ADVANCECON

ADVANCECON HOLDINGS BERHAD (Company No. 426965-M)

annualreport 2017

CONTENTS

At Advancecon, we do not see limitations. We see opportunities. That is how we have grown stronger and become well known for our expertise in our disciplines i.e. specialising in bulk earthworks and major infrastructure works. This is what inspired our journey that started from a small contractor to now a Main Market public listed company.

Our successful listing on 10 July 2017 further enhanced Advancecon's brand recognition and visibility among existing and potential customers and it is anticipated to unlock our potential in winning more contracts be it in earthworks and/or infrastructure works.

VISION

To become the leading earthworks and civil engineering services contractor in Malaysia.

MISSION

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

CORE VALUES

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

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

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

Customer Focus
We are passionate in everything we do and we place our customers first by constantly delivering quality results which exceed our customer expectations.

Solution Provider
We consider ourselves partner to our customers by offering them valuable solutions.

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

CORPORATE INFORMATION

BOARD OF DIRECTORS

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

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

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

RISK MANAGEMENT AND SUSTAINABILITY COMMITTEE

Name	Designation	Directorship
Fathi Ridzuan bin Ahmad Fauzi	Chairman	Independent Non-Executive Director
Ir. Yeo An Thai	Member	Executive Director
Tung Kai Hung	Member	Executive Director

CORPORATE **INFORMATION**
(cont'd)

INFRASTRUCTURE AND LANDSCAPING WORKS OF EXISTING BUKIT JALIL NATIONAL SPORTS COMPLEX

COMPANY SECRETARIES

Tan Tong Lang
(MAICSA 7045482)

Chong Voon Wah
(MAICSA 7055003)

REGISTERED OFFICE

Suite 10.03, Level 10
The Gardens South Tower
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur
Tel : 03-2279 3080
Fax : 03-2279 3090

HEAD OFFICE

No. 16 & 18, Jalan Pekaka 8/3
Seksyen 8, Kota Damansara
47810 Petaling Jaya
Selangor Darul Ehsan

Tel : 03-6157 9563
Fax : 03-6157 0469
Website : www.advancecon.com.my
E-mail : info@advancecon.com.my

AUDITORS

Messrs Crowe Horwath (AF1018)
Chartered Accountants
Level 16, Tower C
Megan Avenue II
12 Jalan Yap Kwan Seng
50450 Kuala Lumpur
Tel : 03-2788 9999
Fax : 03-2788 9998
Website : www.crowehorwath.net/my

PRINCIPAL BANKERS

Alliance Bank Malaysia Berhad (88103-W)

Al Rajhi Banking & Investment Corporation (M) Berhad (719057-X)

HSBC Bank Malaysia Bhd (127776-V)

Hong Leong Bank Berhad (97141-X)

Public Bank Berhad (6463-H)

United Overseas Bank (Malaysia) Berhad (271809-K)

SHARE REGISTRAR

Symphony Share Registrars
Sdn Bhd (378993-D)
Level 6, Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan

Tel : 03-7849 0777
Fax : 03-7841 8151/8152
Website : www.symphony.com.my

STOCK EXCHANGE LISTING

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

DATE & PLACE OF INCORPORATION

9 April 1997, Malaysia

WEBSITE

www.advancecon.com.my

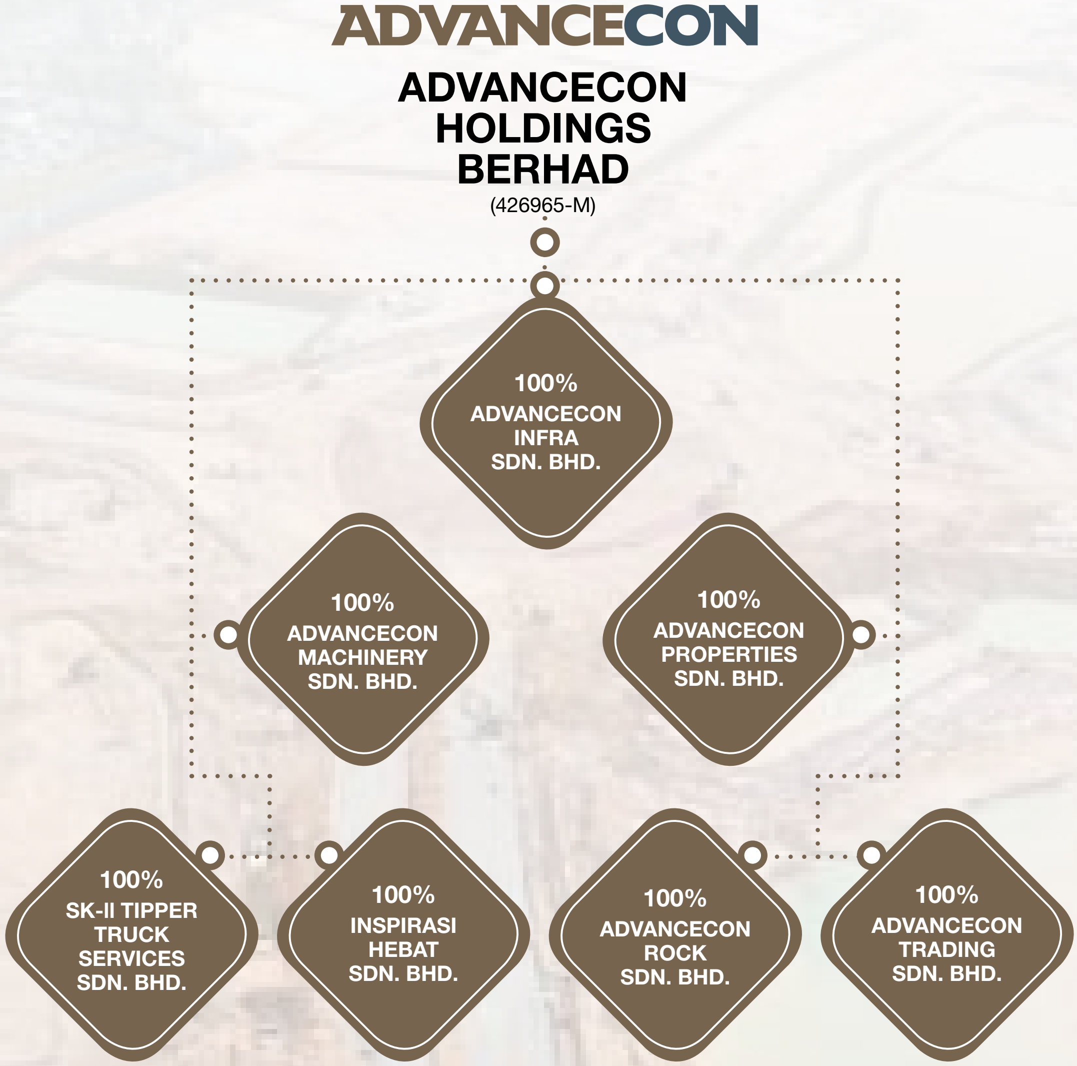
LISTING DATE

10 July 2017

COMPANY NO.

426965-M

CORPORATE **STRUCTURE**



The information of our Subsidiaries and their respective principal activities are set out below:-

Subsidiaries	Principal activities
1. Advancecon Infra Sdn. Bhd.	Engaged in the business of providing earthworks and civil engineering services and sales of construction materials
2. Advancecon Machinery Sdn. Bhd.	Engaged in the business of providing earth-moving machineries for hire
3. Advancecon Properties Sdn. Bhd.	Engaged in the business of property investment
4. SK-II Tipper Truck Services Sdn. Bhd.	Engaged in the business of providing tipper trucks for hire
5. Inspirasi Hebat Sdn. Bhd.	The company has temporarily ceased its operations. The company was principally engaged in the business of providing on-site rock crushing services.
6. Advancecon Rock Sdn. Bhd.	Dormant since January 2015[*1]
7. Advancecon Trading Sdn. Bhd.	Dormant since November 2015[*1]

Notes:-

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

DIRECTORS' **PROFILE**

YEOH CHONG KEAT

Chairman/ Independent Non-Executive Director

Yeoh Chong Keat, a Malaysian male, aged 59, was appointed to our Board on 1 August 2016 and is our Independent Non-Executive Director and Chairman of the Board. He is also the Chairman of the Nomination Committee and a member of the Audit Committee and Remuneration Committee respectively.

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

He began his career in 1978 with a training contract with Deloitte Haskins & Sells (now known as PricewaterhouseCoopers), United Kingdom. After qualifying as a Chartered Accountant in 1982, he left PricewaterhouseCoopers and joined 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 2 audit firms, he was involved in the areas of audit, tax, management and consulting services.

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

He 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 that professional firm.

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

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 2017.

DIRECTORS' **PROFILE**
(cont'd)

DATO' PHUM ANG KIA

Executive Director/ Group CEO

Dato' Phum Ang Kia, a Malaysian male, aged 60, is our Executive Director/Group Chief Executive Officer ("Group CEO"). He was appointed to our Board on 9 April 1997. As the co-founder and Group CEO, he is responsible for our Group's overall business development which includes setting our Group's direction, formulating corporate development plan and driving our business growth. In addition, he is also involved in overseeing the daily on-site operations and contracts as well as operations related matters.

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

Together with Lim Swee Chai, they incorporated Advancecon Sdn. Bhd. in 1993 to expand the construction business afterwhich, Advancecon Group was established in 2010 pursuant to an internal reorganisation exercise undertaken. With his wealth of experience in the construction industry of more than 40 years, he was the driving force in raising the Company's profile from a small contractor to now a Main Market public listed company.

Presently, he does not hold any directorship in other public listed companies. He is a major shareholder of the Company and his brother i.e. Pham Soon Kok is a substantial shareholder of the Company. Other than that, he does not have any family relationship with any Directors and/or major shareholders. 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 2017.

LIM SWEE CHAI

Executive Director/ Deputy Group CEO

Lim Swee Chai, a Malaysian male, aged 61, is our Executive Director/Deputy Group Chief Executive Officer ("Deputy Group CEO") and was appointed to the Board on 9 April 1997. Having more than 37 years of working experience in the construction industry, he is responsible for the Group's overall strategic management and strategic corporate planning. He is also involved in overseeing contracts and operations related matters.

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

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

Presently, he does not hold any directorship in other public listed companies. He is also a major shareholder of the Company. Other than that, he does not have any family relationship with any Directors and/or major shareholders. 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 2017.

DIRECTORS' **PROFILE**
(cont'd)

IR. YEO AN THAI

Executive Director/ Group COO

Ir. Yeo An Thai, a Malaysian male, aged 45, is our Executive Director/ Group Chief Operating Officer ("Group COO") and was appointed to the Board on 1 August 2016. He is also a member of the Risk Management and Sustainability Committee. He is responsible for the overall operations of the Group which include decision making on corporate affairs and managing site technical operational activities of the Group.

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

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

Presently, he does not hold any directorship in other public listed companies. He does not have any family relationship with any Directors and/or major shareholders of the Company. He has no conflict of interest with the Company and has not been convicted of any offences, 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 2017.

TUNG KAI HUNG, PETER

Executive Director/ Operations Director

Tung Kai Hung, Peter, a Malaysian male, aged 54, is our Executive Director/ Operations Director of Advancecon Infra Sdn. Bhd. and was appointed to our Board on 1 August 2016. He is also a member of Risk Management and Sustainability Committee.

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

In 1999, he 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 he 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 30 years of working experience in the construction industry and has been instrumental in the Initial Public Offering of Advancecon Holdings Berhad.

Presently, he does not hold any directorship in other public listed companies. He does not have any family relationship with any Directors and/or major shareholders of the Company. He has no conflict of interest with the Company and has not been convicted of any offences, 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 2017.

DIRECTORS' **PROFILE**
(cont'd)

MOHD ZAKY BIN OTHMAN

Independent Non-Executive Director

Mohd Zaky bin Othman, a Malaysian male, aged 61, is our Independent Non-Executive Director. He was appointed to our Board on 1 August 2016 and is also the Chairman of the Audit Committee. Apart from that, he is also a member of the Remuneration Committee and the Nomination Committee respectively. He graduated with Bachelor of Science Degree in Business Administration (Finance) from California State University Fresno, United States in 1984 and subsequently obtained a Master of Science in Finance (Corporate Finance) from Golden Gate University, San Francisco, United States in 1992.

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

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

Presently, he does not hold any directorship in other public listed companies. He does not have any family relationship with any Directors and/or major shareholders of the Company. He has no conflict of interest with the Company and has not been convicted of any offences, 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 2017.

FATHI RIDZUAN BIN AHMAD FAUZI

Independent Non-Executive Director

Fathi Ridzuan bin Ahmad Fauzi, a Malaysian male, aged 53, is our Independent Non-Executive Director. He was appointed to our Board on 1 August 2016. He is also the Chairman of Remuneration Committee and Risk Management and Sustainability Committee respectively. Apart from that, he is also a member of the Audit Committee and the Nomination Committee respectively. He graduated with a Bachelor of Science Degree in Accounting and Financial Analysis from University of Warwick, Coventry, United Kingdom in 1989.

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

Currently, Encik Fathi Ridzuan also sits on the Board of Stone Master Corporation Berhad, Jiankun International Berhad, Alloy Insurance Brokers Sdn Bhd as well Vascory Berhad, a non listed company.

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 2017.

KEY SENIOR MANAGEMENT

TEH HENG WEE

Group Chief Financial Officer

Teh Heng Wee, a Malaysian male, aged 37, is our Group Chief Financial Officer. He is responsible to lead and oversee the entire financial management and corporate finance of our Group, which include capital raising, financing, treasury, cash flow management, statutory financial reporting as well as risk management.

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

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

Presently, he does not hold any directorship in any public listed companies. He does not have any family relationship with any Directors and/or major shareholders of the Company. He has no conflict of interest with the Company and has not been convicted of any offences,other than traffic offences (if applicable) within the past five (5) years nor has been imposed of any public sanction or penalties by any relevant regulatory bodies during the financial year ended 31 December 2017.

LIM KOK TIONG

Division General Manager - Infrastructure and Highway

Lim Kok Tiong, a Malaysian male, aged 43, is our Division General Manager - Infrastructure and Highway. He is responsible for overseeing the execution of construction projects undertaken by our Group, which include project planning and project scheduling. He has approximately 19 years of working experience in project management within the construction industry.

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

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

Lim Kok Tiong is the nephew of Lim Swee Chai. Other than that, he does not have any family relationship with any other Directors. Presently, he does not hold any directorship in any public listed companies.He has no conflict of interest with the Company and has not been convicted of any offences,other than traffic offences (if applicable) within the past five (5) years nor has been imposed of any public sanction or penalties by any relevant regulatory bodies during the financial year ended 31 December 2017.

KEY SENIOR **MANAGEMENT**
(cont'd)

PUAH KIAN YEW

Division General Manager - Earthworks

Puah Kian Yew, a Malaysian male, aged 41, is our Division General Manager - Earthworks. He is responsible for the planning, coordination and the operations of all heavy machinery and equipment of our Group. He has approximately 16 years of working experience in various operational management in the construction industry. He graduated with a Bachelor of Science Degree in Building Construction Management from Sheffield Hallam University, United Kingdom in 2000.

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

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

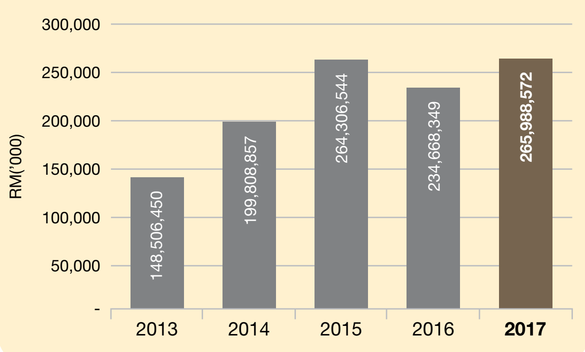
Presently, he does not hold any directorship in any public listed companies. He does not have any family relationship with any Directors and/or major shareholders of the Company. He has no conflict of interest with the Company and has not been convicted of any offences,other than traffic offences (if applicable) within the past five (5) years nor has been imposed of any public sanction or penalties by any relevant regulatory bodies during the financial year ended 31 December 2017.


CONSTRUCTION AND COMPLETION OF CIVIL WORKS FOR WEST COAST EXPRESSWAY
(FROM SECTION 1 - BANTING INTERCHANGE TO SOUTH KLANG VALLEY EXPRESSWAY)

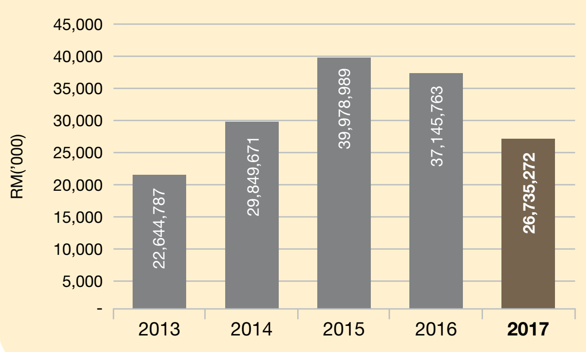
FINANCIAL HIGHLIGHTS

Financial Year Ended 31 December	2017 RM	2016 RM	2015 RM	2014 RM	2013 RM
Profitability					
Revenue	**265,988,572**	234,668,349	264,306,544	199,808,857	148,506,450
Profit before taxation	**26,735,272**	37,145,763	39,978,989	29,849,671	22,644,787
Profit after taxation	**18,463,080**	26,447,322	29,940,274	21,410,470	17,561,415
Key Balance Sheet Data					
Total assets	**368,677,637**	295,887,953	267,274,272	217,156,037	160,861,982
Total equity	**174,607,890**	105,620,629	93,673,307	63,733,033	42,322,563
Total borrowings	**108,203,821**	85,350,963	82,757,704	67,446,569	47,286,824
Issued share capital	**402,079,000**	312,079,000	1,248,316	1,248,316	1,248,316
Share Information					
Earnings per share (sen)	**5.18**	8.47	2,398.45	1,715.15	1,406.81
Net assets per share attributable to owners of the Company	**0.43**	0.34	75.04	51.06	33.90
Gross gearing ratio (times)	**0.62**	0.81	0.88	1.06	1.12
Return on equity (%)	**11%**	25%	32%	34%	41%

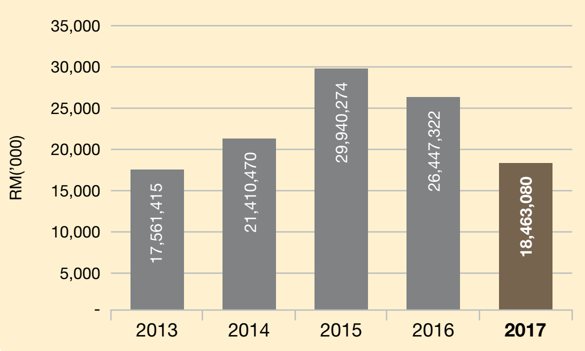
REVENUE



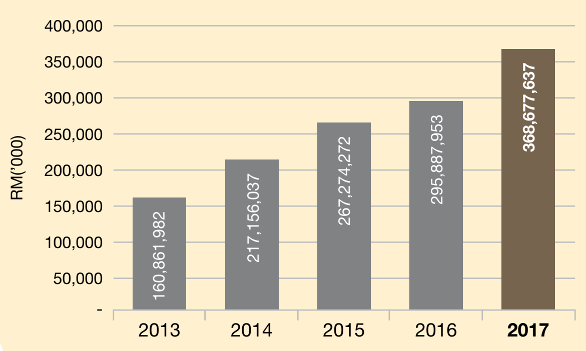
PROFIT BEFORE TAXATION



PROFIT AFTER TAXATION



TOTAL ASSETS



MANAGEMENT DISCUSSION & **ANALYSIS**

2017 marked a significant milestone for Advancecon Holdings Berhad ("Advancecon" or "the Group") as the Group was successfully listed on the Main Market of Bursa Malaysia.

The Board of Directors of Advancecon is pleased to present you the Annual Report for the financial year ended 31 December 2017 ("FY2017").

BUSINESS OVERVIEW

Advancecon possesses a 27-year proven track record and is a specialist provider of earthworks and civil engineering services primarily for township developments and infrastructure projects in Malaysia.

The Group's wide range of earthworks services encompass site clearing, excavation and fill, soil investigation, rockblasting works and embankment construction. Advancecon's strengths also include civil engineering services in the form of highway construction, drainage works, bridge construction, sewerage works and water supply works.

To date, the Group has undertaken earthworks for notable projects nationwide, including various township developments such as Bandar Setia Alam (total construction area ("TCA") approximately 4,000 acres), Setia EcoHill 1 & 2 (TCA approximately 1,285 acres), Eco Majestic (TCA approximately 1,090 acres) and Tropicana Aman (TCA approximately 1,060 acres). Whereas for civil engineering services, the Group has completed the construction of highway interchange such as the Trumpet Interchange and Ecohill Link, both connected to Lebuhraya Kajang Seremban (LEKAS) Highway. At present, Advancecon is also undertaking the construction of mega infrastructure projects for West Coast Expressway in Peninsular Malaysia and Pan Borneo Highway in East Malaysia.

OPERATIONS REVIEW

Generally, despite a less than favourable property market which adversely impacted the number of new property launches during FY2017, the Group continued to grow and set new milestones, starting with the listing on the Main Market of Bursa Malaysia on 10 July 2017.

During FY2017, Advancecon successfully completed and handed over several projects with combined total contract sum of approximately RM104.96 million.

During the same period, the Group secured a total of 8 contracts with combined contractual value of RM218.61 million, including notable ones such as:

(a) Pan Borneo (Sarikei SSC04);
(b) South Klang Valley Expressway (SKVE);
(c) Gamuda Gardens; and
(d) Alam Perdana.

The new contract wins during FY2017 had positive impact on Advancecon's outstanding order book of RM629.08 million as at 31 December 2017 ensuring earnings visibility at least for the next 18 to 24 months.

With increased orders on hand and greater participation in the tenders for some upcoming mega infrastructure projects, the Group had also expanded its resources to strengthen its project implementation.

The table below shows the Group's resources movement from 31 December 2016 to 31 December 2017:

Description	As at 31 December 2017	As at 31 December 2016	Variance %
Number of key machineries	432	323	33.75
Number of headcount	662	449	47.44

Amidst some challenges faced, the Group strived to enhance its level of competitiveness and continued to add value to its various stakeholders. During FY2017, the key to achieving of such objectives were within the Group's ability to manage costs, quality and timely completion of its projects.

There were many initiatives put in place with greater emphasis on quality, health and safety aspects of project implementation because these are key areas to guarantee effective execution and its subsequent handover to our clients' satisfaction.

MANAGEMENT DISCUSSION & **ANALYSIS**
(cont'd)

OPERATIONS REVIEW (CONT'D)

Most notable was for the upgrading works at Bukit Jalil National Sports Complex in Kuala Lumpur where the Group had been accredited:

1. 4-Star in the Safety and Health Assessment System in Construction ("SHASSIC") by CIDB Malaysia; and

2. 5-S Silver Award for 3 million man hours without Lost Time Injury by MRCB Builders Sdn. Bhd.

During FY2017, Advancecon commenced the construction of 2 mega infrastructure projects, namely West Coast Expressway and Pan Borneo Highway, a major breakthrough for Advancecon. Due to the importance and significance of these projects to the Group, the management is fully committed to ensuring the projects are handed to the awarders within the stipulated timeframe.

FINANCIAL OVERVIEW

The Group recorded another year of satisfactory financial results for FY2017. The Group's revenue rose 13.35% to RM265.99 million in FY2017 compared to RM234.67 million in FY2016. Revenue was mainly contributed by construction and support services which accounted for 99.89% and property investment contributed the balance of 0.11%. The increase in revenue was attributed to the timely completion of Bukit Jalil National Sports Complex as well as ongoing progress billings for West Coast Expressway, Pan Borneo Highway and several township projects in the state of Selangor.

Notwithstanding this, some delays in site handovers by the respective landowners hampered the progress of our intended scope of works. This has caused slower-than-expected revenue recognition from progress billings.

The Group's profit before taxation ("PBT"), however, declined to RM26.74 million in FY2017 against RM37.15 million in FY2016, represented PBT margin of 10.05% and 15.83% respectively. Correspondingly, the Group reported a lower profit after taxation ("PAT") of RM18.46 million in FY2017 against RM26.45 million in FY2016, translated to PAT margin of 6.94% and 11.27% respectively.

Although our outstanding order book stood at RM629.08 million as at 31 December 2017, the Group's PBT was adversely affected by increased depreciation charges (RM20.95 million versus RM16.16 million year-on-year ("y-o-y"), higher staff costs (RM40.83 million versus RM32.32 million y-o-y). This is due to the Group's expansionary plan and growing order book which necessitated investments in human capital and machinery fleet in the year under review and hence expanded our operating expenditure.

Apart from that, this was compounded by rising industrial diesel costs (RM25.45 million versus RM16.77 million y-o-y). The Group's PAT for FY2017 was also impacted by higher effective tax rate of 30.9% mainly due to higher non-deductible expenses and deferred tax as compared to 28.8% for FY2016.

The Group is confident to meet higher demand for construction projects in the future especially with the support of its strengthened balance sheet due to the listing in FY2017. Key ratios are shown in the table below:

Financial Ratio	FY2017	FY2016
Current Ratio	1.49 times	1.12 times
Gross Gearing	0.62 times	0.81 times
Net Gearing *	0.44 times	0.77 times
Total Equity	RM174.61 million	RM105.62 million
Net Asset Per Share	RM0.43	RM0.34

* Defined as total borrowings minus (aggregate of short term investment, cash and bank balances and fixed deposits not pledged to bank) divided by total equity.

FINANCIAL OVERVIEW (CONT'D)

The Group's enhanced current ratio in FY2017 was mainly attributable to the significant increase in cash and bank balances (RM24.58 million versus RM3.62 million y-o-y) and coupled with an enlarged total equity base. Both the Group's gearing ratio and net assets per share had improved as compared to FY2016.

During FY2017, the Group adhered to the stipulated minimum dividend policy of 20% based on the Group's PAT for the year via the declaration and payment of a first single-tier interim dividend of 1.0 sen per share in respect of FY2017 amounting to approximately RM4.02 million, representing 21.78% of the Group's PAT.

In addition, Advancecon stock was recognised and classified as Shariah-compliant securities since the date of listing and the Group wishes to maintain such status moving forward.

MARKET OUTLOOK AND PROSPECTS

According to data released by Bank Negara Malaysia, the Malaysian economy registered growth of 5.9% in 2017 (4.2% in 2016). The construction sector, however, posted an increase of 5.8% y-o-y in 2017. Moving forward, with the announcement of Budget 2018, the growth in the construction sector is expected to be sustained by projects related to public transport/rail construction and highways.

Against this backdrop and with the Group's proven track record, the prospects are certainly favourable for Advancecon in terms of business opportunities, growth and sustainability.

ACKNOWLEDGEMENT

On behalf of the Board and management team, I would like to express my gratitude and sincere appreciation to our shareholders, customers, business associates, bankers, consultants as well as our employees for their continued trust and unwavering support to the Group.

In our corporate history spanning more than two decades, Advancecon has undergone numerous economic cycles. We are well aware that an obstacle does not determine the outcome of a journey. Barring any unforeseen circumstances, we remain optimistic that a united team can and will eventually overcome any hurdle.

Sincerely,

Dato' Phum Ang Kia
Group Chief Executive Officer

CORPORATE GOVERNANCE
OVERVIEW STATEMENT

The Board of Directors ("the Board") of Advancecon Holdings Berhad ("the Company" or "Advancecon") recognises the value of good governance and supports the need to cultivate an ethical and good corporate governance culture in the Company to promote accountability and build a sustainable business.

The Board of the Company presents Corporate Governance Overview Statement ("Overview") to shareholders and investors on the manner the Company has applied the practices as laid out in the Malaysian Code on Corporate Governance ("MCCG") and the governance standards prescribed in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements") throughout the financial year ended 31 December 2017 ("FY 2017").

The detail application by Advancecon for each practice as set out in the MCCG during the FY 2017 since the Company's shares were listed on 10 July 2017 is disclosed in the Corporate Governance Report which is available at the Company's website at www.advancecon.com.my.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

1. Board Responsibilities

The Board is responsible for the overall governance of the Company and its subsidiaries ("the Group") by providing strategic guidance, the effective monitoring of management goals, accountability to the Group and shareholders as well as ensuring that the Group's internal controls, risk management and reporting procedures are well in place. The Directors exercise due diligence and care in discharging their duties and responsibilities to ensure that high ethical standards are applied through compliance with relevant rules and regulations and act in the best interests of the Group and its shareholders.

The Directors are attentive to applying high ethical standards in their decision-making, taking into account the interests of all stakeholders.

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 Committees:-

(a) Audit Committee ("AC")
(b) Remuneration Committee ("RC")
(c) Nomination Committee ("NC")
(d) Risk Management and Sustainability Committee ("RMSC")

All Committees have respective written terms of reference. The Chairman of the respective Committees will report to the Board the outcome of the Committees meetings for the Board's considerations and approvals. The Board retains full responsibility for the direction and control of the Company and the Group.

The Chairman leads the Board by setting the tone at the top and managing the Board effectiveness by focusing on strategy, governance and compliance. The positions of Chairman and Group Chief Executive Officer are held by different individuals with clear and distinct roles.

The primary objective of the Company's Board Charter ("Charter") is to set out the mandate, responsibilities and procedures of the Board in accordance with the principles of good corporate governance stated in the policy documents, guidelines and requirements issued by regulatory authorities. A copy of the Charter is available on the Company's website at www.advancecon.com.my.

The Board has established a Code of Conduct and Ethics ("Code") that aims to outline the standards of business conduct and ethical behaviour which all Directors, Management and Employees should possess in discharging their duties and responsibilities. The practising of the Code would help to prevent misconduct and unethical practices and consequently, this would support the delivery of long-term sustainable success of the Company. A copy of the Code is available on the Company's website at www.advancecon.com.my.

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

1. Board Responsibilities (Cont'd)

Additionally, Advancecon also has in place the Whistle Blowing Policy to provide avenue for all stakeholders such as Directors, Employees of the Group and members of the public to report genuine concerns or disclose any improper conduct within the Group without fear of retaliation and to offer protection for such persons (including the employees of Advancecon Group) who report such allegations. A copy of the Whistle Blowing Policy is available on the Company's website at www.advancecon.com.my.

The Board is supported by qualified and competent Company Secretaries who are responsible for ensuring that the Company's Memorandum and Articles of Association, procedures and policies and regulations are complied with. The Board is regularly updated and advised by the Company Secretaries on any new statutory and regulatory requirements in relation to their duties and responsibilities. The Board recognises that the Company Secretaries is suitably qualified and capable of carrying out the duties required. The Board is satisfied with the service and support rendered by the Company Secretaries in discharge of their functions.

The Company Secretaries will ensure all Board and Board Committees meeting are properly convened, and that accurate and proper records of the proceedings and resolutions passed are taken and maintained accordingly.

Board meetings are conducted in accordance to a structured agenda. Board Members are provided with the structured agenda together with the relevant documents and information in reasonable time prior to the Board meeting. This is to facilitate the Directors to peruse the Board papers and seek clarification that they may require from the Management or the Company Secretary well ahead of the meeting date. Exceptions will be given if urgent matters arise which require the Board's consideration.

2. Board Composition

In year 2017, the Board consists of seven (7) members of which four (4) members are Executive Directors and three (3) members are Independent Non-Executive Directors ("NED"). The present composition of the Board complies with the Listing Requirements that requires at least two (2) directors, or one-third (1/3) of the Board members, whichever is higher, are independent directors.

The Independent NED 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 Independent NED to discharge their duties and responsibilities effectively and to avoid any conflict of interest situations. The Independent NED 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.

Currently, none of our Independent NED had served the Company exceed a cumulative term limit of nine (9) years as per the recommendations of the MCCG.

At this moment, we do not adopt a policy which limits the tenure of our Independent NED to nine (9) years. Notwithstanding the recommendation of the MCCG, the Board is presently of the view that there is no necessity to fix a maximum tenure limit for Directors as there are significant advantages to be gained from the long-serving Directors who possess tremendous insight and knowledge of the Company's businesses and affairs. The ability of a Director to serve effectively as an Independent NED is very much dependent on his calibre, qualification, experience and personal qualities, particularly his integrity and objectivity, and has no real connection to his tenure as an Independent Director.

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

2. Board Composition (Cont'd)

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

The NC keeps the Board's balance of skills, knowledge, experience and the length of service of individuals under constant review.

Duties and Responsibilities

In fulfilling its primary objectives, the NC shall undertake, amongst others, the following duties and responsibilities:

(i) The Committee shall undertake an annual review of the Board's succession plans, taking into consideration, the present size, structure and composition of the Board and Board Committees as well as the required mix of skills, independence, experience and competency required and make recommendations to the Board with regard to any adjustments that are deemed necessary;

(ii) To assist our Board in the effective discharge of its responsibility to ensure that our Board is of an effective composition, size and commitment to adequately discharge its responsibilities and duties;

(iii) To review and evaluate the effectiveness of our Board and the relevant Board Committees;

(iv) To facilitate and plan for an appropriate framework and succession planning for our Board, including our Chief Operating Officer, Chief Financial Officer or any "C Suite" officer of the Company;

(v) To ensure appropriate selection criteria and processes and to identify and recommend to our Board, candidates for directorship of our Company and members of the relevant Board Committees;

(vi) The Committee shall facilitate the orientation and education programmes provided for new members of the Board;

(vii) The Committee shall recommend to the Board concerning the re-election/re-appointment of any Director to the Board pursuant to the provisions in the Company's Articles of Association and the Companies Act 2016;

(viii) To consider the representation of interest groups as part of boardroom diversity in skills, experience, age, cultural, background and gender;

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

2. Board Composition (Cont'd)

Duties and Responsibilities (Cont'd)

(ix) In determining the process for the identification of suitable candidates, the Committee will ensure that an appropriate review is undertaken to ensure the requirements and qualifications of the candidate nominated based on a prescribed set of criteria comprising but not limited to the following:

1. Skills, knowledge, expertise and experience;
2. Professionalism;
3. Integrity;
4. Existing number of directorships held in public listed companies so as to ensure sufficient time commitment to the Company's affairs;
5. Confirmation of not being an undischarged bankrupt or involved in any court proceedings in connection with the promotion, formation or management of a corporation or involving fraud or dishonesty punishable on conviction with imprisonment or subject to any investigation by any regulatory authority under any legislation; and
6. In the case of candidates being considered for the position of Independent Director, such potential candidates should have the ability to discharge such responsibilities/functions as expected from Independent NED. Amongst others, the potential candidates must fulfil the criteria stipulated in the definition of "independent directors" prescribed by the Listing Requirements and being able to bring independent and objective judgement to the Board.
7. Where required, the members of the Committee would meet up with potential candidates for the position of Director to conduct an assessment of their suitability.

(Note: The Company and its subsidiaries ("the Group") practices non-discrimination in any form whether based on age, gender, ethnicity or religion throughout the organisation and this includes the selection of Directors).

(x) The Committee shall undertake an annual review of the training programs attended by the Directors for each financial year as well as the training programs required to aid the Directors in the discharge of their duties as Directors and to keep abreast with industry developments and trends;

(xi) The Committee shall provide a report summarising its activities for the year in compliance with the MCCG, Listing Requirements and any other relevant regulations. The report can be incorporated into the Statement in the Annual Report or included as a separate report; and

(xii) The Committee shall review the performance of the Company Secretary at least once a financial year.

The full Terms of Reference of the NC is available on the Company's website at www.advancecon.com.my.

The summary of activities by the NC during the FY2017 included the following:

(i) Reviewed the effectiveness of the Board, as a whole, Board Committees and individual Directors and make appropriate recommendation to the Board;

(ii) Reviewed and recommended the re-election of Directors at the forthcoming Annual General Meeting ("AGM") in accordance with the Company's Articles of Association; and

(iii) Reviewed the Terms of Reference of the NC.

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

2. Board Composition (Cont'd)

Duties and Responsibilities (Cont'd)

During the FY2017, six (6) meetings of the Board were held.

Details of the Board's attendance record at the Board meetings were as follows:

Directors	Attendance
Executive Directors	
Dato' Phum Ang Kia	6/6
Lim Swee Chai	6/6
Ir. Yeo An Thai	6/6
Tung Kai Hung	6/6
Independent Non-Executive Directors	
Yeoh Chong Keat	6/6
Fathi Ridzuan bin Ahmad Fauzi	5/6
Mohd Zaky bin Othman	6/6

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

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

Directors	Trainings attended
Executive Directors	
Dato' Phum Ang Kia	• Top Management Engagement Towards ISO 9001:2015, ISO 14001:2015 & OHSAS 18001:2007 • Mandatory Accreditation Programme • ISO Activity - Issue And Risk Determination Workshop • Interested Parties & Risk Determination Workshop • The New Malaysian Code On Corporate Governance • Advocacy Sessions On Corporate Disclosure For Directors And Principal Officers Of Listed Issuers
Lim Swee Chai	• Top Management Engagement Towards ISO 9001:2015, ISO 14001:2015 & OHSAS 18001:2007 • Mandatory Accreditation Programme • ISO Activity - Issue And Risk Determination Workshop • Interested Parties & Risk Determination Workshop • The New Malaysian Code On Corporate Governance • Advocacy Sessions On Corporate Disclosure For Directors And Principal Officers Of Listed Issuers • Preparation Of Annual Report In Compliance With Bursa's Listing Requirements For Board And Management • The CG Breakfast Series For Directors - Leading Change @ The Brain

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

2. Board Composition (Cont'd)

Directors	Trainings attended
<u>Executive Directors</u>	
Ir. Yeo An Thai	• Top Management Engagement Towards ISO 9001:2015, ISO 14001:2015 & OHSAS 18001:2007 • Mandatory Accreditation Programme • ISO Activity - Issue And Risk Determination Workshop • Life Cycle Perspective Environmental Aspect And Impact Assessment Workshop • Interested Parties & Risk Determination Workshop • Advocacy Sessions On Corporate Disclosure For Directors And Principal Officers Of Listed Issuers • Preparation Of Annual Report In Compliance With Bursa's Listing Requirements For Board And Management • The New Malaysian Code On Corporate Governance • CG Breakfast Series - Integrating An Innovation Mindset With Effective Governance • Affin Hwang Capital Conferences Series 2017 - Opportunities Amidst Geopolitical Shifts
Tung Kai Hung	• Top Management Engagement Towards ISO 9001:2015, ISO 14001:2015 & OHSAS 18001:2007 • Mandatory Accreditation Programme • ISO Activity - Issue And Risk Determination Workshop • Life Cycle Perspective Environmental Aspect And Impact Assessment Workshop • Interested Parties & Risk Determination Workshop • The New Malaysian Code On Corporate Governance • The CG Breakfast Series For Directors - Leading Change @ The Brain • Advocacy Sessions On Corporate Disclosure For Directors And Principal Officers Of Listed Issuers • Preparation Of Annual Report In Compliance With Bursa's Listing Requirements For Board And Management
<u>Independent Non-Executive Directors</u>	
Yeoh Chong Keat	• Audit Quality Enhancement Programme for SMPs 2017 • National Tax Conference 2017 • Seminar Percukaian Kebangsaan 2017 • The New Malaysian Code On Corporate Governance
Fathi Ridzuan Bin Ahmad Fauzi	• Advocacy Session for Corporate Disclosure at Bursa Malaysia • Bursa Corporate Governance Series
Mohd Zaky Bin Othman	• The New Malaysian Code On Corporate Governance • Mandatory Accreditation Programme • CG Breakfast Series - Integrating An Innovation Mindset With Effective Governance • Preparation Of Annual Report In Compliance With Bursa's Listing Requirements For Board And Management • The CG Breakfast Series For Directors - Leading Change @ The Brain

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

3. 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.

A summary of the Directors' remuneration during the FY 2017 are as follows:

	Received from the Company				Received or to be received from a subsidiary				
Directors	Directors' fees (RM)	Salaries (RM)	Other benefits (RM)	Defined Contribution Plan (RM)	Salaries (RM)	Bonuses (RM)	Other benefits (RM)	Defined contribution Plan (RM)	Total Amount (RM)
Executive Directors									
Dato' Phum Ang Kia	–	84,000	69	10,080	900,000	126,000	760	123,120	1,244,029
Lim Swee Chai	–	68,250	49	4,098	731,250	102,375	543	50,034	956,599
Ir. Yeo An Thai	–	54,100	–	6,492	579,500	81,150	–	79,284	800,526
Tung Kai Hung	–	–	–	–	318,000	59,625	–	45,324	422,949
Independent Non-Executive Directors									
Yeoh Chong Keat	84,000	–	4,000	–	–	–	–	–	88,000
Mohd Zaky bin Othman	60,000	–	4,000	–	–	–	–	–	64,000
Fathi Ridzuan bin Ahmad Fauzi	60,000	–	4,000	–	–	–	–	–	64,000

The Group does not comply with recommendation to disclose on named basis the top five (5) senior management's detailed renumeration in bands of RM50,000 in order to preserve confidentiality.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

1. Audit Committee

The Audit Committee of the Company comprises three (3) members, all of whom are Independent Non-Executive Directors. The Chairman and members of the Audit Committee are financially literate with appropriate and various level of expertise and experience, and have carried out their responsibilities according to the Terms of Reference of Audit Committee.

It is an existing practice for the AC to require a former key audit partner to observe a cooling-off period of at least two (2) years before being appointed as a member of the AC and such practice was formalised and incorporated in the Terms of Reference of AC.

In the annual assessment on the suitability, objectivity and independence of the External Auditors, the AC is guided by the factors as prescribed under Paragraph 15.21 of the Listing Requirements and External Auditor Policy.

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

2. Risk Management and Internal Control Framework

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

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

The Statement on Risk Management and Internal Control which provides an overview of the state of the internal control and risk management within Advancecon Group, set out in pages 27 to 29 of this Annual Report.

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

1. Communication with Stakeholders

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

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

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

2. Conduct of General Meetings

Advancecon's AGM is an important means of communicating with its shareholders. The notice of AGM together with the annual report and details of the resolutions proposed are sent out to the shareholders at least twenty-one (21) days before the date of the AGM which is beyond the requirements of the Companies Act 2016 and Listing Requirements.

The Board took note that the presence of all Directors will provide opportunity for shareholders to effectively engage each Director. Besides, having the chair of the Board subcommittees present facilitates these conversations and allows shareholders to raise questions and concerns directly to those responsible. Accordingly, barring unforeseen circumstances, all Directors as well as the Chairman of respective Board Committee will present at the Twenty-First (21st) AGM of the Company to enable the shareholders to raise questions and concerns directly to those responsible.

All resolutions are voted by poll in compliance with the Listing Requirements.

The Overview and the Corporate Governance Report have been approved by the Board of Directors at its meeting on 18 April 2018.

STATEMENT ON
RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Board of Directors ("the Board") of Advancecon Holdings Berhad ("the Company") is pleased to present the Statement on Risk Management and Internal Control ("Statement") of the Company and its subsidiaries ("the Group") which outlines the nature and scope of risk management and the internal control systems of the Group for the financial year ended 31 December 2017 pursuant to Paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements"), Malaysian Code on Corporate Governance ("MCCG") and "*Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers*".

BOARD RESPONSIBILITIES

The Board acknowledges its overall responsibility for the Group's risk management and internal control system, and for reviewing its adequacy and effectiveness. The risk management system is designed to manage the Group's risks within an acceptable risk profile, rather than to totally avoid or eliminate the risks that are inherent to the Group's activities.

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

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

RISK MANAGEMENT PROCESS

There is an on-going process of identifying, evaluating, monitoring and managing risks to achieve the objectives of the Group for the financial year under review. The process is in place for the year under review and up to the date of issuance of the Statement on Risk Management and Internal Control. During the year under review, the Group has adopted an Advancecon Risk Management Framework which is based on ISO 31000:2009, premised on international guideline for managing risk, to ensure that risk management process is consistent across the Group.

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 Group has a RMSC which is chaired by Independent Non-Executive Director and comprises Senior Management of the Group to provide oversight and added impetus to the risk management process.

KEY ELEMENTS OF INTERNAL CONTROLS

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

- **Board Committees**

  The delegation of responsibilities to the various committees of the Board is clearly defined. At present, the committees which are established are the AC, Nomination Committee, Remuneration Committee and RMSC.

- **Organisational Structure**

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

- **Policies and Procedures**

  There are policies and procedures in place to ensure adequacy of controls, and compliance with relevant law and regulations. These policies and procedures are reviewed and updated when there are any changes in business structure and processes. A subsidiary has ISO 9001:2008 accreditations for operational purposes. These certifications demonstrate our ongoing commitment to drive for excellence and continuous quality improvement.

- **Internal Audit**

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

- **Board Meetings**

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

- **Training and Development Programmes**

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

INTERNAL AUDIT FUNCTION

The internal audit function has been outsourced to an independent external service provider, Sterling Business Alignment Consulting Sdn. Bhd. to provide independent assurance to the AC.

The Internal Auditors adopts Committee of Sponsoring Organisations ("COSO") model as a basis to develop its internal audit plan which addresses the critical business processes, internal control gaps, effectiveness and adequacy of the existing state of internal control and recommend possible improvements to the internal control process.

On a quarterly basis, the Internal Auditors report to the AC on areas for possible improvement and Management responses to such recommendations. There were significant weaknesses indentified during the review. However, based on the follow-up internal audit being carried out, some of the weaknesses had been rectified. The Management is actively addressing the weaknesses which have not been rectified.

INTERNAL AUDIT FUNCTION (CONT'D)

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

For the FY 2017, the total cost incurred for the outsourced internal audit function was RM26,000.

ASSURANCE FROM THE MANAGEMENT

The Board has received assurance in writing from the Group Chief Executive Officer and Group Chief Financial Officer that the Group's risk management and internal control system were operating adequately and effectively in all material aspects based on the risk management and internal control system of the Group for the FY 2017 and up to 18 April 2018, being the date of this Statement.

ASSURANCE PROVIDED BY EXTERNAL AUDITORS

Pursuant to paragraph 15.23 of the Listing Requirements, the External Auditors have reviewed this Risk Management and Internal Control Statement. Their review was performed in accordance with Audit and Assurance Practice Guide 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 Malaysia Institute of Accountants. Based on their review, nothing has come to their attention that causes them to belive this Statement is not prepared, in all material aspects, in accordance with the disclosures required by paragraph 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Public Listed Companies to be set out, nor is factually incorrect.

CONCLUSION

For the financial year under review and up to the date of issuance of the Statement in the Annual Report, the Board is of the opinion that the internal control system currently in place is adequate and effective to safeguard the Group's interests and assets. The Board will continually assess the adequacy and effectiveness of the Group's risk management and system of internal control and to strengthen it as and when necessary.

The Statement has been approved by the Board of Directors at its meeting on 18 April 2018.

SUSTAINABILITY **STATEMENT**

As a leading earthworks and civil engineering services contractor in Malaysia, specialising in bulk earthworks and major infrastructure works, Advancecon strongly believes in integrating our business approach with key aspects of Economic, Environmental and Social ("EES") towards achieving long term growth and value creation.

The Board recognises that embedding sustainability is key to achieving prudent risk management and therefore exposures to sustainability-related risks could be then reduced and the Group can stay ahead of emerging risks.

To ensure sustainability is embedded in the Group's operating functions and processes, a Sustainability Task Force Committee comprising key Senior Management Team was set up in December 2017 to spearhead our sustainability agenda by first identifying our materiality sustainability matters based on our business operations and by taking into account the interest of internal and external stakeholders using materiality matrix approach. The materiality assessment will be reviewed on annual basis to ensure its relevancy.

ECONOMIC

The earthworks and infrastructure industry provide our cities with new township developments, highway and roads for easy connectivity. This development enables businesses and communities to function seamlessly throughout the nation. With improved connectivity, it spurs new growth area and thus, creates economic growth.

As part of building the nation infrastructure and notable new township development, Advancecon's specialised core business significantly advance the national development agenda. Our revenue of RM265.99 million and profit after tax of RM18.46 million for financial year ended 31 December 2017 highlight the economic value of Advancecon Group.

ECONOMIC (CONT'D)

- **Investors**

  We recognise the need to actively engage and respond to our stakeholders comprising shareholders, analysts and fund managers. With this in mind, we have put in concerted effort to host quarterly investors briefing as this briefing serves as a platform in maintaining clear, transparent and timely communications with them. This is also testament to the Group's standards of corporate governance. In addition, we have also participated in Invest Malaysia 2018, a conference co-hosted by Bursa Malaysia and Maybank Investment Bank Berhad from 23 – 24 January 2018. The 2-day Conference was a robust platform for the participants to interact and develop a better understanding of the opportunities that Malaysia offers.

- **Procurement**

  Procurement process is also one of the key sustainability issues. Our procurement standards are guided by ISO 9001: 2008 Quality Management System where procurement of materials are controlled to ensure that purchase materials conforms to the specified requirements. We endeavour to support local businesses and ensure local materials and services are sourced wherever possible.

- **Customers Engagement**

  Customers engagement is one of the key factors to grow, sustain our business and for us to remain competitive. We always relate quality with customer satisfaction and continuous improvements. Therefore, we emphasize on customer satisfaction and adherence to continuous improvements and quality standards all the time.

  To reinforce our commitment to deliver products and services of outstanding quality, we are currently upgrading our ISO Certification from ISO 9001:2008 to ISO 9001:2015 which is the latest edition of ISO's flagship quality management systems standard incorporating the process approach and risk based thinking. This demonstrates our continuous improvement to quality management system as well our assurance of conformity to customers and applicable statutory and regulatory requirements.

ENVIRONMENTAL

As an earthwork and infrastructure specialist, we are mindful of environmental conservation with the aim of preserving and protecting the nature.

We have been extremely vigilant in this respect not only because of our environmental impact but also because fuel efficiency is integral to our business model in keeping our costs down. Therefore, we endeavour to reduce our carbon footprint by undertaking regular maintenance on our vehicles and we maximise efficiency by maintaining a new fleet of machineries.

- **Waste Management**

We ensure all construction waste is managed in compliance with Environmental Management system and trainings are currently on-going.

Towards this end, we ensure that all scheduled waste generated from our projects is collected by licensed schedule waste collector.

As part of our concerted effort on scheduled waste management, we strive to reduce, reuse and recycle any other unwanted items, where possible by segregating recycle materials. In this regards, we have designated recycle bins in our corporate office and site office. This is to ensure that recyclable waste are collected and disposed off appropriately.

The above initiatives have been in place as we move towards achieving ISO 14001:2015 as we manage environment responsibilities in a more systematic manner and this contributes to the environment pillar of sustainability.

- **Health and Safety**

Given the nature of our business and the industry we operate in, health and safety issues are one of the fundamental parameters towards ensuring business sustainability.

It is our tireless effort to ensure our workplaces are safe and the environment is conducive for our employees to operate in the most productive and safe manner.

Following our strict safety and health procedures, we have achieved 4-star in the Safety and Health Assessment System in Construction ("SHASSIC") evaluation based on assessment done by CIDB Malaysia on 27 – 28 December 2016 for the construction and completion of infrastructure and landscaping works for proposed additions, alterations and upgrading of existing Bukit Jalil National Sports Complex, Kuala Lumpur. SHASSIC is a method to assess and

ENVIRONMENTAL (CONT'D)

- **Health and Safety (Cont'd)**

evaluate the safety and health management and practices at the construction site. On 25 May 2017, MRCB Builders Sdn. Bhd., the project owner of Bukit Jalil National Sports Complex has also awarded us 5-S Silver Award in recognition of our effort and commitment in achieving high level of construction site safety and health practices in conjunction with KL Sports City Project: 3 million man hours without lost time injury ("LTI") celebration.

We have also engaged a professional consultant to conduct OSH training involving Hazard Identification, Risk Assessment and Risk Control ("HIRARC") on 14 July 2017. Following that, we have formed our Emergency Response Team ("ERT") Training and during this ERT Training, emergency drill, evacuation and first aid deployment were conducted on 25 November 2017 with the assistance of Jabatan Bomba Sungai Buloh.

This is a reflection of Advancecon's strong commitment towards health and safety of its employees, sub-contractors and the environment ("HSE") and this is in line with our direction towards achieving OHSAS 18001: 2007 (Occupational Health and Safety Management) certification.

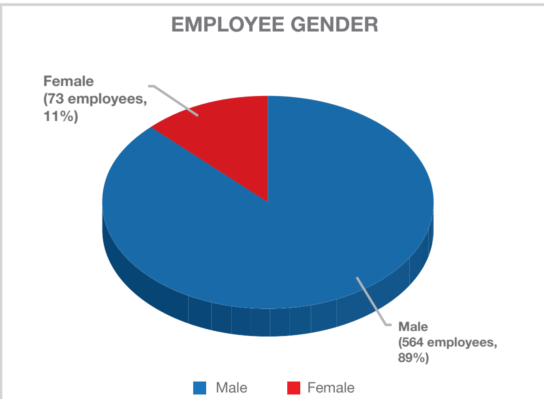
SOCIAL

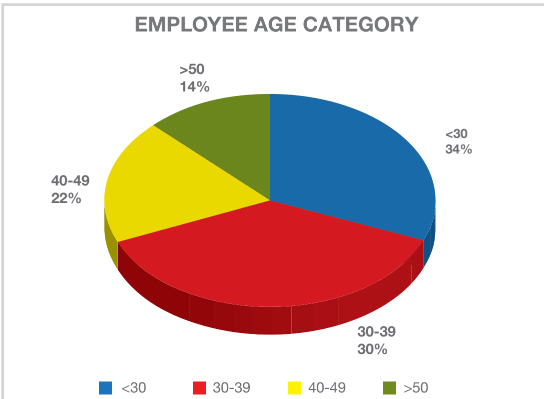
- **HUMAN CAPITAL /TALENT**

a) Diversity and equal opportunity

Building and retaining talent are both critical in growing the Group as the continuous growth of the Group needs talented employees. Having a diverse workforce with equal opportunity regardless of age, race and gender is one of the ways to build and retain talent. This is also part of our succession planning as we ensure the Group has a strong management and technical team vital in ensuring business continuity.

Developing a pipeline of talent for succession is portrayed as 64% of our workforce is below age 40. Although we emphasize on equal employment opportunity, we also stress that candidates are only hired based on suitability and experience.





b) Training & Education

To increase our competitiveness and our knowledge as we grow, we see the importance of continuous learning process. As such, we encourage our employees to develop their competencies and qualifications to help them improve their job performance.

In 2017, the Group has invested a total of RM117,000 in external and in house training. A total of two hundred and nineteen (219) employees attended the trainings and this is equivalent to RM534 per employee.

c) Work Life Balance

Having a work life balance is key to high levels of employee satisfaction and morale at workplace. Therefore, our Sports Club has been organising monthly activities to promote bonding among employees apart from achieving work life balance.

Our yearly Team Building event attracts more than one hundred and fifty (150) employees and this is an event that connect and motivate participating employees to foster team spirit and teamwork.

COMMUNITY

To further strengthen our ties with the local communities, we have participated in the following charity event:-

- **EcoWorld Foundation Charity**

  On 14 October 2017, Advancecon contributed towards EcoWorld Foundation's noble effort in helping disadvantaged young Malaysians to improve their quality of life while focusing on promoting education as a key element in breaking out of poverty.

COMMUNITY (CONT'D)

- **Bursa Bull Charge 2017**

Advancecon pledged its support towards Bursa Bull Charge 2017 which was held on 14 September 2017 by participating in the said event.

During the event, the marketplace came together to run for others in the name of fostering a sustainable and inclusive marketplace. The objective of the run is to promote themes such as inclusiveness, social entrepreneurship and sustainability through which the capital market can reach out to support the vulnerable, marginalised, discriminated, under-privileged and under-represented groups in our communities who need assistance to build, alleviate, and sustain their lives.

Funds which were raised through the event were distributed to 30 beneficiaries.

- **Fund raising event by Make-A-Wish, Malaysia**

On 2 December 2017, Advancecon sponsored a fund raising event by taking up a dinner table organised by Make-A-Wish, Malaysia.

Make-A-Wish Malaysia is a self-supported non-governmental organisation and they rely on fundraising events and donations to enable them to grant the wishes of children facing life-threatening illnesses all over the country. The children are referred to the non-profit organisation by paediatric doctors from three hospitals which Make-A-Wish Malaysia works with. They are Hospital Universiti Kebangsaan Malaysia, Hospital Kuala Lumpur and Universiti Malaya Medical Centre.

AUDIT COMMITTEE REPORT

The Board of Directors ("the Board") of Advancecon Holdings Berhad ("the Company") is pleased to present the Audit Committee Report for the financial year ended 31 December 2017 ("FY 2017").

MEMBERS OF AUDIT COMMITTEE

The Audit Committee ("AC") consists of three (3) members, all of them are Independent Non-Executive Directors. The present members of the AC are:

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

This composition of AC is complied with Paragraph 15.09 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The Terms of Reference of the AC can be accessed at the Company's website at www.advancecon.com.my.

MEETINGS AND ATTENDANCE

The AC held five (5) meetings during the FY 2017 and the details of the attendance of members of AC are as follows:

Name	Attendance
Mohd Zaky bin Othman	5/5
Fathi Ridzuan bin Ahmad Fauzi	5/5
Yeoh Chong Keat	5/5

The AC members were served with adequate notice of meeting by the Company Secretary, setting out the meeting agenda and relevant papers, which were distributed on a timely basis before the meeting to enable them to go through the matters to be deliberated at the meeting.

At the meetings the Management personnel of the Company and its subsidiaries ("the Group"), such as Executive Directors, Group Chief Operating Officer, Group Chief Financial Officer normally attend by invitation at all meetings of the Committee. The representatives of the External Auditors and Internal Auditors were also invited to attend part of any meetings to brief the AC.

SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE DURING THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

During the FY 2017, the summary of the activities carried out by the AC was as follow:-

1. **Financial Reporting**

   - Reviewed the unaudited quarterly financial results before recommending the same for the Board's approval and for release to Bursa Malaysia Securities Berhad.

2. **External Audit**

   - Reviewed the audited financial statements for the financial year ended 31 December 2016 ("FY 2016") of the Group and Company before recommending the same to the Board for approval.
   - Reviewed the external audit findings for the FY 2016 with the External Auditors.
   - Considered and recommended the re-appointment of Crowe Horwath as the External Auditors for the FY 2017 to the Board for consideration.
   - Reviewed the External Auditors' audit planning memorandum on the statutory audit of the Group for the FY 2017.

3. **Related Party Transactions**

   - Reviewed the related party transactions.

4. **Internal Audit**

   - Reviewed and assessed the adequacy of the scope and functions of the Internal Auditors and their audit plan for the FY 2017.
   - Reviewed the internal audit reports and management responses thereto.

INTERNAL AUDIT FUNCTION

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

The Internal Auditors adopts a risk based audit methodology to develop its audit plan and activities. The internal audit functions of the Group are carried out according to the internal audit plan as approved by the Board. 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 obligations.

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 27 to 29 of this Annual Report.

The cost incurred for the internal audit function in respect of the FY 2017 was RM26,000.

STATEMENT OF
DIRECTORS' RESPONSIBILITIES

The Directors are required by the Companies Act 2016 ("the Act") to prepare the financial statements for each financial year which have been made out in accordance with the applicable Malaysian Financial Reporting Standards ("MFRS"), the International Financial Reporting Standards and the requirements of the Act in Malaysia.

The Directors are responsible to ensure that the financial statements give a true and fair view of the state of affairs of the Group and of the Company at the end of the financial year, and of the results and cash flows of the Group and of the Company for the financial year.

In preparing the financial statements, the Directors have:

- Adopted appropriate accounting policies and applied them consistenly;
- Made judgements and estimates that are reasonable and prudent; and
- Prepared the financial statements on a going concern basis.

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 are responsible for taking such steps as are reasonably open to them to safeguard the assets of the Group and of the Company and to detect and prevent fraud and other irregularities.

ADDITIONAL COMPLIANCE
INFORMATION

UTILISATION OF PROCEEDS FROM INITIAL PUBLIC OFFERING

In conjunction with Advancecon's listing on Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities"), Advancecon has undertaken a Public Issue of 90,000,000 new ordinary shares ("Issue Shares") at an issue price of RM0.63 per share. Advancecon was successfully admitted to the Official Lists of Bursa Securities on 10 July 2017.

As at 31 December 2017 ("FY2017"), the gross proceeds raised from the Public Issue amounting to RM56.7 million was intended to be utilised in the following manner:

No.	Details of utilisation		Estimated timeframe for utilisation from the listing date	Amount (RM'000)	Actual Utilisation (RM'000)	Percentage Utilised (%)
i.	Total Capital expenditures:-		Within twenty four (24) months	29,700	(12,960)	44%
	(a)	Purchase of new construction machinery and equipment	Within twelve (12) months	15,100	(12,960)	86%
	(b)	Construction of new workshop	Within twenty four (24) months	14,600	–	0%
ii.	Repayment of bank borrowings		Within six (6) months	12,500	(3,463)	28%
iii.	Working capital		Within twenty four (24) months	10,700	(10,500)	98%
iv.	Estimated listing expenses		Upon Listing	3,800	(3,800)	100%
Total				**56,700**	**(30,723)**	**54%**

AUDIT AND NON-AUDIT FEES

The amount of audit fees and non-audit fees paid or payable to the Company's External Auditors by the Group and the Company for the FY 2017 were as follow:

Description	Group (RM)	Company (RM)
Audit Fees	125,000	38,000
Non-audit Fees		
(a) Professional fees of Reporting Accountant for listing exercise	190,600	190,600
(b) Review of Statement of Risk Management and Internal Control	5,000	5,000
Total	**320,600**	**233,600**

MATERIAL CONTRACTS AND CONTRACTS RELATING TO LOANS

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

RECURRENT RELATED PARTY TRANSACTIONS

There were no significant recurrent related party transactions of the Group for the FY2017.

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 2017.

PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of earthwork and infrastructure construction and income from hiring of machineries. The principal activities of the subsidiaries are set out in Note 5 to the financial statements.

RESULTS

	The Group RM	The Company RM
Profit after taxation for the financial year	18,463,080	10,566,550
Attributable to:-		
Owners of the Company	18,463,080	10,566,550

DIVIDENDS

Dividends paid or declared by the Company since 31 December 2016 were as follows:-

	RM
In respect of the financial year ended 31 December 2016	
A third interim single-tier dividend of approximately 1 sen per ordinary share, paid on 10 January 2017	4,500,000
A fourth interim single-tier dividend of approximately 2 sen per ordinary share, paid on 28 February 2017	5,000,000
In respect of the financial year ended 31 December 2017	
A first interim single-tier dividend of 1 sen per ordinary share, paid on 16 October 2017	4,020,790
	13,520,790

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

RESERVES AND PROVISIONS

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

ISSUES OF SHARES AND DEBENTURES

During the financial year:-

(a) the Company increased its issued and paid-up share capital from RM31,207,900 comprising 312,079,000 ordinary shares to RM87,907,900 comprising 402,079,000 ordinary shares as part of its Initial Public Offering ("IPO") in conjunction with its listing on the Main Market of Bursa Malaysia Securities Berhad. The issued and paid-up share capital was increased by the public issue of 90,000,000 new ordinary shares ("Issue Shares") at the IPO Price of RM0.63 each in the following manners:-

    (i) 30,000,000 Issue Shares for application by the Malaysian Public;

    (ii) 5,000,000 Issue Shares for application by the Company's eligible Directors and employees who have contributed to the success of the Group;

    (iii) 37,000,000 Issue Shares for application by way of private placement to institutional and identified investors; and

    (iv) 18,000,000 Issue Shares for application by way of private placement to identified Bumiputera investors approved by the Ministry of International Trade and Industry of Malaysia.

    The new ordinary shares issued rank pari passu in all respects with the existing ordinary shares, including voting rights and rights to all dividends and any other forms of distribution that may be declared, made or paid subsequent to the date of allotment of the shares.

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

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 all known bad debts had been written off and that adequate allowance had been made for impairment losses on receivables.

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

CURRENT ASSETS

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

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

VALUATION METHODS

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

CONTINGENT AND OTHER LIABILITIES

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

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

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

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

CHANGE OF CIRCUMSTANCES

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

ITEMS OF AN UNUSUAL NATURE

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

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

DIRECTORS

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

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

DIRECTORS' INTERESTS

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

	Number of Ordinary Shares			
	At 1.1.2017	Alloted	Sold	At 31.12.2017
The Company				
Direct Interests				
Dato' Phum Ang Kia	106,763,750	200,000	11,400,000*	95,563,750
Lim Swee Chai	57,488,250	200,000	6,200,000*	51,488,250
Ir. Yeo An Thai	16,425,250	150,000	1,700,000*	14,875,250
Tung Kai Hung	16,425,250	150,000	1,700,000*	14,875,250
Yeoh Chong Keat	–	100,000	75,000	25,000
Mohd Zaky bin Othman	–	100,000	100,000	–
Fathi Ridzuan bin Ahmad Fauzi	–	100,000	75,000	25,000

* Offer for sale of existing shares for application by way of private placement.

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.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by directors shown in the financial statements, or the fixed salary of a full-time employee of the Company or related corporations) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest except for any benefits which may be deemed to arise from transactions entered into in the ordinary course of business with companies in which certain directors have substantial financial interests as disclosed in Note 31(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.

DIRECTORS' REMUNERATION

The details of the directors' remuneration paid or payable to the directors of the Group and of the Company during the financial year are disclosed in Note 30(a) to the financial statements.

INDEMNITY AND INSURANCE COST

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

SUBSIDIARIES

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

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

The significant events during the financial year are disclosed in Note 37 to the financial statements.

SIGNIFICANT EVENTS OCCURRING AFTER THE REPORTING PERIOD

The significant events occurring after the reporting period are disclosed in Note 38 to the financial statements.

AUDITORS

The auditors, Messrs. Crowe Horwath, have expressed their willingness to continue in office.

The auditors' remuneration are disclosed in Note 26 to the financial statements.

SIGNED IN ACCORDANCE WITH A RESOLUTION OF THE DIRECTORS
DATED 18 APRIL 2018

Dato' Phum Ang Kia

Lim Swee Chai

STATEMENT BY DIRECTORS

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

We, **Dato' Phum Ang Kia** and **Lim Swee Chai**, being two of the directors of **Advancecon Holdings Berhad**, state that, in the opinion of the directors, the financial statements set out on pages 51 to 117 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 2017 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 18 APRIL 2018

Dato' Phum Ang Kia | **Lim Swee Chai**

STATUTORY DECLARATION

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

I, **Teh Heng Wee**, MIA Membership Number: 38286, being the Group Chief Financial Officer primarily responsible for the financial management of Advancecon Holdings Berhad, do solemnly and sincerely declare that the financial statements set out on pages 51 to 117 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the abovementioned
Teh Heng Wee
at Kuala Lumpur
in the Federal Territory
on this 18 April 2018

Teh Heng Wee

Before me

Lai Din (W668)
Commissioner for Oaths

INDEPENDENT
AUDITORS' REPORT
TO THE MEMBERS OF ADVANCECON HOLDINGS BERHAD

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Advancecon Holdings Berhad, which comprise the statements of financial position as at 31 December 2017 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 51 to 117.

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 2017, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

Key Audit Matters

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

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

Revenue Recognition for Construction Contracts Refer to Note 25 to the financial statements	
Key Audit Matter	**How our audit addressed the Key Audit Matter**
Revenue recognition for construction contracts, due to the contracting nature of the business, involves significant judgements. This includes the determination of the total budgeted contract costs and the calculation of percentage of completion which affects the quantum of revenue to be recognised. In estimating the revenue to be recognised, the management considers past experience and certification by customers and independent third parties, where applicable. We determined this to be a key audit matter due to the complexity and judgemental nature of the budgeting of contract costs and the determination of revenue recognised.	Our procedures included, amongst others:- ■ Read all key contracts and discussed with management to obtain a full understanding of the terms and risks to assess our consideration of whether revenue was appropriately recognised; ■ Tested costs incurred to date to supporting documentation such as contractors' claim certificates; ■ Assessed the management's assumptions in determining the percentage of completion of projects, estimations of revenue and costs, provisions for foreseeable losses, liquidated and ascertained damages as well as recoverability of billed receivables; ■ Assessed the reasonableness of percentage of completion by comparing to certification by external parties; and ■ Reviewed estimated profit and costs to complete and adjustments for job costing and potential contract losses.

Key Audit Matters (Cont'd)

Impairment assessment of trade receivables Refer to Note 9 to the financial statements	
Key Audit Matter	**How our audit addressed the Key Audit Matter**
The Group carries significant trade receivables and is exposed to credit risk, or the risk of counterparties defaulting. The assessment of the adequacy of the allowance for impairment losses involved judgement, which includes analysing historical bad debts, customer concentrations, customer creditworthiness, current economic trends and changes in the customer payment terms.	Our procedures included, amongst others:- ■ Obtained an understanding of:- • the Group's control over the receivable collection process; • how the Group identifies and assesses the impairment of receivables; and • how the Group makes the accounting estimates for impairment. ■ Reviewed the ageing analysis of receivables and testing the reliability thereof; ■ Reviewed subsequent cash collections for major receivables and overdue amounts; ■ Made inquiries of management regarding the action plans to recover overdue amounts; ■ Compared and challenged management's view on the recoverability of overdue amounts to historical patterns of collection; ■ Examined other evidence including customer correspondences, proposed or existing settlement plans, repayment schedules, etc.; and ■ Evaluating the reasonableness and adequacy of the allowance for impairment recognised.

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

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

Responsibilities of the Directors for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

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

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

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

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

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

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

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

OTHER MATTERS

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

Crowe Horwath
Firm No: AF 1018
Chartered Accountants

Chin Kit Seong
Approval No: 03030/01/2019 J
Chartered Accountant

18 April 2018

Kuala Lumpur

STATEMENTS OF
FINANCIAL POSITION
AT 31 DECEMBER 2017

		The Group		The Company	
		2017	2016	2017	2016
	Note	RM	RM	RM	RM
ASSETS					
NON-CURRENT ASSETS					
Investment in subsidiaries	5	–	–	10,328,312	10,328,312
Property, plant and equipment	6	151,367,890	105,089,439	6,895,481	1,886,162
Investment properties	7	32,927,635	31,074,673	–	–
Finance lease receivables	8	1,691,881	–	–	–
Trade receivables	9	155,675	–	–	–
		186,143,081	136,164,112	17,223,793	12,214,474
CURRENT ASSETS					
Amount owing by contract customers	10	8,762,940	3,527,631	–	–
Finance lease receivables	8	399,149	–	–	–
Trade receivables	9	113,918,084	119,485,397	–	800,000
Other receivables, deposits and prepayments	11	7,993,583	10,802,671	587,010	118,940
Amount owing by subsidiaries	12	–	–	73,991,583	31,289,473
Short-term investments	13	2,293,570	–	–	–
Current tax assets		2,270,569	1,457,016	–	–
Deposits with licensed banks	14	22,315,291	20,830,529	4,841,101	234,024
Cash and bank balances		24,581,370	3,620,597	2,574,423	–
		182,534,556	159,723,841	81,994,117	32,442,437
TOTAL ASSETS		368,677,637	295,887,953	99,217,910	44,656,911

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

STATEMENTS OF **FINANCIAL POSITION**
AT 31 DECEMBER 2017
(cont'd)

	Note	The Group 2017 RM	The Group 2016 RM	The Company 2017 RM	The Company 2016 RM
EQUITY AND LIABILITIES					
EQUITY					
Share capital	15	85,752,871	31,207,900	85,752,871	31,207,900
Retained profits		88,855,019	74,412,729	8,111,638	1,565,878
TOTAL EQUITY		174,607,890	105,620,629	93,864,509	32,773,778
NON-CURRENT LIABILITIES					
Deferred tax liabilities	16	6,624,084	4,734,467	20,724	101,734
Long-term borrowings	17	64,746,151	42,710,092	464,524	584,524
		71,370,235	47,444,559	485,248	686,258
CURRENT LIABILITIES					
Amount owing to contract customers	10	8,976,387	20,358,291	–	–
Trade payables	20	44,793,675	41,034,633	27,964	72,555
Other payables and accruals	21	25,278,026	27,241,843	4,325,499	90,817
Amount owing to subsidiaries	12	–	–	250,059	496,970
Dividends payable	22	–	9,500,000	–	9,500,000
Current tax liabilities		193,754	2,047,127	144,631	88,421
Short-term borrowings	23	40,556,315	33,012,003	120,000	120,000
Bank overdrafts	24	2,901,355	9,628,868	–	828,112
		122,699,512	142,822,765	4,868,153	11,196,875
TOTAL LIABILITIES		194,069,747	190,267,324	5,353,401	11,883,133
TOTAL EQUITY AND LIABILITIES		368,677,637	295,887,953	99,217,910	44,656,911

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

STATEMENTS OF **PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

		The Group		The Company	
		2017	**2016**	**2017**	**2016**
	Note	**RM**	**RM**	**RM**	**RM**
REVENUE	25	265,988,572	234,668,349	12,410,000	23,777,500
COST OF SALES		(215,060,939)	(170,606,869)	(234,267)	(403,634)
GROSS PROFIT		50,927,633	64,061,480	12,175,733	23,373,866
OTHER INCOME		5,874,699	3,471,188	585,740	1,157,136
		56,802,332	67,532,668	12,761,473	24,531,002
ADMINISTRATIVE EXPENSES		(21,347,458)	(21,951,486)	(1,886,316)	(1,217,996)
OTHER EXPENSES		(3,316,278)	(2,741,286)	(181,803)	(175,234)
FINANCE COSTS		(5,403,324)	(5,694,133)	(47,221)	(84,534)
PROFIT BEFORE TAXATION	26	26,735,272	37,145,763	10,646,133	23,053,238
INCOME TAX EXPENSE	27	(8,272,192)	(10,698,441)	(79,583)	(141,623)
PROFIT AFTER TAXATION		18,463,080	26,447,322	10,566,550	22,911,615
OTHER COMPREHENSIVE INCOME		–	–	–	–
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		18,463,080	26,447,322	10,566,550	22,911,615
PROFIT AFTER TAXATION ATTRIBUTABLE TO:-					
Owners of the Company		18,463,080	26,447,322	10,566,550	22,911,615
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:-					
Owners of the Company		18,463,080	26,447,322	10,566,550	22,911,615
Earnings per share (Sen)					
- Basic	34	5.18	8.47		
- Diluted	34	5.18	8.47		

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

STATEMENTS OF
CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

	Note	Share Capital RM	Retained Profits RM	Total RM
The Group				
Balance at 1.1.2016		1,248,316	92,424,991	93,673,307
Profit after taxation/Total comprehensive income for the financial year		–	26,447,322	26,447,322
Contribution by and distribution to owners of the Company:				
- Issuance of shares	15	29,959,584	(29,959,584)	–
- Dividends	28	–	(14,500,000)	(14,500,000)
Balance at 31.12.2016/1.1.2017		31,207,900	74,412,729	105,620,629
Profit after taxation/Total comprehensive income for the financial year		–	18,463,080	18,463,080
Contribution by and distribution to owners of the Company:				
- Issuance of shares	15	56,700,000	–	56,700,000
- Dividend	28	–	(4,020,790)	(4,020,790)
- Share issue expenses	15	(2,155,029)	–	(2,155,029)
Balance at 31.12.2017		85,752,871	88,855,019	174,607,890
The Company				
Balance at 1.1.2016		1,248,316	23,113,847	24,362,163
Profit after taxation/Total comprehensive income for the financial year		–	22,911,615	22,911,615
Contribution by and distribution to owners of the Company:				
- Issuance of shares	15	29,959,584	(29,959,584)	–
- Dividends	28	–	(14,500,000)	(14,500,000)
Balance at 31.12.2016/1.1.2017		31,207,900	1,565,878	32,773,778
Profit after taxation/Total comprehensive income for the financial year		–	10,566,550	10,566,550
Contribution by and distribution to owners of the Company:				
- Issuance of shares	15	56,700,000	–	56,700,000
- Dividend	28	–	(4,020,790)	(4,020,790)
- Share issue expenses	15	(2,155,029)	–	(2,155,029)
Balance at 31.12.2017		85,752,871	8,111,638	93,864,509

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

STATEMENTS OF
CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

		The Group		The Company	
		2017	2016	2017	2016
	Note	RM	RM	RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before taxation		26,735,272	37,145,763	10,646,133	23,053,238
Adjustments for:-					
Depreciation:					
- investment properties		466,410	480,543	–	–
- property, plant and equipment		20,485,991	15,684,277	242,425	244,115
Fair value adjustments:					
- trade receivables		25,477	(426,871)	–	–
- trade payables		(136,316)	18,149	–	–
Interest expense		5,403,324	5,694,133	47,221	84,534
Property, plant and equipment written off		315,761	73,984	2,953	475
Dividend income		–	–	(12,210,000)	(23,500,000)
Gain on disposal of property, plant and equipment		(752,363)	(659,196)	(221,444)	(33,615)
Gain on disposal of an investment property		(153,823)	(137,698)	–	–
Interest income:					
- deposits with licensed banks		(839,011)	(572,931)	(236,749)	(8,543)
- trade receivables		(586)	(887,235)	(586)	(887,235)
- finance lease receivables		(30,030)	–	–	–
- others		(310,680)	–	(9,161)	–
Dividend income from short-term investments		(13,570)	–	–	–
Reversal of impairment losses on:					
- trade receivables		(96,220)	(226,980)	–	–
- other receivables		(366,536)	–	–	–
Operating profit/(loss) before working capital changes		50,733,100	56,185,938	(1,739,208)	(1,047,031)
(Increase)/Decrease in amount owing by contract customers		(5,235,309)	623,155	–	–
(Decrease)/Increase in amount owing to contract customers		(11,381,904)	5,384,712	–	–
Decrease/(Increase) in trade and other receivables		8,658,005	(17,780,205)	331,930	4,239,193
(Decrease)/Increase in trade and other payables		(8,007,005)	(8,785,168)	30,091	(167,493)
Decrease in amount owing by subsidiaries		–	–	10,208,631	261,235
Decrease in amount owing to subsidiaries		–	–	(22,078)	(372,615)
CASH FROM OPERATIONS CARRIED FORWARD		34,766,887	35,628,432	8,809,366	2,913,289

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

STATEMENTS OF **CASH FLOWS**
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017
(cont'd)

	Note	The Group 2017 RM	The Group 2016 RM	The Company 2017 RM	The Company 2016 RM
CASH FROM OPERATIONS BROUGHT FORWARD		34,766,887	35,628,432	8,809,366	2,913,289
Interest paid		(5,403,324)	(5,694,133)	(47,221)	(84,534)
Tax refund		408,827	–	–	110,926
Tax paid		(9,458,328)	(7,534,892)	(104,383)	(188,977)
Interest received from trade receivables		586	887,235	586	887,235
NET CASH FROM OPERATING ACTIVITIES		20,314,648	23,286,642	8,658,348	3,637,939
CASH FLOWS (FOR)/FROM INVESTING ACTIVITIES					
Interest received		1,179,721	572,931	245,910	8,543
Dividend income from short-term investments		13,570	–	–	–
Advances to subsidiaries		–	–	(52,910,741)	(11,906,085)
Decrease/(Increase) in deposits pledged with licensed banks		3,115,238	(6,229,572)	(7,077)	(7,497)
Placement of deposit with original maturity more than three months		(4,600,000)	–	(4,600,000)	–
Purchase of property, plant and equipment	29(a)	(17,900,000)	(2,529,305)	(1,272,510)	–
Purchase of investment properties		(3,315,549)	(6,655,346)	–	–
Sale proceeds from disposal of property, plant and equipment		3,073,686	7,840,757	399,257	84,434
Partial sale proceeds received from disposal of an investment property		–	4,160,000	–	–
Sale proceeds received from disposal of an investment property		1,150,000	–	–	–
Dividend received		–	–	12,210,000	14,000,000
Repayment from finance lease receivables		95,970	–	–	–
NET CASH (FOR)/FROM INVESTING ACTIVITIES		(17,187,364)	(2,840,535)	(45,935,161)	2,179,395
CASH FLOWS FROM/(FOR) FINANCING ACTIVITIES					
Dividends paid		(13,520,790)	(5,000,000)	(13,520,790)	(5,000,000)
Drawdown of term loans		3,522,909	20,647,697	–	–
Repayment to subsidiaries		–	–	(224,833)	(778,953)
Repayment of hire purchase obligations		(21,570,792)	(24,742,190)	–	–
Proceeds from issuance of shares		56,700,000	–	56,700,000	–
Share issue expenses		(2,155,029)	–	(2,155,029)	–
Net repayment of bank factoring		–	(4,834,359)	–	–
Net drawdown of bankers' acceptances		687,914	808,086	–	–
Net (repayment)/drawdown of invoice financing		(435,691)	2,603,316	–	–
Net drawdown of revolving credit		8,000,000	–	–	–
Repayment of term loans		(4,373,949)	(4,557,807)	(120,000)	(123,578)
NET CASH FROM/(FOR) FINANCING ACTIVITIES		26,854,572	(15,075,257)	40,679,348	(5,902,531)

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

STATEMENTS OF **CASH FLOWS**
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017
(cont'd)

	Note	The Group 2017 RM	The Group 2016 RM	The Company 2017 RM	The Company 2016 RM
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		29,981,856	5,370,850	3,402,535	(85,197)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		(6,008,271)	(11,379,121)	(828,112)	(742,915)
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	29(c)	23,973,585	(6,008,271)	2,574,423	(828,112)

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

1. GENERAL INFORMATION

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

Registered office	:	Suite 10.03, Level 10, The Gardens South Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur.
Principal place of business	:	No. 16 & 18, Jalan Pekaka 8/3, Seksyen 8, Kota Damansara, 47810 Petaling Jaya, Selangor Darul Ehsan.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 18 April 2018.

2. PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of earthwork and infrastructure construction and income from hiring of machineries. The principal activities of the subsidiaries are set out in Note 5 to the financial statements.

3. BASIS OF PREPARATION

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

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

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

Amendments to MFRS 107: Disclosure Initiative

Amendments to MFRS 112: Recognition of Deferred Tax Assets for Unrealised Losses

Annual Improvements to MFRS Standards 2014 – 2016 Cycles: Amendments to MFRS 12: Clarification of the Scope of the Standard

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) did not have any material impact on the Group's financial statements except as follows:-

The amendments to MFRS 107 require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. A reconciliation between opening and closing balances of these items is provided in Note 29 to the financial statements.

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 9 Financial Instruments (IFRS 9 issued by IASB in July 2014)	1 January 2018
MFRS 15 Revenue from Contracts with Customers	1 January 2018
MFRS 16 Leases	1 January 2019
MFRS 17 Insurance Contracts	1 January 2021
IC Interpretation 22 Foreign Currency Transactions and Advance Consideration	1 January 2018
IC Interpretation 23 Uncertainty over Income Tax Treatments	1 January 2019
Amendments to MFRS 2: Classification and Measurement of Share-based Payment Transactions	1 January 2018
Amendments to MFRS 4: Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts	1 January 2018
Amendments to MFRS 9: Prepayment Features with Negative Compensation	1 January 2019
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendments to MFRS 15: Effective Date of MFRS 15	1 January 2018
Amendments to MFRS 15: Clarifications to MFRS 15 'Revenue from Contracts with Customers'	1 January 2018
Amendments to MFRS 119: Plan Amendment, Curtailment or Settlement	1 January 2019
Amendments to MFRS 128: Long-term Interests in Associates and Joint Ventures	1 January 2019
Amendments to MFRS 140 – Transfers of Investment Property	1 January 2018
Annual Improvements to MFRS Standards 2014 – 2016 Cycles:	
• Amendments to MFRS 1: Deletion of Short-term Exemptions for First-time Adopters	
• Amendments to MFRS 128: Measuring an Associate or Joint Venture at Fair Value	1 January 2018
Annual Improvements to MFRS Standards 2015 – 2017 Cycles	1 January 2019

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

MFRS 9 (IFRS 9 issued by IASB in July 2014) replaces the existing guidance in MFRS 139 and introduces a revised guidance on the classification and measurement of financial instruments, including a single forward-looking 'expected loss' impairment model for calculating impairment on financial assets, and a new approach to hedge accounting. Under this MFRS 9, the classification of financial assets is driven by cash flow characteristics and the business model in which a financial asset is held. The Group is in the process of making an assessment of the financial impact arising from the adoption of MFRS 9 and the extent of the impact has not been determined.

MFRS 15 establishes a single comprehensive model for revenue recognition and will supersede the current revenue recognition guidance and other related interpretations when it becomes effective. Under MFRS 15, an entity shall recognise revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the distinct promised goods or services underlying the particular performance obligation is transferred to the customers. The amendments to MFRS 15 further clarify the concept of 'distinct' for the purposes of this accounting standard. In addition, extensive disclosures are also required by MFRS 15. The Group anticipates that the application of MFRS 15 in the future may have an impact on the amounts reported and disclosures made in the financial statements. However, it is not practicable to provide a reasonable estimate of the financial impacts of MFRS 15 until the Group performs a detailed review.

3. BASIS OF PREPARATION (CONT'D)

3.2 MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and will replace the current guidance on lease accounting when it becomes effective. Under MFRS 16, the classification of leases as either finance leases or operating leases is eliminated for lessees. All lessees are required to recognise their leased assets and the related lease obligations in the statement of financial position (with limited exceptions). The leased assets are subject to depreciation and the interest on lease liabilities are calculated using the effective interest method. Lessor accounting under MFRS 16 is substantially carries forward the lessor accounting requirements in MFRS 117. Accordingly a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

The Group anticipates that the application of MFRS 16 in the future may have an impact on the amounts reported and disclosures made in the financial statements. However, it is not practicable to provide a reasonable estimate of the financial impacts of MFRS 16 until the Group performs a detailed review.

The directors of the Company shall comply with the adoption of MFRS 9 and 15 respectively in the financial statements of the Group and of the Company for the financial year ending 31 December 2018.

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Key Sources of Estimation Uncertainty

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

(a) Impairment of Investment in Subsidiaries and Investment Properties

The Group determines whether its investment in subsidiaries and investment properties are impaired by evaluating the extent to which the recoverable amount of the asset is less than its carrying amount. This evaluation is subject to changes such as market performance, economic and political situation of the country. A variety of methods is used to determine the recoverable amount, such as valuation reports and discounted cash flows. For discounted cash flows, significant judgement is required in the estimation of the present value of future cash flows generated by the assets, which involve uncertainties and are significantly affected by assumptions used and judgements made regarding estimates of future cash flows and discount rates. The carrying amounts of investment in subsidiaries and investment properties as at the reporting date are disclosed in Notes 5 and 7 to the financial statements, respectively.

(b) Impairment of Trade Receivables

An impairment loss is recognised when there is objective evidence that a financial asset is impaired. Management specifically reviews its trade receivables and analyses their ageing profiles, historical bad debts, customer concentrations, customer creditworthiness, current economic trends and changes in the customer payment terms when making a judgement to evaluate the adequacy of the allowance for impairment losses. Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. If the expectation is different from the estimation, such difference will impact the carrying value of receivables. The carrying amount of trade receivables as at the reporting date is disclosed in Note 9 to the financial statements.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

Key Sources of Estimation Uncertainty (Cont'd)

(c) Construction Contracts

Significant judgement is required in determining the stage of completion of a construction contract, the extent of the construction costs incurred, the estimation of the variation works and total budgeted construction costs, as well as the recoverability of the construction project. In making the judgement, management evaluates based on experience and by relying the works of specialists. The gross amount due from contract customers for contract works as at the reporting date is disclosed in Note 10 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) Classification of Leasehold Land

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

(c) Fair Value Estimates for Certain Financial Assets and Financial Liabilities

The Group carries certain financial assets and financial liabilities at fair value, which requires extensive use of accounting estimates and judgement. While significant components of fair value measurement were determined using verifiable objective evidence, the amount of changes in fair value would differ if the Group uses different valuation methodologies. Any changes in fair value of these assets and liabilities would affect profit and/or equity.

(d) 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. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.2 BASIS OF CONSOLIDATION

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

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

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

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

(a) Business Combinations

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

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

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

(b) Non-controlling Interests

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.2 BASIS OF CONSOLIDATION (CONT'D)

(d) Loss of Control

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

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

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

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

4.3 FUNCTIONAL AND PRESENTATION CURRENCY

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

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

4.4 FINANCIAL INSTRUMENTS

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

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

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

A financial instrument is recognised initially at its fair value. 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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.4 FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Assets

On initial recognition, financial assets are classified as either financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables financial assets, or available-for-sale financial assets, as appropriate.

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

Financial assets are classified as financial assets at fair value through profit or loss when the financial asset is either held for trading or is designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise.

Financial assets at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. Interest income from this category of financial assets is recognised in profit or loss when the Group's right to receive payment is established.

Financial assets at fair value through profit or loss could be presented as current assets or non-current assets. Financial assets that are held primarily for trading purposes are presented as current assets whereas financial assets that are not held primarily for trading purposes are presented as current assets or non-current assets based on the settlement date.

(ii) Held-to-maturity Investments

As at the end of the reporting period, there were no financial assets classified under this category.

(iii) Loans and Receivables Financial Assets

Trade receivables and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables financial assets. Loans and receivables financial assets are measured at amortised cost using the effective interest method, less any impairment loss. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

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) through the expected life of the financial asset, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Loans and receivables financial assets are classified as current assets, except for those having settlement dates later than 12 months after the reporting date which are classified as non-current assets.

(iv) Available-for-sale Financial Assets

As at the end of the reporting period, there were no financial assets classified under this category.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.4 FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial Liabilities

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

Fair value through profit or loss category comprises financial liabilities that are either held for trading or are designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. Derivatives are also classified as held for trading unless they are designated as hedges.

(ii) Other Financial Liabilities

Other financial liabilities are initially measured at fair value plus directly attributable transaction costs and 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 through the expected life of the financial liability, or, where appropriate, a shorter period.

Financial liabilities are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

(c) Equity Instruments

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

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.

(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 the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.4 FINANCIAL INSTRUMENTS (CONT'D)

(e) Financial Guarantee Contracts

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

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

4.5 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.

4.6 PROPERTY, PLANT AND EQUIPMENT

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

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.6 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

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

Buildings	2%
Leasehold land	Over the lease period of 89 to 97 years
Plant and machinery	12%
Site equipment	10% - 20%
Office equipment	10% - 20%
Motor vehicles	12%
Renovation	20%
Furniture and fittings	15% - 20%

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

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

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

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

4.7 INVESTMENT PROPERTIES

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

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

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

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

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.7 INVESTMENT PROPERTIES (CONT'D)

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

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

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

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

4.8 IMPAIRMENT

(a) Impairment of Financial Assets

All financial assets (other than those categorised at fair value through profit or loss), are assessed at the end of each reporting period whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset.

An impairment loss in respect of held-to-maturity investments and loans and receivables financial assets is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

(b) Impairment of Non-financial Assets

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

An impairment loss is recognised in profit or loss.

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.9 LEASED ASSETS

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

(a) Group as a Lessee

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

(i) Finance Assets

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

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

(ii) Operating Lease

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

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

(b) Group as a Lessor

Operating Lease

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

4.10 AMOUNTS OWING BY/TO CONTRACT CUSTOMERS

The amounts owing by/to contract customers are stated at cost plus profits attributable to contracts in progress less progress billings and allowance for foreseeable losses, if any. Costs include direct materials, labour and applicable overheads.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.11 INCOME TAXES

(a) Current Tax

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

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

(b) Deferred Tax

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

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

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

Current and deferred tax items are recognised in correlation to the underlying transactions either in profit or loss, other comprehensive income or directly in equity.

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

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

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.12 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.

4.13 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.

4.14 PROVISIONS

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

4.15 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. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.16 CONTINGENT LIABILITIES

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

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

4.17 OPERATING SEGMENTS

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

4.18 EARNINGS PER ORDINARY SHARE

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

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

4.19 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.

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

Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liability that the entity can access at the measurement date;

Level 2: Inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3: Inputs are unobservable inputs for the asset or liability.

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.20 REVENUE AND OTHER INCOME

Revenue is measured at the fair value of the consideration received or receivable, net of returns, goods and services tax, cash and trade discounts.

(a) Contract Income

Revenue on contracts is recognised on the percentage of completion method unless the outcome of the contract cannot be reliably determined, in which case revenue on contracts is only recognised to the extent of contract costs incurred that are recoverable. Foreseeable losses, if any, are provided for in full as and when it can be reasonably ascertained that the contract will result in a loss.

The stage of completion is determined based on the proportion that the contract costs incurred for work performed to date bear to the estimated total contract costs.

(b) Hiring of Plant and Machinery

Hiring of plant and machinery is recognised on an accrual basis.

(c) Sale of Goods

Revenue is measured at fair value of the consideration received or receivable and is recognised upon delivery of goods and customers' acceptance and where applicable, net of returns, goods and services tax, cash and trade discounts.

(d) Services

Revenue is recognised upon the rendering of services and when the outcome of the transaction can be estimated reliably by reference to the stage of completion at the end of the reporting period. The stage of completion is determined by reference to the proportion of costs incurred for work performed to date bear to the estimated total costs. In the event the outcome of the transaction could not be estimated reliably, revenue is recognised to the extent of the expenses incurred that are recoverable.

(e) Interest Income

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

(f) 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.

(g) Rental Income

Rental income is recognised on an accrual basis.

5. INVESTMENTS IN SUBSIDIARIES

	The Company 2017 RM	The Company 2016 RM
Unquoted shares, at cost	10,328,312	10,328,312

The details of the subsidiaries are as follows:-

Name of Subsidiary	Principal Place of Business/Country of Incorporation	Percentage of Issued Share Capital Held by Parent 2017 %	2016 %	Principal Activities
Advancecon Infra Sdn. Bhd.	Malaysia	100	100	Providing earthworks and civil engineering services and sales of construction materials.
Advancecon Machinery Sdn. Bhd.	Malaysia	100	100	Providing earth-moving machineries for hire.
Advancecon Properties Sdn. Bhd.	Malaysia	100	100	Property investment.
SK-II Tipper & Truck Services Sdn. Bhd.	Malaysia	100	100	Providing tipper trucks for hire.
Inspirasi Hebat Sdn. Bhd.	Malaysia	100	100	The company has temporarily ceased its operations. The company was principally engaged in the business of providing on-site rock crushing services.
Advancecon Rock Sdn. Bhd. #	Malaysia	100	100	Dormant.
Advancecon Trading Sdn. Bhd. #	Malaysia	100	100	Dormant.

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

6. PROPERTY, PLANT AND EQUIPMENT

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

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

The Group	At 1.1.2016 RM	Transfer from Investment Properties (Note 7) RM	Additions RM	Disposals RM	Write-offs RM	Depreciation Charges RM	At 31.12.2016 RM
2016							
Carrying Amount							
Leasehold land	351,839	5,587,656	–	–	–	(66,513)	5,872,982
Buildings	2,274,803	–	–	–	–	(52,713)	2,222,090
Plant and machinery	76,987,973	–	24,633,000	(7,118,176)	(1,720)	(13,612,713)	80,888,364
Site equipment	710,613	–	646,338	–	(41,208)	(239,364)	1,076,379
Office equipment	415,961	–	152,036	–	–	(134,834)	433,163
Motor vehicles	8,862,221	–	2,065,171	(63,385)	(31,056)	(1,555,786)	9,277,165
Renovation	63,065	–	–	–	–	(16,017)	47,048
Furniture and fittings	18,177	–	53,054	–	–	(6,337)	64,894
Capital work-in-progress ^	4,304,787	96,628	805,939	–	–	–	5,207,354
	93,989,439	5,684,284	28,355,538	(7,181,561)	(73,984)	(15,684,277)	105,089,439

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

The Group	At Cost RM	Accumulated Depreciation RM	Carrying Amount RM
2017			
Leasehold land	9,449,128	(351,115)	9,098,013
Buildings	10,088,752	(551,875)	9,536,877
Plant and machinery	172,027,636	(51,158,477)	120,869,159
Site equipment	2,838,095	(1,310,768)	1,527,327
Office equipment	1,194,609	(730,378)	464,231
Motor vehicles	14,989,002	(5,310,725)	9,678,277
Renovation	235,382	(191,049)	44,333
Furniture and fittings	116,106	(63,061)	53,045
Capital work-in-progress ^	96,628	–	96,628
	211,035,338	(59,667,448)	151,367,890
2016			
Leasehold land	6,149,128	(276,146)	5,872,982
Buildings	2,635,700	(413,610)	2,222,090
Plant and machinery	117,429,600	(36,541,236)	80,888,364
Site equipment	2,150,184	(1,073,805)	1,076,379
Office equipment	1,012,902	(579,739)	433,163
Motor vehicles	14,089,576	(4,812,411)	9,277,165
Renovation	221,962	(174,914)	47,048
Furniture and fittings	116,351	(51,457)	64,894
Capital work-in-progress ^	5,207,354	–	5,207,354
	149,012,757	(43,923,318)	105,089,439

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

During the previous financial year, there was a change in use of a piece of leasehold land transferred from investment properties to property, plant and equipment. The management's intention is to construct a workshop on this piece of leasehold land.

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

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

The Company	At 1.1.2016 RM	Addition RM	Disposal RM	Write-off RM	Depreciation Charges RM	At 31.12.2016 RM
2016						
Carrying Amount						
Leasehold land	351,839	–	–	–	(7,690)	344,149
Building	1,091,181	–	–	–	(23,845)	1,067,336
Plant and machinery	202,939	–	–	–	(69,356)	133,583
Site equipment	621	–	–	(475)	(146)	–
Office equipment	75,569	–	–	–	(14,411)	61,158
Motor vehicles	396,295	–	(50,819)	–	(112,587)	232,889
Renovation	63,064	–	–	–	(16,017)	47,047
Furniture and fittings	63	–	–	–	(63)	–
	2,181,571	–	(50,819)	(475)	(244,115)	1,886,162

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

The Company	At Cost RM	Accumulated Depreciation RM	Carrying Amount RM
2017			
Leasehold land	3,684,524	(56,522)	3,628,002
Building	3,265,939	(162,593)	3,103,346
Plant and machinery	39,815	(39,815)	–
Site equipment	250,265	(250,265)	–
Office equipment	211,183	(125,343)	85,840
Motor vehicles	310,619	(276,658)	33,961
Renovation	99,619	(55,287)	44,332
Furniture and fittings	5,210	(5,210)	–
	7,867,174	(971,693)	6,895,481
2016			
Leasehold land	384,524	(40,375)	344,149
Building	1,192,259	(124,923)	1,067,336
Plant and machinery	709,025	(575,442)	133,583
Site equipment	250,265	(250,265)	–
Office equipment	174,520	(113,362)	61,158
Motor vehicles	1,064,657	(831,768)	232,889
Renovation	85,619	(38,572)	47,047
Furniture and fittings	5,210	(5,210)	–
	3,866,079	(1,979,917)	1,886,162

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

	The Group 2017 RM	The Group 2016 RM
Plant and machinery	55,560,715	53,477,440
Motor vehicles	8,279,964	7,200,522
	63,840,679	60,677,962

(b) Included in the property, plant and equipment of the Group at the end of the reporting period were plant and machinery with a total cost amounting to RM29,739 (2016 - RM139,038) which were acquired through controlled transfer.

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

(c) The carrying amounts of the following property, plant and equipment of the Group and of the Company were pledged to licensed banks as security for banking facilities granted to the Group and the Company as disclosed in Notes 19, 23 and 24 to the financial statements:-

	The Group		The Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Leasehold land	5,810,335	5,872,982	340,324	344,149
Buildings	7,477,021	2,222,090	1,043,490	1,067,336
Capital work-in-progress	–	5,110,726	–	–
	13,287,356	13,205,798	1,383,814	1,411,485

7. INVESTMENT PROPERTIES

	The Group	
	2017 RM	2016 RM
Cost		
At 1 January	31,603,349	37,947,624
Additions during the financial year	3,315,549	6,655,346
Disposal during the financial year	(1,021,720)	(7,138,389)
Transfer to property, plant and equipment (Note 6)	–	(5,861,232)
At 31 December	33,897,178	31,603,349
Accumulated depreciation		
At 1 January	(528,676)	(301,168)
Depreciation during the financial year	(466,410)	(480,543)
Disposal during the financial year	25,543	76,087
Transfer to property, plant and equipment (Note 6)	–	176,948
At 31 December	(969,543)	(528,676)
Net carrying value	32,927,635	31,074,673
Represented by:-		
Completed investment properties:		
- leasehold land	6,381,608	6,457,958
- freehold land	1,926,680	1,926,680
- buildings	21,594,897	17,359,000
	29,903,185	25,743,638
Investment properties under construction:		
- buildings	3,024,450	5,331,035
	32,927,635	31,074,673

7. INVESTMENT PROPERTIES (CONT'D)

The fair values of the completed investment properties of the Group as at the reporting date are estimated at RM32,068,814 (2016 - RM27,703,752) based on directors' assessment of the current prices in an active market for the respective properties within each vicinity.

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

Investment properties of the Group with a total carrying value of RM32,261,585 (2016 - RM28,407,355) have been charged to financial institutions for banking facilities granted to the Group as disclosed in Notes 19, 23 and 24 to the financial statements.

8. FINANCE LEASE RECEIVABLES

	The Group	
	2017	**2016**
	RM	**RM**
Minimum finance lease payments:		
- not later than 1 year	504,000	–
- later than 1 year and not later than 5 years	1,867,480	–
	2,371,480	–
Less: Future finance charges	(280,450)	–
Present value of finance lease receivables	2,091,030	–
Analysed by:-		
Current assets	399,149	–
Non-current assets	1,691,881	–
	2,091,030	–

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

(b) The interest rate inherent in the leases is fixed at the contract date for the entire lease term. The effective interest rates contracted range from 4.55% to 5.86% (2016-nil).

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

9. TRADE RECEIVABLES

	The Group		The Company	
	2017	**2016**	**2017**	**2016**
	RM	**RM**	**RM**	**RM**
<u>Non-current</u>				
Trade receivables	155,675	–	–	–
<u>Current</u>				
Trade receivables	79,281,356	88,485,269	–	800,000
Retention sums	34,646,996	31,106,616	–	–
	113,928,352	119,591,885	–	800,000
Allowance for impairment losses	(10,268)	(106,488)	–	–
	113,918,084	119,485,397	–	800,000
	114,073,759	119,485,397	–	800,000
Allowance for impairment losses:-				
At 1 January	106,488	333,468	–	–
Reversal during the financial year	(96,220)	(226,980)	–	–
At 31 December	10,268	106,488	–	–

(a) The Group's normal trade credit terms range from 5 to 60 (2016 - 30 to 60) days. Other credit terms are assessed and approved on a case-by-case basis.

(b) The retention sums are unsecured, interest-free and expected to be collected within periods ranging from 1 to 4 (2016 - 1 to 3) years.

10. AMOUNTS OWING BY/(TO) CONTRACT CUSTOMERS

	The Group	
	2017	**2016**
	RM	**RM**
Amount owing by:-		
Contract costs incurred to-date	209,572,400	34,716,229
Attributable profits	16,843,860	2,006,914
	226,416,260	36,723,143
Progress billings	(217,653,320)	(33,195,512)
	8,762,940	3,527,631
Amount owing to:-		
Contract costs incurred to-date	177,540,000	212,304,168
Attributable profits	17,281,185	34,159,258
	194,821,185	246,463,426
Progress billings	(203,797,572)	(266,821,717)
	(8,976,387)	(20,358,291)

11. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	The Group		The Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Other receivables	1,443,359	6,185,224	186,785	15,028
Deposits	2,576,990	3,316,209	54,480	54,100
Prepayments	1,732,912	1,420,856	19,620	16,631
Goods and services tax recoverable	2,240,322	326,918	326,125	33,181
	7,993,583	11,249,207	587,010	118,940
Allowance for impairment losses	–	(446,536)	–	–
	7,993,583	10,802,671	587,010	118,940
Allowance for impairment losses:-				
At 1 January	446,536	446,536	–	–
Reversal during the financial year	(366,536)	–	–	–
Written off during the financial year	(80,000)	–	–	–
At 31 December	–	446,536	–	–

Included in the other receivables at the end of the previous reporting period was an amount of RM3,040,000 being the remaining proceeds from the disposal of a piece of leasehold land during the previous financial year for a total consideration of RM7,200,000. The amount has been collected during the financial year.

12. AMOUNTS OWING BY/(TO) SUBSIDIARIES

	The Company	
	2017 RM	2016 RM
Amount owing by:-		
Trade balances	780,340	10,988,971
Non-trade balances	73,211,243	20,300,502
	73,991,583	31,289,473
Amount owing to:-		
Trade balance	–	(22,078)
Non-trade balances	(250,059)	(474,892)
	(250,059)	(496,970)

(a) The trade balances are subject to a normal trade credit term of 30 (2016 - 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.

13. 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.

14. DEPOSITS WITH LICENSED BANKS

Included in the deposits with licensed banks of the Group and of the Company at the end of the reporting period was an amount of RM17,715,291 and RM241,101 (2016 - RM20,830,529 and RM234,024) which has been pledged to a licensed bank as security for banking facilities granted to the Group and the Company as disclosed in Notes 19, 23, and 24 to the financial statements.

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

	The Group		The Company	
	2017	2016	2017	2016
	%	%	%	%
Effective interest rates	2.70 to 3.65	2.70 to 3.70	3.00 to 3.65	3.00

The maturity periods of the deposits were as follows:-

	The Group		The Company	
	2017	2016	2017	2016
Maturity period (days)	30 to 365	30 to 365	180 to 365	365

15. SHARE CAPITAL

The movements in the authorised and paid-up share capital of the Company are as follows:-

Authorised	Par Value RM	2017 Number of shares	2016 Number of shares	2017 RM	2016 RM
Ordinary shares:-	1.00				
At 1 January:			5,000,000		5,000,000
- Share split	0.10		45,000,000		–
- Created during the financial year	0.10		450,000,000		45,000,000
	0.10	N/A*	500,000,000	N/A*	50,000,000

**N/A - Not applicable pursuant to Companies Act 2016 which came into operation on 31 January 2017 as disclosed in item (c) below.*

15. SHARE CAPITAL (CONT'D)

	2017	2016	2017	2016
	Number of shares		RM	RM
Issued and fully paid-up				
Ordinary shares with no par value (2016 - par value of RM0.10 each):-				
At 1 January:	312,079,000	1,248,316	31,207,900	1,248,316
- Share split	–	11,234,844	–	–
- Bonus issue	–	299,595,840	–	29,959,584
- Issue of shares	90,000,000	–	56,700,000	–
- Share issue expenses	–	–	(2,155,029)	–
	402,079,000	312,079,000	85,752,871	31,207,900

(a) During the financial year, the Company increased its issued and paid-up share capital from RM31,207,900 comprising 312,079,000 ordinary shares to RM87,907,900 comprising 402,079,000 ordinary shares as part of its Initial Public Offering in conjunction with its listing on the Main Market of Bursa Malaysia Securities Berhad. The issued and paid-up share capital was increased by the public issue of 90,000,000 new ordinary shares ("Issue Shares") at the IPO price of RM0.63 each in the following manners:-

(i) 30,000,000 Issue Shares for application by the Malaysian Public;

(ii) 5,000,000 Issue Shares for application by the Company's eligible Directors and employees who have contributed to the success of the Group;

(iii) 37,000,000 Issue Shares for application by way of private placement to institutional and identified investors; and

(iv) 18,000,000 Issue Shares for application by way of private placement to identified Bumiputera investors approved by the Ministry of International Trade and Industry of Malaysia.

(b) The holders of ordinary 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.

(c) On 31 January 2017, the concepts of authorised share capital and par value of share capital were abolished in accordance with the Companies Act 2016. There is no impact on the number of ordinary shares in issue or the relative entitlement of any of the members as a result of this transition.

16. DEFERRED TAX LIABILITIES

	The Group		The Company	
	2017 RM	2016 RM	2017 RM	2016 RM
At 1 January	4,734,467	2,797,480	101,734	149,996
Recognised in profit or loss (Note 27)	1,889,617	1,936,987	(81,010)	(48,262)
At 31 December	6,624,084	4,734,467	20,724	101,734

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

	The Group		The Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Deferred tax liabilities:-				
Accelerated capital allowances over depreciation	6,464,245	4,641,691	20,724	101,734
Others	159,839	92,776	–	–
	6,624,084	4,734,467	20,724	101,734

17. LONG-TERM BORROWINGS

	The Group		The Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Hire purchase payables (Note 18)	43,371,501	19,249,090	–	–
Term loans (Note 19)	21,374,650	23,461,002	464,524	584,524
	64,746,151	42,710,092	464,524	584,524

18. HIRE PURCHASE PAYABLES

	The Group	
	2017	**2016**
	RM	**RM**
Minimum hire purchase payments:		
- not later than 1 year	16,221,432	16,803,455
- later than 1 year and not later than 5 years	47,683,384	21,146,369
	63,904,816	37,949,824
Less: Future finance charges	(7,231,385)	(3,455,581)
Present value of hire purchase payables	56,673,431	34,494,243
Analysed by:-		
Current liabilities (Note 23)	13,301,930	15,245,153
Non-current liabilities (Note 17)	43,371,501	19,249,090
	56,673,431	34,494,243

19. TERM LOANS

	The Group		The Company	
	2017	**2016**	**2017**	**2016**
	RM	**RM**	**RM**	**RM**
Current liabilities (Note 23)	5,201,055	3,965,743	120,000	120,000
Non-current liabilities (Note 17)	21,374,650	23,461,002	464,524	584,524
	26,575,705	27,426,745	584,524	704,524

19. TERM LOANS (CONT'D)

Details of the repayment terms are as follows:-

Term Loan	Monthly Instalment RM	Number of Monthly Instalments	Date of Commencement of Repayment	The Group Amount Outstanding 2017 RM	The Group Amount Outstanding 2016 RM	The Company Amount Outstanding 2017 RM	The Company Amount Outstanding 2016 RM
1	10,000	120	November 2012	584,524	704,524	584,524	704,524
2	2,587	300	January 2016	437,435	448,795	–	–
3	1,995	300	January 2016	337,239	345,997	–	–
4	2,431	300	January 2016	411,098	421,774	–	–
5	2,452	300	January 2016	411,379	423,738	–	–
6	28,833	240	July 2017	4,482,602	4,283,369	–	–
7	3,125	168	February 2016	357,322	375,825	–	–
8	6,172	180	February 2017	647,814	672,032	–	–
9	4,662	180	February 2017	489,332	507,625	–	–
10	8,967	240	February 2018	1,394,618	741,540	–	–
11	5,147	240	April 2017	785,868	535,732	–	–
12	5,567	240	August 2017	850,082	222,058	–	–
13	9,320	240	June 2018	726,600	363,300	–	–
14	8,580	240	June 2018	669,300	334,650	–	–
15	7,600	240	August 2016	1,124,234	1,161,771	–	–
16	4,310	240	July 2016	–	650,844	–	–
17	30,337	120	February 2017	3,284,166	3,633,171	–	–
18	2,512	300	February 2018	456,600	–	–	–
19	2,812	300	February 2018	511,200	–	–	–
20	200,000	23	December 2016	3,400,000	5,600,000	–	–
	Balloon repayment	1					
21	23,809	84	February 2017	1,738,097	2,000,000	–	–
22	47,619	84	February 2017	3,476,195	4,000,000	–	–
				26,575,705	27,426,745	584,524	704,524

19. TERM LOANS (CONT'D)

(a) Term loan 1 is secured by:-

(i) a legal charge over a piece of leasehold land and building of the Company;
(ii) the deposits with a licensed bank of the Company; and
(iii) a joint and several guarantee of two of the directors of the Company.

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

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

(c) Term loan 6 is secured by:-

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

(d) Term loan 7 is secured by:-

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

(e) Term loan 8 is secured by:-

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

(f) Term loan 9 is secured by:-

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

(g) Term loan 10 is secured by:-

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

19. TERM LOANS (CONT'D)

(h) Term loan 11 is secured by:-

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

(i) Term loan 12 is secured by:-

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

(j) Term loan 13 is secured by:-

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

(k) Term loan 14 is secured by:-

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

(l) Term loan 15 is secured by:-

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

(m) Term loan 16 was secured by:-

(i) a facility agreement for the sum of RM660,000;
(ii) a legal charge over a unit of double storey cluster house of a subsidiary;
(iii) a corporate guarantee of the Company;
(iv) a joint and several guarantee of two of the directors of the Company; and
(v) an assignment of rental proceeds created over a unit of double storey cluster house of a subsidiary.

19. TERM LOANS (CONT'D)

(n) Term loan 17 is secured by:-

(i) a facility agreement for the sum of RM4,000,000;
(ii) a legal charge over a piece of leasehold land of a subsidiary;
(iii) a corporate guarantee of the Company;
(iv) a corporate guarantee of a subsidiary; and
(v) a joint and several guarantee of two of the directors of the Company.

(o) Term loans 18 and 19 are secured by:-

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

(p) Term loan 20 is secured by:-

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

(q) Term loans 21 and 22 are secured by:-

(i) a corporate guarantee of the Company;
(ii) a joint and several guarantee of two of the directors of the Company. This security has been subsequently cancelled on January 2018;
(iii) third party second legal charge over a piece of leasehold industrial land of a subsidiary; and
(iv) the deposits with a licensed bank of a subsidiary.

20. TRADE PAYABLES

	The Group		The Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Trade payables	35,879,912	32,799,280	27,964	36,092
Retention sums	8,913,763	8,235,353	–	36,463
	44,793,675	41,034,633	27,964	72,555

(a) The normal trade credit terms granted to the Group and the Company range from 14 to 60 (2016 - 14 to 60) days.

(b) The retention sums are unsecured, interest-free and expected to be paid within periods ranging from 1 to 4 (2016 - 1 to 3) years.

21. OTHER PAYABLES AND ACCRUALS

	The Group		The Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Other payables	12,372,331	19,550,283	4,234,799	28,257
Accruals	12,905,695	6,354,074	90,700	62,560
Goods and services tax payable	–	1,337,486	–	–
	25,278,026	27,241,843	4,325,499	90,817

22. DIVIDENDS PAYABLE

	The Group/The Company	
	2017 RM	2016 RM
In respect of the financial year ended 31 December 2016:		
- a third interim single-tier dividend of approximately 1 sen per ordinary share	–	4,500,000
- a fourth interim single-tier dividend of approximately 2 sen per ordinary share	–	5,000,000
	–	9,500,000

The above dividends had been paid to the shareholders on 10 January 2017 and 28 February 2017 respectively.

23. SHORT-TERM BORROWINGS

	The Group		The Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Hire purchase payables (Note 18)	13,301,930	15,245,153	–	–
Term loans (Note 19)	5,201,055	3,965,743	120,000	120,000
Bankers' acceptances	4,036,000	3,348,086	–	–
Invoice financing	4,017,330	4,453,021	–	–
Revolving credit	14,000,000	6,000,000	–	–
	40,556,315	33,012,003	120,000	120,000

The bank borrowings are secured by:-

(a) a legal charge over a building of a subsidiary as disclosed in Note 6 to the financial statements;

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

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

(d) a corporate guarantee of the Company; and

(e) a legal charge over certain buildings and leasehold land of a subsidiary as disclosed in Note 7 to the financial statements.

24. BANK OVERDRAFTS

The bank overdrafts are secured by:-

(a) a legal charge over a piece of leasehold land and building of the Company, and a building of a subsidiary as disclosed in Note 6 to the financial statements;

(b) a legal charge over certain buildings and leasehold land of a subsidiary as disclosed in Note 7 to the financial statements;

(c) the collection of sinking fund of RM70,000 per month in the form of Fixed Deposit for a period of 36 months by a subsidiary;

(d) a letter of subordination by the Company to subordinate the amount due by a subsidiary;

(e) a corporate guarantee of the Company;

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

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

(h) a Deed of Assignment of certain contract proceeds by a subsidiary.

25. REVENUE

	The Group		The Company	
	2017 RM	**2016 RM**	**2017 RM**	**2016 RM**
Contract revenue	245,435,058	213,969,771	–	–
Rental income	280,433	32,500	–	–
Sale of goods	19,027,750	17,110,788	–	–
Hiring of machinery	535,040	205,036	200,000	240,000
Day work revenue	703,892	3,350,254	–	37,500
Cabin living quarters rental	6,399	–	–	–
Dividend income from a subsidiary	–	–	12,210,000	23,500,000
	265,988,572	234,668,349	12,410,000	23,777,500

26. PROFIT BEFORE TAXATION

	The Group		The Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Profit before taxation is arrived at after charging/ (crediting):-				
Auditors' remuneration:				
- statutory audit:				
- current financial year	125,000	100,000	38,000	20,000
- underprovision in the previous financial year	–	10,000	–	–
- non-statutory audit	195,600	48,000	195,600	48,000
Depreciation:				
- investment properties	466,410	480,543	–	–
- property, plant and equipment	20,485,991	15,684,277	242,425	244,115
Direct operating expenses on investment properties:				
- income generating investment properties	83,198	6,284	–	–
- non-income generating investment properties	516,165	142,192	–	–
Directors' remuneration (Note 30(a))	3,640,103	2,984,419	443,138	21,500
Fair value adjustments:				
- trade receivables	25,477	(426,871)	–	–
- trade payables	(136,316)	18,149	–	–
Interest expense:				
- bank factoring	99,006	179,566	–	–
- bank overdrafts	610,134	1,684,128	16,017	46,287
- bankers' acceptances	163,932	184,979	–	–
- hire purchase	2,523,868	2,022,018	–	–
- invoice financing	436,633	240,058	–	–
- revolving credit	188,586	261,825	–	–
- term loans	1,381,165	927,504	31,204	38,247
- others	–	194,055	–	–
Property, plant and equipment written off	315,761	73,984	2,953	475
Staff costs (including other key management personnel as disclosed in Note 30):				
- salaries, bonuses, allowances and wages	36,273,615	28,578,578	58,750	–
- defined contribution plans	2,526,157	2,129,249	7,134	–
- other benefits	2,027,831	1,614,796	63,516	1,358
Compensation received from trade receivables arising from litigation	(20,800)	(131,743)	(20,800)	(131,743)
Gain on disposal of property, plant and equipment	(752,363)	(659,196)	(221,444)	(33,615)
Gain on disposal of an investment property	(153,823)	(137,698)	–	–
Interest income:				
- deposits with licensed banks	(839,011)	(572,931)	(236,749)	(8,543)
- trade receivables	(586)	(887,235)	(586)	(887,235)
- finance lease receivables	(30,030)	–	–	–
- others	(310,680)	–	(9,161)	–
Dividend income from short-term investments	(13,570)	–	–	–
Reversal of impairment losses on:				
- trade receivables	(96,220)	(226,980)	–	–
- other receivables	(366,536)	–	–	–

27. INCOME TAX EXPENSE

	The Group		The Company	
	2017 RM	**2016 RM**	**2017 RM**	**2016 RM**
Current tax:				
- current financial year	6,358,177	8,628,471	166,922	173,421
- under/(over)provision in the previous financial year	24,398	132,983	(6,329)	16,464
	6,382,575	8,761,454	160,593	189,885
Deferred tax (Note 16):				
- origination and reversal of temporary differences	2,249,119	2,244,890	(81,010)	(43,273)
- (over)/underprovision in the previous financial year	(359,502)	(152,199)	–	1,054
- effect of change in corporate income tax rate from 25% to 24%	–	(155,704)	–	(6,043)
	1,889,617	1,936,987	(81,010)	(48,262)
	8,272,192	10,698,441	79,583	141,623

For years of assessment 2017 and 2018, the Malaysian statutory tax rate will be reduced by 1% to 4%, based on the prescribed incremental percentage of chargeable income from business, compared to that of the immediate preceding year of assessment. The Group has accounted for the reduction in the tax rate in the current financial year, based on the percentage of increase in chargeable income of the Company and its subsidiaries.

27. INCOME TAX EXPENSE (CONT'D)

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

	The Group		The Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Profit before taxation	26,735,272	37,145,763	10,646,133	23,053,238
Tax at the statutory tax rate of 24%	6,416,465	8,914,983	2,555,072	5,532,777
Tax effects of:-				
Non-deductible expenses	2,280,189	2,057,722	461,240	240,462
Non-taxable income	(38,337)	(147,030)	(2,930,400)	(5,643,091)
Effect of change in corporate income tax rate from 25% to 24%	–	(155,704)	–	(6,043)
Deferred tax assets not recognised during the financial year	2,409	49,300	–	–
Utilisation of deferred tax assets previously not recognised	(53,430)	(1,614)	–	–
Under/(Over)provision in the previous financial year:				
- current tax	24,398	132,983	(6,329)	16,464
- deferred tax	(359,502)	(152,199)	–	1,054
Income tax expense for the financial year	8,272,192	10,698,441	79,583	141,623

Income tax savings during the financial year arising from:-

	The Group		The Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Utilisation of deferred tax assets previously not recognised arising from:				
- tax losses	10,495	1,614	–	–
- capital allowances	48	–	–	–
	10,543	1,614	–	–

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

	The Group		The Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Unutilised tax losses	603,523	547,991	–	–
Unabsorbed capital allowances	9,053	7,229	–	–
Allowance for impairment losses	–	269,882	–	–
Accelerated depreciation over capital allowances	–	60	–	–
	612,576	825,162	–	–

28. DIVIDENDS

	The Company	
	2017	**2016**
	RM	**RM**
In respect of the financial year ended 31 December 2016:		
- a first interim dividend of 80 sen per ordinary share	–	1,000,000
- a second interim dividend of 320 sen per ordinary share	–	4,000,000
- a third interim dividend of approximately 1 sen per ordinary share	–	4,500,000
- a fourth interim dividend of approximately 2 sen per ordinary share	–	5,000,000
In respect of the financial year ended 31 December 2017:		
- a first interim dividend of 1 sen per ordinary share	4,020,790	–
	4,020,790	14,500,000

29. CASH FLOW INFORMATION

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

	The Group		The Company	
	2017	**2016**	**2017**	**2016**
	RM	**RM**	**RM**	**RM**
Cost of property, plant and equipment purchased	71,588,526	28,355,538	5,432,510	–
Amount financed through hire purchase (Note 29(b))	(35,475,080)	(18,461,700)	–	–
Other payables	(18,213,446)	(7,364,533)	(4,160,000)	–
Cash disbursed for purchase of property, plant and equipment	17,900,000	2,529,305	1,272,510	–

29. CASH FLOW INFORMATION (CONT'D)

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

	Hire purchase payables RM	Term loans RM	Bankers' acceptances RM	Invoice financing RM	Revolving credit RM	Bank factoring RM	Total RM
The Group							
2017							
At 1 January	34,494,243	27,426,745	3,348,086	4,453,021	6,000,000	–	75,722,095
<u>Changes in Financing Cash Flows</u>							
Proceeds from drawdown	–	3,522,909	10,824,980	15,817,373	23,000,000	12,554,538	65,719,800
Repayment of borrowing principal	(21,570,792)	(4,373,949)	(10,137,066)	(16,253,064)	(15,000,000)	(12,554,538)	(79,889,409)
Repayment of borrowing interests	(2,523,868)	(1,381,165)	(163,932)	(436,633)	(188,586)	(99,006)	(4,793,190)
<u>Non-cash Changes</u>							
New hire purchase (Note 29(a))	35,475,080	–	–	–	–	–	35,475,080
Reclassification of other payables to hire purchase payables	8,274,900	–	–	–	–	–	8,274,900
Finance charges recognised in profit or loss	2,523,868	1,381,165	163,932	436,633	188,586	99,006	4,793,190
At 31 December	56,673,431	26,575,705	4,036,000	4,017,330	14,000,000	–	105,302,466

29. CASH FLOW INFORMATION (CONT'D)

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

	Amount Owing to Subsidiaries RM	Term Loan RM	Total RM
The Company			
2017			
At 1 January	474,892	704,524	1,179,416
Changes in Financing Cash Flows			
Payment on behalf by	64,988	–	64,988
Repayment	(289,821)	–	(289,821)
Repayment of borrowing principal	–	(120,000)	(120,000)
Repayment of borrowing interests	–	(31,204)	(31,204)
Non-cash Changes			
Finance charges recognised in profit or loss	–	31,204	31,204
At 31 December	250,059	584,524	834,583

Comparative information is not presented by virtue of the exemption given in MFRS 107.

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

	The Group 2017 RM	The Group 2016 RM	The Company 2017 RM	The Company 2016 RM
Deposits with licensed banks	22,315,291	20,830,529	4,841,101	234,024
Short-term investments	2,293,570	–	–	–
Cash and bank balances	24,581,370	3,620,597	2,574,423	–
Bank overdrafts	(2,901,355)	(9,628,868)	–	(828,112)
	46,288,876	14,822,258	7,415,524	(594,088)
Less: Deposits pledged to licensed banks	(17,715,291)	(20,830,529)	(241,101)	(234,024)
Less: Deposit with original maturity of more than 3 months	(4,600,000)	–	(4,600,000)	–
	23,973,585	(6,008,271)	2,574,423	(828,112)

30. 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	
	2017	**2016**	**2017**	**2016**
	RM	**RM**	**RM**	**RM**
(a) Directors				
Directors of the Company				
Short-term employee benefits:				
- fees	204,000	17,000	204,000	17,000
- salaries, bonuses and other benefits	3,117,671	2,635,319	218,468	4,500
	3,321,671	2,652,319	422,468	21,500
Defined contribution plans	318,432	332,100	20,670	–
Total directors' remuneration (Note 26)	3,640,103	2,984,419	443,138	21,500

The estimated monetary value of benefits-in-kind provided by the Group and the Company to the directors of the Company were RM96,859 and RM6,662 (2016 - RM94,606 and nil) respectively.

	The Group		The Company	
	2017	**2016**	**2017**	**2016**
	RM	**RM**	**RM**	**RM**
(b) Other Key Management Personnel				
Short-term employee benefits	1,060,517	–	–	–
Defined contribution plans	122,772	–	–	–
Total compensation for other key management personnel (Note 26)	1,183,289	–	–	–

31. RELATED PARTY DISCLOSURES

(a) Identities of Related Parties

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

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

(b) Related Party Transactions and Balances

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

	The Group		The Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Subsidiaries				
Received or receivable:-				
Dividend income	–	–	12,210,000	23,500,000
Rental income:				
- premises	–	–	96,000	96,000
- hiring of machinery	–	–	200,000	240,000
Sale proceeds from disposal of plant, property and equipment	–	–	29,729	–
Payment on behalf to	–	–	–	271
Advances to	–	–	68,157,000	21,020,000
Paid or payable:-				
Payment on behalf by	–	–	64,988	75,699
Advances from	–	–	–	1,850,000
Director				
Paid and payable:-				
Rental of premises	66,000	66,000	66,000	66,000

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

32. CAPITAL COMMITMENTS

	The Group 2017 RM	The Group 2016 RM
Approved and contracted for:-		
Purchase of property, plant and equipment	22,820,788	4,524,554
Purchase of investment properties	1,395,900	4,711,450
	24,216,688	9,236,004

33. OPERATING LEASE COMMITMENT

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

	The Group 2017 RM	The Group 2016 RM
Not later than 1 year	1,260,000	1,260,000
Later than 1 year and not later than 5 years	420,000	1,680,000
	1,680,000	2,940,000

34. EARNINGS PER SHARE

	The Group 2017	The Group 2016
Profit after taxation attributable to the owners of the Company (RM)	18,463,080	26,447,322
Weighted average number of ordinary shares:-		
Ordinary shares at 1 January	312,079,000	1,248,316
Effect of share split	–	11,234,844
Effect of bonus issue	–	299,595,840
Effect of ordinary shares issued	44,136,986	–
Weighted average number of ordinary shares at 31 December	356,215,986	312,079,000
Earnings per share (Sen)		
- Basic	5.18	8.47
- Diluted	5.18	8.47

The basic earnings per share of the Group is calculated by dividing the Group's profit after tax attributable to the owners of the Company by the weighted average number of ordinary shares in issue during the financial year.

The Company has not issued any dilutive potential ordinary shares and hence, the diluted earnings per share is equal to the basic earnings per share.

35. 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 followings are the Group's main business segments:

(a) Construction and Support Services – involved in Earthworks and Civil Engineering Services; and

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

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

35.1 BUSINESS SEGMENTS

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

35. OPERATING SEGMENTS (CONT'D)

35.1 BUSINESS SEGMENTS (CONT'D)

The Group 31 December 2017	Construction and Support Services RM	Property Investment RM	Consolidation Adjustments RM	Total RM
Other segment items:				
Capital expenditure:				
- investment properties	–	3,315,549	–	3,315,549
- property, plant and equipment	71,349,619	268,646	(29,739)	71,588,526
Depreciation:				
- investment properties	–	525,232	(58,822)	466,410
- property, plant and equipment	20,355,444	71,725	58,822	20,485,991
Direct operating expenses on investment properties:				
- income generating investment properties	–	83,198	–	83,198
- non-income generating investment properties	–	768,372	(252,207)	516,165
Fair value adjustments:				
- trade receivables	25,477	–	–	25,477
- trade payables	(136,316)	–	–	(136,316)
Interest expense	4,708,397	694,927	–	5,403,324
Property, plant and equipment written off	315,761	–	–	315,761
Gain on disposal of property, plant and equipment	(752,373)	–	10	(752,363)
Gain on disposal of an investment property	–	(153,823)	–	(153,823)
Interest income:				
- deposits with licensed banks	(839,011)	–	–	(839,011)
- trade receivables	(586)	–	–	(586)
- finance lease receivables	(30,030)	–	–	(30,030)
- others	(309,762)	(918)	–	(310,680)
Dividend income from short-term investments	(13,570)	–	–	(13,570)
Reversal of impairment losses on:				
- trade receivables	(96,220)	–	–	(96,220)
- non-trade receivables	(366,536)	–	–	(366,536)

35. OPERATING SEGMENTS (CONT'D)

35.1 BUSINESS SEGMENTS (CONT'D)

The Group 31 December 2016	Construction and Support Services RM	Property Investment RM	Consolidation Adjustments RM	Total RM
Revenue				
External revenue	234,635,849	32,500	–	234,668,349
Inter-segment revenue	68,042,406	–	(68,042,406)	–
Consolidated revenue	302,678,255	32,500	(68,042,406)	234,668,349
Results				
Segment results	61,681,818	(680,431)	(18,734,422)	42,266,965
Interest income				572,931
				42,839,896
Finance costs				(5,694,133)
Consolidated profit before taxation				37,145,763
Income tax expense				(10,698,441)
Consolidated profit after taxation				26,447,322
Assets				
Segment assets	327,144,349	45,650,185	(78,690,515)	294,104,019
Goods and services tax recoverable				326,918
Current tax assets				1,457,016
Consolidated total assets				295,887,953
Liabilities				
Segment liabilities	203,748,923	47,148,091	(68,748,770)	182,148,244
Deferred tax liabilities				4,734,467
Goods and services tax payable				1,337,486
Current tax liabilities				2,047,127
Consolidated total liabilities				190,267,324

35. OPERATING SEGMENTS (CONT'D)

35.1 BUSINESS SEGMENTS (CONT'D)

The Group 31 December 2016	Construction and Support Services RM	Property Investment RM	Consolidation Adjustments RM	Total RM
Other segment items:				
Capital expenditure:				
- investment properties	–	6,655,346	–	6,655,346
- property, plant and equipment	28,494,576	–	(139,038)	28,355,538
Depreciation:				
- investment properties	–	480,543	–	480,543
- property, plant and equipment	15,684,277	–	–	15,684,277
Direct operating expenses on investment properties:				
- income generating investment properties	–	6,284	–	6,284
- non-income generating investment properties	–	142,192	–	142,192
Fair value adjustments:				
- trade receivables	(426,871)	–	–	(426,871)
- trade payables	18,149	–	–	18,149
Interest expense	5,041,016	653,117	–	5,694,133
Property, plant and equipment written off	73,984	–	–	73,984
Gain on disposal of property, plant and equipment	(659,196)	–	–	(659,196)
Gain on disposal of an investment property	–	(137,698)	–	(137,698)
Interest income:				
- deposits with licensed banks	(572,931)	–	–	(572,931)
- trade receivables	(887,235)	–	–	(887,235)
Reversal of impairment losses on trade receivables	(226,980)	–	–	(226,980)

35.2 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
2017		
Customer A	87,334,956	Construction and Support Services
Customer B	56,973,053	Construction and Support Services
Customer C	28,413,429	Construction and Support Services
2016		
Customer A	70,524,244	Construction and Support Services
Customer D	42,410,761	Construction and Support Services
Customer E	27,609,050	Construction and Support Services

36. 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.

36.1 FINANCIAL RISK MANAGEMENT POLICIES

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

(a) Market Risk

(i) Foreign Currency Risk

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

(ii) Interest Rate Risk

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

The Group's fixed 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**	
	2017 RM	**2016 RM**	**2017 RM**	**2016 RM**
Floating Rate Instruments				
Financial Liabilities				
Bank overdrafts	2,901,355	9,628,868	–	828,112
Term loans	26,575,705	27,426,745	584,524	704,524
Bankers' acceptances	4,036,000	3,348,086	–	–
Invoice financing	4,017,330	4,453,021	–	–
Revolving credit	14,000,000	6,000,000	–	–
	51,530,390	50,856,720	584,524	1,532,636

36. FINANCIAL INSTRUMENTS (CONT'D)

36.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(ii) Interest Rate Risk (Cont'd)

Interest Rate Risk Sensitivity Analysis

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

	The Group		**The Company**	
	2017 RM	**2016 RM**	**2017 RM**	**2016 RM**
Effects on Profit After Taxation				
Increase of 100 basis point (bp)	(391,631)	(386,511)	(4,442)	(11,648)
Decrease of 100 bp	391,631	386,511	4,442	11,648

(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 Group uses ageing analysis to monitor the credit quality of the trade receivables. Any receivables having significant balances past due or more than 30 days, which are deemed to have higher credit risk, are monitored individually.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of the trade and other receivables as appropriate. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified (where applicable). Impairment is estimated by management based on prior experience and the current economic environment.

The Company provides corporate guarantee 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.

36. FINANCIAL INSTRUMENTS (CONT'D)

36.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(i) Credit Risk Concentration Profile

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

(ii) Exposure to Credit Risk

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

In addition, the Company's maximum exposure to credit risk also includes corporate guarantees provided to its subsidiaries as disclosed under the 'Maturity Analysis' of item (c) below, representing the outstanding banking facilities of the subsidiaries as at the end of the reporting period. These corporate guarantees have not been recognised in the Company's financial statements since their fair value on initial recognition were not material. As at the end of the reporting period, there was no indication that any subsidiary would default on repayment.

(iii) Ageing Analysis

The ageing analysis of trade receivables is as follows:-

The Group	Gross Amount RM	Individual Impairment RM	Collective Impairment RM	Carrying Value RM
2017				
Not past due	93,551,670	–	–	93,551,670
Past due:				
- less than 2 months	5,603,192	–	–	5,603,192
- 2 to 4 months	12,678,799	–	–	12,678,799
- over 4 months	1,866,934	–	–	1,866,934
- more than 1 year	383,432	(10,268)	–	373,164
	114,084,027	(10,268)	–	114,073,759
2016				
Not past due	89,645,183	–	–	89,645,183
Past due:				
- less than 2 months	18,307,576	–	–	18,307,576
- 2 to 4 months	7,792,072	–	–	7,792,072
- over 4 months	2,194,266	–	–	2,194,266
- more than 1 year	1,652,788	(106,488)	–	1,546,300
	119,591,885	(106,488)	–	119,485,397

36. FINANCIAL INSTRUMENTS (CONT'D)

36.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(iii) Ageing Analysis (Cont'd)

The Company	Gross Amount RM	Individual Impairment RM	Collective Impairment RM	Carrying Value RM
2016				
Not past due	–	–	–	–
Past due:				
- less than 2 months	–	–	–	–
- 2 to 4 months	–	–	–	–
- over 4 months	800,000	–	–	800,000
- more than 1 year	–	–	–	–
	800,000	–	–	800,000

At the end of the reporting period, trade receivables that are individually impaired were those in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancement.

The Group believes that no additional impairment allowance is necessary in respect of trade receivables that are past due but not impaired because they are companies with good collection track record and no recent history of default.

36. FINANCIAL INSTRUMENTS (CONT'D)

36.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk

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

Maturity Analysis

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

The Group	Effective Interest Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM	1 - 5 Years RM	Over 5 Years RM
2017						
Trade payables	–	44,793,675	45,226,933	45,226,933	–	–
Other payables and accruals	–	25,278,026	25,278,026	25,278,026	–	–
Bank overdrafts	7.67	2,901,355	2,901,355	2,901,355	–	–
Hire purchase payables	3.96 - 8.45	56,673,431	63,904,816	16,221,432	47,683,384	–
Term loans	4.34 - 8.06	26,575,705	35,573,740	6,523,067	11,415,880	17,634,793
Bankers' acceptances	4.94 - 5.22	4,036,000	4,036,000	4,036,000	–	–
Invoice financing	6.42 - 7.67	4,017,330	4,017,330	4,017,330	–	–
Revolving credit	4.93 - 5.39	14,000,000	14,000,000	14,000,000	–	–
		178,275,522	194,938,200	118,204,143	59,099,264	17,634,793
2016						
Trade payables	–	41,034,633	41,331,575	41,331,575	–	–
Other payables and accruals	–	27,241,843	27,241,843	27,241,843	–	–
Dividends payable	–	9,500,000	9,500,000	9,500,000	–	–
Bank overdrafts	7.60 - 8.31	9,628,868	9,628,868	9,628,868	–	–
Hire purchase payables	3.96 - 7.15	34,494,243	37,949,824	16,803,455	21,146,369	–
Term loans	5.69 - 8.16	27,426,745	35,520,334	5,227,060	14,956,262	15,337,012
Bankers' acceptances	4.94 - 5.08	3,348,086	3,348,086	3,348,086	–	–
Invoice financing	6.38 - 8.06	4,453,021	4,453,021	4,453,021	–	–
Revolving credit	4.91 - 5.90	6,000,000	6,000,000	6,000,000	–	–
		163,127,439	174,973,551	123,533,908	36,102,631	15,337,012

36. FINANCIAL INSTRUMENTS (CONT'D)

36.1 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
2017						
Trade payables	–	27,964	27,964	27,964	–	–
Other payables and accruals	–	4,325,499	4,325,499	4,325,499	–	–
Amount owing to subsidiaries	–	250,059	250,059	250,059	–	–
Term loan	4.88	584,524	655,279	145,686	509,593	–
Financial guarantee contracts in relation to corporate guarantee given to certain subsidiaries*	–	–	101,088,359	101,088,359	–	–
		5,188,046	106,347,160	105,837,567	509,593	–
2016						
Trade payables	–	72,555	72,555	72,555	–	–
Other payables and accruals	–	90,817	90,817	90,817	–	–
Amount owing to subsidiaries	–	496,970	496,970	496,970	–	–
Dividends payable	–	9,500,000	9,500,000	9,500,000	–	–
Bank overdrafts	8.31	828,112	828,112	828,112	–	–
Term loan	4.88	704,524	807,293	151,705	548,541	107,047
Financial guarantee contracts in relation to corporate guarantee given to certain subsidiaries*	–	–	75,443,810	75,443,810	–	–
		11,692,978	87,239,557	86,583,969	548,541	107,047

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

36. FINANCIAL INSTRUMENTS (CONT'D)

36.2 CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities within the Group and the Company will be able to maintain an optimal capital structure so as to support their businesses and maximise shareholders' value. To achieve this objective, the Group and the Company 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 and the Company 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 and the Company includes within net debt, loans and borrowings from financial institutions less cash and cash equivalents.

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

	The Group		The Company	
	2017 RM	**2016 RM**	**2017 RM**	**2016 RM**
Bank overdrafts	2,901,355	9,628,868	–	828,112
Hire purchase payables	56,673,431	34,494,243	–	–
Term loans	26,575,705	27,426,745	584,524	704,524
Bankers' acceptances	4,036,000	3,348,086	–	–
Invoice financing	4,017,330	4,453,021	–	–
Revolving credit	14,000,000	6,000,000	–	–
	108,203,821	85,350,963	584,524	1,532,636
Less:				
- Deposits pledged to licensed banks	(17,715,291)	(20,830,529)	(241,101)	(234,024)
- Deposits with original maturity of more than 3 months	(4,600,000)	–	(4,600,000)	–
- Short-term investments	(2,293,570)	–	–	–
- Cash and bank balances	(24,581,370)	(3,620,597)	(2,574,423)	–
Net debt/(surplus) of cash and cash equivalents	59,013,590	60,899,837	(6,831,000)	1,298,612
Total equity	174,607,890	105,620,629	93,864,509	32,273,778
Debt-to-equity ratio	0.34	0.58	#	0.04

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

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

36. FINANCIAL INSTRUMENTS (CONT'D)

36.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS

	The Group		The Company	
	2017 RM	**2016 RM**	**2017 RM**	**2016 RM**
Financial Assets				
Loans and Receivables Financial Assets				
Trade receivables	114,073,759	119,485,397	–	800,000
Other receivables and deposits	6,260,671	9,381,815	567,390	102,309
Amount owing by subsidiaries	–	–	73,991,583	31,289,473
Finance lease receivables	2,091,030	–	–	–
Deposits with licensed banks	22,315,291	20,830,529	4,841,101	234,024
Cash and bank balances	24,581,370	3,620,597	2,574,423	–
	169,322,121	153,318,338	81,974,497	32,425,806
Fair Value through Profit or Loss				
Short-term investments	2,293,570	–	–	–
Financial Liabilities				
Other Financial Liabilities				
Trade payables	44,793,675	41,034,633	27,964	72,555
Other payables and accruals	25,278,026	27,241,843	4,325,499	90,817
Amount owing to subsidiaries	–	–	250,059	496,970
Dividends payable	–	9,500,000	–	9,500,000
Bank overdrafts	2,901,355	9,628,868	–	828,112
Hire purchase payables	56,673,431	34,494,243	–	–
Term loans	26,575,705	27,426,745	584,524	704,524
Bankers' acceptances	4,036,000	3,348,086	–	–
Invoice financing	4,017,330	4,453,021	–	–
Revolving credit	14,000,000	6,000,000	–	–
	178,275,522	163,127,439	5,188,046	11,692,978

36. FINANCIAL INSTRUMENTS (CONT'D)

36.4 FAIR VALUE INFORMATION

The fair values of the financial assets and financial liabilities of the Group and of the Company which are maturing within the next 12 months approximated their carrying amounts due to the relatively short-term maturity of the financial instruments or repayable on demand terms.

The following table sets out the fair value profile of financial instruments that are carried at fair value and those not carried at fair value at the end of the reporting period:-

	Fair Value of Financial Instruments Carried at Fair Value			Fair Value of Financial Instruments not Carried at Fair Value			Total Fair Value	Carrying Amount
The Group	**Level 1 RM**	**Level 2 RM**	**Level 3 RM**	**Level 1 RM**	**Level 2 RM**	**Level 3 RM**	**RM**	**RM**
2017								
Financial Assets								
Finance lease receivables	–	–	–	–	2,087,103	–	2,087,103	2,091,030
Short-term investments	2,293,570	–	–	–	–	–	2,293,570	2,293,570
Financial Liabilities								
Hire purchase payables	–	–	–	–	56,747,359	–	56,747,359	56,673,431
Term loans	–	–	–	–	26,575,705	–	26,575,705	26,575,705
2016								
Financial Liabilities								
Hire purchase payables	–	–	–	–	34,470,984	–	34,470,984	34,494,243
Term loans	–	–	–	–	27,426,745	–	27,426,745	27,426,745
The Company								
2017								
Financial Liability								
Term loan	–	–	–	–	584,524	–	584,524	584,524
2016								
Financial Liability								
Term loan	–	–	–	–	704,524	–	704,524	704,524

36. FINANCIAL INSTRUMENTS (CONT'D)

36.4 FAIR VALUE INFORMATION (CONT'D)

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

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

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

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

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

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

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

	The Group		The Company	
	2017	**2016**	**2017**	**2016**
	%	**%**	**%**	**%**
Financial lease receivables	5.82	–	–	–
Hire purchase payables	3.97 to 6.33	3.97 to 6.97	–	–

37. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

(a) The Companies Act 2016 came into operation on 31 January 2017 (except for Section 241 and Division 8 of Part III of the said Act) and replaced Companies Act 1965.

Amongst the key changes introduced under the Companies Act 2016 that have affected the financial statements of the Group and of the Company upon its initial implementation are:-

(i) Removal of the authorised share capital; and
(ii) Ordinary shares ceased to have par value.

The Companies Act 2016 was applied prospectively and the impacts on implementation are disclosed in the respective notes to financial statements.

(b) On 28 February 2017, Advancecon Properties Sdn. Bhd., a wholly-owned subsidiary entered into a Sale and Purchase Agreement with Chong Kong Meng and Chong Zhi Chi for the disposal of a unit of freehold land and building in Bukit Indah, Johor Bahru for a total purchase consideration of RM1,150,000.

38. SIGNIFICANT EVENTS OCCURRING AFTER THE REPORTING PERIOD

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

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

LIST OF
PROPERTIES

No	Title Details/ Postal Address	Description Of Property / Existing Use	Land Area / Built-up Area (Sq. ft.)	Approximate Age Of Building (Years)	Tenure/ Date Of Expiry Of The Lease	Audited Net Book Value As At 31.12.2017 (RM)	Date Of Acquisition
1.	H.S.(D) 173541, P.T.No.32213, Pekan Baru Sungai Buloh, District of Petaling, State of Selangor Darul Ehsan No. 8, Jalan PJU 3/16D Tropicana Indah 47410 Petaling Jaya Selangor Darul Ehsan	A parcel of leasehold residential land	Land area: 21,269 Built up area: Not applicable	Not applicable	Leasehold (99 years)/ 27 May 2101	6,381,608	29 July 2015
2.	H.S.(M) 42054, PT 65651, Mukim Kapar, Selat Klang Utara, District of Klang, State of Selangor Darul Ehsan Lot 8, Jalan Sultan Alauddin 5, Kawasan Perindustrian Fasa 4 Bandar Sutan Suleiman, Pelabuhan Kelang, 42000 Selangor Darul Ehsan	A parcel of industrial land	Land area: 167,982 Built up area: Not applicable	Not applicable	Leasehold (99 years)/ 7 December 2110	5,470,011	20 August 2013
3.	H.S(D) 242482, P.T. 10061, Pekan Baru Sungai Buloh, Daerah Petaling, Negeri Selangor Darul Ehsan No. 20, Jalan Pekaka 8/3,Sekysen 8, Kota Damansara, 47810 Petaling Jaya, Selangor Darul Ehsan	One (1) unit of five (5) storey shop office	Land area: 4,349 Built up area: 21,408	Sixteen (16) years	Leasehold (99 years)/ 17 December 2106	5,347,534	29 September 2017
4.	PN 52716, Lot 20007 Section 95A and Geran 79381, Lot 20006 Section 95A BO1-A-08-1, Menara 2, KL Eco City, No. 3, Jalan Bangsar, 59200 Kuala Lumpur	Whole of 8^{th} floor of a twenty (20) storey building office tower block	Land area: Not applicable Built up area: 4,381	Two (2) years	Leasehold (99 years)/ 5 December 2113	5,307,647	5 August 2013
5.	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	Seven (7) years	Freehold	3,753,464	4 September 2015

LIST OF **PROPERTIES**
(cont'd)

No	Title Details/ Postal Address	Description Of Property / Existing Use	Land Area / Built-up Area (Sq. ft.)	Approximate Age Of Building (Years)	Tenure/ Date Of Expiry Of The Lease	Audited Net Book Value As At 31.12.2017 (RM)	Date Of Acquisition
6.	HS(D) 279746, Lot No. PT 1981 Town of Glenmarie, District of Petaling, State of Selangor Darul Ehsan No. 18, Jalan Pengaturcara, U1/51H, Seksyen U1, 40150 Shah Alam, Selangor Darul Ehsan	One (1) unit of three (3) storey semi-detached house	Land area: 8,253 Built up area: 3,940	Five (5) years	Freehold	3,132,830	4 September 2015
7.	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	Two (2) years	Freehold	1,887,998	14 March 2016
8.	Land Parcel No. S1001 Phase 1A03-Rio Villa Eco Sanctuary HS(D) 39255 PT 41293, HS(D) 39256 PT 41294, HS(D) 39257 PT41295 Mukim Tanjong Duabelas, District of Kuala Langat, State of Selangor Darul Ehsan	One (1) unit of double storey semi-detached house	Land area: 4,800 Not applicable*	Not applicable*	Leasehold (99 years)/ 9 November 2110	1,574,300	28 June 2015
9.	PN 92830, Lot 89552, Bandar Damansara, District of Petaling, State of Selangor Darul Ehsan A-27-01, Block A, Tropicana Grande Condominiums, No.3, Persiaran Tropicana, Tropicana Golf & Country Resort, PJU 3, 47410 Petaling Jaya, Selangor Darul Ehsan	One (1) of the condominium	Land area: Not applicable Built up area: 2,079	Five (5) years	Leasehold (99 years)/ 4 April 2109	1,554,180	3 August 2015
10.	Geran 47935 Lot 1252, Geran 47936 Lot 35 and Geran 313661 Lot 42195 Mukim Beranang, District of Ulu Langat, State of Selangor Darul Ehsan No 43, Jalan ECO Majestic 9/1A ECO Majestic, 43500 Semenyih, Selangor Darul Ehsan	Whole of ground floor to 1st floor of a two (2) storey shop office	Land area: 1,916 Built up area: 3,833	Less than one (1) year	Freehold	1,509,983	26 February 2015

* As at 31 December 2017, there is no CF issued on this property as it is currently under construction.

ANALYSIS OF **SHAREHOLDINGS**
AS AT 30 MARCH 2018

Class of shares	:	Ordinary shares with equal voting rights
Total number of issued shares	:	402,079,000
Voting rights	:	1 vote per share on a poll
No. of shareholders	:	1,863

DISTRIBUTION SCHEDULE OF SHAREHOLDERS

Size of Holdings	No. of Holders	%	No. of Shares	%
1 - 99	7	0.38	100	0.00
100 - 1,000	215	11.54	148,500	0.04
1,001 - 10,000	966	51.85	5,527,600	1.37
10,001 - 100,000	539	28.93	18,305,700	4.55
100,001 - 20,103,949 (*)	133	7.14	211,694,850	52.65
20,103,950 and above (**)	3	0.16	166,402,250	41.39
Total	**1,863**	**100.00**	**402,079,000**	**100.00**

Remark:

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

DIRECTORS' SHAREHOLDINGS
(As per the Register of Directors' Shareholdings)

Name of Directors	Direct Interest No. of Shares	%	Indirect Interest No. of Shares	%
1. Dato' Phum Ang Kia	96,563,750	24.02	–	–
2. Lim Swee Chai	52,488,250	13.05	–	–
3. Ir. Yeo An Thai	14,875,250	3.70	–	–
4. Tung Kai Hung	12,875,250	3.20	–	–
5. Yeoh Chong Keat	25,000	0.01	–	–
6. Fathi Ridzuan bin Ahmad Fauzi	25,000	0.01	–	–
7. Mohd Zaky bin Othman	–	–	–	–

SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS
(As per the Register of Substantial Shareholders)

Name of Substantial Shareholders	No. of Shares	%
1. Dato' Phum Ang Kia	96,563,750	24.02
2. Lim Swee Chai	52,488,250	13.05
3. Pham Soon Kok	29,350,250	7.30

ANALYSIS OF **SHAREHOLDINGS** AS AT 30 MARCH 2018 (cont'd)

LIST OF TOP 30 HOLDERS

as at 30 March 2018

No.	Name	No. of Shares held	%
1	Dato' Phum Ang Kia	85,563,750	21.28
2	Lim Swee Chai	51,488,250	12.81
3	Pham Soon Kok	29,350,250	7.30
4	Lim Kok Tiong	15,014,250	3.73
5	Yeo An Thai	14,875,250	3.70
6	Chan Keng Kong	14,725,250	3.66
7	Lam Wing King	13,789,250	3.43
8	RHB Nominees (Tempatan) Sdn Bhd OSK Capital Sdn Bhd for Yayasan Islam Terengganu	13,290,000	3.31
9	Citigroup Nominees (Asing) Sdn Bhd Exempt an for Citibank New York (Norges Bank 14)	7,972,300	1.98
10	Yap Goon Ying	7,777,250	1.93
11	Puah Kian Yiew	7,693,250	1.91
12	Tung Kai Hung	7,000,000	1.74
13	DB (Malaysia) Nominees (Tempatan) Sendirian Berhad Duetsche Trustees Malaysia Berhad for Eastspring Investments Islamic Small-Cap Fund	6,651,200	1.65
14	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Phum Ang Kia	6,000,000	1.49
15	Tung Kai Hung	5,875,250	1.46
16	HSBC Nominees (Asing) Sdn Bhd HSBC-FS I for JPMORGAN Malaysia Fund	5,365,200	1.33
17	Amsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Phum Ang Kia	5,000,000	1.24
18	Yap Goon Ying	5,000,000	1.24
19	Amanahraya Trustees Berhad PB Islamic Smallcap Fund	4,648,000	1.16
20	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad Duetsche Trustees Malaysia Berhad for Eastspring Investments Small-Cap Fund	4,607,400	1.15
21	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB Bank for Datuk Chiau Beng Teik (MY2975)	4,100,000	1.02
22	Citigroup Nominees (Tempatan) Sdn Bhd Kumpulan Wang Persaraan (Diperbadankan) (ESPG IV SC E)	3,388,400	0.84
23	Citigroup Nominees (Tempatan) Sdn Bhd Exempt an for AIA Bhd.	3,070,500	0.76
24	HLIB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Yap Kok Weng	2,946,700	0.73
25	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad	2,751,900	0.68
26	HSBC Nominees (Tempatan) Sdn Bhd HSBC (M) Trustee Bhd for RHB Smart Treasure Fund	2,534,500	0.63
27	Malacca Equity Nominees (Tempatan) Sdn Bhd Exempt an for Phillip Capital Management Sdn Bhd	2,534,500	0.58
28	HLIB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Puah Kian Yiew	2,000,000	0.50
29	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad Duetsche Trustees Malaysia Berhad for Eastspring Investments Dana Al-Ilham	1,942,700	0.48
30	HSBC Nominees (Tempatan) Sdn Bhd HSBC (M) Trustee Bhd for RHB Small Cap Opportunity Unit Trust	1,509,200	0.38

NOTICE OF
TWENTY-FIRST ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Twenty-First (21st) Annual General Meeting ("AGM") of Advancecon Holdings Berhad ("the Company") will be held at Greens III (Sports Wing), Tropicana Golf & Country Resort, Jalan Kelab Tropicana, 47410 Petaling Jaya, Selangor Darul Ehsan on Wednesday, 27 June 2018 at 10.00 a.m. for the following purposes:-

<u>AS ORDINARY BUSINESS</u>

1. To receive the Audited Financial Statements for the financial year ended 31 December 2017 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 payable up to RM433,300 in respect of the period from 28 June 2018 until the conclusion of the next AGM of the Company. — **Ordinary Resolution 1**

3. To re-elect the following Directors who retire pursuant to Article 95 of the Company's Articles of Association and being eligible, offer themselves for re-election: -

   (i) Dato' Phum Ang Kia — **Ordinary Resolution 2**

   (ii) En Fathi Ridzuan bin Ahmad Fauzi — **Ordinary Resolution 3**

4. To re-appoint Messrs. Crowe Horwath as Auditors of the Company and to hold office until the conclusion of the next AGM and to authorise the Directors to fix their remuneration. — **Ordinary Resolution 4**

<u>AS SPECIAL BUSINESS</u>

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

5. **<u>ORDINARY RESOLUTION</u>**
   AUTHORITY TO ALLOT SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT, 2016 — **Ordinary Resolution 5**

   "THAT pursuant to Sections 75 and 76 of the Companies Act, 2016 ("the Act") and subject to the approvals of the relevant governmental/regulatory authorities, the Directors be and are hereby empowered to issue 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 ten percent (10%) of the issued share capital of the Company for the time being and that the Directors be and are hereby also empowered to obtain approval from the Bursa Malaysia Securities Berhad ("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 AGM of the Company."

6. **ORDINARY RESOLUTION**
PROPOSED AUTHORITY TO ADVANCECON HOLDINGS BERHAD TO PURCHASE ITS OWN ORDINARY SHARES OF UP TO TEN PERCENT (10%) IN THE ENTIRE ISSUED AND PAID-UP SHARE CAPITAL OF THE COMPANY AT ANY GIVEN POINT IN TIME ("PROPOSED SHARE BUY-BACK") **Ordinary Resolution 6**

"THAT subject to the compliance with Section 127 of the Act and all other applicable laws, rules and regulations, approval be and is hereby given to the Company, to purchase such amount of ordinary shares in the Company as may be determined by the Directors of the Company from time to time through Bursa Securities as the Directors may deem fit and expedient in the interest of the Company provided that the aggregate number of shares to be purchased and held pursuant to this resolution does not exceed ten percent (10%) of the existing issued share capital of the Company including the shares previously purchased and retained as treasury shares (if any) and the maximum funds to be allocated by the Company for the purpose of purchasing its own shares shall not exceed the total retained profits of the Company, upon such terms and conditions as set out in the Circular to Shareholders dated 30 April 2018.

AND THAT such authority shall commence immediately upon the passing of this Ordinary Resolution and until the conclusion of the next AGM of the Company or the expiry of the period within which the next AGM is required by law to be held unless revoked or varied by Ordinary Resolution in the general meeting of the Company but so as not to prejudice the completion of a purchase made before such expiry date, in any event in accordance with the provisions of the Main Market Listing Requirements of Bursa Securities ("Listing Requirements") and any other relevant authorities.

AND THAT authority be and is hereby given to the Directors of the Company to decide in their absolute discretion to retain the ordinary shares in the Company so purchased by the Company as treasury shares and/or to cancel them and/or to resell them and/or to distribute them as share dividends in such manner as may be permitted and prescribed by the provisions of the Listing Requirements and any other relevant authorities.

AND THAT authority be and is hereby given to the Directors of the Company to take all such steps as are necessary to enter into any agreements, arrangements and guarantees with any party or parties to implement, finalise and give full effect to the aforesaid with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments (if any) as may be imposed by the relevant authorities and to do all such acts and things as the Directors may deem fit and expedient in the interests of the Company."

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

BY ORDER OF THE BOARD

Tan Tong Lang (MAICSA 7045482)
Chong Voon Wah (MAICSA 7055003)
Company Secretaries

Kuala Lumpur
Dated: 30 April 2018

Notes:

1. *In respect of deposited securities, only member whose names appear in the Company's Record of Depositors as at 21 June 2018 shall be eligible to attend, participate, speak and vote at this meeting or appoint proxy(ies) to attend, participate, speak and vote on his/ her behalf.*

2. *A member shall not be entitled to appoint more than two (2) proxies. Where a member appoints two (2) proxies, he/she shall specify the proportion of his shareholdings to be represented by each proxy.*

3. *A proxy may but need not be a shareholder of the Company and a shareholder may appoint any person to be his proxy without limitation. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at the Meeting shall have the same rights as the shareholder to speak at the Meeting.*

4. *Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.*

5. *The instrument appointing a proxy shall be in writing under the hand of the appointer or his/her attorney duly authorised in writing, or if the appointer is a corporation, either under seal or under the hand of an officer or attorney duly authorised.*

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

Personal data privacy:-

By submitting an instrument appointing a proxy(ies) and/ or representative(s) to attend, participate, speak and vote at this meeting, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for this meeting and the preparation and compilation of the attendance lists, minutes and other documents relating to this meeting, and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/ or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/ or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/ or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/ or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

<u>Explanatory Notes to Ordinary and Special Business:-</u>

1. Item 1 of the Agenda

This Agenda No. 1 is meant for discussion only as Section 340(1)(a) of the Act provide that the audited financial statements are to be laid in the general meeting and do not require a formal approval of the shareholders. Hence, this Agenda item is not put forward for voting.

2. To Approve the Payment of Directors' Fees and Other Benefits Payable

Pursuant to Section 230(1) of the Act, which came into force on 31 January 2017, the Directors' fees and benefits payable to the Directors of the Company will have to be approved by the shareholders of the Company at a general meeting.

The proposed ordinary resolution 1, if passed, will allow the payment of Directors' Fees and other benefits to the Directors of the Company on a monthly basis and/or as and when incurred within the relevant period.

The Directors' benefits payable comprises of meeting attendance allowances and other claimable benefits.

In determining the estimated total amount of Directors' benefits, the Board has considered various factors, among others, the estimated claimable benefits and estimated number of meetings for the Board and Board Committees held for the period commencing from 28 June 2018 until the conclusion of the next AGM of the Company.

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

3. Authority to Allot Shares Pursuant to Sections 75 and 76 of the Act

The Ordinary Resolution 5, if passed, is a renewal of general mandate to empower the Directors to issue and allot shares up to an amount not exceeding ten percent (10%) of the issued share capital of the Company for the time being for such purposes as the Directors consider would be in the best interest of the Company. This authority, unless revoked or varied by the Company at a General Meeting, will expire at the next AGM.

The general mandate will provide flexibility to the Company for any possible fund-raising activities, including but not limited to further placing of shares, for the purpose of funding future investment project(s) workings capital and/or acquisitions at any time without convening a general meeting as it would be both costs and time consuming to organise a general meeting.

As at the date of this Notice, no new shares in the Company were issued pursuant to the general mandate granted to the Directors at the Twentieth (20^{th}) AGM held on 17 April 2017 and which will lapse at the conclusion of the Twenty-First (21^{st}) AGM.

4. Proposed Share Buy-Back

This Ordinary Resolution 6, if passed, will allow the Directors of the Company to exercise the power of the Company to purchase not more than ten percent (10%) of the total number of issued shares of the Company at any time within the time period stipulated in the Listing Requirements. This authority, unless revoked or varied by the Company at a general meeting, shall continue to be in full force until the conclusion of the next AGM of the Company.

Further details are set out in the Circular to Shareholders dated 30 April 2018.

STATEMENT ACCOMPANYING NOTICE OF **TWENTY-FIRST ANNUAL GENERAL MEETING**

(Pursuant to Paragraph 8.27(2) of Main Market Listing Requirements of Bursa Malaysia Securities Berhad)

There is no Director standing for election other than the retiring Directors who are seeking their re-election as Directors pursuant to Article 95 of the Company's Articles of Association at the Twenty-First (21^{st}) AGM.

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ADVANCECON

ADVANCECON HOLDINGS BERHAD (426965-M)
(Incorporated in Malaysia)

FORM OF PROXY

I/We, ... (FULL NAME IN BLOCK CAPITAL)

*NRIC/Company No. .... of ....

.... (FULL ADDRESS)

being a member(s) of **ADVANCECON HOLDINGS BERHAD (426965-M)** hereby appoint (Proxy 1)

.... (FULL NAME IN BLOCK CAPITAL)

*NRIC No./Passport No. .... of ....

.... (FULL ADDRESS)

and failing* him/her (Proxy 2) ....(FULL NAME IN BLOCK CAPITAL)

*NRIC No./Passport No. .... of...

.... (FULL ADDRESS)

and failing *him/her, the Chairman of the Meeting as *my/our proxy to vote for *me/us and on *my/our behalf at the Twenty-First (21st) Annual General Meeting ("AGM") of the Company to be held at Greens III (Sports Wing), Tropicana Golf & Country Resort, Jalan Kelab Tropicana, 47410 Petaling Jaya, Selangor Darul Ehsan Wednesday, 27 June 2018 at 10.00 a.m. and at any adjournment thereof.

The proportion of *my/our holding to be represented by *my/our proxies are as follows:-

First Proxy

No. of Shares: ....

Percentage : .... %

Second Proxy

No. of Shares: ....

Percentage : .... %

*My/Our proxy is to vote as indicated below:-

No.	Ordinary Resolutions	For	Against
1	To approve the payment of Directors' fees and other benefits of up to RM433,300 in respect of the period from 28 June 2018 until the conclusion of the next AGM of the Company.		
2	Re-election of Dato' Phum Ang Kia as Director.		
3	Re-election of En Fathi Ridzuan bin Ahmad Fauzi as Director.		
4	Re-appointment of Messrs. Crowe Horwarth as Auditors of the Company.		
5	**As Special Business:-** Authority to allot shares pursuant to Sections 75 and 76 of the Companies Act, 2016.		
6	Proposed Share Buy-Back.		

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.

* *Strike out whichever is not desired*

Dated this .... day of 2018

No. of Shares held	
CDS Account No.	
Tel No. (during office hours)	

....
Signature of shareholder(s)
of Common Seal

Fold this flap for sealing

Notes:

1. *In respect of deposited securities, only member whose names appear in the Company's Record of Depositors as at 21 June 2018 shall be eligible to attend, participate, speak and vote at this meeting or appoint proxy(ies) to attend, participate, speak and vote on his/ her behalf.*
2. *A member shall not be entitled to appoint more than two (2) proxies. Where a member appoints two (2) proxies, he/she shall specify the proportion of his shareholdings to be represented by each proxy.*
3. *A proxy may but need not be a shareholder of the Company and a shareholder may appoint any person to be his proxy without limitation. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at the meeting shall have the same rights as the shareholder to speak at the meeting.*
4. *Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.*
5. *The instrument appointing a proxy shall be in writing under the hand of the appointer or his/her attorney duly authorised in writing, or if the appointer is a corporation, either under seal or under the hand of an officer or attorney duly authorised.*
6. *The original instrument appointing a proxy be deposited at the Company's Share Registrar Office, Symphony Share Registrars Sdn Bhd, situated at Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan, not less than 48 hours before the time set for holding this meeting.*

Personal Data Privacy:-

By submitting an instrument appointing a proxy(ies) and /or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Twenty-First (21st) AGM dated 30 April 2018.

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The Share Registrar of
ADVANCECON HOLDINGS BERHAD (426965-M)
Symphony Share Registrars Sdn Bhd
Level 6, Symphony House, Pusat Dagangan Dana 1
Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan

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ADVANCECON HOLDINGS BERHAD
(Company No. 426965-M)

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Seksyen 8, Kota Damansara,
47810 Petaling Jaya,
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