries production work and subsequently promoted to Division General Manager – Plant & Equipment in year 2018.

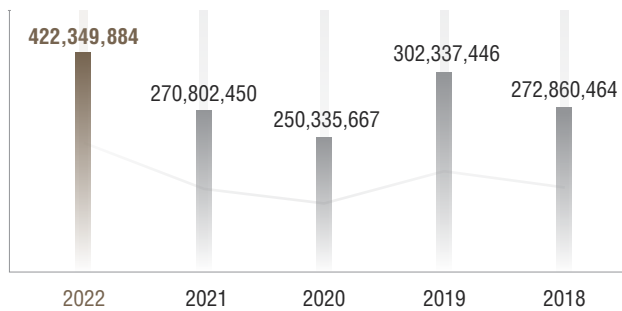
Choy Jian Tian is the nephew of Dato Phum Ang Kia. Other than that, he does not have any family relationship with any other Directors. Presently, he does not hold any directorship in any public listed companies. He has no conflict of interest with the Company and has not been convicted of any offences, 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 2022.

BUSINESS OVERVIEW

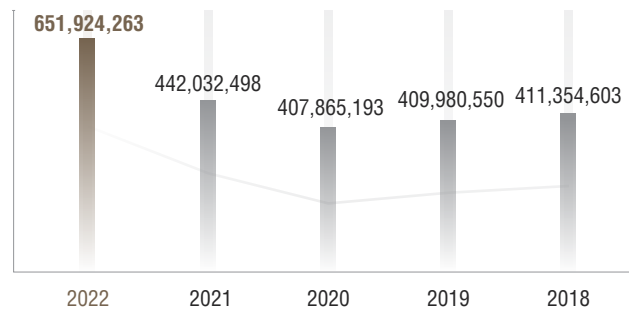
FINANCIAL HIGHLIGHTS

Financial year ended 31 December	2022 RM	2021 RM	2020 RM	2019 RM	2018 RM
Profitability					
Revenue	422,349,884	270,802,450	250,335,667	302,337,446	272,860,464
(Loss) / Profit before taxation	(19,183,688)	3,976,529	6,646,265	16,280,429	15,425,397
(Loss) / Profit attributable to: Owner of the Company	(23,358,610)	2,049,957	2,101,045	10,825,180	10,618,139
Key Balance Sheet Data					
Total assets	651,924,263	442,032,498	407,865,193	409,980,550	411,354,603
Total equity	207,237,066	215,575,390	187,560,712	191,925,420	181,986,190
Shareholders' equity	192,216,780	215,575,390	187,560,712	191,925,420	181,986,190
Total borrowings	258,315,114	126,119,548	133,151,034	128,506,997	134,422,414
Issued share capital (unit)	492,756,000	492,756,000	405,075,000	403,928,000	402,079,000
Share information					
Net (loss)/earnings per share (sen)	(4.83)	0.50	0.53	2.69	2.64
Net assets per share attributable to owners of the Company (RM)	0.39	0.44	0.46	0.48	0.45
Gearing ratio (times)	1.34	0.59	0.71	0.67	0.75
Return on equity (%)	-12%	1%	1%	6%	6%

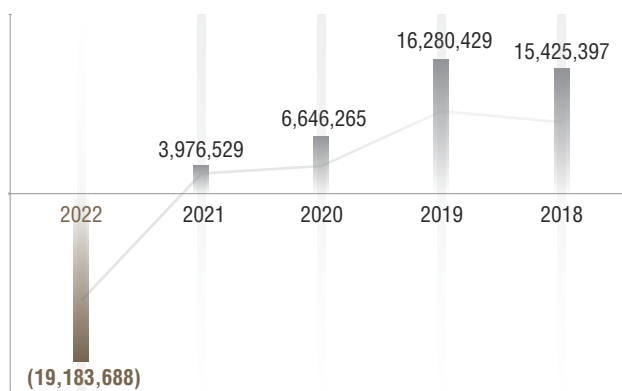
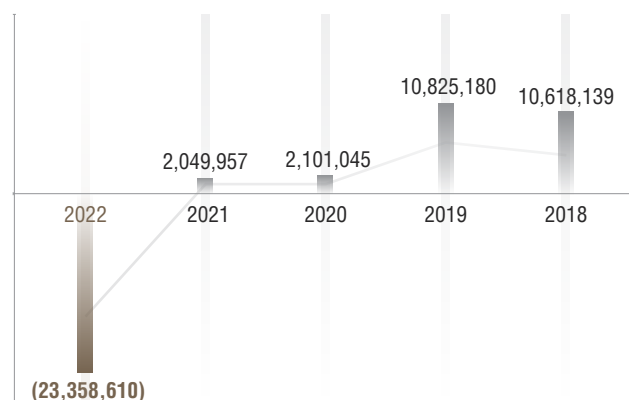
REVENUE (RM)



TOTAL ASSETS (RM)



(LOSS) / PROFIT BEFORE TAXATION

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

BUSINESS OVERVIEW

MANAGEMENT DISCUSSION & ANALYSIS

Dear shareholders,

On behalf of the Board of Directors (“Board”) of Advancecon Holdings Berhad (“Advancecon” or “Group”), I am pleased to present the financial statements and Annual Report for the financial year ended 31 December 2022 (“FY2022”).

Despite the relaxation of Covid restrictions and the subsequent reopening of most major economies around the world, 2022 remained a challenging year. Geopolitical tensions, such as the Ukraine-Russian conflict, caused supply chain disruption and rising diesel costs which had a major impact on our business. These hampered our ability to operate at full capacity, exacerbating our overall productivity.

These multifaceted challenges, combined with the significant impairment of goodwill from the quarry segment as well as project terminations in East Malaysia, obstructed our business operations and dampened our overall financial performance.

BUSINESS OVERVIEW

Advancecon is a well-established construction company with over three decades of experience in providing earthworks and civil engineering services mainly for infrastructure projects and township developments.

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

Today, Advancecon has a solid reputation for providing earthworks and civil engineering services for a wide range of major infrastructure projects, including the Trumpet Interchange and Ecohill Link, which connect to the Lebuhraya Kajang Seremban (“LEKAS”) Highway and the South Klang Valley Expressway. Ongoing infrastructure projects include West Coast Expressway (“WCE”), East Cost Rail Link (“ECRL”) and Pan Borneo Highway Sarawak.

As for the township development projects, the Group has completed projects for reputable property developers such as S P Setia and Sime Darby, including Eco Majestic, Bandar



Setia Alam, Setia EcoHill, Setia Eco Gardens, Eco Grandeur, and Tropicana Aman. The Group has ongoing work for Serenia City and Bandar Bukit Raja 2.

The Group has been awarded for excellent performance for ECRL works and duly assessed for Safety and Health Assessment System (“SHASSIC”) by the Construction Industry Development Board for Health and Safety, demonstrating the Group’s dedication to completing projects on time with high quality.

The Group diversified into the quarry operation business via 51.0% acquisition of quarry operator, Spring Energy Resources Berhad (“SERB”). SERB is an integrated quarry operation management and service provider involved in contract quarry operations, provision of marketing and management of quarry products, related advisory services, as well as the undertaking of quarry-related earthworks and civil engineering works.

Other than that, Advancecon’s wholly owned subsidiary, Advancecon Solar Sdn Bhd (“Advancecon Solar”), invests in, develops, and operates solar and other renewable energy projects, including the fourth cycle of the large-scale solar programme (“LSS4 project”). The green energy segment allows us to secure recurring income to supplement our core earthworks and civil engineering business.

BUSINESS OVERVIEW

MANAGEMENT DISCUSSION & ANALYSIS (CONT'D)



ON 18 OCTOBER 2022, THE GROUP ENTERED INTO A SUPPLEMENTAL AGREEMENT WITH FOOK HUA HOLDINGS SDN BHD, WHICH HOLDS 49.0% OF SHARES IN SERB, TO FACILITATE EARLY SETTLEMENT OF THE PROFIT GUARANTEE OBLIGATIONS OF NOT LESS THAN RM12.0 MILLION.

AS AT 31 DECEMBER 2022, ADVANCECON'S TOTAL OUTSTANDING ORDERBOOK STOOD AT RM474.6 MILLION, WITH 90-10 PROPORTION IN PENINSULAR AND EAST MALAYSIA.

OPERATIONS REVIEW

Advancecon's focus in FY2022 remained on delivering earthworks, civil engineering works, and construction-related services, on top of developing the green energy segment.

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

Advancecon focused on ensuring steady progress for ongoing projects, across infrastructure, property development and industrial segments. As at 31 December 2022, Advancecon's total outstanding orderbook stood at RM474.6 million, with 90-10 proportion in Peninsular and East Malaysia.

In Peninsular Malaysia, we made headway in works for infrastructure projects such as the ECRL and WCE, as well as residential and commercial projects for renowned property developers.

Meanwhile, in East Malaysia, we continued our progress for infrastructure undertakings such as Pan Borneo Highway as well as commercial projects like the Wenan Iron and Steel Production Complex, Bintulu Additional Gas Sales Facilities 2 ("BAGSF2"), and Lot 501 Salak Land District for Yayasan Sarawak.

As at the end of the year, we completed a total of three (3) projects in the year, testifying to our commitment to delivery.

- **Bagged five new contracts totaling RM197.5 million**

I am pleased that Advancecon maintained leadership in earthworks and construction-related services by securing five new contracts totaling RM197.5 million in FY2022. This once again demonstrated our resiliency and competitiveness.

Sime Darby Berhad, our repeat customer, entrusted us with another contract valued at RM42.5 million to undertake earthworks for Phase 2 of the Bandar Bukit Raja 2 project; the sixth such undertaking for the township development. The multiple wins affirm our commitment to delivering projects on time and to a high-quality standard.

Advancecon Infra Sdn Bhd ("AISB"), a wholly owned subsidiary of Advancecon Holdings Berhad, also continued its winning streak by securing two subcontract works contracts worth RM103.9 million from KEB Builders Sdn Bhd. It entails AISB being a subcontractor for the preliminaries, site clearance and earthworks, geotechnical works, erosion sediment, and control plan of Section 7 Part 2 of 2.

Further, we are honoured that our associate company Advancecon (Sarawak) Sdn Bhd clinched our first earthworks project in the oil and gas industry; namely a RM18.7 million contract from Petrofac Engineering Services (Malaysia) Sdn Bhd to carry out early civil works including site preparation and earthworks. Cementing our East Malaysia presence, another contract came from Yayasan Sarawak, who appointed Advancecon (Sarawak) Sdn Bhd as the contractor to carry out site cleaning and earthworks for a project that would be situated in the Lot 501 Salak Land District of Kuching.

BUSINESS OVERVIEW

MANAGEMENT DISCUSSION & ANALYSIS (CONT'D)



- **Collaborated with Perak State to initiate a pilot project for Centralised Labour Quarters (“CLQ”)**

On 1 December 2022, Advancecon announced that it was partnering with the Perak State Development Corporation (“PKNPk”) to initiate a pilot project for the development of the state’s first CLQ. This pilot project, which has the capacity to house up to 368 workers, is a public-private partnership in which Advancecon will contribute the technical expertise required to reduce the risk of CLQ implementation.

It is hoped that this pilot project will serve as a model for future pilot projects in other potential locations, thereby potentially developing accommodation for 12,000 workers over a period of five years.

- **Early Settlement of Profit Guarantee from the quarry segments**

On 18 October 2022, the Group entered into a Supplemental Agreement with Fook Hua Holdings Sdn Bhd, which holds 49.0% of shares in SERB, to facilitate early settlement of the profit guarantee obligations of not less than RM12.0 million. The decision to obtain an early settlement was made because it was anticipated that SERB would not be able to meet its profit guarantee obligations as a result of the severe flood that halted quarry production in two quarries located in Tanjung Dua Belas and slower recovery in the quarry segment.

The proposed early settlement was approved by Advancecon’s shareholders at the Extraordinary General Meeting held on 21 December 2022. This sum is to be paid during the profit guarantee period, which includes the FY2022 and financial year ending 2023.

- **Obtained four-year PPA extension for solar project**

Following the successful bid of the LSS4 project by the Energy Commission (“EC”) to generate 26 Megawatt (“MW”) in Kuala Langat, Advancecon Solar’s subsidiary LSS TPG Sdn Bhd (“LSS TPG”) has been granted a four-year extension to 21-year Power Purchase Agreement (“PPA”) with Tenaga Nasional Berhad, bringing the total tenure of the PPA to 25 years. This will enable the Group to optimize its returns in the next 25 years, which is in line with the Group’s long-term strategy to grow its sustainable and recurring income.

The EC also granted the extension of the financial close date from 30 June 2022 to 28 February 2023, while the scheduled commercial operation date was extended to 31 December 2023. We have begun preparatory work such as obtaining approval from authorities and designing engineering works, and the project is targeted to be completed in the next financial year.

The awarded 26 MW solar photovoltaic energy-generating facility will be built and operated by LSS TPG, upon completion in 2023. The scope of work includes the design, construction, ownership, operation, and maintenance of the facility in Kuala Langat, Selangor.

BUSINESS OVERVIEW

MANAGEMENT DISCUSSION & ANALYSIS (CONT'D)



DURING THE YEAR UNDER REVIEW, THE GROUP REGISTERED A SIGNIFICANT 56.0% JUMP IN REVENUE TO RM422.3 MILLION FROM RM270.8 MILLION A YEAR AGO LIFTED BY HIGHER PROGRESS WORKS AND REVENUE FROM THE QUARRY SEGMENT THROUGH THE ACQUISITION OF SERB.

DESPITE THE HIGHER REVENUE, THE GROUP POSTED A LOWER GROSS PROFIT OF RM6.5 MILLION, A DECREASE OF 65.7% FROM RM18.9 MILLION IN THE PREVIOUS YEAR, LARGELY BECAUSE OF ELEVATED COSTS, PARTICULARLY DIESEL, CONSTRUCTION MATERIAL, AND LABOUR COST.

FINANCIAL OVERVIEW

During the year under review, the Group registered a significant 56.0% jump in revenue to RM422.3 million from RM270.8 million a year ago lifted by higher progress works and revenue from the quarry segment through the acquisition of SERB.

Segmentally, construction and support services continued to be the Group's largest revenue contributor, accounting for 66.8% of total revenue. Year-on-year, segment revenue slightly increased by 5.3% to RM282.2 million from RM268.0 million previously despite the challenging backdrop.

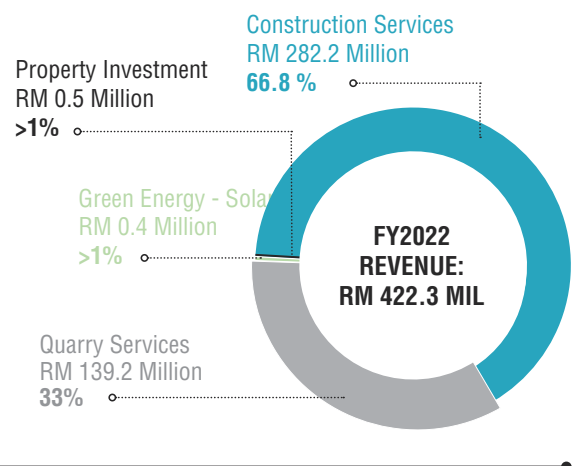
Within construction services, earthworks revenue was largely maintained at RM191.5 million from RM190.6 million in the previous financial year mainly due to higher billings from ongoing and secured projects. Meanwhile, civil engineering services rose to RM80.7 million, 22.1% higher from RM66.1 million a year ago due to project progress.

The Group's support services segment, which complements both earthworks and civil engineering services, saw a decline in revenue by 11.5% to RM10.0 million from RM11.3 million.

Further to that, the quarry segment contributed RM139.2 million in revenue, making up 33.0% of the total revenue.



2022 REVENUE SEGMENT



Rounding off the remaining segments, the property investment segment remained constant at RM0.5 million in FY2022 from RM0.6 million previously. The green energy segment revenue decreased to RM0.4 million, down from RM2.2 million the previous year, due to zero contract revenue from Net Energy Metering ("NEM") Scheme.

Despite the higher revenue, the Group posted a lower gross profit of RM6.5 million, a decrease of 65.7% from RM18.9 million in the previous year, largely because of elevated costs, particularly diesel, construction material, and labour cost.

The rising costs coupled with the termination of projects in East Malaysia and goodwill impairment, resulted in a net loss of RM18.3 million in FY2022, compared to a net profit of RM2.0 million in FY2021.

Nonetheless, the Group's balance sheet remains healthy to withstand any turbulence. The year's increase in gross and net gearing was primarily due to consolidation of SERB. The net asset per share slightly decreased to RM0.39.

Financial Ratio	As at 31 December 2022	As at 31 December 2021
Current Ratio	1.02 times	1.89 times
Gross Gearing	1.34 times	0.59 times
Net Gearing	0.83 times	0.19 times
Total Equity	RM207.2 million	RM215.6 million
Net Asset Per Share Attributable to Owner of The Company	RM0.39	RM0.44

BUSINESS OVERVIEW

MANAGEMENT DISCUSSION & ANALYSIS (CONT'D)

MARKET OUTLOOK AND GROWTH STRATEGIES

We expect challenging market conditions to persist in 2023 as a consequence of unfavorable shocks such as higher inflation, tighter policy, or financial stress, which could push the global economy into recession. Tightening financial conditions, a global economic slowdown, and rising living costs could put downward pressure on capital expenditure spending.

Malaysia, like the rest of the world, is still dealing with supply chain disruption, labour shortages, and significant price hikes in raw materials. Although the temporary ban on hiring foreign workers was lifted in August 2022, the mismatch in labour applications and incoming supply is taking a longer-than-expected duration to return to normal.

Despite these challenges, Advancecon sees opportunities in providing earthworks and civil engineering services for infrastructure projects.



According to Budget 2023, the domestic construction sector is expected to grow by 6.1% in 2023, supported by improved performance across all subsectors. Furthermore, the Economic & Fiscal Outlook and Revenue Estimates 2023 report noted that the implementation of new projects, as well as the acceleration of ongoing projects, would propel the civil engineering subsector even further. This would be beneficial to Advancecon's construction business segment.

As at 31 December 2022, the Group's outstanding order book stood at RM474.6 million, providing earnings visibility for at least 24 months. To improve business operations in the coming financial year, the Group will implement the following key growth strategies:

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

Budget 2023 outlined the Government's ongoing efforts to revitalise the country's economy including through high-impact construction projects. For instance, the implementation of new projects such as the upgrade of the Klang Valley Double Track Phase 2 and the acceleration of ongoing projects such as the ECRL and the 5G network rollout would catapult the sector.

We are seeing strong business opportunities from the ongoing and future Government's infrastructure projects. Advancecon, as a well-established construction player, would capitalise on its strong track record and seize opportunities while expanding our footprint in the infrastructure space by tender participation in Peninsular and East Malaysia.

- **Expanding the sector coverage and the types of development projects**

One of the Group's highlights in the construction segment during FY2022 was collaborating with Perak state to launch the CLQ pilot project, with the goal of supporting the state's industrialisation and economic development growth rate. The success of this pilot project will pave the way for the Group on future CLQ development projects.

Advancecon will continue to expand its sector coverage and types of development projects in the future, while remaining selective about which jobs it accepts. This is coherent with the Group's goal of maintaining a strong reputation as a leading earthworks player in Malaysia.

BUSINESS OVERVIEW

MANAGEMENT DISCUSSION & ANALYSIS (CONT'D)

- **Continue to focus on the green segment to achieve long-term sustainability**

Advancecon's green energy segment is off to a solid start with the full installation of four solar NEM, as well as the completion of the rooftop solar PV installation for Onn Corp.

Moving forward, we would prioritise the commencement of construction and installation for our LSS4 project. To this end, the Group proposed a private placement of up to 20% of the company's total share base to raise up to RM21.9 million for the LSS4 project development, which shareholders approved at the EGM on 28 February 2023.

Although we do not intend to become a full-fledged renewable energy player, the LSS project is an important part of our long-term growth strategy, primarily to provide a recurring income base to supplement our project-focused construction business. Furthermore, the Group believes that focusing on the green energy segment is critical for long-term sustainability.



APPRECIATION

On behalf of the Board, I would like to thank our valued shareholders, customers, business associates, bankers, consultants, as well as our employees for their unwavering support of Advancecon during this tough period. Our sincere gratitude for your continued faith and confidence in us over the years. I look forward to continued enthusiasm, wisdom, and cooperation in guiding the Group through the challenges that lie ahead in the coming year.

I would also like to extend the appreciation to our Board of Directors for the unrelenting commitment and dedication to the Group which truly helped the Group navigate through the challenges while paving the way for our future growth and success. We were saddened by the loss of one of our Directors, Allahyarham Mr Fathi Ridzuan Bin Ahmad Fauzi, who passed away on 4 November 2022. His contributions to the Group will always be remembered.

Last but not least, Advancecon will continue to seek opportunities to drive our business forward by capitalising on our strong track record and capabilities developed over the years in order to return to a higher level of growth and productivity.

Sincerely,

Dato' Phum Ang Kia

Group Chief Executive Officer

CORPORATE GOVERNANCE AND FINANCIAL STATEMENTS

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PURSUANT TO THE DISCLOSURE REQUIREMENTS, THE BOARD OF DIRECTORS (“THE BOARD”) OF ADVANCECON HOLDINGS BERHAD (“ADVANCECON” OR “THE COMPANY”) IS PLEASED TO PRESENT THE CORPORATE GOVERNANCE (“CG”) OVERVIEW STATEMENT (“STATEMENT”) WHICH PROVIDES KEY HIGHLIGHTS ON HOW THE COMPANY COMPLIES WITH THE PRINCIPLES AND PRACTICES OF THE MALAYSIAN CODE ON CORPORATE GOVERNANCE 2021 (“MCCG”) DURING THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (“FY2022”). THIS STATEMENT IS COMPLEMENTED BY A CG REPORT BASED ON A PRESCRIBED FORMAT PURSUANT TO PARAGRAPH 15.25 OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (“BURSA SECURITIES”) (“MMLR”). THE CG REPORT IS AVAILABLE ON THE COMPANY’S WEBSITE WWW.ADVANCECON.COM.MY UNDER THE INVESTOR RELATIONS SECTION. THIS STATEMENT SHOULD ALSO BE READ IN CONJUNCTION WITH THE STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (“SORMIC”) AND THE RESPECTIVE BOARD COMMITTEE REPORTS IN THE ENSUING PAGES.

THE BOARD CONSTANTLY STRIVES TO ENSURE THAT GOOD CORPORATE PRACTICES ARE CARRIED OUT THROUGHOUT THE COMPANY AND ITS SUBSIDIARIES (“THE GROUP”) AS FUNDAMENTAL TO FULFILLING ITS RESPONSIBILITIES, WHICH INCLUDE PROTECTING AND ENHANCING SHAREHOLDERS’ VALUE AS WELL AS THE FINANCIAL PERFORMANCE OF THE GROUP.

THE BOARD OVERSEES THE OVERALL STRATEGIC AND OPERATIONAL BUSINESS PERFORMANCE AND IS SUPPORTED BY VARIOUS BOARD COMMITTEES IN DISCHARGING OTHER SPECIFIC FUNCTIONS.

THE BOARD WILL ENDEAVOUR TO IMPROVE AND ENHANCE THE CORPORATE GOVERNANCE PRACTICES FROM TIME TO TIME. DETAILS OF HOW THE COMPANY HAS APPLIED THE CG CODE PRINCIPLES AND COMPLIED WITH ITS PRACTICES, ARE SET OUT IN THE CG REPORT. THE EXPLANATION FOR DEPARTURE IS FURTHER DISCLOSED IN THE CG REPORT.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

1. Board Responsibilities

a. Roles and Responsibilities

The Board is primarily responsible for the Group’s overall strategic plans for business performance, overseeing the proper conduct of business, succession planning of key management, risk management, shareholders’ communication, internal control, and statutory matters; whilst the Management is accountable for the execution of the adopted policies and attainment of the Group’s corporate objectives. The 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 the leadership of the Board in ensuring the effectiveness of all aspects of its role, and is primarily responsible for leading the Board in setting the values and standards of the Company, the orderly and effective conduct of the meetings of the Board and shareholders, ensuring the provision of accurate, timely and clear information to Directors as well as facilitating the effective contribution of Non-Executive Directors.

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

The Independent Non-Executive Directors (“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.

CORPORATE GOVERNANCE AND FINANCIAL STATEMENTS

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

**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")

Each committee operates within clearly defined Terms of Reference ("TOR"). These Committees are formed in order to enhance business and operational efficiency as well as efficacy. The Chairman of the respective Committees will report to the Board the outcome of their Committee's meetings for the Board's considerations and approvals. The Board retains full responsibility for the direction and control of the Company and the Group.

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

CORPORATE GOVERNANCE AND FINANCIAL STATEMENTS

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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 procedures and sexual harassment.

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

g. Anti-Bribery and Corruption Policy Statement ("ABC")

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

The details of the ABC are available for reference at the Company's website at www.advancecon.com.my.

h. Directors' Fit and Proper Policy

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

The details of the Directors' Fit and Proper Policy are available for reference at the Company's website at www.advancecon.com.my.

2. Board Composition

The current Board composition is in compliance with the Constitution and exceeds the minimum one-third requirement of INED as set out in the MMLR. The Directors' profiles are enclosed from pages 6 to 11 of this Annual Report ("AR").

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

CORPORATE GOVERNANCE AND FINANCIAL STATEMENTS

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

2. Board Composition (Cont'd)

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

a. Balance, Diversity and Skills

The Board acknowledges the importance of boardroom diversity and is supportive of the recommendation of MCGG to the establishment of boardroom and workforce gender diversity policy. The Board's aim is to have a broad range of approaches, backgrounds, skills and experience represented on the Board and to make appointments on merit, and against objective criteria, with due regard given to the benefits of diversity on the Board, including gender, age and ethnicity. The Board recognises diversity in the boardroom as an essential component of a good corporate governance.

The Board currently has one (1) female director out of six (6) directors, made up of one Independent Non-Executive Chairman, three Executive Directors and two INEDs. The existing Directors' age distribution falls within the respective age groups and is as follows:

Age Group	30-39	40-49	50-59	60 & above
Number of Directors	1	-	1	4

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

Number of Directors	Race/Ethnicity				Nationality	
	Malay	Chinese	Indian	Others	Malaysian	Foreign
	1	5	0	0	6	0

b. Re-Election and Re-Appointment of Directors

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

The Board, via NC, reviews the Directors who are subject to re-election or re-appointment at the AGM by giving due regard to his/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 judgement to the Board and this mitigates risks arising from conflicts of interest or undue influence from interested parties. Nevertheless, the existence of Independent Directors on the Board by itself does not assure the exercise of independence and objective judgement as independent judgement can be compromised by, amongst others, familiarity or close relationship with other board members or major shareholders.

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

CORPORATE GOVERNANCE AND FINANCIAL STATEMENTS

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

2. Board Composition (Cont'd)

d. Tenure of Independent Directors

Under the MCGG, 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 FY2022, none of the INED had served the Company exceeding a cumulative term limit of nine years.

e. Criteria for Recruitment and Annual Assessment of Directors

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

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

f. Board Meetings and Attendance

The Board meets at least four times a year and has a formal schedule of matters reserved for it. Additional meetings are held as and when necessary. During the FY2022, 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, policies and strategic issues affecting the Group's business.

During the FY2022, five meetings of the Board were held and the details of the Board's attendance record at the Board meetings are as follows:

Directors	Attendance in FY2022
Yeoh Chong Keat	5/5
Dato' Phum Ang Kia	5/5
Ir. Yeo An Thai	5/5
Tung Kai Hung	5/5
Mohd Zaky Bin Othman	5/5
Lee Elaine (Appointed on 3 January 2023)	-
Lim Swee Chai (Removed by shareholders on 9 August 2022)	3/3
Fathi Ridzuan Bin Ahmad Fauzi (Demised on 4 November 2022)	4/4

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

CORPORATE GOVERNANCE AND FINANCIAL STATEMENTS

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

2. Board Composition (Cont'd)

g. Directors' Training

The Board 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 fulfil their responsibilities.

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

Directors	Training attended
Yeoh Chong Keat	<ul style="list-style-type: none"> National Tax Conference 2022 Advocacy Sessions for Directors and Senior Management of Main Market Listed Issuers Conversation with Audit Committees - Session 1 Bursa Malaysia Immersive Session : The Board "Agender"
Dato' Phum Ang Kia	<ul style="list-style-type: none"> Understand Human Resources Management
Ir. Yeo An Thai	<ul style="list-style-type: none"> GreatDay HRIS Software Understand Human Resources Management Understanding the Job Evaluation Process Board of Engineers ("BEM") Convention 2022 Development of Effective Job Description
Tung Kai Hung	<ul style="list-style-type: none"> GreatDay HRIS Software Understand Human Resources Management Understanding the Job Evaluation Process
Mohd Zaky Bin Othman	<ul style="list-style-type: none"> Securities Commission Audit Oversight Board "Conversations with Audit Committees"
Lee Elaine (Appointed on 3 January 2023)	Not Applicable

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

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

CORPORATE GOVERNANCE AND FINANCIAL STATEMENTS

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

3. Remuneration (Cont'd)

a. Directors' Remuneration (Cont'd)

The remuneration paid and payable for FY2022 by the Company and the Group are as follows:

Director	Company					Subsidiaries				Total (RM)
	Directors' fees (RM)	Salaries (RM)	Bonus (RM)	Other benefits (RM)	Defined contribution plan (RM)	Salary (RM)	Bonus (RM)	Other benefits (RM)	Defined contribution (RM)	
Yeoh Chong Keat	99,180	-	-	2,500	-	-	-	-	-	101,680
Dato' Phum Ang Kia	-	1,119,600	47,800	15,500	124,614	-	-	-	-	1,307,514
Ir. Yeo An Thai	-	735,600	-	13,325	95,888	-	-	-	-	844,813
Tung Kai Hung	-	-	-	-	-	490,830	22,950	17,400	66,558	597,738
Mohd Zaky Bin Othman	71,040	-	-	2,500	-	-	-	-	-	73,540
Lee Elaine (Appointed on 3 January 2023)	-	-	-	-	-	-	-	-	-	-
Fathi Ridzuan Bin Ahmad Fauzi (Demised on 4 November 2022)	58,960	-	-	7,322	-	-	-	-	-	66,282
Lim Swee Chai (Removed by shareholders on 9 August 2022)	-	298,000	-	5,167	21,057	-	-	-	-	324,224

b. Remuneration of Senior Management

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

CORPORATE GOVERNANCE AND FINANCIAL STATEMENTS

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

1. AC

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

- Mohd Zaky Bin Othman, Chairman (INED)
- Yeoh Chong Keat, Member (INED)
- Fathi Ridzuan Bin Ahmad Fauzi, Member (INED) (Demised on 4 November 2022)
- Lee Elaine, Member (INED) (Appointed on 3 January 2023)

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

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

Besides overseeing the Group's accounting and financial reporting process, AC is also responsible to assist the Board to review the nature, scope and results of the external audit, its cost effectiveness and the independence and objectivity of the external auditors, to oversee and monitor the Group internal audit functions, review any related party transactions, and other activities such as governance matters. A full AC Report detailing its composition and a summary of activities during the FY2022 is set out in pages 47 to 48 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 FY2022.

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

The AC had in 20 April 2023 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 FY2022. The AC was also satisfied that the provision of the non-audit services by Crowe for FY2022 did not in any way impair their objectivity and independence as external auditors of the Company. Subsequently, the Board at its meeting concurred with the AC on its recommendation for the shareholders' approval to be sought at the forthcoming AGM on the reappointment of Crowe as external auditors of the Company for FY2022.

b. Assessment of Internal Auditor

The Group has appointed 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 of the management. They provide reasonable assurance of the effectiveness of the system of internal controls of the Group.

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

- Reviewed and approved the Internal Audit Plan for FY2022 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.
- Reviewed the Internal Audit Reports together with the recommendations from the Internal Auditors. The AC considered the Internal Auditors' recommendations which had taken into account the Management's responses, and upon which approved the Internal Auditors' proposals for rectification and implementation of the agreed remedial actions.
- Undertook assessment of the performance of the internal auditors and reviewed its effectiveness of the audit processes.

CORPORATE GOVERNANCE AND FINANCIAL STATEMENTS

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

2. Risk Management and Internal Control Framework (cont'd)

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

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

The Statement on Risk Management and Internal Control which provides an overview of the state of the internal control and risk management within Advancecon Group, is set out in pages 31 to 33 of this Annual Report.

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

1. Communication with Stakeholders

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

All corporate disclosures are made after taking into account the prevailing legislative restrictions and requirements as well as investors' need for timely release of price-sensitive information such as the financial performance results and significant corporate proposals.

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

2. Conduct of General Meetings

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

The Board takes note that the presence of all Directors will provide opportunity for shareholders to effectively engage with each Director. Besides, having the chair of the Board subcommittees present facilitates these conversations and allows shareholders to raise questions and concerns directly to those responsible. All the Directors of the Company attended 25th AGM and Extraordinary General Meeting of the Company held on 9 August 2022, 21 December 2022 and 28 February 2023 respectively on a fully virtual basis to engage with the shareholders proactively.

Barring any unforeseen circumstances, all the Directors of the Company will endeavour to attend coming 26th AGM of the Company and the Chair of AC, NC, RC and RMSC will provide meaningful response to questions addressed to them in compliance with the MCGG.

This Corporate Governance Overview Statement is issued in accordance with a resolution of the Board dated 20 April 2023.

BUSINESS OVERVIEW

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

THE BOARD OF DIRECTORS (“THE BOARD”) IS PLEASED TO PRESENT HERewith THE STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL WHICH OUTLINES THE NATURE AND SCOPE OF INTERNAL CONTROLS AND RISK MANAGEMENT OF THE ADVANCECON HOLDINGS BERHAD (“ADVANCECON” OR “THE COMPANY”) AND ITS SUBSIDIARIES (“THE GROUP”) DURING THE FINANCIAL YEAR ENDED 31 DECEMBER 2022. THIS STATEMENT IS PREPARED PURSUANT TO PARAGRAPH 15.26(B) OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (“BURSA SECURITIES”) (“MMLR”) AND PRINCIPLE B OF THE MALAYSIAN CODE ON CORPORATE GOVERNANCE, WITH GUIDANCE FROM THE STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL: GUIDELINES FOR DIRECTORS OF LISTED ISSUERS.

BOARD RESPONSIBILITY

The Board affirms its responsibility for maintaining a sound and effective system of risk management and internal control frameworks to comply with corporate governance, applicable laws and regulations. The risk management system is designed to manage the Group’s risks within an acceptable risk profile, rather than to totally avoid or eliminate the risks that are inherent to the Group’s businesses. This is to ensure that:-

- the principal risks of the Group which may impede the group business objectives are identified, evaluated, monitored and managed with an appropriate system of internal control;
- the effectiveness, adequacy and integrity of the system are reviewed from time to time to suit the changes in the business environment in order to safeguard shareholders’ interest and the Group’s assets;
- proper accounting records are maintained; and
- financial information is reliable to the public.

The Audit Committee (“AC”) and Risk Management and Sustainability Committee (“RMSC”) have been delegated and empowered to implement the internal control practices and risk management within the Group. The role of the Management is to implement the Board’s policies and guidelines on risks and controls, to identify and evaluate the risk faced and to operate a suitable system of internal controls to accomplish the Group’s mission and business objectives. The Board consistently review the adequacy and integrity of the Group’s risk management and systems of internal control with assistance of both the AC and RMSC.

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

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

RISK MANAGEMENT PROCESS

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

BUSINESS OVERVIEW

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

RISK MANAGEMENT PROCESS (CONT'D)

The Group's risk management practice is benchmarked against ISO31000:2018 Risk Management – Guidelines and is designed to embed COSO-ERM into key activities, initiatives and processes of the Group. The risk management framework adopted comprises a wide range of techniques for managing risk in a holistic way that correctly identifies risks and prioritises the appropriate responses. It is also to ensure that risk management is aligned with the Group's management organisational structure and business objective.

The process of identifying, evaluating, monitoring and managing significant risk is embedded in the various work processes and procedures of the respective operational functions and management team. Any significant issues and controls implemented were discussed at the regular operations and management meetings.

The RMSC is chaired by an Independent Non-Executive Director and comprises Senior Management of the Group where they develop a risk management profile in which new risks are identified, mitigation plans and changes in risk profile (if any) are discussed on an annual basis with the assistance of our outsourced Internal Auditor. During the financial year under review, there were no significant changes in the Risk Management Framework and Risk Assessment Matrix for Operation and Project Execution. Both Risk Management Framework and Risk Assessment Matrix were presented to and deliberated by the RMSC.

KEY ELEMENTS OF INTERNAL CONTROLS

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

- Board Committees

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

- Organisational Structure

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

- Limits of Authority

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

- Policies and Procedures

There are policies and procedures in place to ensure the adequacy of controls and compliance with relevant laws and regulations. These policies and procedures are periodically reviewed and updated to reflect changes in business structure and processes. Certain companies within the Group have obtained ISO 14001:2015, Environmental Management Systems ("EMS") accreditation for operational purposes. These certifications demonstrate our ongoing commitment to drive excellence and continuous quality improvement.

- Internal Audit

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

- Board Meetings

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

- Training and Development Programmes

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

BUSINESS OVERVIEW

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

KEY ELEMENTS OF INTERNAL CONTROLS (CONT'D)

- Good Corporate Governance Policies

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

INTERNAL AUDIT FUNCTION

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

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

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

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

For the financial year ended 31 December 2022, the total cost incurred for the outsourced internal audit function was RM28,000.

ASSURANCE FROM THE MANAGEMENT

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

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

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

CONCLUSION

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

This Statement has been approved by the Board of Directors at its meeting on 20 April 2023.

SUSTAINABILITY STATEMENT



Our Sustainability Statement (“Sustainability Statement” or “Statement”) for the financial year ended 31 December 2022 (“FY2022”) provides an overview of Advancecon Holdings Berhad and its subsidiaries’ (“Advancecon” or “the Group”) initiatives and practice, highlighting our economic, environmental and social impacts. This Statement has been prepared in accordance with Bursa Malaysia Securities Berhad’s Main Market Listing Requirements (“Bursa Securities”) (“MMLR”) relating to Sustainability Statements.



GOVERNANCE STRUCTURE AND RESPONSIBILITY

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



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

Advance Personnel



Board of Directors

Roles and Responsibilities

- Ensures business strategy contains sustainability
- Approves sustainability strategies



Risk Management and Sustainable Committee

- Supports the Board by overseeing the management of principal business risks and significant/material economic, environmental and social risks.



Sustainability Steering Committee





- Coordinating daily activities and implement company-wide sustainability initiatives.

SUSTAINABILITY STATEMENT (CONT'D)

ENGAGING OUR STAKEHOLDERS


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

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

 Board	<p>To enhance shareholders' values and financial performances.</p>	<ul style="list-style-type: none"> • Board meetings • Annual General Meeting • General Meetings 	<ul style="list-style-type: none"> • Quarterly • Annually • As and when required
 Employees	<p>Provide talent development and career opportunities in building a strong talent team in an engaging workplace, while attract new talent to support the organisation growth</p>	<ul style="list-style-type: none"> • Engagement with employees • Enhance 2-ways communication, feedback and respond with employees • Performance appraisal • Training plan • Human capital plan • Job evaluation • Occupational and safety committee meeting • Safety walkabout audit 	<ul style="list-style-type: none"> • Throughout the year • Throughout the year via face to face, Microsoft Teams, Microsoft Forms, WhatsApp and other social media platforms. • Annually • Annually • Annually • Annually • Quarterly • Monthly
 Investors / Shareholders	<p>Create sustainable values for our shareholders by consistently improving profitability and growth</p>	<ul style="list-style-type: none"> • Annual general meeting • General meetings • Annual report • Quarterly results announcement • Investors' briefing • Press releases • One-on-one/ group meeting with analysts and fund managers • Corporate website 	<ul style="list-style-type: none"> • Annually • As and when required • Annually • Quarterly • Biannually (as and when required) • Throughout the year (as and when required) • Throughout the year (as and when required) • Throughout the year
 Customers	<p>Achieve highest level of customer satisfaction by delivering high quality products and services</p>	<ul style="list-style-type: none"> • Customer satisfaction survey 	<ul style="list-style-type: none"> • Annually

SUSTAINABILITY STATEMENT (CONT'D)

ENGAGING OUR STAKEHOLDERS

 <p>Regulators</p>	<p>Ensure that we comply with all laws and regulations that are relevant to our business.</p>	<ul style="list-style-type: none"> • Filings and announcements to Bursa Securities Malaysia • Dialogues with authorities • Annual report • Periodic site inspections and visits 	<ul style="list-style-type: none"> • Throughout the year (as and when required) • Throughout the year (as and when required) • Annually • Throughout the year (as and when required)
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FEEDBACK

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

MATERIALITY ASSESSMENT

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

In FY2022, 9 material topics were plotted on the materiality matrix denoting the importance to stakeholders and Advancecon, where the top right quadrant of the matrix contains sustainability topics that are most material.

Advancecon's FY2022 Materiality Matrix



CORPORATE GOVERNANCE AND FINANCIAL STATEMENTS

SUSTAINABILITY STATEMENT (CONT'D)

ECONOMIC

CUSTOMER SATISFACTION

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

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

Description	2022	2021
Total projects surveyed	20	17
Total on-going / completed	13/3	13/4
Highest score	98%	95%
Lowest score	68%	63%

CORPORATE GOVERNANCE AND ETHICS

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

Advancecon complies with Anti-Bribery and Corruption Policy and continues to preserve and reinforce its business integrity and accountability by observing best practices in corporate governance, zero tolerance for bribery & corruption, and prudent risk management. Training on anti-bribery and corruption awareness and prevention was provided in FY2022 to ensure that our employees are aware of the negative consequences of corruption. We are pleased to announce that we recorded zero cases of misconduct in FY2022.

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

BUSINESS GROWTH AND EXPANSION

Additional Assets Ownership for Recurring Income

Advancecon has achieved a new milestone to embark into asset ownership in the fourth cycle of the large-scale solar programme ("LSS4 project"). This programme is offered by the Ministry of Energy and Natural Resources ("KeTSA") via the EC by LSS@MEntARI on 31 May 2020. Under LSS@MEntARI, 1,000MWp of solar quota is offered through bidding process where Advancecon Holding Berhad, via its wholly-owned subsidiary, Advancecon Solar Sdn Bhd has successfully tendered and shortlisted for a cumulative capacity of 26MWp. In August 2021, LSS TPG Sdn Bhd ("LSS TPG"), a wholly-owned subsidiary of Advancecon Solar Sdn Bhd has entered into a Power Purchase Agreement ("PPA") with Tenaga Nasional Berhad for the development of Large Scale Solar Photovoltaic Plant ("LSSPV") of 26MW at Kuala Langat, Selangor. In August 2022, the Energy Commission has granted LSS TPG a four (4) years extension. This will enable Advancecon to optimise its return in the next 25 years, which is in line with the Group's long-term strategy to grow its sustainable and recurring incomes.

In November 2022, CLQ Silvervalley Sdn Bhd, a wholly-owned subsidiary of Advancecon, has entered into a Collaboration Agreement with Perbadanan Kemajuan Negeri Perak (PKNPK), to support Perak state's efforts to ensure safety, comfort, and welfare of workers through the Centralised Labour Quarters (CLQ). It is a public-private partnership in which Advancecon will contribute necessary technical expertise to reduce the risk of CLQ project implementation. The CLQ project has targeted to develop accommodation for 12,000 workers over a period of 5 years.



SUSTAINABILITY STATEMENT (CONT'D)

BUSINESS GROWTH AND EXPANSION

Diversified into Quarry Operation Business

On 26 October 2021, the shareholders approved the acquisition of 51% equity interest in Spring Energy Resources Berhad ("SERB") and diversified into Quarry Operation Business. On 13 December 2021, SERB becomes a member of the Advancecon Group.

A subsidiary of SERB, Spring Energy Sdn Bhd (hereinafter referred to as "SE") has principal activities in contract quarry operation, quarry products, marketing, quarry management, advisory service, and carrying out projects related to quarry activities which includes earthwork and civil works.

SE is a certified ISO 9001:2015 and ISO 45001: 2018 company and established in the local quarry industries and is well-known in the market for its mobile crushing operation or service. It is led and managed by a group of skilled and experienced personnel specialising in quarry and civil engineering and construction operations. Our close association and long dealing with major local specialists and suppliers accord us with flexibility to participate in the keenest competition in all projects. The success is a manifestation of the company's reputation for reliability and its management philosophy of excellence in its undertaking. SE operates 7 quarries across Klang Valley, Kuantan, Negeri Sembilan and Perak.



ENVIRONMENTAL

OCCUPATIONAL SAFETY AND HEALTH ("OSH")

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

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

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

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

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

SUSTAINABILITY STATEMENT (CONT'D)



Elevating OSH capabilities and performance

Advancecon believes that it is crucial to develop OSH knowledge and maintain competency levels of our employees and workers to ensure a high level of sustained performance throughout our businesses. Throughout the year, we have conducted 240 (2021: 273) on the job training sessions for a total of 763 (2021: 712) of our employees and subcontracts. Some of the training topics include Fire Emergency Response Plan ("FERP") training, Aspect Impact Assessment, Risk Assessment, Machinery Operators, Traffic Controller & Banksman, working at height, scheduled waste management, chemical management as well as managing plant and machinery.

On 13 and 14 July 2022, Advancecon has conducted FERP training course which aims to develop skills of the participants in both theoretical and practical application require in implementing the FERP (Fire Drill). Under the Fire Services Act 1988, Occupational Safety and Health Act 1994 and ISO 14001 Requirement, that the FERP is required to be written, documented, communicated and implemented at workplaces. The main concern of the FERP is mainly on the protection of human lives and property losses. The training is designed to be more practical based in which participants will be exposed to self-implementing, establishing their own work procedures and response for any fire emergencies. In conclusion, participants will be able to understand the basic concepts of the FERP.

SUSTAINABILITY STATEMENT (CONT'D)

On 27 July 2022 and 5 August 2022, Advancecon has conducted the Basic Occupational First Aid, Cardiopulmonary Resuscitation (CPR) & Automated External Defibrillator (AED) Training Course which is customised to train the workers or layperson to become a qualified first aider. The participants have learnt basic life support skills such as CPR, AED, choking first aid, bleeding & wounds, burn & scald, fracture and spinal injuries.



HSE programme (Job and Awareness Training) – All employees using equipment at work shall be adequately trained to ensure health and safety in its use, supervision or management. Some work activities would require detailed formal training but, majority of the daily activities involving work equipment, adequate training can be delivered in-house using manufacturer's instructions and the background knowledge / skills of experienced workers and managers.

HSE programme (Machinery Inspections) – The purpose of the inspection is to identify whether work equipment can be operated, adjusted and maintained safely, with any deterioration detected and remedied before it results in a health and safety risk. Inspection is necessary for any equipment where significant risks to health and safety may arise due to the incorrect installation, reinstallation, deterioration or any other circumstances. The need for inspection and inspection frequencies should be determined through risk assessment.



CORPORATE GOVERNANCE AND FINANCIAL STATEMENTS

SUSTAINABILITY STATEMENT (CONT'D)

HSE programme (Machinery inspection with authority – DOSH) – On 26 April 2022, Advancecon has invited DOSH (The Department of Occupational Safety and Health) which is a department under the Ministry of Human Resources to the project site for machinery inspection. This is to assume the responsibility for the administration and enforcement of legislations related to safety, health and welfare of people at works.



HSE programme (Daily exercise prior start work) – It is aimed to strengthen muscles, stabilise joints, and enhance neuromuscular patterns so that the body of the workers can operate more efficiently, safely and to achieve common goal of ergonomics. These exercise programme include both stretching and strengthening of their body results in reductions of the workplace injuries rates.



HSE programme (Monthly HSE Management Walkabout inspection) – A monthly safety HSE Management Walkabout Inspection is held by the line manager or supervisor to observe and inspect workplace and to discuss with the staffs on their safety performance, based on observations. This focuses on the real working environment experience in order to observe any Unsafe Acts and Unsafe Conditions (UCUA) that may create serious risks for the group of employees.



HSE Programme (Daily Safety Toolbox briefing) – A short, simple, easy, and quick introduction or discussion about safety is introduced before the start of the work at site, namely, the safety toolbox talks. It is a type of briefing of a minimum of five to ten minutes about the safety tools at the workplace. The safety personnel will brief the workers about the safety risk associated with their daily tasks.



SUSTAINABILITY STATEMENT (CONT'D)

HSE programme (Monthly HSE Committee Meeting) – A monthly HSE committee meeting is scheduled to be conducted between the employer and employees' representatives to discuss general matters regarding safety, health, environmental and traffic at the workplace.



HSE Programme (HSE induction for new employee or subcontractor) – Safety induction is a training session designed to teach new employees about worksite, organisation, emergency procedures, rules, safety management plan, incident and hazard reporting requirements, and any other important aspects of the company's operation including ISO 14001 certification requirement.

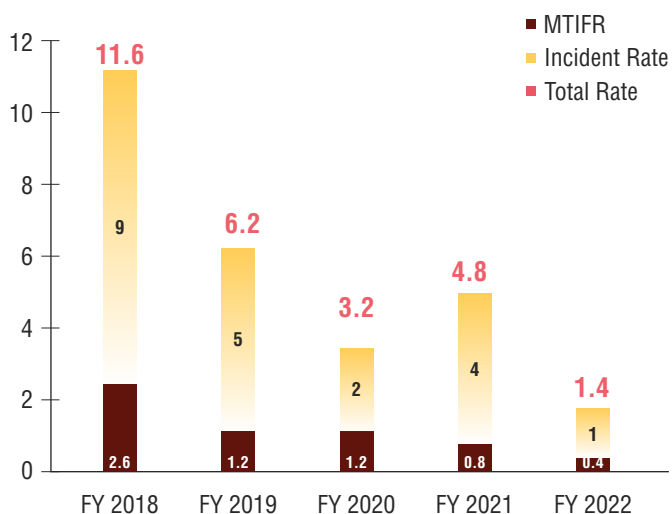


Preventing workplace accidents

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

During the FY2022, there are no major accidents occurring at any of the Group's construction sites as set out below:

Employee and Contractor MTIFR and AR¹



Health & Safety Performance

- Slightly decreased injuries with 70% variance in **Total Rate FY2022 decreased to 1.4** from 4.8 in last year
 - MTIFR reduced from 0.8 to 0.4
 - Accident Rate decreased from 4 to 1
- Fatality Case and Lost Time Injury Case free since Jan-2018 till present
- Better achievement to company and Continue engagement throughout Advancecon around our Health & Safety goal

1. Medical Treatment Injury Frequency Rate per millions hour worked and Accident Rate per thousand annual average employee is for all Advancecon Projects.

By complying with the latest Standard Operating Procedure (SOP) for Reopening Safely (3 August 2022), all employees at workplace are required to conduct rapid self-tests on a semi-monthly basis to avoid the spread of COVID-19 infection.

SUSTAINABILITY STATEMENT (CONT'D)

ENVIRONMENTAL MANAGEMENT SYSTEM

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

We maintain a Corporate Environmental Policy and commitment which enables us:

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

On 7 and 8 September 2022, the first recertification audit for ISO 14001 Environmental Management System was conducted between the auditor from TUV Nord and Advancecon at head office and project site as below.



WASTE DISPOSAL

In complying with ISO14001: 2015 Environmental Management System (EMS), Advancecon remains committed in managing our waste in accordance with local waste regulations to minimise impacts on the environment and the communities where we would operate. We generate different types of waste that includes scheduled and non-scheduled waste, municipal waste and e-waste.

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

Scheduled Waste that we have collected are as follows:

Type of Scheduled Waste	Quantity (KG)
Rags, plastics, papers or filters contaminated with Scheduled Waste	3,383
Disposed containers, bags or equipment contaminated with chemicals, pesticides, mineral oil or scheduled wastes	135
Spent lubricating oil	9,550
Spent hydraulic oil	750
Oil-water mixture	1,360
Total	15,178

Advancecon is very precautionous and alert on the environmental impact to ensure our business complies with the environmental rules. These include areas such as preventing pollution, handling, storing, labelling and managing of their waste efficiency especially scheduled wastes. One of the areas that company has committed to comply with is the regulations regarding dangerous or hazardous wastes and liquid wastes including the disposal of these wastes as listed in the Environmental Quality(Scheduled Wastes) Regulations 2005, such as spent solvent, sludge and contaminated used oils. The practise has been diligently executed by the employer, employees including subcontractors at the workplace.

SUSTAINABILITY STATEMENT (CONT'D)

SOCIAL

EMPLOYEE DIVERSITY

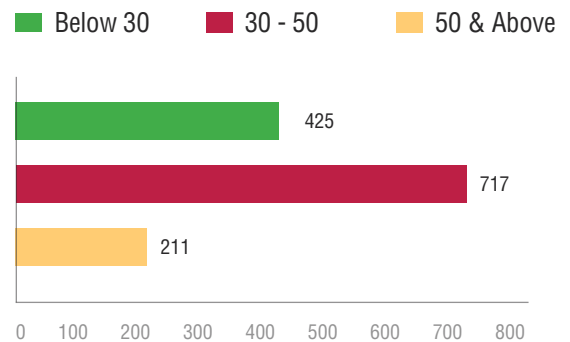
At Advancecon, we promote diversity, inclusivity and equality regardless of gender, race and sexual orientation to encourage different groups of people and ethnicity background to build positive relationships at the workplace. Our workforce is equipped with technical knowledge and soft skills to enhance their capabilities. Diversity also ensures that the Group has the requisite variety of skillsets and understanding to effectively serve our stakeholders, both internal and external.

At Advancecon, we recruit our people based on skills, industry experience and good personal behaviours through fair selection processes. Each year, our employees would receive feedback on their performance through performance reviews, which are conducted in a fair and transparent manner.



As of 31 December 2022, we have a total of 1,353 (2021: 873) employees, as summarised as follows:-

AGE GROUP



GENDER



HUMAN CAPACITY

Our employees are our most valuable assets. Advancecon recognises the importance of human capital development to meet challenges. We provide various learning opportunities throughout an employee's career to ensure that each of them develops the required skills to perform the relevant responsibilities. With this in mind, we have identified employee training needs and provided the required skills training in areas such as Human Resource Management, Health Safety and Environment Management System, etc.

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

During the year under review, 352 employees had benefited from the training programmes pertaining to cost management, leadership skills, compliance awareness, health, safety, security and environment, soft skills and knowledge of corporate finance. A total of 3,767 training hours had been recorded and is equivalent to an average of 10.7 hours per employees.



CORPORATE GOVERNANCE AND FINANCIAL STATEMENTS

SUSTAINABILITY STATEMENT (CONT'D)

To promote good health, work life balance, and enhance employee's engagement throughout the year of 2022, Advancecon's Sport Club has organised the following activities:

1. Weekly Yoga and Zumba Class;
2. Weekly badminton;
3. Cinema treat (occasionally);
4. Gym membership;
5. Merdeka Drawing Competition (26 August 2022);
6. Mid-Autumn Gathering Karaoke (9 September 2022);



7. 3D2N Trip – Amverton Cove (22 October 2022 to 24 October 2022);



8. MasterChef competition 2.0 (30 November 2022); and

9. Christmas Lunch (23 December 2022).

SUSTAINABILITY STATEMENT (CONT'D)



SOCIETY CONTRIBUTIONS

Advancecon is actively involved in local community projects by way of monetary and non-monetary contributions and donations in kind.

On 23 June 2022, Advancecon Sarawak has participated in a CSR programme for beach cleaning which is organised by Petrofac and Petronas adjacent with our project site and the participants include other contractors. This programme aims to preserve the coastal and ocean ecosystem by reducing the risk of marine life being harmed by plastic and other trash polluting the sea and to ensure our responsibility against the environmental surrounding the project site.

Advancecon has been supporting its Corporate Social Responsibility ("CSR") programme by conducting Spring Cleaning Activities and Charity Programmed on a yearly basis. On 12 November 2022, Advancecon was involved in a community work programme organised by Sekolah Menengah Kebangsaan Bandar Sunway (SMKBS) for refurbishment and beautification of the school. The Group Chief Operating Officer, Safety Health Officer, Environmental Officer, staff, PIBG, teachers and students have participated in this programme. Advancecon has sponsored plants, Roll-on Roll-off Bin and manpower support to clean-up and beautify the school area. With the CRS programme, teachers are able to impart in the students' fundamentals relating to the environmental consciousness and social responsibility during the course of the teaching.

Looking ahead, we will continue to provide contributions to various charitable organisations and to reward the social.



CORPORATE GOVERNANCE AND FINANCIAL STATEMENTS

AUDIT COMMITTEE REPORT

THE BOARD OF DIRECTORS (“THE BOARD”) OF ADVANCECON HOLDINGS BERHAD (“THE COMPANY”) IS PLEASED TO PRESENT THE AUDIT COMMITTEE (“AC”) REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (“FY2022”).

AC COMPOSITION AND ATTENDANCE

The AC comprises of two 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 of the following members:

- Mohd Zaky Bin Othman, Chairman (INED)
- Yeoh Chong Keat, Member (INED)
- Fathi Ridzuan Bin Ahmad Fauzi, Member (INED) (Demised on 4 November 2022)
- Lee Elaine, Member (INED) (Appointed on 3 January 2023)

In FY2022, the AC met five (5) times and had private discussions with both the External Auditors and Internal Auditors without the presence of the Executive Directors and the Management. The Executive Directors, General Manager - Finance and Corporate Services, External Auditors, Internal Auditors and other Board members attended the AC meetings upon invitation, as and when necessary. The attendance 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 (Demised on 4 November 2022)	4 / 5
Lee Elaine (Appointed on 3 January 2023)	-

During the FY2022, the AC had engaged with the external auditors to review the key audit issues and audit concerns affecting the Company.

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

TERM 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 FY2022

During the FY2022, the summary of activities carried out by the AC is as follows:

1. Financial Reporting

- 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

- Reviewed and approved the Internal Audit Plan for FY2022 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.
- Reviewed the Internal Audit Reports together with the recommendations from Sterling. The AC considered Sterling’s recommendations which had taken into account the Management’s responses, and upon which approved the Internal Auditors’ proposals for rectification and implementation of the agreed remedial actions.
- Undertook assessment of the performance of the internal auditors and reviewed the effectiveness of the audit processes.

AUDIT COMMITTEE REPORT (CONT'D)

3. External Audit

- (a) Discussed and deliberated the External Auditors' Audit Planning Memorandum which covers engagement and reporting requirements, audit approach, areas of audit emphasis, communication with management, engagement team, reporting and deliverables, accounting standards update, tax update, amendments to MMLR, sample draft Independent Auditor's Report, indicators of going concern and enforcement of Companies Act 2016.
- (b) Discussed and deliberated on the External Auditors' Audit Review Memorandum and deficiencies in internal control based on observations made during the course of audit.
- (c) Reviewed the draft Audited Consolidated Financial Statements for the financial year ended 31 December 2022 before recommending the same to the Board for approval.
- (d) Had discussions with both the External and Internal Auditors, without Management's presence, on matters pertaining to the audits and the financial statements.
- (e) Evaluated and reviewed the performance and independence of the External Auditors and recommended to the Board for the reappointment and remuneration of the External Auditors.

4. Related Party Transactions ("RPT")

- (a) Reviewed and recommended the RPT presented by Management to the Board on quarterly basis for approval, to ensure that these transactions are undertaken in the best interest of the Company, fair, reasonable and based on normal commercial terms and not detrimental to the interest of the minority shareholders.
- (b) Monitored the thresholds of the RPT and recurrent related party transactions ("RRPT") to ensure compliance with MMLR.

5. Annual Reporting

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

TRAINING

During the FY2022, 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 22 to 30 of this Annual Report.

Internal Audit Function

The Company engaged the services of an independent professional firm i.e., Sterling Business Alignment Consulting Sdn Bhd ("Sterling") to carry out the internal audit functions of the Group in order to assist the AC in discharging its duties and responsibilities. The Internal Auditors are empowered by the AC to provide objective evaluation of risks and controls in the audited activities to ensure a sound system of internal controls. The Internal Auditors adopts a risk-based audit methodology to develop its audit plan and activities. The internal audit functions of the Group are carried out according to the internal audit plan as approved by the AC. Greater focus and appropriate review intervals are set for higher risk activities, material internal controls, including compliance with the Company's policies, procedures and regulatory requirements.

During the FY2022, the Internal Auditors have performed the internal audit according to the approved internal audit plan. Internal Audit Reports were issued and tabled at each AC meeting throughout FY2022. 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 31 to 33 of this Annual Report.

The cost incurred for the internal audit function in respect of the FY2022 was RM28,000 (FY2021: RM40,000).

CORPORATE GOVERNANCE AND FINANCIAL STATEMENTS

STATEMENT OF DIRECTORS' RESPONSIBILITIES

IN RESPECT OF AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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

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

In preparing the financial statements, the Directors have:

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

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

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

ADDITIONAL COMPLIANCE INFORMATION

1. UTILISATION OF PROCEEDS FROM CORPORATE PROPOSALS

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

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

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

The details of the variations of the IPO Proceeds as at 31 December 2022 are as set out below:-

	Utilisation of Proceeds	Allocation of IPO Proceeds upon listing ⁽¹⁾ (RM'000)	Allocation of IPO Proceeds upon listing (revised) (RM'000)	Actual utilization of IPO Proceeds (RM'000)	Unutilised IPO Proceeds (RM'000)	Estimated timeframe for utilisation (from the listing date) (RM'000)
i.	Total Capital expenditures:	29,700	27,050	(14,245)	12,805	Within 78 months ⁽³⁾
	(a) Purchase of new construction machinery and equipment	15,100	12,960	(12,960)	-	Within 24 months
	(b) Construction of new workshop	14,600	14,090 ⁽²⁾	(1,285)	12,805	Within 78 months ⁽³⁾
ii.	Repayment of bank borrowings	12,500	12,455 ⁽²⁾	(12,455)	-	Within 6 months
iii.	Working capital	10,700	13,395	(13,395)	-	Within 24 months
iv.	Estimated listing expenses	3,800	3,800	(3,800)	-	Upon Listing
		56,700	56,700	(43,895)	12,805	

Notes:-

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

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

⁽³⁾ On 6 January 2022, the Board announced to further extend the estimated timeframe for the utilisation of the balance IPO proceeds from 54 months to 78 months from date of IPO, up till 10 January 2024.

CORPORATE GOVERNANCE AND FINANCIAL STATEMENTS

ADDITIONAL COMPLIANCE INFORMATION (CONT'D)

1. UTILISATION OF PROCEEDS FROM CORPORATE PROPOSALS (CONT'D)

Utilisation of proceeds from the Private Placement

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

Utilisation of Proceeds	Proposed utilisation RM'000	Actual utilisation of proceeds RM'000	Unutilised proceeds RM'000	Expected timeframe for utilisation
Development of solar photovoltaic energy generating facility	19,665	(1,722)	17,943	Within 12 months from the receipt of placement funds
Estimated expenses for the Private Placement	110	(92)	18	Upon completion of the Private Placement
Total	19,775	(1,814)	17,961	

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 2022 are as follows:-

Type of fee	Group (RM)	Company (RM)
Audit Fees	469,900	116,500
Non-audit Fees		
- Review of Statement of Risk Management and Internal Control	5,000	5,000
Total	474,900	121,500

3. MATERIAL CONTRACTS

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

4. EMPLOYEES SHARE OPTION SCHEME ("ESOS")

The ESOS was established on 6 March 2018 and was expired on 5 March 2023. There are no options granted, exercised or outstanding options during the financial year ended 31 December 2022.

5. CONTRACTS RELATING TO LOANS

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

6. RELATED PARTY TRANSACTIONS

A list of the significant related party transactions between the Company and its subsidiaries, and between the Group and other related parties for the FY2022 is set out on page 137 to 138 of the Annual Report.

FINANCIAL STATEMENTS

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CORPORATE GOVERNANCE AND FINANCIAL STATEMENTS

DIRECTORS' REPORT

The directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2022.

PRINCIPAL ACTIVITIES

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

RESULTS

	The Group RM	The Company RM
Loss after taxation for the financial year	(18,302,553)	(15,605,260)
Attributable to:-		
Owners of the Company	(23,358,610)	(15,605,260)
Non-controlling interests	5,056,057	-
	(18,302,553)	(15,605,260)

DIVIDEND

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

RESERVES AND PROVISIONS

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

ISSUES OF SHARES AND DEBENTURES

During the financial year:-

- (a) 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

As at 31 December 2022, the Company held as treasury shares a total of 9,381,300 of its 492,756,000 issued and fully paid-up ordinary shares. The treasury shares are held at a carrying amount of RM3,249,343. The details of the treasury shares are disclosed in Note 24 to the financial statements.

CORPORATE GOVERNANCE AND FINANCIAL STATEMENTS

DIRECTORS' REPORT (CONT'D)**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.

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.

CORPORATE GOVERNANCE AND FINANCIAL STATEMENTS

DIRECTORS' REPORT (CONT'D)

ITEMS OF AN UNUSUAL NATURE

In the opinion of the Directors, except for the impairment loss on goodwill amounting to RM21,134,203, impairment loss on intangible assets amounting to RM8,592,263, impairment loss on investment in a subsidiary amounting to RM25,450,000 and gain on early settlement of profit guarantee amounting to RM30,800,000 as disclosed in Note 38, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature.

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
Ir. Yeo An Thai
Tung Kai Hung
Yeoh Chong Keat
Mohd Zaky bin Othman
Lee Elaine (Appointed on 3.1.2023)
Lim Swee Chai (Removed on 9.8.2022)
Fathi Ridzuan bin Ahmad Fauzi (Demised on 4.11.2022)

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

Azlan Shah bin Mohd Yusoh
Ikhlas bin Kamarudin
Lim Chin Khuan
Lim Ten Fong
Nor Hashim bin Abdul Aziz
Yap Chai Huat
Yap Ho Huat
Dato' Yap Soon Huat
Yap Yee Huat
Choy Jian Tian (Appointed on 9.6.2022)
Lim Kok Tiong (Appointed on 9.6.2022)
Puah Kian Yiew (Appointed on 9.6.2022)
Tan Tong Lang (First Director on 30.5.2022) (Resigned on 15.7.2022)

CORPORATE GOVERNANCE AND FINANCIAL STATEMENTS

DIRECTORS' REPORT (CONT'D)

DIRECTORS' INTERESTS

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

	< ----- At 1.1.2022	Number of Ordinary Shares Bought	Sold	-----> At 31.12.2022
The Company				
<i>Direct Interests</i>				
Dato' Phum Ang Kia	97,563,750	-	-	97,563,750
Ir. Yeo An Thai	16,075,250	-	-	16,075,250
Tung Kai Hung	9,775,250	-	-	9,775,250
Yeoh Chong Keat	25,000	-	-	25,000
<i>Indirect Interest</i>				
Dato' Phum Ang Kia*	150,000	-	-	150,000

* By virtue of his children's shareholdings in the Company pursuant to Section 59 of the Companies Act 2016.

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

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (other than directors' remuneration as disclosed in the "Directors' Remuneration" of this report) by reason of a contract made by the Company or a related corporation with the director or with a firm of which 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 43(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.

CORPORATE GOVERNANCE AND FINANCIAL STATEMENTS

DIRECTORS' REPORT (CONT'D)**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 as follows:-

	The Group RM	The Company RM
Fees	229,180	229,180
Salaries, bonuses and other benefits	2,727,102	2,213,322
Defined contribution plan	308,117	241,559
	<u>3,264,399</u>	<u>2,684,061</u>

The estimated monetary value of benefits-in-kind provided by the Group and the Company to the directors of the Company were RM51,392 and RM33,992 respectively.

INDEMNITY AND INSURANCE COST

During the financial year, the total amounts of indemnity coverage and insurance premium paid for the directors and a principal officer of the Group and of the Company were RM10,000,000 and RM16,000 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 49 to the financial statements.

CORPORATE GOVERNANCE AND FINANCIAL STATEMENTS

DIRECTORS' REPORT (CONT'D)**AUDITORS**

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

The details of the auditors' remuneration for the financial year are as follows:-

	The Group RM	The Company RM
Audit Fees		
- current financial year	462,400	111,500
- underprovision in the previous financial year	7,500	5,000
Non-audit fees	5,000	5,000
	<hr/> 474,900	<hr/> 121,500

Signed in accordance with a resolution of the directors dated 20 April 2023.

Dato' Phum Ang Kia

Ir. Yeo An Thai

CORPORATE GOVERNANCE AND FINANCIAL STATEMENTS

STATEMENT BY DIRECTORS

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

We, Dato' Phum Ang Kia and Ir. Yeo An Thai, being two of the directors of Advancecon Holdings Berhad, state that, in the opinion of the directors, the financial statements set out on pages 65 to 169 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 2022 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 20 April 2023.

Dato' Phum Ang Kia**Ir. Yeo An Thai**

CORPORATE GOVERNANCE AND FINANCIAL STATEMENTS

STATUTORY DECLARATION

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

I, Teh Soon Seong, MIA Membership Number: 49573, being the officer primarily responsible for the financial management of Advancecon Holdings Berhad, do solemnly and sincerely declare that the financial statements set out on pages 65 to 169 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 Soon Seong,
at Kuala Lumpur
in the Federal Territory
on this 20 April 2023

Before me

Teh Soon Seong

Yokheswarem A/L M. Thirunadesan (W-540)

CORPORATE GOVERNANCE AND FINANCIAL STATEMENTS

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF ADVANCECON HOLDINGS BERHAD

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Advancecon Holdings Berhad, which comprise the statements of financial position as at 31 December 2022 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 65 to 169.

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 2022, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

CORPORATE GOVERNANCE AND FINANCIAL STATEMENTS

INDEPENDENT AUDITORS' REPORT

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

Key Audit Matters (Cont'd)

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

Revenue Recognition for Construction Services

Refer to Note 36 to the financial statements

Key Audit Matter	How our audit addressed the Key Audit Matter
<p>Revenue recognition for construction activities, due to the contracting nature of the business, involves significant judgements. This includes the determination of the total budgeted 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.</p> <p>We determined this to be a key audit matter due to the complexity and judgemental nature of the budgeting of contract costs and the determination of revenue recognised.</p>	<p>Our procedures included, amongst others:-</p> <ul style="list-style-type: none"> • Read all key contracts and discussed with management to obtain an understanding of the terms and risks to assess our consideration of whether revenue was appropriately recognised; • Tested costs incurred to date to supporting documentation such as contractors' claim certificates; • Assessed the management's assumptions in determining the percentage of completion of projects, estimations of revenue and costs, provisions for foreseeable losses, liquidated and ascertained damages as well as recoverability of billed receivables; • Assessed the reasonableness of percentage of completion by comparing to certification by external parties; and • Reviewed estimated profit and costs to complete and adjustments for job costing and potential contract losses.

Impairment Assessment of Trade Receivables

Refer to Note 14 to the financial statements

Key Audit Matter	How our audit addressed the Key Audit Matter
<p>The Group carries significant trade receivables and is exposed to credit risk, or the risk of counterparties defaulting. The assessment of the adequacy of the allowance for impairment losses involved judgement, which includes analysing historical bad debts, customer concentrations, customer creditworthiness, current economic trends and changes in the customer payment terms.</p>	<p>Our procedures included, amongst others:-</p> <ul style="list-style-type: none"> • Obtained an understanding of:- <ul style="list-style-type: none"> • the Group's control over the receivable collection process; • how the Group identifies and assesses the impairment of receivables; and • how the Group makes the accounting estimates for impairment. • Reviewed the ageing analysis of receivables and testing the reliability thereof; • Reviewed subsequent cash collections for major receivables and overdue amounts; • Made inquiries of management regarding the action plans to recover overdue amounts; • Compared and challenged management's view on the recoverability of overdue amounts to historical patterns of collection; • Examined other evidence including customer correspondences, proposed or existing settlement plans, repayment schedules, etc.; and • Evaluating the reasonableness and adequacy of the allowance for impairment recognised.

CORPORATE GOVERNANCE AND FINANCIAL STATEMENTS

INDEPENDENT AUDITORS' REPORT

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

Key Audit Matters (Cont'd)
Accounting effect for the acquisition of 51% equity interest in Spring Energy Resources Berhad and impairment assessment on goodwill and intangible assets arose from the acquisition

Refer to Note 40 to the financial statements

Key Audit Matter	How our audit addressed the Key Audit Matter
<p>During the financial year, the Group acquired 51% equity interests in Spring Energy Resources Berhad ("SERB").</p> <p>(a) Acquisition accounting for SERB under MFRS 3 – Business Combinations</p> <p>During the financial year, the Group completed the acquisition of SERB. This was an area of focus as the acquisition is material and requires the use of significant judgement regarding the fair value of purchase consideration, identification of intangible assets acquired and the valuation of assets acquired and liabilities assumed.</p> <p>A purchase price allocation exercise was performed by an external expert. The primary element of the valuation exercise assessed is the fair value of purchase consideration and fair value of identifiable intangible assets. The goodwill of approximately RM21 million was also highly dependent on the fair value of the net identifiable assets at the acquisition date.</p>	<p>Our procedures included, amongst others:-</p> <ul style="list-style-type: none"> • We evaluated the objectivity, independence and capabilities of the independent external expert. • We assessed the appropriateness of the methodology adopted and the reasonableness of the discount rate used by management and its independent external expert, with the assistance of our internal specialist. • We reviewed the adequacy of disclosure of the acquisition in the financial statements.
<p>(b) Impairment assessment on goodwill and intangible assets arose from the acquisition of SERB</p> <p>This was an area of focus given the inherent subjectivity of annual impairment testing required.</p> <p>The judgements in relation to the goodwill and intangible assets impairment relate primarily to the key assumptions used in determining the value in use of the Cash Generating Unit ("CGU"), being the achievability of the long-term business plans. In accordance with MFRS 136 – Impairment of Assets, the management carried out annual impairment testing for the CGU of which impairment losses of approximately RM21 million and 9 million have been made during the financial year in this respect, on the carrying amounts of goodwill and intangible assets, respectively.</p>	<p>Our procedures included, amongst others:-</p> <ul style="list-style-type: none"> • We obtained management's impairment analysis and gained and understanding of their impairment assessment process. • We assessed the appropriateness of the methodology adopted and the reasonableness of the discount rate used by management. • We reviewed the reasonableness of the key assumptions used and judgement made in determining the recoverable amount of the CGU. • We also performed and checked the sensitivity analysis to assess the impact on the recoverable amount of the CGU. • We reviewed the adequacy of disclosure of goodwill and intangible assets in the financial statements.

CORPORATE GOVERNANCE AND FINANCIAL STATEMENTS

INDEPENDENT AUDITORS' REPORT

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

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

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

Responsibilities of the Directors for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.

CORPORATE GOVERNANCE AND FINANCIAL STATEMENTS

INDEPENDENT AUDITORS' REPORT

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

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

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

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

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

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

OTHER MATTERS

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

Crowe Malaysia PLT

201906000005 (LLP0018817-LCA) & AF 1018

Chartered Accountants

Kuala Lumpur

20 April 2023

Chua Wai Hong

02974/09/2023 J

Chartered Accountant

CORPORATE GOVERNANCE AND FINANCIAL STATEMENTS

STATEMENTS OF FINANCIAL POSITION

AT 31 DECEMBER 2022

	Note	31.12.2022 RM	The Group 31.12.2021 RM (Restated)	1.1.2021 RM (Restated)	The Company 2022 RM	2021 RM
ASSETS						
NON-CURRENT ASSETS						
Investments in subsidiaries	5	-	-	-	11,275,005	12,861,303
Investment in an associate	6	1,075,721	564,981	-	225,000	225,000
Investment in joint ventures	7	480,762	-	-	-	-
Property, plant and equipment	8	191,662,059	108,461,221	120,741,965	6,733,918	6,950,313
Investment properties	9	34,924,716	38,618,591	43,483,039	-	-
Other investments		-	-	2,994	-	-
Goodwill	10	-	-	-	-	-
Intangible assets	11	1,300,000	-	-	-	-
Deferred tax assets	26	1,379,446	160,149	160,149	160,149	160,149
Finance lease receivables	12	756,929	2,326,035	1,790,560	-	-
Trade receivables	14	429,745	636,658	-	-	-
Other receivables	16	3,695,433	1,387,312	-	-	-
		235,704,811	152,154,947	166,178,707	18,394,072	20,196,765
CURRENT ASSETS						
Inventories	13	13,125,525	-	-	-	-
Contract assets	15	117,846,104	104,091,186	106,056,723	-	-
Finance lease receivables	12	360,950	717,340	2,114,930	-	-
Trade receivables	14	83,330,422	41,279,622	66,673,120	-	-
Other receivables, deposits and prepayments	16	35,110,646	52,740,450	9,379,213	64,120	35,713,157
Amount owing by subsidiaries	17	-	-	-	95,556,325	73,409,594
Amount owing by an associate	18	15,070,187	2,086,597	941,218	246	1,317
Amount owing by a joint venture	19	2,113,942	-	-	-	-
Short-term investments	20	234,321	2,845,915	1,390,666	63,969	62,626
Current tax assets		6,230,764	3,455,520	2,844,701	-	34,125
Deposits with licensed banks	21	64,332,129	59,979,480	50,053,145	273,397	268,695
Cash and bank balances		34,825,070	22,681,441	2,232,770	1,912,095	2,566,116
		372,580,060	289,877,551	241,686,486	97,870,152	112,055,630
Non-current assets held for sale	22	43,639,392	-	-	-	-
		416,219,452	289,877,551	241,686,486	97,870,152	112,055,630
TOTAL ASSETS		651,924,263	442,032,498	407,865,193	116,264,224	132,252,395

CORPORATE GOVERNANCE AND FINANCIAL STATEMENTS

STATEMENTS OF FINANCIAL POSITION

AT 31 DECEMBER 2022 (CONT'D)

			The Group		The Company	
	Note	31.12.2022 RM	31.12.2021 RM (Restated)	1.1.2021 RM (Restated)	2022 RM	2021 RM
EQUITY AND LIABILITIES						
EQUITY						
Share capital	23	114,139,592	114,139,592	87,101,071	114,139,592	114,139,592
Treasury shares	24	(3,249,343)	(3,249,343)	(3,249,343)	(3,249,343)	(3,249,343)
Reserves	25	-	-	1,700,400	-	-
Retained profits		81,326,531	104,685,141	102,008,584	(10,775,405)	4,829,855
Equity attributable to owners of the Company		192,216,780	215,575,390	187,560,712	100,114,844	115,720,104
Non-controlling interests	5	15,020,286	-	-	-	-
TOTAL EQUITY		207,237,066	215,575,390	187,560,712	100,114,844	115,720,104
NON-CURRENT LIABILITIES						
Deferred tax liabilities	26	5,696,750	3,758,402	4,446,380	-	-
Long-term borrowings	27	71,427,961	68,877,906	56,864,064	12,073,945	12,501,614
Lease liabilities	29	1,900,279	-	43,407	115,782	-
		79,024,990	72,636,308	61,353,851	12,189,727	12,501,614
CURRENT LIABILITIES						
Contract liabilities	15	28,352,108	22,389,595	16,670,776	-	-
Trade payables	31	97,984,275	60,338,350	54,427,963	-	-
Other payables and accruals	32	24,742,863	13,581,875	11,260,510	607,379	611,772
Amount owing to subsidiaries	17	-	-	-	14,884	11,946
Amount owing to related parties	33	26,798,879	-	-	-	-
Amount owing to an associate	18	-	269,338	98,942	-	-
Amount owing to a director		-	-	192,290	-	-
Amount owing to a joint venture	19	2,549,361	-	-	-	-
Current tax liabilities		247,847	-	56,586	15,727	-
Short-term borrowings	34	161,812,838	57,198,235	72,292,962	3,252,238	3,363,552
Lease liabilities	29	913,693	43,407	71,664	69,425	43,407
Bank overdrafts	35	22,260,343	-	3,878,937	-	-
		365,662,207	153,820,800	158,950,630	3,959,653	4,030,677
TOTAL LIABILITIES		444,687,197	226,457,108	220,304,481	16,149,380	16,532,291
TOTAL EQUITY AND LIABILITIES		651,924,263	442,032,498	407,865,193	116,264,224	132,252,395

CORPORATE GOVERNANCE AND FINANCIAL STATEMENTS

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Note	The Group		The Company	
		2022 RM	2021 RM	2022 RM	2021 RM
REVENUE	36	422,349,884	270,802,450	16,166,401	4,630,816
COST OF SALES		(415,874,052)	(251,903,701)	-	-
GROSS PROFIT		6,475,832	18,898,749	16,166,401	4,630,816
OTHER INCOME		42,658,957	8,515,106	1,354,485	384,934
		49,134,789	27,413,855	17,520,886	5,015,750
SELLING AND DISTRIBUTION EXPENSES		(2,185,787)	-	-	-
ADMINISTRATIVE EXPENSES		(26,913,719)	(15,501,542)	(6,337,482)	(6,199,220)
OTHER EXPENSES		(38,146,433)	(2,603,444)	(25,894,931)	(447,407)
FINANCE COSTS		(13,611,590)	(5,897,321)	(846,230)	(171,997)
NET IMPAIRMENT GAIN ON FINANCIAL ASSETS AND CONTRACT ASSETS	37	11,644,111	-	-	-
SHARE OF RESULT OF AN EQUITY ACCOUNTED ASSOCIATE	6	510,740	564,981	-	-
SHARE OF RESULTS OF EQUITY ACCOUNTED JOINT VENTURES	7	384,201	-	-	-
(LOSS)/PROFIT BEFORE TAXATION	38	(19,183,688)	3,976,529	(15,557,757)	(1,802,874)
INCOME TAX EXPENSE	39	881,135	(1,926,572)	(47,503)	-
(LOSS)/PROFIT AFTER TAXATION		(18,302,553)	2,049,957	(15,605,260)	(1,802,874)
OTHER COMPREHENSIVE INCOME		-	-	-	-
TOTAL COMPREHENSIVE (EXPENSES)/INCOME FOR THE FINANCIAL YEAR		(18,302,553)	2,049,957	(15,605,260)	(1,802,874)
(LOSS)/PROFIT AFTER TAXATION ATTRIBUTABLE TO:-					
Owners of the Company		(23,358,610)	2,049,957	(15,605,260)	(1,802,874)
Non-controlling interests		5,056,057	-	-	-
		(18,302,553)	2,049,957	(15,605,260)	(1,802,874)
TOTAL COMPREHENSIVE (EXPENSES)/INCOME ATTRIBUTABLE TO:-					
Owners of the Company		(23,358,610)	2,049,957	(15,605,260)	(1,802,874)
Non-controlling interests		5,056,057	-	-	-
		(18,302,553)	2,049,957	(15,605,260)	(1,802,874)
Earnings per share (Sen)					
- Basic	46	(4.83)	0.50		
- Diluted	46	(4.83)	0.50		

CORPORATE GOVERNANCE AND FINANCIAL STATEMENTS

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Note	Share Capital RM	Treasury Shares RM	Non-distributable Employee Share Option Reserve RM	Distributable Retained Profits RM	Attributable to Owners of the Company RM	Non-controlling Interest RM	Total RM
The Group								
Balance at 1.1.2021		87,101,071	(3,249,343)	1,700,400	102,008,584	187,560,712	-	187,560,712
Profit after taxation/Total comprehensive income for the financial year		-	-	-	2,049,957	2,049,957	-	2,049,957
Contributions by and distributions to owners of the Company:								
- Issuance of shares:								
- Issuance of new ordinary shares	23	22,248,410	-	-	-	22,248,410	-	22,248,410
- Share issue expenses	23	(41,989)	-	-	-	(41,989)	-	(41,989)
- Employees' share options exercised	25	4,832,100	-	(1,073,800)	-	3,758,300	-	3,758,300
- Employees' share options lapsed		-	-	(626,600)	626,600	-	-	-
Balance at 31.12.2021/1.1.2022		114,139,592	(3,249,343)	-	104,685,141	215,575,390	-	215,575,390
Loss after taxation/Total comprehensive expenses for the financial year		-	-	-	(23,358,610)	(23,358,610)	5,056,057	(18,302,553)
Acquisition of a subsidiary	40	-	-	-	-	-	9,964,229	9,964,229
Balance at 31.12.2022		114,139,592	(3,249,343)	-	81,326,531	192,216,780	15,020,286	207,237,066

CORPORATE GOVERNANCE AND FINANCIAL STATEMENTS

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (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 1.1.2021		87,101,071	(3,249,343)	1,700,400	6,006,129	91,558,257
Loss after taxation/Total comprehensive loss for the financial year		-	-	-	(1,802,874)	(1,802,874)
Contributions by and distributions to owners of the Company:						
- Issuance of shares:						
- Issuance of new ordinary shares	23	22,248,410	-	-	-	22,248,410
- Share issue expenses	23	(41,989)	-	-	-	(41,989)
- Employees' share options exercised	25	4,832,100	-	(1,073,800)	-	3,758,300
- Employees' share options lapsed		-	-	(626,600)	626,600	-
Balance at 31.12.2021/1.1.2022		114,139,592	(3,249,343)	-	4,829,855	115,720,104
Loss after taxation/Total comprehensive expenses for the financial year		-	-	-	(15,605,260)	(15,605,260)
Balance at 31.12.2022		114,139,592	(3,249,343)	-	(10,775,405)	100,114,844

CORPORATE GOVERNANCE AND FINANCIAL STATEMENTS

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	The Group		The Company	
	2022 RM	2021 RM	2022 RM	2021 RM
CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES				
(Loss)/Profit before taxation	(19,183,688)	3,976,529	(15,557,757)	(1,802,874)
Adjustments for:-				
Reversal for impairment losses:				
- trade receivables	(17,500,110)	-	-	-
Bad debt written off	-	955	-	-
Impairment losses:				
- investment in a subsidiary	-	-	25,450,000	-
- property, plant and equipment	3,360,608	-	-	-
- goodwill	21,134,203	-	-	-
- intangible assets	8,592,263	-	-	-
- trade receivables	2,652,544	-	-	-
- other receivables	450,251	-	-	-
- contract assets	2,753,204	-	-	-
Amortisation of intangible assets	952,408	-	-	-
Depreciation:				
- investment properties	617,927	539,341	-	-
- property, plant and equipment	52,025,563	25,699,563	444,931	447,373
Interest expense:				
- lease liabilities	174,612	3,936	3,364	3,936
- others	13,436,978	5,893,385	842,866	168,061
Loss on dissolution of subsidiaries	-	866	-	866
Fair value loss on long-term:				
- trade receivables	41,181	-	-	-
- other receivables	346,567	-	-	-
Gain on modification of lease liabilities	(6,773)	-	-	-
Property, plant and equipment written off	18,276	957	-	34
Share of results of an equity accounted associate	(510,740)	(564,981)	-	-
Share of results of equity accounted joint ventures	(384,201)	-	-	-
Bad debt recovery	(3,200,000)	-	-	-
Early settlement of profit guarantee	(30,800,000)	-	-	-
Dividend income:				
- subsidiary	-	-	(11,500,000)	-
- short-term investments	(38,407)	(75,867)	(1,343)	(9,327)

CORPORATE GOVERNANCE AND FINANCIAL STATEMENTS

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

	The Group		The Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Gain on disposal:				
- property, plant and equipment	(5,935,734)	(877,210)	-	(43,999)
- investment properties	(193,442)	(354,673)	-	-
Interest income:				
- subsidiaries	-	-	(1,022,909)	-
- deposits with licensed banks	(1,151,214)	(928,578)	(5,356)	(8,337)
- finance lease receivables	(270,424)	(388,605)	-	-
- trade receivables	(144,986)	-	-	-
- others	(6,107)	(2,495)	-	-
Operating profit/(loss) before working capital changes brought forward	27,230,759	32,923,123	(1,346,204)	(1,244,267)
(Increase)/Decrease in contract assets	(16,304,672)	1,965,537	-	-
Increase in contract liabilities	5,141,252	5,718,819	-	-
Increase in inventories	(722,868)	-	-	-
Decrease/(Increase) in trade and other receivables	39,499,017	(10,683,464)	35,649,037	(25,424,235)
(Decrease)/Increase in trade and other payables	(22,490,379)	5,457,144	(4,393)	274,213
Increase in amount owing to subsidiaries	-	-	-	237
Increase in amount owing by an associate	(12,691,479)	(1,153,103)	-	-
Increase in amount owing to a joint venture	2,549,361	-	-	-
CASH FROM/(FOR) OPERATIONS	22,210,991	34,228,056	34,298,440	(26,394,052)
Interest paid	(13,611,590)	(5,897,321)	(846,230)	(171,997)
Income tax refund	879,285	-	29,349	-
Income tax paid	(4,352,083)	(3,281,955)	(27,000)	(5,907)
NET CASH FROM/(FOR) OPERATING ACTIVITIES	5,126,603	25,048,780	33,454,559	(26,571,956)
CASH FLOWS (FOR)/FROM INVESTING ACTIVITIES				
Proceeds from dissolution of subsidiaries	-	2,128	-	2,128
Investment in subsidiaries	-	-	(25,450,002)	-
Repayment from finance lease receivables	1,925,496	862,115	-	-
(Advances to)/Repayment from subsidiaries	-	-	(15,560,431)	1,241,116
(Advances to)/Repayment from an associate	(292,111)	7,724	1,071	(1,317)
Repayment from related parties	12,004,174	-	-	-
Advances to a joint venture	(2,113,942)	-	-	-

CORPORATE GOVERNANCE AND FINANCIAL STATEMENTS

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

		The Group		The Company	
	Note	2022 RM	2021 RM	2022 RM	2021 RM
CASH FLOWS (FOR)/FROM INVESTING ACTIVITIES (CONT'D)					
Net cash outflow from the acquisition of a subsidiary	40(c)	(14,830,482)	-	-	-
Dividend received:					
- subsidiary		-	-	6,500,000	-
- short-term investments		38,407	75,867	1,343	9,327
Interest received		1,572,731	1,319,678	1,028,265	8,337
Proceeds from disposal of property, plant and equipment		4,509,548	2,614,300	-	44,000
Proceeds from disposal of investment properties		323,400	1,923,224	-	-
Addition to investment properties	41(a)	(2,580)	(7,100)	-	-
Purchase of property, plant and equipment	41(a)	(5,029,575)	(3,795,178)	(14,500)	(8,400)
Increase in deposits pledged with licensed banks		(1,900,964)	(9,926,335)	(4,702)	(4,621)
NET CASH (FOR)/ FROM INVESTING ACTIVITIES		(3,795,898)	(6,923,577)	(33,498,956)	1,290,570
CASH FLOWS (FOR)/ FROM FINANCING ACTIVITIES					
Proceeds from issuance of ordinary shares		-	12,018,410	-	12,018,410
Share issue expenses		-	(41,989)	-	(41,989)
Proceeds from exercise of employee share option scheme		-	3,758,300	-	3,758,300
Advances from/(Repayment to) subsidiaries		-	-	2,938	(14,181)
(Repayment to)/Advances from an associate		(269,338)	170,396	-	-
Repayment of lease liabilities	41(b)	(973,567)	(71,664)	(72,236)	(71,664)
Repayment of hire purchases	41(b)	(31,892,134)	(21,571,645)	-	-
Net (repayment)/drawdown of term loans	41(b)	(16,920,480)	33,187,528	(538,983)	11,870,919
Net (repayment)/drawdown of bankers' acceptances	41(b)	(9,585,658)	713,357	-	-
Net drawdown/(repayment) of bank factoring	41(b)	24,869,040	(6,592,975)	-	-
Net drawdown/(repayment) of invoice financing	41(b)	6,213,124	(3,219,774)	-	-
Net drawdown/(repayment) of revolving credit	41(b)	14,500,000	(10,500,000)	-	-
Repayment to a director		-	(192,290)	-	-
NET CASH (FOR)/ FROM FINANCING ACTIVITIES		(14,059,013)	7,657,654	(608,281)	27,519,795
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(12,728,308)	25,782,857	(652,678)	2,238,409
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		25,527,356	(255,501)	2,628,742	390,333
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	41(c)	12,799,048	25,527,356	1,976,064	2,628,742

CORPORATE GOVERNANCE AND FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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	:	B-21-1, Level 21, Tower B, Northpoint Mid Valley City, No. 1, Medan Syed Putra Utara, 59200 Kuala Lumpur.
Principal place of business	:	No. 16, 18 & 20, Jalan Pekaka 8/3, Seksyen 8, Kota Damansara, 47810 Petaling Jaya, Selangor Darul Ehsan.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 20 April 2023.

2. PRINCIPAL ACTIVITIES

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

3. BASIS OF PREPARATION

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

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

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

Amendments to MFRS 3: Reference to the Conceptual Framework

Amendments to MFRS 116: Property, Plant and Equipment - Proceeds before Intended Use

Amendments to MFRS 137: Onerous Contracts - Cost of Fulfilling a Contract

Annual Improvements to MFRS Standards 2018 - 2020

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

CORPORATE GOVERNANCE AND FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

3. BASIS OF PREPARATION (CONT'D)

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

MFRSs and/or IC Interpretations (Including The Consequential Amendments)	Effective Date
MFRS 17 Insurance Contracts	1 January 2023
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendments to MFRS 16: Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to MFRS 17 Insurance Contracts	1 January 2023
Amendment to MFRS 17: Initial Application of MFRS 17 and MFRS 9 – Comparative Information	1 January 2023
Amendments to MFRS 101: Disclosure of Accounting Policies	1 January 2023
Amendment to MFRS 101: Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to MFRS 101: Non-current Liabilities with Covenants	1 January 2024
Amendments to MFRS 108: Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 112: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023

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.

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, Property, Plant and Equipment and Investment Properties

The Group determines whether an item of its investment in subsidiaries, property, plant and equipment and investment properties are impaired by evaluating the extent to which the recoverable amount of the asset is less than its carrying amount. This evaluation is subject to changes such as market performance, economic and political situation of the country. A variety of methods is used to determine the recoverable amount, such as valuation reports and discounted cash flows. For discounted cash flows, significant judgement is required in the estimation of the present value of future cash flows generated by the assets, which involve uncertainties and are significantly affected by assumptions used and judgements made regarding estimates of future cash flows and discount rates. The carrying amounts of investment in subsidiaries, property, plant and equipment and investment properties as at the reporting date are disclosed in Notes 5, 8 and 9 to the financial statements respectively.

CORPORATE GOVERNANCE AND FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

*Key Sources of Estimation Uncertainty (Cont'd)***(b) Impairment of Trade Receivables and Contract Assets**

The Group uses the simplified approach to estimate a lifetime expected credit loss allowance for all trade receivables and contract assets. The contract assets are grouped with trade receivables for impairment assessment because they have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group develops the expected loss rates based on the payment profiles of past sales and the corresponding historical credit losses, and adjusts for qualitative and quantitative reasonable and supportable forward-looking information. If the expectation is different from the estimation, such difference will impact the carrying values of trade receivables and contract assets. The carrying amounts of trade receivables and contract assets as at the reporting date are disclosed in Notes 14 and 15 to the financial statements respectively.

(c) Revenue Recognition for Construction Services

The Company recognises construction revenue by reference to the construction progress using the input method, determined based on the proportion of construction costs incurred for work performed to date over the estimated total construction costs. The total estimated costs are based on approved budgets, which require assessment and judgement to be made on changes in, for example, work scope, changes in costs and costs to completion. In making the judgement, management relies on past experience and the work of specialists. The carrying amounts of contract assets and contract liabilities as at the reporting date are disclosed in Note 15 the financial statements.

(d) Depreciation of Property and Equipment

The estimates for the residual values, useful lives and related depreciation charges for the property and equipment are based on commercial factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions. The Group anticipates that the residual values of its property and equipment will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount. Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised. The carrying amount of property and equipment as at the reporting date are disclosed in Note 8 to the financial statements.

(e) Impairment of Goodwill and Intangible Assets

The assessment of whether goodwill and intangible assets are impaired requires an estimation of the value in use of the cash-generating unit to which the goodwill and intangible assets is allocated. Estimating a value in use amount requires management to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amounts of goodwill and intangible assets as at the reporting date are disclosed in Notes 10 and 11 to the financial statements respectively.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

Key Sources of Estimation Uncertainty (Cont'd)

(f) Classification of Joint Ventures

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

(g) Write-down of Inventories

Reviews are made periodically by management on damaged, obsolete and slow-moving inventories. These reviews require judgement and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories. The carrying amount of inventories as at the reporting date is disclosed in Note 13 to the financial statements.

(h) Purchase Price Allocation

Purchase prices related to business combinations are allocated to the underlying acquired assets and liabilities based on their estimated fair value at the time of acquisition. The determination of fair value required the Group to make assumptions, estimates and judgements regarding future events. The allocation process is inherently subjective and impacts the amount assigned to individually identifiable assets and liabilities. As a result, the purchase price allocation impacts the Group's reported assets (including goodwill) and liabilities, future net earnings due to the impact on future depreciation and amortisation expense and impairment tests. The fair values of the assets acquired and liabilities assumed under the business combinations made during the current financial year are disclosed in Note 40 to the financial statements.

Critical Judgements Made in Applying Accounting Policies

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

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

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

(b) Lease Terms

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

CORPORATE GOVERNANCE AND FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

Critical Judgements Made in Applying Accounting Policies (Cont'd)

(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.

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.

(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.

CORPORATE GOVERNANCE AND FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.2 BASIS OF CONSOLIDATION (CONT'D)

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

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

(d) Loss of Control

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

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

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

4.3 GOODWILL

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

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

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

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

4.4 FUNCTIONAL AND PRESENTATION CURRENCY

(a) 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.

CORPORATE GOVERNANCE AND FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.4 FUNCTIONAL AND PRESENTATION CURRENCY (CONT'D)

(a) Functional and Presentation Currency (Cont'd)

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

(b) Foreign Currency Transactions and Balances

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

4.5 FINANCIAL INSTRUMENTS

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

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

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

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

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

(a) Financial Assets

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

Debt Instruments

(i) Amortised Cost

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.5 FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Assets (Cont'd)

Debt Instruments (Cont'd)

(i) Amortised Cost (Cont'd)

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

(ii) Fair Value through Other Comprehensive Income

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

(iii) Fair Value through Profit or Loss

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

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

Equity Instruments

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.5 FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial Liabilities

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

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

(ii) Other Financial Liabilities

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

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

(c) Equity Instruments

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

(i) Ordinary Shares

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

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

(ii) Treasury Shares

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

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.5 FINANCIAL INSTRUMENTS (CONT'D)

(d) Derecognition

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

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

(e) Financial Guarantee Contracts

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

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

4.6 INVESTMENTS IN SUBSIDIARIES

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

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

CORPORATE GOVERNANCE AND FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.7 INVESTMENT IN AN ASSOCIATE

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

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

The investment in an associate is accounted for in the consolidated financial statements using the equity method based on the financial statements of the associate made up to 31 December 2022. The Group's share of the post acquisition profits and other comprehensive income of the associate is included in the consolidated statement of profit or loss and other comprehensive income, after adjustment if any, to align the accounting policies with those of the Group, from the date that significant influence commences up to the effective date on which significant influence ceases or when the investment is classified as held for sale. The Group's investment in the associate is carried in the consolidated statement of financial position at cost plus the Group's share of the post acquisition retained profits and reserves. The cost of investment includes transaction costs.

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

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

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

4.8 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.8 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

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

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

Owned Assets

Buildings	2% - 17%
Furniture, fittings and office equipment	10% - 20%
Plant, machinery and equipment	10% - 33%
Motor vehicles	12% - 15%
Renovation	15% - 20%

Right-of-use Assets

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

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

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

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.

4.9 INVESTMENT PROPERTIES

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.9 INVESTMENT PROPERTIES (CONT'D)

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

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

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

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

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

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

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

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

4.10 INTANGIBLE ASSETS

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

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

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

4.11 QUARRY AND MINING PRODUCTION STRIPPING COSTS

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.12 INVENTORIES

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

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

4.13 LEASES

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

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

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

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

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

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

CORPORATE GOVERNANCE AND FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.14 CONTRACT ASSET AND CONTRACT LIABILITY

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

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

4.15 CONTRACT COSTS

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

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

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

4.16 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.

4.17 NON-CURRENT ASSETS HELD FOR SALE

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.18 IMPAIRMENT

(a) Impairment of Financial Assets

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

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

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

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

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

(b) Impairment of Non-financial Assets

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

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

CORPORATE GOVERNANCE AND FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.18 IMPAIRMENT (CONT'D)

(b) Impairment of Non-financial Assets (Cont'd)

In respect of assets other than goodwill, and when there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in profit or loss immediately unless the asset is carried at its revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

4.19 PROVISIONS

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

4.20 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.

4.21 INCOME TAXES

(a) Current Tax

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.21 INCOME TAXES (CONT'D)

(b) Deferred Tax

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

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

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

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

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

4.22 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.

4.23 OPERATING SEGMENTS

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

CORPORATE GOVERNANCE AND FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.24 EARNINGS PER ORDINARY SHARE

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

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

4.25 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.

4.26 FAIR VALUE MEASUREMENTS

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.27 REVENUE FROM CONTRACTS WITH CUSTOMERS

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

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

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

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

(a) Construction Services

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

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

(b) Hiring of Machinery

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

CORPORATE GOVERNANCE AND FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.27 REVENUE FROM CONTRACTS WITH CUSTOMERS (CONT'D)

(c) Sale of Goods

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

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

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

(d) Rendering of Day Work Services

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

(e) Rental Income from Investment Properties

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

(f) Design, Construct and Installation Services

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

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

(g) Sale of Electricity Generated from Renewable Energy

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

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

(h) Sale of Quarry Products and Premix from Quarry Operations

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.27 REVENUE FROM CONTRACTS WITH CUSTOMERS (CONT'D)

(i) Sub-contract Works Income

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

(j) Washing Bay Income

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

(k) Stevedore Income

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

4.28 REVENUE FROM OTHER SOURCES AND OTHER OPERATING INCOME

(a) Interest Income

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

(b) Dividend Income

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

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

(c) Management Fee

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

(d) Rental Income

Rental income is recognised on an accrual basis.

4.29 JOINT ARRANGEMENTS

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.29 JOINT ARRANGEMENTS (CONT'D)

(a) Joint Operations

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

(b) Joint Ventures

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

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

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

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

The Group discontinues the use of the equity method from the date when the investment ceases to be a joint venture or when the investment is classified as held for sale. When the Group retains an interest in the former joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as the initial carrying amount of the financial asset in accordance with MFRS 9. Furthermore, the Group also reclassifies its share of the gain or loss previously recognised in other comprehensive income of that joint venture to profit or loss when the equity method is discontinued. However, the Group will continue to use the equity method when an investment in a joint venture becomes an investment in an associate. Under such change in ownership interest, the retained investment is not remeasured to fair value but a proportionate share of the amounts previously recognised in other comprehensive income of the joint venture will be reclassified to profit or loss where appropriate. All dilution gains or losses arising in investments in joint ventures are recognised in profit or loss.

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

5. INVESTMENTS IN SUBSIDIARIES

	The Company	
	2022 RM	2021 RM
Unquoted shares, at cost	36,725,005	11,275,003
Share options granted to employees of subsidiaries	-	1,586,300
	36,725,005	12,861,303
Accumulated impairment losses	(25,450,000)	-
	11,275,005	12,861,303

The details of the subsidiaries are as follows:-

Name of Subsidiary	Principal Place of Business/ Country of Incorporation	Percentage of Issued Share Capital Held by Parent		Principal Activities
		2022 %	2021 %	
Advancecon Infra Sdn. Bhd.	Malaysia	100	100	Providing earthworks and civil engineering services and sales of construction materials.
Advancecon Solar Sdn. Bhd.	Malaysia	100	100	Carry on development and/or operation of power generation from renewable energy, solar and other renewable energy projects.
Advancecon Machinery Sdn. Bhd.	Malaysia	100	100	Providing earth-moving machineries for hire and transportation agent.
Advancecon Properties Sdn. Bhd.	Malaysia	100	100	Property investment.
Advancecon Ventures Sdn. Bhd.	Malaysia	100	-	Investment holding and contracting in all types of construction works and other related businesses.
Spring Energy Resources Berhad ^A	Malaysia	51	-	Investment holding.
<i>Subsidiary of Advancecon Solar Sdn. Bhd.</i>				
LSS TPG Sdn. Bhd.	Malaysia	100	100	Carry on development and/or operation of power generation from renewable energy, solar and other renewable energy projects.
<i>Subsidiary of Advancecon Ventures Sdn. Bhd.</i>				
CLQ SilverValley Sdn. Bhd.	Malaysia	100	-	Providing business related to dormitory accommodation services and other related businesses.

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

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		Principal Activities
		2022 %	2021 %	
Subsidiary of Spring Energy Resources Berhad				
Spring Energy Sdn. Bhd.^	Malaysia	100	-	Quarry operator, sale of quarry and premix products, and contractor in civil engineering works.
Subsidiaries of Spring Energy Sdn. Bhd.				
SE Premix Sdn. Bhd.^	Malaysia	100	-	Supply of labour and premix production of premix products.
Semenyih Quarry Sdn. Bhd.^	Malaysia	100	-	Quarry operator.
SE Satu Sdn. Bhd.^	Malaysia	51	-	Bauxite mining operator and contractor in civil engineering work.
SE Quarry Sdn. Bhd.^	Malaysia	55	-	Quarry operator.
Spring Energy Construction Sdn. Bhd.^	Malaysia	100	-	Contractor in civil engineering.
Spring Energy Mining Sdn. Bhd.^	Malaysia	100	-	Investment holding. (presently dormant)
Bukit Tinggi Infra Sdn. Bhd.^	Malaysia	51	-	Quarry operator. (presently dormant)
Semenyih Rock Sdn. Bhd.^	Malaysia	60	-	Quarry operator.
Subsidiary of SE Satu Sdn. Bhd.				
SE Sinaran Sdn. Bhd.^	Malaysia	80	-	Provision of port services including forwarding and stevedoring of cargo onto vessels.

^ These subsidiaries were audited by other firms of chartered accountants.

- (a) During the current financial year, the Company acquired 51% equity interests in Spring Energy Resources Berhad ("SERB"). The details of the acquisition are disclosed in Note 40 to the financial statements.
- (b) During the financial year, the Company has carried out a review of the recoverable amount of its investment in a subsidiary. An impairment loss of RM25,450,000, representing a full write-down of the investment, was recognised in "Other Expenses" line item of the statements of profit or loss and other comprehensive income.

This investment in a subsidiary is belongs to the Group's 'Quarry' reportable segment.

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

5. INVESTMENTS IN SUBSIDIARIES (CONT'D)

- (c) The non-controlling interests at the end of the reporting period comprise the following:-

	The Group 2022 RM
Spring Energy Resources Berhad	15,020,286

- (d) The summarised financial information (before intra-group elimination) for each subsidiary that has non-controlling interests that are material to the Group is as follows:-

	Spring Energy Resources Berhad 2022 RM
<u>At 31 December</u>	
Non-current assets	91,819,865
Current assets	88,567,147
Non-current assets held for sale	44,081,822
Non-current liabilities	(25,573,477)
Current liabilities	(180,219,725)
Net assets	18,675,632
<u>Financial Year Ended 31 December</u>	
Revenue	149,412,990
Loss for the financial year	(11,727,151)
Total comprehensive expense	(11,727,151)
Total comprehensive expense attributable to non-controlling interests	(951,046)
Net cash flows for operating activities	(7,389,305)
Net cash flows from investing activities	1,277,283
Net cash flows from financing activities	6,594,113

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6. INVESTMENT IN AN ASSOCIATE

	The Group		The Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Unquoted share, at cost	225,000	225,000	225,000	225,000
Share of post acquisition profit	850,721	339,981	-	-
	1,075,721	564,981	225,000	225,000

The details of the associate are as follows:-

Name of Associate	Principal Place of Business	Effective Equity Interest		Principal Activity
		2022 %	2021 %	
Advancecon (Sarawak) Sdn. Bhd.	Malaysia	30	30	Providing earthworks, civil engineering services and other related services.

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

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

7. INVESTMENT IN JOINT VENTURES

	The Group	
	2022 RM	2021 RM
Unquoted shares, at cost	1	-
Share of post acquisition profits	2,521,082	-
Current account with a joint venture	(2,040,321)	-
	480,762	-

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

7. INVESTMENT IN JOINT VENTURES (CONT'D)

The details of the joint ventures are as follows:-

Name of Joint Venture	Principal Place of Business	Percentage of Ownership		Principal Activities
		2022 %	2021 %	
Joint venture of Advancecon Infra Sdn. Bhd.				
AISB-IIBSB JV	Malaysia	80	-	Providing earthworks, civil engineering services and other related services.
Joint venture of Spring Energy Sdn. Bhd.				
SE-SJK-JV	Malaysia	50	-	Quarrying and sales of quarry products. (ceased operation)
Joint venture of Spring Energy Mining Sdn. Bhd.				
SE Endau Sdn. Bhd.	Malaysia	50	-	Business of iron ore mining operations.

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

The summarised unaudited financial information for all joint ventures that are individually immaterial to the group is as follows:-

	Individually Immaterial Joint Ventures	
	2022 RM	2021 RM

Financial Year Ended 31 December

Group's share of results for the financial year	384,201	-
Group's share of total comprehensive income	384,201	-

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

8. PROPERTY, PLANT AND EQUIPMENT

The Group	At 1.1.2022 RM	Acquisition of a Subsidiary (Note 40) RM	Transfer To Held For Sale (Note 22) RM	Additions RM	Modification of Lease Liabilities RM	Disposals RM	Impairment Loss RM	Write-offs RM	Depreciation Charges RM	At 31.12.2022 RM
2022										
<i>Carrying Amount</i>										
<u>Owned Assets</u>										
Freehold land	-	13,000,000	(9,639,392)	-	-	-	(3,360,608)	-	-	-
Buildings	2,842,071	366,819	-	-	-	-	-	-	(182,462)	3,026,428
Furniture, fittings and office equipment	705,893	409,201	-	557,608	-	(6,336)	-	(22)	(489,602)	1,176,742
Plant, machinery and equipment	79,484,741	85,614,372	-	11,257,848	-	(3,371,774)	-	(4,875)	(42,174,208)	130,806,104
Motor vehicles	7,674,052	16,885,501	-	814,645	-	(211,703)	-	(13,379)	(7,460,623)	17,688,493
Renovation	387,245	58,593	-	111,477	-	-	-	-	(253,582)	303,733
Capital work-in- progress	1,091,223	740,488	-	859,497	-	-	-	-	-	2,691,208
<u>Right-of-use Assets</u>										
Leasehold land	16,228,936	17,300,002	-	-	-	-	-	-	(446,532)	33,082,406
Leased land	-	110,485	-	-	(20,351)	-	-	-	(50,307)	39,827
Premises	47,060	2,181,198	-	1,722,554	(135,447)	-	-	-	(968,247)	2,847,118
	108,461,221	136,666,659	(9,639,392)	15,323,629	(155,798)	(3,589,813)	(3,360,608)	(18,276)	(52,025,563)	191,662,059

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

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

The Group	At 1.1.2021 RM	Additions RM	Disposals RM	Write-offs RM	Depreciation Charges RM	At 31.12.2021 RM
2021						
<i>Carrying Amount</i>						
<u>Owned Assets</u>						
Buildings	2,907,389	-	-	-	(65,318)	2,842,071
Furniture, fittings and office equipment	949,541	52,234	-	(35)	(295,847)	705,893
Plant, machinery and equipment	90,403,790	13,531,746	(1,670,905)	(922)	(22,778,968)	79,484,741
Motor vehicles	8,540,941	1,298,161	(66,185)	-	(2,098,865)	7,674,052
Renovation	581,089	-	-	-	(193,844)	387,245
Capital work-in-progress	816,498	274,725	-	-	-	1,091,223
<u>Right-of-use Assets</u>						
Leasehold land	16,425,067	-	-	-	(196,131)	16,228,936
Premises	117,650	-	-	-	(70,590)	47,060
	120,741,965	15,156,866	(1,737,090)	(957)	(25,699,563)	108,461,221

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

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

The Group	At Cost RM	Accumulated Depreciation RM	Carrying Amount RM
2022			
<u>Owned Assets</u>			
Freehold land	-	-	-
Buildings	5,143,836	(2,117,408)	3,026,428
Furniture, fittings and office equipment	7,123,522	(5,946,780)	1,176,742
Plant, machinery and equipment	484,630,005	(353,823,901)	130,806,104
Motor vehicles	75,405,984	(57,717,491)	17,688,493
Renovation	2,146,249	(1,842,516)	303,733
Capital work-in-progress	2,691,208	-	2,691,208
<u>Right-of-use Assets</u>			
Leasehold land	35,549,867	(2,467,461)	33,082,406
Leased land	185,124	(145,297)	39,827
Premises	6,426,099	(3,578,981)	2,847,118
	<u>619,301,894</u>	<u>(427,639,835)</u>	<u>191,662,059</u>
2021			
<u>Owned Assets</u>			
Buildings	3,265,939	(423,868)	2,842,071
Furniture, fittings and office equipment	2,549,011	(1,843,118)	705,893
Plant, machinery and equipment	205,968,880	(126,484,139)	79,484,741
Motor vehicles	18,354,473	(10,680,421)	7,674,052
Renovation	1,178,200	(790,955)	387,245
Capital work-in-progress	1,091,223	-	1,091,223
<u>Right-of-use Assets</u>			
Leasehold land	17,031,145	(802,209)	16,228,936
Leased land	74,899	(74,899)	-
Premises	1,037,445	(990,385)	47,060
	<u>250,551,215</u>	<u>(142,089,994)</u>	<u>108,461,221</u>

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

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

The Company	At 1.1.2022 RM	Addition RM	Depreciation Charges RM	At 31.12.2022 RM
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2022*Carrying Amount*Owned Assets

Buildings	2,842,071	-	(65,319)	2,776,752
Furniture, fittings and office equipment	213,893	14,500	(77,239)	151,154
Motor vehicles	3	-	-	3
Renovation	382,444	-	(190,742)	191,702

Right-of-use Assets

Leasehold land	3,464,843	-	(40,790)	3,424,053
Premises	47,059	214,036	(70,841)	190,254
	6,950,313	228,536	(444,931)	6,733,918

The Company	At 1.1.2021 RM	Addition RM	Disposal RM	Write-off RM	Depreciation Charges RM	At 31.12.2021 RM
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2021*Carrying Amount*Owned Assets

Buildings	2,907,389	-	-	-	(65,318)	2,842,071
Furniture, fittings and office equipment	284,758	8,400	-	(34)	(79,231)	213,893
Motor vehicles	4	-	(1)	-	-	3
Renovation	573,888	-	-	-	(191,444)	382,444

Right-of-use Assets

Leasehold land	3,505,633	-	-	-	(40,790)	3,464,843
Premises	117,649	-	-	-	(70,590)	47,059
	7,389,321	8,400	(1)	(34)	(447,373)	6,950,313

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

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

The Company	At Cost RM	Accumulated Depreciation RM	Carrying Amount RM
2022			
<u>Owned Assets</u>			
Buildings	3,265,939	(489,187)	2,776,752
Furniture, fittings and office equipment	629,154	(478,000)	151,154
Plant, machinery and equipment	107,199	(107,199)	-
Motor vehicles	11,190	(11,187)	3
Renovation	1,042,837	(851,135)	191,702
<u>Right-of-use Assets</u>			
Leasehold land	3,684,524	(260,471)	3,424,053
Premises	214,036	(23,782)	190,254
	<u>8,954,879</u>	<u>(2,220,961)</u>	<u>6,733,918</u>
2021			
<u>Owned Assets</u>			
Buildings	3,265,939	(423,868)	2,842,071
Furniture, fittings and office equipment	614,654	(400,761)	213,893
Plant, machinery and equipment	107,199	(107,199)	-
Motor vehicles	11,190	(11,187)	3
Renovation	1,042,837	(660,393)	382,444
<u>Right-of-use Assets</u>			
Leasehold land	3,684,524	(219,681)	3,464,843
Premises	211,768	(164,709)	47,059
	<u>8,938,111</u>	<u>(1,987,798)</u>	<u>6,950,313</u>

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

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

- (a) Capital work-in-progress represents assets under construction which are not ready for commercial use at the end of the reporting period.
- (b) The carrying amounts of the plant and equipment held under hire purchase arrangements are as follows:-

	The Group	
	2022 RM	2021 RM
Plant, machinery and equipment	72,942,599	57,838,662
Motor vehicles	8,101,794	6,209,228
	<u>81,044,393</u>	<u>64,047,890</u>

- (c) The carrying amounts of the following property, plant and equipment of the Group and of the Company which have been pledged to licensed banks as security for banking facilities granted to the Group and the Company as disclosed in Notes 30, 34 and 35 to the financial statements are as follows:-

	The Group		The Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Buildings	2,776,752	2,842,071	2,776,752	2,842,071
Leasehold land	22,142,642	16,228,936	3,424,053	3,464,843
	<u>24,919,394</u>	<u>19,071,007</u>	<u>6,200,805</u>	<u>6,306,914</u>

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

- (i) Leasehold land The Group entered into 5 non-cancellable operating lease agreements for the use of land. The leases are for periods between 51 to 99 years with no renewal or purchase option included in the agreements. The leases do not allow the Group to assign, transfer or sublease or create any charge, lien or trust in respect of or dispose of the whole or any part of the land. A tenancy is, however, allowed with the consent of the lessor.
- (ii) Leased land The Group leases 4 pieces of vacant land as a workshop for 2 to 3 years, with an option to renew the lease after that date. The Group is allowed to sublease the land with the consent of the lessor.
- (iii) Premises The Group leases 2 office building and 44 units of house accommodation for 2 to 81 years, with an option to renew the lease after that date. The Group is allowed to sublease the office building.

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

9. INVESTMENT PROPERTIES

	The Group	
	2022 RM	2021 RM
Cost:-		
At 1 January	41,493,565	46,199,509
Addition during the financial year	34,260,610	490,220
Disposal during the financial year	(3,712,115)	(5,196,164)
Transfer to non-current assets held for sale (Note 22 (b))	(34,000,000)	-
At 31 December	38,042,060	41,493,565
Accumulated depreciation:-		
At 1 January	(2,874,974)	(2,716,470)
Depreciation during the financial year	(617,927)	(539,341)
Disposal during the financial year	375,557	380,837
At 31 December	(3,117,344)	(2,874,974)
Carrying amount	34,924,716	38,618,591
<i>Represented by:-</i>		
Completed investment properties:-		
Leasehold land	5,999,857	6,076,207
Freehold land	1,926,680	1,926,680
Buildings	26,998,179	26,064,494
	34,924,716	34,067,381
Investment properties under construction:-		
Buildings	-	4,551,210
	34,924,716	38,618,591

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

9. INVESTMENT PROPERTIES (CONT'D)

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

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

	2022 RM	2021 RM
Within 1 year	233,400	250,400
Between 1 and 2 years	130,300	202,200
Later than 2 years	-	115,000
	<u>363,700</u>	<u>567,600</u>

- (b) Investment properties of the Group with a total carrying amount of RM33,629,370 (2021 - RM37,270,310) have been pledged to licensed banks for banking facilities granted to the Group as disclosed in Notes 30 and 34 to the financial statements.
- (c) The fair values of the completed investment properties of the Group as at the reporting date are estimated at RM40,060,689 (2021 - RM39,197,315) based on directors' assessment of the current prices in an active market for the respective properties within each vicinity.

10. GOODWILL

	The Group 2022 RM	2021 RM
Cost:-		
At 1 January	-	-
Acquisition of a subsidiary (Note 40)	21,134,203	-
At 31 December	<u>21,134,203</u>	-
Accumulated impairment losses:-		
At 1 January	-	-
Impairment during the financial year (Note 38)	(21,134,203)	-
At 31 December	<u>(21,134,203)</u>	-
	<u>-</u>	<u>-</u>

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

10. GOODWILL (CONT'D)

- (a) During the current financial year, an impairment loss of RM21,134,203 was recognised on Quarry Operations in "Other Expenses" line item of the statements of profit or loss and other comprehensive income. This goodwill belongs to the Group's Quarry Operations reportable segment.

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

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

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

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

11. INTANGIBLE ASSETS

The Group	Quarry Concession RM	Quarry Related Projects RM	Quarry Rights RM	Total RM
Cost:-				
At 1 January 2022	-	-	-	-
Acquisition of a subsidiary (Note 40)	8,528,994	915,677	2,000,000	11,444,671
At 31 December 2022	8,528,994	915,677	2,000,000	11,444,671
Accumulated amortisation:-				
At 1 January 2022	-	-	-	-
Acquisition of a subsidiary (Note 40)	-	-	(600,000)	(600,000)
Amortisation during the financial year (Note 38)	(344,456)	(507,952)	(100,000)	(952,408)
At 31 December 2022	(344,456)	(507,952)	(700,000)	(1,552,408)

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

11. INTANGIBLE ASSETS (CONT'D)

The Group	Quarry Concession RM	Quarry Related Projects RM	Quarry Rights RM	Total RM
Impairment losses:-				
At 1 January 2022	-	-	-	-
Impairment during the financial year (Note 38)	(8,184,538)	(407,725)	-	(8,592,263)
At 31 December 2022	(8,184,538)	(407,725)	-	(8,592,263)
Carrying amount				
At 31 December 2022	-	-	1,300,000	1,300,000

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

12. FINANCE LEASE RECEIVABLES

	The Group	
	2022 RM	2021 RM
Gross receivables from finance leases:		
- not later than 1 year	477,600	1,016,640
- later than 1 year and not later than 5 years	838,584	2,664,210
	1,316,184	3,680,850
Less: Unearned future finance income	(198,305)	(637,475)
Net investment in finance leases	1,117,879	3,043,375
Analysed by:-		
Current assets	360,950	717,340
Non-current assets	756,929	2,326,035
	1,117,879	3,043,375

- The Group entered into finance lease arrangements for certain of its earth-moving heavy equipment. All leases are denominated in RM. The average terms of finance leases entered into are ranging from 7 to 8 (2021 - 6 to 9) years.
- The interest rate inherent in the leases is fixed at the contract date for the entire lease term. The effective interest rates contracted range from 12.10% to 13.77% (2021 - 5.42% to 13.77%).
- The finance lease receivables at the end of the reporting period are neither past due nor impaired.

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

13. INVENTORIES

	The Group 2022 RM	2021 RM
At cost:-		
Stockpile of quarry products	9,312,832	-
Raw materials	2,442,691	-
Spare parts	1,370,002	-
	<u>13,125,525</u>	<u>-</u>

The amount of inventories recognised as an expense in cost of sales was RM140,036,646.

14. TRADE RECEIVABLES

	The Group 2022 RM	2021 RM
Trade receivables	86,938,907	42,359,330
Allowance for impairment losses	<u>(3,178,740)</u>	<u>(443,050)</u>
	<u>83,760,167</u>	<u>41,916,280</u>
Allowance for impairment losses:-		
At 1 January	443,050	443,050
Acquisition of a subsidiary (Note 40)	17,593,870	-
Addition during the financial year (Note 37)	2,652,544	-
Reversal during the financial year (Note 37)	(17,500,110)	-
Written off during the financial year	<u>(10,614)</u>	<u>-</u>
At 31 December	<u>3,178,740</u>	<u>443,050</u>
Analysed by:-		
Current assets	83,330,422	41,279,622
Non-current assets	<u>429,745</u>	<u>636,658</u>
	<u>83,760,167</u>	<u>41,916,280</u>

The Group's normal trade credit terms range from 5 to 90 (2021 - 5 to 90) days. Other credit terms are assessed and approved on a case-by-case basis.

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15. CONTRACT ASSETS/(LIABILITIES)

	The Group	
	2022 RM	2021 RM
Contract assets:-		
Contract assets relating to construction services	117,846,104	104,091,186
Contract liabilities:-		
Contract liabilities relating to construction services	(28,352,108)	(22,389,595)

- (a) The contract assets primarily relate to the Group's right to consideration for construction work completed on construction services but not yet billed as at the reporting date. The amount will be invoiced within 1 month to 21 years (2021 - 1 month to 21 years).

Included in contract assets are retention sum receivables from third parties and a related party totalling RM27,333,308 (2021 - RM18,863,791) and RM7,966,652 (2021 - RM6,916,598) respectively. The retention sums are expected to be collected within the periods ranging from 1 to 4 (2021 - 1 to 4) years.

- (b) The contract liabilities primarily relate to advance considerations received from few customers for construction services of which the revenue will be recognised over the remaining contract term of specific contract it relates to, ranging from 2 to 30 (2021 - 2 to 11) months.
- (c) The changes to contract assets and contract liabilities balances during the financial year are summarised below:-

	The Group	
	2022 RM	2021 RM
At 1 January	81,701,591	89,385,947
Acquisition of a subsidiary (Note 40)	943,895	-
Revenue recognised in profit or loss during the financial year	265,291,451	258,914,053
Billings to customers during the financial year	(255,689,737)	(266,598,409)
Allowance for impairment losses	(2,753,204)	-
At 31 December	89,493,996	81,701,591
Represented by:-		
Contract assets	117,846,104	104,091,186
Contract liabilities	(28,352,108)	(22,389,595)
	89,493,996	81,701,591
Allowance for impairment losses:-		
At 1 January	-	-
Addition during the financial year (Note 37)	(2,753,204)	-
At 31 December	(2,753,204)	-

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16. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	The Group		The Company	
	2022 RM	2021 RM	2022 RM	2021 RM
<u>Non-current Asset</u>				
Other receivables	3,695,433	1,387,312	-	-
<u>Current Assets</u>				
Other receivables	20,277,604	14,940,689	3,521	10,203,979
Deposits	10,495,031	8,599,002	46,020	46,020
Prepayments	3,990,752	28,410,289	14,459	25,463,038
Goods and services tax recoverable	797,510	790,470	120	120
	35,560,897	52,740,450	64,120	35,713,157
Allowance for impairment losses	(450,251)	-	-	-
	35,110,646	52,740,450	64,120	35,713,157
	38,806,079	54,127,762	64,120	35,713,157
Allowance for impairment losses:-				
At 1 January	-	-	-	-
Addition during the financial year (Note 37)	450,251	-	-	-
At 31 December	450,251	-	-	-

- (a) The non-current receivables of the Group at the end of the reporting period represent amount owing by third parties which are repayable within 13 to 43 (2021 - 13 to 45) months. Interest is charged at 3.00% (2021 - 3.00%) per annum on the balances.
- (b) Included in other receivables of the Group and the Company at the end of the previous reporting period was a total amount of RM10,200,000, represented advances to SERB pursuant to Shareholder Agreement entered into between the Company, Fook Hua Holdings Sdn. Bhd. ("FHHSB") and SERB in relation to the acquisition of 51% equity interest in SERB. Interest was charged at 3.44% per annum on the balance.
- (c) Included in other receivables of the Group at the end of the reporting period is a total of RM3,207,000 (2021 - RM 1,485,000), represents the remaining proceeds from the disposal of certain properties of a subsidiary for a total consideration of RM3,530,000 (2021 - RM 1,650,000).
- (d) Included in prepayments of the Group and the Company at the end of the previous reporting period was a total amount of RM25,450,000, represented the total purchase consideration paid for the acquisition of 51% equity interest in SERB as disclosed in Note 40(a) to the financial statements.
- (e) Included in other receivables of the Group at the end of the reporting period is a deposit amounting to RM6,000,000, paid in prior financial year in relation to the proposed acquisition of the entire equity interest in Bakat Serimas Sdn. Bhd.. The proposed acquisition has been subsequently cancelled by SERB and partial amount of the deposit amounting to RM1.1 million was returned to SERB in April 2023.

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

17. AMOUNTS OWING BY/(TO) SUBSIDIARIES

	The Company	
	2022 RM	2021 RM
Amount owing by:-		
Trade balances	5,000,000	1
Non-trade balances	90,556,325	73,409,593
	<u>95,556,325</u>	<u>73,409,594</u>
Amount owing to:-		
Non-trade balances	(14,884)	(11,946)

- (a) The trade balances are subject to a normal trade credit term of 30 (2021 - 30) days.
- (b) The non-trade balances are unsecured, repayable on demand and interest-free, except for amount owing to certain subsidiaries which are subject to 3.44% - 5.01% (2021 - Nil) interest per annum.
- (c) The amounts owing are to be settled in cash.

18. AMOUNTS OWING BY/(TO) AN ASSOCIATE

	The Group		The Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Amount owing by:-				
Trade balances	14,776,759	2,085,280	-	-
Non-trade balance	293,428	1,317	246	1,317
	<u>15,070,187</u>	<u>2,086,597</u>	<u>246</u>	<u>1,317</u>
Amount owing to:-				
Non-trade balance	-	(269,338)	-	-

- (a) The trade balances are subject to a normal trade credit term of 30 (2021 - 30) days.
- (b) The non-trade balances are unsecured, interest-free and repayable on demand.
- (c) The amounts owing are to be settled in cash.

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

19. AMOUNTS OWING BY/(TO) A JOINT VENTURE

	The Group 2022 RM	2021 RM
Amount owing by:-		
Non-trade balance	2,113,942	-
Amount owing to:-		
Trade balance	(2,549,361)	-

(a) The trade balance is subject to a normal trade credit term of 30 (2021 - Nil) days.

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

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

20. 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.

21. DEPOSITS WITH LICENSED BANKS

The deposits with licensed banks of the Group and of the Company at the end of the reporting period have been pledged to licensed banks as security for banking facilities granted to the Group and the Company as disclosed in Notes 30, 34 and 35 to the financial statements.

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

	The Group 2022 %	2021 %	The Company 2022 %	2021 %
Effective interest rates	1.20 to 2.85	1.28 to 2.00	2.40	1.75

The maturity periods of the deposits were as follows:-

	The Group 2022	2021	The Company 2022	2021
Maturity period (days)	12 to 365	30 to 365	365	365

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

22. NON-CURRENT ASSETS HELD FOR SALE

- (a) On 22 December 2022, the indirect subsidiaries of the Company, SE Satu Sdn. Bhd. ("SE SATU") and Spring Energy Sdn. Bhd. ("SESB") entered into a Settlement Agreement with Citaglobal Berhad ("CGB") to facilitate the disposal of 3,470,000 ordinary shares, representing 49% of the issued shares capital of CGB in SE SATU and SESB to acquire full control of SE SATU from CGB. This is pursuant to CGB's exit from its investments in SE SATU by way of conveying ownership of CGB's shareholding to SESB with a purchase consideration of RM4,796,205, subject to compliance of SESB of all the terms and conditions relating to the satisfaction of the commercial terms herein contained in the Settlement Agreement ("Proposed Acquisition"). Consequent to this, a subsidiary of CGB, Sinergi Dayang Sdn. Bhd. shall acquire the freehold agricultural land held under Individual Title H.S.(D) 7625, PT 3521, Tempat Sungai Karang, Mukim Sungai Karang, Daerah Kuantan, Negeri Pahang Darul Makmur ("the said Land") for a total purchase consideration of RM10,081,823 from SE SATU after redemption of any charges upon the Land by CGB. The disposal has not yet been completed as at the end of the reporting period.
- (b) On 25 October 2022, SESB and Thong Guan Industries Sdn. Bhd. entered into a Sales and Purchase Agreement to dispose a parcel of land located at Lot 7957, Jalan Gurun-Sungai Petani, Mukim Gurun, Kedah for a sale consideration amounting to RM34,000,000. The disposal of land was subsequently completed in January 2023.

23. SHARE CAPITAL

	The Group/The Company			
	2022	2021	2022	2021
	Number of shares		RM	RM
Issued and Fully Paid-Up				
Ordinary shares				
At 1 January	492,756,000	405,075,000	114,139,592	87,101,071
Issuance of new shares:				
- Acquisition of SERB	-	33,000,000	-	10,230,000
- Private placement	-	43,943,000	-	12,018,410
- Share issue expenses	-	-	-	(41,989)
New shares issued under ESOS for cash (Note 25)	-	10,738,000	-	4,832,100
At 31 December	492,756,000	492,756,000	114,139,592	114,139,592

- (a) The holders of ordinary shares (except treasury shares) are entitled to receive dividends as and when declared by the Company, and are entitled to one vote per ordinary share at meetings of the Company. The ordinary shares have no par value.
- (b) In the previous financial year, the Company increased its issued and paid-up share capital from RM87,101,071 comprising 405,075,000 ordinary shares to RM114,139,592 comprising 492,756,000 ordinary shares by way of:-
- (i) issuance of 33,000,000 new ordinary shares for a share consideration of RM10,230,000 each at an issue price of RM0.31 per share for the acquisition of 51% of equity interest in SERB as disclosed in Note 40(a) to the financial statements;

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

23. SHARE CAPITAL (CONT'D)

- (b) In the previous financial year, the Company increased its issued and paid-up share capital from RM87,101,071 comprising 405,075,000 ordinary shares to RM114,139,592 comprising 492,756,000 ordinary shares by way of:- (Cont'd)
- (ii) issuance of 43,943,000 new ordinary shares for a cash consideration of RM12,018,410 each at an issue price of RM0.2735 per share through a private placement of shares; and
 - (iii) issuance of 10,738,000 new ordinary shares from the exercise of options under the Company's Employee Share Option Scheme which amounted to RM4,832,100 as disclosed in Note 25 to the financial statements.

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

24. TREASURY SHARES

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

Of the total 492,756,000 (2021 - 492,756,000) issued and fully paid-up ordinary shares at the end of the reporting period, 9,381,300 (2021 - 9,381,300) ordinary shares are held as treasury shares by the Company. None of the treasury shares were resold or cancelled during the financial year.

25. RESERVES**Employee Share Option Reserve**

The employee share option reserve represented the equity-settled share options granted to employees. The reserve was 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 was reduced by the expiry or exercise of the share options.

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

The remaining unexercised shares which amounted to 6,266,000 had expired as at 19 March 2021.

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

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26. DEFERRED TAX ASSETS/(LIABILITIES)

	The Group		The Company	
	2022 RM	2021 RM	2022 RM	2021 RM
At 1 January	(3,598,252)	(4,286,231)	160,149	160,149
Acquisition of a subsidiary (Note 40)	(4,015,008)	-	-	-
Recognised in profit or loss (Note 39)	3,295,956	687,978	-	-
At 31 December	(4,317,304)	(3,598,253)	160,149	160,149
Presented after appropriate offsetting as follows:-				
Deferred tax assets	1,379,446	160,149	160,149	160,149
Deferred tax liabilities	(5,696,750)	(3,758,402)	-	-
	(4,317,304)	(3,598,253)	160,149	160,149

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

	The Group		The Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Deferred tax assets:-				
Unused tax losses	171,529	171,529	171,529	171,529
Impairment losses on receivables and contract assets	1,122,370	-	-	-
Unabsorbed capital allowances	9,556,900	-	-	-
Others	2,113,727	19,407	-	-
	12,964,526	190,936	171,529	171,529
Deferred tax liabilities:-				
Accelerated capital allowances over depreciation	(17,281,830)	(3,789,189)	(11,380)	(11,380)
	(4,317,304)	(3,598,253)	160,149	160,149

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27. LONG-TERM BORROWINGS

	The Group		The Company	
	2022 RM	2021 RM (Restated)	2022 RM	2021 RM
Hire purchase payables (Note 28)	23,626,034	20,838,905	-	-
Term loans (Note 30)	47,801,927	48,039,001	12,073,945	12,501,614
	71,427,961	68,877,906	12,073,945	12,501,614

28. HIRE PURCHASE PAYABLES

	The Group	
	2022 RM	2021 RM
Minimum hire purchase payments:		
- not later than 1 year	22,452,632	18,752,096
- later than 1 year and not later than 5 years	25,211,625	22,168,883
	47,664,257	40,920,979
Less: Future finance charges	(3,406,674)	(2,832,539)
Present value of hire purchase payables	44,257,583	38,088,440
Analysed by:-		
Current liabilities	20,631,549	17,249,535
Non-current liabilities	23,626,034	20,838,905
	44,257,583	38,088,440

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

29. LEASE LIABILITIES

	The Group		The Company	
	2022 RM	2021 RM (Restated)	2022 RM	2021 RM
At 1 January	43,407	115,071	43,407	115,071
Acquisition of a subsidiary (Note 40)	2,184,148	-	-	-
Acquisition of new leases	1,722,554	-	214,036	-
Interest expense recognised in profit or loss (Note 38)	174,612	3,936	3,364	3,936
Modification of lease liabilities	(162,570)	-	-	-
Repayment of principal	(973,567)	(71,664)	(72,236)	(71,664)
Repayment of interest expense	(174,612)	(3,936)	(3,364)	(3,936)
At 31 December	2,813,972	43,407	185,207	43,407
Analysed by:-				
Current liabilities	913,693	43,407	69,425	43,407
Non-current liabilities	1,900,279	-	115,782	-
	2,813,972	43,407	185,207	43,407

30. TERM LOANS

	The Group		The Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Current liabilities (Note 34)	31,607,312	9,305,771	3,252,238	3,363,552
Non-current liabilities (Note 27)	47,801,927	48,039,001	12,073,945	12,501,614
	79,409,239	57,344,772	15,326,183	15,865,166

The term loans are secured by:-

- facility agreement for a total sum of RM61,366,635;
- the deposits with licensed banks of certain subsidiaries;
- corporate guarantee of the Company;
- a Government's guarantee under the Danajamin Prihatin Guarantee Scheme ("DPGS") of up to RM17,600,000;
- basic building debenture over certain properties of the Company;
- registered open all monies 1st party charge stamped nominally over certain properties of the Company and a subsidiary;

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30. TERM LOANS (CONT'D)

The term loans are secured by:- (Cont'd)

- (g) corporate guarantee of a subsidiary;
- (h) deed of assignment and power of attorney over certain investment properties of a subsidiary;
- (i) legal charge over certain investment properties of a subsidiary;
- (j) assignment of rental proceeds created over certain investment properties of a subsidiary; and
- (k) joint corporate guarantee from the Company and a shareholder of a subsidiary.

During the financial year, a subsidiary had declared a dividend by seeking lender's approval. The written consent is still under review by the lender as at the end of the reporting period. As such, the lender could declare the term loan outstanding amounting to RM17,518,490 to be immediately due and payables as at 31 December 2022. Consequently, the entire term loan has been reclassified as a current liability and the management is currently negotiating with the lender to waive the covenant

31. TRADE PAYABLES

	The Group	
	2022 RM	2021 RM
Trade payables	83,610,979	47,654,650
Retention sums	14,373,296	12,683,700
	<u>97,984,275</u>	<u>60,338,350</u>

- (a) The normal trade credit terms granted to the Group range from 14 to 60 (2021 - 14 to 60) days.
- (b) The retention sums are unsecured, interest-free and expected to be paid within a period of 1 to 4 (2021 - 1 to 4) years.

32. OTHER PAYABLES AND ACCRUALS

	The Group		The Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Other payables	9,412,557	5,543,240	119,221	57,423
Accruals	15,198,095	8,038,635	488,158	554,349
Deposits received	132,211	-	-	-
	<u>24,742,863</u>	<u>13,581,875</u>	<u>607,379</u>	<u>611,772</u>

Included in other payables and accruals of the Group at the end of the reporting period is a total amount of RM1,868,000 (2021 - RM5,042,288) outstanding on purchase of plant and machineries.

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33. AMOUNT OWING TO RELATED PARTIES

	The Group	
	2022 RM	2021 RM
Amount owing to:-		
Trade balance	1,620,354	-
Non-trade balance	25,178,525	-
	<u>26,798,879</u>	<u>-</u>

- (a) The trade balance is subject to a normal trade credit term of 15 days.
- (b) The non-trade balance is unsecured, repayable on demand and interest-free, except for amount owing to certain related parties which are subject to 3.44% - 5.01% (2021 - Nil) interest per annum.
- (c) The amount owing is to be settled in cash.

34. SHORT-TERM BORROWINGS

	The Group		The Company	
	2022 RM	2021 RM (Restated)	2022 RM	2021 RM
Hire purchase payables (Note 28)	20,631,549	17,249,535	-	-
Term loans (Note 30)	31,607,312	9,305,771	3,252,238	3,363,552
Bankers' acceptances	30,001,650	20,621,288	-	-
Bank factoring	34,487,531	-	-	-
Invoice financing	27,584,796	7,021,641	-	-
Revolving credit	17,500,000	3,000,000	-	-
	<u>161,812,838</u>	<u>57,198,235</u>	<u>3,252,238</u>	<u>3,363,552</u>

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

- (a) the deposits with licensed banks of certain subsidiaries;
- (b) corporate guarantee of the Company;
- (c) legal charge over certain investment properties of a subsidiary;
- (d) deed of assignment of certain contract proceeds of a subsidiary;
- (e) subordination of loans and advances of the Company; and
- (f) joint corporate guarantee from the Company and a shareholder of a subsidiary.

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35. BANK OVERDRAFTS

The bank overdrafts are secured by:-

- (a) legal charge over certain properties of a subsidiary;
- (b) corporate guarantee of the Company;
- (c) the deposits with licensed banks of certain subsidiaries;
- (d) deed of assignment of certain contract proceeds of a subsidiary;
- (e) subordination of loans and advances of the Company;
- (f) joint and several guarantee by all the directors of a subsidiary; and
- (g) joint corporate guarantee from the Company and a shareholder of a subsidiary.

36. REVENUE

	The Group		The Company	
	2022 RM	2021 RM	2022 RM	2021 RM
<u>Revenue from Contract with Customers</u>				
Construction and support services:				
- Contract revenue	254,472,493	256,827,569	-	-
- Sale of goods	7,087,202	5,315,043	-	-
- Hiring of machinery	11,689,797	4,034,971	-	-
- Day work revenue	8,874,246	1,772,341	-	-
Rental income from investment properties	509,181	607,083	-	-
Cabin living quarters rental	68,195	44,317	-	-
Quarry operations:				
- Contract revenue	10,732,566	-	-	-
- Sale of quarry products	86,598,419	-	-	-
- Hiring of machinery	432,441	-	-	-
- Transport income	704,675	-	-	-
- Sub-contract work	40,793,103	-	-	-
Solar energy:				
- Contract revenue	86,392	2,086,484	-	-
- Operating revenue	301,174	114,642	-	-
<u>Revenue from Other Sources</u>				
Dividend income	-	-	11,500,000	-
Management fee	-	-	4,666,401	4,630,816
	422,349,884	270,802,450	16,166,401	4,630,816

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36. REVENUE (CONT'D)

- (a) The information on the disaggregation of revenue is presented under “Operating Segments” in Note 47 to the financial statements.
- (b) The transaction price allocated to the remaining performance obligation that is unsatisfied or partially unsatisfied as at the end of the reporting period are summarised below (other than contracts for original periods of one year or lesser):-

	The Group	
	2022 RM	2021 RM
Within 1 year	317,242,745	475,874,719
Between 1 and 3 years	203,797,235	168,330,346
More than 3 years	4,778,145	5,088,611
	<u>525,818,125</u>	<u>649,293,676</u>

37. NET IMPAIRMENT GAIN ON FINANCIAL ASSETS

	The Group	
	2022 RM	2021 RM
Impairment losses:		
- trade receivables (Note 14)	2,652,544	-
- other receivables (Note 16)	450,251	-
- contract assets (Note 15)	2,753,204	-
Reversal of impairment losses:		
- trade receivables (Note 14)	(17,500,110)	-
	<u>(11,644,111)</u>	<u>-</u>

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38. (LOSS)/PROFIT BEFORE TAXATION

	The Group		The Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Profit before taxation is arrived at after charging/(crediting):-				
Auditors' remuneration:				
- statutory audit				
- current financial year	462,400	182,000	111,500	40,000
- underprovision in the previous financial year	7,500	10,000	5,000	-
- non-statutory audit	5,000	215,000	5,000	215,000
Bad debts written off	-	955	-	-
Depreciation:				
- investment properties	617,927	539,341	-	-
- property, plant and equipment	52,025,563	25,699,563	444,931	447,373
Amortisation of intangible assets	952,408	-	-	-
Direct operating expenses on investment properties:				
- income generating investment properties	195,197	133,956	-	-
- non-income generating investment properties	178,791	189,069	-	-
Directors' remuneration (Note 42(a))	3,264,399	3,892,010	2,684,061	3,394,535
Impairment losses:				
- investment in a subsidiary	-	-	25,450,000	-
- property, plant and equipment	3,360,608	-	-	-
- goodwill	21,134,203	-	-	-
- intangible assets	8,592,263	-	-	-
Interest expense:				
- bank factoring	715,348	64,396	-	-
- bank overdrafts	566,573	255,563	166,422	8,245
- bankers' acceptances	1,780,699	619,279	-	-
- hire purchase	2,896,308	2,431,703	-	-
- invoice financing	1,499,612	739,589	-	-
- revolving credit	317,801	341,114	-	-
- term loans	4,164,366	1,441,741	676,444	159,816
- overdue interest on borrowings	573,383	-	-	-

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

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

	The Group		The Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Interest expense:				
- related parties	894,488	-	-	-
- others	28,400	-	-	-
- lease liabilities (Note 29)	174,612	3,936	3,364	3,936
Fair value loss on long-term :				
- trade receivables	41,181	-	-	-
- other receivables	346,567	-	-	-
Property, plant and equipment written off	18,276	957	-	34
Royalties and tributes	14,515,644	-	-	-
Share of results of an equity accounted associate	(510,740)	(564,981)	-	-
Share of results of an equity accounted joint ventures	(384,201)	-	-	-
Staff costs (including other key management personnel as disclosed in (Note 42(b)):				
- salaries, bonuses, allowances and wages	69,425,355	36,229,227	2,240,051	1,184,579
- defined contribution plan	6,553,217	3,228,808	274,343	145,198
- other benefits	3,743,788	2,684,992	194,914	93,512
Bad debt recovery	(3,200,000)	-	-	-
Dividend income from short-term investments	(38,407)	(75,867)	(1,343)	(9,327)
Early settlement of profit guarantee	(30,800,000)	-	-	-
Loss on dissolution of subsidiaries	-	866	-	866
Gain on disposal:				
- property, plant and equipment	(5,935,734)	(877,210)	-	(43,999)
- investment properties	(193,442)	(354,673)	-	-
Interest income:				
- subsidiaries	-	-	(1,022,909)	-
- deposits with licensed banks	(1,151,214)	(928,578)	(5,356)	(8,337)
- finance lease receivables	(270,424)	(388,605)	-	-
- trade receivables	(144,986)	-	-	-
- others	(6,107)	(2,495)	-	-
Rental income - operating lease of land	(120,000)	-	-	-
Gain on modification of lease liabilities	(6,773)	-	-	-

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

39. INCOME TAX EXPENSE

	The Group		The Company	
	2022 RM	2021 RM	2022 RM	2020 RM
Current tax:				
- current financial year	1,390,417	2,693,068	47,503	-
- under/(over)provision in the previous financial year	1,024,404	(78,518)	-	-
	2,414,821	2,614,550	47,503	-
Deferred tax (Note 26):				
- reversal of temporary differences	(3,204,395)	(592,447)	-	-
- overprovision in the previous financial year	(91,561)	(95,531)	-	-
	(3,295,956)	(687,978)	-	-
	(881,135)	1,926,572	47,503	-

A reconciliation of income tax expense applicable to the (loss)/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	
	2022 RM	2021 RM	2022 RM	2021 RM
(Loss)/Profit before taxation	(19,183,688)	3,976,529	(15,557,757)	(1,802,874)
Tax at the statutory tax rate of 24%	(4,604,085)	954,367	(3,733,862)	(432,690)
Tax effects of:-				
Share of results of an associate	(122,578)	(135,595)	-	-
Share of results of joint ventures	(92,208)	-	-	-
Non-deductible expenses	2,281,990	1,420,173	6,533,440	364,241
Non-taxable income	(4,928,710)	(246,324)	(2,760,456)	(2,063)
Deferred tax assets not recognised during the financial year	5,750,569	108,000	8,381	70,512
Utilisation of deferred tax assets previously not recognised	(98,956)	-	-	-
Under/(Over)provision in the previous financial year:				
- current tax	1,024,404	(78,518)	-	-
- deferred tax	(91,561)	(95,531)	-	-
Income tax expense for the financial year	(881,135)	1,926,572	47,503	-

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

39. INCOME TAX EXPENSE (CONT'D)

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

	The Group		The Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Unused tax losses	38,105,808	38,378,240	1,320,885	1,320,885
Unabsorbed capital allowances	106,745,772	82,948,833	63,649	32,993
Accelerated depreciation over capital allowances	(14,936)	(19,202)	(14,936)	(19,202)
	144,836,644	121,307,871	1,369,598	1,334,676

The unused tax losses are allowed to be utilised for 10 consecutive years of assessment while unabsorbed capital allowances are allowed to be carried forward indefinitely.

40. ACQUISITION OF A SUBSIDIARY

On 17 June 2021, the Company entered into a Shares Sale Agreement ("SSA") with FHHSB for the acquisition of 51% equity interest in SERB. The total purchase consideration was satisfied through a combination of cash amounted to RM15,220,000 and the issuance of 33,000,000 new ordinary shares in the Company.

The Company obtained control over SERB subsequently on 5 January 2022.

The acquisition forms part of the Quarry Operations segment and is expected to improve the Group's cost control through the utilisation of the quarry products sourced internally from SERB and its subsidiaries.

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

(a) Fair Value of Purchase Consideration

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

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

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40. ACQUISITION OF A SUBSIDIARY (CONT'D)**(b) Identifiable Assets Acquired and Liabilities Assumed**

	The Group 2022 RM
Property, plant and equipment (Note 8)	136,666,659
Intangible assets (Note 11)	10,844,671
Investment in joint ventures	96,561
Inventories	12,402,657
Net contract assets (Note 15)	943,895
Trade receivables	30,332,623
Other receivables, deposits and prepayments	20,786,411
Amount owing by related party	3,536,265
Current tax assets	1,472,534
Deposits with licensed banks	2,451,685
Cash and cash equivalents (Note 40(c))	389,518
Trade payables	(48,827,663)
Other payables and accrual	(23,982,098)
Amount due to holding company	(13,448,718)
Amount owing to related companies	(970,321)
Amount owing to directors	(811,705)
Amount owing to a shareholder	(3,100,226)
Current tax liabilities	(3,114)
Borrowings	(110,899,766)
Lease liabilities (Note 29)	(2,184,148)
Deferred tax liabilities	(4,015,008)
Non-controlling interests	(8,315,060)
Fair value of net assets acquired	<u>3,365,652</u>

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40. ACQUISITION OF A SUBSIDIARY (CONT'D)**(c) Cash Flows Arising from Acquisition**

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

(d) Goodwill Arising from Acquisition

	The Group 2022 RM
Fair value of consideration transferred (item (a) above)	22,850,686
Less: Fair value of identifiable net assets acquired (item (b) above)	(3,365,652)
Add: Non-controlling interests based on their proportionate interests	1,649,169
Goodwill arising from the acquisition of a subsidiary (Note 10)	21,134,203

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

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

40. ACQUISITION OF A SUBSIDIARY (CONT'D)**(e) Impact of Acquisition on the Group's Results**

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

	The Group 2022 RM
Revenue	139,228,569
Loss after taxation	(18,515,396)

There were no acquisition of subsidiaries in the previous financial year.

41. CASH FLOWS INFORMATION

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

	The Group		The Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Property, plant and equipment				
Cost of property, plant and equipment purchased (Note 8)	15,323,629	15,156,866	228,536	8,400
Acquisition of new leases (Notes 29 and 41(b))	(1,722,554)	-	(214,036)	-
Amount financed through hire purchase	(6,703,500)	(6,319,400)	-	-
Other payables	(1,868,000)	(5,042,288)	-	-
Cash disbursed for purchase of property, plant and equipment	5,029,575	3,795,178	14,500	8,400
Investment properties				
Cost of investment properties purchased (Note 9)	34,260,610	490,220	-	-
Other payables	(258,030)	-	-	-
Settlement through contra arrangement with trade receivables	(34,000,000)	(483,120)	-	-
Cash disbursed for purchase of investment properties	2,580	7,100	-	-

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

41. CASH FLOWS INFORMATION (CONT'D)

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

	Hire Purchase Payables RM	Lease Liabilities RM	Term Loans RM	Bankers' Acceptances RM	Invoice Financing RM	Revolving Credit RM	Bank Factoring RM	Total RM
The Group								
2022								
At 1 January	38,088,440	43,407	57,344,772	20,621,288	7,021,641	3,000,000	-	126,119,548
<u>Changes in Financing</u>								
<u>Cash Flows</u>								
Proceeds from drawdown	-	-	10,520,000	109,270,178	116,265,337	17,500,000	158,528,465	412,083,980
Repayment of principal	(31,892,134)	(973,567)	(27,440,480)	(118,855,836)	(110,052,213)	(3,000,000)	(133,659,425)	(425,873,655)
Repayment of interests	(2,896,308)	(174,612)	(4,164,366)	(1,780,699)	(1,499,612)	(317,801)	(715,348)	(11,548,746)
	(34,788,442)	(1,148,179)	(21,084,846)	(11,366,357)	4,713,512	14,182,199	24,153,692	(25,338,421)
<u>Other Changes</u>								
Acquisition of a subsidiary (Note 40)	27,719,277	2,184,148	40,245,947	18,966,020	14,350,031	-	9,618,491	113,083,914
Acquisition of new leases (Note 41(a))	-	1,722,554	-	-	-	-	-	1,722,554
New hire purchase (Note 41(a))	6,703,500	-	-	-	-	-	-	6,703,500
Modification of lease liabilities	-	(162,570)	-	-	-	-	-	(162,570)
Reclassification of other payables to lease liabilities	3,638,500	-	-	-	-	-	-	3,638,500
Redemption of term loans upon disposal of investment properties	-	-	(1,261,000)	-	-	-	-	(1,261,000)
Interest expense recognised in profit or loss (Note 38)	2,896,308	174,612	4,164,366	1,780,699	1,499,612	317,801	715,348	11,548,746
	40,957,585	3,918,744	43,149,313	20,746,719	15,849,643	317,801	10,333,839	135,273,644
At 31 December	44,257,583	2,813,972	79,409,239	30,001,650	27,584,796	17,500,000	34,487,531	236,054,771

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

41. CASH FLOWS INFORMATION (CONT'D)

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

	Hire Purchase Payables RM	Lease Liabilities RM	Term Loans RM	Bankers' Acceptances RM	Invoice Financing RM	Revolving Credit RM	Bank Factoring RM	Total RM
The Group								
2021								
At 1 January	52,995,685	115,071	25,919,020	19,907,931	10,241,415	13,500,000	6,592,975	129,272,097
<u>Changes in Financing Cash Flows</u>								
Proceeds from drawdown	-	-	34,180,000	73,484,452	46,861,626	70,500,000	118,247,102	343,273,180
Repayment of principal	(21,571,645)	(71,664)	(992,472)	(72,771,095)	(50,081,400)	(81,000,000)	(124,840,077)	(351,328,353)
Repayment of interests	(2,431,703)	(3,936)	(1,441,741)	(619,279)	(739,589)	(341,114)	(64,396)	(5,641,758)
	(24,003,348)	(75,600)	31,745,787	94,078	(3,959,363)	(10,841,114)	(6,657,371)	(13,696,931)
<u>Other Changes</u>								
New hire purchase (Note 41(a))	6,319,400	-	-	-	-	-	-	6,319,400
Reclassification of other payables to hire purchase payables	345,000	-	-	-	-	-	-	345,000
Redemption of term loans upon disposal of investment properties	-	-	(1,761,776)	-	-	-	-	(1,761,776)
Interest expense recognised in profit or loss (Note 38)	2,431,703	3,936	1,441,741	619,279	739,589	341,114	64,396	5,641,758
	9,096,103	3,936	(320,035)	619,279	739,589	341,114	64,396	10,544,382
At 31 December	38,088,440	43,407	57,344,772	20,621,288	7,021,641	3,000,000	-	126,119,548

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41. CASH FLOWS INFORMATION (CONT'D)

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

	Term Loans RM	Lease Liabilities RM	Total RM
The Company			
2022			
At 1 January	15,865,166	43,407	15,908,573
<u>Changes in Financing Cash Flows</u>			
Proceeds from drawdown	2,820,000	-	2,820,000
Repayment of principal	(3,358,983)	(72,236)	(3,431,219)
Repayment of interests	(676,444)	(3,364)	(679,808)
	(1,215,427)	(75,600)	(1,291,027)
<u>Other Changes</u>			
Acquisition of new lease (Note 41(a))	-	214,036	214,036
Interest expense recognised in profit or loss (Note 38)	676,444	3,364	679,808
	676,444	217,400	893,844
At 31 December	15,326,183	185,207	15,511,390

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41. CASH FLOWS INFORMATION (CONT'D)

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

	Amount Owing to Subsidiaries RM	Term Loans RM	Lease Liabilities RM	Total RM
The Company				
2021				
At 1 January	-	3,994,247	115,071	4,109,318
<u>Changes in Financing Cash Flows</u>				
Advances from	1,500,000	-	-	1,500,000
Repayment to	(1,500,000)	-	-	(1,500,000)
Proceeds from	-	12,180,000	-	12,180,000
Repayment of principal	-	(309,081)	(71,664)	(380,745)
Repayment of interests	-	(159,816)	(3,936)	(163,752)
	-	11,711,103	(75,600)	11,635,503
<u>Other Changes</u>				
Interest expense recognised in profit or loss (Note 38)	-	159,816	3,936	163,752
At 31 December	-	15,865,166	43,407	15,908,573

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

41. CASH FLOWS INFORMATION (CONT'D)

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

	The Group		The Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Deposits with licensed banks	64,332,129	59,979,480	273,397	268,695
Short-term investments	234,321	2,845,915	63,969	62,626
Cash and bank balances	34,825,070	22,681,441	1,912,095	2,566,116
Bank overdrafts	(22,260,343)	-	-	-
	77,131,177	85,506,836	2,249,461	2,897,437
Less: Deposits pledged to licensed banks	(64,332,129)	(59,979,480)	(273,397)	(268,695)
	12,799,048	25,527,356	1,976,064	2,628,742

42. 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	
	2022 RM	2021 RM	2022 RM	2021 RM
(a) Directors				
<u>Directors of the Company</u>				
Short-term employee benefits:				
- fees	229,180	236,400	229,180	236,400
- salaries, bonuses and other benefits	2,727,102	3,381,032	2,213,322	2,936,863
	2,956,282	3,617,432	2,442,502	3,173,263
Defined contribution plan	308,117	274,578	241,559	221,272
Total directors' remuneration (Note 38)	3,264,399	3,892,010	2,684,061	3,394,535

The estimated monetary value of benefits-in-kind provided by the Group and the Company to the directors of the Company were RM51,392 and RM33,992 (2021 - RM61,725 and RM44,325) respectively.

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

42. KEY MANAGEMENT PERSONNEL COMPENSATION (CONT'D)

The key management personnel compensation during the financial year are as follows(Cont'd):-

	The Group		The Company	
	2022 RM	2021 RM	2022 RM	2021 RM
(b) Other Key Management Personnel				
Short-term employee benefits	3,530,857	929,229	-	-
Defined contribution plan	503,108	110,940	-	-
Other benefits	109,652	95,396	-	-
Total compensation for other key management personnel (Note 38)	4,143,617	1,135,565	-	-

43. RELATED PARTY DISCLOSURES**(a) Identities of Related Parties**

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

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

(b) Significant Related Party Transactions and Balances

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

	The Group		The Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Entity Related to the Group				
Received or receivable:-				
Contract revenue	69,250,313	68,656,089	-	-
Payment on behalf of	2,298,850	87,603	246	1,487
Hiring of machinery	2,882,652	-	-	-
Management fees	33,000	-	-	-
Sales of goods	5,797,609	-	-	-
Secondment fees	611,289	-	-	-
Transportation charged	31,770	-	-	-

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

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(Cont'd):-

	The Group		The Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Paid or payable:-				
Purchase of material	40,946	-	-	-
Rental of premises	402,000	402,000	-	-
Secondment fees	163,486	874,087	-	-
Subcontractor fees	7,299,074	-	-	-
Sub-contract wages	119,531	-	-	-
Interest expense	894,488	-	-	-
Royalty and tribute	2,076,233	-	-	-
Payment made by	10,553,871	2,703,320	-	-
Subsidiaries				
Received or receivable:-				
Dividend income	-	-	11,500,000	-
Management fee	-	-	4,666,401	4,630,816
Rental income on premises	-	-	324,000	324,000
Interest income	-	-	1,022,909	-
Administrative income	-	-	321	-
Payment on behalf of	-	-	2,054,990	27,353
Advances to	-	-	14,128,000	13,670,000
Paid or payable:-				
Investment in a subsidiary	-	-	25,450,002	-
Management fee	-	-	-	81,677
Payment made by	-	-	22,032	7,108
Advances from	-	-	-	1,500,000
Director				
Paid and payable:-				
Rental of premises	75,600	75,600	75,600	75,600

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

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

44. CAPITAL COMMITMENTS

	The Group	
	2022 RM	2021 RM
Purchase of:		
- property, plant and equipment	4,088,956	2,273,876
- investment properties under construction	-	258,030
	<u>4,088,956</u>	<u>2,531,906</u>

45. CONTINGENT LIABILITIES

An indirect subsidiary of the Company is a defendant in a legal action involving the alleged specific damages for the sum of RM3,966,065 suffered by landowners due to failure of the subsidiary to carry out construction works on the land without landowners' consent.

The subsidiary had subsequently filed the Writ of Summons and Statement of Claim against the chairman/officer-bearer of the housing committee for the breach of contract and two individuals in personal capacity under the tort of deceit and misrepresentation.

On 17 August 2022, the High Court suggested for the subsidiary to file a third party notice in the plaintiffs' claim to sue the current chairman of the housing committee and the other two individuals.

On 8 February 2023, the plaintiffs had filed the striking out application and the High Court has fixed the hearing date on 5 April 2023, which the High Court has subsequently vacated and rescheduled to 15 June 2023.

Management believes, based on legal advice, that the action can be successfully defended and therefore no provision is required to be made in the financial statements. The legal claim is expected to be settled in the next 12 months.

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

46. EARNINGS PER SHARE

	The Group	
	2022	2021
(Loss)/Profit after taxation attributable to owners of the Company (RM)	(23,358,610)	2,049,957
Weighted average number of ordinary shares:-		
Ordinary shares at 1 January	492,756,000	405,075,000
Effect of treasury shares held	(9,381,300)	(9,381,300)
Effect of ordinary shares issued	-	13,659,253
Weighted average number of ordinary shares in issue	483,374,700	409,352,953
Basic earnings per share (Sen)	(4.83)	0.50

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

47. 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 5 main reportable segments as follows:-

- (a) Construction and Support Services - involved in earthworks and civil engineering services;
- (b) Property Investments - involved in sales of investment properties for capital gain and rental of investment properties;
- (c) Green Energy - involved in the development and/or operation of power generation from renewable energy, solar and other renewable energy projects;
- (d) Quarry Operations - involved in contracted quarry operations; and
- (e) Centralised Labour Quarter - involved in workers' dormitory/accommodation services.

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

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

47. OPERATING SEGMENTS (CONT'D)

47.1 BUSINESS SEGMENTS

	Construction and Support Services RM	Property Investment RM	Green Energy RM	Centralised Labour Quarter RM	Quarry Operations RM	Consolidation Adjustments RM	Total RM
The Group							
31 December 2022							
Revenue							
External revenue	282,207,600	509,181	387,566	16,968	139,228,569	-	422,349,884
Inter-segment revenue	76,841,590	27,000	-	-	10,184,421	(87,053,011)	-
Consolidated revenue	359,049,190	536,181	387,566	16,968	149,412,990		422,349,884
Represented by:-							
<u>Revenue recognised at a point in time</u>							
Construction and support services:							
- sale of goods	9,259,544	-	-	-	-	(2,172,342)	7,087,202
- hiring of machinery	70,284,107	-	-	-	-	(58,594,310)	11,689,797
- day work revenue	8,874,246	-	-	-	-	-	8,874,246
Rental of centralised labour quarters	51,227	-	-	-	-	-	51,227
Quarry operations:							
- sale of quarry products	-	-	-	-	89,638,695	(3,040,276)	86,598,419
- hiring of machinery	-	-	-	-	660,891	(228,450)	432,441
- transport income	-	-	-	-	741,447	(36,772)	704,675
Solar energy:							
- operating revenue	-	-	301,174	-	-	-	301,174

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

47. OPERATING SEGMENTS (CONT'D)

47.1 BUSINESS SEGMENTS (CONT'D)

	Construction and Support Services RM	Property Investment RM	Green Energy RM	Centralised Labour Quarter RM	Quarry Operations RM	Consolidation Adjustments RM	Total RM
The Group							
31 December 2022							
Revenue							
<u>Revenue recognised over time</u>							
Construction and support services							
- contract revenue	254,413,665	-	-	-	-	58,828	254,472,493
Rental income from investment properties	-	536,181	-	-	-	(27,000)	509,181
Rental of centralised labour quarters	-	-	-	16,968	-	-	16,968
Quarry operations:							
- contract revenue	-	-	-	-	13,292,878	(2,560,312)	10,732,566
- sub-contract work	-	-	-	-	45,079,079	(4,285,976)	40,793,103
Solar energy:							
- contract revenue	-	-	86,392	-	-	-	86,392
<u>Revenue from other sources</u>							
Dividend income	11,500,000	-	-	-	-	(11,500,000)	-
Management fee	4,666,401	-	-	-	-	(4,666,401)	-
	359,049,190	536,181	387,566	16,968	149,412,990		422,349,884

47. OPERATING SEGMENTS (CONT'D)

47.1 BUSINESS SEGMENTS (CONT'D)

The Group 31 December 2022							
	Construction and Support Services RM	Property Investment RM	Green Energy RM	Centralised Labour Quarter RM	Quarry Operations RM	Consolidation Adjustments RM	Total RM
Assets							
Segment assets	493,255,381	37,485,861	5,545,850	1,909,129	179,208,099	(117,527,169)	599,877,151
Deferred tax assets							1,379,446
Goods and services tax recoverable							797,510
Current tax assets							6,230,764
Non-current assets held for sale							43,639,392
Consolidated total assets							651,924,263
Liabilities							
Segment liabilities	296,980,219	42,523,029	5,027,580	1,999,109	205,509,282	(113,296,619)	438,742,600
Deferred tax liabilities							5,696,750
Current tax liabilities							247,847
Consolidated total liabilities							444,687,197

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

47. OPERATING SEGMENTS (CONT'D)

47.1 BUSINESS SEGMENTS (CONT'D)

	Construction and Support Services RM	Property Investment RM	Green Energy RM	Centralised Labour Quarter RM	Quarry Operations RM	Consolidation Adjustments RM	Total RM
The Group							
31 December 2022							
Other segment items:-							
Capital expenditure:							
- investment properties	-	260,610	-	-	34,000,000	-	34,260,610
- property, plant and equipment	11,708,071	-	-	1,134,436	2,481,122	-	15,323,629
Amortisation of intangible assets	-	-	-	-	100,000	852,408	952,408
Depreciation:							
- investment properties	26,416	591,511	-	-	-	-	617,927
- property, plant and equipment	24,099,498	-	850	2,572	27,439,760	482,883	52,025,563
Direct operating expenses on investment properties:							
- income generating investment properties	-	195,197	-	-	-	-	195,197
- non-income generating investment properties	-	178,791	-	-	-	-	178,791
Fair value loss on long-term:							
- trade receivables	41,181	-	-	-	-	-	41,181
- other receivables	346,567	-	-	-	-	-	346,567
Impairment losses:							
- investment in a subsidiary	25,450,000	-	-	-	-	(25,450,000)	-
- property, plant and equipment	-	-	-	-	3,030,608	-	3,030,608
- goodwill	-	-	-	-	-	21,134,203	21,134,203
- intangible assets	-	-	-	-	-	8,592,263	8,592,263
- trade receivables	1,022,407	-	-	-	1,630,137	-	2,652,544
- other receivables	450,042	-	-	-	209	-	450,251
- contract assets	2,753,204	-	-	-	-	-	2,753,204

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

47. OPERATING SEGMENTS (CONT'D)

47.1 BUSINESS SEGMENTS (CONT'D)

	Construction and Support Services RM	Property Investment RM	Green Energy RM	Centralised Labour Quarter RM	Quarry Operations RM	Consolidation Adjustments RM	Total RM
The Group							
31 December 2022							
Other segment items (Cont'd):-							
Bad debt recovery	-	-	-	-	(3,200,000)	-	(3,200,000)
Early settlement of profit guarantee	-	-	-	-	-	(30,800,000)	(30,800,000)
Reversal of impairment losses on trade receivables	-	-	-	-	(17,500,110)	-	(17,500,110)
Interest expense:							
- lease liabilities	27,102	-	-	-	171,248	(23,738)	174,612
- others	5,975,242	402,663	55,959	-	8,026,023	(1,022,909)	13,436,978
Property, plant and equipment written off	18,270	-	-	-	6	-	18,276
Gain on disposal of:							
- property, plant and equipment	(5,917,402)	-	-	-	(18,332)	-	(5,935,734)
- investment properties	-	(193,442)	-	-	-	-	(193,442)
Share of results of an equity accounted associate	-	-	-	-	-	(510,740)	(510,740)
Share of results of equity accounted joint ventures	-	-	-	-	(272,128)	(112,073)	(384,201)

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

47. OPERATING SEGMENTS (CONT'D)

47.1 BUSINESS SEGMENTS (CONT'D)

	Construction and Support Services RM	Property Investment RM	Green Energy RM	Centralised Labour Quarter RM	Quarry Operations RM	Consolidation Adjustments RM	Total RM
The Group							
31 December 2022							
Other segment items (Cont'd):-							
Interest income:							
- deposits with licensed banks	(1,091,951)	-	(17,305)	-	(41,958)	-	(1,151,214)
- trade receivables	-	-	-	-	(144,986)	-	(144,986)
- finance lease receivables	(270,424)	-	-	-	-	-	(270,424)
- others	(1,023,298)	(3,942)	-	-	(1,776)	1,022,909	(6,107)
Dividend income:							
- subsidiary	(11,500,000)	-	-	-	-	11,500,000	-
- short-term investments	(38,407)	-	-	-	-	-	(38,407)
Gain on modification of lease liabilities	-	-	-	-	(6,773)	-	(6,773)

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

47. OPERATING SEGMENTS (CONT'D)**47.1 BUSINESS SEGMENTS (CONT'D)**

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

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

47. OPERATING SEGMENTS (CONT'D)**47.1 BUSINESS SEGMENTS (CONT'D)**

	Construction and Support Services RM	Property Investment RM	Green Energy RM	Consolidation Adjustments RM	Total RM
The Group					
31 December 2021					
Results					
Segment results	8,074,547	(41,039)	(165,943)	45,759	7,913,324
Interest income					1,319,678
Dividend income from short-term investments					75,867
					9,308,869
Finance costs					(5,897,321)
Share of result of an equity accounted associate					564,981
Consolidated profit before taxation					3,976,529
Income tax expense					(1,926,572)
Consolidated profit after taxation					2,049,957
Assets					
Segment assets	493,077,113	39,983,219	5,163,419	(100,597,392)	437,626,359
Deferred tax assets					160,149
Goods and services tax recoverable					790,470
Current tax assets					3,455,520
Consolidated total assets					442,032,498
Liabilities					
Segment liabilities	261,609,289	44,535,751	4,485,677	(87,932,011)	222,698,706
Deferred tax liabilities					3,758,402
Consolidated total liabilities					226,457,108

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

47. OPERATING SEGMENTS (CONT'D)**47.1 BUSINESS SEGMENTS (CONT'D)**

	Construction and Support Services RM	Property Investment RM	Green Energy RM	Consolidation Adjustments RM	Total RM
The Group					
31 December 2021					
Other segment items:					
Capital expenditure:					
- investment properties	-	490,220	-	-	490,220
- property, plant and equipment	15,222,914	-	-	(66,048)	15,156,866
Depreciation:					
- investment properties	26,416	512,925	-	-	539,341
- property, plant and equipment	25,987,243	-	1,217	(288,897)	25,699,563
Direct operating expenses on investment properties:					
- income generating investment properties	-	133,956	-	-	133,956
- non-income generating investment properties	-	189,069	-	-	189,069
Bad debt written off	955	-	-	-	955
Interest expense:					
- lease liabilities	41,634	-	-	(37,698)	3,936
- others	5,419,614	472,339	1,432	-	5,893,385
Property, plant and equipment written off	957	-	-	-	957
Loss on dissolution of subsidiaries	866	-	-	-	866
Gain on disposal of:					
- property, plant and equipment	(877,210)	-	-	-	(877,210)
- investment properties	-	(354,673)	-	-	(354,673)
Share of results of an equity accounted associate	-	-	-	(564,981)	(564,981)
Interest income:					
- deposits with licensed banks	(918,525)	-	(10,053)	-	(928,578)
- finance lease receivables	(388,605)	-	-	-	(388,605)
- others	(2,144)	(351)	-	-	(2,495)
Dividend income from short-term investments	(75,832)	-	(35)	-	(75,867)

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

47. OPERATING SEGMENTS (CONT'D)

47.2 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
2022		
Customer A	65,733,180	Construction and Support Services
Customer B	70,624,574	Construction and Support Services
Customer C	68,594,356	Construction and Support Services
2021		
Customer A	95,529,584	Construction and Support Services
Customer B	85,111,155	Construction and Support Services
Customer C	43,234,318	Construction and Support Services

48. 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.

48.1 FINANCIAL RISK MANAGEMENT POLICIES

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

(a) Market Risk

(i) Foreign Currency Risk

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

(ii) Interest Rate Risk

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

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

48. FINANCIAL INSTRUMENTS (CONT'D)**48.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)****(a) Market Risk (Cont'd)****(ii) Interest Rate Risk (Cont'd)**

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

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

	The Group		The Company	
	2022 RM	2021 RM	2022 RM	2021 RM

Floating Rate InstrumentsFinancial Liabilities

Term loans	78,966,587	57,344,772	15,326,183	15,865,166
Bankers' acceptances	16,096,650	20,621,288	-	-
Bank factoring	12,379,244	-	-	-
Invoice financing	11,021,231	7,021,641	-	-
Revolving credit	17,500,000	3,000,000	-	-
Bank overdrafts	22,260,343	-	-	-
	158,224,055	87,987,701	15,326,183	15,865,166

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	
	2022 RM	2021 RM	2022 RM	2021 RM

Effects on (Loss)/Profit After Taxation

Increase of 100 basis points	(1,202,503)	(668,707)	(116,479)	(120,575)
Decrease of 100 basis points	1,202,503	668,707	116,479	120,575

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

48. FINANCIAL INSTRUMENTS (CONT'D)

48.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(iii) Equity Price Risk

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

(b) Credit Risk

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

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

(i) Credit Risk Concentration Profile

The Group's major concentration of credit risk relates to the amounts owing by two customers which constituted approximately 39% of its trade receivables at the end of the reporting period.

(ii) Maximum Exposure to Credit Risk

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

In addition, the Company's maximum exposure to credit risk also includes corporate guarantees provided to its subsidiaries as disclosed under 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 financial assets are written off against the associated impairment, if any, when there is no reasonable expectation of recovery despite the fact they are still subject to enforcement activities.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

48. FINANCIAL INSTRUMENTS (CONT'D)

48.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

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

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

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

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

Trade Receivables and Contract Assets

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

Inputs, Assumptions and Techniques used for Estimating Impairment Losses

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contract. Therefore, the Group concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

For certain large customers or customers with a high risk of default, the Group assesses the risk of loss of each customer individually based on their financial information, past trends of payments an external credit rating, where applicable.

Also, the Group considers any trade receivables having financial difficulty or in default with significant balances outstanding for more than a year overdue are deemed credit impaired and assess for their risk of loss individually.

The expected loss rates are based on the payment profiles of sales over certain period from the measurement date and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle their debts.

For construction services and services rendered for the other contracts with customers, the Group assessed the expected credit loss of each customer individually based on their financial information and past trends of payments as there are only a few customers. All of these customers have low risk of default as they have a strong capacity to meet their debts.

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

48. FINANCIAL INSTRUMENTS (CONT'D)**48.1 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)*Inputs, Assumptions and Techniques used for Estimating Impairment Losses (Cont'd)*

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

Allowance for Impairment Losses

The Group	Gross Amount RM	Individual Impairment RM	Collective Impairment RM	Carrying Amount RM
2022				
<u>Trade receivables</u>				
Current (not past due)	34,209,962	-	(3,249)	34,206,713
Past due:				
- less than 2 months	28,793,697	-	(8,736)	28,784,961
- 2 to 4 months	13,611,156	-	(34,439)	13,576,717
- over 4 months	4,360,623	-	(232,131)	4,128,492
- more than 1 year	3,466,252	-	(402,968)	3,063,284
Credit impaired	2,497,217	(2,497,217)	-	-
Trade receivables	86,938,907	(2,497,217)	(681,523)	83,760,167
Contract assets	120,599,308	(2,753,204)	-	117,846,104
	207,538,215	(5,250,421)	(681,523)	201,606,271

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

48. FINANCIAL INSTRUMENTS (CONT'D)**48.1 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)Allowance for Impairment Losses (Cont'd)

The Group	Gross Amount RM	Individual Impairment RM	Collective Impairment RM	Carrying Amount RM
2021				
<u>Trade receivables</u>				
Current (not past due)	13,936,260	-	(59)	13,936,201
Past due:				
- less than 2 months	22,092,283	-	(165)	22,092,118
- 2 to 4 months	1,505,998	-	(1,463)	1,504,535
- over 4 months	3,989,596	-	(75,775)	3,913,821
- more than 1 year	632,752	-	(163,147)	469,605
Credit impaired	202,441	(202,441)	-	-
Trade receivables	42,359,330	(202,441)	(240,609)	41,916,280
Contract assets	104,091,186	-	-	104,091,186
	146,450,516	(202,441)	(240,609)	146,007,466

The movements in the loss allowances in respect of trade receivables and contract assets are disclosed in Notes 14 and 15 to the financial statements.

Finance Lease Receivables, Other Receivables, Amount Owing By An Associate and Amount owing by A Joint Venture

The Group applies the 3-stage general approach to measuring expected credit losses for its finance lease receivables and other receivables.

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

48. FINANCIAL INSTRUMENTS (CONT'D)

48.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

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

Finance Lease Receivables, Other Receivables, Amount Owing By An Associate and Amount owing by A Joint Venture (Cont'd)

Inputs, Assumptions and Techniques used for Estimating Impairment Losses

Under this approach, loss allowance is measured on either 12-month expected credit losses or lifetime credit losses, by considering the likelihood that the receivable would not be able to repay during the contractual period (probability of default, PD), the percentage of contractual cash flows that will not be collected if default happens (loss given default, LDG) and the outstanding amount that is exposed to default risk (exposure at default, EAD).

In deriving the PD and LGD, the Company considers the receivable's past payment status and its financial condition as at the reporting date. The PD is adjusted to reflect current and forward looking information on macroeconomic factors affecting the ability of the receivable to settle its debts.

Allowance for Impairment Losses

	Gross Amount RM	Lifetime Loss Allowance RM	Carrying Amount RM
The Group 2022			
Low credit risk	42,275,045	(450,251)	41,824,794

Deposits with Licensed Banks, Cash and Bank Balances

The Group considers these banks and financial institutions have low credit risks. In addition, some of the bank balances are insured by Government agencies. Therefore, the Group is of the view that the loss allowance is immaterial and hence, it is not provided for.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

48. FINANCIAL INSTRUMENTS (CONT'D)

48.1 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.

(c) Liquidity Risk

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

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

48. FINANCIAL INSTRUMENTS (CONT'D)**48.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)****(c) Liquidity Risk (Cont'd)***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
2022						
<u>Non-derivative Financial Liabilities</u>						
Trade payables	-	97,984,275	97,984,275	97,984,275	-	-
Other payables and accruals	-	24,742,863	24,742,863	24,742,863	-	-
Amount owing to related parties	3.44 - 5.01	26,798,879	26,798,879	26,798,879	-	-
Amount owing to a joint venture	-	2,549,361	2,549,361	2,549,361	-	-
Lease liabilities	4.02 - 6.24	2,813,972	3,254,270	1,058,870	802,780	1,392,620
Hire purchase payables	2.30 - 9.69	44,257,583	47,664,257	22,452,632	25,211,625	-
Term loans	4.22 - 8.00	79,409,239	91,864,705	34,500,103	37,407,122	19,957,480
Bankers' acceptances	2.85 - 7.85	30,001,650	30,001,650	30,001,650	-	-
Bank factoring	4.00 - 6.48	34,487,531	34,487,531	34,487,531	-	-
Invoice financing	4.35 - 7.42	27,584,796	27,584,796	27,584,796	-	-
Revolving credit	4.44 - 5.79	17,500,000	17,500,000	17,500,000	-	-
Bank overdraft	6.40 - 7.49	22,260,343	22,260,343	22,260,343	-	-
Financial guarantee contracts in relation to corporate guarantee given to an associate and third party*	-	-	2,302,500	2,302,500	-	-
		410,390,492	428,995,430	344,223,803	63,421,527	21,350,100

CORPORATE GOVERNANCE AND FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

48. FINANCIAL INSTRUMENTS (CONT'D)**48.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)****(c) Liquidity Risk (Cont'd)***Maturity Analysis (Cont'd)*

The Group	Effective Interest Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM	1 - 5 Years RM	Over 5 Years RM
2021						
<u>Non-derivative Financial Liabilities</u>						
Trade payables	-	60,338,350	60,338,350	60,338,350	-	-
Other payables and accruals	-	13,581,875	13,581,875	13,581,875	-	-
Amount owing to an associate	-	269,338	269,338	269,338	-	-
Lease liabilities	4.77	43,407	711,102	368,100	343,002	-
Hire purchase payables	3.67 - 8.45	38,088,440	40,920,979	18,752,096	22,168,883	-
Term loans	3.22 - 6.47	57,344,772	67,247,534	11,501,469	37,534,133	18,211,932
Bankers' acceptances	2.90 - 4.35	20,621,288	20,621,288	20,621,288	-	-
Invoice financing	3.49 - 6.32	7,021,641	7,021,641	7,021,641	-	-
Revolving credit	4.48	3,000,000	3,000,000	3,000,000	-	-
Financial guarantee contracts in relation to corporate guarantee given to an associate and third party*	-	-	8,393,080	8,393,080	-	-
		200,309,111	222,105,187	143,847,237	60,046,018	18,211,932

CORPORATE GOVERNANCE AND FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

48. FINANCIAL INSTRUMENTS (CONT'D)**48.1 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
2022						
<u>Non-derivative</u>						
<u>Financial Liabilities</u>						
Other payables and accruals	-	607,379	607,379	607,379	-	-
Amount owing to subsidiaries	-	14,884	14,884	14,884	-	-
Lease liabilities	4.02	185,207	195,300	75,600	119,700	-
Term loans	4.27 - 4.95	15,326,183	17,347,511	3,930,903	11,294,895	2,121,713
Financial guarantee contracts in relation to corporate guarantee given to certain subsidiaries, associate and third party *	-	-	233,960,207	233,960,207	-	-
		16,133,653	252,125,281	238,588,973	11,414,595	2,121,713

CORPORATE GOVERNANCE AND FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

48. FINANCIAL INSTRUMENTS (CONT'D)**48.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)****(c) Liquidity Risk (Cont'd)***Maturity Analysis (Cont'd)*

The Company	Effective Interest Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM	1 - 5 Years RM	Over 5 Years RM
2021						
<u>Non-derivative Financial Liabilities</u>						
Other payables and accruals	-	611,772	611,772	611,772	-	-
Amount owing to subsidiaries	-	11,946	11,946	11,946	-	-
Lease liabilities	4.77	43,407	44,100	44,100	-	-
Term loans	3.27 - 3.88	15,865,166	17,553,873	3,900,337	11,270,392	2,383,144
Financial guarantee contracts in relation to corporate guarantee given to certain subsidiaries, associate and third party *	-	-	176,984,500	176,984,500	-	-
		16,532,291	195,206,191	181,552,655	11,270,392	2,383,144

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

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

48. FINANCIAL INSTRUMENTS (CONT'D)**48.2 CAPITAL RISK MANAGEMENT**

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

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

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

	The Group	
	2022 RM	2021 RM
Lease liabilities	2,813,972	43,407
Hire purchase payables	44,257,583	38,088,440
Term loans	79,409,239	57,344,772
Bankers' acceptances	30,001,650	20,621,288
Bank factoring	34,487,531	-
Invoice financing	27,584,796	7,021,641
Revolving credit	17,500,000	3,000,000
Bank overdrafts	22,260,343	-
	258,315,114	126,119,548
Less:		
- Deposits with licensed banks	(64,332,129)	(59,979,480)
- Short-term investments	(234,321)	(2,845,915)
- Cash and bank balances	(34,825,070)	(22,681,441)
Net debt of cash and cash equivalents	158,923,594	40,612,712
Total equity	207,237,066	215,575,390
Debt-to-equity ratio	0.77	0.19

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

CORPORATE GOVERNANCE AND FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

48. FINANCIAL INSTRUMENTS (CONT'D)**48.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS**

	The Group		The Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Financial Assets				
<u>Fair Value Through Profit or Loss</u>				
Short-term investments	234,321	2,845,915	63,969	62,626
<u>Amortised Cost</u>				
Finance lease receivables	1,117,879	3,043,375	-	-
Trade receivables	83,760,167	41,916,280	-	-
Other receivables	23,522,786	16,328,001	3,521	10,203,979
Amount owing by subsidiaries	-	-	95,556,325	73,409,594
Amount owing by an associate	15,070,187	2,086,597	246	1,317
Amount owing by a joint venture	2,113,942	-	-	-
Deposits with licensed banks	64,332,129	59,979,480	273,397	268,695
Cash and bank balances	34,825,070	22,681,441	1,912,095	2,566,116
	224,742,160	146,035,174	97,745,584	86,449,701
Financial Liabilities				
<u>Amortised Cost</u>				
Trade payables	97,984,275	60,338,350	-	-
Other payables and accruals	24,742,863	13,581,875	607,379	611,772
Amount owing to subsidiaries	-	-	14,884	11,946
Amount owing to an associate	-	269,338	-	-
Amount owing to a joint venture	2,549,361	-	-	-
Amount owing to related parties	26,798,879	-	-	-
Lease liabilities	2,813,972	43,407	185,207	43,407
Hire purchase payables	44,257,583	38,088,440	-	-
Term loans	79,409,239	57,344,772	15,326,183	15,865,166
Bankers' acceptances	30,001,650	20,621,288	-	-
Bank factoring	34,487,531	-	-	-
Invoice financing	27,584,796	7,021,641	-	-
Revolving credit	17,500,000	3,000,000	-	-
Bank overdrafts	22,260,343	-	-	-
	410,390,492	200,309,111	16,133,653	16,532,291

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

48. FINANCIAL INSTRUMENTS (CONT'D)**48.4 GAINS OR LOSSES ARISING FROM FINANCIAL INSTRUMENTS**

	The Group		The Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Financial Assets				
<u>Fair Value Through Profit or Loss</u>				
Net gains recognised in profit or loss	38,407	75,867	1,343	9,327
<u>Amortised Cost</u>				
Net gains recognised in profit or loss	16,029,094	1,318,723	1,028,265	8,337
Financial Liabilities				
<u>Amortised Cost</u>				
Net losses recognised in profit or loss	(13,604,817)	(5,897,321)	(846,230)	(171,997)

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

48. FINANCIAL INSTRUMENTS (CONT'D)

48.5 FAIR VALUE INFORMATION

The fair values of the financial assets and financial liabilities of the Group and of the Company which are maturing within the next 12 months approximated their carrying amounts due to the relatively short-term maturity of the financial instruments or repayable on demand terms.

The following table sets out the fair value profile of financial instruments that are carried at fair value and those not carried at fair value at the end of the reporting period:-

The Group	Fair Value of Financial Instruments Carried at Fair Value			Fair Value of Financial Instruments Not Carried at Fair Value			Total Fair Value RM	Carrying Amount RM
	Level 1 RM	Level 2 RM	Level 3 RM	Level 1 RM	Level 2 RM	Level 3 RM		
2022								
<u>Financial Assets</u>								
Finance lease receivables	-	-	-	-	1,213,737	-	1,213,737	1,117,879
Short-term investments	234,321	-	-	-	-	-	234,321	234,321
<u>Financial Liability</u>								
Term loan (fixed rate)	-	-	-	-	442,652	-	442,652	442,652
Term loans (floating rate)	-	-	-	-	78,966,587	-	78,966,587	78,966,587
2021								
<u>Financial Assets</u>								
Finance lease receivables	-	-	-	-	3,297,010	-	3,297,010	3,043,375
Short-term investments	2,845,915	-	-	-	-	-	2,845,915	2,845,915
<u>Financial Liability</u>								
Term loans	-	-	-	-	57,344,772	-	57,344,772	57,344,772

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

48. FINANCIAL INSTRUMENTS (CONT'D)

48.5 FAIR VALUE INFORMATION (CONT'D)

The Company	Fair Value of Financial Instruments Carried at Fair Value			Fair Value of Financial Instruments Not Carried at Fair Value			Total Fair Value	Carrying Amount
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3		
	RM	RM	RM	RM	RM	RM	RM	RM
2022								
<u>Financial Asset</u>								
Short-term investment	63,969	-	-	-	-	-	63,969	63,969
<u>Financial Liability</u>								
Term loans (floating rate)	-	-	-	-	15,326,183	-	15,326,183	15,326,183
2021								
<u>Financial Asset</u>								
Short-term investment	62,626	-	-	-	-	-	62,626	62,626
<u>Financial Liability</u>								
Term loans (floating rate)	-	-	-	-	15,865,166	-	15,865,166	15,865,166

CORPORATE GOVERNANCE AND FINANCIAL STATEMENTS

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

48. FINANCIAL INSTRUMENTS (CONT'D)**48.5 FAIR VALUE INFORMATION (CONT'D)****(a) Fair Value of Financial Instruments Carried at Fair Value**

- (i) The fair values of the Group's and the Company's money market fund are determined based on the fund managers' statements at the reporting date.
- (ii) There were no transfers between level 1 and level 2 during the financial year.

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

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

- (i) The fair values of the Group's and the Company's term loans that carry floating interest rates approximated their carrying amounts as they are repriced to market interest rates on or near the reporting date.
- (ii) The fair values of the Group's and the Company's finance lease receivables and term loan that carry fixed interest rates are determined by discounting the relevant future contractual cash flows using current market interest rates for similar instruments at the end of the reporting period. The interest rates used to discount the estimated cash flows are as follows:-

	The Group	
	2022	2021
	%	%
Finance lease receivables	6.21	6.21 to 6.22
Term loan	8.00	-

49. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

- (a) On 17 June 2021, the Company entered into a Shares Sale Agreement ("SSA") with FHHSB for the acquisition of 51% equity interest in SERB. The total purchase consideration was satisfied through a combination of cash amounted to RM15,220,000 and the issuance of 33,000,000 new ordinary shares in the Company.

The Company obtained control over SERB subsequently on 5 January 2022.

The acquisition forms part of the Quarry Operations segment and is expected to improve the Group's cost control through the utilisation of the quarry products sourced internally from SERB and its subsidiaries.

CORPORATE GOVERNANCE AND FINANCIAL STATEMENTS

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

49. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (CONT'D)

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

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

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

50. COMPARATIVE FIGURES

The following figures have been reclassified to conform with the presentation of the current financial year.

	The Group	
	As Previously Reported RM	As Restated RM
1.1.2021		
Statement of Financial Position (Extract):-		
<u>Non-current liabilities</u>		
Long-term borrowings	24,693,873	56,864,064
Lease liabilities	32,213,598	43,407
<u>Current liabilities</u>		
Short-term borrowings	51,467,468	72,292,962
Lease liabilities	20,897,158	71,664
31.12.2021		
Statement of Financial Position (Extract):-		
<u>Non-current liabilities</u>		
Long-term borrowings	48,039,001	68,877,906
Lease liabilities	20,838,905	-
<u>Current liabilities</u>		
Short-term borrowings	39,948,700	57,198,235
Lease liabilities	17,292,942	43,407

OTHERS INFORMATION

LIST OF PROPERTIES

No	Title Details/ Postal Address	Description of property / Existing use	Land area / Built-up area (Sf)	Approximate age of building (Years)	Tenure/ Date of expiry of the Lease	Audited Net Book Value as at 31.12.2022 RM	Date of acquisition
1.	H.S.(D) 48427, PT 22736, Lot 205A, Kawasan Perindustrian Gebeng Phase II, Mukim Sungai Karang, Daerah Kuantan, Pahang	A parcel of leasehold industrial land	Land area: 587,096 Built-up area: Not applicable	Not applicable	Leasehold (99 years)/ 25 Sep 2115	10,020,232	15 Apr 2015
2.	H.S (M) 23117, P.T.No. 831, Tempat Kota Puteri, Seksyen 6, Bandar Batu Arang, Daerah Gombak, Negeri Selangor Darul Ehsan Lot 23, Jalan Kota Puteri 6, Kawasan Industri Seksyen 6, Kota Puteri, Bandar Batu Arang, Daerah Gombak.	A parcel of leasehold industrial land	Land area: 241,391 Built up area: Not applicable	Not applicable	Leasehold (99 years)/ 4 February 2104	7,588,632	12 April 2018
3.	H.S.(M) 460, Lot 4777, Mukim Rawang, Tempat Sungai Mangga, Kuang, Daerah Gombak, Selangor.	A parcel of leasehold agriculture land	Land area: 269,679 Built-up area: Not applicable	Not applicable	Leasehold (99 years)/ 21 Jul 2069	6,109,837	23 Nov 2017
4.	H.S.(D) 173541, P.T.No.32213, Pekan Baru Sungai Buloh, District of Petaling, State of Selangor Darul Ehsan. No. 8, Jalan PJU 3/16D, Tropicana Indah, 47410 Petaling Jaya, Selangor Darul Ehsan.	A parcel of leasehold residential land	Land area: 21,269 Built up area: Not applicable	Not applicable	Leasehold (99 years)/ 27 May 2101	5,999,857	29 July 2015

OTHERS INFORMATION

LIST OF PROPERTIES (CONT'D)

No	Title Details/ Postal Address	Description of property / Existing use	Land area / Built-up area (Sf)	Approximate age of building (Years)	Tenure/ Date of expiry of the Lease	Audited Net Book Value as at 31.12.2022 RM	Date of acquisition
5.	H.S (M) 23116, P.T.No. 830, Tempat Kota Puteri, Seksyen 6, Bandar Batu Arang, Daerah Gombak, Negeri Selangor Darul Ehsan. Lot 21, Jalan Kota Puteri 6, Kawasan Industri Seksyen 6, Kota Puteri, 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	5,979,743	12 April 2018
6.	H.S(D) 242482, P.T. 10061, Pekan Baru Sungai Buloh, Daerah Petaling, Negeri Selangor Darul Ehsan. No. 20, Jalan Pekaka 8/3, Sekysen 8, Kota Damansara, 47810 Petaling Jaya, Selangor Darul Ehsan.	One (1) unit of five (5) storey shop office	Land area: 4,349 Built up area: 21,408	Twenty-One (21) years	Leasehold (99 years)/ 17 December 2106	4,955,341	29 September 2017
7.	PN 52716, Lot 20007 Section 95A and Geran 79381, Lot 20006 Section 95A BO 1-A-08, Menara 2, No.3, Jalan Bangsar, KL ECO CITY, 59200 Kuala Lumpur.	Whole of 8th floor of a twenty (20) storey building office tower block	Land area: Not applicable Built up area: 4,381	Seven (7) years	Leasehold (99 years)/ 5 December 2113	4,769,710	5 August 2013

OTHERS INFORMATION

LIST OF PROPERTIES (CONT'D)

No	Title Details/ Postal Address	Description of property / Existing use	Land area / Built-up area (Sf)	Approximate age of building (Years)	Tenure/ Date of expiry of the Lease	Audited Net Book Value as at 31.12.2022 RM	Date of acquisition
8.	Geran 316473, Lot 64445, Town of Glenmarie, District of Petaling, State of Selangor Darul Ehsan. No.1, Jalan Pengaturcara U1/51E, Seksyen U1, 40150 Shah Alam, Selangor Darul Ehsan.	One (1) unit of three (3) storey bungalow	Land area: 7,158 Built up area: 4,790	Twelve (12) years	Freehold	3,693,611	4 September 2015
9.	HS(D) 279746, Lot No. PT 1981, Town of Glenmarie, District of Petaling, State of Selangor Darul Ehsan. No. 18, Jalan Pengatur- cara, U1/51H, Seksyen U1, 40150 Shah Alam, Selangor Darul Ehsan.	One (1) unit of three (3) storey semi- detached house	Land area: 8,253 Built up area: 3,940	Ten (10) years	Freehold	3,092,747	4 September 2015
10.	HS(D) 164582 PT 40672 Mukim Semenyih, District of Ulu Langat, State of Selangor Darul Ehsan. No. 55, Jalan Ecohill 3/1B, Setia Ecohill, 43500 Semenyih, Selangor Darul Ehsan.	One (1) unit of double storey zero lot bungalow	Land area: 6,712 Built up area: 3,304	Seven (7) years	Freehold	1,758,139	14 March 2016

OTHERS INFORMATION

ANALYSIS OF SHAREHOLDINGS

AT 31 MARCH 2023

Total Issued Share	:	492,756,000 Ordinary Shares (including 9,381,300 Treasury Shares as per Record of Depositors as at 31 March 2023)
Types of Shares	:	Ordinary Share
Voting Rights	:	One vote per Ordinary Share on a poll

DISTRIBUTION OF SHAREHOLDINGS AS AT 31 MARCH 2023

Size of Shareholdings	No. of Shareholders	%	No. of Shares [#]	% [#]
1 - 99	8	0.26	100	0.00
100 to 1,000	344	11.36	205,600	0.04
1,001 to 10,000	1,384	45.69	8,496,500	1.76
10,001 to 100,000	1,067	35.23	37,464,750	7.75
100,001 – 24,168,734* [#]	224	7.40	372,134,750	76.99
24,168,734 and above** [#]	2	0.07	65,073,000	13.46
Total	3,029	100.00	483,374,700	100.00

Note:-

* Less than 5% of Issued Holdings

** 5% and above of Issued Holdings

[#] Excluding a total of 9,381,300 ordinary shares bought back by the Company and retained as Treasury Shares as per Record of Depositors as at 31 March 2023

SUBSTANTIAL SHAREHOLDERS AS PER REGISTER OF SUBSTANTIAL SHAREHOLDERS

	Name	Direct Interest		Indirect Interest	
		No. of Shares [#]	% [#]	No. of Shares [#]	% [#]
1.	Dato' Phum Ang Kia	97,563,750	20.18	150,000*	0.03*
2.	Lim Swee Chai	55,381,250	11.46	-	-
3.	Pham Soon Kok	28,413,250	5.88	-	-

Note:-

[#] Calculated based on the issued share capital excluding a total of 9,381,300 ordinary shares bought back by the Company and retained as Treasury Shares.

* Indirect Interest by virtue of his children pursuant to Section 59(11)(c) of the Companies Act, 2016.

OTHERS INFORMATION

ANALYSIS OF SHAREHOLDINGS

AT 31 MARCH 2023 (CONT'D)

DIRECTORS' SHAREHOLDINGS AS PER REGISTER OF DIRECTORS' SHAREHOLDINGS

	Name	Direct Interest		Indirect Interest	
		No. of Shares [#]	% [#]	No. of Shares [#]	% [#]
1.	Dato' Phum Ang Kia	97,563,750	20.18	150,000*	0.03*
2.	Ir. Yeo An Thai	16,075,250	3.33	-	-
3.	Tung Kai Hung	9,775,250	2.02	-	-
4.	Yeoh Chong Keat	-	-	-	-
5.	Mohd Zaky bin Othman	-	-	-	-
6.	Lee Elaine	-	-	-	-

Note:-

[#] Calculated based on the issued share capital excluding a total of 9,381,300 ordinary shares bought back by the Company and retained as Treasury Shares.

* Indirect Interest by virtue of his children pursuant to Section 59(11)(c) of the Companies Act, 2016.

THIRTY LARGEST SECURITIES ACCOUNT HOLDERS (ACCORDING TO THE REGISTER OF DEPOSITORS AS AT 31 MARCH 2023)

No.	Name	No. of Shares	%
1.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR DATO' PHUM ANG KIA (7003846)	38,500,000	7.96
2.	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LIM SWEE CHAI	26,573,000	5.50
3.	PHAM SOON KOK	23,413,250	4.84
4.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR DATO' PHUM ANG KIA	19,200,000	3.97
5.	LIM SWEE CHAI	18,958,250	3.92
6.	IR. YEO AN THAI	16,075,250	3.33
7.	MIDF AMANAH INVESTMENT NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR DATUK CHIAU BENG TEIK (MGN-CBT0006M)	14,246,900	2.95
8.	RHB NOMINEES (TEMPATAN) SDN BHD OSK CAPITAL SDN BHD FOR YAYASAN ISLAM TERENGGANU	13,290,000	2.75
9.	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR DATO' PHUM ANG KIA	13,050,000	2.70
10.	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT – AMBANK (M) BERHAD FOR DATO' PHUM ANG KIA (SMART)	11,950,000	2.47

OTHERS INFORMATION

ANALYSIS OF SHAREHOLDINGS

AT 31 MARCH 2023 (CONT'D)

THIRTY LARGEST SECURITIES ACCOUNT HOLDERS (ACCORDING TO THE REGISTER OF DEPOSITORS AS AT 31 MARCH 2023)

No.	Name	No. of Shares	%
11.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (PHEIM)	11,844,000	2.45
12.	LIM PENG HONG	11,201,100	2.32
13.	LTS LOGISTICS SDN BHD	11,000,000	2.28
14.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR DESIRAN REALITI SDN BHD	11,000,000	2.28
15.	LIM KOK TIONG	10,507,150	2.17
16.	HLIB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR DATO' ONG CHOO MENG	10,290,600	2.13
17.	CHAN KENG KONG	9,449,950	1.95
18.	NG CHUN KOOI	9,161,600	1.90
19.	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR DATO' PHUM ANG KIA (MY3638)	8,000,000	1.66
20.	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN CHEE SING (021)	8,000,000	1.66
21.	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LIM SWEE CHAI	7,800,000	1.61
22.	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR DESIRAN REALITI SDN BHD (MY3933)	7,500,000	1.55
23.	TUNG KAI HUNG	6,775,250	1.40
24.	YAP GOON YING	6,377,250	1.32
25.	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR DATO' PHUM ANG KIA	5,800,000	1.20
26.	MAYBANK NOMINEES (TEMPATAN) SDN BHD MAYBANK TRUSTEES BERHAD FOR DANA MAKMUR PHEIM (211901)	5,622,800	1.16
27.	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR PHAM SOON KOK	5,000,000	1.03
28.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LIM CHEE HSIUNG	3,969,400	0.82
29.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHOW KIAN HUNG	3,660,000	0.76
30.	TEYO TUAN CHIN	3,622,700	0.75

OTHERS INFORMATION

NOTICE OF TWENTY-SIXTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Twenty-Sixth Annual General Meeting ("26th AGM") of Advancecon Holdings Berhad ("the Company") will be conducted on a virtual basis through the live streaming and online meeting platform of TIIH online provided by Tricor Investor & Issuing House Services Sdn Bhd in Malaysia via its website at <https://tiih.online> or <https://tiih.com.my> (Domain registration number with MYNIC – D1A282781) on Monday, 29 May 2023 at 10.00 a.m. or at any adjournment thereof for the following purposes:

AGENDA

AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 December 2022 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 RM302,640 in respect of the period from 30 May 2023 until the conclusion of the next AGM of the Company. *Ordinary Resolution 1*
3. To re-elect the following Directors, who retire by rotation in accordance with Clause 125 of the Company's Constitution and being eligible, have offered themselves for re-election:
 - (a) Mr Yeoh Chong Keat *Ordinary Resolution 2*
 - (b) Ir. Yeo An Thai *Ordinary Resolution 3*
4. To re-elect Lee Elaine who is retiring in accordance with Clause 130 of the Company's Constitution and being eligible, has offered herself for re-election. *Ordinary Resolution 4*
5. To re-appoint Messrs. Crowe Malaysia PLT as auditors of the Company and to authorise the Directors to fix their remuneration. *Ordinary Resolution 5*

AS SPECIAL BUSINESS

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

6. **AUTHORITY TO ISSUE AND ALLOT SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016** *Ordinary Resolution 6*

"THAT pursuant to section 85 of the Companies Act 2016, read in conjunction with Clause 15 and Clause 16 of the Company's Constitution, approval be and is hereby given to waive the statutory pre-emptive rights of the shareholders of the Company to be offered new shares ranking equally to the existing issued shares of the Company arising from the allotment and issuance of shares.

THAT pursuant to Sections 75 and 76 of the Act and subject to the approvals of the relevant governmental/regulatory authorities, the Directors be and are hereby empowered to issue and allot shares in the capital of the Company from time to time and upon such terms and conditions and for such purposes as the Directors, may in their absolute discretion deem fit, provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the total number of issued shares of the Company or such higher percentage as Bursa Malaysia Securities Berhad ("Bursa Securities") allowed for the time being and that the Directors be and are hereby also empowered to obtain approval from the Bursa Securities for the listing and quotation of the additional shares so issued and that such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company.

AND THAT such authority shall continue to be in force until the conclusion of the next AGM of the Company."

OTHERS INFORMATION

NOTICE OF TWENTY-SIXTH ANNUAL GENERAL MEETING (CONT'D)

7. PROPOSED RENEWAL OF AUTHORITY FOR THE COMPANY TO PURCHASE ITS OWN ORDINARY SHARES ("PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY")

Ordinary Resolution 7

"THAT, subject always to the Act, the provisions of the Constitution of the Company, the Main Market Listing Requirements ("Listing Requirements") and the approvals of all relevant authorities (if any), the Board of Directors of the Company be and is hereby unconditionally and generally authorised, to purchase such number of issued shares in the Company as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company provided that:

- (i) the maximum aggregate number of shares which may be purchased and held by the Company must not exceed 10% of the total number of issued shares of the Company at any point in time ("Proposed Share Buy-Back");
- (ii) the maximum amount to be allocated for the Proposed Share Buy-Back shall not exceed the aggregate of the Company's retained profits based on the latest audited financial statements and/or the latest management accounts (where applicable) available at the time of purchase of the Proposed Share Buy-Back; and
- (iii) the shares of the Company so purchased may be cancelled, retained as treasury shares, distributed as dividends or resold on Bursa Securities, or a combination of any of the above, or be dealt with in such manner allowed by the Act and Listing Requirements from time to time.

THAT the authority conferred by this resolution will commence immediately upon the passing of this resolution and will continue to be in force until:

- (a) the conclusion of the next AGM of the Company following the general meeting at which such resolution is passed at which time the authority will lapse unless by ordinary resolution passed at that meeting, the authority is renewed either unconditionally or subject to conditions;
- (b) the expiration of the period within which the next AGM of the Company is required by law to be held; or
- (c) the authority is revoked or varied by an ordinary resolution passed by the shareholders of the Company in a general meeting;

whichever occurs first, but shall not prejudice the completion of the purchase by the Company before the aforesaid expiry date and, in any event, in accordance with the provisions of the Act, the rules and regulations made pursuant thereto and the guidelines issued by Bursa Securities and/or any other relevant authority.

AND THAT authority be and is hereby unconditionally and generally given to the Directors to take all such steps as are necessary or expedient (including without limitation, the opening and maintaining of central depository account(s) under the Securities Industry (Central Depositories) Act 1991, and the entering into all agreements, arrangements and guarantees with any party or parties) to implement, finalise and give full effect to the Proposed Share Buy-Back with full powers to assent to any conditions, modifications, variations and/or amendments (if any) as may be imposed by the relevant authorities and with full power to do all such acts and things thereafter in accordance with the Act, the provisions of the Constitution of the Company, the Listing Requirements and all other relevant governmental and/or regulatory authorities."

OTHERS INFORMATION

NOTICE OF TWENTY-SIXTH ANNUAL GENERAL MEETING (CONT'D)

8. PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE ("PROPOSED RENEWAL OF RRPTs MANDATE")

Ordinary Resolution 8

"THAT pursuant to Paragraph 10.09 of the Listing Requirements, the Company and/or its subsidiaries be and are hereby authorised to enter into any of the recurrent related party transactions of revenue or trading nature as set out in Circular to Shareholders dated 28 April 2023 with the related parties mentioned therein provided that such transactions are:-

- (a) undertaken in the ordinary course of business at arm's length basis and on normal commercial terms which are not more favourable to the Related Parties than those generally available to the public;
- (b) necessary for the day-to-day operations; and
- (c) not to the detriment of the minority shareholders of the Company.

THAT such approval shall continue to be in full force until :-

- (a) the conclusion of the next Annual General Meeting ("AGM") of the Company at which such RRPT Mandate is passed, at which it will lapse, unless by an ordinary resolution passed at next AGM, the authority is renewed; or
- (b) the expiration of the period within which the next AGM of the Company after that date is required to be held pursuant to Section 340(2) of the Companies Act, 2016 ("the Act") (but must not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
- (c) revoked or varied by resolution passed by the shareholders in a general meeting.

whichever is earlier;

AND THAT the Board of Directors be and is hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the Proposed Renewal of RRPTs Mandate."

9. PROPOSED GRATUITY PAYMENT TO FORMER INDEPENDENT NON-EXECUTIVE DIRECTOR OF THE COMPANY

Ordinary Resolution 9

"THAT approval be and is hereby given for the Company to pay a gratuity payment amounting to RM 36,240 to the late En. Fathi Ridzuan bin Ahmad Fauzi in recognition of his 6 years of service and contribution to the Company.

AND THAT authority be and is hereby given to the Directors of the Company to take all such actions as they may consider necessary to give full effect to this resolution."

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

BY ORDER OF THE BOARD

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

Kuala Lumpur
Dated: 28 April 2023

OTHERS INFORMATION

NOTICE OF TWENTY-SIXTH ANNUAL GENERAL MEETING (CONT'D)

Notes:

An online meeting platform can be recognised as the meeting venue or place under Section 327(2) of the Companies Act 2016 if the online meeting platform is located in Malaysia. Members are to attend, speak (including posing questions to the Board via real time submission of typed texts) and vote (collectively, "Participate") remotely at this AGM via Remote Participation and Voting ("RPV") facilities provided by Tricor Investor & Issuing House Services Sdn Bhd's ("Tricor") through its TIIH Online website at <https://tiah.online>. Members are advised to follow the procedures provided in the Administrative Guide for the 26th AGM in order to Participate remotely via the RPV.

1. In respect of deposited securities, only member whose names appear in the Company's Record of Depositors as at 22 May 2023 shall be eligible to attend, participate, speak and vote at this meeting or appoint proxy(ies) to attend, participate, speak and vote on his/ her behalf.
2. A member shall not be entitled to appoint more than (2) proxies. Where a member appoints more than one (1) proxy, he shall specify the proportions of his shareholdings to be represented by each proxy, failing which the appointment shall be invalid.
3. A proxy may but need not be a shareholder of the Company. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at the meeting shall have the same rights as the shareholder to speak at the meeting.
4. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991 ("Central Depositories Act"), it may appoint at least one proxy in respect of each securities account it holds with ordinary shares to the credit of the said securities account.
5. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
6. The instrument appointing a proxy shall be in writing under the hand of the appointer or his/her attorney duly authorised in writing, or if the appointer is a corporation, either under seal or under the hand of an officer or attorney duly authorised.
7. The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company not less than 48 hours before the time appointed for holding this meeting.
 - (a) In hard copy form
In the case of an appointment made in hard copy form, the original Proxy Form must be deposited at the Poll Administrator office, Tricor Investor & Issuing House Services Sdn Bhd at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur
 - (b) By electronic means
The Proxy Form can be electronically lodged via Tricor's TIIH Online website at <https://tiah.online>. Please follow the procedure for the electronic lodgement of proxy form as set out in the Administrative Guide for the 26th AGM.
8. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in this Notice will be put to vote by way of poll.

Personal data privacy:-

By submitting an instrument appointing a proxy(ies) and/ or representative(s) 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.

OTHERS INFORMATION

NOTICE OF TWENTY-SIXTH ANNUAL GENERAL MEETING (CONT'D)

Explanatory Notes to Ordinary Resolutions and Special Business:

1. Item 1 of the Agenda - Audited financial statements for the Financial Year Ended 31 December 2022

This Agenda item is meant for discussion only as the provisions of Sections 248(2) and 340(1)(a) of the Act do not require a formal approval of the shareholders for the Audited Financial Statements. Hence, this Agenda item is not put forward to the shareholders for voting.

2. Item 2 of the Agenda - Payment of Directors' fees and other benefits payable

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

	Director's fee (RM)	Meeting allowance (RM)	Business travel, accommodation and etc. (RM)
Independent Non-Executive Chairman	8,430 per month	500 per day	20,000 per annum
Independent Non-Executive Director	6,040 per month	500 per day	20,000 per annum
Independent Non-Executive Director	5,000 per month	500 per day	20,000 per annum

3. Item 3 of the Agenda - Re-election of retiring Directors

Clause 125 of the Company's Constitution provides that one-third of the Directors of the Company for the time being shall retire by rotation at the AGM of the Company. All the Directors shall retire from office once at least in each three years but shall be eligible for re-election. Mr Yeoh Chong Keat and Ir. Yeo An Thai are standing for re-election as Directors of the Company. Mr Yeoh Chong Keat, who is the Independent Non-Executive Chairman, has reaffirmed his independence based on independence criteria applied by the Company which is also used in the yearly assessment of Independent Non-Executive Director's independence and fulfilled the independence definitions as prescribed under the Listing Requirements.

For the purpose of determining the eligibility of the Directors to stand for re-election at this meeting and in line with Practice 5.1 of the Malaysian Code on Corporate Governance, the Nomination Committee has assessed each of the retiring Directors under Ordinary Resolutions 2 and 3, and considered the following:

- (a) the Directors performance and contribution based on the results of the annual evaluation of board;
- (b) the Director's level of contribution to the Board deliberations through his skills, experience and strength in qualities; and
- (c) their abilities to act in the best interests of the Company in decision-making.

Based on the results of the annual evaluation of board, the individual Directors met the performance criteria required of an effective Board. Hence, the Board has recommended the re-election of Mr Yeoh Chong Keat and Ir. Yeo An Thai as Directors of the Company.

OTHERS INFORMATION

NOTICE OF TWENTY-SIXTH ANNUAL GENERAL MEETING (CONT'D)

4. Item 4 of the Agenda - Re-election of Directors who retire in accordance with Clause 130 of the Company's Constitution

Clause 130 of the Company's Constitution states that an election of Directors shall take place if the Company, at the meeting at which a Director retires by rotation, does not fill the vacancy, the retiring Director shall, if willing to act, be deemed to have been reappointed unless at the meeting, it is resolved not to fill the vacancy or unless a resolution for the reappointment of the Director is put to the meeting and lost. All Directors who retire from office shall be eligible for re-election.

Lee Elaine is standing for re-election as Directors of the Company and being eligible, has offered herself for re-election.

For the purpose of determining the eligibility of the Directors to stand for re-election at the 26th AGM, the Nomination Committee has considered and recommended Lee Elaine for re-election as Directors pursuant to Clause 130 of the Company's Constitution.

5. Item 5 of the Agenda - Re-appointment of Auditors

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

6. Item 6 of the Agenda - Authority to issue and allot shares pursuant to Sections 75 and 76 of the Act

The proposed Ordinary Resolution 5, allot new shares at any time to such persons, in their absolute discretion, deem fit ("General Mandate"), provided that the number of shares issued pursuant to this General Mandate, when aggregated with the nominal value of any such shares issued during the preceding twelve (12) months, does not exceed 10% of the total issued share capital of the Company at the time of issue. This renewed General Mandate, unless revoked or varied at a general meeting, will expire at the conclusion of the next AGM of the Company.

With this renewed General Mandate, the Company will be able to raise funds expeditiously for the purpose of funding future investment, working capital and/or acquisition(s) at any time without convening a general meeting as it would be both costs and time consuming to organize a general meeting.

As at the date of this Notice, no new shares in the Company were issued pursuant to the previous General Mandate granted to the Directors at the 25th AGM held on 16 June 2022.

7. Item 7 of the Agenda - Proposed Renewal of Share Buy-Back Authority

The proposed Ordinary Resolution 7, if passed, will provide the mandate for the Company to purchase up to 10% of the total number of issued ordinary shares of the Company. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next AGM of the Company.

Please refer to the Share Buy-Back Statement dated 28 April 2023 for further details of the Proposed Renewal of Authority for the Company to purchase its own ordinary shares.

8. Item 8 of the Agenda - Proposed Renewal of RRPTs Mandate

The proposed Ordinary Resolution 8, if passed, will allow the Company and/or its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature which are necessary for the day-to-day operations of the Company and/or its subsidiaries, subject to the transactions being carried out in the ordinary course of business of the Company and/or its subsidiaries and on normal commercial terms which are generally available to the public and not detrimental to the minority shareholders of the Company.

This authority, unless revoked or varied by the Company at a general meeting, will expire at the next AGM of the Company.

Further information on the Proposed Renewal of RRPTs Mandate are set out in the Circular to Shareholders dated 28 April 2023 which is dispatched together with the Company's 2022 Annual Report.

OTHERS INFORMATION

NOTICE OF TWENTY-SIXTH ANNUAL GENERAL MEETING (CONT'D)

9. Item 9 of the Agenda - Proposed Gratuity Payment to former Independent Non-Executive Director of the Company

The proposed gratuity was in recognition of the late En. Fathi Ridzuan Bin Ahmad Fauzi's commitment, dedication and contribution to the Company, and as a gesture of appreciation for the late En. Fathi Ridzuan Bin Ahmad Fauzi's 6 years of service with the Company. The proposed gratuity payment of RM 36,240 is computed at 6 months, based on his last drawn Directors' Fee of RM 6,040, which is a one-off payment from the Company which, if approved by shareholders, will be paid in cash funded entirely from the internally generated funds of Advancecon in early June 2023. The approval of the shareholders of the Company at the 26th AGM is required for the proposed gratuity pursuant to Section 230(1) of the Act.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING**1. Details of persons who are standing for election as Directors**

No individual is seeking election as a Director at the 26th AGM of the Company.

2. Statement relating to general mandate for issue of securities

Please refer to Explanatory Note 7 of the Notice of 26th AGM for information relating to general mandate for issue of securities.

OTHERS INFORMATION

ADMINISTRATIVE GUIDE

FOR THE TWENTY-SIXTH ANNUAL GENERAL MEETING (“26TH AGM”)

Day, Date and Time	: Monday, 29 May 2023 at 10.00 a.m. or at any adjournment thereof
Venue	: Online Meeting Platform provided by Tricor Investor & Issuing House Services Sdn Bhd in Malaysia
Meeting Platform	: TIIH Online website at https://tiih.online or https://tiih.com.my (Domain registration number with MYNIC – D1A282781)

MODE OF MEETING

The 26th AGM of the Company will be conducted a virtual basis through live streaming and online voting via Remote Participation and Voting (“RPV”) facilities via TIIH Online website at <https://tiih.online>. An online meeting platform used to conduct the meeting can be recognised as the meeting venue as required under Section 327(2) of the Companies Act 2016, provided that the online platform located in Malaysia.

REMOTE PARTICIPATION AND VOTING (“RPV”) FACILITIES

The RPV facilities are available on Tricor’s TIIH Online website at <https://tiih.online>.

Shareholders are to attend, speak (in the form of real time submission of typed texts) and vote (collectively, “participate”) remotely at the 26th AGM using RPV facilities from Tricor.

A shareholder who has appointed a proxy(ies) or attorney(S) or authorized representative(s) to attend, participate, speak and vote at this 26th AGM via RPV must request his/her proxy(ies) or attorney(s) or authorized representative(s) to register himself/herself for RPV at TIIH Online website at <https://tiih.online>.

PROCEDURES TO REMOTE PARTICIPATION AND VOTING VIA RPV FACILITIES

Please read and follow the procedures below to engage in remote participation through live streaming and online remote voting at the 26th AGM using the RPV facilities:

Before the AGM Day

	Procedure	Action
i	Register as a user with TIIH Online	<ul style="list-style-type: none"> Using your computer, access the website at https://tiih.online. Register as a user under the “e-Services”, select the “Sign Up” button and followed by “Create Account by Individual Holder”. Refer to the tutorial guide posted on the homepage for assistance. Registration as a user will be approved within one (1) working day and you will be notified via e-mail. If you are already a user with TIIH Online, you are not required to register again. You will receive an e-mail to notify you that the remote participation is available for registration at TIIH Online.

OTHERS INFORMATION

ADMINISTRATIVE GUIDE

FOR THE TWENTY-SIXTH ANNUAL GENERAL MEETING (“26TH AGM”)(CONT'D)

ii	Submit your registration for RPV	<ul style="list-style-type: none"> Registration is open from Friday, 28 April 2023 until the day of 26th AGM on Monday, 29 May 2023. Shareholder(s) or proxy(ies) or corporate representative(s) or attorney(s) are required to pre-register their attendance for the 26th AGM to ascertain their eligibility to participate in the 26th AGM using the RPV. Login with your user ID (i.e. email address) and password and select the corporate event: “(REGISTRATION) ADVANCECON HOLDINGS BERHAD 26TH AGM”. Read and agree to the Terms & Conditions and confirm the Declaration. Select “Register for Remote Participation and Voting” Review your registration and proceed to register System will send an e-mail to notify that your registration for remote participation is received and will be verified. After verification of your registration against the General Meeting Record of Depositors as at 22 May 2023, the system will send you an e-mail on 27 May 2023 to approve or reject your registration for remote participation. <p><i>(Note: Please allow sufficient time for approval of new user of TIH Online and registration for the RPV).</i></p>
On the AGM Day		
(c)	Login to TIH Online	<ul style="list-style-type: none"> Login with your user ID and password for remote participation at the 26th AGM at any time from 9.00 a.m. i.e. 1 hour before the commencement of the 26th AGM on Monday, 29 May 2023 at 10.00 a.m.
(d)	Participate through Live Streaming	<ul style="list-style-type: none"> Select the corporate event: “(LIVE STREAM MEETING) ADVANCECON HOLDINGS BERHAD 26TH AGM” to engage in the proceedings of the 25th AGM remotely. If you have any question for the Chairman/ Board, you may use the query box to transmit your question. The Chairman/ Board will endeavor to respond to questions submitted by remote participants during the 26th AGM. If there is time constraint, the responses will be e-mailed to you at the earliest possible, after the meeting.
(e)	Online Remote Voting	<ul style="list-style-type: none"> Voting session commences from 10.00 a.m. on Monday, 29 May 2023 until a time when the Chairman announces the end of the session. Select the corporate event: “(REMOTE VOTING) ADVANCECON HOLDINGS BERHAD 26TH AGM” or if you are on the live stream meeting page, you can select “GO TO REMOTE VOTING PAGE” button below the Query Box. Read and agree to the Terms & Conditions and confirm the Declaration. Select the CDS account that represents your shareholdings. Indicate your votes for the resolutions that are tabled for voting. Confirm and submit your votes.
(f)	End of remote participation	<ul style="list-style-type: none"> Upon the announcement by the Chairman on the closure of the 26th AGM, the Live Streaming will end.

OTHERS INFORMATION

ADMINISTRATIVE GUIDE**FOR THE TWENTY-SIXTH ANNUAL GENERAL MEETING (“26TH AGM”)(CONT'D)****Note to users of the RPV facilities:**

1. Should your registration for the RPV facilities be approved, we will make available to you the rights to join the live stream meeting and to vote remotely. Your login to TIIH Online on the day of meeting will indicate your presence at the virtual meeting.
2. The quality of your connection to the live broadcast is dependent on the bandwidth and stability of the internet at your location and the device you use.
3. In the event you encounter any issues with logging-in, connection to the live stream meeting or online voting, kindly call Tricor Help Line at 011-40805616 / 011-40803168 / 011-40803169 / 011-40803170 or e-mail to tiih.online@my.tricorglobal.com for assistance.

Entitlement to Participate and Appointment of Proxy

- Only members whose names appear on the Record of Depositors as at 22 May 2023 shall be eligible to participate, speak and vote at the 26th AGM or appoint a proxy(ies) and/or the Chairman of the Meeting to attend and vote on his/her behalf.
- In view that the 26th AGM will be conducted on a fully virtual basis, a member can appoint the Chairman of the Meeting as his/her proxy and indicate the voting instruction in the Form of Proxy.
- If you wish to participate in the 26th AGM yourself, please do not submit any Proxy Form for the 26th AGM. You will not be allowed to participate in the 26th AGM together with a proxy appointed by you.
- Accordingly, proxy forms and/or documents relating to the appointment of proxy/corporate representative/attorney for the 26th AGM whether in hard copy or by electronic means shall be deposited or submitted in the following manner not later than **Saturday, 27 May 2023 at 10.00 a.m:**

(i) In Hard copy:

By hand or post to the office of the Poll Administrator, Tricor Investor & Issuing House Services Sdn Bhd at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur.

(ii) By Electronic form:

All shareholders can have the option to submit Proxy Form electronically via TIIH Online and the steps to submit are summarised below:

OTHERS INFORMATION

ADMINISTRATIVE GUIDE

FOR THE TWENTY-SIXTH ANNUAL GENERAL MEETING (“26TH AGM”)(CONT'D)

PROCEDURES FOR ELECTRONIC SUBMISSION OF PROXY FORM

Procedure	Action
i. Steps for Individual Shareholders	
Register as a User with TIIH Online	<ul style="list-style-type: none"> Using your computer, please access the website at https://tiih.online. Register as a user under the “e-Services”. Please refer to the tutorial guide posted on the homepage for assistance. If you are already a user with TIIH Online, you are not required to register again.
Proceed with submission of Proxy Form	<ul style="list-style-type: none"> After the release of the Notice of Meeting by the Company, login with your user name (i.e. email address) and password. Select the corporate event: “ADVANCECON HOLDINGS BERHAD 26TH AGM – SUBMISSION OF PROXY FORM”. Read and agree to the Terms and Conditions and confirm the Declaration. Insert your CDS account number and indicate the number of shares for your proxy(s) to vote on your behalf. Appoint your proxy/proxies and insert the required details of your proxy/proxies or appoint the Chairman as your proxy. Indicate your voting instructions – FOR or AGAINST, otherwise your proxy will decide on your votes. Review and confirm your proxy(s) appointment. Print the form of proxy for your record.
ii. Steps for corporation or institutional shareholders	
Register as a User with TIIH Online	<ul style="list-style-type: none"> Access TIIH Online at https://tiih.online Under e-Services, the authorised or nominated representative of the corporation or institutional shareholder selects the “Sign Up” button and followed by “Create Account by Representative of Corporate Holder”. Complete the registration form and upload the required documents. Registration will be verified, and you will be notified by email within one (1) to two (2) working days. Proceed to activate your account with the temporary password given in the email and re-set your own password. <p><i>(Note: The representative of a corporation or institutional shareholder must register as a user in accordance with the above steps before he/she can subscribe to this corporate holder electronic proxy submission. Please contact Tricor Investor & Issuing House Services Sdn Bhd if you need clarifications on the user registration.)</i></p>

OTHERS INFORMATION

ADMINISTRATIVE GUIDE**FOR THE TWENTY-SIXTH ANNUAL GENERAL MEETING (“26TH AGM”)(CONT'D)**

Proceed with submission of Proxy Form	<ul style="list-style-type: none"> • Login to TIIH Online at https://tiih.online • Select the corporate event: “ADVANCECON HOLDINGS BERHAD 26TH AGM – SUBMISSION OF PROXY FORM” • Agree to the Terms & Conditions and Declaration. • Proceed to download the file format for “Submission of Proxy Form” in accordance with the Guidance Note set therein. • Prepare the file for the appointment of proxies by inserting the required data. • Login to TIIH Online, select corporate event: “ADVANCECON HOLDINGS BERHAD 26TH AGM – SUBMISSION OF PROXY FORM”. • Proceed to upload the duly completed proxy appointment file. • Select “Submit” to complete your submission. • Print the confirmation report of your submission for your record.
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POLL VOTING

The voting at the 26th AGM will be conducted by poll in accordance with Rule 8.31A(1) of ACE Market Listing Requirements of Bursa Malaysia Securities Berhad. The Company has appointed Tricor Investor & Issuing House Services Sdn Bhd as Poll Administrator to conduct the poll voting electronically.

Shareholders or proxy(es) or corporate representative(s) or attorney(s) can proceed to vote on the resolutions at any time from **10.00 a.m.** on **Monday, 29 May 2023** but before the end of the voting session which will be announced by the Chairman of the meeting. Please refer to the Procedures for Remote Participation and Voting via RPV Facilities provided above for guidance on how to vote remotely via TIIH Online.

Upon completion of the voting session for the 26th AGM, the Scrutineers will verify the poll results followed by the Chairman’s declaration whether the resolutions are duly passed.

PRE-MEETING SUBMISSION OF QUESTION TO THE BOARD OF DIRECTORS

Shareholders may submit questions for the Board in advance of the 26th AGM via Tricor’s TIIH Online website at <https://tiih.online> by selecting “e-Services” to login, pose questions and submit electronically no later than **Saturday, 27 May 2023 at 10.00 a.m.** The Board will endeavor to answer the questions received at the 26th AGM.

NO DOOR GIFT/FOOD VOUCHER

There will be no distribution of door gift or food voucher for the AGM.

We thank you for your continuous support to the Company.

ENQUIRY

If you have any enquiry prior to the meeting, you may contact the following persons during office hours on Mondays to Fridays from 9:00 a.m. to 5:30 p.m. (except on public holidays):

OTHERS INFORMATION

ADMINISTRATIVE GUIDEFOR THE TWENTY-SIXTH ANNUAL GENERAL MEETING (“26TH AGM”)(CONT'D)

Tricor Investor & Issuing House Services Sdn Bhd <i>Registration No. 197101000970 (11324-H)</i> Unit 32-01, Level 32, Tower A Vertical Business Suite, Avenue 3, Bangsar South No. 8, Jalan Kerinchi 59200 Kuala Lumpur, Malaysia		<i>Telephone Number</i>
	General Line	603-2783 9299
	Ms Nur Qaisara Naaila	603-2783 9272 Nur.Qaisara.Naaila@my.tricorglobal.com
	Pn Nor Faeayzah	603-2783 9274 Nor.Faeayzah@my.tricorglobal.com
	Fax Number	603-2783 9222
	Email	is.enquiry@my.tricorglobal.com

FORM OF PROXY

CDS Account No.	
No. of Shares Held	

I/We, _____
 NRIC/Passport/Company No. _____
 of _____
 and telephone no./ email address _____

being a member/members of Advancecon Holdings Berhad (the "Company"), hereby appoint

Proxy 1 Full Name and Address (in Block Letters)	NRIC/Passport No.	No. of Shares	% of Shareholding
Email Address/ Contact No.			

and (if more than 1 proxy)

Proxy 2 Full Name and Address (in Block Letters)	NRIC/Passport No.	No. of Shares	% of Shareholding
Email Address/ Contact No.			

or failing *him/ her, the CHAIRMAN OF THE MEETING as *my/ our *proxy/ proxies, to vote for *me/ us and on *my/ our behalf at the Twenty-Sixth Annual General Meeting ("26th AGM") of the Company to be conducted on a virtual basis through live streaming and online meeting platform of TIH Online provided by Tricor Investor & Issuing House Services Sdn Bhd via its website at <https://tiih.online> or <https://tiih.com.my> (Domain registration number with MYNIC – D1A282781) on Monday, 29 May 2023 at 10.00 a.m. or at any adjournment thereof.

Please indicate with an "X" in the appropriate space(s) provided below on how you wish your vote to be cast. If no specific direction as to voting is given, the proxy will vote or abstain from voting at *his/ her discretion.

NO.	RESOLUTION	FOR	AGAINST
Ordinary Resolution 1	To approve the payment of Directors' fees and other benefits of up to RM302,640 in respect of the period from 30 May 2023 until the conclusion of the next AGM of the Company.		
Ordinary Resolution 2	To re-elect Mr. Yeoh Chong Keat as Director.		
Ordinary Resolution 3	To re-elect Ir. Yeo An Thai as Director.		
Ordinary Resolution 4	To re-elect Ms. Lee Elaine as Director.		
Ordinary Resolution 5	To re-appoint Messrs. Crowe Malaysia PLT as auditors of the Company and to authorise the Directors to fix their remuneration.		
Ordinary Resolution 6	Authority to issue and allot shares pursuant to Sections 75 and 76 of the Companies Act 2016		
Ordinary Resolution 7	Proposed Renewal of Share Buy-Back Authority		
Ordinary Resolution 8	Proposed Renewal of RRPTs Mandate		
Ordinary Resolution 9	Proposed Gratuity Payment to former Independent Non-Executive Director 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 _____, 2023.

No. of Shares held	
CDS Account No.	
Tel No. (during office hours)	

* Strike out whichever not applicable

 *Signature/Common Seal of Shareholder

Contact no.:

Notes:

An online meeting platform can be recognised as the meeting venue or place under Section 327(2) of the Companies Act 2016 if the online meeting platform is located in Malaysia. Members are to attend, speak (including posing questions to the Board via real time submission of typed texts) and vote (collectively, "Participate") remotely at this AGM via Remote Participation and Voting ("RPV") facilities provided by Tricor Investor & Issuing House Services Sdn Bhd's ("Tricor") through its TIH Online website at <https://tjih.online>. Members are advised to follow the procedures provided in the Administrative Guide for the 25th AGM in order to Participate remotely via the RPV.

1. In respect of deposited securities, only member whose names appear in the Company's Record of Depositors as at 22 May 2023 shall be eligible to attend, participate, speak and vote at this meeting or appoint proxy(ies) to attend, participate, speak and vote on his/ her behalf.
2. A member shall not be entitled to appoint more than (2) proxies. Where a member appoints more than one (1) proxy, he shall specify the proportions of his shareholdings to be represented by each proxy, failing which the appointment shall be invalid.
3. A proxy may but need not be a shareholder of the Company. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at the meeting shall have the same rights as the shareholder to speak at the meeting.
4. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991 ("Central Depositories Act"), it may appoint at least one proxy in respect of each securities account it holds with ordinary shares to the credit of the said securities account.
5. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
6. The instrument appointing a proxy shall be in writing under the hand of the appointer or his/her attorney duly authorised in writing, or if the appointer is a corporation, either under seal or under the hand of an officer or attorney duly authorised.
7. The appointment of a proxy may be made in a hardcopy form or by electronic means in the following manner and must be received by the Company not less than 48 hours before the time set for holding this meeting.
 - (a) In hard copy form
In the case of an appointment made in hard copy form, the original Proxy Form must be deposited at the Poll Administrator office, Tricor Investor & Issuing House Services Sdn Bhd (Tricor) at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur.
 - (b) By electronic means
The Proxy Form can be electronically lodged via Tricor's TIH Online website at <https://tjih.online>. Please follow the procedure for the electronic lodgement of proxy form as set out in the Administrative Guide for the 26th AGM.
8. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in this Notice will be put to vote by way of poll.

Personal Data Privacy:-

Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in this Notice will be put to vote by way of poll.

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The Poll Administrator for the Meeting of
ADVANCECON HOLDINGS BERHAD (Registration No. 199701011469 (426965-M))
Tricor Investor & Issuing House Services Sdn Bhd
Unit 32-01, Level 32, Tower A, Vertical Business Suite,
Avenue 3, Bangsar South, No. 8, Jalan Kerinchi,
59200 Kuala Lumpur

ADVANCECON

ADVANCECON HOLDINGS BERHAD

(Registration No. 199701011469 (426965-M))

(Incorporated in Malaysia)

REQUEST FORM

To : ADVANCECON HOLDINGS BERHAD
No. 16,18 & 20, Jalan Pekaka 8/3
Seksyen 8, Kota Damasara
47810 Petaling Jaya
Selangor Darul Ehsan

Tel : 03-6157 9563 ext 306
Fax : 03-6156 0290
Email : sy_chan@advancecon.com.my

Please send *me/us the hard copies of Annual Report 2022 and Statement/Circular

NAME OF SHAREHOLDER : _____

*NRIC NO./ PASSPORT NO./ COMPANY NO. : _____

CDS ACCOUNT NO. : _____

ADDRESS : _____

CONTACT NO. : _____

Signature of Shareholder

Date

Notes:

1. The printed copy will be sent to you within four (4) market days by ordinary post upon receipts of your request.
2. The Annual Report can be downloaded from <http://www.advancecon.com.my>

* Strike out whenever not applicable

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Place Stamp Here

The Poll Administrator for the Meeting of
ADVANCECON HOLDINGS BERHAD (Registration No. 199701011469 (426965-M))
Tricor Investor & Issuing House Services Sdn Bhd
Unit 32-01, Level 32, Tower A, Vertical Business Suite,
Avenue 3, Bangsar South, No. 8, Jalan Kerinchi,
59200 Kuala Lumpur

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ADVANCECON

ADVANCECON HOLDINGS BERHAD

(Registration No. 199701011469 (426965-M))

16,18 & 20 Jalan Pekaka 8/3,
Seksyen 8, Kota Damansara,
47810 Petaling Jaya,
Selangor Darul Ehsan, Malaysia.

Tel : +603 6157 9563

Fax : +603 6157 0469

Email : info@advancecon.com.my

www.advancecon.com.my