PTT SYNERGY GROUP

PTT SYNERGY GROUP BERHAD
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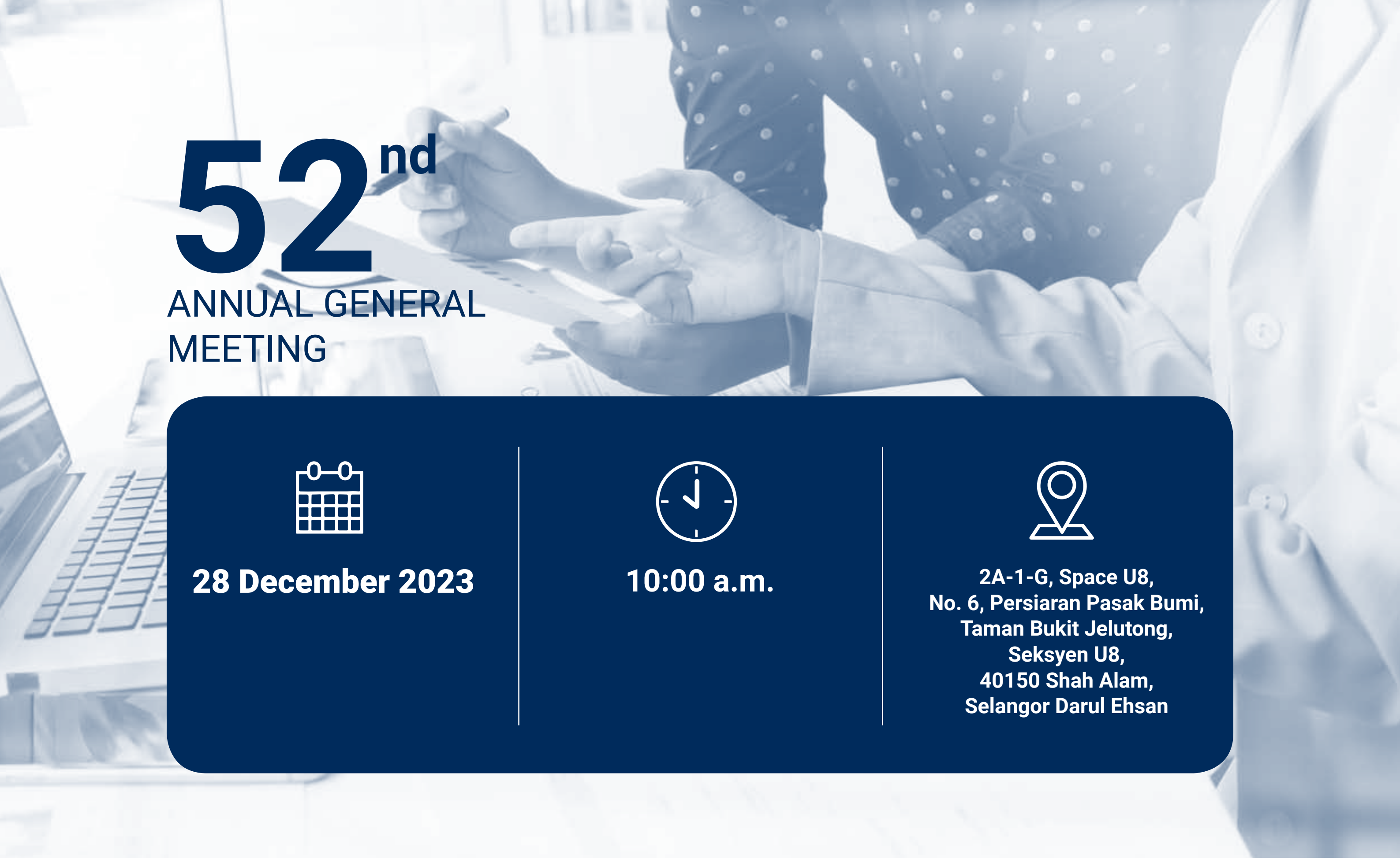
ANNUAL REPORT 2023



52nd ANNUAL GENERAL MEETING

28 December 2023

10:00 a.m.

**2A-1-G, Space U8,
No. 6, Persiaran Pasak Bumi,
Taman Bukit Jelutong,
Seksyen U8,
40150 Shah Alam,
Selangor Darul Ehsan**

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NOTICE OF
ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Fifty-Second Annual General Meeting ("**AGM**") of PTT Synergy Group Berhad ("**PTTS**" or "**the Company**") will be held at 2A-1-G, Space U8, No. 6, Persiaran Pasak Bumi, Taman Bukit Jelutong, Seksyen U8, 40150 Shah Alam, Selangor Darul Ehsan on Thursday, 28 December 2023 at 10:00 a.m. for the following purposes: -

AGENDA

AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 30 June 2023 together with the Reports of the Directors and the Auditors thereon. ***[Please refer to Explanatory Note (i)]***

2. To approve the payment of Directors' fees and benefits payable to the Directors up to an aggregate amount of RM250,000/- for the period from 29 December 2023 until the next AGM of the Company to be held in year 2024. ***(Ordinary Resolution 1)***

3. To re-elect Datin Ng Fong Shiang who is due to retire in accordance with Clause 95 of the Company's Constitution, and being eligible, has offered herself for re-election. ***(Ordinary Resolution 2)***

4. To re-elect the following Directors, who are due to retire in accordance with Clause 88 of the Company's Constitution and being eligible, have offered themselves for re-election: -

   (a) Mr. Teo Swee Leng; and ***(Ordinary Resolution 3)***
   (b) Mr. Toh Seng Thong. ***(Ordinary Resolution 4)***

5. To re-appoint Messrs. Moore Stephens Associates PLT as the Company's Auditors for the ensuing year, and to authorise the Directors to fix their remuneration. ***(Ordinary Resolution 5)***

AS SPECIAL BUSINESS

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

6. **ORDINARY RESOLUTION**
   WAIVER OF PRE-EMPTIVE RIGHTS UNDER SECTION 85 OF THE COMPANIES ACT 2016 ***(Ordinary Resolution 6)***

   "**THAT** pursuant to Section 85 of the Companies Act 2016 ("**the Act**") to be read together with Clause 50 of the Constitution of the Company, the shareholders of the Company do hereby waive their pre-emptive rights to be offered new shares ranking equally to the existing issued shares of the Company arising from any issuance of new shares in the Company pursuant to the Act.

   AND THAT subject to the passing of Ordinary Resolution 7, the Directors be and are hereby authorised to issue any new shares (including rights or options over subscription of such shares) and with such preferred, deferred, or other special rights or such restrictions, whether with regard to dividend, voting, return of capital, or otherwise, for such consideration and to any person as the Directors may determine."

7. **ORDINARY RESOLUTION** ***(Ordinary Resolution 7)***
AUTHORITY TO ISSUE SHARES PURSUANT TO THE ACT

"**THAT** contingent upon the passing of the Ordinary Resolution 6 on waiver of pre-emptive rights under Section 85 of the Act and subject always to the Act, the Constitution of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("**Bursa Malaysia Securities**") and the approvals of the relevant governmental and/or regulatory authorities, the Directors be and are hereby empowered pursuant to the Act, to issue and allot shares in the capital of the Company from time to time at such price and upon such terms and conditions, for such purposes and to such person or persons whomsoever the Directors may in their absolute discretion deem fit, always provided that the aggregate number of shares issued pursuant to this resolution does not exceed ten per centum (10%) of the total number of issued shares (excluding treasury shares) of the Company for the time being;

AND THAT the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares to be issued on Bursa Malaysia Securities;

AND FURTHER THAT such authority shall commence immediately upon passing of this resolution and continue to be in force until the conclusion of the next AGM of the Company."

8. **ORDINARY RESOLUTION** ***(Ordinary Resolution 8)***
PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE ("PROPOSED RENEWAL OF SHAREHOLDERS' RRPT MANDATE")

"**THAT** subject to the Main Market Listing Requirements of Bursa Malaysia Securities, approval be and is hereby given to the Company and its subsidiaries ("**the Group**") to enter into and to give effect to the category of the recurrent related party transactions of a revenue or trading nature from time to time with the Related Parties as specified in Section 2.5(b) of the Circular to Shareholders dated 31 October 2023 provided that such transactions are: -

(i) recurrent transactions of a revenue or trading nature;

(ii) necessary for the Group's day-to-day operations;

(iii) carried out in the ordinary course of business on normal commercial terms which are not more favourable to the Related Parties than those generally available to the public; and

(iv) not detrimental to the minority shareholders of the Company.

AND THAT such authority shall commence upon the passing of this resolution and shall continue to be in force until: -

(i) the conclusion of the next AGM of the Company following this AGM at which the Proposed Renewal of Shareholders' RRPT Mandate was passed, at which time it will lapse, unless by an ordinary resolution passed at the next AGM, the authority is renewed;

(ii) the expiration of the period within which the next AGM of the Company after that date it is required to be held pursuant to Section 340(2) of the Act [but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act]; or

(iii) revoked or varied by an ordinary resolution passed by the shareholders of the Company in a general meeting;

whichever is earlier;

AND FURTHER THAT the Directors be authorised to complete and do all such acts and things (including executing all such documents as may be required), as they may consider expedient or necessary to give effect to the Proposed Renewal of Shareholders' RRPT Mandate."

9. **ORDINARY RESOLUTION** ***(Ordinary Resolution 9)***
PROPOSED NEW SHAREHOLDERS' MANDATE FOR ADDITIONAL RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE ("PROPOSED NEW SHAREHOLDERS' RRPT MANDATE")

"**THAT** subject to the Main Market Listing Requirements of Bursa Malaysia Securities, approval be and is hereby given to the Group to enter into and to give effect to the category of the new/additional recurrent related party transactions of a revenue or trading nature from time to time with the Related Parties as specified in Section 2.5(a) of the Circular to Shareholders dated 31 October 2023 provided that such transactions are: -

(i) recurrent transactions of a revenue or trading nature;

(ii) necessary for the Group's day-to-day operations;

(iii) carried out in the ordinary course of business on normal commercial terms which are not more favourable to the Related Parties than those generally available to the public; and

(iv) not detrimental to the minority shareholders of the Company.

AND THAT such authority shall commence upon the passing of this resolution and shall continue to be in force until: -

(i) the conclusion of the next AGM of the Company following this AGM at which the Proposed New Shareholders' RRPT Mandate was passed, at which time it will lapse, unless by an ordinary resolution passed at the next AGM, the authority is renewed;

(ii) the expiration of the period within which the next AGM of the Company after that date it is required to be held pursuant to Section 340(2) of the Act [but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act]; or

(iii) revoked or varied by an ordinary resolution passed by the shareholders of the Company in a general meeting;

whichever is earlier;

AND FURTHER THAT the Directors be authorised to complete and do all such acts and things (including executing all such documents as may be required), as they may consider expedient or necessary to give effect to the Proposed New Shareholders' RRPT Mandate."

10. To transact any other ordinary business of which due notice shall have been given.

By Order of the Board of Directors

CHUA SIEW CHUAN (SSM PC NO. 201908002648) (MAICSA 0777689)
CHEW KIT YEE (SSM PC NO. 202208000376) (MAICSA 7067474)
Company Secretaries

Kuala Lumpur
Dated: 31 October 2023

NOTES:

1. In respect of deposited securities, only members whose names appear in the Record of Depositors on 21 December 2023 shall be eligible to attend, participate, speak and vote at the Meeting or appoint proxy(ies) to attend, participate, speak and vote in his stead.

2. A member entitled to attend and vote at the Meeting may appoint more than one (1) proxy to attend, participate, speak and vote in his stead. Where a member appoints more than one (1) proxy to attend, participate, speak and vote at the same Meeting, the appointments shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy. A proxy need not be a member of the Company. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at the Meeting of the Company shall have the same rights as the member to attend, participate, speak and vote at the Meeting.

NOTES: (CONT'D)

3. The instrument appointing a proxy shall be in writing under the hand of the member or of his attorney duly authorised in writing, or if the member is a corporation, shall either be executed under the corporation's common seal or under the hand of an officer or attorney duly authorised.

4. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("**omnibus account**") as defined under the Securities Industry (Central Depositories) Act 1991, there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

5. The instrument appointing a proxy and the power of attorney or other authority (if any), under which it is signed or a duly notarised certified copy of that power or authority, must be deposited at the Registered Office of the Company at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan not less than forty-eight (48) hours before the time set for holding the Meeting or any adjournment thereof. All resolutions set out in this notice of Meeting are to be voted by poll.

6. Any notice of termination of authority to act as proxy must be received by the Company before the commencement of the Meeting or at any adjournment thereof, failing which, the termination of the authority of a person to act as proxy will not affect the following in accordance with Section 338 of the Act:-

    (i) the constitution of the quorum at such meeting;
    (ii) the validity of anything he did as chairman of such meeting;
    (iii) the validity of a poll demanded by him at such meeting; or
    (iv) the validity of the vote exercised by him at such meeting.

Explanatory Notes to Ordinary and Special Businesses:

(i) Audited Financial Statements for the financial year ended 30 June 2023

This Agenda item is meant for discussion only, as the provision of Section 340(1)(a) of the Act does not require the formal approval of the shareholders for the Audited Financial Statements. Hence, this Agenda item is not put forward for voting.

(ii) Ordinary Resolution 1 - Payment of Directors' fees and benefits

Section 230(1) of the Act provides, amongst others, that the fees of the Directors and any benefits payable to the Directors of a listed company shall be approved at a general meeting.

The Board wishes to seek shareholders' approval at the Fifty-Second AGM on the payment of Directors' fees and benefits, which comprise of meeting allowance payable for attendance of Directors at Board and/or Board Committees' meetings from 29 December 2023 until the next AGM of the Company to be held in the year 2024.

In the event that the proposed Directors' fees and benefits payable are insufficient due to the enlarged size of the Board of Directors, approval will be sought at the next AGM for additional Directors' fees and benefits to meet the shortfall.

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

(iii) Ordinary Resolutions 2 to 4 – Re-election of Directors

In determining the eligibility of the Directors to stand for re-election at the Fifty-Second AGM of the Company, the Nomination Committee ("**NC**") reviewed and assessed the following Directors ("**Retiring Directors**") from the annual assessment and evaluation of the Board of Directors for the financial year ended 30 June 2023. The Board of Directors via the NC's annual assessment was satisfied with the performance of the Retiring Directors who are standing for re-election and had recommended to the shareholders the proposed re-election at the Fifty-Second AGM under Ordinary Resolutions 2 to 4: -

(i) Datin Ng Fong Shiang;
(ii) Mr. Teo Swee Leng; and
(iii) Mr. Toh Seng Thong.

The profiles of the Retiring Directors are set out in the Annual Report in respect of the financial year ended 30 June 2023.

(iv) Ordinary Resolution 6 - Waiver of Pre-emptive Rights under Section 85 of the Act

Pursuant to Section 85 of the Act read together with Clause 50 of the Constitution of the Company, the shareholders have pre-emptive rights to be offered any new shares in the Company which rank equally to the existing issued shares in the Company or other convertible securities.

The proposed Ordinary Resolution 6, if passed, will waive the shareholders' pre-emptive rights to be offered new shares to be issued by the Company pursuant to Ordinary Resolution 7.

(v) Ordinary Resolution 7 - Authority to Issue Shares pursuant to the Act

The Company had been granted a general mandate by its shareholders at the Fifty-First AGM held on 28 December 2022 ("**Previous Mandate**").

As of to date, the Company had utilised the Previous Mandate by issuing 9,000,000 new ordinary shares (equivalent to 10% of total number of issued shares) via Private Placement. The ordinary shares were issued at the issue price of RM1.07 per share, allotted on 3 March 2023 and listed on 7 March 2023.

The details of the total proceeds raised from the Private Placement and its utilisation are disclosed in the Annual Report in respect of the financial year ended 30 June 2023.

The Company wishes to renew the mandate on the authority granted to the Directors to issue and allot shares pursuant to the Act at any time to such persons in their absolute discretion without convening a general meeting provided that the aggregate number of the shares issued does not exceed ten per centum (10%) of the total number of issued shares of the Company for the time being.

The proposed Ordinary Resolution 7, if passed, will provide flexibility to the Company's Directors to undertake any possible fundraising activities, including but not limited to placement of shares to fund the Company's current and/or future investment projects, working capital, repayment of bank borrowings, acquisitions and/or such other purposes as the Directors may deem fit, without having to convene a general meeting. This authority, unless revoked or varied by the Company in a general meeting, will expire at the conclusion of the next AGM of the Company.

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

(vi) Ordinary Resolutions 8 and 9 - Proposed Renewal of and New Shareholders' Mandates for Recurrent Related Party Transactions of a Revenue or Trading Nature

The proposed Ordinary Resolutions 8 and 9, if passed, will give mandates to the Group to enter into recurrent related party transactions of a revenue or trading nature, details of which are set out in Section 2.5 of the Circular to Shareholders dated 31 October 2023.

The aforesaid mandates from shareholders are on an annual basis and are subject to renewal at the next AGM of the Company.

The details of the proposals are set out in the Circular to Shareholders dated 31 October 2023.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

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

No individual is standing for election as Director of the Company at the Fifty-Second Annual General Meeting.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Dato' Abd Rahim Bin Jaafar
Executive Chairman

Teo Swee Leng
Deputy Chairman

Teo Swee Phin
Managing Director

Tuan Sr. Hj. Mohd Farid Bin Naim
Executive Director
(Resigned on 1 October 2023)

Datin Ng Fong Shiang
Executive Director
(Appointed on 29 May 2023)

Dato' Mahamed Bin Hussain
Independent Non-Executive Director

Datuk Ir. Ruslan Bin Abdul Aziz
Independent Non-Executive Director

Dato' Paul Lim Tau Ern
Independent Non-Executive Director

Toh Seng Thong
Independent Non-Executive Director

AUDIT COMMITTEE

DATO' MAHAMED BIN HUSSAIN
Chairman
Independent Non-Executive Director

DATUK IR. RUSLAN BIN ABDUL AZIZ
Independent Non-Executive Director

DATO' PAUL LIM TAU ERN
Independent Non-Executive Director

TOH SENG THONG
Independent Non-Executive Director

REMUNERATION COMMITTEE

DATO' MAHAMED BIN HUSSAIN
Chairman
Independent Non-Executive Director

DATUK IR. RUSLAN BIN ABDUL AZIZ
Independent Non-Executive Director

DATO' PAUL LIM TAU ERN
Independent Non-Executive Director

TOH SENG THONG
Independent Non-Executive Director

NOMINATION COMMITTEE

DATO' MAHAMED BIN HUSSAIN
Chairman
Independent Non-Executive Director

DATUK IR. RUSLAN BIN ABDUL AZIZ
Independent Non-Executive Director

DATO' PAUL LIM TAU ERN
Independent Non-Executive Director

TOH SENG THONG
Independent Non-Executive Director

SHARE REGISTRAR

Securities Services (Holdings) Sdn. Bhd.
Level 7, Menara Milenium,
Jalan Damanlela,
Pusat Bandar Damansara,
Damansara Heights,
50490 Kuala Lumpur,
Wilayah Persekutuan
Tel: 03-2084 9000
Fax: 03-2094 9940
Email: info@sshsb.com.my

REGISTERED OFFICE

Level 7, Menara Milenium,
Jalan Damanlela,
Pusat Bandar Damansara,
Damansara Heights,
50490 Kuala Lumpur,
Wilayah Persekutuan
Tel: 03-2084 9000
Fax: 03-2094 9940
Email: info@sshsb.com.my

BUSINESS ADDRESS

2A-1-1(B), Space U8,
No. 6, Persiaran Pasak Bumi,
Taman Bukit Jelutong,
Seksyen U8, 40150 Shah Alam,
Selangor Darul Ehsan
Tel: 03-5037 2822
Fax: 03-5037 2823
Website:
https://pttgroup.com.my/
Email: info@ptt.com.my

COMPANY SECRETARIES

Chua Siew Chuan
SSM PC NO. 201908002648
(MAICSA 0777689)
Chew Kit Yee
SSM PC NO. 202208000376
(MAICSA 7067474)

AUDITORS

Messrs. Moore Stephens Associates PLT
[201304000972 (LLP0000963-LCA) & AF002096]
Chartered Accountants
Unit 3.3A, 3rd Floor, Surian Tower,
No. 1, Jalan PJU 7/3,
Mutiara Damansara,
47810 Petaling Jaya,
Selangor Darul Ehsan

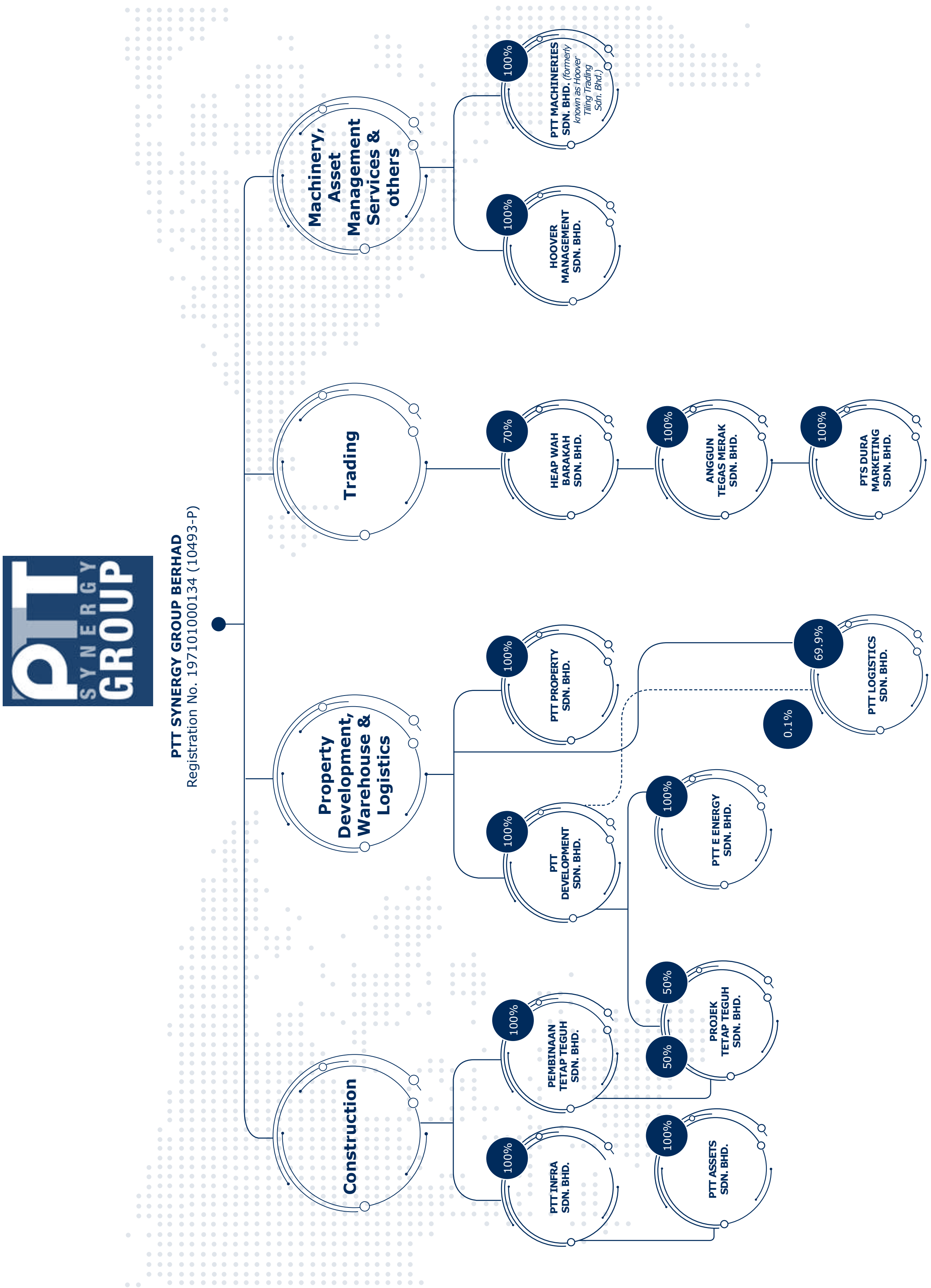
PRINCIPAL BANKERS

Malayan Banking Berhad
Ambank (Malaysia) Berhad
Public Bank Berhad
RHB Bank Berhad
United Overseas Bank (Malaysia) Berhad

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad
Stock Name: PTT
Stock Code: 7010

CORPORATE
STRUCTURE
AS AT 2 OCTOBER 2023



PROFILE OF **DIRECTORS**

DATO' ABD RAHIM BIN JAAFAR

Executive Chairman

Aged
56

Gender
Male

Nationality
Malaysian

Dato' Abd Rahim bin Jaafar ("**Dato' Abd Rahim**") was appointed to the Board of PTT Synergy Group Berhad ("**PTTS**" or "**the Company**") as the Executive Chairman on 18 March 2021. Dato' Abd Rahim was re-appointed as a Director of the Company following Dato's retirement pursuant to Clause 95 of the Company's Constitution on 28 December 2021. He attended all 7 Board meetings held in the financial year.

Dato' Abd Rahim holds a Bachelor of Engineering (Hons) in Civil Engineering from London South Bank University (formerly known as London South Bank Polytechnic). In addition, he has accumulated over 26 years of experience in project management and construction.

He is also currently the shareholder and Director of Aim Concept Sdn. Bhd. ("**ACSB**") which is principally involved in the design and building of construction projects. He oversees the implementation of all construction projects undertaken by ACSB. His responsibilities include contract negotiations, contract monitoring, progress monitoring, budget and quality control monitoring, as well as project supervision for building construction and infrastructure works.

Dato' Abd Rahim had undertaken construction contracts totaling approximately RM1.0 billion in value over 10 years.

Dato' Abd Rahim is a major shareholder of the Company by virtue of his indirect equity interest in the Company via his shareholding in Aim Tetap Teguh Group Sdn. Bhd. ("**ATTG**").

Save as disclosed above, Dato' Abd Rahim does not hold any other directorship in any other public companies or public listed companies in Malaysia and has no family relationship with any other Director and/ or major shareholder of the Company nor any conflict of interest with the Company.

TEO SWEE LENG

Deputy Chairman, Executive Director

Aged
59

Gender
Male

Nationality
Malaysian

Mr. Teo Swee Leng was appointed to the Board of the Company as the Deputy Chairman on 18 March 2021. Mr. Teo Swee Leng was re-appointed as a Director of the Company following his retirement pursuant to Clause 95 of the Company's Constitution on 28 December 2021. He attended 6 out of 7 Board meetings held in the financial year.

Mr. Teo Swee Leng holds a Diploma in Civil Engineering from the Federal Institute of Technology, Kuala Lumpur, and has accumulated over 37 years of experience in the construction sector and 14 years of experience in the property development sector.

He is currently a shareholder and Director of several private limited companies.

Mr. Teo Swee Leng is the founder of Denai Alam Recreational and Riding Club (DARC), the first non-profitable horse-riding club in Malaysia. Mr. Teo Swee Leng is also the Honorary Consul of Nepal in Malaysia since year 2017 and extended until year 2027. Mr. Teo Swee Leng is a trustee of Sakyamuni Dharma Centre and Sakyamuni Buddha Foundation. He is also a treasurer of International Buddha Confederation.

He is the elder brother of Mr. Teo Swee Phin, the Managing Director and major shareholder of PTTS.

Mr. Teo Swee Leng is also a major shareholder of the Company by virtue of his indirect equity interest in the Company via his shareholding in ATTG.

Save as disclosed above, Mr. Teo Swee Leng does not hold any other directorship in any other public companies or public listed companies in Malaysia nor any conflict of interest with the Company.

TEO SWEE PHIN

Managing Director

Aged
45

Gender
Male

Nationality
Malaysian

Mr. Teo Swee Phin was appointed to the Board of the Company as the Managing Director on 18 March 2021. Mr. Teo Swee Phin was re-appointed as a Director of the Company following his retirement pursuant to Clause 95 of the Company's Constitution on 28 December 2021. He attended all 7 Board meetings held in the financial year.

Mr. Teo Swee Phin holds a Diploma in Technology (Building) from Tunku Abdul Rahman College, Kuala Lumpur. In addition, he has accumulated over 22 years and 15 years of experience in the construction sector and property development sector, respectively.

He is currently a shareholder and Director of several private limited companies, including PTT Jentera Sdn. Bhd., which has undertaken a variety of construction contracts that mainly comprise earthworks and infrastructure work for property development projects and has completed a variety of residential and mixed property development projects. Mr. Teo Swee Phin undertook construction contracts totaling more than RM1.0 billion in value over 10 years.

Mr. Teo Swee Phin was awarded in Martrade's 100 Most Influential Young Entrepreneurs 2016. He was also awarded as Finalist in the Ten Outstanding Young Malaysian Awards 2017 under Category Business, Economics and/or Entrepreneurial Accomplishment.

He is the younger brother of Mr. Teo Swee Leng, the Deputy Chairman and major shareholder of PTTS.

Mr. Teo Swee Phin is also a major shareholder of the Company by virtue of his indirect equity interest in the Company via his shareholding in ATTG.

Save as disclosed above, Mr. Teo Swee Phin does not hold any other directorship in any other public companies or public listed companies in Malaysia nor any conflict of interest with the Company.

DATIN NG FONG SHIANG, ANGIE

Executive Director

Aged
44

Gender
Female

Nationality
Malaysian

Datin Ng Fong Shiang ("**Datin Angie Ng**") was appointed to the Board of the Company as the Executive Director on 29 May 2023. She attended 1 Board meeting held in the financial year as she was only appointed to the Board on 29 May 2023.

Datin Angie Ng holds a Bachelor's Degree in Economics from University Sains Malaysia, Penang.

Datin Angie Ng has accumulated over 20 years of experience in financial advisory with various companies, including banking, construction, property development and steel manufacturing companies.

Currently, Datin Angie Ng's directorship in other public listed company includes Straits Energy Resources Berhad.

Datin Angie Ng does not have any family relationship with any other Director and/or major shareholder of the Company nor any conflict of interest in any business arrangement involving the Company.

DATO' MAHAMED BIN HUSSAIN

Independent Non-Executive Director

Aged
68

Gender
Male

Nationality
Malaysian

Dato' Mahamed Bin Hussain ("**Dato' Mahamed**") was appointed as the Independent Non-Executive Director on 18 March 2021. Dato' Mahamed was re-appointed as a Director of the Company following Dato' Mahamed's retirement pursuant to Clause 95 of the Company's Constitution on 28 December 2021. Dato' Mahamed is the Chairman of the Audit Committee, Remuneration Committee and Nomination Committee. Dato' Mahamed attended all 7 Board meetings held in the financial year.

Dato' Mahamed holds a Bachelor of Art from the University Kebangsaan Malaysia and Masters in Business Administration from the University of Hull, United Kingdom.

Dato' Mahamed held various positions in the government sector before Dato's retirement in December 2015. Dato' Mahamed was the Head of Development Division of Ministry of Higher Education, Principle Private Secretary to the Minister of Technology, Science and Innovation, and Director of Administration Division of National Unity Department. Dato' Mahamed was also exposed to the Land Administration while working as an Assistance District Officer in Ulu Selangor from 1982 to 1987 and Assistance Director in the Kuala Lumpur Land Office from 1996 to 2000. Dato' Mahamed is currently a Director of a private limited company.

Dato' Mahamed does not hold any other directorship in any other public companies or public listed companies in Malaysia and has no family relationship with any other Director and/or major shareholder of the Company nor any conflict of interest in any business arrangement involving the Company.

DATUK IR. RUSLAN BIN ABDUL AZIZ

Independent Non-Executive Director

Aged
62

Gender
Male

Nationality
Malaysian

Datuk Ir. Ruslan Bin Abdul Aziz ("**Datuk Ir. Ruslan**") was appointed as the Independent Non-Executive Director on 18 March 2021. Datuk Ir. Ruslan was re-appointed as a Director of the Company following Datuk Ir. Ruslan's retirement pursuant to Clause 88 of the Company's Constitution on 28 December 2022. Datuk Ir. Ruslan is a member of the Audit Committee, Remuneration Committee and Nomination Committee. Datuk Ir. Ruslan attended all 7 Board meetings held in the financial year.

Datuk Ir. Ruslan holds a Bachelor of Science in Civil Engineering from the University of Nottingham, United Kingdom, and a Master of Business Administration in Construction Business from the International Islamic University, Malaysia.

Datuk Ir. Ruslan held various positions in the Jabatan Kerja Raya ("**JKR**") Headquarters in Kuala Lumpur and other states since 1984. He was the JKR State Director for Malacca and Selangor. Datuk Ir. Ruslan was the Senior Director, heading the Road Division and Building Division of JKR Malaysia before Datuk's retirement on 6 February 2021. Datuk Ir. Ruslan has extensive experience with over 38 years in implementation of building and infrastructure projects locally and internationally. Datuk Ir. Ruslan was also involved in project planning, project construction, contract administration, and collaborative work with the government department and other stakeholders.

Datuk Ir. Ruslan does not hold any other directorship in any other public companies or public listed companies in Malaysia and has no family relationship with any other Director and/or major shareholder of the Company nor any conflict of interest in any business arrangement involving the Company.

TOH SENG THONG, JP

Independent Non-Executive Director

Aged
65

Gender
Male

Nationality
Malaysian

Mr. Toh Seng Thong ("**Mr. Toh**") was appointed as the Independent Non-Executive Director on 28 April 2021. Mr. Toh was re-appointed as a Director of the Company following his retirement pursuant to Clause 95 of the Company's Constitution on 28 December 2021. He is a member of the Audit Committee, Remuneration Committee and Nomination Committee. He attended all 7 Board meetings held in the financial year.

Mr. Toh obtained his Bachelor of Commerce (Accounting) degree from the University of Canterbury, New Zealand, in 1981. He is a Chartered Accountant by profession and a member of the Malaysian Institute of Accountants, Malaysian Institute of Certified Public Accountants, and Chartered Accountants Australia and New Zealand. He was made a Fellow Member of the Chartered Tax Institute of Malaysia in 1997. Mr. Toh has over 33 years of experience in auditing, taxation, and corporate and financial advisory. He is also a practicing Chartered Accountant of Malaysia.

Currently, Mr. Toh's directorships in other public listed companies include Rhong Khen International Berhad and Adventa Berhad. Mr. Toh is also currently a Director of several private companies.

Mr. Toh does not have any family relationship with any other Director and/or major shareholder of the Company nor any conflict of interest in any business arrangement involving the Company.

DATO' PAUL LIM TAU ERN

Independent Non-Executive Director

Aged
45

Gender
Male

Nationality
Malaysian

Dato' Paul Lim Tau Ern ("**Dato' Paul**") was appointed as the Independent Non-Executive Director on 18 March 2021. Dato' Paul was re-appointed as a Director of the Company following Dato' Paul's retirement pursuant to Clause 88 of the Company's Constitution on 28 December 2022. Dato' Paul is a member of the Audit Committee, Remuneration Committee and Nomination Committee. Dato' Paul attended 6 out of 7 Board meetings held in the financial year.

Dato' Paul holds a Diploma of Business from the University of Cambridge and a Bachelor of Arts from the University of Bolton.

Dato' Paul is currently the Executive Director of Premiumlogy Holding Sdn. Bhd., the largest retail chain for corporate gifts and Chief Executive Officer of Satu Gadget Sdn. Bhd., one of the leading companies in the mobile phone industry. Dato' Paul is also the Deputy President of the Malaysia Mobile and Communication Association.

Dato' Paul was awarded in Martrade's 100 Most Influential Young Entrepreneurs 2016. He was also awarded as Top 30 Finalist in the Ten Outstanding Young Malaysians Award 2018 under Category Contribution to Children, World Peace and / or Human Rights. He was also awarded as the Finalist in the Creative Young Entrepreneur Award 2018. Dato' Paul is also awarded as the Honorary Deputy Field Marshall and Lifetime Honorary Advisor of Community Policing Malaysia.

Dato' Paul does not hold any other directorship in any other public companies or public listed companies in Malaysia and has no family relationship with any other Director and/or major shareholder of the Company nor any conflict of interest in any business arrangement involving the Company.

Notes:
Other than traffic offences, none of the Directors has any conviction for offences within the past 5 years or any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

PROFILE OF
KEY SENIOR MANAGEMENT

TANG CHOI PENG, TRACY

Chief Financial Officer

Aged
52

Gender
Female

Nationality
Malaysian

Ms. Tang Choi Peng, Tracy ("**Ms. Tracy**") was appointed as the Chief Financial Officer of PTT Synergy Group Berhad ("**PTTS**" or "**the Company**") on 1 September 2021.

Ms. Tracy graduated with a Bachelor of Accounting and Finance degree from the University of Leicester, United Kingdom, in 1993.

Ms. Tracy has more than 27 years of working experience in the fields of accounting, financial management, credit control, and sales & marketing. She has worked with various construction and property development companies, including Gadang Land Sdn. Bhd., Leadmont Sdn. Bhd. and Tanco Holdings Berhad, as well as held various management positions in Accounting & Finance, Credit Control, and Sales & Marketing.

Prior to joining the Company, Ms. Tracy was the Head of Sales & Marketing for Pembinaan Tetap Teguh Sdn. Bhd.'s ("**PTT**") Property Development Division in the year 2009. She was then promoted to General Manager of the Special Project and Business Development in the year 2013. In 2016, she was promoted as the Group Financial Officer of PTT.

Ms. Tracy does not hold any directorship in any public companies or public listed companies in Malaysia and has no family relationship with any Director and/or major shareholder of the Company nor any conflict of interest in any business arrangement involving the Company.

THEN IKH CHOO, DAN

Chief Executive Officer and Director of PTT Logistics Sdn. Bhd.

Director of PTT Development Sdn. Bhd.

Aged
44

Gender
Male

Nationality
Malaysian

Mr. Then Ikh Choo, Dan ("**Mr. Dan Then**") was appointed as the Chief Executive Officer of PTT Logistics Sdn. Bhd. on 2 May 2023. Subsequently, he was then appointed as the Director of 2 subsidiaries of PTTS, namely PTT Logistics Sdn. Bhd. and PTT Development Sdn. Bhd., on 5 September 2023.

Mr. Dan Then holds a Degree in Electrical and Electronics Engineering and majored in Control System from the University Tenaga Nasional (UNITEN).

He has accumulated over 17 years of expertise and experience in intralogistics consultation and planning for distribution operation, spare parts center to third-party warehouse for both conventional to fully automated warehouses, Distribution Centre and eCommerce Fullfilment Hub.

He started his career in the intralogistics automation that provides solutions to industries such as FMCG, pharmaceutical, automobile, retails and etc. He also provides solutions via a software development in warehouse management system (WMS) and as a third-party warehouse service provider. He further ventured into commerce technology development.

Mr. Dan Then does not hold any directorship in any public companies or public listed companies in Malaysia and has no family relationship with any Director and/or major shareholder of the Company nor any conflict of interest in any business arrangement involving the Company.

LUM PEK YOKE

Managing Director of Heap Wah Barakah Sdn. Bhd.

Director of Anggun Tegas Merak Sdn. Bhd. and PTS Dura Marketing Sdn. Bhd.

Aged
59

Gender
Male

Nationality
Malaysian

Ms. Lum Pek Yoke ("**Ms. Lum**") was appointed as a Director of Heap Wah Barakah Sdn. Bhd. ("**Heap Wah**") on 1 October 1984. Subsequently, she was appointed as the Managing Director of Heap Wah on 1 September 2017. She was then appointed as the Director of 2 subsidiaries of Heap Wah, namely Anggun Tegas Merak Sdn. Bhd. and PTS Dura Marketing Sdn. Bhd. on 4 January 2018 and 26 January 2018, respectively.

Ms. Lum has completed her STPM education. She is responsible for the sales, operations, and administration of Heap Wah and its subsidiaries. She has more than 30 years of experience in trading construction materials.

Ms. Lum does not hold any directorship in any public companies or public listed companies in Malaysia and has no family relationship with any Director and/or major shareholder of the Company nor any conflict of interest in any business arrangement involving the Company.

FADDLY BIN NORDIN

Director of Pembinaan Tetap Teguh Sdn. Bhd.

Aged
50

Gender
Male

Nationality
Malaysian

Encik Faddly Bin Nordin ("**Encik Faddly**") was appointed as a Director of Pembinaan Tetap Teguh Sdn. Bhd. ("**PTT**") on 25 April 2003.

Encik Faddly holds Diploma in Town and Regional Planning from Institut Teknologi Mara (ITM).

He has accumulated over 20 years of experience in the construction industry, and has been involved in earthworks and general infrastructure works for township development as well as urban public general infrastructure works. Encik Faddly is directly involved and responsible for construction project management team.

He involved in major development and projects such as Putrajaya Diplomatic Precint, Denai Alam General Infrastructure works, USJ Housing Development, Bandar Bukit Raja Earthwork and Bukit Jelutong Mixed Development.

Encik Faddly does not hold any directorship in any public companies or public listed companies in Malaysia and has no family relationship with any Director and/or major shareholder of the Company nor any conflict of interest in any business arrangement involving the Company.

IR. PUA AIK HONG

Chief Operating Officer of Pembinaan Tetap Teguh Sdn. Bhd.

Aged
48

Gender
Male

Nationality
Malaysian

Ir. Pua Aik Hong ("**Ir. Pua**") was appointed as a Chief Operating Officer of Pembinaan Tetap Teguh Sdn. Bhd. ("**PTT**") on 1 April 2017.

Ir. Pua holds Master of Business Administration from University of Leicester, UK and Bachelor of Engineering (Hons), Civil from University of Malaya. He is a Professional Engineer Registered with Board of Engineer, Malaysia (BEM).

He has accumulated over 20 years of experience in the construction and holds various positions from consultant, project, contract and project management. He involved in major developments such as Putrajaya Diplomatic Precint, Denai Alam General Infrastructure works and Proposed Exit Ramp from Shah Alam Highway to Subang etc.

Ir. Pua was the Project Manager for PTT in the year 2006. He was then promoted to Senior Project Manager in the year 2009. In 2012, he was promoted to General Manager. He was then promoted to Chief Operating Officer of PTT in the year 2016.

Ir. Pua does not hold any directorship in any public companies or public listed companies in Malaysia and has no family relationship with any Director and/or major shareholder of the Company nor any conflict of interest in any business arrangement involving the Company.

Notes:
Other than traffic offences, none of the Key Senior Management has any conviction for offences within the past 5 years or any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

MANAGEMENT DISCUSSION & ANALYSIS

INTRODUCTION

PTT Synergy Group Berhad ("**PTTS**" or "**the Company**") is one of Malaysia's leading construction companies specialising in earthworks and infrastructure works. Besides bulky construction works and the existing trading business which supply infrastructure water related products, PTTS and its subsidiaries ("**the Group**") have ventured into the industrial property development industry by transforming industrial lands into customised industrial units, such as the automated warehouses and distribution centres, catering to both local and foreign businesses. The Group's strategy is to build a portfolio of complementary capabilities, fostering long-term sustainability of our businesses. A disciplined approach to risk management and a focus on cash generation, complemented by rigorous capital allocation, cost control and a strong emphasis on safety are key elements of the Group's strategy.

CONTROLLING SHAREHOLDERS AND MANAGEMENT TEAM

Following the completion of the unconditional mandatory take-over by Aim Tetap Teguh Group Sdn. Bhd. on 17 March 2021, the new management team, led by Mr. Teo Swee Phin, the current Managing Director of PTTS, took over the management roles of the Group. The Company had on 7 January 2022 changed its name from Grand Hoover Berhad to PTT Synergy Group Berhad.

Since the new management took over the leadership, PTTS has transformed itself to become a formidable construction and industrial development player in Malaysia, whilst re-strategising the Group's legacy trading business which supplies water infrastructure related products such as pipes, fittings and equipment to customers.

After successfully executing a turnaround for the Company in the financial year ended 30 June ("**FY**") 2022, the management team has not only sustained the momentum of the initiatives from the previous financial year but has also embarked on a series of strategic undertakings aimed at propelling the Group to new heights. These initiatives include, among others:

- Implement cost savings strategies with technology-based cost control applications, broad-based quality controls, increase efficiency and performance including acquiring new machineries, minimising outsourcing of work etc;
- Secure more construction projects;
- Review the customers' profile of Trading business vis-à-vis robust ageing analysis of the trade receivables to focus on collection to improve cashflow position;
- Consolidated major shareholders' private construction arm into PTTS;
- Entered into strategic alliance with Oriental Material Handling (Malaysia) Sdn. Bhd. for automated warehousing and total intralogistics solutions;
- Intended to form a strategic partnership with Rhong Khen International Berhad for system pallet business, which includes the production and supply of 200,000 units of system pallets within a 2-year timeframe from September 2023;
- Signed lease agreement with Longterm Distribution Sdn. Bhd. for the leasing of our automated warehouse, named PTT Space Elmina Logistic Hub. The construction of the warehouse will commence in January 2024 and the handover is anticipated by end of 2025; and
- Identifying valuable landbank for industrial property development. In October 2023, PTTS entered into a sale and purchase agreement (SPA) to acquire 2 parcels of freehold development land in Seberang Perai Selatan, Penang, at a value of RM70.6 million.

In March 2023, PTTS had successfully raised proceeds of RM9.6 million via private placement of 9 million new shares, representing 10% of its total share issued then. The proceeds raised has been fully utilised in FY 2023.

CONTROLLING SHAREHOLDERS AND MANAGEMENT TEAM (CONT'D)

Subsequently, in August 2023, PTTS acquired the entire equity interest in Pembinaan Tetap Teguh Sdn. Bhd. ("**PTTSB**") for RM152 million. The acquisition was deemed as a related party acquisition given the substantial ownership and directorial overlap between PTTS and PTTSB. The rationale behind this acquisition was to consolidate the private construction business and construction-related assets of major shareholders into the Group. This move effectively eliminated the potential conflict of interest between the Group and its major shareholders while aligning the interests of the Group and PTTSB in future construction projects.

In October 2023, PTTS proposed to undertake a private placement of up to 36 million new shares, representing 20% of total shares issued at a price to be determined later.

REVIEW OF FINANCIAL PERFORMANCE

In the FY 2023, PTTS has 3 main business segments:

1) Construction;
2) Trading; and
3) Property Development

The Construction segment involves the provision of end-to-end construction works specialising in Earthwork and Infrastructure Work.

The Trading segment involves the trading and supply of building materials, plumbing, water and infrastructure related products to local contractors involved in the construction of various types of properties and government agencies related to water supply and infrastructure such as JPS, PWD, JBA etc.

The Property Development segment develops industrial lands into a unique range of customised industrial units and facilities for local and foreign businesses.

In the early part of FY 2023, Malaysia experienced a peak in headline inflation, accompanied by ongoing economic growth, albeit at a more moderate pace compared to FY 2022. In addition, construction sector also recovered in FY 2023, underpinned by implementation of new projects and infrastructure developments.

The Group registered a higher revenue of RM163.4 million in FY 2023 (FY 2022: RM125.6 million), driven by the higher revenue from the Construction Division.

However, the profit before tax decreased to RM8.6 million in FY 2023 (FY 2022: RM11.7 million) was due to recognition of interest of RM3.1 million on the Net Present Value of the landowner entitlement for some development projects, in accordance with the accounting standards MFRS 102, Para 18 and corporate exercise cost in relation to the acquisition of PTTSB of RM1 million.

FINANCIAL POSITION OVERVIEW

RM'000	FY2020	FY2021	FY2022	FY2023
Extracts from Income Statement:				
Revenue	48,171	62,239	125,555	**163,415**
Gross Profit	8,471	11,098	24,657	**31,469**
Results From Operating Activities	(2,572)	(1,478)	12,258	**13,465**
Profit Before Tax	(3,333)	(2,138)	11,701	**8,648**
Profit For The Year	(3,220)	(1,180)	9,405	**2,201**
Profit Attributable To Owners Of The Company ("**PATAMI**")	(3,036)	(1,094)	8,416	**1,593**

FINANCIAL POSITION OVERVIEW (CONT'D)

RM'000	FY2020	FY2021	FY2022	FY2023
Extracts from Balance Sheet:				
Total Assets	87,897	88,149	157,604	**422,369**
Cash And Equivalents	2,413	2,982	5,166	**11,306**
Total Liabilities	33,282	36,271	66,952	**320,294**
Borrowings	11,843	11,422	12,985	**48,232**
Total Equities Attributable To Owners	42,691	40,538	78,473	**89,556**
Extracts from Cash Flow Statement:				
Net cash from/(used in) operating activities	944	718	(18,712)	**(26,285)**
Net cash from/(used in) investing activities	60	(8)	(8,391)	**(13,533)**
Net cash from/(used in) financing activities	144	132	33,197	**38,971**
Financial Ratios:				
Gross Margins	17.6%	17.8%	19.6%	**19.3%**
Operational Margins	(5.3%)	(2.4%)	9.8%	**8.2%**
Net Margins	(6.7%)	(1.9%)	7.5%	**1.3%**
PATAMI Margins	(6.3%)	(1.8%)	6.7%	**1.0%**
Return On Equity	(7.0%)	(2.6%)	14.1%	**1.8%**
Current Ratio (times)	1.7	1.6	1.8	**2.5**
Net Gearing Ratio*(times)	0.26	0.25	0.16	**0.67**

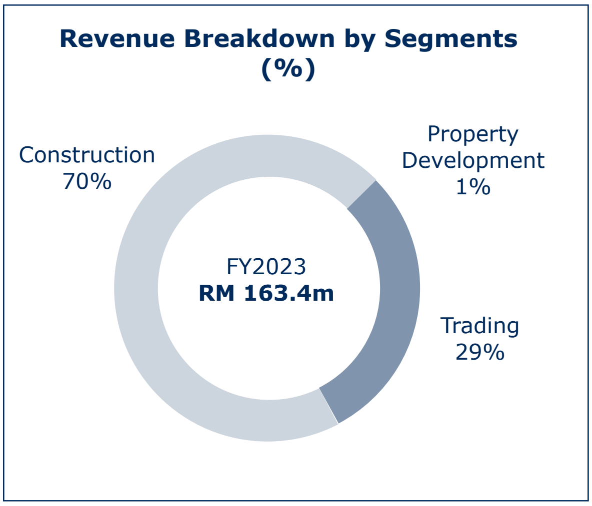
* Net gearing calculation includes lease liabilities.

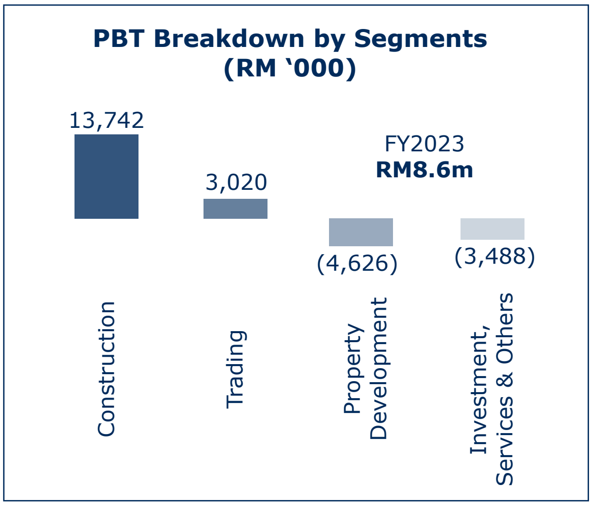
<u>Some Key Financial Highlights in FY 2023 vs FY 2022</u>

The Group's financial position has improved as shown above:

- **Revenue** rose 30.2% year-on-year to RM163.4 million driven by the Construction segment.
- **Profit before tax** ("**PBT**") fell 26% year-on-year to RM8.6 million mainly due to accretion of interest on deferred trade payables of RM3.1 million in current financial year.
- PATAMI fell 81% year-on-year to RM1.6 million, mainly due to higher deferred taxation.
- **Total equity** grew by 13% to RM102.1 million on issuance of new shares for a private placement.
- **Group's current ratio**, a yardstick that measures the state of the Group's financial liquidity, improved to 2.5 times (FY 2022: 1.8 times). The current ratio remained healthy and indicates that the Group has adequate liquidity to meet its short-term commitments and working capital requirements.
- **Net gearing ratio** has increased to 0.67 times as the Group incurred land and development related cost for the Property Development segment.

SEGMENTAL OVERVIEW





1. Construction Business:

RM '000	FY2022	FY2023
Revenue	76,051	115,000
Profit / (loss) before tax	9,826	13,742

Financial Performance

Revenue for the Construction segment increased significantly to RM115.0 million in FY 2023 (FY 2022: RM76.1 million). Consequently, PBT also increased to RM13.7 million in FY 2023 (FY 2022: RM9.8 million). This is due to the reasons below:

- Throughout FY 2023, work execution proceeded at a consistently high level of activity, in contrast to FY 2022, where a return to full operational capacity was primarily observed in second half of FY 2022, following the lifting of the Movement Control Order 3.0.
- The new management, with strong expertise in construction industry and networks, managed to secure new contracts from reputable clientele base.

Operational Overview

The world is grappling with challenges such as high interest rates, surging inflation and a notable increase in overall operating cost. This could result in cost over-runs for construction companies unless stringent cost controls and efficient project management and operations are in place. The conclusion of the 6 state elections in August 2023 has dispelled uncertainties and bodes well for the construction industry. Moving forward, the Construction segment's outlook is supported by an order book of RM467 million, providing the Group with stable earnings visibility over the upcoming years.

SEGMENTAL OVERVIEW (CONT'D)

1. Construction Business: (Cont'd)

Nevertheless, the Group takes cognisant of the various risks and challenges in the construction sector as follows:-

1. Slow job replenishment rate – In the event that we are unable to secure any new projects, our orderbook will decline over time and this would adversely affect our financial performance in the future. Hence, we are actively participating in new tenders and also working to secure more jobs from our existing clients.

2. Cost overruns risk – In the event of unanticipated cost increases during the project execution and construction period, a large portion of the cost may not be able to be passed on to our customers. Hence, we always practice ordering in bulk during project take off to lock the material pricing, hedging the diesel price which is the major project cost to mitigate the cost overruns risk.

3. Delay risk – In the event of any delays in the completion of our projects, we could be liable for Liquidated Ascertained Damages ("**LAD**") claims and/or penalties from customers which will adversely affect our financial performance and reputation. Therefore, our management team is very hands-on with the overall project management in order to ensure timely delivery of projects.

The Group is actively participating in new tenders and working to secure more jobs from existing clients. In addition, the management team is focusing on cost control measures, ensuring quality standards and delivering projects timely. Proper planning will be instituted from the onset of the tendering stage to ensure the success of our endeavours.

2. Trading Segment

RM '000	FY2022	FY2023
Revenue	47,154	47,229
Profit / (loss) before tax	4,157	3,020

Financial Performance

Although revenue for the Trading segment achieved a stable revenue of RM47.2 million in FY 2023, PBT dipped to RM3.0 million compared to RM4.2 million in FY 2022. The drop in the PBT is due to a lower reversal of impairment losses on trade receivables.

Operational Overview

During FY 2023, the Group has successfully implemented profitability turnaround initiatives such as cost control strategies, effective inventory management, credit management processes, product-mix specialisation and customer base profiling. These initiatives are expected to further enhance the profitability of the division going forward. As to the challenges of a weak residential property market and stiff competition from building materials suppliers, the Trading segment will continue to expand its customer base to industrial users and create new value-added products.

SEGMENTAL OVERVIEW (CONT'D)

2. Trading Segment (Cont'd)

Operational Overview (Cont'd)

The risks and challenges posed in the Trading segment include :

1. Credit risk – We grant credit term to majority of our customers. Therefore, the Group constantly reviews and implements a stringent policy on our receivables collection in order to minimise any defaults.

2. Soft demand risk – The continuously weak property market and stiff competition among the building material players would indirectly affect our Trading division's financial performance. Hence, the Group is undertaking various initiatives in mitigating the potentially slower business, which include expanding our customer base and fabricating/modifying value-added products with higher profit margin to suit the customers' need.

The Group expects the Trading segment to grow in line with the moderate economic growth projected for FY 2024 given the unpredictable external environment.

3. Property Development Segment

RM '000	FY2022	FY2023
Revenue	2,350	1,168
Profit / (loss) before tax	(921)	(4,626)

Financial Performance

Revenue for the Property Development segment achieved a lower revenue of RM1.2 million in FY 2023 compared to RM2.4 million in FY 2022, attributable to lower sale of completed townhouse. Meanwhile, loss before tax rose to RM4.6 million compared to RM0.9 million in FY 2022 as the Group incurred land and development related costs as well as recognition of accretion of interest on deferred trade payables of RM3.1 million relating to landowner entitlement.

Operational Overview

The Group has dedicated substantial efforts to establish our holistic warehousing and total intralogistics solutions to fulfil the ever-increasing demand for industrial properties, such as the automated warehouses, distribution centres and e-commerce micro fulfilment centres. These endeavours encompass various strategic aspects, such as identifying suitable industrial land for development, forming vital partnerships with an Automated Storage and Retrieval System (ASRS) provider and a system pallet producer. Furthermore, PTTS has successfully secured Longterm Distribution Sdn. Bhd. as a tenant for its upcoming automated warehouse and is actively pursuing various industrial property opportunities in the pipeline.

In October 2023, PTTS entered into a sale and purchase agreement to acquire 2 parcels of freehold development land in Seberang Perai Selatan, Penang, at a value of RM70.6 million. This land acquisition is earmarked for the development of industrial properties.

SEGMENTAL OVERVIEW (CONT'D)

3. Property Development Segment (Cont'd)

Operational Overview (Cont'd)

The risks and challenges faced by the Property segment include:-

1. Soft demand risk – In the event that the economy experiences a downturn and witness an oversupply of industrial properties, we would exercise caution on the property market. Presently, there is strong demand for industrial properties and our comprehensive warehousing and total intralogistics solutions are highly sought after.

2. Execution and delay risks – Shortage of workers and certain building materials may cause delays to the completion schedule. Additionally, we also rely on subcontractors to perform certain jobs. Our experienced project teams are very hands-on at every stage of the projects to ensure we do not incur any LAD claims.

Moving forward, the Group's strategic venture into warehousing and total intralogistics solutions in industrial properties is promising and likely to generate future growth for the Group.

BUSINESS STRATEGIES & OUTLOOK

1. Stronger Foothold in the Construction Industry

With the acquisition of PTTSB in August 2023, the enlarged Group can leverage on PTTSB's strengths in its management team, resources and expertise to further strengthen the Group's construction order book, financial position and prospects.The Group is optimistic with expectation of further growth in Construction segment as public job awards resume following the conclusion of 6 state elections in August 2023.

PTTS plans to continue with the following business strategies to improve the construction business:

- Actively tendering and securing new construction projects from clients
- Proactive management and monitoring of current projects to meet all project timeline without delay
- Execution of cost control strategies such as hedging and bulk purchasing of raw materials hedging, and variation orders for pricing
- Maintain strong relationship with master developer which will lead to stronger ability to secure new construction projects and control cost

2. Capitalising on Robust Demand for Total Intralogistics Solutions

PTTS anticipates robust and sustainable growth in Malaysia's industrial sector as the country offers abundant resources and well-developed infrastructure, which appeal to both local and foreign businesses seeking expansion or establishment in Malaysia. We have strategically positioned ourselves as a comprehensive solution provider for industrial building needs, providing landbanks, in-house construction expertise and total intralogistics solutions.

In September 2023, the Group marked a significant milestone by signing a lease agreement with Longterm Distribution Sdn. Bhd. for our PTT Space Elmina Logistic Hub, the first of a series of logistics space envisioned by PTTS. We are actively pursuing opportunities in intralogistics consultation, distribution operation planning, conventional and fully automated warehouses, distribution centres and e-commerce Fulfilment Hub throughout Malaysia. Our facilities are designed to meet the highest industry standards, and deliver unparalleled quality and efficiency.

BUSINESS STRATEGIES & OUTLOOK (CONT'D)

3. Enhancing Trading Division's Profitability

The management's efforts to enhance the credit control and collections for the Trading division in previous year have achieved favourable results. PTTS is committed to maintain a proactive approach in this regard. This includes vigilant monitoring of trade receivables and customer profiling, with a focus on retaining customers with strong credit profile while reassessing those with long-overdue payments.

Furthermore, we will also work on expanding our customer base. Our objectives include optimising our supply chain through negotiations for more favourable prices with suppliers and developing new products under own brands to enhance our profit margins.

With our strategic plan in place, albeit operating within the uncertain economic environment and global headwinds, the Group remains cautiously optimistic and will continue to seek opportunities for growth and create value by leveraging on our consolidated strength and proven track record in project implementation.

We are confident that the Group will establish itself as a prominent integrated player in both the construction and industrial sectors, elevating industry standards and driving long-term sustainability. Last but certainly not least, we hold an optimistic outlook for a positive performance in the year ahead.

4. Dividend

The Board of Directors did not recommend any dividend for the FY 2023.

APPRECIATION

We extend our heartfelt gratitude to our loyal shareholders for their unwavering support and trust in our Management team. We also express our deep appreciation to our customers, suppliers, bankers and business associates for their unwavering commitment. Most importantly, we are profoundly thankful for our dedicated employees whose exceptional contributions have played a crucial role in facilitating the execution of various strategies aimed at propelling the Group to greater heights.

TEO SWEE PHIN
Managing Director
Date: 19 October 2023

SUSTAINABILITY STATEMENT
FOR THE YEAR ENDED 30 JUNE 2023

PTT Synergy Group Berhad ("**PTTS**" or "**the Company**") recognises the importance of sustainability and strives to achieve sustainable growth in our core businesses by incorporating the factors such as Economic, Environmental, Social and Governance into the journey of PTTS and its subsidiaries ("**the Group**"). The Sustainability Statement outlines PTTS' initiative in adopting and applying sustainable practices to minimise risk and enhance the long-term developmental impact of its business activities towards a sustainable future.

STATEMENT OVERVIEW

Reporting Period and Cycle

This Statement covers the financial year period from 1 July 2022 to 30 June 2023 ("**FY2023**"), and is reported on an annual basis. Data and information from previous years have been included, where possible.

Reporting Scope

This Statement encompasses all business operations of the Group within the geographic scope of Malaysia. The divisions covered are Construction, Property Development, Warehouse and Logistics, as well as Trading.

Reporting Framework

This Statement has been prepared in accordance and reference to:

- Main Market Listing Requirements issued by Bursa Malaysia Securities Berhad ("**Bursa Malaysia**")
- Bursa Malaysia's Sustainability Reporting Guide and Toolkits 3rd Edition
- Global Reporting Initiative ("**GRI**") Standards
- United Nations Sustainable Development Goals ("**UN SDGs**")
- FTSE4Good Bursa Malaysia Index requirements ("**FTSE4Good**").

External Assurance

This Statement has not obtained external assurance. Nonetheless, the content of this Statement has been reviewed and endorsed by PTTS' Board of Directors and Sustainability Working Committee ("**SWC**"). We will consider seeking external assurance for our sustainability statement in the future.

Point of Contact

We highly appreciate your feedback and opinion regarding our sustainability efforts and reporting approaches. You may email your feedback and enquiries to info@ptt.com.my.

SUSTAINABILITY GOVERNANCE

The SWC is responsible for the sustainability matters of the Group. The SWC includes our key senior management team and all our Head of Departments ("**HODs**"), and is headed by our Managing Director, Mr. Teo Swee Phin. Discussions from SWC have been led to the various strategic thrusts to further improve overall sustainability within the Group, covering all aspects within the Economic, Environmental, Social and Governance topics.

The SWC reports to the Board of Directors ("**Board**"), who oversees and review the Group's sustainability strategies and performance.

The diagram below illustrates PTTS' sustainability governance and their respective responsibilities.

Governance Structure	Roles and Responsibilities
Board	• Oversee PTTS' sustainability strategies and performance • Review and approve sustainability-related policies and procedures
↑	
SWC Managing Director Key Senior Management Team Head of Departments	• Identify and address sustainability-related concerns, including risks and opportunities • Formulate sustainability strategies and goals • Supervise the effective implementation of the strategies • Track and evaluate sustainability indicators and performance • Report and update to the Board on sustainability progress

STAKEHOLDER ENGAGEMENT

Stakeholders will continuously be the focal point of our business. To keep in touch with sustainability concerns surrounding our operations, PTTS actively engages all stakeholder groups through various methods in different frequencies in the past year, this may happen through both formal and informal discussions and meetings that cover shareholder meetings, investor briefings, direct engagement programs, surveys, audits, and more.

Stakeholder Group	Frequency of Engagement	Sustainability Concerns	Engagement Channel
Customers (existing and potential)	• Ongoing	• Quality and safety of construction projects • Product innovation • Availability of sustainable and energy efficient features in projects and solutions provided • Customer satisfaction	• Customer surveys • Customer service and support
Investors and financiers	• Ongoing • Quarterly • Annually	• Financial performance • Long-term growth and resilience • Ethical business practices • Timely and accurate announcement • Transparency in financial reporting	• Annual general meetings • Earnings reports and financial disclosures • Sustainability reports and updates • Investor relations website and contact • Analyst briefings and meetings • Press release • Site visits • Audits
Employees	• Ongoing • Annually	• Workplace health and safety • Diversity and equal employment opportunities • Training and career development • Human rights • Employee welfare	• Employee surveys and feedback mechanisms • Team meetings • Annual appraisal and performance review • Job-related training and workshops • Staff engagement programmes

STAKEHOLDER ENGAGEMENT (CONT'D)

Stakeholder Group	Frequency of Engagement	Sustainability Concerns	Engagement Channel
Suppliers	• Ongoing • Annually	• Fair procurement practices • Sustainable sourcing • Sustainability in the supply chain	• Supplier assessments and audits • Supplier meetings and discussions • Regular communications
Business partners	• Ad hoc • Ongoing	• Financial performance and stability • Integrity in partnerships • Alignment with sustainability goals and values	• Meetings and discussions • Regular communications
Governments and regulators	• Ongoing • Annually	• Compliance with regulations • Ethical and responsible business practices • Contribution to the local economy • Public health and safety • Environmental and social impact of construction and development activities	• Regulatory reporting and compliance submissions • Announcement • Participation in programmes organised by regulatory bodies
Media	• Ongoing	• Accuracy and transparency in public communications • Timely response to inquiries and concerns	• Newspaper and social media • Press release • Direct engagement
General public	• Ad hoc	• Environmental and social impact of construction and development activities • Contribution to the local community • Corporate social responsibility initiatives • Job creation and economic contributions	• Community programmes and events • Corporate social responsibility activities

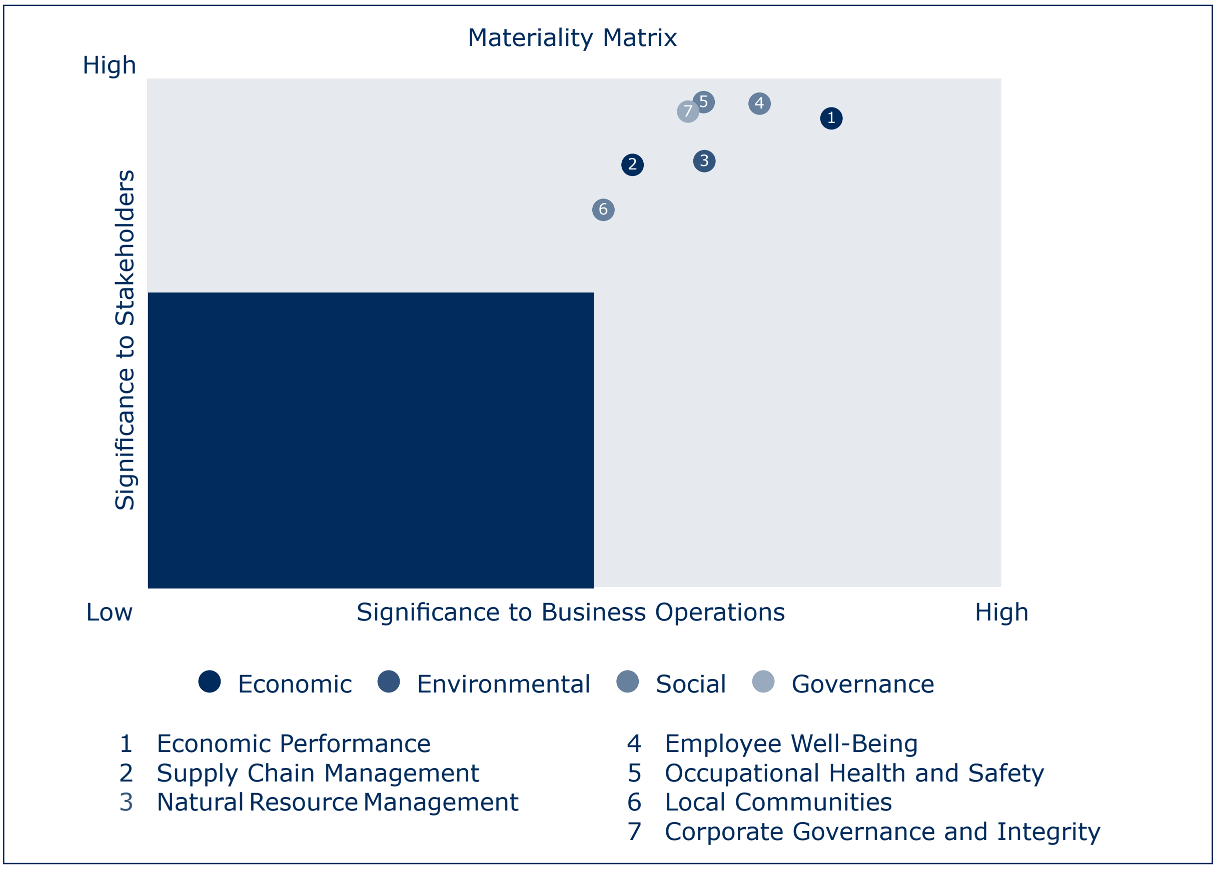
MATERIAL ASSESSMENT

Our Material Topics were identified in consultation of various stakeholder groups, with each Material Topic encompassing highlighted matters of concern such as return on investment, reliable services, impact to business operations, significance to shareholders and etc.

Identification of Sustainability Matters	Categorisation and Prioritisation of Material Matters	Review and Validation
• Identify and compile material issues from interactions with stakeholders • Refer to material matters identified in previous years and those of our peers	• Assess the significance of each identified material matters on the Group's operations and its impact on stakeholders' decisions through discussions and surveys • Rank the outcomes on Materiality Matrix	• SWC reviews the materiality matrix and confirms the outcome with sustainability trends • Present the Materiality Matrix to the Board for review and approval

In FY2023, we have identified 7 material matters. We have renamed "Corporate Social Responsibility" to "Local Communities". The Group shall review the Materiality Matrix annually to keep updated on the emerging sustainability concerns.

The identified material matters are illustrated in the Materiality Matrix below, plotted against the x-axis, which shows the significance of each matter to the business operations, and against the y-axis, which shows the significance of each matter to our stakeholders.



OUR SUSTAINABILITY GOALS

PTTS is committed to supporting the UN SDGs and realigned our strategies to the goals. The table below illustrates our sustainability goals.

Material Topics	Sustainability Goals
Contributing to Economic Growth	
SDG Alignment	
8 Decent Work and Economic Growth; 9 Industry, Innovation and Infrastructure; 11 Sustainable Cities and Communities; 12 Responsible Consumption and Production	
Economic Performance	• Ensure sustainable economic growth • Improve financial stability • Increase value generated for our stakeholders • Foster economic development such as job creation within our communities
Supply Chain Management	• Promote responsible sourcing • Ensure ethical practices • Reduce environmental impacts throughout the supply chain
Environmental Conservation	
SDG Alignment	
3 Good Health and Well-Being; 6 Clean Water and Sanitation; 7 Affordable and Clean Energy; 13 Climate Action	
Natural Resource Management	• Reduce energy consumption • Reduce greenhouse gas emissions • Reduce waste • Optimise resource utilisation • Reduce environmental impacts from operations
People First	
SDG Alignment	
3 Good Health and Well-Being; 4 Quality Education; 5 Gender Equality; 8 Decent Work and Economic Growth	
Employee Well-Being	• Prioritise the physical and mental well-being of employees • Promote diversity and inclusion • Contribute to personal growth and career development
Occupational Health and Safety	• Achieve zero workplace injuries • Promote a culture of safety and well-being
Local Communities	• Contribute to the development and well-being of local communities • Support local infrastructure

OUR SUSTAINABILITY GOALS (CONT'D)

Material Topics	Sustainability Goals
Corporate Governance	
SDG Alignment 	
Corporate Governance and Integrity	• Ensure full compliance with applicable laws and regulations • Uphold responsible and ethical business conduct

ECONOMIC

Material Topic: Economic Performance

Definition of Material Topic

Information about the economic performance-related impacts of our businesses, and how we manage these impacts.

Why Is This Topic Material To Us?

The direct economic value generated from our businesses directly reflects our business competence and resilience across all our operations and will have financial implications and impacts to both internal and external stakeholders.

Risk/Challenges	Opportunities
1. Weak economic performance will lead us to contribute less to our employees, shareholders, government and the local economy's growth. 2. Unpredictable market shifts can negatively impact the Group's profitability and growth trajectory.	1. Strong economic performance can lead to an increase of employees' salaries, shareholder returns, government taxes, and contribute to the growth in the local economy. 2. By leveraging on our expertise in property and logistics ventures, the Group can further solidify our market positioning and deliver sustainable economic growth.

Management Approach

<u>Economic Value Generation and Distribution</u>

The Group's revenue in FY2023 is primarily generated from 3 key segments namely:

1. Construction
2. Property Development
3. Trading

ECONOMIC (CONT'D)

In FY2023, the Group generated a direct economic value of RM163.4 million in revenue. Our economic value is distributed to our economic factors through the paying of employee wages and benefits, payments to providers of capital, payments of taxes to the Government and community investments. Information of our revenue, profit before tax and profit attributable to owners are summarised below:

Direct Economic Value Generated and Retained (RM million)	FY2021	FY2022	FY2023
Revenue	62.2	125.6	163.4
Profit Before Tax	(2.1)	11.7	8.6
Profit Attributable to Owners of the Company	(1.1)	8.4	1.6

For more financial information about the Group, kindly refer to the Financial Statements section of the Annual Report.

Tax Governance

In the financial year under review, we have recognised a total of RM4.4 million taxes to the Government as part of our corporate responsibility. Our approach to taxation is by working closely with the tax authorities to establish a transparent, accurate and comprehensive tax reporting system, adopting high standards of compliance to the tax governance and to ensure that our tax payment is done on a timely manner.

Business Diversification and Expansion

To ongoingly grow our operations to ensure sustainable economic growth, the Group has diversified and expanded into warehouse and logistics operations in FY2023, primarily in industrial warehouses which focus on total intralogistics solutions. Apart from increasing the Group's revenue base, the diversification into warehouse and logistics concurrently provides our clients with additional economic benefits such as:

- Cost saving through lower cost per pallets and lower labour requirement
- Achieve economies of scale through the centralisation of warehouses
- Maximise space utilisation
- Reduce operating cost
- Enhance inventory control and optimise inventory flow

PTTS' economic performance is prominent to sustain the business' growth, in line with the interests of all our valued shareholders. PTTS adopts sustainable initiatives to drive long-term economic performance for all our stakeholders, in line with our aspiration to be a regional intralogistics champion in the next 3 to 5 years via 3 crucial pillars:

- **Be a leading intralogistics player** locally and regionally by spearheading Industry 4.0 and revolutionising warehouse operations.
- **Regional expansion** to expand our client and revenue base significantly, promoting sustainable economic growth.
- **Align with Environmental, Social and Governance principles** to integrate sustainability and responsible practices into every aspect of our operations.

ECONOMIC (CONT'D)

Material Topic: Supply Chain Management	
Definition of Material Topic Management of suppliers and contractors to ensure sustainability principles are upkept within the value chain to ensure efficient and seamless flow of goods and services.	
Why Is This Topic Material To Us? Supply chain plays a huge part to ensure the delivery of our businesses. The performance of our suppliers directly affects the Group's performance. A sustainable supply chain management sets the foundation of a company while maximising customer value.	
Risk/Challenges	**Opportunities**
1. Suppliers with poor performance are more prone to encounter operational disruption, which will affect the Group's operation. 2. Disruptions, delays and a lack of transparency can hinder project completion and increase operational costs.	1. A sustainable supply chain can reduce costs, smoothen operations and improve productivity. 2. Companies that practice a sustainable supply chain are more attractive to potential customers, investors and employees.

Management Approach

<u>Support Local Suppliers</u>

Our Group prioritises local sourcing of procurement by supporting locally manufactured products from local suppliers. In FY2023, the purchases are mostly from local procurement.

All suppliers engaged by the Group are screened before onboarding to ensure that all procurements and raw materials are sourced responsibly and are of high quality.

<u>Transparent Procurement Practices</u>

Procurement practices are carried out in adherence to a stringent and transparent procurement policy which is audited by internal audit teams. The policy is regularly reviewed to be in line with any shifts in the economic and regulatory condition. All procurement procedures are well documented and approved internally and externally if required, equipped with additional safeguards such as segregation of authorities, to further profess our commitment to transparent procurement policies across the Group.

ENVIRONMENT

Material Topic: Natural Resource Management

Definition of Material Topic

Information about how our businesses affect the environment and the additional steps taken by the Company to manage scarce natural resources and preserve the well-being of the environment.

Why Is This Topic Material To Us?

Our business operations involve the use of scarce natural resources, hence the need for our organisation to impose strict and sustainable business operating practices to ensure the environment is not heavily impacted by our operations.

Risk/Challenges

1. Non-environmentally friendly building practices will lead to wastages of raw materials, causing natural resources to deplete at a swift rate.
2. Depletion of natural resources will lead to environmental impacts such as deforestation and global warming.
3. Reputational risk for our organisation if found guilty of breach in environmental legislations.

Opportunities

1. Taking additional environment-friendly actions will minimise wastages of raw materials, thus maintaining supply of raw materials and reducing purchasing costs, additionally preserving the environment.
2. Establishing pioneer steps in providing solutions to construct green and sustainable buildings which have minimal impact on the environment.

Management Approach

Sustainable Construction and Development Practices

PTTS aims to promote sustainable and environment-friendly construction and development practices through the following initiatives:

- Encourage to be environmentally responsible and resource-efficient as much as possible in building development, such as landscape design and green building
- Practice environment-friendly earthwork methodology such as tree mulching, coir log, silt trap, earth drain etc.

Slit Trap

Earth Drain

Coir Log

ENVIRONMENT (CONT'D)

Energy Management

As a construction and property company, energy usage such as fuel consumption is essential in the Group's operation to run our fleet of machinery. Electricity consumption is used as normal power supply to office buildings. PTTS aims to conserve and optimise our energy consumption.

Some of the energy conservation initiatives carried out by PTTS include:

- Replace light bulbs with LED energy saving bulbs
- Provide automated warehousing systems such as automated storage and retrieval systems ("**ASRS**") which improve floor space utilisation, maximise energy efficiency and reduce carbon footprint

Automated storage and retrieval systems

Energy Performance

In FY2023, the Group's total energy consumption and energy intensity ratio reduced by 48.3% and 60.3% respectively.

Energy Consumption	Unit	FY2021	FY2022	FY2023
Fuel Consumption				
Diesel	MWh	28,711.3	23,590.0	12,196.8
Petrol	MWh	7.5	17.4	5.7
Total fuel consumption	MWh	28,718.8	23,607.4	12,202.5
Electricity Consumption				
Total electricity consumption	MWh	49.2	112.4	48.7
Total energy consumption	MWh	28,768.0	23,719.8	12,251.3
Energy intensity ratio	MWh / total revenue in RM mil	462.2	188.9	75.0

In line with the lower energy consumption, GHG emissions and intensity have reduced by 48.4% and 60.4% respectively in FY2023.

GHG Emissions	Unit	FY2021	FY2022	FY2023
Scope 1 (1)	tCO_2	7,187.9	5,908.7	3,054.1
Scope 2 (2)	tCO_2	31.4	71.8	31.1
Total GHG emissions	tCO_2	7,219.3	5,980.5	3,085.3
GHG emissions intensity ratio (Scope 1 and 2)	tCO_2 / total revenue in RM mil	116.0	47.6	18.9

Notes:
1. *The emission factor for Scope 1 emissions is obtained from GHG Protocol tools: Emission Factors from Cross-Sector Tools.*
2. *The emission factor for Scope 2 emissions is obtained from the Sustainable Energy Development Authority 2016 Baseline CO2.*

ENVIRONMENT (CONT'D)

Water Management

At PTTS, water is consumed mostly for domestic usage at our office building, construction sites and workers' quarters. We strive to encourage water saving initiatives in our day-to-day operations.

Water Performance

In FY2023, PTTS' water consumption and intensity ratio has reduced by 44.0% and 57.0% respectively.

Water Consumption	Unit	FY2021	FY2022	FY2023
Water Consumption	m^3	412.0	377.0	211.0
Water intensity ratio	m^3 / total revenue in RM mil	6.6	3.0	1.3

Note: water consumption = water withdrawal

Waste and Material Management

PTTS' construction and development activities generate waste such as hazardous and non-hazardous waste. Hazardous waste includes scheduled waste as detailed below, while non-hazardous waste includes general domestic waste. All waste is safely disposed of by registered and licensed waste management disposal service providers.

Hazardous waste from our operations includes:

Code	Waste Description
SW305	Used engine oil
SW408	Contaminated soil with scheduled waste / chemical & oil spillage
SW409	Contaminated containers with scheduled waste / chemical
SW410	Contaminated filter/ rags/ papers with scheduled waste / chemical

Some of the waste and materials conservation initiatives carried out by PTTS includes:

- Encourage electronic publication of documents such as Annual Reports, to minimise paper consumption
- Ensure all wood materials and other materials are procured from responsible and sustainable sources
- Recycle waste such as plastic bottles and aluminium cans

ENVIRONMENT (CONT'D)

Waste and Material Management (Cont'd)

Waste Performance

In FY2023, PTTS has reduced the waste directed to disposal by 9.0%. Waste diverted from disposal includes waste recycled such as plastic bottles and aluminium cans.

Waste	Unit	FY2021	FY2022	FY2023
Waste Generated				
Hazardous waste	tonne	12.7	3.1	2.6
Non-hazardous waste	tonne	38.6	35.3	32.3
Total waste generated	tonne	51.3	38.3	34.9
Waste Diverted from Disposal				
Hazardous waste	tonne	–	–	–
Non-hazardous waste	tonne	0.6	0.5	0.5
Total waste diverted from disposal	tonne	0.6	0.5	0.5
Waste Directed to Disposal				
Hazardous waste	tonne	12.7	3.1	2.6
Non-hazardous waste	tonne	38.0	34.8	31.9
Total waste directed to disposal	tonne	50.7	37.9	34.5

SOCIAL

Material Topic: Employee Well-Being

Definition of Material Topic

Maintain the well-being of our employees by ensuring they are respected and included.

Why Is This Topic Material To Us?

Our employees are the most important stakeholders supporting the Group's success journey. With the constant shifts in the labour market dynamics, employee's well-being is gaining more importance and PTTS recognises factors such as compensation, benefits, talent development, diversity and human rights in attracting and retaining new and existing talents.

Risk/Challenges

1. High employee turnover rate might lead to company's reputation risk, which would affect company's ability to attract talents moving forward.
2. Companies that do not regularly invest in training and education of employees will risk compromising the quality of their products and services.
3. Neglecting and failing to reward an employee's contribution fairly may result in decreased employee morale and productivity.

Opportunities

1. A good company reputation with good management on human capital can improve employee recruitment and retention.
2. Companies that focus on talent development will empower employees with improved skills and competencies to deliver higher demand and quality.
3. Employees that are well appreciated and taken care of can boost employee moral and productivity.

SOCIAL (CONT'D)

Management Approach

Total Workforce and Working Hours

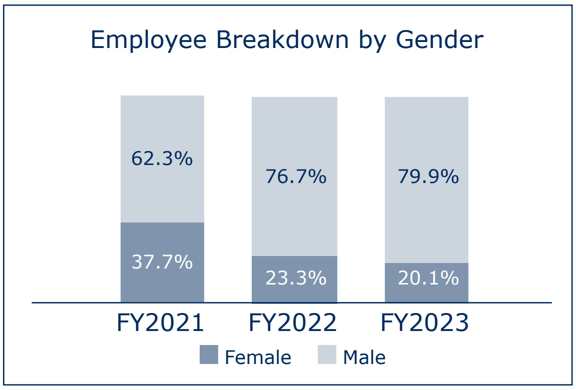
PTTS is committed to expanding its talent pool, with the objective of securing continuous business growth and enduring success for the organisation. The invaluable contributions of PTTS' workforce are central to the Group's accomplishments. PTTS has a total workforce of 204 employees in FY2023, an increase from 133 employees in FY2022. As we increase our workforce to match our business expansion, we are committed to actively manage our employees' total working hours as part of our dedication to their well-being. Our primary goal is to foster a safe working environment with zero accidents. In FY2023, our workforce accumulated a total of 374,007 working hours.

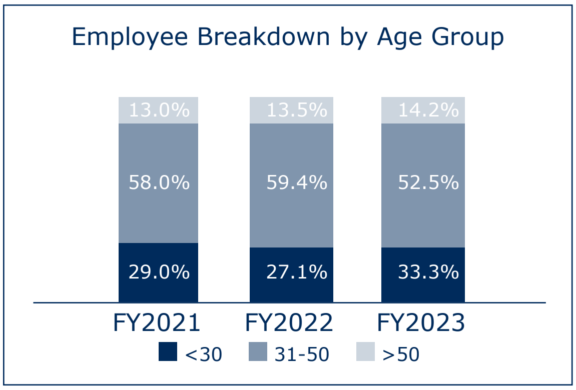
Promoting Workplace Diversity

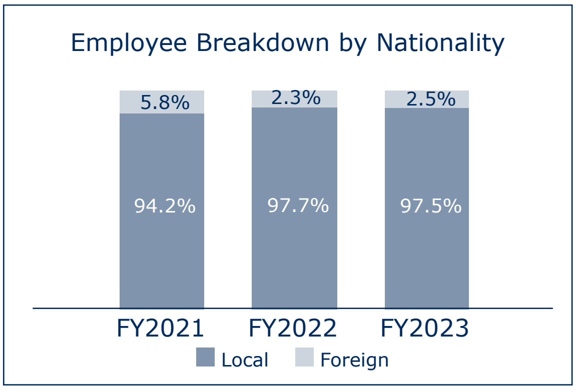
PTTS strives to create a culture of diversity and inclusion, as we believe workplace diversification efforts are crucial in enhancing our overall operation performance, attracting top talents, and improving decision-making while also ensuring legal compliance and nurturing a positive workplace culture. PTTS prohibits any form of discrimination or harassment, irrespective of race, colour, age, gender, nationality, or disability status. We also condemn the act of using forced labour and child labour. PTTS provides equal employment opportunities to all applicants and embraces diversity in skills, experience, age, and ethics within the workplace.

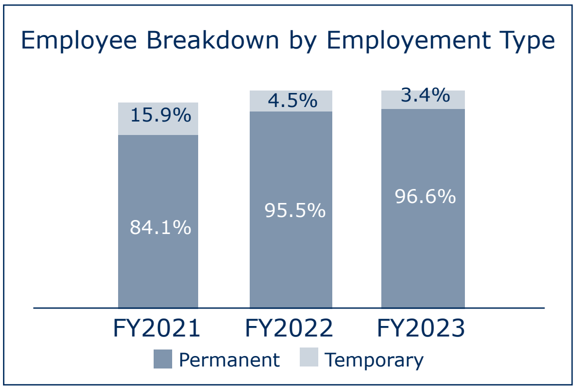
In FY2023, the Group has a total of 204 employees, in which male employees constituted most of the workforce at 79.9%, while our female employees represented 20.1%. The greater male representation in our workforce primarily results from the nature of the construction industry. We aim to increase our female representation across our employee categories, encouraging women to take on executive and senior management roles in the Group.

Further breakdown of each employee category according to gender, age group, nationality and employment type are illustrated in the charts and tables below:



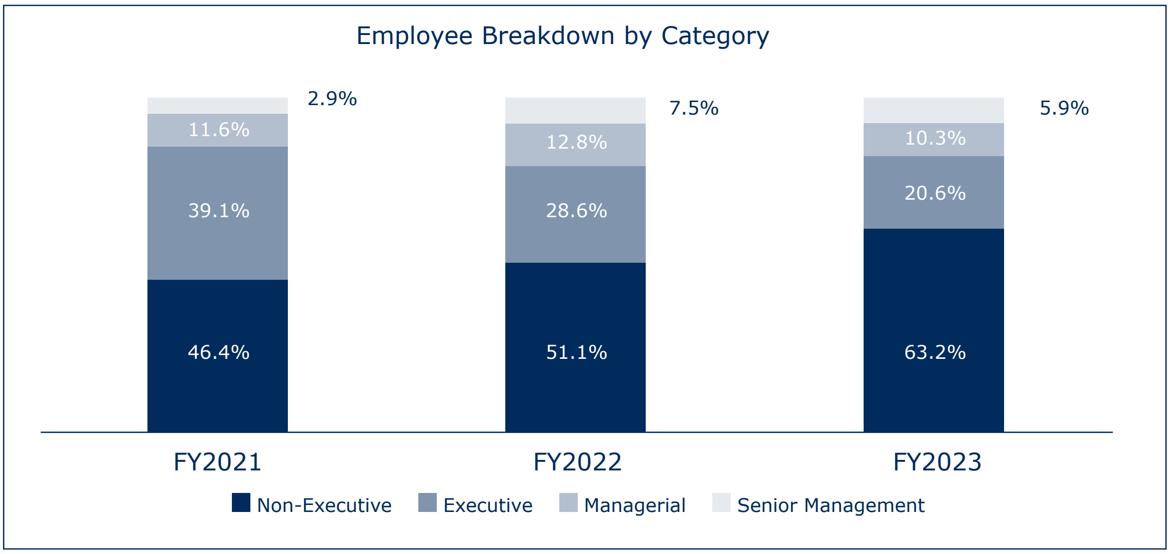


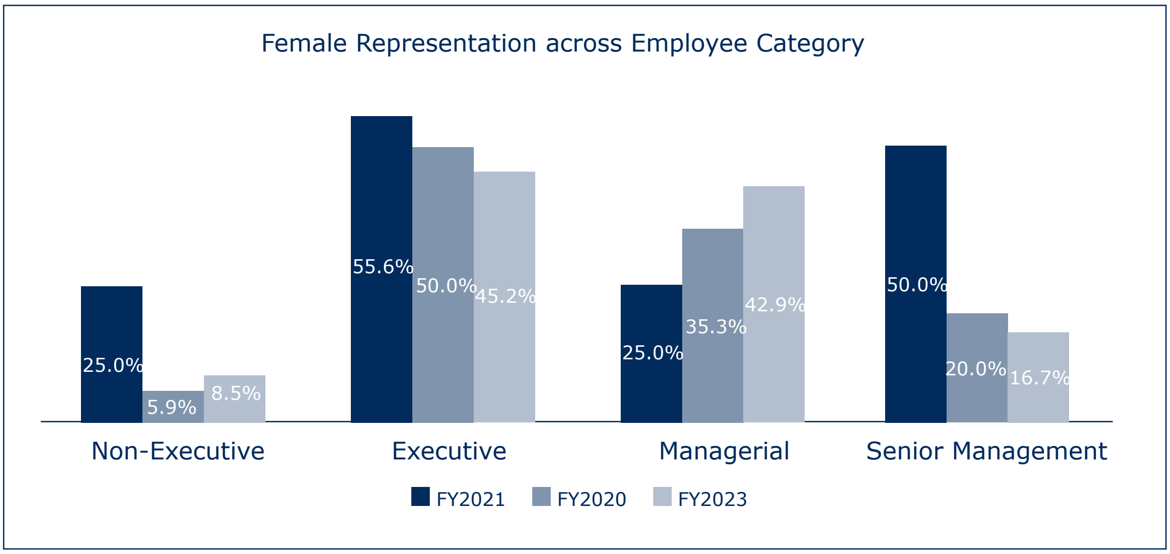




SOCIAL (CONT'D)

Promoting Workplace Diversity (Cont'd)





Employee Category by Gender	FY2021			FY2022			FY2023		
	Female	Male	Total	Female	Male	Total	Female	Male	Total
Non-Executive	8	24	32	4	64	68	11	118	129
Executive	15	12	27	19	19	38	19	23	42
Managerial	2	6	8	6	11	17	9	12	21
Senior Management	1	1	2	2	8	10	2	10	12
Grand Total	26	43	69	31	102	133	41	163	204
Percentage (%)	37.7%	62.3%	100.0%	23.3%	76.7%	100.0%	20.1%	79.9%	100.0%

SOCIAL (CONT'D)

Promoting Workplace Diversity (Cont'd)

Employee Category by Age Group	FY2021				FY2022				FY2023			
	<30	31-50	>50	Total	<30	31-50	>50	Total	<30	31-50	>50	Total
Non-Executive	14	16	2	32	26	38	4	68	54	62	12	128
Executive	6	15	6	27	8	24	6	38	12	23	8	43
Managerial	0	8	0	8	2	13	2	17	2	17	2	21
Senior Management	0	1	1	2	0	4	6	10	0	5	7	12
Grand Total	20	40	9	69	36	79	18	133	68	107	29	204
Percentage (%)	29.0%	58.0%	13.0%	100.0%	27.1%	59.4%	13.5%	100.0%	33.3%	52.5%	14.2%	100.0%

Employee Category by Nationality	FY2021			FY2022			FY2023		
	Foreign	Local	Total	Foreign	Local	Total	Foreign	Local	Total
Non-Executive	4	28	32	3	65	68	5	124	129
Executive	0	27	27	0	38	38	0	42	42
Managerial	0	8	8	0	17	17	0	21	21
Senior Management	0	2	2	0	10	10	0	12	12
Grand Total	4	65	69	3	130	133	5	199	204
Percentage (%)	5.8%	94.2%	100.0%	2.3%	97.7%	100.0%	2.5%	97.5%	100.0%

Talent Attraction and Retention

PTTS places significant emphasis on talent attraction and retention as the key drivers of our continued success. We are dedicated to creating an inclusive and welcoming workplace that values diversity and empowers individuals to thrive. Further information of our new hires and employee turnover are depicted in the tables below:

New Hires

	FY2021	FY2022	FY2023
Total New Hires	11	71	139
New Hires Rate	15.9%	72.8%	82.5%

New Hires Breakdown	FY2021		FY2022		FY2023	
By Gender:						
Male	7	63.6%	62	87.3%	117	84.2%
Female	4	36.4%	9	12.7%	22	15.8%
By Age Group:						
< 30	6	54.4%	22	31.0%	68	48.9%
30-50	4	36.4%	45	63.4%	62	44.6%
> 50	1	9.1%	4	5.6%	9	6.5%
By Nationality:						
Local	11	100.0%	71	100.0%	137	100.0%
Foreign	0	0.0%	0	0.0%	2	1.4%

SOCIAL (CONT'D)

Talent Attraction and Retention (Cont'd)

Employee Turnover

	FY2021	FY2022	FY2023
Total Employee Turnover	10	34	73
Employee Turnover Rate	14.5%	34.9%	43.3%

Employee Turnover Breakdown	FY2021		FY2022		FY2023	
By Gender:						
Male	4	40.0%	27	79.4%	58	79.5%
Female	6	60.0%	7	20.6%	15	20.5%
By Age Group:						
< 30	1	10.0%	9	26.5%	33	45.2%
30-50	7	70.0%	22	64.7%	37	50.7%
> 50	2	20.0%	3	8.8%	3	4.1%
By Nationality:						
Local	10	100.0%	34	100.0%	73	100.0%
Foreign	0	0.0%	0	0.0%	0	0.0%

Wage Compensation and Employee Benefits

At PTTS, we are committed to providing competitive employee benefits and fair wage compensation regardless of gender, race, colour, age, nationality, or disability status. We strictly comply with the minimum wage guidelines of Malaysia, with a minimum entry level wage to minimum wage ratio of 1.07 : 1. We see highly of our people and believe in reciprocating their effort with not only competitive pay but also a comprehensive set of employee benefits that prioritise their well-being. This approach is vital for both retaining our existing workforce and attracting potential talents.

In compliance with local laws and regulations, PTTS offers parental leave to our employees without any form of discrimination. In FY2023, a total of 5 employees took parental leave, and PTTS recorded a return to work rate of 80.0% and a retention rate of 100.0%.

Parental Leave	FY2021	FY2022	FY2023
Number of employees entitled to parental leave:			
Male	23	49	145
Female	10	13	18
Total	**33**	**62**	**163**
Number of employees that took parental leave:			
Male	1	0	0
Female	4	4	5
Total	**5**	**4**	**5**

SOCIAL (CONT'D)

Wage Compensation and Employee Benefits (Cont'd)

Parental Leave	FY2021	FY2022	FY2023
Number of employees that returned to work after parental leave ended:			
Male	1	0	0
Female	4	4	4
Total	**5**	**4**	**4**
Number of employees that were still employed 12 months after returned to work after parental leave ended:			
Male	–	1	0
Female	–	4	4
Total	**–**	**5**	**4**
Rate of return to work of employees who took parental leave:			
Male	100.0%	–	–
Female	100.0%	100.0%	80.0%
Total	**100.0%**	**100.0%**	**80.0%**
Retention rate of employees that were still employed 12 months after returned to work after parental leave ended:			
Male	–	100.0%	–
Female	–	100.0%	100.0%
Total	**–**	**100.0%**	**100.0%**

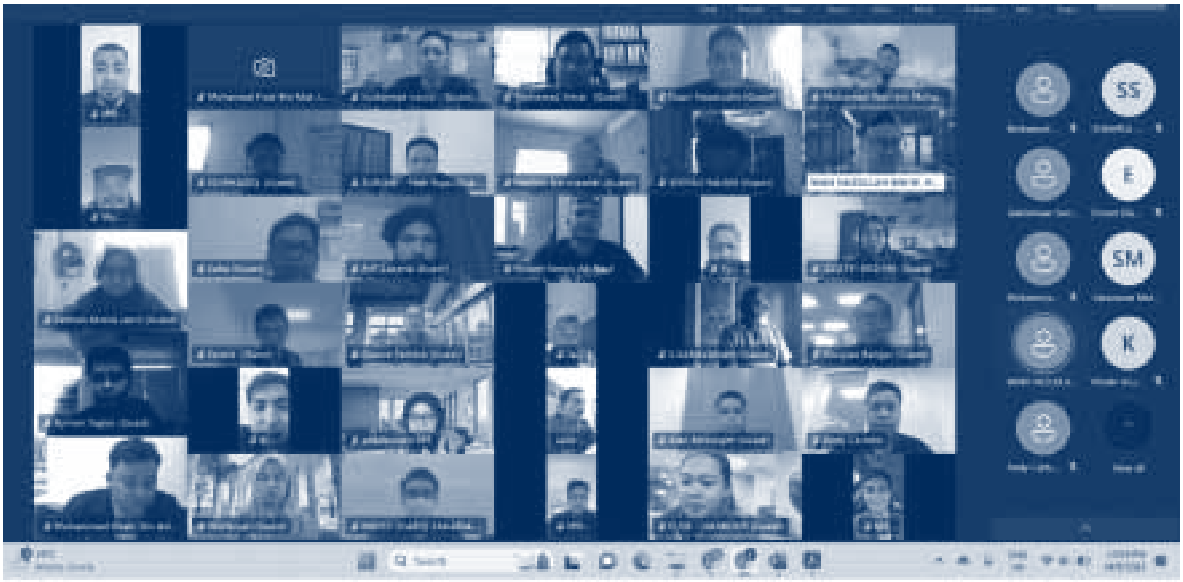
Training and Education

To uphold the enduring excellence of our standards and the competency of our team, PTTS is committed to continuously improving our employees' skills, enabling them to realise their full potential. We conduct frequent training sessions to enhance our employees' technical capabilities and provide numerous opportunities for career advancement. In FY2023, we have organised a total of 30 training programmes, comprising topics such as operation-related knowledge and hands-on courses, workplace safety and health, quality control system, new products and machines usage instruction briefings, and personal development programmes. The top 10 training programmes and workshops by total training hours offered in FY2023 are as below:

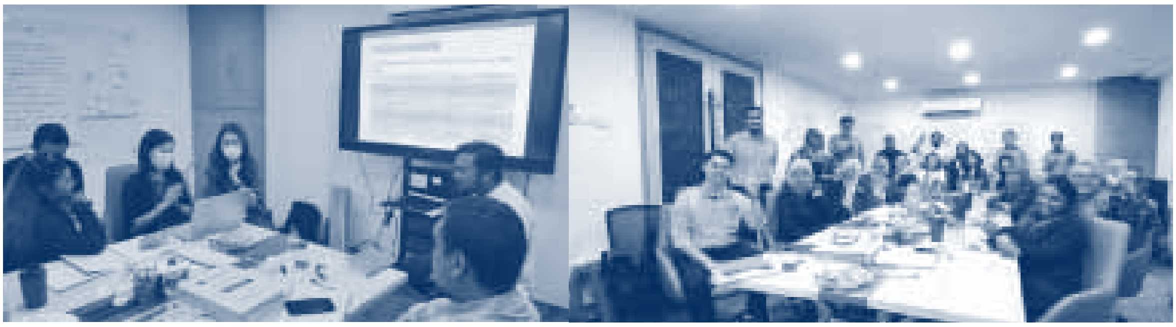
Training Title
Integrated Management System Awareness and Internal Audit Training
Basic Scaffolding Course (Level 1)
Intermediate Scaffolding Course (Level 2)
Zoom Presentation for Products on Valve
Presentation for PVC-O Products and Factory Visit
Presentation and Training Programme for Rothenberger R250C Butt-Fusion Machine
Presentation Programme for AVA Products
Accident & Incident Investigation & Reporting Technique Analysis (Online)
STEP First Class Manager Training Programme
Course for Certified Environmental Professional in Scheduled Waste Management

SOCIAL (CONT'D)

Training and Education (Cont'd)



Accident & Incident Investigation & Reporting Technique Analysis (Online)



Integrated Management System Awareness and Internal Audit Training

SOCIAL (CONT'D)

Training and Education (Cont'd)

We take great pride in highlighting our progress in employee development. In FY2023, our investment in training and education converted to a total of 1,256.5 training hours compared to 934.5 training hours in FY2022. This reflects our unwavering commitment to fostering the growth of our team. The average training hours per employee saw a slight decrease, from 7.03 hours in FY2022 to 6.16 hours per employee in FY2023. PTTS strives to encourage more learning initiatives among our employees. Further breakdown of trainings hours by employees are shown below:

	FY2022	FY2023
Total annual training hours	934.5	1,256.5
Average training hours per employee	7.03	6.16
Average training hours by gender:		
Female	10.65	8.09
Male	5.93	5.67
Average training hours by employee category:		
Non-Executive	4.35	2.23
Executive	8.64	4.86
Managerial	17.03	23.45
Senior Management	2.1	8.83

While we focus on providing training for employee development, we also understand the importance of performance and career development review to our employees. PTTS' performance review system allows our employees to receive regular performance and career development reviews for constant improvement.

Material Topic: Occupational Health and Safety

Definition of Material Topic

Defines the safety, health and welfare of the people within our organisation.

Why Is This Topic Material To Us?

Providing a safe and conducive work environment minimises risk of workplace hazard and accidents, assuring employees that their health and safety are protected and preserved by the organisation.

Risk/Challenges

1. Business operations may include high risk and labour-intensive activities which can lead to unforeseen circumstances such as work accidents.
2. Weak occupational health and safety controls and policies endanger employees' well-being, thus increases staff turnover due to poor working conditions, causing disruptions in business operations.

Opportunities

1. Investing into employee insurance schemes provides additional assurances to employees that their well-being and safety are protected by our organisation and in the event of an accident their financial capacity are protected.
2. Increasing workplace training to further educate employees on actions to be taken to mitigate workplace hazard/accidents, and steps to take in the event of an accident.

SOCIAL (CONT'D)

Management Approach

Health and Safety Framework and Awareness

PTTS is committed to our people's safety, health, and well-being within the Group. Consequently, our commitment to Occupational Health and Safety ("**OHS**") is centred on fostering a culture of safety, accountability, and well-being for all those actively contributing to the success of the Group. PTTS has enforced a Health and Safety Framework that helps to maintain a safe and comfortable workplace for all employees, and actively updates our health and safety framework to address employees' concerns or complaints promptly.

An effective Health and Safety Framework is essential in preventing workplace accidents and promoting a culture of safety and uninterrupted productivity. Through this framework, PTTS incorporates the importance of workplace safety into its people and operations by providing necessary training and OHS programmes to ensure all our employees are well-trained and equipped with the necessary knowledge to handle hazardous situations. In FY2023, we have conducted various trainings amounting to a total of 1,256.5 training hours. The followings are a part of the health and safety trainings conducted in FY2023:

- Basic Scaffolding Course
- Intermediate Scaffolding Course
- Malaysia Certified Inspector of Sediment and Erosion Control
- Occupational Safety & Health Conference 2023
- MBAM Annual Safety & Health Conference 2023
- First Aider Training
- Accident & Incident Investigation and Reporting Technique Analysis

First Aider Training

Fire Drill Training

Scaffolding Training

SOCIAL (CONT'D)

Minimise Workplace Accident

PTTS complies with a strict safety and health framework with the aim of managing and reducing any incidents happening in our workplace. We recorded 2 minor work-related injuries and 1 fatality in our workforce in FY2023. PTTS will maximise our effort to prevent similar incidents from happening in the future by continuously improving our occupational safety and health framework.

Work-Related Incident	FY2021	FY2022	FY2023
Work-related Injuries:			
Number of fatalities as a result of work-related injuries	0	0	1
Number of high-consequence work-related injuries	0	0	0
Number of recordable (minor) work-related injuries	0	0	2
Number of close calls	0	0	0
Incident rate per million hours worked (1):			
Rate of fatalities as a result of work-related injuries	0	0	27
Rate of high-consequence work-related injuries	0	0	0
Rate of recordable (minor) work-related injuries	0	0	5.3
Work-related ill health:			
Number of fatalities as a result of work-related ill health	0	0	0
Number of recordable work-related ill health	0	0	0

Notes:
1. *Incident rates in FY2023 are calculated based on 374,007 total hours worked.*

Material Topic: Local Communities

Definition of Material Topic

Contribution to local communities such as group of people or stakeholders that are directly or indirectly impacted by PTTS' actions and decisions.

Why Is This Topic Material To Us?

PTTS has a significant impact on local communities. Building positive relationships with these communities is vital for project approvals, reputation, and overall success. Collaborative engagement ensures our operations align with their needs and aspirations, promoting mutual growth.

Risk/Challenges

1. Failing to engage with or understand community needs can lead to opposition, potentially stopping or slowing down projects.
2. Unaddressed community concerns can result in compensation claims, higher security expenses, or legal fees.

Opportunities

1. Positive engagement enhances the Group's reputation, making it a preferred partner for future collaborations.
2. Actively contributing to the uplifting of local communities, resulting in positive socio-economic effects.

SOCIAL (CONT'D)

Management Approach

Supporting Local Infrastructure

PTTS has established itself as a prominent player in the construction sector and has been contributing to the local infrastructure development with a clear focus to ensure the prosperity of our local communities. PTTS' is proud to have brought on positive transformations in the areas where we operate. Some of our infrastructure contributions include road, bridges, and drainage construction, which have improved connectivity and accessibility in the localities we serve. This can facilitate the smoother movement of goods and people, trigger economic opportunities for local businesses, and allow easier access to essential services for our local communities.

PTTS is making strides towards the future by investing in automated warehousing infrastructure, demonstrating the Company's commitment to innovation and sustainable growth. This progressive approach provides numerous benefits, such as reduced reliance on manual labour, ensuring consistent productivity despite challenges like labour shortages. Automated warehouses also boost efficiency with faster processing times, precise inventory management, and a streamlined supply chain. Moreover, this shift enhances safety by reducing risks associated with occupational health and safety, lowering the potential for workplace accidents. The use of robots in warehousing tasks further enhances accuracy and precision, resulting in improved inventory management, less wastage, and overall operational accuracy.

Our Corporate Social Responsibility

At PTTS, we place great importance on community engagement programmes such as Corporate Social Responsibility ("**CSR**") initiatives, ensuring that they are thoughtfully selected based on specific, well-defined criteria. Our commitment extends to supporting causes that genuinely require assistance, contribution, or active participation. These CSR initiatives embody our dedication to making a positive impact on society and fostering a stronger, more prosperous future for all.

The following are some of the CSR initiatives and projects undertaken in FY2023:

- In September 2022, 10 workers from PTTS provided assistance to clean up after a fire incident in Kampung Cina, Kuala Terengganu. The team had removed a total of 400 tonnes of waste in 4 days.
- On 19 December 2022, 15 workers from PTTS provided assistance and delivered food supplies to flood victims in Setiu.
- On 21 December 2022, 22 workers from PTTS aided in the search of victims of a landslide in Batang Kali. PTTS had deployed its excavators and lorries to remove the earth and soils for 7 days.


Cleaning up after a fire incident in Kuala Terengganu

SOCIAL (CONT'D)

Our Corporate Social Responsibility (Cont'd)

Assistance and food supplies provided to flood victims in Setiu

Searching of victims of Batang Kali landslide

GOVERNANCE

Material Topic: Corporate Governance and Integrity

Definition of Material Topic

Information about the Corporate Governance of our business and how our implemented policies ensure high standards of Corporate Governance practices are observed.

Why Is This Topic Material To Us?

Corporate Governance projects the systems, rules and policies implemented within the Company which provides assurance that stakeholders' interests are protected and prevents the Company's business objectivity from being breached.

Risk/Challenges	Opportunities
1. Low Corporate Governance standards indicates high risks of misconducts and unethical behaviour amongst the management, thus reducing investors' confidence and customers' trust.	1. High Corporate Governance provides assurance that stakeholders' interest is in line with the Company's interest, enhancing investors' confidence towards the management in steering the Company ahead.

GOVERNANCE (CONT'D)

Management Approach

Board Independence

4 out of 9 of the Directors of PTTS are independent directors.

Board Diversity

The Board's composition is broken down as follows:

Board of Directors	FY2021		FY2022		FY2023	
Total Board of Directors	**8**		**8**		**9**	
By Gender:						
Male	8	100.0%	8	100.0%	8	88.9%
Female	0	0.0%	0	0.0%	1	11.1%
By Age Group:						
< 30	0	0.0%	0	0.0%	0	0.0%
30-50	2	25.0%	2	25.0%	3	33.3%
> 50	6	75.0%	6	75.0%	6	66.7%

Policy Advocacy

Promotes the importance of a good corporate culture and adopted policies such as Board Charter, Remuneration Policy for Non-Executive Directors and Executive Directors, Corporate Disclosure Policy, Code of Ethics and Conduct, Procedure of Recruitment/Selection for Directorship, Fit & Proper Policy, Whistleblowing Policy, Anti-Corruption and Bribery Policy in the Group's operations. The policies of the Company are subject to annual reviews, ensuring that the policies in place are suitable for the revolving environment.

Board Charter

Outlines the roles, responsibilities and authorities of PTTS' Board, members and committees. It acts as a guideline ensuring that the Board operates with clarity in the best interest of all stakeholders.

Remuneration Policy for Non-Executive Directors

Outlines the compensation package, structure and other benefits for PTTS' Non-Executive Directors, allowing for a clear linkage between the level of remuneration to the experience and level of responsibilities undertaken by the Non-Executive Directors.

Remuneration Policy for Executive Directors

Details the compensation package for directors actively involved in the daily operations of the Group, structuring the component parts of remuneration so as to link rewards to corporate and individual performance of the Executive Directors.

Corporate Disclosure Policy

Ensures that PTTS adheres to regulatory requirements concerning the disclosure of all material information, allowing for a transparent and accurate disclosure, to protect the interests of all stakeholders.

GOVERNANCE (CONT'D)

Code of Ethics and Conduct

Represents PTTS' commitment to maintaining the highest standards of integrity and ethics, along with all ethical principles and expected behaviours of all individuals under PTTS' umbrella, ensuring that PTTS operates with honesty, respect and accountable in all dealings.

Procedure of Recruitment/Selection for Directorship

Details the steps and criteria PTTS follows when recruiting or selecting individuals for directorship roles, ensuring that potential candidates possess the required skills, experience and ethical standards that meet PTTS' requirements and needs.

Fit & Proper Policy

Sets out the fit and proper criteria for the appointment and re-appointment of the Board of Directors of PTTS, ensuring that all directors have the character, experience, integrity, competence and time to effectively discharge their duties as a director.

Whistleblowing Policy

Whistleblowing Policy is in place as well as grievance procedures to enable the employees to highlight their grievances as well as any suspected wrongdoing on the part of any person in PTTS, and safeguards to ensure that the whistleblower is protected. There is zero whistleblowing case recorded in FY2023.

Anti-Corruption and Bribery Policy

PTTS practices openness and transparency in all its business dealings with the suppliers, contractors, regulators, external advisers and other stakeholders. It has in place frameworks including Anti-Bribery and Anti-Corruption Manual to pre-empt situations of conflict arising at the Board level and a robust framework is in place to manage the related party transactions. In FY2023, there is zero case of corruption and bribery across our operations.

CORPORATE GOVERNANCE **OVERVIEW STATEMENT**

The Board of Directors ("**Board**") of PTT Synergy Group Berhad ("**the Company**") is pleased to present this Corporate Governance Overview Statement ("**Statement**") to provide shareholders and investors with an overview of the corporate governance practices of the Company during the financial year ended 30 June 2023 ("**FYE 2023**"). This Statement takes guidance from the 3 key corporate governance principles and practices as set out in the Malaysian Code on Corporate Governance ("**MCCG**"), which are: -

(a) Principle A : Board Leadership and Effectiveness

(b) Principle B : Effective Audit and Risk Management

(c) Principle C : Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders

This Statement is prepared in compliance with the Main Market Listing Requirements ("**Main LR**") of Bursa Malaysia Securities Berhad ("**Bursa Malaysia Securities**"), and it is to be read together with the Company's Corporate Governance Report ("**CG Report**"), which is accessible at the Company's corporate website at https://pttgroup.com.my/.

Save for limited exceptions as explained within this Statement and the CG report, the Board is satisfied that the practices set out in the MCCG have, in all material aspects, been applied to achieve the intended outcomes, which are found to be suitable and appropriate to the Company and its subsidiaries ("**Group**").

A summary of the Company's corporate governance practices with reference to the MCCG is described below: -

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

Board Roles and Responsibilities

The Board is responsible for the stewardship and oversight of management and operations of the Group by providing leadership and setting strategic aims of the Group that will ensure the necessary resources are in place for the Group to meet its objective and achieve long-term sustainability.

To ensure the effective discharge of its functions and responsibilities, the Board has delegated specific responsibilities to the Audit Committee ("**AC**"), Nomination Committee ("**NC**") and Remuneration Committee ("**RC**"). Each of the Board Committees is entrusted with specific responsibilities to oversee the Company's affairs according to their respective written Terms of Reference. The Chairman of the respective Board Committees shall report the outcome of their meetings to the Board. In addition, the minutes of all Board Committee meetings are circulated to the Board members so that they are kept abreast of proceedings and matters discussed at Board Committee meetings.

The Board is primarily entrusted with the responsibility of charting the direction of the Group and focuses mainly on strategies, financial performance and critical business issues.

Roles of the Chairman and Managing Director

The roles of the Chairman and Managing Director are held by different individuals, and the division of their responsibilities is clearly established and defined in the Board Charter, with each having distinct and clearly defined authority and responsibilities. This is to ensure an appropriate balance of roles, responsibilities and accountability at the Board level.

The Board is helmed by the Executive Chairman, Dato' Abd Rahim Bin Jaafar who strives to instil good corporate governance practices, demonstrates strong leadership and oversees the effectiveness of the Board whilst Mr. Teo Swee Phin, the Managing Director together with the Executive Directors, oversees the day-to-day management and operations of the Group and implementation of the Board's decisions, business strategies and policies.

In addition, the Executive Chairman, Dato' Abd Rahim Bin Jaafar is not a member of the Board Committees.

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

Company Secretary

The Board is supported by 2 qualified Company Secretaries in carrying out their roles and responsibilities. In addition, the Company Secretaries play an advisory role to the Board in relation to the Company's Constitution, adopted Board policies and procedures, and compliance with the relevant regulatory requirements, code of guidance and legislation.

The Company Secretaries attend and ensure the Board and the Board Committees meetings are properly convened and all deliberations and decisions are properly minuted and kept. The Company Secretaries also responsible for ensuring that accurate and proper records of the proceedings and resolutions passed are taken and maintained at the Company's registered office.

Access to Information and Advice

To ensure effective conduct of Board and/or Board Committees meetings, a structured formal agenda and Board meeting papers relating to the agenda are circulated to the Directors at least 7 days prior to each meeting. The Directors are thus given sufficient time to peruse the matters that will be tabled at the Board and/or Board Committees meetings to enable them to participate in the deliberations of the issues to be raised and make informed decisions.

Upon conclusion of the meetings, the minutes will be circulated to the Board and Board Committees to ensure that the deliberations and decisions are accurately recorded, including the abstention of the Director(s) from voting or deliberating on a particular matter, if any.

In exercising their duties, the Directors have full and unrestricted access to the Management and Company Secretaries for all information pertaining to the businesses and corporate affairs of the Group. If the need arises, the Directors may also obtain independent professional advice from the Company's External Auditors, Internal Auditors and/or any other professional parties at the Company's expense in furtherance of their duties.

Board Charter

The Company has adopted a Board Charter and subsequently revised on 12 October 2022 that clearly defines the Board's and Board Committees' roles and responsibilities, composition, authorities, matters reserved for the Board and guidance on the Board's conduct.

The Board Charter would be periodically reviewed and updated in accordance with the needs of the Company and any new regulation that may have an impact on the discharge of the Board's and Board Committees' responsibilities.

The Board Charter is available at the Company's corporate website at https://pttgroup.com.my/.

Code of Conduct and Ethics

The Board has formalised a Code of Conduct and Ethics and subsequently revised on 12 October 2022 for the Directors, Management and employees of the Group, which set out the standards of business conduct and ethical behaviour for them in their performance and exercise of their responsibilities or when representing the Group.

The Code of Conduct and Ethics is available at the Company's corporate website at https://pttgroup.com.my/.

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

Whistleblowing Policy

The Group has established a Whistleblowing Policy and subsequently revised on 12 October 2022 for the following purposes: -

(a) provide a mechanism to detect and address unacceptable conduct;

(b) ensure whistleblower can raise concerns without fear of suffering retribution and safeguard such person's confidentiality; and

(c) provide a transparent and confidential process for dealing with concerns.

As at the date of this Statement, the Group has not received any reports or concerns via the communication and feedback channels stipulated in the Whistleblowing Policy.

The Whistleblowing Policy is available at the Company's corporate website at https://pttgroup.com.my/.

Anti-Bribery and Anti-Corruption Manual

The Company has in place an Anti-Bribery and Anti-Corruption Manual in line with Section 17A of the Malaysian Anti-Corruption Commission Act 2009 (Amendment 2018) to prohibit bribery and corruption in the business conduct as well as provide measures within the Group.

The Anti-Bribery and Anti-Corruption Manual was last reviewed on 12 October 2022 and is available at the Company's corporate website at https://pttgroup.com.my/.

Sustainability

The Board takes into account sustainability considerations when overseeing the Group's planning, performance and long-term strategy. The Board has adopted a Sustainability Policy and subsequent revised on 12 October 2022. The Company is committed to adopting and applying responsible practices from environmental, social and governance ("**ESG**") perspective, to minimise the risk and to enhance the long-term development impact of its corporate activities. The ESG priorities were incorporated into the business strategies of the Group and were presented to the Board by the Management.

The Group has also established a Sustainability Framework which has adopted the Global Reporting Initiative Standards and the United Nations Sustainable Development Goals.

In addition, the sustainability governance at the Group is anchored upon the structure of the Sustainable Working Committee, which is headed by Mr. Teo Swee Phin, the Managing Director, to ensure accountability across all identified sustainability initiatives in the operations of the Group.

The Group takes cognisant that the stakeholders are always the focal point of the Group's business. Therefore, the Group has engaged with the stakeholders through various methods in different frequencies during the FYE 2023. The details of the stakeholders' engagement are set out in the Sustainability Statement in this Annual Report.

The Board members will keep themselves appraised with contemporaneous and relevant sustainability developments including climate-related risks and opportunities by way of formal training including webinars, structured reading and discussions.

The Board recognises the importance of sustainability in all its operation of the Company and had included sustainability as one of the criteria in the performance evaluations of all the employees including its Board members.

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

Sustainability (Cont'd)

The Board members and Senior Management are encouraged to assess and give feedbacks on how sustainability risks and opportunities are being managed within the Company. Based on annual performance carried out, the Board and Senior Management have performed their respective roles in addressing material sustainability risks and opportunities.

The Sustainability Policy is available at the Company's corporate website at https://pttgroup.com.my/.

Board Composition

The Board currently consists of 8 Directors, comprising 4 Independent Non-Executive Directors and 4 Executive Directors. Premised on the above, the Board composition complies with Paragraph 15.02(1) of the Main LR of Bursa Malaysia Securities, which requires at least 2 Directors or 1/3 of the Board, whichever is higher, to be independent, and Practice 5.2 of the MCCG to have at least half of the Board comprises independent directors.

The NC has reviewed the present composition of the Board, and was satisfied that the current size and composition of the Board are adequate and they have adequately carried out their functions within their scope of work.

The profile of each Director is set out in the Profile of Directors in this Annual Report.

Tenure of Independent Directors

The Board takes cognisance that the tenure of an Independent Director should not exceed a cumulative term of 9 years. Upon completing 9 years, an Independent Director may continue to serve on the Board as a Non-Independent Director. In the event such Director is to be retained as an Independent Director, the Board must provide justification and seek annual shareholders' approval through a two-tier voting process.

The Board Charter has stipulated that the tenure for an Independent Director is capped at 9 years and the said Director shall be re-designated as a Non-Independent Director thereafter.

Based on the assessment carried out during the financial year, the NC and the Board are satisfied with the level of independence demonstrated by all the Independent Directors and their ability to act in the Company's best interests.

As of the date of this Statement, none of the Independent Directors has served more than 9 years on the Board.

Board Appointment

The NC is responsible for making recommendations relating to any new appointment of Director to the Board and key senior management. The NC is guided by the following procedure of recruitment/ selection for directorship: -

1. Draw up specifications;
2. Search of candidates – with the assistance of external consultants, if necessary;
3. Meet with candidates;
4. Make the recruitment/selection;
5. Issue Letter of Appointment upon selection and approval from the Board.

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

Board Appointment (Cont'd)

The NC will not limit themselves by solely rely on the recommendations from the existing Board members, management or major shareholders, but also will utilise independent sources to identify suitably qualified candidates.

The NC assesses the suitability of the candidates by taking into consideration the mix of skills, knowledge, expertise and experience, professionalism, integrity, competencies and time commitment ("**Criteria**").

During the FYE 2023, the NC has evaluated and satisfied that Datin Ng Fong Shiang has fulfilled the Criteria and recommended her proposed appointment as the Executive Director to the Board. The Board has subsequently approved her appointment to take effect on 29 May 2023. The identification of the aforesaid candidate has been facilitated through recommendation from the Management's contact in related industries.

Board Diversity

The Board acknowledges the importance of boardroom diversity and supports the recommendation of the MCCG on the establishment of a gender diversity policy. The Board recognises the need for enhancing boardroom diversity, not only in terms of gender but also in terms of age, ethnicity and social background. The Board will strive to encourage a dynamic and diverse composition of the Board by nurturing suitable and potential candidates equipped with the competency, skills, experience, character, time commitment, integrity and other qualities in meeting the Company's future needs.

Currently, the Board has 1 female Director out of 8 Directors, equivalent to 12.5% women representation on the Board. Nonetheless, the Key Senior Management comprises 40% of women representation.

Currently, the Board does not have any gender or ethnicity diversity policy.

As of the date of this Statement, the diversity of the Directors of the Company is as follows:-

	Male	Female
Age Group		
41-50	2	1
51-60	2	–
61-70	3	–
Ethnicity		
Malay	3	–
Chinese	4	1
Nationality		
Malaysian	7	1
Foreigner	–	–

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

Board Meetings

The Board meets at least once every quarter, and additional meetings are convened as and when necessary. A total of 7 Board meetings were held during the financial year.

In the interval between Board meetings, any matter requiring urgent Board decisions and/or approvals will be sought via circular resolutions, which are supported with all the relevant information and explanations required for an informed decision to be made.

The record of attendance of each Director for FYE 2023 are as follows: -

Name of Directors	Attendance
Dato' Abd Rahim bin Jaafar	7/7
Teo Swee Leng	6/7
Teo Swee Phin	7/7
Tuan Sr. Hj. Mohd Farid bin Naim *(resigned on 1 October 2023)*	5/7
Datin Ng Fong Shiang *(appointed on 29 May 2023)*	1/1
Dato' Mahamed bin Hussain	7/7
Datuk Ir. Ruslan bin Abdul Aziz	7/7
Dato' Paul Lim Tau Ern	6/7
Toh Seng Thong	7/7

All Directors have complied with the minimum requirement of 50% attendance at Board meetings as stipulated in the Main LR of Bursa Malaysia Securities.

Directors' Training

The Board acknowledges that continuous education is vital in keeping them abreast with corporate developments. Accordingly, the Directors have constantly been updated with relevant reading materials and technical updates, enhancing their knowledge and equipping themselves with the necessary skills to discharge their duties as Directors of the Company effectively.

All Directors have attended the Mandatory Accreditation Programme (MAP) Part I prescribed by Bursa Malaysia Securities. During the FYE 2023, the Directors have attended the following seminars, conferences and programmes: -

1. Strategic Management
2. Corporate Growth Strategy and Market Opportunity
3. Marketing Management and Branding
4. Kuala Lumpur International Seminar 2023 (KLIPS 2023)
5. SSM Conference 2022 on Corporate Governance and Sustainability
6. Conversation with Audit Oversight Board
7. National Tax Conference
8. ESG in financial reporting

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

NC

The NC comprises 4 members, all of whom are Independent Non-Executive Directors. In respect of this, the Company has fulfilled the requirements under Paragraph 15.08A(1) of the Main LR of Bursa Malaysia Securities and Practice 5.8 of the MCCG.

The composition of the NC is as follows: -

Chairman	:	Dato' Mahamed bin Hussain (Independent Non-Executive Director)
Members	:	Datuk Ir. Ruslan bin Abdul Aziz (Independent Non-Executive Director)
		Dato' Paul Lim Tau Ern (Independent Non-Executive Director)
		Toh Seng Thong (Independent Non-Executive Director)

The NC shall meet at least once a calendar year. 1 NC meeting was held and all the NC members attended the NC meeting.

The Terms of Reference of NC was last reviewed on 12 October 2022 and is available at the Company's corporate website at https://pttgroup.com.my/.

The summary of the NC's activities for the FYE 2023 and up to the date of this statement are as follows: -

- Reviewed the appointment of Datin Ng Fong Shiang as Executive Director and recommended to the Board for consideration and approval;
- Reviewed the current composition of the Board as well as the required mix of skills, experience and other qualities of the Board;
- Assessed the performance and effectiveness of the Board and Board Committees and each of its members;
- Reviewed the terms of office and performance of the AC and each of its members;
- Assessed the independence of the Independent Non-Executive Directors pursuant to the MCCG;
- Reviewed and recommended to the Board the re-election of Directors who are due to retire pursuant to the Company's Constitution; and
- Reviewed the revised Directors' Fit and Proper Policy and recommended the same to the Board for adoption.

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

Annual Evaluation of the Board

The Board, through the NC, and facilitated by the Company Secretaries, has conducted an annual assessment of the Board's effectiveness as a whole and the contribution of each individual Director and independence of the Independent Non-Executive Directors. The Directors are provided with questionnaires to carry out the assessments and are based on their competencies, capabilities, time commitments, integrities, participation and contributions to the Board and Board Committees. The results are then tabulated and presented to the NC for review and recommendation to the Board for notation.

Based on the assessment carried out for the FYE 2023, the Board through the NC, is satisfied that each member of the Board and Board Committees had performed fairly well and had discharged their duties with care and diligence.

The Board is satisfied with the time commitment given by the Directors. All of the Directors do not hold more than 5 directorships in public listed companies as stipulated under the Main LR of Bursa Malaysia Securities. While there is no restriction on directorships in non-listed companies, the Directors are aware that they should avoid over-commitment in multiple directorships, which may affect their performance in carrying out their roles as Directors of the Company.

Re-election of Directors

In accordance with the Company's Constitution, 1/3 of the Directors for the time being or, if their number is not 3 or a multiple of 3, then the number nearest to 1/3 of the Directors shall retire from office and be eligible for re-election provided that all Directors including the Managing Director shall retire from office at least once every 3 years but shall be eligible for re-election. Newly appointed Director(s) shall hold office only until the next Annual General Meeting ("**AGM**") of the Company and be eligible for re-election.

The Board via the NC's annual assessment and fit and proper assessment, is satisfied with the performance of the Directors who are standing for re-election and has recommended to the shareholders their proposed re-election in accordance with the Constitution of the Company.

The profiles of the Directors who are due to retire are set out in the Profile of Directors in this Annual Report.

RC

The RC comprises 4 members, all of whom are Independent Non-Executive Directors and the composition of the RC is as follows: -

Chairman	:	Dato' Mahamed bin Hussain (Independent Non-Executive Director)
Members	:	Datuk Ir. Ruslan bin Abdul Aziz (Independent Non-Executive Director)
		Dato' Paul Lim Tau Ern (Independent Non-Executive Director)
		Toh Seng Thong (Independent Non-Executive Director)

The RC shall meet at least once a calendar year. 1 RC meeting was held and all the RC members attended the RC meeting.

The RC is established to assist the Board to review the matters relating to the remuneration of the Directors and Senior Management.

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

RC (Cont'd)

The summary of the RC's activities for the FYE 2023 and up to the date of this statement is as follows: -

- Reviewed the remuneration package of the Managing Director and Executive Directors for the financial year ending 30 June 2024 ("**FYE 2024**") and recommended the same to the Board for consideration and approval;
- Reviewed the payment of Directors' fees and benefits from a day after the Fifty-Second AGM until the next AGM of the Company to be held in the year 2024 and recommended the same to the Board for consideration; and
- Reviewed the remuneration package for the senior management for the FYE 2024 and recommended the same to the Board for consideration and approval.

The Terms of Reference of RC which set out the authorities, duties and responsibilities of the RC was last reviewed on 12 October 2022 and is available at the Company's corporate website at https://pttgroup.com.my/.

Remuneration Policy

The Board has adopted Remuneration Policies for both Executive Directors and Non-Executive Directors. For Executive Directors, the remuneration packages have been structured to link rewards to corporate and their individual performance. For Non-Executive Directors, the remuneration packages are based on their experience and level of responsibilities undertaken.

The remuneration of Senior Management is determined by the Executive Directors and recommended to the RC and Board for approval.The factors and criteria to be taken into account when determining the remuneration of the Senior Management, or any change to their existing remuneration, by the Executive Directors are, inter alia, as follows:

- Number of years' working experience;
- Number of years' working experience in the Company/Group;
- Qualifications;
- Specific skillsets and areas of expertise, especially in the areas of the Company's specific business operations;
- Work ethic;
- Aptitude;
- Leadership skills;
- Ability to lead and motivate teams;
- The average salary of a similarly qualified manager in other companies of the same size and in the same industry; and
- Other ad-hoc criteria to be determined on a case-by-case basis.

The Remuneration Policies for the Executive Directors and Non-Executive Directors and the Policies governing the Board are available at the Company's corporate website at https://pttgroup.com.my/.

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

Directors' Remuneration

The remuneration of the Directors of the Company and Group who served during the FYE 2023 are as follows: -

Company

	RM'000						
Name	**Fee**	**Allowance**	**Salary**	**Bonus**	**Benefits-in-kind**	**Other emoluments**	**Total**
Executive Directors							
Dato' Abd Rahim bin Jaafar	–	–	–	–	–	–	–
Teo Swee Leng	–	–	–	–	–	–	–
Teo Swee Phin	–	–	–	–	–	–	–
Tuan Sr. Hj. Mohd Farid bin Naim *(Resigned on 1 October 2023)*	–	–	–	–	–	–	–
Datin Ng Fong Shiang *(Appointed on 29 May 2023)*	–	–	–	–	–	–	–
Non-Executive Directors							
Dato' Mahamed bin Hussain	48,000/–	2,100/–	–	–	–	–	50,100/–
Datuk Ir. Ruslan bin Abdul Aziz	48,000/–	1,800/–	–	–	–	–	49,800/–
Dato' Paul Lim Tau Ern	48,000/–	1,800/–	–	–	–	–	49,800/–
Toh Seng Thong	48,000/–	1,800/–	–	–	–	–	49,800/–

Group

	RM'000						
Name	**Fee**	**Allowance**	**Salary**	**Bonus**	**Benefits-in-kind**	**Other emoluments**	**Total**
Executive Directors							
Dato' Abd Rahim bin Jaafar	–	–	300,000/–	–	19,958/–	38,239/–	358,197/–
Teo Swee Leng	–	–	300,000/–	–	–	37,119/–	337,119/–
Teo Swee Phin	–	–	600,000/–	–	14,000/–	74,239/–	688,239/–
Tuan Sr. Hj. Mohd Farid bin Naim *(Resigned on 1 October 2023)*	–	–	84,000/–	–	–	11,199/–	95,199/–
Datin Ng Fong Shiang *(Appointed on 29 May 2023)*	–	2,000/–	23,800/–	–	1,450.00	2,953/–	30,203/–
Non-Executive Directors							
Dato' Mahamed bin Hussain	48,000/–	2,100/–	–	–	–	–	50,100/–
Datuk Ir. Ruslan bin Abdul Aziz	48,000/–	1,800/–	–	–	–	–	49,800/–
Dato' Paul Lim Tau Ern	48,000/–	1,800/–	–	–	–	–	49,800/–
Toh Seng Thong	48,000/–	1,800/–	–	–	–	–	49,800/–

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

Key Senior Management's Remuneration

During the FYE 2023, the Company only has 3 key senior management. The 3 key senior management remuneration during the FYE 2023 in bands of RM50,000 are as follows: -

Range of remuneration	Number of Key Senior Management
RM100,000 and below	1
RM100,001-RM150,000	-
RM150,001-RM200,000	-
RM200,001-RM250,000	-
RM250,001-RM300,000	-
RM300,001-RM350,000	-
RM350,001-RM400,000	-
RM400,001-RM450,000	1
RM450,001-RM500,000	1

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

AC

The AC comprises exclusively of Independent Non-Executive Directors and is chaired by Dato' Mahamed bin Hussain, who is distinct from the Board Chairman. As such, the AC composition complies with Paragraphs 15.09 and 15.10 of the Main LR of Bursa Malaysia Securities and the Step Up Practice 9.4 of the MCCG. In addition, none of the Directors has appointed Alternate Directors.

None of the AC members were former partners of the Group's external audit firms and/or affiliate firms. Nevertheless, in order to maintain the highest level of independence, the Board has no intention of appointing any former audit partner to the AC. In line with the MCCG, the Board has adopted the Terms of Reference of AC that no former partner of the external audit firm of the Group (inclusive affiliate firm and/or those providing advisory services, tax consulting and etc) could be appointed as a member of the AC before observing a cooling-off period of at least 3 years.

Based on the outcome of the performance assessment on the AC by the NC, the NC and the Board regard the AC members collectively possess the accounting and related financial management expertise and experience required for the AC to discharge its responsibilities and assist the Board in its oversight over the financial reporting process.

The AC members received ongoing trainings and development as disclosed in this Statement to keep themselves updated on the relevant developments in accounting and auditing standards, practices and rules.

The AC is responsible for overseeing the financial statements reporting, risk management, internal control system, related party transactions, financial assistance support, internal audit function and the Company's relationship with Internal Auditors and External Auditors in relation to their scope of work and audit performance.

In presenting the annual financial statements and quarterly financial results announcements to shareholders, the Board aims to present a balanced assessment of the Group's financial position and prospects to ensure that the financial results are released to Bursa Malaysia Securities within the stipulated timeframe and that the financial statements comply with the regulatory reporting requirements. In this regard, the Board is assisted by the AC in overseeing and governing the Group's financial reporting processes and the quality of its financial reporting.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT (Cont'd)

AC (Cont'd)

The financial statements are prepared on a going concern basis and give a true and fair view of the financial position of the Group as of 30 June 2023.

The AC's membership, responsibilities and works done in the FYE 2023 are set out in the AC Report in this Annual Report.

External Auditors

The AC maintains a transparent and professional relationship with the Group's External Auditors. The AC has evaluated the External Auditors' suitability, objectivity, independence and performance based on the criteria of competence, adequacy of experience, quality of services, sufficiency of resources, audit planning, and communication and interaction.

Having regard to the outcome of the External Auditors' annual assessment for the FYE 2023, the Board had approved the recommendation of the AC and tabled the re-appointment of Messrs. Moore Stephens Associates PLT as the Company's External Auditors to the shareholders for approval at the forthcoming Fifty-Second AGM.

Risk Management and Internal Control Framework

The Board acknowledges its responsibility for the Group's system of internal controls covering not only financial controls but also operational and compliance controls as well as risk management. The internal control system involves the business and key management of each business, including the AC, and is formulated to meet the Group's particular needs and to manage the risks to which it is exposed. The system, by its nature, can only provide reasonable but not absolute assurance against material misstatements, losses and fraud.

The Group has outsourced its internal audit function to an independent professional services firm, PKF Risk Management Sdn. Bhd., which reports directly to the AC. During the FYE 2023, the AC is satisfied with the Internal Auditors' competencies, experience and adequate resources to carry out their function effectively and independently.

The details of the Company's risk management and internal control framework are set out in the Statement on Risk Management and Internal Control in this Annual Report.

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

Engagement with Stakeholders

The Board recognises the importance of timely and high-quality disclosure as a key component to uphold the principles and best practices of corporate governance for the Group. In addition, it is critical to maintaining an effective communication policy between the Company and its public members to build trust and understanding between the Company and its various stakeholders.

The various channels of communication with the shareholders are as follows: -

- Annual Report;
- AGM;
- Quarterly announcements on financial results to Bursa Malaysia Securities;
- Various corporate disclosures, circulars and announcements made to Bursa Malaysia Securities; and
- Corporate website at https://pttgroup.com.my/.

Corporate Disclosure Policy

The Group has established a Corporate Disclosure Policy and subsequently revised on 12 October 2022 to ensure the communications to the investing public regarding the business, operations and financial performance of the Company are accurate, timely, factual, informative, consistent, broadly disseminated and where necessary, information filed with regulators is in accordance with applicable legal and regulatory requirements.

The Corporate Disclosure Policy applies to all Directors, officers and employees of the Company and its subsidiaries and those authorised to speak on their behalf.

The Corporate Disclosure Policy is available at the Company's corporate website at https://pttgroup.com.my/.

Conduct of General Meetings

The AGM is the principal forum for dialogue and interaction with all shareholders for which due notice is given. In addition, the AGM provides an opportunity to the shareholders to seek and clarify any issues pertaining to the Group and to have a better understanding of the Group's activities and performance.

The notice of the Fifty-First AGM together with the Annual Report are despatched to the shareholders at least 28 days prior to the meeting date.

In addition, to ensure effective participation and engagement, the Board encourages the shareholders to participate in the question-and-answer session in the Company's AGM, whereby the Directors, Chair of the AC, NC and RC, Management, and External Auditors in attendance will respond to the shareholders' queries. Datuk Ir. Ruslan bin Abdul Aziz and Mr. Toh Seng Thong being the Independent Non-Executive Directors were absent at the Fifty-First AGM due to other commitments.

In line with Paragraph 8.29A of the Main LR of Bursa Malaysia Securities, all resolutions set out in the notice of the Fifty-First AGM were carried out by poll voting. An independent scrutineer was also appointed to scrutinise the polling process.

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

Conduct of General Meetings (Cont'd)

Although the Board recognises the importance of leveraging on technology to facilitate remote shareholders' participation and voting on all resolutions via remote participation and voting facilities, but after due considerations of the affordability of technology and infrastructure as well as sufficient number of shareholders residing at particular remote location(s), the Board is of the view that physical general meetings support more meaningful engagement and interaction between Directors, senior management and shareholders. The shareholders are allowed to vote in absentia by appointing the Chairman of the AGM as their proxy to vote on their behalf by submitting their proxy form with pre-determined voting instructions for the Chairman to vote for and on their behalf. The shareholders and proxies were provided with sufficient opportunity to pose questions during the AGM. There were no questions posed during the Fifty-First AGM held on 28 December 2022.

The Minutes of the Fifty-First AGM were made available to the shareholders within 30 business days after the Fifty-First AGM at the Company's corporate website at https://pttgroup.com.my/.

KEY FOCUS AREAS AND FUTURE PRIORITIES

The Board is fully committed to ensuring good governance practices and compliance with regulatory requirements under the MCCG and relevant rules and regulations.

The Board has identified environmental, social and governance as a key focus area for the future. Accordingly, the Board will provide the appropriate guidance and oversight to the Senior Management team to develop a more robust sustainability agenda for the Group.

Apart from the above, the Board will continue to operationalise and improve the Company's corporate governance practices and instill a risk and governance awareness culture and mindset throughout the organisation in the best interests of all stakeholders.

This Statement and the CG Report were approved by the resolution passed at the Board of Directors' Meeting held on 19 October 2023.

AUDIT COMMITTEE **REPORT**

The Board of Directors of PTT Synergy Group Berhad is pleased to present the Audit Committee Report for the financial year ended 30 June 2023 ("**FYE 2023**") in accordance with Paragraph 15.15 of the Main Market Listing Requirements ("**Main LR**") of Bursa Malaysia Securities Berhad ("**Bursa Malaysia Securities**").

A. COMPOSITION

The Audit Committee ("**AC**") is appointed by the Board of Directors amongst its members, which comprise solely of Independent Directors. The AC members have elected a Chairman from among themselves, who is an Independent Non-Executive Director. In respect of this, the Company has fulfilled the requirements under Paragraphs 15.09(1)(a), 15.09(1)(b) and 15.10 of the Main LR of Bursa Malaysia Securities and the Step-Up Practice 9.4 of the Malaysian Code on Corporate Governance.

The AC members comprises: -

Chairman	:	**Dato' Mahamed bin Hussain** (Independent Non-Executive Director)
Members	:	**Datuk Ir. Ruslan bin Abdul Aziz** (Independent Non-Executive Director)
		Dato' Paul Lim Tau Ern (Independent Non-Executive Director)
		Toh Seng Thong (Independent Non-Executive Director)

Mr. Toh Seng Thong is a member of the Malaysian Institute of Accountants (MIA). Accordingly, the Company complied with Paragraph 15.09(1)(c)(i) of the Main LR of Bursa Malaysia Securities, which requires at least 1 member of the AC must be a member of the MIA.

B. TERMS OF REFERENCE

The Terms of Reference of the AC, which sets out the composition, proceedings of the meeting, authority, duties and responsibilities of the AC, is available on the Company's corporate website at https://pttgroup.com.my/.

C. AC MEETINGS

A total of 5 AC meetings were held during the FYE 2023. The details of attendance of each member are as follows: -

	Meeting Dates					
Name of Members	**25.08.2022**	**12.10.2022**	**23.11.2022**	**22.02.2023**	**29.05.2023**	**Total**
Dato' Mahamed bin Hussain	√	√	√	√	√	5/5
Datuk Ir. Ruslan bin Abdul Aziz	√	√	√	√	√	5/5
Dato' Paul Lim Tau Ern	X	√	√	√	√	4/5
Toh Seng Thong	√	√	√	√	√	5/5

The Deputy Chairman, Managing Director and Executive Director(s) were invited to attend all AC meetings to facilitate direct communications and to provide clarification on the financial reports. Minutes of each meeting were recorded and tabled for confirmation at the next AC meeting and subsequently presented to the Board of Directors for notation.

D. SUMMARY OF THE WORKS OF THE AC

The works undertaken by the AC in the discharge of its functions and duties for the FYE 2023 are summarised as follows: -

Financial Reporting

The AC reviewed and discussed the quarterly results and annual audited financial statements of the Company and the Group prior to recommendations to the Board of Directors for consideration and approval.

The dates on which the AC meetings were convened during the financial year to deliberate on financial reporting matters are detailed below: -

Date of Meetings	Activities
25 August 2022	• Unaudited quarterly report on consolidated results of the Company and Group for the fourth quarter ended 30 June 2022.
12 October 2022	• Audited financial statements of the Company and Group for the financial year ended 30 June 2022.
23 November 2022	• Unaudited quarterly report on consolidated results of the Company and Group for the first quarter ended 30 September 2022.
22 February 2023	• Unaudited quarterly report on consolidated results of the Company and Group for the second quarter ended 31 December 2022.
29 May 2023	• Unaudited quarterly report on consolidated results of the Company and Group for the third quarter ended 31 March 2023.

The AC carried out the review of the quarterly results and annual audited financial statements to ensure that they were prepared in accordance with the applicable Malaysian Financial Reporting Standards, International Financial Reporting Standards, the requirements of the Companies Act 2016 and the Main LR of Bursa Malaysia Securities.

External Audit

(i) Reviewed the AC Closing Memorandum for the financial year ended 30 June 2022, outlining the status of audit, significant audit findings, key audit matters, internal control and internal audit, unadjusted audit differences and independence of the External Auditors.

(ii) Evaluated the suitability, objectivity, independence and performance of the External Auditors, and recommended to the Board of Directors on the re-appointment of the External Auditors.

(iii) Reviewed the Audit Planning Memorandum for the FYE 2023, outlining the responsibilities of Directors and Management, External Auditors' responsibilities, External Auditors' independence, fraud considerations, audit approach and timeline, latest group development, key audit matters, areas of audit emphasis and proposed audit fees.

(iv) Reviewed the audit and non-audit fees for the FYE 2023 prior to its approval by the Board of Directors.

(v) Conducted 3 private sessions with the External Auditors, without the presence of the Executive Board members and Management staff, to discuss their observations and areas for improvements.

D. SUMMARY OF THE WORKS OF THE AC (CONT'D)

Internal Audit

(i) Reviewed the adequacy of the scope, functions, competency and resources of the internal audit functions and that it has the necessary authority to carry out its work.

(ii) Reviewed the Internal Audit Plan tabled by the Internal Auditors and agreed on the timing and frequency of the proposed audit areas and the audit fee.

Related Party Transactions

(i) Reviewed the quarterly report on recurrent related party transactions for compliance with both in-house procedures and the Main LR of Bursa Malaysia Securities.

(ii) Reviewed the Circular to Shareholders in relation to the proposed new and renewal of shareholders' mandate for recurrent related party transactions of a revenue or trading nature prior to its approval by the Board of Directors.

(iii) Reviewed the proposed acquisition by the Company of the entire equity interest in Pembinaan Tetap Teguh Sdn. Bhd. for a total purchase consideration of RM152.0 million to be satisfied via cash and issuance of new ordinary shares in the Company prior to its approval by the Board of Directors.

Other Matters

(i) Reviewed and confirmed the minutes of the AC meetings.

(ii) Reviewed the quarterly updates on the financial assistance status presented by the Management.

(iii) Reviewed the revised Terms of Reference of AC prior to submission to the Board of Directors for consideration and approval.

(iv) Reviewed the AC Report and Statement on Risk Management and Internal Control pursuant to Paragraph 15.26(b) of the Main LR of Bursa Malaysia Securities prior to submission to the Board of Directors for consideration and approval and inclusion in the Annual Report of the Company.

E. INTERNAL AUDIT FUNCTION

The Group has outsourced its internal audit function to an independent professional services firm, PKF Risk Management Sdn. Bhd., which reports directly to the AC.

The AC has full access to the outsourced Internal Auditors and reports on all internal audits performed. The main role of the internal audit function is to carry out independent assessments of the adequacy and effectiveness of the Group's internal control systems in anticipation of any potential risk areas within key business processes of the Group.

The engagement team from PKF Risk Management Sdn. Bhd. is headed by Dr. Wong Ka Fee, who has over 16 years of experience in internal audit, risk management, compliance review and business advisory. Dr. Wong Ka Fee has a Doctoral Degree in Behavioral Finance from Universiti Utara Malaysia and double Master degrees from 2 different prestigious Universities from United Kingdom, i.e., Master of Science in Management Consultancy from Liverpool John Moores University and Master of Business Administration from University of Wales. All the personnel deployed by PKF Risk Management Sdn. Bhd. are free from any relationships or conflict of interest, which could impair their objectivity and independence during the course of work. The internal audits carried out by the Internal Auditors are guided by the International Professional Practices Framework issued by the Institute of Internal Auditors Inc., a globally recognised professional body for internal auditors. The number of staff deployed for the internal audit reviews of the Group ranges from 2 to 4 staff per visit.

E. INTERNAL AUDIT FUNCTION (CONT'D)

The AC had evaluated and reviewed the internal audit function in terms of scope, competency, resources and independence. The AC was also satisfied that the Internal Auditors performed their work in accordance with the principles of the international internal auditing standards covering the conduct of the audit planning, execution, documentation, communication of findings and consultation with key stakeholders on the audit concerns.

The AC and Board of Directors were satisfied with the performance of the outsourced Internal Auditors and had, in the interest of greater independence and continuity in the internal audit function, decided to continue to outsource the internal audit function.

The Internal Auditors assisted the AC in discharging their duties and responsibilities by executing independent reviews, objective assurance and consulting activities within the Group's operations through audits of the Group's key operations and also to ensure consistency in the control environment and compliance with established policies and procedures, rules, regulations, guidelines, directives and relevant laws. The activities performed by the outsourced Internal Auditors include: -

(i) Performed reviews of the key processes to examine and evaluate the adequacy and efficiency of the operations' internal controls and highlighted any significant risks and non-compliance matters that have an impact on the Group;

(ii) Developed Internal Audit Plan for the FYE 2023 and financial year ending 30 June 2024, setting out the implementation of the internal audit scope for the Group based on agreed communication, timelines and reporting protocols; and

(iii) Conducted internal audit which has covered the Project Management process of PTT Infra Sdn. Bhd.

The total cost incurred for the internal audit function of the Group for the FYE 2023 amounted to RM15,000.00.

BOARD'S CONCLUSION

For the FYE 2023, the terms of office and performance of the AC and each of its members were reviewed by the Nomination Committee. Having reviewed the results of the AC's and individual AC members' performance, the Board of Directors is satisfied that the AC and its members have carried out their functions, duties and responsibilities according to the Terms of Reference of the AC. There were no material misstatements, frauds and deficiencies in the internal control systems not addressed by the Management.

The AC Report was approved by the resolution passed at the Board of Directors' Meeting held on 19 October 2023.

STATEMENT ON RISK MANAGEMENT **AND INTERNAL CONTROL**

1. INTRODUCTION

Pursuant to Paragraph 15.26(b) of the Main Market Listing Requirements ("**Main LR**") of Bursa Malaysia Securities Berhad ("**Bursa Malaysia Securities**"), the Board of Directors ("**Board**") of listed issuers is required to include in their Annual Report a "statement on the state of its risk management and internal controls". Accordingly, this Statement on Risk Management and Internal Control ("**Statement**") has been prepared in accordance with Paragraph 15.26(b) of the Main LR of Bursa Malaysia Securities and as guided by the "Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers" issued by the Institute of Internal Auditors Malaysia and adopted by Bursa Malaysia Securities.

2. BOARD RESPONSIBILITY

The Board acknowledges its overall responsibility to establish a sound system of internal control and risk management in order for the Company and its subsidiaries ("**the Group**") to safeguard shareholders' investment and the Group's assets. Notwithstanding that, in view of the inherent limitations in any system of internal control, the Board recognises that reviewing the Group's system of internal control is a concerted and continuing process, designed to manage rather than eliminate the risk of failure to achieve business objectives. Accordingly, the system can only provide reasonable and not absolute assurance against material misstatement of management, loss or fraud and failure to achieve business objectives.

During the financial year ended 30 June 2023 ("**FYE 2023**"), the Board reviewed the adequacy and effectiveness of the risk management and internal control systems and concluded that the Group's risk management and internal control systems have been operating adequately and effectively. The Board has also received assurance from the Managing Director and Chief Financial Officer that the Group's risk management and internal control systems have been operating adequately and effectively, in all material aspects, during the FYE 2023 and up to the date of this Statement.

The Board has extended the responsibilities of the Audit Committee ("**AC**") to include the role of reviewing and monitoring the effectiveness of the Group's internal control system. The AC reviews and deliberates reports from the Internal Auditors on findings from audits carried out at operating subsidiaries, and the External Auditors on areas for improvement identified during the course of the statutory audit.

The AC Report is set out on pages 69 to 72 of the Annual Report for the FYE 2023.

3. INTERNAL CONTROL AND RISK MANAGEMENT FRAMEWORK

The Board confirms that there are reasonable sound internal control frameworks and an on-going process for identifying, evaluating, monitoring and managing the significant risks faced by the Group in achieving its objectives. The Board regularly reviews the regulatory and business environment to ensure reasonable, adequate and effective systems of risk management and internal control.

The Board recognises that the systems of internal control and risk management are designed to identify, manage and minimise the risks of failure rather than eliminate the risks involved. Therefore, the Board is aware that the system has been implemented to provide only reasonable and not absolute assurance against the occurrence of any material misstatement and loss. The Board recognises that there should be a balance of reasonable cost and benefit in implementing the internal control and risk management systems.

3. INTERNAL CONTROL AND RISK MANAGEMENT FRAMEWORK (CONT'D)

In addition, the Group's internal control system includes the following key elements: -

- The Group has a defined delegation of authority with clear lines of responsibility. It sets out the appropriate approving authority at various levels of Management for decisions to be taken including matters that require Board approvals. The relevant policies are reviewed regularly and updated when necessary.
- The Group has ensured that the financial and operational policies and procedures are in place, such as the Standard Operating Procedure Manual ("**Manual**") for the property and construction division which sets out standard procedures for its major divisions, for example, Contract and Project Division and Purchasing Division. The Manual is subject to review and update from time to time.
- The internal control mechanism is embedded in various work processes at appropriate levels of the Group, such as credit control and aging review of debtors and creditors.
- Regular performance reports provide the Management and the Board with comprehensive financial information on the Group's performance.
- The Group has implemented budgetary controls for its projects.

4. MONITORING AND REVIEW

The Board recognises that the Managing Director and Chief Financial Officer oversee the Group's strategies and business direction, including the Group's operation, development, finance and treasury functions.

The Board places importance on risk management and internal control to safeguard the stakeholders' interest in order to ensure the Group's internal control functions effectively. Accordingly, the internal audit function has been outsourced to an independent professional services firm, PKF Risk Management Sdn. Bhd., who will review the internal controls of the selected activities of the Group's business units based on an internal audit plan presented to the AC for approval.

The Internal Auditors will present their findings in internal audit reports to the AC for review. The AC Chairman will then report to the Board on the matter. The Board places the reliance on the internal audit function to identify the state of internal control system of the Group.

The engagement team from PKF Risk Management Sdn. Bhd. is headed by Dr. Wong Ka Fee, who has over 16 years of experience in internal audit, risk management, compliance review and business advisory. Dr. Wong Ka Fee has a Doctoral Degree in Behavioral Finance from Universiti Utara Malaysia and double Master degrees from 2 different prestigious Universities from United Kingdom, i.e., Master of Science in Management Consultancy from Liverpool John Moores University and Master of Business Administration from University of Wales. The internal audits carried out by the Internal Auditors are guided by the International Professional Practices Framework issued by the Institute of Internal Auditors Inc., a globally recognised professional body for internal auditors. Upon conduct a review on the internal audit function, the AC concluded that the internal audit function is independent and PKF Risk Management Sdn. Bhd. has performed their audit assignments with impartiality, proficiency and due professional care for the FYE 2023.

During the FYE 2023, the AC, with the assistance of the external professional consulting firm, PKF Risk Management Sdn. Bhd., has conducted an internal audit on the Project Management process of PTT Infra Sdn. Bhd.

The Group paid the Internal Auditors a professional fee of RM15,000.00 to carry out the internal audit functions of the Group for the FYE 2023.

5. REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

The External Auditors have reviewed this Statement for the inclusion in the Annual Report for the FYE 2023 in accordance with Malaysian Approved Standard on Assurance Engagements, ISAE 3000 (Revised), Assurance Engagement other than Audits or Reviews of Historical Financial Information and Audit and Assurance Practice Guide 3, Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Controls. Their work performed is restricted to the requirements by Paragraph 15.23 of the Main LR of Bursa Malaysia Securities.

Based on their review, the External Auditors have reported that nothing has come to their attention that cause them to believe that this Statement intended to be included in the Annual Report of the Company is not prepared, in all material respects, in accordance with the disclosures required by Paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers to be set out, nor is factually inaccurate.

6. CONCLUSION

The Group has in place an ongoing process for identifying, evaluating, monitoring and managing the significant risks affecting the achievement of its business objectives, and this process has operated during the FYE 2023 and up to the date of approval of the Annual Report for the FYE 2023. As a result, no control deficiencies were noted during the FYE 2023, which has a material impact on the Group's performance or operations.

This Statement was approved by the resolution passed at the Board of Directors' Meeting held on 19 October 2023.

ADDITIONAL COMPLIANCE **INFORMATION**

The following information is provided in compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("**Bursa Malaysia Securities**"):-

1. Utilisation of proceeds raised from Corporate Proposals

The Company had on 7 March 2023 completed the issuance and listing of 9,000,000 new ordinary shares at issue price of RM1.07 per share, for a total cash consideration of RM9.63 million via Private Placement.

As at 2 October 2023, the status of the utilisation of the proceeds raised from the Private Placement is as follows: -

Details of Utilisation	Proposed Utilisation (RM'000)	Actual Utilisation (RM'000)	Unutilisation (RM'000)
Working capital for construction projects	9,430	9,491	–
Estimated expenses for the Private Placement	200	139[1]	–
Total	**9,630**	**9,630**	**–**

Note:

(1) Approximately RM61,000.00 initially earmarked for the estimated expenses in relation to the Private Placement is in excess of the final expenses for the Private Placement and hence has been reallocated to working capital for construction business.

2. Audit and Non-Audit Fees

The amount of audit and non-audit fees incurred and payable to the External Auditors and/or its affiliates by the Company and the Group for the financial year ended 30 June 2023 are as follows:-

	Company RM	Group RM
Audit Fees	55,000	186,500
Non-Audit Fees	8,500	8,500

3. Material Contracts

Save as disclosed below, there were no material contracts entered into by the Company and its subsidiaries involving the interests of Directors, chief executive (who is not a Director) and major shareholders, either still subsisting at the end of the financial year or entered into since the end of the previous financial year:-

Share sale agreement dated 30 March 2023 and as amended by a supplemental letter agreement dated 12 May 2023 entered into between the Company (as purchaser) and Faddly bin Nordin, Teo Swee Leng and Teo Swee Phin (as vendors) for the acquisition of the entire equity interest in Pembinaan Tetap Teguh Sdn. Bhd. ("**the Acquisition**"). Teo Swee Leng, Teo Swee Phin and Dato' Abd Rahim bin Jaafar are the interested Directors and major shareholders and Aim Tetap Teguh Group Sdn. Bhd. is the interested major shareholder pursuant to the Acquisition.

The total purchase consideration of RM152.0 million in relation to the Acquisition was satisfied by a combination of the following: -

(i) Cash consideration of RM62.0 million; and

(ii) 81,081,081 new ordinary shares issued by the Company at an issue price of RM1.11 ("**Consideration Shares**") amounting to RM90.0 million, of which the Consideration Shares of RM34.0 million had been pledged to a trustee appointed by the Company as security for the performance of the vendors' obligation in respect of profit guarantee and to be released to the vendors upon meeting the profit guarantee over the guaranteed period.

The Acquisition was completed on 10 August 2023.

4. Recurrent Related Party Transactions of Revenue or Trading Nature ("RRPT")

The Company had obtained a mandate from its shareholders for the RRPTs at its Fifty-First Annual General Meeting ("**Shareholders' Mandate**").

In compliance with Paragraph 10.09(2)(b) and Paragraph 3.1.5 of Practice Note 12 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the details of RRPTs conducted during the financial year ended 30 June 2023 pursuant to the Shareholders' Mandate are set out below:-

Related parties	Interested Directors and/or interested major shareholders	Nature of Transactions	Aggregate Value of RRPTs from 1 July 2022 to 30 June 2023 (RM)'000
Pembinaan Tetap Teguh Sdn. Bhd. ("**PTT**")	Teo Swee Leng *(He is a Director and shareholder in PTT)* Teo Swee Phin *(He is a Director and shareholder in PTT and PTTJ)*	Receipt of contracts in relation to construction/ infrastructure works for residential, commercial, and/or industrial developments from PTT	22,540
PTT and PTT Jentera Sdn. Bhd. ("**PTTJ**")	Dato' Abd Rahim bin Jaafar Aim Tetap Teguh Group Sdn. Bhd. *(They are person connected to Teo Swee Leng and Teo Swee Phin)*	Purchasing and/or leasing of machinery for the undertaking of construction/ infrastructure from PTT and PTTJ	19,598

STATEMENT ON DIRECTORS' RESPONSIBILITY

The Directors are responsible for ensuring that the annual financial statements of the Group and the Company are drawn up in accordance with the applicable Malaysian Financial Reporting Standards, International Financial Reporting Standards, the provisions of the Companies Act 2016, and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. Accordingly, the annual financial statements are prepared with reasonable accuracy from the accounting records of the Group and Company to give a true and fair view of their financial position and cash flows for the financial year then ended.

In preparing the annual financial statements, the Directors also have: -

- Adopted the appropriate and relevant accounting policies and applied them consistently;
- Followed the applicable approved accounting standards;
- Made judgements and estimates that are reasonable and prudent; and
- Assessed the Group and the Company's ability to continue as going concern and confirmed that the annual financial statements are prepared using the going concern basis of accounting.

The Directors are also responsible for:

- Ensuring that the Group and the Company keep proper accounting and other records to enable the explanation of transactions and preparation of financial statements; and
- Taking the necessary steps to ensure appropriate systems and internal controls are in place to safeguard the assets of the Group and the Company, as well as to prevent and detect fraud and any other irregularities.

The Statement on Directors' Responsibility is made in accordance with a resolution passed at the Board of Directors' Meeting held on 19 October 2023.

FINANCIAL STATEMENTS

DIRECTORS' REPORT

DIRECTORS' REPORT

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 30 June 2023.

PRINCIPAL ACTIVITIES

The Company is principally engaged in investment and property holding. The principal activities of its subsidiaries are set out in Note 12 to the financial statements.

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

RESULTS

	Group RM	Company RM
Net profit for the financial year	2,200,831	3,354,154
Attributable to:		
Owners of the Company	1,592,368	
Non-controlling interests	608,463	
	2,200,831	

RESERVES AND PROVISIONS

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

DIVIDENDS

No dividend has been paid or declared by the Company since the end of the previous financial year. The Directors do not recommend any dividend in respect of the current financial year.

ISSUANCE OF SHARES OR DEBENTURES

During the financial year, the Company has increased its issued ordinary shares from RM73,704,998 to RM83,196,408 by way of the issuance of 9,000,000 new ordinary shares through private placement at an issue price of RM1.07 per share for working capital purpose and net off with incurred placement fee of RM138,590.

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

The Company has not issued any debentures during the financial year.

OPTIONS GRANTED OVER UNISSUED SHARES

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

DIRECTORS OF THE COMPANY

The Directors in office since the beginning of the financial year to the date of this report are:-

Dato' Abd Rahim Bin Jaafar *	
Datuk Ir. Ruslan Bin Abdul Aziz	
Dato' Mahamed Bin Hussain	
Dato' Paul Lim Tau Ern	
Teo Swee Leng *	
Teo Swee Phin *	
Toh Seng Thong	
Datin Ng Fong Shiang *	Appointed on 29 May 2023
Tuan Sr. Hj. Mohd Farid Bin Naim *	Resigned on 1 October 2023

* *These Directors are also Directors of subsidiaries included in the financial statements of the Group for the financial year.*

DIRECTORS OF THE SUBSIDIARIES OF THE COMPANY

Pursuant to Section 253(2) of the Companies Act 2016, the Directors who served in the subsidiaries (excluding Directors who are also Directors of the Company) since the beginning of the financial year to the date of this report are as follows:

Lum Pek Yoke
Syed Mohammad Zaki Bin Baain

DIRECTORS' INTERESTS

According to the register of Directors' shareholdings, the interest of Directors in office at the end of financial year in shares of the Company and its related corporations during the financial year were as follows: -

	Number of Ordinary Shares			
	At 01.07.2022 Unit	Bought Unit	Sold Unit	At 30.06.2023 Unit
Name of Directors				
Ordinary shares in the Company				
Direct Interest:				
- Teo Swee Phin	112,500	–	–	112,500
Indirect Interest:				
- Dato' Abd Rahim Bin Jaafar *	52,117,400	–	–	52,117,400
- Teo Swee Leng *	52,117,400	–	–	52,117,400
- Teo Swee Phin *	52,117,400	–	–	52,117,400

* *Indirect interest pursuant to Section 8 of the Companies Act 2016 via Aim Tetap Teguh Group Sdn. Bhd.*

DIRECTORS' INTERESTS (CONT'D)

Dato' Abd Rahim Bin Jaafar, Teo Swee Leng and Teo Swee Phin are deemed to have interest in the shares held by the Company and its subsidiaries by virtue of their substantial interest in shares via Aim Tetap Teguh Group Sdn. Bhd.

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

DIRECTORS' REMUNERATION AND BENEFITS

The amounts of fees and other benefits paid to or receivable by the Directors or past Directors of the Company and the estimated money value of any other benefits received or receivable by them otherwise than in cash from the Company and its subsidiaries for their services to the Company and its subsidiaries were as follows: -

	Company RM	**Subsidiaries RM**
Fee	192,000	–
Salaries, bonus and other emoluments	7,500	1,309,800
Contribution to defined contribution plan	–	156,936
Social security contribution	–	6,813
Total fees and other benefits	199,500	1,473,549

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than Directors' emoluments received or due and receivable as disclosed in Note 6(a) to the financial statements or the fixed salary of a full-time employee of the Company) 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 those as disclosed in Note 31 to the financial statements.

There were no arrangements during or at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

OTHER STATUTORY INFORMATION

(a) Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps:

(i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and

(ii) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including their value as shown in the accounting records of the Group and of the Company have been written down to an amount which they might be expected so to realise.

OTHER STATUTORY INFORMATION (CONT'D)

(b) At the date of this report, the Directors are not aware of any circumstances:

(i) which would render the amount written off for bad debts or the amount of the provision for doubtful debts inadequate to any substantial extent;

(ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading;

(iii) 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; or

(iv) not otherwise dealt with in the report or financial statements which would render any amount stated in the financial statements misleading.

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

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

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

(d) In the opinion of the Directors:

(i) no contingent or other liability has become enforceable, or likely to become enforceable, within the period of twelve months after the end of the financial year, which will or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due;

(ii) the results of the operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature; and

(iii) 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.

(e) The fees paid to or receivables by the auditors of the Company and its subsidiaries as remuneration for their services as auditor as set out in Note 6 to the financial statements.

(f) There was no amount paid to or receivable by any third party in respect of the services provided to the Company or any of its subsidiaries by any Director or past Director of the Company.

(g) There was no indemnity given to or insurance effected for any Director, officer or auditor of the Group and of the Company.

HOLDING COMPANY

The Directors regard Aim Tetap Teguh Group Sdn. Bhd., a private limited company incorporated in Malaysia as the holding company.

EVENT SUBSEQUENT TO THE END OF FINANCIAL YEAR

Details of event subsequent to the end of financial year are disclosed in Note 37 to the financial statements.

AUDITORS

The auditors, Messrs. Moore Stephens Associates PLT, have expressed their willingness to continue in office.

Approved and signed on behalf of the Board in accordance with a resolution of the Directors dated 19 October 2023.

DATO' ABD RAHIM BIN JAAFAR **TEO SWEE PHIN**

INDEPENDENT
AUDITORS' REPORT
TO THE MEMBERS OF PTT SYNERGY GROUP BERHAD

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of PTT Synergy Group Berhad, which comprise the statements of financial position as at 30 June 2023 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 page 90 to 182.

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

Basis for Opinion

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

Independence and Other Ethical Requirements

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 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 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.

Recoverability Assessment of Trade Receivables

As at 30 June 2023, as shown in Note 15 to the financial statements, the Group has net trade receivables balance of RM45,630,199, representing approximately 11% of the Group's total assets. As at the end of the financial year, the Group has recognised an accumulated impairment losses of RM5,615,261 on gross trade receivables.

The impairment losses have been determined in accordance with the Expected Credit Loss ("ECL") model which requires significant judgement and estimation to determine the recoverability of the trade receivables. The management applied assumptions in assessing the allowance for impairment losses on trade receivables based on the following: -

- customers' payment profiles of past sales and corresponding historical credit losses;
- specific known facts or circumstances on customers' ability to repay; and
- by reference to past default experience.

We have identified recoverability on trade receivables as a key audit matter because of the significance of trade receivables in the financial statements both in amount and the inherent subjectivity that is involved in making judgement in relation to the recoverability of trade receivables as mentioned above.

Key Audit Matters (Cont'd)

Our audit performed and responses thereon

In addressing the matters above, we have performed the following audit procedures to evaluate management's assessment about the recoverability assessment of trade receivables:

- Obtained an understanding of:-
  - the Group's control over the receivable collection process;
  - how the Group identifies and assesses the impairment of trade receivable; and
  - how the Group makes the accounting estimates for impairment;
- Reviewed the ageing analysis of receivables and testing the reliability thereof;
- Made inquiries of management regarding the action plans to recover overdue amounts;
- Examined other evidence including customers' correspondences, proposed or existing settlement plans, repayment schedules, etc;
- Reviewed subsequent settlement of trade receivables after the financial year end on a sample basis and for those trade receivables with proposed settlement plans, and evaluated management's explanation on recoverability with significant past due balances; and
- Reviewed management's assessment on the recoverability of past due debts to assess the sufficiency of allowance for impairment through specific and collective provisions with reference to historical payment pattern of the respective customers and/or customer profiles, historical trend of bad debts or impairment provided for and forward-looking information as well as its correlation with macroeconomic factors.

Construction revenue recognition and measurement of contract assets

The consolidated financial statements as at 30 June 2023 include revenue from construction activity recognised of RM114,999,599 and contract assets of RM90,413,682 as disclosed in Note 4 to 17 to financial statements respectively.

Construction contract revenue is recognised over the period of the project by reference to the progress towards complete satisfaction of the performance obligation. The progress towards complete satisfaction of the performance obligation is measured based on the Group's efforts or inputs to the satisfaction of the performance obligation (i.e.: by reference to the construction costs incurred to date as a percentage of the estimated total costs of construction of the project).

Judgement is required in determining the progress of construction towards the complete satisfaction of the performance obligation, which include relying on past experience and continuous monitoring of the budgeting process. The management's estimates and judgements affect the cost-to-cost input method computations and the amount of revenue and corresponding contract assets recognised during the year.

These judgements, therefore, require a high level of Directors' judgement that may significantly affect the magnitude of recognition of construction revenue and the measurement of contract assets.

Accordingly, we believe that the construction revenue recognition and measurement of contract assets are kay audit matter.

Key Audit Matters (Cont'd)

Our audit performed and responses thereon

In addressing the matters above, we have performed the following audit procedures to assess the construction contract revenue recognition and measurement of contract assets: -

- Tested the operating effectiveness of the key controls in respect of the review and approval of project cost budgets to assess the reliability of these budgets and the determination of the extent of costs incurred to date;
- Verified the costs incurred to supporting documentation such as the sub-contractors' claim certificates and invoices from vendors;
- Checked reasonableness of the stage of completion based on actual costs incurred to date over the estimated total construction costs with project progress report which being verified by the customers;
- Performed reasonableness test on accrued contractor costs to be incurred by the Group of which invoice/progress claim has yet to be received;
- Assessed the accuracy of the calculation of percentage of completion and the consequent recognition of construction revenue and contract assets;
- Checked to variation order obtained from respective customers to substantial the revised construction contract sum;
- Analysed the turnaround gap between submission of progress billing and certification from customers for respective construction projects and held discussions with Group management and individual project managers to support the information obtained including correspondence with customers for the delay in certification of progress billing by customers;
- Reviewed the events after the reporting date that provide information useful for an assessment of management representation on measurement of contract assets such as subsequent certification of progress billing from customers;

We have determined that there are no key audit matters to communicate in our report which arose from the audit of the financial statements of the Company.

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

(a) 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.

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

(c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

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

(e) 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 represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

(f) 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 year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

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

MOORE STEPHENS ASSOCIATES PLT
201304000972 (LLP0000963-LCA)
Chartered Accountants (AF002096)

STEPHEN WAN YENG LEONG
02963/07/2025 J
Chartered Accountant

Petaling Jaya, Selangor
Date: 19 October 2023

STATEMENTS OF
COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

		Group		Company	
	Note	2023 RM	2022 RM	2023 RM	2022 RM
Revenue	4	163,414,599	125,555,348	700,000	350,000
Cost of sales	5	(131,945,560)	(100,898,519)	–	–
Gross profit		31,469,039	24,656,829	700,000	350,000
Other income	6(i)	4,300,779	6,315,288	6,014,990	–
Administrative expenses		(17,759,036)	(12,011,167)	(3,008,046)	(1,060,669)
Selling and distribution expenses		(844,937)	(485,299)	–	–
Other expenses		(3,701,090)	(6,217,686)	(46,210)	(208,790)
Profit/(Loss) from operations		13,464,755	12,257,965	3,660,734	(919,459)
Finance costs	6(ii)	(4,816,880)	(556,894)	(306,580)	(201,692)
Profit/(Loss) before tax	6	8,647,875	11,701,071	3,354,154	(1,121,151)
Income tax expense	7	(6,447,044)	(2,295,707)	–	–
Profit/(Loss) net of tax, representing total comprehensive income for the financial year		2,200,831	9,405,364	3,354,154	(1,121,151)
Total comprehensive income attributable to:					
Owners of the Company		1,592,368	8,415,867	3,354,154	(1,121,151)
Non-controlling interests	12	608,463	989,497	–	–
		2,200,831	9,405,364	3,354,154	(1,121,151)
Basic earnings per ordinary share attributable to Owners of the Company (sen):	8	1.71	10.43		

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.

STATEMENTS OF
FINANCIAL POSITION
AS AT 30 JUNE 2023

	Note	Group 2023 RM	Group 2022 RM	Company 2023 RM	Company 2022 RM
ASSETS					
Non-current Assets					
Property, plant and equipment	9	44,557,420	23,136,909	68,389	114,599
Investment properties	10	19,311,276	19,408,000	6,190,000	10,890,000
Inventories	11	33,966,683	13,184,380	9,152,606	9,152,606
Investments in subsidiaries	12	–	–	21,879,521	15,850,054
Other investment	13	221,870	–	–	–
Goodwill	14	1,132,770	1,132,770	–	–
		99,190,019	56,862,059	37,290,516	36,007,259
Current Assets					
Inventories	11	164,098,766	19,567,369	–	–
Trade receivables	15	45,630,199	27,479,142	–	–
Other receivables	16	10,578,186	5,502,873	163,292	160,293
Contract assets	17	90,413,682	42,290,344	–	–
Amounts due from subsidiaries	18	–	–	34,135,387	27,640,676
Tax recoverable		–	735,934	23,205	23,205
Short-term investment	19	700,000	–	–	–
Fixed deposits with licensed banks	20	6,285,679	1,570,983	–	–
Cash and bank balances	21	4,320,132	3,594,913	6,920	6,970
		322,026,644	100,741,558	34,328,804	27,831,144
Non-current assets held for sale	22	1,151,921	–	–	–
		323,178,565	100,741,558	34,328,804	27,831,144
TOTAL ASSETS		422,368,584	157,603,617	71,619,320	63,838,403

Statements of Financial Position
(Cont'd)

	Note	Group 2023 RM	Group 2022 RM	Company 2023 RM	Company 2022 RM
EQUITY AND LIABILITIES					
Equity					
Share capital	23	83,196,408	73,704,998	83,196,408	73,704,998
Retained earnings/ (Accumulated losses)		4,052,275	(3,866,691)	(17,096,700)	(20,450,854)
Assets revaluation reserve	24	2,308,166	8,634,764	–	–
		89,556,849	78,473,071	66,099,708	53,254,144
Non-controlling interests	12	12,517,439	12,178,976	–	–
Total Equity		102,074,288	90,652,047	66,099,708	53,254,144
Non-current Liabilities					
Trade payables	25	140,805,223	–	–	–
Borrowings	26	30,576,988	6,257,305	2,112,414	2,550,966
Lease liabilities	27	17,213,377	3,333,636	-	44,046
Deferred tax liabilities	28	4,004,252	1,991,312	757,452	757,452
		192,599,840	11,582,253	2,869,866	3,352,464
Current Liabilities					
Trade payables	25	83,138,220	40,704,501	–	–
Other payables	29	20,529,381	6,617,190	285,022	4,989,807
Borrowings	26	17,654,543	6,727,527	2,320,678	2,200,686
Lease liabilities	27	5,580,332	1,320,099	44,046	41,302
Tax payable		791,980	–	–	–
		127,694,456	55,369,317	2,649,746	7,231,795
Total Liabilities		320,294,296	66,951,570	5,519,612	10,584,259
TOTAL EQUITY AND LIABILITIES		422,368,584	157,603,617	71,619,320	63,838,403

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

	Note	← Attributable to Owners of the Company					
		← Non-distributable →			→		
		Share Capital RM	Assets Revaluation Reserve RM	Distributable Retained Earnings/ (Accumulated Losses) RM	Total RM	Non-controlling Interests RM	Total Equity RM
Group							
2023							
At 1 July 2022		73,704,998	8,634,764	(3,866,691)	78,473,071	12,178,976	90,652,047
Profit for the year		-	-	1,592,368	1,592,368	608,463	2,200,831
Other comprehensive income							
Disposal and derecognition of property, plant and equipment		-	(6,326,598)	6,326,598	-	-	-
Total comprehensive income for the financial year		-	(6,326,598)	7,918,966	1,592,368	608,463	2,200,831
Transactions with Owners of the Company:							
Issuance of shares pursuant to: -							
- private placement	23	9,491,410	-	-	9,491,410	-	9,491,410
Subscription of shares in a subsidiary by non-controlling interest	12	-	-	-	-	30,000	30,000
Dividend paid to non-controlling interests by a subsidiary	30	-	-	-	-	(300,000)	(300,000)
		9,491,410	-	-	9,491,410	(270,000)	9,221,410
At 30 June 2023		83,196,408	2,308,166	4,052,275	89,556,849	12,517,439	102,074,288

	Note	Share Capital RM	Assets Revaluation Reserve RM	Distributable Retained Earnings/ (Accumulated Losses) RM	Total RM	Non-controlling Interests RM	Total Equity RM
		← Attributable to Owners of the Company →					
		← Non-distributable →					
Group (Cont'd)							
2022							
At 1 July 2021		44,186,166	8,634,764	(12,282,558)	40,538,372	11,339,479	51,877,851
Profit for the year, representing total comprehensive income for the financial year		-	-	8,415,867	8,415,867	989,497	9,405,364
Transactions with Owners of the Company:							
Issuance of shares pursuant to:-							
- right issue	23	29,518,832	-	-	29,518,832	-	29,518,832
Dividend paid to non-controlling interests by a subsidiary	30	-	-	-	-	(150,000)	(150,000)
Total transactions with Owners of the Company		29,518,832	-	-	29,518,832	(150,000)	29,368,832
At 30 June 2022		73,704,998	8,634,764	(3,866,691)	78,473,071	12,178,976	90,652,047

Statements of Changes In Equity
(Cont'd)

	Note	Share Capital RM	Accumulated Losses RM	Total Equity RM
Company				
2023				
At 1 July 2022		73,704,998	(20,450,854)	53,254,144
Profit net of tax, representing total comprehensive income for the financial year		–	3,354,154	3,354,154
Transactions with Owners of the Company:				
Issuance of shares pursuant to: -				
- private placement	23	9,491,410	–	9,491,410
At 30 June 2023		83,196,408	(17,096,700)	66,099,708
2022				
At 1 July 2021		44,186,166	(19,329,703)	24,856,463
Loss net of tax, representing total comprehensive income for the financial year		–	(1,121,151)	(1,121,151)
Transactions with Owners of the Company:				
Issuance of shares pursuant to: -				
- right issue	23	29,518,832	–	29,518,832
At 30 June 2022		73,704,998	(20,450,854)	53,254,144

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.

STATEMENTS OF **CASH FLOWS**
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

	Note	Group 2023 RM	Group 2022 RM	Company 2023 RM	Company 2022 RM
Cash Flows from Operating Activities					
Profit/(Loss) before tax		8,647,875	11,701,071	3,354,154	(1,121,151)
Adjustments for:-					
Bad debts written off/(recovered)		11,880	(22,488)	–	–
Depreciation of property, plant and equipment		5,540,571	2,017,454	46,210	44,832
Fair value adjustment on investment properties		(15,000)	–	–	–
Gain on disposal of property, plant and equipment		(119,497)	–	–	–
Gain on disposal of investment properties		(32,000)	–	(55,000)	–
Gain on termination of lease contract					
- derecognition of right-of-use assets		24,876	–	–	–
- derecognition of lease liabilities		(26,390)	–	–	–
Impairment loss on trade receivables		1,631,972	4,808,445	–	–
Written off on goodwill		–	18,432	–	–
Impairment loss on investments in subsidiaries		–	–	–	145,202
Interest expense		4,816,880	556,894	306,580	201,692
Interest income		(345,008)	(34,813)	–	–
Reversal of impairment loss on trade receivables		(3,703,032)	(5,805,894)	–	–
Reversal of impairment loss on investments in subsidiaries		–	–	(5,959,567)	–
Reversal of written off on amount due from a subsidiary		–	–	(423)	–
Written off on:					
- amount due from a subsidiary		–	–	–	18,756
Operating profit/(loss) before changes in working capital		16,433,127	13,239,101	(2,308,046)	(710,669)
Changes in working capital:					
Inventories		(165,313,700)	(5,855,931)	–	8,370
Receivables		(21,167,190)	(7,729,267)	(2,999)	(163,011)
Contract assets		(48,123,338)	(42,290,344)	–	–
Payables		196,198,776	26,403,715	50,215	(90,042)
		(38,405,452)	(29,471,827)	47,216	(244,683)
Cash used in operations		(21,972,325)	(16,232,726)	(2,260,830)	(955,352)
Interest received		345,008	34,813	–	–
Interest paid		(1,751,644)	(556,894)	(306,580)	(201,692)
Tax paid		(3,743,490)	(1,957,899)	–	(2,405)
Tax refund		837,300	420	–	–
Net cash used in operating activities		(26,285,151)	(18,712,286)	(2,567,410)	(1,159,449)

Statements of Cash Flows
(Cont'd)

		Group		Company	
	Note	2023 RM	2022 RM	2023 RM	2022 RM
Cash Flows from Investing Activities					
Net advances to subsidiaries		–	–	(6,494,288)	(14,125,819)
Additional investments in subsidiaries		–	–	(69,900)	(12,200,000)
Additional investments in a subsidiary from non-controlling interest		30,000	–	–	–
Investment in an unquoted instrument		(221,870)	–	–	–
Placement of pledged deposits		(4,714,696)	(164,358)	–	–
Proceeds from disposal of investment properties		1,180,000	360,000	–	–
Acquisition of an investment property		(5,791,276)	(250,000)	–	–
Proceeds from disposal of property, plant and equipment		119,500	–	–	–
Purchase of property, plant and equipment	9(a)	(4,134,569)	(8,337,018)	–	(27,299)
Net cash used in investing activities		(13,532,911)	(8,391,376)	(6,564,188)	(26,353,118)
Cash Flows from Financing Activities					
Dividend paid to non-controlling interests by a subsidiary	30	(300,000)	(150,000)	–	–
Advances from a Directors' related company	(iii)	38,121	–	–	–
Repayment to holding company	(iii)	–	(889,384)	–	(889,384)
Drawdown of borrowings	(iii)	25,266,577	5,884,000	–	5,500,000
Proceeds from banker's acceptance	(iii)	6,020,109	853,000	–	–
Proceeds from domestic recourse factoring	(iii)	18,900,638	7,154,276	–	–
Repayment of banker's acceptance	(iii)	(3,780,000)	(749,000)	–	–
Repayment of domestic recourse factoring	(iii)	(12,591,117)	(3,835,845)	–	–
Repayment of borrowings	(iii)	(841,301)	(3,670,443)	(433,902)	(2,508,795)
Payment for the principal portion of lease liabilities	(ii)(iii)	(3,232,949)	(918,711)	(41,302)	(38,729)
Proceeds from private placement	23	9,491,410	–	9,491,410	–
Proceeds from rights issued shares	23	–	29,518,832	–	29,518,832
Net cash from financing activities		38,971,488	33,196,725	9,016,206	31,581,924

	Note	Group 2023 RM	2022 RM	Company 2023 RM	2022 RM
Net (decrease)/increase in cash and cash equivalents		(846,574)	6,093,063	(115,392)	4,069,357
Cash and cash equivalents at the beginning of the financial year		1,834,466	(4,258,597)	(1,753,477)	(5,822,834)
Cash and cash equivalents at the end of the financial year	(i)	987,892	1,834,466	(1,868,869)	(1,753,477)

Note:

(i) Cash and cash equivalents comprise of the following: -

	Note	Group 2023 RM	2022 RM	Company 2023 RM	2022 RM
Short-term investment	19	700,000	–	–	–
Fixed deposits placed with licensed banks	20	6,285,679	1,570,983	–	–
Cash and bank balances	21	4,320,132	3,594,913	6,920	6,970
		11,305,811	5,165,896	6,920	6,970
Less: Fixed deposit pledged	20	(6,285,679)	(1,570,983)	–	–
Bank overdrafts	26	(4,032,240)	(1,760,447)	(1,875,789)	(1,760,447)
		987,892	1,834,466	(1,868,869)	(1,753,477)

(ii) Cash outflows for leases as a lessee

	Group 2023 RM	2022 RM	Company 2023 RM	2022 RM
Included in net cash from operating activities:				
Interest paid in relation to lease liabilities	(992,135)	(160,958)	(4,298)	(6,871)
Payment related to short term lease rental and low value assets	(5,672,589)	(9,192,540)	–	(550)
Included in net cash from financing activities:				
Payment for the principal portion of lease liabilities	(3,232,949)	(918,711)	(41,302)	(38,729)
	(9,897,673)	(10,272,209)	(45,600)	(46,150)

Note: (Cont'd)

(iii) Reconciliation of movements of liabilities to cash flows arising from financing activities: -

	At beginning of the financial year RM	Drawdown/ Advances from RM	Repayment RM	Net changes from financing cash flows RM	Derecognition of lease liabilities RM	Addition of new lease [Note 9(a)] RM	At end of the financial year RM
Group							
2023							
Borrowings: *							
- Bankers' acceptance	853,000	6,020,109	(3,780,000)	2,240,109	-	-	3,093,109
- Domestic recourse factoring	3,318,431	18,900,638	(12,591,117)	6,309,521	-	-	9,627,952
- Islamic bank financing	4,061,749	-	(399,919)	(399,919)	-	-	3,661,830
- Term loan	2,991,205	25,266,577	(441,382)	24,825,195	-	-	27,816,400
Lease liabilities	4,653,735	-	(3,232,949)	(3,232,949)	(26,390)	21,399,313	22,793,709
Amount due to a Directors' related company	-	38,121	-	38,121	-	-	38,121
Total liabilities from financing activities	15,878,120	50,225,445	(20,445,367)	29,780,078	(26,390)	21,399,313	67,031,121

Note: (Cont'd)

(iii) Reconciliation of movements of liabilities to cash flows arising from financing activities:- (Cont'd)

	At beginning of the financial year RM	Drawdown/ Advances from RM	Repayment RM	Net changes from financing cash flows RM	Addition of new lease [Note 9(a)] RM	At end of the financial year RM
Group (Cont'd)						
2022						
Borrowings: *						
- Bankers' acceptance	749,000	853,000	(749,000)	104,000	–	853,000
- Domestic recourse factoring	–	7,154,276	(3,835,845)	3,318,431	–	3,318,431
- Islamic bank financing	4,839,397	384,000	(1,161,648)	(777,648)	–	4,061,749
- Term loan	–	5,500,000	(2,508,795)	2,991,205	–	2,991,205
Lease liabilities	1,540,480	–	(918,711)	(918,711)	4,031,966	4,653,735
Amount due to holding company	889,384	–	(889,384)	(889,384)	–	–
Total liabilities from financing activities	8,018,261	13,891,276	(10,063,383)	3,827,893	4,031,966	15,878,120

* For reconciliation of liabilities arising from financing activities purpose, the bank overdraft has been excluded from the borrowings as it is part of the cash and cash equivalents.

	Term loans RM	Lease liabilities RM	Amount due to holding company RM
Company			
2023			
At beginning of the financial year	2,991,205	85,348	–
Payment for the principal portion of lease liabilities	–	(41,302)	–
Repayment to	(433,902)	–	–
Net changes in cash flows from financing activities	(433,902)	(41,302)	–
At end of the financial year	2,557,303	44,046	–

Note: (Cont'd)

(iii) Reconciliation of movements of liabilities to cash flows arising from financing activities:- (Cont'd)

	Term loans RM	Lease liabilities RM	Amount due to holding company RM
Company			
2022			
At beginning of the financial year	–	–	889,384
Drawdown	5,500,000	–	–
Payment for the principal portion of lease liabilities	–	(38,729)	–
Repayment to	(2,508,795)	–	(889,384)
Net changes in cash flows from financing activities	2,991,205	(38,729)	(889,384)
Addition of new lease [Note 9(a)]	–	124,077	–
At end of the financial year	2,991,205	85,348	–

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.

1. CORPORATE INFORMATION

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

The registered office of the Company is located at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur Wilayah Persekutuan.

The principal place of business of the Company is located at 2A-1-1(B), Space U8, No.6, Persiaran Pasak Bumi, Taman Bukit Jelutong, Seksyen U8, 40150 Shah Alam, Selangor Darul Ehsan.

The Company is principally engaged in investment and property holding. The principal activities of its subsidiaries are set out in Note 12. There have been no significant changes in the nature of these activities of the Group and of the Company during the financial year.

The Directors regard Aim Tetap Teguh Group Sdn. Bhd., a private limited company incorporated in Malaysia as the holding company.

The financial statements were authorised for issue in accordance with Board of Directors' resolution dated 19 October 2023.

2. BASIS OF PREPARATION

(a) Statement of compliance

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

The Group and the Company have also considered the new accounting pronouncements in the preparation of the financial statements.

(i) Accounting pronouncements that are effective and adopted during the financial year

The Group and the Company have adopted the following new accounting pronouncements that are mandatory for the current financial year:

Amendments to MFRS 3	Reference to the Conceptual Framework
Amendments to MFRS 116	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to MFRS 137	Onerous Contract – Cost of Fulfilling a Contract
Annual Improvements to MFRS Standards 2018 to 2020	

The adoption of the above accounting pronouncements did not have any significant effect on the financial statements of the Group and of the Company.

2. BASIS OF PREPARATION (CONT'D)

(a) Statement of compliance (Cont'd)

(ii) Accounting pronouncements that are issued but not yet effective and have not been early adopted

The Group and the Company have not adopted the following accounting pronouncements that have been issued as at the date of authorisation of these financial statements but are not yet effective for the Group and for the Company:

Effective for financial periods beginning on or after 1 January 2023

MFRS 17	Insurance Contracts
Amendments to MFRS 17	Insurance Contracts – Initial Application of MFRS 17 and MFRS 9 – Comparative Information
Amendments to MFRS 101 and MFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to MFRS 108	Definition of Accounting Estimates
Amendments to MFRS 112	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to MFRS 112	International Tax Reform – Pillar Two Model Rules

Effective for financial periods beginning on or after 1 January 2024

Amendments to MFRS 16	Lease Liability in a Sale and Leaseback
Amendments to MFRS 101	Classification of Liabilities as Current or Non-Current
Amendments to MFRS 101	Non-current Liabilities with Covenants
Amendments to MFRS 107 and MFRS 7	Supplier Finance Arrangements

Effective for financial periods beginning on or after 1 January 2025

Amendments to MFRS 121	Lack of Exchangeability

Effective date to be announced

Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The Group and the Company will adopt the above accounting pronouncements when they become effective in the respective financial periods. These accounting pronouncements are not expected to have any effect to the financial statements of the Group and of the Company upon their initial applications.

2. BASIS OF PREPARATION (CONT'D)

(b) Basis of measurement

The financial statements of the Group and of the Company have been prepared on the historical cost convention except for those as disclosed in the accounting policy notes.

(c) Functional and presentation currency

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

(d) Significant accounting estimates and judgements

The summary of accounting policies as described in Note 3 are essential to understand the Group's and the Company's results of operations, financial position, cash flows and other disclosures. Certain of these accounting policies require critical accounting estimates that involve complex and subjective judgements and the use of assumptions, some of which may be for matters that are inherently uncertain and susceptible to change. Directors exercise their judgement in the process of applying the Group's and the Company's accounting policies.

Estimates, assumptions concerning the future and judgements are made in the preparation of the financial statements. They affect the application of the Group's and of the Company's accounting policies and reported amounts of assets, liabilities, income and expenses, and disclosures made. Estimates and underlying assumptions are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances. The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results.

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

(i) Impairment of financial assets

The Group and the Company assess on a forward-looking basis the expected credit loss associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach to estimate a lifetime expected credit loss allowance for all trade receivables. The Group develops the expected loss rates based on the payment profiles of past sales and the corresponding historical credit losses and adjusts for qualitative and quantitative reasonable and supportable forward-looking information (if any). If the expectation is different from the estimation, such difference will impact the carrying value of trade receivables. The carrying amount of trade receivables as at the reporting date is disclosed in Note 15.

For other receivables, the Group and the Company apply the approach permitted by MFRS 9, which requires the Group and the Company to measure the allowance for impairment loss for that financial asset at an amount based on the probability of default occurring within the next 12 months considering the loss given default of that financial asset.

2. BASIS OF PREPARATION (CONT'D)

(d) Significant accounting estimates and judgements (Cont'd)

(i) Impairment of financial assets (Cont'd)

For amounts due from subsidiaries, the Company determines the recoverability of its amount due from subsidiaries based on the future discounted cash flows of the respective subsidiaries, for which significant judgment is required in the estimation of the present value of future cash flows generated by respective subsidiaries' operations. This involves uncertainties and are significantly affected by assumptions used and judgements made regarding estimates of future cash flows and discount rates. The net carrying amount of amount due from subsidiaries as at the reporting date is disclosed in Note 18.

(ii) Construction contracts revenue

The Group measured the performance of construction work done by comparing the actual costs incurred with the estimated total costs required to complete the construction. Significant judgements are required to estimate the total costs to complete. In making estimates, management relied on professionals' estimates and also on past experience of completed projects. A change in the estimates will directly affect the revenue to be recognised.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to the periods presented in these financial statements.

(a) Basis of consolidation

Consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting date. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied for like transactions and events in similar circumstances. The Company controls an investee if and only if the Company has all the following:

(i) Power over the investee (i.e., existing rights that give it the current ability to direct the relevant power activities of the investee);
(ii) Exposure, or rights, to variable returns from its investment with the investee; and
(iii) The ability to use its power over the investee to affect its returns.

When the Company has less than a majority of the voting rights of an investee, the Company considers the following in assessing whether or not the Company's voting rights in an investee are sufficient to give it power over the investee: -

(i) The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
(ii) Potential voting rights held by the Company, other vote holders or other parties;
(iii) Rights arising from other contractual arrangements; and
(iv) Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of consolidation (Cont'd)

Consolidation (Cont'd)

Subsidiaries are consolidated when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary.

Losses within a subsidiary are attributed to the non-controlling interests even if that results in a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interest and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. The resulting difference is recognised directly in equity and attributed to Owners of the Company.

When control ceases, the disposal proceeds and the fair value of any retained investment are compared to the Group's share of the net assets disposed. The difference together with the carrying amount of allocated goodwill and the exchange reserve that relate to the subsidiary is recognised as gain or loss on disposal.

Business combination

Acquisitions of subsidiaries are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. The Group elects on a transaction-by-transaction basis whether to measure the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Transaction cost incurred are expensed and included in administrative expenses.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes in the fair value of the contingent consideration, which is deemed to be an asset or liability, will be recognised in accordance with MFRS 9 either in profit or loss or a change to other comprehensive income. If the contingent consideration is classified as equity, it will not be remeasured. Subsequent settlement is accounted for within equity. In instances where the contingent consideration does not fall within the scope of MFRS 9, it is measured in accordance with the appropriate MFRS.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Subsidiaries

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in the profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of consolidation (Cont'd)

Non-controlling interests

Non-controlling interests represent the equity in subsidiaries not attributable directly or indirectly, to Owners of the Company, and is presented separately in the Group's statements of comprehensive income and within equity in the Group's statements of financial position, separately from equity attributable to Owners of the Company. Non- controlling interest is initially measured at acquisition-date share of net assets other than goodwill as of the acquisition after and is subsequently adjusted for the changes in the net assets of the subsidiary after the acquisition date.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to Owners of the Company.

Transactions eliminated on consolidation

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

(b) Foreign currencies

Foreign currency translations and balances

Transactions in foreign currencies are converted into the functional currency at rates of exchange ruling at the transaction dates. Monetary assets and liabilities in foreign currencies at the end of each reporting period are translated into the functional currency at rates of exchange ruling at that date. All exchange differences arising from the settlement of foreign currency transactions and from the translation of foreign currency monetary assets and liabilities are included in profit or loss in the period in which they arise. Non-monetary items initially denominated in foreign currencies, which are carried at historical cost are translated using the historical rates as of the date of acquisition, and non-monetary items, which are carried at fair value are translated using the exchange rate that existed when the values were determined for presentation currency purposes.

(c) Revenue and other income recognition

(i) Revenue from contracts with customers

The Group is in the business of property development, building and civil contractors and trading and distribution of building materials and hardware.

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Revenue and other income recognition (Cont'd)

(i) Revenue from contracts with customers (Cont'd)

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

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

The Group has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

The Group has identified its Performance Obligation ("PO") toward its customers as follows:

Construction contracts revenue

Contract revenue includes the initial amount agreed in the contract plus any variations in contract work and claims. Under the terms of the contracts, the Group has an enforceable right to payment for performance completed to date and that the customer controls the assets during the course of construction by the Group and that the construction services performed does not create an asset with an alternative use to the Group.

Revenue from construction contracts is recognised progressively over time based on the percentage of completion by using the cost-to-cost method ("input method"), based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs. The Directors consider that this input method is an appropriate measure of the progress towards complete satisfaction of these performance obligations under MFRS 15. Work done is measured based on actual and expected cost incurred for project activities.

There is no significant financing component in construction contracts with customers as the period between the recognition of revenue under the percentage of completion and the milestone payment is generally within the normal business operating cycle. Payment is generally due 60 days from date when PO is satisfied.

Sale of completed properties

Sales of completed units is satisfied upon delivery of properties when the control of the properties had been transferred to purchasers. Payment is generally due 90 days after Sales and Purchase Agreement signed. Revenue is recognised at point in time when the customer takes vacant possession of the properties.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Revenue and other income recognition (Cont'd)

(i) Revenue from contracts with customers (Cont'd)

Sale of land

Revenue from the sale of land is measured at fair value of the consideration received or receivable, net of returns and allowances and trade discounts. Revenue is recognised upon signing of the sales and purchase agreement when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the land.

Contract assets

Contract asset is the right to consideration in exchange for goods or services transferred to the customers. The Group's contract asset is the excess of cumulative revenue earned over the billings to-date.

When there is objective evidence of impairment, the amount of impairment losses is determined by comparing the contract asset's carrying amount and the present value of estimated future cash flows to be generated by the contract asset.

Contract asset is reclassified to trade receivables at the point at which invoices have been billed to customers.

Sales of building materials and hardware

Sales of building materials and hardware is satisfied upon delivery of goods where the control of the goods has been transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods, net of indirect taxes and discounts. Payment is generally due within 60 to 90 days from the date when PO is satisfied. Revenue is recognised at point in time when customers have acknowledged the receipt of goods sold.

(ii) Interest income

Interest income is recognised on a time proportion basis that reflects the effective yield on asset.

(iii) Dividend income

Dividend income is recognised in profit or loss on the date that the Company's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

(d) Employee benefits

(i) Short term employee benefits

Wages, salaries, social security contributions and bonuses are recognised as an expense in the financial year in which the associated services are rendered by employees of the Group and of the Company. Short-term accumulating compensated absences such as paid annual leave is recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when absences occur.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Employee benefits (Cont'd)

(ii) Defined contribution plan

As required by law, companies in Malaysia make contributions to the state pension scheme, the Employees Provident Fund ("EPF"). Such contributions are recognised as an expense as incurred. Once the contributions have been paid, the Group and the Company have no further payment obligations.

(e) Government grants

Government grants are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions, they are then recognised in profit or loss as other income on a systematic basis over the useful life of the assets.

Grants that compensate the Group for expenses incurred are recognised in profit or loss as other income on a systematic basis in the same period in which the expenses are recognised.

The Group had received government grants relating to costs from wages subsidy programme introduced by the Malaysian Government due to the COVID-19 pandemic.

(f) Borrowing costs

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.

Interest incurred on borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset related to property development activities or construction of assets are capitalised as part of the cost of the asset during the period of time required to complete and prepare the asset for its intended use or sale. Capitalisation of borrowing costs ceased when the assets are ready for their intended use or sale whereby the assets are no longer qualifying asset.

(g) Income taxes

Current tax

Tax expense represents the aggregate amount of current and deferred tax. Current tax is the expected amount payable in respect of taxable income for the financial year, using tax rates enacted or substantively enacted by the reporting date, and any adjustments recognised for prior years' tax. When an item is recognised outside profit or loss, the related tax effect is recognised either in other comprehensive income or directly in equity.

Deferred tax

Deferred tax is recognised using the liability method, on all temporary differences between the tax base of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is not recognised if the temporary difference arises from the initial recognition of an asset or liability in a transaction, which is not a business combination and at the time of the transaction, affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to apply in the period in which the assets are realised or the liabilities are settled, based on tax rates and tax laws that have been enacted or substantively enacted by the reporting date.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) Income taxes (Cont'd)

Deferred tax (Cont'd)

Deferred tax assets are recognised only to the extent that there are sufficient taxable temporary differences relating to the same taxable entity and the same taxation authority to offset or when it is probable that future taxable profits will be available against which the assets can be utilised.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realised. 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 be available for the assets to be utilised.

Deferred tax assets relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in relation to the underlying transactions either in other comprehensive income or directly in equity and deferred tax arising from business combination is adjusted against goodwill on acquisition or the amount of any excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the acquisition cost.

(h) Leases

As a lessee

The Group recognises right-of-use assets and lease liabilities at the lease commencement date. The right-of-use assets are initially measured at cost, which comprises the initial amount of the lease liabilities 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 assets are presented within property, plant and equipment and lease liabilities are presented as a separate line in the statements of financial position.

The right-of-use assets are subsequently 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 assets or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment.

In addition, the right-of-use assets are periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability. The Group applies MFRS 136 to determine whether right-of-use assets are impaired and accounts for any identified impairment loss as described in Note 3(p)(ii).

The lease liabilities are initially measured at the present value of the future lease payments at the commencement date, discounted using the Group's incremental borrowing rates. Lease payments included in the measurement of the lease liability include fixed payments, any variable lease payments, amount expected to be payable under a residual value guarantee, and exercise price under an extension option that the Group is reasonably certain to exercise.

The lease liabilities are measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, or if the Group changes its assessment of whether it will exercise an extension or termination option.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(h) Leases (Cont'd)

As a lessee (Cont'd)

Lease payments associated with short term leases and leases of low value assets are recognised on a straight-line basis as an expense in profit or loss. Short term leases are leases with a lease term of 12 months or less. Low value assets are those assets valued at less than RM20,000 each when purchased new.

As a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risk and rewards incidental to ownership of the underlying assets. If this is the case, then the lease is a finance lease; if not then it is an operating lease.

The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of "revenue" and "other income".

(i) Earnings per share

Basic earnings per share ("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 year.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding during the financial year, adjusted for the effects of all dilutive potential ordinary shares, which comprise free warrants granted to shareholders, if any.

(j) Property, plant and equipment

Property, plant and equipment are measured at cost/valuation less accumulated depreciation and accumulated impairment losses.

(i) Recognition and measurement

Cost includes expenditures that are directly attributable to the acquisition of the assets and any other costs directly attributable to bringing the asset to working condition for its intended use, cost of replacing component parts of the assets, and the present value of the expected cost for the decommissioning of the assets after their use. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. All other repair and maintenance costs are recognised in profit or loss as incurred.

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) Property, plant and equipment (Cont'd)

(i) Recognition and measurement (Cont'd)

Property, plant and equipment are derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss.

The Group revalues its properties comprising lands and buildings every 5 years and at a shorter interval whenever the fair value of the revalued assets is expected to differ materially from their carrying value. Surplus arising from valuation are dealt with in the revaluation reserve account. Any deficit arising is offset against the revaluation reserve the extent of a previous increase for the same property. In all other cases, a decrease in carrying amount is recognised in profit or loss. When revalued assets are sold, the amounts included in the revaluation surplus reserve are transferred to retained earnings.

(ii) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and to the Company and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in the profit or loss as incurred.

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

Depreciation is recognised in the profit or loss on straight line basis over its estimated useful lives of each component of an item of property, plant and equipment.

Property, plant and equipment are depreciated based on the estimated useful lives of the assets as follows:

Leasehold lands and buildings	Over remaining leasehold period
Office equipment, furniture and fittings and renovation	5 to 10 years
Plant and machineries, tools and equipment	5 to 10 years
Motor vehicles	5 years
Leased properties	2 to 8 years

Capital work-in-progress are not depreciated but are tested for impairment annually and whenever there is an indication that they may be impaired.

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) Property, plant and equipment (Cont'd)

(iii) Depreciation (Cont'd)

Fully depreciated property, plant and equipment are retained in the financial statements until they are no longer in use and no further charge for depreciation is made in respect of these property, plant and equipment.

(k) Investment properties

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

Investment properties are measured initially at its cost. Cost includes expenditure that is directly attributable to the acquisition of the investment properties. The cost of self-constructed investment properties includes the cost of materials and direct labour, any other cost directly attributable to bringing the investment properties to a working condition for their intended use.

Investment properties are subsequently measured at fair value with any change therein recognised in profit or loss for the period in which they arise.

Fair value gain or loss arising from the reclassification from property, plant and equipment to investment property is recognised in profit or loss.

The investment properties are derecognised on its disposal, or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal. The difference between the net disposal proceeds and the carrying amount is recognised in profit or loss in the period in which the items in derecognised.

Capital work-in-progress

Capital work-in-progress is stated at cost less any accumulated impairment losses and includes borrowing cost incurred during the period of construction.

Capital work-in-progress are tested for impairment annually and whenever there is an indication that they may be impaired.

(l) Intangible assets

Goodwill

Goodwill acquired in a business combination represents the difference between the purchase consideration and the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities in the subsidiary companies at the date of acquisition.

Goodwill is allocated to cash generating units and is stated at cost less accumulated impairment losses, if any. Goodwill is not amortised but is tested for impairment annually and whenever there is an indication that they may be impaired. Impairment losses recognised are not reversed in subsequent periods.

Upon the disposal of investment in the subsidiary, the related goodwill will be included in the computation of gain or loss on disposal of investment in the subsidiary in the profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(m) Inventories

(i) Land held for property development

Land held for property development consists of land where no significant development activities have been carried out or when development activities are not expected to be completed within the normal operating cycle. Such land is classified as non-current asset and is stated at lower of cost and net realisable value.

Land held for property development is reclassified as property development costs (classified within current assets) when development activities have commenced and where it can be demonstrated that the development activities can be completed within the normal operating cycle.

Land held for property development comprises costs associated with the acquisition of land and all costs incurred subsequent to the acquisition but prior to the transfer to property development costs on activities necessary to prepare the land for its intended use.

Costs associated with the acquisition of land include the purchase price of the land, professional fees, stamp duties, commissions, conversion fees and other relevant levies.

(ii) Lands held for sale

The cost of lands held for sale is stated at the lower of cost and net realisable value. Cost includes the relevant cost of land and development expenditure.

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

(iii) Unsold completed units

The cost of unsold completed properties is stated at the lower of cost and net realisable value. Cost includes the relevant cost of land and development expenditure.

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

(iv) Finished goods

Inventories are measured at the lower of cost and net realisable value.

The cost of inventories is measured based on weighted average cost formula, and includes expenditure incurred in acquiring the inventories and other costs incurred in bringing them to their existing location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less estimated costs of completion and the estimated costs necessary to make the sale.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(m) Inventories (Cont'd)

(v) Property development costs

The property development costs of the Group are made up of relevant cost of land and development expenditure. Land costs comprise cost incurred via acquisition or business arrangement. Any consideration payable for the land with deferred payment will be determined based on the present value of the deferred payment.

Property development costs comprise all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities.

When the financial outcome of a development activity can be reliably estimated, property development revenue and expenses are recognised in profit or loss by using the stage of completion method. The stage of completion is determined by the proportion that property development costs incurred for work performed to date bear to the estimated total property development costs.

Where the financial outcome of a development activity cannot be reliably estimated, property development revenue is recognised only to the extent of property development costs incurred that is probable will be recoverable, and property development costs on properties sold are recognised as an expense in the period in which they are incurred.

Any expected loss on a development project, including costs to be incurred over the defect liability period, is recognised as an expense immediately.

Property development costs not recognised as an expense are recognised as an asset, which is measured at the lower of cost and net realisable value.

(n) Cash and cash equivalents

Cash and cash equivalents consist of cash at bank (including housing development account) and on hand, fixed deposits placed with a licensed bank that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. For the purpose of the statements of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits, if any.

(o) Financial instruments

(i) Initial recognition and measurement

A financial asset or a financial liability is recognised in the statements of financial position when, and only when, the Group or the Company become a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without significant financing component) or a financial liability is initially measured at fair value plus or minus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issuance. A trade receivable without a significant financing component is initially measured at the transaction price.

An embedded derivative is recognised separately from the host contract where the host contract is not a financial asset, and accounted for separately if, and only if, the derivative is not closely related to the economic characteristics and risks of the host contract and the host contract is not measured at fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contract.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(o) Financial instruments (Cont'd)

(ii) Financial instrument categories and subsequent measurement

The Group and the Company categorise financial instruments as follows:

Financial assets

Categories of financial assets are determined on initial recognition and are not reclassified subsequent to their initial recognition unless the Group or the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change of the business model.

(a) *Amortised cost*

Amortised cost category comprises financial assets that are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The financial assets are not designated as fair value through profit or loss. Subsequent to initial recognition, these financial assets are measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss. Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets.

(b) *Fair value through profit or loss*

All financial assets not measured at amortised cost or fair value through other comprehensive income are measured at fair value through profit or loss. This includes derivative financial assets (except for a derivative that is a designated and effective hedging instrument). On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at fair value through other comprehensive income as at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise. Financial assets categorised as fair value through profit or loss are subsequently measured at their fair value. Net gains or losses, including any interest or dividend income, are recognised in the profit or loss.

All financial assets, except for those measure at fair value through profit or loss, are subject to impairment assessment under Note 3(p)(i).

Financial liabilities

The category of financial liabilities at initial recognition is as follows:

Amortised cost

Other financial liabilities not categorised as fair value through profit or loss are subsequently measured at amortised cost using the effective interest method.

Interest expense and foreign exchange gains and losses are recognised in the profit or loss. Any gains or losses on derecognition are also recognised in the profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(o) Financial instruments (Cont'd)

(iii) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount presented in the statements of financial position when, and only when, the Group or the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and liability simultaneously.

(iv) 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.

Financial guarantees issued are initially measured at fair value. Subsequently, they are measured at higher of:

- the amount of the loss allowance; and
- the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance to the principles of *MFRS 15 Revenue from Contracts with Customers*.

Liabilities arising from financial guarantees are presented together with other provisions.

(v) 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 is recognised and derecognised, as applicable, using trade date accounting. Trade date accounting refers to:

(a) the recognition of an asset to be received and the liability to pay for it on the trade date, and
(b) 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.

(vi) Derecognition

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or control of the asset is not retained or substantially all of the risk and rewards of ownership of the financial assets are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(p) Impairment of assets

(i) Financial assets

The Group and the Company recognise loss allowances for expected credit losses ("ECLs") on financial assets measured at amortised cost. Expected credit losses are a probability-weighted estimate of credit losses.

Loss allowance of the Group and of the Company are measured on either of the following basis:

(a) 12-month ECLs – represents the ECLs that result from default events that are possible within the 12 months after the reporting date (or for a shorter period if the expected life of the instrument is less than 12 months); or

(b) Lifetime ECLs – represents the ECLs that will result from all possible default events over the expected life of a financial instrument.

The impairment methodology applied depends on whether there has been a significant increase in credit risk.

Simplified approach - trade receivables and contract assets

The Group applies the simplified approach to provide ECLs for all trade receivables and contract assets as permitted by MFRS 9. The simplified approach required expected lifetime losses to be recognised from initial recognition of the receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where applicable.

General approach - other financial instruments and financial guarantee contracts

The Group and the Company apply the general approach to provide for ECLs on all other financial instruments and financial guarantee contracts, which requires the loss allowance to be measured at an amount equal to 12-months ECLs at initial recognition.

At each reporting date, the Group and the Company assess whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECLs. In assessing whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, 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, where available.

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant credit risk since initial recognition, loss allowance is measured at an amount equal to 12-month ECLs.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(p) Impairment of assets

(i) Financial assets (Cont'd)

General approach - other financial instruments and financial guarantee contracts (Cont'd)

The Group and the Company consider a financial guarantee contract to be in default when the debtor of the loan is unlikely to pay its credit obligations to the creditors in full, without recourse by the Group and the Company to action such as realising security (if any is held). The Group and the Company only apply a discount rate if, and to the extent that, the risks are not taken into account by adjusting the expected cash shortfalls.

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

Credit impaired financial assets

At each reporting date, the Group and the Company assess whether financial assets carried at amortised cost is 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 the financial asset have occurred.

Evidence that a financial asset is credit impaired includes the observable data about the following events:

- Significant financial difficulty of the borrower or issuer;
- A breach of contract such as a default or significant past due event (e.g., being more than the range from 210 to 300 days past due);
- The lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider (e.g., the restructuring of a loan or advance by the Group and the Company on terms that the Group and the Company would not consider otherwise);
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- The disappearance of an active market for security because of financial difficulties.

Write-off policy

The gross carrying amount of a financial asset is written off (either partially or full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group or the Company determine that the debtor does not have assets or sources 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 or the Company's procedures for recovery of amounts due. Any recoveries made are recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(p) Impairment of assets (Cont'd)

(ii) Non-financial assets

The carrying amounts of non-financial assets (except for inventories) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised immediately in profit or loss, unless the asset is carried at a revalued amount, in which such impairment loss is recognised directly against any revaluation surplus for the asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same asset. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups.

The recoverable amount of an asset or cash-generating units is the greater of its value in use and its fair value less costs to sell. 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.

Except for goodwill, assets that were previously impaired are reviewed for possible reversal of the impairment at the end of each reporting period. Any subsequent increase in recoverable amount is recognised in the profit or loss unless it reverses an impairment loss on a revalued asset in which case it is taken to revaluation reserve. Reversal of impairment loss is restricted by the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years.

An impairment loss recognised for goodwill is not reversed.

An impairment loss is recognised for the amount by which the carrying amount of the subsidiary or associate exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and present value of the estimated future cash flows expected to be derived from the investment including the proceeds from its disposal. Any subsequent increase in recoverable amount is recognised in profit or loss.

(q) Non-current assets held for sale

The Group classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification.

Property, plant and equipment are not depreciated once classified as held for sale.

Assets and liabilities classified as held for sale are presented separately as current items in the statements of financial position.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(r) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group and of the Company after deducting all of their liabilities. Ordinary shares are equity instruments.

Ordinary shares

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.

(s) Operating segments

Operating segments are defined as components of the Group that:

(a) engage in business activities from which it could earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group);

(b) whose operating results are regularly reviewed by the chief operating decision maker of the Group in making decisions about resources to be allocated to the segment and assessing its performance; and

(c) for which discrete financial information is available.

The Group reports separately information about each operating segment that meets any of the following quantitative thresholds:

(a) its reported revenue, including both sales to external customers and intersegment sales or transfers, is 10% or more of the combined revenue, internal and external, of all operating segments.

(b) the absolute amount of its reported profit or loss is 10% or more of the greater, in absolute amount of:

(i) the combined reported profit of all operating segments that did not report a loss; and
(ii) the combined reported loss of all operating segments that reported a loss.

(c) its assets are 10% or more of the combined assets of all operating segments.

Operating segments that do not meet any of the quantitative thresholds may be considered reportable, and separately disclosed, if the management believes that information about the segment would be useful to users of the financial statements.

Total external revenue reported by operating segments shall constitute at least 75% of the revenue of the Group. Operating segments identified as reportable segments in the current financial year in accordance with the quantitative thresholds would result in a restatement of prior period segment data for comparative purposes.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(t) Fair value measurements

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 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 used observable market data as far as possible. Fair values are 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.

The Group and the Company recognised transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

(u) Provision

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

Provisions are reviewed at each end of the reporting period 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. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Any reimbursement that the Group can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision. The relating expense relating to any provision is presented in the statement of comprehensive income net of any reimbursement.

4. REVENUE

	Note	Group 2023 RM	Group 2022 RM	Company 2023 RM	Company 2022 RM
Revenue from contracts with customers					
Sale of completed properties		1,168,200	–	–	–
Sale of lands		–	2,350,000	–	–
Construction contract	(i)	114,999,599	76,051,438	–	–
Sales of building materials and hardware		47,228,800	47,153,910	–	–
Rental income		18,000	–	–	–
Dividend income		–	–	700,000	350,000
		163,414,599	125,555,348	700,000	350,000

	Group 2023 RM	Group 2022 RM	Company 2023 RM	Company 2022 RM
Timing of revenue recognition:				
Point in time	48,415,000	49,503,910	700,000	350,000
Over time	114,999,599	76,051,438	–	–
	163,414,599	125,555,348	700,000	350,000

The accounting policy for the Group's and the Company's revenue is disclosed in Note 3(c).

Unsatisfied long-term contracts

The following table shows unsatisfied performance obligations resulting from construction revenue.

(i) Construction contract revenue

	Group 2023 RM	Group 2022 RM
Total contracted revenue	608,223,824	501,077,881
Less: Construction revenue recognised	(191,051,037)	(76,051,438)
Aggregate amount of the transaction price allocated to construction revenue that are partially or fully unsatisfied as at 30 June, net	417,172,787	425,026,443

4. REVENUE (CONT'D)

The remaining unsatisfied performance obligations are expected to be recognised as below:

(i) Construction contract revenue

	Group	
	2023 RM	2022 RM
Within 1 year	277,231,684	277,992,206
Between 1 to 3 years	139,941,103	147,034,237
	417,172,787	425,026,443

5. COST OF SALES

	Group	
	2023 RM	2022 RM
Cost of sale of completed properties	741,674	–
Cost of sale of lands	–	937,485
Construction costs	85,073,838	60,414,832
Direct expenses - Rental	10,658	–
Costs of building materials and hardware	46,119,390	39,546,202
	131,945,560	100,898,519

6. PROFIT/(LOSS) BEFORE TAX

Profit/(Loss) before tax is derived after charging/(crediting): -

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Auditors' remuneration				
- statutory audit	186,500	154,500	55,000	45,000
- Over provision in prior year	(2,000)	–	–	–
- non statutory audit	8,500	10,500	8,500	7,500
Bad debts written off	11,880	–	–	–
Depreciation of property, plant and equipment	5,540,571	2,017,454	46,210	44,832
Directors' remuneration [Note (a)]	2,414,215	2,007,026	199,500	201,300
Employee benefits expense [Note (b)]	11,326,677	7,000,075	–	–
Impairment loss on trade receivables	1,631,972	4,808,445	–	–
Written off on goodwill	–	18,432	–	–
Impairment loss on investments in subsidiaries	–	–	–	145,202
Incorporation expenses	7,000	–	–	–
Short term lease	5,672,589	9,192,540	–	(550)
Written off:				
- amount due from a subsidiary	–	–	–	18,756

6. PROFIT/(LOSS) BEFORE TAX (CONT'D)

Profit/(Loss) before tax is derived after charging/(crediting):- (Cont'd)

(a) Directors' remuneration:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Directors of the Company:				
Executive Directors:				
Salaries, bonus and other emoluments	1,317,300	1,197,300	7,500	9,300
Contribution to defined contribution plan	156,936	142,560	–	–
Social security contribution	6,813	4,156	–	–
Non-executive Directors:				
Fees	192,000	192,000	192,000	192,000
	1,673,049	1,536,016	199,500	201,300
Estimated money value of benefits-in-kind ("BIK")	35,408	4,666	–	–
Total including estimated money value of BIK	1,708,457	1,540,682	199,500	201,300
Directors of the subsidiaries:				
Director's fee	36,000	33,000	–	–
Salaries, bonus and other emoluments	633,076	398,242	–	–
Contribution to defined contribution plan	69,852	37,920	–	–
Social security contribution	2,238	1,848	–	–
	741,166	471,010	–	–
Estimated money value of BIK	6,759	8,800	–	–
Total including estimated money value of BIK	747,925	479,810	–	–
Total Directors' remuneration of the Group excluding estimated money value of BIK	2,414,215	2,007,026	199,500	201,300

6. PROFIT/(LOSS) BEFORE TAX (CONT'D)

Profit/(Loss) before tax is derived after charging/(crediting):- (Cont'd)

(b) Employee benefits expense:

	Group	
	2023 RM	2022 RM
Salaries, allowances and bonus	9,850,484	6,115,949
Contribution to defined contribution plan	1,047,716	651,155
Social security contribution	132,090	61,493
Other benefits	296,387	171,478
	11,326,677	7,000,075

(i) Other income: -

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Bad debt recovered	–	22,488	–	–
Fair value adjustments on investment properties	15,000	–	–	–
Gain on disposal of property, plant and equipment	119,497	–	–	–
Gain on disposal of investment properties	32,000	–	55,000	–
Gain on termination of lease contract				
- derecognition of right-of-use assets	(24,876)	–	–	–
- derecognition of lease liabilities	26,390	–	–	–
Interest income:				
- fixed deposits with licensed banks	92,714	29,350	–	–
- Housing Development Account	3,103	1,561	–	–
- late payment interest	173,141	–	–	–
- other interest income	76,050	3,902	–	–
Reversal of impairment loss on trade receivables	3,703,032	5,805,894	–	–
Reversal of impairment loss on investments in subsidiaries	–	–	5,959,567	–
Rental income	64,900	75,000	–	–
Wages subsidy	–	175,800	–	–
Reversal of written off on amount due from a subsidiary	–	–	423	–
Other income	19,828	201,293	–	–
	4,300,779	6,315,288	6,014,990	–

6. PROFIT/(LOSS) BEFORE TAX (CONT'D)

Profit/(Loss) before tax is derived after charging/(crediting):- (Cont'd)

(ii) Finance costs:-

	Group 2023 RM	Group 2022 RM	Company 2023 RM	Company 2022 RM
- accretion of interest on deferred trade payables	3,065,236	–	–	–
- bank overdrafts	181,413	94,031	116,785	90,928
- banker's acceptance	105,706	29,223	–	–
- islamic bank financing	120,436	120,515	–	–
- domestic recourse factoring	162,573	48,274	–	–
- term loans	189,381	103,893	185,497	103,893
- lease liabilities	992,135	160,958	4,298	6,871
	4,816,880	556,894	306,580	201,692

7. INCOME TAX EXPENSE

	Group 2023 RM	Group 2022 RM	Company 2023 RM	Company 2022 RM
Income tax:				
- Current year	4,337,860	2,235,949	–	–
- Under/(Over)provision in prior year	96,244	(41,265)	–	–
	4,434,104	2,194,684	–	–
Deferred tax (Note 28):				
Relating to origination of temporary differences				
- Current year	460,713	216,111	–	–
- Underprovision in prior year	1,584,203	11,790	–	–
Realisation of deferred tax liability arising from depreciable revaluation reserve	(31,976)	(126,878)	–	–
	2,012,940	101,023	–	–
Total income tax expense for the financial year	6,447,044	2,295,707	–	–

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

7. INCOME TAX EXPENSE (CONT'D)

The reconciliations from the tax amount at statutory income tax rate to the Group's and to the Company's tax credit are as follows:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Profit/(Loss) before tax	8,647,875	11,701,071	3,354,154	(1,121,151)
Tax at Malaysian statutory tax rate of 24% (2022: 24%)	2,075,490	2,808,257	804,997	(269,076)
Expenses not deductible for tax purposes	2,511,592	487,633	806,601	353,076
Income not subject to tax	(13,200)	(42,192)	(1,611,598)	(84,000)
Deferred tax assets not recognised/(Utilisation of previously unrecognised deferred tax assets)	224,691	(801,638)	–	–
Realisation of deferred tax liability arising from depreciable revaluation reserve	(31,976)	(126,878)	–	–
Under/(Over)provision in prior year:				
- Income tax expense	96,244	(41,265)	–	–
- Deferred tax	1,584,203	11,790	–	–
Income tax expense for the financial year	6,447,044	2,295,707	–	–

The Group has the following estimated unutilised tax losses and unabsorbed capital allowances respectively, available for set-off against future taxable profit as follows:

	Group	
	2023 RM	Restated 2022 RM
Unutilised tax losses	17,146,500	16,209,045
Unabsorbed capital allowances	250,423	236,474
	17,396,923	16,445,519

The comparative figures have been restated to reflect the actual tax losses and capital allowances carried forward. The availability of the tax losses will be subject to Inland Revenue Board discretion and approval to offset against future taxable profit.

With effect from Year of Assessment ("YA") 2019, the unutilised tax losses in a year of assessment of the Company can only be carried forward for a maximum period of 10 consecutive YAs to be utilised against income from any business source.

8. EARNINGS PER ORDINARY SHARE

(a) Basic

Basic earnings per ordinary share for the financial year is calculated by dividing profit after tax attributable to Owners of the Company by the weighted average number of ordinary shares in issue during the financial year.

	Group	
	2023 RM	**2022 RM**
Basic earnings per share:		
Profit after tax attributable to the Owners of the Company (RM)	1,592,368	8,415,867
Weighted average number of ordinary shares:		
Number of ordinary shares at beginning of the financial year	90,000,000	40,000,000
Effect of weighted average number of ordinary shares issued during the financial year	2,860,274	40,684,932
	92,860,274	80,684,932
Basic earnings per share (sen)	1.71	10.43

(b) Diluted

Diluted loss per share is not presented as there were no potential dilutive ordinary shares outstanding as at 30 June 2023 and 30 June 2022.

9. PROPERTY, PLANT AND EQUIPMENT

	At valuation		At cost					
	Leasehold lands RM	Buildings RM	Office equipment, furniture and fittings, and renovation RM	Plant, machinery, tools and equipment RM	Motor vehicles RM	Leased properties RM	Capitalwork-in-progress RM	Total RM
Group								
2023								
Cost/Valuation								
At 1 July 2022	7,348,316	4,084,499	2,129,929	8,087,720	4,457,698	2,877,709	–	28,985,871
Additions	–	–	583,967	24,339,000	1,602,682	1,358,712	253,521	28,137,882
Transfer to non-current asset held for sale (Note 22)	(548,119)	(676,100)	–	–	–	–	–	(1,224,219)
Disposals	–	–	–	–	(490,863)	–	–	(490,963)
Termination or expiry of lease contracts	–	–	–	–	–	(840,933)	–	(840,933)
At 30 June 2023	6,800,197	3,408,399	2,713,896	32,426,720	5,569,517	3,395,488	253,521	54,567,738
Accumulated depreciation								
At 1 July 2022	361,641	156,060	1,536,802	646,886	1,901,448	1,246,125	–	5,848,962
Charge for the financial year	113,614	67,701	146,379	3,483,333	830,792	898,752	–	5,540,571
Transfer to non-current asset held for sale (Note 22)	(33,210)	(39,088)	–	–	–	–	–	(72,298)
Disposals	–	–	–	–	(490,860)	–	–	(490,860)
Termination or expiry of lease contracts	–	–	–	–	–	(816,057)	–	(816,057)
At 30 June 2023	442,045	184,673	1,683,181	4,130,219	2,241,380	1,328,820	–	10,010,318
Net carrying amount								
At 30 June 2023	6,358,152	3,223,726	1,030,715	28,296,501	3,328,137	2,066,668	253,521	44,557,420

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

	At valuation		At cost				
	Leasehold lands RM	Buildings RM	Office equipment, furniture and fittings, and renovation RM	Plant, machinery, tools and equipment RM	Motor vehicles RM	Leased properties RM	Total RM
Group (Cont'd)							
2022							
Cost/Valuation							
At 1 July 2021	6,964,654	4,084,499	1,620,526	2,720	1,918,045	1,636,943	16,227,387
Additions	383,662	–	509,403	8,085,000	2,539,653	1,240,766	12,758,484
At 30 June 2022	7,348,316	4,084,499	2,129,929	8,087,720	4,457,698	2,877,709	28,985,871
Accumulated depreciation							
At 1 July 2021	233,191	75,962	1,433,420	2,719	1,585,717	500,499	3,831,508
Charge for the financial year	128,450	80,098	103,382	644,167	315,731	745,626	2,017,454
At 30 June 2022	361,641	156,060	1,536,802	646,886	1,901,448	1,246,125	5,848,962
Net carrying amount							
At 30 June 2022	6,986,675	3,928,439	593,127	7,440,834	2,556,250	1,631,584	23,136,909

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

	Office equipment, furniture and fittings and renovation RM	Leased property RM	Total RM
Company			
2023			
Cost			
At 1 July 2022/30 June 2023	702,578	124,077	826,655
Accumulated depreciation			
At 1 July 2022	670,697	41,359	712,056
Charge for the financial year	4,851	41,359	46,210
At 30 June 2023	675,548	82,718	758,266
Net carrying amount			
At 30 June 2023	27,030	41,359	68,389
2022			
Cost			
At 1 July 2021	675,279	–	675,279
Additions	27,299	124,077	151,376
At 30 June 2022	702,578	124,077	826,655
Accumulated depreciation			
At 1 July 2021	667,224	–	667,224
Charge for the financial year	3,473	41,359	44,832
At 30 June 2022	670,697	41,359	712,056
Net carrying amount			
At 30 June 2022	31,881	82,718	114,599

(a) Acquisition of property, plant and equipment

	Group 2023 RM	Group 2022 RM
Cash purchase	4,134,569	8,337,018
Financed through lease arrangement	21,399,313	4,031,966
Financed through third parties	2,604,000	389,500
Total acquisition of property, plant and equipment	28,137,882	12,758,484

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

(a) Acquisition of property, plant and equipment (Cont'd)

	Company	
	2023 RM	2022 RM
Cash purchase	–	27,299
Financed through finance lease arrangement	–	124,077
Total acquisition of property, plant and equipment	–	151,376

(b) Remaining leasehold period

The leasehold lands and buildings have remaining unexpired lease period range from 63 to 98 years (2022: 63 to 99 years).

(c) Assets pledged as security

The net carrying amount of properties of the Group pledged to financial institutions as securities for borrowings (Note 26) granted to the Group as at reporting date is as follows:

	Group	
	2023 RM	2022 RM
Leasehold lands	5,724,393	6,346,096
Buildings	2,992,125	3,694,231
	8,716,518	10,040,327

(d) Assets classified as right-of-use assets

The net carrying amount of right-of-use assets recognised by the Group and the Company are as follows:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Leasehold lands	6,358,152	6,986,676	–	–
Buildings	3,223,726	3,928,439	–	–
Machinery	22,714,313	987,500	–	–
Motor vehicles	3,271,817	2,495,948	–	–
Leased properties	2,066,668	1,631,584	41,359	82,718

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

(d) Assets classified as right-of-use assets (Cont'd)

The expenses charged to profit or loss during the financial year are as follows:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Depreciation of right-of-use assets	4,497,868	1,262,180	41,359	41,359
Interest expenses of lease liabilities	992,135	160,958	4,298	6,871
Short-term lease rental and low value assets	5,672,589	9,192,540	–	550
	11,162,592	10,615,678	45,657	48,780

(e) Revaluation of freehold lands, leasehold lands and buildings

Their values were arrived at by reference to market evidence of transaction prices for similar properties and were performed by registered independent valuers having an appropriate recognised professional qualification and recent experience in the location and category of the properties being valued. Leasehold lands and buildings were revalued on 31 December 2020 and 30 June 2020 respectively by different independent valuers.

The valuation of the leasehold lands and buildings were determined based on comparison method with similar lands and buildings that have been sold recently and those that are currently being offered for sale in the vicinity with appropriate adjustments made to reflect improvements and other dissimilarities and to arrive at the value of the subject lands and buildings.

If the leasehold lands and buildings currently carried at valuation were measured using the cost model, the carrying amounts would have been as follows:

	Group Net carrying amount	
	2023 RM	2022 RM
At historical cost:		
Leasehold lands	3,421,782	3,605,115
Buildings	2,297,063	2,548,037
	5,718,845	6,153,152

10. INVESTMENT PROPERTIES

Group	Freehold lands RM	Leasehold lands RM	Buildings RM	Capital work-in-progress RM	Total RM
2023					
At fair value					
At 1 July 2022	9,678,000	145,000	9,335,000	250,000	19,408,000
Additions	–	–	485,000	5,306,276	5,791,276
Disposal	(5,683,000)	–	(220,000)	–	(5,903,000)
Fair value adjustment	–	–	15,000	–	15,000
At 30 June 2023	3,995,000	145,000	9,615,000	5,556,276	19,311,276
2022					
At fair value					
At 1 July 2021	9,678,000	145,000	9,695,000	–	19,518,000
Additions	–	–	–	250,000	250,000
Disposal	–	–	(360,000)	–	(360,000)
At 30 June 2022	9,678,000	145,000	9,335,000	250,000	19,408,000

Company	Freehold land RM	Buildings RM	Total RM
2023			
At fair value			
At 1 July 2022	4,700,000	6,190,000	10,890,000
Disposals	(4,700,000)	–	(4,700,000)
At 30 June 2023	–	6,190,000	6,190,000
2022			
At fair value			
At 1 July 2021/30 June 2022	4,700,000	6,190,000	10,890,000

Investment properties comprise several commercial properties that are leased to third parties.

The fair values were arrived by reference to market evidence of transaction prices for similar properties and were performed by registered independent valuers having an appropriate recognised professional qualification and recent experience in the location and category of the properties being valued.

10. INVESTMENT PROPERTIES (CONT'D)

Fair values were determined based on comparison method with similar lands and buildings that have been sold recently and those that are currently being offered for sale in the vicinity with appropriate adjustments made to reflect improvements and other dissimilarities and to arrive at the value. Changes in fair value are recognised in the profit or loss during the period in which they are reviewed.

The fair value of the freehold lands, leasehold land and buildings are categorised at Level 3 of the fair value hierarchy as certain inputs for the properties were unobservable, of which the most significant inputs into this valuation approach are location, size, age and condition of tenure and title restriction.

Group

The long-term leasehold lands and buildings of the Group have unexpired lease periods range from 53 to 81 years (2022: 54 to 82 years).

The capital work-in-progress represents acquisition of 2 units of 2-storey detached factory, of which the vendor's obligation has yet to be satisfied as at reporting date and the remaining capital commitments have been disclosed in Note 32. Included in investment properties is an amount of RM42,424 (2022: RM Nil) arising from capitalisation of interest expenses.

Rental income earned by the Group amounted to RM82,900 (2022: RM75,000) is recognised in profit or loss in respect of the investment properties.

Direct expenses incurred by the Group amounted to RM13,040 (2022: RM1,895) is recognised in profit or loss in respect of the investment properties.

The titles of the lands and buildings of the Group at fair values of RM1,205,000 (2022: RM1,185,000) are in the process of being registered in the name of a subsidiary.

Investment properties of the Group at carrying amount of RM14,921,285 (2022: RM11,140,000) are charged to a licensed bank as security for borrowings as disclosed in Note 26.

Company

Investment properties of the Company at carrying amount of RM6,190,000 (2022: RM6,190,000) are charged to a licensed bank as security for borrowings granted to the Company as disclosed in Note 26.

11. INVENTORIES

	Note	Group 2023 RM	Group 2022 RM	Company 2023 RM	Company 2022 RM
Non-current assets:					
At costs:					
Land held for property development	(i)	33,966,683	13,184,380	9,152,606	9,152,606
Current assets:					
At costs:					
Property development costs	(i)	143,910,872	–	–	–
Unsold completed units		543,732	1,274,116	–	–
Building materials and hardware		19,644,162	18,293,253	–	–
		164,098,766	19,567,369	–	–

	Group 2023 RM	Group 2022 RM
Recognised in profit or loss:		
- Inventories recognised as cost of sales	46,849,774	40,484,008

(i) Land held for property development/property development costs

	Group 2023 RM	Group 2022 RM	Company 2023 RM	Company 2022 RM
At beginning of the financial year	13,184,380	9,160,976	9,152,606	9,160,976
Addition:				
- Land cost	164,391,783	4,031,774	–	–
- Development cost	301,392	(8,370)	–	(8,370)
	164,693,175	4,023,404	–	(8,370)
At end of the financial year	177,877,555	13,184,380	9,152,606	9,152,606

Lands held for property development of the Group with the net carrying amount of RM24,814,077 (2022: RM4,031,774) represent partial payment of the ten individual land plots, of which the full amount is to be paid based on the milestones over 3 years, and the remaining capital commitments have been disclosed in Note 32.

11. INVENTORIES (CONT'D)

(i) Land held for property development/property development costs (Cont'd)

All the land titles have been transferred and registered in the name of the Company, except for the freehold land of the Group amounting to RM24,814,077 (2022: RM4,031,774) were in the midst of being transferred to the Group.

Included in inventories is an amount of RM1,797,288 (2022: RM Nil) arising from capitalisation of interest expenses.

12. INVESTMENTS IN SUBSIDIARIES

	Company	
	2023 **RM**	**2022** **RM**
Unquoted shares, at cost		
At beginning of the financial year	17,933,085	17,933,085
Addition	69,900	–
At end of the financial year	18,002,985	17,933,085
Capital contribution to subsidiaries		
At beginning of the financial year	12,200,000	–
Addition	–	12,200,000
At end of the financial year	12,200,000	12,200,000
	30,202,985	30,133,085
Less: Allowance for impairment losses	(8,323,464)	(14,283,031)
Net carrying amount		
At end of the financial year	21,879,521	15,850,054

Capital contribution to subsidiaries represents amount due from subsidiaries which is non-trade in nature, unsecured and interest-free and the settlement of the amount is neither planned nor likely to occur in the foreseeable future. As this amount is in substance, representing additional investments in the subsidiaries, it is stated at cost less accumulated impairment losses.

Impairment loss on investment in subsidiaries

2022

As at 30 June 2022, the Company carried out a review of the recoverable amount of one of its subsidiaries as the subsidiary has ceased operation and remained dormant which resulted in the recoverable amount being deemed as nil. An impairment loss of RM145,202 was recognised as "other expenses" line item of the statements of comprehensive income for the financial year ended 30 June 2022.

12. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Movement in allowance for impairment losses in respect of investments in subsidiaries is as follows:

	Company 2023 RM	Company 2022 RM
At beginning of the financial year	14,283,031	14,137,829
Addition	–	145,202
Reversal	(5,959,567)	–
At end of the financial year	8,323,464	14,283,031

The details of the subsidiaries are as follows:

Name of Subsidiaries	Country of Incorporation	Principal activities	Effective Equity Interest 2023 %	Effective Equity Interest 2022 %
PTT Property Sdn. Bhd. ("PTTP")	Malaysia	Property development and investment holding	100	100
PTT Development Sdn. Bhd ("PTTD")	Malaysia	Property development, building and civil contractors	100	100
Hoover Management Sdn. Bhd. ("HMSB")	Malaysia	Provision of management services	100	100
PTT Machineries Sdn. Bhd. *(formerly known as Hoover Tiling Trading Sdn. Bhd.)* ("PTTM")	Malaysia	Letting of machineries and providing maintenance services	100	100
PTT Infra Sdn. Bhd. ("PTTI")	Malaysia	Building, earthworks and civil contractors	100	100
Heap Wah Barakah Sdn. Bhd. ("HWB")	Malaysia	Manufacturing, trading and supply of sanitary wares, tapwares and related products	70	70
PTT Logistics Sdn. Bhd. ("PTTL")	Malaysia	Intended to involve in the freight transport by road, warehousing and storage services and other transportation support activities	70	–

12. INVESTMENTS IN SUBSIDIARIES (CONT'D)

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

Name of Subsidiaries	Country of Incorporation	Principal activities	Effective Equity Interest 2023 %	Effective Equity Interest 2022 %
Held through PTT Infra Sdn. Bhd.				
PTT Assets Sdn. Bhd. ("PTTA")	Malaysia	Intended engaged in asset management and property investment holding	100	100
Held through PTT Development Sdn. Bhd.				
PTT E Energy Sdn. Bhd. ("PTTE")	Malaysia	Intended to involve in the operation of transmission, distribution and sales of electricity, other transportation support activities and operation of generation facilities that produce electric energy	100	–
Held through Heap Wah Barakah Sdn. Bhd.				
Anggun Tegas Merak Sdn. Bhd. ("ATM")	Malaysia	Intended engaged in trading of building materials and remained dormant	70	70
Held through Anggun Tegas Merak Sdn. Bhd.				
PTS Dura Marketing Sdn. Bhd. ("PTS")	Malaysia	Trading of building materials and hardware (ceased operation)	70	70

Acquisition of subsidiaries

2023

(i) PTTA

On 29 November 2022, the Company via PTTI had subscribed additional 500,000 ordinary shares in PTTA for a cash consideration of RM250,000 and by way of capitalisation of debts of RM250,000. No changes to the Group's effective equity interest of 100% in PTTA.

On 27 February 2023, the Company via PTTI had further subscribed 100,000 ordinary shares in PTTA for a cash consideration of RM100,000. No changes to the Group's effective equity interest of 100% in PTTA.

12. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Acquisition of subsidiaries (Cont'd)

2023 (Cont'd)

(ii) PTTL

On 20 February 2023, the Company via PTTD subscribed for 100 ordinary shares representing an equity interest of 100% in PTTL for a cash consideration of RM100.

On 17 May 2023, the Company subscribed for 69,900 ordinary shares representing an equity interest of 70% in PTTL for a cash consideration of RM69,900.

(iii) PTTE

On 7 February 2023, the Company via PTTD subscribed for 100 ordinary shares representing an equity interest of 100% in PTTE for a cash consideration of RM100.

2022

On 27 January 2022, the Company via PTTI subscribed for 2 ordinary shares representing an equity interest of 100% in PTTA for a cash consideration of RM2.

Non-controlling interests in subsidiaries

The non-controlling interests ("NCI") of the Group is as follows:

	PTTL	Heap Wah Barakah Sdn. Bhd. and subsidiaries ("Heap Wah Group")	Total
2023			
NCI percentage of ownership and voting interest (%)	30%	30%	
Carrying amount of NCI (RM)	8,761	12,508,678	12,517,439
(Loss)/Profit allocated to NCI (RM)	(21,239)	629,702	608,463
Total comprehensive income allocated to NCI (RM)	(21,239)	629,702	608,463

12. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Non-controlling interests in subsidiaries (Cont'd)

The non-controlling interests ("NCI") of the Group is as follows:

	Heap Wah Barakah Sdn.Bhd. and subsidiaries ("Heap Wah Group")
2022	
NCI percentage of ownership and voting interest (%)	30%
Carrying amount of NCI (RM)	12,178,976
Profit allocated to NCI (RM)	989,497
Total comprehensive income allocated to NCI (RM)	989,497

The summarised financial information before intra-group elimination of subsidiaries that has NCI as at the end of each reporting period is as follows:-

	PTTL RM	Heap Wah Barakah Sdn. Bhd. and subsidiaries ("Heap Wah Group") RM	Total RM
2023			
Assets and liabilities:			
Non-current assets	–	15,579,514	15,579,514
Current assets	85,006	45,897,267	45,982,273
Non-current asset held for sale	–	1,151,921	1,151,921
Non-current liabilities	–	(5,705,275)	(5,705,275)
Current liabilities	(55,803)	(15,227,831)	(15,283,634)
Net assets	29,203	41,695,596	41,724,799
Results:			
Revenue	–	54,561,259	54,561,259
(Loss)/Profit for the financial year	(70,797)	2,099,008	2,028,211
Total comprehensive income	(70,797)	2,099,008	2,028,211
Cash flows:			
Net cash used in operating activities	(55,130)	(538,709)	(593,839)
Net cash from investing activities	–	274,997	274,997
Net cash from financing activities	140,136	289,793	429,929
Net increase in cash and cash equivalents	85,006	26,082	111,088
Dividend paid to non-controlling interests	–	(300,000)	(300,000)

12. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Non-controlling interests in subsidiaries (Cont'd)

The summarised financial information before intra-group elimination of subsidiaries that has NCI as at the end of each reporting period is as follows:- (Cont'd)

	Heap Wah Barakah Sdn.Bhd. and subsidiaries ("Heap Wah Group") RM
2022	
Assets and liabilities:	
Non-current assets	16,394,395
Current assets	41,138,591
Non-current liabilities	(5,454,287)
Current liabilities	(11,482,111)
Net assets	40,596,588
Results:	
Revenue	48,498,728
Profit for the financial year	3,298,322
Total comprehensive income	3,298,322
Cash flows:	
Net cash from operating activities	1,911,467
Net cash used in investing activities	(332,052)
Net cash used in financing activities	(1,569,313)
Net increase in cash and cash equivalents	10,102
Dividend paid to non-controlling interests	(150,000)

13. OTHER INVESTMENT

	Group 2023 RM
At fair value	
At beginning of the financial year	–
Addition	221,870
At end of the financial year	221,870

This represents the insurance premium invested with a financial institution for the banking facility granted by the financial institution.

14. GOODWILL

	Group 2023 RM	Group 2022 RM
At beginning of the financial year	1,132,770	1,151,202
Written off	–	(18,432)
At end of the financial year	1,132,770	1,132,770

Movement in allowance for impairment losses in respect of goodwill is as follows:

	Group 2023 RM	Group 2022 RM
At beginning of the financial year	–	284,601
Written off	–	(284,601)
At end of the financial year	–	–

In the previous financial years, the Group has written off the allowance of impairment loss of RM303,033 arising from PTTD and HMSB of which it does not derive any further recoverable value.

Impairment testing for goodwill

The carrying amount of goodwill was allocated to Heap Wah Barakah Sdn. Bhd.

The recoverable amounts were determined based on value-in-use calculations using cash flow projections from financial forecasts and projections approved by Board of Directors covering a five-year period.

The calculations of value-in-use for the CGU are most sensitive to the following assumptions: -

(i) Revenue

Revenue was determined after taking into consideration performance trends of the industries in which the CGU are exposed to, and the values assigned were consistent with the external sources of information.

(ii) Growth rate

Projected growth rate of 8% per annum based on historical experience and management's assessment of future trends and market development in the segment with terminal value without growth rate.

(iii) Pre-tax discount rate

Pre-tax discount rate of 8.57% was applied in determining the recoverable amounts of the CGU. The discount rate used is based on the comparable trading segment.

14. GOODWILL (CONT'D)

Impairment testing for goodwill (Cont'd)

The sensitivity analysis is presented as follows:-

- A decrease of 10 percentage point in the revenue growth rate would have reduced the value in use by approximately RM13.63 million.
- A decrease of 0.5 percentage point in the budgeted gross margin would have reduced the value in use by approximately RM4.31 million.
- An increase of 1 percentage point in the discount rate would have reduced the value in use by approximately RM6.16 million.

Management believes that no reasonably possible change in any of the above key assumptions would cause the carrying values of the CGU to materiality exceed its recoverable amounts.

15. TRADE RECEIVABLES

		Group	
	Note	2023 RM	2022 RM
Trade receivables, gross			
- third parties		27,635,810	25,718,521
- Directors' related company		15,406,945	4,106,566
		43,042,755	29,825,087
Retention sum	(i)		
- third parties		5,404,198	985,975
- Directors' related company		2,798,507	2,290,134
		8,202,705	3,276,109
Stakeholder sum	(ii)	-	2,115,000
Grand total of trade receivables, gross		51,245,460	35,216,196
Less: Allowance for impairment loss		(5,615,261)	(7,737,054)
Trade receivables, net		45,630,199	27,479,142

The normal credit terms extended to customers ranges from 30 to 90 days (2022: 60 to 90 days). Other credit terms are assessed and approved on a case-by-case basis.

15. TRADE RECEIVABLES (CONT'D)

Movements in the allowance for impairment losses on trade receivables during the financial year are as follows: -

	Group	
	2023 RM	2022 RM
Balance at beginning of the financial year	7,737,054	8,734,503
Additions	1,631,972	4,808,445
Reversal	(3,703,032)	(5,805,894)
Written off	(50,733)	–
Balance at end of the financial year	5,615,261	7,737,054

(i) Retention sum held by contract customers are due upon expiry of retention periods of 24 months (2022: 24 months) after issuance of Certificate of Making Good Defect.

(ii) This amount represents the stakeholder sum held by solicitors, which is due upon transfer of title to the purchaser.

16. OTHER RECEIVABLES

		Group		Company	
	Note	2023 RM	2022 RM	2023 RM	2022 RM
Other receivables	(i)	7,527,317	3,907,603	–	–
Deposits	(ii)	1,615,312	1,474,404	163,292	160,293
Prepayments		1,435,557	120,866	–	–
		10,578,186	5,502,873	163,292	160,293

(i) Included in the other receivables is an advance of RM Nil (2022: RM3,285,187) to a third- party contract customer, which resulted from a back-to-back arrangement on the construction contract with the customer and financier and is collectible upon completion of construction project.

(ii) Included in the deposits is an amount of RM Nil (2022: RM476,634) paid to third-party suppliers for acquisition of motor vehicles and machineries, of which the remaining capital commitments have been disclosed in Note 32.

Included in the deposits is an amount of RM705,554 (2022: RM Nil) as earnest deposit paid by the Company to perform preliminary assessment over 2 lot of lands and is refundable after 2 months of due diligence period.

17. CONTRACT ASSETS

Contract assets represent the timing differences in revenue recognition and the milestone billings. The milestone billings are structured and/or negotiated with customers to reflect physical completion of the contracts.

Contract assets are transferred to trade receivables when the rights to economic benefit become unconditional. This usually occurs when the Group issues billing to the customer.

	Group	
	2023	**2022**
	RM	**RM**
At beginning of the financial year	42,290,344	–
Revenue recognised during the financial year (Note 4)	114,999,599	76,051,438
Less: Progress billing during the financial year	(66,876,261)	(33,761,094)
At end of the financial year	90,413,682	42,290,344

18. AMOUNTS DUE FROM SUBSIDIARIES

	Company	
	2023	**2022**
	RM	**RM**
Amounts due from subsidiaries	34,135,387	27,640,676

These amounts are non-trade in nature, unsecured, interest free advances which are collectible on demand.

In prior financial year, the Company has capitalised RM12,200,000 due from two (2) subsidiaries to investments in subsidiaries of the Company as disclosed in Note 12.

19. SHORT-TERM INVESTMENT

This refers to investment in a short to medium-term fixed income fund of which the fund will be invested in money market investments and short to medium term fixed income instruments. The distribution income from this fund is tax exempted and is being treated as interest income by the Group.

20. FIXED DEPOSITS WITH LICENSED BANKS

Included in deposits with licensed banks of the Group are as follows:

(i) an amount of RM6,127,353 (2022: RM1,352,598) pledged as security for bank credit facilities granted to a subsidiary as disclosed in Note 26; and

(ii) an amount of RM158,326 (2022: RM218,385) pledged to a licensed bank as security for performance bank guarantee issued in favour of a third party.

The effective interest rates of the fixed deposits placed with licensed banks ranges from 1.75% to 2.93% (2022: 1.50% to 1.75%) per annum. The deposits have maturity periods ranging from 1 month to 12 months (2022: 1 month to 12 months).

21. CASH AND BANK BALANCES

Included in the bank balances is an amount of RM765,226 (2022: RM229,008) placed in Housing Development Accounts ("HDA") in accordance with Section 7(A) of the Housing Development (Control and Licensing) Act, 1966 (Amended 2002). These HDA accounts, which consist of monies received from purchasers, are for the payment of property development costs incurred. The surplus monies in these accounts, if any, will be released to the Company in accordance with the provisions of the Act.

22. NON-CURRENT ASSET HELD FOR SALE

	Long-term Leasehold lands RM	Leasehold buildings RM	Total RM
Group			
2023			
At cost			
At 1 July 2022	–	–	–
Transfer from property, plant and equipment	548,119	676,100	1,224,219
At 30 June 2023	548,119	676,100	1,224,219
Accumulated depreciation			
At 1 July 2022	–	–	–
Transfer from property, plant and equipment	33,210	39,088	72,298
At 30 June 2023	33,210	39,088	72,298
Net carrying amount			
At 30 June 2023	514,909	637,012	1,151,921

On 2 June 2023, the Company has entered into a Sale and Purchase Agreement to dispose a leasehold commercial land and building for a cash consideration of RM1,800,000 and expected to be completed in the next financial year.

23. SHARE CAPITAL

	Group and Company			
	Number of shares		Amount	
	2023 Units	2022 Units	2023 RM	2022 RM
Issued and fully paid:				
At beginning of the financial year	90,000,000	40,000,000	73,704,998	44,186,166
Issuance pursuant to: -				
- right issue and related expenses	–	50,000,000	–	29,518,832
- private placement and related expenses	9,000,000	–	9,491,410	–
At end of the financial year	99,000,000	90,000,000	83,196,408	73,704,998

23. SHARE CAPITAL (CONT'D)

2023

During the financial year, the Company has increased its issued ordinary shares from RM73,704,998 to RM83,196,408 by way of the issuance of 9,000,000 new ordinary shares through private placement at an issue price of RM1.07 per share for working capital purpose and net off with incurred placement fee of RM138,590.

2022

During the financial year, the Company has increased its issued ordinary shares from RM44,186,166 to RM73,704,998 by way of the issuance of 50,000,000 new ordinary shares through renounceable right issue at an issue price of RM0.60 per right share on the basis of five (5) rights shares for every four (4) existing ordinary shares held by the existing shareholders as at 5.00p.m. on 5 August 2021, for working capital purpose and net off with incurred placement fee of RM481,168.

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

The holder of ordinary shares is entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regards to the Company's residual assets.

24. ASSETS REVALUATION RESERVE

The assets revaluation reserve represents upward/downward in fair value of freehold land and leasehold lands and buildings, net of deferred tax.

25. TRADE PAYABLES

		Group	
	Note	**2023 RM**	**2022 RM**
Non-current liabilities			
Landowner's entitlement	(i)	140,805,223	–
Current liabilities			
Landowner's entitlement	(i)	5,869,493	–
Directors' related company		700,000	–
Third parties		25,185,909	13,533,282
Retention sum on contracts	(ii)	610,679	204,639
Accrued contractor works	(iii)	50,772,139	26,966,580
		83,138,220	40,704,501

The normal trade credit terms granted to the Group range from 30 to 90 days (2022: 30 to 90 days). Other credit terms are assessed and approved on a case-by-case basis.

25. TRADE PAYABLES (CONT'D)

(i) Landowner's entitlement

These are in respect of payable for landowner's entitlement under deferred payment term pursuant to the property development agreements entered into with a landowner. Pursuant to the said agreement, the entitlement shall be paid based on a mutually agreed schedule of payment. These deferred payables are measured at amortised cost at imputed interest rate of 6.01% per annum.

	Group 2023 RM
Future minimum payments:	
- Repayable within 1 year	14,346,927
- Repayable later than 1 year but not later than 5 years	164,467,827
	178,814,754
Less: Future accretion interest	(32,140,038)
	146,674,716
Present value of deferred payable:	
- Repayable within 1 year	5,869,493
- Repayable later than 1 year but not later than 5 years	140,805,223
	146,674,716

(ii) Retention sums held by the Group are due upon expiry of retention periods of 24 months (2022: 24 months) after issuance of Certificate of Making Good Defects.

(iii) These amounts represent accrued construction costs for on-going construction works which pending billings from its sub-contractors.

26. BORROWINGS (SECURED)

	Note	Group 2023 RM	Group 2022 RM	Company 2023 RM	Company 2022 RM
Non-current:					
Islamic banking financing	(a)	3,290,741	3,706,339	–	–
Term loans	(b)	27,286,247	2,550,966	2,112,414	2,550,966
		30,576,988	6,257,305	2,112,414	2,550,966
Current:					
Bank overdrafts		4,032,240	1,760,447	1,875,789	1,760,447
Banker's acceptance		3,093,109	853,000	–	–
Domestic recourse factoring		9,627,952	3,318,431	–	–
Islamic banking financing	(a)	371,089	355,410	–	–
Term loans	(b)	530,153	440,239	444,889	440,239
		17,654,543	6,727,527	2,320,678	2,200,686
Total borrowings:					
Bank overdrafts		4,032,240	1,760,447	1,875,789	1,760,447
Banker's acceptance		3,093,109	853,000	–	–
Domestic recourse factoring		9,627,952	3,318,431	–	–
Islamic banking financing	(a)	3,661,830	4,061,749	–	–
Term loans	(b)	27,816,400	2,991,205	2,557,303	2,991,205
		48,231,531	12,984,832	4,433,092	4,751,652

The effective interest rates per annum of the borrowings are as follows: -

	Group 2023 %	Group 2022 %	Company 2023 %	Company 2022 %
Bank overdrafts	6.95 - 7.95	6.95	6.95 - 7.95	6.95
Banker's acceptance	4.57 - 6.41	3.50 - 3.62	–	–
Domestic recourse factoring	7.45 - 8.20	7.20	–	–
Islamic banking financing	3.17 - 4.72	3.67 - 3.97	–	–
Term loans	4.85 - 7.70	6.70	6.70 - 7.70	6.70

26. BORROWINGS (SECURED) (CONT'D)

(a) Islamic banking financing

	Group 2023 RM	Group 2022 RM
Repayable:		
Within one year (current)	371,089	355,410
Between 1 to 2 years	388,135	752,033
Between 2 to 5 years	1,274,698	810,541
More than 5 years	1,627,908	2,143,765
After one year (non-current)	3,290,741	3,706,339
	3,661,830	4,061,749

(b) Term loans

	Group 2023 RM	Group 2022 RM
Repayable:		
Within one year (current)	530,153	440,239
Between 1 to 2 years	1,442,425	453,200
Between 2 to 5 years	12,024,205	2,097,766
More than 5 years	13,819,617	–
After one year (non-current)	27,286,247	2,550,966
	27,816,400	2,991,205

The repayment of term loan principal of RM19,621,576 (2022: RM Nil) shall be commenced from 30th months onward after disbursement and interest expense incurred during the financial year has been capitalised into inventories as disclosed in Note 11.

	Company 2023 RM	Company 2022 RM
Repayable:		
Within one year (current)	444,889	440,239
Between 1 to 2 years	479,213	453,200
Between 2 to 5 years	1,633,201	2,097,766
After one year (non-current)	2,112,414	2,550,966
	2,557,303	2,991,205

26. BORROWINGS (SECURED) (CONT'D)

The banking facilities of the Group and of the Company are secured by the following:

Bank overdrafts

The Group's bank overdrafts are secured by the following:

(i) First party fourth legal charge over a leasehold building as disclosed in Note 10; and

(ii) Third party fourth legal charge over a freehold land and building as disclosed in Note 10.

(iii) Short term deposits pledged as disclosed in Note 20.

The Company's bank overdrafts are secured by the following:

(i) First party fourth legal charge over a leasehold building of the Company as disclosed in Note 10; and

(ii) Third party fourth legal charge over a freehold land and building of a subsidiary as disclosed in Note 10.

Banker's acceptance

The Group's banker's acceptance is secured by the following:

(i) First party first legal charge over a leasehold land and buildings as disclosed in Note 10; and

(ii) Short term deposits pledged as disclosed in Note 20.

Islamic bank financing

The Group's borrowings are secured by:

(i) First party first legal charge over a leasehold land and buildings as disclosed in Notes 9 and 10;

(ii) Debenture of RM6,750,000 on fixed and floating assets of a subsidiary; and

(iii) Short term deposits pledged as disclosed in Note 20.

Term loans

The Group's and the Company's term loans are secured by:

(i) First party fourth legal charge over a building as disclosed in Note 10;

(ii) First party first legal charge over capital work-in-progress as disclosed in Note 10;

(iii) Third party fourth legal charge over a freehold land and building as disclosed in Note 10; and

(iv) Legal assignment over the Sale and Purchase Agreement of its inventories as disclosed in Note 11.

Domestic recourse factoring

The Group's domestic recourse factoring is secured by:

(i) Short term deposits pledged as disclosed in Note 20.

27. LEASE LIABILITIES

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Minimum lease payments:				
Repayable within one year	6,790,061	1,529,068	45,600	45,600
Repayable between one and two years	6,379,238	1,521,513	–	45,600
Repayable between two and five years	12,143,737	1,625,915	–	–
Repayable more than five years	328,047	487,574	–	–
	25,641,083	5,164,070	45,600	91,200
Less: Future finance charges	(2,847,374)	(510,335)	(1,554)	(5,852)
Present value of minimum lease payments	22,793,709	4,653,735	44,046	85,348
Present value of lease payables:				
Repayable within one year	5,580,332	1,320,099	44,046	41,302
Repayable between one and two years	5,527,894	1,365,023	–	44,046
Repayable between two and five years	11,364,964	1,500,994	–	–
Repayable more than five years	320,519	467,619	–	–
	22,793,709	4,653,735	44,046	85,348
Representing:				
Current portion	5,580,332	1,320,099	44,046	41,302
Non-current portion	17,213,377	3,333,636	–	44,046
	22,793,709	4,653,735	44,046	85,348

The effective interest rates of the lease liabilities ranging from 3.72% to 8.73% per annum (2022: 3.72% to 8.73%).

28. DEFERRED TAX LIABILITIES

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
At beginning of the financial year	1,991,312	1,890,289	757,452	757,452
Recognised in profit or loss (Note 7)	2,012,940	101,023	–	–
At end of the financial year	4,004,252	1,991,312	757,452	757,452

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

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Deferred tax assets	(292,773)	(295,199)	–	–
Deferred tax liabilities	4,297,025	2,286,511	757,452	757,452
	4,004,252	1,991,312	757,452	757,452

28. DEFERRED TAX LIABILITIES (CONT'D)

The recognised deferred tax (assets)/liabilities before offsetting are as follows:

	Accelerated capital allowances RM	Unabsorbed capital allowances RM	Unutilised tax losses RM	Other temporary differences RM	Assets revaluation reserve RM	Investment properties RM	Total RM
Group							
Deferred tax (assets)/liabilities:							
2023							
At 1 July 2022	88,116	(25,830)	(263,797)	(5,572)	1,051,722	1,146,673	1,991,312
Recognised in profit or loss	2,083,793	12,000	(9,893)	319	(31,976)	(41,303)	2,012,940
At 30 June 2023	2,171,909	(13,830)	(273,690)	(5,253)	1,019,746	1,105,370	4,004,252
2022							
At 1 July 2021	(213,614)	(26,067)	(252,209)	-	1,178,600	1,203,579	1,890,289
Recognised in profit or loss	301,730	237	(11,588)	(5,572)	(126,878)	(56,906)	101,023
At 30 June 2022	88,116	(25,830)	(263,797)	(5,572)	1,051,722	1,146,673	1,991,312

28. DEFERRED TAX LIABILITIES (CONT'D)

The recognised deferred tax (assets)/liabilities before offsetting are as follows:

	Accelerated capital allowances RM	Investment properties RM	Total RM
Company			
Deferred tax (assets)/liabilities:			
2023			
At 1 July 2022/30 June 2023	1,150	756,302	757,452
2022			
At 1 July 2021/30 June 2022	1,150	756,302	757,452

The estimated amount of temporary differences for which no deferred tax assets have been recognised in the financial statements are as follows (stated at gross):

	Group	
	2023 RM	**Restated 2022 RM**
Unabsorbed capital allowances	192,798	128,843
Unutilised tax losses	16,006,125	15,133,866
	16,198,923	15,262,709

The comparative figure has been restated to reflected actual tax losses carried forward available to the Group.

29. OTHER PAYABLES

		Group		Company	
	Note	**2023 RM**	**2022 RM**	**2023 RM**	**2022 RM**
Other payables	(i)	19,918,268	1,561,842	169,522	130,307
Accruals		307,857	300,348	115,500	104,500
Amount due to a former Director	(ii)	–	4,755,000	–	4,755,000
Amount due to a Directors' related company	(ii)	38,121	–	–	–
Other deposits		265,135	–	–	–
		20,529,381	6,617,190	285,022	4,989,807

29. OTHER PAYABLES (CONT'D)

(i) Included in other payables of the Group is an amount of RM Nil (2022: RM900,000) relating to amount owing to a company in which one of the former Director has an interest.

Included in other payables is an advance of RM4,055,567 (2022: RM Nil) from a third-party contract customer, which resulted from a back-to-back arrangement on the construction contract and will be offset with upfront payment made by the Group.

Included in other payables is an advance of RM9,000,000 (2022: RM Nil) from a landowner for pre-development expenses purposes.

(ii) These amounts are non-trade in nature, unsecured, interest free advances which are repayable on demand. During the financial year, the outstanding amount due to a former Director has been offset with the disposal of investment properties as disclosed in Note 10.

30. DIVIDENDS

	Dividend per ordinary share sen	Amount of dividend RM	Date of payment
2023			
Interim single tier dividend for the financial year 30 June 2023 to non-controlling interests by a subsidiary	100	300,000	23 June 2023
2022			
Interim single tier dividend for the financial year 30 June 2022 to non-controlling interests by a subsidiary	50	150,000	28 February 2022

31. RELATED PARTY DISCLOSURES

(a) Identity related parties

For the purposes of these financial statements, parties are considered to be related to the Group and to the Company if the Group and the Company have the ability, directly or indirectly, to control or joint control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

The Group has a related party relationship with Directors' related companies and key management personnel. The Company has related party relationship with its subsidiaries and its holding company. Directors' related companies refer to companies in which certain Directors of the Company have substantial financial interests and/or are also Directors of the companies. The related party balances of the Group and the Company are disclosed in Notes 15, 18, 25 and 29. The related party transactions of the Group and of the Company are shown below.

31. RELATED PARTY DISCLOSURES (CONT'D)

(b) Related party transactions

The related party transactions between the Group and the Company and their related parties during the financial year are as follows: -

	Group 2023 RM	Group 2022 RM	Company 2023 RM	Company 2022 RM
Transaction with holding company:				
- Repayment to	–	(889,384)	–	(889,384)
Transactions with subsidiaries:				
- Advances to	–	–	(20,606,936)	(14,881,137)
- Capital contribution	–	–	–	(12,200,000)
- Investment	–	–	(69,900)	–
- Repayment from	–	–	14,523,048	755,318
- Rental income	–	–	410,400	–
- Dividend received	–	–	(700,000)	(350,000)
Transactions with Directors' related companies:				
Operating activities				
- Construction contract progress billing	(22,539,749)	(22,901,344)	–	–
- Repayment from	8,612,753	8,761,518	–	–
- Sales of materials	(648)	(589,643)	–	–
- Purchase of machinery	16,975,000	7,040,000	–	–
- Lease deposits	–	660,500	–	–
- Lease of machinery	2,623,000	7,728,968	–	–
- Lease of premise	456,000	456,000	45,600	45,600
- Advances from	38,121	429,757	–	–
- Repayment to	(17,331,000)	(7,712,468)	–	–
Transactions with persons connected to a director of subsidiary:				
- Lease rental	–	(15,600)	–	–
- Employee benefit expenses	–	(210,449)	–	–

(c) Compensation of key management personnel

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group and of the Company either directly or indirectly, including any Directors of the Company and its subsidiaries.

The remunerations paid by the Group and the Company to key management personnel during the financial year have been disclosed in Note 6(a).

32. CAPITAL COMMITMENT

The future capital commitment payable for the acquisition of freehold lands for future development, freehold double storey detached factory, motor vehicles and machineries at the reporting date but not recognised as payable is as follows:-

	Group	
	2023 RM	**2022 RM**
Approved and contracted for: -		
Acquisition of building		
- Two units of double storey detached factory (Note 10)	15,155,904	9,814,498
Acquisition of lands		
- Ten individual land plots (Note 11)	15,697,282	39,207,920
Acquisition of property, plant and equipment		
- Motor vehicles (Note 16)	–	267,600
- Machineries (Note 16)	–	3,958,900
	30,853,186	53,248,918

33. SEGMENTAL INFORMATION

Segment information is presented in respect of the Group's business segments. Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

For management purposes, the Group is organised into the following four (4) operating segments:

(i) Trading - Trading and supply of hardware and all related products

(ii) Property development - Property development

(iii) Construction - Building and civil contractors

(iv) Others - Investment, management services and dormant company

Except as indicated above, no operating segments have been aggregated to form the above reportable operating segments.

Segment revenue and results

The accounting policies of the reportable segments are the same as the Group's accounting policies described in Note 3(s). Segment results represent profit or loss before finance costs and tax of the segment. Inter-segment transactions are entered in the ordinary course of business based on terms mutually agreed upon by the parties concerned.

33. SEGMENTAL INFORMATION (CONT'D)

(a) Reporting format

Segment assets and segment liabilities

The total of segment assets and segment liabilities are measured based on all assets and liabilities of a segment, as included in the internal management reports that are reviewed by the Chief Operating Decision Maker ("CODM").

(b) Allocation basis and transfers

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, liabilities and expenses.

Segment revenue, expenses and results include transfers between business segments. These transfers are eliminated on consolidation.

(c) Geographical information

No other segmental information such as geographical segment is presented as the Group is principally involved in the investment holding, property development, construction and trading of building materials and hardware activities and operate from Malaysia only.

(d) Major customer information

The Group has 10 customers (2022: 8 customers) which contributed approximately RM123.19 million (2022: RM83.64 million) or 75% (2022: 67%) of the Group revenue during the financial year.

33. SEGMENTAL INFORMATION (CONT'D)

Information regarding the Group's total reportable segments are presented below:-

	Trading RM	Property development RM	Construction RM	Others RM	Total reportable segments RM	Adjustments and Elimination RM	Group RM
2023							
Revenue							
Sales to external customers	47,228,800	1,168,200	114,999,599	18,000	163,414,599	–	163,414,599
Inter-segment sales	7,332,459	–	52,040	700,000	8,084,499	(8,084,499)	–
Total revenue	54,561,259	1,168,200	115,051,639	718,000	171,499,098		163,414,599
Segment profit before tax	3,019,589	(4,615,119)	13,794,441	3,160,517	15,359,428	(6,711,553)	8,647,875
Included in the measure of segment (loss)/profit are:							
Cost of sales (exclude depreciation)	46,119,390	741,674	88,922,964	10,658	135,794,686	(7,332,459)	128,462,227
Depreciation of property, plant and equipment							
- Cost of sales	–	–	3,483,333	–	3,483,333	–	3,483,333
- Administrative expenses	890,738	83,673	1,036,012	46,815	2,057,238	–	2,057,238
Fair value adjustment on investment properties	(15,000)	–	–	–	(15,000)	–	(15,000)
Gain on disposal of property, plant and equipment	(14,498)	(104,999)	–	–	(119,497)	–	(119,497)
(Loss)/Gain on disposal of investment properties	23,000	–	–	(55,000)	(32,000)	–	(32,000)
Gain on termination of lease contracts:							
- derecognition of right-of-use assets	24,876	–	–	–	24,876	–	24,876
- derecognition of lease liabilities	(26,390)	–	–	–	(26,390)	–	(26,390)
Impairment loss on trade receivables	1,631,972	–	–	–	1,631,972	–	1,631,972

33. SEGMENTAL INFORMATION (CONT'D)

Information regarding the Group's total reportable segments are presented below:- (Cont'd)

	Trading RM	Property development RM	Construction RM	Others RM	Total reportable segments RM	Adjustments and Elimination RM	Group RM
2023							
Segment profit before tax (Cont'd)							
Included in the measure of segment (loss)/profit are: (Cont'd)							
Interest income	(209,985)	(70,538)	(64,485)	–	(345,008)	–	(345,008)
Interest expenses	295,782	3,076,859	1,134,175	310,064	4,816,880	–	4,816,880
Reversal of impairment losses on trade receivables	(3,703,032)	–	–	–	(3,703,032)	–	(3,703,032)
Waiver of amount due to immediate holding company	(41,920)	–	–	–	(41,920)	41,920	–
Bad debts written off	53,800	–	–	–	53,800	(41,920)	11,880
Tax expenses	920,581	2,482	5,523,981	–	6,447,044	–	6,447,044
Segment assets	62,636,187	178,027,469	165,523,136	79,186,969	485,373,761	(63,005,177)	422,368,584
Included in the measure of segment assets are:							
Additions to non-current assets other than financial instruments and deferred tax assets	2,440,656	25,825,033	25,171,270	14,458,882	67,895,841	–	67,895,841
Segment liabilities	20,940,587	186,437,158	142,159,816	12,362,915	361,900,476	(41,606,180)	320,294,296

33. SEGMENTAL INFORMATION (CONT'D)

Information regarding the Group's total reportable segments are presented below:- (Cont'd)

	Trading RM	Property development RM	Construction RM	Others RM	Total reportable segments RM	Adjustments and Elimination RM	Group RM
2022							
Revenue							
Sales to external customers	47,153,910	2,350,000	76,051,438	–	125,555,348	–	125,555,348
Inter-segment sales	1,414,904	–	–	477,000	1,891,904	(1,891,904)	–
Total revenue	48,568,814	2,350,000	76,051,438	477,000	127,447,252		125,555,348
Segment profit/(loss) before tax	4,157,212	1,356,891	7,547,563	(1,137,312)	11,924,354	(223,283)	11,701,071
Included in the measure of segment (loss)/profit are:							
Cost of sales (exclude depreciation)	39,616,288	937,485	61,115,484	–	101,669,257	(1,414,904)	100,254,353
Depreciation of property, plant and equipment							
- Cost of sales	–	–	644,166	–	644,166	–	644,166
- Administrative expenses	726,416	–	601,434	45,438	1,373,288	–	1,373,288
Impairment loss on trade receivables	4,808,445	–	–	–	4,808,445	–	4,808,445
Interest income	(19,940)	(3,744)	(10,971)	(158)	(34,813)	–	(34,813)
Interest expenses	205,210	4,322	145,670	201,692	556,894	–	556,894
Reversal of impairment losses on trade receivables	(5,805,894)	–	–	–	(5,805,894)	–	(5,805,894)
Written off on goodwill	–	–	–	–	–	18,432	18,432
Waiver of amount due to immediate holding company	(18,333)	–	–	–	(18,333)	18,333	–

33. SEGMENTAL INFORMATION (CONT'D)

Information regarding the Group's total reportable segments are presented below:- (Cont'd)

	Trading RM	Property development RM	Construction RM	Others RM	Total reportable segments RM	Adjustments and Elimination RM	Group RM
2022							
Segment profit before tax (Cont'd)							
Included in the measure of segment (loss)/profit are: (Cont'd)							
Bad debts written off/ (recovered)	(22,488)	–	–	18,756	(3,732)	(18,756)	(22,488)
Tax expenses/(credit)	849,266	(11,587)	1,456,916	1,112	2,295,707	–	2,295,707
Segment assets	57,564,947	8,191,638	71,860,804	64,805,411	202,422,800	(44,819,183)	157,603,617
Included in the measure of segment assets are:							
Additions to non-current assets other than financial instruments and deferred tax assets	569,208	4,031,774	12,037,900	401,376	17,040,258	–	17,040,258
Segment liabilities	16,973,173	5,219,632	63,539,380	11,071,224	96,803,409	(29,851,839)	66,951,570

33. SEGMENTAL INFORMATION (CONT'D)

Reconciliations of Group's reportable profit or loss are presented as below:

	Group	
	2023 RM	2022 RM
Segment profit	15,359,428	11,924,354
Inter-segment profit	(6,711,553)	(223,283)
Profit before tax	8,647,875	11,701,071

34. FINANCIAL INSTRUMENTS

The Group's and the Company's financial assets (excluding prepayments) and financial liabilities are all categorised as amortised costs respectively, except for other investments which is categorised as fair value through profit or loss as disclosed in Note 13.

Financial Risk Management Objectives and Policies

The Group's financial risk management policy is to ensure that adequate financial resources are available for the development of the Group's operations whilst managing the financial risks, including credit risk, interest risk, foreign currency risk and liquidity risk. The Group operates within clearly defined guidelines that are approved by the Board and the Group's policy is not to engage in speculative transactions.

The following sections provide details regarding the Group's and the Company's exposure to the abovementioned financial risks and the objectives, policies and processes for the management of these risks.

(a) Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its receivables (which consist of trade and other receivables) and contract assets. The Company's exposure to credit risk arises principally from loans and advances to subsidiaries and financial guarantees given to banks for credit facilities granted to subsidiaries. For other financial assets (including bank balances), the Group and the Company minimise credit risk by dealing cohesively with high credit rating counterparties. There are no significant changes as compared to prior year.

Trade receivables and contract assets

Risk management objectives, policies and processes for managing the risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit risk is minimised and monitored via strictly limiting the Group's associations to business partners with good credit rating. Credit evaluations are performed on all customers requiring credit over a certain amount. Normally financial guarantees given by shareholders or Directors of customers are obtained, and credit valuations are performed on customers requiring credit over a certain amount.

At each reporting date, the Group assesses whether any of the trade receivables and contract assets are credit impaired.

34. FINANCIAL INSTRUMENTS (CONT'D)

Financial Risk Management Objectives and Policies (Cont'd)

(a) Credit risk (Cont'd)

Trade receivables and contract assets (Cont'd)

Risk management objectives, policies and processes for managing the risk (Cont'd)

The gross carrying amounts of credit impaired receivables are written off (either partially or full) when there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to write-off. Nevertheless, receivables that are written off could still be subject to enforcement activities.

There are no significant changes as compared to previous year.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk arising from receivables is represented by the carrying amounts in the statements of financial position.

The Group receives personal guarantees from shareholders or Directors of customers in managing the exposure to credit risk. At the end of the reporting period, personal guarantees received by the Group amounted to RM15,514,140 (2022: RM9,194,140) in respect of RM4,625,475 (2022: RM1,634,557) trade receivables. As at the reporting date, a debtor with net outstanding amount of RM Nil (2022: RM524,697) is partially secured by a residential real estate as collateral to mitigate credit risk. The remaining balance of trade receivables are not secured by any collateral or supported by any other credit enhancement.

Concentration of credit risk

The Group determines concentration of credit risk by monitoring the profiles of its receivables on an ongoing basis.

As at 30 June 2023, total amount due from the top ten trade debtors represents approximately 75% (2022: 64%) of the total net trade receivables of the Group.

Recognition and measurement of impairment loss

Trade receivables from property development segment ("collateralised receivables")

The Group recognises a loss allowance for expected credit losses on a financial asset that is measured as receivable if the credit risk on that financial instrument has increased significantly since initial recognition. The Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition as the trade receivable and contract assets are determined to have low credit risk at the reporting date.

For the purposes of measuring expected credit losses, the estimate of expected cash shortfalls shall reflect the cash flows expected from collateral and other credit enhancements that are part of the contractual terms and are not recognised separately by the Group. The estimate of expected cash shortfalls on a collateralised financial instrument reflects the amount and timing of cash flows that are expected from foreclosure on the collateral less the costs of obtaining and selling the collateral, irrespective of whether foreclosure is probable (i.e., the estimate of expected cash flows considers the probability of a foreclosure and the cash flows that would result from it).

As at year end, there were no indications of impairment loss in respect of the trade receivables.

34. FINANCIAL INSTRUMENTS (CONT'D)

Financial Risk Management Objectives and Policies (Cont'd)

(a) Credit risk (Cont'd)

Trade receivables and contract assets (Cont'd)

Recognition and measurement of impairment loss (Cont'd)

Stakeholder sum

The Group considers the stakeholder sum has low credit risk as those payments made by the purchaser are held by the solicitors and the stakeholder sum will be released to the Group upon transfer of title to the purchaser.

Trade receivables and contract assets from construction contract segment ("non-collateralised receivables")

In managing credit risk of trade receivables, the Group manages its debtors and takes appropriate actions (including but not limited to legal actions) to recover long overdue balances and to ensure that receivables that are neither past due nor impaired are stated at their realisable values. Any receivables having significant balances past due more than 180 days, which are deemed to have higher credit risk, are monitored individually.

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. Receivables are monitored on a going concern basis via Group's management reporting procedures and action will be taken for long outstanding debt.

The Group is exposed to significant concentration of credit risk to a customer, a Directors' related company of the Group. The expected credit loss rate on the amounts outstanding from the customer is considered low as it has low risk of default and strong capacity to meet its contractual cash flow obligations in the near term and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the said customer to fulfil its contractual cash flow obligations. The Group has reasonable and supportable information available to assess the impairment risk individually. The Group determines the probability of default for these trade receivables and contract assets individually using internal information available.

Trade receivables from trading segment ("non-collateralised receivables")

In managing credit risk of trade receivables, the Group manages its debtors and takes appropriate actions (including but not limited to legal actions) to recover long overdue balances and to ensure that receivables that are neither past due nor impaired are stated at their realisable values.

The Group has applied the simplified approach in MFRS 9 to measure the loss allowance at lifetime expected credit losses as disclosed in Note 3(p)(i). The Group assesses impairment of trade receivables on individual and collective basis.

For individual assessment, it is due to different credit risk characteristics and these debtors can be individually managed by the Group in an effective and efficient manner. The Group has reasonable and supportable information available to assess the impairment individually.

For collective assessment, the Group determines the expected credit losses by using a provision matrix for collective assessed receivables which are grouped together based on shared credit risk characteristics and similar types of contracts which have similar risk characteristics.

34. FINANCIAL INSTRUMENTS (CONT'D)

Financial Risk Management Objectives and Policies (Cont'd)

(a) Credit risk (Cont'd)

Trade receivables and contract assets (Cont'd)

Recognition and measurement of impairment loss (Cont'd)

Trade receivables from trading segment ("non-collateralised receivables") (Cont'd)

Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency.

Loss rates are based on actual credit loss experienced over the prior years and are adjusted to reflect the alternative forward-looking information. The Group also considers differences between (a) economic conditions during the period over which the historic data has been collected, (b) current conditions and (c) the Group's view of economic conditions over the expected lives of the receivables.

Any receivables having significant balances past due more than 300 days from different customer profiles are deemed to have higher credit risk. The Company has subsequently recognised a loss allowance of 100% against all receivables after 300 days (credit-impaired) because historical experience has indicated that these receivables are generally not recoverable.

The Group will initiate appropriate debt recovery procedures on past due balances which are monitored by the management team. Where necessary, the Group will also commence legal proceeding against the customers.

34. FINANCIAL INSTRUMENTS (CONT'D)

Financial Risk Management Objectives and Policies (Cont'd)

(a) Credit risk (Cont'd)

Trade receivables and contract assets (Cont'd)

Impairment losses

The following table provides information about the exposure to credit risk and ECLs for trade receivables and contract assets as at the reporting date which are grouped together as they are expected to have similar risk nature.

	Gross RM	Loss Allowances RM	Net RM
2023			
Non-collateralised receivables			
Trade receivables			
Not past due	6,355,349	–	6,355,349
Past due but not impaired:			
Less than 30 days	4,701,943	–	4,701,943
31 to 60 days	5,958,386	–	5,958,386
61 to 90 days	5,648,828	(34,968)	5,613,860
91 to 120 days	3,461,481	(41,443)	3,420,038
More than 120 days	10,652,764	(278,197)	10,374,567
	30,423,402	(354,608)	30,068,794
Credit impaired:			
More than 120 days	6,264,004	(5,260,653)	1,003,351
Trade receivables, net	43,042,755	(5,615,261)	37,427,494
Retention sum held by contract customers	8,202,705	–	8,202,705
Contract assets	90,413,682	–	90,413,682
	141,659,142	(5,615,261)	136,043,881

34. FINANCIAL INSTRUMENTS (CONT'D)

Financial Risk Management Objectives and Policies (Cont'd)

(a) Credit risk (Cont'd)

Trade receivables and contract assets (Cont'd)

Impairment losses (Cont'd)

	Gross RM	Loss Allowances RM	Net RM
2022			
Collateralised receivables			
Stakeholder sums	2,115,000	–	2,115,000
Non-collateralised receivables			
Trade receivables			
Not past due	6,543,120	–	6,543,120
Past due but not impaired:			
Less than 30 days	3,804,054	–	3,804,054
31 to 60 days	3,489,826	–	3,489,826
61 to 90 days	2,834,563	(36,655)	2,797,908
91 to 120 days	1,467,341	(34,792)	1,432,549
More than 120 days	4,210,882	(190,306)	4,020,576
	15,806,666	(261,753)	15,544,913
Credit impaired:			
More than 120 days	7,475,301	(7,475,301)	–
Trade receivables, net	29,825,087	(7,737,054)	22,088,033
Retention sum held by contract customers	3,276,109	–	3,276,109
Contract assets	42,290,344	–	42,290,344
	75,391,540	(7,737,054)	67,654,486
	77,506,540	(7,737,054)	69,769,486

34. FINANCIAL INSTRUMENTS (CONT'D)

Financial Risk Management Objectives and Policies (Cont'd)

(a) Credit risk (Cont'd)

Trade receivables and contract assets (Cont'd)

Credit impaired

Trade receivables that are individually determined to be impaired at the reporting date relate to debtors that are in significant financial difficulties and have defaulted on payments, the assessment of which commences from debts past due more than 300 days, depending on the risk profiles of the respective debtors. These receivables are not secured by any collateral or credit enhancements.

Receivables for which an impairment provision was recognised were written off against the provision when there was no expectation of recovering additional cash.

As at 30 June 2023, there are seven debtors of the Group with credit impaired risk on total debt outstanding amounted to RM1,965,172 (2022: RM4,719,664) have been renegotiated with the Group by way of 3 to 12-month repayment plan respectively, within the next financial year end. The Group has assessed four (2022: five) debtors individually and recognised a loss allowance of RM774,624 (2022: RM2,614,789) or 50% (2022: 50%) against its total outstanding of RM1,609,525 (2022: RM4,564,882), whilst the remaining three (2022: two) debtors are assessed collectively and recognised a loss allowance of RM177,823 (2022: RM154,782) or 50% (2022: 100%) against its total outstanding of RM355,647 (2022: RM154,782).

Receivables that are not past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records and mostly are regular customers that have been transacting with the Group.

Receivables that are past due but not impaired

These trade receivables relate mostly to customers with slower repayment patterns, for whom there is no history of default. The Group has not provided for impairment for these trade receivables as there has been no significant changes in their credit quality and the amounts are still considered recoverable.

As at 30 June 2023, a debtor of the Group with total debt outstanding amounted to RM15,406,945 (RM Nil) has been renegotiated with the Group by way of 6-months repayment plan within the next financial year end.

Cash and cash equivalents

The cash and cash equivalents are held with banks and financial institutions. As at the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position. These banks and financial institutions have low credit risks. Hence, a loss allowance is not necessary.

34. FINANCIAL INSTRUMENTS (CONT'D)

Financial Risk Management Objectives and Policies (Cont'd)

(a) Credit risk (Cont'd)

Other receivables and deposits

Other receivables are considered to have low credit risk as they are not due for payment at the end of the reporting period and there has been no significant increase in the risk of default on the receivables since initial recognition. Accordingly, for the purpose of impairment assessment for these receivables, the loss allowance is measured at an amount equal to 12-month expected credit losses which reflects the low credit risk of the exposures. As at the end of the reporting period, the Group and the Company did not recognise any allowance for impairment losses.

Financial guarantees

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured financial guarantees to financial institutions and third-party suppliers in respect of banking facilities and credit limit granted. The Company monitors on an ongoing basis the results of the subsidiaries and repayments made by the subsidiaries to financial institution and suppliers.

Exposure to credit risk, credit quality and collateral

The maximum exposure to credit risk of the Company amounted to RM82,315,143 (2022: RM9,655,363) representing the outstanding banking facilities of the subsidiaries and suppliers' balances as at the end of the reporting period.

The financial guarantees are provided as credit enhancements to the subsidiaries' secured loans.

Recognition and measurement of impairment loss

The Company assumes that there is a significant increase in credit risk when the subsidiary's financial position deteriorates significantly. The Company considers a financial guarantee to be credit impaired when:

- The subsidiaries are unlikely to repay its credit obligations to the bank in full; or
- The subsidiaries are continuously loss making and is having a deficit in shareholders' fund.

The Company determines the probability of default of the guaranteed loans individually using internal information available. As at the end of the reporting period, there was no indication that the subsidiaries which were granted the loan facilities (Note 26) would default on repayment. Hence, the financial guarantee granted by the Company has not been recognised since the fair value on initial recognition was not material.

34. FINANCIAL INSTRUMENTS (CONT'D)

Financial Risk Management Objectives and Policies (Cont'd)

(a) Credit risk (Cont'd)

Amounts due from subsidiaries

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured loans and advances to its subsidiaries. The Company monitors the ability of the subsidiaries to repay the loans and advances on an individual basis.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position. Loans and advances provided are not secured by any collateral.

Recognition and measurement of impairment loss

Intercompany loans between entities within the Group are repayable on demand. For loans that are repayable on demand, expected credit losses are assessed based on the assumption that repayment of the loans is demanded at the reporting date.

Generally, the Company considers loans and advances to subsidiaries have low credit risk. The Company assumes that there is a significant increase in credit risk when subsidiaries' financial positions deteriorate significantly. As the Company is able to determine the timing of payments of the subsidiaries' loans and advances when they are payable, the Company considers subsidiaries loans or advances to be credit impaired when the subsidiaries are unlikely to repay the loans or advances to the Company in full given insufficient highly liquid resources when the loans are demanded.

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

As at the reporting date, there were no indications of impairment loss in respect of amounts due from subsidiaries.

(b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's and the Company's exposure to interest rate risk arises mainly from interest-bearing financial liabilities.

In respect of interest-earning financial liabilities, the effective interest rates at the reporting date, in which they reprice or mature, whichever is earlier are disclosed in Note 26.

34. FINANCIAL INSTRUMENTS (CONT'D)

Financial Risk Management Objectives and Policies (Cont'd)

(b) Interest rate risk (Cont'd)

The interest rate profile of the Group's and the Company significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period was:-

	Group		Company	
	2023 RM	**2022 RM**	**2023 RM**	**2022 RM**
Floating rate instruments:				
Financial liabilities:				
Bank overdrafts	(4,032,240)	(1,760,447)	(1,875,789)	(1,760,447)
Banker's acceptance	(3,093,109)	(853,000)	-	-
Domestic recourse factoring	(9,627,952)	(3,318,431)	-	-
Islamic banking financing	(3,661,830)	(4,061,749)	-	-
Term loans	(27,816,400)	(2,991,205)	(2,557,303)	(2,991,205)
	(48,231,531)	(12,984,832)	(4,433,092)	(4,751,652)

The Group and the Company are exposed to interest rate risk through the impact of rate changes in floating rate instruments. The changes in interest rates would not have material impact on the profit or loss and equity of the Group and of the Company.

(c) Foreign currency risk

Foreign currency risk is the risk that the fair value of cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group is exposed to foreign currency risk on purchases that are denominated in a currency other than functional currency of the Group. The currency giving rise to this risk is primarily Renminbi ("RMB").

Foreign exchange exposures in transactional currency other than functional currency of the Group is kept to an acceptable level.

The Group's significant exposure to foreign currency (a currency which is other than functional currency of the Group) risk, based on carrying amounts as at end of the reporting period was:-

	Group	
	2023 RM	**2022 RM**
Denominated in RMB		
Trade payable	61,916	61,916

However, the Group does not have significant exposure to foreign currency (a currency which is other than functional currency of the Group) risk.

34. FINANCIAL INSTRUMENTS (CONT'D)

Financial Risk Management Objectives and Policies (Cont'd)

(d) Liquidity risk

Liquidity risk is the risk that the Group and the Company will encounter difficulty in meeting financial obligations associated with financial liabilities. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through use of stand-by credit facilities.

The Group's and the Company's liquidity risk management policy is to manage their debt maturity profile, operating cash flows and the availability of funding so as to ensure that refinancing, repayment and funding needs are met. In addition, the Group and the Company maintain sufficient levels of cash and available banking facilities at a reasonable level to their overall debt position to meet their working capital requirement.

The table below summarises the maturity profile of the Group's and of the Company's financial liabilities as at the end of the financial year based on contractual undiscounted repayment obligations:-

			Contractual cash flows			
	Carrying amount RM	Contractual Cash Flows RM	On demand or within 1 year RM	Between 1 to 2 years RM	Between 2 to 5 year RM	More Than 5 Years RM
Group						
2023						
Trade payables	223,943,443	256,083,481	91,615,654	17,372,483	147,095,344	–
Other payables	20,529,381	20,529,381	20,529,381	–	–	–
Borrowings:						
- Bank overdrafts	4,032,240	4,032,240	4,032,240	–	–	–
- Banker's acceptance	3,093,109	3,291,377	3,291,377	–	–	–
- Domestic recourse factoring	9,627,952	9,678,118	9,678,118	–	–	–
- Islamic banking financing	3,661,830	4,543,948	530,604	530,604	1,591,812	1,890,928
- Term loans	27,816,400	35,922,486	2,104,407	2,969,094	15,449,362	15,399,623
Lease liabilities	22,793,709	25,641,083	6,790,061	6,379,238	12,143,737	328,047
	315,498,064	359,722,114	138,571,842	27,251,419	176,280,255	17,618,598

34. FINANCIAL INSTRUMENTS (CONT'D)

Financial Risk Management Objectives and Policies (Cont'd)

(d) Liquidity risk (Cont'd)

The table below summarises the maturity profile of the Group's and of the Company's financial liabilities as at the end of the financial year based on contractual undiscounted repayment obligations:- (Cont'd)

	Carrying amount RM	Contractual Cash Flows RM	Contractual cash flows On demand or within 1 year RM	Between 1 to 2 years RM	Between 2 to 5 year RM	More Than 5 Years RM
Group						
2022						
Trade payables	40,704,501	40,704,501	40,704,501	–	–	–
Other payables	6,617,190	6,617,190	6,617,190	–	–	–
Borrowings:						
- Bank overdrafts	1,760,447	1,760,447	1,760,447	–	–	–
- Banker's acceptance	853,000	883,879	883,879	–	–	–
- Domestic recourse factoring	3,318,431	3,549,062	3,549,062	–	–	–
- Islamic banking financing	4,061,749	4,921,209	503,952	1,007,904	1,007,904	2,401,449
- Term loans	2,991,205	3,611,174	610,344	1,220,688	1,780,142	–
Lease liabilities	4,653,735	5,164,070	1,529,068	1,521,513	1,625,915	487,574
	64,960,258	67,211,532	56,158,443	3,750,105	4,413,961	2,889,023

34. FINANCIAL INSTRUMENTS (CONT'D)

Financial Risk Management Objectives and Policies (Cont'd)

(d) Liquidity risk (Cont'd)

The table below summarises the maturity profile of the Group's and of the Company's financial liabilities as at the end of the financial year based on contractual undiscounted repayment obligations:- (Cont'd)

	Carrying amount RM	Contractual Cash Flows RM	Contractual cash flows On demand or within 1 year RM	Between 1 to 2 years RM	Between 2 to 5 year RM	More Than 5 Years RM
Company						
2023						
Other payables	285,022	285,022	285,022	–	–	–
Borrowings:						
- Bank overdrafts	1,875,789	1,875,789	1,875,789	–	–	–
- Term loans	2,557,303	3,103,605	626,520	626,520	1,850,565	–
Lease liabilities	44,046	45,600	45,600	–	–	–
Financial guarantee *	82,315,143	83,876,606	77,056,454	378,097	3,240,784	3,201,271
	87,077,303	89,186,622	79,889,385	1,004,617	5,091,349	3,201,271
2022						
Other payables	4,989,807	4,989,807	4,989,807	–	–	–
Borrowings:						
- Bank overdrafts	1,760,447	1,760,447	1,760,447	–	–	–
- Term loans	2,991,205	3,611,174	610,344	1,220,688	1,780,142	–
Lease liabilities	85,348	91,200	45,600	45,600	–	–
Financial guarantee *	9,655,363	9,655,363	9,655,363	–	–	–
	19,482,170	20,107,991	17,061,561	1,266,288	1,780,142	–

* *This liquidity risk exposure is included for illustration purpose only as the related financial guarantees have not crystallised.*

35. FAIR VALUE INFORMATION

Assets and liabilities carried at fair value

The fair value measurement hierarchies used to measure non-financial assets and financial assets at fair values in the statements of financial position are disclosed in Notes 10 and 13.

There were no material transfers between Level 1, Level 2 and Level 3 during the financial year.

Financial instrument other than those carried at fair value

Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

The carrying amounts of financial assets and financial liabilities approximate their fair values due to relatively short-term nature of these financial instruments and insignificant impact of discounting.

The carrying amount of long-term floating rate loans approximates its fair value as the loans will be repriced to market interest rate on or near reporting date.

36. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a healthy capital ratio in order to support its business and maximise shareholders' value.

The Group manages its capital structure to safeguard its ability to continue as a going concern in order to maintain investor, creditors and market confidence and to sustain future business development. The Group's overall strategy remains unchanged from the previous financial year.

The Group and the Company monitor capital using net debt-to-equity ratio which is the net debt divided by total equity. Net debt includes borrowings and lease liabilities, less cash and cash equivalents whilst total equity is equity attributable to Owners of the Company.

Under the terms of the major borrowing facilities, the Group is required to comply with the following financial covenant: -

(i) Gearing ratio (Borrowings divided by Equity attributable to the Owners of the Company) of the Group to be capped at 2.0 times.

The Group is in compliance with all externally imposed capital requirements as mentioned above. As at 30 June 2023, the gearing ratio of the Group was at 0.54 times (2022: not applicable).

The Company is not subject to any externally imposed capital requirements.

36. CAPITAL MANAGEMENT (CONT'D)

The net debt-to-equity ratio as at the end of the reporting period was as follows:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Borrowings (Note 26)	48,231,531	12,984,832	4,433,092	4,751,652
Lease liabilities (Note 27)	22,793,709	4,653,735	44,046	85,348
	71,025,240	17,638,567	4,477,138	4,837,000
Less:				
- Short-term investment	(700,000)	–	–	–
- Fixed deposits with licensed banks	(6,285,679)	(1,570,983)	–	–
- Cash and bank balances	(4,320,132)	(3,594,913)	(6,920)	(6,970)
	(11,305,811)	(5,165,896)	(6,920)	(6,970)
Net debts	59,719,429	12,472,671	4,470,218	4,830,030
Equity attributable to the Owners of the Company, representing total capital	89,556,849	78,473,071	66,099,708	53,254,144
Debt-to-equity ratio (%)	67%	16%	7%	9%

37. EVENTS SUBSEQUENT TO THE END OF FINANCIAL YEAR

Acquisition of a subsidiary

On 30 March 2023, the Company had entered into a Share Sale Agreement ("SSA") with the Vendors (i.e., Teo Swee Phin, Teo Swee Leng and Faddly bin Nordin) for the proposed acquisition of 25,000,000 ordinary shares in Pembinaan Tetap Teguh Sdn. Bhd. ("PTTSB"), representing 100% equity interest in PTTSB for a total purchase consideration of RM152 million.

The purchase consideration of RM152 million in relation to the proposed acquisition will be satisfied by a combination of the following: -

(i) Cash consideration of RM62 million; and

(ii) New ordinary share to be issued by the Company at an issue price of RM1.11 ("consideration shares") amounting to RM90 million, of which consideration shares of RM34 million ("profit guarantee shares") shall be pledged to a trustee to be appointed by the Company as security for the performance of the Vendors' obligation in respect of profit guarantee and to be released to the Vendors upon meeting the Profit Guarantee over the Guaranteed Period.

On 10 August 2023, the above-mentioned proposed acquisition has been completed.

Incorporation of a subsidiary

On 7 September 2023, the Company incorporated a new indirect wholly-owned subsidiary, in Malaysia with the name of Projek Tetap Teguh Sdn. Bhd. ("Projek TT") comprising 100 ordinary shares for a cash consideration of RM100.

37. EVENTS SUBSEQUENT TO THE END OF FINANCIAL YEAR (CONT'D)

Private placement

On 10 October 2023, the Company has proposed to undertake a proposed private placement of up to 36,000,000 new shares, at issue prices to be determined and to placees to be identified at a later stage.

Proposed Employee Share Scheme ("Proposed ESS")

On 10 October 2023, the Company proposes to undertake the establishment of an employee share scheme, which comprises the proposed employee share option scheme ("Proposed ESOS") and the proposed share grant plan ("”ESGP"), of up to 15% of the issued share capital of the Company (excluding treasury shares of the Company, if any) at any time during the duration of the employee share scheme, for the eligible employees and Directors of the Company and its subsidiaries ("Eligible Persons"), which are not dormant, who fulfil the eligibility criteria as set out in the By-Laws of the employee share scheme ("Proposed ESS").

Acquisition of freehold development lands

On 10 October 2023, the Group via its indirect wholly owned subsidiary Projek TT entered into a conditional sale and purchase agreement with third parties in relation to the proposed acquisition of 2 parcels of freehold development land, measuring approximately 18 acres, all located at Daerah Seberang Perai Selatan, Pulau Pinang for a total cash consideration of RM70.56 million.

STATEMENT BY **DIRECTORS**

Pursuant to Section 251(2) of the Companies Act 2016

We, the undersigned, being two of the Directors of the Company, do hereby state that, in the opinion of the Directors, the accompanying financial statements as set out on pages 90 to 182 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia, so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2023 and of their financial performance and cash flows for the financial year then ended.

Approved and signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 19 October 2023.

DATO' ABD RAHIM BIN JAAFAR

TEO SWEE PHIN

STATUTORY **DECLARATION**

Pursuant to Section 251(1)(b) of the Companies Act 2016

I, TEO SWEE PHIN, being the Director primarily responsible for the financial management of the Company, do solemnly and sincerely declare that that the financial statements as set out on pages 90 to 182 are to the best of my knowledge and belief, 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.

Subscribed and solemnly declared
by the abovenamed
at Kuala Lumpur in the Federal Territory
on 19 October 2023

TEO SWEE PHIN

Before me,

Mohamad Zuliswandi Bin Mohamed (W 1006)
Commissioner for Oaths

GROUP'S

MATERIAL PROPERTIES

As At 30 June 2023

INVESTMENT PROPERTIES

Title/Location	Description	Tenure	Age of Building	Land Area/ Built Up Area	Net Book/ Fair Value (RM'000)	Existing Use	Date of Revaluation/ Acquisition
PTT SYNERGY GROUP BERHAD							
No. 63-1A, 1B & 1C Jalan Anggerik Vanilla T31/T Kota Kemuning Section 31 40460 Shah Alam Selangor Darul Ehsan	1st Floor of a Six Storey Shop-office	Freehold	23	6,287 sq ft	2,190	Corporate office	Revalued on 31-12-2020 Updated valuation on 30-6-2023
No. 63-G, Jalan Anggerik Vanilla T31/T Kota Kemuning Section 31 40460 Shah Alam Selangor Darul Ehsan	Ground Floor of a Six Storey Shop-office	Freehold	22	6,358 sq ft	4,000	Corporate office	Revalued on 31-12-2020 Updated valuation on 30-6-2023
PTT PROPERTY SDN. BHD.							
No. 51, Jalan 17/45 46400 Petaling Jaya Selangor Darul Ehsan	Four Storey Corner Shop-office	Freehold	38	2,997 sq ft/ 6,600 sq ft	4,100	Showroom & office	Revalued on 31-12-2020 Updated valuation on 30-6-2023
PTT ASSETS SDN. BHD.							
H.S.(D). No. 165674 P.T. No. 84376, Mukim of Kapar District of Klang, Selangor Darul Ehsan at 16, Jalan Inai 2D/KU5 Bandar Bukit Raja, Klang, Selangor Darul Ehsan *The property acquisition price was RM11.06 million, and as capital work in progress @30 June 2023.	Double storey detached factory	Freehold	-	20,197 sq ft	2,216	Vacant	Acquired on 15-04-2022
H.S.(D). No. 165675 P.T. No. 84376, Mukim of Kapar District of Klang, Selangor Darul Ehsan at 16, Jalan Inai 2D/KU5 Bandar Bukit Raja, Klang, Selangor Darul Ehsan *The property acquisition price was RM12.26 million, and as capital work in progress @30 June 2023.	Double storey detached factory	Freehold	-	20,197 sq ft	3,340	Vacant	Acquired on 29-12-2022

Group's Material Properties
(Cont'd)

INVESTMENT PROPERTIES (Cont'd)

Title/Location	Description	Tenure	Age of Building	Land Area/ Built Up Area	Net Book/ Fair Value (RM'000)	Existing Use	Date of Revaluation/ Acquisition
HEAP WAH BARAKAH SDN. BHD.							
No. A1-1-5, Blok A1 Kondominium Bukit Cheras Jalan Bukit Cheras 18 56000 Kuala Lumpur, Wilayah Persekutuan	Condominium	Freehold	9	1,586 sq ft	620	Vacant	Revalued on 31-12-2020 Updated valuation on 30-6-2023
No. 60, Jalan Sengaring Taman Tenaga 56000 Kuala Lumpur, Wilayah Persekutuan	Double Storey Terrace House	Leasehold 53 years (expiring on 18-4-2076)	6	1,862 sq ft	850	Vacant	Revalued on 31-12-2020 Updated valuation on 30-6-2023
B-16-03A, Shaftsbury Putrajaya Jalan Alamanda Presint 1, 62000 Putrajaya, Wilayah Persekutuan Putrajaya	Service Apartment	Freehold	5	731 sq ft	485	Vacant	Valued on 4-1-2022

PROPERTY, PLANT AND EQUIPMENT - LEASEHOLD LAND AND BUILDING

Title/Location	Description	Tenure	Age of Building	Land Area/ Built Up Area	Net Book/ Fair Value (RM'000)	Existing Use	Date of Revaluation/ Acquisition
HEAP WAH BARAKAH SDN. BHD.							
5, Jalan P/1, Peringkat 1 Kawasan Perusahaan Bandar Baru Bangi, 43650 Bandar Baru Bangi, Selangor Darul Ehsan	A Single Storey Detached Industrial Building cum Warehouse	Leasehold 63 years (expiring on 29-9-2086)	12	5,591 sq m	8,716	Warehouse	Revalued on 31-12-2020 Updated valuation on 30-6-2023
No. 46, Jalan 18/2 Section 18 46000 Petaling Jaya, Selangor Darul Ehsan * The new extension land title is in the process being registered in the name of company.	A Renovated Double Storey End Shophouse	Leasehold *98 years (expiring in 2121)	30	1,875 sq ft/ 6,720 sq ft	865	Showroom	Revalued on 31-12-2020 Updated valuation on 30-6-2023

NON CURRENT ASSET - LAND HELD FOR DEVELOPMENT

Title/Location	Description	Tenure	Age of Building	Land Area/ Built Up Area	Net Book/ Fair Value (RM'000)	Existing Use	Date of Revaluation/ Acquisition
PTT SYNERGY GROUP BERHAD							
Geran 202693 to Geran 202870 (inclusive), Geran 202928 to Geran 202945 (inclusive), Geran 203002 to Geran 203176 (inclusive), Geran 203205 to Geran 203851 (inclusive), and Geran 203955 to Geran 203967 (inclusive), Lot 1777 to Lot 1954 (inclusive), Lot 211 to Lot 2028 (inclusive), Lot 2085 to Lot 2258 (inclusive), Lot 2287 to Lot 2933 (inclusive) and Lot 3037 to Lot 3049 (inclusive) respectively town of Kulim District of Kulim Kedah As at 6 April 2023, the freehold land was revalued by Rahim & Co. with value of RM32 million	Converted Vacant Land	Freehold	-	125 Acres	9,153	Vacant	Acquired on 07-05-2003
PTT PROPERTY SDN. BHD.							
Ten (10) individual plots comprised in a freehold land held under H.S(D) 13683, PTD 14020, Mukim Jeram Batu, Daerah Pontian, Johor * The property acquisition price was RM43.6 million, of which the developer's obligation has yet to be satisfied as at 30 June 2023	Converted Vacant Land	Freehold	-	20.2 Acres	24,814	Vacant	Acquired on 29-10-2021

ANALYSIS OF **SHAREHOLDINGS**
AS AT 2 OCTOBER 2023

Class of Securities	:	Ordinary Shares
Total Number of Holders	:	1,406
Voting Rights	:	One (1) vote per Ordinary Share

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares Held	%
1 – 99	392	27.88	15,299	0.01
100 – 1,000	128	9.10	62,010	0.03
1,001 – 10,000	673	47.87	1,969,840	1.09
10,001 – 100,000	152	10.81	5,316,447	2.95
100,001 – 9,004,053 (*)	56	3.98	60,985,006	33.87
9,004,054 and above (**)	5	0.36	111,732,479	62.05
TOTAL	**1,406**	**100.00**	**180,081,081**	**100.00**

Remarks: * Less than 5% of Issued Shares
** 5% and above of Issued Shares

DIRECTORS' SHAREHOLDINGS

The Directors' Shareholdings of PTT Synergy Group Berhad based on the Register of Directors' Shareholdings of the Company as at 2 October 2023 are as follows:

Directors	Direct Interest		Indirect Interest	
	No. of Shares Held	%	No. of Shares Held	%
Dato' Abd Rahim Bin Jaafar	–	–	100,766,049 [1]	55.96
Teo Swee Leng	17,624,620	9.79	100,766,049 [1]	55.96
Teo Swee Phin	14,920,312	8.29	100,766,049 [1]	55.96
Datin Ng Fong Shiang	–	–	–	–
Dato' Mahamed Bin Hussain	–	–	–	–
Datuk Ir. Ruslan Bin Abdul Aziz	–	–	–	–
Dato' Paul Lim Tau Ern	–	–	–	–
Toh Seng Thong	–	–	–	–

Notes:

(1) Deemed interested by virtue of his interests in Aim Tetap Teguh Group Sdn. Bhd. pursuant to Section 8(4) of the Companies Act 2016.

SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS

The names of the substantial shareholders of PTT Synergy Group Berhad and their respective shareholdings based on the Register of Substantial Shareholders of the Company as at 2 October 2023 are as follows:

	Direct Interest		Indirect Interest	
Substantial Shareholders	No. of Shares Held	%	No. of Shares Held	%
Aim Tetap Teguh Group Sdn. Bhd.	100,766,049	55.96	–	–
Teo Swee Leng	17,624,620	9.79	100,766,049 [1]	55.96
Teo Swee Phin	14,920,312	8.29	100,766,049 [1]	55.96
Dato' Abd Rahim Bin Jaafar	–	–	100,766,049 [1]	55.96

Notes:

[1] Deemed interested by virtue of his interests in Aim Tetap Teguh Group Sdn. Bhd. pursuant to Section 8(4) of the Companies Act 2016.

THIRTY (30) LARGEST SECURITIES ACCOUNT HOLDERS

No.	Name of Shareholders	No. of Shares	%
1.	AMSEC NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT - AMBANK (M) BERHAD FOR AIM TETAP TEGUH GROUP SDN. BHD.	46,533,730	25.84
2.	RHB NOMINEES (TEMPATAN) SDN. BHD. OSK CAPITAL SDN. BHD. FOR AIM TETAP TEGUH GROUP SDN. BHD.	23,362,670	12.97
3.	MAYBANK NOMINEES (TEMPATAN) SDN. BHD. MTRUSTEE BERHAD FOR AIM TETAP TEGUH GROUP SDN. BHD.	18,378,379	10.21
4.	AIM TETAP TEGUH GROUP SDN. BHD.	12,491,270	6.94
5.	RHB NOMINEES (TEMPATAN) SDN. BHD. OSK CAPITAL SDN. BHD. FOR TEO SWEE LENG	10,966,430	6.09
6.	MAYBANK NOMINEES (TEMPATAN) SDN. BHD. MTRUSTEE BERHAD FOR TEO SWEE LENG	6,658,190	3.70
7.	RHB NOMINEES (TEMPATAN) SDN. BHD. OSK CAPITAL SDN. BHD. FOR TEO SWEE PHIN	6,000,000	3.33
8.	MAYBANK NOMINEES (TEMPATAN) SDN. BHD. MTRUSTEE BERHAD FOR TEO SWEE PHIN	5,594,062	3.11
9.	NG CHIN HOE	5,285,114	2.93
10.	CIMB GROUP NOMINEES (TEMPATAN) SDN. BHD. EXEMPT AN FOR FORTRESS CAPITAL ASSET MANAGEMENT (M) SDN. BHD.	5,200,000	2.89
11.	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR JUSTIN LIM TAU YIK	4,956,600	2.75
12.	NG HUEY HIAN	4,398,033	2.44
13.	AMSEC NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR LIANG TIAN KIAT	3,451,900	1.92

THIRTY (30) LARGEST SECURITIES ACCOUNT HOLDERS (CONT'D)

No.	Name of Shareholders	No. of Shares	%
14.	CGS-CIMB NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR TEO SWEE PHIN	3,213,750	1.78
15.	NG HUEY KUN	2,461,600	1.37
16.	MAYBANK NOMINEES (TEMPATAN) SDN. BHD. EXEMPT AN FOR TRADEVIEW CAPITAL SDN. BHD.	935,100	0.52
17.	TAN HAN LAY	815,400	0.45
18.	LEAN CHEE KEONG	682,900	0.38
19.	MAYBANK NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR TEO LE YI	608,625	0.34
20.	NG YEE	600,000	0.33
21.	KENANGA NOMINEES (TEMPATAN) SDN. BHD. RAKUTEN TRADE SDN. BHD. FOR JUSTIN LIM TAU YIK	552,700	0.31
22.	TAN SAN YEW	500,000	0.28
23.	TYE SOK CIN	500,000	0.28
24.	CHANG YEW KWONG	459,300	0.26
25.	KENANGA NOMINEES (TEMPATAN) SDN. BHD. RAKUTEN TRADE SDN. BHD. FOR TAN KIT WAI	411,900	0.23
26.	SIM CHEE HUA	401,800	0.22
27.	NG CHIN HOE	380,000	0.21
28.	LAGENDA PERDANA SDN. BHD.	364,250	0.20
29.	LAI THIAM POH	360,000	0.20
30.	OOI CHIENG SIM	326,000	0.18
	TOTAL	**166,849,703**	**92.65**

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PTT SYNERGY GROUP BERHAD
[Registration No. 197101000134 (10493-P)]
(Incorporated in Malaysia)

FORM OF PROXY

CDS Account No.:	
Contact No.:	
No. of Shares Held:	

*I/We, (full name in capital letters) ____

*NRIC No./ Passport No./ Registration No. ______________________ of (full address) ______________________

____

being a *member/members of **PTT SYNERGY GROUP BERHAD** ("**the Company**"), hereby appoint: -

Full Name and Address (in Block Letters) (First Proxy)		**NRIC /Passport No.**	**No. of Shares**	**% of Shareholding**
Email:	**Contact No.:**			

*and/or

Full Name and Address (in Block Letters) (Second Proxy)		**NRIC /Passport No.**	**No. of Shares**	**% of Shareholding**
Email:	**Contact No.:**			

to put on a separate sheet where there are more than two (2) proxies

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 Fifty-Second Annual General Meeting of the Company ("**AGM**") to be held at 2A-1-G, Space U8, No. 6, Persiaran Pasak Bumi, Taman Bukit Jelutong, Seksyen U8, 40150 Shah Alam, Selangor Darul Ehsan on Thursday, 28 December 2023 at 10:00 a.m. and any adjournment thereof.

Please indicate with an "X" in the spaces provided below how you wish your votes to be cast. If no specific direction for voting is given, the proxy will vote or abstain from voting at *his/her discretion.

	ORDINARY RESOLUTIONS	**FOR**	**AGAINST**
1.	To approve the payment of Directors' fees and benefits payable to the Directors up to an aggregate amount of RM250,000/- for the period from 29 December 2023 until the next AGM of the Company to be held in year 2024.		
2.	To re-elect Datin Ng Fong Shiang, who is due to retire in accordance with Clause 95 of the Company's Constitution.		
3.	To re-elect Mr. Teo Swee Leng, who is due to retire in accordance with Clause 88 of the Company's Constitution.		
4.	To re-elect Mr. Toh Seng Thong, who is due to retire in accordance with Clause 88 of the Company's Constitution.		
5.	To re-appoint Messrs. Moore Stephens Associates PLT as the Company's Auditors for the ensuing year, and to authorise the Directors to fix their remuneration.		
6.	Waiver of Pre-Emptive Rights under Section 85 of the Companies Act 2016.		
7.	Authority to Issue Shares pursuant to the Companies Act 2016.		
8.	Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature.		
9.	Proposed New Shareholders' Mandate for Additional Recurrent Related Party Transactions of a Revenue or Trading Nature.		

* Strike out whichever is not applicable

As witness my/our hand(s) this ____________ day of ____________ , 2023

____
* Signature/Common Seal of Member

NOTES:

1. In respect of deposited securities, only members whose names appear in the Record of Depositors on 21 December 2023 shall be eligible to attend, participate, speak and vote at the Meeting or appoint proxy(ies) to attend, participate, speak and vote in his stead.

2. A member entitled to attend and vote at the Meeting may appoint more than one (1) proxy to attend, participate, speak and vote in his stead. Where a member appoints more than one (1) proxy to attend, participate, speak and vote at the same Meeting, the appointments shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy. A proxy need not be a member of the Company. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at the Meeting of the Company shall have the same rights as the member to attend, participate, speak and vote at the Meeting.

3. The instrument appointing a proxy shall be in writing under the hand of the member or of his attorney duly authorised in writing, or if the member is a corporation, shall either be executed under the corporation's common seal or under the hand of an officer or attorney duly authorised.

4. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("**omnibus account**") as defined under the Securities Industry (Central Depositories) Act 1991, there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

5. The instrument appointing a proxy and the power of attorney or other authority (if any), under which it is signed or a duly notarised certified copy of that power or authority, must be deposited at the Registered Office of the Company at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan not less than forty-eight (48) hours before the time set for holding the Meeting or any adjournment thereof. All resolutions set out in the notice of Meeting are to be voted by poll.

6. Any notice of termination of authority to act as proxy must be received by the Company before the commencement of the Meeting or at any adjournment thereof, failing which, the termination of the authority of a person to act as proxy will not affect the following in accordance with Section 338 of the Companies Act 2016:-

   (i) the constitution of the quorum at such meeting;
   (ii) the validity of anything he did as chairman of such meeting;
   (iii) the validity of a poll demanded by him at such meeting; or
   (iv) the validity of the vote exercised by him at such meeting.

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AFFIX
STAMP

The Registrar

PTT Synergy Group Berhad

c/o Securities Services (Holdings) Sdn. Bhd.
Level 7, Menara Milenium,
Jalan Damanlela,
Pusat Bandar Damansara,
Damansara Heights,
50490 Kuala Lumpur,
Wilayah Persekutuan

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Fold This Flap For Sealing

PTT SYNERGY GROUP BERHAD
197101000134 (10493-P)

2A-1-1(B), Space U8,
No. 6, Persiaran Pasak Bumi,
Taman Bukit Jelutong,
Seksyen U8, 40150 Shah Alam,
Selangor Darul Ehsan.

Tel: +603 5037 2822 **I Fax:** 03-5037 2823

www.pttgroup.com.my