ANNUAL REPORT

# 2022

**Aneka Jaringan Holdings Berhad**

(Registration No. 201801030681 (1292707-D))

# FORTIFYING

## OUR STRATEGIES

**SCAN QR CODE**
*to obtain a softcopy of Annual Report 2022*

# ABOUT ANEKA JARINGAN HOLDINGS BERHAD

Aneka Jaringan is a group of construction companies specialising in basement and foundation construction. Combining valuable work experience and technical knowledge, Aneka Jaringan is fully committed to providing a total innovative solution to our clients' needs, proven with our 20-year track record.

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# CORPORATE INFORMATION

## BOARD OF DIRECTORS

| Name | Designation |
|---|---|
| **Dato' Ir. Tan Gim Foo** | Independent Non-Executive Chairman |
| **Pang Tse Fui** | Managing Director |
| **Ir. Chong Ngit Sooi** | Executive Director |
| **Loke Kien Tuck** | Executive Director |
| **Dato' Noraini binti Abdul Rahman** | Independent Non-Executive Director |
| **Wee Kee Hong** | Independent Non-Executive Director |

## AUDIT AND RISK MANAGEMENT COMMITTEE

| Name | Designation |
|---|---|
| **Wee Kee Hong** | Chairman |
| **Dato' Ir. Tan Gim Foo** | Member |
| **Dato' Noraini binti Abdul Rahman** | Member |

## REMUNERATION COMMITTEE

| Name | Designation |
|---|---|
| **Dato' Ir. Tan Gim Foo** | Chairman |
| **Dato' Noraini binti Abdul Rahman** | Member |
| **Wee Kee Hong** | Member |

## NOMINATION COMMITTEE

| Name | Designation |
|---|---|
| **Dato' Noraini binti Abdul Rahman** | Chairman |
| **Dato' Ir. Tan Gim Foo** | Member |
| **Wee Kee Hong** | Member |

## COMPANY SECRETARIES

| Name | Membership No. |
|---|---|
| **Tan Fong Shian @ Lim Fong Shian** | MAICSA 7023187 |
| **Liew Chak Hooi** | MAICSA 7055965 |

# CORPORATE INFORMATION

## REGISTERED OFFICE

Lot 5, Level 10, Menara Great Eastern 2
No. 50, Jalan Ampang
50450 Kuala Lumpur
WP Kuala Lumpur
Telephone No. : (03) 2031 1988
Facsimile No. : (03) 2031 9788

## HEAD OFFICE

K-2-1, Pusat Perdagangan
Bandar Bukit Jalil
Persiaran Jalil 2
57000 Kuala Lumpur
Telephone No. : (03) 8657 5150
Facsimile No. : (03) 2771 3827
Email : info@ajgroup.my
Website : www.anekajaringan.com

## AUDITORS

Baker Tilly Monteiro Heng PLT (201906000600)
(LLP0019411-LCA & AF 0117)
Baker Tilly Tower, Level 10
Tower 1, Avenue 5
Bangsar South City
59200 Kuala Lumpur
Telephone No. : (03) 2297 1000
Facsimile No. : (03) 2282 9980

## SHARE REGISTRAR

Boardroom Share Registrars Sdn. Bhd.
11th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13
46200 Petaling Jaya
Selangor
Telephone No. : (03) 7890 4700
Facsimile No. : (03) 7890 4670

## PRINCIPAL BANKERS

Alliance Bank Malaysia Berhad
11, Jalan Kenari 5
Bandar Puchong Jaya
47100 Puchong, Selangor
Telephone No. : (03) 8075 9185
Facsimile No. : (03) 8075 9200

CIMB Bank Berhad
1st Floor,
12 & 13 Jalan Kenari 1
Bandar Puchong Jaya
47100 Puchong
Selangor
Telephone No. : (03) 5891 6838
Facsimile No. : (03) 5891 6843

## STOCK EXCHANGE LISTING

ACE Market of Bursa Malaysia Securities Berhad
Stock Name : ANEKA
Stock Code : 0226

## SPONSOR

Alliance Islamic Bank Berhad
Level 3, Menara Multi Purpose
Capital Square
8 Jalan Munshi Abdullah
50100 Kuala Lumpur
Telephone No. : (03) 2604 3333
Facsimile No. : (03) 2691 9028

# CORPORATE STRUCTURE

**Aneka Jaringan Holdings Berhad**
(201801030681 (1292707-D))

**ANEKA JARINGAN SDN. BHD.**
(200101005876 (541632-M))
**100%**

**ANEKA GEOTECHNICS SDN. BHD.**
(200401004974 (643477-P))
**100%**

35%

**PT Sam Anergi Indonesia**
(NIB 0908220006083)

10%

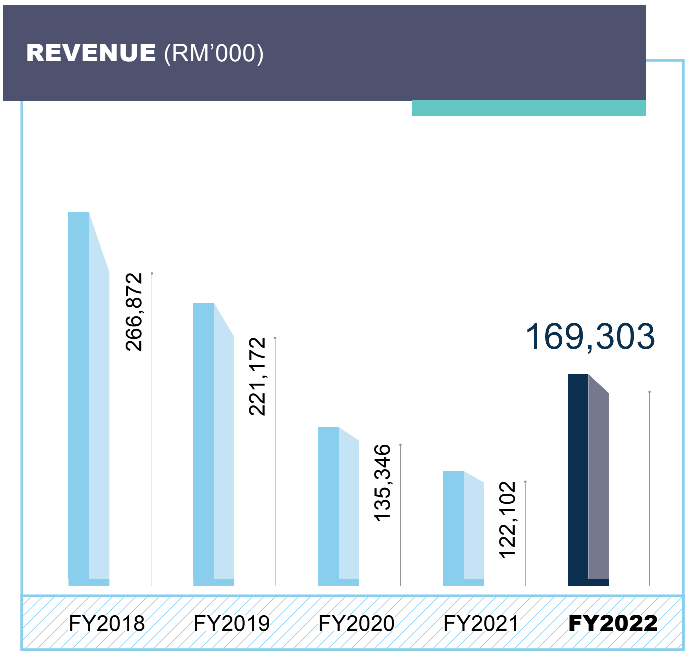
**PT Aneka Jaringan Indonesia**
(NIB 8120001741315)
55%

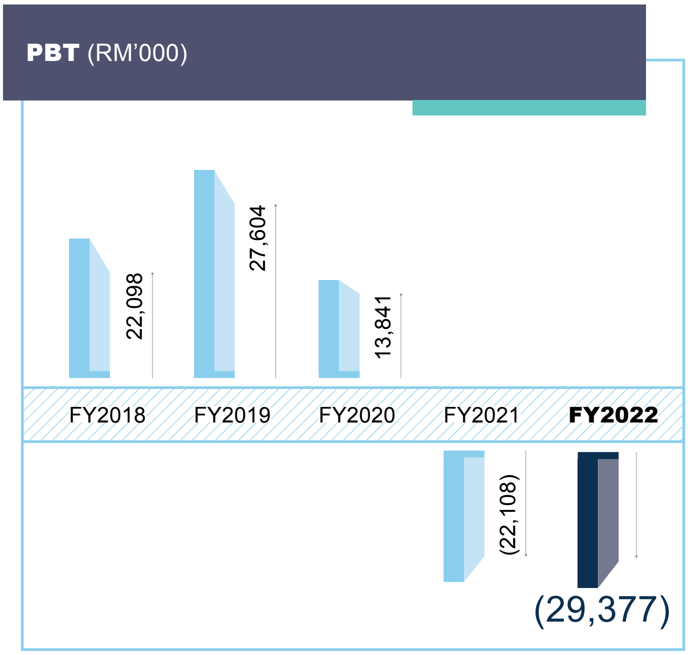
**Aneka Jaringan & Persis Waja JV Sdn. Bhd.**
(201501021213 (1146549-A))
55%

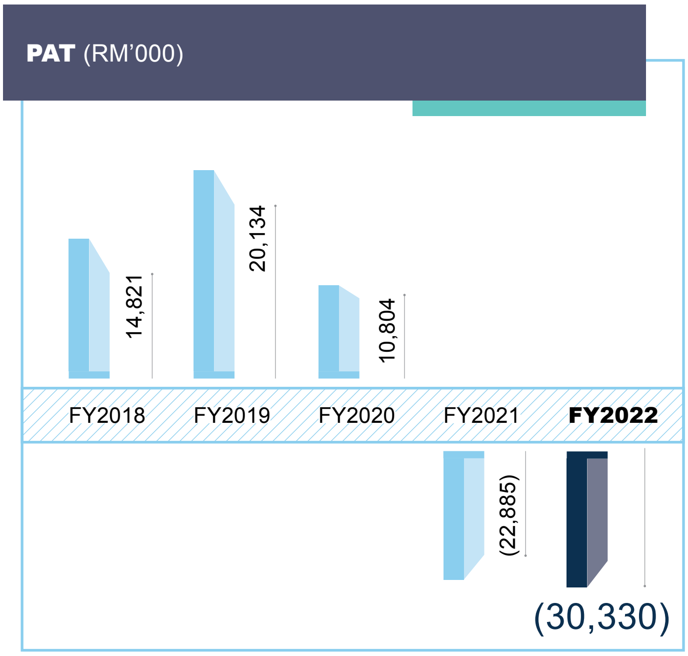
**Sunway Aneka Pertama Geotechnics (PH) Inc.**
(2020110003734-08)
42%

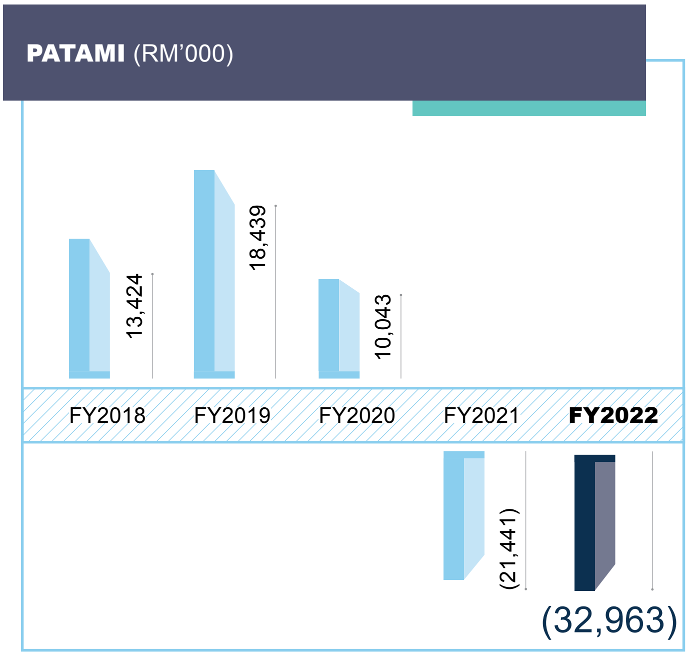
# FINANCIAL HIGHLIGHTS

| | FY2018 RM'000 | FY2019 RM'000 | FY2020 RM'000 | FY2021 RM'000 | FY2022 RM'000 |
|---|---|---|---|---|---|
| Revenue | 266,872 | 221,172 | 135,346 | 122,102 | **169,303** |
| (Loss)/Profit Before Tax (PBT) | 22,098 | 27,604 | 13,841 | (22,108) | **(29,377)** |
| (Loss)/Profit After Tax (PAT) | 14,821 | 20,134 | 10,804 | (22,885) | **(30,330)** |
| (Loss)/Profit After Tax and Minority Interest (PATAMI) | 13,424 | 18,439 | 10,043 | (21,441) | **(32,963)** |



# BOARD OF DIRECTORS

**DATO' IR. TAN GIM FOO**

Independent Non-Executive Chairman

**PANG TSE FUI**

Managing Director

**IR. CHONG NGIT SOOI**

Executive Director

**LOKE KIEN TUCK**

Executive Director

**DATO' NORAINI BINTI ABDUL RAHMAN**

Independent Non-Executive Director

**WEE KEE HONG**

Independent Non-Executive Director

# BOARD OF DIRECTORS' PROFILES

## DATO' IR. TAN GIM FOO

Independent Non-Executive Chairman

Dato' Ir. Tan Gim Foo is our Independent Non-Executive Chairman. He was appointed to our Board on 15 January 2020. He serves as the Chairman of the Remuneration Committee and is a member of the Audit and Risk Management Committee and Nomination Committee.

He graduated with a Bachelor of Engineering (Civil) from University of Malaya in 1983, followed by a Master of Business Administration from the Charles Sturt University of New South Wales, Australia in 2005. He is a corporate member of the Institution of Engineers, Malaysia and a Professional Engineer registered with the Board of Engineers Malaysia.

**AGE:** 64 **GENDER:** MALE **NATIONALITY:** MALAYSIAN

He began his career as a Site Engineer in Mudajaya Construction Sdn. Bhd. in 1983. His responsibilities included assisting site supervisors in monitoring and managing site technical activities. In 1986, following the completion of acquisition of Mudajaya Construction Sdn. Bhd. by IJM Engineering & Construction Sdn. Bhd. (currently known as IJM Corporation Berhad) ("IJM Corporation"), he was redesignated as Planning & Design Engineer of IJM Corporation where he was primarily involved in monitoring on-site activities and ensuring project specifications are met. He assumed the role of Deputy Project Manager in IJM Construction Sdn. Bhd., a wholly-owned subsidiary of IJM Corporation, in 1990 and was responsible for assisting the Project Manager in supervising the construction projects.

He was promoted to Project Manager in 1991. His responsibilities included managing day-to-day work of projects in construction phases. In 1994, he was promoted to Senior Manager and was responsible for supervising construction projects at all stages and liaising with other subcontractors and consultants for construction works. He was promoted to Project Director in 1998 and was responsible for the overall planning and implementation of construction projects. In 2005, he was appointed as Executive Director, and subsequently as Managing Director of IJM Construction Sdn. Bhd. in 2010 to head the Construction Division of the IJM Corporation group of companies. His responsibilities included setting targets and objectives for the company and managing daily operations of the company.

He was also the Vice President of Master Builders Association Malaysia ("MBAM") and the Chairman of the Contracts & Practices Committee of MBAM from 2008 to 2013.

Between 2011 and 2013, in addition to his role in IJM Construction Sdn. Bhd., he concurrently held the positions of Deputy Chief Executive Officer and Deputy Managing Director of IJM Corporation. His responsibilities included assisting the Chief Executive Officer and Managing Director in implementing policies to achieve commercial objectives, short-term and long-term goals. In 2013, he retired from his positions in IJM Corporation group of companies. At the end of March 2021, he resigned from his position as Director of ICE Far East Sdn. Bhd. He has been an Independent Non-Executive Director of Hume Cement Industries Berhad from 2014 and an Independent Non-Executive Director of IJM Corporation Berhad since 23 November 2021.

# BOARD OF DIRECTORS' PROFILES

## PANG TSE FUI

Managing Director

Pang Tse Fui is our Managing Director. He was appointed to our Board on 24 August 2018 and is responsible for overseeing the business growth direction, strategic business planning, business development and operations of our Group. He graduated with a Bachelor of Civil Engineering from Universiti Teknologi Malaysia in 1989.

He started his career as a Site Engineer in Pilecon Engineering Berhad group of companies in 1989 upon graduation. As a Site Engineer, he was responsible for assisting the site supervisor in monitoring and managing site technical activities.

**AGE:** 57 **GENDER:** MALE **NATIONALITY:** MALAYSIAN

During his tenure with the group, he was involved in coordinating various foundation and substructure works including bored piling and diaphragm wall works for projects in Malaysia and Singapore.

Subsequently in 1991, he left Pilecon Engineering Berhad group to join Bachy Soletanche (M) Sdn. Bhd. as a Project Manager where he was in charge of monitoring and facilitating the overall planning of on-site operations. In 1994, he was promoted to Senior Project Manager, responsible for managing the overall site technical and operational activities which included coordinating and supervising the progress of foundation and substructure work projects. In 1996, he left Bachy Soletanche (M) Sdn. Bhd. to join Geopancar Sdn. Bhd. as General Manager and was responsible for the overall operational matters of the company, overseeing the tender process for all the projects and negotiating with subcontractors in the tendering of projects.

In 2002, he joined Aneka Jaringan Sdn. Bhd. ("Aneka Jaringan") as a shareholder and Executive Director where he was responsible for the company's overall operational matters. He assumed his current position as Managing Director of Aneka Jaringan Holdings Berhad ("Aneka Holdings") in 2018. He brings with him more than 32 years of experience in the construction industry, with over 19 years of experience with our Group.

# BOARD OF DIRECTORS' PROFILES

## IR. CHONG NGIT SOOI

Executive Director

Ir. Chong Ngit Sooi is our Executive Director. He was appointed to our Board on 24 August 2018 and is responsible for overseeing our Group's overall construction operations in Malaysia and Indonesia. He graduated with a Bachelor of Engineering (Civil) from University of Malaya in 1990.

**AGE:** 57 **GENDER:** MALE **NATIONALITY:** MALAYSIAN

He started his career with Hume Industries (M) Berhad group of companies as a Sales Engineer in 1990 upon graduation where he was responsible for the sales and marketing of concrete products for the northern region of Peninsular Malaysia. In 1992, he assumed the position of Product Engineer where he was responsible for design calculations and liaising with factory, customers and local authorities for matters relating to the production of concrete products.

In 1994, he left Hume Industries (M) Berhad group to join Kien Sinar Sdn. Bhd. as a Project Manager where he was responsible for the daily execution and supervision of substructure projects including bored piling and basement construction works. In 1995, he joined Nuhito Sdn. Bhd. as a Project Manager where he was mainly involved in managing projects relating to construction works for upgrading of factory facilities and provision of project management services to property developer clients.

After leaving Nuhito Sdn. Bhd. in 1996, he founded Tepat Jaya Construction, an enterprise firm involved in the provision of reinforced concrete piling works. After the cessation of operations of Tepat Jaya Construction in 1997, he was the General Manager of Geomech (M) Sdn. Bhd. from 1997 to 2001 and was responsible for overseeing the day-to-day operations of the company. He was also involved in securing substructure work projects and supervising site operational matters pertaining to bored piling works for buildings and bridges.

In 2001, he joined Aneka Jaringan as General Manager where he was responsible for its overall operations as well as business development and planning. In 2003, he became a shareholder of Aneka Jaringan and was subsequently appointed as a Director of Aneka Jaringan in 2004. He assumed his current position as Executive Director of Aneka Holdings in 2018. He brings with him more than 31 years of experience in the construction industry, with over 20 years of experience with our Group.

## LOKE KIEN TUCK

Executive Director

Loke Kien Tuck is our Executive Director. He was appointed to our Board on 24 August 2018. He is responsible for the overall management of our construction machinery and equipment and he also advises on the organisation and planning of our on-site construction activities. He completed his Higher School Certificate Examination with Tunku Abdul Rahman College in 1980.

**AGE:** 61 **GENDER:** MALE **NATIONALITY:** MALAYSIAN

Upon completion of his studies, he joined Pilecon Engineering Berhad (then known as Pilecon Engineering Sdn. Bhd.) group of companies as a Site Clerk in 1981 where he was responsible for clerical and administrative support duties including preparation of piling records and invoice processing. He was promoted to Junior Site Supervisor in 1982 and Site Supervisor in 1983 and was responsible for assisting the Senior Site Supervisor in on-site operational matters including supervision and coordination of substructure works. Subsequently in 1991, he was promoted to Senior Site Supervisor with the responsibilities of overseeing and coordinating on-site construction activities and managing on-site administrative matters.

In 1991, he left Pilecon Engineering Berhad group of companies to join Bachy Soletanche (M) Sdn. Bhd. as an Executive Supervisor. During his tenure with the company, he was responsible for the daily on-site operational matters and organising site works to meet job targets which include site safety measurements and execution of on-site activities. In 1996, he left the company to join Geopancar Sdn. Bhd. as a Plant Manager and was tasked with supervising the Plant and Machinery Division. He was responsible for project procurement, maintenance and repairing services of plant, machinery and equipment as well as on-site coordination for site activities to ensure projects are completed within the stipulated timeframe and funding parameters.

In 2002, he joined Aneka Jaringan as a shareholder and Director where he was mainly responsible for the overall management of construction machinery and equipment including deployment planning and maintenance scheduling. He assumed his current position as Executive Director of Aneka Holdings in 2018. He brings with him more than 40 years of experience in the construction industry, with over 19 years of experience with our Group.

# BOARD OF DIRECTORS' PROFILES

## DATO' NORAINI BINTI ABDUL RAHMAN

Independent Non-Executive Director

Dato' Noraini binti Abdul Rahman is our Independent Non-Executive Director. She was appointed to our Board on 15 January 2020. She serves as the Chairman of the Nomination Committee and is a member of the Audit and Risk Management Committee and Remuneration Committee.

She graduated with a Bachelor of Laws from the Queen Mary College, University of London, England in 1974. She has over 30 years of experience in the Judicial and Legal Service of Malaysia which she served from 1975 to 2008, and she was also a High Court Judge of Malaya from 2011 to 2017. Her scope of work throughout her judicial and legal career included supervising trial procedures and settling legal disputes.

**AGE:** 71 **GENDER:** FEMALE **NATIONALITY:** MALAYSIAN

In 1975, she started her career as a Legal Officer at the High Court Kuala Lumpur and she spent the subsequent 10 years from 1975 to 1985 serving in various judicial and legal capacities in government service including as President of Sessions Court, Departmental Solicitor in the Department of Public Trustee and Assistant Parliamentary Draftsman. From 1985 to 1990, she was a Senior Federal Counsel with the Attorney General's Chambers of Malaysia ("AGC") where her roles involved advising the Malaysian Government and representing the Malaysian Government in civil proceedings as well as representing the Attorney General in matters of public interest.

In 1990, she was appointed as the Deputy Head of Advisory and International Division of the AGC where her involvement included providing legal advice on all areas of law and drafting or vetting legal documents. She subsequently became the Deputy Head of Civil Division of the AGC in 1994 and the Commissioner of Law Revision and Law Reform Division of the AGC in 1995. In 1996, she was appointed as the Director General of the Judicial and Legal Training Institute (ILKAP) under Prime Minister's Department, overseeing the organisation tasked with enhancing the knowledge, expertise and quality of judicial, legal and law enforcement officers in public service, statutory bodies and local authorities through systematic and planned training. She subsequently served as the Deputy Head of Advisory and International Division of the AGC in 2001, later as Director, Certificate in Legal Practice ("CLP") Examination of the Legal Profession Qualifying Board from 2002 to 2007 heading the office entrusted with all matters pertaining to the CLP Examination. She served as Consultant of the Legal Profession Qualifying Board from 2007 to 2008.

In 2008, she was appointed as a Judicial Commissioner of the High Court of Malaya and 3 years later in 2011, she was appointed as a High Court Judge of Malaya. During her tenure as a High Court Judge of Malaya, she presided over civil and family cases. She retired from her position as High Court Judge of Malaya in 2017.

## WEE KEE HONG

Independent Non-Executive Director

Wee Kee Hong is our Independent Non-Executive Director. He was appointed to our Board on 15 January 2020. He serves as the Chairman of the Audit and Risk Management Committee and is a member in the Remuneration Committee and Nomination Committee.

He graduated with a Diploma in Commerce (Management Accounting) from Tunku Abdul Rahman College in 1990. In 1993, he was admitted as an associate of the Chartered Institute of Management Accountants, United Kingdom, and subsequently was admitted as a Chartered Accountant with the Malaysian Institute of Accountants ("MIA") in 1995. He is currently a member of the MIA.

**AGE:** 55 **GENDER:** MALE **NATIONALITY:** MALAYSIAN

Upon graduation in 1990, he commenced his career as an audit executive with Boon & Co. In 1991, he joined IJM Corporation as Assistant Accountant cum Project Accountant where he was mainly responsible for assisting in preparing financial projections and project feasibility appraisals, as well as coordinating project accounting for construction projects and monthly consolidation of all project accounts. In 1993, he was promoted to the position of Accountant where he continued his involvement in the accounting functions of the company.

In 1996, he assumed the role of Assistant Finance Manager, and later as Finance Manager from 1999 to 2003, where he was mainly responsible for the finance and treasury functions including liquidity and funding management, fund raising and supporting the construction division in project tender, implementation and execution. He was also involved in the start-up of the company's water concession business in Vietnam and power plant operations in India.

In 2003, he was promoted to the position of Senior Manager (Accounts & Finance). While he continued to be in-charge of IJM Corporation group of companies' finance and treasury functions, his job responsibilities also included heading the accounting functions of the group's construction division and overseeing the group's overseas investments.

In May 2007, he left IJM Corporation to join Ireka Development Management Sdn. Bhd. as Chief Investment Officer where he was mainly responsible for managing the investment property portfolio of the company's client. He left the company in October 2007 for a career break.

Since 2009, he has been a director and shareholder of Esteemile Sdn. Bhd., a company which is a commission agent for land acquisition transactions. In 2014, he was appointed as an Independent Non-Executive Director of Lysaght Galvanized Steel Berhad until 2015.

***Family Relationships***
*None of the Directors has any family relationship with any Directors and/or major shareholders of the Company nor any conflict of interests with the Company.*

***Others***
*The Directors have no convictions for offences, other than traffic offences (if any), within the past five (5) years nor any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.*

# KEY SENIOR MANAGEMENT PROFILES

## OOI CHONG PING

General Manager

**AGE:** 51 **GENDER:** MALE
**NATIONALITY:** MALAYSIAN

Ooi Chong Ping is our General Manager. He oversees our Group's Operations Department, Technical Department and Contract Department and is responsible for the overall administration of our construction operations in Malaysia. He graduated with a Bachelor of Civil Engineering in 1995 from University of Technology Malaysia. He is a member of the Institution of Engineers, Malaysia and a Professional Engineer registered with the Board of Engineers Malaysia.

On 15 March 2007, he joined Aneka Jaringan as a Senior Project Manager and was responsible for the design and construction for ground engineering works. He assumed his current position as General Manager on 1 July 2012. He brings with him more than 26 years of experience in the construction industry, with over 14 years of experience with our Group.

## STEVEN KOH

Chief Financial Officer

**AGE:** 57 **GENDER:** MALE
**NATIONALITY:** MALAYSIAN

Steven Koh is our CFO. He is responsible for overseeing our Group's Finance. He graduated with a Bachelor of Business (Accountancy) from Charles Sturt University, Australia in 1993. He has been a member of MIA since 1996 and a Chartered Accountant registered with MIA since 2008. His background in finance includes experiences in banking, manufacturing, oil & gas, trading, retail and fast-moving consumer goods industries.

On 1 June 2018, he joined Aneka Jaringan as our CFO. He is responsible for our Group's overall finance, and is tasked with overseeing and managing our Group's statutory reporting, internal management reporting and cash flow planning functions as well as corporate finance related matters. He brings with him more than 28 years of experience in finance, accounting and internal audit.

## THAM KAI HOW

Contract Manager

**AGE:** 46 **GENDER:** MALE
**NATIONALITY:** MALAYSIAN

Tham Khai How is our Contract Manager. He is responsible for overseeing our Contract Department. He graduated with a Certificate in Technology (Architecture) in 1997 from Tunku Abdul Rahman College. He has experience as Site Supervisor and Quantity Surveyor within the construction industry.

He joined Aneka Jaringan as a Senior Quantity Surveyor in 2006, and was promoted to his current position as Contract Manager on 29 June 2011. He is responsible for overseeing our contract administration functions including tender preparation and submission, project cost management, and contract work evaluation for progress claim and payment purposes. He brings with him over 24 years of experience in the construction industry, with over 15 years of experience with our Group.

# KEY SENIOR MANAGEMENT PROFILES

## TUNG SIN THIAN

President Director -
PT Aneka Jaringan Indonesia

**AGE:** 48 **GENDER:** MALE
**NATIONALITY:** INDONESIAN

Tung Sin Thian is our President Director – PT Aneka Jaringan Indonesia ("PT AJI"). He is responsible for the strategic business planning, business development activities and overall operations of PT AJI in Indonesia. He graduated with a Bachelor of Civil Engineering in 1999 from Borobudur University, Jakarta, Indonesia. He is a member of the Indonesian Society for Geotechnical Engineering. He is also a registered geotechnical engineer (Ahli Geoteknik - Madya) under the Construction Services Development Board, Indonesia. He has experience in design and site supervision of geotechnical projects within the construction industry.

On 31 March 2008, he joined Aneka Jaringan as a Civil Engineer - Project Manager where he was responsible for project design and scheduling, preparation of construction documents, planning and procurement of resources, and liaising with customers and consultants for diaphragm wall and bored piling works. Subsequently on 29 March 2014, he co-founded PT AJI as a shareholder and assumed his current position as President Director – PT AJI where he oversees the company's operations in Indonesia. He brings with him over 22 years of experience in the construction industry, with over 13 years of experience with our Group.

## NGOI TONG KING

Director -
PT Aneka Jaringan Indonesia

**AGE:** 48 **GENDER:** MALE
**NATIONALITY:** MALAYSIAN

Ngoi Tong King is our Director – PT Aneka Jaringan Indonesia. He is responsible for overseeing the construction operations of PT AJI in Indonesia. He graduated with a Certificate in Technology (Building) from Tunku Abdul Rahman College in 1995. He has experience as Assistant Quantity Surveyor and Site Supervisor within the construction industry.

In 2008, he joined Aneka Jaringan as a Senior Site Supervisor and his responsibilities included day-to-day site management of geotechnical projects covering diaphragm walls, ground anchor works, earthworks and micro pile works. In 2012, he was promoted to Site Manager and was responsible for managing overall site operations.

Subsequently on 29 March 2014, he co-founded PT AJI as a shareholder and assumed his current position as Director – PT AJI where he is responsible for supervising all construction works of PT AJI. He brings with him more than 26 years of experience in the construction industry, with over 13 years of experience with our Group.

***Family Relationships***

*None of the Key Senior Management has any family relationship with any Directors and/or major shareholders of the Company nor any conflict of interests with the Company.*

***Others***

*The Key Senior Management have no convictions for offences, other than traffic offences (if any), within the past five (5) years nor any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.*

# CHAIRMAN'S STATEMENT

## Dear Shareholders

I am pleased to present to you Aneka Jaringan Holdings Berhad's ("Aneka Holdings" or "the Company") annual report for the financial year ended 31 August 2022 ("FY 2022"). This is our third Annual Report following the Company's listing on the ACE Market of Bursa Malaysia Securities Berhad ("Bursa Securities") on 20 October 2020.

**DATO' IR. TAN GIM FOO**
*Independent Non-Executive Chairman*

### INTRODUCTION

As countries strive to recover from the aftereffects of the pandemic, the global economy saw no shortage of new shocks such as the Russian-Ukraine war, China's zero-COVID policy and other geopolitical tensions. Fortunately, Malaysia's construction sector saw its construction activity improved over the year as it resumes normalcy. However, it was not immune to these new developments as raw material and energy prices increased further, labour shortage issues persisted and the COVID-19 pandemic still remained an uncertainty despite currently in transition to endemicity stage.

### OPERATIONAL AND FINANCIAL OVERVIEW

For FY 2022, the Group reported a total revenue of RM169.30 million, an increase of 38.66% from the financial year ended 31 August 2021 ("FY 2021") total revenue of RM122.10 million as the operations could run at full capacity again after the imposed lockdowns were finally lifted. However, the Group incurred a gross loss of RM10.85 million this financial year as compared to a gross profit of RM0.43 million last year. This gross loss was a result of the Group having to revise some of its project budgeted costs upwards due to prolonging of the projects resulting from the lockdowns imposed in FY 2021 and increase in main material prices such as steel rebar and concrete which negatively affected the projects' profitability.

**REVENUE**

**RM169.30 million**
in FY 2022

**TOTAL ORDER BOOK**

**RM145.73 million**
as at 31 Oct 2022

**TOTAL TENDER BOOK**

**RM969.45 million**
as at 31 Oct 2022

# CHAIRMAN'S STATEMENT

East Coast Rail Link Project (Section 6 - BR 12-17 & 38)

The Group also impaired and wrote off contract assets of RM11.50 million whereby RM0.15 million had been written off due to the bankruptcy of a client in Indonesia and the balance of RM11.35 million was impaired and written off due to reductions in work scope after finalising the accounts for some of the projects with the respective clients. The Group concluded FY 2022 with a loss after tax of RM30.33 million, a 32.56% increase in comparison to the lost after tax of RM22.88 million incurred in FY 2021.

As Malaysia's construction industry saw a drop in number of jobs in the public sector, the Group shifted its focus back to the private sector with the exception of the East Coast Rail Link ("ECRL") and West Coast Expressway ("WCE") projects, which were awarded in the prior years. In FY 2022, Aneka Jaringan Sdn. Bhd. ("AJSB") secured a total contract sum of RM113.47 million, all of which were private sector projects. AJSB has also managed to secure an additional contract sum of RM52.00 million in private sector projects in the first few months of FY 2023, which includes a mixed-development project in Setapak with a contract sum of RM46.00 million.

On the other hand, the Group's Indonesian subsidiary, PT Aneka Jaringan Indonesia ("PTAJI") secured a total contract sum of RM25.87 million in FY 2022, consisting mostly of public sector jobs with the exception of the Sky House Alam Sutera project being their largest project to date with a contract sum amounting to RM14.72 million.

The Group's tender book stood at RM969.45 million as at 31 October 2022. As the Malaysian construction sector continues to recover, the Group saw an increase in invitations to tender for new jobs as the number of available projects had begun to increase during FY 2022. On the other hand, the Group's outstanding order book as at 31 October 2022 stood at a healthy level of RM145.73 million with RM138.97 million in orders for AJSB while PTAJI held the balance RM6.76 million.

**WE MAINTAIN A CAUTIOUSLY OPTIMISTIC OUTLOOK REGARDING OUR MALAYSIAN OPERATIONS AND WILL BID FOR BOTH PUBLIC AND PRIVATE PROJECTS IN FY 2023.**

The Group also purchased one (1) new boring rig and five (5) excavators to expand the Group's operational capacity and accommodate the increase in number of projects taken by the Group in both Malaysian and Indonesian operations.

The Group completed a Private Placement on 25 May 2022, raising a total of RM9.69 million of funds for working capital and repayment of borrowings for trade purposes. The Group also completed a bonus issue of warrants on the basis of one (1) warrant for every two (2) existing ordinary shares on 24 June 2022 as a token of appreciation to the Shareholders for their continued support for the Group.

## GEARING TOWARDS SUSTAINABILITY

The Group is committed to embracing sustainability as we believe this would create value for shareholders in the longer term. In FY 2021, we enhanced our Anti Bribery and Corruption ("ABAC") policies and processes to ensure that we remained compliant to the corporate liability provision under Section 17A of the Malaysian Anti-Corruption Commission (MACC) Act 2009 (Amendment 2018). Following up to this effort, we have provided the Board and Management with the necessary training during FY 2022 to ensure that they remain up to date with these provisions.

In FY 2022, we took on various initiatives to give back to society such as making a charitable donation to an old folks' home and starting an internal fund raising for our fellow staff members who were unfortunately affected by the floods in December 2021. All these would help alleviate the financial burdens of those in need and we aim to continue this effort in the years to come and make a positive impact to society.

We believe that it is crucial for our staff to maintain a healthy lifestyle with a proper work life balance to increase our staff's productivity and efficiency at work. Therefore, we have formed a sports club committee for the staff of the Group and currently sponsors weekly badminton sessions for the staff to promote healthier lifestyle choices.

## MOVING FORWARD

For the Malaysian operations, while we do see the construction sector recovering in both the public and private sectors, uncertainty still remains due to global and local economic developments. We maintain a cautiously optimistic outlook regarding our Malaysian operations and will bid for both public and private projects in FY 2023.

On the other hand, PTAJI will remain a key contributor to the Group's earnings in the years to come as the Indonesian market presents ample opportunities, especially in Java and Sumatera. The new up and coming capital of Nusantara, which is anticipated to finish the first phase of development by 2024, also opens up expansion opportunities for PTAJI as Indonesian Management has its sights set on establishing PTAJI's presence in Kalimantan.

We are also excited about the prospects of the Group's new venture into Indonesia's renewable energy sector as we believe that the potential there is vast and would serve as an opportunity for the Group to diversify its business.

## ACKNOWLEDGEMENTS

**ON BEHALF OF THE BOARD OF DIRECTORS ("BOARD"), I WISH TO EXTEND THE UTMOST GRATITUDE TO OUR MANAGEMENT TEAM FOR THEIR PERSEVERANCE AND LEADERSHIP IN NAVIGATING THROUGH THESE TURBULENT TIMES.**

I would also like to express my deepest appreciation to our wonderful staff for their continued support and commitment. To my fellow colleagues on the Board, I thank everyone for their stewardship and wisdom and look forward to continue working with them in pushing the Group to greater heights.

I would also like to thank the respective governments of Malaysia and Indonesia and also all relevant authorities for their guidance in the construction sector. To our vendors and suppliers, I thank you for your continued support.

Finally, I would like to thank the shareholders of Aneka Holdings for their unwavering faith in the Group, especially in these past two (2) years, which have been challenging for the Group. We will continue to seek opportunities to create value for shareholders in the coming years.

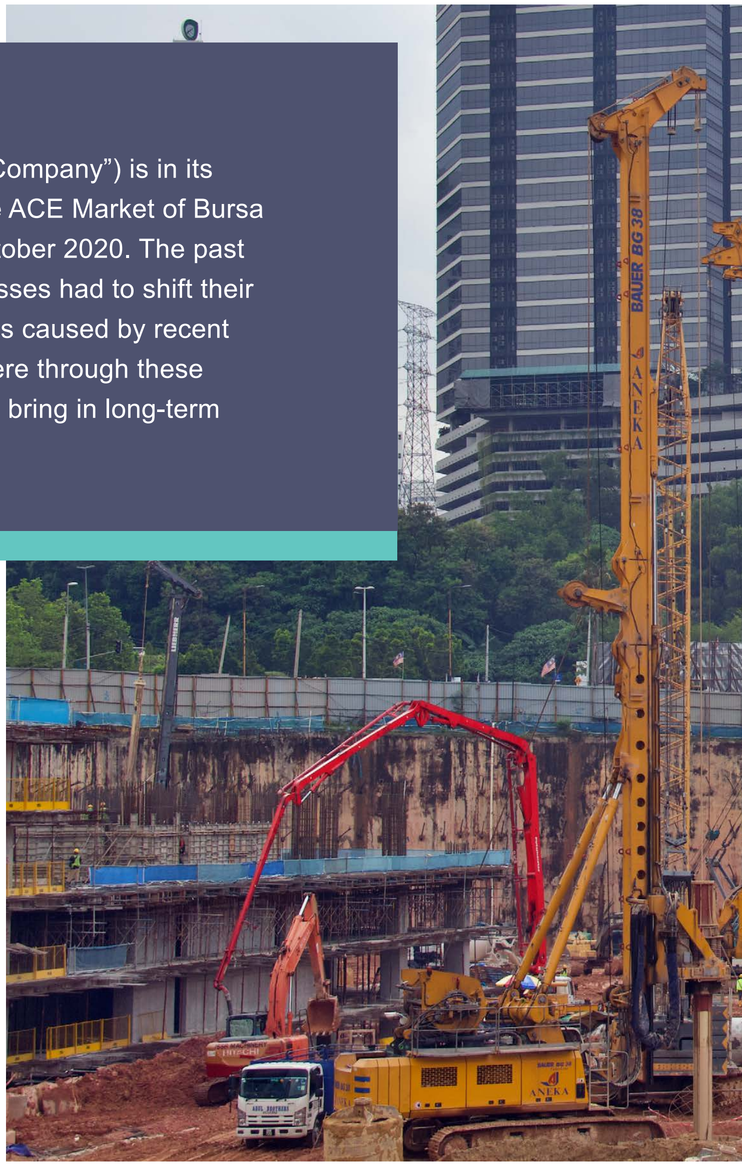
# MANAGEMENT DISCUSSION & ANALYSIS

## Dear Shareholders

Aneka Jaringan Holdings Berhad ("Aneka Holdings" or "the Company") is in its third year as a publicly listed entity, having been listed on the ACE Market of Bursa Malaysia Securities Berhad ("Bursa Securities") since 20 October 2020. The past two (2) years have been nothing short of turbulent as businesses had to shift their attention away from the pandemic to focus on new headwinds caused by recent shocks in the market. Even so, we have managed to persevere through these challenging times and look to restart our growth strategy and bring in long-term sustainable shareholder value.

**PANG TSE FUI**
*Managing Director*

**WE ARE DETERMINED TO NAVIGATE THROUGH THESE CHALLENGES CAREFULLY AS WE POSITION OURSELVES FOR A RECOVERY IN THE COMING FINANCIAL YEARS.**




## INTRODUCTION

As Malaysia continues to transition into the endemic stage in the financial year ended 31 August 2022 ("FY 2022"), the construction sector has seen improvements over the year. The Department of Statistics Malaysia ("DOSM") reported on 8 November 2022 that the construction sector grew by 23.2% year-on-year in value of work done to RM30.5 billion in the 3rd quarter of the calendar year 2022. This increase was a result of construction sites being able to operate at full capacity again in 2022 as the economy reopened and activities across sectors has normalised. Of this RM30.5 billion in value of work done, the private sector contributed RM18.0 billion or 59.0% in value of work done while value of work done in the public sector amounted to RM12.5 billion or 41.0%.

# MANAGEMENT DISCUSSION & ANALYSIS

The domestic construction sector still faces a lot of challenges due to disruptions in the supply chain, higher energy prices, inflationary pressure and cashflow issues among businesses.

Nonetheless, we are determined to navigate through these challenges carefully as we position ourselves for a recovery in the coming financial years.

## REVIEW OF OPERATIONS

For FY 2022, the Group's operations remain principally within Malaysia and Indonesia, with Aneka Jaringan Sdn. Bhd. ("AJSB") and PT Aneka Jaringan Indonesia ("PTAJI") being the revenue contributors of the Group.

In FY 2022, AJSB has shifted its focus back to the private sector for residential, commercial and also mixed development. This marked a change in our strategy for Malaysian operations as we had in the financial year ended 31 August 2021 ("FY 2021") placed our focus on infrastructure works in response to the slowdown in Malaysia's private sector then. Meanwhile, PTAJI's projects consisted primarily of infrastructure projects with the exception of their biggest project to date being the Sky House Alam Sutera project with a total contract sum of RM14.72 million.

The Group has secured a total contract sum of RM139.34 million in projects during FY 2022. Out of this RM139.34 million, RM113.47 million was awarded to AJSB while PTAJI secured the balance of RM25.87 million. Additionally, for the ongoing financial year ending 31 August 2023 ("FY 2023"), AJSB has further secured an additional contract sum of RM52.00 million in projects, strengthening its order book coming into FY 2023.

The Group's revenue for FY 2023 is supported by a healthy order book of RM145.73 million as at 31 October 2022, with AJSB having RM138.97 million in orders on hand while PTAJI has RM6.76 million. The Group also has a strong overall tender book, standing at RM969.45 million. Of this RM969.45 million, RM873.85 million is tendered by AJSB while PTAJI tendered the balance of RM95.60 million.

As at 31 August 2022, the Group has a total of twenty-one (21) on-going projects, of which seventeen (17) projects are located in Malaysia whilst the balance four (4) projects are in Indonesia.

**MALAYSIAN OPERATIONS REVENUE**

**RM144.34 million**

in FY 2022

**INDONESIAN OPERATIONS REVENUE**

**RM24.96 million**

in FY 2022

## FINANCIAL REVIEW

### Statement of Comprehensive Income

The Group saw an increase in total revenue of 38.66% from RM122.10 million in FY 2021 to RM169.30 million in FY 2022 due to the increase in work done as the construction industry improved after the previously imposed lockdowns and restrictions were lifted. Out of the RM169.30 million in revenue recorded in FY 2022, AJSB's revenue stood at RM144.34 million while the balance was generated by PTAJI with a revenue of RM24.96 million for the year.

The Group reported a loss after taxation of RM30.33 million in FY 2022, which is an increase of RM7.45 million in comparison to the loss after taxation of RM22.88 million incurred in FY 2021. Malaysian operations incurred a loss after taxation of RM32.39 million for FY 2022, compared to a loss after taxation of RM23.99 million in FY 2021. This loss after taxation was cushioned by PTAJI's profit after taxation of RM2.06 million in FY 2022, which was a RM0.96 million increase from prior year's profit after taxation of RM1.10 million.

The Group incurred a gross loss of RM10.85 million this financial year as project budgets had to be revised due to the lengthening of projects caused by lockdowns and increased material prices. The Group also saw an increase in other income from RM0.70 million in FY 2021 to RM6.03 million in FY 2022. This is due to the gain on disposal of machineries for RM1.72 million, insurance claim of RM1.07 million for damages incurred on a boring machine and also the recovery of contract asset of RM2.78 million for a project of which part of it was written off in FY 2021.

For FY 2022, the Group had to impair and write off contract assets amounting to RM11.50 million, of which RM11.35 million was impaired and written off due to reduction in work scopes upon finalisation of accounts for some of the projects in AJSB. The remaining RM0.15 million written off is for a project in PTAJI whereby the client had declared bankruptcy and PTAJI's management deemed the remaining contract assets irrecoverable.

The Group's finance costs increased to RM4.03 million in FY 2022 from RM3.03 million in FY 2021 due to the higher interest rates resulting from the hikes in benchmark rates as well as additional interest incurred from the increase in loans and borrowings during the year. On the other hand, administrative and other expenses decreased from RM16.82 million in FY 2021 to RM9.75 million in FY 2022 as the Group had in FY 2021 incurred IPO expenses of RM2.19 million and also net impairment of RM1.80 million for long outstanding trade debts.

### Statement of Financial Position

As at 31 August 2022, the Group's total assets increased by RM2.13 million to RM239.93 million in comparison to RM237.80 million in FY 2021. Trade and other receivables increased to RM79.93 million in FY 2022 from RM64.58 million in FY 2021 as the Group's work done increased in FY 2022 while contract assets reduced to RM67.90 million in FY 2022 from RM77.71 million in FY 2021 due to impairments made for several projects.

The Group completed a Private Placement exercise on 25 May 2022 and subsequently a bonus issue of warrants on the basis of one (1) warrant for every two (2) existing shares on 24 June 2022. The Private Placement raised funds amounting to RM9.69 million, recapitalising the Group's financial position. The funds raised were used for working capital and repayment of borrowings for trade purpose. The bonus issue of warrants did not have any immediate material effect on the Group's balance sheet upon completion.

In terms of capital expenditure for FY 2022, the Group purchased five (5) excavators for AJSB and one (1) boring rig for PTAJI respectively in anticipation of the increase in work done as lockdowns previously imposed were lifted and the Group saw an increase in number of projects taken.

Meanwhile, total liabilities increased from RM123.05 million in FY 2021 to RM145.52 million in FY 2022. This is primarily attributed to the increase in trade and other payables and total loans and borrowings incurred to fund the increased productivity. Total loans and borrowings increased to RM75.95 million in FY 2022 from RM69.56 million in FY 2021.

# MANAGEMENT DISCUSSION & ANALYSIS

## RISKS

**THE GROUP IS CONTINUOUSLY MONITORING AND ASSESSING POTENTIAL BUSINESS AND INDUSTRY RISKS THAT COULD IMPACT THE GROUP AND WOULD TAKE THE APPROPRIATE MEASURES TO MITIGATE OR ALLEVIATE SUCH RISKS.**

Our Audit and Risk Management Committee ("ARMC") oversees the Group's risk management and internal control functions, ensuring that the Group's business decisions are in line with the Group's risk appetite. The ARMC annually reviews the Group's registry of risk which details the various risks that the Group encounters in the course of the ordinary business and also in relation to the COVID-19 pandemic.

### Material Prices

The Group's margins are subjected to fluctuations in material prices such as steel rebar and concrete. Factors such as disruptions within the global supply chain, China's zero-COVID policy lockdown and also the increase in energy prices resulting from sanctions imposed during the Russia-Ukraine conflict, have created more volatility in material prices.

### Labour Shortage

The Group experienced labour shortage as businesses in Malaysia were not allowed to bring in new workers while old workers had to return to their countries for various reasons. This created a reliance towards outsourced workers in order to maintain productivity for the past two (2) years.

Fortunately, the Group was granted a quota by the Human Resources Ministry for the recruitment of 150 foreign workers in September 2022 and management is currently in the process of replenishing the Group's workforce. This is also expected to reduce our labour costs as the current dependency on outsourced workers will be reduced accordingly.

### COVID-19 Development

Even though Malaysia is currently transitioning into the endemicity stage, the COVID-19 virus still presents large amounts of uncertainty as the virus is constantly mutating and creating new variants. The Group remains cautious about the development of the virus and will continue to monitor the status of the pandemic carefully.

MET 5 (S2), Jalan Dutamas 2, Kuala Lumpur

## OUTLOOK

### MALAYSIA

**AT THE INDUSTRY LEVEL, THE MALAYSIAN CONSTRUCTION INDUSTRY HAS SHOWN SIGNS OF IMPROVEMENT IN FY 2022 COMPARED TO FY 2021 AS THE COUNTRY HAS ADAPTED TO THE PANDEMIC'S NEW NORMS AND IS NOW IN TRANSITION TOWARDS ENDEMICITY.**

Coming into FY 2023, major up and coming infrastructure projects such as the Mass Rapid Transit 3 ("MRT 3") and the East Coast Rail Link ("ECRL") would help to strengthen construction within the public sector. With the private sector currently in full swing again and the anticipation of the public sector's recovery, we believe domestic construction activities will improve. Our strategy for FY 2023 would tap on this development as we aim to secure both private and public sector projects next financial year. However, we remain vigilant as the sector's outlook is still clouded with uncertainties caused by both global and local events that we are monitoring very closely.

At the company level, AJSB's revenue is supported by a strong order book going into FY 2023, of which our recent projects were tendered at higher margins. Additionally, the Group is looking to resolve its labour shortage issues in the upcoming months, which we believe would boost AJSB's productivity and lower labour costs as well.

Thus, the Group is cautiously optimistic about the Group's Malaysian operations recovery.

### INDONESIA

**AS PER THE GROUP'S STRATEGY OF EXPANDING ITS FOOTPRINT IN INDONESIA, PTAJI'S REVENUE SAW AN INCREASE OF 182.67% FROM RM8.83 MILLION IN FY 2021 TO RM24.96 MILLION IN FY 2022. NET PROFIT ALSO INCREASED BY 87.27 % FROM RM1.10 MILLION IN FY 2021 TO RM2.06 MILLION IN FY 2022.**

PTAJI's success and growth has continued to reaffirm the Group's decision of expanding operations in Indonesia as PTAJI purchased another new boring rig in FY 2022 to expand operational capacity. Furthermore, the Indonesian government's commitment to move its capital to Nusantara in East Kalimantan will open up new opportunities for the Group with the first phase of development scheduled to be completed by 2024. PTAJI is currently setting its sights on the new capital and is optimistic on the prospects of entering Nusantara.

In addition, the Group is seeking to diversify its revenue stream by venturing into the renewable energy sector in Indonesia. The Group is optimistic about this new venture and will continue monitoring it closely.

## ACKNOWLEDGEMENTS

**ON BEHALF OF MANAGEMENT, I WOULD LIKE TO THANK THE BOARD OF DIRECTORS FOR THEIR GUIDANCE AS WE CONTINUE TO PERSEVERE IN THESE UNPRECEDENTED TIMES.**

I would also like to extend my personal gratitude to our fellow staff for their commitment over the course of these challenging years. To our suppliers and subcontractors, I thank you for your continued support.

Last but not least, I would like to express my deepest appreciation to our valued shareholders for their continued support to the Group.

# SUSTAINABILITY STATEMENT

## PILING INTO SUSTAINABILITY

**SUSTAINABILITY IS ONE ASPECT OF THE PROFOUNDLY COMPLEX CONSTRUCTION INDUSTRY THAT GRAPPLES WITH INCREASINGLY STRINGENT HEALTH, SAFETY AND SUSTAINABILITY REGULATIONS.**

Engineering and construction industries face competing pressures as we try to control costs and maintain efficient processes with multiple suppliers and subcontractors. We also focus on reducing energy costs and lowering our carbon footprint using energy-intensive heavy equipment.

Managing the complexity of sustainable foundation and basement construction projects is challenging. Our focus is centered around maximising quality and efficiency while minimising the impact on the community and environment.

This Sustainability Statement communicates our story, challenges, achievements and progress.

| | |
|---|---|
| **Reporting Period** | 1 September 2021 to 31 August 2022 |
| **Reporting Cycle** | Annually |
| **Reporting Coverage** | Aneka Jaringan and all entities as included in the Group's consolidated financial statements. |
| **Reference and Guidelines** | **Principle Guideline:** Global Reporting Initiative (GRI) Universal Standards<br><br>**Additional Guidelines:**<br>• Bursa Malaysia's Sustainability Reporting Guide<br>• United Nations Sustainable Development Goals (UNSDGs)<br>• International Organization for Standardisation (ISO) 26000:2010 Guidance on Social Responsibility |
| **Reporting Approach** | This Sustainability Statement focuses on the Group's sustainability strategies and practices whilst highlighting the economic, environmental, social and governance aspects of its activities and developments. It also provides an overview of the Company's approach and priorities and a performance review of crucial sustainability areas. |
| **Reliability of Information Disclosed** | The accuracy of the content in this Sustainability Statement has been:<br>• Reviewed by the Sustainability Working Group; and<br>• Presented to the Board for approval. |
| **Feedback** | Aneka Jaringan is fully committed to listening to stakeholders and welcomes feedback on its sustainability reporting and performance. Please send your comments or questions to:<br><br>Aneka Jaringan Holdings Berhad<br>K-2-1 Pusat Perdagangan Bandar Bukit Jalil<br>Persiaran Jalil 2, 57000 Kuala Lumpur<br>Phone: 03-8657 5150<br>Fax: 03-2771 3827<br>Email: info@ajgroup.my |

# SUSTAINABILITY STATEMENT

## SUSTAINABILITY STRATEGY AND GOVERNANCE

Sustainability at Aneka Jaringan means operating ethically, maintaining a strong safety culture, being socially responsible, supporting communities, protecting the environment and developing employees.

As we continue our sustainability journey, we remain focused on integrating sustainability across our business to enhance our operations and align the Group's Environmental, Social and Governance (ESG) through best practices.

While we have always had ESG ingrained in our values, Aneka Jaringan's ESG journey began by establishing a dedicated ESG function. Overseeing our growth strategy at the highest level, the Board of Directors founded a model of innovating for a sustainable future. Representatives from each company function are members of the Sustainability Working Group.

We also undertook a rigorous materiality assessment of the sustainability metrics that are material to our stakeholders and business. This process guided the sustainability strategy with a targeted focus on the following areas.

### ENVIRONMENTAL COMPLIANCE

**Our Commitment:**
Aneka Jaringan is committed to minimising the environmental impact of its operations through green practices and innovation. We strictly comply with all environmental laws, regulations and other guidelines concerning business activities.

**UNSDGs:**
6 CLEAN WATER AND SANITATION

### INNOVATION AND ADVANCEMENT

**Our Commitment:**
Aneka Jaringan invests in innovation, infrastructure and technology to optimise workflows and ensure projects run smoothly. We work with industry experts to share ideas on innovative solutions that advance the industry.

**UNSDGs:**
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
17 PARTNERSHIPS FOR THE GOALS

### HEALTH AND SAFETY

**Our Commitment:**
Maintaining a safe and healthy working environment is a top priority for Aneka Jaringan. Stringent safety procedures and policies help minimise risks and workplace incidents.

**UNSDGs:**
3 GOOD HEALTH AND WELL-BEING


### ETHICAL AND SUSTAINABLE OPERATIONS

**Our Commitment:**
Aneka Jaringan operates with the highest ethics and integrity. We strive to be 100% compliant with laws and conduct ourselves in a manner that is beyond reproach.

**UNSDGs:**
12 RESPONSIBLE CONSUMPTION AND PRODUCTION
17 PARTNERSHIPS FOR THE GOALS

### EMPOWERED WORKFORCE

**Our Commitment:**
Aneka Jaringan strives to create a respectful, rewarding, diverse and inclusive work environment that brings out the best in all employees.

**UNSDGs:**
8 DECENT WORK AND ECONOMIC GROWTH
10 REDUCED INEQUALITIES

### ENGAGED SOCIETY

**Our Commitment:**
Aneka Jaringan is committed to creating a sustainable society by engaging with the local community and giving back to society whenever possible.

**UNSDGs:**
11 SUSTAINABLE CITIES AND COMMUNITIES

We identified and prioritised these areas as they are the most material to stakeholders and the business. We have reported our progress and achievements in these areas in the following pages of this Sustainability Statement. Aneka Jaringan will continue to consult key stakeholders through regular engagement to sharpen its focus on sustainable construction. Our annual Sustainability Statement and other dedicated methods of engagement used for each stakeholder group will inform stakeholders of our milestones in addressing these material issues.

| Stakeholder Group | Method of Engagement |
|---|---|
| **Government and Authorities** | • Site inspections<br>• License renewals |
| **Shareholders and Investors** | • Quarterly reports<br>• Announcements<br>• Annual general meetings<br>• Extraordinary general meetings |
| **Business Partners** | • Progress reports and meetings<br>• Tender meetings |
| **Employees** | • Employee engagement events<br>• Dialogue with top management<br>• Intranet and departmental meetings<br>• Management meetings |
| **Contractors, Suppliers and Subcontractors** | • Supplier relationship management<br>• Joint events<br>• Dialogue and engagement |
| **Professional Bodies** | • Consultation and negotiations<br>• Dialogue and engagement<br>• Site visits<br>• Training |

## ECONOMIC PRINCIPLES OF SUSTAINABLE CONSTRUCTION

**ECONOMIC SUSTAINABILITY IN CONSTRUCTION IS A VERY FINE BALANCE BETWEEN COST AND ACTUAL VALUE, INCLUDING AN ASSESSMENT OF CONSTRUCTION COSTS, CHOICE OF MATERIALS AND OPERATION EXPENSES.**

Engineering, construction and building materials are vital in the post-pandemic recovery of our communities and economies. The Group's growth is expected to augur as it is well supported by an order book of RM145.73 million as at 31 October 2022 despite the post-pandemic challenges, including labour shortage, supply chain disruption and rising costs.

## SUSTAINABLE GROWTH LOCALLY AND INTERNATIONALLY

During the year, Aneka Jaringan returned stronger and shifted its focus back to the private sector. The Group secured several private residential and commercial building projects in the financial year ended 31 August 2022 ("FY2022").

Aneka Jaringan also won a RM46.00 million contract that entails earthworks, piling and substructure work for a mixed-development project in Setapak in the beginning of the financial year ended 31 August 2023 ("FY2023").

**Contract Details**

| Phase | Description |
|---|---|
| First | • A 31-storey block of serviced apartments (Block A) with 303 units<br>• A 29-storey block of serviced apartments (Block B) with 310 units<br>• 87 business space units<br>• Eight car park podium floors<br>• Underground parking and facilities |
| Second | • A 29-storey block of serviced apartments (Block C) with 310 units<br>• A 31-storey block of serviced apartments (Block D) with 303 units |

As part of its strategy to tap into international market opportunities, the Group aims to enter Indonesia's renewable energy market. This strategic decision is expected to bring new revenue streams via the engineering, procurement, construction and commissioning (EPCC) of solar photovoltaic (PV) systems and facilities in Indonesia. It also capitalises on the opportunities presented by Indonesia's renewable energy commitments.

## SUPPLY CHAIN SUSTAINABILITY

Purchasing logistics and operations work hand in hand for resilient and sustainable supply chains that deliver high levels of quality, climate action and social standards. A sustainable supply chain uses environmentally and socially sustainable practices at every stage to protect the people and environments across the whole chain.

**Environmental and Social Standards Evaluated**

| | |
|---|---|
| Environmental standards | Environmental degradation, deforestation, greenhouse gas emissions, pollution and resource management. |
| Social standards | Working conditions, labour practices, health and safety. |

Established measures

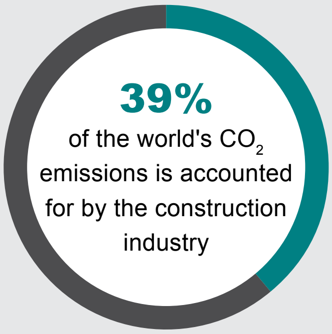
- Contractors must submit a Project Safety, Health and Environmental Compliance Plan (PSHECP) and Emergency Response Procedures (ERP) prior to commencing work
- Environmental safety and health requirements are included in all contractual agreements with supply chain partners and contractors
- Annual assessment of all suppliers and contractors

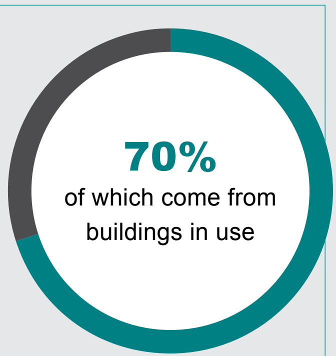
We are pleased to report that there has been no non-compliance concerning ethical and sustainable supply chains during this reporting period. Supply chains are responsible for the bulk of our environmental and social impact in the construction industry. We work closely with all supply chain partners to ensure sustainable operations.

# SUSTAINABILITY STATEMENT

## BUILDING A GREENER WORLD

**THE WORLD IS WORKING TOWARDS A NET-ZERO EMISSIONS ENVIRONMENT, DRIVING CIRCULAR CONSTRUCTION TO REDUCE, REUSE AND RECYCLE MATERIALS WHEREVER POSSIBLE.**




**Source: World Green Building Council**

With the construction sector representing 38% of the world's global $CO_2$ emissions, we have an essential role to play across the entire building lifecycle.

Piling and basement construction is one of the most complex activities in the industry. Constructing pile foundations is multifaceted and performed by heavy machines and materials. Energy sources generate substantial amounts of $CO_2$, other greenhouse gases and other forms of environmental pollution.

Aneka Jaringan's sustainable piling construction guarantees its processes meet environmental sustainability, human health and well-being standards. We ensure that we comply with all relevant laws and regulations, which include:

- Environmental Quality Act 1974
- Environmental Quality (Clean Air) Regulations 2014
- Factory and Machinery (Noise Exposure) Regulations 1989
- Environmental Quality (Industrial Effluents) Regulations 2009
- Environmental Quality (Sewage) Regulations 2009

### ENVIRONMENTAL IMPACT FROM OPERATIONS

Piling works create vibrations in the ground. Piles may be pre-casted or cast on-site. In both cases, pile construction processes consume significant energy and release emissions that affect the environment. Transportation used to complete the construction also consumes power, which is responsible for emissions. Aneka Jaringan conducts environmental impact assessments to ensure that its activities have a minimal ecological impact.

### USE OF POLYMER SOLUTIONS FOR INNOVATIVE GEOTECHNICAL WORKS

Water-soluble polymers have been used to stabilise deep excavations such as pile bores and diaphragm wall trenches since the 1970s. Compared with conventional bentonite slurries, these engineered fluids bring several benefits, including smaller site footprints, lower environmental impact and construction costs. Polymer fluids can offer significant environmental benefits to their clay-based counterparts. For example, although used bentonite is a non-hazardous waste, it can be highly polluting if released into the aquatic environment.

We are pleased to report that all waste generated by Aneka Jaringan for the past three years, including from geotechnical and structural works, is less than the maximum limits.

# SUSTAINABILITY STATEMENT

## ENERGY MANAGEMENT

Aneka Jaringan's energy management involves the systematic use of management and technology to improve energy performance within the organisation.

Our machinery also consumes a significant amount of diesel during construction. We sell old machines that are not economical to repair. We replace malfunctioning units with newer models for greater efficiency.

## WASTE MANAGEMENT

Foundation and basement construction generates significant waste as part of its process. Licensed contractors handle all construction wastes, including their removal, handling and disposal.

The Group ensures compliance with all regulations concerning the safe disposal of waste. We have also introduced various internal initiatives to manage waste efficiently, including:

- Converting to e-payslip and e-leave
- Recycling initiatives at sites and offices
- Recycling concrete for sustainable road construction
- Load testing on a reinforced precast slab

We will continue to explore options for recycling and reusing to minimise the amount of waste that would have been disposed into landfills.

## WATER CONSERVATION

Aneka Jaringan seeks effective water management to prevent waste, overuse and resource exploitation.

Drilling fluids (drilling muds) have several functions, including carrying bore cuttings to the surface, cooling and lubricating the drill string and controlling subsurface pressures. We use surface water as batch stabilisation drilling fluid at our sites.

We try to leverage any water source available on site as part of our water reuse and conservation measures. Typically, we use alternative water sources for mixing slurry. This slurry helps stabilise boring holes to prevent them from collapsing.

## GROUND VIBRATION AND NOISE MANAGEMENT

The noise and ground vibrations created when installing pre-formed piles can disturb the surrounding community. We measure and monitor noise levels at all sites, especially projects adjacent to residential areas, ensuring they are within the stipulated Department of Environment (DOE) limits. We also comply with the Factory and Machinery (Noise Exposure) Regulations 1989 and immediately address any complaints from surrounding residents.

## CARING FOR OUR PEOPLE AND THE COMMUNITIES

### FOR THE COMMUNITIES

Throughout our history, we have maintained a strong sense of community and strived to be good corporate citizens.

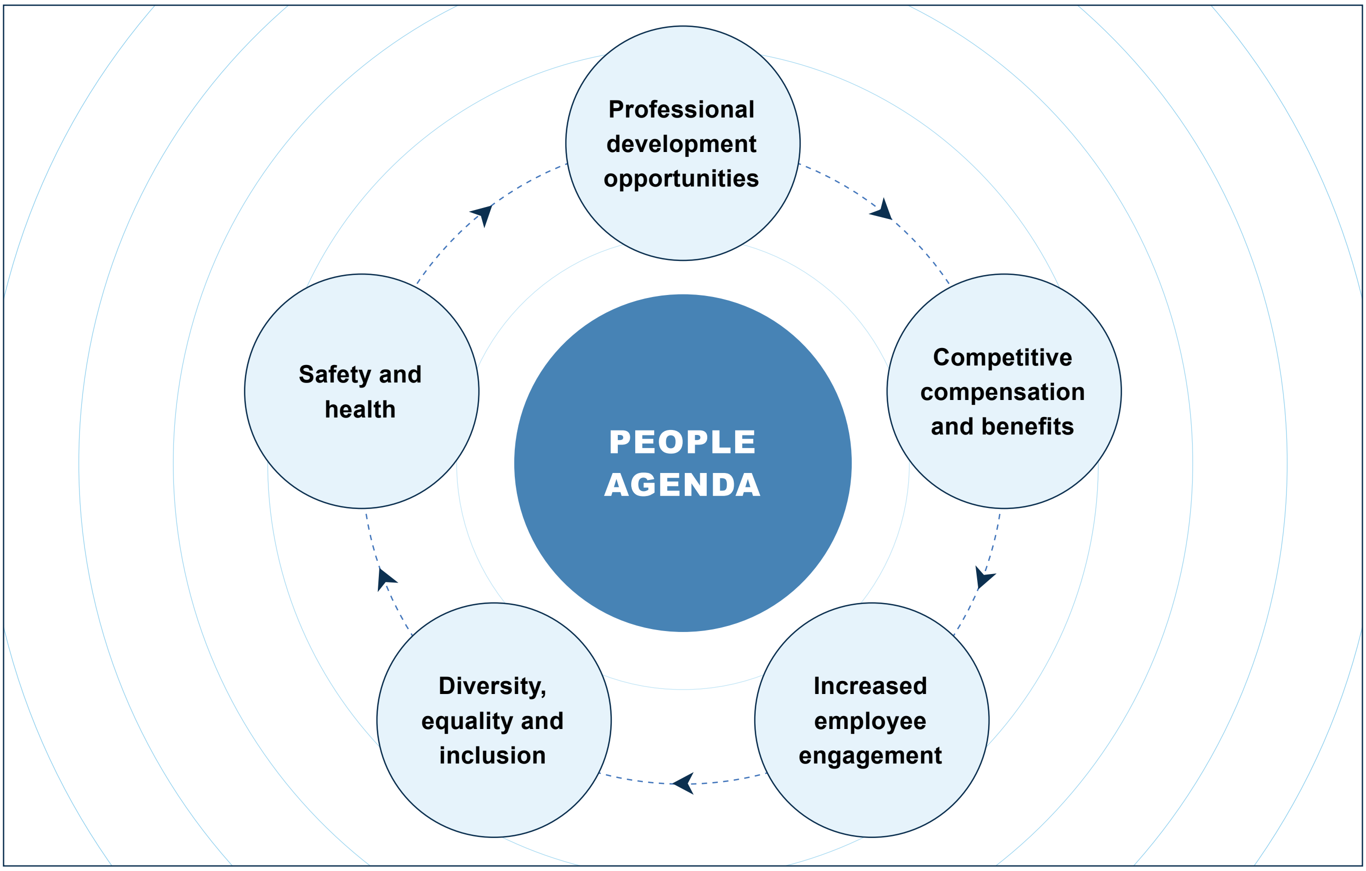
We understand the value of community partnerships where we operate and recognise that thriving and resilient communities are essential for a sustainable future. Community engagement benefits our neighbours, resonates with employees on a personal level and allows us to operate with the trust and confidence of our neighbours.

During the year, Aneka Jaringan organised various activities to give back to the community, including a charity donation to an old folks' home. Volunteers delivered the raised funds and other daily necessities, such as household items and consumables.

We also organised a fund-raising activity to help employees whose homes and livelihoods had been affected by one of the worst floods in the country in December 2021.

### FOR OUR PEOPLE

We emphasise the importance of our company values and principles to remain competitive as we continuously demonstrate our commitments as a good employer and enhance our performance.

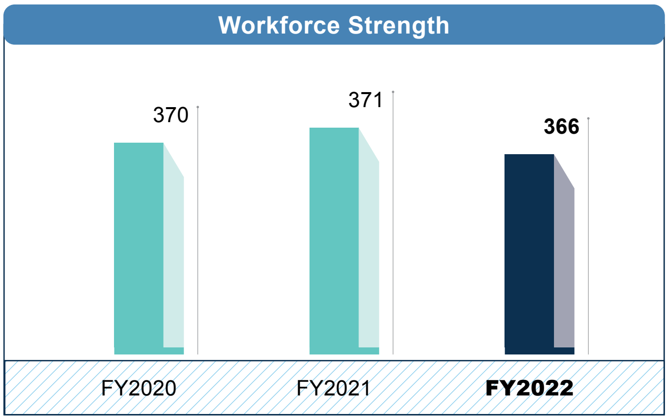


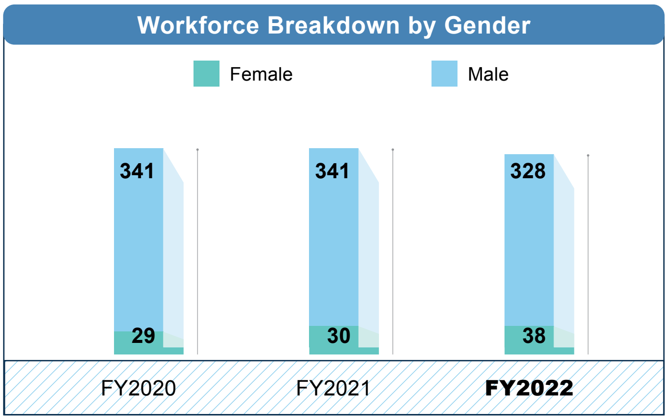
# SUSTAINABILITY STATEMENT

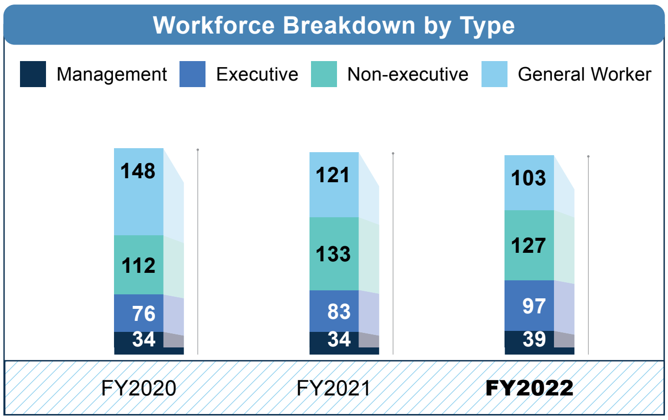
## EQUALITY, DIVERSITY AND INCLUSION

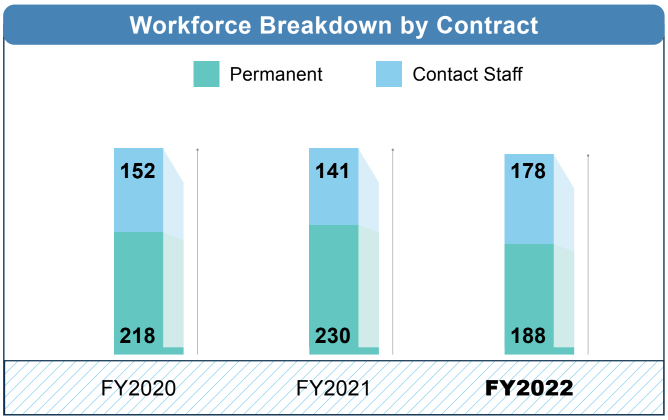
We are committed to encouraging equity, diversity and inclusion among our workforce, partners, and suppliers and eliminating unlawful discrimination.

Construction is a male-dominated industry due to its nature of work. However, we continue to practice equality, hire the best talent and do not discriminate against any individuals during recruitment and remuneration. A gender pay gap does not exist, and the management consisted of 10.26% females in FY2022. Equal opportunities ensure that employment and reward decisions are based on merit and performance and not influenced by race, religion, gender, age, nationality or disability.




## REWARDING OUR PEOPLE

We pay our employees in adherence to the Employment Act 1955. We practice fair and equitable payment and remunerate employees according to their performance without considering gender, religion, race, nationality or age when assessing remuneration and compensation. We reward our employees annually through salary increments and monetary bonuses subject to the performance of our Group and employees.

Our Human Resources Department conducts a salary and compensation benchmarking exercise to ensure that our benefits and remuneration packages are competitive within the industry. We introduced various benefit enhancement initiatives during the year, including:

- A panel clinic which offers employees free medical consultation and treatment
- Examination leave to support employees in upgrading their personal skills
- Additional annual leave days
- Increased paid sick leave for prolonged illness

The Group also formed a sports club to promote a healthy lifestyle and support employees' mental well-being.

## RESPECTING HUMAN RIGHTS

We are committed to conducting business in a manner that preserves and respects human dignity. By respecting human rights, we aim to avoid harm and promote more inclusive societies, consistent with the UNSDGs.

Aneka Jaringan has a robust governance framework that embeds respect for human rights in its operations, business relationships and supply chain.

Additionally, we prohibit any use or contracting – directly or indirectly – of child labour, forced labour or any form of slavery.

**Aneka Jaringan's Fundamental Human Rights Principles**

- Employment is freely chosen
- Child labour shall not be used
- No discrimination is practiced
- No harsh or inhumane treatment is allowed
- Fair wages are paid
- Freedom of association is respected
- Complaints and feedback systems for workers are in place
- Working conditions are safe and hygienic

We adhere to all applicable employment and human rights regulations, regardless of where operations are based and expect suppliers to follow these high standards.

## PROTECTING FOREIGN WORKERS

Aneka Jaringan recognises the importance of foreign workers within Malaysia's developing economy. This is especially true with the construction industry, which heavily relies on them. We have introduced several measures to protect our foreign workers, such as ensuring they are compensated fairly and provided with decent living conditions. Monthly inspections are conducted to ensure facilities and living quarters are adequate and functioning well according to Act 446 Laws of Malaysia: Employees' Minimum Standards of Housing, Accommodation and Amenities Act 1990. Foreign employees receive pay above the Malaysian minimum wage. They also receive the same remuneration and compensation packages, including medical benefits, outstation allowance, overtime allowance and other welfare benefits.

## TRAINING AND DEVELOPMENT

Aneka Jaringan is committed to fostering the growth and development of employees. We focus on instilling a leadership skillset and mindset from day one of our onboarding training through ongoing training and personalised coaching at various levels of operations and management.

Examples of training programmes held during the year include *Inovasi Keselamatan dan Kesihatan Pekerjaan (KKP) di Tempat Kerja: Perkongsian Akademia dan Industri*, Microsoft End User Training (Interface) and Microsoft Excel (Intermediate/Advance).

| | FY2020 | FY2021 | FY2022 |
|---|---|---|---|
| Total training hours | 266 | 712 | **1,580** |
| Average of training hours per year per employee | 5.78 | 10.03 | **11.25** |

# SUSTAINABILITY STATEMENT

## SAFETY FIRST

Our commitment to providing safe working conditions and involving all our employees in our safety efforts has been a fundamental part of our history. A Safety Committee leads Aneka Jaringan's safety occupational and safety excellence with assistance from the safety team and Emergency Response Team (ERT).

**OUR SAFETY MEASURES AT OPERATIONS**

- √ Policy reviews
- √ Weekly toolbox meeting
- √ Monthly safety report
- √ Weekly larviciding and thermal fogging
- √ Site safety training
- √ Monthly site safety committee meeting

We conducted an audit on safety, health and COVID-19 management, presenting the findings to the management and the Audit and Risk Management Committee ("ARMC") to be addressed.

Aneka Jaringan delivered various safety initiatives throughout the year, including:

- Covid-19 Safety Stand Down by Occupational Safety Health Malaysia (OSHMA)
- First Aid Training by Cert Academy
- Strengthening Occupational Health through Technology by the Department of Safety and Health (DOSH)
- Skills, Knowledge & Experience of Construction Site Workforce by DOSH
- Rigging, Slinging & Signalman by Cert Academy

## OUR QUALITY AND SATISFACTION PROMISE

Aneka Jaringan is a group of construction companies specialising in basement and foundation construction. Combining valuable work experience and technical knowledge, Aneka Jaringan is fully committed to providing innovative solutions to clients' needs, proven by a 20-year track record.

We have obtained the ISO 9001:2015 certification for providing the design and construction of foundation and geotechnical services for the construction of building and infrastructure works. The Company conducts an annual quality audit as part of the ISO requirements. Aneka Jaringan also engages an internal audit consultant who assesses various functions within the Company, such as Human Resources, Purchasing, IT, Contract and Quality Services.

While conforming to the building design codes, our technical knowledge and experience allow us to raise the standards of client requirements and provide alternative designs with increased health, safety and quality. Adopting the Finite Element Analysis with Plaxis and SAFE Software demonstrates our commitment to sustainable operations.

The management meets with each project manager and assistant project manager every month to get an update on the project's progress and cost analysis and discuss any current issues at the site. Through this regular meeting, we hope to address any concerns that could hinder the project's quality and delivery.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

**THE BOARD OF DIRECTORS ("BOARD") OF ANEKA JARINGAN HOLDINGS BERHAD IS COMMITTED TO ENSURING THAT SOUND CORPORATE GOVERNANCE PRINCIPLES AND PRACTICES ARE APPLIED THROUGHOUT THE GROUP TO SAFEGUARD THE SHAREHOLDERS' INTERESTS.**

**THIS CORPORATE GOVERNANCE OVERVIEW STATEMENT OUTLINES THE COMPANY'S APPLICATION OF CORPORATE GOVERNANCE PRINCIPLES AS SET OUT IN THE MALAYSIAN CODE ON CORPORATE GOVERNANCE ("MCCG"). THE CORPORATE GOVERNANCE REPORT OF THE COMPANY IS AVAILABLE IN THE COMPANY'S WEBSITE AT WWW.ANEKAJARINGAN.COM.**

**The Board**

The Board is guided by the Board Charter which provides a clear guidance on the roles, responsibilities, processes and operations of the Board.

The Board is responsible for setting the overall strategic direction of the Group via annual budgeting and setting of business plans which encapsulate the Board's vision and goals for the Group and ensuring the overall corporate governance with effective leadership and professionalism. The Board must ensure that these goals not only promote long-term sustainable shareholders' value but also reflect the current everchanging business, economic and social environment.

Management is tasked with the implementation of the business plans to achieve the targets and budget as set, for which the Board would monitor the progress and provide guidance/advisory as needed to ensure that these targets and budgets are achievable. Through quarterly meetings or any additional meetings if so required, the Board will deliberate on such matters necessary to ensure the realignment of the Group's goals, taking into account the business environment and changing economic situation caused by external factors.

The Board acknowledges that all business decisions involve some level of risks and it is the responsibility of the Board to ensure that these business decisions are built on sound corporate governance and appropriate risk management reflecting the Group's risk appetite. To achieve this, the Board is assisted by the Audit and Risk Management Committee ("ARMC") which is tasked with reviewing and monitoring the Group's financial and operational performance. Management would also hold monthly management and operational meetings to discuss any potential issues and if needed, consult the ARMC and the Board for guidance and advices.

The Board has also put in place a Whistle-blowing Policy which sets out the guidance and procedures by which employees and any third parties can raise any genuine improprieties perpetrated within the Group. An Anti Bribery and Corruption Policy has also been put in place to ensure that all Directors, management, staff, workers, suppliers and subcontractors are aware of the consequences of their actions in daily business dealings so that the Group is not exposed to any contravention of the laws.

The ARMC assists the Board in monitoring and reviewing the Group's risk management and internal controls system, with the assistance of the Internal Auditors. The ARMC continuously monitors and reviews the processes put in place to identify, analyse, evaluate and manage the financial and non-financial risks, ensuring that they are robust and effective.

**Board Composition**

The Board comprises of individuals from various specialisations and professions, ensuring that the objectivity of any decisions made by the Board would be reinforced by their wealth of diversified experiences in a variety of backgrounds and industries. In line with Rule 15.02 of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities")("Listing Requirements"), half of the Board or three (3) out of six (6) Board members are independent directors to ensure that there are proper checks and balances to protect the interest of the minority shareholders. The diversity of the independent directors contributed to the objectivity in any decision-making process as they brought with them their specialisations and experiences in different backgrounds and industries into the deliberation processes. The Board also includes a female Independent Non-Executive Director from a different industry with different experiences to ensure balanced and robust decision-making processes. No board member is above any other and any final decision-making requires the consensus of the full Board.

The Board comprises of three (3) Executive Directors and three (3) Independent Non-Executive Directors, as follow:-

- Dato' Ir. Tan Gim Foo (Independent Non-Executive Chairman)
- Mr. Pang Tse Fui (Managing Director)
- Ir. Chong Ngit Sooi (Executive Director)
- Mr. Loke Kien Tuck (Executive Director)
- Dato' Noraini binti Abdul Rahman (Independent Non-Executive Director)
- Mr. Wee Kee Hong (Independent Non-Executive Director)

The position of Chairman and Managing Director are held by different individuals. The Chairman is responsible for providing leadership for the Board so that the Board can discharge its duties effectively, and leading the Board in adoption and implementation of good corporate governance practices within the Group. He sets the agenda, leads the Board meetings and discussions, and encourages active participations as well as allows dissenting views to be heard.

The Managing Director is assisted by the Executive Directors and management teams in implementing the Group's strategy and executing business plans as laid out by the Board.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

**Board of Directors' Meeting**

A total of six (6) Board of Directors' Meetings were conducted during the financial year ended 31 August 2022 ("FY 2022"), as follows:-

| Directors | No. of Meetings Attended |
|---|---|
| Dato' Ir. Tan Gim Foo | 6/6 |
| Mr. Pang Tse Fui | 6/6 |
| Ir. Chong Ngit Sooi | 5/6 |
| Mr. Loke Kien Tuck | 6/6 |
| Dato' Noraini binti Abdul Rahman | 6/6 |
| Mr. Wee Kee Hong | 6/6 |

**Directors' Training**

The Directors of the Company had attended the following training sessions during FY 2022:-

| Name of Directors | Date of Trainings | Subject |
|---|---|---|
| **Dato' Ir. Tan Gim Foo** | 9 September 2021 | MBAM – Webinar on ESG, RCEP, S17A (MACC Act) and Corporate Rescue Mechanism for Construction Industry |
| | 5 November 2021 | ACF Webinar on COVID-19 (Temporary Measures) Act – Issues, Challenges and Way Forward in the Singapore Construction Industry |
| | 17 December 2021 | MBAM Webinar on Managing Disputes among Contracting Parties Post COVID-19 and Way Forward |
| | 7 April 2022 | Securities Commission – Audit Oversight Board's Conversation with Audit Committees |
| | 21 April 2022 | KPMG – Insight into Task Force on Climate-Related Financial Disclosures (TCFD) and Sustainable Finance |
| **Mr. Pang Tse Fui** | 9 September 2021 | MBAM – Webinar on ESG, RCEP, S17A (MACC Act) and Corporate Rescue Mechanism for Construction Industry |
| | 22 September 2021 | MBAM - Webinar on Worksite Digitalisation Through Connected Machinery - Data Driven Approach to Improve Productivity and Profitability |
| | 5 April 2022 | Skrine and Co – Anti Bribery and Corruption Training for Management & Staff |
| **Ir. Chong Ngit Sooi** | 9 September 2021 | MBAM – Webinar on ESG, RCEP, S17A (MACC Act) and Corporate Rescue Mechanism for Construction Industry |
| | 22 September 2021 | MBAM – Webinar on Worksite Digitalisation Through Connected Machinery – Data Driven Approach to Improve Productivity and Profitability |

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

| Name of Directors | Date of Trainings | Subject |
|---|---|---|
| | 16 November 2021 | MBAM – Webinar on 2022 Budget Highlights & Navigating Post COVID-19 Recovery @ Construction Industry |
| | 5 April 2022 | Skrine and Co - Anti Bribery and Corruption Training for Management & Staff |
| **Mr. Loke Kien Tuck** | 9 September 2021 | MBAM – Webinar on ESG, RCEP, S17A (MACC Act) and Corporate Rescue Mechanism for Construction Industry |
| | 22 September 2021 | MBAM – Webinar on Worksite Digitalisation Through Connected Machinery – Data Driven Approach to Improve Productivity and Profitability |
| | 5 April 2022 | Skrine and Co – Anti Bribery and Corruption Training for Management & Staff |
| **Dato' Noraini binti Abdul Rahman** | 9 September 2021 | MBAM – Webinar on ESG, RCEP, S17A (MACC Act) and Corporate Rescue Mechanism for Construction Industry |
| | 29 November 2021 | Securities Commission – Audit Oversight Board's Conversation with Audit Committees |
| | 7 December 2021 | MIRA – Webinar on Providing Insights to Investors and Analysts Through the Annual Report |
| **Mr. Wee Kee Hong** | 9 September 2021 | MBAM – Webinar on ESG, RCEP, S17A (MACC Act) and Corporate Rescue Mechanism for Construction Industry |
| | 29 November 2021 | Securities Commission – Audit Oversight Board's Conversation with Audit Committees |

Briefings were provided to the Directors on changes to the Listing Requirements, other laws and regulations. The Directors were also briefed on any changes to the accounting standards that may affect the Group's financial statements from time to time.

The Board acknowledges that continuous education is vital for the Board members to keep abreast with developments in the capital markets, relevant changes in rules and regulations and the business environment from time to time. The Board, with the assistance of the Nomination Committee, will evaluate their own training needs on a continuous basis and determine the relevant programmes that will enhance their knowledge and enable them to discharge their duties effectively.

**Audit and Risk Management Committee**

Chairman – Mr. Wee Kee Hong
Member – Dato' Ir. Tan Gim Foo
Member – Dato' Noraini binti Abdul Rahman

The ARMC is guided by its Terms of Reference which is available on the Company's website. The Chairman of the ARMC, Mr. Wee Kee Hong, is a member of the Malaysian Institute of Accountants and an associate of the Chartered Institute of Management Accountants, United Kingdom.

The ARMC is responsible for overseeing the financial reporting, internal audit and external audit processes. The ARMC is also responsible for ensuring that the Group's risk management and internal controls system is robust and effective. The Chairman of the ARMC together with the other members of the ARMC shall ensure among others that:-

(a) The ARMC is fully informed of the significant matters related to the Company's audit and its financial statements and addresses those matters.
(b) The ARMC communicates its concerns, insights and views about the relevant transactions and events to the Internal and External Auditors.
(c) The ARMC communicates its concerns on matters that may have an effect on the financial or audit of the Company to the External Auditors.
(d) There is co-ordination between both the Internal and External Auditors.

In the discharge of its duties, the ARMC is assisted by the Internal Auditors and External Auditors and the ARMC can also seek advice from external consultants as it deemed necessary or when the need arises.

The Internal Auditors assist the ARMC in reviewing and monitoring the Group's risk management and internal controls system. The ARMC reviewed the internal audit plan which outlines the key areas that Internal Auditors would review during the financial year.

The ARMC assesses the External Auditors on their independence, suitability and objectivity. The External Auditors would provide a written assurance confirming their independence in their conduct of the audit of the Group. The ARMC also had private sessions with the External Auditors without the presence of management and the Executive Directors to discuss on any matters that the External Auditors wished to highlight to the ARMC. The ARMC conducts an annual assessment to review the performance of the External Auditors.

**Nomination Committee ("NC")**

Chairman – Dato' Noraini binti Abdul Rahman
Member – Dato' Ir. Tan Gim Foo
Member – Mr. Wee Kee Hong

The NC is guided by its Terms of Reference and is mainly responsible for the recommendation of new candidate(s) to the Board for the appointment of new Board members. In the assessment of a potential candidate, the NC will be guided by the Company's Directors' Fit and Proper Policy, taking into account, amongst others, the candidate's knowledge, experience, skills, integrity and ability whilst keeping in mind the gender and ethnic diversity of the Board and any potential conflict of interest.

The NC met once during the financial year with full attendance. The following activities were carried out by the NC during the financial year under review:-

(a) Reviewed the Board's and Board Committees' structure, size and composition, required mix of skills and experiences of Directors, assessed and evaluated the effectiveness of each individual Director, Board Committees and the Board as a whole via evaluation forms;
(b) Reviewed the independence of the Independent Non-Executive Directors via their self-declaration of independence forms;
(c) Notation of the trainings attended by the Directors during the financial year under review;
(d) Reviewed the term of office and performance of the ARMC; and
(e) Reviewed and recommended to the Board the re-election of the Directors.

On the annual assessment for FY 2022, the NC was satisfied that the Board's composition in terms of size, mix of skills, integrity, experience, gender diversity and balance between Executive and Independent Directors is adequate and the Board had been functioning effectively.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board recognises that diversity in Board composition is beneficial for effective discussion and weighing of management issues. Selection of female candidates will be, in part, dependent on the pool of women candidates with the necessary skills, knowledge and experience. The ultimate decision to appoint female candidates will be based on merit and contribution that the chosen candidates will bring to the Board and the Company. Where suitable candidates are found in future, the Board and the Company may seek to increase representation from female members.

**Remuneration Committee ("RC")**

Chairman – Dato' Ir. Tan Gim Foo
Member – Dato' Noraini binti Abdul Rahman
Member – Mr. Wee Kee Hong

The RC is guided by its Terms of Reference and its main functions include among others:-

(a) Ensuring the Group adopts a transparent remuneration policy and procedures framework for the Board and senior management.
(b) Reviewing and recommending to the Board the remuneration of the Directors and Key Senior Management, taking into consideration market best practices and the responsibilities, functions, performance, experience and the Group's operating results.
(c) Ensuring that the levels of remuneration are sufficiently attractive to retain, attract and motivate Directors and Key Senior Management to drive the Group's long-term goals.

The RC met once during the financial year under review with full attendance and had carried out, amongst others, the following activities:-

(i) Reviewed and recommended to the Board the fees and benefits of the Independent Non-Executive Directors; and
(ii) Reviewed and recommended to the Board the Executive Directors' and Key Senior Management's remuneration.

The remuneration of the Directors for FY 2022 are as follows:-

| The Company<br>Category | Fees<br>RM'000 | Salaries, Bonus and Allowance<br>RM'000 | Defined Contribution Plans<br>RM'000 | Benefits-in-Kind and Other Emoluments<br>RM'000 | Total<br>RM'000 |
|---|---|---|---|---|---|
| Executive Directors | | | | | |
| Pang Tse Fui | - | - | - | - | - |
| Ir. Chong Ngit Sooi | - | - | - | - | - |
| Loke Kien Tuck | - | - | - | - | - |
| Non-Executive Directors | | | | | |
| Dato' Ir. Tan Gim Foo | 47 | - | - | 9 | 56 |
| Dato' Noraini binti Abdul Rahman | 39 | - | - | 9 | 48 |
| Wee Kee Hong | 42 | - | - | 10 | 52 |

| The Group<br>Category | Fees<br>RM'000 | Salaries, Bonus and Allowance<br>RM'000 | Defined Contribution Plans<br>RM'000 | Benefits-in-Kind and Other Emoluments<br>RM'000 | Total<br>RM'000 |
|---|---|---|---|---|---|
| Executive Directors | | | | | |
| Pang Tse Fui | - | 336 | 64 | - | 400 |
| Ir. Chong Ngit Sooi | - | 336 | 64 | - | 400 |
| Loke Kien Tuck | - | 336 | 62 | - | 398 |
| Non-Executive Directors | | | | | |
| Dato' Ir. Tan Gim Foo | 47 | - | - | 9 | 56 |
| Dato' Noraini binti Abdul Rahman | 39 | - | - | 9 | 48 |
| Wee Kee Hong | 42 | - | - | 10 | 52 |

**Company Secretaries**

The Board is supported by suitably qualified Company Secretaries to provide sound corporate governance advice, ensure adherence to regulatory requirements and recommend the adoption of sound corporate governance practices.

**Stakeholders Communication**

The Board is aware of the value of continuous communication between the Company and the stakeholders to facilitate mutual understanding of each other's expectations. It recognises the importance of ongoing engagement with the stakeholders to build trust and understanding by ensuring that all material business events of the Company are being communicated to the stakeholders so that they are able to make informed decisions via announcements and quarterly results released through Bursa Securities' website at www.bursamalaysia.com and are made available at the Company's website at www.anekajaringan.com.

**General Meetings**

The Company held its Annual General Meeting on 25 February 2022 and an Extraordinary General Meeting was also held on the same date. All the Board members as well as senior management were present at the general meetings. The general meetings provided opportunities for the shareholders to seek clarifications from the Board members on any matters pertaining to what has been disclosed in the Annual Report and the Circular to Shareholders and corporate developments within the Group. The results of the resolutions put to vote by polling were then announced to Bursa Securities on the same day.

The Board Charter, Terms of Reference of the Board Committees and Directors' Fit and Proper Policy are available at the Company's website at www.anekajaringan.com.

This Corporate Governance Overview Statement was approved by the Board on 14 December 2022.

# STATEMENT ON DIRECTORS' RESPONSIBILITY

The Directors are required to prepare the audited financial statements for each financial year in accordance with the provisions of the Companies Act 2016 ("Act"), the applicable approved accounting standards and the ACE Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities") to give a true and fair view of the state of affairs of the Group and of the Company for the financial year under review and of the financial performance and cash flows of the Group and of the Company for the financial year.

The Directors consider that in the preparation of the audited financial statements of the Group and the Company for the financial year ended 31 August 2022, the Group and the Company have:

- Applied the appropriate accounting policies consistently;
- Applied reasonable and prudent judgements and estimates;
- Ensured that the audited financial statements are in compliance with all applicable Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS"), the requirements of the Act and the Listing Requirements of Bursa Securities; and
- Prepared the audited financial statements on a going concern basis as the Directors have a reasonable expectation, having made enquiries, that the Group and the Company have adequate resources to continue operations for the foreseeable future.

The Directors are responsible for ensuring that the Group and the Company keep such accounting and other records in a manner that would sufficiently explain the financial position of the Group and the Company.

The Directors are also responsible for taking steps as are reasonably available to them to ensure that adequate risk management and internal controls are in place to safeguard the assets of the Group and the Company and to prevent and detect any fraud and other irregularities.

The above statement was reviewed and approved by the Board of Directors on 14 December 2022.

# AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

The Audit and Risk Management Committee ("ARMC") is pleased to present the ARMC Report for the financial year ended 31 August 2022 ("FY 2022").

The ARMC is guided by its Terms of Reference which outlines its composition, authorities, roles and responsibilities. It is available on the Group's website at www.anekajaringan.com.

The ARMC comprises of the following three (3) members, all of whom are Independent Non-Executive Directors:

Chairman – Mr. Wee Kee Hong *(Independent Non-Executive Director)*
Member – Dato' Ir. Tan Gim Foo *(Independent Non-Executive Chairman)*
Member – Dato' Noraini binti Abdul Rahman *(Independent Non-Executive Director)*

The Chairman, Mr. Wee Kee Hong is a member of the Malaysian Institute of Accountants and an associate of the Chartered Institute of Management Accountants, United Kingdom.

The ARMC is responsible for assisting the Board in discharging its duties and responsibilities by providing an independent and objective view of the Group's financials, operations and administrative processes and ensure the robustness of the Group's risk management and internal control system.

The ARMC had five (5) meetings during FY 2022 with the details of attendance as follows:-

| ARMC Members | No. of Meetings Attended |
|---|---|
| Mr. Wee Kee Hong | 5/5 |
| Dato' Ir. Tan Gim Foo | 5/5 |
| Dato' Noraini binti Abdul Rahman | 5/5 |

## SUMMARY OF ACTIVITIES DURING THE FINANCIAL YEAR

The ARMC had in FY 2022, carried out amongst others, the following activities in discharging its functions and duties in accordance with its Terms of Reference:-

### Financial Reporting

- Reviewed the unaudited consolidated quarterly reports of the Group to be recommended to the Board of Directors ("Board") for approval prior to submission to Bursa Malaysia Securities Berhad ("Bursa Securities").
- Reviewed the audited financial statements for the financial year ended 31 August 2021 ("FY 2021") prior to recommendation to the Board for approval.

### Internal Audit

- Reviewed the internal audit plan for FY 2022 to ensure the adequacy of the audit coverage and scope of review.
- Reviewed the internal audit reports, the recommendations made by Internal Auditors and management's responses to those recommendations, as well as the internal audit follow-up report to ensure that appropriate actions were taken and to monitor the status of implementation.

# AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

**External Audit**

- Reviewed the External Auditors' report arising from the final audit for FY 2021 and held a private session with the External Auditors without the presence of management on any matters arising from the final audit and the assistance that management has provided to them during the course of audit.
- Reviewed the re-appointment of the External Auditors, taking into consideration the assessment and other criteria for the re-appointment and recommended to the Board for approval.
- Reviewed the audit plan for FY 2022, including amongst others, the audit approach, communication of key audit matters, and financial reporting standards adopted and review of the Statement on Risk Management and Internal Control.

**Related Party Transactions**

- Reviewed the related party transactions of the Group on a quarterly basis.

**Others**

- Reviewed the ARMC Report and the Statement on Risk Management and Internal Control to be incorporated into the Annual Report.

**Internal Audit Function**

The internal audit function of the Group has been outsourced to Sterling Business Alignment Consulting Sdn. Bhd. ("Sterling"), an independent professional consultancy firm, to provide independent, objective and systematic reviews of the Group's system of internal control.

The Internal Auditors adopted the Committee of Sponsoring Organisations of the Treadway Commission (COSO) Internal Control – Integrated Framework as their basis when evaluating the Group's internal control system.

The internal audit activities conducted during FY 2022 are as follows:-

- Performed internal audit reviews of the Group's internal control system in accordance with the approved internal audit plan to identify areas of improvement for the following functions:
    - Project Management
    - Safety and Health and Covid-19 Management
    - Maintenance and Productivity (review of storage yard)
- Report to the ARMC of the audit findings, recommendations and management's responses/actions.
- Follow up audit reviews on the status of the implementation of the Internal Auditors' recommendations and report to the ARMC.

Sterling has disclosed to the ARMC that it does not have any conflict of interests that could potentially threaten its ability to carry out its duties independently and objectively.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

**THE MALAYSIAN CODE ON CORPORATE GOVERNANCE 2021 ("MCCG 2021") REQUIRES THE BOARD OF DIRECTORS OF A LISTED COMPANY TO ESTABLISH A SOUND RISK MANAGEMENT FRAMEWORK AND INTERNAL CONTROL SYSTEM TO SAFEGUARD THE SHAREHOLDERS' INTERESTS. IN ACCORDANCE WITH RULE 15.26(B) OF THE ACE MARKET LISTING REQUIREMENTS, THE BOARD OF DIRECTORS OF ANEKA JARINGAN HOLDINGS BERHAD ("BOARD") IS PLEASED TO PRESENT THE STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2022 ("FY 2022").**

**Board Responsibilities**

The Board is responsible for ensuring that the Group's risk management framework and internal control system is adequate and effective in all aspects of the Group's business including but not limited to the financials, compliance and operations. In discharging its duties, the Board would undertake the following activities including but not limited to:-

(a) Establishing the Group's risk appetite that is appropriate for the Group's business environment.
(b) Reviewing the adequacy and effectiveness of the Group's current risk management framework and internal control system based on the Group's corporate objectives, strategies and nature of the Group's business in this changing business environment.

The Board recognises that while the Group's risk management framework and internal control system would manage the Group's risks, it would not be able to fully eliminate them and would only provide a reasonable but not comprehensive assurance against any misstatement, loss or fraud. The Board would have to ensure that there is an ongoing process in identifying, assessing and managing the significant risks faced by the Group.

The Board delegates the duty of identification, assessment and management of the Group's key business risks to the Audit and Risk Management Committee ("ARMC") to ensure that the risk management and internal control system is robust and effective. In the discharge of its duties, the ARMC would review the quarterly reports of the Internal Auditors on the assessment of potential risks and internal control issues that might arise and also their recommendations on remedial actions that management should take to mitigate or rectify these weaknesses.

The ARMC has direct access to the External Auditors and holds private sessions with them without the presence of management at least once a year to understand and be advised of any potential risks that the Group might face. The ARMC can also engage external consultants in specific areas of expertise where necessary to assess any risks or exposures.

The ARMC shall report to the Board on the findings and recommendations after reviewing the reports provided by the Internal Auditors and External Auditors.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

**Risk Management**

The Group's current risk management policy covers the Group's governance structure and groupwide processes to identify, assess and manage the different levels and types of risks that the Group faces in its business operations and performance. The roles and responsibilities of the Board, ARMC and risk owners are outlined in the Group's risk management policy as follows:-

1. Develop, review and implement the Group's risk management policy as approved by the Board which includes the identification and development of the necessary action plans to counter and mitigate key risks.
2. Ensure that the risk management policy is aligned with the Group's strategies, risk appetite and risk tolerance.
3. Ensure continuous monitoring, review and updating of the risk registers due to any changes in business processes, environment and strategies.
4. Keep the ARMC up to date on any changes in the risk registers and management's actions in ensuring that such risks are mitigated and from which the ARMC will update the Board.
5. Review and assess all major business decisions pertaining to acquisitions, divestments and strategic business decisions.
6. Ensure management has assessed the effects of the COVID-19 outbreak on the Group's business operations and its impact, incorporated this into the risk register and implemented the necessary controls to mitigate such impact.

Risk owners at the operational level take ownership and accountability of the risks within their capacity as risk owners within their respective areas and levels:-

1. Manage the risks under their responsibilities within the business processes.
2. Continuously evaluate the existing controls and if found to be ineffective or inadequate, review and reinstate additional controls to ensure their effectiveness.
3. Continuously monitor, assess, and report to the ARMC of any new emerging risks or changes in business risks due to change in the business environment or circumstances and design the necessary controls and management action plans and to implement such plans as necessary to mitigate such risks.
4. Update the risk register on new risks and status of risks highlighted and the management action plans.
5. Disseminate to the lower level staff on the risk exposures and the importance of the related controls.

As part of the Group's risk management process, the internal audit function acts as the monitoring agent. The Internal Auditors would discuss with the ARMC on the key areas of concern to be audited before developing the internal audit plan for the year. The finalised internal audit plan would be presented to the ARMC and is subjected to ARMC's review and approval.

Similarly, the External Auditors would also develop an external audit plan for the financial year under review, detailing the timeline of the audit and the key component areas in which the External Auditors would focus on. The ARMC will also have private sessions with the External Auditors without the presence of management to discuss any potential business or internal control risks that the Group might be faced with to ensure independence.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

**Internal Audit Function**

The Group has outsourced its internal audit function to Sterling Business Alignment Consulting Sdn. Bhd. ("Sterling") who is an independent professional consultancy firm. Sterling conducted its internal audit review in two (2) cycles, highlighting any identified risks in the risk management and internal control system. Subsequently, the Internal Auditors also conducted two (2) follow-up reviews to ensure that management remedies any risks highlighted during the internal audit review.

The ARMC can also assign an ad-hoc review based on an as needed basis if the situation warrants any special unscheduled audits.

For FY 2022, the following key areas were audited:-

| Key Areas | Scope |
|---|---|
| **Safety and Health** | • Safety and health officers' roles and responsibilities<br>• Existing policies and procedures<br>• Safety and health environment control framework<br>• Hazard identification, risk assessment and risk control (HIRARC), permit to work (PTW)<br>• Compliance with laws and regulations such as OSHA, CIDB, JKKP etc<br>• Accident management, corrective and preventive management, emergency response team (ERP), non-conformance management, corrective and preventive controls<br>• All reporting and recording procedures<br>• Machinery recording and machinery fitness certificate |
| **COVID-19 Management** | • Existing policies and procedures<br>• Workplace protocols for monitoring and prevention of COVID-19 at workplace such as health scanning, sanitisation, social distancing measures<br>• Emergency response procedures for COVID-19 |
| **Storage** | • Existing policies and procedures<br>• Management of machinery, manpower and spare parts<br>• Preventive machinery maintenance and inspection and corrective machinery maintenance and repair works<br>• Maintenance task turnaround time<br>• Documentation for equipment maintenance and spare parts |
| **Project Management** | • Existing policies and procedures<br>• Project timeline management<br>• Documentation on status and budget updates<br>• Procedures for submitting progress claims<br>• Variation order approval process<br>• Final account implementation<br>• Handling of extension of time (EOT), liquidated and ascertained damages (LAD) and defects |

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Internal Auditors presented quarterly reports to the ARMC during the quarterly meetings, detailing the following information:-

(a) Findings on the internal audits which are classified into various levels of risks in accordance with the risk register.
(b) Recommendations on the necessary course of actions for management to rectify or mitigate the risks identified.
(c) Follow-up audits subsequent to the earlier audits to ensure that management has taken the necessary actions as recommended by the Internal Auditors to resolve all risks highlighted in the reports.

The ARMC had private sessions with the Internal Auditors without the presence of management to provide the Internal Auditors opportunities to raise any other issues encountered during the audit.

The cost of the internal audit for FY 2022 amounted to RM40,834.38.

**Assurance by Managing Director**

The Managing Director has given the assurance that the Group's risk management and internal control management system is adequate and effective in all aspects for the financial year under review.

**Opinion from the Board on the Adequacy and Effectiveness of the Group's Risk Management and Internal Control System**

The Board, through the ARMC has reviewed the adequacy and effectiveness of the risk management and internal control system and the necessary actions have been taken to resolve the internal control weaknesses identified as brought up by the Internal Auditors and External Auditors during the quarterly meetings.

In view of the above and the assurance provided by the Managing Director, the Board is of the opinion that the current risk management and internal control systems in place are adequate and there are no significant material weaknesses that would require any separate disclosures.

The Board and management will continue to ensure that all processes and procedures are being reviewed and improved and the Group's risk management and internal control system are adequate.

**Review of Statement by External Auditors**

The External Auditors have reviewed the Statement on Risk Management and Internal Control pursuant to the scope as set out in AAPG3, Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control to be included in the Annual Report for FY 2022.

Through this review, the External Auditors have assessed whether the Statement on Risk Management and Internal Control is reflective of the processes the Directors have adopted in reviewing the risks faced by the Group and the adequacy and effectiveness of the risk management and internal control system of the Group.

Based on their review, the External Auditors have reported that there is nothing that has come to their attention that would cause them to believe that the Statement is inconsistent with their understanding of the processes that the Board has undertaken in reviewing the adequacy and effectiveness of the Group's risk management and internal control system.

This Statement was reviewed and approved by the Board on 14 December 2022.

# ADDITIONAL COMPLIANCE INFORMATION

## UTILISATION OF PROCEEDS FROM INITIAL PUBLIC OFFERING ("IPO")

The Company completed its IPO exercise on 20 October 2020, which raised gross proceeds of RM46,163,700.00. The actual utilisation of proceeds raised from the IPO are as follows:-

| No. | Purpose | Proposed utilisation RM'000 | % | Revised utilisation as at 14 February 2022(1) RM'000 | Actual utilisation as at 31 August 2022 RM'000 | Balance to be utilised RM'000 | Intended timeframe for utilisation(1)(2) |
|---|---|---|---|---|---|---|---|
| 1. | Purchase of new rotary drilling rigs and crawler crane | 17,300 | 37.48 | 18,040 | 15,540 | 2,500 | Within 36 months from listing date 20 October 2020 |
| 2. | Repayment of borrowings | 24,264 | 52.56 | 21,064 | 21,064 | - | |
| 3. | Estimated listing expenses | 4,600 | 9.96 | 4,600 | 4,600 | - | |
| 4. | Working capital | - | 0.00 | 460 | 460 | - | |
| 5. | Purchase of 5 units of excavator | - | 0.00 | 2,000 | 2,000 | - | |
| | **Total** | **46,164** | **100.00** | **46,164** | **43,664** | **2,500** | |

(1) The Company had on 14 February 2022 announced another variation of utilisation of proceeds raised from the IPO. Please refer to the Company's announcement dated 14 February 2022 for further details.

(2) The use of proceeds as disclosed above should be read in conjunction with the Prospectus of the Company dated 1 October 2020 and the Company's announcements dated 24 March 2021 and 14 February 2022.

## UTILISATION OF PROCEEDS FROM PRIVATE PLACEMENT

The Company had on 16 December 2021 announced to Bursa Malaysia Securities Berhad to undertake a private placement of up to 53,810,000 new ordinary shares in the Company ("Placement Shares") ("Private Placement"). The Company had on 25 May 2022 completed the Private Placement and raised a total amount of proceeds of RM9,685,800.00. The details of utilisation of proceeds raised from the Private Placement are as follows:-

| No. | Purpose | Proposed utilisation (based on the indicative issue price of RM0.19 per Placement Share announced on 16 December 2021) RM'000 | % | Actual utilisation as at 31 August 2022 (based on the issue price of RM0.18 per Placement Share fixed on 12 May 2022) RM'000 | Balance to be utilised RM'000 | Intended timeframe for utilisation (from the date of listing of the Placement Shares)(1) |
|---|---|---|---|---|---|---|
| 1. | Working capital | 3,924 | 38.38 | 3,523 | - | Within 12 months |
| 2. | Repayment of borrowings for trade purposes | 6,000 | 58.69 | 6,000 | - | Within 3 months |
| 3. | Estimated expenses in relation to the proposals(2) | 300 | 2.93 | 163 | - | Within 3 months |
| | **Total** | **10,224** | **100.00** | **9,686** | **-** | |

# ADDITIONAL COMPLIANCE INFORMATION

(1) The utilisation of the proceeds in relation to the Private Placement as disclosed above should be read together with the announcement made by the Company on 16 December 2021, as well as Company's announcement on 25 May 2022 pertaining to the completion of the Private Placement.
(2) In relation to the Private Placement and the bonus issue of 295,955,000 warrants which had been completed on 24 June 2022.

## AUDIT FEE AND NON-AUDIT FEE

Details of statutory audit, audited related and non-audit fees paid/payable to the External Auditors for the financial year ended 31 August 2022 are set out as follows:-

| Description | Fees Paid/Payable (RM) | | |
|---|---|---|---|
| | Company | Subsidiaries | Total |
| Audit services rendered | 40,000 | 138,630 | 178,630 |
| Non-audit services rendered | 5,000 | - | 5,000 |
| **Total** | **45,000** | **138,630** | **183,630** |

## MATERIAL CONTRACTS

There were no material contracts entered into by the Company and its subsidiaries involving the interests of Directors and major shareholders which were still subsisting at the end of the financial year or which were entered into since the end of the previous financial year.

## RECURRENT RELATED PARTY TRANSACTIONS ("RRPT")

The RRPT of the Group have been entered into in the normal course of business.

Further details of the RRPT of a revenue or trading nature conducted during the financial year are disclosed in Note 33 to the audited financial statements of this Annual Report.

The RRPT during the financial year ended 31 August 2022 do not require shareholders' approval.

As announced on 14 December 2022, the Company will be seeking shareholders' mandate for RRPT of a revenue or trading nature at the Fourth Annual General Meeting.

FINANCIAL STATEMENTS

For the Financial Year Ended 31 August 2022

# 05

## FINANCIAL

# DIRECTORS' REPORT

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

## PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are disclosed in Note 7 to the financial statements.

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

## RESULTS

| | Group RM | Company RM |
|---|---|---|
| Loss for the financial year, net of tax | (30,330,262) | (17,593,219) |
| Attributable to: | | |
| Owners of the Company | (32,963,194) | (17,593,219) |
| Non-controlling interests | 2,632,932 | - |
| | (30,330,262) | (17,593,219) |

## DIVIDENDS

No dividend has been paid or declared by the Company since the end of the previous financial year.

The directors do not recommend the payment of any dividends in respect of the financial year ended 31 August 2022.

## RESERVES OR PROVISIONS

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

## BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and of the Company were prepared, 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 doubtful debts and had satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts.

At the date of this report, the directors are not aware of any circumstances which would render the amount written off for bad debts or the amount of allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent.

## CURRENT ASSETS

Before the financial statements of the Group and of the Company were prepared, 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 values as shown in the accounting records of the Group and of the Company had 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 of the Group and of the Company 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 method 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:

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

(ii) any contingent liabilities in respect of the Group and of the Company which has arisen since the end of the financial year.

In the opinion of the directors, no contingent or other liability of the Group or 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 will or may affect the ability of the Group or of the Company to meet their obligations as and 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 MATERIAL AND UNUSUAL NATURE

In the opinion of the directors,

(i) the results of the operations of the Group and of the Company for the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and

## ITEMS OF MATERIAL AND UNUSUAL NATURE (CONTINUED)

(ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

## ISSUE OF SHARES AND DEBENTURES

During the financial year, the Company:

(i) issued 53,810,000 new ordinary shares via private placement ("Placement Shares") at an issue price of RM0.18 per Placement Share for working capital and repayment of borrowings for trade purposes; and

(ii) issued 25,000 ordinary shares arising from the exercise of 25,000 Warrants at the exercise price of RM0.135 per Warrant.

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

There were no debentures issued by the Company.

## ISSUE OF WARRANTS

The Company had undertaken a bonus issue of 295,955,000 Warrants on the basis of 1 Warrant for every 2 existing ordinary shares held, which were listed and quoted on the ACE Market of Bursa Malaysia Securities Berhad on 24 June 2022. The Warrants are constituted by a Deed Poll dated 2 June 2022.

The movement of Warrants during the financial year ended 31 August 2022 are stated as below:

| | Number of Warrants ('000) | | | |
|---|---|---|---|---|
| | At 1 September 2021 | Entitled | Exercised | At 31 August 2022 |
| Warrants | - | 295,955 | (25) | **295,930** |

The salient features of the Warrants are as follows:

(i) Each Warrant entitles the registered holders to subscribe for one (1) new ordinary share in the Company at the exercise price of RM0.135 per Warrant during the exercise period, subject to adjustments in accordance with the provisions of the Deed Poll constituting the Warrants;

(ii) The exercise period is three (3) years commencing from and inclusive of the date of issuance and allotment of the Warrants;

## ISSUE OF WARRANTS (CONTINUED)

The salient features of the Warrants are as follows: (continued)

(iii) The holders of the Warrants are not entitled to any voting rights in any general meeting of the Company or to participate in any distribution and/or offer of further securities in the Company until and unless such Warrant holders are issued with new ordinary shares arising from their exercise of the Warrants; and

(iv) The new ordinary shares of the Company to be issued upon the exercise of the Warrants shall, upon allotment and issue, rank equally in all respects with the then existing issued ordinary shares of the Company, except that they shall not be entitled to any dividends, rights, allotments and/or other distributions that may be declared, made or paid in respect of which the entitlement date is prior to the date of allotment and issuance of the new shares to be issued pursuant to the exercise of the Warrants.

As at the date of this report, 295,930,000 Warrants remain unexercised.

## OPTIONS GRANTED OVER UNISSUED SHARES

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

## DIRECTORS

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

Dato' Ir. Tan Gim Foo
Pang Tse Fui *
Ir. Chong Ngit Sooi *
Loke Kien Tuck *
Dato' Noraini binti Abdul Rahman
Wee Kee Hong

* *Directors of the Company and certain subsidiaries*

Other than as stated above, the names of the directors of the subsidiaries of the Company in office during the financial year and during the period from the end of the financial year to the date of the report are:

Tung Sin Thian
Ngoi Tong King
Aziz bin Hassan

# DIRECTORS' REPORT

## DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings required to be kept by the Company under Section 59 of the Companies Act 2016 in Malaysia, the interests of directors in office at the end of the financial year in shares in the Company and its related corporation during the financial year were as follows:

**Interest in the Company**

| | Number of ordinary shares | | | |
|---|---|---|---|---|
| | At 1 September 2021 | Bought | Sold | At 31 August 2022 |
| **Direct interests:** | | | | |
| Dato' Ir. Tan Gim Foo | 200,000 | - | - | **200,000** |
| Pang Tse Fui | 99,552,500 | - | - | **99,552,500** |
| Ir. Chong Ngit Sooi | 99,552,500 | - | - | **99,552,500** |
| Loke Kien Tuck | 99,552,500 | - | - | **99,552,500** |
| Dato' Noraini binti Abdul Rahman | 200,000 | - | - | **200,000** |
| Wee Kee Hong | 50,000 | - | - | **50,000** |
| **Indirect interests:** | | | | |
| Loke Kien Tuck * | 13,000 | - | - | **13,000** |

* Indirect interest by virtue of his children's interest in the Company pursuant to Section 59(11)(c) of the Act.

Other than as stated above, none of the other directors in office at the end of the financial year had any interest in ordinary shares or debentures of the Company and its related corporations during the financial year.

## DIRECTORS' BENEFITS

Since the end of the previous financial year, no director of the Company has received or become entitled to receive any benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable, by directors as shown below) 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 other than any deemed benefit which may arise from transaction as disclosed in Note 33 to the financial statements.

## DIRECTORS' BENEFITS (CONTINUED)

The directors' benefits of the Group and of the Company are as follows:

| | Group RM | Company RM |
|---|---|---|
| **Directors** | | |
| - Fees | 128,000 | 128,000 |
| - Salaries and allowances | 1,869,352 | 28,000 |
| | 1,997,352 | 156,000 |

Neither during, nor at the end of the financial year, was the Company a party to any arrangements where the 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.

## INDEMNITY TO DIRECTORS AND OFFICERS

The directors and officers of the Company and its subsidiaries are covered by Directors and Officers Liability Insurance up to a limit of RM10 million for the period from 23 October 2021 to 22 October 2022. The insurance premium for the Directors and Officers Liability Insurance paid during the financial year amounted to RM12,000.

## SUBSIDIARIES

The details of the Company's subsidiaries are disclosed in Note 7 to the financial statements.

The available auditors' reports on the accounts of the subsidiaries did not contain any qualification.

## AUDITORS

The auditors, Messrs Baker Tilly Monteiro Heng PLT, have expressed their willingness to continue in office.

The auditors' remuneration of the Group and the Company during the financial year are RM178,630 and RM40,000 respectively.

The Company has agreed to indemnify the auditors of the Company as permitted under Section 289 of the Companies Act 2016 in Malaysia.

# DIRECTORS' REPORT

This report was approved and signed on behalf of the Board of Directors in accordance with a resolution of the directors.

…………………………………………..
**PANG TSE FUI**
Director

…………………………………………..
**LOKE KIEN TUCK**
Director

Date: 14 December 2022

# STATEMENTS OF FINANCIAL POSITION

As at 31 August 2022

| | Note | Group | | Company | |
|---|---|---|---|---|---|
| | | 2022<br>RM | 2021<br>RM | 2022<br>RM | 2021<br>RM |
| **ASSETS** | | | | | |
| **Non-current assets** | | | | | |
| Property, plant and equipment | 5 | **62,457,528** | 64,361,217 | **-** | - |
| Investment properties | 6 | **6,366,864** | 5,095,700 | **-** | - |
| Investment in subsidiaries | 7 | **-** | - | **110,832,280** | 116,644,747 |
| Investment in associates | 8 | **1,613,686** | 370,020 | **1,067,570** | - |
| Other receivables | 9 | **-** | 7,109 | **-** | - |
| **Total non-current assets** | | **70,438,078** | 69,834,046 | **111,899,850** | 116,644,747 |
| **Current assets** | | | | | |
| Current tax assets | | **4,907,514** | 4,076,245 | **-** | - |
| Trade and other receivables | 9 | **79,927,380** | 64,575,957 | **1,000** | 38,990 |
| Contract assets | 10 | **67,891,354** | 77,706,667 | **-** | - |
| Other current assets | 11 | **6,773,539** | 4,085,117 | **48,311** | - |
| Short term investments | 12 | **1,894,493** | 4,072,444 | **1,894,493** | 4,072,444 |
| Cash and short-term deposits | 13 | **8,100,488** | 13,445,666 | **11,062** | 4,989 |
| **Total current assets** | | **169,494,768** | 167,962,096 | **1,954,866** | 4,116,423 |
| **TOTAL ASSETS** | | **239,932,846** | 237,796,142 | **113,854,716** | 120,761,170 |
| **EQUITY AND LIABILITIES** | | | | | |
| **Equity attributable to the owners of the Company** | | | | | |
| Share capital | 14 | **133,130,905** | 123,617,950 | **133,130,905** | 123,617,950 |
| Reorganisation deficit | 15 | **(76,341,996)** | (76,341,996) | **-** | - |
| Retained earnings/(Accumulated losses) | | **31,314,200** | 64,282,618 | **(20,497,764)** | (2,904,545) |
| Other reserve | 16 | **124,720** | (147,928) | **-** | - |
| | | **88,227,829** | 111,410,644 | **112,633,141** | 120,713,405 |
| **Non-controlling interests** | | **6,184,904** | 3,333,169 | **-** | - |
| **TOTAL EQUITY** | | **94,412,733** | 114,743,813 | **112,633,141** | 120,713,405 |

# STATEMENTS OF FINANCIAL POSITION

As at 31 August 2022

| | Note | Group 2022 RM | Group 2021 RM | Company 2022 RM | Company 2021 RM |
|---|---|---|---|---|---|
| **Non-current liabilities** | | | | | |
| Loans and borrowings | 17 | **21,478,828** | 31,679,699 | **-** | - |
| Employee benefits | 18 | **802,848** | 665,551 | **-** | - |
| Deferred tax liabilities | 19 | **1,505,620** | 1,519,697 | **-** | - |
| **Total non-current liabilities** | | **23,787,296** | 33,864,947 | **-** | - |
| **Current liabilities** | | | | | |
| Loans and borrowings | 17 | **54,467,897** | 37,877,848 | **-** | - |
| Current tax liabilities | | **221,918** | 19,479 | **-** | - |
| Trade and other payables | 20 | **66,123,005** | 46,990,055 | **1,221,575** | 47,765 |
| Contract liabilities | 10 | **919,997** | - | **-** | - |
| Provisions | 21 | **-** | 4,300,000 | **-** | - |
| **Total current liabilities** | | **121,732,817** | 89,187,382 | **1,221,575** | 47,765 |
| **TOTAL LIABILITIES** | | **145,520,113** | 123,052,329 | **1,221,575** | 47,765 |
| **TOTAL EQUITY AND LIABILITIES** | | **239,932,846** | 237,796,142 | **113,854,716** | 120,761,170 |

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

# STATEMENTS OF COMPREHENSIVE INCOME

For the Financial Year Ended 31 August 2022

| | Note | Group 2022 RM | Group 2021 RM | Company 2022 RM | Company 2021 RM |
|---|---|---|---|---|---|
| Revenue | 22 | **169,303,412** | 122,102,058 | **-** | - |
| Cost of sales | 23 | **(180,150,287)** | (121,670,245) | **-** | - |
| **Gross (loss)/profit** | | **(10,846,875)** | 431,813 | **-** | - |
| Other income | 24 | **6,030,065** | 698,956 | **-** | - |
| Administrative expenses | | **(9,365,354)** | (10,950,335) | **(666,114)** | (2,891,646) |
| Net loss on impairment of financial instrument and contract assets | | **(10,926,093)** | (3,762,985) | **-** | - |
| Other expenses | | **(387,976)** | (5,870,362) | **(17,000,000)** | - |
| **Operating loss** | | **(25,496,233)** | (19,452,913) | **(17,666,114)** | (2,891,646) |
| Finance income | 25 | **277,758** | 371,205 | **72,895** | 140,678 |
| Finance costs | 25 | **(4,029,283)** | (3,026,366) | **-** | - |
| Share of results of associates, net of tax | | **(128,924)** | - | **-** | - |
| **Loss before tax** | 26 | **(29,376,682)** | (22,108,074) | **(17,593,219)** | (2,750,968) |
| Income tax expense | 28 | **(953,580)** | (776,707) | **-** | - |
| **Loss for the financial year** | | **(30,330,262)** | (22,884,781) | **(17,593,219)** | (2,750,968) |
| **Other comprehensive income/(loss), net of tax** | | | | | |
| *Items that will not be reclassified subsequently to profit or loss* | | | | | |
| Remeasurement of defined benefit plan | | **(9,498)** | 95,713 | **-** | - |
| *Items that may be reclassified subsequently to profit or loss* | | | | | |
| Exchange differences on translation of foreign operations | | **495,725** | 133,410 | **-** | - |
| **Other comprehensive income/(loss) for the financial year** | 29 | **486,227** | 229,123 | **-** | - |
| **Total comprehensive loss for the financial year** | | **(29,844,035)** | (22,655,658) | **(17,593,219)** | (2,750,968) |
| **(Loss)/Profit attributable to:** | | | | | |
| Owners of the Company | | **(32,963,194)** | (21,440,535) | **(17,593,219)** | (2,750,968) |
| Non-controlling interests | | **2,632,932** | (1,444,246) | **-** | - |
| | | **(30,330,262)** | (22,884,781) | **(17,593,219)** | (2,750,968) |
| **Total comprehensive (loss)/income attributable to:** | | | | | |
| Owners of the Company | | **(32,695,770)** | (21,314,517) | **(17,593,219)** | (2,750,968) |
| Non-controlling interests | | **2,851,735** | (1,341,141) | **-** | - |
| | | **(29,844,035)** | (22,655,658) | **(17,593,219)** | (2,750,968) |
| **Loss per share (sen)** | | | | | |
| - Basic | 30 | **(5.96)** | (4.13) | | |
| - Diluted | 30 | **(5.96)** | (4.13) | | |

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

# STATEMENTS OF CHANGES IN EQUITY

For the Financial Year Ended 31 August 2022

| | | Attributable to owners of the Company | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Note | Share capital RM | Exchange reserve RM | Reorganisation deficit RM | Retained earnings RM | Sub-total RM | Non-controlling interests RM | Total equity RM |
| **Group** | | | | | | | | |
| **At 1 September 2021** | | 123,617,950 | (147,928) | (76,341,996) | 64,282,618 | 111,410,644 | 3,333,169 | 114,743,813 |
| **Total comprehensive (loss)/ income for the financial year** | | | | | | | | |
| (Loss)/profit for the financial year | | - | - | - | (32,963,194) | (32,963,194) | 2,632,932 | (30,330,262) |
| Other comprehensive income/(loss) for the financial year | | - | 272,648 | - | (5,224) | 267,424 | 218,803 | 486,227 |
| Total comprehensive (loss)/ income | | - | 272,648 | - | (32,968,418) | (32,695,770) | 2,851,735 | (29,844,035) |
| **Transactions with owners** | | | | | | | | |
| Issuance of ordinary shares | 14 | 9,509,580 | - | - | - | 9,509,580 | - | 9,509,580 |
| Issuance of ordinary shares pursuant to exercise of warrants | 14 | 3,375 | - | - | - | 3,375 | - | 3,375 |
| Total transactions with owners | | 9,512,955 | - | - | - | 9,512,955 | - | 9,512,955 |
| **At 31 August 2022** | | **133,130,905** | **124,720** | **(76,341,996)** | **31,314,200** | **88,227,829** | **6,184,904** | **94,412,733** |

| | | Attributable to owners of the Company | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Note | Share capital RM | Exchange reserve RM | Reorganisation deficit RM | Retained earnings RM | Sub-total RM | Non-controlling interests RM | Total equity RM |
| **Group** | | | | | | | | |
| **At 1 September 2020** | | 79,642,000 | (221,304) | (76,341,996) | 85,670,511 | 88,749,211 | 5,315,334 | 94,064,545 |
| **Total comprehensive (loss)/ income for the financial year** | | | | | | | | |
| Loss for the financial year | | - | - | - | (21,440,535) | (21,440,535) | (1,444,246) | (22,884,781) |
| Other comprehensive income for the financial year | | - | 73,376 | - | 52,642 | 126,018 | 103,105 | 229,123 |
| Total comprehensive (loss)/ income | | - | 73,376 | - | (21,387,893) | (21,314,517) | (1,341,141) | (22,655,658) |
| **Transactions with owners** | | | | | | | | |
| Issuance of ordinary shares | 14 | 43,975,950 | - | - | - | 43,975,950 | - | 43,975,950 |
| Dividend paid | | - | - | - | - | - | (641,024) | (641,024) |
| Total transactions with owners | | 43,975,950 | - | - | - | 43,975,950 | (641,024) | 43,334,926 |
| **At 31 August 2021** | | **123,617,950** | **(147,928)** | **(76,341,996)** | **64,282,618** | **111,410,644** | **3,333,169** | **114,743,813** |

# STATEMENTS OF CHANGES IN EQUITY

For the Financial Year Ended 31 August 2022

| | Note | Share capital RM | Accumulated losses RM | Total equity RM |
|---|---|---|---|---|
| **Company** | | | | |
| **At 31 August 2020** | 14 | 79,642,000 | (153,577) | 79,488,423 |
| Loss for the financial year, representing total comprehensive loss for the financial year | | - | (2,750,968) | (2,750,968) |
| **Transactions with owners** | | | | |
| Issuance of ordinary shares | 14 | 43,975,950 | - | 43,975,950 |
| **At 31 August 2021** | | 123,617,950 | (2,904,545) | 120,713,405 |
| Loss for the financial year, representing total comprehensive loss for the financial year | | - | (17,593,219) | (17,593,219) |
| **Transactions with owners** | | | | |
| Issuance of ordinary shares | 14 | 9,509,580 | - | 9,509,580 |
| Issuance of ordinary shares pursuant to exercise of warrants | 14 | 3,375 | - | 3,375 |
| **At 31 August 2022** | | **133,130,905** | **(20,497,764)** | **112,633,141** |

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

# STATEMENTS OF CASH FLOWS

For the Financial Year Ended 31 August 2022

| | Note | Group 2022 RM | Group 2021 RM | Company 2022 RM | Company 2021 RM |
|---|---|---|---|---|---|
| **Cash flows from operating activities** | | | | | |
| Loss before tax | | **(29,376,682)** | (22,108,074) | **(17,593,219)** | (2,750,968) |
| Adjustments for: | | | | | |
| Bad debts written off | | **7,175** | 230,445 | **-** | - |
| Contract assets written off | | **380,801** | 5,639,917 | **-** | - |
| Depreciation of investment properties | | **80,636** | 80,095 | **-** | - |
| Depreciation of property, plant and equipment | | **19,067,488** | 18,734,732 | **-** | - |
| Interest income of financial assets that are carried at fair value through profit or loss | | **(52,565)** | (70,487) | **(52,565)** | (70,487) |
| Finance costs | | **4,029,283** | 3,026,366 | **-** | - |
| Finance income | | **(225,193)** | (300,718) | **(20,330)** | (70,191) |
| Gain on disposal of property, plant and equipment | | **(1,722,506)** | (227,333) | **-** | - |
| Loss on written off of property, plant and equipment | | **143** | - | **-** | - |
| Insurance compensation | | **(1,070,345)** | (18,737) | **-** | - |
| Impairment loss on: | | | | | |
| - investment in subsidiary | | **-** | - | **17,000,000** | - |
| - contract assets | | **11,119,027** | 2,193,392 | **-** | - |
| - trade receivables | | **178,084** | 1,567,335 | **-** | - |
| - other receivables | | **-** | 31,756 | **-** | - |
| Reversal of impairment loss on trade receivable | | **(371,018)** | (29,498) | **-** | - |
| Recovery of contract assets | | **(2,781,000)** | - | **-** | - |
| Provision for post employee benefits | | **169,920** | 36,270 | **-** | - |
| Provision for defect liability damages | | **-** | 4,300,000 | **-** | - |
| Unrealised gain on foreign exchange | | **-** | (22,366) | **-** | - |
| Share of results of associates | | **128,924** | - | **-** | - |
| **Operating (loss)/profit before changes in working capital** | | **(437,828)** | 13,063,095 | **(666,114)** | (2,891,646) |
| Changes in working capital | | | | | |
| Trade and other receivables | | **(16,421,990)** | (8,138,929) | **(10,321)** | (38,990) |
| Contract assets | | **(1,684,515)** | (21,163,554) | **-** | - |
| Trade and other payables | | **13,460,360** | 6,860,471 | **106,240** | (24,061) |
| Contract liabilities | | **919,997** | (117,804) | **-** | - |

# STATEMENTS OF CASH FLOWS

For the Financial Year Ended 31 August 2022

| | Note | Group 2022 RM | Group 2021 RM | Company 2022 RM | Company 2021 RM |
|---|---|---|---|---|---|
| **Net cash used in operations** | | **(4,163,976)** | (9,496,721) | **(570,195)** | (2,954,697) |
| Income tax paid | | **(1,596,487)** | (3,794,426) | **-** | - |
| Interests received | | **225,193** | 300,718 | **20,330** | 70,191 |
| Interests paid | | **(255,496)** | (128,528) | **-** | - |
| Payment for post employee benefits | | **(74,426)** | (79,197) | **-** | - |
| **Net cash used in operating activities** | | **(5,865,192)** | (13,198,154) | **(549,865)** | (2,884,506) |
| **Cash flows from investing activities** | | | | | |
| Acquisition of an associate | | **-** | (370,020) | **-** | - |
| Advances to subsidiaries | | **-** | - | **(11,187,533)** | (37,002,751) |
| Interest income from money market funds | | **52,565** | 70,487 | **52,565** | 70,487 |
| Purchase of property, plant and equipment | (a) | **(11,527,166)** | (7,133,789) | **-** | - |
| Proceeds from disposal of property, plant and equipment | | **1,858,388** | 295,000 | **-** | - |
| Proceeds from insurance compensation | | **1,070,345** | 18,737 | **-** | - |
| Changes in pledged deposits | | **1,133,804** | (680,406) | **-** | - |
| Changes in restricted cash | | **91,261** | 590,089 | **-** | - |
| **Net cash used in investing activities** | | **(7,320,803)** | (7,209,902) | **(11,134,968)** | (36,932,264) |
| **Cash flows from financing activities** | (c) | | | | |
| Dividends paid to non-controlling interests | | **-** | (641,024) | **-** | - |
| Interest paid | | **(3,773,787)** | (2,897,838) | **-** | - |
| Net proceeds from issuance of ordinary shares | | **9,512,955** | 43,975,950 | **9,512,955** | 43,975,950 |
| Drawdown of term loans | | **302,000** | - | **-** | - |
| Repayment of term loans | | **(242,657)** | (4,811,060) | **-** | - |
| Payments of lease liabilities | | **(9,871,332)** | (15,001,385) | **-** | - |
| Drawdown of bankers' acceptances | | **43,045,186** | 35,281,718 | **-** | - |
| Repayment of bankers' acceptances | | **(42,071,349)** | (39,701,933) | **-** | - |
| Drawdown of invoice financing | | **18,425,623** | 8,936,177 | **-** | - |
| Repayment of invoice financing | | **(17,359,908)** | (6,886,772) | **-** | - |
| Drawdown of promissory notes | | **38,478,600** | 35,988,524 | **-** | - |
| Repayment of promissory notes | | **(39,167,665)** | (35,796,016) | **-** | - |
| Drawdown of revolving credit | | **7,500,000** | - | **-** | - |
| Repayment of revolving credit | | **(800,000)** | - | **-** | - |
| (Repayments to)/Advances from a subsidiary | | **-** | - | **-** | (82,666) |
| **Net cash from financing activities** | | **3,977,666** | 18,446,341 | **9,512,955** | 43,893,284 |

# STATEMENTS OF CASH FLOWS

For the Financial Year Ended 31 August 2022

| | Note | Group 2022 RM | Group 2021 RM | Company 2022 RM | Company 2021 RM |
|---|---|---|---|---|---|
| Net (decrease)/increase in cash and cash equivalents | | **(9,208,329)** | (1,961,715) | **(2,171,878)** | 4,076,514 |
| **Cash and cash equivalents at the beginning of the financial year** | | **5,596,198** | 7,536,017 | **4,077,433** | 919 |
| Effect of exchange rate changes on cash and cash equivalents | | **48,087** | 21,896 | **-** | - |
| **Cash and cash equivalents at the end of the financial year** | 13 | **(3,564,044)** | 5,596,198 | **1,905,555** | 4,077,433 |

(a) Purchase of property, plant and equipment:

| | Note | Group 2022 RM | Group 2021 RM |
|---|---|---|---|
| Purchase of property, plant and equipment | 5 | **16,815,668** | 28,119,924 |
| Financed by way of lease arrangements | | **(5,288,502)** | (20,986,135) |
| Cash payments on purchase of property, plant and equipment | | **11,527,166** | 7,133,789 |

During the financial year, the Group had total cash outflows for leases of RM23,159,724 (2021: RM25,983,877).

(b) Purchase of investment property:

| | Note | Group 2022 RM | Group 2021 RM |
|---|---|---|---|
| Purchase of investment property | 6 | **1,351,800** | 528,720 |
| Contra with trade debtors | | **(1,351,800)** | (528,720) |
| Cash payments on investment property | | **-** | - |

# STATEMENTS OF CASH FLOWS

For the Financial Year Ended 31 August 2022

(c) Reconciliation of liabilities arising from financing activities:

| | 1.9.2021 RM | Cash flows RM | Non-cash Acquisition RM | 31.8.2022 RM |
|---|---|---|---|---|
| **Group** | | | | |
| Term loans | 4,233,234 | 59,343 | - | **4,292,577** |
| Lease liabilities | 36,930,472 | (9,871,332) | 5,288,502 | **32,347,642** |
| Bankers' acceptances | 12,833,362 | 973,837 | - | **13,807,199** |
| Invoice financing | 3,598,219 | 1,065,715 | - | **4,663,934** |
| Promissory notes | 8,484,065 | (689,065) | - | **7,795,000** |
| Revolving credit | - | 6,700,000 | - | **6,700,000** |
| | 66,079,352 | (1,761,502) | 5,288,502 | **69,606,352** |

| | 1.9.2020 RM | Cash flows RM | Non-cash Acquisition RM | 31.8.2021 RM |
|---|---|---|---|---|
| **Group** | | | | |
| Term loans | 9,044,294 | (4,811,060) | - | 4,233,234 |
| Lease liabilities | 30,945,722 | (15,001,385) | 20,986,135 | 36,930,472 |
| Bankers' acceptances | 17,253,577 | (4,420,215) | - | 12,833,362 |
| Invoice financing | 1,548,814 | 2,049,405 | - | 3,598,219 |
| Promissory notes | 8,291,557 | 192,508 | - | 8,484,065 |
| | 67,083,964 | (21,990,747) | 20,986,135 | 66,079,352 |
| **Company** | | | | |
| Amount owing to subsidiary | 82,666 | (82,666) | - | - |

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

# NOTES TO THE FINANCIAL STATEMENTS

## 1. CORPORATE INFORMATION

Aneka Jaringan Holdings Berhad (the "Company") is a public limited liability company, incorporated and domiciled in Malaysia. The registered office of the Company is located at Lot 5, Level 10, Menara Great Eastern 2, No. 50, Jalan Ampang, 50450 Kuala Lumpur. The principal place of business of the Company is located at K-2-1, Pusat Perdagangan Bandar Bukit Jalil, Persiaran Jalil 2, 57000 Kuala Lumpur.

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are disclosed in Note 7 to the financial statements.

There has been no significant change in the nature of its principal activity during the financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 14 December 2022.

## 2. BASIS OF PREPARATION

### 2.1 Statement of compliance

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

### 2.2 Adoption of amendments/improvements to MFRSs

The Group and the Company have adopted the following amendments/improvements to MFRSs for the current financial year:

| Amendments/Improvements to MFRSs | |
|---|---|
| MFRS 4 | Insurance Contracts |
| MFRS 7 | Financial Instruments: Disclosures |
| MFRS 9 | Financial Instruments |
| MFRS 16 | Leases |
| MFRS 139 | Financial Instruments: Recognition and Measurement |

The adoption of the above amendments/improvements to MFRSs did not have any significant effect on the financial statements of the Group and of the Company and did not result in significant changes to the Group's and the Company's existing accounting policies.

## 2. BASIS OF PREPARATION (CONTINUED)

### 2.3 New MFRS and amendments/improvements to MFRSs that have been issued, but yet to be effective

(a) The Group and the Company have not adopted the following new MFRS and amendments/improvements to MFRSs that have been issued, but yet to be effective:

| | | Effective for financial periods beginning on or after |
|---|---|---|
| New MFRS | | |
| MFRS 17 | Insurance Contracts | 1 January 2023 |
| Amendments/Improvements to MFRSs | | |
| MFRS 1 | First-time Adoption of Malaysian Financial Reporting Standards | 1 January 2022^/ 1 January 2023# |
| MFRS 3 | Business Combinations | 1 January 2022/ 1 January 2023# |
| MFRS 5 | Non-current Assets Held for Sale and Discontinued Operations | 1 January 2023# |
| MFRS 7 | Financial Instruments: Disclosures | 1 January 2023# |
| MFRS 9 | Financial Instruments | 1 January 2022^/ 1 January 2023# |
| MFRS 10 | Consolidated Financial Statements | Deferred |
| MFRS 15 | Revenue from Contracts with Customers | 1 January 2023# |
| MFRS 16 | Leases | 1 January 2022^/ 1 January 2024 |
| MFRS 17 | Insurance Contracts | 1 January 2023 |
| MFRS 101 | Presentation of Financial Statements | 1 January 2023/ 1 January 2023# |
| MFRS 107 | Statements of Cash Flows | 1 January 2023# |
| MFRS 108 | Accounting Policies, Changes in Accounting Estimates and Errors | 1 January 2023 |
| MFRS 112 | Income Taxes | 1 January 2023 |
| MFRS 116 | Property, Plant and Equipment | 1 January 2022/ 1 January 2023# |
| MFRS 119 | Employee Benefits | 1 January 2023# |
| MFRS 128 | Investments in Associates and Joint Ventures | Deferred/ 1 January 2023# |
| MFRS 132 | Financial instruments: Presentation | 1 January 2023# |
| MFRS 136 | Impairment of Assets | 1 January 2023# |

## 2. BASIS OF PREPARATION (CONTINUED)

### 2.3 New MFRS and amendments/improvements to MFRSs that have been issued, but yet to be effective (continued)

(a) The Group and the Company have not adopted the following new MFRS and amendments/ improvements to MFRSs that have been issued, but yet to be effective: (continued)

| | | Effective for financial periods beginning on or after |
|---|---|---|
| Amendments/Improvements to MFRSs (continued) | | |
| MFRS 137 | Provisions, Contingent Liabilities and Contingent Assets | 1 January 2022/ 1 January 2023# |
| MFRS 138 | Intangible Assets | 1 January 2023# |
| MFRS 140 | Investment Property | 1 January 2023# |
| MFRS 141 | Agriculture | 1 January 2022^ |

^ *The Annual Improvements to MFRS Standards 2018-2020*

# *Amendments as to the consequence of effective of MFRS 17 Insurance Contracts*

(b) The Group and the Company plan to adopt the above applicable new MFRS and amendments/ improvements to MFRSs when they become effective. A brief discussion on the above significant new MFRS and amendments/improvements to MFRSs that may be applicable to the Group and the Company are summarised below.

***Annual Improvements to MFRS Standards 2018–2020***

Annual Improvements to MFRS Standards 2018–2020 covers amendments to:

- MFRS 1 *First-time Adoption of Malaysian Financial Reporting Standards* – simplifies the application of MFRS 1 by a subsidiary that becomes a first-time adopter after its parent in relation to the measurement of cumulative translation differences.
- MFRS 9 *Financial Instruments* – clarifies the fees an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability.
- Illustrative Examples accompanying MFRS 16 *Leases* – deletes from Illustrative Example 13 the reimbursement relating to leasehold improvements in order to remove any potential confusion regarding the treatment of lease incentives.
- MFRS 141 *Agriculture* – removes a requirement to exclude cash flows from taxation when measuring fair value thereby aligning the fair value measurement requirements in MFRS 141 with those in other MFRS Standards.

## 2. BASIS OF PREPARATION (CONTINUED)

### 2.3 New MFRS and amendments/improvements to MFRSs that have been issued, but yet to be effective (continued)

(b) The Group and the Company plan to adopt the above applicable new MFRS and amendments/improvements to MFRSs when they become effective. A brief discussion on the above significant new MFRS and amendments/improvements to MFRSs that may be applicable to the Group and the Company are summarised below. (continued)

***Amendments to MFRS 10 Consolidated Financial Statements and MFRS 128 Investments in Associates and Joint Ventures***

These amendments address an acknowledged inconsistency between the requirements in MFRS 10 and those in MFRS 128, in dealing with the sale or contribution of assets between an investor and its associate or joint venture.

The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business, as defined in MFRS 3. A partial gain or loss is recognised when a transaction involves assets that do not constitute a business.

***Amendments to MFRS 101 Presentation of Financial Statements***

The amendments include specifying that an entity's right to defer settlement of a liability for at least twelve months after the reporting period must have substance and must exist at the end of the reporting period; clarifying that classification of liability is unaffected by the likelihood of the entity to exercise its right to defer settlement of the liability for at least twelve months after the reporting period; clarifying how lending conditions affect classification of a liability; and clarifying requirements for classifying liabilities an entity will or may settle by issuing its own equity instruments.

The amendments require an entity to disclose its material accounting policy information rather than significant accounting policies. The amendments, amongst others, also include examples of circumstances in which an entity is likely to consider an accounting policy information to be material to its financial statements. To support this amendments, MFRS Practice Statement 2 was also amended to provide guidance on how to apply the concept of materiality to accounting policy information disclosures. The guidance and examples provided in the MFRS Practice Statement 2 highlight the need to focus on entity-specific information and demonstrate how the four-step materiality process can address standardised (or boilerplate) information and duplication of requirements of MFRSs in the accounting policy information disclosures.

## 2. BASIS OF PREPARATION (CONTINUED)

### 2.3 New MFRS and amendments/improvements to MFRSs that have been issued, but yet to be effective (continued)

(b) The Group and the Company plan to adopt the above applicable new MFRS and amendments/improvements to MFRSs when they become effective. A brief discussion on the above significant new MFRS and amendments/improvements to MFRSs that may be applicable to the Group and the Company are summarised below. (continued)

***Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors***

The amendments revise the definition of accounting estimates to clarify how an entity should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important because the changes in accounting estimates are applied prospectively to transactions, other events, or conditions from the date of that change, but changes in accounting policies are generally also applied retrospectively to past transactions and other past events.

***Amendments to MFRS 112 Income Taxes***

The amendments specify how an entity should account for deferred tax on transactions such as leases and decommissioning obligation.

In specified circumstances, MFRS 112 exempts an entity from recognising deferred tax when it recognises assets or liabilities for the first time. There had been some uncertainties about whether the exemption from recognising deferred tax applied to transactions such as leases and decommissioning obligations – transactions for which an entity recognises both an asset and a liability. The amendments clarify that the exemption does not apply and that entity is required to recognise deferred tax on such transactions.

***Amendments to MFRS 116 Property, Plant and Equipment***

The amendments prohibit an entity from deducting from the cost of property, plant and equipment amounts received from selling items produced while the entity is preparing the asset for its intended use. Instead, an entity shall recognise such sales proceeds and related cost in profit or loss.

***Amendments to MFRS 137 Provision, Contingent Liabilities and Contingent Assets***

The amendments specify which costs an entity includes in determining the cost of fulfilling a contract for the purpose of assessing whether the contract is onerous.

## 2. BASIS OF PREPARATION (CONTINUED)

### 2.3 New MFRS and amendments/improvements to MFRSs that have been issued, but yet to be effective (continued)

(c) The Group and the Company are currently assessing the impact of initial application of the above applicable amendments/improvements to MFRSs. Nevertheless, the Group and the Company expect that the initial application is unlikely to have material financial impacts to the current period and prior period financial statements of the Group and of the Company.

### 2.4 Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which they operate (the "functional currency"). The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency.

### 2.5 Basis of measurement

The financial statements of the Group and of the Company have been prepared on the historical cost basis, except as otherwise disclosed in Note 3 to the financial statements.

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Unless otherwise stated, the following accounting policies have been applied consistently to all the financial period presented in the financial statements of the Group and of the Company.

### 3.1 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. The financial statements of the subsidiaries and joint venture used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

#### (a) Subsidiaries

Subsidiaries are entities (including structured entities) over which the Group is exposed, or has rights, to variable returns from its involvement with the acquirees and has the ability to affect those returns through its power over the acquirees.

The financial statements of subsidiaries are included in the consolidated financial statements from the date the Group obtains control of the acquirees until the date the Group loses control of the acquirees.

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.1 Basis of consolidation (continued)

#### (a) Subsidiaries (continued)

In connection with the Group's reorganisation scheme as a result of the initial public offering exercise, the Company acquired the entire share capital of Aneka Jaringan Sdn. Bhd. and Aneka Geotechnics Sdn. Bhd..

Acquisition of entities under a reorganisation scheme does not result in any change in economic substance. Accordingly, the consolidated financial statements of the Company are a continuation of the acquired entity and is accounted for as follows:

- the assets and liabilities of the acquired entity are recognised and measured in the consolidated financial statements at the pre-combination carrying amounts, without restatement to fair value;
- the retained earnings and other equity balances of acquired entity immediately before the business combination are those of the Group; and
- the equity structure, however, reflects the equity structure of the Company and the differences arising from the change in equity structure of the Group will be accounted for in other reserves.

For other acquisitions, goodwill is initially measured at cost, being the excess of the following:

- the fair value of the consideration transferred, calculated as the sum of the acquisition-date fair value of assets transferred (including contingent consideration), the liabilities incurred to former owners of the acquiree and the equity instruments issued by the Group. Any amounts that relate to pre-existing relationships or other arrangements before or during the negotiations for the business combination, that are not part of the exchange for the acquiree, will be excluded from the business combination accounting and be accounted for separately; plus
- the recognised amount of any non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date (the choice of measurement basis is made on an acquisition-by-acquisition basis); plus
- if the business combination is achieved in stages, the acquisitions-date fair value of the previously held equity interest in the acquiree; less
- the net fair value of the identifiable assets acquired and the liabilities (including contingent liabilities) assumed at the acquisition date.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss at the acquisition date.

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.1 Basis of consolidation (continued)

#### (a) Subsidiaries (continued)

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

If the business combination is achieved in stages, the Group remeasures the previously held equity interest in the acquiree to its acquisition-date fair value, and recognises the resulting gain or loss, if any, in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss or transferred directly to retained earnings on the same basis as would be required if the acquirer had disposed directly of the previously held equity interest.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the business combinations occurs, the Group uses provisional fair value amounts for the items for which the accounting is incomplete. The provisional amounts are adjusted to reflect new information obtained about facts and circumstances that existed as of the acquisition date, including additional assets or liabilities identified in the measurement period. The measurement period for completion of the initial accounting ends as soon as the Group receives the information it was seeking about facts and circumstances or learns that more information is not obtainable, subject to the measurement period not exceeding one year from the acquisition date.

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any non-controlling interests and the other components of equity related to the former subsidiaries from the consolidated statements of financial position. Any gain or loss arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiaries, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an associate, a joint venture, an available-for-sale financial asset or held for trading financial asset.

Changes in the Group’s ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The difference between the Group’s share of net assets before and after the change, and the fair value of the consideration received or paid, is recognised directly in equity.

#### (b) Non-controlling interests

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company and are presented separately in the consolidated statements of financial position within equity.

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.1 Basis of consolidation (continued)

#### (b) Non-controlling interests (continued)

Losses attributable to the non-controlling interests are allocated to the non-controlling interests even if the losses exceed the non-controlling interests.

#### (c) Associates

Associates are entities, including unincorporated entities, in which the Group has significant influence, but not control, over financial and operating policies.

Investment in associates are accounted for in the consolidated financial statements using the equity method.

Under the equity method, the investment in associates are initially recognised at cost. The cost of investment includes transaction costs. Subsequently, the carrying amount is adjusted to recognise changes in the Group’s share of net assets of the associate.

When the Group’s share of losses exceeds its interest in an associate, the carrying amount of that interest including any long-term investments is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the associate.

When the Group ceases to have significant influence over an associate, any retained interest in the former associate at the date when significant influence is lost is measured at fair value and this amount is regarded as the initial carrying amount of a financial asset. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

When the Group’s interest in an associate decreases but does not result in a loss of significant influence, any retained interest is not remeasured. Any gain or loss arising from the decrease in interest is recognised in profit or loss. Any gains or losses previously recognised in other comprehensive income are also reclassified proportionately to the profit or loss if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.1 Basis of consolidation (continued)

#### (d) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with equity-accounted joint venture are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised lossess are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

### 3.2 Separate financial statements

In the Company's statement of financial position, investment in subsidiaries is measured at cost less any accumulated impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs. The policy for the recognition and measurement of impairment losses shall be applied on the same basis as would be required for impairment of non-financial assets as disclosed in Note 3.10(b) to the financial statements.

Contribution to subsidiaries are amounts for which the settlements is neither planned nor likely to occur in the foreseeable future is, in substance, considered as part of the Company's investment in subsidiaries.

### 3.3 Foreign currency transactions and operations

#### (a) Translation of foreign currency transactions

Foreign currency transactions are translated to the respective functional currencies of the Group entities using the exchange rates prevailing at the transaction dates.

At the end of each reporting date, monetary items denominated in foreign currencies are retranslated at the exchange rates prevailing at the reporting date.

Non-monetary items denominated in foreign currencies that are measured at fair value are retranslated at the rates prevailing at the dates the fair values were determined. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated at the historical rates as at the dates of the initial transactions.

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.3 Foreign currency transactions and operations (continued)

#### (a) Translation of foreign currency transactions (continued)

Foreign exchange differences arising on settlement or retranslation of monetary items are recognised in profit or loss except for monetary items that are designated as hedging instruments in either a cash flow hedge or a hedge of the Group's net investment of a foreign operation. When settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, exchange differences are recognised in profit or loss in the separate financial statements of the parent company or the individual financial statements of the foreign operation. In the consolidated financial statements, the exchange differences are considered to form part of a net investment in a foreign operation and are recognised initially in other comprehensive income until its disposal, at which time, the cumulative amount is reclassified to profit or loss.

The gain or loss arising on translation of non-monetary items are measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e. translation differences on items whose fair value gain or loss is recognised in other comprehensive income or profit or loss are also recognised in other comprehensive income or profit or loss, respectively).

#### (b) Translation of foreign operations

The assets and liabilities of foreign operations denominated in the functional currency different from the presentation currency, including goodwill and fair value adjustments arising on acquisition, are translated into the presentation currency at exchange rates prevailing at the reporting date. The income and expenses of foreign operations are translated at exchange rates at the dates of the transactions.

Exchange differences arising on the translation are recognised in other comprehensive income. However, if the foreign operation is a non-wholly owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests.

When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in foreign exchange translation reserves related to that foreign operation is reclassified to profit or loss. For a partial disposal not involving loss of control of a subsidiary that includes a foreign operation, the proportionate share of cumulative amount in foreign exchange translation reserve is reattributed to non-controlling interests. For partial disposals of associates or joint ventures that do not result in the Group losing significant influence or joint control, the proportionate share of the cumulative amount in foreign exchange translation reserve is reclassified to profit or loss.

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.4 Financial instruments

Financial instruments are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contract provisions of the financial instrument.

Except for the trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient, the financial instruments are recognised initially at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset and financial liability. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss. Trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient are measured at the transaction price determined under MFRS 15 *Revenue from Contracts with Customers*.

An embedded derivative is recognised separately from the host contract and accounted for as a derivative if, and only if, it is not closely related to the economic characteristics and risks of the host contract; it is a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured as fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with the policy applicable to the nature of the host contract.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

#### (a) Subsequent measurement

The Group and the Company categorise the financial instruments as follows:

##### (i) Financial assets

For the purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost
- Financial assets at fair value through other comprehensive income with recycling of cumulative gains and losses upon derecognition
- Financial assets designated at fair value through other comprehensive income with no recycling of cumulative gains and losses upon derecognition
- Financial assets at fair value through profit or loss

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.4 Financial instruments (continued)

#### (a) Subsequent measurement (continued)

The Group and the Company categorise the financial instruments as follows: (continued)

**(i) Financial assets (continued)**

The classification depends on the entity's business model for managing the financial assets and the contractual cash flows characteristics of the financial assets.

The Group and the Company reclassify financial assets when and only when its business models for managing those assets change.

<u>Debt instruments</u>

Subsequent measurement of debt instruments depends on the Group's and the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group and Company classify their debt instruments:

- **Amortised cost**
  Financial assets that are held for collection of contractual cash flows and those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. The policy for the recognition and measurement of impairment is in accordance with Note 3.10(a) to the financial statements. Gains and losses are recognised in profit or loss when the financial asset is derecognised, modified or impaired.

- **Fair value through other comprehensive income ("FVOCI")**
  Financial assets that are held for collection of contractual cash flows and for selling the financial assets, and the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. For debt instruments at FVOCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in other comprehensive income. The policy for the recognition and measurement of impairment is in accordance with Note 3.10(a) to the financial statements. Upon derecognition, the cumulative fair value change recognised in other comprehensive income is recycled to profit or loss.

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.4 Financial instruments (continued)

#### (a) Subsequent measurement (continued)

The Group and the Company categorise the financial instruments as follows: (continued)

#### (i) Financial assets (continued)

Debt instruments (continued)

- **Fair value through profit or loss ("FVPL")**
  Financial assets at FVPL include financial assets held for trading, financial assets designated upon initial recognition at FVPL, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at FVPL, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at FVOCI, as described above, debt instruments may be designated at FVPL on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

  Financial assets at FVPL are carried in the statement of financial position at fair value with net changes in fair value recognised in the profit or loss.

Equity instruments

The Group and the Company subsequently measure all equity investments at fair value. Upon initial recognition, the Group and the Company can make an irrevocable election to classify its equity investments that is not held for trading as equity instruments designated at FVOCI. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are not recycled to profit or loss. Dividends are recognised as other income in the profit or loss when the right of payment has been established, except when the Group and the Company benefit from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity instruments designated at FVOCI are not subject to impairment assessment.

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.4 Financial instruments (continued)

#### (a) Subsequent measurement (continued)

The Group and the Company categorise the financial instruments as follows: (continued)

**(ii) Financial liabilities**

The Group and the Company classify their financial liabilities in the following measurement categories:

- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortised cost

<u>Financial liabilities at fair value through profit or loss</u>

Financial liabilities at fair value through profit or loss include financial liabilities held for trading, including derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial liabilities designated into this category upon initial recognition.

Subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value with the gain or loss recognised in profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in MFRS 9 *Financial Instruments* are satisfied. The Group and the Company have not designated any financial liability as at fair value through profit or loss.

<u>Financial liabilities at amortised cost</u>

Subsequent to initial recognition, other financial liabilities are measured at amortised cost using effective interest method. Gains and losses are recognised in profit or loss when the financial liablities are derecognised and through the amortisation process.

#### (b) 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 specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.4 Financial instruments (continued)

#### (b) Financial guarantee contracts (continued)

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the liability is measured at the higher of the amount of the loss allowance determined in accordance with Section 5.5 of MFRS 9 *Financial Instruments* and the amount initially recognised, when appropriate, the cumulative amount of income recognised in accordance with the principles of MFRS 15 *Revenue from Contracts with Customers*.

#### (c) Regular way purchase or sale of financial assets

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

A regular way purchase or sale of financial assets shall be recognised and derecognised, as applicable, using trade date accounting (i.e. the date the Group and the Company commit themselves to purchase or sell an asset).

Trade date accounting refers to:

(i) the recognition of an asset to be received and the liability to pay for it on the trade date; and
(ii) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

Generally, interest does not start to accrue on the asset and corresponding liability until the settlement date when title passes.

#### (d) Derecognition

A financial asset or a part of it is derecognised when, and only when:

(i) the contractual rights to receive the cash flows from the financial asset expire; or
(ii) the Group and the Company have transferred their rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party; and either (a) the Group and the Company have transferred substantially all the risks and rewards of the asset; or (b) the Group and the Company have neither transferred nor retained substantially all the risks and rewards of the asset, but have transferred control of the asset.

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.4 Financial instruments (continued)

#### (d) Derecognition (continued)

The Group and the Company evaluate if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group and the Company continue to recognise the transferred asset to the extent of their continuing involvement. In that case, the Group and the Company also recognise an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group and the Company have retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group and the Company could be required to repay.

On derecognition of a financial asset, the difference between the carrying amount (measured at the date of derecognition) and the consideration received (including any new asset obtained less any new liability assumed) 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, cancelled or expired. On derecognition of a financial liability, the difference between the carrying amount and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

#### (e) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is presented in the statements of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

In accounting for a transfer of a financial asset that does not qualify for derecognition, the entity shall not offset the transferred asset and the associated liability.

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.5 Property, plant and equipment

#### (a) Recognition and measurement

Property, plant and equipment are measured at cost less accumulated depreciation. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.10(b) to the financial statements.

Cost of assets includes expenditures that are directly attributable to the acquisition of the asset and any other costs that are directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs in Note 3.15 to the financial statements.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

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

#### (b) Subsequent costs

The cost of replacing a part of an item of property, plant and equipment is included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the profit or loss as incurred.

#### (c) Depreciation

Freehold land has an unlimited useful life and therefore is not depreciated. Assets under construction included in property, plant and equipment are not depreciated as these assets are not yet available for use.

All other property, plant and equipment are depreciated on straight-line basis by allocating their depreciable amounts over their remaining useful lives.

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.5 Property, plant and equipment (continued)

#### (c) Depreciation (continued)

| | Useful lives (years) |
|---|---|
| Freehold building | 50 years |
| Excavators, cranes, plant and machinery | 5 - 8 years |
| Tools, equipment and container | 4 - 10 years |
| Motor vehicles | 4 - 5 years |
| Computer and office equipment | 4 - 5 years |
| Furniture and fittings | 4 - 10 years |
| Renovation | 10 years |
| Right-of-use asset | 1 - 72 years |

The residual values, useful lives and depreciation methods are reviewed at the end of each reporting period and adjusted as appropriate.

#### (d) Derecognition

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

### 3.6 Leases

#### (a) Definition of lease

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- the contract involves the use of an identified asset;
- the Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Group has the right to direct the use of the asset.

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.6 Leases (continued)

#### (b) Lessee accounting

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets.

Right-of-use asset

The right-of-use asset is initially recognised at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently measured at cost less accumulated depreciation and any accumulated impairment losses, and adjust for any remeasurement of the lease liabilities. The right-of-use asset is depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. If the Group expects to exercise a purchase option, the right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts from the commencement date of the underlying asset. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.10(b) to the financial statements.

Lease liability

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

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option, if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.6 Leases (continued)

#### (b) Lessee accounting (continued)

Lease liability (continued)

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which case the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

Variable lease payments that do not depend on an index or a rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line “other expenses” in the statements of comprehensive income.

The Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

Short-term leases and leases of low value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases and leases of low value assets. The Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.6 Leases (continued)

#### (c) Lessor accounting

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to the ownership. All other leases that do not meet this criterion are classified as operating leases.

If an entity in the Group is a lessor in a finance lease, it deregconises the underlying asset and recognises a lease receivable at an amount equal to the net investment in the lease. Finance income is recognised in profit and loss based on a pattern reflecting a constant periodic rate of return on the lessor’s net investment in the finance lease.

If an entity in the Group is a lessor in an operating lease, the underlying asset is not derecognised but is presented in the statements of financial position according to the nature of the asset. Lease income from operating leases is recognised in profit or loss on a straight-line basis over the lease term, unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished.

### 3.7 Investment properties

Investment properties are properties held to earn rental income or for capital appreciation or both.

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated amortisation or depreciation.

Cost includes purchase price and any directly attributable costs incurred to bring the property to its present location and condition intended for use as an investment property. The cost of a self-constructed investment property includes the cost of material, direct labour and any other direct attributable costs. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs in Note 3.15 to the financial statements.

An investment property is derecognised on its disposal or when it is permanently withdrawn from use and no future economic benefits are expected from its disposals. Any gains and losses arising from derecognition of the asset is recognised in the profit or loss.

Transfers are made to or from investment property only when there is a change in use.

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.8 Contract assets/(liabilities)

Contract asset is the right to consideration for goods or services transferred to the customers when that right is conditioned on something other than passage of time (for example, the Group's future performance).

The policy for the recognition and measurement of impairment losses is in accordance with Note 3.10(a) to the financial statements.

Contract liability is the obligation to transfer goods or services to customer for which the Group has received the consideration or has billed the customer.

### 3.9 Cash and cash equivalents

For the purpose of the statements of cash flows, cash and cash equivalents comprise cash on hand, bank balances and deposits and other short-term, highly liquid investment with a maturity of three months or less, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change of value. Cash and cash equivalents are presented net of restricted cash, pledged deposits and bank overdrafts.

### 3.10 Impairment of assets

#### (a) Impairment of financial assets and contract assets

Financial assets measured at amortised cost, contract assets or a loan commitment and financial guarantee contracts will be subject to the impairment requirement in MFRS 9 *Financial Instruments* which is related to the accounting for expected credit losses on the financial assets. Expected credit loss is the weighted average of credit losses with the respective risks of a default occurring as the weights.

The Group and the Company measure loss allowance at an amount equal to lifetime expected credit loss, except for the following, which are measured as 12-month expected credit loss:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

For trade receivables, contract assets and lease receivables, the Group and the Company apply the simplified approach permitted by MFRS 9 *Financial Instruments* to measure the loss allowance at an amount equal to lifetime expected credit loss.

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.10 Impairment of assets (continued)

#### (a) Impairment of financial assets and contract assets (continued)

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Group and the Company consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's and the Company's historical experience and informed credit assessment and including forward-looking information.

The Group and the Company assume that the credit risk on a financial asset has increased significantly if it is more than 120 days past due.

The Group and the Company consider a financial asset to be in default when:

- the counterparty is unable to pay its credit obligations to the Group and the Company in full, without taking into account any credit enhancements held by the Group and the Company; or
- the contractual payment of the financial asset is more than 120 days past due unless the Group and the Company have reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument.

12-month expected credit losses are the portion of lifetime expected credit losses that represent the expected credit losses that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group and the Company are exposed to credit risk.

Expected credit losses are a probability-weighted estimate of credit losses (i.e. the present value of all cash shortfalls) over the expected life of the financial instrument. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

Expected credit losses are discounted at the effective interest rate of the financial assets.

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.10 Impairment of assets (continued)

#### (a) Impairment of financial assets and contract assets (continued)

At each reporting date, the Group and the Company assess whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired include observable data about the following events:

- significant financial difficulty of the issuer or the counterparty;
- a breach of contract, such as a default of past due event;
- the lender(s) of the counterparty, for economic or contractual reasons relating to the counterparty's financial difficulty, having granted to the counterparty a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the counterparty will enter bankruptcy or other financial reorganisation;
- the disappearance of an active market for that financial asset because of financial difficulties; or
- the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

The amount of impairment losses (or reversal) shall be recognised in profit or loss, as an impairment gain or loss.

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group and the Company determine that the debtor does not have assets or source of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's and the Company's procedure for recovery of amounts due.

#### (b) Impairment of non-financial assets

The carrying amounts of non-financial assets (except for contract assets deferred tax assets) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the Group and the Company make an estimate of the asset's recoverable amount is estimated at each reporting date.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of non-financial assets or cash-generating units ("CGU").

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.10 Impairment of assets (continued)

#### (b) Impairment of non-financial assets (continued)

The recoverable amount of an asset of a CGU is the higher of its fair value less costs of disposal and its value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. In determining the fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

Where the carrying amount of an asset exceeds the recoverable amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit of groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. An impairment loss is reversed only if there has been a change in the estimates used to determine the assets recoverable amount since the last impairment loss was recognised. Reversal of impairment loss is restricted by the asset's carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss.

### 3.11 Share capital

#### Ordinary shares

Ordinary shares are equity instruments. An equity instrument is a contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.12 Employee benefits

#### (a) Short-term employee benefits

Short-term employee benefit obligations in respect of wages, salaries, social security contributions, annual bonuses, paid annual leave, sick leave and non-monetary benefits are recognised as an expense in the financial year where the employees have rendered their services to the Group and the Company.

#### (b) Defined contribution plans

As required by law, the Group and the Company contribute to the Employees Provident Fund ("EPF"), the national defined contribution plan. Such contributions are recognised as an expense in the profit or loss in the period in which the employees render their services.

#### (c) Defined benefit plans

The Group recognises post-employment benefits liability in Indonesia in accordance with PSAK 24 (Revised 2013), taking into account amendment of PSAK-24 in 2018 "Employee Benefits" and Job Creation Law No. 11/2020 and Government Regulation No. 35/2021 dated 2 February 2021.

Liability recognised in respect of post-employment benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date.

### 3.13 Provisions

Provisions are recognised when the Group and the Company have a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

If the effect of the time value of money is material, provisions that are determined based on the expected future cash flows to settle the obligation are discounted using a current pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. When discounting is used, the increase in the provisions due to passage of time is recognised as finance costs.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed.

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.14 Revenue and other income

The Group recognises revenue that depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

The Group measures revenue from sale of good or service at its transaction price, being the amount of consideration to which the Group expects to be entitled in exchange for transferring promised good or service to a customer, excluding amounts collected on behalf of third parties such as sales and service tax, adjusted for the effects of any variable consideration, constraining estimates of variable consideration, significant financing components, non-cash consideration and consideration payable to customer.

For contract with separate performance obligations, the transaction price is allocated to the separate performance obligations on the relative stand-alone selling price basis. If the standalone selling price is not directly observable, the Group estimates it by using the costs plus margin approach.

Revenue from contract with customers is recognised by reference to each distinct performance obligation in the contract with customer, i.e. when or as a performance obligation in the contract with customers is satisfied. A performance obligation is satisfied when or as the customer obtains control of the good or service underlying the particular performance obligation, which the performance obligation may be satisfied at a point in time or over time.

A contract modification is a change in the scope or price (or both) of a contract that is approved by the parties to the contract. A modification exists when the change either creates new or changes existing enforceable rights and obligations of the parties to the contract. The Group has assessed the type of modification and accounted for as either creates a separate new contract, terminates the existing contract and creation of a new contract; or forms a part of the existing contracts.

The Group involves in foundation and basement construction works including bored piling works, retaining wall construction and basement construction under long-term and short-term contracts with customers. Construction service contracts comprise multiple deliverables that require significant integration service and therefore accounted as a single performance obligation.

#### (a) Construction contracts

Under the terms of contracts, control of the infrastructure is transferred over time as the Group creates or enhance an asset that the customer controls as the asset is created or enhanced. Revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. The progress towards complete satisfaction of a performance obligation is determined by the proportion of construction costs incurred for work performed to date bear to the estimated total construction costs (an input method).

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.14 Revenue and other income (continued)

#### (a) Construction contracts (continued)

As stipulated in the contract, the Group's obligations to repair and made good of any defect in the construction works which have become apparent within a period of 24 months after the completion period are recognised as a provision, if any.

Billings are made with a credit term of 30 to 90 days, which is consistent with market practice, therefore, no element of financing is deemed present. The Group becomes entitled to invoice customers for construction projects based on achieving a series of performance-related milestones.

The Group recognised a contract asset for any excess of revenue recognised to date over the billings-to-date. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point when invoice is issued or timing for billing is due to passage of time. If the milestone billing exceeds the revenue recognised to date and any deposit or advances received from customers then the Group recognises a contract liability for the difference.

#### (b) Interest income

Interest income is recognised using the effective interest method.

#### (c) Rental income

Rental income is recognised on a straight-line basis over the term of the lease. Lease incentive granted are recognised as an integral part of the total rental income, over the term of the lease.

### 3.15 Borrowing costs

Borrowing costs are interests and other costs that the Group incurs in connection with borrowing of funds.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.16 Income tax

Income tax expense in profit or loss comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

#### (a) Current tax

Current tax is the expected taxes payable or receivable on the taxable income or loss for the financial year, using the tax rates that have been enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

#### (b) Deferred tax

Deferred tax is recognised using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amount in the statement of financial position. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences, unutilised tax losses and unused tax credits, to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax is not recognised if the temporary differences arise from the initial recognition of assets and liabilities in a transaction which is not a business combination and that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, branches, associates and interests in joint ventures, except where the Group is able to control the reversal timing of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.16 Income tax (continued)

#### (b) Deferred tax (continued)

Deferred tax is 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 tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority on the same taxable entity, or on different tax entities, but they intend to settle their income tax recoverable and income tax payable on a net basis or their tax assets and liabilities will be realised simultaneously.

#### (c) Sales and services tax

Revenue, expenses and assets are recognised net of the amount of sales and services tax except:

- where the sales and services tax incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the sales and services tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of sales tax included.

The net amount of sales and services tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statements of financial position.

### 3.17 Earnings per share

The Group presents basic and diluted earnings per share ("EPS") data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.18 Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The Managing Director of the Group, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the chief operating decision maker that makes strategic decisions.

### 3.19 Fair value measurement

Fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as 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. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For a 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.

When measuring the fair value of an asset or a liability, the Group and the Company use observable market data as far as possible. Fair value is categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group and the Company can access at the measurement date.

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

Level 3: Unobservable inputs for the asset or liability.

There were no transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

### 3.20 Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group and the Company.

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.20 Contingencies (continued)

Contingent liability is also referred as a present obligation that arises from past events but is not recognised because:

(a) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
(b) the amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities and assets are not recognised in the statements of financial position.

## 4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of financial statements in conformity with MFRSs requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of the revenue and expenses during the reporting period. It also requires directors to exercise their judgement in the process of applying the Group's and the Company's accounting policies. Although these estimates and judgement are based on the directors' best knowledge of current events and actions, actual results may differ.

The areas involving a higher degree of judgement or complexity that have the most significant effect on the Group's and the Company's financial statements, or areas where assumptions and estimates that have a significant risk of resulting in a material adjustment to the Group's and the Company's financial statements within the next financial year are disclosed as follows:

### 4.1 Funding requirements

The Group and the Company apply judgement in determining the funding requirements and their ability to meet short term obligations. The Group and the Company consider the facts and circumstances and make assumptions about the future, including the cash flows to be generated from the operations of the Group and the Company and the available financing activities.

The details of funding requirements and ability to meet short term obligations are disclosed in Note 31(b)(ii) to the financial statements.

### 4.2 Impairment of financial assets and contract assets

The impairment provisions for financial assets and contract assets are based on assumptions about risk of default and expected loss rate. The Group and the Company use judgement in making these assumptions and selecting inputs to the impairment calculation, based on the Group's and the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

## 4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

### 4.2 Impairment of financial assets and contract assets (continued)

The assessment of the correlation between historical observed default rates, forward-looking estimates and expected credit losses is a significant estimate. The amount of expected credit losses is sensitive to changes in circumstances and forecast of economic conditions over the expected lives of the financial assets and contract assets. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

The information about the impairment losses on the Group's and the Company's financial assets are disclosed in Note 31(b) to the financial statements.

### 4.3 Construction revenue

The Group and the Company recognised construction revenue in profit or loss by using the stage of completion method. The stage of completion is determined by the proportion that construction costs incurred for work performed to date bear to the estimated total construction costs.

Significant judgement is required in determining the stage of completion, the extent of the construction costs incurred, the estimated total construction revenue, as well as the recoverability of the construction projects. In making the judgement, the Group and the Company evaluate based on past experience and by relying on the work of specialists.

The carrying amounts of contract assets and contract liabilities are disclosed in Note 10 to the financial statements.

### 4.4 Impairment in investment in a subsidiary

As at the reporting date, the Company determines whether there is any indication of impairment on its investment in a subsidiary. Where there is indication of impairment, the Company carries out the impairment test based on value-in-use of the cash generating unit.

Significant judgement is required in the estimation of the present value of future cash flows generated by the subsidiary, which involve uncertainties and are significantly affected by the assumptions used and judgement made regarding estimates of future cash flows and discount rates. Changes in assumptions could significantly affect the results of the Company's test for impairment of investment in a subsidiary.

The carrying amount of investment in a subsidiary are disclosed in Note 7 to the financial statements.

## 5. PROPERTY, PLANT AND EQUIPMENT

| | Freehold land RM | Freehold building RM | Excavators, cranes, plant and machinery RM | Tools, equipment and containers RM | Motor vehicles RM | Computers and office equipment RM | Furniture and fittings RM | Renovation RM | Capital work in progress RM | Right-of-use assets RM | Total RM |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Group** | | | | | | | | | | | |
| **Cost** | | | | | | | | | | | |
| At 1 September 2021 | 2,627,257 | 3,940,885 | 86,480,598 | 21,323,889 | 1,917,037 | 849,003 | 845,705 | 3,100 | 950,127 | 55,009,230 | 173,946,831 |
| Additions | 342,963 | 499,263 | 4,398,435 | 7,808,426 | - | 194,957 | 3,861 | 7,100 | - | 3,560,663 | 16,815,668 |
| Disposal | - | - | (1,553,713) | - | - | (22,500) | - | - | - | - | (1,576,213) |
| Written off | - | - | (74,600) | - | - | (9,068) | - | - | - | - | (83,668) |
| Derecognition | - | - | - | - | - | - | - | - | - | (462,889) | (462,889) |
| Transfer from/(to) | 422,837 | 527,290 | 3,430,892 | - | - | - | - | - | (950,127) | (3,430,892) | - |
| Exchange difference | 27,158 | 35,566 | 546,429 | 36,976 | 20,297 | 3,817 | 963 | - | - | 115,169 | 786,375 |
| At 31 August 2022 | 3,420,215 | 5,003,004 | 93,228,041 | 29,169,291 | 1,937,334 | 1,016,209 | 850,529 | 10,200 | - | 54,791,281 | 189,426,104 |
| **Accumulated Depreciation** | | | | | | | | | | | |
| At 1 September 2021 | - | 394,088 | 75,125,968 | 14,233,811 | 1,723,902 | 634,389 | 283,096 | 878 | - | 17,189,482 | 109,585,614 |
| Depreciation charge for the financial year | - | 91,787 | 6,496,120 | 2,470,137 | 96,707 | 89,323 | 83,034 | 1,375 | - | 9,739,005 | 19,067,488 |
| Disposal | - | - | (1,417,831) | - | - | (22,500) | - | - | - | - | (1,440,331) |
| Written off | - | - | (74,600) | - | - | (8,925) | - | - | - | - | (83,525) |
| Derecognition | - | - | - | - | - | - | - | - | - | (462,889) | (462,889) |
| Transfer from/(to) | - | - | 935,733 | - | - | - | - | - | - | (935,733) | - |
| Exchange difference | - | 308 | 241,773 | 18,075 | 18,476 | 2,286 | 780 | - | - | 20,521 | 302,219 |
| At 31 August 2022 | - | 486,183 | 81,307,163 | 16,722,023 | 1,839,085 | 694,573 | 366,910 | 2,253 | - | 25,550,386 | 126,968,576 |
| **Carrying amount** | | | | | | | | | | | |
| At 31 August 2022 | 3,420,215 | 4,516,821 | 11,920,878 | 12,447,268 | 98,249 | 321,636 | 483,619 | 7,947 | - | 29,240,895 | 62,457,528 |

## 5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

| | Freehold land RM | Freehold building RM | Excavators, cranes, plant and machinery RM | Tools, equipment and containers RM | Motor vehicles RM | Computers and office equipment RM | Furniture and fittings RM | Renovation RM | Capital work in progress RM | Right-of-use assets RM | Total RM |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Group** | | | | | | | | | | | |
| **Cost** | | | | | | | | | | | |
| At 1 September 2020 | 2,627,257 | 3,940,885 | 57,849,282 | 14,941,102 | 1,350,345 | 829,855 | 845,038 | 3,100 | 707,525 | 63,213,096 | 146,307,485 |
| Additions | - | - | 338,699 | 3,933,491 | 117,234 | 27,250 | 402 | - | 231,087 | 23,471,761 | 28,119,924 |
| Disposal | - | - | (580,000) | - | (81,103) | - | - | - | - | - | (661,103) |
| Written off | - | - | - | - | - | (8,953) | - | - | - | - | (8,953) |
| Transfer from/(to) | - | - | 28,865,452 | 2,443,318 | 526,894 | - | - | - | - | (31,835,664) | - |
| Exchange difference | - | - | 7,165 | 5,978 | 3,667 | 851 | 265 | - | 11,515 | 160,037 | 189,478 |
| At 31 August 2021 | 2,627,257 | 3,940,885 | 86,480,598 | 21,323,889 | 1,917,037 | 849,003 | 845,705 | 3,100 | 950,127 | 55,009,230 | 173,946,831 |
| **Accumulated Depreciation** | | | | | | | | | | | |
| At 1 September 2020 | - | 315,270 | 53,478,914 | 10,165,557 | 1,293,081 | 555,716 | 199,395 | 568 | - | 25,376,756 | 91,385,257 |
| Depreciation charge for the financial year | - | 78,818 | 8,423,907 | 2,660,376 | 59,217 | 87,067 | 83,490 | 310 | - | 7,341,547 | 18,734,732 |
| Disposal | - | - | (512,333) | - | (81,103) | - | - | - | - | - | (593,436) |
| Written off | - | - | - | - | - | (8,953) | - | - | - | - | (8,953) |
| Transfer from/(to) | - | - | 13,718,840 | 1,403,893 | 448,418 | - | - | - | - | (15,571,151) | - |
| Exchange difference | - | - | 16,640 | 3,985 | 4,289 | 559 | 211 | - | - | 42,330 | 68,014 |
| At 31 August 2021 | - | 394,088 | 75,125,968 | 14,233,811 | 1,723,902 | 634,389 | 283,096 | 878 | - | 17,189,482 | 109,585,614 |
| **Carrying amount** | | | | | | | | | | | |
| At 31 August 2021 | 2,627,257 | 3,546,797 | 11,354,630 | 7,090,078 | 193,135 | 214,614 | 562,609 | 2,222 | 950,127 | 37,819,748 | 64,361,217 |

## 5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

### (a) Assets pledged as security

| | Group | |
|---|---|---|
| | 2022<br>RM | 2021<br>RM |
| Freehold land | **2,627,257** | 2,627,257 |
| Leasehold land | **1,842,803** | 1,862,823 |
| Freehold building | **3,467,977** | 3,546,797 |
| | **7,938,037** | 8,036,877 |

Freehold land, leasehold land and freehold building have been pledged as security to secure term loan of the Group as disclosed in Note 17(a) to the financial statements.

**(b)** The legal title for the freehold land and building amounting to RM1,792,353 (2021: RM Nil) have yet to be transferred to the Group.

### (c) Right-of-use assets

The Group leases several assets including leasehold land, excavators, cranes, plant and machineries, tools, equipment and containers, motor vehicles and hostel and office.

Information about leases for which the Group is a lessee is presented below:

| | Group | | | | | |
|---|---|---|---|---|---|---|
| | Leasehold land<br>RM | Excavators, cranes, plant and machinery<br>RM | Tools, equipment and containers<br>RM | Motor vehicles<br>RM | Hostel and office<br>RM | Total<br>RM |
| **Carrying amount** | | | | | | |
| At 1 September 2020 | 1,880,628 | 33,712,921 | 1,830,203 | 253,169 | 159,419 | 37,836,340 |
| Additions | 9,540 | 23,249,644 | - | - | 212,577 | 23,471,761 |
| Depreciation | (27,345) | (6,626,646) | (292,833) | (131,064) | (263,659) | (7,341,547) |
| Transfer to | - | (15,146,611) | (1,039,425) | (78,477) | - | (16,264,513) |
| Exchange difference | - | 114,855 | - | 2,043 | 809 | 117,707 |
| At 31 August 2021 | 1,862,823 | 35,304,163 | 497,945 | 45,671 | 109,146 | 37,819,748 |
| Additions | 7,420 | 3,514,155 | - | - | 39,088 | 3,560,663 |
| Depreciation | (27,440) | (9,446,338) | (169,280) | (16,608) | (79,339) | (9,739,005) |
| Transfer to | - | (2,495,159) | - | - | - | (2,495,159) |
| Exchange difference | - | 91,095 | - | - | 3,553 | 94,648 |
| At 31 August 2022 | **1,842,803** | **26,967,916** | **328,665** | **29,063** | **72,448** | **29,240,895** |

## 5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

### (c) Right-of-use assets (continued)

The Group leases land for its warehouse. The leases for land has remaining lease term of 70 years (2021: 71 years).

The Group leases apartments, house and shoplot for the use as the hostel and office. The leases are mainly for an initial lease of one (1) to two (2) years with options to renew for another one (1) year.

The Group also has leased excavators, cranes, plant and machinery, tools, equipment and containers, and motor vehicle for operation purposes with the lease term three (3) to five (5) years and have options to purchase the assets at the end of the contract term.

## 6. INVESTMENT PROPERTIES

| | Leasehold land * RM | Leasehold building RM | Apartment RM | Apartment under construction RM | Total RM |
|---|---|---|---|---|---|
| **Group** | | | | | |
| **2022** | | | | | |
| **Cost** | | | | | |
| At 1 September 2021 | 1,687,532 | 2,531,297 | 943,616 | 528,720 | 5,691,165 |
| Additions | - | - | 1,351,800 | - | 1,351,800 |
| At 31 August 2022 | 1,687,532 | 2,531,297 | 2,295,416 | 528,720 | 7,042,965 |
| **Accumulated depreciation** | | | | | |
| At 1 September 2021 | 145,167 | 405,004 | 45,294 | - | 595,465 |
| Depreciation charge for the financial year | 18,146 | 50,626 | 11,864 | - | 80,636 |
| At 31 August 2022 | 163,313 | 455,630 | 57,158 | - | 676,101 |
| **Carrying amount** | | | | | |
| At 31 August 2022 | 1,524,219 | 2,075,667 | 2,238,258 | 528,720 | 6,366,864 |

* Classified as Right-of-use asset

## 6. INVESTMENT PROPERTIES (CONTINUED)

| | Leasehold land * RM | Leasehold building RM | Apartment RM | Apartment under construction RM | Total RM |
|---|---|---|---|---|---|
| **Group** | | | | | |
| **2021** | | | | | |
| **Cost** | | | | | |
| At 1 September 2020 | 1,687,532 | 2,531,297 | 943,616 | - | 5,162,445 |
| Additions | - | - | - | 528,720 | 528,720 |
| At 31 August 2021 | 1,687,532 | 2,531,297 | 943,616 | 528,720 | 5,691,165 |
| **Accumulated depreciation** | | | | | |
| At 1 September 2020 | 127,021 | 354,378 | 33,971 | - | 515,370 |
| Depreciation charge for the financial year | 18,146 | 50,626 | 11,323 | - | 80,095 |
| At 31 August 2021 | 145,167 | 405,004 | 45,294 | - | 595,465 |
| **Carrying amount** | | | | | |
| At 31 August 2021 | 1,542,365 | 2,126,293 | 898,322 | 528,720 | 5,095,700 |

* Classified as Right-of-use asset

The Group's investment properties comprise a number of properties that are leased to third parties. Each lease contains an initial non-cancellable period of one (1) or two (2) years with option to renew for subsequent years. Subsequent renewals are negotiated with the lessee.

Investment properties of the Group with an aggregate carrying amount of RM4,486,885 (2021: RM4,566,980) have been pledged as security to secure banking facilities granted to the Group as disclosed in Note 17 to the financial statements.

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

| | Group | |
|---|---|---|
| | 2022 RM | 2021 RM |
| Rental income | **146,200** | 122,210 |
| Direct operating expenses: | | |
| - income generating investment properties | **58,959** | 43,849 |
| - non-income generating investment properties | **4,265** | 4,772 |

## 6. INVESTMENT PROPERTIES (CONTINUED)

### Fair value information

The fair value of the investment properties of approximately RM6,820,200 (2021: RM5,561,000) is categorised at Level 3 of the fair value hierarchy.

### Level 3 fair value

The fair values for certain investment properties of the Group were determined by external, independent valuers or based on information available through internal research and the directors' best estimation by reference to comparable properties in the same location or close proximity are adjusted for differences in key attributes such as property size. The most significant input in this valuation approach is price per square foot of the properties.

## 7. INVESTMENT IN SUBSIDIARIES

| | Company | |
|---|---|---|
| | 2022<br>RM | 2021<br>RM |
| At cost: | | |
| Unquoted shares | **79,641,996** | 79,641,996 |
| Loan that are part of net investments | **48,190,284** | 37,002,751 |
| | **127,832,280** | 116,644,747 |
| Less: Accumulated impairment loss | | |
| At 1 September | **-** | - |
| Additions | **(17,000,000)** | - |
| At 31 August | **(17,000,000)** | - |
| | **110,832,280** | 116,644,747 |

Loans that are part of net investments represent amount owing by subsidiaries which is non-trade in nature, unsecured and non-interest bearing. The settlement of the amount is neither planned nor likely to occur in the foreseeable future as it is the intention of the Company to treat these amounts as long-term source of capital to the subsidiaries. As this amount is, in substance, a part of the Company's net investment in the subsidiaries, it is stated at cost less accumulated impairment loss, if any.

## 7. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Details of the subsidiaries are as follows:

| Name of subsidiaries | Principal place of business/Country of incorporation | Effective equity interest 2022 % | Effective equity interest 2021 % | Principal activities |
|---|---|---|---|---|
| **Held by the Company** | | | | |
| Aneka Jaringan Sdn. Bhd. | Malaysia | **100** | 100 | Foundation and basement construction and other civil engineering works |
| Aneka Geotechnics Sdn. Bhd. | Malaysia | **100** | 100 | Rental of construction machineries and equipment |
| **Held through Aneka Jaringan Sdn. Bhd.** | | | | |
| Aneka Jaringan & Persis Waja JV Sdn. Bhd. ("Aneka PW") | Malaysia | **55** | 55 | Foundation and basement construction and other civil engineering works |
| PT Aneka Jaringan Indonesia* ("PT Aneka") | Indonesia | **55** | 55 | Foundation and basement construction and other civil engineering works |

* *Audited by an independent member firm of Baker Tilly International*

## 7. INVESTMENT IN SUBSIDIARIES (CONTINUED)

### (a) Non-controlling interests in subsidiaries

The financial information of the Group's subsidiaries that have non-controlling interests are as follows:

Equity interest held by non-controlling interests:

| Name of Companies | Principal place of business/ Country of incorporation | Ownership interest and voting interest | |
|---|---|---|---|
| | | 2022 % | 2021 % |
| Aneka PW | Malaysia | **45** | 45 |
| PT Aneka | Indonesia | **45** | 45 |

Carrying amount of non-controlling interests:

| Name of Companies | Group | |
|---|---|---|
| | 2022 RM | 2021 RM |
| Aneka PW | **316,642** | (1,391,294) |
| PT Aneka | **5,868,262** | 4,724,463 |

Profit or loss allocated to non-controlling interests:

| Name of Companies | Group | |
|---|---|---|
| | 2022 RM | 2021 RM |
| Aneka PW | **1,707,936** | (1,940,377) |
| PT Aneka | **924,996** | 496,131 |

Other comprehensive income allocated to non-controlling interests:

| Name of Companies | Group | |
|---|---|---|
| | 2022 RM | 2021 RM |
| Aneka PW | **-** | - |
| PT Aneka | **218,803** | 103,105 |

## 7. INVESTMENT IN SUBSIDIARIES (CONTINUED)

**(b) Summarised financial information (before intra-group elimination) of the Group's subsidiaries that have non-controlling interests are as follows:**

| | Aneka PW RM | PT Aneka RM |
|---|---|---|
| **Summarised statement of financial position** | | |
| **As at 31 August 2022** | | |
| Current assets | **808,218** | **8,851,841** |
| Non-current assets | **-** | **13,218,541** |
| Current liabilities | **(104,569)** | **(7,481,749)** |
| Non-current liabilities | **-** | **(2,208,032)** |
| Net assets | **703,649** | **12,380,601** |
| **Summarised statement of comprehensive income** | | |
| **Financial year ended 31 August 2022** | | |
| Revenue | **-** | **24,962,372** |
| Profit for the financial year, net of tax | **3,795,413** | **2,527,287** |
| Total comprehensive income | **3,795,413** | **1,732,859** |
| **Summarised cash flow information** | | |
| **Financial year ended 31 August 2022** | | |
| Cash flows (used in)/from operating activities | **(17,133)** | **2,478,510** |
| Cash flows used in investing activities | **-** | **(2,449,524)** |
| Cash flows used in financing activities | **-** | **(1,871,909)** |
| Net decrease in cash and cash equivalents | **(17,133)** | **(1,842,923)** |
| **Summarised statement of financial position** | | |
| **As at 31 August 2021** | | |
| Current assets | 2,749,775 | 6,310,903 |
| Non-current assets | - | 8,910,168 |
| Current liabilities | (5,841,539) | (3,682,534) |
| Non-current liabilities | - | (1,386,520) |
| Net (liabilities)/assets | (3,091,764) | 10,152,017 |
| **Summarised statement of comprehensive income** | | |
| **Financial year ended 31 August 2021** | | |
| Revenue | - | 8,829,318 |
| (Loss)/Profit for the financial year, net of tax | (4,311,949) | 836,602 |
| Total comprehensive income | - | 932,316 |
| **Summarised cash flow information** | | |
| **Financial year ended 31 August 2021** | | |
| Cash flows (used in)/generated from operating activities | (12,539) | 2,193,369 |
| Cash flows used in investing activities | - | (1,014,126) |
| Cash flows used in financing activities | - | (2,780,644) |
| Net decrease in cash and cash equivalents | (12,539) | (1,601,401) |

# NOTES TO THE FINANCIAL STATEMENTS

## 7. INVESTMENT IN SUBSIDIARIES (CONTINUED)

### (c) Impairment loss

During the financial year, an impairment loss of RM17,000,000 (2021: Nil) is provided in the profit or loss under other expense, representing the impairment of a subsidiary due to adverse business conditions affecting the subsidiary.

The recoverable amount of the investment in subsidiary as at 31 August 2022 was based on value-in-use calculations using cash flow projections approved by management. In determining the value-in-use, the cash flows were discounted at a rate of 9.23% on a pre-tax basis.

## 8. INVESTMENT IN ASSOCIATES

| | Group | | Company | |
|---|---|---|---|---|
| | 2022<br>RM | 2021<br>RM | 2022<br>RM | 2021<br>RM |
| Unquoted shares, at cost | | | | |
| At 1 September | **370,020** | - | **-** | - |
| Additions | **1,372,590** | 370,020 | **1,067,570** | - |
| At 31 August | **1,742,610** | 370,020 | **1,067,570** | - |
| Share of post-acquisition reserves | **(128,924)** | - | **-** | - |
| At 31 August | **1,613,686** | 370,020 | **1,067,570** | - |

## 8. INVESTMENT IN ASSOCIATES (CONTINUED)

Details of the associates are as follow:

| Name of companies | Principal place of business/Country of incorporation | Effective equity interest and voting interest | | Principal activity |
|---|---|---|---|---|
| | | 2022 % | 2021 % | |
| PT Sam Anergi Indonesia (“PTSAI”) ^* | Indonesia | **35** | - | EPCC of solar PV systems and RE facilities, provision of RE and environmental consulting services, O&M services, and built-own-operate-transfer of RE facilities |
| **Held through Aneka Jaringan Sdn. Bhd.** | | | | |
| Sunway Aneka Pertama Geotechnics (PH) Inc. ^* | Philippines | **42** | 42 | Construction |
| **Held through PT Aneka Jaringan Indonesia** | | | | |
| PT Sam Anergi Indonesia (“PTSAI”) ^* | Indonesia | **5.5** | - | EPCC of solar PV systems and RE facilities, provision of RE and environmental consulting services, O&M services, and built-own-operate-transfer of RE facilities |

^ Equity-accounted using unaudited management financial statements.

* The financial year end of this associate is not coterminous with the Company. As such for the purpose of applying equity method of accounting, the management financial statements of the associates for the financial period ended 31 August 2022 have been used.

**(a) Investment in associates company**

(i) PT Sam Anergi Indonesia

On 4 August 2022, the Company and its subsidiary PT Aneka Jaringan Indonesia referred as (“Aneka Group”) had invest in PT Sam Anergi Indonesia by subscribing for 4,545 ordinary shares at an issue price of IDR1,000,000 per share, representing 45% of the issued share capital of PTSAI.

As at 31 August 2022, these investment amounts in PT Sam Anergi Indonesia are yet to be paid and hence is recorded in other payables.

(ii) Sunway Aneka Pertama Geotechnics (PH) Inc.

In the previous financial year, Aneka Jaringan Sdn. Bhd., a wholly-owned subsidiary of the Company, had invest in Sunway Aneka Pertama Geotechnics (PH) Inc. (“SAPGEO”) by subscribing 105,000 ordinary shares at an issue price of PHP40 per share, representing 42% of the paid-up share capital of SAPGEO.

## 8. INVESTMENT IN ASSOCIATES (CONTINUED)

(b) The Group's share of results of associates and the summarised financial information are as follows:

| | Sunway Aneka Pertama Geotechnics (PH) Inc. RM | PT Sam Anergi Indonesia RM |
|---|---|---|
| **Group** | | |
| **2022** | | |
| **Assets and liabilities** | | |
| Current assets | **675,248** | 3,050,200 |
| Current liabilities | **(101,211)** | - |
| Net assets | **574,037** | 3,050,200 |
| **Results:** | | |
| Loss for the financial year | **(306,963)** | - |
| Other comprehensive loss for the financial year | **-** | - |
| **Reconciliation of net assets to carrying amount:** | | |
| Group's share of net assets | **241,095** | 1,372,590 |
| Carrying amount in statements of financial position | **241,095** | 1,372,590 |
| **Group's share of results:** | | |
| Group's share of loss for the financial year | **(128,924)** | - |
| Group's share of other comprehensive income | **-** | - |
| Group's share of total comprehensive loss | **(128,924)** | - |

## 8. INVESTMENT IN ASSOCIATES (CONTINUED)

(b) The Group's share of results of the associates and the summarised financial information are as follows: (continued)

| | Sunway Aneka Pertama Geotechnics (PH) Inc. RM |
|---|---|
| **Group** | |
| **2021** | |
| **Assets and liabilities** | |
| Current assets | 881,000 |
| Current liabilities | - |
| Net assets | 881,000 |
| **Results:** | |
| Loss for the financial year | - |
| Other comprehensive loss for the financial year | - |
| **Reconciliation of net assets to carrying amount:** | |
| Group's share of net assets | 370,020 |
| Carrying amount in statements of financial position | 370,020 |
| **Group's share of results:** | |
| Group's share of loss for the financial year | - |
| Group's share of other comprehensive income | - |
| Group's share of total comprehensive loss | - |

## 9. TRADE AND OTHER RECEIVABLES

| | Note | Group 2022 RM | Group 2021 RM | Company 2022 RM | Company 2021 RM |
|---|---|---|---|---|---|
| **Non-current:** | | | | | |
| **Non-trade** | | | | | |
| Deposits | | **-** | 7,109 | **-** | - |
| Total other receivables (non-current) | | **-** | 7,109 | **-** | - |
| **Current:** | | | | | |
| **Trade** | | | | | |
| Trade receivables | (a) | | | | |
| - Third parties | | **48,235,558** | 34,576,739 | **-** | - |
| Retention sums | | **28,365,576** | 30,360,419 | **-** | - |
| | | **76,601,134** | 64,937,158 | **-** | - |
| Less: Impairment for trade receivables | | **(449,264)** | (1,567,579) | **-** | - |
| Total trade receivables | | **76,151,870** | 63,369,579 | **-** | - |
| **Non-trade** | | | | | |
| Other receivables | | **2,816,864** | 674,575 | **-** | - |
| Deposits | | **958,646** | 563,559 | **1,000** | 38,990 |
| | | **3,775,510** | 1,238,134 | **1,000** | 38,990 |
| Less: Impairment for other receivables | | **-** | (31,756) | **-** | - |
| Total other receivables | | **3,775,510** | 1,206,378 | **1,000** | 38,990 |
| Total trade and other receivables (current) | | **79,927,380** | 64,575,957 | **1,000** | 38,990 |
| Total trade and other receivables (non-current and current) | | **79,927,380** | 64,583,066 | **1,000** | 38,990 |

### (a) Trade receivables

Trade receivables are non-interest bearing and normal credit terms offered by the Group ranges from 30 days to 60 days (2021: 30 days to 60 days) from the date of invoices. Other credit terms are assessed and approved on a case by case basis.

## 9. TRADE AND OTHER RECEIVABLES (CONTINUED)

### (a) Trade receivables (continued)

Receivables that are impaired

The Group's trade and other receivables that are impaired at the reporting date and the reconciliation of the movement in the impairment of trade and other receivables are as follows:

| | Note | Group 2022 RM | Group 2021 RM |
|---|---|---|---|
| **Trade receivables** | | | |
| At 1 September | | **1,567,579** | 29,498 |
| Charge for the financial year | | | |
| - Individually assessed | 26 | **178,084** | 1,567,335 |
| Reversal of impairment | 26 | **(371,018)** | (29,498) |
| Written off | | **(929,594)** | - |
| Exchange difference | | **4,213** | 244 |
| At 31 August | | **449,264** | 1,567,579 |
| **Other Receivables that are impaired** | | | |
| **Other receivables** | | | |
| At 1 September | | **31,756** | - |
| Charge for the financial year | | | |
| - Individually assessed | 26 | **-** | 31,756 |
| Written off | | **(31,756)** | - |
| At 31 August | | **-** | **31,756** |

The information about the credit exposures are disclosed in Note 31(b)(i) to the financial statements.

## 10. CONTRACT ASSETS/(LIABILITIES)

| | Group | |
|---|---|---|
| | 2022<br>RM | 2021<br>RM |
| Contract assets relating to construction service contracts | **67,891,354** | 77,706,667 |
| Contract liabilities relating to construction service contracts | **(919,997)** | - |

### (a) Significant changes in contract balances

| | Group | | | |
|---|---|---|---|---|
| | 2022 | | 2021 | |
| | Contract assets Increase/ (decrease) RM | Contract liabilities Increase/ (decrease) RM | Contract assets Increase/ (decrease) RM | Contract liabilities Increase/ (decrease) RM |
| **Group** | | | | |
| Revenue recognised that was included in contract liabilitiy at the beginning of the financial year | **-** | **-** | - | 117,804 |
| Increases due to progress billings, but revenue not recognised | **-** | **(898,673)** | - | - |
| Increases due to revenue recognised, but no right to consideration | **56,801,686** | **-** | 60,843,257 | - |
| Transfers from contract assets recognised at the beginning of the period to receivables | **(55,159,209)** | **-** | (39,679,703) | - |
| Contract assets written off | **(380,801)** | **-** | (5,639,917) | - |
| Impairment losses of contract assets | **(11,119,027)** | **-** | (2,193,392) | - |
| Exchange differences | **42,038** | **(21,324)** | - | - |

## 10. CONTRACT ASSETS/(LIABILITIES) (CONTINUED)

### (b) Revenue recognised in relation to contract balances

| | Group | |
|---|---|---|
| | 2022<br>RM | 2021<br>RM |
| Revenue recognised that was included in contract liability at the beginning of the financial year | **-** | 117,804 |

Revenue recognised that was included in the balances of contract liabilities at the beginning of the year represented primarily revenue from the construction services contracts when percentage of completion increases.

### (c) Impairment

The movement in the impairment of contract assets is as follows:

| | | Group | |
|---|---|---|---|
| | Note | 2022<br>RM | 2021<br>RM |
| At 1 September | | **2,193,392** | - |
| Charge for the financial year | | | |
| - Individually assessed | 26 | **11,119,027** | 2,193,392 |
| Exchange difference | | **3,585** | - |
| At 31 August | | **13,316,004** | 2,193,392 |

## 11. OTHER CURRENT ASSETS

| | Group | | Company | |
|---|---|---|---|---|
| | 2022<br>RM | 2021<br>RM | 2022<br>RM | 2021<br>RM |
| Prepayments | **6,773,539** | 4,085,117 | **48,311** | - |

Included in the prepayments of the Group is an amount of RM5,874,410 (2021: RM3,237,835) being advances paid to the suppliers for the purchase of goods.

# NOTES TO THE FINANCIAL STATEMENTS

## 12. SHORT TERM INVESTMENTS

| | Group and Company | |
|---|---|---|
| | 2022 RM | 2021 RM |
| **Financial assets at fair value through profit or loss** | | |
| Money market funds | **1,894,493** | 4,072,444 |

Investment in money market funds are placed with investment fund management company in Malaysia which are subject to an insignificant risk of changes in value, highly liquid and readily convertible to cash.

The money market funds of the Group are carried at fair value. The fair value hierarchy for money market funds are classified as Level 1.

There is no maturity period for money market funds as these money are callable within be withdrawn within 1 working day.

## 13. CASH AND SHORT-TERM DEPOSITS

| | Group | | Company | |
|---|---|---|---|---|
| | 2022 RM | 2021 RM | 2022 RM | 2021 RM |
| Cash and bank balances | **881,836** | 5,001,949 | **11,062** | 4,989 |
| Fixed deposits placed with licensed banks | **7,045,002** | 8,178,806 | **-** | - |
| Restricted cash | **173,650** | 264,911 | **-** | - |
| | **8,100,488** | 13,445,666 | **11,062** | 4,989 |

## 13. CASH AND SHORT-TERM DEPOSITS (CONTINUED)

For the purpose of the statements of cash flows, cash and cash equivalents comprise of the following:

| | Group | | Company | |
|---|---|---|---|---|
| | 2022 RM | 2021 RM | 2022 RM | 2021 RM |
| Short term investments (Note 12) | **1,894,493** | 4,072,444 | **1,894,493** | 4,072,444 |
| Fixed deposits placed with licensed banks | **7,045,002** | 8,178,806 | **-** | - |
| Restricted cash | **173,650** | 264,911 | **-** | - |
| Less: Pledged deposits | **(7,045,002)** | (8,178,806) | **-** | - |
| Restricted cash | **(173,650)** | (264,911) | **-** | - |
| | **1,894,493** | 4,072,444 | **1,894,493** | 4,072,444 |
| Cash and bank balances | **881,836** | 5,001,949 | **11,062** | 4,989 |
| Bank overdrafts (Note 17) | **(6,340,373)** | (3,478,195) | **-** | - |
| | **(3,564,044)** | 5,596,198 | **1,905,555** | 4,077,433 |

The deposits placed with licensed banks amounting to RM7,045,002 (2021: RM8,178,806) and restricted cash amounting to RM173,650 (2021: RM264,911) have been pledged to licensed banks to secure banking facilities granted to the Group as disclosed in Note 17 to the financial statements.

## 14. SHARE CAPITAL

| | Group and Company | | | |
|---|---|---|---|---|
| | Number of ordinary shares | | Amount | |
| | 2022 Unit | 2021 Unit | 2022 RM | 2021 RM |
| **Issued and fully paid up (no par value):** | | | | |
| At 1 September | **538,100,000** | 398,210,000 | **123,617,950** | 79,642,000 |
| Issuance of shares during the financial year through: | | | | |
| - Exercise of Warrants | **25,000** | - | **3,375** | - |
| - Private Placement | **53,810,000** | 139,890,000 | **9,685,800** | 46,163,700 |
| Transaction costs of share issue | **-** | - | **(176,220)** | (2,187,750) |
| At 31 August | **591,935,000** | 538,100,000 | **133,130,905** | 123,617,950 |

During the financial year, the Company:

(i) issued 53,810,000 new ordinary shares via private placement (“Placement Shares”) at an issue price of RM0.18 per Placement Share for working capital and repayment of borrowings for trade purposes; and

(ii) issued 25,000 ordinary shares arising from the exercise of 25,000 Warrants at the exercise price of RM0.135 per Warrant.

## 14. SHARE CAPITAL (CONTINUED)

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

Warrants

The Company had undertaken a bonus issue of 295,955,000 Warrants on the basis of 1 Warrant for every 2 existing ordinary shares held, which were listed and quoted on the ACE Market of Bursa Malaysia Securities Berhad on 24 June 2022. The Warrants are constituted by a Deed Poll dated 2 June 2022.

The movement of Warrants during the financial year ended 31 August 2022 are stated as below:

| | Number of Warrants ('000) | | | |
|---|---|---|---|---|
| | At 1 September 2021 | Entitled | Exercised | At 31 August 2022 |
| Warrants | - | 295,955 | (25) | **295,930** |

The salient features of the Warrants are as follows:

(i) Each Warrant entitles the registered holders to subscribe for one (1) new ordinary share in the Company at the exercise price of RM0.135 per Warrant during the exercise period, subject to adjustments in accordance with the provisions of the Deed Poll constituting the Warrants;

(ii) The exercise period is three (3) years commencing from and inclusive of the date of issuance and allotment of the Warrants;

(iii) The holders of the Warrants are not entitled to any voting rights in any general meeting of the Company or to participate in any distribution and/or offer of further securities in the Company until and unless such Warrant holders are issued with new ordinary shares arising from their exercise of the Warrants; and

(iv) The new ordinary shares of the Company to be issued upon the exercise of the Warrants shall, upon allotment and issue, rank equally in all respects with the then existing issued ordinary shares of the Company, except that they shall not be entitled to any dividends, rights, allotments and/or other distributions that may be declared, made or paid in respect of which the entitlement date is prior to the date of allotment and issuance of the new shares to be issued pursuant to the exercise of the Warrants.

As at the date of this report, 295,930,000 Warrants remain unexercised.

## 15. REORGANISATION DEFICIT

The reorganisation deficit was resulted from the difference between the carrying value of the investment in subsidiaries and the nominal value of the shares of the Company's subsidiaries upon consolidation under the reorganisation scheme.

## 16. OTHER RESERVE

| | Group | |
|---|---|---|
| | 2022 RM | 2021 RM |
| Exchange reserve | **124,720** | (147,928) |

The translation reserve comprise all foreign currency differences arising from the translation of the financial statements of a foreign subsidiary whose functional currency is different from that of the Group's presentation currency.

## 17. LOANS AND BORROWINGS

| | | Group | |
|---|---|---|---|
| | Note | 2022 RM | 2021 RM |
| **Non-current:** | | | |
| Term loans | (a) | **463,955** | 3,989,372 |
| Lease liabilities | (b) | **21,014,873** | 27,690,327 |
| | | **21,478,828** | 31,679,699 |
| **Current:** | | | |
| Term loans | (a) | **3,828,622** | 243,862 |
| Lease liabilities | (b) | **11,332,769** | 9,240,145 |
| Bank overdrafts | (c) | **6,340,373** | 3,478,195 |
| Bankers' acceptances | (d) | **13,807,199** | 12,833,362 |
| Invoice financing | (e) | **4,663,934** | 3,598,219 |
| Promissory notes | (f) | **7,795,000** | 8,484,065 |
| Revolving credit | (g) | **6,700,000** | - |
| | | **54,467,897** | 37,877,848 |
| | | **75,946,725** | 69,557,547 |
| **Total loans and borrowings** | | | |
| Term loans | (a) | **4,292,577** | 4,233,234 |
| Lease liabilities | (b) | **32,347,642** | 36,930,472 |
| Bank overdrafts | (c) | **6,340,373** | 3,478,195 |
| Bankers' acceptances | (d) | **13,807,199** | 12,833,362 |
| Invoice financing | (e) | **4,663,934** | 3,598,219 |
| Promissory notes | (f) | **7,795,000** | 8,484,065 |
| Revolving credit | (g) | **6,700,000** | - |
| | | **75,946,725** | 69,557,547 |

## 17. LOANS AND BORROWINGS (CONTINUED)

### (a) Term loans

Term loan 1 of the Group of RM490,561 (2021: RM516,110) bears interest at 3.59% (2021: 3.09%) per annum and is repayable by monthly instalments of RM3,449 to RM3,570 over 16 years commencing from the day of first drawdown and is secured and supported as follows:

(i) Legal charge over an investment property as disclosed in Note 6; and
(ii) Joint and several guarantee by certain directors of the Group.

Term loan 2 of the Group of RM3,500,016 (2021: RM3,717,124) bears interest at 4.10% (2021: 3.60%) per annum and is repayable by monthly instalments of RM29,025 to RM29,953 over 13 years commencing from the day of first drawdown and is secured and supported as follows:

(i) Legal charge over the leasehold land of the Group as disclosed in Note 5;
(ii) Loan agreement cum deed of assignment over certain investment properties as disclosed in Note 6; and
(iii) Joint and several guarantee by certain directors of the Group.

Term loan 3 of the Group of RM302,000 bears interest at 9.75% per annum and is repayable before 30 October 2022. For this disbursement, bank will block 50% of the Company's account in PT Bank UOB Indonesia (Restricted Cash in Bank) amounting to Rp500,000,000 or approximately RM151,000.

The Company is required to maintain a capital gearing ratio at 1.25 times for a subsidiary's banking facilities. As at 31 August 2022, the Group did not meet this capital gearing ratio requirement as the Group's capital gearing ratio is at 1.2431 times. Hence, the entire outstanding balance of term loan 2 is reclassified as current liability.

The bank had not requested early repayment of the loan as of the date when these financial statements were approved by the Board of Directors.

### (b) Lease liabilities

Certain excavators, crane, plant and machinery, tools, equipment and containers, and motor vehicles of the Group as disclosed in Note 5 are pledged for finance leases. Such leases do not have terms for renewal but would give the Group an option to purchase at nominal values at the end of the lease term. The average interest rate implicit in the leases is 2.80% to 6.13% (2021: 2.80% to 6.67%).

## 17. LOANS AND BORROWINGS (CONTINUED)

### (b) Lease liabilities (continued)

Future minimum lease payments together with the present value of net minimum lease payments are as follows:

| | Group | |
|---|---|---|
| | 2022 RM | 2021 RM |
| Minimum lease payments: | | |
| Not later than one year | **12,882,126** | 10,975,711 |
| Later than one year and not later than five years | **22,278,279** | 30,014,964 |
| | **35,160,405** | 40,990,675 |
| Less: Future finance charges | **(2,812,763)** | (4,060,203) |
| Present value of minimum lease payments | **32,347,642** | 36,930,472 |
| Present value of minimum lease payments payable: | | |
| Not later than one year | **11,332,769** | 9,240,145 |
| Later than one year and not later than five years | **21,014,873** | 27,690,327 |
| | **32,347,642** | 36,930,472 |
| Less: Amount due within twelve months | **(11,332,769)** | (9,240,145) |
| Amount due after twelve months | **21,014,873** | 27,690,327 |

### (c) Bank overdrafts

Bank overdrafts bear interests ranging from 6.42% to 7.25% (2021: 6.42% to 6.60%) per annum. The bank overdrafts are secured by way of:

(i) Legal charge over the leasehold land of the Group as disclosed in Note 5;
(ii) Legal charge over the freehold land and buildings of the Group as disclosed in Note 5;
(iii) Loan agreement cum deed of assignment over certain investment properties of the Group as disclosed in Note 6;
(iv) Joint and several guarantee by certain directors of the Group; and
(v) Corporate guarantee by the Company.

## 17. LOANS AND BORROWINGS (CONTINUED)

### (d) Bankers' acceptances

Bankers' acceptances bear interests ranging from 4.26% to 4.37% (2021: 2.55% to 6.57%) per annum. The bankers' acceptances are secured by way of:

(i) Legal charge over the leasehold land of the Group as disclosed in Note 5;
(ii) Legal charge over the freehold land and building of the Group as disclosed in Note 5;
(iii) Legal charge over the investment properties of the Group as disclosed in Note 6;
(iv) Pledge of short-term deposits;
(v) Joint and several guarantee by certain directors of the Group; and
(vi) Corporate guarantee by the Company.

### (e) Invoice financing

Invoice financing bear interests ranging from 5.67% (2021: 3.74% to 4.95%) per annum. The invoice financing are secured by way of:

(i) Pledge of short-term deposits;
(ii) Legal charge over the investment properties of the Group as disclosed in Note 6;
(iii) Joint and several guarantee by certain directors of the Group; and
(iv) Corporate guarantee by the Company.

### (f) Promissory notes

Promissory notes bear interests ranging at 4.67% (2021: 3.62%) per annum. The promissory notes are secured by way of:

(i) Legal charge over the freehold land and building of the Group as disclosed in Note 5; and
(ii) Corporate guarantee by the Company.

### (g) Revolving credit

Revolving credit bear interest ranging at 4.05% to 4.56% (2021: Nil) per annum. The revolving credit are secured by way of:

(i) Pledge of short-term deposits;
(ii) Joint and several guarantee by certain directors of the Group;
(iii) Corporate guarantee by the Company;
(iv) Legal charge over the leasehold land of the Group as disclosed in Note 5;
(v) Loan agreement cum deed of assignment over certain investment properties as disclosed in Note 6; and
(vi) Assignment of rental proceeds from the Company.

## 18. EMPLOYEE BENEFITS

| | Group | |
|---|---|---|
| | 2022<br>RM | 2021<br>RM |
| **Liability:** | | |
| Post-employment benefit plan | **802,848** | 665,551 |
| Present value of defined benefits obligation | **802,848** | 665,551 |

| | Group | |
|---|---|---|
| | 2022<br>RM | 2021<br>RM |
| **Profit or loss - included in operating profit for (Note 27):** | | |
| Post-employment benefit plan | **169,920** | 36,270 |

**Post-employment benefit plan**

The amount of estimated liabilities for post-employment benefits is determined based on Job Creation Law No. 11 year 2020 in November 2020 and Government Regulation No. 35 Year 2021 dated February 2, 2021. No specific funding has been made to date for such estimated liabilities for post-employment benefits.

The latest actuarial valuation upon the estimated liabilities for post-employment benefits was conducted by KKA Steven & Mouritz, an independent actuary, based on Actuarial Report No. 2536/ST-EP-PSAK24-AJID/X/2022 dated October 20, 2022.

There were 42 and 41 employees eligible for such post-employment benefits in financial year ended 31 August 2022 and 31 August 2021 respectively.

## 18. EMPLOYEE BENEFITS (CONTINUED)

**Post-employment benefit plan (continued)**

Movement in the defined benefit liability in the statements of financial position are as follows:

| | Group | |
|---|---|---|
| | 2022 RM | 2021 RM |
| **At 1 September** | **665,551** | 793,997 |
| Benefit expenses | **169,920** | 36,270 |
| Actuarial gain charged to other comprehensive income | **9,498** | (95,713) |
| Benefits paid | **(74,426)** | (79,197) |
| Effects of changes in foreign exchange rates | **32,305** | 10,194 |
| **At 31 August** | **802,848** | 665,551 |

Significant actuarial assumptions

The significant actuarial assumptions applied in the measurement of post-employment benefit plan is as follows:

| | Group | |
|---|---|---|
| | 2022 % | 2021 % |
| Discount rate | **7.30%** | 6.50 |
| Future salary growth | **5.00%** | 5.00 |

Assumption on future mortality is determined based on the published past statistics and actual experience in each jurisdiction. The measurements assume an average life expectancy of 25 years for an employee retiring at age of 55.

Sensitivity analysis

The sensitivity of defined benefit obligation to the significant actuarial assumptions at the end of reporting period are as shown below:

| | | Group | |
|---|---|---|---|
| | | 2022 RM | 2021 RM |
| Discount rate | + 1% | **749,569** | 620,009 |
| | - 1% | **861,972** | 716,127 |
| Future salary growth | + 1% | **867,781** | 720,495 |
| | - 1% | **743,602** | 615,424 |

## 19. DEFERRED TAX ASSETS/(LIABILITIES)

| | Group | | |
|---|---|---|---|
| | As at 1 September 2021 RM | Recognised in profit or loss RM | As at 31 August 2022 RM |
| **Deferred tax liabilities:** | | | |
| Property, plant and equipment | (1,575,168) | 69,548 | **(1,505,620)** |
| **Deferred tax assets:** | | | |
| Expected credit losses on receivables | 55,471 | (55,471) | **-** |
| | (1,519,697) | 14,077 | **(1,505,620)** |

| | As at 1 September 2020 RM | Recognised in profit or loss RM | As at 31 August 2021 RM |
|---|---|---|---|
| **Deferred tax liabilities:** | | | |
| Property, plant and equipment | (1,478,398) | (96,770) | (1,575,168) |
| **Deferred tax assets:** | | | |
| Expected credit losses on receivables | 7,080 | 48,391 | 55,471 |
| Lease liability | 677 | (677) | - |
| | 7,757 | 47,714 | 55,471 |
| | (1,470,641) | (49,056) | (1,519,697) |

| | Group | |
|---|---|---|
| | 2022 RM | 2021 RM |
| **Presented after appropriate offsetting as follows:** | | |
| Deferred tax assets | **-** | 55,471 |
| Deferred tax liabilities | **(1,505,620)** | (1,575,168) |
| | **(1,505,620)** | (1,519,697) |

## 19. DEFERRED TAX ASSETS/(LIABILITIES) (CONTINUED)

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items (stated at gross):

| | Group | |
|---|---|---|
| | 2022 RM | 2021 RM |
| Temporary differences | **6,184,505** | 3,271,514 |
| Unused tax losses | **32,031,663** | 10,598,099 |
| Unabsorbed capital allowance | **8,268,966** | 3,081,839 |
| | **46,485,134** | 16,951,452 |
| Potential deferred tax assets at 24% (2021: 24%) | **11,156,432** | 4,068,348 |

The availability of unutilised tax losses for offsetting against future taxable profits of the respective subsidiaries in Malaysia are subject to requirements under Income Tax Act, 1967 and guidelines issued by the tax authority.

Pursuant to Section 8 of the Finance Act 2021 (Act 833) the amendment to Section 44(5F) of Income Tax Act 1967, a time limit has been imposed on the unutilised business loss, to be carried forward for a maximum of 10 consecutive years. This amendment is deemed to have effect for the year of assessment 2019 and subsequent year of assessment.

Any unutilised business losses brought forward from year of assessment 2018 can be carried forward for another 10 years consecutive years of assessment (i.e. from year of assessments 2019 to 2028).

The unused tax losses are available for offset against future taxable profits of the Group up to the following financial years:

| | Group | |
|---|---|---|
| | 2022 RM | 2021 RM |
| **Year of assessment** | | |
| 2031 | **10,598,099** | 10,598,099 |
| 2032 | **21,433,564** | - |
| | **32,031,663** | 10,598,099 |

## 20. TRADE AND OTHER PAYABLES

| | | Group | | Company | |
|---|---|---|---|---|---|
| | | 2022 | 2021 | 2022 | 2021 |
| | Note | RM | RM | RM | RM |
| **Current:** | | | | | |
| **Trade** | | | | | |
| Trade payables | (a) | | | | |
| - Third parties | | **47,736,146** | 36,416,470 | **-** | - |
| - Amount owing to related parties | | **2,323,479** | - | **-** | - |
| Retention sums | | | | | |
| - Third parties | | **4,419,215** | 3,290,254 | **-** | - |
| - Amount owing to related parties | | **175,086** | 19,973 | **-** | - |
| Trade accrual | | **7,635,786** | 5,472,865 | **-** | - |
| | | **62,289,712** | 45,199,562 | **-** | - |
| **Non-trade** | | | | | |
| Other payables | | **1,577,015** | 334,168 | **1,136,855** | 16,065 |
| Accruals | | **2,210,527** | 1,418,774 | **84,720** | 31,700 |
| Deposits | | **45,751** | 37,551 | **-** | - |
| | | **3,833,293** | 1,790,493 | **1,221,575** | 47,765 |
| Total trade and other payables | | **66,123,005** | 46,990,055 | **1,221,575** | 47,765 |

### (a) Trade payables

Trade payables are non-interest bearing and the normal trade credit term granted to the Group ranges from 14 to 60 days.

For explanation on the Group's liquidity risk management processes, refer to Note 31(b)(ii) to the financial statements.

## 21. PROVISIONS

| | Defect liability claim RM |
|---|---|
| At 1 September 2020 | - |
| Addition | 4,300,000 |
| At 31 August 2021 | 4,300,000 |
| Utilised during the financial year | (4,300,000) |
| At 31 August 2022 | **-** |

**Defect liability claim**

A provision of RM4,300,000 were made during prior financial year ended 31 August 2021 in respect of the Group's obligation to pay the customer the sum of the defect liability claim on a project. These amount been fully settled during the financial year ended 31 August 2022.

## 22. REVENUE

| | Group | |
|---|---|---|
| | 2022 RM | 2021 RM |
| **Revenue from contract customers:** | | |
| Construction contracts | **169,303,412** | 122,102,058 |
| **Timing of revenue recognition:** | | |
| Over time | **169,303,412** | 122,102,058 |

## 22. REVENUE (CONTINUED)

### (a) Disaggregation of revenue

The Group report the segment: foundation and basement construction and rental of construction machinery and equipment in accordance with MFRS 8 *Operating Segments*. For the purpose of disclosure of disaggregation of revenue, it disaggregates revenue into primary geographical markets.

| | Group | |
|---|---|---|
| | Foundation and basement construction RM | Total RM |
| **2022** | | |
| Malaysia | **144,341,040** | **144,341,040** |
| Indonesia | **24,962,372** | **24,962,372** |
| | **169,303,412** | **169,303,412** |
| **Timing of revenue recognition:** | | |
| Over time | **169,303,412** | **169,303,412** |
| **2021** | | |
| Malaysia | 113,272,740 | 113,272,740 |
| Indonesia | 8,829,318 | 8,829,318 |
| | 122,102,058 | 122,102,058 |
| **Timing of revenue recognition:** | | |
| Over time | 122,102,058 | 122,102,058 |

### (b) Transaction price allocated to the remaining performance obligations

As of 31 August 2022, the aggregate amount of the transaction price allocated to the remaining performance obligation is RM113.13 million (2021: RM148.42 million) and the Group is expected to recognise this revenue over the next 2 years.

## 23. COST OF SALES

| | Group | |
|---|---|---|
| | **2022 RM** | **2021 RM** |
| Contract cost | **161,147,812** | 104,356,397 |
| Machinery cost | **19,002,475** | 17,313,848 |
| | **180,150,287** | 121,670,245 |

## 24. OTHER INCOME

| | Group | |
|---|---|---|
| | **2022 RM** | **2021 RM** |
| Gain on foreign exchange | | |
| - realised | **26** | 625 |
| - unrealised | **-** | 22,366 |
| Gain on disposal of property, plant and equipment | **1,722,506** | 227,333 |
| Government wages subsidy | **222,140** | 96,000 |
| Insurance compensation | **1,070,345** | 18,737 |
| Rental income | **146,200** | 122,210 |
| Recovery of contract assets | **2,781,000** | - |
| Miscellaneous income | **87,848** | 211,685 |
| | **6,030,065** | 698,956 |

## 25. FINANCE INCOME AND COSTS

| | Group | | Company | |
|---|---|---|---|---|
| | 2022 RM | 2021 RM | 2022 RM | 2021 RM |
| **Finance income:** | | | | |
| Interest income | **225,193** | 300,718 | **20,330** | 70,191 |
| Interest income of financial assets that are carried at fair value through profit or loss | **52,565** | 70,487 | **52,565** | 70,487 |
| | **277,758** | 371,205 | **72,895** | 140,678 |
| **Finance cost:** | | | | |
| Interest expense on: | | | | |
| - Term loans | **477,640** | 289,155 | **-** | - |
| - Lease liabilities | **1,649,735** | 1,442,749 | **-** | - |
| - Bank overdrafts | **255,496** | 128,528 | **-** | - |
| - Bankers' acceptances | **871,761** | 630,632 | **-** | - |
| - Invoice financing | **233,196** | 144,838 | **-** | - |
| - Promissory notes | **351,511** | 390,464 | **-** | - |
| - Revolving credit | **189,944** | - | **-** | - |
| | **4,029,283** | 3,026,366 | **-** | - |

## 26. LOSS BEFORE TAX

Other than disclosed elsewhere in the financial statements, the following items have been charged/ (credited) in arriving at loss before tax:

| | | Group | | Company | |
|---|---|---|---|---|---|
| | Note | 2022 RM | 2021 RM | 2022 RM | 2021 RM |
| Auditors' remuneration | | | | | |
| - Statutory audit | | | | | |
| - Current year | | **178,630** | 138,135 | **40,000** | 30,000 |
| - Prior year | | **23,200** | 46,359 | **7,000** | - |
| - Non-statutory audit | | | | | |
| - Current year | | **5,000** | 5,000 | **5,000** | 5,000 |
| - Prior year | | **5,000** | 25,000 | **5,000** | 25,000 |
| Bad debts written off | | **7,175** | 230,445 | **-** | - |
| Contract assets written off | | **380,801** | 5,639,917 | **-** | - |
| Depreciation of investment properties | 6 | **80,636** | 80,095 | **-** | - |
| Depreciation of property, plant and equipment | 5 | **19,067,488** | 18,734,732 | **-** | - |
| Loss on written off of property, plant and equipment | | **143** | - | **-** | - |
| Employee benefits expenses | 27 | **21,289,808** | 20,588,126 | **156,000** | 155,000 |
| Expenses relating to short term lease: | | | | | |
| - Cylinder | | **29,407** | - | **-** | - |
| - Equipment | | **12,470,476** | 9,167,024 | **-** | - |
| - Site house and store | | **766,013** | 354,719 | **-** | - |
| - Office premises | | **21,200** | 18,000 | **-** | - |
| Impairment loss on: | | | | | |
| - investment in subsidiary | | **-** | - | **17,000,000** | - |
| - contract assets | 10 | **11,119,027** | 2,193,392 | **-** | - |
| - trade receivables | 9 | **178,084** | 1,567,335 | **-** | - |
| - other receivables | 9 | **-** | 31,756 | **-** | - |
| Loss on foreign exchange: | | | | | |
| - realised | | **2,524** | - | **-** | - |
| Reversal of impairment loss on trade receivables | 9 | **(371,018)** | (29,498) | **-** | - |

## 27. EMPLOYEE BENEFITS EXPENSES

| | Group | | Company | |
|---|---|---|---|---|
| | 2022 RM | 2021 RM | 2022 RM | 2021 RM |
| Directors' fee | **128,000** | 128,000 | **128,000** | 128,000 |
| Salaries, allowances and bonuses | **19,069,161** | 18,532,001 | **28,000** | 27,000 |
| Defined contribution plans | **1,496,190** | 1,718,173 | **-** | - |
| Defined benefit plans | **280,882** | 36,270 | **-** | - |
| Other staff related expenses | **315,575** | 173,682 | **-** | - |
| | **21,289,808** | 20,588,126 | **156,000** | 155,00 |

The following table shows the directors' remuneration, directors' defined contribution plans, directors' defined benefit plans and directors' other staff related expenses:

| | Group | | Company | |
|---|---|---|---|---|
| | 2022 RM | 2021 RM | 2022 RM | 2021 RM |
| Included in employee benefits expenses are: | | | | |
| Directors' fee | **128,000** | 128,000 | **128,000** | 128,000 |
| Directors' salaries, allowances and bonuses | **1,544,611** | 1,487,528 | **28,000** | 27,000 |
| Directors' defined contribution plans | **322,065** | 301,949 | **-** | - |
| Directors' defined benefit plans | **2,676** | 8,263 | **-** | - |
| Directors' other staff related expenses | **-** | 2,688 | **-** | - |
| | **1,997,352** | 1,928,428 | **156,000** | 155,000 |

## 28. INCOME TAX EXPENSE

The major components of income tax expense for the financial years ended 31 August 2022 and 31 August 2021 are as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | 2022<br>RM | 2021<br>RM | 2022<br>RM | 2021<br>RM |
| **Statements of comprehensive income** | | | | |
| **Current income tax:** | | | | |
| - Current income tax charge | **1,031,128** | 761,059 | **-** | - |
| - Adjustment in respect of prior year | **(63,471)** | (33,408) | **-** | - |
| | **967,657** | 727,651 | **-** | - |
| **Deferred tax:** | | | | |
| - Origination of temporary differences | **(137,081)** | 164,049 | **-** | - |
| - Adjustment in respect of prior year | **123,004** | (114,993) | **-** | - |
| | **(14,077)** | 49,056 | **-** | - |
| Income tax expense recognised in profit or loss | **953,580** | 776,707 | **-** | - |

Domestic income tax is calculated at the Malaysian statutory income tax rate of 24% (2021: 24%) of the estimated assessable profit for the financial year.

PT Aneka is entitled to 2.65% (2021: 3%) of the final tax rate effective from 21 February 2022 (2021: effective from 30 September 2020 to 20 February 2022).

All revenue from PT Aneka are subjected to final tax, therefore, no deferred tax asset or liability is recognised on the difference between the financial statement carrying amounts of assets and liabilities and their respective tax bases.

## 28. INCOME TAX EXPENSE (CONTINUED)

The reconciliation from the tax amount at the statutory income tax rate to the Group's and the Company's tax expenses are as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | 2022<br>RM | 2021<br>RM | 2022<br>RM | 2021<br>RM |
| Loss before tax | **(29,376,682)** | (22,108,074) | **(17,593,219)** | (2,750,968) |
| Taxation at Malaysian statutory income tax rate of 24% (2021: 24%) | **(7,050,404)** | (5,305,938) | **(4,222,373)** | (660,232) |
| Tax effects arising from: | | | | |
| - Non-deductible expenses | **695,603** | 1,646,195 | **4,239,867** | 693,995 |
| - Non-taxable income | **(17,617)** | (33,763) | **(17,494)** | (33,763) |
| Effect of different tax rate in foreign jurisdictions | **178,381** | 524 | **-** | - |
| Deferred tax assets not recognised on tax losses and temporary differences | **7,088,084** | 4,618,090 | **-** | - |
| Adjustments in respect of prior years: | | | | |
| - income tax | **(63,471)** | (33,408) | **-** | - |
| - deferred tax | **123,004** | (114,993) | **-** | - |
| Income tax expense | **953,580** | 776,707 | **-** | - |

## 29. OTHER COMPREHENSIVE INCOME/(LOSS)

| | Exchange reserve RM | Non-controlling interests RM | Total RM |
|---|---|---|---|
| **Group** | | | |
| **2022** | | | |
| **Items that will not be reclassified subsequently to profit or loss** | | | |
| Remeasurement of defined benefit plan | **(5,224)** | **(4,274)** | **(9,498)** |
| **Items that may be reclassified subsequently to profit or loss** | | | |
| Exchange differences on translation of foreign operations | **272,648** | **223,077** | **495,725** |
| | **267,424** | **218,803** | **486,227** |
| **2021** | **RM** | **RM** | **RM** |
| **Items that will not be reclassified subsequently to profit or loss** | | | |
| Remeasurement of defined benefit plan | 52,642 | 43,071 | 95,713 |
| **Items that may be reclassified subsequently to profit or loss** | | | |
| Exchange differences on translation of foreign operations | 73,376 | 60,034 | 133,410 |
| | 126,018 | 103,105 | 229,123 |

## 30. LOSS PER SHARE

### (i) Basic loss per ordinary shares

Basic loss per share are based on the loss for the financial year attributable to owners of the Company and the weighted average number of ordinary shares outstanding during the financial year, calculated as follows:

| | Group | |
|---|---|---|
| | **2022**<br>**RM** | **2021**<br>**RM** |
| Loss attributable to owners of the Company | **(32,963,194)** | (21,440,535) |
| Weighted average number of the ordinary shares for basic loss per share | **552,844,521** | 518,936,986 |
| Basic loss per ordinary share (sen) | **(5.96)** | (4.13) |

### (ii) Diluted loss per ordinary share

Diluted loss per share are based on the loss for the financial year attributable to owners of the Company and the weighted average number of ordinary shares outstanding during the financial year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares, calculated as follows:

| | Group | |
|---|---|---|
| | **2022**<br>**RM** | **2021**<br>**RM** |
| Loss attributable to owners of the Company | **(32,963,194)** | (21,440,535) |
| Weighted average number of ordinary shares for basic loss per share | **552,844,521** | 518,936,986 |
| Effect of dilution from: | | |
| - Warrants | **N/A ^** | - |
| Weighted average number of ordinary shares for diluted loss per share | **552,844,521** | 518,936,986 |
| Diluted loss per ordinary share (sen) | **(5.96)** | (4.13) |

^ Diluted loss per ordinary share is equivalent to basic loss per ordinary share as the warrants had an anti-dilutive effect of the basic loss per ordinary share.

## 31. FINANCIAL INSTRUMENTS

### (a) Categories of financial instruments

The following table analyses the financial instruments in the statements of financial position by the classes of financial instruments to which they are assigned:

(i) Amortised cost ("AC")
(ii) Fair value through profit or loss ("FVPL")

| | Carrying amount RM | AC RM | FVPL RM |
|---|---|---|---|
| **Group** | | | |
| **2022** | | | |
| **Financial assets** | | | |
| Trade and other receivables | **79,927,380** | **79,927,380** | **-** |
| Short term investments | **1,894,493** | **-** | **1,894,493** |
| Cash and short-term deposits | **8,100,488** | **8,100,488** | **-** |
| | **89,922,361** | **88,027,868** | **1,894,493** |
| **Financial liabilities** | | | |
| Loans and borrowings | **(75,946,725)** | **(75,946,725)** | **-** |
| Trade and other payables | **(66,123,005)** | **(66,123,005)** | **-** |
| | **(142,069,730)** | **(142,069,730)** | **-** |
| **2021** | | | |
| **Financial assets** | | | |
| Trade and other receivables | 64,583,066 | 64,583,066 | - |
| Short term investments | 4,072,444 | - | 4,072,444 |
| Cash and short-term deposits | 13,445,666 | 13,445,666 | - |
| | 82,101,176 | 78,028,732 | 4,072,444 |
| **Financial liabilities** | | | |
| Loans and borrowings | (69,557,547) | (69,557,547) | - |
| Trade and other payables | (46,990,055) | (46,990,055) | - |
| | (116,547,602) | (116,547,602) | - |

## 31. FINANCIAL INSTRUMENTS (CONTINUED)

### (a) Categories of financial instruments (continued)

The following table analyses the financial instruments in the statements of financial position by the classes of financial instruments to which they are assigned: (continued)

| | Carrying amount RM | AC RM | FVPL RM |
|---|---|---|---|
| **Company** | | | |
| **2022** | | | |
| **Financial assets** | | | |
| Trade and other receivables | **1,000** | **1,000** | **-** |
| Short term investments | **1,894,493** | **-** | **1,894,493** |
| Cash and short-term deposits | **11,062** | **11,062** | **-** |
| | **1,906,555** | **12,062** | **1,894,493** |
| **Financial liability** | | | |
| Trade and other payables | **(1,221,575)** | **(1,221,575)** | **-** |
| **2021** | | | |
| **Financial assets** | | | |
| Trade and other receivables | 38,990 | 38,990 | - |
| Short term investments | 4,072,444 | - | 4,072,444 |
| Cash and short-term deposits | 4,989 | 4,989 | - |
| | 4,116,423 | 43,979 | 4,072,444 |
| **Financial liability** | | | |
| Trade and other payables | (47,765) | (47,765) | - |

### (b) Financial risk management

The Group's activities are exposed to a variety of financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk and interest rate risk. The Group's overall financial risk management objective is to optimise value for its shareholders. The Group does not trade in financial instruments.

The Board of Directors reviews and agrees to policies and procedures for the management of these risks, which are executed by the Group's senior management.

## 31. FINANCIAL INSTRUMENTS (CONTINUED)

### (b) Financial risk management (continued)

#### (i) Credit risk

Credit risk is the risk of financial loss to the Group and the Company that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group and the Company are exposed to credit risk arises primarily from trade receivables and contract assets. The Group and the Company have a credit policy in place and the exposure to credit risk is managed through the application of credit approvals and monitoring procedures.

**Trade receivables and contract assets**

As at the end of the reporting period, the Group's maximum exposure to credit risk arising from trade receivables and contract assets are represented by their carrying amounts in the statements of financial position.

The carrying amount of trade receivables and contract assets are not secured by any collateral or supported by any other credit enhancements. In determining the recoverability of these receivables, the Group considers any change in the credit quality of the receivables from the date the credit was initially granted up to the reporting date. The Group has adopted a policy of dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults.

The Company does not have trade receivables as at reporting date.

Credit risk concentration profile
At the end of the reporting period, the Group has a significant concentration of credit risk in the form of five (5) (2021: 5) trade receivables, representing approximately 32% (2021: 50%) of the Group's total trade receivables.

The Group applies the simplified approach to providing for impairment losses prescribed by MFRS 9 *Financial Instruments*, which permits the use of the lifetime expected loss provision for all the trade receivables and contract assets. To measure the impairment losses, the Group assessed the risk of each customer individually based on their financial capacity, past trend of payments and other external information relating to the customers that are publicly available.

## 31. FINANCIAL INSTRUMENTS (CONTINUED)

### (b) Financial risk management (continued)

#### (i) Credit risk (continued)

**Trade receivables and contract assets (continued)**

Credit risk concentration profile (continued)

The information about the credit risk exposure on the Group's trade receivables and contract assets are as follows:

| | Gross carrying amount RM | Impairment losses RM | Net Balance RM |
|---|---|---|---|
| **Group** | | | |
| **2022** | | | |
| **Contract assets** | | | |
| Current (not past due) | 81,207,358 | 13,316,004 | 67,891,354 |
| **Retention sum** | | | |
| Current (not past due) | 28,365,576 | - | 28,365,576 |
| **Current trade receivables** | | | |
| Current (not past due) | 23,560,963 | - | 23,560,963 |
| 1 - 30 days past due | 4,500,458 | - | 4,500,458 |
| 31 - 60 days past due | 4,710,130 | - | 4,710,130 |
| 61 - 90 days past due | - | - | - |
| 91 - 120 days past due | 500,000 | - | 500,000 |
| > 120 days past due | 14,964,007 | 449,264 | 14,514,743 |
| | 157,808,492 | 13,765,268 | 144,043,224 |

# NOTES TO THE FINANCIAL STATEMENTS

## 31. FINANCIAL INSTRUMENTS (CONTINUED)

### (b) Financial risk management (continued)

#### (i) Credit risk (continued)

**Trade receivables and contract assets (continued)**

Credit risk concentration profile (continued)

The information about the credit risk exposure on the Group's trade receivables and contract assets are as follows: (continued)

| | Gross carrying amount RM | Impairment losses RM | Net Balance RM |
|---|---|---|---|
| **Group** | | | |
| **2021** | | | |
| **Contract assets** | | | |
| Current (not past due) | 79,900,059 | 2,193,392 | 77,706,667 |
| **Retention sum** | | | |
| Current (not past due) | 30,360,419 | - | 30,360,419 |
| **Current trade receivables** | | | |
| Current (not past due) | 9,055,424 | - | 9,055,424 |
| 1 - 30 days past due | 3,754,766 | - | 3,754,766 |
| 31 - 60 days past due | 1,327,525 | - | 1,327,525 |
| 61 - 90 days past due | 2,416,389 | - | 2,416,389 |
| 91 - 120 days past due | 1,798,943 | 5,691 | 1,793,252 |
| > 120 days past due | 16,223,692 | 1,561,888 | 14,661,804 |
| | 144,837,217 | 3,760,971 | 141,076,246 |

## 31. FINANCIAL INSTRUMENTS (CONTINUED)

### (b) Financial risk management (continued)

#### (i) Credit risk (continued)

**Other receivables and other financial assets**

For other receivables and other financial assets (including cash and cash equivalents), the Group minimises credit risk by dealing exclusively with high credit rating counterparties. At the reporting date, the Group's maximum exposure to credit risk arising from other receivables and other financial assets is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group compare the risk of a default as at the date of initial recognition. It considers available reasonable and supportive forward-looking information.

As at the end of the report date, the Group considers these other receivables and other financial assets to be of low credit risk. As such, the Group and the Company did not recognise any loss allowance for impairment for other receivables and other financial assets other than as disclosed in Note 9 to the financial statements. Refer to Note 3.10 (a) for the Group's other accounting policies for impairment of the financial assets.

**Financial guarantee contracts**

The Group and Company are exposed to credit risk in relation to financial guarantees given to banks in respect of loans granted to certain subsidiaries and borrowings granted to a third party. The amount relating to the corporate guarantee provided by the Group is as follows:

| | Group | |
|---|---|---|
| | 2022<br>RM | 2021<br>RM |
| **Maximum exposure on corporate guarantees given to:** | | |
| - Bank for banking facilities granted to subsidiaries | **48,118,293** | 13,630,508 |

The maximum exposure to credit risks amounts to RM48,118,293 (2021: RM13,630,508) representing the maximum amount the Group could pay if the guarantees are called. Generally, the Company considers the financial guarantees have low credit risk. As at the reporting date, there was no loss allowance for impairment as determined by the Company for the financial guarantee.

The financial guarantees have not been recognised since their fair value on initial recognition was not material.

## 31. FINANCIAL INSTRUMENTS (CONTINUED)

### (b) Financial risk management (continued)

#### (ii) Liquidity risk

Liquidity risk is the risk that the Group and the Company will encounter difficulty in meeting financial obligations when they fall due. The Group's and the Company's exposure to liquidity risk arise primarily from mismatches of the maturities between financial assets and liabilities. The Group's and the Company's exposure to liquidity risk arise principally from trade and other payables, loans and borrowings.

The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by facilities. The Group and the Company's maintains sufficient liquidity and available funds to meet daily cash needs, while maintaining controls and security over cash movements. The Group and the Company use a series of processes to obtain maximum benefits from its flow of funds, such that they are efficiently managed to maximise income from investment and minimise cost on borrowed funds. The Group's and the Company's treasury department also ensure that there are sufficient unutilised stand-by facilities, funding and liquid assets available to meet both short-term and long-term funding requirements.

The Group and the Company had recorded negative operating cash flows of RM5,865,192 and RM549,865 respectively. Meanwhile, the Group's short-term loans and borrowings were RM54,467,897 as at 31 August 2022. As at 31 August 2022, the Group did not meet the capital gearing ratio required by one of the banks as the Group's capital gearing ratio is 1.2431 times as mentioned in Note 17 to the financial statements. The Group has prepared a cash flow forecast to consider the availability of funds in supporting the management of liquidity risk that the Group will have sufficient financial resources for a period of at least 12 months from the end of the financial year. Significant assumption and judgements are used in the preparation of the cash flow forecast.

## 31. FINANCIAL INSTRUMENTS (CONTINUED)

### (b) Financial risk management (continued)

#### (ii) Liquidity risk (continued)

Maturity analysis

The maturity analysis of the Group's and the Company's financial liabilities by their relevant maturity at the reporting date based on contractual undiscounted repayment obligations are as follows:

| | | Contractual cash flows | | | |
|---|---|---|---|---|---|
| | Carrying amount RM | On demand or within 1 year RM | Between 1 and 5 years RM | More than 5 years RM | Total RM |
| **Group** | | | | | |
| **2022** | | | | | |
| Trade and other payables | 66,123,005 | 66,123,005 | - | - | 66,123,005 |
| Term loans | 4,292,577 | 704,276 | 1,609,104 | 3,181,898 | 5,495,278 |
| Bank overdrafts | 6,340,373 | 6,340,373 | - | - | 6,340,373 |
| Bankers' acceptances | 13,807,199 | 13,807,199 | - | - | 13,807,199 |
| Invoice financing | 4,663,934 | 4,663,934 | - | - | 4,663,934 |
| Promissory notes | 7,795,000 | 7,795,000 | - | - | 7,795,000 |
| Revolving credit | 6,700,000 | 6,700,000 | - | - | 6,700,000 |
| | 109,722,088 | 106,133,787 | 1,609,104 | 3,181,898 | 110,924,789 |

## 31. FINANCIAL INSTRUMENTS (CONTINUED)

### (b) Financial risk management (continued)

#### (ii) Liquidity risk (continued)

Maturity analysis (continued)

The maturity analysis of the Group's and the Company's financial liabilities by their relevant maturity at the reporting date based on contractual undiscounted repayment obligations are as follows: (continued)

| | Contractual cash flows | | | | |
|---|---|---|---|---|---|
| | Carrying amount RM | On demand or within 1 year RM | Between 1 and 5 years RM | More than 5 years RM | Total RM |
| **Group** | | | | | |
| **2021** | | | | | |
| Trade and other payables | 46,990,055 | 46,990,055 | - | - | 46,990,055 |
| Term loans | 4,233,234 | 389,688 | 1,558,752 | 3,400,971 | 5,349,411 |
| Bank overdrafts | 3,478,195 | 3,478,195 | - | - | 3,478,195 |
| Bankers' acceptances | 12,833,362 | 12,833,362 | - | - | 12,833,362 |
| Invoice financing | 3,598,219 | 3,598,219 | - | - | 3,598,219 |
| Promissory notes | 8,484,065 | 8,484,065 | - | - | 8,484,065 |
| | 79,617,130 | 75,773,584 | 1,558,752 | 3,400,971 | 80,733,307 |
| **Company** | | | | | |
| **2022** | | | | | |
| Financial guarantees | **-** | **48,118,293** | **-** | **-** | **48,118,293** |
| Trade and other payables | **1,221,575** | **1,221,575** | **-** | **-** | **1,221,575** |
| **2021** | | | | | |
| Financial guarantees | - | 13,630,508 | - | - | 13,630,508 |
| Trade and other payables | 47,765 | 47,765 | - | - | 47,765 |

## 31. FINANCIAL INSTRUMENTS (CONTINUED)

### (b) Financial risk management (continued)

#### (iii) Interest rate risk

Interest rate risk is the risk of fluctuation in fair value or future cash flows of the Group's financial instruments as a result of changes in market interest rates. The Group's exposure to interest rate risk arises primarily from its long-term loans and borrowings with floating interest rates.

Sensitivity analysis for interest rate risk
The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant on the Group's total equity and loss for the financial year:

| | Group | | |
|---|---|---|---|
| | Carrying amount RM | Change in basis points | Effect on loss for the financial year RM |
| **2022** | | | |
| - Term loans | **4,292,577** | **+ 50** | **(16,312)** |
| | | **- 50** | **16,312** |
| **2021** | | | |
| - Term loans | 4,233,234 | + 50 | (16,086) |
| | | - 50 | 16,086 |

### (c) Fair value measurement

The carrying amounts of cash and bank balances, receivables and payables and borrowings are reasonably approximate to their fair value due to relatively short-term nature of these financial instruments.

As at 31 August 2022, the fair value of other investment as disclosed in Note 12 to the financial statements is measured under level 1, of which is determined directly by reference to redemption price provided by investment management company.

There have been no transfer between Level 1, Level 2 and Level 3 during the financial year (2021: no transfer in either directions).

The carrying amount of these financial liability are reasonable approximations of fair values due to there are floating rate instruments that are re-priced to market interest rates on or near the reporting date.

## 32. COMMITMENTS

The Group has made commitments for the following capital expenditures:

| | Group | |
|---|---|---|
| | 2022<br>RM | 2021<br>RM |
| Property, plant and equipment | | |
| - Approved and contracted for | **422,000** | 660,000 |
| - Approved and not contracted for | **11,704,000** | 16,938,000 |
| Investment property | | |
| - Approved and contracted for | **1,619,000** | 1,619,549 |
| - Approved and not contracted for | **1,600,000** | 1,600,000 |

## 33. RELATED PARTIES

### (a) Identification of related parties

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operational decisions, or vice versa, or where the Group and the party are subject to common control. Related parties may be individuals or other entities.

Related parties of the Group include:

(i) Subsidiaries;
(ii) Joint ventures,
(iii) Entities in which certain directors have substantial financial interests;
(iv) Entities in which a shareholder has substantial financial interests;
(v) Entity owned by persons connected to a director; and
(vi) Key management personnel of the Group, comprise persons (including directors) having the authority and responsibility for planning, directing and controlling the activities directly or indirectly.

## 33. RELATED PARTIES (CONTINUED)

### (b) Significant related party transactions

Significant related party transactions other than disclosed elsewhere in the financial statements are as follows:

| | Group | |
|---|---|---|
| | 2022<br>RM | 2021<br>RM |
| **Purchase of materials** | | |
| Transactions with entities in which directors have substantial financial interest | | |
| - Fuchi Engineering (M) Sdn. Bhd. | **187,479** | - |
| - Panoramont Development Sdn. Bhd. | **202,508** | - |
| Transactions with entities in which shareholder has substantial financial interest | | |
| - Hup Leong Trading Co. | **1,013,799** | 1,076,340 |
| Entity owned by persons connected to a director | | |
| - Selisa Synergy Sdn. Bhd. | **-** | 105,209 |
| **Purchase of property, plant and equipment** | | |
| Transactions with entities in which shareholder has substantial financial interest | | |
| - Hup Leong Trading Co. | **95,725** | - |
| **Rental expenses** | | |
| Transactions with entities in which directors have substantial financial interest | | |
| - Panoramont Development Sdn. Bhd. | **299,761** | - |

## 33. RELATED PARTIES (CONTINUED)

### (c) Compensation of key management personnel

| | Group | | Company | |
|---|---|---|---|---|
| | 2022<br>RM | 2021<br>RM | 2022<br>RM | 2021<br>RM |
| Short-term employee benefits | | | | |
| - Directors' fee | **128,000** | 128,000 | **128,000** | 128,000 |
| - Salaries, allowances and bonuses | **2,260,127** | 2,201,744 | **28,000** | 27,000 |
| - Defined contribution plans | **408,033** | 387,773 | **-** | - |
| - Defined benefit plans | **5,446** | 8,263 | **-** | - |
| - Other staff related benefits | **-** | 5,458 | **-** | - |
| | **2,801,606** | 2,731,238 | **156,000** | 155,000 |

## 34. CAPITAL MANAGEMENT

The primary objective of the Group's and the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratio in order to support its business and maximise shareholder value.

The Group and the Company manage its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group and the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies and processes during the financial years ended 31 August 2022 and 31 August 2021.

The Group and the Company monitor capital using gearing ratio. The gearing ratio is calculated as total debts divided by total equity of the Group and the Company. The gearing ratio as at 31 August 2022 and financial year ended 31 August 2021 are as follows:

| | | Group | |
|---|---|---|---|
| | Note | 2022<br>RM | 2021<br>RM |
| Trade and other payables | 20 | **66,123,005** | 46,990,055 |
| Loans and borrowings | 17 | **75,946,725** | 69,557,547 |
| Total debts | | **142,069,730** | 116,547,602 |
| Total equity | | **94,412,733** | 114,743,813 |
| Gearing ratio (times) | | **1.50** | 1.02 |

There were no changes in the Group's approach to capital management during the financial year.

## 34. CAPITAL MANAGEMENT (CONTINUED)

The Group is required to comply with certain debt equity ratios in respect of certain financing and trade facilities. As at 31 August 2022, the Group did not meet the capital gearing ratio required by one of the banks as the Group's capital gearing ratio is 1.2431 times as mentioned in Note 17 to the financial statements.

Gearing ratio are not governed by the MFRSs and their definitions and calculation may vary between reporting entities.

## 35. SEGMENT INFORMATION

The Group prepared the following segment information in accordance with MFRS 8 *Operating Segments* based on the internal reports of the Group's strategic business units which are regularly reviewed by Group Managing Director for the purpose of making decisions about resource allocation and performance assessment.

The two reportable operating segments are as follow:

| Segments | Product and services |
|---|---|
| Malaysia | - Foundation and basement construction; and<br>- Rental of construction machinery and equipment. |
| Indonesia | - Foundation and basement construction. |

Inter-segment pricing is determined on negotiated basis.

## 35. SEGMENT INFORMATION (CONTINUED)

| | Note | Malaysia RM | Indonesia RM | Adjustment and elimination RM | Total RM |
|---|---|---|---|---|---|
| **2022** | | | | | |
| **Revenue:** | | | | | |
| Revenue from external customer | | **144,341,040** | **24,962,372** | **-** | **169,303,412** |
| Inter-segment revenue | A | **17,660,328** | **-** | **(17,660,328)** | **-** |
| | | **162,001,368** | **24,962,372** | **(17,660,328)** | **169,303,412** |
| **Results:** | | | | | |
| *Included in the measure of segment (loss)/profit are:* | | | | | |
| Interest income | | **196,936** | **28,257** | **-** | **225,193** |
| Interest income of financial assets that are carried at fair value through profit or loss | | **52,565** | **-** | **-** | **52,565** |
| Interest expenses | | **(3,428,876)** | **(600,407)** | **-** | **(4,029,283)** |
| Depreciation of investment properties | | **(80,636)** | **-** | **-** | **(80,636)** |
| Depreciation of property, plant and equipment | | **(17,132,752)** | **(2,170,982)** | **236,246** | **(19,067,488)** |
| Employee benefits expense | | **(18,300,711)** | **(2,989,097)** | **-** | **(21,289,808)** |
| Expenses relating to short term lease | | **(29,831,508)** | **(1,115,916)** | **17,660,328** | **(13,287,096)** |
| Impairment loss on: | | | | | |
| - contract assets | | **(10,967,950)** | **(151,077)** | **-** | **(11,119,027)** |
| - trade receivables | | **(68,493)** | **(109,591)** | **-** | **(178,084)** |
| Contract assets written off | | **(380,801)** | **-** | **-** | **(380,801)** |
| Bad debts written off | | **(7,175)** | **-** | **-** | **(7,175)** |
| Reversal of impairment loss on trade receivable | | **371,018** | **-** | **-** | **371,018** |
| Recovery of contract asset | | **2,781,000** | **-** | **-** | **2,781,000** |
| Gain on disposal of property, plant and equipment | | **1,504,135** | **218,371** | **-** | **1,722,506** |
| **Segment (loss)/profit** | | **(32,385,808)** | **2,055,546** | **-** | **(30,330,262)** |
| **Assets:** | | | | | |
| Non-current assets [(1)] | | **57,979,025** | **12,459,053** | **-** | **70,438,078** |

## 35. SEGMENT INFORMATION (CONTINUED)

| | Note | Malaysia RM | Indonesia RM | Adjustment and elimination RM | Total RM |
|---|---|---|---|---|---|
| **2021** | | | | | |
| **Revenue:** | | | | | |
| Revenue from external customer | | **113,272,740** | **8,829,318** | **-** | **122,102,058** |
| Inter-segment revenue | A | **21,284,418** | **-** | **(21,284,418)** | **-** |
| | | **134,557,158** | **8,829,318** | **(21,284,418)** | **122,102,058** |
| **Results:** | | | | | |
| *Included in the measure of segment profit are:* | | | | | |
| Dividend income | | **(783,476)** | **-** | **783,476** | **-** |
| Interest income | | **243,741** | **56,977** | **-** | **300,718** |
| Interest income of financial assets that are carried at fair value through profit or loss | | **70,487** | **-** | **-** | **70,487** |
| Interest expenses | | **(2,689,184)** | **(337,182)** | **-** | **(3,026,366)** |
| Depreciation of investment properties | | **(80,095)** | **-** | **-** | **(80,095)** |
| Depreciation of property, plant and equipment | | **(17,323,872)** | **(1,653,475)** | **242,615** | **(18,734,732)** |
| Employee benefits expense | | **(17,931,920)** | **(2,656,206)** | **-** | **(20,588,126)** |
| Expenses relating to short term lease | | **(30,386,705)** | **(437,456)** | **21,284,418** | **(9,539,743)** |
| Impairment loss on: | | | | | |
| - contract assets | | **(2,193,392)** | **-** | **-** | **(2,193,392)** |
| - trade receivables | | **(1,531,743)** | **(35,592)** | **-** | **(1,567,335)** |
| - other receivables | | **(31,756)** | **-** | **-** | **(31,756)** |
| Contract assets written off | | **(5,639,917)** | **-** | **-** | **(5,639,917)** |
| Bad debts written off | | **(230,445)** | **-** | **-** | **(230,445)** |
| Reversal of impairment loss on trade receivable | | **29,498** | **-** | **-** | **29,498** |
| Gain on disposal of property, plant and equipment | | **227,333** | **-** | **-** | **227,333** |
| **Segment profit** | | **(23,987,294)** | **1,102,513** | **-** | **(22,884,781)** |
| **Assets:** | | | | | |
| Non-current assets [1] | | **61,916,615** | **7,910,322** | **-** | **69,826,937** |

[1] Non-current assets excluded other receivables.

**A Inter-segment revenue**

Inter-segment revenues are eliminated on consolidation.

## 35. SEGMENT INFORMATION (CONTINUED)

Information about major customers

The major customers with revenue equal to or more than 10% of the Group revenue are as follow:

| | Segment | Group 2022 RM |
|---|---|---|
| Customer A | Malaysia | **33,127,157** |
| Customer B | Malaysia | **24,817,456** |
| Customer C | Malaysia | **16,537,381** |
| | | **74,481,994** |

| | Segment | Group 2021 RM |
|---|---|---|
| Customer A | Malaysia | 21,278,182 |
| Customer B | Malaysia | 32,939,867 |
| | | 54,218,049 |

# STATEMENT BY DIRECTORS

(Pursuant to Section 251(2) of the Companies Act 2016)

We, **PANG TSE FUI** and **LOKE KIEN TUCK**, being two of the directors of ANEKA JARINGAN HOLDINGS BERHAD, do hereby state that in the opinion of the directors, the accompanying financial statements are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirement of 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 at 31 August 2022 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of Board of Directors in accordance with a resolution of the directors.

……………………………....

**PANG TSE FUI**
Director

………………………………

**LOKE KIEN TUCK**
Director

Kuala Lumpur
Date: 14 December 2022

# STATUTORY DECLARATION

(Pursuant to Section 251(1) of the Companies Act 2016)

I, **STEVEN KOH**, being the officer primarily responsible for the financial management of ANEKA JARINGAN HOLDINGS BERHAD, do solemnly and sincerely declare that to the best of my knowledge and belief, the accompanying financial statements are correct, and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

…………………………………………..

**STEVEN KOH**
**(MIA Membership No: 10420)**

Subscribed and solemnly declared by the abovenamed at Kuala Lumpur in the Federal Territory on 14 December 2022.

Before me,

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Commissioner for Oaths

# INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF ANEKA JARINGAN HOLDINGS BERHAD (Incorporated in Malaysia)

## Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of Aneka Jaringan Holdings Berhad, which comprise the statements of financial position as at 31 August 2022 of the Group and of the Company, and the statements of 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 58 to 157.

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

### Basis for Opinion

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

*Independence and Other Ethical Responsibilities*

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

### Key Audit Matters

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

**Key Audit Matters (continued)**

**Group**

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**Revenue recognition for construction activities (Note 4.3 and Note 22 to the financial statements)**

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The amount of revenue of the Group's construction activities is recognised over the period of contract by reference to the progress towards complete satisfaction of that performance obligation. The progress towards complete satisfaction of performance obligation is determined by reference to proportion on construction cost incurred for works performed to date bear to the estimated total costs for each project (input method).

We focused on this area because significant Group's judgement is required, in particular with regards to determining the progress towards complete satisfaction of performance obligation, the extent of the construction costs incurred, the estimated total construction contracts revenue and costs, as well as recoverability of the construction contracts projects.

**Our audit response:**

Our audit procedures included, among others,

- reading the terms and conditions of agreements with customers;
- understanding the Group's process in preparing project budget and the calculation of the progress towards complete satisfaction of performance obligation;
- comparing Group's major assumptions to contractual terms and discussing with project manager on the changes in the assumptions from previous financial year; and
- checking the mathematical computation of recognised revenue for the projects during the year.

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**Trade receivables and contract assets (Note 4.2, Note 9 and Note 10 to the financial statements)**

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The Group has significant trade receivables and contract assets as at 31 August 2022. We focused on this area because the Group made significant judgements and the level of uncertainty involved on assessing customer's specific conditions, credit history as well as forward looking information. In making these assumptions, the Group has assessed the allowances for impairment loss of trade receivables and contract assets on an individual basis.

**Our audit response:**

Our audit procedures included, among others:

- understanding the design and implementation of controls associated with monitoring of outstanding receivables and contract assets and impairment calculation;
- developing understanding of significant credit exposures which were significantly overdue or deemed to be in default through analysis of ageing reports and other collection prepared by management;
- obtaining confirmation of balances from selected receivables;
- checking subsequent receipts, customer correspondence, and considering level of activity with the customer and management explanation on recoverability with significantly past due balances; and
- assessing the reasonableness of impairment loss provided as at the end of the reporting period.

**Key Audit Matters (continued)**

**Group (continued)**

**Funding requirements and ability to meet short term obligations (Note 4.1 to the financial statements)**

At 31 August 2022, the Group and the Company had recorded negative operating cash flows of RM5,865,192 and RM549,865 respectively. Meanwhile, the Group's short-term loans and borrowings were RM54,467,897 as at 31 August 2022.

The Group has prepared a cash flow forecast to consider the availability of funds in supporting the management of liquidity risk that the Group will have sufficient financial resources for a period of at least 12 months from the end of the financial year. Significant assumptions and judgements are used in the preparation of the cash flow forecast.

We focused on this area because significant assumptions and judgements by directors are used in the preparation of the cash flow forecast.

**Our response:**

Our audit procedures included, among others:

- reading and discussing the cash flow forecast prepared by the Group;
- discussing the Group's assumptions in the cash flow forecast in relation to key inputs;
- performing stress tests for a range of reasonably possible scenarios; and
- testing the mathematical accuracy of the cash flow forecast calculation.

**Company**

**Investment in a subsidiary (Note 4.4 and Note 7 to the financial statements)**

The Company has significant balance of investment in a subsidiary, namely Aneka Jaringan Sdn. Bhd.. The Company has assessed whether there is any indication that the cost of investment in the subsidiary is impaired at the end of each reporting date. Impairment is measure by comparing the carrying amount of an asset with its recoverable amount. Recoverable amount is measured at the higher of the fair value less cost to sell for that asset and its value-in-use ("VIU").

We focused on this area because the Company's assessment of the recoverable amount involved significant judgement. The recoverable amount of investment in the subsidiary was determined based on VIU. Cash flow projections used in the VIU calculation is based on forecasts approved by management applied in the recoverable amount calculation. The assumption supporting the underlying cash flow projections which include future revenue, gross profit margins, discount rate and operation expenses.

**Our response:**

Our audit procedures focused on evaluating the cash flow projections and the Company's forecasting procedures which included, among others:

- comparing the actual results with previous budget to assess the performance of the business and reliability of the forecasting process;
- comparing the Company's assumptions to our assessments in relation to key assumptions to assess their reasonableness and achievability of the projections; and
- testing the mathematical accuracy of the cash flow forecast calculation.

**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 the 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.

The directors of the Company are responsible for overseeing the Group's financial reporting process.

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

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

**Auditors' Responsibilities for the Audit of the Financial Statements (continued)**

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

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

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

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

# INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF ANEKA JARINGAN HOLDINGS BERHAD (Incorporated in Malaysia)

**Report on Other Legal and Regulatory Requirements**

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiary of which we have not acted as auditors, is disclosed in Note 7 to the financial statements.

**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 contents of this report.

Baker Tilly Monteiro Heng PLT
201906000600 (LLP0019411-LCA) & AF 0117
Chartered Accountants

Ng Jou Yin
No. 03460/11/2023 J
Chartered Accountant

Kuala Lumpur
Date: 14 December 2022

# LIST OF PROPERTIES HELD BY THE GROUP

| | Location/Description | Tenure/ Usage | Approximate Land Area/ Built Up (sq ft) | Approximate Age/(Years) | Date of Acquisition | Net Book Value as at 31 August 2022 (RM) |
|---|---|---|---|---|---|---|
| 1 | PT 1319, Kawasan Perusahaan Sungai Bakau, Mukim Rawang, 48000 Rawang, Selangor<br><br><u>Title Details</u><br>PM 2686, Lot 1290, Bandar Kundang, Tempat Sungai Bakau, Daerah Gombak, Negeri Selangor<br><br>Industrial land | 99 years' leasehold expiring on 14 December 2091 / Storage, repair and maintenance area for construction machinery equipment | 109,060/- | 14 | 15 February, 2008 | 1,842,803 |
| 2 | Parcel No. K-2-1, K-2-1M, K-2-2 and K-2-3, Pusat Perdagangan Bandar Bukit Jalil, Persiaran Jalil 2, Bukit Jalil, 57000 Wilayah Persekutuan Kuala Lumpur<br><br><u>Title Details</u><br>Geran 79551, Lot 101900, Mukim Petaling, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan Kuala Lumpur<br><br>4-storey stratified shop offices | Freehold / Head office | 8,569/- | 4 | 22 January, 2016 | 6,095,235 |
| 3 | S-17-06, Idaman Robertson, 109, Jalan Pudu, 50150 Wilayah Persekutuan Kuala Lumpur<br><br><u>Title Details</u><br>Geran 78365, Lot 20018 seksyen 56, Bandar Kuala Lumpur, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan Kuala Lumpur<br><br>Service apartment | Freehold / Investment property | 624/- | 7 | 6 February, 2015 | 886,999 |
| 4 | Parcel No. B-G-25, B-1-25, B-2-25, B-3-25, Dataran Cascades, 13A, Jalan PJU 5/1, Kota Damansara, 47810 Petaling Jaya, Selangor<br><br><u>Title Details</u><br>PN 97964, Lot 53298, Pekan Baru Sungai Buloh, Daerah Petaling, Negeri Selangor<br><br>Service apartment | 99 years' leasehold expiring on 01 February 2106 / Investment property | 5,590/- | 12 | 18 October, 2010 | 3,042,435 |

# LIST OF PROPERTIES HELD BY THE GROUP

| | Location/Description | Tenure/ Usage | Approximate Land Area/ Built Up (sq ft) | Approximate Age/(Years) | Date of Acquisition | Net Book Value as at 31 August 2022 (RM) |
|---|---|---|---|---|---|---|
| 5 | D-21-06, Menara Mitraland, 13A, Jalan PJU 5/1, Kota Damansara, 47810 Petaling Jaya, Selangor<br><br>Title Details<br>PN 97964, Lot 53298, Pekan Baru Sungai Buloh, Daerah Petaling, Negeri Selangor<br><br>Office unit | 99 years' leasehold expiring on 01 February 2106 / Investment property | 1,020/- | 11 | 23 August, 2011 | 557,451 |
| 6 | Parcel No. A-35-05<br><br>Title Details<br>Geran 10567, Lot 258 Seksyen 89A, Bandar Kuala Lumpur, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan Kuala Lumpur<br><br>Condominium | Freehold / Investment property | 710/- | NIL | 18 May, 2020 | N/A (work in progress) |
| 7 | Parcel No. A-35-07<br><br>Title Details<br>Geran 10567, Lot 258 Seksyen 89A, Bandar Kuala Lumpur, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan Kuala Lumpur<br><br>Condominium | Freehold / Investment property | 554/- | NIL | 18 May, 2020 | N/A (work in progress) |
| 8 | C-36-03, Residensi Vivo, 9 Seputeh, No. 20, Jalan Telok Datok, Off Jalan Kelang Lama, 58100 Kuala Lumpur<br><br>Title Details<br>Pajakan Negeri 52986 No. Bangunan M1C, No. Tingkat 36, No. Petak 617, Lot 20033, Seksyen 98, Petak Aksesori A369 Bandar Kuala Lumpur, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan Kuala Lumpur<br><br>Condominium | 99 years' leasehold expiring on 11 May 2113 / Investment property | 1,249/- | 1 | 3 June, 2022 | 1,351,259 |

# ANALYSIS OF SHAREHOLDINGS

as at 1 December 2022

| | | |
|---|---|---|
| Class of Shares | : | Ordinary shares (“Shares”) |
| Voting Rights | : | One (1) vote per Share |
| Total Number of Issued Shares | : | 591,935,000 |

## DISTRIBUTION OF SHAREHOLDINGS AS AT 1 DECEMBER 2022 AS PER RECORD OF DEPOSITORS (“ROD”)

| Size of Shareholdings | No. of Shareholders | % | No. of Shares Held | % |
|---|---|---|---|---|
| Less than 100 | 5 | 0.23 | 280 | 0.00 |
| 100 - 1,000 | 184 | 8.25 | 104,700 | 0.02 |
| 1,001 - 10,000 | 803 | 36.01 | 5,219,700 | 0.88 |
| 10,001 - 100,000 | 989 | 44.35 | 36,951,520 | 6.24 |
| 100,001 to 29,596,749 | 242 | 10.85 | 169,298,800 | 28.60 |
| 29,596,750 and above | 7 | 0.31 | 380,360,000 | 64.26 |
| **Total** | 2,230 | 100.00 | 591,935,000 | 100.00 |

## DIRECTORS’ SHAREHOLDINGS AS AT 1 DECEMBER 2022

(based on the Register of Directors’ Shareholdings)

| | Direct | | Indirect | |
|---|---|---|---|---|
| Name of Directors | No. of Shares Held | % | No. of Shares Held | % |
| Dato' Ir. Tan Gim Foo | 200,000 | 0.03 | - | - |
| Pang Tse Fui | 99,552,500 | 16.82 | - | - |
| Ir. Chong Ngit Sooi | 99,552,500 | 16.82 | - | - |
| Loke Kien Tuck | 99,552,500 | 16.82 | 13,000* | Negligible |
| Dato' Noraini binti Abdul Rahman | 200,000 | 0.03 | - | - |
| Wee Kee Hong | 50,000 | 0.01 | - | - |

* *Deemed interest by virtue of Section 59(11)(c) of the Companies Act 2016 through shareholding held by his daughter, Loke Cheng Mun.*

# ANALYSIS OF SHAREHOLDINGS

as at 1 December 2022

## SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS AS AT 1 DECEMBER 2022

(based on the Register of Substantial Shareholders' Shareholdings)

| Name of Substantial Shareholders | Direct | | Indirect | |
|---|---|---|---|---|
| | No. of Shares Held | % | No. of Shares Held | % |
| Tan Hoon Thean | 81,702,500 | 13.80 | 5,000[1] | Negligible |
| Pang Tse Fui | 99,552,500 | 16.82 | - | - |
| Ir. Chong Ngit Sooi | 99,552,500 | 16.82 | - | - |
| Loke Kien Tuck | 99,552,500 | 16.82 | 13,000[2] | Negligible |

[1] *Deemed interest by virtue of the shareholding of his son, Tan Chun Xiang.*

[2] *Deemed interest by virtue of the shareholding of his daughter, Loke Cheng Mun.*

## THIRTY LARGEST SHAREHOLDERS AS AT 1 DECEMBER 2022 AS PER ROD

| No. | Name | No. of Shares Held | % |
|---|---|---|---|
| 1. | TAN HOON THEAN | 81,702,500 | 13.803 |
| 2. | IR. CHONG NGIT SOOI | 59,552,500 | 10.061 |
| 3. | LOKE KIEN TUCK | 59,552,500 | 10.061 |
| 4. | PANG TSE FUI | 59,552,500 | 10.061 |
| 5. | AMSEC NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR IR. CHONG NGIT SOOI | 40,000,000 | 6.757 |
| 6. | AMSEC NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR LOKE KIEN TUCK | 40,000,000 | 6.757 |
| 7. | AMSEC NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR PANG TSE FUI | 40,000,000 | 6.757 |
| 8. | CGS-CIMB NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR ONG CHOO MENG (DATO') (MY3918) | 26,000,000 | 4.392 |
| 9. | MAYBANK NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR CHIAU HAW CHOON | 22,240,000 | 3.757 |
| 10. | CGS-CIMB NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR TAN HWA SING (MP0486) | 10,600,500 | 1.791 |
| 11. | AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR YEOH HOCK SENG | 10,000,000 | 1.689 |

# ANALYSIS OF SHAREHOLDINGS

as at 1 December 2022

### THIRTY LARGEST SHAREHOLDERS AS AT 1 DECEMBER 2022 AS PER ROD (CONTINUED)

| No. | Name | No. of Shares Held | % |
|---|---|---|---|
| 12. | CGS-CIMB NOMINEES (TEMPATAN) SDN. BHD.<br>PLEDGED SECURITIES ACCOUNT FOR POR TEONG ENG (MY3923) | 4,340,000 | 0.733 |
| 13. | CHIAU BENG TEIK | 4,000,000 | 0.676 |
| 14. | CHEAH HAM CHEIA | 3,000,000 | 0.507 |
| 15. | KHOO KEOW PIN | 2,955,000 | 0.499 |
| 16. | LIM KOON CHEE | 2,894,700 | 0.489 |
| 17. | LIEW HAU SENG | 2,200,000 | 0.372 |
| 18. | CHEN FARN KEITH | 2,000,000 | 0.338 |
| 19. | CHONG KOK KEONG | 2,000,000 | 0.338 |
| 20. | SELISA SYNERGY SDN. BHD. | 2,000,000 | 0.338 |
| 21. | SOW SIAN | 2,000,000 | 0.338 |
| 22. | PUBLIC NOMINEES (TEMPATAN) SDN. BHD.<br>PLEDGED SECURITIES ACCOUNT FOR HOW CHEE KEONG (E-SS2) | 1,932,100 | 0.326 |
| 23. | CHUAH TEONG PENG | 1,860,000 | 0.314 |
| 24. | KENANGA NOMINEES (TEMPATAN) SDN. BHD.<br>RAKUTEN TRADE SDN. BHD. FOR TEH ENG HAI | 1,665,900 | 0.281 |
| 25. | CHONG MEE SIN | 1,544,500 | 0.261 |
| 26. | MAYBANK NOMINEES (TEMPATAN) SDN. BHD.<br>PLEDGED SECURITIES ACCOUNT FOR TONG BEE LAN | 1,500,000 | 0.253 |
| 27. | TAN SOW CHAN | 1,475,000 | 0.249 |
| 28. | CGS-CIMB NOMINEES (TEMPATAN) SDN. BHD.<br>PLEDGED SECURITIES ACCOUNT FOR LOONG DING TONG (MY3120) | 1,468,400 | 0.248 |
| 29. | TERENCE NGU TAI LOONG | 1,391,000 | 0.235 |
| 30. | LEONG NGAK KEONG | 1,073,000 | 0.181 |

# ANALYSIS OF WARRANT HOLDINGS

as at 1 December 2022

| | | |
|---|---|---|
| Total number of unexercised Warrants | : | 295,930,000 |
| Exercise price per Warrant | : | RM0.135 |
| Issue date | : | 21 June 2022 |
| Maturity date | : | 20 June 2025 |

## DISTRIBUTION OF WARRANT HOLDINGS AS AT 1 DECEMBER 2022 AS PER RECORD OF DEPOSITORS ("ROD")

| Size of Warrant Holdings | No. of Warrant Holders | % | No. of Warrants Held | % |
|---|---:|---:|---:|---:|
| Less than 100 | 71 | 3.53 | 3,490 | 0.00 |
| 100 - 1,000 | 209 | 10.39 | 107,650 | 0.03 |
| 1,001 - 10,000 | 928 | 46.15 | 4,876,550 | 1.65 |
| 10,001 - 100,000 | 673 | 33.46 | 24,731,710 | 8.36 |
| 100,001 to 14,796,499 | 124 | 6.17 | 80,730,600 | 27.28 |
| 14,796,500 and above | 6 | 0.30 | 185,480,000 | 62.68 |
| **Total** | 2,011 | 100.00 | 295,930,000 | 100.00 |

## DIRECTORS' WARRANT HOLDINGS AS AT 1 DECEMBER 2022

(based on the Register of Directors' Warrant Holdings)

| | Direct | | Indirect | |
|---|---:|---:|---:|---:|
| Name of Directors | No. of Warrants Held | % | No. of Warrants Held | % |
| Dato' Ir. Tan Gim Foo | 100,000 | 0.03 | - | - |
| Pang Tse Fui | 49,776,250 | 16.82 | - | - |
| Ir. Chong Ngit Sooi | 49,776,250 | 16.82 | - | - |
| Loke Kien Tuck | 49,776,250 | 16.82 | 6,500* | Negligible |
| Dato' Noraini binti Abdul Rahman | 100,000 | 0.03 | - | - |
| Wee Kee Hong | 25,000 | 0.01 | - | - |

* *Deemed interest by virtue of Section 59(11)(c) of the Companies Act 2016 through warrant holding held by his daughter, Loke Cheng Mun.*

# ANALYSIS OF WARRANT HOLDINGS

as at 1 December 2022

### THIRTY LARGEST WARRANT HOLDERS AS AT 1 DECEMBER 2022 AS PER ROD

| No. | Name | No. of Warrants Held | % |
|---|---|---|---|
| 1. | TAN HOON THEAN | 50,851,250 | 17.184 |
| 2. | IR. CHONG NGIT SOOI | 35,076,250 | 11.853 |
| 3. | LOKE KIEN TUCK | 34,976,500 | 11.819 |
| 4. | PANG TSE FUI | 34,976,500 | 11.819 |
| 5. | AMSEC NOMINEES (TEMPATAN) SDN. BHD.<br>PLEDGED SECURITIES ACCOUNT FOR LOKE KIEN TUCK | 14,799,750 | 5.001 |
| 6. | AMSEC NOMINEES (TEMPATAN) SDN. BHD.<br>PLEDGED SECURITIES ACCOUNT FOR PANG TSE FUI | 14,799,750 | 5.001 |
| 7. | AMSEC NOMINEES (TEMPATAN) SDN. BHD.<br>PLEDGED SECURITIES ACCOUNT FOR IR. CHONG NGIT SOOI | 14,700,000 | 4.967 |
| 8. | CGS-CIMB NOMINEES (TEMPATAN) SDN. BHD.<br>PLEDGED SECURITIES ACCOUNT FOR ONG CHOO MENG (DATO') (MY3918) | 13,000,000 | 4.393 |
| 9. | CHIAU BENG TEIK | 7,881,700 | 2.663 |
| 10. | CGS-CIMB NOMINEES (TEMPATAN) SDN. BHD.<br>PLEDGED SECURITIES ACCOUNT FOR LOONG DING TONG (MY3120) | 3,983,400 | 1.346 |
| 11. | CHEAH HAM CHEIA | 1,500,000 | 0.507 |
| 12. | KHOO KEOW PIN | 1,477,500 | 0.499 |
| 13. | LIM KOON CHEE | 1,447,350 | 0.489 |
| 14. | LIEW HAU SENG | 1,100,000 | 0.372 |
| 15. | LOH YU TEE | 1,035,100 | 0.350 |
| 16. | CHEN FARN KEITH | 1,000,000 | 0.338 |
| 17. | CHONG KOK KEONG | 1,000,000 | 0.338 |
| 18. | SOW SIAN | 1,000,000 | 0.338 |
| 19. | CHUAH TEONG PENG | 885,300 | 0.299 |
| 20. | LEE MING YIAN | 840,000 | 0.284 |
| 21. | KENANGA NOMINEES (TEMPATAN) SDN. BHD.<br>RAKUTEN TRADE SDN. BHD. FOR TEH ENG HAI | 832,950 | 0.281 |
| 22. | GAN WEE MENG | 776,100 | 0.262 |
| 23. | PUBLIC NOMINEES (TEMPATAN) SDN. BHD.<br>PLEDGED SECURITIES ACCOUNT FOR TAN HOCK CHAI (E-KLG) | 757,800 | 0.256 |
| 24. | MAYBANK NOMINEES (TEMPATAN) SDN. BHD.<br>PLEDGED SECURITIES ACCOUNT FOR TONG BEE LAN | 750,000 | 0.253 |
| 25. | CHIN KEIT FAH | 746,300 | 0.252 |
| 26. | TAN SOW CHAN | 737,500 | 0.249 |
| 27. | CHAN SENG WAI | 720,000 | 0.243 |
| 28. | CHONG MEE SIN | 669,650 | 0.226 |
| 29. | MAYBANK NOMINEES (TEMPATAN) SDN. BHD.<br>PLEDGED SECURITIES ACCOUNT FOR LOK BOON CHENG | 625,000 | 0.211 |
| 30. | PUBLIC NOMINEES (TEMPATAN) SDN. BHD.<br>PLEDGED SECURITIES ACCOUNT FOR LIM HOCK CHUA (E-KLC) | 600,000 | 0.203 |

# NOTICE OF FOURTH ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the Fourth Annual General Meeting ("AGM") of Aneka Jaringan Holdings Berhad ("the Company") will be conducted on a fully virtual basis and entirely via remote participation and voting via the online meeting platform https://meeting.boardroomlimited.my (Domain Registration No. with MYNIC: D6A357657) provided by Boardroom Share Registrars Sdn. Bhd. in Malaysia on Thursday, 16 February 2023 at 10.00 a.m. or at any adjournment thereof, to transact the following business:-

## ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 August 2022 and the Reports of Directors and Auditors thereon. ***Please refer to Explanatory Note***

2. To approve the payment of Directors' Fees and benefits of up to RM220,000.00 from 17 February 2023 until the conclusion of the next AGM of the Company. ***Resolution 1***

3. To re-elect Dato' Noraini binti Abdul Rahman as Director who is retiring by rotation pursuant to the Company's Constitution. ***Resolution 2***

4. To re-elect Wee Kee Hong as Director who is retiring by rotation pursuant to the Company's Constitution. ***Resolution 3***

5. To re-appoint Baker Tilly Monteiro Heng PLT as Auditors of the Company and to authorise the Directors to fix their remuneration. ***Resolution 4***

## SPECIAL BUSINESS

To consider and if thought fit, to pass, with or without modification(s), the following resolutions:-

6. **ORDINARY RESOLUTION**
   **AUTHORITY FOR DIRECTORS TO ISSUE SHARES** ***Resolution 5***

   "THAT pursuant to Sections 75 and 76 of the Companies Act 2016, and subject to the ACE Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities") and the approvals of the relevant governmental and/or regulatory authorities (if any), the Directors be and are hereby empowered to issue and allot new shares in the Company at any time, to such person or persons, upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, without first offer to holders of existing issued shares of the Company, provided that the aggregate number of shares issued pursuant to this resolution does not exceed ten per cent (10%) of the total number of issued shares of the Company at the time of issue AND THAT the Directors be and are also empowered to obtain the approval from Bursa Securities for the listing and quotation of the additional shares so issued AND THAT such authority shall continue to be in force until the conclusion of the next annual general meeting of the Company.

   THAT pursuant to Section 85 of the Companies Act 2016 to be read together with Clause 63 of the Constitution of the Company, the shareholders of the Company do hereby waive their pre-emptive rights over all new shares to be issued pursuant to Sections 75 and 76 of the Companies Act 2016."

7. **ORDINARY RESOLUTION**
**PROPOSED NEW SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE ("PROPOSED SHAREHOLDERS' MANDATE")** ***Resolution 6***

"THAT subject always to the provisions of the Listing Requirements of Bursa Securities, approval be and is hereby given to the Company and/or its subsidiaries to enter into Recurrent Related Party Transactions of a revenue or trading nature as stated in Section 2.6 of the Circular to Shareholders dated 28 December 2022 ("Circular") with the specified classes of related parties mentioned therein which are necessary for the Group's day-to-day operations and are carried out in the ordinary course of business and are on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not detrimental to the minority shareholders of the Company.

THAT the approval shall continue to be in force until:-

(i) the conclusion of the next AGM of the Company following the AGM at which such mandate was passed, at which time it will lapse, unless by a resolution passed at the AGM whereby the authority is renewed;

(ii) the expiration of the period within which the next AGM of the Company is required to be held pursuant to Section 340(2) of the Companies Act 2016 ("the Act") (but must not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or

(iii) revoked or varied by resolution passed by the shareholders in general meeting,

whichever is the earlier.

AND THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary or in the interests of the Company to give effect to the Proposed Shareholders' Mandate described in the Circular."

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

**By Order of the Board**
**ANEKA JARINGAN HOLDINGS BERHAD**

**TAN FONG SHIAN (SSM PC No. 201908004045) (MAICSA 7023187)**
**LIEW CHAK HOOI (SSM PC No. 201908004042) (MAICSA 7055965)**
Secretaries
Kuala Lumpur

28 December 2022

# NOTICE OF FOURTH ANNUAL GENERAL MEETING

**Notes:-**

*(1) The Fourth AGM will be conducted on a fully virtual basis. Shareholders are to participate and vote remotely at the Fourth AGM via the remote participation and voting platform.*

***Please read these Notes carefully and follow the procedures in the Administrative Guide for the Fourth AGM in order to participate remotely.***

*(2) A member of the Company entitled to participate and vote at this meeting is entitled to appoint a proxy to participate and vote instead of him. A proxy need not be a member of the Company. Where a member appoints more than one (1) proxy, such appointment shall be invalid unless the member specifies the proportion of his shareholding to be represented by each proxy.*

*(3) Where a member of the Company is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 which holds ordinary shares in the Company for multiple beneficial owners in one (1) 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.*

*(4) Only a depositor whose name appears in the Company's Record of Depositors as at 9 February 2023 shall be regarded as a member and entitled to participate and vote at this meeting or appoint proxy(ies) to participate and vote on his/her behalf.*

*(5) The instrument appointing a proxy shall be in writing under the hand of the appointer or of his 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 and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited with the Company's Share Registrar, Boardroom Share Registrars Sdn. Bhd. at 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan not less than forty-eight (48) hours before the time for holding the meeting or adjourned meeting, or by electronic means through Boardroom Smart Investor Portal at https://investor.boardroomlimited.com not less than forty-eight (48) hours before the time for holding the meeting or adjourned meeting. Kindly refer to the Administrative Guide for the Fourth AGM on the procedures for electronic lodgement.*

*(7) Pursuant to Rule 8.31A of the ACE Market Listing Requirements of Bursa Securities, all resolutions set out in this notice of Fourth AGM will be put to vote by poll.*

*(8) The Personal Data Protection Act 2010, which regulates the processing of personal data in commercial transactions, applies to the Company. By providing to us your personal data which may include your name, contact details and mailing address, you hereby consent, agree and authorise the processing and/or disclosure of any personal data of or relating to you for the purposes of issuing the notice of this meeting and convening the meeting, including but not limited to preparation and compilation of documents and other matters, whether or not supplied by you. You further confirm to have obtained the consent, agreement and authorisation of all persons whose personal data you have disclosed and/or processed in connection with the foregoing.*

## EXPLANATORY NOTES

### Audited Financial Statements

The Audited Financial Statements are laid in accordance with Section 340(1)(a) of the Companies Act 2016 for discussion only. They do not require shareholders' approval and hence, shall not be put forward for voting.

### Re-election of Directors

The profiles of the Directors seeking for re-election are set out in the Board of Directors' Profiles section of the Company's Annual Report 2022. In accordance with Clause 109 of the Company's Constitution, an election of Directors shall take place every year. One-third (1/3) of the Directors for the time being, or, if their number is not three (3) or a multiple of three (3), then the number nearest to one-third (1/3) shall retire from office and be eligible for re-election provided always that all the Directors shall retire from office once at least in each three (3) years but shall be eligible for re-election. Both Dato' Noraini binti Abdul Rahman ("Dato' Noraini") and Mr. Wee Kee Hong ("Mr. Wee"), being eligible, have offered themselves for re-election.

The Nomination Committee and the Board had reviewed the declaration of independence by Dato' Noraini and Mr. Wee who do not have any conflict of interest with the Company, and were satisfied with the contribution of both Dato' Noraini and Mr. Wee who had provided independent views, advices and judgements being independent Directors.

The Board recommends the re-election of Dato' Noraini and Mr. Wee.

### Resolution 5 – Authority for Directors to Issue Shares

This proposed resolution, if passed, will renew the authority given to the Directors of the Company to issue and allot new shares in the Company at any time, to such person or persons, upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit ("General Mandate"), provided that the number of shares issued pursuant to this General Mandate, when aggregated with the number of shares issued during the preceding twelve (12) months, does not exceed 10% of the total number of issued shares of the Company at the time of issue. This renewed General Mandate, unless revoked or varied at a general meeting, will expire at the conclusion of the next AGM of the Company.

With this renewed General Mandate, the Company will be able to raise funds expeditiously for the purpose of funding future investment, working capital, repayment of banking facilities and/or acquisition(s) without having to convene a general meeting to seek shareholders' approval when such opportunities or needs arise.

The Company had on 16 December 2021 announced to Bursa Securities to undertake a private placement of up to 53,810,000 new ordinary shares in the Company ("Placement Shares") ("Private Placement"). A total of 53,810,000 Placement Shares had been issued and allotted, with total proceeds raised amounting to RM9,685,800.00. The proceeds raised were utilised as follows:-

| | Details of utilisation | Proposed utilisation (based on the indicative issue price of RM0.19 per Placement Share announced on 16 December 2021) RM'000 | Actual utilisation (based on proceeds received on the issue price of RM0.18 per Placement Share fixed on 12 May 2022) RM'000 | Balance to be utilised RM'000 |
|---|---|---|---|---|
| 1. | Working capital | 3,924 | 3,523 | - |
| 2. | Repayment of borrowings for trade purposes | 6,000 | 6,000 | - |
| 3. | Estimated expenses in relation to the Proposals* | 300 | 163 | - |
| | **Total** | **10,224** | **9,686** | **-** |

*The Private Placement which had been completed on 25 May 2022 and the bonus issue of 295,955,000 warrants which had been completed on 24 June 2022.

**Resolution 6 – Proposed Shareholders' Mandate**

This proposed resolution, if passed, will authorise the Company and/or its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature, particulars of which are as set out in the Circular to Shareholders dated 28 December 2022. This authority, unless revoked or varied by the Company in a general meeting, will expire at the next AGM of the Company.

# STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

(PURSUANT TO RULE 8.29(2) OF THE ACE MARKET LISTING REQUIREMENTS OF BURSA SECURITIES)

No individual is standing for election as Director at the forthcoming Fourth AGM of the Company.

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# FORM OF PROXY

**Aneka Jaringan Holdings Berhad**
(Registration No. 201801030681 (1292707-D))
(Incorporated in Malaysia)

| | |
|---|---|
| **Number of Shares Held** | |
| **CDS Account No.** | |

I/We ______________________________ NRIC/Passport/Company No. ________________________
(full name in block letters)

of ____________________________________________________________________________
(full address)

being a member of Aneka Jaringan Holdings Berhad ("Company"), hereby appoint

| **Full name and NRIC/Passport No.** | **Address** | **Proportion of shareholding (%) to be represented** |
|---|---|---|
| | | |
| **Contact No.** | **Email Address** | |
| | | |

*and/or failing him/her,

| **Full name and NRIC/Passport No.** | **Address** | **Proportion of shareholding (%) to be represented** |
|---|---|---|
| | | |
| **Contact No.** | **Email Address** | |
| | | |

or failing him/her, #the Chairman of the meeting as my/our proxy to vote for me/us and on my/our behalf at the **Fourth Annual General Meeting** ("AGM") of the Company to be conducted on a fully virtual basis and entirely via remote participation and voting via the online meeting platform https://meeting.boardroomlimited.my (Domain Registration No. with MYNIC: D6A357657) provided by Boardroom Share Registrars Sdn. Bhd. in Malaysia on Thursday, 16 February 2023 at 10.00 a.m. or at any adjournment thereof, and to vote as indicated below:-

| NO. | RESOLUTIONS | FOR | AGAINST |
|---|---|---|---|
| **ORDINARY BUSINESS** | | | |
| 1. | To approve the payment of Directors' Fees and benefits of up to RM220,000.00 from 17 February 2023 until the conclusion of the next AGM of the Company | | |
| 2. | To re-elect Dato' Noraini binti Abdul Rahman as Director | | |
| 3. | To re-elect Wee Kee Hong as Director | | |
| 4. | To re-appoint Baker Tilly Monteiro Heng PLT as Auditors and to authorise the Directors to fix their remuneration | | |
| **SPECIAL BUSINESS** | | | |
| 5. | Authority for Directors to issue shares | | |
| 6. | Proposed Shareholders' Mandate | | |

*(Please indicate with an " √ " or " X " in the spaces above on how you wish your votes to be cast. In the absence of specific directions, your proxy will vote or abstain as he/she thinks fit.)*

* Delete if not applicable.

\# Delete the words "Chairman of the Meeting" if you wish to only appoint other person(s) to be your proxy(ies).

Dated this:

______________________________
Signature/Common Seal of Shareholder

***Notes:-***

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*(5) The instrument appointing a proxy shall be in writing under the hand of the appointer or of his 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 and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited with the Company's Share Registrar, Boardroom Share Registrars Sdn. Bhd. at 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan not less than forty-eight (48) hours before the time for holding the meeting or adjourned meeting, or by electronic means through Boardroom Smart Investor Portal at https://investor.boardroomlimited.com not less than forty-eight (48) hours before the time for holding the meeting or adjourned meeting. Kindly refer to the Administrative Guide for the Fourth AGM on the procedures for electronic lodgement.*

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AFFIX
STAMP

The Share Registrar of
**ANEKA JARINGAN HOLDINGS BERHAD**
**Registration No. 201801030681 (1292707-D)**

**c/o Boardroom Share Registrars Sdn. Bhd.**
11th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13, 46200 Petaling Jaya
Selangor Darul Ehsan

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**Head Office**

**Aneka Jaringan Holdings Berhad**
(Registration No. 201801030681 (1292707-D))
K-2-1, Pusat Perdagangan Bandar Bukit Jalil, Persiaran Jalil 2, 57000 Kuala Lumpur, Malaysia

Tel : +603-8657 5150
Fax : +603-2771 3827
Email : info@ajgroup.my
Website : www.anekajaringan.com

**Indonesia**

**PT Aneka Jaringan Indonesia**
Komplek Inkopal Blok G No. 67, Jl. Raya Boulevard Barat Kelapa Gading Barat, Jakarta 14240, Indonesia

Tel : +62-21-458 51741
Fax : +62-21-458 51741
Email : marketing@ptaji.co.id
Website : www.ptaji.co.id