2022
ANNUAL REPORT

VISION & MISSION

Vision

Creating a better environment for our communities by providing total engineering and facilities solutions

Mission

We aim to provide valuable and sustainable solutions to all that we serve by:

- Developing and nurturing our people
- Adopting the most appropriate systems and technologies
- Delivering excellence in all that we do

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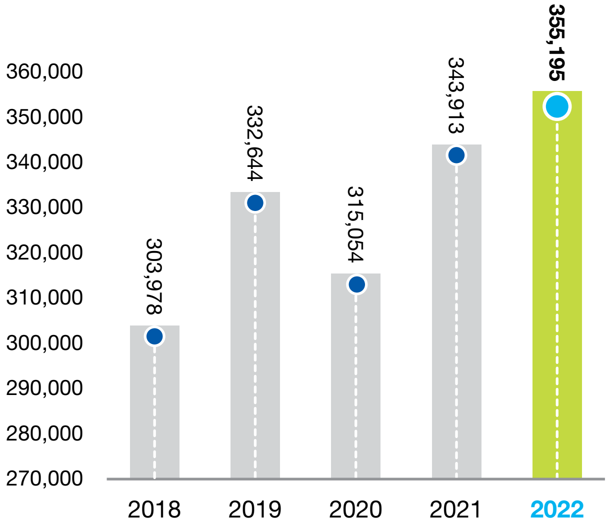
FINANCIAL HIGHLIGHTS
AS AT 30 SEPTEMBER 2022

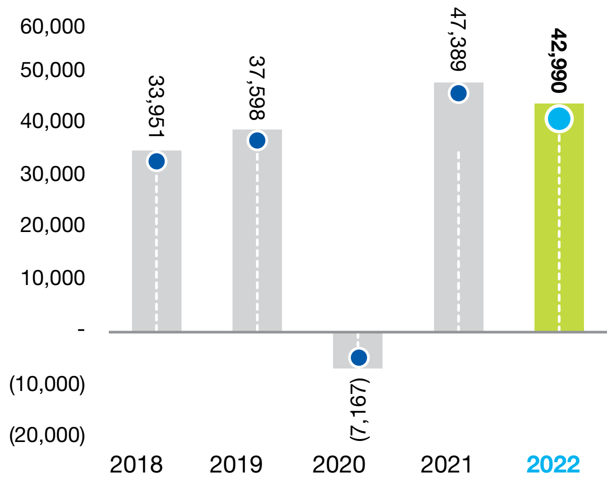
FINANCIAL YEAR ENDED 30 JUNE	CONSOLIDATED / GROUP 2018 RM'000	2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000
Statement of Comprehensive Income Highlights:					
Revenue	303,978	332,644	315,054	343,913	**355,195**
Profit/(Loss) From Operations	32,095	37,241	(6,792)	47,796	**43,058**
Profit/(Loss) Before Taxation and Zakat	33,951	37,598	(7,167)	47,389	**42,990**
Net Profit/ (Loss) For The Financial Year	27,028	29,067	(15,290)	38,815	**34,206**
Net Profit/ (Loss) Attributable to Owners of The Company	21,659	21,375	(18,769)	26,066	**21,532**
Earnings/ (Loss) Per Share (sen)					
- Basic	8.1	7.6	(6.4)	8.3	**6.8**
- Fully Diluted	7.9	7.5	(6.4)	8.3	**6.8**
Gross Dividend Per Share (sen)	0.5	1.0	1.5	1.5	**2.0**
Statement of Financial Position Highlights:					
Share Capital	98,841	110,847	112,264	119,034	**119,151**
Shareholders' Equity	163,706	198,339	176,427	206,321	**224,515**
Total Assets	276,109	379,228	354,177	404,114	**412,280**
Debt/Equity Ratio	0.07	0.20	0.17	0.16	**0.07**
Current Ratio	3.51	2.55	2.62	2.55	**2.97**
Net Assets Per Share (sen)	60.8	67.7	59.9	65.2	**70.9**

FINANCIAL HIGHLIGHTS
(CONT'D)

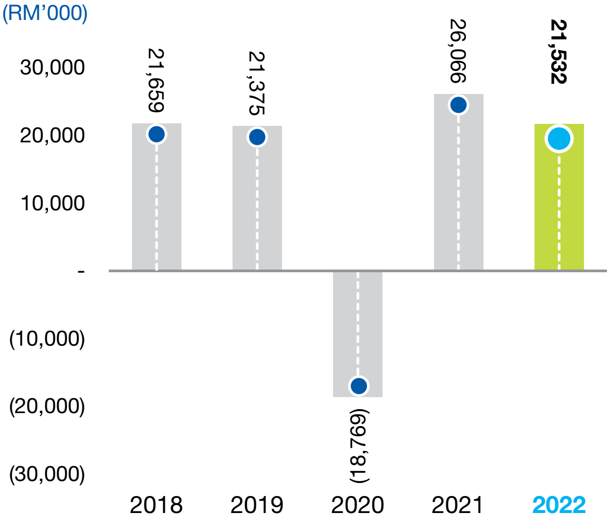
REVENUE
(RM'000)



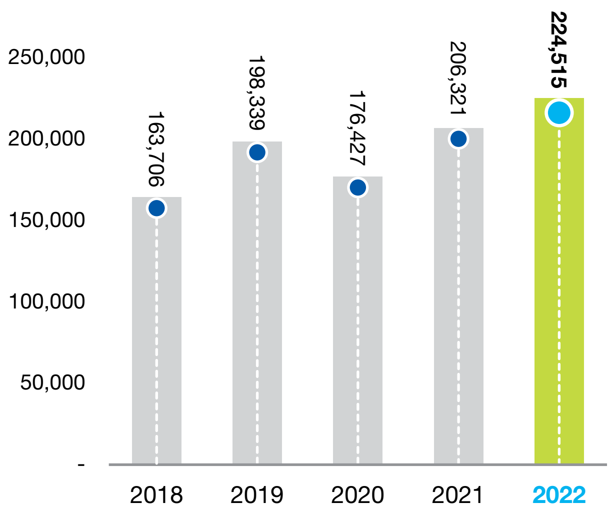
PROFIT/(LOSS) BEFORE TAXATION AND ZAKAT
(RM'000)



NET PROFIT/(LOSS) ATTRIBUTABLE TO OWNERS OF THE COMPANY
(RM'000)



SHAREHOLDERS' EQUITY
(RM'000)



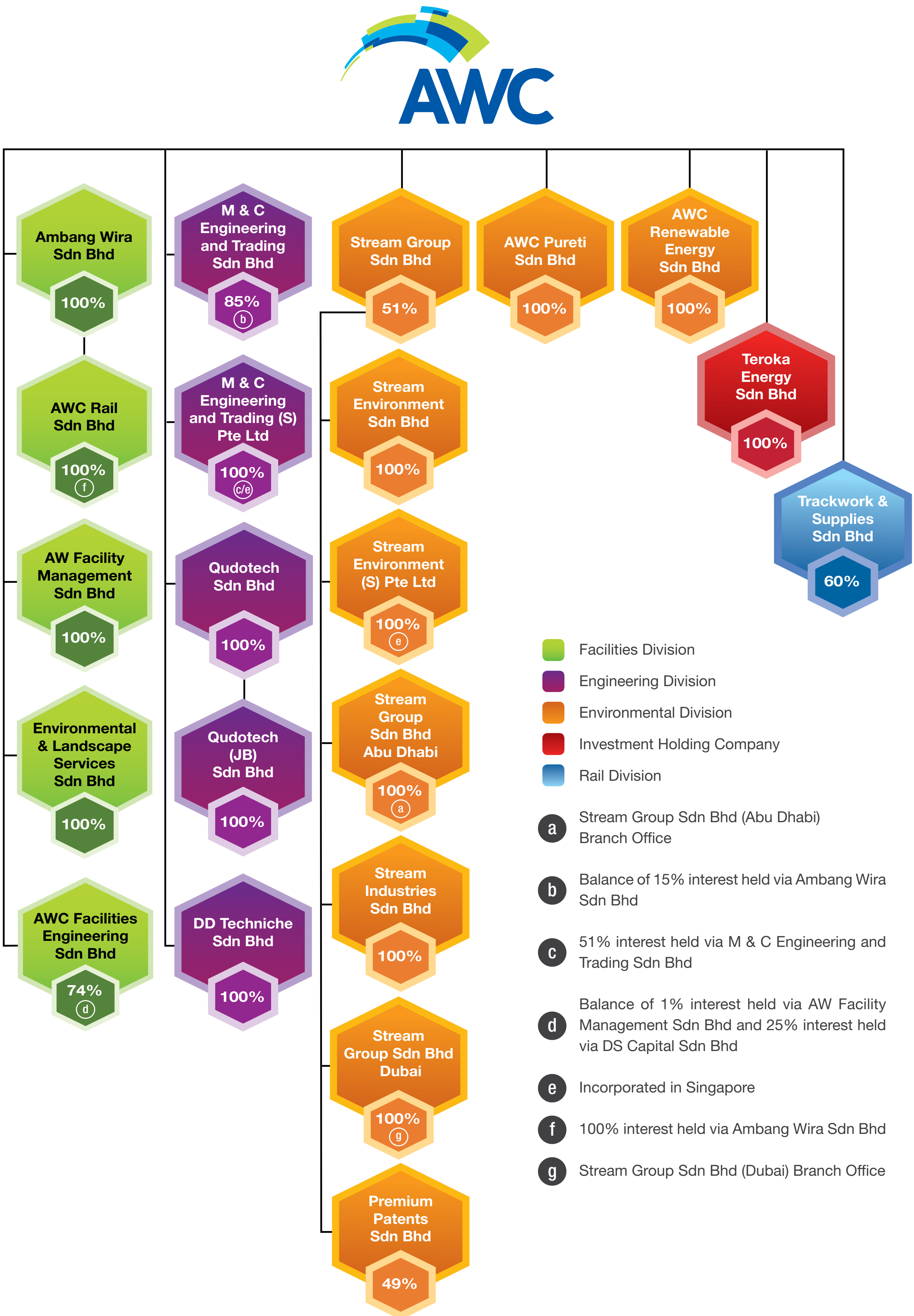
2022
RM355,195
Revenue (RM'000)

RM42,990
Profit Before Taxation and Zakat (RM'000)

RM21,532
Net Profit Attributable to Owners of The Company (RM'000)

RM224,515
Shareholders' Equity (RM'000)

GROUP STRUCTURE
AS AT 30 SEPTEMBER 2022



CORPORATE INFORMATION

BOARD OF DIRECTORS

Dato' Nik Mod Amin Bin Nik Abd Majid	Independent Non-Executive Chairman
Dato' Ahmad Kabeer Bin Mohamed Nagoor	Group Chief Executive Officer/President
Sureson A/L Krisnasamy	Independent Non-Executive Director
Yang Mulia Tunku Puan Sri Dato' Hajjah Noor Hayati Binti Tunku Abdul Rahman Putra Al-Haj	Independent Non-Executive Director
Dato' Dr. Hj Shamsul Anwar Bin Sulaiman	Independent Non-Executive Director

AUDIT AND RISK MANAGEMENT COMMITTEE

Sureson A/L Krisnasamy (Chairman)
Dato' Dr. Hj Shamsul Anwar Bin Sulaiman
Yang Mulia Tunku Puan Sri Dato' Hajjah Noor Hayati Binti Tunku Abdul Rahman Putra Al-Haj

NOMINATION AND REMUNERATION COMMITTEE

Yang Mulia Tunku Puan Sri Dato' Hajjah Noor Hayati Binti Tunku Abdul Rahman Putra Al-Haj (Chairperson)
Dato' Dr. Hj Shamsul Anwar Bin Sulaiman
Sureson A/L Krisnasamy

EMPLOYEES' SHARE OPTION SCHEME COMMITTEE

Dato' Ahmad Kabeer Bin Mohamed Nagoor (Chairman)
Sureson A/L Krisnasamy
Richard Voon Siew Moon

COMPANY SECRETARY

Tea Sor Hua
(MACS 01324)
(SSM PC No.: 201908001272)

REGISTERED OFFICE

Third Floor, No. 77, 79 & 81
Jalan SS21/60, Damansara Utama
47400 Petaling Jaya, Selangor Darul Ehsan
Tel : 03-7725 1777
Fax : 03-7722 3668

PRINCIPAL OFFICE

20-2, Subang Business Centre
Jalan USJ 9/5T, 47620 UEP Subang Jaya
Selangor Darul Ehsan
Tel : 03-8024 4503/4/5
Fax : 03-8025 9343
Website : www.awc.com.my

SHARE REGISTRAR

Tricor Investor & Issuing House Services Sdn Bhd
Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Tel : 03 - 2783 9299
Fax : 03 - 2783 9222

AUDITORS

Baker Tilly Monteiro Heng PLT
Chartered Accountants
LLP0019411-LCA & AF 0117

PRINCIPAL BANKERS

AmBank (M) Berhad
Hong Leong Bank Berhad
HSBC Bank Malaysia Berhad
Malayan Banking Berhad
United Overseas Bank (Malaysia) Berhad

STOCK EXCHANGE LISTING

Main Market of the Bursa Malaysia Securities Berhad
Stock Name : AWC
Stock Code : 7579

BOARD OF DIRECTORS' PROFILE

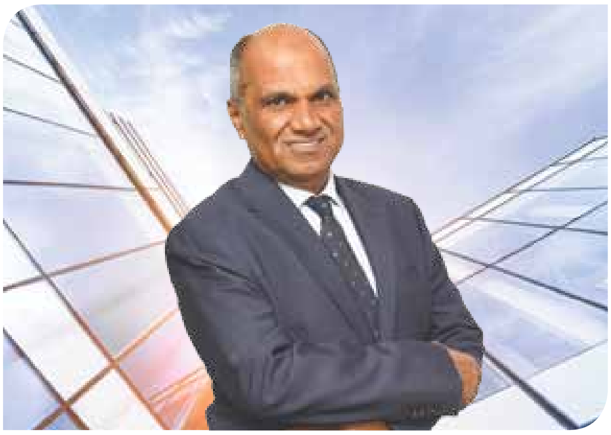
DATO' NIK MOD AMIN BIN NIK ABD MAJID

Independent Non-Executive Chairman
Malaysian I Male I Aged 69

Dato' Nik Mod Amin Bin Nik Abd Majid ("Dato' Nik"), a Malaysian, male, aged 69, was appointed to the Board on 1 September 2009 as an Independent Non-Executive Chairman. He attended all four (4) Board Meetings held during the financial year. Dato' Nik obtained his Bachelor's Degree in Economics from Universiti Malaya in 1976.

Dato' Nik is the Managing Director and founder of Fask Capital Sdn. Bhd. The Company's activities include the provision of services in the area of microcredit, micropayments, retail investments, debt management and financial consultancy. He is also the Chairman of FCA Capital Sdn. Bhd. (providing corporate advisory services) and the Chairman of Capital Investment Bank (Labuan) Ltd. (providing investment bank and corporate finance services in Labuan).

He has more than 26 years of banking experience with various financial institutions including Malayan Banking Berhad, Affin Bank Berhad and BSN Commercial Bank Berhad. His other experiences include Perbadanan Usahawan Nasional Berhad, Perwira Affin Bank Berhad and the Malaysian Franchise Association. He was previously a Board Member of Universiti Utara Malaysia, a position he stepped down from in the year 2015.



DATO' AHMAD KABEER BIN MOHAMED NAGOOR

Group Chief Executive Officer/President
Malaysian I Male I Aged 65

Dato' Ahmad Kabeer Bin Mohamed Nagoor ("Dato' Ahmad Kabeer"), a Malaysian, male, aged 65, was appointed to the Board as a Non-Independent Non-Executive Director on 2 February 2005. On 22 June 2007, he was re-designated as the Non-Independent Non-Executive Deputy Chairman of the Company and subsequently as the Executive Deputy Chairman on 1 March 2012. He assumed the position of Managing Director/Group Chief Executive Officer of the Company on 29 May 2013. On 1 December 2017, he assumed the position of Group Chief Executive Officer/President. He is also the Chairman of the Employees' Share Option Scheme ("ESOS") Committee of the Company. He is a major shareholder of the Company. He attended all four (4) Board Meetings held during the financial year.

Dato' Ahmad Kabeer graduated with a Master's Degree in Finance from the University of St. Louis, Missouri, the USA in 1986. He started his career with the Bank of Nova Scotia in 1986 in the Foreign Exchange Division before becoming a lecturer at the School of Management, Universiti Sains Malaysia from 1988 to 1994.

BOARD OF DIRECTORS' PROFILE
(CONT'D)

SURESON A/L KRISNASAMY

Independent Non-Executive Director
Malaysian I Male I Aged 47

Mr. Sureson A/L Krisnasamy ("Mr. Sureson"), a Malaysian, male, aged 47, was appointed to the Board on 12 April 2017 as an Independent Non-Executive Director. He is also the Chairman of the Audit and Risk Management Committee and a member of the Nomination and Remuneration Committee and Employees' Share Option Scheme Committee of the Company. He attended all four (4) Board Meetings held during the financial year.

Mr. Sureson graduated with a Bachelor of Accountancy (Hons) from Universiti Putra Malaysia in 1999. He is currently registered as a Chartered Accountant with the Malaysian Institute of Accountants, since 2002.

Mr. Sureson started his career with Telekom Malaysia Berhad as an accountant where he was involved with finance, sales, corporate finance and investor relations. His other notable experiences with huge corporations include CLSA Securities, Bursa Malaysia Securities Berhad, CIMB Investment Bank, where he was responsible for initiating and spear heading cross-border Southeast Asia, India and Sri Lanka business opportunities, RHB Investment Bank and Bioven Ltd, UK.

He was previously the Independent Director of Perbadanan Tabungan Pendidikan Tinggi Nasional (PTPTN) and a Director of Universiti Putra Malaysia and Institut Integriti Malaysia.

He is currently a Director of UPM Holdings Sdn. Bhd.

YANG MULIA TUNKU PUAN SRI DATO' HAJJAH NOOR HAYATI BINTI TUNKU ABDUL RAHMAN PUTRA AL-HAJ

Independent Non-Executive Director
Malaysian I Female I Aged 55

Yang Mulia Tunku Puan Sri Dato' Hajjah Noor Hayati Binti Tunku Abdul Rahman Putra Al-Haj ("YM Tunku"), a Malaysian, female, aged 55, was appointed to the Board on 12 April 2017 as an Independent Non-Executive Director. She is also the Chairperson of the Nomination and Remuneration Committee and a member of the Audit and Risk Management Committee of the Company. She attended all four (4) Board Meetings held during the financial year.

YM Tunku graduated with a Bachelor of Law, LLB (Honours) from Queen Mary and Westfield College, University of London, the United Kingdom in 1991. Later, she pursued a Diploma in Psychology Counselling from Universiti Kebangsaan Malaysia in 2006 and her Master's in Philosophy (MPhil) from Universiti Malaya in 2013.

As of 2018, YM Tunku holds the position as Executive Chairman of Selenggara Timur Sdn. Bhd., a road maintenance company.

Actively involved in social welfare activities, YM Tunku is one of the four Deputy Presidents of Pertubuhan Kebajikan Islam Malaysia (PERKIM) Kebangsaan, having been appointed in 2013. She was also elected as the Head of the Women Division, PERKIM Kebangsaan, a position she has held since 2010.

In 2014, YM Tunku founded a Non-Governmental Organisation (NGO), Yayasan Noor Al Syakur (YANAS) which is involved in various social welfare activities including the provision of aid to those in need and the revival of arts and culture in Kelantan.

YM Tunku was also instrumental in developing Behaviour Intervention Modules in Development and Training, between Universiti Malaya, School of Medicine, Centre of Excellence in Research of Infectious Disease and Addiction (CERIA), with the collaboration of the University of Yale and the University of Connecticut, United States of America (2010 until 2012).

YM Tunku also held a directorship in LLC Berhad.

DATO' DR. HJ SHAMSUL ANWAR BIN SULAIMAN

Independent Non-Executive Director
Malaysian I Male I Aged 61

Dato' Dr. Hj Shamsul Anwar Bin Sulaiman ("Dato' Dr. Hj Shamsul") a Malaysian, male, aged 61, was appointed to the Board on 24 August 2022 as an Independent Non-Executive Director. He is also a member of the Audit and Risk Management Committee and Nomination and Remuneration Committee of the Company. Dato' Dr. Hj Shamsul was appointed on 24 August 2022, hence he did not attend any Board Meetings held during the financial year.

He holds a Bachelor Degree in Medicine from the University of Leuven, Belgium and Masters in Business Administration from the University of Technology Malaysia, Kuala Lumpur. Dato' Dr. Hj Shamsul has more than 20 years of medical experience as a doctor in government as well as private practice.

Dato' Dr. Hj Shamsul is also an Independent Non-Executive Director of Vertice Berhad.

Notes:

1. None of the Directors have family relationship with any Directors and/or major shareholders of AWC Berhad except for Dato' Ahmad Kabeer Bin Mohamed Nagoor who is a Director and shareholder of K-Capital Sdn. Bhd., a major shareholder of the Company.
2. None of the Directors have any conflict of interests with the Company.
3. None of the Directors have been convicted of any offences in the past five (5) years or been imposed on any public sanction or penalty by relevant regulatory bodies during the financial year ended 30 June 2022, other than for traffic offences (if any).
4. Save as disclosed above, none of the Directors have any other directorship in public companies and listed issuers.

KEY SENIOR MANAGEMENT PROFILE

NIK ADNAN BIN NIK MOHD SALLEH ("EN. NIK ADNAN")

Chief Executive Officer, Facilities Division,
Ambang Wira Sdn. Bhd.
Malaysian I Male I Aged 65

Academic/Professional Qualifications:
Bachelor of Science in Chemistry, Masters of Arts in Bio-Chemistry

En. Nik Adnan holds a Bachelor of Science Degree in Chemistry and a post-graduate degree Masters of Arts in Bio-chemistry from Indiana State University, Terre Haute, Indiana U.S.A. He started his career in 1981 with Esso Malaysia Berhad where he held various positions in Marketing Technical Services, Sales, and Strategic Planning for the Industrial and Consumer Division. His other working experiences as senior management includes Alam Flora and PROPEL-Johnson Controls. He has over 40 years of experience in oil & gas, facility, waste management and hospital support services.

Prior to joining AWC Berhad, En. Nik Adnan served as the Technical/Project Advisor for Saudi ASMA Environmental Solution in Jeddah, Kingdom of Saudi Arabia focusing on the Holy City of Makkah's waste collection and public cleansing management.

En. Nik Adnan joined AWC on 1 November 2012 and is responsible for the day to day running of all three segments in the Division, i.e. Concession, Commercial and Healthcare. He is also responsible for strategic direction undertaken in the Facilities Division for the future.

IR. CHEE KAR MING ("IR. CHEE")

Managing Director, Engineering Division,
Qudotech Sdn. Bhd. ("Qudotech")
Malaysian I Male I Aged 50

Academic/Professional Qualifications:
Degree in Mechanical Engineering

Ir. Chee was appointed as the Managing Director of Qudotech Sdn. Bhd., a wholly owned subsidiary of AWC Berhad, on 15 January 2019.

He graduated from the University Technology of Malaysia in 1996 with a Degree in Mechanical Engineering and later obtained a post-graduate degree Master of Business Administration from Charles Stuart University, Australia in 2000. Since 2001 he is a registered Professional Engineer with the Board of Engineers, Malaysia (BEM) and is a Member of the Institution of Engineers Malaysia (IEM).

Ir. Chee started his career as an Engineer in Artwright Technology Sdn. Bhd. in May 1996. Following that, he joined Qudotech in July 1996 as a Project Engineer specialising in Mechanical & Electrical Services.

He has extensive experience in the management and construction of hospitals, hotels, iconic high-rise buildings and high-end condominiums. Among the mega projects, he is involved in are Binjai on the Park, KLIA2, The Exchange 106, TRX Lifestyle Mall and Merdeka PNB 118.

KEY SENIOR MANAGEMENT PROFILE
(CONT'D)

IR. CHEA THEAN TEIK ("IR. CHEA")

Group Chief Executive Officer/Director,
Environment Division, Stream Group Sdn. Bhd.
("Stream Group")
Malaysian I Male I Aged 50

Academic/Professional Qualifications:
Bachelor's Degree in Mechanical Engineering, Member of the Institute of Engineers Malaysia (IEM).

Ir. Chea brings to the Group more than 24 years of experience specialising in the areas of Building M&E Services, Mechanical Handling Engineering, Project Management & Contract Administration, Central Vacuum Systems and Automated Waste Collection Systems.

He started his career in 1997 as an M&E engineer in an engineering consultancy firm Perunding Cekap and TWT Consultants Sdn Bhd in Johor Bahru.

Ir. Chea currently serves as the Group Chief Executive Officer of Stream Group. His key responsibilities include sales & marketing, project implementation, contract administration, finance and business development. He joined Stream Group on 16 September 2005 and was appointed as a Director on 16 April 2018.

IR. CHANG LEONG HAO ("IR. CHANG")

Director and General Manager,
DD Techniche Sdn. Bhd. ("DDT")
Malaysian I Male I Aged 63

Academic/Professional Qualifications:
Bachelor's Degree in Mechanical Engineering, Professional Engineer with the Board of Engineers, Malaysia, Member of the Institution of Engineers Malaysia.

Ir. Chang started his career in Hong Leong Industries Bhd as an engineer back in 1983. Subsequently he was seconded to Hicom-Yamaha Manufacturing Sdn. Bhd. as an engineering manager. He has extensive experience in management and construction of factories and design of mass production equipment and assembly lines, including setting up of the factory and R&D of MODENAS.

In 2007, he joined Qudotech to manage plumbing projects at Q-cells factory, Hospital Kuala Lipis and KLIA2 airport terminals.

In 2009 he joined DDT, a wholly owned subsidiary of AWC Berhad as a partner specialising in Rainwater Harvesting (RWHS) and Greywater Recycling systems. He then developed locally made storage tanks and RWH filter systems that suited the local market. By 2012, DDT has grown to becoming one of the leading RWHS supplier company in Malaysia and secured distribution rights from BWT (The No. 1 water treatment company in Europe) for water treatment products and 3P Technik, EVO-Aqua brands of Germany and JOBE Valves of New Zealand for RWHS components.

Ir. Chang was appointed as a Director of DDT on 8 October 2015 and currently serves as Director and General Manager of DDT.

KEY SENIOR MANAGEMENT PROFILE
(CONT'D)

KONG KEAT VOON ("MR. KONG")

Chief Executive Officer,
Trackwork and Supplies Sdn. Bhd. ("TWS")
Malaysian I Male I Aged 52

Academic/Professional Qualifications:
Bachelor of Civil Engineering

Mr. Kong started his career with Jurutera Perunding Tegap Sdn. Bhd. as design engineer in 1994 where he was involved in structural and design works. Subsequently, he joined Greenwell Engineering Sdn. Bhd., which specialises in oleochemical turnkey project as an Assistant Project Manager in 1995 where he was involved in planning, designing, controlling the cost of the project and project management for the construction of chemical plants.

He then joined Loh & Loh Constructions Sdn. Bhd. as a Project Engineer in 1997, where he managed heavy engineering constructions projects and was involved in project implementation, tendering for projects and business development. He was then tasked to lead, manage and develop the Railway Division and Turnkey Department in 2002.

Subsequently, he joined TWS as its Chief Executive Officer in February 2012, where he oversees administrative functions and is responsible for leading the development, planning, implementation and integration of the strategic direction of TWS.

RICHARD VOON SIEW MOON ("RICHARD")

Chief Financial Officer, AWC Berhad
Malaysian I Male I Aged 53

Academic/Professional Qualifications:
Chartered Accountant (ACCA)

Richard joined the Group in January 2018 and currently holds the position of Chief Financial Officer ("CFO"). He is also a member of the Employees' Share Option Scheme Committee of the Company.

Richard is a Chartered Accountant (ACCA) with more than 20 years' experience in various industries, holding senior financial positions in listed companies including FCW Holdings Berhad, Cuscapi Berhad, KNM Group Berhad and more recently, prior to joining AWC Berhad, as Chief Financial Officer of Omesti Berhad, a position he held from March 2013 to September 2017.

KEY SENIOR MANAGEMENT PROFILE
(CONT'D)

TAN AI LEE

Chief Legal Officer, AWC Berhad
Malaysian I Female I Aged 52

Academic/Professional Qualifications:
Degree in LLB

Tan Ai Lee joined AWC on 15 August 2017 as Chief Legal Officer. She graduated from the Universiti of Malaya with LLB (Hons) Malaya and thereafter was in legal practice.

She has over 25 years of legal experience. She was heading the legal department of Mahkota Technologies Sdn. Bhd. and a group of companies before joining AWC to pioneer its legal department from 2009 to 2013. She then ventured into a legal partnership.

Notes:

1. None of the key senior management personnel have any family relationship with any Directors and/or major shareholders of AWC Berhad.
2. None of the key senior management personnel have any conflict of interests with the Company.
3. None of the key senior management personnel have been convicted of any offences in the past five (5) years or been imposed on any public sanction or penalty by relevant regulatory bodies during the financial year ended 30 June 2022, other than for traffic offences (if any).
4. Save as disclosed above, none of the key senior management personnel have any other directorship in public companies and listed issuers.

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board of Directors ("the Board") of AWC, I am pleased to present to you the Annual Report and Audited Financial Statements of the Company and its subsidiaries for the financial year ended 30 June 2022 ("FYE 2022"). The financial year under review brought about mixed results, performance of which was commendable, given the considerable volatility and uncertainties in the global economy impacted by supply-chain disruptions and rising geopolitical tensions.

FINANCIAL REVIEW

AWC Group posted yet another record revenue of RM355.2 million for FYE 2022 as compared to RM343.9 million in the previous financial year anchored by our Facilities Division where higher Critical Assets Refurbishment Programme (CARP) recognition and contribution from the new contracts secured under the Healthcare segment of the Division namely the National Institutes of Health (NIH) and Hospital Orang Asli Gombak (HOAG) helped the Division to break a new high in terms of revenue contribution to the Group. Our specialized plumbing segment under the Engineering Division had also bolstered the Group revenue post upliftment of Movement Control Order 3.0 which had enabled the segment to recognise better progress from in its major projects including the Merdeka 118 and Lendlease TP24 @ Tun Razak Exchange projects.

Profitability wise, the Group reported lower earnings of RM21.5 million in FYE 2022 compared to the record high profits of RM26.1 million in FYE 2021 mainly attributable to key items such as (i) cost overruns in projects by our air-conditioning unit in Singapore, (ii) impact of Minimum Wage Ordinance ("MWO") 2022 and (iii) impairment of goodwill.

In terms of Divisional Profits, the Environment Division contributed the lion share of post-tax profits to the Group, recording a post-tax profit of approximately RM23.4 million followed by the Facilities and Rail Divisions contributions in after-tax profits of RM11.8 million, and RM0.5 million respectively. The Engineering Division however, contributed a post-tax loss of RM0.3 million due to accounting charges attributable to several projects amounting to almost RM2.0 million.

On a per share basis, the Group recorded an Earnings Per Share ("EPS") of 6.8 sen in FYE 2022 from an EPS of 8.3 sen in FYE 2021. Net Asset per share increased to 70.9 sen in FYE 2022 from 65.2 sen in FYE 2021. Our shareholders Equity as at 30 June 2022 stood at RM224.5 million from RM206.3 million as at 30 June 2021.

In-depth Analysis of the Group's Performance across the Divisions can be found in our Management Discussion and Analysis ("MDNA") Section on pages 54 to 61 of this Annual Report.

OPERATIONAL HIGHLIGHTS

Facilities Division

The Division achieved another record high revenue with strong contributions from various segments under its coverage. The full year contributions from the revised concession rates for the Concession with the Federal Government, better CARP progress and contributions from the Healthcare segment including existing contracts from Institut Kanser Negara (IKN) and Hospital Shah Alam along with new contracts from NIH and HOAG both for a period of 5-years secured during the financial year under review boosted the performance of the Division. On the bottom-line, profitability and margins were impacted by the rise in cost stemming mainly from the increase in MWO 2022 amongst others. Contract renewals successfully secured by the Division during the year under review include Menara PJH in Putrajaya, Menara OBYU in Petaling Jaya, Wisma Mahmud in Kuching and ECERDC in Pasir Mas and Kerteh.

Hospital Orang Asli, Gombak

OPERATIONAL HIGHLIGHTS (CONT'D)

Facilities Division (cont'd)

National Institutes of Health, Setia Alam

Environment Division

The Division reported marginal increase in revenue after recording its best year in FYE 2021. The slight increase was mainly due to higher trading sales by the Malaysia segment as well as better project progress noted across the region. Profitability of the Division came in lower mainly due to revision in gross margins on middle eastern projects and lower recovery of doubtful debts. During the year under review, STREAM Group had successfully delivered several high-profile projects across its geographical coverage including Datum Jelatek in Malaysia, Stirling Residences in Singapore, and sizeable projects in the Middle East. The division had also bagged a few landmark projects during FYE 2022 namely Sky Sanctuary in Malaysia, North Gaia and West Plains in Singapore and Al-Diyar project in Abu Dhabi. In the upcoming financial year, STREAM Group is expected to hand over more than 50 projects.

Datum Jelatek, Malaysia

Stirling Residences, Singapore

OPERATIONAL HIGHLIGHTS (CONT'D)

Environment Division (cont'd)

Sky Sanctuary, Malaysia

North Gaia, Singapore

Singapore National Cancer Centre

CHAIRMAN'S STATEMENT
(CONT'D)

OPERATIONAL HIGHLIGHTS (CONT'D)

Engineering Division

For the FYE 2022, the Division recorded a growth in revenue thanks to mainly the strong pick-up from major projects of the plumbing segment. In general, the rest of the Division's unit mainly the air-conditioning and rainwater harvesting units experienced a slowdown as compared to the previous financial year. The slowdown in overall market particularly the construction industry with oversupply of offices and residential units along with completion of larger projects within the division had resulted in significantly lower profits reported. During the year under review, we handed over the Media City Development at Angkasapuri Kuala Lumpur, CPL Aroma factory in Port Klang and a few Building Automation Systems (BAS) and Hydronic projects in Singapore. In the upcoming year, we are expected to complete the Merdeka 118, TRX Shopping Mall in Malaysia and several BAS projects including Kranji Green in Singapore.

Media City Development at Angkasapuri, Kuala Lumpur

CPL Aroma Factory, Port Klang

OPERATIONAL HIGHLIGHTS (CONT'D)

Rail Division

The division continues to be hampered by slower project progress post pandemic. The completion of major projects in the previous financial year had also resulted in lower revenue recorded. Profitability on the other hand improved marginally largely due to the absence of any further impairment of doubtful debts. Projects that were completed and delivered in FYE 2022 include various supplies of components and parts for projects namely: KVMRT2, Gemas JB Double Tracking, KVLRT3 and overhaul and maintenance works for KTMB. New projects that were secured during the year includes from KTMB and for the Integrated Train Testing Centre in Singapore.

Production of Glued Insulated Rail Joints for Gemas-JB Double Tracking Project

OPERATIONAL HIGHLIGHTS (CONT'D)

Rail Division (cont'd)

Supply of Turnout, KVMRT2 Project

Supply of Structure Track Casting Jigs, KVLRT3 Project

Supply of Turnout, KVMRT2 Project

OPERATIONAL HIGHLIGHTS (CONT'D)

ECONOMIC REVIEW

The global economy staged a strong rebound in 2021, growing at 6.1% following a contraction in 2020 due to the Covid-19 pandemic. In the year 2022, growth rates are expected to slow to 3.2% with a further lower growth of 2.9% anticipated in 2023. (Source: World Bank and International Monetary Fund World Economic Outlook) The global economic environment continued to be challenging with decelerated growth in major advanced economies weighed down by tighter monetary policy and credit conditions, domestic fiscal adjustments, and sluggish labour markets. Market confidence continued to be affected by the fragile growth and continued rising inflationary pressures. The tightening of monetary policy is risking demand destructions with the slowing external demand.

Back home, our economy experienced a remarkable turnaround with growth of 3.1% recorded in 2021, as economic activities resumed with the easing of Covid-19 pandemic-driven containment measures. Bank Negara Malaysia (BNM) is projecting our economy to expand further in 2022, following a growth of 6.9% recorded in the 1st Half of 2022. Full year growth for 2022 is forecasted at between 5.3% to 6.3% supported by domestic demand. Despite slower global growth and headwinds, BNM expects Malaysia's economy to continue to recover going forward albeit at a more moderate pace.

BUSINESS OUTLOOK

As the global economy is expected to slow down with weaker recovery anticipated post pandemic, we remain extremely cautious on the overall business outlook. Our focus is on building up our order book and hope to continue to healthily replenish our order book from a decent size tender book of above RM1.5 billion. This should help us to weather any storms and uncertainties moving forward.

Our initiatives and efforts in growing our Healthcare portfolio particularly our healthcare support services (HSS) segment under our facilities division is bearing fruits with several new projects secured during 2022. Apart from the NIH and HOAG contracts, we most recently secured another HSS contract for the maintenance of state government clinics in the state of Perak. The new contract broadens the group's HSS footprint geographically into the northern part of Peninsular Malaysia with our presence in this segment growing significantly. We look forward to executing the contracts successfully and hope to continue to secure more jobs within the healthcare segment.

Despite the uncertainties and challenges that lie ahead, the Group is cautiously optimistic of a better performance in 2023. To achieve this goal, our emphasis will continue to be on improving internal process efficiencies, project management and ensuring the successful and timely completion and execution of projects in hand. We are confident that with the full commitment of the management and staff of AWC Group, we will be able to record a better performance in 2023.

AWARDS AND ACCOLADES

During the financial year, our Group Chief Financial Officer, Mr. Richard Voon won the Best CFO Award of 2021 for Investor Relations (Micro Cap Category) from Malaysia Investor Relations Award. This is the 2nd win for Mr Richard Voon in 3 years after winning the same award in 2019.

Our rainwater harvesting unit, DD Techniche Sdn Bhd (DD Techniche) was appointed as the exclusive partner in Malaysia by Best Water Technology (BWT), Europe's leading water treatment company. The appointment of DD Techniche demonstrates the achievement of fulfilling multiple rainwater harvesting projects and solutions under the BWT brand across the years and showcases the confidence from BWT in the management of DD Techniche to lead the distributorship in Malaysia and possibly the region as well.

DD Techniche was also awarded the Eco-Label Mark by SIRIM QAS International for the use on its Rainwater harvesting systems (RWH) components and parts. This is another recognition for the successful research and development done by the team at DD Techniche translating into commercialization of the RWH products developed by DD Techniche.

Best CFO for Investor Relations (Micro Cap)

Distributor Confirmation for 2022

With pleasure we confirm that **DD Techniche Sdn. Bhd.** is in Malayisa the exclusive partner for all domestic & commercial technologies sold by BWT International Sales, Germany. We support DDTechniche with parts, related knowledge and in the after sales service.

BWT – Europe's leading water treatment company – has been established in 1823 and is since then a reliable partner for all business partners in industry, local authorities, hotels and designers, architects as well as wholsalers and plumbers.

Schriesheim, May 11th, 2022
BWT Wassertechnik GmbH

ppa Frank Neuendorf
Director International Sales

i.A. Michael Ziegler
Business Development Manager

Appointment as Exclusive Partner of BWT in Malaysia

No Lesen : **EL000206**
Licence No :

LESEN PENSIJILAN EKO-LABEL
Eco-Label Licence

SIRIM QAS International Sdn. Bhd. dengan ini menganugerahkan kepada
SIRIM QAS International Sdn. Bhd. hereby grants to

DD TECHNICHE SDN. BHD.
11 JALAN USJ 21/1
47630 SUBANG JAYA
SELANGOR, MALAYSIA

Lesen untuk menggunakan Tanda Eco-Label di atas barangan
a licence to use the Eco-Label Mark on

RAINWATER HARVESTING (RWH) SYSTEM

Please refer to detail in the SCHEDULE

sebagai mematuhi keperluan
as complying with

SIRIM ECO 039 : 2014

Nur Fadhilah binti Muhammad
Ketua Pegawai Eksekutif
Chief Executive Officer
SIRIM QAS International Sdn. Bhd.

SIRIM QAS International Sdn. Bhd.
(No. Syarikat 410334-X)
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Seksyen 2, Peti Surat 7035
40700 Shah Alam
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http://www.malaysian-certified.my

Tarikh Mula Pensijilan *Certified Since*	: 03 August 2022	**Tarikh Dikeluarkan** *Issue Date*	: 04 August 2022
Sah Sehingga *Valid Until*	: 03 August 2024	**No Siri** *Serial No*	: 076505

Lesen ini dianugerahkan tertakluk kepada syarat-syarat Perjanjian Pensijilan Barangan SIRIM QAS International Sdn. Bhd.
This Licence is granted subject to the provisions of the Product Certification Agreement of SIRIM QAS International Sdn. Bhd.

ECO-Label Mark from SIRIM QAS International

DIVIDEND

The Board of Directors had earlier declared first interim dividends amounting to 0.5 sen per ordinary share which was paid out to our shareholders in March 2022. A final dividend of 1.5 sen has been proposed and recommended by the Board, subject to shareholders' approval at the forthcoming Annual General Meeting. If approved by shareholders, the total pay-out for the year will be 2.0 sen per ordinary share vs 1.5 sen per ordinary share in the previous year. Total pay-out is approximately RM6.3 million, translating to a dividend pay-out ratio of approximately 29.0% against EPS vs a pay-out ratio of 18.0% in the previous corresponding year.

NOTE OF APPRECIATION

I am pleased to welcome YBhg. Dato' Dr. Hj Shamsul Anwar Bin Sulaiman who have been appointed as Independent Non-Executive Director of AWC Group on the 24th of August 2022.

On behalf of the Board, I wish to express my sincere appreciation to the management, partners and staff for their perseverance, tireless contribution and commitment that had allowed the Group to weather throughout a challenging year.

To our clients and business associates we thank and appreciate your continued confidence in us. I would also like to take this opportunity to thank fellow Board members and wish to record my utmost appreciation to the Government of Malaysia and all other authorities and agencies for their invaluable support and assistance.

Finally, I would like to thank all shareholders and other stakeholders for your continued trust and support in us. I wish to reiterate that we will spare no effort towards enhancing the value of your investment.

DATO' NIK MOD AMIN BIN NIK ABD MAJID
Independent Non-Executive Chairman

SUSTAINABILITY STATEMENT

Report Overview & Our Divisions

GRI 102-46, 102-50, 102-52, 102-53, 102-54

This is AWC Berhad's 5th annual Sustainability Statement. In this statement, we disclose the efforts taken to accomplish our primary goals of long-term development and value creation for our stakeholders. To help steer the business towards sustainability aspirations, this report provides an assessment of the steps taken to ensure best practices across the Economic, Environmental, Social and Governance (EESG) spectrum. AWC Berhad's commitment to building an improved environment for valued clients and communities remains at the forefront to ensure business sustainability.

In addition to measuring our sustainability performance against Malaysian guidelines and frameworks, such as the Bursa Malaysia Securities Berhad's ("Bursa Malaysia") Main Market Listing Requirements on Sustainability Reporting (2nd edition), we have also taken into consideration global reporting standards, such as the Global Reporting Initiative (GRI) Standards, Core Option as a reference.

Furthermore, we have identified and aligned our efforts with the United Nations Sustainable Development Goals (UNSDGs) that are most relevant to our business. This in turn enables us to widen our corporate footprint for greater impact.

We are committed to the adoption and fulfilment of our sustainable pledges for the long-term viability of our business by sharing our sustainable practices.

Accessibility
This report in PDF format is available to view or download at our corporate website at www.awc.com.my/investor-relations/

The reporting period is from **1 July 2021 to 30 June 2022**. The scope of this report extends to all four divisions stated below, covering offices in Malaysia, Singapore, and the Middle East.

Guidelines & References

Main Guide

GRI Empowering Sustainable Decisions

Supplementary Guideline

SUSTAINABLE DEVELOPMENT GOALS

Supplementary Reference

Group Profile

GRI 102-1, 102-2, 102-4, 102-5, 102-7, 102-12, 102-13

AWC Berhad (hereafter referred to as "AWC" or "the Group") is a prominent engineering services group in Malaysia. It is also known as one of the region's leading providers of "one-stop" integrated facilities management services to building owners.

Headquartered in Selangor, Malaysia, the Group also provides waste management system solutions, integrated facilities management, construction solutions for rails, and plumbing services. Below are the Group's key business units and entities:

Ambang Wira Sdn Bhd (AWSB) [100%*]

AWSB heads the Group's Facilities Division which is also the Group's largest division in terms of workforce. AWSB is a major provider of "one-stop" integrated facilities management services throughout Malaysia.

DD Techniche Sdn Bhd (DD Techniche) [100%*]

DD Techniche is an engineering company that specialises in designing and building Rainwater Harvesting (RWH), Greywater Harvesting and other water treatment systems.

Qudotech Sdn Bhd (Qudotech) [100%*]

Qudotech provides specialised plumbing services and has been named the winner in the Water and Waste Water category of the Construction Industry Trade Awards (CITA) 2020.

Trackwork & Supplies Sdn Bhd (TWS) [60%*]

TWS, the Group's youngest division, provides services in various areas of the railway sector such as construction and maintenance for track, depots and equipment.

Stream Group Sdn Bhd (STREAM) [51%*]

STREAM heads the Group's Environment Division. It is headquartered in Selangor, Malaysia, with subsidiary offices in other parts of Malaysia, Singapore and Abu Dhabi, United Arab Emirates (UAE).

*Note: *AWC Ownership*

Membership of Associations

To stay abreast of industry developments, AWC is a member of various industry-related associations including:

1	Construction Industry Development Board (CIDB)	2	American Society of Heating, Refrigerating and Air-Conditioning Engineers (ASHRAE)
3	Pusat Khidmat Kontraktor (PKK)	4	Singapore Business Federation (SBF)
5	Kementerian Kewangan	6	Abu Dhabi Chamber of Commerce
7	MyHijau Mark & Directory	8	Dubai Chamber of Commerce
9	Malaysia Green Building Council (malaysiaGBC)		

Governance Structure

GRI 102-18

AWC is fully dedicated to incorporating sustainability into its operations. This is to ensure high standards of governance and integrity are championed across all business activities. AWC adopts a three-tier sustainability governance structure as indicated in Figure 1 below. Since its formation in 2018, AWC's sustainability initiatives have been spearheaded by the Board of Directors ("BOD") who hold the ultimate duty and accountability for the Group's sustainability performance.

Working in tandem with the BOD, the Group Chief Executive Officer (CEO) leads the Sustainability Steering Committee (SSC) and is backed by the Senior Management team. Together, they oversee the business activities implemented by the Sustainability Working Committee (SWC). The SWC is responsible for developing and carrying out the operations required to achieve the Group's sustainability goals.

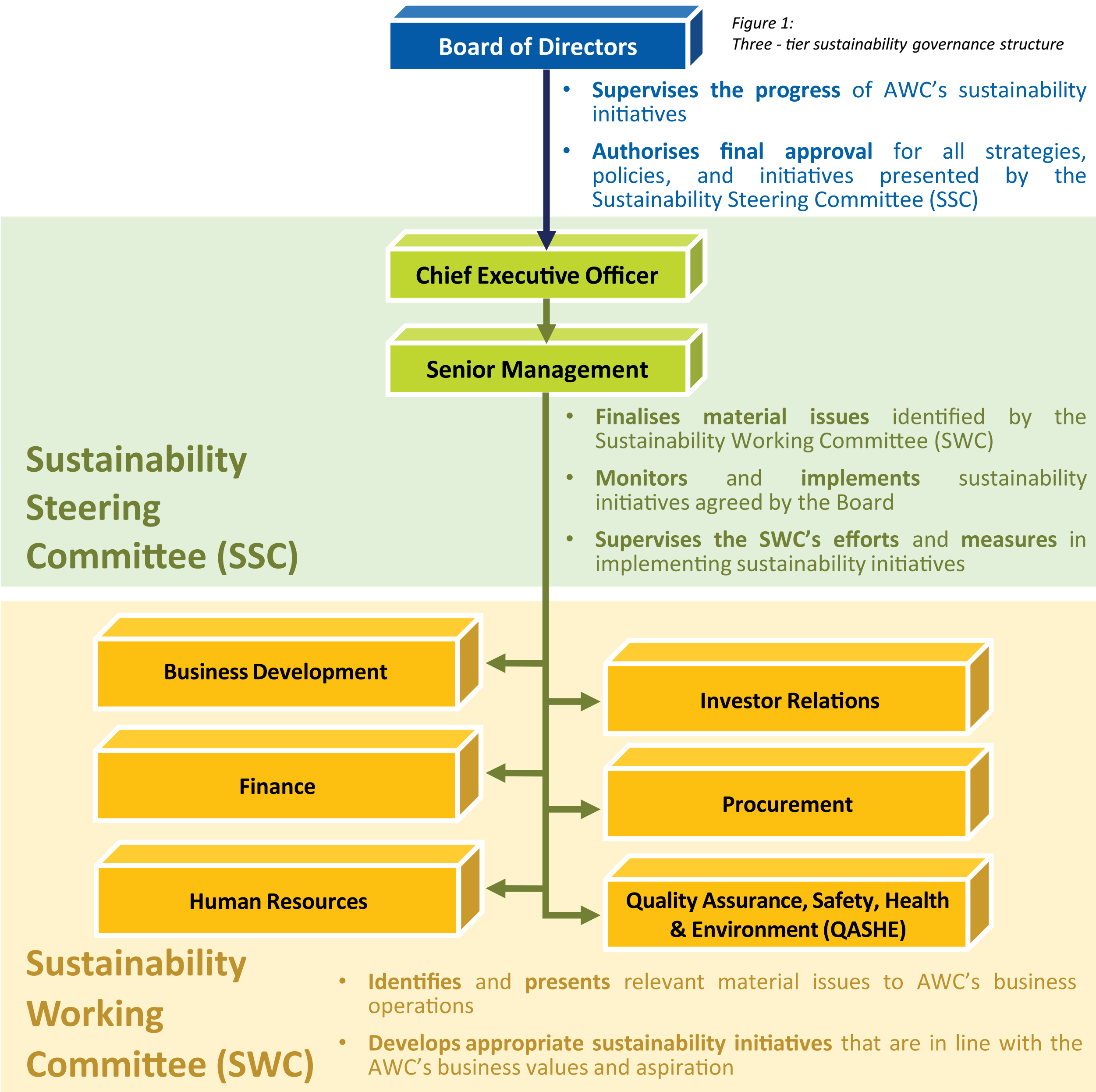


Figure 1:
Three - tier sustainability governance structure

Key Stakeholders Engagement

GRI 102-40, 102-42, 102-43, 102-44

All individuals or groups who are involved in, influenced by, or are interested in AWC's operational processes are regarded as stakeholders. We maintain continuous dialogues with our stakeholders throughout the year to solicit their viewpoints, needs and expectations on key topics of interest. This in turn garners trust and mutual respect with all of our stakeholders.

We also leverage numerous platforms and provide a variety of avenues for our stakeholders to make suggestions and share their thoughts which are reflected in the table below:

Investors

Topics of Interest	Engagement Approach	Frequency
• Return on investment • Transparent reporting with credible data • Innovative supply chain solutions • Orderbook replenishment rate	Investor earnings conference	As and when required
	Investors/analyst briefings	Biannually
	Annual Report	Annually
	Corporate website	Per announcement by Bursa/ Product/ R&D
	One-on-one meetings	As and when required
	Virtual Annual General Meeting	Annually

Customers

Topics of Interest	Engagement Approach	Frequency
• Reliable service and on-time delivery • Customer convenience • Competitive pricing • Operational efficiency	Customer feedback and surveys	Ongoing
	Market research	As and when required
	Operational meetings	Ongoing
	Client social events	As per management decision

Employees

Topics of Interest	Engagement Approach	Frequency
• Competitive pay and benefits • Clear communication • Work-life balance • Career growth and opportunities	Training & talent development	Monthly
	Employee engagement survey	As and when required
	Town hall meetings	As and when required
	Internal audit on operations	Annually
	Employee performance evaluation	Annually

Contractors

Topics of Interest	Engagement Approach	Frequency
• Reputation of Main Contractor • Timely pay-outs and workmanship • Type of projects involved	• Credit-worthiness checks with Credit Tip-Off Services (CTOS)	As and when there is tender for new projects
	• Two-way dialogue for process and quality improvement	As and when required

Table 1: Key Stakeholder Engagement Details

Key Stakeholders Engagement (Cont'd)

GRI 102-40, 102-42, 102-43, 102-44

Regulatory Authorities and Statutory Bodies

Topics of Interest	Engagement Approach	Frequency
• Regulatory compliance • Corporate governance • Standards and certifications • Risk management	DOSH inspection of elevators & escalators	Annually
	Jabatan Keselamatan dan Kesihatan Pekerja (JKKP) inspection on elevators and escalators	Annually
	Fire safety and building inspection by BOMBA	Annually
	Facility visits by a certified electrical engineer	Twice a month
	External Audit (DNV-GL) – Quality Management System	Annually
	External Audit (Sterling) – Finance, Operations and Procurement	Annually
	Construction Industry Development Board (CIDB) Malaysia	As and when renewal of CIDB cert, CIDB green card, etc
	Safety incident reporting	As and when an accident occurs

Suppliers/ Subcontractors

Topics of Interest	Engagement Approach	Frequency
• Timely pay-outs • Procurement practices • Supplier Code of Conduct • Quality of Products/Materials • Supplier support and performance	Supplier/Subcontractors assessment forms	During supplier screening or before registering into the Group system. Annually review the performance of suppliers
	Supplier/Subcontractors registration forms	As and when required during vendor registration for purchase-and-pay purposes
• Transparent tender processes and accurate pricing	Obtaining prices from 3 tenderers for comparative evaluation	Every new project
• Post-project evaluations	Face-to-face/Virtual meetings and evaluation checklist	Annually

Local Community

Topics of Interest	Engagement Approach	Frequency
• Impact of operations on environment • Economic opportunities	Charitable donations and hosting of community events	As per management decision
	Employment opportunities through local hiring	As and when required

Table 1: Key Stakeholder Engagement Details (cont'd)

Materiality Methodology & Analysis

GRI 102-42, 102-43, 102-44

In the previous reporting period ending June 2021, a re-evaluation of the materiality assessment was conducted where input was obtained from internal stakeholders. In 2022, feedback from both internal and external stakeholders was collected to ensure a better representation of our business' material matters.

To ensure integrity was upheld and to enhance effectiveness, AWC engaged independent professional consultants to conduct the materiality assessment this year through sustainability engagement surveys. The outcomes of the surveys have been **validated by our Sustainability Working Committee (SWC) and Sustainability Steering Committee (SSC).**

After receiving input from **over 150 stakeholders** based on the assessment of **sixteen (16) key material matters,** we classified the data collected into four (4) categories, namely Economic, Environment, Social and Governance (EESG). Using a 3-step process to identify the key material matters, the materiality matrix was created *(as shown on the next page):*

Step 1: Identification and Review of Material Issues

We reviewed the 16 material matters which came from the following sources:

- **Internal:** Information from the previous years' materiality assessment
- **External:** Bursa Malaysia Sustainability Reporting Guide, GRI guidelines

We found that the material matters are still relevant to AWC and decided to gain input from our stakeholders to prioritise these material matters.

Step 2: Prioritisation of Material Matters

We engaged with AWC leadership team, employees in the Group and external stakeholder groups through a survey exercise in order to gauge:

- The influence of these material matters on **stakeholders' assessments** and **decisions**
- The **significance of the material matters** towards the Group's Economic, Environmental and Social impacts
- The **prioritisation of stakeholders.** This is based on the significance and importance of stakeholder groups.

Step 3: Approval from the Sustainability Steering Committee

The outcomes from the survey were mapped out in the form of a Materiality Matrix. This was then **shared with the SWC for validation** before gaining **approval from the SSC.** This process was implemented to ensure **integrity** and **credibility** of the materiality matrix.

Materiality Matrix

GRI 102-47, 102-48, 102-49

The Group's Materiality Matrix is illustrated in Figure 2 below. Out of sixteen (16) material matters, AWC recognised **eleven (11)** as "**very high priority**". These material matters are mapped in the top right section of the materiality matrix - Products & Services Responsibility, Occupational Health & Safety, Regulatory Compliance, Economic Performance, Anti-Corruption, Talent Management, Human Rights and Diversity, Energy Consumption, Procurement and Supply Chain, Waste and Effluent Management as well as Anti-Competitive Behaviour.

The changes to the material matters as compared to the previous reporting period are stated in the footnote below.

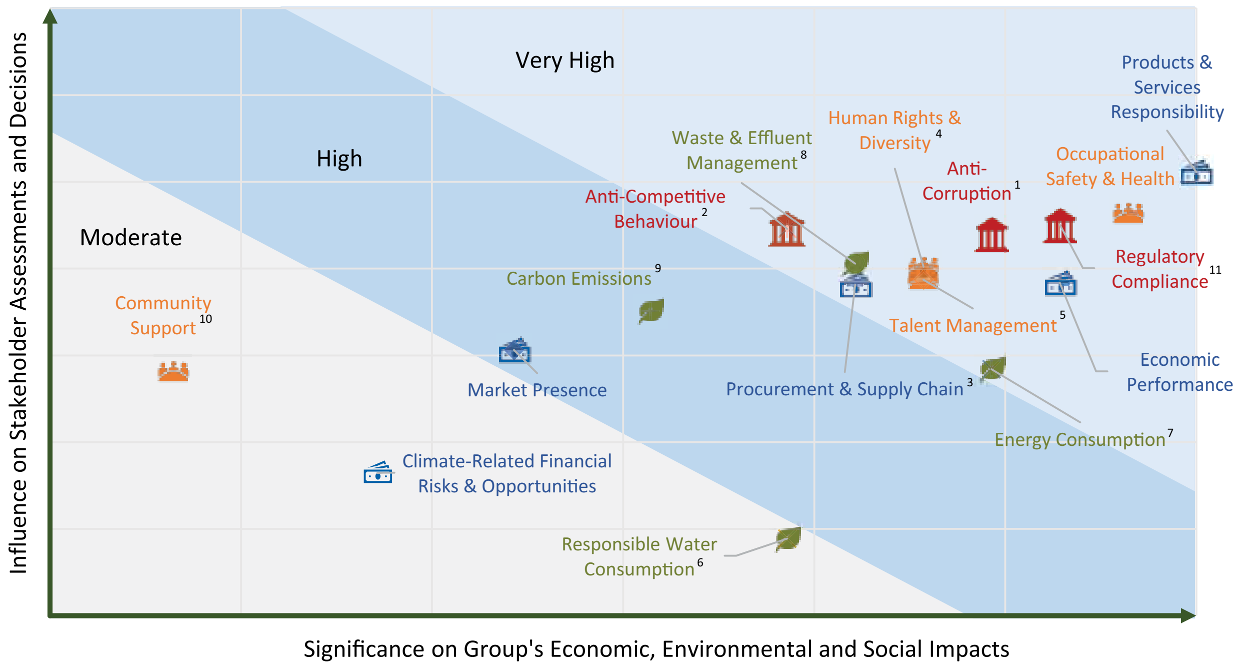


Figure 2: Materiality Matrix

Legend:

Economic	Environment	Social	Governance
Products & Services Responsibility	Energy Consumption	Occupational Health & Safety	Regulatory Compliance
Economic Performance	Waste & Effluent Management	Human Rights & Diversity	Anti-Corruption
Procurement & Supply Chain	Carbon Emissions	Talent Management	Anti-Competitive Behaviour
Market Presence	Responsible Water Consumption	Community Support	
Climate-Related Financial Risks & Opportunities			

Changes to EESG category:
1 Anti-Corruption: From Economic to Governance
2 Anti-Competitive Behaviour: From Economic to Governance

Combined due to inter-related impact:
3 Procurement & Supply Chain
4 Human Rights & Diversity
5 Labour Practices → Talent Management

Added for increased importance
5 Talent Management

Removed due to irrelevance to business operations
Biodiversity
Land Remediation, Contamination and Degradation

Renamed for better clarity:
6 Water → Responsible Water Consumption
7 Energy → Energy Consumption
8 Waste and Effluent → Waste and Effluent Management
9 Emissions → Carbon Emissions
10 Community Investment → Community Support
11 Compliance → Regulatory Compliance

Alignment of Material Matters to UNSDGs

GRI 103-1

The Group's alignment with the United Nations Sustainable Development Goals (UNSDGs) is reflective of our stance towards prioritising our sustainability efforts in achieving the shared blueprint for peace and prosperity for people and the planet, now and in the future. In support of the 2030 Agenda for Sustainability Development, we have identified how our sustainability initiatives can contribute to the respective UNSDGs. These are outlined in Table 2 below:

Table 2: Alignment of Material Matters to UNSDGs

Economic

Material Matters	Why They Matter To Us	Contribution to UNSDGs
M1: Products & Services Responsibility	Operating with care for the environment and society by minimising the negative impacts through quality control standards and regulations.	6, 12
M4: Economic Performance	Contributing to our nation's economy in terms of reducing wealth inequality, creating employment and business opportunities, and creating facilities to build the nation for economic advancement.	8
M10: Procurement & Supply Chain	• Selecting quality resources and ensuring smooth inventory control. • Supporting local suppliers and performing good environmental, social and ethical practices throughout the supply chain.	12, 16, 17
M13: Market Presence	Expanding our market presence by constantly innovating and enhancing our products and services to transcend global standards.	12, 8
M15: Climate-Related Financial Risks & Opportunities	Assessing how climate-related issues make an impact on our business operations and taking strategic actions to enhance environmental sustainability.	12, 13

Environment

Material Matters	Why They Matter To Us	Contribution to UNSDGs
M6: Energy Consumption	Managing energy consumption throughout business operations by maximising production efficiency.	12
M9: Waste & Effluent Management	Handling waste safely and minimising trade effluents by using Sustainable Waste Management Systems.	6, 12
M12: Carbon Emissions	Minimising carbon emissions by taking measures in daily operations and adopting environmental-friendly alternatives.	12, 13
M14: Responsible Water Consumption	Managing water consumption and improving water quality.	6, 9, 14, 12

Alignment of Material Matters to UNSDGs (Cont'd)

GRI 103-1

Social

Material Matters	Why They Matter To Us	Contribution to UNSDGs
M2: Occupational Health & Safety	Carrying out precautionary measures and procedures according to safety and health regulations to protect employees on site.	3, 8
M7: Human Rights & Diversity	• Respecting our employees by providing the right to join unions while cultivating a pleasant working environment. • Eliminating any form of discrimination by providing equal opportunities to every individual from diverse backgrounds.	5, 8, 16, 10
M8: Talent Management	Building a culture that promotes a sustainable and productive workforce.	8, 16
M16: Community Support	Creating a positive impact on various communities to fulfil a greater purpose of helping individuals and families in need.	1, 2

Governance

Material Matters	Why They Matter To Us	Contribution to UNSDGs
M3: Regulatory Compliance	Upholding integrity by complying with all Economic, Environmental and Social legislations.	3, 6, 8, 10, 12, 13, 16
M5: Anti-Corruption	Adopting a zero-tolerance policy against all forms of bribery, fraud and corruption to uphold ethical values, integrity and transparency in our business operations.	8, 10, 16
M11: Anti-Competitive Behaviour	Offering our products and services fairly and legally in the market without creating monopolistic markets.	12

Table 2: Alignment of Material Matters to UNSDGs (cont'd)

ECONOMIC

AWC regards economic performance to be of crucial importance in achieving sustainable growth. With strong shareholders' backing, the sustainable management of assets and capital is vital to ensure the long-term development of the business.

Although external factors such as rising inflationary pressures and geopolitical risks continued to surface in the latest year, AWC responded to market predicaments positively. Mechanisms to retain workforce and talents were established and investments were made to digitally revamp internal processes to increase productivity.

Despite an expected slowdown due to pandemic supply interruptions, international market presence, mainly in China and Australia, increased as the Group expanded its footprint.

In efforts to enhance its progression towards adopting a sustainable procurement and supply chain network, sourcing locally for products and leveraging on mutually beneficial relationships enabled AWC to minimise its carbon impact and establish cost savings across transportation and other import costs.

Another area which presents opportunities to lower climate-related financial risks is the adoption of sustainable water management systems.

AWC continues to make headway towards adopting strategic initiatives which produce sustainable economic outcomes. The economic gains garnered to date by the Group have been positively distributed through the operations in both our local and international markets.

Economic Indicators

GRI 102-7, 201-1, 203-1, 203-2

This page provides an overview of how AWC utilises its resources and operational input in order to create value for our Group as well as for our stakeholders:

Resources and Operational Input

RM 315,072,442
Operating Costs
(Material, Energy, Equipment, etc.)

RM 414,000
Investment in R&D

Creating Value With Our Projects

Note: The following AWC projects are those which have garnered strong economic impact. This list is not exhaustive.

Facilities	Environment	Engineering	Rail
• National Institutes of Health (NIH)	• Woodland Health Campus, Singapore	• TRX Hotel and Office, KL	• KVMRT2
• Hospital Orang Asli Gombak	• Mah Sing M Nova and M Astra	• Merdeka 118, KL	• KVLRT3
• Menara PJH, Putrajaya	• HDB Executive Development, Singapore	• Chin-Chin Water Treatment Plant, Melaka	• Gemas-JB Electrified Double Tracking

Value Created

For the Group

RM 355,194,991
Revenue

RM 21,532,326
Profit After Tax and Minority Interest

For our Stakeholders

RM 82,668,591
Employee Wages & Benefits

RM 4,748,727
Dividends Paid

RM 196,000
Community Investments

RM 11,627,169
Tax Paid

1,137
Total No. of People Employed
(New & existing, including Singapore and UAE office)

Products & Services Responsibility

GRI 419-1

AWC's success is attributable to the responsibility taken in the product development process, whereby we prioritise reliable, consistent quality and optimal safety in delivering our products and services.

We strive to comply with existing products and service standards set by regulators as well as meet the needs of our clients. We have successfully reduced the number of incidents by 3 counts compared to last year. This can be seen in Table 3 below:

Year		Safety	Absence to Meeting	Housekeeping	Total
2022	No. of Incident(s)	3	-	1	4
	Total Fines Incurred (RM)	3,351	-	19,958	23,309
2021	No. of Incident(s)	6	-	1	7
	Total Fines Incurred (RM)	5,116	-	17,647	22,763
2020	No. of Incident(s)	4	1	-	5
	Total Fines Incurred (RM)	3,576	51	-	3,627

Table 3: Total Number of Incidents of Non-Compliance to Product or Services Standards

We took these incidents seriously and had taken necessary actions to rectify the causes. One of the measures taken was the introduction of a series of new inspections carried out in conjunction with a checklist to ensure products, especially new ones, are designed and produced according to specifications.

In addition to adhering to product and service compliances, we also reached out to our customers for their feedback. Our latest scores were compared with the previous year or project as shown in the table below:

Customer Satisfaction (Latest)	AWSB	STREAM	DD Techniche	Qudotech	TWS
Customer Satisfaction Score (%)					
2022	**90%**	**92%**	**95%**	**84%**	**N/A***
2021	91%	88%	95%	84%	92%
Customer Complaints Rate					
2022	**0%**	**12%**	**1%**	**N/A**	**0%**
2021	0%	14%	1%	N/A	0%

Table 4: Customer Satisfaction (Latest)

Additional initiatives taken to improve the quality of our products and services were:

1. DD Techniche increased the percentage of products and services assessed for improvements (from 15% last year to 22% of products this year). Additionally, there were more products with product labelling as per the requirement by SIRIM.

2. The latest innovation from DD Techniche includes improving the siphonic drainage system without any header which resulted in savings on cost and material.

3. All rainwater products and components have signages, operation manuals and Quality Assurance & Quality Control (QAQC) inspection checklists.

Note:
* TWS is unable to provide for year 2022 as they have yet to send Customer Satisfaction Survey to their customers

Economic Performance

GRI 103-2, 103-3

In 2022, the average Malaysian unemployment rate dropped to 3.7% (June 2022) from 4.8% (June 2021). Whilst a reduction in unemployment is typically regarded as a positive indicator for the economy, this also meant that the availability of the local workforce had reduced, which was a challenge for AWC's operations.

Additionally, there is traditionally a high reluctance to take up dirty, dangerous and difficult (3D) jobs by local talents. The lack of available local workforce thus becomes an inherent issue for employers, causing groups like us to recruit foreign workers in order to fill operational gaps.

As business operations returned to normal after the COVID-19 pandemic, the market saw a spike in demand for blue-collar labour. In addition to this, AWC had to manage challenges in handling the operating procedures associated with recruitment processes for foreign workers from countries such as Indonesia and Bangladesh.

We responded to these challenges by revising our employees' salaries/wages with the following intentions:

Talent Retention

Retention of current workforce and talents by revising our employees' salaries.

Inflation-proofing

Increment of wages to help **support our employees in coping with inflation** and enabling them to sustain themselves.

In 2022, the Group also invested in digital tools to help improve internal processes and productivity. Below are some examples of the efforts made:

Availability of Hardware & Software

Replacing desktops with laptops to facilitate the 'Work From Home' phase during the MCO period. Servers and back-up systems were also implemented to ease the mobility of employees.

Transitions in Technology

Centralisation of the Enterprise Resource Planning (ERP) system in order to standardise processes, increase number of users and activate dormant module/database.

Procurement & Supply Chain

GRI 102-9, 102-10, 103-2, 103-3, 204-1

The pandemic and the Ukraine crisis have impacted global supply chains severely. At every step of the process, there is the risk of disruption, either in manufacturing, transportation or distribution.

In 2022, these disruptions caused extensive delays, thus driving up the costs of many goods. This created an opportunity for AWC to ensure that sustainable initiatives were embedded within its supply chain.

Below are examples of the actions undertaken by AWC to ensure healthy procurement practices were adopted to develop a sustainable supply chain:

Focus on Local Suppliers

Source locally for suppliers in order to minimise carbon impact and save on transportation as well as other costs of importing materials and products

Price Setting & Inflation

Lock in material prices with suppliers

At AWC, we value long-term business relationships, especially with our suppliers. To achieve this, we manage our supply chain by addressing a wide range of legal, social, ethical, and environmental risks with our partners.

AWC also places priority on engaging with local suppliers who support the consideration and actions that the Group is taking with regards to lower carbon emissions. The high ratio of engagement with trusted local suppliers is depicted in the reference table below.

% of Local Suppliers			
AWC Subsidiaries	**2020**	**2021**	**2022**
AWSB	100%	100%	100%
STREAM	95%	62%	98%
DD Techniche	80%	80%	80%
Quodotech	100%	100%	100%
TWS	0%*	0%*	0%*

Table 5: Percentage of Local Suppliers

As part of our sustainable supplier practices, AWC conducts annual reviews of our suppliers' integrity and publicly expresses zero tolerance for corrupt practices to all our stakeholders. We strictly adhere to our anti-bribery policy and procedures and the same is also expected from our suppliers. In the event that the adoption of non-compliance practices are unearthed among our stakeholders, severe warnings or a direct termination is issued.

Note:

* TWS uses mainly foreign suppliers. Local suppliers will be engaged where applicable.

Procurement & Supply Chain (Cont'd)

GRI 102-9, 102-10, 103-2, 103-3, 204-1

We are constantly seeking to broaden our supplier network which also helps to ensure cost efficiencies. AWC's STREAM and Qudotech divisions have continually expanded and improved upon our list of suppliers. In just 3 years, these 2 divisions have successfully added 83 new and experienced suppliers to our AWC supplier list *(refer to Table 6 below).*

When it comes to sourcing new suppliers, the Group will continue to conduct due diligence such as market surveys and integrity investigations. When there is a need for products and services, we will formally communicate with the potential suppliers to seek quotations. The broadening of suppliers' networks reduces over-reliance on any single supplier and thus reduces the Group's risk exposure.

Number of Suppliers Being Added to the List Annually			
AWC Divisions	**2020**	**2021**	**2022**
AWSB	0	0	0
STREAM	20	15	15
DD Techniche	0	0	0
Qudotech	10	18	5
TWS	25	26	N/A*

Table 6: Number of Suppliers Being Added to the List Annually

Note:
* TWS is unable to provide for year 2022 as suppliers will be added and removed yearly based on the material & service requirement in the respective financial year or ongoing/new projects.

Market Presence

GRI 102-2, 102-4, 102-6, 102-7, 102-9, 103-1, 203-1, 203-2

AWC's business footprint covers 5 major regions including Southeast Asia (SEA), Asia, Oceania, Europe, and the Middle East *(refer to Figure 3 below).* Thanks to accumulative effort, our STREAM division continues to expand our business footprint in China and Australia in 2022.

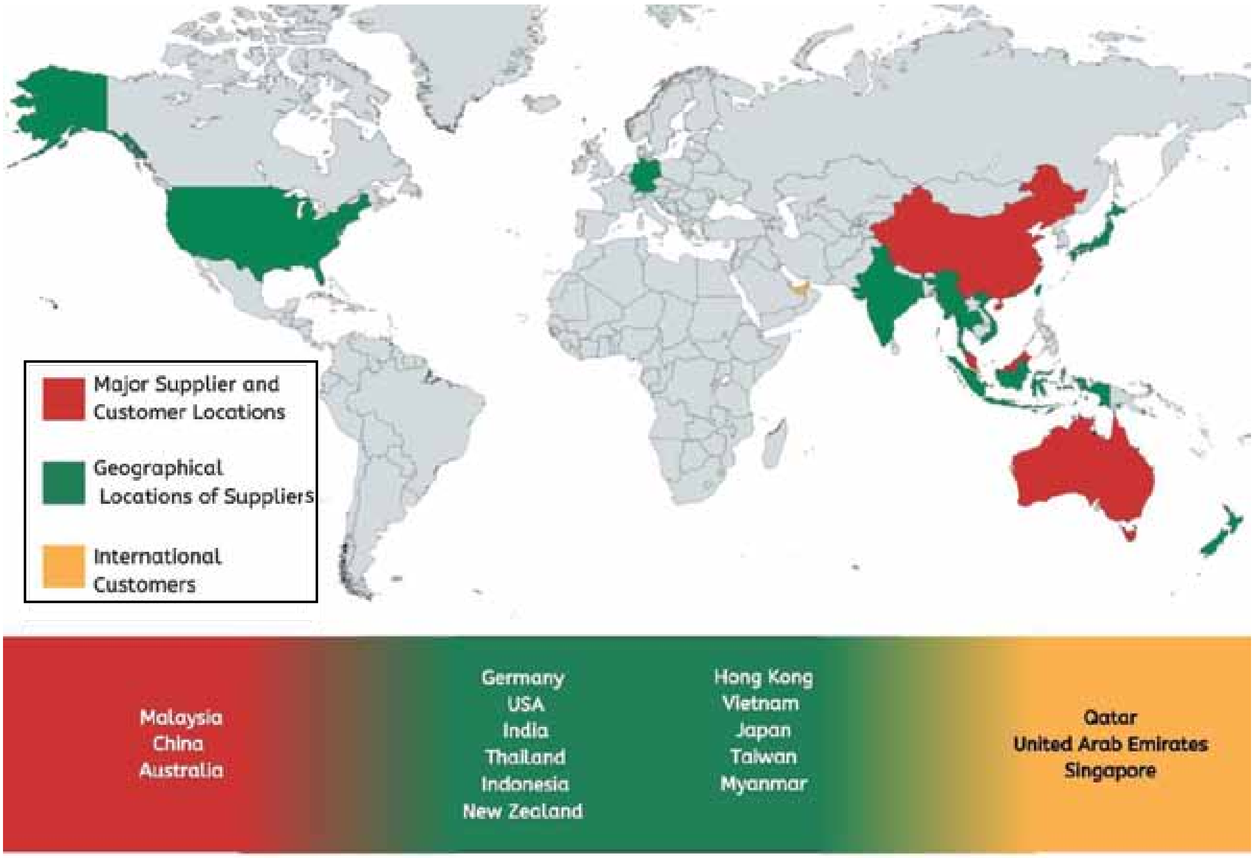


Figure 3: Map of AWC's Suppliers and Customers

The Group as a whole provides our products and services to the following sectors:

Railway

Construction

Development

Hospitals

Private & Public Sector

Aviation

Climate-related Financial Risks & Opportunities

GRI 201-2

Climate-related opportunities exist in a variety of ways throughout our business. We see significant potential in the provision of Rainwater Harvesting (RWH) systems by DD Techniche. Our focus is to help our customers save and manage their water resources effectively.

With the demand for water resources in Malaysia steadily rising due to industrialisation, population growth, and global climate change, the mass adoption of sustainable water management systems will help in coping with water scarcity.

Rainwater harvesting has become increasingly popular as one of the sustainable methods of providing water supply to the public. Due to the severe effects of climate change, such as heavy floods and harsh droughts, this is an opportunity for people to learn more about the benefits of rainwater harvesting and how it helps the surrounding environment. Below are some benefits of adopting rainwater harvesting systems:

Optimum Use of Rainwater

Water harvesting means making **optimum use of rainwater** to achieve self-sufficiency in water supply, without relying too heavily on remote water sources.

Water Reservations for Drought Seasons

In Malaysia, prolonged droughts may cause the water availability to fall short of demand in states that support large-scale agriculture for crop production. This RWH system can be modified to **reserve the excess water produced during the rainy seasons** so that it can be used for **used for future drought seasons.**

ENVIRONMENT

AWC views Environmental Sustainability as an essential part of conserving the planet and its ecosystem for longevity. In recent years, AWC has focused on maximising the use of its resources to help create an impact towards climate change, environmental sustainability and the reduction of waste that is generated from business operations.

In efforts to combat the threat of global climate change, AWC reflected on its contribution to the emission of Greenhouse Gases (GHGs) across its operations. Measures to reduce the carbon footprint of our businesses involve minimising the use of energy where possible and adopting energy-saving actions.

AWC's waste management efforts are centred around handling waste efficiently through the designing and set-up of sustainable waste management solutions. The number of Sustainable Waste Management Systems Solutions installed by AWC for our clients had increased by 26%.

AWC holds a strong stance towards responsible water management. Although there is still a long way to go in reaching global water security, the Group continues to invest in resources through its Rainwater Harvesting and Water Treatment systems to promote the conservation of water and improvement of water quality.

The facilities division also has direct influence and impact on the water consumption of our clients. As a whole, our clients' water consumption had decreased by 63%.

Carbon Emission & Energy Consumption

GRI 103-1, 103-2, 103-3, 302-1, 302-3, 302-4, 305-1, 305-2, 305-5

AWC is aware of the increased reliance on energy and electricity due to digitalisation. This applies not only to the Group, but also to the clients we serve. When we provide services to our clients, we also play a part in minimising the energy and/or electricity used by our clients. Energy usage is closely related to Carbon Emissions. According to the GHG Protocol Corporate Standard, Scope 1 includes direct GHGs which are essentially from our fuel consumption. Scope 2 on the other hand, reports indirect GHGs coming from the electricity consumed.

The figures and tables illustrated below indicate the direct and indirect GHGs released by the Group:

Scope 1: Direct Greenhouse Gases

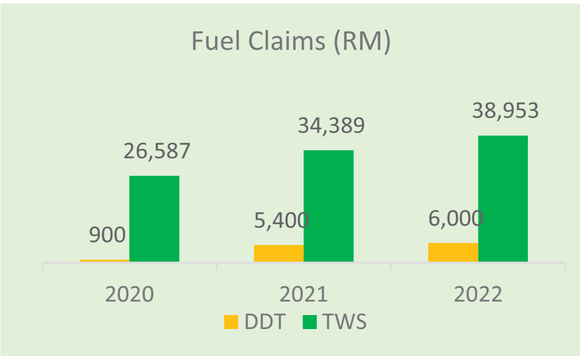


Figure 4: AWC Fuel Claims (RM)

The increase in fuel consumption was mainly due to the higher usage of company cars to project sites for work purposes.

To reduce fuel consumption, AWC has introduced the following measures:

Company carpooling to attend meetings, inspections at site and material delivery.

Scope 2: Indirect Greenhouse Gases

Divisions:	2020	2021	2022
AWSB	11,132,405	10,933,157	11,188,283
STREAM	-	-	-
DD Techniche	60	156	180
Qudotech	13,368	10,749	8,104
TWS	6,598	6,776	6,804
Total	**11,152,431**	**10,950,838**	**11,203,371**

Table 7: AWC Total Electricity Consumed (RM)

Year	Energy Intensity: Building Energy Index (BEI)(kWH/M2/Year)
2020	107.9
2021	105.8
2022	109.6

Table 8: AWC Building Energy Index (kWH/M2/Year)

Total electricity consumed fluctuated over the past 3 years as work operations were still uncertain.

To reduce electricity consumption, the group continued to practise the following measures:

Turning off air-conditioning when not in use

Turning off electricity when not needed

Use of energy-efficient LED lamps

Waste & Effluent Management

GRI 103-1, 103-2, 103-3, 306-2

AWC stands firm on minimising waste effluents. This is in correlation with our work of ensuring water is processed and clean from waste. We are compliant with stipulated waste management requirements for waste generated. Our waste management practices involve recycling steel and transporting other solid waste to the waste bin. The Group also provides waste management services to companies, notably:

Healthcare Waste Management Services

STREAM provides services that introduce a convenient and efficient way of disposing of, handling and collecting general waste and linen from medical centres/hospitals.
They include:
- Automated Waste Collection System (General Waste and Recyclable Waste)
- Automated (Bed Linen) Linen Collection System

Sustainable Waste Management Systems Solutions

AWC provides certified waste management systems solutions including:
- Automated Pneumatic Waste Collection Disposal System
- Automated Gravity Vacuum Waste Management

Due to STREAM solutions being able to transport waste from various disposal points to a centralised collection station via a **pipeline network,** clients are able to:

Eliminate the exposure of waste to the environment

Promote a **hygienic** and **safer** environment (no odour, no spillage and no pest)

Reduce labour involvement and **maintenance cost**

Over 3 years, we are proud to report that the number of systems installed for clients **increased about 26%** year-on-year.

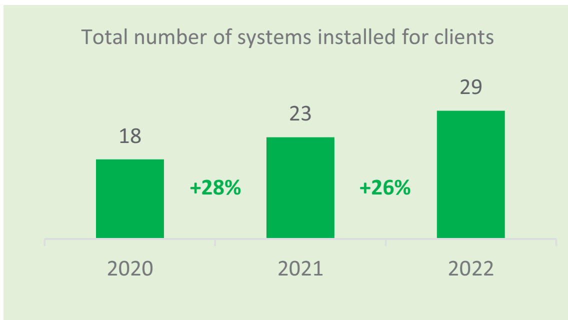


Figure 5: Sustainable waste management solutions systems

Photo 1: Automated Waste Collection System for Healthcare Waste Management Services

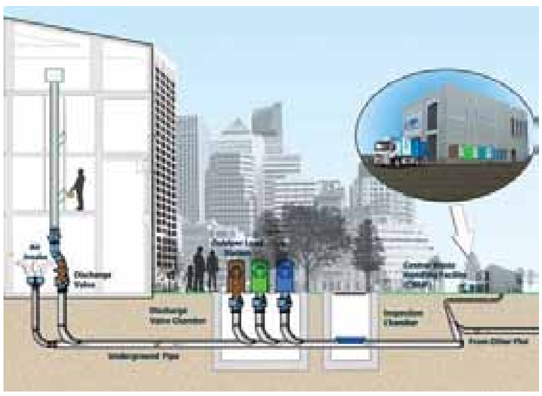


Photo 2: Automated Pneumatic Waste Collection System

Responsible Water Consumption

GRI 103-1, 103-2, 103-3, 303-1, 303-2, 303-5

AWC strongly believes that water is one of the most important resources to manage in order to improve world sustainability. Our Group's engineering company, DD Techniche, provides rainwater harvesting and water treatment systems. We also strive to minimize water usage in our daily operations.

Photo 3: Rainwater Harvesting System - MAHA ESTET

Photo 4: Water Treatment - PNB118

Rainwater Harvesting

AWC provides the equipment and services to collect and conserve rainwater for future use. In the past year, we have achieved:

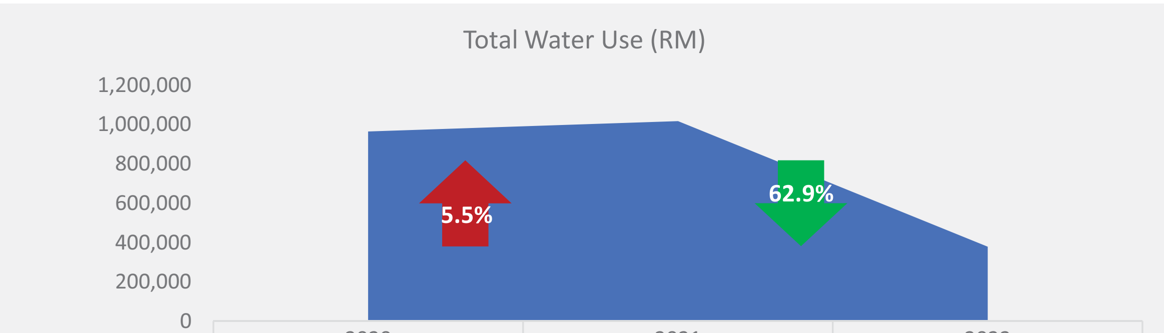
- $30m^3$ water saved per month
- $360m^3$ water recycled
- RM820 saved

Water Treatment

The water treatment system is created using the latest technology to improve water quality. In the past year, we have achieved:

- 5,288L water treated

AWSB provides facilities services to clients, including building tenants and Government Agencies. An aspiration for the future is to ensure efficient water usage for our clients so as to keep consumption at a minimum level. Figure 6 below shows our client's total water use, which has decreased over the past year:



	2020	2021	2022
AWSB's Clients	964,063	1,017,280	377,790

Figure 6: AWSB's Clients' Total Water Use (RM)

Social

AWC holds social sustainability close to its heart, placing efforts on practices which foster a strong sense of community. Several operational initiatives have been put in place to enhance workplace practices. This is all in aid of providing tangible support and care to the Group's most valued asset – people.

AWC acknowledges that the Group's achievements and success are directly correlated to a high- performing and committed workforce. As a result, emphasis and investment in Talent Management are strongly supported by the Group. To ensure continued success and future growth, AWC has increased its resource allocation towards training and developing employees, as well as introduced incentive structures to reward and retain talents.

Providing and maintaining a safe and healthy working environment for our employees remains a top priority. AWC ensures that Occupational, Safety and Health ("OSH") practices and policies are adhered to and that standard operating procedures are maintained. This is carried out by the OSH committee that has been set up for each division. Their remit is to ensure measures are taken to safeguard the well-being of employees and customers.

As an aspiring corporate citizen, AWC takes the responsibility to uplift local communities by giving back to those in need. Community projects such as SENYUM are examples of philanthropic activities undertaken regularly to contribute to the less fortunate, including those who have been impacted by natural disasters over the past year.

Occupational Safety & Health

GRI 103-1, 103-2, 103-3, 403-1, 403-2, 403-3, 403-4, 403-5, 403-7, 403-9

Our people are the backbone of AWC. Therefore, providing a safe and healthy environment for our employees and staff to carry out workplace tasks, projects and activities is a key priority. Our objective is to ensure risks and hazards are eliminated by adhering to OSH procedures and policies that lower the potential of injuries and accidents.

At AWC, OSH committees have been set up across divisions that have been tasked with the responsibility of managing employee-related OSH challenges. They meet regularly to resolve cases and ensure that up-to-date measures for employee health and safety are constantly implemented.

Figure 7 on the right shows an example of STREAM's Safety and Health Committee.

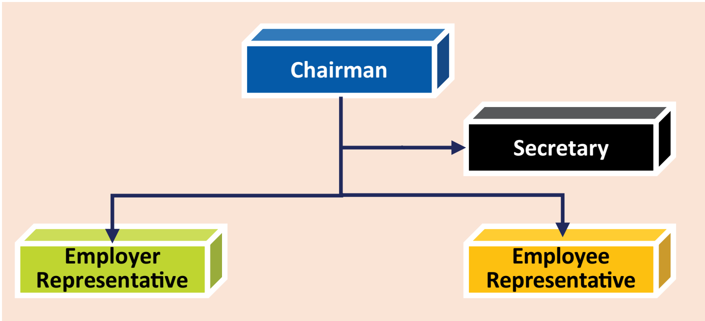


Figure 7: STREAM Safety and Health Committee

Yearly Progress on Indicators

	Indicators	2020	2021	2022
	Absentee Rate			
	• AWSB	1.72%	1.17%	0.94%
	• DD Techniche	0.76%	4.55%	4.55%
	Number of Injuries			
	• AWSB	2	3	5
	Number of Fatalities	0	0	0

Table 9: AWC Occupational Safety and Health Indicators

Table 9 above shows the progress of the Group's OSH indicators over the past 3 years. The rate of absentees is mostly due to personal reasons. To discourage absenteeism, the Group provides an attendance allowance and requires employees to inform their manager at least 3 days before taking leave to ensure that any urgent work is completed on time. Additionally, we have also arranged for online healthcare talks for our staff. The Group is pleased to report that there have been zero fatalities over the past 3 years.

The following are some of the health and safety measures that we have taken:

Health & Safety Measures

Management Systems and Processes

AWC regularly updates their health and safety processes into accessible documents to ensure employees are well informed of the measures required to be safe at work.

Since 2020, new measures were added to address mercury thermometer breakages and sharp bin spillages caused by employees, as well as the COVID-19 outbreak. Other than that, processes for installation of AWC products were also updated.

These updated documents include:

- Safety Manuals
- Emergency Response Plans
- Standard Operating Procedures
- Monthly Bulletins

Occupational Safety & Health (Cont'd)

GRI 103-1, 103-2, 103-3, 403-1, 403-2, 403-3, 403-4, 403-5, 403-7, 403-9

Health & Safety Measures

Internal Site Survey & External Verification

We take measures to make sure the facilities we provide are free from defects and that installation sites are safe for our clients to enter. In addition to our internal inspection and surveillance teams, we also partner with external bodies such as the Selangor Department of Occupational Safety and Health (Jabatan Keselamatan dan Kesihatan Pekerjaan Selangor) to assess our own workplace and installation sites.

Site surveys are performed each time our project team visits the installation sites, whereas audits by external bodies are performed annually at the end of the year. In 2022, all verification results were deemed to be satisfactory.

The Scope of Verification includes:

- Check personal protective equipment
- Assess Hazard Identification, Risk Assessment and Risk Control (HIRARC)
- Ensure safety awareness training is provided
- Re-examine SOPs for every work process
- Check functionality of machinery and equipment
- Inspect materials
- Check installation area progress
- Assess site condition
- Ensure fire drills are performed
- Ensure first aid boxes are maintained

OSH Training

To build a consistently safe work culture, AWC provides training related to Safety Awareness to every employee.

In 2022, our employees were given basic safety inductions during their on-site visitation. Measures to ensure safety during inspections and trainings on how to perform site surveys for new projects were also provided.

We provide different channels for learning, including practical classes and video clips.

Trainings were also conducted by external parties. These include:

- National Institute for Occupational Safety and Health (NIOSH)
- Construction Industry Development Board (CIDB)

Photo 5: Zero Accidents Training at TP 24, TRX Project in June 2022

Human Rights & Diversity

GRI 102-7, 102-8, 103-1, 103-2, 103-3

Having a diverse workforce cultivates idea generation, innovation and creativity. These are essential for the sustainable growth of AWC. In 2022, our total workforce registered at:

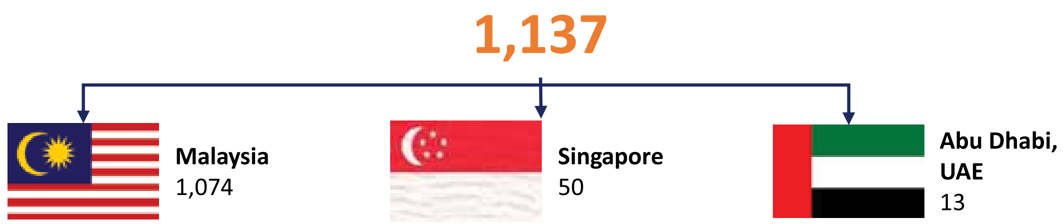


Figure 8: AWC Total Workforce and Country Breakdown

Workforce by Gender

Due to the nature of its businesses which are more labour-intensive, AWC has a majority of male employees.

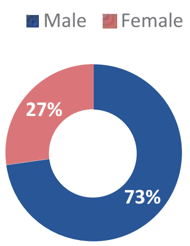


Figure 9: AWC Workforce by Gender

Workforce by Ethnicity

The workforce comprised of diverse ethnicities with the Malay population being the largest, followed by other ethnicities, then Chinese and Indian.

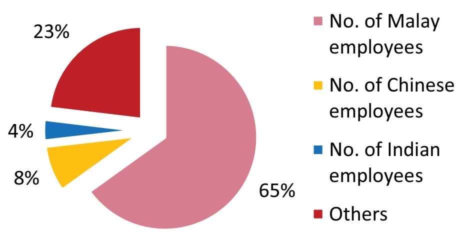
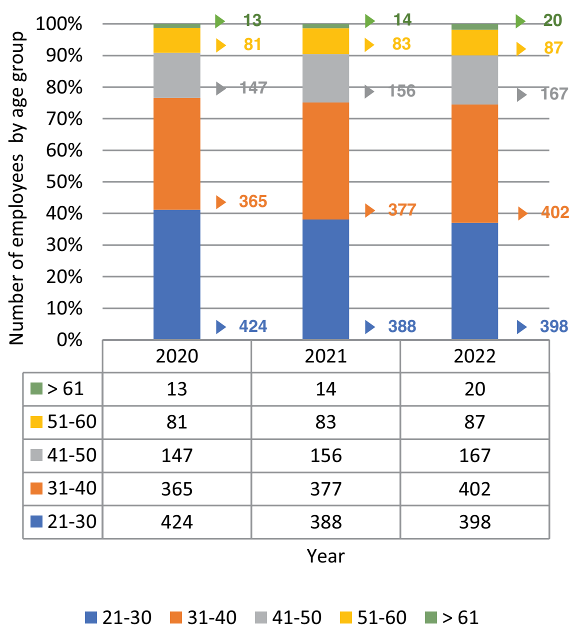


Figure 10: Total Workforce Breakdown by Ethnicity in 2022

Workforce by Age Group

Our Group's workforce is made up of a mix of the young and experienced. We have followed similar ratios in terms of age groups across the years.

In recent years, we have managed to increase our workforce, despite the pandemic challenges.



	2020	2021	2022
> 61	13	14	20
51-60	81	83	87
41-50	147	156	167
31-40	365	377	402
21-30	424	388	398

Figure 11: Total Workforce Breakdown by Age Group in 2022 (for Malaysia only)

Talent Management

103-1, 103-2, 103-3, 401-2, 404-1, 404-2, 404-3

We believe that building up AWC's talent is what makes the Group successful. Employee satisfaction derived from personal growth, emphasis on succession planning and clear career development paths also results in employee retention. The following table shows progress of our talent management efforts towards enhancing knowledge, skills and competencies:

Training

Indicators	2020	2021	2022
Average hours per Full-Time Equivalent (FTE) of training & development			
• AWSB	10.2	4.1	14.5
• STREAM	9.5	4.2	11.5
• DD Techniche	0	1	60
• TWS	0.5	0.4	1.5
Total Average:	**5.1**	**2.4**	**21.9**
Average amount spent (RM) per FTE on training & development			
• AWSB	339	217	702
• DD Techniche	0	125	625

Table 10: AWC Training Indicators

After the COVID-19 pandemic, AWC allocated more resources towards training our talents. We are proud to report that the average training hours per FTE have increased to almost 22 hours as a group. Some of our subsidiaries have also spent 2.2 to 4 times more training funds on training and development compared to the previous financial year.

Photo 6: Digital Marketing Training Session

Incentives

To ensure our employees' well-being and satisfaction are covered, the Group has also provided incentives and benefits such as the ones below:

- Promotions
- Project Bonuses
- Pay Raises
- Company Car Provisions for Managers
- Medical Leave
- Work-From-Home Arrangements
- Hospitalisation Benefits
- Dental Benefits

Other Initiatives

Aside from providing incentives to employees, we are committed to our employees' growth and career development. All employees are appraised by the Heads of Department (HODs) based on their individual KPIs as per the guidelines stipulated in the Performance Appraisal Form. The appraisals are conducted at least once a year.

In addition, AWC conducts an Employee Engagement Survey as and when required to assess employees' satisfaction with their work and the Group.

Community Support

GRI 103-1, 103-2, 103-3, 201-1, 413-2

AWC is committed to giving back to society and supporting those in need. We serve because we care. In 2022, our yearly SENYUM Project was operational again despite the challenges of COVID-19. We yearn to bring smiles to the community which brought upon the project name SENYUM, the Malay word for "smile."

In this project, we gathered preloved clothing and donated them to less fortunate families. These households included those that were severely impacted by the flood that occurred throughout the year.

The following illustrates the process flow of the project:

Step 1: Collection

AWC created a designated basket for employees to set aside their preloved clothes for donation. The clothes were collected at the end of each month.

Step 2: Hygiene

Any clothing donated had to be pre-washed before being accepted. This is to ensure hygiene, cleanliness and functional quality.

Step 3: Segregation

Clothes would then be sorted into different categories (Women, Men and Children) for ease of distribution.

Step 4: Delivery

Lastly, the clean preloved clothes would be delivered to identified households.

Total Contribution: **RM 196,000** & **100** voluntary hours

We are proud to report that we have contributed a total of 100 voluntary hours and approximately RM196,000 community investments which include donations to organisations such as Yayasan Aman, Bantuan Banjir Shah Alam, Bantuan Palestin, etc.

Photo 7: Clothing Donation

Photo 8: Community and Flood Donation

Governance

AWC holds the Group to the highest standards in business ethics, principles and Codes of Conduct as part of its sustainability agenda. This is because we recognise that good corporate governance is important in the execution of our business strategies and in generating lasting shareholder value.

Adopting business practices that reflect diligence in fair and professional dealings as well as high levels of integrity, is warranted among all employees of the Group to ensure continuous governance is implemented.

Our sustainability governance structure as depicted in the "Introduction" section of our report supports our commitment to maintain high standards of corporate governance across our businesses.

The next few pages would contain measures and/or behaviours that we are practising as a group. These include:

- Fostering a safe workplace free from discrimination
- Instilling mutual respect towards one another
- Exercising due diligence in our behaviours including bribery and corruption, conflict of interest, soliciting of gifts, fraud, anti-competitiveness
- Adhering to whistleblower guidelines

Compliance

GRI 102-16, 103-1, 103-2, 103-3, 419-1

AWC ensures that its companies comply with regulatory requirements, being mindful of how crucial it is to the Group's long-term future. As a result of this commitment, the Group has registered zero fines on non-compliance behaviour towards local laws and regulations. Some of the regulatory compliances that we adhere to include:

- Employment Act 1995
- Environment Quality (Sewage) Regulations 2009
- Minimum Wage Order 2020
- Environmental Quality (Scheduled Wastes) Regulations 2005)
- Uniform Building By-Laws
- Occupational Safety & Health Act 1994
- Construction Industry Development Board (CIDB)
- Factories & Machineries Act 1967
- Environmental Quality Act 1974
- Fire Services Act 1988

As a continuous measure to enhance its duties of business diligence, good faith and standards of integrity towards Governance, AWC has also adopted the following measures:

- Internal Audits
- Quality Assurance & Quality Control (QAQC)
- Anti-Competitive Behaviour
- Code of Conduct
- Anti-Bribery Management System (ISO37001) ABMS
- Whistleblower Policy

Anti-Corruption

GRI 103-1, 103-2, 103-3, 205-2

As part of AWC's business practices towards Governance, the Group adopted the Anti-Bribery Management System ISO 37001 (ABMS) starting in the year 2022.

The purpose of ABMS is to provide companies with a comprehensive guide and reference point for all employees on how to prevent, detect and respond to bribery incidences. Included in the standard is compliance with laws, regulations and other voluntary commitments to anti-bribery and corruption-avoidance.

Trainings on Anti Bribery Awareness were conducted during the 2nd and 3rd quarters of 2022 for all key senior management personnel across major business divisions. The content of the training included but was not limited to diagnostic assessments and awareness training.

AWC is also reviewing and updating its Anti-Bribery and Anti-Corruption Policy, the Whistleblowing Policy and any relevant key operational documentation which includes the Employee Handbook, Code of Ethics and Code of Business Conduct.

Anti-Competitive Behaviour

GRI 103-1, 103-2, 103-3, 206-1

In its commitment to sustainability governance, the Group complies with Anti-Competitive Behaviours. These are guidelines that prohibit anti-competitive agreements within the marketplace, ruling out any collusion with third parties and competitors. Prohibited actions include the promotion of unfair advantages through price-fixing and unscrupulous procurement practices.

AWC is also governed by the Group's Code of Business Conduct in all of its dealings. This is managed by stringent whistleblowing policies and robust internal audit systems that help prevent any violations of such policies and Anti-Competitive Behaviour laws.

MANAGEMENT DISCUSSION & ANALYSIS

OVERVIEW OF BUSINESS ACTIVITIES

AWC Berhad ("AWC" or "the Company") is an investment holding company with three core activities undertaken by its subsidiaries (collectively, "the AWC Group" or "the Group"), providing Total Building Solutions in the following Divisions:-

NO.	DIVISION	CORE ACTIVITIES
1.	Facilities Division	Provides integrated facilities management ("IFM") services for the buildings and facilities maintained by the Division. This includes biomedical, facilities engineering maintenance services, security and cleaning services. This Division's main source of income is derived from a Concession awarded by the Federal Government to provide IFM services to the Southern Zone (comprising states of Johor, Malacca and Negeri Sembilan) and Sarawak. In addition to the Concession, we have been contracted to undertake the Critical Asset Refurbishment Programme ("CARP"), whereby we will undertake repairs, refurbishments and replacements of critical assets as predetermined by the Federal Government in the buildings and facilities under the Concession. The tenure for both the Concession and CARP is for a ten-year period from 1 January 2016 till 31 December 2025. The Division also carries out IFM work for Commercial and Healthcare segments. The subsidiary companies operating under this Division are Ambang Wira Sdn Bhd, AW Facility Management Sdn Bhd and Environmental & Landscape Services Sdn Bhd.
2.	Environment Division	This Division provides the design, supply, installation, testing and commissioning of automated pneumatic waste collection systems under the proprietary brand of 'STREAM' ("STREAM PWCS") with on-going projects located in Malaysia, Singapore, Taiwan, Hong Kong, India and the Middle East. This Division also undertakes operations and maintenance ("O&M") services of its STREAM PWCS for its clientele, where required. The subsidiary companies operating under this Division are Stream Group Sdn Bhd (formerly known as Nexaldes Sdn Bhd), Stream Environment Sdn Bhd, Stream Environment (S) Pte Ltd, Stream Group Sdn Bhd, Nexaldes Sdn Bhd (Abu Dhabi), Stream Industries Sdn Bhd, Premium Patents Sdn Bhd and Stream Automated Waste W.L.L.
3.	Engineering Division	This Division is a distributor of several international brands of building controls and engineering components for heating, ventilation & air conditioning (or commonly known as "HVAC") systems and provider of building management systems in Malaysia and Singapore. The Division undertakes larger projects in the HVAC field as a contractor for the implementation of full air conditioning systems and other Mechanical and Electrical Engineering ("M&E") works for buildings and facilities. These activities are carried out via M&C Engineering and Trading Sdn Bhd and M&C Engineering and Trading (S) Pte Ltd. It also undertakes all types of plumbing related works including cold/hot water and sanitary plumbing, via Qudotech Sdn Bhd ("Qudotech"). Qudotech has been active in the field since 1995. Qudotech undertook previously and are currently implementing several significant projects. Another wholly-owned subsidiary, DD Tehniche Sdn Bhd ("DDT") holds two exclusive dealerships for the distribution of Rainwater Harvesting Components and Products ("RHCP") in Malaysia. DDT undertakes the design, supply and installation of RHCP for all new and refurbished buildings. The plumbing and RHCP businesses are carried out via Qudotech and DDT.

NO.	DIVISION	CORE ACTIVITIES
4.	Rail Division	The Division provides railway construction and maintenance solutions by supplying and providing specialized services in the areas of the railway track, depot and rolling stock. This ranges from the manufacturing and trading of track materials, tools, equipment and machinery, supplying of depot equipment and tools, supplying rollingstock components and interior works, to providing track diagnostics and monitoring systems in Malaysia. It is also able to provide refurbishment works and maintenance activities for rolling stock, equipment and for machinery as well as specialized services such as design, engineering, technical support and supervision for track construction or maintenance activities. Additionally, this Division represents Principals from Europe, USA, Australia and China who manufacture and supply lifting equipment, precast polymer concrete crossing, track construction machinery, buffer stops, wheels, prestressed concrete sleepers, rail fastenings, turnouts, crossings and expansion joints. The Division's customers comprise all rail asset owners and operators in Malaysia.

OBJECTIVES & STRATEGIES

The Group's long-term objective is to be a leading, Malaysian-grown, engineering services group in Asia providing Total Building Solutions. Our objective is balanced with a commitment towards environmental conservation and protection in everything we do.

In line with our overall objectives, we have set out shorter-term goals for the Group and for each Division. These are defined in our business plans while annual targets and priorities are underlined in our annual budget. Our business plans include amongst others:-

a) Analysis of current business environment together with commercial updates and unique challenges experienced by each Division. We analyse the outlook, challenges and prospects for the immediate future (i.e. the next two financial years), and prospects beyond that, both from an operational and financial point of view. With our assessment of the future in hand, we then strategize our way forward to best face the challenges and also to take advantage of opportunities that may present themselves.

b) Divisional objectives together with the corresponding strategic directions and action plans to be embarked upon to:-
   i. achieve the prescribed targets and goals.
   ii. address the specific circumstances and challenges affecting each Division in achieving those targets and goals.

c) An assessment of various risks associated with each Division and the overall Group, and also of controls in place or planned to address or mitigate these risks.

d) Assessment and justification of requirements envisaged to undertake the business plan and towards achieving set objectives.

e) Action plans to be undertaken to head in the appropriate direction or to achieve set objectives.

f) Clearly defined management accountabilities and operational responsibilities.

g) Proposed timeline for the implementation and achievement where relevant of each strategic direction and action plan.

h) A framework for the control and monitoring of the progress of every strategic direction and action plan implemented. This would enable us to vary and/or re-strategize our action plans to take into account the situation on the ground.

The annual budget exercise deals with the above matters but goes into more depth looking at contemporary business conditions and updates. We regularly review the Income Statement and Balance Sheet on a detailed basis for each Division and subsidiary. We cover revenue (current and projected), progress of projects, operational issues and costing related matters. In reviewing projected revenue, we constantly assess our order book and project pipeline (i.e. potential projects) and cross-selling opportunities within the Group. The Board is regularly updated at Board meetings regarding the financial performance of the Group and individual Divisions against the budget approved, as well as against the previous financial year.

Where necessary, our budget (and our business plan) would be revised to accommodate the latest social economic developments and business updates.

REVIEW OF FINANCIAL RESULTS AND OPERATING ACTIVITIES

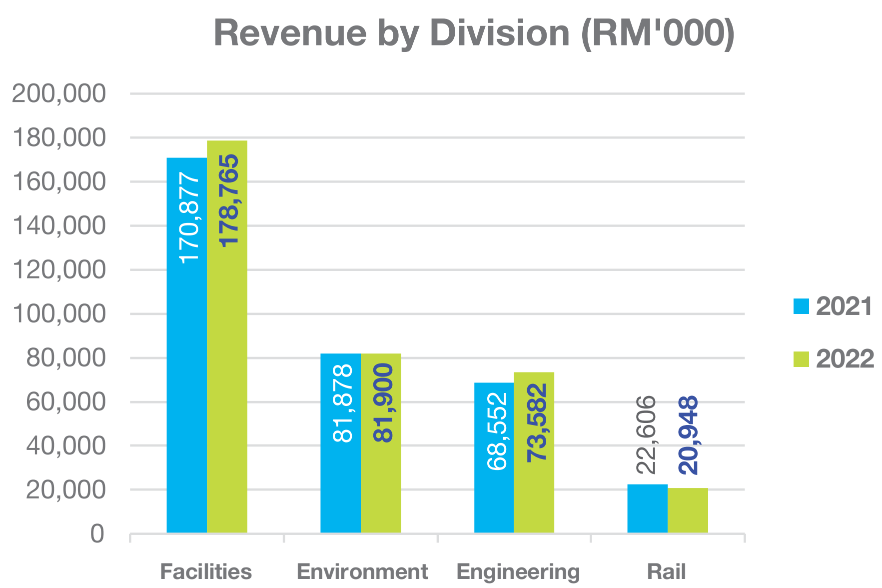
The Group

For the financial year under review, AWC Group reported a growth in revenue at RM355.2 million. Group profitability was however lower at RM21.5 million.

During FYE 2022, the Group's revenue was contributed by four (4) divisions: facilities, environment, engineering, and rail. The Facilities division continued to be the largest contributor to Group revenue followed by the Environment, Engineering, and Rail divisions, respectively.

Revenue

The Group reported RM355.2 million in revenue, an increase of 3.3% as compared to FYE 2021 revenue of RM343.9 million. The Facilities Division and Engineering Division propelled the growth in revenue for the Group with revenue from the Environment Division remaining flattish. The Rail Division was the odd one out with slight contraction due to completion of big-ticket projects in the previous corresponding year. Breakdown of each division's revenue contributions is as follows:



Facilities Division

The Facilities Division reported a revenue of RM178.8 million for FYE 2022 which represents 50.3% of our total Group revenue, an increase of 4.6% against RM170.9 million from FYE 2021, made possible largely by the following:

a) Full year contribution from the revision in concession agreement's rate increasing to RM59.0 million per annum from RM52.0 million with effect from 1 January 2021 arising from the Concession with the Federal Government.

b) Commencement of new contracts secured under the Hospital Support Services (HSS) segment during the year mainly the National Institutes of Health (NIH) and Hospital Orang Asli Gombak (HOAG) plus additional works mainly from Hospital Shah Alam and Institut Kanser Negara.

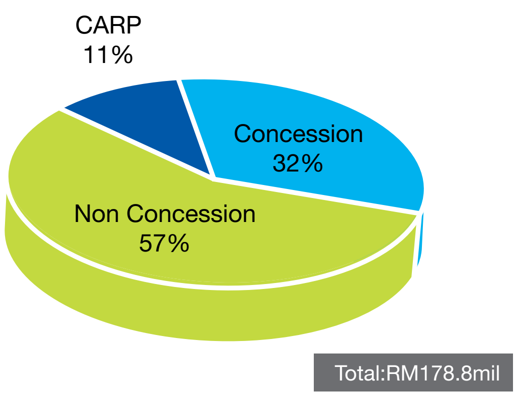
c) Completion of rectification works for JKR Putrajaya sites.

d) Higher recognition of Critical Asset Refurbishment Programme (CARP) revenue amounting to RM19.1 million as compared to RM9.4 million recognised in FYE 2022.

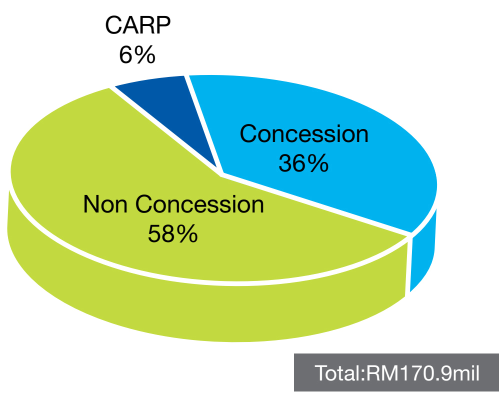
Profitability of the Division however came in lower at RM11.8 million in FYE 2022 vs RM13.0 million in FYE 2021 mainly due to lower reversal of provision for bonus amounting to RM2.2 million vs RM4.9 million in the previous financial year and the impact from the implementation of Minimum Wage Ordinance 2022 which came into effect in May 2022.

The business of the Facilities Division can be broken into Concession and Non-Concession segments. The Concession segment contributed approximately 43% to the total revenue of Facilities division in FYE 2022 whilst the Non-Concession segment contributed 57%. Award of new contracts and renewals of existing contracts namely NIH, HOAG, Menara PJH in Putrajaya, Menara OBYU in Petaling Jaya, Wisma Mahmud in Kuching and ECERDC in Pasir Mas and Kerteh helped drive the overall results of the division.

Revenue by Segment 2022



Revenue by Segment 2021



Engineering Division

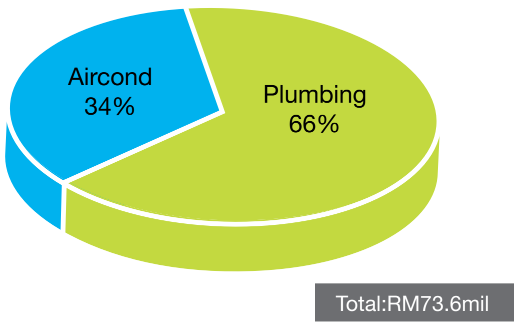
The Engineering Division contributed 20.7% of the Group revenue or RM73.6 million in FYE 2022 vs RM68.6 million reported in FYE 2021, representing an increase of 7.3%.

The strong growth in revenue by the Division was solely driven by the rapid progress of major projects experienced by the plumbing segment where revenue surged by over 35% to RM48.4 million in FYE 2022 vs RM35.7 million in FYE 2021. The progress was made possible by the strong pickup in construction works post MCO 3.0 propelling the reopening of the economy in the country. The growth in revenue was however offset by the following: (i) Weaker performance of the Singapore air-conditioning unit where revenue declined 23% to RM24.7 million in FYE 2022 from RM32 million in FYE 2021 and cost overruns in some projects, effectively dragging the unit into a loss, (ii) Slow replenishment of trading revenue, loss on disposal of obsolete stock, and Impairment of receivables amounting to RM1.12 million by the Malaysia air-conditioning unit, and (iii) Impairment of receivables amounting to RM1.07 million by our plumbing segment. Lower revenue from our rainwater harvesting unit mainly due to completion of large projects in the previous financial year had also weighed on the profits by the Division.

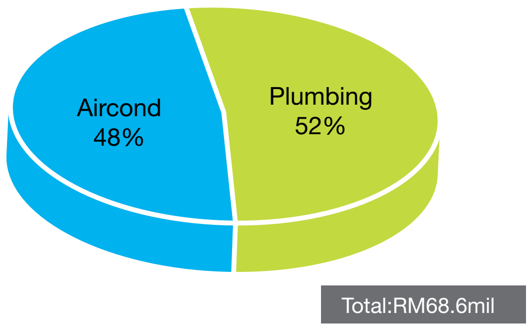
MANAGEMENT DISCUSSION & ANALYSIS
(CONT'D)

Progress for the Division's Major projects namely Merdeka PNB 118 project was at 72.6% as at end of FYE 2022 vs 58.2% in FYE 2021, the PNB 1194 was at 68% vs prior year progress of 55.6% while for the Lendlease Lifestyle Mall, the percentage of completion of the project was at 85.3% vs 49.3% as at end FYE 2021.

Revenue by Segment 2022



Revenue by Segment 2021

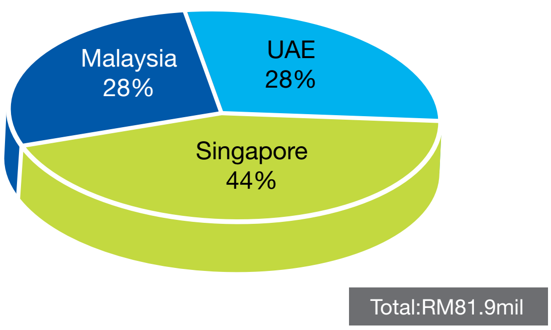


Environment Division

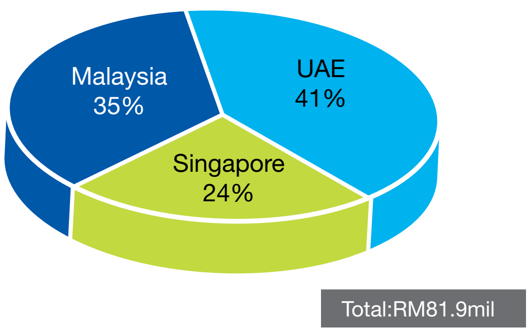
The Environment Division contributed approximately 23.1% to our total Group revenue with RM81.9 million in revenue for FYE 2022, relatively unchanged as compared FYE 2021. The softer revenue growth came against the backdrop of a stronger performance in the previous financial year where in the current year, project progress in Malaysia and Abu Dhabi slowed down in the early part of the financial year. Adverse revision of gross profit margins for projects mainly in the Middle East region had resulted in lower profitability of the Division as a whole. In the previous FYE 2021, STREAM Group had achieved final accounts on projects across the region resulting in slower growth in the current year as well. Replenishment of new orders continue to be robust, albeit slower as compared to record high of new jobs secured in the previous corresponding year.

Profitability of the Division came in slightly lower in FYE 2022 mainly due to the adverse revision of gross margins of several projects in the Middle east. A total of 28 projects were handed over during FYE 2022 with another 53 projects expected to be handed over in the following year. Completed projects during FYE 2022 includes M Centura, Datum Jelatek and The Pano in Malaysia. Across the causeway, STREAM Group handed over a few prestigious projects including Martin Modern, Singapore National Cancer Centre, Margaret Ville, The Garden Residence and Meyer House while in Abu Dhabi, a total of 19 projects were successfully handed over.

Revenue by Geographic Segment 2022



Revenue by Geographic Segment 2021



Rail Division

Revenue for the Division came in lower at RM20.9 million, contributing 5.9% to the Group revenue in FYE 2022 as compared to RM22.6 million in FYE 2021. The completion of major projects in the previous financial year including the Klang Valley Double Tracking project and grinding works for KVMRT2 had resulted in the revenue of the Division coming in lower in FYE 2022. Despite the lower revenue, the Division had managed to improve on its profitability owing mainly to the absence of impairment on receivables in the current financial year as compared to RM2.6 million impairment made in FYE 2021.

The division completed a few projects during the year including supply of rail grinding vehicle and spare parts for the KVMRT2 Project, supply of welding kits and materials for Gemas-JB Double Tracking and KVLRT3 Projects and scheduled maintenance and overhaul work programmes for KTMB. New jobs secured during the year under review includes the supply of precast concrete turnout bearers to Integrated Train Testing Centre in Singapore, supply of wheel for Class 92 SCS Komuter and the refurbishment of train seats for Electric Train Set (ETS93) and Komuter (SCS92) Set, both of which for KTMB.

Profit Before Tax

The Group recorded a Profit Before Tax and Zakat for FYE 2022 of RM43.0 million as compared to FYE 2021 PBT of RM47.4 million, a decrease of 9.3%. In addition to factors contributing to the lower PBT by the respective divisions as highlighted above, higher impairment loss on goodwill of RM2.8 million during the year under review vs RM2.1 million in FYE 2021 further contributed to the lower PBT.

FINANCIAL POSITION

The Group's balance sheet remains robust, sitting on a net cash position of RM116.1 million and a net cash per share of 36.7 sen as at 30 June 2022.

Current assets and current liabilities stood at RM348.4 million and RM117.4 million respectively, translating to a current ratio of 2.97x. Our Group's receivables stand at about RM113.8 million while payables are at RM80.2 million.

Total net assets amounted to RM224.5 million, or 70.9 sen per share, an increase from RM206.3 million, or 65.2 sen per share in FYE 2021.

Overall, our balance sheet remained on solid footing and has sufficient working capital to execute all the existing projects in our order book. The Group's businesses can sustain an asset light approach due to the nature of low capital expenditure ("CAPEX") requirement. As such, there are no plans to undertake any significant CAPEX in the foreseeable future.

We do not foresee that there will be any significant change to AWC's capital structure, except for the impact from new shares issued in line with the exercise of the ESOS by the Group's eligible employees.

CORPORATE DEVELOPMENT

On 24 February 2022, the Group announced the payment of interim dividend amounting to 0.5 sen per share in respect of FYE 2022.

On 24 August 2022, the Group announced the proposed payment of final dividend amounting to 1.5 sen per share in respect of FYE 2022.

KEY RISKS

The Group's risk exposure of reliance on contracts is mitigated by having a diversified portfolio to generate a steady stream of income. We also have a balanced portfolio of government and private sector contracts.

The Group is also exposed to foreign exchange risks due to its international operations, namely the Singapore Dollar, the United State Dollar and United Arab Emirates Dirham. The volatility of these foreign currency affects both our revenue and costs incurred, where contracts outside Malaysia are in the respective foreign currencies. Further information on currency exposure is set out in Note 35(b)(iii) to the financial statements.

Analysis of other key financial risks such as liquidity risk, credit risk as well as capital risk management are discussed in Note 35(b) to the financial statements.

OUTLOOK

AWC Group's Orderbook of approximately RM753 million as at 30 June 2022 will continue to underpin the Group's financial performance moving forward. During the year under review, the Group managed to secure RM274 million new projects, slightly lower than the previous financial year's RM290 million. Although the year ahead is expected to remain challenging, the Group has put in place various measures internally to ensure the performance of the Group remains resilient against various external factors that will continue to plague the domestic and global economy.

In terms of Divisional order book breakdown, our facilities division continues to anchor the Group's order book with approximately RM458 million, of which RM239 million are under the Concession segment with Non-Concession making up another RM219 million worth of jobs which are expected to keep the Division busy over the next 4 to 5 years. With the most recent job win involving the maintenance of state government clinics in the state of Perak worth RM62.3 million secured in September 2022 during our current FYE 2023, the breakdown of orderbook relating to Non-concession jobs effectively surpassed that of the Concession segment.

The rest of the Group's Business segments including the Environment, Engineering and Rail Divisions had a combined orderbook of approximately RM296 million. The Environment Division outstanding orderbook stood at approximately RM153 million, while the Engineering Division had an orderbook of RM102 million as of 30 June 2022. The jobs for the both the Environment and Engineering divisions are expected to last a good 3 to 4 years. Rounding up the orderbook for the Group is the Rail Division with jobs worth approximately RM41 million to be recognised over the next 2 to 3 years.

Under the Engineering Division, our plumbing segment will continue to focus and target on niche market segments including but not limited to the healthcare segment, high-end residential and commercial buildings, development of data centres and high-technology factories particularly within the Electrical and Electronic sector. Post Covid-19 pandemic, we have identified several hospital and hospitality related projects that are under planning or pre-construction stages, capturing the growing demand in healthcare and tourism sectors. Our rainwater harvesting segment on the other hand is looking to expand from its traditional rainwater harvesting (RWH) systems solutions into other water technology related segments including introducing the upstream "rainwater conveyance by siphonic system" using SOSOON technology and Best Water Technology (BWT) water treatment products. Our subsidiary DD Techniche Sdn Bhd have been successful in researching and developing a new series of commercial RWH filters with its design registered, tested by the National Hydraulic Research Institute of Malaysia (NAHRIM) and certified by SIRIM with ECO-Labelling and MyHijau mark from GreenTech Malaysia. The sole and exclusive distributorship secured from BWT for all BWT's industrial and consumer products are expected to positively boost the performance of the Division moving forward.

As for the STREAM Group under our Environment Division, growth in the upcoming year would be mainly driven by its international markets namely Singapore and United Arab Emirates while the domestic market would continue to provide stable income for the division. In terms of new business, we are currently exploring and identifying opportunities to diversify into Automated Food Waste Transportation via various strategic collaborations with reputable food waste treatment players in the industry with a few potential projects in Singapore in the pipeline.

Under our Rail Division, Trackwork & Supplies Sdn Bhd ("TWS") is hopeful that the reintroduction of MRT3 Circle Line along with KVDT2 and other projects within the railway infrastructure sector will bring about better prospects for the division. We have seen continuous efforts by Syarikat Keretapi Tanah Melayu Berhad (KTMB) to improve the maintenance of its assets including railway tracks and rolling stocks via the introduction of various maintenance programmes, which has enabled TWS to participate in various equipment and spares procurement by KTMB. Along with jobs from Rapid Rail, and internationally from the Southeast Asia region, TWS is poised to improve on its past performance.

Overall, the high labour and materials cost along with supply-chain disruptions are expected to keep the Group's cost in check. We anticipate the impact from rising cost of various components within the supply-chain in line with escalating prices of goods will be felt through 2023. AWC Group is also cognizant of the increasingly volatile operating environment where the global economic slowdown is expected to impact the Group activities locally and abroad. We will adopt a prudent strategy in our operational activities as well as actively explore new business opportunities to harness synergies within our business segments.

HUMAN RESOURCE CONSIDERATIONS

We continuously work towards securing the appropriate talent pool that will enable us to solidify our management team, both for the immediate and long-term future. This is done throughout all our four Business Segments. Human capital development and training is a key human resource requirement, and all employees are required to attend training and seminars as part of their personal development programme. We acknowledge that the growth and development of human capital through the building blocks of personnel training, positive corporate culture and healthy workplace remain critical in propelling the Group to new heights. In line with this, further emphasis shall be in place to identify, retain and attract this intangible asset within and outside the Group

AWC launched its Employees' Share Option Scheme ("ESOS"), with the first offer to employees on 6 November 2015 and subsequent offers in the periods following the initial launch. With the continued improvement in AWC's share price since then, and with the strong order book in hand, we believe the ESOS is a good tool in garnering employee loyalty and commitment.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors ("Board") of AWC Berhad ("AWC" or the "Company") recognises the importance of maintaining high standards of corporate governance for transparency, accountability, integrity and a well-managed company. As a fundamental part of discharging its duties and responsibilities, the Board is committed towards ensuring good corporate governance practices are implemented and maintained throughout the Company and its subsidiaries ("the Group") to enhance shareholders' value, and to be consistent with the principles and best practices as set out in the Malaysian Code on Corporate Governance ("MCCG").

This Corporate Governance Overview Statement is augmented with a Corporate Governance Report 2022 ("CG Report"), based on a prescribed format as enumerated in Paragraph 15.25(2) of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities") so as to provide a detailed articulation on the application of the Group's corporate governance practices as set out in the MCCG throughout the financial year ended 30 June 2022 ("FYE 2022"). The CG Report is available on the Company's website at www.awc.com.my, as well as via an announcement on the website of Bursa Securities.

This Corporate Governance Overview Statement makes reference to the following three (3) key principles of the MCCG:-

a. Board Leadership and Effectiveness;
b. Effective Audit and Risk Management; and
c. Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders.

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS

PART I - BOARD RESPONSIBILITIES

1. Board Roles and Responsibilities

1.1 The Board is responsible for the overall performance and business affairs of the Group. The Board provides necessary leadership which includes practicing a high level of good governance to ensure the long-term success of the Group and the delivery of sustainable value to its stakeholders.

In discharging its fiduciary duties and leadership functions, the Board is guided by the Board Charter, which outlines the duties and responsibilities of the Board, matters reserved for the Board as well as those which the Board may delegate to the Group Chief Executive Officer/President. For the effective function of the Board, the Board has established the following Board Committees to assist in the execution of its responsibilities:-

a. Audit and Risk Management Committee ("ARMC");
b. Nomination and Remuneration Committee ("NRC"); and
c. Employees' Share Option Scheme Committee.

The Board committees operate in accordance with clearly defined Terms of Reference as reviewed and approved by the Board. The Board Committees' Terms of Reference can be accessed via the Company's website, www.awc.com.my.

The Board has reserved a formal schedule of matters for its decision making to ensure that it retains full and effective control of the Group's strategic plans and direction. It has also exercised oversight of Management and set the appropriate tone at the top while providing thought leadership and championing good governance and ethical practices throughout the Group.

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

PART I - BOARD RESPONSIBILITIES (CONT'D)

1. Board Roles and Responsibilities (Cont'd)

1.1 (Cont'd)

To enable the Board to discharge its responsibilities in meeting the goals and objectives of the Group, the Board has, amongst others:-

- promoted good corporate governance culture within the Group which reinforces ethical, prudent and professional conduct;
- reviewed, challenged and decided on Management's proposals for the Group, and monitor its implementation;
- ensured that the strategic plan of the Group supports long-term value creation and includes strategies on economic, environmental and social considerations underpinning sustainability;
- assessed Management performance;
- ensured there is a sound framework for internal controls and risk management;
- recognised the principal risks of the Group's business and that business decisions involve the taking of appropriate risks;
- set the risk appetite within which the Board expects Management to operate and ensured that there is an appropriate risk management framework to identify, analyse, evaluate, manage and monitor significant financial and non-financial risks;
- ensured that Senior Management has the necessary skills and experience, and measures are in place to provide for the orderly succession of Board and senior management;
- ensured that the Group has in place procedures to enable effective communication with shareholders and stakeholders; and
- ensured the integrity of the Group's financial and non-financial reporting.

1.2 The Chairman of the Board, Dato' Nik Mod Amin Bin Nik Abd Majid, holds an Independent Non-Executive position and he is responsible for leading the Board to ensure its effectiveness and integrity and the entrenchment of good corporate governance practices within the Group.

1.3 The positions of the Chairman and Group Chief Executive Officer/President are held by two different individuals, and each has a clear accepted division of responsibilities to ensure there is a balance of power and authority to promote accountability.

The Chairman is responsible for instilling good corporate governance practices and leadership, and for ensuring Board effectiveness, while the Group Chief Executive Officer/President has overall responsibilities over the day-to-day management of the Group's business and implementation of the Board's policies and decisions. The Executive Director is also accountable to the Board for the overall organisation, management and staffing of the Company and/or the Group as well as the procedures in financial and other matters, including conduct and discipline.

1.4 The Board is supported by a qualified and competent Company Secretary who is a member of the Malaysian Association of Company Secretaries and she is holding a professional certificate as a qualified Company Secretary under the Companies Act 2016. She possesses over 29 years of experience in corporate secretarial practices.

The Company Secretary attended the necessary training programmes, conferences or seminars organised by the relevant authorities and/or professional bodies to keep herself abreast with the current regulatory changes in the laws and regulatory requirements that are relevant to her profession and to provide the necessary advisory role to the Board.

The Board acknowledges that the Company Secretary plays an important role and will ensure that the Company Secretary fulfils the functions for which she has been appointed.

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

PART I - BOARD RESPONSIBILITIES (CONT'D)

1. Board Roles and Responsibilities (Cont'd)

1.4 (Cont'd)

During the FYE 2022, all Board and Board Committees meetings were properly convened, and accurate and proper records of the proceedings and resolutions passed were taken and maintained in the statutory records of the Company.

Overall, the Board is satisfied with the performance and support rendered by the Company Secretary and her team to the Board in the discharge of her duties and functions.

1.5 To facilitate the Directors' time planning, the meetings calendar is prepared in advance of each new year by the Company Secretary. The meetings calendar provides the Directors with scheduled dates for meetings of the Board and Board Committees as well as the Annual General Meeting ("AGM"). The closed periods for dealings in securities by Directors and principal officers based on the scheduled dates of meetings for making announcements of the Company's quarterly results were also provided therein.

The Notice of meetings of the Board and Board Committees are sent to the Directors via email at least five (5) business days prior to the meetings. Meeting materials are also circulated to Directors at least five (5) working days in advance of the Board and Board Committee meetings to ensure they have been given sufficient time to prepare for the meetings. Management and other advisers are invited to attend the meetings to report and brief on their respective areas of responsibility, if required.

The deliberations and decisions of matters discussed in the Board and Board Committees meetings are duly recorded in the minutes of meetings, including whether any Director abstains from voting or deliberating on a particular matter. The minutes of meetings are circulated to the respective Chairman of the Board and Board Committees in a timely manner for review before they are confirmed and adopted by members of the Board and Board Committee at their respective meetings. The Company Secretary also ensures that deliberations at Board and Board Committee meetings are well documented.

All the records of proceedings and resolutions passed are kept at the registered office of the Company.

2. Demarcation of Responsibilities between the Board, Board Committees and the Management

The Board has formalised and adopted a Board Charter which sets out the roles and responsibilities, composition and balance, operation and processes of the Board. It serves as a reference point for Board activities and is designed to provide guidance and clarity to Directors and Management with regard to the respective roles and responsibilities of the Board, Board Committees, Chairman and Group Chief Executive Officer/President, as well as issues and decisions reserved for the Board, the Board's governance structure and authority. This is to ensure that all Board members acting on behalf of the Company are aware of their duties and responsibilities, and the legislations and regulations affecting their conduct.

The Board Charter will be reviewed as and when necessary to ensure it remains consistent with the Board's objectives and responsibilities as well as the latest statutory and regulatory requirements. The Board Charter was last reviewed, updated and approved by the Board on 27 September 2021 and is published on the Company's website at www.awc.com.my.

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

PART I - BOARD RESPONSIBILITIES (CONT'D)

3. Good Business Conduct and Healthy Corporate Culture

3.1 Code of Conduct and Ethics

The Board is committed to promoting and maintaining high standards of transparency, accountability and ethics in the conduct of its business and operations. The Board has formalised ethical standards by establishing a Code of Ethics and Conduct for all Directors and employees of the Group, and the core areas of conduct include observing a high standard of corporate governance, handling conflict of interest, management of Group information and corporate disclosure, protection of legitimate business interests, and declaration of any personal or business interests.

The Code of Ethics and Conduct is incorporated in the Board Charter of the Company and published on the Company's website at www.awc.com.my.

The Code of Ethics and Conduct is to be observed by all Directors and employees of the Group and will be reviewed by the Board regularly to ensure that it continues to remain relevant and appropriate.

3.2 Whistle-Blowing Policy

The Group is committed to the highest standard of integrity, openness and accountability in the conduct of its businesses and operations. The Group has established the Whistle-Blowing Policy that provides a channel to enable employees and other stakeholders to report any suspected breaches of law or regulations or any illegal acts observed in the Group, including financial malpractice or fraud, non-compliance with regulatory requirements, danger to health, safety or the environment, criminal activity and corruption. It also helps to nurture a good organizational culture within the Group and develop a culture of openness, transparency, accountability and integrity, which ultimately formulates standards of corporate behavior creating an ethical corporate climate.

The Board will review and update the Whistle-Blowing Policy as and when necessary to ensure that they continue to remain relevant and appropriate.

The Whistle-Blowing Policy is published on the Company's website at www.awc.com.my.

3.3 Anti-Bribery & Corruption Policy

In line with the Malaysian Anti-Corruption Commission (Amendment) Act 2018 ("MACC Act 2018"), the Company has put in place an Anti-Bribery and Anti-Corruption Policy ("ABAC Policy") to encourage a culture of integrity and transparency in all of the Group's activities. This policy which adheres to the MMLR of Bursa Securities and the Guidelines on Adequate Procedures issued pursuant to Section 17A(5) of the MACC Act 2018, generally set out the responsibilities of the Company, and all individuals who work for the Group, in observing and upholding the Group's position on bribery and corruption and provides key anti-bribery and corruption principles that apply to all interactions with the Group's customers, business partners, and other third parties, as well as guidelines for the prevention, management, and remediation of bribery and corruption related risks.

The ABAC Policy will be reviewed at least once in every three (3) years and in accordance with the needs of the Company. The ABAC Policy is available on the Company's website at www.awc.com.my.

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

PART I - BOARD RESPONSIBILITIES (CONT'D)

3. Good Business Conduct and Healthy Corporate Culture (Cont'd)

3.4 Directors' Fit and Proper Policy

In line with the new Paragraph 15.01A of the MMLR, the Board had on 19 May 2022 adopted the Directors' Fit and Proper Policy which serves as a guide to the NRC and the Board in their review and assessment of the potential candidates for appointment to the Board of the Group as well as the retiring Directors who are seeking re-election at the annual general meeting.

The Directors' Fit and Proper Policy shall be reviewed periodically by the Board and be revised at any time as it may deem necessary to ensure that they remain consistent with the Board's objectives, current law and practices. The Directors' Fit and Proper Policy is published on the Company's website at www.awc.com.my.

The Board has also adopted the Nomination and Appointment of New Directors Process and Procedures to formalise the process for the nomination and appointment of a new Director to be undertaken by the NRC and the Board in discharging their responsibilities in terms of the nomination and appointment of new Directors of the Group.

3.5 Sustainability Governance

The Board believes that sustainable business practices are essential to the creation of long-term value and that running the business in a responsible manner is intrinsically tied to achieving operational excellence.

In terms of structural oversight over sustainability including strategies, priorities and targets, it is reposed at the Board level with Management being responsible for operational execution with respect to Environmental, Social and Governance factors as part of the Group's corporate strategy.

As fiduciary to the Company's shareholders, the Board is focused on maintaining exemplary corporate governance practices, which include a commitment to ethics, integrity and corporate responsibility. The Board also ensures the Company's internal and external stakeholders are well informed on the sustainability strategies, priorities, targets as well as overall performance which the Sustainability Statement has provided a detailed articulation in this Annual Report.

The Board on 27 September 2021 reviewed, revised, and approved the relevant amendments by incorporating the assessment of the Board's understanding of sustainability issues in the annual performance evaluation that are critical to the Company's performance.

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

PART II - BOARD COMPOSITION

4. Board Composition and Balance

4.1 Currently, the Board has five (5) members as set out in the table below, which comprises a majority of Independent Directors of the Board:-

Name of Board Members	Designation
Dato' Nik Mod Amin Bin Nik Abd Majid	Independent Non-Executive Chairman
Dato' Ahmad Kabeer Bin Mohamed Nagoor	Executive Director (Group Chief Executive Officer/President)
Yang Mulia Tunku Puan Sri Dato' Hajjah Noor Hayati Binti Tunku Abdul Rahman Putra Al-Haj	Independent Non-Executive Director
Sureson A/L Krisnasamy	Independent Non-Executive Director
Dato' Dr. Hj Shamsul Anwar Bin Sulaiman *(Appointed on 24 August 2022)*	Independent Non-Executive Director

The current Board composition complies with Paragraph 15.02 of the MMLR of Bursa Securities which requires at least two (2) Directors or one-third (1/3) of the Board, whichever is higher, are independent Directors. The Board also meets the requirements of MCCG to have at least half of the Board comprised of Independent Directors.

4.2 Presently, Dato' Nik Mod Amin Bin Nik Abd Majid is our Independent Non-Executive Chairman and he has served the Board for a cumulative term of more than nine (9) years.

The Board believes that with Dato' Nik Mod Amin Bin Nik Abd Majid's continued contribution, especially his invaluable knowledge of the Group gained through the years, will provide stability and benefits to the Board and the Company as a whole.

Nevertheless, in line with Practice 5.3 of MCCG, the Board will seek the approval of the shareholders of the Company through a two-tier voting process at the forthcoming AGM to support the Board's decision to retain him as an Independent Director based on the following justifications:-

(a) He has fulfilled the criteria under the definition of Independent Director as stated in the MMLR and will thus be able to function as a check and balance and bring an element of objectivity to the Board.

(b) His vast experience in the finance and corporate industries will enhance the Board's diverse set of experience, expertise and independent judgement.

(c) He has been with the Company for more than ten (10) years and has good knowledge of the Company's business operations.

(d) He has devoted sufficient time and attention to his professional obligation for informed and balanced decision making.

(e) He has exercised due care during his tenure as Independent Non-Executive Chairman of the Company and carried out his professional duty in the best interest of the Company and shareholders.

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

PART II - BOARD COMPOSITION (CONT'D)

4. Board Composition and Balance (Cont'd)

4.3 The Company has not adopted a policy that limits the tenure of its Independent Non-Executive Directors to nine (9) years. Notwithstanding that, the assessment of the independence of the Independent Directors was conducted annually via annual evaluation to ensure they are independent of any business or other relationship which could interfere with the interest of the Company.

The shareholders' approval was obtained at the Twentieth AGM ("20th AGM") for the retention of Dato' Nik Mod Amin Bin Nik Abd Majid as an Independent Non-Executive Director through a two-tier voting process.

4.4 The Board acknowledges the importance of Board and Senior Management composition diversity as recommended by the MCCG. In pursuing diversity agenda, the Directors and Senior Management are sourced from a diverse pool and recruited based on objective criteria, merit and with due regard for diversity in skills, knowledge, experience, age, cultural background, gender and contribution.

The NRC is responsible to consider and nominate new candidates for appointment and make the necessary recommendations to the Board for approval. In this respect, the role of the NRC is detailed in its Terms of Reference, which is accessible on the Company's website, www.awc.com.my.

The Board also via the NRC, reviews the correct mix of skills, business and professional experiences that should be added to the Board annually or as and when required.

The Company is an equal opportunity employer and does not practice discrimination of any form, whether based on age, gender, race and religion, throughout the organisation.

4.5 In view of the gained attention of boardroom diversity as an important element of a well functioned organisation, the Board has established and adopted a Gender Diversity Policy which provides a framework for the Company to improve its gender diversity at Board and Senior Management level. The Gender Diversity Policy was last reviewed, updated and approved by the Board on 27 September 2021.

The objectives/principles and measures as set out in the Gender Diversity Policy are summarised and disclosed in the Corporate Governance Report for the FYE 2022.

Currently, there is a female Director on the Board, namely, Yang Mulia Tunku Puan Sri Dato' Hajjah Noor Hayati Binti Tunku Abdul Rahman Putra Al-Haj, and a female Senior Management, namely, Ms. Tan Ai Lee, the Chief Legal Officer.

4.6 The members of the Board are to be appointed in a formal and transparent practice as endorsed by the MCCG. The NRC will scrutinise the candidates and recommend the same for the Board's approval. In discharging this duty, the NRC will undertake a thorough review of the candidate's criteria, amongst others, qualifications, skills, knowledge, expertise, experience, personal attributes, and the capability to devote the necessary time and commitment to the role.

In searching for suitable candidates for the appointment of Directors, the NRC may receive suggestions from existing Board members, Management, and major shareholders. The NRC is also open to referrals from external sources available, such as industry and professional associations, as well as independent search firms. The NRC is allowed to use a variety of approaches and sources to ensure that it is able to identify the most suitable candidates.

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

PART II - BOARD COMPOSITION (CONT'D)

4. Board Composition and Balance (Cont'd)

4.7 The NRC is chaired by Yang Mulia Tunku Puan Sri Dato' Hajjah Noor Hayati Binti Tunku Abdul Rahman Putra Al-Haj, an Independent Non-Executive Director of the Company.

The NRC Chairperson has led the annual review of Board effectiveness, ensuring that the performance of each Director is independently assessed and lead the succession planning and appointment of future Board members.

Currently, the NRC comprises the following members, all being Independent Non-Executive Directors as identified by the Board:-

Name of Directors	Designation
Yang Mulia Tunku Puan Sri Dato' Hajjah Noor Hayati Binti Tunku Abdul Rahman Putra Al-Haj (Chairperson)	Independent Non-Executive Director
Sureson A/L Krisnasamy (Member)	Independent Non-Executive Director
Dato' Dr. Hj Shamsul Anwar Bin Sulaiman (Member) *(Appointed as a member of NRC on 24 August 2022)*	Independent Non-Executive Director
Dato' Nik Mod Amin Bin Nik Abd Majid (Member) *(Resigned as a member of NRC on 24 August 2022)*	Independent Non-Executive Chairman

The activities undertaken by the NRC during the FYE 2022 are as follows:-

(i) Carried out the assessment and rating of the performance of each Independent Non-Executive Director against the criteria as set out in the annual assessment form, amongst others, attendance at Board or Committee meetings, adequate preparation for Board and/or Committee meetings, regular contribution to Board or Committee meetings, personal input to the role and other contributions to the Board or Committees as a whole.

(ii) Carried out the assessment and rating of the performance of the Executive Director (Group Chief Executive Officer/President) against diverse key performance indicators, amongst others, financial, strategic and sustainability, operations management and business plans, product development, conformance and compliance, shareholders'/investors' relations, employee training and development, succession planning and personal input to the role.

(iii) Assessed and evaluated the independence of the Independent Non-Executive Directors.

(iv) Assessed the performance of the Audit and Risk Management Committee and Board as a whole.

(v) Considered and recommended to the Board for consideration, the re-election of Yang Mulia Tunku Puan Sri Dato' Hajjah Noor Hayati Binti Tunku Abdul Rahman Putra Al-Haj, who was due for retirement at the 20th AGM held on 25 November 2021.

(vi) Reviewed and evaluated the Independence of Independent Director who has served the Board for a cumulative term of more than nine (9) years and recommended to the Board the retention of Dato' Nik Mod Amin Bin Nik Abd Majid as an Independent Non-Executive Director.

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

PART II - BOARD COMPOSITION (CONT'D)

4. Board Composition and Balance (Cont'd)

4.7 (Cont'd)

(vii) Reviewed and recommended to the Board for consideration, the proposed bonus and remuneration package for the Group Chief Executive Officer/President of the Company.

(viii) Reviewed the Directors' fees and benefits for the Independent Non-Executive Directors.

In accordance with the Company's Constitution, at least one-third (1/3) of the Directors are required to retire from office by rotation annually and shall be eligible for re-election at each AGM. All Directors appointed by the Board shall also be subject to re-election by the shareholders at the AGM following their appointment.

5. Overall Effectiveness of the Board and Individual Directors

5.1 The Board has, through the NRC, conducted an annual evaluation to determine the effectiveness of the Board, its Board Committees and each individual Director in the FYE 2022. The process was carried out by sending the following customised assessment forms to Directors:-

i. Performance of Group Chief Executive Officer/President;
ii Performance of Non-Executive Directors;
iii. Independence of the Independent Directors;
iv. Performance of the ARMC; and
v. Effectiveness of the Board and Board Committees as a whole.

The assessment criteria, amongst others, based on the Key Performance Indicators cover the financial performance and business operations, strategic, operations management and business plans, product development, conformance and compliance, stakeholders' relation, succession planning, attendance, preparation and contribution to the committee meetings.

Based on the evaluations conducted for the FYE 2022, the NRC and the Board were satisfied with the performance of the individual Directors, the Board as a whole, Board Committees as well as the independence and objective judgements that the Independent Directors have brought to the Board.

5.2 Attendance of Board and Board Committees' Meetings

The Board schedules at least four (4) meetings in a financial year with additional meetings to be convened where necessary. During the FYE 2022, the Board had conducted four (4) Board meetings where they deliberated and approved various reports and matters, including the quarterly financial results of the Group for the announcement to Bursa Securities as well as discussed the business plans and strategies, major investments, strategic decisions as well as the Group's financial performance.

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

PART II - BOARD COMPOSITION (CONT'D)

5. Overall Effectiveness of the Board and Individual Directors (Cont'd)

5.2 Attendance of Board and Board Committees' Meetings (Cont'd)

The number of meetings held and attended by each member of the Board and Board Committees during the FYE 2022 are as follows:

Type of Meetings / Name of Directors	Board of Directors	ARMC	NRC
	No. of Meetings Attended		
Dato' Nik Mod Amin Bin Nik Abd Majid	4/4	4/4	1/1
Dato' Ahmad Kabeer Bin Mohamed Nagoor	4/4	–	–
Yang Mulia Tunku Puan Sri Dato' Hajjah Noor Hayati Binti Tunku Abdul Rahman Putra Al-Haj	4/4	4/4	1/1
Sureson A/L Krisnasamy	4/4	4/4	1/1
Dato' Dr. Hj Shamsul Anwar Bin Sulaiman *(Appointed on 24 August 2022)*	–	–	–

5.3 Directors' Training

The Directors are encouraged to attend relevant seminars and training programmes to equip themselves with the knowledge to effectively discharge their duties as Directors. The Board will assess the training needs of the Directors and ensure Directors have access to continuing education programmes to keep abreast of changes in both the regulatory and business environments as well as with new developments within the industry in which the Group operates.

During the FYE 2022, the Directors have attended the following training programmes in compliance with Paragraph 15.08 of the MMLR of Bursa Securities:-

Name of Directors	Title of Seminars/Training attended
Dato' Nik Mod Amin Bin Nik Abd Majid	• Amendments to the MMLR of Bursa Securities Berhad relating to Director appointment, independence and other amendments
Dato' Ahmad Kabeer Bin Mohamed Nagoor	• Amendments to the MMLR of Bursa Securities Berhad relating to Director appointment, independence and other amendments • Khazanah Megatrends Forum 2022
Yang Mulia Tunku Puan Sri Dato' Hajjah Noor Hayati Binti Tunku Abdul Rahman Putra Al-Haj	• Amendments to the MMLR of Bursa Securities Berhad relating to Director appointment, independence and other amendments
Sureson A/L Krisnasamy	• Amendments to the MMLR of Bursa Securities Berhad relating to Director appointment, independence and other amendments

The Directors will continue to undergo annually other relevant training programmes, courses, talks, conferences and seminars to keep abreast of relevant changes in laws and regulations, and development in the industry in order to further enhance their skills and knowledge.

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

PART III – REMUNERATION

6. Level and Composition of Remuneration

6.1 In view that fair remuneration is crucial to attract, retain and motivate Directors and Senior Management, the Remuneration Policy was established with the objective to guide the Group in attracting, retaining and motivating highly qualified individuals to serve on the Board and key senior management.

The Remuneration Policy is available for reference on the Company's website at www.awc.com.my.

The tables below set out the main components and operation of the remuneration structure packages of Directors and Senior Management of the Company:-

(I) Remuneration structure for the Senior Management and/or Directors who hold an Executive role in the Company

Component of pay	Particulars
Base Salary	A fixed salary will be paid for performing the scope of duties and responsibilities and will be reviewed based on the individual performance and achievements of the Company/the Group and comparable market rate within the industry.
Bonus	An annual bonus will be paid to reward, retain and motivate the individual and will depend on the performance of the Company/the Group and the personal contribution of the individual to the achievement of those results.
Other Benefits	Other benefits which include the contribution of EPF, SOCSO, medical fees, medical or health insurance, company car, handphone, travelling and entertainment claims, amongst others, shall be provided based on the Group's human resource policy in the context of market practices from time to time.

(II) Remuneration structure for the Directors who hold a Non-Executive role in the Company

Component of pay	Particulars
Fees	A fixed retainer sum shall be paid for their contribution to the Board and the Company. The fixed fee is determined based on the following factors: • On par with the rest of the market; • Reflect the qualifications and contribution required in view of the Group's complexity; • The extent of the duty and responsibilities; and • The number of Board meetings and Board Committees' meetings
Meeting allowance and other benefits	A reasonable fixed meeting allowance will be paid on a per trip basis with the condition that attendance is a prerequisite for such remittance. Other benefits include flight tickets, accommodation, travelling expenses, amongst others, incurred in the course of performing his duties or other things required of him as a Director of the Company.

The remuneration policy will be reviewed by the Board from time to time and the Board may make any necessary amendments to the policy to ensure it remains consistent and relevant with the Board's objectives, current laws and practices.

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

PART III – REMUNERATION (CONT'D)

6. Level and Composition of Remuneration (Cont'd)

6.2 The Board, assisted by the NRC, implements the policy and procedures on remuneration, which includes reviewing and recommending the proposed remuneration packages of the Directors of the Company. The NRC seeks to ensure that the remuneration packages are commensurate with the expected responsibility and contribution by the Directors and link to the strategic objectives of the Company.

The Terms of Reference of the NRC was revised on 27 September 2021 which incorporated the relevant practices recommended under the MCCG 2021.

The Terms of Reference of the NRC is accessible on the Company's website at www.awc.com.my.

7. Remuneration of Directors and Senior Management

7.1 The Directors' fees and benefits of the Company are subject to the approval of shareholders of the Company. The remuneration of the individual Director of the Company for the FYE 2022 is as follows:-

The Company

Name of Directors	Fees RM	Salaries RM	Benefits in Kind RM	Meeting Allowance RM	Bonus RM	Other Emoluments RM
Executive Director						
Dato' Ahmad Kabeer Bin Mohamed Nagoor	–	–	–	–	–	–
Non-Executive Directors						
Dato' Nik Mod Amin Bin Nik Abd Majid	120,000	–	–	5,000	–	–
Yang Mulia Tunku Puan Sri Dato' Hajjah Noor Hayati Binti Tunku Abdul Rahman Putra Al-Haj	60,000	–	–	5,000	–	–
Sureson A/L Krisnasamy	60,000	–	–	5,000	–	–
The late Dato' Ahri Bin Hashim *(Demised on 8 July 2021)*	5,000	–	–	1,000	–	–
Dato' Dr. Hj Shamsul Anwar Bin Sulaiman *(Appointed on 24 August 2022)*	–	–	–	–	–	–
Total	**245,000**	**–**	**–**	**16,000**	**–**	**–**

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

PART III – REMUNERATION (CONT'D)

7. Remuneration of Directors and Senior Management (Cont'd)

The Group

Name of Directors	Fees RM	Salaries RM	Benefits in Kind RM	Meeting Allowance RM	Bonus RM	Other Emoluments RM
Executive Director						
Dato' Ahmad Kabeer Bin Mohamed Nagoor	–	2,160,000	56,483	–	1,080,000	518,400
Non-Executive Directors						
Dato' Nik Mod Amin Bin Nik Abd Majid	120,000	–	–	5,000	–	–
Yang Mulia Tunku Puan Sri Dato' Hajjah Noor Hayati Binti Tunku Abdul Rahman Putra Al-Haj	60,000	–	–	5,000	–	–
Sureson A/L Krisnasamy	60,000	–	–	5,000	–	–
The late Dato' Ahri Bin Hashim *(Demised on 8 July 2021)*	5,000	–	–	1,000	–	–
Dato' Dr. Hj Shamsul Anwar Bin Sulaiman *(Appointed on 24 August 2022)*	–	–	–	–	–	–
Total	**245,000**	**2,160,000**	**56,483**	**16,000**	**1,080,000**	**518,400**

The Board determines the fees and benefits of all Directors, including the Independent Non-Executive Directors. The Directors' fees are endorsed by the Board for approval by the shareholders of the Company at the AGM. Directors do not participate in the decisions regarding their own fees, benefits and/or remuneration packages.

7.2 The remuneration of the Senior Management of the Company is as follows:-

Range of Remuneration*	No. of Senior Management Officer
RM250,001 to RM300,000	1
RM300,001 to RM350,000	1
RM450,001 to RM500,000	1
RM550,001 to RM600,000	1
RM600,001 to RM700,000	–
RM700,001 to RM750,000	1
RM750,001 to RM850,000	–
RM850,001 to RM900,000	1
RM900,001 to RM1,100,000	–
RM1,100,001 to RM1,150,000	1
RM3,800,001 to RM3,850,000	1

* *Successive bands of RM350,001 to RM450,000, RM500,001 to RM550,000 and RM1,150,001 to RM3,800,000 are not shown entirely as they are not represented.*

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

PART III – REMUNERATION (CONT'D)

7. Remuneration of Directors and Senior Management (Cont'd)

Due to the confidentiality and sensitivity of the remuneration packages of Senior Management as well as security concerns, the Board opts not to disclose the Senior Management's remuneration components on a named basis in the bands of RM50,000.00.

The Board is of the view that the disclosure of the Senior Management's remuneration components will not be in the best interest of the Company given that the competitive human resources environment as such disclosure may give rise to recruitment and talent retention issues. The Board is of the opinion that the disclosure of Senior Management's aggregated remuneration on an unnamed basis in the bands of RM50,000.00 is adequate.

PRINCIPLE B - EFFECTIVE AUDIT AND RISK MANAGEMENT

PART I - ARMC

8. Effective and Independent ARMC

The ARMC is relied upon by the Board to, amongst others, provide advice in the areas of financial reporting, external audit, internal control environment and internal audit process, review of related party transactions as well as conflict of interest situations. The ARMC also undertakes to provide oversight on the risk management framework of the Group.

The ARMC is chaired by an Independent Non-Executive Director, namely Mr. Sureson A/L Krisnasamy ("Mr. Sureson") who is distinct from the Chairman of the Board. All members of the ARMC are financially literate and possess the necessary skills and knowledge to discharge their duties, whilst the Chairman of the ARMC is a member of the Malaysian Institute of Accountants. The term of office and performance of ARMC and its members are reviewed by the NRC annually to determine whether such ARMC and members have carried out their duties in accordance with the terms of reference.

Mr. Sureson is responsible to ensure the overall effectiveness and independence of the ARMC. Together with other members of the ARMC, Mr. Sureson has ensured amongst others that:-

a. the ARMC is fully informed about significant matters related to the Group's audit and its financial statements and these matters are addressed;

b. the ARMC appropriately communicates its insights, views and concerns about relevant transactions and events to Internal and External Auditors;

c. the ARMC's concerns on matters that may affect the financial or audit of the Group are communicated to the External Auditors; and

d. there is coordination between the Internal and External Auditors.

The ARMC will observe a cooling-off period of at least three (3) years in the event any potential candidate to be appointed as a member of the ARMC was a former key audit partner. This policy had been codified in the Terms of Reference of ARMC of the Company. Currently, none of the members of the ARMC is a former key audit partner.

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

PART I - ARMC (CONT'D)

8. Effective and Independent ARMC (Cont'd)

The ARMC is empowered by the Board to review any matters concerning the appointment and re-appointment, resignations or dismissals of External Auditors and review and evaluate factors relating to the independence of the External Auditors. The Board has established the Internal and External Auditors Assessment Policy together with the Annual Performance Evaluation Form respectively. The said Policy aims to outline the guidelines and procedures for ARMC to review, assess and monitor the performance, suitability and independence of the Internal and External Auditors respectively.

The Board, having considered the ARMC's recommendation and feedback, was satisfied with the suitability and independence of the External Auditors and has recommended their re-appointment to the shareholders for approval at the forthcoming AGM.

PART II - RISK MANAGEMENT AND INTERNAL CONTROL

9. Risk Management and Internal Control Framework

The Board acknowledges its overall responsibility of maintaining a sound system of risk management and internal control, and of reviewing its adequacy and effectiveness. The Company has adopted a Registry of Risk and the Risk Management Handbook to identify, evaluate, control and monitor the principal business risks faced by the Group on an on-going basis in order to safeguard shareholders' investment and the Group's assets. The risk management and internal control are embedded in various work processes and procedures of the respective operational functions and management team.

The Board has delegated the responsibility of reviewing the adequacy and effectiveness of the risk management and internal control systems to the ARMC.

Further details on the features of the risk management and internal control framework, and the adequacy and effectiveness of the framework, are disclosed in the Statement on Risk Management and Internal Control in the Annual Report 2022.

10. Effective Governance, Risk Management and Internal Control Framework

The internal audit function is outsourced to an independent professional service firm that assists the ARMC in managing the risks and establishing the internal control system and processes of the Group by providing an independent assessment of the adequacy, efficiency and effectiveness of the Group's risk management and internal control system and processes. The Internal Auditors report directly to the ARMC.

To ensure that the responsibilities of Internal Auditors are fully discharged, the ARMC evaluates the performance of the Internal Auditors for the FYE 2022 based on the following evaluation criteria as set out in the Internal Auditors' Annual Assessment Form:-

a. Adequacy of resources and experience of the internal audit firm;
b. Quality processes of the internal audit firm;
c. Competency of the engagement team;
d. Governance and independence;
e. Internal audit fee, scope and planning; and
f. Internal audit reports and communications.

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

PART II - RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

10. Effective Governance, Risk Management and Internal Control Framework (Cont'd)

The ARMC concluded its assessment that the Internal Auditors have sufficient experience and resources to satisfy their terms of reference and adequately deliver quality services to the Group.

The Internal Auditors have and will continue to keep abreast with developments in the profession, relevant industry and regulations.

The internal audit function is independent of the operations of the Group and provides reasonable assurance that the Group's system of internal control is satisfactory and operating effectively.

Further details of the internal audit function and activities are set out in the Statement on Risk Management and Internal Control and the Audit and Risk Management Committee Report in the Annual Report 2022.

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

PART I – COMMUNICATION WITH STAKEHOLDERS

11. Continuous Communication between Company and Stakeholders

The Board believes that a constructive and effective investor relationship is essential in enhancing shareholder value. The Board is committed to ensuring that timely, accurate and complete information about the Company is provided equally to its shareholders, stakeholders and the general investing public. Timely information is critical towards building and maintaining the Group's corporate credibility, market integrity and promotes investor confidence.

The Board is guided by Bursa Securities' Corporate Disclosure Guide as published by Bursa Securities in deciding on the necessary disclosures and announcements from time to time. The Company communicates regularly with the public by releasing its announcements, quarterly reports, annual reports and circulars at Bursa Securities' website at www.bursamalaysia.com or the Company's website at www.awc.com.my.

The Company's corporate website at www.awc.com.my serves as one of the most convenient ways for shareholders and members of the public to gain access to corporate information, news, events and announcements to Bursa Securities relating to the Company. Shareholders may also communicate with the Company on investor relation matters by contacting the investor relation person-in-charge as stated on its website.

The Board has also put in place a Corporate Disclosure Policy to promote comprehensive, accurate and timely disclosure pertaining to the Group's matters to regulators, its shareholders and stakeholders.

PART II – CONDUCT OF GENERAL MEETINGS

12. Shareholders' Participation at General Meetings

12.1 Conduct of General Meetings

The Company's AGM remains a principal forum used by the Company for dialogue with its shareholders. The AGM provides an opportunity for the shareholders to seek and clarify any issues on the resolutions being proposed and also matters relating to the performance, developments within and the future direction of the Group. The Board, Senior Management and the External Auditors will be present to answer and provide appropriate clarifications to the shareholders at the AGM.

The notice of the 20th AGM of the Company was given to the shareholders at least twenty-eight (28) days before the AGM which gives shareholders sufficient time to prepare themselves to attend the AGM or to appoint a proxy to attend and vote on their behalf. The notice of the coming 21st AGM of the Company which is scheduled to be held on 24 November 2022 will be sent to the shareholders at least twenty-eight (28) days before the date of AGM this year as well.

All the Directors of the Company will always endeavor to attend all general meetings and the Chairman of the Board committees will provide a meaningful response to questions addressed to them.

The Company had its fully virtual AGM and entirely via remote participation and voting at the broadcast venue last year and all the Directors at that point of time had attended the 20th AGM of the Company held on 25 November 2021.

All resolutions set out in the Notice of the 20th AGM were put to vote by poll and the votes cast were validated by an independent scrutineer appointed by the Company. The outcome of all resolutions proposed at the general meetings is announced to Bursa Securities on the same day.

12.2 Effective Communication and Proactive Engagement

All Directors attended the 20th AGM on a fully virtual basis and be accountable to the shareholders for their stewardship of the Company. The Chairman of the respective Board Committees were available to respond to shareholders' queries concerning the Company and the Group at the 20th AGM.

From the Company's perspective, the AGM also serves as a forum for Directors to engage with the shareholders personally to understand their needs and seek their feedback. The Board welcomes questions and feedback from the shareholders during the shareholders' meetings and ensures their queries are responded to properly and systematically.

The Board ensures that the required infrastructure and tools were in place to enable the smooth broadcast of the 20th AGM and meaningful engagement with the shareholders. The summary of the key matters discussed at the 20th AGM was also published on the Company's website at www.awc.com.my for the shareholders' information.

STATEMENT BY THE BOARD ON CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board has deliberated, reviewed and approved this Statement. The Board considers and is satisfied that to the best of its knowledge the Company has fulfilled its obligations under the MCCG, the relevant chapters of the Listing Requirements of Bursa Securities on corporate governance and all applicable laws and regulations throughout the FYE 2022, except for the departures set out in the Corporate Governance Report.

The Company shall continue to strive for high standards of corporate governance throughout the Group, and the highest level of integrity and ethical standards in all of its business dealings.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

A. OBJECTIVES

The Audit and Risk Management Committee ("ARMC" or "the Committee") was established with the primary objective of providing additional assurance to the Board of Directors ("the Board") in respect of all financial matters. This is done by giving an objective and independent review of financial, operational and administrative controls and procedures, including establishing and maintaining internal controls. This helps to reinforce the independence of the Company's External Auditors, thereby ensuring that they have free reign in the audit process.

B. MEMBERS

The current members of the ARMC are as follow:-

Members	Designation
Sureson A/L Krisnasamy (Chairman)	Independent Non-Executive Director
Yang Mulia Tunku Puan Sri Dato' Hajjah Noor Hayati Binti Tunku Abdul Rahman Putra Al-Haj (Member)	Independent Non-Executive Director
Dato' Dr. Hj Shamsul Anwar Bin Sulaiman (Member) *(Appointed as a member of ARMC on 24 August 2022)*	Independent Non-Executive Director
Dato' Nik Mod Amin Bin Nik Abd Majid (Member) *(Resigned as a member of ARMC on 24 August 2022)*	Independent Non-Executive Chairman

The Company has complied with Paragraph 15.09 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"), which requires all members of the Committee to be Non-Executive Directors with a majority of them being Independent Non-Executive Directors. As shown above, all members of the Committee are Independent Non-Executive Directors.

The Terms of Reference of the ARMC can be accessed from the corporate website of the Company at www.awc.com.my.

C. SUMMARY OF WORKS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

During the financial year under review, the Committee held a total of four (4) meetings and the attendance of each of the Committee members at meetings are as follow:-

Committee Members	No. of Meetings Attended
Sureson A/L Krisnasamy (Chairman)	4/4
Dato' Nik Mod Amin Bin Nik Abd Majid (Member) *(Resigned as a member of ARMC on 24 August 2022)*	4/4
Yang Mulia Tunku Puan Sri Dato' Hajjah Noor Hayati Binti Tunku Abdul Rahman Putra Al-Haj (Member)	4/4
Dato' Dr. Hj Shamsul Anwar Bin Sulaiman (Member) *(Appointed as a member of ARMC on 24 August 2022)*	–

The presence of the External Auditors and/or the Internal Auditors at the Committee meetings can be requested if required by the Committee. Other members of the Board and officers of the Company and the Group may attend the meeting (specific to the relevant meeting and the matters being discussed) upon the invitation of the Committee.

C. SUMMARY OF WORKS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022 (CONT'D)

The summary of the works undertaken by the Committee for the financial year ended 30 June 2022, amongst others, included the following:-

i. In overseeing the Company's financial reporting, reviewed the four (4) quarterly financial results and annual audited financial statements of the Group and the Company including the announcements pertaining thereto. The discussion focused particularly on any change in accounting policies and practices, significant adjustments arising from the audit and compliance with accounting standards and other legal requirements before recommending to the Board for approval and release of the announcements to Bursa Securities;

ii. Reviewed with the External Auditors, the audit plan and scope of the statutory audit of the Company's financial statements for the financial year ended 30 June 2022 before the audit commenced to ensure that the scope of the external audit is comprehensive and discussed on the audit findings presented by the External Auditors;

iii. Reviewed the annual audited financial statements of the Company and the Group and issues arising from the audit of the financial statements highlighted by the External Auditors;

iv. Considered and recommended the re-appointment of Baker Tilly Monteiro Heng PLT as the External Auditors and their audit fee to the Board for consideration based on the competency, efficiency and transparency as demonstrated by the Auditors during their audit;

v. Reviewed with the Internal Auditor, the internal audit plan to ensure the adequacy of the scope, functions and resources and that it has the necessary authority to carry out its work;

vi. Reviewed the reports for the internal audit function and considered the findings of internal audit investigations and management responses thereon, and ensure that appropriate actions are taken on the recommendations raised by the Internal Auditors;

vii. Reviewed if there were any related party transactions and/or recurrent related party transactions that transpired within the Group to ensure that the transactions entered into were at arm's length basis and on normal commercial terms;

viii. Reviewed the ARMC Report, Corporate Governance Overview Statement, Statement on Risk Management and Internal Control as well as Additional Compliance Information to ensure adherence to legal and regulatory reporting requirements before recommending to the Board for approval for inclusion in the Company's Annual Report;

ix. Self-appraised the performance of the Committee for the financial year ended 30 June 2022 and submit the evaluation to the Nomination and Remuneration Committee for assessment;

x. Evaluated the performance of the External and Internal Auditors for the financial year ended 30 June 2022;

xi. Reviewed and discussed on the updated Enterprise Risk Management Register/Registry of Risk Report for the Group; and

xii. Reviewed the verification of the options granted under the Employees' Share Option Scheme of the Company for the financial year ended 30 June 2022.

D. INTERNAL CONTROL REVIEW AND INTERNAL AUDIT ("IA") FUNCTION

i. Appointment

The Group has appointed an outsourced IA service provider to carry out the IA function, namely Sterling Business Alignment Consulting Sdn Bhd ("Sterling"). The outsourced Internal Auditors report directly to the Committee, providing the Board with a reasonable assurance of the adequacy of the scope, functions and resources of the Internal Audit function. The purpose of the IA function is to provide the Board, through the Committee, assurance of the effectiveness of the system of internal control of the designated entities of the Group.

ii. IA Activities

The IA reporting can broadly be segregated into three (3) main areas as follow:-

a. IA Plan for the Group

At the beginning of the financial year, the IA Plan for the Group is presented to the Committee by Sterling for discussion and approval. The Committee would then recommend the same to the Board of Directors for adoption.

b. Regular IA Reports

IA reports are reviewed and adopted by the Committee on a quarterly basis. During the financial year, Sterling has reviewed critical business processes, identifying risks and internal control gaps, assessed the effectiveness and adequacy of the existing state of internal control of the major subsidiaries and recommended possible improvements to the internal control process. This is to provide reasonable assurance that such systems continue to operate satisfactorily and effectively within the Group.

c. Follow-up Reports

In addition, the Internal Auditors followed-up on the implementation of recommendations from prior IA visits and updated the Committee on the status of Management-agreed action plans.

iii. Total Costs Incurred For The Financial Year

The total costs incurred for the IA function of the Group for the financial year ended 30 June 2022 was RM55,125.

iv. Review of IA Function

For the financial year ended 30 June 2022, the Committee noted that the IA function is independent and Sterling has performed their audit assignments with impartiality, proficiency and due professional care.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Board of Directors ("the Board") of AWC Berhad ("the Company") is pleased to present the Statement on Risk Management and Internal Control which outlines the nature and scope of risk management and the internal control systems of the Group for the financial year ended 30 June 2022 pursuant to Paragraph 15.26(b) of the Main Market Listing Requirements ("MMLR") and Practice Note 9 of Bursa Malaysia Securities Berhad ("Bursa Securities").

BOARD RESPONSIBILITY

The Board affirms its responsibilities for maintaining a sound internal control system for the Group to safeguard shareholders' investments and the Group's assets, and to discharge their stewardship responsibilities in identifying risks and ensuring the implementation of appropriate systems to manage these risks in accordance with the best practices of the Malaysian Code on Corporate Governance.

However, due to the limitations that are inherent in any system of internal control, the Group's system of internal control is designed to manage, rather than eliminate the risk of failure to achieve corporate and business objectives. Accordingly, the system can only provide reasonable but not absolute assurance against material misstatements, losses or fraud.

The system of internal control mainly applies to the operating companies and does not cover associates, inactive and dormant companies.

RISK MANAGEMENT FRAMEWORK

The Board resolves that the management of core risks is an integral and critical part of the day-to-day operations of the Group. The experience, knowledge and expertise to identify and manage such risks throughout the financial year under review enable the Group to make cautious, mindful and well-informed decisions through formulation and implementation of requisite action plans and monitoring regimes which are imperative in ensuring the accomplishment of the Group's objectives.

The Board confirms that there is an on-going process of identifying, assessing and responding to risks for achieving the objectives of the Group for the financial year under review. The process is in place for the financial year under review and up to the date of issuance of the Statement on Risk Management and Internal Control.

As part of the risk management process, a Registry of Risk and a Risk Management Handbook were adopted. The Registry of Risk is maintained to identify principal business risks including Corporate Liabilities Risk and updated for on-going changes in the risk profile. The Risk Management Handbook summarises risk management methodology, approach and processes, roles and responsibilities, and various risk management concepts. The respective risk owners are accountable to identify risks and ensure that adequate internal control systems are implemented to mitigate the risks faced by the Group. The process of identifying, evaluating, monitoring and managing risks is embedded in various work processes and procedures of the respective operational functions and management team.

THE INTERNAL AUDIT FUNCTION

The internal audit function had been outsourced to Sterling Business Alignment Consulting Sdn. Bhd. ("the Internal Auditors"), a third-party professional internal audit service firm which is independent of the operations and activities of the Group. The Internal Auditors are also independent of the Board and management, and reports directly to the Audit & Risk Management Committee ("ARMC"). In discharging its obligations and duties pursuant to its appointment, the Internal Auditors undertakes rigorous, objective, independent and systematic reviews of the systems of internal control. Following the assessment, the Internal Auditors provide reasonable and continuous assurance on the satisfactory operations and effectiveness of the Group's system of internal controls. The purpose of the comprehensive process is to identify existing shortcomings and potential pitfalls which would eventually be brought to the attention of the Board and rectification measures would be proposed and recommended.

The Internal Auditors submits its reports to the ARMC every quarter and the findings are tabled at the corresponding quarterly meetings. Issues arising thereto and shortfalls in internal controls are reviewed, deliberated at length and acted upon by the ARMC for remedial action. Where necessary, affirmative steps and measures will be introduced and initiated to address, mitigate, manage and latest identified risks. Current internal control measures will also be further strengthened with compensating controls and appropriate check and balance mechanism, if required. Internal audit schedule and timetable for subsequent periods are tabled to the ARMC, outlining the entities which will be subject to the next internal audit exercise and the framework of the internal audit plan. Core internal audit scope and critical areas are also emphasised while internal audit issues highlighted in the preceding internal audit reports together with the progress and updates of the corresponding follow up works are also considered at length.

For the financial year ended 30 June 2022, four (4) internal audit reviews and four (4) follow up Follow-up actions on previously reported audit findings.

Financial Reporting Quarter	Reporting Month	Name of Entity Audited	Audited Areas
1st Quarter (July 2021 – Sept 2021)	Nov 2021	AWC Berhad	Internal Audit Review - Management Information System Follow-up actions on previously reported audit findings.
2nd Quarter (Oct 2021 – Dec 2021)	Feb 2022	Trackwork & Supplies Sdn Bhd	Internal Audit Review - Contract Management Follow-up actions on previously reported audit findings.
3rd Quarter (Jan 2022 – March 2022)	May 2022	Stream Industries Sdn Bhd Stream Environment Sdn Bhd	Internal Audit Review - Business Development and Project Management Follow-up actions on previously reported audit findings.
4th Quarter (Apr 2022 – June 2022)	Aug 2022	M&C Engineering and Trading (S) Pte Ltd	Internal Audit Review - Procurement and Inventory Management Follow-up actions on previously reported audit findings.

The associated company has not been dealt with as part of the Group for the purpose of this Statement. The Group's system of internal controls does not apply to associated company where the Group does not have any direct control over their operation. However, the Group's interest is served through representation on the board of the associated company and the Board meets to discuss and review the financial performance of this company when necessary.

OTHER KEY ELEMENTS OF THE GROUP'S INTERNAL CONTROLS

The following are the key elements of the Group's current internal controls:

- **Independence of the ARMC**

  The ARMC comprises wholly of independent and non-executive directors from various backgrounds and qualifications who bring a vast amount of commercial experience, technical expertise, industry insight and business knowledge. The ARMC also enjoys full and unrestricted access to both the external and internal auditors. The ARMC assesses the adequacy and effectiveness of enacted internal control procedures during the financial year. The ARMC reviews the internal control issues identified and highlighted by the Internal Auditors, external auditors and occasionally by the management team in their quarterly reports. The internal audit reviews conducted revealed that none of the weaknesses or shortfall noted has resulted and/or give rise to any material losses, contingencies and/or uncertainties that would require a separate disclosure in this annual report. A detailed review of the activities of the ARMC over the course of the financial year is set out in the ARMC Report.

- **Clearly defined organisational structure**

  The organisational structure of the Group is well-defined with appropriate terms of reference, job functions and description in place for the Group Chief Executive Officer/President, Executive Directors and other senior management staff of the Group. Organisational charts, job bands and reporting lines within the Group are clearly set out with regular feedback and formal communication between individual subsidiaries and senior management staff at the holding company.

  In addition to the ARMC, the Board is also supported by several Board level committees in discharging its duties.

- **Clearly defined policies and procedures and authority limits**

  The terms of references, responsibilities and authority limits of the various committees, the Group Chief Executive Officer/President, Executive Directors and other senior management staff of the Group are clearly defined to achieve an effective check and balance, promote accountability, transparency, responsibility, operational efficiency and good corporate governance.

  These terms of references, responsibilities and authority limits are formally documented in official documents such as the Group Authority Manual, Procurement Manual, AWC Employee Handbook and various Standard Operating Procedures and Guidelines.

- **Performance review**

  The Board emphasises on reporting of financial results and operational performance at timely intervals to ensure subsistence of managerial controls and consistent exercise of performance review processes. Systems are also in place within the Group to facilitate output of materially accurate and timely financial data. The systems also accommodate the production of relevant reports for measurement of performance against prescribed targets and post-mortem reviews of key result areas as well as supporting benchmarking processes for upcoming years. Budgets and management reports of subsidiaries are reviewed by the senior management team and are thereafter tabled to the Board for consideration, comments, corrective inputs and adoption.

OTHER KEY ELEMENTS OF THE GROUP'S INTERNAL CONTROLS (CONT'D)

The following are the key elements of the Group's current internal controls (cont'd):

- **Reviews by external auditors**

  As required by Paragraph 15.23 of the MMLR of Bursa Securities, the external auditors have reviewed this Statement on Risk Management and Internal Control. Their review was performed under limited assurance engagement in accordance with the Malaysian Approved Standard on Assurance Engagements, ISAE 3000 (Revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information and Audit & Assurance Practice Guide ("AAPG") 3 issued by the Malaysian Institute of Accountants. AAPG 3 does not require the external auditors to form an opinion on the adequacy and effectiveness of the risk management and internal control systems of the Group.

  Based on the procedures performed, nothing had come to their attention that caused them to believe that the Statement on Risk Management and Internal Control set out above was not prepared, in all material respects, in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, nor was factually inaccurate.

CONCLUSION

The Board is satisfied with the adequacy and effectiveness of the Group's risk management and internal control system. The Board has received assurance from the Group Chief Executive Officer/President and Chief Financial Officer that the Group's risk management and internal control system, in all material aspects, is operating adequately and effectively. For the financial year under review, there were no material control failures or adverse compliance events that have directly resulted in any material losses to the Group as a whole. The Group will continue to take measures to strengthen the internal control and risk management environment.

This Statement is made in accordance with the resolution of the Board of Directors dated 18 October 2022.

STATEMENT OF DIRECTORS' RESPONSIBILITY

In connection with the preparation of the annual audited financial statements of the Company and of the Group, the Board of Directors of the Company ("Board") is required to ensure that the financial statements are drawn up in accordance with the provisions of the Companies Act 2016, Malaysia Financial Reporting Standards and International Financial Reporting Standards to give a true and fair view of the financial position of the Company and of the Group as at 30 June 2022 and of the financial performances and cash flows for the financial year then ended.

In preparing the financial statements for the financial year ended 30 June 2022, the Board has taken the following measures:-

- The Group and the Company have applied relevant and appropriate accounting policies consistently and in accordance with applicable approved accounting standards in Malaysia;
- made judgments and estimates that are prudent and reasonable; and
- used the going concern basis for the preparation of the financial statements.

The Directors are responsible for ensuring the adequacy of accounting records that disclose with reasonable accuracy at any time the financial position of the Company and the Group and to enable them to ensure that the financial statements comply with the Companies Act 2016. The Directors have general responsibilities for taking reasonable steps towards safeguarding the assets of the Group and to prevent and detect fraud and other irregularities.

ADDITIONAL COMPLIANCE INFORMATION

1. UTILISATION OF PROCEEDS FROM CORPORATE EXERCISES

The Company did not raise funds through any corporate exercise during the financial year ended 30 June 2022 (“FYE 2022”).

2. AUDIT AND NON-AUDIT FEES

The amount of audit and non-audit fees paid/payable to the External Auditors and its affiliates by the Company and the Group for the FYE 2022 are as follows:-

	Company RM	Group RM
Audit Fees	82,000	382,500
Non-Audit Fees	19,500	55,494

3. MATERIAL CONTRACTS INVOLVING DIRECTORS AND MAJOR SHAREHOLDERS’ INTEREST

There was no material contract entered into by the Company and/or its subsidiaries, involving directors and/or major shareholders’ interest during the financial year.

4. RECURRENT RELATED PARTY TRANSACTIONS

The list of recurrent related party transactions of a revenue or trading nature entered into by the Group is disclosed in Note 36 to the financial statements. For the FYE 2022, no shareholder mandate was required for the recurrent related party transactions of a revenue or trading nature entered into by the Group pursuant to Paragraph 10.09 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

5. EMPLOYEES’ SHARE OPTION SCHEME (“ESOS”)

The ESOS of the Company for eligible Directors and employees of the Company and its subsidiaries (excluding dormant subsidiaries) (“Group”) was approved by the shareholders of the Company at an Extraordinary General Meeting held on 1 October 2015. The ESOS is for a duration of five (5) years commencing from the date of implementation of the ESOS on 9 October 2015 and expiring on 8 October 2020. The Company had on 25 February 2020 announced to extend its existing ESOS which is expiring on 8 October 2020 for another five (5) years until 8 October 2025, in accordance with the terms of the ESOS By-Laws.

The aggregate maximum allocation of ESOS to Directors and Senior Management of the Group shall not exceed 70% of the total number of new ordinary shares in the Company to be issued under ESOS.

There were no new options granted under ESOS during the FYE 2022.

The actual allocation of ESOS to the Directors and Senior Management since the commencement of the ESOS is 44%.

5. EMPLOYEES' SHARE OPTION SCHEME ("ESOS") (CONT'D)

Details of the ESOS of the Company as at 30 June 2022 are as follows:-

	Total Granted to Eligible Employees and Directors	Directors
Total number of options granted at exercise price of		
-23.7 sen	4,185,000	1,050,000
-33.6 sen	23,442,100	4,700,000
-42.3 sen	5,709,000	–
-72.3 sen	5,367,000	–
-72.8 sen	480,000	–
-75.1 sen	900,000	900,000
Total number of options exercised at exercise price of		
-23.7 sen	1,330,000	350,000
-33.6 sen	17,242,786	4,420,000
-42.3 sen	3,360,312	–
-72.3 sen	450,150	–
-72.8 sen	–	–
-75.1 sen	100,000	100,000
Total number of options lapsed	9,328,570	420,000
Total number of options outstanding	8,271,282	1,360,000

There were no options under the ESOS granted to the Independent Non-Executive Directors of the Company during the FYE 2022. The numbers of options exercised by the Independent Non-Executive Directors of the Company during the FYE 2022 are as follows:-

Non-Executive Directors	Amount of options granted as at 1 July 2021	Amount of options exercised/lapsed as at 30 June 2022
Dato' Nik Mod Amin Bin Nik Abd Majid	500,000	(400,000)
Yang Mulia Tunku Puan Sri Dato' Hajjah Noor Hayati Binti Tunku Abdul Rahman Putra Al-Haj	300,000	(100,000)
Sureson A/L Krisnasamy	300,000	–

FINANCIAL STATEMENTS

DIRECTORS' REPORT

The directors hereby submit their report together with the audited financial statements of the Group and of the Company for the financial year ended 30 June 2022.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are disclosed in Note 9 to the financial statements.

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

RESULTS

	Group RM	Company RM
Profit for the financial year, net of tax	34,206,327	10,047,931
Attributable to:		
Owners of the Company	21,532,326	10,047,931
Non-controlling interests	12,674,001	–
	34,206,327	10,047,931

DIVIDENDS

The amounts of dividend declared and paid by the Company since the end of the previous financial year were as follows:

	RM
Single-tier final dividend of 1.0 sen per ordinary share for the financial year ended 30 June 2021, paid on 16 December 2021	3,165,693
Single-tier interim dividend of 0.5 sen per ordinary share for the financial year ended 30 June 2022, paid on 29 March 2022	1,583,034
	4,748,727

At the forthcoming Annual General Meeting, a single-tier final dividend of 1.5 sen per ordinary share, in respect of the financial year ended 30 June 2022, will be proposed for the shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 30 June 2023.

RESERVES OR PROVISIONS

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

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and of the Company were prepared, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and had satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts.

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

CURRENT ASSETS

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

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

VALUATION METHODS

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

CONTINGENT AND OTHER LIABILITIES

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

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

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

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

CHANGE OF CIRCUMSTANCES

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

ITEMS OF MATERIAL AND UNUSUAL NATURE

In the opinion of the directors,

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

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

ISSUE OF SHARES AND DEBENTURES

During the financial year, the Company issued 282,200 new ordinary shares for cash pursuant to the exercise of the Company's Employees' Share Option Scheme ("ESOS") at exercise prices between RM0.237 to RM0.336 per ordinary share.

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

During the financial year, no new issue of debentures was made by the Company.

TREASURY SHARES

Treasury shares relate to ordinary shares of the Company that are repurchased and held by the Company in accordance with the requirements of Section 127 of the Companies Act 2016 in Malaysia.

As at 30 June 2022, the Company held 4,628,700 treasury shares out of its 321,354,250 issued and paid-up ordinary shares. Such treasury shares are held at a carrying amount of RM1,287,081. There was no resale, cancellation or distribution of treasury shares during the financial year.

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up the unissued shares of the Company during the financial year other than the issue of options pursuant to the ESOS and warrants.

ESOS

At an Extraordinary General Meeting held on 1 October 2015, the Company's shareholders approved the establishment of an ESOS for the granting of non-transferable options that are settled by physical delivery of the ordinary shares of the Company, to eligible directors and employees of the Group.

On 25 February 2020, the Company extended its existing ESOS which is expiring on 8 October 2020 for another five (5) years until 8 October 2025, in accordance with the terms of the ESOS By-Laws. The extension is not subject to the approval from Bursa Malaysia Securities Berhad, Securities Commission and shareholders of the Company.

The salient features and other details of the ESOS are disclosed in Note 22(d) to the financial statements.

ESOS (CONT'D)

The movements in the number of share options pursuant to the ESOS during the financial year are as follows:

		Number of options over ordinary shares				
Grant date	**Exercise price**	**At 1 July 2021**	**Granted**	**Exercised**	**Lapsed**	**At 30 June 2022**
2 November 2015	33.6 sen	2,432,394	–	(62,200)	(182,900)	2,187,294
15 April 2016	42.3 sen	905,988	–	–	–	905,988
26 February 2018	72.3 sen	2,478,850	–	–	(425,850)	2,053,000
22 March 2018	72.8 sen	180,000	–	–	(180,000)	–
26 September 2018	75.1 sen	800,000	–	–	(300,000)	500,000
31 March 2020	23.7 sen	3,075,000	–	(220,000)	(230,000)	2,625,000
		9,872,232	–	(282,200)	(1,318,750)	8,271,282

WARRANTS

On 2 January 2019, a total of 56,824,679 free warrants were allotted and listed on the Main Market of Bursa Securities under a deed poll dated 6 December 2018.

The salient terms of Warrants are disclosed in Note 22(e) to the financial statements.

The movement in the Company's warrants during the financial year is as follows:

	Number of warrants				
	At 1 July 2021	**Allotment**	**Exercised**	**Lapsed**	**At 30 June 2022**
Warrants	56,824,679	–	–	–	56,824,679

DIRECTORS

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

Dato' Nik Mod Amin bin Nik Abd Majid *
Dato' Ahmad Kabeer bin Mohamed Nagoor *
Yang Mulia Tunku Puan Sri Dato' Hajjah Noor Hayati binti Tunku Abdul Rahman Putra Al-Haj *
Sureson A/L Krisnasamy
Dato' Dr. Hj Shamsul Anwar bin Sulaiman (Appointed on 24 August 2022)
Dato' Ahri bin Hashim * (Demised on 8 July 2021)

* Directors of the Company and certain subsidiaries

DIRECTORS (CONT'D)

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

Datuk Syed Hussian bin Syed Junid
Datin Dr. Wahida binti Abdul Rahman
Ahmad Nazim bin Ahmad Kabeer
Chan Choon Sen
Chang Leong Hao
Chea Thean Teik (Alternate director to Sri Skanda Rajah A/L S. Ratnam)
Chee Kar Ming
Divesh Navinchandra Sheth
Gan Geok Soon
Goh Tse Woei
Indralingam A/L Subramaniam
Khathir Sulaiman bin Abdullah
Koh Kwee Fook (Alternate director to Gan Geok Soon)
Kong Keat Voon
Mohd Faizul Shazrin bin Shukor
Mohd Hisham bin Haja Najmuddeen
Mohd Izam Bin Baharon @ Baharom (Alternate director to Datuk Syed Hussian bin Syed Junid)
Nik Adnan bin Nik Mohd Salleh
Nik Khairulanuar bin Nik Sin @ N.Hussein
Noreen Khairani binti Ahmad Osmani
So Seng Tek
Sri Skanda Rajah A/L S. Ratnam
Tan Siew Kheng
Voon Siew Moon
Zuraini binti Aman

Fung Beng Ee	(Appointed on 15 September 2022)
Siti Asmarani Ramli	(Appointed on 1 September 2022)
Md Ezaime Arif bin Md Eusofe	(Resigned on 22 September 2021)
Muzamil Mirza bin Mahmood Mirza	(Resigned on 13 April 2022)
Nurhidayah binti Jamaludin	(Resigned on 30 August 2022)
Syed Mohd Nasri Bin Syed Ahmad	(Appointed on 22 September 2021 and resigned on 1 April 2022)

DIRECTORS' INTERESTS

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

	Number of ordinary shares			
	At 1 July 2021	**Exercise of ESOS/ Bought**	**Sold**	**At 30 June 2022**
Interest in the Company				
Direct interests:				
Dato' Nik Mod Amin bin Nik Abd Majid	400,000	–	–	400,000
Dato' Ahmad Kabeer bin Mohamed Nagoor	21,973,300	–	–	21,973,300
Yang Mulia Tunku Puan Sri Dato' Hajjah Noor Hayati binti Tunku Abdul Rahman Putra Al-Haj	100,000	–	–	100,000
Sureson A/L Krisnasamy	65,000	–	–	65,000
Indirect interest:				
Dato' Ahmad Kabeer bin Mohamed Nagoor ^	84,300,000	–	–	84,300,000

^ Shares held through a company in which the director has substantial financial interests.

DIRECTORS' INTERESTS (CONT'D)

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

	Number of options over ordinary shares under ESOS			
	At 1 July 2021	**Exercised/ Granted**	**(Lapsed)**	**At 30 June 2022**
Interest in the Company				
Direct interests:				
Dato' Nik Mod Amin bin Nik Abd Majid	100,000	–	–	100,000
Dato' Ahmad Kabeer bin Mohamed Nagoor	700,000	–	–	700,000
Yang Mulia Tunku Puan Sri Dato' Hajjah Noor Hayati binti Tunku Abdul Rahman Putra Al-Haj	200,000	–	–	200,000
Sureson A/L Krisnasamy	300,000	–	–	300,000
The late Dato' Ahri bin Hashim *(Demised on 8 July 2021)*	300,000	–	(300,000)	–

	Number of warrants issued pursuant to the deed poll dated 6 December 2018 exercisable at any time from 26.12.2021 to 25.12.2023			
	At 1 July 2021	**Bought**	**Exercised**	**At 30 June 2022**
The Company				
Direct interests:				
Dato' Ahmad Kabeer bin Mohamed Nagoor	3,651,000	–	–	3,651,000
Dato' Nik Mod Amin bin Nik Abd Majid	80,000	–	–	80,000
Yang Mulia Tunku Puan Sri Dato' Hajjah Noor Hayati binti Tunku Abdul Rahman Putra Al-Haj	20,000	–	–	20,000
Indirect interest:				
Dato' Ahmad Kabeer bin Mohamed Nagoor	16,549,999	–	–	16,549,999

By virtue of his interests in the ordinary shares of the Company and pursuant to Section 8 of the Companies Act 2016 in Malaysia, Dato' Ahmad Kabeer bin Mohamed Nagoor is deemed to have an interest in the ordinary shares of the subsidiaries to the extent that the Company has an interest.

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

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director of the Company has received or become entitled to receive any benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable, by the directors as disclosed below) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

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

	Group RM	Company RM
Directors of the Company		
- Fees	245,000	245,000
- Short-term employee benefits	3,256,000	16,000
- Post-employment employee benefits	518,400	–
- Benefits-in-kind	56,483	–
Directors of the subsidiaries		
- Short-term employee benefits	6,199,386	–
- Post-employment employee benefits	598,578	–
- Benefits-in-kind	77,513	–
	10,951,360	261,000

Neither during, nor at the end of the financial year, was the Company a party to any arrangements where the object is to enable the directors to acquire benefits by means of the acquisition of shares in, or debentures of the Company or any other body corporate, other than those arising from the share options granted under the ESOS.

INDEMNITY TO DIRECTORS AND OFFICERS

During the financial year, no indemnity was given to or insurance effected for any director or officer of the Company.

SUBSIDIARIES

The details of the Company's subsidiaries are disclosed in Note 9 to the financial statements.

AUDITORS

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

The auditors' remuneration of the Group and of the Company during the financial year were RM489,831 and RM82,000 respectively.

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

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

……………………………………………………………………………

DATO' NIK MOD AMIN BIN NIK ABD MAJID
Director

……………………………………………………………………………

DATO' AHMAD KABEER BIN MOHAMED NAGOOR
Director

Date: 18 October 2022

STATEMENTS OF
FINANCIAL POSITION
AS AT 30 JUNE 2022

		Group		Company	
		2022	**2021**	**2022**	**2021**
	Note	**RM**	**RM**	**RM**	**RM**
ASSETS					
Non-current assets					
Property, plant and equipment	5	13,847,571	13,322,717	32,036	48,688
Right-of-use assets	6	4,108,277	3,663,143	–	–
Investment properties	7	6,463,205	7,543,206	–	–
Intangible assets	8	36,785,467	39,574,467	–	–
Investment in subsidiaries	9	–	–	108,480,529	108,925,697
Investment in an associate	10	–	–	–	–
Deferred tax assets	11	2,648,652	3,045,513	–	–
Total non-current assets		63,853,172	67,149,046	108,512,565	108,974,385
Current assets					
Inventories	12	35,836,393	29,582,508	–	–
Current tax assets		5,558,767	3,719,983	–	–
Trade and other receivables	13	113,815,685	136,548,526	2,193,073	1,414,653
Contract assets	14	61,935,984	57,862,979	–	–
Amount due from subsidiaries	15	–	–	9,971,676	13,592,167
Amount due from an associate	16	14,565	128,005	–	–
Short-term investments	17	17,940,617	19,686,039	350,826	345,848
Cash and short-term deposits	18	112,945,015	89,436,903	5,994,656	2,704,868
		348,047,026	336,964,943	18,510,231	18,057,536
Asset classified as held for sale	19	380,000	–	–	–
Total current assets		348,427,026	336,964,943	18,510,231	18,057,536
TOTAL ASSETS		412,280,198	404,113,989	127,022,796	127,031,921

STATEMENTS OF FINANCIAL POSITION
(CONT'D)

	Note	Group 2022 RM	Group 2021 RM	Company 2022 RM	Company 2021 RM
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share capital	20	119,151,295	119,033,525	119,151,295	119,033,525
Treasury shares	21	(1,287,081)	(1,287,081)	(1,287,081)	(1,287,081)
Other reserves	22	10,967,014	9,929,851	12,883,502	13,094,259
Retained earnings/ (Accumulated losses)		95,684,263	78,644,634	(14,819,298)	(20,374,532)
		224,515,491	206,320,929	115,928,418	110,466,171
Non-controlling interests		65,056,050	56,908,437	–	–
TOTAL EQUITY		289,571,541	263,229,366	115,928,418	110,466,171
Non-current liabilities					
Loans and borrowings	23	3,340,057	7,384,550	–	–
Lease liabilities	24	1,553,298	1,223,433	–	–
Trade and other payables	25	352,508	352,508	–	–
Deferred tax liabilities	11	29,380	7,407	–	–
Total non-current liabilities		5,275,243	8,967,898	–	–
Current liabilities					
Loans and borrowings	23	11,466,438	25,636,150	3,000,000	4,900,000
Lease liabilities	24	1,738,969	1,852,677	–	–
Current tax liabilities		1,689,111	3,015,304	186,795	119,854
Trade and other payables	25	80,186,765	78,311,987	671,975	677,275
Employee benefits	26	1,189,297	993,931	–	–
Contract liabilities	14	21,162,287	22,074,782	–	–
Amount due to subsidiaries	15	–	–	7,235,608	10,868,621
Amount due to directors	27	547	31,894	–	–
Total current liabilities		117,433,414	131,916,725	11,094,378	16,565,750
TOTAL LIABILITIES		122,708,657	140,884,623	11,094,378	16,565,750
TOTAL EQUITY AND LIABILITIES		412,280,198	404,113,989	127,022,796	127,031,921

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

STATEMENTS OF
COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

		Group		Company	
		2022	2021	2022	2021
	Note	RM	RM	RM	RM
Revenue	28	355,194,991	343,912,953	13,620,000	10,780,000
Cost of sales		(259,904,875)	(245,773,716)	–	–
Gross profit		95,290,116	98,139,237	13,620,000	10,780,000
Other income		2,935,019	3,238,039	–	–
Administrative expenses		(51,671,258)	(47,065,133)	(3,099,592)	(2,526,615)
Other expenses		(2,789,000)	(2,136,274)	–	–
Net allowance of impairment losses on receivables and contract assets		(707,309)	(4,379,446)	–	–
Operating profit		43,057,568	47,796,423	10,520,408	8,253,385
Finance costs, net	29	(67,611)	(230,885)	(110,431)	(276,855)
Share of results of associate, net of tax		–	(176,128)	–	–
Profit before tax	30	42,989,957	47,389,410	10,409,977	7,976,530
Income tax expense	32	(8,783,630)	(8,574,234)	(362,046)	(417,480)
Profit for the financial year		34,206,327	38,815,176	10,047,931	7,559,050
Other comprehensive income/(loss), net of tax					
Item that may be reclassified subsequently to profit or loss					
Exchange differences on translation of foreign operations		1,928,494	(419,562)	–	–
Revaluation of property, plant and equipment		93,038	–	–	–
Other comprehensive income/(loss) for the financial year		2,021,532	(419,562)	–	–
Total comprehensive income for the financial year		36,227,859	38,395,614	10,047,931	7,559,050

	Note	Group 2022 RM	Group 2021 RM	Company 2022 RM	Company 2021 RM
Profit attributable to:					
Owners of the Company		21,532,326	26,065,879	10,047,931	7,559,050
Non-controlling interests		12,674,001	12,749,297	–	–
		34,206,327	38,815,176	10,047,931	7,559,050
Total comprehensive income attributable to:					
Owners of the Company		22,780,246	25,884,528	10,047,931	7,559,050
Non-controlling interests		13,447,613	12,511,086	–	–
		36,227,859	38,395,614	10,047,931	7,559,050
Earnings per share (sen):					
Basic	33	6.80	8.26		
Diluted	33	6.75	8.26		

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

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

Group	Note	Share capital RM	Treasury shares RM	Other reserves RM	Retained earnings RM	Sub-total RM	Non-controlling interests RM	Total equity RM
		Attributable to owners of the Company						
At 1 July 2021		119,033,525	(1,287,081)	9,929,851	78,644,634	206,320,929	56,908,437	263,229,366
Total comprehensive income for the financial year								
Profit for the financial year		–	–	–	21,532,326	21,532,326	12,674,001	34,206,327
Other comprehensive income for the financial year		–	–	1,247,920	–	1,247,920	773,612	2,021,532
Total comprehensive income		–	–	1,247,920	21,532,326	22,780,246	13,447,613	36,227,859
Transactions with owners								
Dividends paid/payable on shares to:								
- Owners of the Company	34	–	–	–	(4,748,727)	(4,748,727)	–	(4,748,727)
- Non-controlling interest		–	–	–	–	–	(5,300,000)	(5,300,000)
Issuance of ordinary shares pursuant to:								
- Exercise of ESOS	20	117,770	–	(44,736)	–	73,034	–	73,034
Share options granted		–	–	90,009	–	90,009	–	90,009
Share options lapsed		–	–	(256,030)	256,030	–	–	–
Total transactions with owners		117,770	–	(210,757)	(4,492,697)	(4,585,684)	(5,300,000)	(9,885,684)
At 30 June 2022		119,151,295	(1,287,081)	10,967,014	95,684,263	224,515,491	65,056,050	289,571,541

Group (cont'd)	Note	Share capital RM	Treasury shares RM	Other reserves RM	Retained earnings RM	Sub-total RM	Non-controlling interests RM	Total equity RM
		Attributable to owners of the Company						
At 1 July 2020		112,264,362	(1,287,081)	10,209,953	55,240,166	176,427,400	45,671,454	222,098,854
Total comprehensive (loss)/ income for the financial year								
Profit for the financial year		–	–	–	26,065,879	26,065,879	12,749,297	38,815,176
Other comprehensive loss for the financial year		–	–	(181,351)	–	(181,351)	(238,211)	(419,562)
Total comprehensive (loss)/income		–	–	(181,351)	26,065,879	25,884,528	12,511,086	38,395,614
Transactions with owners								
Dividends paid/payable on shares to:								
- Owners of the Company	34	–	–	–	(1,578,032)	(1,578,032)	–	(1,578,032)
- Non-controlling interest		–	–	–	–	–	(2,450,000)	(2,450,000)
Non-controlling interest arising from disposal of a subsidiary		–	–	–	(1,175,897)	(1,175,897)	1,175,897	–
Issuance of ordinary shares pursuant to:								
- Final consideration for acquisition of a subsidiary	20	5,968,736	–	–	–	5,968,736	–	5,968,736
- Exercise of ESOS	20	800,427	–	(284,170)	–	516,257	–	516,257
Share options granted		–	–	277,937	–	277,937	–	277,937
Share options lapsed		–	–	(92,518)	92,518	–	–	–
Total transactions with owners		6,769,163	–	(98,751)	(2,661,411)	4,009,001	(1,274,103)	2,734,898
At 30 June 2021		119,033,525	(1,287,081)	9,929,851	78,644,634	206,320,929	56,908,437	263,229,366

STATEMENTS OF CHANGES IN EQUITY
(CONT'D)

		Attributable to owners of the Company				
Company	**Note**	**Share capital RM**	**Treasury shares RM**	**Other reserves RM**	**Accumulated losses RM**	**Total equity RM**
At 1 July 2021		119,033,525	(1,287,081)	13,094,259	(20,374,532)	110,466,171
Total comprehensive income for the financial year		–	–	–	10,047,931	10,047,931
Transactions with owners						
Dividends paid on shares	34	–	–	–	(4,748,727)	(4,748,727)
Issuance of ordinary shares pursuant to:						
- Exercise of ESOS	20	117,770	–	(44,736)	–	73,034
Share options granted		–	–	90,009	–	90,009
Share options lapsed		–	–	(256,030)	256,030	–
Total transactions with owners		117,770	–	(210,757)	(4,492,697)	(4,585,684)
At 30 June 2022		119,151,295	(1,287,081)	12,883,502	(14,819,298)	115,928,418
At 1 July 2020		112,264,362	(1,287,081)	13,193,010	(26,448,068)	97,722,223
Total comprehensive income for the financial year		–	–	–	7,559,050	7,559,050
Transactions with owners						
Dividends paid on shares	34	–	–	–	(1,578,032)	(1,578,032)
Issuance of ordinary shares pursuant to:						
- Exercise of ESOS	20	800,427	–	(284,170)	–	516,257
- Final consideration for acquisition of a subsidiary	20	5,968,736	–	–	–	5,968,736
Share options granted		–	–	277,937	–	277,937
Share options lapsed		–	–	(92,518)	92,518	–
Total transactions with owners		6,769,163	–	(98,751)	(1,485,514)	5,184,898
At 30 June 2021		119,033,525	(1,287,081)	13,094,259	(20,374,532)	110,466,171

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

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

		Group		Company	
		2022	2021	2022	2021
	Note	RM	RM	RM	RM
Cash flows from operating activities					
Profit before tax		42,989,957	47,389,410	10,409,977	7,976,530
Adjustments for:					
Bad debt (recovered)/written off		(3,834)	229	–	–
Deposits written off		–	5,550	–	–
Depreciation of property, plant and equipment		1,732,733	1,786,183	16,652	17,651
Depreciation of right-of-use assets		2,539,655	2,586,546	–	–
Dividend income		–	–	(11,700,000)	(8,860,000)
Employee benefits		133,795	131,585	–	-
Fair value loss on investment properties		120,001	733,000	–	–
Finance costs		1,447,947	1,355,870	457,750	615,631
Finance income		(1,380,336)	(1,124,985)	(347,319)	(338,776)
Gain on disposal of investment property		(145,000)	–	–	–
Gain on disposal of property, plant and equipment		(384,271)	(11,807)	–	–
Gain on disposal of right-of-use assets		–	(100,886)	–	–
Inventories written down to net realisable value		296,777	443,471	–	–
Net allowance/(reversal) of impairment losses on:					
- amount due from subsidiaries		–	–	33,242	32,684
- contract assets		633,691	(1,041,282)	–	–
- goodwill		2,789,000	2,136,274	–	–
- investment in subsidiaries		–	–	521,450	–
- trade receivables		56,937	5,335,563	–	–
- other receivables		16,681	85,165	–	–
Other payable written off		(1,948)	–	–	–
Property, plant and equipment written off		25,956	26,936	–	–
Share of results of associate		–	176,128	–	–
Share options granted under ESOS		90,009	277,937	13,727	43,926
Unrealised loss/(gain) on foreign exchange		258,873	(67,930)	–	–
Withholding tax recoverable written off		7,434	–	–	–
Operating profit/(loss) before changes in working capital, carried forward		51,224,057	60,122,957	(594,521)	(512,354)

STATEMENTS OF CASH FLOWS
(CONT'D)

	Note	Group 2022 RM	Group 2021 RM	Company 2022 RM	Company 2021 RM
Cash flows from operating activities (cont'd)					
Operating profit/(loss) before changes in working capital, carried forward		51,224,057	60,122,957	(594,521)	(512,354)
Changes in working capital:					
Inventories		(6,550,662)	(3,039,724)	–	–
Trade and other receivables/ Contract assets		17,948,927	(32,952,488)	(778,420)	916,961
Trade and other payables/ Contract liabilities		1,689,231	12,922,627	(5,300)	24,968
Cash generated from/(used in) operations		64,311,553	37,053,372	(1,378,241)	429,575
Dividend received		–	–	11,700,000	8,860,000
Income tax paid		(11,627,169)	(9,103,377)	(295,105)	(492,829)
Income tax refunded		266,681	1,497,249	–	–
Interest paid		(1,447,947)	(1,355,870)	(457,750)	(615,631)
Net cash from operating activities		51,503,118	28,091,374	9,568,904	8,181,115
Cash flows from investing activities					
Repayment from/(Advance to) associate		113,440	(128,005)	–	–
Advances to subsidiaries		–	–	(2,187,177)	(9,394,126)
Finance income		1,066,080	572,980	66,246	55,434
Withdrawal/(Placement) of deposits with tenure more than 3 months		3,597,175	(6,617,015)	–	–
Placement of short-term investments		(4,885,416)	(8,809,600)	–	–
Proceeds from disposal of property, plant and equipment		386,607	19,850	–	–
Proceeds from disposal of right-of-use assets		–	158,500	–	–
Proceeds from disposal of short-term investments		6,945,094	8,616,090	–	–
Purchase of property, plant and equipment	5	(2,111,982)	(2,203,515)	–	–
Repayment from subsidiaries		–	–	6,050,521	1,369,742
Net cash from/(used in) investing activities		5,110,998	(8,390,715)	3,929,590	(7,968,950)

STATEMENTS OF CASH FLOWS
(CONT'D)

	Note	Group 2022 RM	Group 2021 RM	Company 2022 RM	Company 2021 RM
Cash flows from financing activities	(a)				
(Repayment to)/Advances from directors		(31,347)	31,894	–	–
Repayment to subsidiaries		–	–	(3,633,013)	(405,838)
Changes in pledged deposits		(4,872,442)	(1,424,039)	–	–
Dividend paid to:					
- Owners of the Company		(4,748,727)	(1,578,032)	(4,748,727)	(1,578,032)
- Non-controlling interests		(5,300,000)	(2,450,000)	–	–
Drawdown of revolving credits		3,000,000	5,500,000	3,000,000	4,400,000
Drawdown of trade loan		4,819,180	20,907,064	–	–
Payment of lease liabilities		(2,792,918)	(3,016,664)	–	–
Proceeds from exercise of ESOS		73,034	516,257	73,034	516,257
Repayment of revolving credits		(5,700,000)	(1,000,000)	(4,900,000)	(1,000,000)
Repayment of term loans		(5,712,613)	(13,216,197)	–	–
Repayment of trade loan		(14,155,968)	(12,387,868)	–	–
Net cash (used in)/from financing activities		(35,421,801)	(8,117,585)	(10,208,706)	1,932,387
Net increase in cash and cash equivalents		21,192,315	11,583,074	3,289,788	2,144,552
Cash and cash equivalents at the beginning of the financial year		72,093,769	60,863,477	2,704,868	560,316
Effects of exchange rate changes on cash and cash equivalents		1,505,334	(352,782)	–	–
Cash and cash equivalents at the end of the financial year	18	94,791,418	72,093,769	5,994,656	2,704,868

STATEMENTS OF CASH FLOWS
(CONT'D)

(a) Reconciliation of liabilities arising from financing activities:

Group	1 July 2021 RM	Cash flows RM	Non-cash Acquisition RM	30 June 2022 RM
Revolving credits	7,500,000	(2,700,000)	–	4,800,000
Term loans	11,431,014	(5,712,613)	–	5,718,401
Trade loan	11,644,396	(9,336,788)	–	2,307,608
Lease liabilities	3,076,110	(2,792,918)	3,009,075	3,292,267
	33,651,520	(20,542,319)	3,009,075	16,118,276

Group	1 July 2020 RM	Cash flows RM	Non-cash Acquisition RM	30 June 2021 RM
Revolving credits	3,000,000	4,500,000	–	7,500,000
Term loans	24,647,211	(13,216,197)	–	11,431,014
Trade loan	3,125,200	8,519,196	–	11,644,396
Lease liabilities	4,370,606	(3,016,664)	1,722,168	3,076,110
	35,143,017	(3,213,665)	1,722,168	33,651,520

Company

Changes in liabilities arising from financing activities are changes arising from cash flows.

(b) During the financial year, the total cash outflows of the Group for leases is RM4,114,716 (2021: RM4,355,448).

1. CORPORATE INFORMATION

AWC Berhad (“the Company”) is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad. The registered office of the Company is located at Third Floor, No. 77, 79 & 81, Jalan SS 21/60, Damansara Utama, 47400 Petaling Jaya, Selangor Darul Ehsan. The principal place of business of the Company is located at No. 20-2, Subang Business Centre, Jalan USJ 9/5T, 47620 UEP Subang Jaya, Selangor Darul Ehsan.

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are disclosed in Note 9 to the financial statements.

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

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 18 October 2022.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

2.2 Adoption of amendments/improvements to MFRSs

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

<u>Amendments/Improvements to MFRSs</u>

MFRS 4	Insurance Contracts
MFRS 7	Financial Instruments: Disclosures
MFRS 9	Financial Instruments
MFRS 139	Financial Instruments: Recognition and Measurement

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

2. BASIS OF PREPARATION (CONT'D)

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

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

		Effective for financial periods beginning on or after
<u>New MFRS</u>		
MFRS 17	Insurance Contracts	1 January 2023
<u>Amendments/Improvements to MFRSs</u>		
MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards	1 January 2022^/ 1 January 2023#
MFRS 3	Business Combinations	1 January 2022/ 1 January 2023#
MFRS 5	Non-current Assets Held for Sale and Discontinued Operations	1 January 2023#
MFRS 7	Financial Instruments: Disclosures	1 January 2023#
MFRS 9	Financial Instruments	1 January 2022^/ 1 January 2023#
MFRS 10	Consolidated Financial Statements	Deferred
MFRS 15	Revenue from Contracts with Customers	1 January 2023#
MFRS 16	Leases	1 January 2022^
MFRS 17	Insurance Contracts	1 January 2023
MFRS 101	Presentation of Financial Statements	1 January 2023/ 1 January 2023#
MFRS 107	Statements of Cash Flows	1 January 2023#
MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2023
MFRS 112	Income Taxes	1 January 2023
MFRS 116	Property, Plant and Equipment	1 January 2022/ 1 January 2023#
MFRS 119	Employee Benefits	1 January 2023#
MFRS 128	Investments in Associates and Joint Ventures	Deferred/ 1 January 2023#
MFRS 132	Financial Instruments: Presentation	1 January 2023#
MFRS 136	Impairment of Assets	1 January 2023#
MFRS 137	Provisions, Contingent Liabilities and Contingent Assets	1 January 2022/ 1 January 2023#
MFRS 138	Intangible Assets	1 January 2023#
MFRS 140	Investment Property	1 January 2023#
MFRS 141	Agriculture	1 January 2022^

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

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

2. BASIS OF PREPARATION (CONT'D)

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

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

Amendments to MFRS 101 Presentation of Financial Statements

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

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

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

2.4 Functional and presentation currency

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

2.5 Basis of measurement

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

2.6 Use of estimates and judgement

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

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates that are significant to the Group's and the Company's financial statements are disclosed in Note 4 to the financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Basis of consolidation and economic entities

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

(a) Subsidiaries and business combination

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

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

The Group applies the acquisition method to account for business combinations from the acquisition date.

For a new acquisition, goodwill is initially measured at cost, being the excess of the following:

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

The accounting policy for goodwill is set out in Note 3.8(a) to the financial statements.

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 Basis of consolidation and economic entities (Cont'd)

(a) Subsidiaries and business combination (Cont'd)

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

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

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

(b) Non-controlling interests

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

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

(c) Associates

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 Basis of consolidation and economic entities (Cont'd)

(c) Associates (Cont'd)

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

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

(d) Transactions eliminated on consolidation

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

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

3.2 Separate financial statements

In the Company's statement of financial position, investment in subsidiaries is measured at cost less any accumulated impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs. The policy for the recognition and measurement of impairment losses shall be applied on the same basis as would be required for impairment of non-financial assets as disclosed in Note 3.12(b) to the financial statements.

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

3.3 Foreign currency transactions and operations

(a) Translation of foreign currency transactions

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 Foreign currency transactions and operations (Cont'd)

(a) Translation of foreign currency transactions (Cont'd)

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

(b) Translation of foreign operations

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

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

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

3.4 Financial instruments

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

(a) Initial recognition

Except for the trade receivables that do not contain a significant financing component, financial instruments are recognised initially at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Transaction costs attributable to a financial asset or financial liability carried at fair value through profit or loss are expensed in profit or loss.

Trade receivables that do not contain a significant financing component or where the Group and the Company expect the period between when the promised goods are transferred and when the customer pays will be one year or less, are measured at the transaction price determined under MFRS 15.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.4 Financial instruments (Cont'd)

(b) Subsequent measurement

The Group and the Company categorise financial instruments as follows:

(i) Financial assets

- **Amortised cost**

  Financial assets that are held for collection of contractual cash flows and those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. The policy for the recognition and measurement of impairment is in accordance with Note 3.12(a) to the financial statements. Gain and losses are recognised in profit or loss when the financial asset is derecognised, modified or impaired.

- **Fair value through profit or loss ("FVPL")**

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

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

(ii) Financial liabilities

The Group and the Company classify their financial liabilities as financial liabilities measured at amortised cost.

Financial liabilities are subsequently measured at amortised cost using effective interest rate ("EIR") method. Gains and losses are recognised in profit or loss when the financial liabilities are derecognised and through the EIR amortisation process.

(c) 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 terms of a debt instrument.

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs that are directly attributable to the issuance of the guarantee.

Subsequent to initial recognition, the liability is measured at the higher of the amount of the loss allowance determined using the general 3-stage approach as described in Note 3.12(a) to the financial statements and the amount initially recognised, and where appropriate, the cumulative amount of income recognised in accordance with the principles of MFRS 15.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.4 Financial instruments (Cont'd)

(d) Derecognition

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

(i) the contractual rights to receive cash flows from the financial asset expire, or
(ii) the Group and the Company have transferred their rights to receive cash flows from the asset or have assumed an obligation to pay the received cash flows in full without material delay to a third party; and either:

(a) the Group and the Company have transferred substantially all the risks and rewards of the asset, or
(b) the Group and the Company have neither transferred nor retained substantially all the risks and rewards of the asset, but have transferred control of the asset.

On derecognition of a financial asset, the difference between the carrying amount (measured at the date of derecognition) and the consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

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

(e) Offsetting of financial instruments

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

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

3.5 Property, plant and equipment

(a) Recognition and measurement

Property, plant and equipment (other than freehold buildings) are measured at cost less accumulated depreciation and any accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.12(b) to the financial statements.

Freehold buildings are measured at fair value, based on valuations by external independent valuers, less accumulated depreciation and any accumulated impairment losses recognised after the date of revaluation. Valuations are performed with sufficient regularity to ensure that the fair value of the freehold buildings does not differ materially from the carrying amount. Any accumulated depreciation as at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

A revaluation surplus is recognised in other comprehensive income and credited to the revaluation reserve. However, the increase shall be recognised in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss. If an asset's carrying amount is decreased as a result of a revaluation, the decrease shall be recognised in profit or loss. However, the decrease shall be recognised in other comprehensive income to the extent of any credit balance existing in the revaluation reserve in respect of that asset.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.5 Property, plant and equipment (Cont'd)

(a) Recognition and measurement (Cont'd)

The revaluation reserve is transferred to retained earnings when the assets are derecognised.

Cost of assets includes expenditures that are directly attributable to the acquisition of the asset and any other costs that are directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes cost of materials, direct labour, and any other direct attributable costs but excludes internal profits. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs in Note 3.17 to the financial statements.

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

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

(b) Subsequent costs

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

(c) Depreciation

All property, plant and equipment are depreciated on a straight-line basis by allocating their depreciable amounts over their remaining useful lives at the following annual rates:

Buildings	2%
Leasehold buildings	Over the lease period of 92 years
Computer equipment and software	10% to 50%
Machinery, equipment and motor vehicles	10% to 50%
Furniture, fittings and office equipment	8% to 20%
Electrical installation and renovation	10% to 33 1/3%

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

(d) Derecognition

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.6 Leases

(a) Definition of lease

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

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

(b) Lessee accounting

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

The Group and the Company present right-of-use assets that do not meet the definition of investment property in Note 6 to the financial statements and lease liabilities in Note 24 to the financial statements.

Right-of-use asset

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

The right-of-use asset is subsequently measured at cost less accumulated depreciation and any accumulated impairment losses, and adjusted for any remeasurement of the lease liabilities. The right-of-use asset is depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. If the Group and the Company expect to exercise a purchase option, the right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts from the commencement date of the underlying asset. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.12(b) to the financial statements.

Lease liability

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

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

- fixed lease payments (including in-substance fixed payments), less any lease incentives; and
- the exercise price of a purchase option, if the lessee is reasonably certain to exercise that option.

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.6 Leases (Cont'd)

(b) Lessee accounting (Cont'd)

Lease liability (Cont'd)

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

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

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

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

Short-term leases and leases of low value assets

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

(c) Lessor accounting

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

When the Group and the Company are intermediate lessors, they account for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease. If a head lease is a short-term lease to which the Group applies the exemption described in Note 3.6(b) to the financial statements, then it classifies the sub-lease as an operating lease.

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.6 Leases (Cont'd)

(c) Lessor accounting (Cont'd)

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

When a contract includes lease and non-lease components, the Group and the Company apply MFRS 15 to allocate the consideration under the contract to each component.

3.7 Investment properties

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

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value. Gains and losses arising from changes in the fair values of investment properties are recognised in profit or loss for the period in which they arise.

Cost includes purchase price and any directly attributable costs incurred to bring the property to its present location and condition intended for use as an investment property. The cost of a self-constructed investment property includes the cost of material, direct labour and any other direct attributable costs. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs in Note 3.17 to the financial statements.

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

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property carried at fair value to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. For a transfer from owner-occupied property to investment property, any difference arising on the date of change in use between the carrying amount of the item immediately prior to the transfer and its fair value is recognised directly in equity as a revaluation of property, plant and equipment.

3.8 Intangible assets

(a) Goodwill on consolidation

Goodwill arising from business combinations is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.12(b) to the financial statements.

In respect of equity-accounted associates, goodwill is included in the carrying amount of the investment and is not tested for impairment individually. Instead, the entire carrying amount of the investment is tested for impairment as a single asset when there is objective evidence of impairment.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.8 Intangible assets (Cont'd)

(b) Other intangible asset

Intangible asset, other than goodwill, that are acquired by the Group, which have finite useful life, is measured at cost less accumulated amortisation and any accumulated impairment loss. Amortisation is recognised in profit or loss over the period of the customer contracts. Amortisation methods and useful life are reviewed at the end of each reporting period and adjusted, if appropriate.

3.9 Inventories

Inventories consist of raw materials and consumables, trading and installation goods, work in progress and finished goods.

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

Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:

- Raw materials and consumables are determined using the first-in first-out basis.
- Trading and installation goods are assigned on a weighted average cost basis.
- Work in progress are assigned on a weighted average cost basis.
- Finished goods are assigned on a weighted average cost basis.

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

3.10 Contract assets/(liabilities)

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

The policy for the recognition and measurement of impairment losses is in accordance with Note 3.12(a) to the financial statements.

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

3.11 Cash and cash equivalents

For the purpose of the statements of cash flows, cash and cash equivalents comprise cash in hand, bank balances and deposits and other short-term, highly liquid investments with a maturity of three months or less, that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

3.12 Impairment of assets

(a) Impairment of financial assets and contract assets

Financial assets measured at amortised cost, contract assets and financial guarantee contracts are subject to the impairment requirement in MFRS 9 to account for expected credit losses. Expected credit loss ("ECL") is the weighted average of credit losses with the respective risks of a default occurring as the weights.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.12 Impairment of assets (Cont'd)

(a) Impairment of financial assets and contract assets (Cont'd)

The Group and the Company measure loss allowance as follows:

(i) General 3-stage approach for other receivables and cash and short-term deposits.

At each reporting date, the Group and the Company measure loss allowance at an amount equal to credit losses that result from default events that are possible within the next 12-months ("12-month ECL") if credit risk on a financial instrument has not increased significantly since initial recognition.

For other financial instruments, a loss allowance at an amount equal to credit losses over the remaining life of the exposure ("lifetime ECL") is required.

(ii) Simplified approach for trade receivables and contract assets.

The Group applies the simplified approach permitted by MFRS 9 to measure the loss allowance at an amount equal to lifetime ECL at each reporting date. The Group considers the ECL rates for trade receivables as a reasonable approximation of the loss rates for contract assets of the same customer or with similar risk characteristics.

When determining whether credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, 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.

Generally, the Group and the Company assume that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group and the Company consider a financial asset to be in default (or credit-impaired) when contractual payment of the financial asset is more than 90 days past due unless the Group and the Company have reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate. Nevertheless, in other cases, the Group and the Company may also consider internal and external information that indicates that the Group and the Company are unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group and the Company. Those information includes instances where:

- the counterparty is in significant financial difficulty;
- the counterparty is in breach of financial covenants;
- the lender of the counterparty having granted to the counterparty a concession that the lender would not otherwise consider;
- it is becoming probable that the counterparty will enter bankruptcy or other financial reorganisation.

Impairment losses (or reversal) are recognised in profit or loss.

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group and the Company determine that the counterparty no longer have assets or a source of income that could generate sufficient cash flows to repay the amount owing.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.12 Impairment of assets (Cont'd)

(b) Impairment of non-financial assets

The carrying amounts of non-financial assets (except for inventories, contract assets, deferred tax assets and investment properties measured at fair value) are reviewed at the end of each reporting period to determine whether there is any indication of impairment.

If any such indication exists, the Group and the Company make an estimate of the asset's recoverable amount.

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

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

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

Impairment losses are recognised in profit or loss, except for assets that were previously revalued with the revaluation surplus recognised in other comprehensive income. In the latter case, the impairment is recognised in other comprehensive income up to the amount of any previous revaluation.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. An impairment loss is reversed only if there has been a change in the estimates used to determine the assets recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

3.13 Share capital

(a) Ordinary shares

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.13 Share capital (Cont'd)

(b) Treasury shares

When share capital recognised as equity is repurchased, the amount of consideration paid is recognised directly in equity. Repurchased shares that have not been cancelled including any attributable transaction costs are classified as treasury shares and presented as a deduction from total equity.

When treasury shares are sold or reissued subsequently, the difference between the sales consideration and the carrying amount is presented as a movement in equity.

3.14 Employee benefits

(a) Short-term employee benefits

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

(b) Defined contribution plans

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

(c) Defined benefit plans

The Group operates defined benefit pension plans (funded) and provides a post-employment healthcare benefit (unfunded) plan to employees as provided in the employment agreements between the companies in the Group and their employees.

(d) Employees' Share Option Scheme ("ESOS")

Employees of the Group and of the Company receive remuneration in the form of share options as consideration for services rendered. The cost of these equity-settled transactions with employees is measured by reference to the fair value of the options at the date on which the options are granted. This cost is recognised in profit or loss, with a corresponding increase in the employees' share option reserve over the vesting period. The cumulative expense recognised at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's and the Company's best estimate of the number of options that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in cumulative expense recognised at the beginning and end of that period.

No expense is recognised for options that do not ultimately vest, except for options where vesting is conditional upon a market or non-vesting condition, which are treated as vested irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied. The employees' share option reserve is transferred to retained earnings upon expiry of the share options. When the options are exercised, the employees' share option reserve is transferred to share capital if new shares are issued, or to treasury shares if the options are satisfied by reissuance of treasury shares.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.15 Provisions

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

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

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

3.16 Revenue and other income

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

Revenue recognition of the Group and the Company are applied for each contract with a customer or a combination of contracts with the same customer (or related parties of the customer).

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

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

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

A contract modification is a change in the scope or price (or both) of a contract that is approved by the parties to the contract. A modification exists when the change either creates new or changes existing enforceable rights and obligations of the parties to the contract. The Group has assessed the type of modification and accounted for as either creates a separate new contract, terminates the existing contract and creation of a new contract; or forms a part of the existing contracts. Any cumulative catch-up adjustments to revenue that affect the corresponding contract asset or contract liability is disclosed in the financial statements.

<u>Financing components</u>

The Group has applied the practical expedient for not to adjust the promised amount of consideration for the effects of a significant financing components if it expects that the period between the transfer of the promised goods or services to the customer and payment by the customer will be one year or less.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.16 Revenue and other income (Cont'd)

(a) Construction and engineering contracts

The Group constructs facilities and performs engineering works under contracts with customers. Construction and engineering service contracts comprise multiple deliverables that require significant integration service and therefore accounted as a single performance obligation.

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

Sales are made with a credit term of 30 to 180 days, which is consistent with market practice, therefore, no element of financing is deemed present. The Group becomes entitled to invoice customers for construction of facilities and engineering works based on achieving a series of performance-related milestones.

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

(b) Design, manufacture and supply contracts

The Group designs, manufacture and supply goods under contracts with customers.

Under the terms of the contracts, control of certain underlying goods in relation to the manufacture and supply contracts is transferred over time as:

(i) the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
(ii) the Group's performance does not create an asset with alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

Revenue of such contracts is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. The progress towards complete satisfaction of a performance obligation is determined by the proportion of costs incurred for work performed to date bear to the estimated total costs (an input method).

Sales are made with credit term ranging from 30 to 180 days, therefore, no element of financing is deemed present. The Group becomes entitled to invoice customers based on achieving a series of performance-related milestones.

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.16 Revenue and other income (Cont'd)

(c) Sale of goods

Revenue from sale of goods, unless control transfers over time, is recognised at a point in time when control of the goods is passed to the customer, which is the point in time when control of the products has been transferred, being when the customer accepts the delivery of the goods.

Sales are made with a credit term of 30 to 180 days.

(d) Rendering of services

Revenue from a contract to provide services is recognised over time as the services are rendered because the customer receives and uses the benefits simultaneously. This is determined based on the time elapsed (output method), labour hours expended (input method) or costs incurred (input method). When the Group does not transfer control of the services over time, revenue is recognised at a point in time as the services are rendered.

Sales are made with a credit term of 30 to 180 days.

(e) Commission income

Commission income is recognised when the right to receive payment is established.

Sales are made with a credit term of 30 to 90 days.

(f) Rental income

Rental income from investment properties is recognised on a straight-line basis over the term of the lease.

(g) Dividend income

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

(h) Interest income

Interest income is recognised using the effective interest method.

3.17 Borrowing costs

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

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

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

The Group and the Company begin capitalising borrowing costs when the Group and the Company have incurred the expenditures for the asset, incurred related borrowing costs and undertaken activities that are necessary to prepare the asset for its intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.18 Income tax

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

(a) Current tax

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

(b) Deferred tax

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

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

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

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

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

Where investment properties are carried at fair value in accordance with the accounting policy as disclosed in Note 3.7 to the financial statements, the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying value at the reporting date unless the property is depreciable and is held within the business model whose objective is to consume substantially all the economic benefits embodied in the property over time, rather than through sale.

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.18 Income tax (Cont'd)

(b) Deferred tax (Cont'd)

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

(c) Sales and services tax

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

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

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

3.19 Earnings per share

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

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

3.20 Operating segments

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

3.21 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 a non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.21 Fair value measurements (Cont'd)

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

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

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

Level 3: Unobservable inputs for the asset or liability.

The Group and the Company recognise transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

3.22 Contingencies

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

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

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

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

3.23 Contract costs

(a) Recognition and measurement

Contract costs include costs of obtaining and fulfilling a contract.

The incremental costs of obtaining a contract are those costs that the Group and the Company incur to obtain a contract with a customer which they would not have incurred if the contract had not been obtained. The incremental costs of obtaining a contract with a customer are recognised as part of contract costs when the Group and the Company expect those costs are recoverable.

The costs incurred in fulfilling a contract with a customer which are not within the scope of another MFRSs, such as MFRS 102 *Inventories*, MFRS 116 *Property, Plant and Equipment* or MFRS 138 *Intangible Assets*, are recognised as part of contract costs when all of the following criteria are met:

(i) the costs relate directly to a contract or to an anticipated contract that can be specifically identified;
(ii) the costs generate or enhance resources of the Group and the Company that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and
(iii) the costs are expected to be recovered.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.23 Contract costs (Cont'd)

(b) Amortisation

The costs of obtaining and fulfilling a contract are amortised on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates, i.e. in accordance with the pattern of transfer of goods or services to which the asset relates. The amortisation shall be updated subsequently to reflect any significant change to the expected timing of transfer to the customer of the goods or services to which the asset relates in accordance with MFRS 108 *Accounting Policies, Changes in Accounting Estimate and Errors*.

(c) Impairment

Impairment loss are recognised in profit or loss to the extent that the carrying amount of the contract cost exceeds:

(i) the remaining amount of consideration that the entity expects to receive in exchange for the goods or services to which the asset relates; less
(ii) the costs that relate directly to providing those goods or services and that have not been recognised as expenses.

Before an impairment loss is recognised for contract costs, the Group and the Company shall recognise any impairment loss for assets related to the contract that are recognised in accordance with another MFRSs, such as MFRS 102, MFRS 116 and MFRS 138. The Group and the Company shall include the resulting carrying amount of the contract costs in the carrying amount of the cash-generating unit to which it belongs for the purpose of applying MFRS 136 *Impairment of Assets* to that cash-generating unit.

An impairment loss is reversed when the impairment conditions no longer exist or have improved. Such reversal is recognised in profit or loss.

The Group and the Company have applied the practical expedient to recognise the incremental costs of obtaining a contract as an expense when incurred if the amortisation period of the asset that the entity would have recognised is one year or less.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

Significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have significant effect in determining the amounts recognised in the financial statements include the following:

4.1 Impairment of goodwill on business combination

Goodwill is tested for impairment annually and at other times when such indicators exist. This requires an estimation of the value-in-use of the cash generating units to which goodwill is allocated. When value-in-use calculations are undertaken, the Group uses its judgement to decide the discount rates to be applied in the recoverable amount calculation and assumptions supporting the underlying cash flow projections, including forecast growth rates and gross profit margin. Cash flows that are projected based on those inputs or assumptions may have a significant effect on the Group's financial position and results if the actual cash flows are less than the expected.

The carrying amount of the Group's goodwill and key assumptions used to determine the recoverable amount for different cash-generating units, including sensitivity analysis, are disclosed in Note 8.1 to the financial statements.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONT'D)

Significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have significant effect in determining the amounts recognised in the financial statements include the following (Cont'd):

4.2 Impairment of trade receivables and contract assets

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

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

The information about the impairment losses on the Group's trade receivables and contract assets are disclosed in Note 35 to the financial statements.

4.3 Construction and engineering revenue

The Group recognised construction and engineering services revenue in profit or loss by using the progress towards complete satisfaction of performance obligation. The progress towards complete satisfaction of performance obligation is determined by the proportion that construction costs incurred for work performed to date bear to the estimated total construction costs.

Significant judgement is required in determining the progress towards complete satisfaction of performance obligation, the extent of the construction costs incurred, the estimated total construction revenue and expenses, as well as the recoverability of the construction projects. In making the judgement, the Group evaluates based on past experience and by relying on the work of specialists.

The carrying amounts of contract assets and contract liabilities are disclosed in Note 14 to the financial statements.

4.4 Impairment of investment in subsidiaries

The Company assesses its investment in subsidiaries at the end of the reporting period for any objective evidence that the investment may be impaired. For the purpose of assessing impairment, the Company determines its share of the present value of the estimated future cash flows expected to be generated by the subsidiaries. In estimating the present value of the estimated cash flows, the Company applies a suitable discount rate and make assumptions underlying the cash flow projections which include future revenue, gross profit margin and operating expenses.

The carrying amounts of investment in subsidiaries are disclosed in Note 9 to the financial statements.

5. PROPERTY, PLANT AND EQUIPMENT

	At valuation	At cost				
Group	**Buildings RM**	**Computer equipment and software RM**	**Machinery, equipment and motor vehicles RM**	**Furniture, fittings and office equipment RM**	**Electrical installation and renovation RM**	**Total RM**
2022						
Valuation/Cost						
At 1 July 2021	7,963,941	10,413,236	9,800,323	7,172,723	2,052,505	37,402,728
Additions	–	637,795	696,420	723,751	54,016	2,111,982
Disposals	–	–	(975,640)	(1,500)	–	(977,140)
Written off	–	(97,584)	(15,094)	(19,088)	–	(131,766)
Reclassification from right-of-use assets (Note 6)	–	–	1,369,505	–	–	1,369,505
Revaluation	122,417	–	–	–	–	122,417
Elimination on revaluation	(80,779)	–	–	–	–	(80,779)
Exchange differences	–	49,884	63,291	28,739	14,188	156,102
At 30 June 2022	8,005,579	11,003,331	10,938,805	7,904,625	2,120,709	39,973,049
Accumulated depreciation						
At 1 July 2021	525,987	9,201,187	7,561,514	4,936,028	1,855,295	24,080,011
Depreciation charge for the financial year	141,834	370,231	724,420	416,375	79,873	1,732,733
Disposals	–	–	(973,304)	(1,500)	–	(974,804)
Written off	–	(86,602)	(7,547)	(11,661)	–	(105,810)
Reclassification from right-of-use assets (Note 6)	–	–	1,343,282	–	–	1,343,282
Elimination on revaluation	(80,779)	–	–	–	–	(80,779)
Exchange differences	–	46,513	46,372	23,933	14,027	130,845
At 30 June 2022	587,042	9,531,329	8,694,737	5,363,175	1,949,195	26,125,478
Net carrying amount						
At 30 June 2022	7,418,537	1,472,002	2,244,068	2,541,450	171,514	13,847,571

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

Group (Cont'd)	At valuation Buildings RM	At cost Computer equipment and software RM	At cost Machinery, equipment and motor vehicles RM	At cost Furniture, fittings and office equipment RM	At cost Electrical installation and renovation RM	Total RM
2021						
Valuation/Cost						
At 1 July 2020	7,963,941	10,189,149	7,886,562	5,882,063	2,068,289	33,990,004
Additions	–	420,897	399,781	1,363,166	19,671	2,203,515
Disposals	–	(6,099)	(89,341)	(16,800)	–	(112,240)
Written off	–	(175,370)	(1,277)	(54,310)	(35,129)	(266,086)
Reclassification from right-of-use assets (Note 6)	–	–	1,614,179	–	–	1,614,179
Exchange differences	–	(15,341)	(9,581)	(1,396)	(326)	(26,644)
At 30 June 2021	7,963,941	10,413,236	9,800,323	7,172,723	2,052,505	37,402,728
Accumulated depreciation						
At 1 July 2020	385,221	8,996,775	5,979,702	4,710,332	1,683,470	21,755,500
Depreciation charge for the financial year	140,766	348,199	787,029	302,999	207,190	1,786,183
Disposals	–	(5,337)	(89,340)	(9,520)	–	(104,197)
Written off	–	(151,658)	(1,277)	(51,086)	(35,129)	(239,150)
Reclassification from right-of-use assets (Note 6)	–	–	880,236	–	–	880,236
Exchange differences	–	13,208	5,164	(16,697)	(236)	1,439
At 30 June 2021	525,987	9,201,187	7,561,514	4,936,028	1,855,295	24,080,011
Net carrying amount						
At 30 June 2021	7,437,954	1,212,049	2,238,809	2,236,695	197,210	13,322,717

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

Company	Computer equipment and software RM	Furniture, fittings and office equipment RM	Renovation RM	Total RM
Cost				
At 1 July 2020/30 June/ 1 July 2021/30 June 2022	529,691	63,853	67,745	661,289
Accumulated depreciation				
At 1 July 2020	464,837	62,368	67,745	594,950
Charge for the financial year	16,451	1,200	–	17,651
At 30 June/1 July 2021	481,288	63,568	67,745	612,601
Charge for the financial year	16,451	201	–	16,652
At 30 June 2022	497,739	63,769	67,745	629,253
Net carrying amount				
At 30 June 2022	31,952	84	–	32,036
At 30 June 2021	48,403	285	–	48,688

(a) Revaluation of freehold buildings

The properties were revalued by the directors based on the valuation carried out in June 2019 and June 2022 by an independent firm of professional valuer. The fair value of the freehold buildings of the Group is categorised as Level 2. The fair value was determined by using the market comparable approach that reflects recent transaction prices, adjusted for differences in the nature, location or condition of the buildings. In estimating the fair value of the properties, the highest and best use of the properties is their current use. The most significant input into this valuation approach is price per square foot of comparable properties.

Had the buildings been carried under the cost method, the net carrying amount of the revalued assets at cost less accumulated depreciation would have been RM3,418,594 (2021: RM3,524,963) as at the end of the financial year.

(b) Assets pledged as security

Freehold buildings of the Group with a net carrying amount of RM5,353,350 (2021: RM5,451,610) have been pledged as security to secure term loans of the Group as disclosed in Note 23(a) to the financial statements.

6. RIGHT-OF-USE ASSETS

The Group leases several assets including land, buildings and motor vehicles.

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

Group	Land RM	Buildings RM	Motor vehicles RM	Total RM
2022				
Cost				
At 1 July 2021	547,681	3,304,247	5,763,046	9,614,974
Additions	141,344	1,496,078	1,371,653	3,009,075
Derecognition upon expiration of lease	(87,277)	(417,072)	–	(504,349)
Reclassification to property, plant and equipment (Note 5)	–	–	(1,369,505)	(1,369,505)
Exchange difference	–	59,327	19,383	78,710
At 30 June 2022	601,748	4,442,580	5,784,577	10,828,905
Accumulated depreciation				
At 1 July 2021	106,593	1,482,518	4,362,720	5,951,831
Depreciation charge for the financial year	52,302	1,570,979	916,374	2,539,655
Derecognition upon expiration of lease	(87,277)	(417,072)	–	(504,349)
Reclassification to property, plant and equipment (Note 5)	–	–	(1,343,282)	(1,343,282)
Exchange difference	–	54,605	22,168	76,773
At 30 June 2022	71,618	2,691,030	3,957,980	6,720,628
Net carrying amount				
At 30 June 2022	530,130	1,751,550	1,826,597	4,108,277

6. RIGHT-OF-USE ASSETS (CONT'D)

Information about leases for which the Group is a lessee is presented below (Cont'd):

Group (Cont'd)	Land RM	Buildings RM	Motor vehicles RM	Total RM
2021				
Cost				
At 1 July 2020	547,681	3,379,463	7,374,239	11,301,383
Additions	–	1,422,910	299,258	1,722,168
Derecognition upon expiration of lease	–	(1,506,123)	(308,800)	(1,814,923)
Reclassification to property, plant and equipment (Note 5)	–	–	(1,614,179)	(1,614,179)
Exchange difference	–	7,997	12,528	20,525
At 30 June 2021	547,681	3,304,247	5,763,046	9,614,974
Accumulated depreciation				
At 1 July 2020	52,084	1,521,636	4,418,941	5,992,661
Depreciation charge for the financial year	54,509	1,457,605	1,074,432	2,586,546
Derecognition upon expiration of lease	–	(1,506,123)	(251,186)	(1,757,309)
Reclassification to property, plant and equipment (Note 5)	–	–	(880,236)	(880,236)
Exchange difference	–	9,400	769	10,169
At 30 June 2021	106,593	1,482,518	4,362,720	5,951,831
Net carrying amount				
At 30 June 2021	441,088	1,821,729	1,400,326	3,663,143

The Group leases land and buildings for use as its operation site, warehouse and office space. The leases generally have lease terms of 1 to 5 years, including renewal period.

The Group also leases motor vehicles under hire purchase arrangements with lease terms of 4 to 5 years.

7. INVESTMENT PROPERTIES

	Group 2022 RM	2021 RM
At fair value:		
At 1 July	7,543,206	5,190,206
Additions	–	3,086,000
Disposals	(580,000)	–
Transfer to asset classified as held for sale (Note 19)	(380,000)	–
Fair value loss (Note 30)	(120,001)	(733,000)
At 30 June	6,463,205	7,543,206

7. INVESTMENT PROPERTIES (CONT'D)

Investment property with a carrying amount of RM580,000 (2021: RM Nil) has been disposed off during the financial year via contra against amounts owing to sub-contractor.

Investment property with a carrying amount of RM380,000 (2021: RM Nil) has been transferred to asset classified as held for sale. Refer to Note 19 to the financial statements for further details on the disposal of asset classified as held for sale.

The investment properties comprise of retail units in a shopping mall, stratified shop/office lots of a seven (7) storey shop/office building (intermediate unit) with one level of basement car park located within a commercial development, and a service apartment.

In the previous financial year, the additions of investment properties arose from debt settlement agreements entered into between subsidiaries and their debtors via contra of properties.

The freehold lands and buildings of the Group have been pledged as security to secure term loans of the Group as disclosed in Note 23(a) to the financial statements.

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

	Group	
	2022	**2021**
	RM	**RM**
Rental income	115,200	140,985
Direct operating expenses:		
- Income generating investment properties	(24,042)	(21,270)
- Non-income generating investment properties	(40,343)	(12,365)

Fair value of investment properties are categorised as follows:

	Group	
	2022	**2021**
	RM	**RM**
Level 2		
Investment properties	6,463,205	7,543,206

There are no Level 1 or Level 3 investment properties or transfers between Level 1 and Level 2 during the financial year ended 30 June 2022 or 30 June 2021.

Level 2 fair value

The fair value of properties were determined by an independent firm of professional valuers based on the market comparable approach that reflects recent transaction prices for similar properties, adjusted for differences in the nature, location or condition of the properties. In estimating the fair value of the properties, the highest and best use of the properties is their current use. The most significant input into this valuation approach is price per square foot of comparable properties.

8. INTANGIBLE ASSETS

	Group 2022 RM	2021 RM
Goodwill (Note 8.1)	36,785,467	39,574,467
Other intangible asset (Note 8.2)	–	–
	36,785,467	39,574,467

8.1 Goodwill

	Group 2022 RM	2021 RM
Cost		
At 1 July/30 June	55,462,123	55,462,123
Accumulated impairment losses		
At 1 July	15,887,656	13,751,382
Impairment loss for the financial year (Note 30)	2,789,000	2,136,274
At 30 June	18,676,656	15,887,656
Net carrying amount		
At 30 June	36,785,467	39,574,467

Allocation of goodwill to cash-generating units ("CGUs")

The Group's goodwill has been allocated to the respective CGUs, which operate in the Environment, Engineering and Rail segments, as follows:

	Group 2022 RM	2021 RM
Environment - SGSB and its subsidiaries	5,912,091	5,912,091
Engineering - QSB and its subsidiary	13,802,238	13,802,238
Engineering - DDT	1,445,890	1,777,890
Rail - TWS	15,625,248	18,082,248
	36,785,467	39,574,467

8. INTANGIBLE ASSETS (CONT'D)

8.1 Goodwill (Cont'd)

Allocation of goodwill to cash-generating units ("CGUs") (Cont'd)

As at 30 June 2022, impairment losses of RM2,789,000 (2021: RM2,136,274) are recognised which are fully allocated to goodwill and are recorded within other expenses line in profit or loss of the Group. The impairment losses on goodwill are recognised for the following segment CGUs:

	Group	
	2022 RM	**2021 RM**
Engineering - DDT	332,000	1,590,424
Rail - TWS	2,457,000	545,850
	2,789,000	2,136,274

Key assumptions used in value-in-use computations

The recoverable amount for all CGUs has been determined based on value-in-use calculations using pre-tax cash flows projections based on financial budgets estimated by management covering a 4-year period and cash flows beyond the period are extrapolated with no growth rate assumed.

The values assigned to key assumptions are based on both external and internal sources of information. The following describes each key assumptions for which management has based its cash flows projections to undertake the impairment testing of goodwill:

	Gross margin	**Revenue growth**	**Discount rate**
2022			
Environment - SGSB and its subsidiaries	44%	7%	14%
Engineering - QSB and its subsidiary	16%	0%	13%
Engineering - DDT	35%	13%	12%
Rail - TWS	24%	19%	14%
2021			
Environment - SGSB and its subsidiaries	37%	6%	10%
Engineering - QSB and its subsidiary	17%	4%	12%
Engineering - DDT	37%	10%	15%
Rail - TWS	27%	16%	14%

(a) Gross margin

The basis used to determine the value assigned to the budgeted gross margins is based on historical achieved margins and management's expectation of input prices.

(b) Revenue growth

Revenue growth over the 4-year period is projected based on management's estimation taking into consideration secured orders, anticipated identified future projects/contracts, historical growth rates and market outlook over the next 4 years.

8. INTANGIBLE ASSETS (CONT'D)

8.1 Goodwill (Cont'd)

Key assumptions used in value-in-use computations (Cont'd)

(c) Discount rates

The discount rates used are pre-tax and take into consideration the industry risks associated with the relevant segments.

(d) Sensitivity to changes in assumptions

Other than CGUs with impairment loss, management believes that no reasonably possible change in any of the above key assumptions would cause the carrying values of the units to materially exceed their recoverable amounts.

8.2 Other intangible asset

	Group	
	2022 RM	**2021 RM**
Cost		
At 1 July/30 June	4,270,024	4,270,024
Accumulated amortisation		
At 1 July/30 June	4,270,024	4,270,024
Net carrying amount		
At 30 June	–	–

Other intangible asset represents customer contracts arising from acquisition of Trackwork & Supplies Sdn. Bhd.

9. INVESTMENT IN SUBSIDIARIES

	Company	
	2022 RM	**2021 RM**
Unquoted shares		
Cost of investment	165,587,910	165,587,910
ESOS granted to employees of subsidiaries	2,842,027	2,765,745
Less: Allowance for impairment loss	(59,949,408)	(59,427,958)
	108,480,529	108,925,697

9. INVESTMENT IN SUBSIDIARIES (CONT'D)

The movement in the impairment of investment in subsidiaries is as follows:

	Company 2022 RM	Company 2021 RM
At 1 July	59,427,958	59,427,958
Allowance of impairment loss (Note 30)	521,450	–
At 30 June	59,949,408	59,427,958

During the financial year, the impairment of investment in a subsidiary had been recognised within other expenses line in profit or loss of the Company to write down the carrying amount to the recoverable amount of the subsidiary in view of its financial performance. The recoverable amount was determined using pre-tax discount rate of 11%.

Details of the subsidiaries are as follows:

Name of company	Principal place of business/ Country of incorporation	Effective ownership and voting interest 2022 %	Effective ownership and voting interest 2021 %	Principal activities
Ambang Wira Sdn. Bhd. ("AWSB")	Malaysia	100	100	Comprehensive facility management services
AW Facility Management Sdn. Bhd. ("AWFM")	Malaysia	100	100	Comprehensive facility management services
AWC Renewable Energy Sdn. Bhd. ("AWCRE")	Malaysia	100	100	Dormant
AWC Facilities Engineering Sdn. Bhd. ("AFESB")	Malaysia	75	75	Dormant
M & C Engineering and Trading Sdn. Bhd. ("M&C(M)")	Malaysia	100	100	Air-conditioning and building automation
Environmental & Landscape Services Sdn. Bhd. ("ELS")	Malaysia	100	100	Landscaping
Teroka Energy Sdn. Bhd. ("TESB")	Malaysia	100	100	Dormant
AWC Pureti Sdn. Bhd. ("AWCP")	Malaysia	100	100	Dormant
Stream Group Sdn. Bhd. ("SGSB")**	Malaysia	51	51	General trading and installation of cleaning equipment and vacuum systems, automated vacuum waste collection system, pipe networks and specialised connections

9. INVESTMENT IN SUBSIDIARIES (CONT'D)

Details of the subsidiaries are as follows (Cont'd):

Name of company	Principal place of business/ Country of incorporation	Effective ownership and voting interest 2022 %	2021 %	Principal activities
Qudotech Sdn. Bhd. ("QSB")	Malaysia	100	100	Mechanical and electrical engineering works
DD Techniche Sdn. Bhd. ("DDT")	Malaysia	100	100	Contracting for mechanical engineering works and tradings of specialised water tanks and rainwater harvesting products
Trackwork & Supplies Sdn. Bhd. ("TWS")	Malaysia	60	60	Construction activities, acting as contractors and carrying on the business of general trading
Subsidiaries of SGSB:				
Stream Industries Sdn. Bhd. ("SISB")	Malaysia	51	51	Environmental engineering and general trading
Stream Environment (S) Pte. Ltd. ("SEPL")*	Singapore	51	51	Importers, dealers and contractors of industrial and domestic cleaning equipment and appliances
Stream Environment Sdn. Bhd. ("SESB")	Malaysia	51	51	Environmental engineering and general trading
Subsidiary of QSB:				
Qudotech (JB) Sdn. Bhd. ("QJB")	Malaysia	100	100	Mechanical and electrical engineering works
Subsidiary of M&C(M):				
M & C Engineering and Trading (S) Pte. Ltd. ("M&C(S)")*	Singapore	100	100	Air-conditioning and building automation
Subsidiary of AWSB:				
AWC Rail Sdn. Bhd. ("AWCR")	Malaysia	100	100	Dormant

* Audited by auditors other than Baker Tilly Monteiro Heng PLT.
** Branches in Abu Dhabi and Dubai audited by auditors other than Baker Tilly Monteiro Heng PLT.

9. INVESTMENT IN SUBSIDIARIES (CONT'D)

(a) Non-controlling interest in subsidiaries

The effective ownership interest and voting interest of non-controlling interest are as follows:

Name of company	Principal place of businesss/Country of incorporation	Ownership interest 2022 %	Ownership interest 2021 %
AWC Facilities Engineering Sdn. Bhd. ("AFESB")	Malaysia	25	25
Stream Group Sdn. Bhd. and its subsidiaries ("SGSB Group")	Malaysia	49	49
Trackwork & Supplies Sdn. Bhd. ("TWS")	Malaysia	40	40

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

Carrying amount of material non-controlling interests:

Name of company	2022 RM	2021 RM
SGSB Group	54,168,933	46,820,164
TWS	11,467,122	10,666,242

Profit or loss allocated to material non-controlling interests:

Name of company	2022 RM	2021 RM
SGSB Group	11,475,156	11,912,397
TWS	1,200,886	1,125,792

Total comprehensive income allocated to material non-controling interests:

Name of company	2022 RM	2021 RM
SGSB Group	12,248,769	11,674,186
TWS	1,238,100	1,125,792

9. INVESTMENT IN SUBSIDIARIES (CONT'D)

(b) Summarised financial information of material non-controlling interest

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

	SGSB Group RM	TWS RM
Summarised statement of financial position as at 30 June 2022		
Non-current assets	7,490,208	2,218,630
Current assets	121,948,599	31,903,683
Current liabilities	(20,039,545)	(5,209,017)
Non-current liabilities	(498,428)	(165,770)
Net assets	108,900,834	28,747,526
Summarised statement of comprehensive income for the financial year ended 30 June 2022		
Revenue	81,899,831	20,948,041
Profit for the financial year	23,418,686	3,002,214
Total comprehensive income	24,997,487	3,095,251
Summarised of cash flows information for the financial year ended 30 June 2022		
Cash flows from operating activities	14,834,975	9,111,628
Cash flows from/(used in) investing activities	5,118,498	(2,381,159)
Cash flows used in financing activities	(11,162,643)	(8,398,258)
Net increase/(decrease) in cash and cash equivalents	8,790,830	(1,667,789)
Dividends paid/payable to non-controlling interests	4,900,000	400,000

9. INVESTMENT IN SUBSIDIARIES (CONT'D)

(b) Summarised financial information of material non-controlling interest (Cont'd)

The summarised financial information (before intra-group elimination) of the Group's subsidiaries that have material non-controlling interests are as follows (Cont'd):

	SGSB Group RM	TWS RM
Summarised statement of financial position as at 30 June 2021		
Non-current assets	8,506,203	2,200,941
Current assets	111,369,703	42,490,066
Current liabilities	(25,534,468)	(17,967,550)
Non-current liabilities	(438,091)	(71,182)
Net assets	93,903,347	26,652,275
Summarised statement of comprehensive income for the financial year ended 30 June 2021		
Revenue	81,878,492	22,606,348
Profit for the financial year	24,311,015	2,814,481
Total comprehensive income	23,824,869	2,814,481
Summarised of cash flows information for the financial year ended 30 June 2021		
Cash flows from/(used in) operating activities	18,538,328	(25,149)
Cash flows (used in)/from investing activities	(5,523,249)	96,850
Cash flows (used in)/from financing activities	(6,264,164)	7,946,033
Net increase in cash and cash equivalents	6,750,915	8,017,734
Dividends paid/payable to non-controlling interests	2,450,000	–

10. INVESTMENT IN AN ASSOCIATE

	Group 2022 RM	Group 2021 RM
Unquoted shares		
Cost of investment	157,482	157,482
Share of post acquisition results	(157,482)	(157,482)
	–	–

Details of the associate which is incorporated in Malaysia, is as follows:

Name of company	Principal place of business/ Country of incorporation	Effective ownership and voting interest 2022 %	Effective ownership and voting interest 2021 %	Principal activities
Held by SGSB:				
Premium Patents Sdn. Bhd. ("PPSB")	Malaysia	24.99	24.99	Dormant

The Group does not have any material associate.

The Group has not recognised its share of losses of PPSB amounting to RM62,941 (2021: RM5,024) because the Group's cumulative share of losses has exceeded its interest in that associate and the Group has no obligation in respect of these losses. The Group's cumulative losses not recognised were RM67,965 (2021: RM5,024).

11. DEFERRED TAX ASSETS/(LIABILITIES)

Deferred tax assets/(liabilities) relate to the following:

Group	At 1 July 2020 RM	Recognised in profit or loss RM	Exchange differences RM	At 30 June 2021 RM	Recognised in profit or loss RM	Recognised in other comprehensive income RM	Exchange differences RM	At 30 June 2022 RM
Deferred tax assets								
Receivables	1,341,321	949,317	–	2,290,638	(183,135)	–	–	2,107,503
Payables/Contract liabilities	906,646	483,872	–	1,390,518	(18,361)	–	–	1,372,157
Property, plant and equipment	61,672	(1,562,640)	–	(1,500,968)	(21,242)	–	–	(1,522,210)
Others	464,325	400,697	303	865,325	(173,114)	–	(1,009)	691,202
	2,773,964	271,246	303	3,045,513	(395,852)	–	(1,009)	2,648,652
Deferred tax liabilities								
Property, plant and equipment	(968,399)	960,992	–	(7,407)	7,407	(29,380)	–	(29,380)
Others	(14,035)	14,035	–	–	–	–	–	–
	(982,434)	975,027	–	(7,407)	7,407	(29,380)	–	(29,380)
	1,791,530	1,246,273	303	3,038,106	(388,445)	(29,380)	(1,009)	2,619,272

11. DEFERRED TAX ASSETS/(LIABILITIES) (CONT'D)

	Group	
	2022 RM	2021 RM
Presented after appropriate offsetting as follows:		
Deferred tax assets	2,648,652	3,045,513
Deferred tax liabilities	(29,380)	(7,407)
	2,619,272	3,038,106

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items:

	Group	
	2022 RM	2021 RM
Unutilised tax losses	16,932,339	12,692,763
Unabsorbed capital allowances	1,194,259	(60,398)
Deductible temporary differences	2,939,876	3,471,322
	21,066,474	16,103,687

The availability of unutilised tax losses for offsetting against future taxable profits of the respective subsidiaries in Malaysia are subject to requirements under the Income Tax Act, 1967 and guidelines issued by the tax authority.

The unutilised tax losses which are available for offset against future taxable profits of the subsidiaries will expire in the following financial years:

	Group	
	2022 RM	2021 RM
2025	–	6,549,366
2026	–	2,225,738
2027	6,549,366	3,654,913
2028	2,225,738	262,746
2029	527,753	–
2030	3,189,383	–
2031	4,440,099	–
	16,932,339	12,692,763

12. INVENTORIES

	Group	
	2022	**2021**
	RM	**RM**
At cost:		
Consumables	2,965,408	3,122,072
Raw materials	3,355,622	2,278,640
Finished goods	12,567,858	5,598,073
Trading and installation goods	16,947,505	18,583,723
	35,836,393	29,582,508

(a) The cost of inventories of the Group recognised as an expense in cost of sales during the financial year amounted to RM51,127,960 (2021: RM54,855,542).

(b) The cost of inventories of the Group recognised as an expense in cost of sales during the financial year in respect of write-down of inventories to net realisable value amounted to RM31,139 (2021: RM549,109).

(c) In the previous financial year, included in inventories is a good with a carrying amount of RM3,036,800 which was repossessed from a trade receivable and will be sold in the ordinary course of business.

13. TRADE AND OTHER RECEIVABLES

		Group		Company	
		2022	**2021**	**2022**	**2021**
	Note	**RM**	**RM**	**RM**	**RM**
Current:					
Trade					
Trade receivables					
- billed	(a)	93,907,094	108,485,795	–	–
- unbilled		10,469,873	22,225,678	–	–
Retention sum on contracts		21,557,255	17,178,720	–	–
		125,934,222	147,890,193	–	–
Less: Allowance for impairment losses		(26,368,270)	(27,496,604)	–	–
		99,565,952	120,393,589	–	–
Non-trade					
Other receivables	(b)	3,312,042	8,008,118	146,364	89,220
Dividend receivable		–	–	2,000,000	1,300,000
Staff loans		416,718	577,975	–	–
Deposits		1,536,496	1,807,714	–	–
Advances to suppliers		4,643,475	2,748,606	–	–
Prepayments		4,432,667	3,190,959	46,709	25,433
		14,341,398	16,333,372	2,193,073	1,414,653
Less: Allowance for impairment losses		(91,665)	(178,435)		–
		14,249,733	16,154,937	2,193,073	1,414,653
Total trade and other receivables		113,815,685	136,548,526	2,193,073	1,414,653

13. TRADE AND OTHER RECEIVABLES (CONT'D)

(a) Trade receivables

Trade receivables are non-interest bearing and normal credit terms offered by the Group ranging from 30 to 180 days (2021: 30 to 180 days) from the date of invoices. Other credit terms are assessed and approved on a case-by-case basis. The retention sum is receivable upon the expiry of defect liability period as provided in the contracts with customers.

<u>Receivables that are impaired</u>

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

	Group	
	2022	**2021**
	RM	**RM**
At 1 July	27,496,604	22,235,643
Charge for the financial year (Note 30)		
- Individually assessed	2,696,352	7,241,261
Reversal of impairment loss (Note 30)	(2,639,415)	(1,905,698)
Written off	(1,400,358)	(79,657)
Exchange differences	215,087	5,055
At 30 June	26,368,270	27,496,604

The information about the credit exposures are disclosed in Note 35(b)(i) to the financial statements.

(b) Other receivables

Included in other receivables of the Group in the prior year are amounts of RM6,200,103 being advances provided for two projects pursuant to a joint venture agreement entered into with a joint venture partner which are to be settled on installment basis within a year. This amounts were fully settled during the financial year.

<u>Receivables that are impaired</u>

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

	Group	
	2022	**2021**
	RM	**RM**
At 1 July	178,435	92,715
Charge for the financial year (Note 30)		
- Individually assessed	16,681	85,165
Written off	(103,451)	–
Exchange differences	–	555
At 30 June	91,665	178,435

The information about the credit exposures are disclosed in Note 35(b)(i) to the financial statements.

14. CONTRACT ASSETS/(LIABILITIES)

	Group	
	2022 **RM**	**2021** **RM**
Contract assets relating to construction contracts	56,127,967	44,560,211
Contract assets relating to maintenance contracts	3,409,826	4,850,975
Contract assets relating to manufacture and supply contracts	2,398,191	8,451,793
Total contract assets	61,935,984	57,862,979
Contract liabilities relating to construction contracts	(21,030,529)	(19,926,142)
Contract liabilities relating to maintenance contracts	–	(393,300)
Contract liabilities relating to manufacture and supply contracts	(131,758)	(1,755,340)
Total contract liabilities	(21,162,287)	(22,074,782)

(a) Significant changes in contract balances

	2022		**2021**	
Group	**Contract assets Increase/ (Decrease) RM**	**Contract liabilities Increase/ (Decrease) RM**	**Contract assets Increase/ (Decrease) RM**	**Contract liabilities Increase/ (Decrease) RM**
Revenue recognised that was included in contract liability at the beginning of the financial year	–	(17,470,657)	–	(7,030,618)
Increase due to progress billings and cash received, but revenue not recognised	–	16,545,940	–	16,411,328
Increase due to revenue recognised during the year, but subject to conditional right to consideration	55,186,433	–	43,857,614	–
Transfer from contract assets recognised at the beginning of the year to receivables	(50,543,520)	–	(46,034,165)	–
Net (impairment)/reversal of impairment losses of contract assets	(633,691)	–	1,041,282	–
Exchange differences	63,783	12,222	(27,475)	(29,135)

15. AMOUNT DUE FROM/(TO) SUBSIDIARIES

		Company	
	Note	2022 RM	2021 RM
Amount due from subsidiaries	(a)	10,505,931	14,214,607
Less: Allowance for impairment losses	(c)	(534,255)	(622,440)
		9,971,676	13,592,167
Amount due to subsidiaries	(b)	(7,235,608)	(10,868,621)

(a) The amount due from subsidiaries are non-trade in nature, unsecured, interest-free, repayable on demand and are expected to be settled in cash except for an amount of RM5,066,358 (2021: RM8,707,655) which bears effective interest at rates ranging from 4.00% to 4.74% (2021: 4.74% to 5.00%) per annum.

(b) The amount due to subsidiaries are non-trade in nature, unsecured, interest-free, repayable on demand and are expected to be settled in cash except for an amount of RM6,000,000 (2021: RM10,000,000) which bears effective interest at a rate of 4.00% (2021: 5.00%) per annum.

(c) The Company's amount due from subsidiaries that are impaired at the reporting date and the reconciliation of movement in the impairment of amounts due from subsidiaries is as follows:

	Company	
	2022 RM	2021 RM
At 1 July	622,440	589,756
Charge for the financial year (Note 30)	33,242	32,684
Written off	(121,427)	–
At 30 June	534,255	622,440

16. AMOUNT DUE FROM AN ASSOCIATE

The amount due from an associate are non-trade in nature, unsecured, interest-free, repayable on demand and is expected to be settled in cash.

17. SHORT-TERM INVESTMENTS

The short-term investments are in respect of investments in unit trust funds placed with fund management companies and are redeemable with one day notice.

18. CASH AND SHORT-TERM DEPOSITS

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Cash and bank balances	61,322,678	51,627,356	5,994,656	2,704,868
Short-term deposits	51,622,337	37,809,547	–	–
	112,945,015	89,436,903	5,994,656	2,704,868

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

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Short-term deposits	51,622,337	37,809,547	–	–
Less: Pledged deposits	(13,153,271)	(8,280,829)	–	–
Less: Deposits with tenure more than 3 months	(3,019,840)	(6,617,015)	–	–
	35,449,226	22,911,703	–	–
Cash and bank balances	61,322,678	51,627,356	5,994,656	2,704,868
Bank overdrafts (Note 23)	(1,980,486)	(2,445,290)	–	–
	94,791,418	72,093,769	5,994,656	2,704,868

The interest rate and maturity period of deposits are as follows:

	Group	
	2022	2021
Interest rate per annum (%)	0.04% to 3.00%	0.04% to 3.05%
Maturity period (days)	1 day to 365 days	1 day to 365 days

Included in deposits placed with licensed banks of the Group is an amount of RM15,481,073 (2021: RM8,280,829) which have been pledged to banks for credit facilities granted to certain subsidiaries as disclosed in Note 23(a) to the financial statements.

19. ASSET CLASSIFIED AS HELD FOR SALE

On 16 August 2022, the Group has entered into a sale and purchase agreement with third parties for the disposal of one (1) unit of investment property for a total cash consideration of RM380,000 ("Purchase Price"). The disposal is expected to be completed by December 2022.

20. SHARE CAPITAL

	Group and Company			
	Number of ordinary shares		Amount	
	2022 Unit	2021 Unit	2022 RM	2021 RM
Issued and fully paid up (no par value):				
At 1 July	321,072,050	299,084,621	119,033,525	112,264,362
Issuance of shares pursuant to:				
- share options exercised	282,200	1,740,700	117,770	800,427
- acquisition of a subsidiary	–	20,246,729	–	5,968,736
At 30 June	321,354,250	321,072,050	119,151,295	119,033,525

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

During the financial year, the Company issued 282,200 (2021: 1,740,700) new ordinary shares for cash pursuant to the exercise of the Company's ESOS at exercise prices between RM0.237 to RM0.336 (2021: RM0.237 to RM0.423) per ordinary share.

In the previous financial year, the Company issued 20,246,729 new ordinary shares at issue price of RM0.295 per ordinary share for the settlement of the final consideration of acquisition of a subsidiary.

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

21. TREASURY SHARES

Treasury shares relate to ordinary shares of the Company that are repurchased and held by the Company in accordance with the requirements of Section 127 of the Companies Act 2016 in Malaysia.

The directors of the Company are committed to enhance the value of the Company and its shareholders and believe that the share repurchase plan can be executed in the best interests of the Company and its shareholders.

As at 30 June 2022, the Company held 4,628,700 (2021: 4,628,700) treasury shares out of its 321,354,250 issued and paid-up ordinary shares. Such treasury shares are held at a carrying amount of RM1,287,081 (2021: RM1,287,081). There was no resale, cancellation or distribution of treasury shares during the financial year.

22. OTHER RESERVES

		Group		Company	
	Note	2022 RM	2021 RM	2022 RM	2021 RM
Merger relief	(a)	–	–	12,522,542	12,522,542
Translation reserve	(b)	6,489,429	5,334,547	–	–
Revaluation reserve	(c)	4,116,625	4,023,587	–	–
Share option reserve	(d)	360,960	571,717	360,960	571,717
		10,967,014	9,929,851	12,883,502	13,094,259

22. OTHER RESERVES (CONT'D)

(a) Merger relief

Merger relief relates to the excess of fair value of shares issued by the Company for the acquisition of the subsidiaries over the par value of these shares.

(b) Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

(c) Revaluation reserve

The revaluation reserve is used to record revaluation surplus from freehold buildings in property, plant and equipment, net of deferred tax. In the event of sale of any of the assets, the balance in the reserve in relation to that asset is transferred to retained earnings.

(d) Share option reserve

The share option reserve comprises the cumulative value of eligible directors and employee services received for the issue of share options. The reserve is recorded over the vesting period commencing from the grant date and is reduced by the expiry or exercise of the share options. When the option is exercised, the amount from the share option reserve is transferred to share capital. When the share options expire, the amount from the share option reserve is transferred to retained earnings.

On 1 October 2015, the shareholders approved the implementation of an ESOS, the main features of which are as follows:

(i) The ESOS shall be in force for a period of five years from the date of implementation and may be extended or renewed (as the case may be) for a further period of five years at the sole and absolute discretion of the directors upon recommendation of the ESOS Committee provided that the initial period of five years and such extension made shall not in aggregate exceed a duration of ten years from the date of implementation.

(ii) Natural persons who are eligible under the ESOS include executive and non- executive Directors and employees of the Group who are at least eighteen years of age whose employment with the Group has been confirmed in writing. For the case of non Malaysian citizens, participation in the ESOS shall be determined at the sole and absolute discretion of the ESOS Committee.

(iii) The aggregate number of shares to be offered under the ESOS shall not exceed 15% of the issued and paid-up ordinary share capital of the Company (excluding treasury shares) at the date of offer or such other percentage of the issued and paid-up ordinary share capital of the Company (excluding treasury shares) as may be permitted by the relevant authorities from time to time during the duration of the ESOS.

(iv) The subscription price for each share under the ESOS shall, subject always to the by-laws, be the higher of the volume weighted average market price of the shares for the five market days immediately preceding the date of offer, with a discount of not more than 10%, or any such other percentage of discounts as may be permitted by the authorities from time to time during the duration of the ESOS or the par value of the share at the date of offer.

(v) The number of shares under option and the option price may be adjusted as a result of any alteration in the capital structure of the Company by way of a rights issue, bonus issue or other capitalisation issue, consolidation or subdivision of shares or reduction of capital or otherwise howsoever, if any, made by the Company while an option remains unexercised.

22. OTHER RESERVES (CONT'D)

(d) Share option reserve (Cont'd)

On 1 October 2015, the shareholders approved the implementation of an ESOS, the main features of which are as follows: (Cont'd)

(vi) Options granted under the ESOS can be exercised by the grantee by notice in writing to the Company during the option period in the prescribed form in multiples of one hundred shares or in any other denomination as prescribed by the authorities as a board lot.

(vii) No person who is participating in the ESOS will be entitled to participate in more than one employee share options scheme currently implemented by any company within the Group.

Extension of ESOS

On 25 February 2020, the Company extended its existing ESOS which is expiring on 8 October 2020 for another five (5) years until 8 October 2025, in accordance with the terms of the ESOS By-Laws. The extension is not subject to the approval from Bursa Malaysia Securities Berhad, Securities Commission and shareholders of the Company.

Movement of share options during the financial year

The following table illustrates the number and weighted average exercise prices ("WAEP") of, and movement in, share options:

	Number 2022 RM	WAEP 2022 RM	Number 2021 RM	WAEP 2021 RM
Group and Company				
At 1 July	9,872,232	0.451	12,089,532	0.436
Exercised	(282,200)	0.259	(1,740,700)	0.297
Lapsed	(1,318,750)	0.592	(476,600)	0.623
At 30 June	8,271,282	0.435	9,872,232	0.451
Exerciseable at the end of the financial year	8,271,282	0.435	9,872,232	0.451

The options outstanding at 30 June 2022 have exercise price ranging from RM0.237 to RM0.751 (2021: RM0.237 to RM0.751) and the weighted average remaining contractual life for the share options outstanding at 2022 was approximately 3.28 years (2021: 4.28 years).

The weighted average share price at the date of exercise of the options during the financial year was RM0.553 (2021: RM0.585).

22. OTHER RESERVES (CONT'D)

(e) Warrants reserve

In the financial year ended 30 June 2018, the Company allotted and issued 56,824,679 free warrants in connection with the Bonus Issue of free warrants constituted under the deed poll dated 6 December 2018.

The salient features of the warrants are as follows:

(i) entitles its registered holders to subscribe for one (1) new ordinary share at the exercise price during the exercise period;
(ii) the exercise price is RM0.88 per share subject to adjustments in accordance with the provisions of the deed poll executed; and
(iii) the warrants may be exercised at any time for a period of 2 years commencing on and including 26 December 2021 ("exercise period"). Warrants that are not exercised during the exercise period will thereafter lapse and cease to be valid for any purpose.

The movement of the warrants during the financial year is as follows:

	Number of warrants				
	At 1 July 2021	**Allotment**	**Exercised**	**Lapsed**	**At 30 June 2022**
Warrants	56,824,679	–	–	–	56,824,679

23. LOANS AND BORROWINGS

		Group		**Company**	
	Note	**2022 RM**	**2021 RM**	**2022 RM**	**2021 RM**
Non-current:					
Term loans	(a)	3,340,057	7,384,550	–	–
Current:					
Term loans	(a)	2,378,344	4,046,464	–	–
Revolving credits	(b)	4,800,000	7,500,000	3,000,000	4,900,000
Trade loan	(c)	2,307,608	11,644,396	–	–
Bank overdrafts	(d)	1,980,486	2,445,290	–	–
		11,466,438	25,636,150	3,000,000	4,900,000
Total loans and borrowings:					
Term loans	(a)	5,718,401	11,431,014	–	–
Revolving credits	(b)	4,800,000	7,500,000	3,000,000	4,900,000
Trade loan	(c)	2,307,608	11,644,396	–	–
Bank overdrafts	(d)	1,980,486	2,445,290	–	–
		14,806,495	33,020,700	3,000,000	4,900,000

23. LOANS AND BORROWINGS (CONT'D)

(a) Term loans

The term loans bear interest at rates ranging from 3.86% to 7.31% (2021: 3.46% to 7.31%) per annum and are secured and supported as follows:

(i) Legal Deed of Assignment of contract proceeds from certain projects awarded to a subsidiary by the Federal Government (represented by the Ministry of Works);
(ii) Lien on the deposits with licensed banks and the accumulation of interest thereon as disclosed in Note 18 to the financial statements;
(iii) Legal charge over the freehold buildings of a subsidiary as disclosed in Note 5 and Note 7 to the financial statements;
(iv) Corporate guarantee by the Company;
(v) Credit Guarantee Corporation (M) Bhd's ("CGC") guarantee under the Portfolio Guarantee Scheme; and
(vi) Joint and several guarantees by a director of certain subsidiary and a third party.

The repayment period of term loans is as follows:

	Group	
	2022 RM	**2021 RM**
Not later than one year	2,378,344	4,046,464
Later than one year but not later than two years	3,340,057	4,045,001
Later than two years but not later than five years	–	3,339,549
	5,718,401	11,431,014

(b) Revolving credits

Revolving credits bear interest at rates ranging from 3.61% to 3.97% (2021: 3.65% to 4.66%) per annum and are secured and supported as follows:

(i) Corporate guarantee by the Company and certain subsidiaries;
(ii) Letter of negative pledge by the Company; and
(iii) Blanket Counter Indemnity from the Company and certain subsidiaries.

(c) Trade loan

Trade loan bears interest at rates ranging from 3.41% to 3.53% (2021: 3.31% to 3.49%) per annum and is secured by a corporate guarantee by the Company.

(d) Bank overdrafts

Bank overdrafts bear interest at rate of 3.00% (2021: 3.00%) per annum and is secured by a corporate guarantee by the Company.

24. LEASE LIABILITIES

	Group	
	2022	**2021**
	RM	**RM**
Non-current		
Lease liabilities	1,553,298	1,223,433
Current		
Lease liabilities	1,738,969	1,852,677
	3,292,267	3,076,110

Certain motor vehicles of the Group as disclosed in Note 6 to the financial statements are pledged under finance lease or hire purchase arrangements.

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

	Group	
	2022	**2021**
	RM	**RM**
Minimum lease payments:		
Not later than one year	1,846,667	1,964,143
Later than one year but not later than five years	1,424,762	1,273,011
Later than five years	214,712	–
	3 ,486,141	3,237,154
Less: Future finance charges	(193,874)	(161,044)
Present value of minimum lease payments	3,292,267	3,076,110
Present value of minimum lease payments payable:		
Not later than one year	1,738,969	1,852,677
Later than one year but not later than five years	1,349,077	1,223,433
Later than five years	204,221	–
	3,292,267	3,076,110
Less: Amount due within 12 months	(1,738,969)	(1,852,677)
Amount due after 12 months	1,553,298	1,223,433

25. TRADE AND OTHER PAYABLES

		Group		Company	
	Note	2022 RM	2021 RM	2022 RM	2021 RM
Non-current:					
Non-trade					
Provision for retirement benefit obligation	(a)	352,508	352,508	–	–
Current:					
Trade					
Trade payables	(b)	36,309,705	39,219,643	–	–
Retention sum on contracts		3,463,127	3,050,145	–	–
Project accruals		15,642,061	8,819,724	–	–
		55,414,893	51,089,512	–	–
Non-trade					
Other payables		962,613	2,473,485	14,238	14,855
GST payable		422,237	711,620	–	–
SST payable		4,528,935	3,302,501	–	–
Deposits		109,416	1,373,684	–	–
Accruals		18,748,671	19,361,185	657,737	662,420
		24,771,872	27,222,475	671,975	677,275
		80,186,765	78,311,987	671,975	677,275
Total trade and other payables (non-current and current)		80,539,273	78,664,495	671,975	677,275

(a) The Group operates an unfunded, non-contributory defined benefit retirement scheme ("the Scheme") for its eligible employees. Under the Scheme, eligible employees are entitled to retirement contribution at agreed basis for each completed year of service attainment of the retirement age of 60, without cessation of employment prior to age 65.

(b) Trade payables are non-interest bearing and are normally with credit period ranging from 30 to 90 days (2021: 30 to 90 days). The retention sum is payable upon the expiry of defect liability period.

26. EMPLOYEE BENEFITS

	Group 2022 RM	Group 2021 RM
At 1 July	993,931	892,871
Recognised in profit or loss (Note 30)	133,795	131,585
Exchange difference	61,571	(30,525)
At 30 June	1,189,297	993,931

Employee benefits represent the amounts required to cover end of service benefits at the reporting date. The amounts are computed pursuant to the applicable Labour Law in United Arab Emirates based on the employees' accumulated period of service and basic remuneration at the end of reporting period.

27. AMOUNT DUE TO DIRECTORS

The amount due to directors are non-trade in nature, unsecured, interest-free, repayable on demand and is expected to be settled in cash.

28. REVENUE

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Revenue from contract with customers:				
Construction and engineering contracts	133,299,121	116,148,827	–	–
Design, manufacture and supply contracts	3,365,832	9,112,504	–	–
Sale of goods	38,612,670	37,961,751	–	–
Rendering of services	178,940,168	179,654,077	–	–
Commission income	977,200	1,035,794	–	–
Management fees	–	–	1,920,000	1,920,000
	355,194,991	343,912,953	1,920,000	1,920,000
Revenue from other source:				
Dividend income	–	–	11,700,000	8,860,000
	355,194,991	343,912,953	13,620,000	10,780,000

28. REVENUE (CONT'D)

(a) Disaggregation of revenue

The Group reports the following major segments: facilities, engineering, environment, rail in accordance with MFRS 8 *Operating Segments*. For the purpose of disclosure for disaggregation of revenue, it disaggregates revenue into primary geographical markets, products or services and timing of revenue recognition (i.e. goods transferred at a point in time or services transferred over time).

	Facilities RM	Engineering RM	Environment RM	Rail RM	Total RM
Group					
2022					
Primary geographical markets:					
Malaysia	178,764,915	48,893,652	23,204,992	20,948,041	271,811,600
Singapore	–	24,688,552	35,866,174	–	60,554,726
United Arab Emirates, Abu Dhabi	–	–	22,828,665	–	22,828,665
	178,764,915	73,582,204	81,899,831	20,948,041	355,194,991
Products or services					
Refurbishment services	19,151,028	–	–	–	19,151,028
Air-conditioning and building automation	–	6,348,326	–	–	6,348,326
Automated pneumatic waste collection system	–	–	61,777,287	–	61,777,287
Mechanical and electrical engineering works	–	46,339,817	–	–	46,339,817
Sale of goods	–	18,941,745	5,289,261	17,747,496	41,978,502
Maintenance services	159,613,887	1,952,315	14,833,283	2,223,346	178,622,831
Commission income	–	–	–	977,200	977,200
	178,764,915	73,582,203	81,899,831	20,948,042	355,194,991
Timing of revenue recognition:					
At a point in time	980,522	20,894,060	5,289,261	17,582,210	44,746,053
Over time	177,784,393	52,688,143	76,610,570	3,365,832	310,448,938
	178,764,915	73,582,203	81,899,831	20,948,042	355,194,991

28. REVENUE (CONT'D)

(a) Disaggregation of revenue (Cont'd)

	Facilities RM	Engineering RM	Environment RM	Rail RM	Total RM
Group (Cont'd)					
2021					
Primary geographical markets:					
Malaysia	170,876,679	36,510,309	28,144,363	22,606,348	258,137,699
Singapore	–	32,041,125	19,912,482	–	51,953,607
United Arab Emirates, Abu Dhabi	–	–	33,821,647	–	33,821,647
	170,876,679	68,551,434	81,878,492	22,606,348	343,912,953
Products or services					
Refurbishment services	9,409,650	–	–	–	9,409,650
Air-conditioning and building automation	–	7,252,363	–	–	7,252,363
Automated pneumatic waste collection system	–	–	65,196,493	–	65,196,493
Mechanical and electrical engineering works	–	34,584,437	–	–	34,584,437
Sale of goods	–	24,613,005	2,797,817	19,663,433	47,074,255
Maintenance services	161,467,029	2,101,629	13,884,182	1,907,121	179,359,961
Commission income	–	–	–	1,035,794	1,035,794
	170,876,679	68,551,434	81,878,492	22,606,348	343,912,953
Timing of revenue recognition:					
At a point in time	982,017	26,714,634	2,797,817	13,493,844	43,988,312
Over time	169,894,662	41,836,800	79,080,675	9,112,504	299,924,641
	170,876,679	68,551,434	81,878,492	22,606,348	343,912,953

(b) Transaction price allocated to the remaining performance obligations

As of 30 June 2022, the aggregate amount of the transaction price allocated to the remaining performance obligation is RM743.81 million (2021: RM827.24 million) and the Group will recognise this revenue as the construction are completed or services are performed, which is expected to occur over the next 5 years (2021: 5 years).

The Group applies the practical expedient in paragraph 121(a) of MFRS 15 and do not disclose information about remaining performance obligations that have original expected durations of one year or less.

29. FINANCE COSTS, NET

	Group 2022 RM	Group 2021 RM	Company 2022 RM	Company 2021 RM
Interest expenses on:				
- Amount due to a subsidiary	–	–	374,904	511,880
- Bank overdrafts	129,572	83,383	–	–
- Lease liabilities	167,045	184,134	–	–
- Revolving credits and trade loan	384,385	345,372	82,846	103,751
- Short-term investments	466,279	66,014	–	–
- Term loans	300,666	676,967	–	–
	1,447,947	1,355,870	457,750	615,631
Accretion of discount on trade receivables	(151,655)	(196,674)	–	–
Income from short-term investments	(314,256)	(552,005)	(4,978)	(6,543)
Interest income from advances to subsidiaries	–	–	(276,095)	(276,799)
Interest income from banks	(914,425)	(376,306)	(66,246)	(55,434)
	(1,380,336)	(1,124,985)	(347,319)	(338,776)
Finance costs, net	67,611	230,885	110,431	276,855

30. PROFIT BEFORE TAX

Other than disclosed elsewhere in the financial statements, the following items have been charged/(credited) in arriving at profit before tax:

	Group 2022 RM	Group 2021 RM	Company 2022 RM	Company 2021 RM
Auditors' remuneration:				
- statutory audit:				
- Malaysian operations				
- current year	382,500	334,000	82,000	78,000
- prior year	14,665	34,700	–	3,000
- Overseas operations				
- current year	107,331	97,130	–	–
- prior year	–	3,340	–	–
- non-statutory audit:				
- Malaysian operations	11,000	10,000	11,000	10,000
Bad debt written off	–	229	–	–
Deposits written off	–	5,550	–	–
Depreciation of property, plant and equipment	1,732,733	1,786,183	16,652	17,651
Depreciation of right-of-use assets	2,539,655	2,586,546	–	–
Directors' fees	245,000	323,650	245,000	300,000
Employee benefits expense (Note 31)	82,668,591	75,063,868	1,521,335	1,500,439

30. PROFIT BEFORE TAX (CONT'D)

Other than disclosed elsewhere in the financial statements, the following items have been charged/(credited) in arriving at profit before tax (Cont'd):

	Group		Company	
	2022 RM	**2021 RM**	**2022 RM**	**2021 RM**
Expenses relating to short-term leases	1,145,963	1,154,650	18,000	42,000
Expenses relating to lease of low value assets	8,790	45,641	–	–
Fair value loss on investment properties	120,001	733,000	–	–
Foreign exchange (gain)/loss				
- realised	(209,684)	85,856	–	–
- unrealised	258,873	(67,930)	–	–
Impairment losses on:				
- amount due from subsidiaries	–	–	33,242	32,684
- contract assets	680,527	122,718	–	–
- goodwill	2,789,000	2,136,274	–	–
- investment in subsidiaries	–	–	521,450	–
- trade receivables	2,696,352	7,241,261	–	–
- other receivables	16,681	85,165	–	–
Inventories written down to net realisable value	296,777	443,471	–	–
Property, plant and equipment written off	25,956	26,936	–	–
Provision for employee benefits	133,795	131,585	–	–
Withholding tax recoverable written off	7,434	–	–	–
Bad debt recovered	(3,834)	–	–	–
Gain on disposal of investment properties	(145,000)	–	–	–
Gain on disposal of property, plant and equipment	(384,271)	(11,807)	–	–
Gain on disposal of right-of-use assets	–	(100,886)	–	–
Income from sub-leasing of right-of-use assets	(13,200)	(13,200)	–	–
Rental income from investment properties	(115,200)	(140,985)	–	–
Rental income from plant and machinery	(37,950)	(39,600)	–	–
Reversal of impairment losses on contract assets	(46,836)	(1,164,000)	–	–
Reversal of impairment losses on trade receivables	(2,639,415)	(1,905,698)	–	–

31. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2022 RM	**2021 RM**	**2022 RM**	**2021 RM**
Salaries, wages, bonus and allowances	72,911,926	65,607,295	1,134,372	1,065,704
Defined contribution plan	6,646,176	6,577,292	102,183	96,790
Social security costs	727,676	717,681	2,770	2,770
Employees' Share Option Scheme	90,009	277,937	13,727	43,926
Other staff related expenses	2,292,804	1,883,663	268,283	291,249
	82,668,591	75,063,868	1,521,335	1,500,439
Included in employee benefits expense are:				
Directors' other emoluments	10,817,364	8,886,307	261,000	316,000

Remuneration in the form of benefits-in-kind for the Executive Directors of the Group for the financial year amounted to RM133,996 (2021: RM86,667).

32. INCOME TAX EXPENSE

The major components of income tax expense for the financial years ended 30 June 2022 and 30 June 2021 are as follows:

	Group		Company	
	2022 RM	**2021 RM**	**2022 RM**	**2021 RM**
Statements of comprehensive income				
Current tax:				
Current financial year	9,058,035	10,227,590	485,400	468,386
Over provision in prior financial years	(662,850)	(407,083)	(123,354)	(50,906)
	8,395,185	9,820,507	362,046	417,480
Deferred tax:				
Origination/(Reversal) of temporary differences	724,347	(988,829)	–	–
Over provision in prior financial years	(335,902)	(257,444)	–	–
	388,445	(1,246,273)	–	–
Income tax expense recognised in profit or loss	8,783,630	8,574,234	362,046	417,480
Deferred tax:				
Income tax expense recognised in other comprehensive income	29,380	–	–	–

32. INCOME TAX EXPENSE (CONT'D)

Domestic income tax is calculated at Malaysian statutory income tax rate of 24% (2021: 24%) of the estimated assessable profit for the financial year.

Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions whilst the income from operations in Abu Dhabi are exempted from tax. During the financial year, the income tax rate applicable to the subsidiaries in Singapore was 17% (2021: 17%).

The reconciliations from the tax amount at the statutory income tax rate to the Group's and the Company's tax expense are as follows:

	Group		Company	
	2022 RM	**2021 RM**	**2022 RM**	**2021 RM**
Profit before tax	42,989,957	47,389,410	10,409,977	7,976,530
Tax at Malaysian statutory income tax rate of 24% (2021: 24%)	10,317,590	11,373,458	2,498,394	1,914,367
Different tax rates in other countries	(41,515)	(244,550)	–	–
Tax effects arising from:				
- non-taxable income/tax exempt	(4,273,355)	(4,699,098)	(2,809,195)	(2,127,970)
- non-deductible expenses	2,745,872	2,430,187	796,201	681,989
Tax effect of partial tax exemption	(54,192)	(63,419)	–	–
Deferred tax assets not recognised	1,087,982	974,820	–	–
Utilisation of previously unrecognised tax losses and other temporary differences	–	(532,637)	–	–
Over provision in prior years				
- current tax	(662,850)	(407,083)	(123,354)	(50,906)
- deferred tax	(335,902)	(257,444)	–	–
Income tax expense recognised in profit or loss	8,783,630	8,574,234	362,046	417,480

33. EARNINGS PER SHARE

Basic earnings per ordinary share

Basic earnings per share are based on the profit for the financial year attributable to owners of the Company and the weighted average number of ordinary shares outstanding (net of treasury shares) during the financial year, calculated as follows:

	2022	**2021**
Profit for the financial year attributable to owners of the Company (RM)	21,532,326	26,065,879
Weighted average number of ordinary shares for basic earnings per share (unit)	316,566,066	315,403,717
Basic earnings per ordinary share (sen)	6.80	8.26

33. EARNINGS PER SHARE (CONT'D)

Diluted earnings per ordinary share

Diluted earnings per share are based on the profit for the financial year attributable to owners of the Company and the weighted average number of ordinary share outstanding (net of treasury shares) during the financial year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares, calculated as follows:

	2022	**2021**
Profit for the financial year attributable to owners of the Company (RM)	21,532,326	26,065,879
Weighted average number of ordinary shares for basic earnings per share (unit)	316,566,066	315,403,717
Effect of dilution from:		
- Share options	2,318,109	#
- Warrants	#	#
Weighted average number of ordinary shares for diluted earnings per share (unit)	318,884,175	315,403,717
Diluted earnings per ordinary share (sen)	6.75	8.26

\# *The unexercised share options and warrants have no dilutive effect on the earnings per share given the share options' and warrants' exercise price is higher than the market price per ordinary share.*

There have been no transactions involving ordinary shares or potential ordinary shares since the reporting date and before the authorisation of these financial statements.

34. DIVIDENDS

	Group/Company	
	2022 **RM**	**2021** **RM**
Dividend in respect of the financial year ended 30 June 2021		
Interim single-tier dividend of 0.5 sen per share on 315,606,400 ordinary shares	–	1,578,032
Dividend in respect of the financial year ended 30 June 2022		
Interim single-tier dividend of 1.0 sen per share on 316,569,350 ordinary shares	3,165,693	–
Interim single-tier dividend of 0.5 sen per share on 316,608,750 ordinary shares	1,583,034	–
	4,748,727	1,578,032

35. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

The following table analyses the financial instruments in the statements of financial position by the classes of financial instruments to which they are assigned:

(i) Amortised cost
(ii) Fair value through profit or loss

	Carrying amount RM	Amortised cost RM	Fair value through profit or loss RM
2022			
Financial assets			
Group			
Trade and other receivables *	104,739,543	104,739,543	–
Amount due from an associate	14,565	14,565	–
Short-term investments	17,940,617	–	17,940,617
Cash and short-term deposits	112,945,015	112,945,015	–
	235,639,740	217,699,123	17,940,617
Company			
Trade and other receivables *	2,146,364	2,146,364	–
Amount due from subsidiaries	9,971,676	9,971,676	–
Short-term investments	350,826	–	350,826
Cash and short-term deposits	5,994,656	5,994,656	–
	18,463,522	18,112,696	350,826
Financial liabilities			
Group			
Loans and borrowings	14,806,495	14,806,495	–
Trade and other payables #	75,235,593	75,235,593	–
Amount due to directors	547	547	–
	90,042,635	90,042,635	–
Company			
Loans and borrowings	3,000,000	3,000,000	–
Trade and other payables	671,975	671,975	–
Amount due to subsidiaries	7,235,608	7,235,608	–
	10,907,583	10,907,583	–

35. FINANCIAL INSTRUMENTS (CONT'D)

(a) Categories of financial instruments (Cont'd)

The following table analyses the financial instruments in the statements of financial position by the classes of financial instruments to which they are assigned (Cont'd):

	Carrying amount RM	Amortised cost RM	Fair value through profit or loss RM
2021			
Financial assets			
Group			
Trade and other receivables *	130,608,961	130,608,961	–
Amount due from an associate	128,005	128,005	–
Short-term investments	19,686,039	–	19,686,039
Cash and short-term deposits	89,436,903	89,436,903	–
	239,859,908	220,173,869	19,686,039
Company			
Trade and other receivables *	1,389,220	1,389,220	–
Amount due from subsidiaries	13,592,167	13,592,167	–
Short-term investments	345,848	–	345,848
Cash and short-term deposits	2,704,868	2,704,868	–
	18,032,103	17,686,255	345,848
Financial liabilities			
Group			
Loans and borrowings	33,020,700	33,020,700	–
Trade and other payables #	74,297,866	74,297,866	–
Amount due to directors	31,894	31,894	–
	107,350,460	107,350,460	–
Company			
Loans and borrowings	4,900,000	4,900,000	–
Trade and other payables	677,275	677,275	–
Amount due to subsidiaries	10,868,621	10,868,621	–
	16,445,896	16,445,896	–

* *Excluding advances to suppliers and prepayments*

\# *Excluding GST and SST payable and provision for retirement benefit obligation*

35. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management

The Group's and the Company's activities are exposed to a variety of financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, foreign currency risk and interest rate risk. The Group's and the Company's overall financial risk management objective is to optimise value for their shareholders. The Group and the Company may use derivative financial instruments, such as, forward foreign exchange contracts to hedge certain exposures. The Group and the Company do not trade in financial instruments.

The Board of Directors reviews and agrees to policies and procedures for the management of these risks, which are executed by the Group's senior management. The audit and risk management committee provides independent oversight to the effectiveness of the risk management process.

(i) Credit risk

Credit risk is the risk of financial loss to the Group and the Company that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group and the Company are exposed to credit risk from its operating activities (primarily trade receivables) and deposits with banks and financial institutions and other financial instruments. The Group and the Company have a credit policy in place and the exposure to credit risk is managed through the application of credit approvals, credit limits and monitoring procedures, and acceptability of specific classes of collateral or credit risk mitigation.

Trade receivables and contract assets

As at the end of the reporting period, the maximum exposure to credit risk arising from trade receivables and contract assets is represented by the carrying amounts in the statements of financial position, without taking account of any collateral held or other credit enhancements.

The carrying amount of trade receivables and contract assets are not secured by any collateral or supported by any other credit enhancements, except for a trade receivable of RM1,344,114 (2021: RM2,941,488) arose from sale of equipment which the Group withheld the legal title until full settlement of the outstanding balance.

In determining the recoverability of these receivables, the Group considers any change in the credit quality of the receivables from the date the credit was initially granted up to the reporting date. The Group has adopted a policy of dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The Group uses ageing analysis to monitor the credit quality of trade receivables. In managing credit risks of trade receivables, the Group also takes appropriate actions (including but not limited to legal actions) to recover long past due balances.

The gross carrying amounts of credit impaired trade receivables are written off (either partially or full) when there is no realistic prospect of recovery. Nevertheless, trade receivables that are written off could still be subject to enforcement activities.

35. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management (Cont'd)

(i) Credit risk (Cont'd)

Trade receivables and contract assets (Cont'd)

Credit risk concentration profile

The Group determines the credit risk concentration of its trade receivables and contract assets by major segments on an ongoing basis. The credit risk concentration profile of the Group's trade receivables and contract assets at the reporting date are as follows:

Trade receivables:

	2022 RM	%	2021 RM	%
Group				
Facilities	34,062,517	34%	36,423,646	30%
Engineering	30,010,760	30%	38,563,470	32%
Environment	28,536,218	29%	35,041,100	29%
Rail	6,956,457	7%	10,365,373	9%
	99,565,952	100%	120,393,589	100%

Contract assets:

	2022 RM	%	2021 RM	%
Group				
Facilities	27,397,188	44%	23,286,705	40%
Engineering	12,116,254	20%	9,395,868	16%
Environment	20,024,351	32%	16,728,613	29%
Rail	2,398,191	4%	8,451,793	15%
	61,935,984	100%	57,862,979	100%

The Group applies the simplified approach to providing for impairment losses prescribed by MFRS 9, which permits the use of the lifetime expected credit loss ("ECL") allowance for all trade receivables and contract assets. The determination of ECL also incorporates economic conditions during the period of historical data, current conditions and forward-looking information on the economic conditions over the expected settlement period of the receivables. The Group believes that changes in economic conditions over these periods would not materially impact the impairment calculation of the receivables.

35. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management (Cont'd)

(i) Credit risk (Cont'd)

Trade receivables and contract assets (Cont'd)

Credit risk concentration profile (Cont'd)

For the Group, as there are only a few customers, the Group assesses the risk of each customer individually based on their financial capability, past trend of payments and other external information relating to the customers that are publicly available.

The information about the credit risk exposure on the Group's trade receivables and contract assets as at 30 June 2022 and 30 June 2021 are as follows:

Group	Gross carrying amount RM	ECL allowance RM	Net balance RM
At 30 June 2022			
Trade receivables			
Current (not past due)	67,518,040	–	67,518,040
1 to 90 days past due	17,038,465	–	17,038,465
91 to 180 days past due	6,651,721	–	6,651,721
181 to 365 days past due	8,357,726	–	8,357,726
Credit impaired:			
- Individually assessed	26,368,270	(26,368,270)	–
Contract assets			
Current (not past due)	61,935,984	–	61,935,984
Credit impaired:			
- Individually assessed	1,222,633	(1,222,633)	–
	189,092,839	(27,590,903)	161,501,936
At 30 June 2021			
Trade receivables			
Current (not past due)	85,665,765	–	85,665,765
1 to 90 days past due	19,090,254	–	19,090,254
91 to 180 days past due	7,962,523	–	7,962,523
181 to 365 days past due	7,675,047	–	7,675,047
Credit impaired:			
- Individually assessed	27,496,604	(27,496,604)	–
Contract assets			
Current (not past due)	57,862,979	–	57,862,979
Credit impaired:			
- Individually assessed	613,874	(613,874)	–
	206,367,046	(28,110,478)	178,256,568

35. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management (Cont'd)

(i) Credit risk (Cont'd)

Other receivables and other financial assets

For other receivables and other financial assets (including short-term investments, cash and short-term deposits, amount due from subsidiaries and amount due from an associate), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties. At the reporting date, the Group's and the Company's maximum exposure to credit risk arising from other receivables and other financial assets is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

The Group and the Company consider the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group and the Company compare the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forward-looking information.

The Company provides advances to subsidiaries. The Company monitors the results of the subsidiaries in determining the recoverability of intercompany balances. The advances to subsidiaries are repayable on demand. For such advances, ECL are assessed based on the assumption that repayment of the advances is demanded at the reporting date. If the subsidiaries do not have sufficient liquid reserves when the loan is demanded, the Company will consider the expected manner of recovery and recovery period of the advances.

Other than credit-impaired other receivables, the Group and the Company consider these financial assets to have low credit risk. As at the reporting date, the Group and the Company did not recognise any loss allowance for impairment for other receivables and other financial assets, which if any, is negligible, other than those as disclosed in Notes 13 and 15 to the financial statements.

Refer to Note 3.12(a) to the financial statements for the Group's and the Company's other accounting policies for impairment of financial assets.

Financial guarantees

The Company is exposed to credit risk in relation to financial guarantees given to banks in respect of loans granted to certain subsidiaries. The Company monitors the results of the subsidiaries and their repayment on an on-going basis. The maximum exposure to credit risks amounts to RM14,806,495 (2021: RM33,020,700) representing the maximum amount the Company could pay if the guarantees are called on as disclosed in Note 35(b)(ii) to the financial statements. As at the reporting date, there was no loss allowance for expected credit losses as determined by the Company for the financial guarantees.

The financial guarantees have not been recognised since the fair value on initial recognition was not material as the guarantees are provided as credit enhancements to the subsidiaries' secured borrowings.

35. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management (Cont'd)

(ii) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations when they fall due. The Group's and the Company's exposure to liquidity risk arise primarily from mismatches of the maturities between financial assets and liabilities. The Group's and the Company's exposure to liquidity risk arise principally from trade and other payables, lease liabilities and loans and borrowings.

The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by facilities. The Group and the Company maintain sufficient liquidity and available funds to meet daily cash needs, while maintaining controls and security over cash movements. The Group and the Company use a series of processes to obtain maximum benefits from its flow of funds, such that they are efficiently managed to maximise income from investment and minimise cost on borrowed funds. The Group and the Company also ensure that there are sufficient unutilised stand-by facilities, funding and liquid assets available to meet both short-term and long-term funding requirements.

Maturity analysis

The maturity analysis of the Group's and the Company's financial liabilities by their relevant maturities at the reporting date are based on contractual undiscounted repayment obligations as follows:

		Contractual cash flows			
	Carrying amount RM	**On demand or within one year RM**	**Between one to five years RM**	**More than five years RM**	**Total RM**
Group					
2022					
Trade and other payables	75,235,593	75,235,593	–	–	75,235,593
Term loans	5,718,401	2,538,770	3,425,978	–	5,964,748
Revolving credits	4,800,000	4,800,000	–	–	4,800,000
Trade loan	2,307,608	2,307,608	–	–	2,307,608
Bank overdrafts	1,980,486	1,980,486	–	–	1,980,486
Amount due to directors	547	547	–	–	547
Lease liabilities	3,292,267	1,846,667	1,424,762	214,712	3,486,141
	93,334,902	88,709,671	4,850,740	214,712	93,775,123
2021					
Trade and other payables	74,920,170	74,920,170	–	–	74,920,170
Term loans	11,431,014	4,379,021	7,662,641	–	12,041,662
Revolving credits	7,500,000	7,500,000	–	–	7,500,000
Trade loan	11,644,396	11,644,396	–	–	11,644,396
Bank overdrafts	2,445,290	2,445,290	–	–	2,445,290
Amount due to directors	31,894	31,894	–	–	31,894
Lease liabilities	3,076,110	1,964,143	1,273,011	–	3,237,154
	111,048,874	102,884,914	8,935,652	–	111,820,566

35. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management (Cont'd)

(ii) Liquidity risk (Cont'd)

Maturity analysis (Cont'd)

The maturity analysis of the Group's and the Company's financial liabilities by their relevant maturities at the reporting date are based on contractual undiscounted repayment obligations as follows (Cont'd):

		Contractual cash flows		
	Carrying amount RM	**On demand or within one year RM**	**Between one to five years RM**	**Total RM**
Company				
2022				
Trade and other payables	671,975	671,975	–	671,975
Amount due to subsidiaries	7,235,608	7,235,608	–	7,235,608
Revolving credits	3,000,000	3,000,000	–	3,000,000
Financial guarantee contracts	–	14,806,495	–	14,806,495
	10,907,583	25,714,078	–	25,714,078
2021				
Trade and other payables	677,275	677,275	–	677,275
Amount due to subsidiaries	10,868,621	10,868,621	–	10,868,621
Revolving credits	4,900,000	4,900,000	–	4,900,000
Financial guarantee contracts	–	33,020,700	–	33,020,700
	16,445,896	49,466,596	–	49,466,596

(iii) Foreign currency risk

Foreign currency risk is the risk of fluctuation in fair value or future cash flows of a financial instrument as a result of changes in foreign exchange rates. The Group's and the Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's and the Company's operating activities (when sales and purchases are denominated in a foreign currency) and the Group's net investments in foreign subsidiaries.

Management has set up a policy that requires all companies within the Group and the Company to manage their treasury activities and exposures. In addition, the Group and the Company also take advantage of any natural effects of its foreign currencies revenues and expenses by maintaining current accounts in foreign currencies.

35. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management (Cont'd)

(iii) Foreign currency risk (Cont'd)

The Group's unhedged financial assets and liabilities of the Group that are not denominated in their functional currencies are as follows:

	Singapore Dollar ("SGD") RM	United States Dollar ("USD") RM	Emirati Dirham ("AED") RM	Chinese Yuan Renminbi ("CNY") RM	Australian Dollar ("AUD") RM	Euro ("EURO") RM	Malaysian Ringgit ("MYR") RM	Total RM
Group								
2022								
Financial assets								
Trade and other receivables	21,679,456	3,498	12,277,591	–	–	1,439,586	69,339,412	104,739,543
Short-term investments	–	–	–	–	–	–	17,940,617	17,940,617
Cash and short-term deposits	4,610,416	3,606,078	3,913,682	332	20,247	2,175,940	98,618,320	112,945,015
	26,289,872	3,609,576	16,191,273	332	20,247	3,615,526	185,898,349	235,625,175
Financial liabilities								
Trade and other payables	7,758,953	785,544	2,020,268	–	180,376	3,662,392	65,356,995	79,764,528
Term loans	–	–	–	–	–	–	5,718,401	5,718,401
Revolving credits	–	–	–	–	–	–	4,800,000	4,800,000
Trade loan	246,672					1,143,999	916,937	2,307,608
Bank overdrafts	1,980,486	–	–	–	–	–	–	1,980,486
Lease liabilities	1,518,433	–	–	–	–	–	1,773,834	3,292,267
	11,504,544	785,544	2,020,268	–	180,376	4,806,391	78,566,167	97,863,290
Net financial assets/(liabilities)	14,785,328	2,824,032	14,171,005	332	(160,129)	(1,190,865)	107,332,182	137,761,885
Less: Net financial assets denominated in the entity's functional currency	(14,785,328)	–	(14,171,005)	–	–	–	(107,332,182)	(136,288,515)
Currency exposure	–	2,824,032	–	332	(160,129)	(1,190,865)	–	1,473,370

35. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management (Cont'd)

(iii) Foreign currency risk (Cont'd)

The Group's unhedged financial assets and liabilities of the Group that are not denominated in their functional currencies are as follows (Cont'd):

	SGD RM	USD RM	AED RM	CNY RM	AUD RM	EURO RM	MYR RM	Total RM
Group								
2021								
Financial assets								
Trade and other receivables	23,736,908	50,810	18,547,703	–	1,348	491,581	87,780,611	130,608,961
Short-term investments	–	–	–	–	–	–	19,686,039	19,686,039
Cash and short-term deposits	7,418,251	444,757	3,010,863	1	9,333	2,627,643	75,926,055	89,436,903
	31,155,159	495,567	21,558,566	1	10,681	3,119,224	183,392,705	239,731,903
Financial liabilities								
Trade and other payables	7,361,611	239,295	2,449,915	1,607,201	699,447	6,950,909	58,291,989	77,600,367
Term loans	–	–	–	–	–	–	11,431,014	11,431,014
Revolving credits	–	–	–	–	–	–	7,500,000	7,500,000
Trade loan	2,373,870	–	–	–	–	1,113,808	8,156,718	11,644,396
Bank overdrafts	2,445,290	–	–	–	–	–	–	2,445,290
Lease liabilities	859,478	–	–	–	–	–	2,216,632	3,076,110
	13,040,249	239,295	2,449,915	1,607,201	699,447	8,064,717	87,596,353	113,697,177
Net financial assets/(liabilities)	18,114,910	256,272	19,108,651	(1,607,200)	(688,766)	(4,945,493)	95,796,352	126,034,726
Less: Net financial assets denominated in the entity's functional currency	(18,114,910)	–	(19,108,651)	–	–	–	(95,796,352)	(133,019,913)
Currency exposure	–	256,272	–	(1,607,200)	(688,766)	(4,945,493)	–	(6,985,187)

35. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management (Cont'd)

(iii) Foreign currency risk (Cont'd)

Sensitivity analysis for foreign currency risk

The Group's principal foreign currency exposure relates mainly to USD, CNY, AUD and EURO.

The following table demonstrates the sensitivity to a reasonably possible change in the USD, CNY, AUD and EURO, with all other variables held constant on the Group's total equity and profit/(loss) for the financial year.

	Change in rate %	Effect on profit/(loss) for the financial year RM	Effect on equity RM
2022			
- USD	+5%	(107,313)	(107,313)
	-5%	107,313	107,313
- CNY	+5%	(13)	(13)
	-5%	13	13
- AUD	+5%	6,085	6,085
	-5%	(6,085)	(6,085)
- EURO	+5%	45,253	45,253
	-5%	(45,253)	(45,253)
2021			
- USD	+5%	(9,738)	(9,738)
	-5%	9,738	9,738
- CNY	+5%	61,074	61,074
	-5%	(61,074)	(61,074)
- AUD	+5%	26,173	26,173
	-5%	(26,173)	(26,173)
- EURO	+5%	187,929	187,929
	-5%	(187,929)	(187,929)

35. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management (Cont'd)

(iv) Interest rate risk

Interest rate risk is the risk of fluctuation in fair value or future cash flows of the Group's and the Company's financial instruments as a result of changes in market interest rates. The Group's and the Company's exposure to interest rate risk arises primarily from their loans and borrowings with floating interest rates.

The Group and the Company actively review their debt portfolio, taking into account the investment holding period and nature of their assets.

<u>Sensitivity analysis for interest rate risk</u>

If the interest rate had been 50 (2021: 50) basis points higher/lower and all other variables held constant, the Group's and the Company's profit/(loss) for the year and equity would decrease/increase by RM56,265 (2021: RM125,479) and RM11,400 (2021: RM18,620) respectively as a result of exposure to floating rate loans and borrowings.

(c) Fair value measurement

The carrying amounts of cash and short-term deposits, short-term receivables and payables and short-term borrowings are reasonable approximation of their fair values due to the relatively short-term nature of these financial instruments.

The fair value of short-term investments is determined by reference to the redemption price at the reporting date.

The carrying amount of long-term floating rate loans are reasonable approximation of fair value as the loans will be re-priced to market interest rate on or near reporting date.

The carrying amounts of financial assets and liabilities recognised in the financial statements are reasonable approximation of their fair value.

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Level 1 to 3 based on the degree to which the fair value is observable:

(i) Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.

(ii) Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

(iii) Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

There have been no transfers between Level 1 and Level 2 during the financial year (2021: no transfer in either directions).

35. FINANCIAL INSTRUMENTS (CONT'D)

(c) Fair value measurement (Cont'd)

The following table provides the fair value measurement hierarchy of the Group's and the Company's financial instruments:

		Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value			
	Carrying amount RM	**Level 1 RM**	**Level 2 RM**	**Level 3 RM**	**Total RM**	**Level 1 RM**	**Level 2 RM**	**Level 3 RM**	**Total RM**
Group									
2022									
Financial asset									
Short-term investments	17,940,617	17,940,617	–	–	17,940,617	–	–	–	–
2021									
Financial asset									
Short-term investments	19,686,039	19,686,039	–	–	19,686,039	–	–	–	–
Company									
2022									
Financial asset									
Short-term investments	350,826	350,826	–	–	350,826	–	–	–	–
2021									
Financial asset									
Short-term investments	345,848	345,848	–	–	345,848	–	–	–	–

36. RELATED PARTIES

(a) Identity of related parties

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operational decisions, or vice versa, or where the Group and the party are subject to common control. Related parties may be individuals or other entities.

Related parties of the Group include:

(i) Subsidiaries;
(ii) Associate; and
(iii) Key management personnel of the Group, comprise persons (including directors) having the authority and responsibility for planning, directing and controlling the activities directly or indirectly.

(b) Significant related party transactions

Significant related party transactions other than disclosed elsewhere in the financial statements are as follows:

	Company	
	2022	**2021**
	RM	**RM**
Dividend income		
Subsidiaries	(11,700,000)	(8,860,000)
Management fee income		
Subsidiaries	(1,920,000)	(1,920,000)
Interest income		
Subsidiaries	(276,095)	(276,799)
Interest expense		
Subsidiaries	374,904	511,880
Rental expenses		
Subsidiaries	18,000	42,000

36. RELATED PARTIES (CONT'D)

(c) Compensation of key management personnel

	Group		Company	
	2022 RM	**2021 RM**	**2022 RM**	**2021 RM**
Directors' fees	245,000	427,650	245,000	300,000
Short-term employee benefits	9,455,386	7,554,421	16,000	16,000
Post-employment employee benefits	1,116,978	904,236	–	–
Benefits-in-kind	133,996	86,667	–	–
	10,951,360	8,972,974	261,000	316,000

Directors' interest in Employees' Share Option Scheme

During the financial year, 282,200 (2021: 350,000) share options were exercised by a director of the Company.

At the reporting date, the total number of outstanding share options granted by the Company to certain directors under the ESOS plan amounted to 1,300,000 (2021: 1,600,000).

37. CAPITAL MANAGEMENT

The primary objective of the Group's and the Company's capital management is to ensure that they maintain healthy capital ratio in order to support their business and maximise shareholders value. The Group and the Company manage their capital structure and make adjustments to it, in light of changes in economic conditions. To maintain or adjust their capital structure, the Group and the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies and processes during the financial years ended 30 June 2022 and 30 June 2021.

The Group and the Company monitor capital using a gearing ratio. The gearing ratio is calculated as total loans and borrowings and lease liabilities divided by total equity.

The gearing ratio for the Group and for the Company as at 30 June 2022 and 30 June 2021 are as follows:

		Group		Company	
	Note	**2022 RM**	**2021 RM**	**2022 RM**	**2021 RM**
Loans and borrowings	23	14,806,495	33,020,700	3,000,000	4,900,000
Lease liabilities	24	3,292,267	3,076,110	–	–
Total loans and borrowings		18,098,762	36,096,810	3,000,000	4,900,000
Total equity		289,571,541	263,229,366	115,928,418	110,466,171
Gearing ratio		6%	14%	3%	4%

37. CAPITAL MANAGEMENT (CONT'D)

The Group is required to comply with certain covenants in relation to the borrowings of its subsidiaries. The salient covenants include, amongst others:

(a) The subsidiaries concerned are required to maintain a gearing ratio of not more than 2 times of their tangible net worth during the tenure of the borrowings; and
(b) The Group is required to maintain a tangible net worth of not less than RM45,000,000 during the tenure of the borrowings.

The Group has complied with the above externally imposed capital requirements.

38. SEGMENT INFORMATION

The Group prepared the following segment information in accordance with MFRS 8 Operating Segments based on the internal reports of the Group's strategic business units which are regularly reviewed by the Group's Chief Executive Officer/President for the purpose of making decisions about resource allocation and performance assessment.

The five reportable operating segments are as follows:

Segments	**Products and services**
Investment holding	Provide group-level corporate services.
Facilities	Provision of an integrated range of maintenance services for office, commercial, industrial, residential and administrative buildings. These services include electrical, mechanical, civil, structural, energy and utility management and maintenance, vertical transport management, security and safety management and central monitoring systems, landscaping and ground care.
Engineering	Provision of various mechanical and electrical engineering services for the building industry. These include computerised Building Automation Systems (BAS), trading and installation of Heating, Ventilation and Air-Conditioning Systems (HVAC), integrated installation of electrical systems, energy saving and lift systems, trading of specialised water tanks and rainwater harvesting products, and installation of plumbing systems into building and facilities.
Environment	Provision of environmentally-friendly solutions to waste collection system management. These include general trading, design, development, installation and commissioning of cleaning equipment, central vacuum systems and STREAM Automated Pneumatic Waste Collection System.
Rail	Provision of railway infrastructure works. These include trading and rail welding works, ranging from the supplies of materials to the actual completion of rail works.

38. SEGMENT INFORMATION (CONT'D)

	Investment holding RM	Facilities RM	Engineering RM	Environment RM	Rail RM	Others RM	Note	Adjustments and eliminations RM	Total RM
2022									
Revenue:									
External revenue	–	178,764,915	73,582,204	81,899,831	20,948,041	–		–	355,194,991
Inter-segment revenue	13,620,000	–	–	–	–	–	(a)	(13,620,000)	–
	13,620,000	178,764,915	73,582,204	81,899,831	20,948,041	–		(13,620,000)	355,194,991
Results:									
Results before the following adjustments	10,520,979	16,357,925	4,539,676	26,394,846	4,517,005	(23,132)	(b)	(11,178,737)	51,128,562
Depreciation and amortisation	(16,652)	(1,109,835)	(948,763)	(1,736,166)	(460,972)	–		–	(4,272,388)
Net (allowance)/reversal of impairment losses on:									
- contract assets	–	–	(642,503)	8,812	–	–		–	(633,691)
- goodwill	–	–	(332,000)	–	(2,457,000)	–		–	(2,789,000)
- trade receivables	–	–	(1,595,452)	1,538,515	–	–		–	(56,937)
- other receivables	–	(16,681)	–	–	–	–		–	(16,681)
Other non-cash items	–	–	419,305	(644,588)	(77,540)	–	(e)	526	(302,297)
Segment results	10,504,327	15,231,409	1,440,263	25,561,419	1,521,493	(23,132)		(11,178,211)	43,057,568
Net finance (costs)/income	(110,431)	478,501	(632,377)	723,981	(526,942)	–		(343)	(67,611)
Income tax expense	(362,046)	(3,952,491)	(1,153,045)	(2,866,713)	(449,335)	–		–	(8,783,630)
Profit for the financial year									34,206,327

38. SEGMENT INFORMATION (CONT'D)

	Investment holding RM	Facilities RM	Engineering RM	Environment RM	Rail RM	Others RM	Note	Adjustments and eliminations RM	Total RM
2022									
Assets									
Segment assets	127,210,935	171,648,374	79,321,879	127,697,640	33,194,194	10,041	(c)	(135,010,284)	404,072,779
Current tax assets	–	4,186,305	330,930	658,300	383,232	–		–	5,558,767
Deferred tax assets	–	193,650	810,200	1,099,914	544,888	–		–	2,648,652
Total assets	127,210,935	176,028,329	80,463,009	129,455,854	34,122,314	10,041		(135,010,284)	412,280,198
Liabilities									
Segment liabilities	13,598,674	92,691,023	55,647,491	19,482,326	5,345,407	553,836	(d)	(66,328,591)	120,990,166
Current tax liabilities	186,795	–	429,622	1,072,694	–	–		–	1,689,111
Deferred tax liabilities	–	–	–	–	29,380	–		–	29,380
Total liabilities	13,785,469	92,691,023	56,077,113	20,555,020	5,374,787	553,836		(66,328,591)	122,708,657
Other segment items									
Additions to non-current assets other than financial instruments									
- property, plant and equipment	–	1,259,774	51,099	589,419	211,690	–		–	2,111,982
- right-of-use assets	–	123,165	1,549,444	1,182,556	153,910	–		–	3,009,075

38. SEGMENT INFORMATION (CONT'D)

	Investment holding RM	Facilities RM	Engineering RM	Environment RM	Rail RM	Others RM	Note	Adjustments and eliminations RM	Total RM
2021									
Revenue:									
External revenue	–	170,876,679	68,551,434	81,878,492	22,606,348	–		–	343,912,953
Inter-segment revenue	10,780,000	14,471,200	7,421,681	–	–	–	(a)	(32,672,881)	–
	10,780,000	185,347,879	75,973,115	81,878,492	22,606,348	–		(32,672,881)	343,912,953
Results:									
Results before the following adjustments	8,263,318	17,455,179	7,178,127	29,362,281	6,373,572	(27,636)	(b)	(8,765,371)	59,839,470
Depreciation and amortisation	(17,651)	(1,429,913)	(927,956)	(1,563,920)	(430,269)	(3,020)		–	(4,372,729)
Net (allowance)/reversal of impairment losses on:									
- contract assets	–	–	–	1,041,282	–	–		–	1,041,282
- goodwill	–	–	(1,590,424)	–	(545,850)	–		–	(2,136,274)
- trade receivables	–	–	(1,725,794)	(968,180)	(2,641,589)	–		–	(5,335,563)
- other receivables	–	–	–	(85,165)	–	–		–	(85,165)
Other non-cash items	–	102,945	(811,647)	(512,303)	66,407	–	(e)	–	(1,154,598)
Share of result of an associate	–	–	–	(176,128)	–	–		–	(176,128)
Segment results	8,245,667	16,128,211	2,122,306	27,097,867	2,822,271	(30,656)		(8,765,371)	47,620,295
Net finance (costs)/income	(276,855)	347,168	(671,240)	500,811	(130,993)	–		224	(230,885)
Income tax expense	(417,480)	(3,477,668)	(968,775)	(3,287,664)	(422,647)	–		–	(8,574,234)
Profit for the financial year									38,815,176

38. SEGMENT INFORMATION (CONT'D)

	Investment holding RM	Facilities RM	Engineering RM	Environment RM	Rail RM	Others RM	Note	Adjustments and eliminations RM	Total RM
2021									
Assets									
Segment assets	127,227,977	155,504,551	100,578,133	124,089,935	62,221,014	10,041	(c)	(172,283,158)	397,348,493
Current tax assets	–	3,439,524	244,459	36,000	–	–		–	3,719,983
Deferred tax assets	–	481,728	349,481	1,662,063	552,241	–		–	3,045,513
Total assets	127,227,977	159,425,803	101,172,073	125,787,998	62,773,255	10,041		(172,283,158)	404,113,989
Liabilities									
Segment liabilities	16,816,946	86,203,789	59,415,233	23,723,847	17,540,684	530,704	(d)	(66,369,291)	137,861,912
Current tax liabilities	119,854	–	148,689	2,248,713	498,048	–		–	3,015,304
Deferred tax liabilities	–	7,407	–	–	–	–		–	7,407
Total liabilities	16,936,800	86,211,196	59,563,922	25,972,560	18,038,732	530,704		(66,369,291)	140,884,623
Other segment items									
Additions to non-current assets other than financial instruments									
- property, plant and equipment	–	1,569,335	75,486	298,863	259,831	–		–	2,203,515
- right-of-use assets	–	403,886	553,873	639,003	125,406	–		–	1,722,168
- investment properties	–	–	1,922,000	1,164,000	–	–		–	3,086,000

38. SEGMENT INFORMATION (CONT'D)

Nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements:

(a) Inter-segment revenue are eliminated on consolidation;
(b) Inter-segment transactions are eliminated on consolidation;
(c) Inter-segment assets are eliminated on consolidation;
(d) Inter-segment liabilities are eliminated on consolidation; and
(e) Other non-cash items, other than depreciation and amortisation and net (allowance)/reversal of impairment losses on trade and other receivables, contract assets and goodwill consist of the following:

	Group	
	2022 RM	**2021 RM**
Bad debt (recovered)/written off	(3,834)	229
Fair value loss on investment properties	120,001	733,000
Gain on disposal of investment properties	(145,000)	–
Gain on disposal of property, plant and equipment	(384,271)	(11,807)
Gain on disposal of right-of-use assets	–	(100,886)
Inventories written down to net realisable value	296,777	443,471
Property, plant and equipment written off	25,956	26,936
Provision for employee benefits	133,795	131,585
Unrealised gain on foreign exchange	258,873	(67,930)
	302,297	1,154,598

<u>Geographical information</u>

Revenue and non-current assets (other than financial instruments and deferred tax assets) information based on the geographical location of customers are as follows:

	Revenue RM	**Non-current assets RM**
2022		
Malaysia	271,811,600	58,135,144
Singapore	60,554,726	2,898,607
United Arab Emirates, Abu Dhabi	22,828,665	170,769
	355,194,991	61,204,520
2021		
Malaysia	258,137,699	62,011,972
Singapore	51,953,607	1,945,227
United Arab Emirates, Abu Dhabi	33,821,647	146,334
	343,912,953	64,103,533

38. SEGMENT INFORMATION (CONT'D)

Information about major customer

The major customer with revenue equal to or more than 10% of the Group revenue is as follows:

		Group	
	Segment	**2022 RM**	**2021 RM**
Customer A	Facilities	71,817,083	71,041,462

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

We, **DATO' NIK MOD AMIN BIN NIK ABD MAJID** and **DATO' AHMAD KABEER BIN MOHAMED NAGOOR**, being two of the directors of **AWC BERHAD** do hereby state that in the opinion of the directors, the accompanying financial statements set out on pages 98 to 192 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 2022 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the directors:

……………………………………………………………………………

DATO' NIK MOD AMIN BIN NIK ABD MAJID
Director

……………………………………………………………………………

DATO' AHMAD KABEER BIN MOHAMED NAGOOR
Director

Subang Jaya

Date: 18 October 2022

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

I, **VOON SIEW MOON**, being the officer primarily responsible for the financial management of **AWC BERHAD**, do solemnly and sincerely declare that to the best of my knowledge and belief, the accompanying financial statements set out on pages 98 to 192 are correct, and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

……………………………

VOON SIEW MOON
Officer

Subscribed and solemnly declared by the abovenamed at Subang Jaya in Selangor Darul Ehsan on 18 October 2022.

Before me,

Siti Haidah Binti Ariffin
(No. B 501)
Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF AWC BERHAD

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS OPINION

Opinion

We have audited the financial statements of AWC Berhad, which comprise the statements of financial position as at 30 June 2022 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 98 to 192.

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

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

Key Audit Matters

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

<u>Group</u>

Goodwill on business combination (Notes 4.1 and 8.1 to the financial statements)

The Group has significant goodwill on business combination amounting to RM36,785,467 arising from the acquisition of four subsidiaries. Goodwill is tested for impairment annually. In performing the impairment assessment, the Group has identified environment, engineering and rail segments as the cash generating units to which the goodwill is allocated. During the financial year, the Group recognised impairment losses on goodwill amounting to RM2,789,000.

We focused on this area because the impairment assessment requires the exercise of significant judgement by the Group on the discount rates applied in the recoverable amount calculation and assumptions supporting the underlying cash flow projections which include future sales and gross profit margin.

Our response:

Our audit procedures included, among others:

- assessing the appropriateness of the valuation methodology adopted by the Group in accordance with the requirements of MFRS 136 *Impairment of Assets*;
- comparing the actual results with previous budget to assess the performance of the business;
- comparing the Group's assumptions to our assessments in relation to key assumptions to assess their reasonableness of the projections;
- testing the mathematical accuracy of the impairment assessment; and
- performing a sensitivity analysis around the key assumptions that are expected to be more sensitive to the recoverable amount, where applicable.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS OPINION (CONT'D)

Key Audit Matters (Cont'd)

Group (Cont'd)

Trade receivables and contract assets (Notes 4.2, 13 and 14 to the financial statements)

As at 30 June 2022, trade receivables and contract assets of the Group amounted to RM99,565,952 and RM61,935,984 respectively after impairment losses of RM26,368,270 and RM1,222,633 respectively. We focused on this area because the directors made significant judgements over assumptions about risk of default and expected loss rate. In making the assumptions, the directors selected inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward-looking estimates at the end of the reporting period.

Our response:

Our audit procedures included, among others:

- developing understanding of significant credit exposures which were significantly overdue or deemed to be in default through analysis of ageing reports and testing the reliability of the reports;
- obtaining confirmation of balances from selected samples of receivables;
- testing subsequent receipts after financial year end, customer correspondence and considering level of activity with the customer, consider customer's financial capability and past trend of payments and management explanation on recoverability with significantly past due balances; and
- reviewing the work papers of component auditors in assessing the recoverability of any significantly past due balances of subsidiaries not audited by us.

Revenue recognition for construction activities (Notes 4.3 and 28 to the financial statements)

The amount of revenue of the Group's construction activities is recognised over the period of contract by reference to the progress towards complete satisfaction of that performance obligation. The progress towards complete satisfaction of performance obligation is determined by reference to proportion of construction costs incurred for works performed to date bear to the estimated total costs for each project (input method). We focused on this area because significant directors' judgement is required, in particular with regards to determining the progress towards satisfaction of a performance obligation, the extent of the construction costs incurred, and the estimated total construction contracts revenue and costs, as well as the recoverability of the construction contracts projects. The estimated total revenue are affected by a variety of uncertainties that depend of the outcome of future events.

Our response:

Our audit procedures on a sample of projects included, among others:

- reading the terms and conditions of agreements with customers;
- understanding the Group's process in preparing or updating project budget and the calculation of the progress towards anticipated satisfaction of a performance obligation;
- comparing the Group's major assumptions to contractual terms, our understanding gathered from the analysis of changes in the assumptions from previous financial year and discussing with project managers;
- testing the mathematical computation of recognised revenue; and
- reviewing the work papers of component auditors in their assessment of the project total estimated revenue and costs as well as the revenue recognised during the financial year for subsidiaries not audited by us.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS OPINION (CONT'D)

Key Audit Matters (Cont'd)

Company

Investment in subsidiaries (Notes 4.4 and 9 to the financial statements)

The Company has significant balance of investment in subsidiaries. At the end of the financial year, the Company determines whether there is any indication of impairment in investment in subsidiaries.

We focused on this area because the Company's assessment of the recoverable amount involved significant judgement. The recoverable amount of investment in subsidiaries were determined based on value-in-use which includes the discount rate applied in the recoverable amount calculation and the assumptions supporting the underlying cash flow projections which include future revenue, gross profit margin and operating expenses.

Our response:

Our audit procedures focus on evaluating the cash flow projections which included, among others:

- assessing the appropriateness of the valuation methodology adopted by the Company in accordance with the requirements of MFRS 136 *Impairment of Assets*;
- comparing the actual results with previous budget to assess the performance of the business;
- comparing the Company's assumptions to our assessments in relation to key assumptions to assess their reasonableness of the projections;
- testing the mathematical accuracy of the impairment assessment; and
- performing a sensitivity analysis around the key assumptions that are expected to be more sensitive to the recoverable amount, where applicable.

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

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

Responsibilities of the Directors for the Financial Statements

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

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

The directors of the Company are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

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

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 9 to the financial statements.

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 contents of this report.

Baker Tilly Monteiro Heng PLT
201906000600 (LLP0019411-LCA) & AF 0117
Chartered Accountants

Lee Kong Weng
No: 02967/07/2023 J
Chartered Accountant

Kuala Lumpur

Date: 18 October 2022

SUMMARY OF
GROUP PROPERTIES
AS AT 30 JUNE 2022

No.	Owner	Location	Description	Existing use	Land area (Sq. ft.)	Built-up area (Sq. ft.)	Tenure	Approximate age of building	Audited net book value as at 30 June 2022 (RM)	Date of Acquisition/ Last Valuation
1.	Ambang Wira Sdn. Bhd. ("AWSB")	An intermediate shop lot and six intermediate office lots known as parcel Nos. S23A-1, Level 1, S23A-2, Level 2, S23A-3, Level 3, S23A-3A, Level 3A, S23A-5, Level 5, S23A-6, Level 6 and S23A-7, Level 7, respectively all in Block S23A in Subang Business Centre erected on part of the land held under Grant 54290, Lot 50530, Pekan Subang Jaya, District of Petaling, Selangor Darul Ehsan	Shop lot and office lots	Office	–	11,737	Freehold	26 years	4,851,200.64	22 June 2000/ 14 July 2022
2.	AWSB	An intermediate shop lot and six intermediate office lots known as parcel Nos. S25-1, Level 1, S25-2, Level 2, S25-3, Level 3, S25-3A, Level 3A, S25-5, Level 5, S25-6, Level 6 and S25-7, Level 7, respectively all in Block S25 in Subang Business Centre erected on part of the land held under Grant 54290, Lot 50530,Pekan Subang Jaya, District of Petaling, Selangor Darul Ehsan	Shop lot and office lots	Office	–	11,737	Freehold	26 years	4,851,200.64	29 November 2002/ 14 July 2022
3.	Qudotech Sdn. Bhd. ("Qudotech")	Unit No 2.016, Floor No. 2, Rhythm Avenue, USJ 19, HS (D) 108337, PT No. 3462, Mukim of Damansara, District of Petaling, State of Selangor	Shop Lot	Vacant	–	207	Freehold	22 years	123,795.00	31 October 2000/ 30 June 2022
4.	Qudotech	Unit No 2.017, Floor No. 2, Rhythm Avenue, USJ 19, HS (D) 108337, PT No. 3462, Mukim of Damansara, District of Petaling, State of Selangor	Shop Lot	Vacant	–	196	Freehold	22 years	117,360.00	31 October 2000/ 30 June 2022

SUMMARY OF GROUP PROPERTIES
(CONT'D)

No.	Owner	Location	Description	Existing use	Land area (Sq. ft.)	Built-up area (Sq. ft.)	Tenure	Approximate age of building	Audited net book value as at 30 June 2022 (RM)	Date of Acquisition/ Last Valuation
5.	Stream Environment Sdn. Bhd. ("SESB")	No. 11, Jalan Sg Besi Indah 5/2, Taman Sg Besi Indah, 43300 Seri Kembangan, Selangor Darul Ehsan	Shop Lot	Office	1,905	7,464	99-year leasehold interest expiring on 28 July 2108	13 years	1,412,929.00	13 February 2017/ 15 July 2016
6.	SESB	C-07-01, Jalan PBS 14/2, Taman Bukit Serdang, Seksyen 13, 43300 Seri Kembangan, Selangor Darul Ehsan	Condo	Vacant (Disposed – S&P to signed)	–	1,000	Freehold	3 years	500,000.00	20 August 2019/ 30 June 2021 Disposal Value RM380k, Fair Value RM500k
7.	SESB	C-09-03, Jalan PBS 14/2, Taman Bukit Serdang, Seksyen 13, 43300 Seri Kembangan, Selangor Darul Ehsan	Condo	Vacant	–	1,000	Freehold	3 years	500,000.00	06 January 2020/ 30 June 2022
8.	SESB	C-18-02, Jalan PBS 14/2, Taman Bukit Serdang, Seksyen 13, 43300 Seri Kembangan, Selangor Darul Ehsan	Condo	Vacant	–	1,000	Freehold	3 years	500,000.00	06 January 2020/ 30 June 2022
9.	Trackwork & Supplies Sdn. Bhd.	No. 31-5, Level 5, Dataran Prima Block F2, Jalan PJU 1/42A, 47301 Petaling Jaya, Selangor Darul Ehsan	Office Lot	Office	–	1,926	Freehold	15 years	638,933.33	1 June 2016/ 30 June 2022
10.	M & C Engineering And Trading Sdn. Bhd.	Unit FUG-115, Level UG, Capital City Mall Shopping Centre, Jalan Tampoi, 81200 Johor Bahru, Johor Darul Takzim.	Shop Lot	Vacant	–	377	Freehold	4 years	478,000.00	14 January 2020/ 30 June 2022
11.	M & C Engineering And Trading Sdn. Bhd.	Unit FUG-162, Level UG, Capital City Mall Shopping Centre, Jalan Tampoi, 81200 Johor Bahru, Johor Darul Takzim.	Shop Lot	Vacant	–	312	Freehold	4 years	395,000.00	14 January 2020/ 30 June 2022
		TOTAL							**14,368,418.61**	

ANALYSIS OF SHAREHOLDINGS
AS AT 30 SEPTEMBER 2022

Total number of Issued Shares	:	321,404,250 Ordinary Shares
Treasury Shares	:	4,628,700 treasury shares held by the Company
Class of Equity Securities	:	Ordinary Shares (“shares”)
Voting Right	:	One vote for every share held

DISTRIBUTION SCHEDULE OF SHAREHOLDERS

Size of Shareholdings	No. of Holders	%	No. of Shares [#]	%
Less than 100	1,713	22.74	120,036	0.04
100 – 1,000	1,491	19.79	781,756	0.25
1,001 – 10,000	2,602	34.54	14,245,774	4.50
10,001 – 100,000	1,500	19.91	49,225,864	15.54
100,001 – less than 5 % of the issued shares	226	3.00	168,105,062	53.07
5% and above of the issued shares	1	0.01	84,297,058	26.61
Total	**7,533**	**100.00**	**316,775,550**	**100.00**

[#] Excluding a total of 4,628,700 shares bought back and retained as treasury shares.

SUBSTANTIAL SHAREHOLDERS’ SHAREHOLDINGS AS AT 30 SEPTEMBER 2022
(As per the Register of Substantial Shareholders)

	No. of Ordinary Shares			
Name of Substantial Shareholders	**Direct Interest**	**%***	**Indirect Interest**	**%***
K-Capital Sdn Bhd	84,300,000	26.61	–	–
Dato’ Ahmad Kabeer Bin Mohamed Nagoor	21,973,300	6.94	84,300,000 [(a)]	26.61

Note:

[(a)] Deemed interested by virtue of Section 8(4) of the Companies Act 2016 held through in K-Capital Sdn Bhd.

DIRECTOR’S INTEREST AS AT 30 SEPTEMBER 2022
(As per the Register of Directors’ Shareholdings)

	No. of Ordinary Shares			
Name of Director	**Direct Interest**	**%***	**Indirect Interest**	**%***
Dato’ Ahmad Kabeer Bin Mohamed Nagoor	21,973,300	6.94	84,300,000[(a)]	26.61
Yang Mulia Tunku Puan Sri Dato’ Hajjah Noor Hayati Binti Tunku Abdul Rahman Putra Al-Haj	100,000	0.03	–	–
Dato’ Nik Mod Amin Bin Nik Abd Majid	400,000	0.13	–	–
Sureson A/L Krisnasamy	65,000	0.02	–	–
Dato’ Dr. Hj Shamsul Anwar Bin Sulaiman	–	–	–	–

Notes:

[(a)] Deemed interested by virtue of Section 8(4) of the Companies Act 2016 held through in K-Capital Sdn Bhd.
* All percentage shareholding computations are based on the total number of issued shares less treasury shares account (4,628,700 shares) arising from the share buy-back exercise.

DIRECTOR'S INTEREST AS AT 30 SEPTEMBER 2022 (CONT'D)

Name of Directors	No. of Options granted under Employees' Share Option Scheme (ESOS)
Dato' Ahmad Kabeer Bin Mohamed Nagoor	4,050,000
Dato' Nik Mod Amin Bin Nik Abd Majid	500,000
Yang Mulia Tunku Puan Sri Dato' Hajjah Noor Hayati Binti Tunku Abdul Rahman Putra Al-Haj	300,000
Sureson A/L Krisnasamy	300,000
Dato' Dr. Hj Shamsul Anwar Bin Sulaiman	–

30 LARGEST SECURITIES ACCOUNT HOLDERS AS AT 30 SEPTEMBER 2022
(without aggregating securities from different securities accounts belonging to the same person)

No.	Name	No. of Shares Held	%*
1.	K-CAPITAL SDN. BHD.	84,297,058	26.61
2.	AHMAD KABEER BIN MOHAMED NAGOOR	15,773,300	4.98
3.	TW QUEST SDN BHD	9,650,000	3.05
4.	MASTRACK SDN BHD	7,268,000	2.30
5.	KONG KEAT VOON	6,316,186	1.99
6.	CITIGROUP NOMINEES (ASING) SDN BHD - EXEMPT AN FOR CITIBANK NEW YORK (NORGES BANK 19)	6,161,800	1.95
7.	UNIVERSAL TRUSTEE (MALAYSIA) BERHAD - KAF CORE INCOME FUND	5,950,000	1.88
8.	UOBM NOMINEES (TEMPATAN) SDN BHD - PLEDGED SECURITIES ACCOUNT FOR AHMAD KABEER BIN MOHAMED NAGOOR	5,200,000	1.64
9.	ZAINAB BINTI ABDUL RAHMAN	4,880,000	1.54
10.	GOH TSE WOEI	4,779,086	1.51
11.	IGNATIUS LUKE JR TAN KENG HEE	4,189,900	1.32
12.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD - PLEDGED SECURITIES ACCOUNT FOR KONG KOK CHOY (8092812)	3,120,000	0.98
13.	CARTABAN NOMINEES (TEMPATAN) SDN BHD - RHB TRUSTEES BERHAD FOR KAF VISION FUND	3,000,000	0.95
14.	UNIVERSAL TRUSTEE (MALAYSIA) BERHAD - KAF TACTICAL FUND	3,000,000	0.95
15.	GOH TSE WOEI	2,835,352	0.90
16.	HO SHU KEONG	2,694,200	0.85
17.	TAN YAU LAM	2,506,200	0.79
18.	SIM TZE YANG	2,322,000	0.73
19.	MAYBANK NOMINEES (TEMPATAN) SDN BHD - MAYBANK TRUSTEES BERHAD FOR DANA MAKMUR PHEIM (211901)	1,970,000	0.62
20.	CHAN AI SIM	1,964,900	0.62

ANALYSIS OF SHAREHOLDINGS
(CONT'D)

30 LARGEST SECURITIES ACCOUNT HOLDERS AS AT 30 SEPTEMBER 2022 (CONT'D)
(without aggregating securities from different securities accounts belonging to the same person)

No.	Name	No. of Shares Held	%*
21.	MALACCA EQUITY NOMINEES (TEMPATAN) SDN BHD - EXEMPT AN FOR PHILLIP CAPITAL MANAGEMENT SDN BHD (EPF)	1,887,000	0.60
22.	SHAUL HAMID BIN MADAR	1,878,100	0.59
23.	TENGEN SUPPLIES SDN. BHD.	1,500,000	0.47
24.	TAN SIEW KHENG	1,488,500	0.47
25.	KHOO YOK KEE	1,411,400	0.45
26.	CHONG KIM LOONG	1,410,000	0.45
27.	KAF TRUSTEE BERHAD - KIFB FOR LAGMUIR HOLDINGS LTD	1,330,000	0.42
28.	CHIN LEE HING	1,316,400	0.42
29.	DB (MALAYSIA) NOMINEE (ASING) SDN BHD - THE BANK OF NEW YORK MELLON FOR ENSIGN PEAK ADVISORS INC.	1,256,500	0.40
30.	KAF TRUSTEE BERHAD - KIFB FOR PERBADANAN KEMAJUAN NEGERI SELANGOR	1,216,300	0.38

* All percentage shareholding computations are based on the total number of issued shares less treasury shares account (4,628,700 shares) arising from the share buy-back exercise.

ANALYSIS OF WARRANT HOLDINGS AS AT 30 SEPTEMBER 2022

Type of Securities	:	Warrants A ("Warrants")
No. of Warrants Issued	:	56,824,679
Exercise Price	:	RM0.88
Exercise Period	:	26 December 2021 to 25 December 2023

DISTRIBUTION OF WARRANTS HOLDINGS

Size of Holdings	No. of Warrant Holders	No. of Warrants	%
Less than 100	2,601	61,978	0.11
100 - 1,000	1,579	741,193	1.30
1,001 - 10,000	914	3,192,656	5.62
10,001 - 100,000	225	8,078,868	14.22
100,001 - 2,841,232 (*)	52	21,540,373	37.91
2,841,233 and above (**)	3	23,209,611	40.84
Total	**5,374**	**56,824,679**	**100.00**

Note:
* Less than 5% of Issued Warrants
** 5% and above of Issued Warrants

DIRECTORS' WARRANT HOLDINGS
(As per the Register of Directors' Warrant Holdings)

Name of Directors	Direct Interest No. of Warrants	Direct Interest %	Indirect Interest No. of Warrants	Indirect Interest %
Dato' Ahmad Kabeer Bin Mohamed Nagoor	3,651,000	6.425	16,549,999 [(a)]	29.125
Yang Mulia Tunku Puan Sri Dato' Hajjah Noor Hayati Binti Tunku Abdul Rahman Putra Al-Haj	20,000	0.035	–	–
Dato' Nik Mod Amin Bin Nik Abd Majid	80,000	0.141	–	–

[(a)] Deemed interested by virtue of Section 8(4) of the Companies Act 2016 held through in K-Capital Sdn Bhd.

ANALYSIS OF WARRANT HOLDINGS
(CONT'D)

THIRTY LARGEST WARRANT HOLDERS AS AT 30 SEPTEMBER 2022
(without aggregating securities from different securities accounts belonging to the same registered holder)

No.	Name	No. of Warrants Held	%
1.	K-CAPITAL SDN. BHD.	16,549,411	29.12
2.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD - PLEDGED SECURITIES ACCOUNT FOR KONG KOK CHOY (8092812)	3,700,000	6.51
3.	TAN BOON SIONG	2,960,200	5.21
4.	TW QUEST SDN BHD	2,429,616	4.28
5.	AHMAD KABEER BIN MOHAMED NAGOOR	2,411,000	4.24
6.	MAYBANK NOMINEES (TEMPATAN) SDN BHD - PLEDGED SECURITIES ACCOUNT FOR OOI KENG THYE	1,432,600	2.52
7.	UOBM NOMINEES (TEMPATAN) SDN BHD - PLEDGED SECURITIES ACCOUNT FOR AHMAD KABEER BIN MOHAMED NAGOOR	1,040,000	1.83
8.	KENANGA NOMINEES (TEMPATAN) SDN BHD - PLEDGED SECURITIES ACCOUNT FOR CHEE KAR MING	953,365	1.68
9.	NG CHAN HEE	950,000	1.67
10.	MOHD KHAIRUL IZWAN BIN ABDULLAH SANI	856,000	1.51
11.	TEO YU TEE	700,500	1.23
12.	RHB NOMINEES (TEMPATAN) SDN BHD - PLEDGED SECURITIES ACCOUNT FOR WONG HAN KEONG	700,000	1.23
13.	MASTRACK SDN BHD	672,084	1.18
14.	CHIA MOI LING	652,600	1.15
15.	LIEW TAT YANG	645,700	1.14
16.	LEE MENG KUI	400,000	0.70
17.	TAN BOON KIAT	400,000	0.70
18.	TAN BEE LING	390,000	0.69
19.	SHAUL HAMID BIN MADAR	375,620	0.66
20.	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD - PLEDGED SECURITIES ACCOUNT FOR MUI KAR WAI (MY2323)	343,800	0.61
21.	MAYBANK NOMINEES (TEMPATAN) SDN BHD - GOH KUN SENG	330,000	0.58
22.	CHAN AI SIM	329,040	0.58
23.	CHAI TIEN TECK	326,200	0.57
24.	NG WENG SUM	307,100	0.54
25.	TENGEN SUPPLIES SDN. BHD.	300,000	0.53
26.	MAYBANK NOMINEES (TEMPATAN) SDN BHD - PLEDGED SECURITIES ACCOUNT FOR LEE MENG LOK	250,000	0.44
27.	KONG KEAT VOON	245,668	0.43
28.	G. PAKKIANATHAN A/L D. GOVINDASWAMY	245,000	0.43
29.	G. PAKKIANATHAN A/L D. GOVINDASWAMY	238,400	0.42
30.	TENGKU MOHD AZLAN SHAH BIN ZAINAL	210,400	0.37

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Twenty-First Annual General Meeting ("21st AGM" or "Meeting") of AWC BERHAD ("AWC" or "the Company") will be conducted on a fully virtual basis and entirely via remote participation and electronic voting facilities through live streaming from the Broadcast venue at Tricor Business Centre, Gemilang Room, Unit 29-01, Level 29, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8 Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan on Thursday, 24 November 2022 at 10:00 a.m. or at any adjournment thereof, to transact the following businesses:-

A G E N D A

As Ordinary Business:

1. To receive the Audited Financial Statements for the financial year ended 30 June 2022 together with the Reports of the Directors and Auditors thereon. — **PLEASE REFER TO EXPLANATORY NOTE 1**

2. To approve the distribution of a Final Single-Tier dividend of 1.5 sen per ordinary share for the financial year ended 30 June 2022. — **ORDINARY RESOLUTION 1**

3. To approve the payment of Directors' fees and benefits of up to RM387,500 for the period commencing from the date immediately after this 21st AGM until the date of the next AGM of the Company. — **ORDINARY RESOLUTION 2**

4. To re-elect Dato' Ahmad Kabeer Bin Mohamed Nagoor as Director who retires by rotation in accordance with Clause 85 of the Company's Constitution. — **ORDINARY RESOLUTION 3**

5. To re-elect Dato' Dr. Hj Shamsul Anwar Bin Sulaiman who retires pursuant to Clause 91 of the Company's Constitution. — **ORDINARY RESOLUTION 4**

6. To re-appoint Baker Tilly Monteiro Heng PLT as Auditors of the Company until the conclusion of the next AGM of the Company and to authorise the Directors to fix their remuneration. — **ORDINARY RESOLUTION 5**

As Special Business:
To consider and if thought fit, pass with or without any modifications, the following resolutions:

7. **RETENTION OF AN INDEPENDENT NON-EXECUTIVE DIRECTOR** — **ORDINARY RESOLUTION 6**

   "THAT Dato' Nik Mod Amin Bin Nik Abd Majid who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, be and is hereby retained as an Independent Non-Executive Director of the Company."

8. **GENERAL AUTHORITY FOR THE DIRECTORS TO ISSUE AND ALLOT SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016 ("ACT")** — **ORDINARY RESOLUTION 7**

   "THAT subject always to the Constitution of the Company, the Act, the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities") and the approvals of the relevant governmental/ regulatory authorities, where required, the Directors of the Company, be and are hereby authorised and empowered pursuant to Sections 75 and 76 of the Act, to issue and allot new ordinary shares in the Company ("Shares") to such persons, at any time, and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares to be issued does not exceed ten per centum (10%) of the total number of issued shares of the Company (excluding treasury shares) at any point of time ("Mandate") AND THAT the Directors be and also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Securities AND THAT such authority shall continue to be in force until the conclusion of the next Annual General Meeting ("AGM") of the Company held next after the approval was given or at the expiry of the period within which the next AGM is required to be held after the approval was given, whichever is the earlier.

THAT pursuant to Section 85 of the Act read together with the Company's Constitution, approval be given to waive the statutory pre-emptive rights conferred upon the shareholders of the Company AND THAT the Board is exempted from the obligation to offer such new Shares first to the existing shareholders of the Company in respect of the issuance and allotment of new Shares pursuant to the Mandate.

AND FURTHER THAT the new Shares to be issued pursuant to the Mandate, shall, upon issuance and allotment, rank pari passu in all respects with the existing shares of the Company, save and except that they shall not be entitled to any dividends, rights, allotments and/or any other forms of distribution that which may be declared, made or paid before the date of allotment of such new Shares."

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

NOTICE OF DIVIDEND ENTITLEMENT

NOTICE IS ALSO HEREBY GIVEN that a Final Single-Tier dividend of 1.5 sen per ordinary share in respect of the financial year ended 30 June 2022, if approved by the shareholders at the 21st AGM of the Company, will be paid on 30 December 2022 to the shareholders whose names appear in the Record of Depositors of the Company at the close of business on 13 December 2022.

A depositor shall qualify for entitlement to the dividend only in respect of:-

i) Shares transferred into the Depositor's Securities Account before 4.30 p.m. on 13 December 2022 in respect of ordinary transfers; and
ii) Shares bought on the Bursa Malaysia Securities Berhad on a cum-entitlement basis according to the Rules of the Bursa Malaysia Securities Berhad.

By order of the Board

TEA SOR HUA (MACS 01324) (SSM PC NO.: 201908001272)
Company Secretary

Petaling Jaya, Selangor Darul Ehsan
26 October 2022

Notes:

i. According to the Revised Guidance Note and FAQs on the Conduct of General Meetings for Listed Issuers issued by the Securities Commission Malaysia on 7 April 2022, an online meeting platform located in Malaysia is recognised as the meeting venue and all meeting participants of a fully virtual general meeting are required to participate in the meeting online.

ii. A member who is entitled to attend and vote at the Meeting shall be entitled to appoint more than one (1) proxy to attend and vote at the Meeting. Where a member appoints more than one (1) proxy, the member shall specify the proportion of his shareholdings to be represented by each proxy.

iii. A proxy may, but need not, be a member of the Company. A member may appoint any person to be his proxy. A proxy appointed to attend and vote at the Meeting shall have the same rights as the member to speak and vote at the Meeting.

iv. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under the seal or under the hand of an officer or attorney duly authorised.

v. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.

vi. 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"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. The appointment of multiple proxies shall not be valid unless the proportion of its shareholdings represented by each proxy is specified.

vii. To be valid, the instrument appointing a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company not less than forty-eight (48) hours before the time for holding the Meeting or adjourned meeting:-

(a) In hard copy form
In the case of an appointment made in hard copy form, the form of proxy must be deposited at the Share Registrar of the Company situated at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8 Jalan Kerinchi, 59200 Kuala Lumpur or its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8 Jalan Kerinchi, 59200 Kuala Lumpur.

(b) By Electronic Form
The form of proxy can be electronically lodged via TIIH Online website at https://tiih.online. Please refer to the Administrative Details on the procedure for electronic lodgement of Form of Proxy via TIIH Online.

viii. For the purpose of determining a member who shall be entitled to attend the Meeting, the Company will be requesting Bursa Malaysia Depository Sdn Bhd in accordance with Clause 63(b) of the Company's Constitution to issue a General Meeting Record of Depositors as at 16 November 2022. Only members whose name appears in the Record of Depositors as at 16 November 2022 shall be entitled to attend the Meeting and to speak and vote thereat.

ix. All the resolutions set out in this Notice of the Meeting will be put to vote by poll.

x. The members are advised to refer to the Administrative Notes on the registration process for the Meeting.

xi. Given the constantly evolving COVID-19 situation in Malaysia, we may be required to change the arrangements of our 21st AGM at short notice. Kindly check Bursa Securities' website and Company's website at www.awc.com.my for the latest updates on the status of the Meeting.

EXPLANATORY NOTES TO ORDINARY/SPECIAL BUSINESS

1. Item 1 of the Agenda – Audited Financial Statements for the financial year ended 30 June 2022

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

2. Item 3 of the Agenda – Directors' Fees and Benefits

The estimated Directors' fees and benefits are calculated based on the current Board size and the number of scheduled Board and Committee meetings to be held. This resolution is to facilitate payment of Directors' fees and benefits for the period commencing from the date immediately after this 21st AGM until the date of the next AGM to be held in the year 2023. In the event the proposed amount is insufficient due to more meetings or enlarged Board size, approval will be sought at the next AGM for the shortfall.

3. Items 4 and 5 of the Agenda – Re-election of Directors

Clause 85 of the Company's Constitution provides that one-third (1/3) of the Directors of the Company for the time being or, if their number is not three or a multiple of three, then the number nearest to one-third shall retire from office and be eligible for re-election provided always that all Directors shall retire from office at least once every three (3) years but shall be eligible for re-election.

Clause 91 of the Company's Constitution provides that the Directors shall have power at any time and from time to time, to appoint any person to be a Director, either to fill a casual vacancy or as an addition to the existing Directors. Any Director so appointed shall hold office only until the next AGM, and shall then be eligible for re-election but shall not be taken into account in determining the number of Directors to retire by rotation at such meeting.

Following thereto, Dato' Ahmad Kabeer Bin Mohamed Nagoor will retire pursuant to Clause 85 of the Company's Constitution whereas Dato' Dr. Hj. Shamsul Anwar Bin Sulaiman will retire pursuant to Clause 91 of the Company's Constitution (collectively referred to as "the Retiring Directors"). The Retiring Directors being eligible, have offered themselves for re-election at the 21st AGM.

The Board has endorsed the Nomination and Remuneration Committee's recommendation to seek shareholders' approval to re-elect the Retiring Directors as they possess the required skill sets to facilitate and contribute to the Board's effectiveness and value.

The Retiring Directors had abstained from all deliberations and decisions on his own eligibility to stand for re-election at the Board meeting.

The details and profile of the Retiring Directors are provided in the Board of Directors' Profile on Pages 7 to 9 of the Company's Annual Report 2022.

4. Item 7 of the Agenda – Retention of an Independent Non-Executive Director

The Nomination and Remuneration Committee and Board had assessed the independence of Dato' Nik Mod Amin Bin Nik Abd Majid, who has served as Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years and recommended him to continue acting as Independent Non-Executive Director of the Company subject to the approval from the shareholders of the Company through a two-tier voting process pursuant to Practice 5.3 of the Malaysian Code on Corporate Governance.

The Board is satisfied that he has met the independence and recommended him to continue to act as Independent Non-Executive Director of the Company based on the following reasons:

(a) he has declared and confirmed that he fulfilled the criteria under the definition of Independent Director as set out in Chapter 1 of the Listing Requirements of Bursa Securities;
(b) he has vast experience in the finance and corporate industry which could provide the Board with a diverse set of experience, expertise and independent judgement;
(c) he has good knowledge of the Group's business operations;
(d) he has devoted sufficient time and attention to professional obligations for informed and balanced decision making; and
(e) he has exercised due care during his tenure as Independent Non-Executive Chairman of the Company and carried out his professional duty in the best interest of the Company and shareholders.

5. Item 8 of the Agenda – General Authority for the Directors to Issue and Allot Shares pursuant to Sections 75 and 76 of Act

The Ordinary Resolution 7 proposed under item 8 of the Agenda, is to seek a general mandate for issuance and allotment of shares by the Company pursuant to Sections 75 and 76 of the Act. This Ordinary Resolution, if passed, is to empower the Directors to issue shares in the Company up to an amount not exceeding in total ten per centum (10%) of the total number of issued shares of the Company for such purposes as the Directors consider would be in the interest of the Company. This would avoid any delay and cost involved in convening at a general meeting to approve such an issue of shares. This authority, unless revoked or varied by the Company at a general meeting, will expire at the conclusion of the next AGM or the expiration of the period within which the next AGM is required by law to be held, whichever is earlier.

This general mandate will provide flexibility to the Company for issuance and allotment of shares for any possible fund raising activities, including but not limited to further placing of shares, for the purpose of funding future investment project(s), working capital and/or acquisition(s).

The Company had at its Twentieth AGM held on 25 November 2021 ("20^{th} AGM"), obtained a general mandate pursuant to Sections 75 and 76 of the Act from its shareholders, to empower the Directors to issue and allot shares in the Company to such persons, at any time, and upon such terms and conditions and for such purposes, as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares to be issued does not exceed 10% of the total number of issued shares of the Company (excluding treasury shares) at any point of time ("General Mandate"). This General Mandate will expire at the conclusion of the 21^{st} AGM.

Pursuant to Section 85 of the Act and the Company's Constitution, 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. This Ordinary Resolution 7, if passed, will exclude the shareholders' pre-emptive right to be offered new shares to be issued by the Company.

As at the date of this Notice, no new shares in the Company were issued pursuant to the General Mandate granted to the Directors at the 20^{th} AGM which will lapse at the conclusion of the 21^{st} AGM.

ADMINISTRATIVE NOTES
FOR THE TWENTY-FIRST ANNUAL GENERAL MEETING
("21ST AGM" OR "MEETING") OF AWC BERHAD ("AWC" OR "THE COMPANY")

Meeting Day, Date	:	Thursday, 24 November 2022
Time	:	10:00 a.m.
Broadcast Venue	:	Tricor Business Centre, Gemilang Room, Unit 29-01, Level 29, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8 Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan

MODE OF MEETING

In line with the Government's directive and the revised Guidance Note and Frequently Asked Questions (FAQs) on the Conduct of General Meetings for Listed Issuers issued by the Securities Commission Malaysia on 7 April 2022 ("SC Guidance"), the 21st AGM of the Company will be conducted on **a fully virtual basis and via remote participation and voting facilities through live streaming from the Broadcast Venue**.

The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairman of the meeting to be present at the main venue of the meeting and in accordance with Clause 61 of the Company's Constitution. Shareholders or proxies or attorneys or authorised representatives **WILL NOT BE ALLOWED** to be physically present at the Broadcast Venue on the day of the meeting.

REMOTE PARTICIPATION AND VOTING ("RPV") FACILITIES

Shareholders are to attend, speak (in the form of real time submission of typed texts) and vote (collectively, "participate") remotely at the 21st AGM using the RPV facilities provided by Tricor via its **TIIH Online** website at https://tiih.online.

A shareholder who has appointed a proxy or attorney or authorised representative to participate at this 21st AGM via RPV facilities must request his/her proxy or attorney or authorised representative to register himself/herself for RPV at TIIH Online website at https://tiih.online.

As the 21st AGM will be held as a fully virtual meeting, shareholders who are unable to participate in this 21st AGM via RPV facilities may appoint the Chairman of the Meeting as his/her proxy and indicate the voting instructions in the proxy form.

PROCEDURES FOR THE RPV

Shareholder(s) or proxy(ies) or corporate representative(s) or attorney(s) who wish to participate remotely in the 21st AGM using the RPV facilities are advised to follow the requirements and procedures as indicated below:-

	Procedures	Actions
BEFORE THE 21ST AGM DAY		
(a)	Register as a user with TIIH Online	• Using your computer, access the website at https://tiih.online and register as a user under the "e-Services" select "Create Account by Individual Holders". Kindly refer to the tutorial guide posted on the homepage for assistance. • Registration as a user will be approved within one (1) working day and you will be notified of the status of registration via email. • If you are already a user of TIIH Online, you are not required to register again. You will receive an e-mail to notify you that remote participation is available for registration at TIIH Online.

	Procedures	Actions
BEFORE THE 21ST AGM DAY		
(b)	Submit your registration for RPV	• Registration is open from Tuesday, 26 October 2022 until the day of the 21st AGM on Thursday, 24 November 2022. Shareholder(s) or proxy(ies) or corporate representative(s) or attorney(s) are required to pre-register their attendance for the 21st AGM to ascertain their eligibility to participate in the 21st AGM using the RPV. • Login with your user ID i.e. email address and password and select the corporate event: "**(REGISTRATION) AWC 21ST AGM**". • Read and agree to the Terms & Conditions and confirm the Declaration. • Select "Register for Remote Participation and Voting". • Review your registration and proceed to register. • The system will send an e-mail to notify you that your registration for remote participation is received and will be verified. • After verification of your registration against the General Meeting Record of Depositors dated 16 November 2022, the system will send you an e-mail after 22 November 2022 to approve or reject your registration for remote participation and the procedures to use the RPV are detailed therein. In the event your registration is not approved, you will also be notified via email. *(Note: Please ensure to allow the sufficient time required for the approval as a new user of TIIH Online as well as the registration for RPV in order for you to login to TIIH Online and to participate in the 21st AGM remotely).*
ON THE DAY OF THE 21ST AGM (THURSDAY, 24 NOVEMBER 2022)		
(c)	Login to TIIH Online	• Login with your user ID and password for remote participation at the 21st AGM at any time from 9.00 a.m. i.e. 1 hour before the commencement of the 21st AGM on Thursday, 24 November 2022 at 10:00 a.m.
(d)	Participate through Live Streaming	• Select the corporate event: "**(LIVE STREAM MEETING) AWC 21ST AGM**" to engage in the proceedings of the 21st AGM remotely. • If you have any questions for the Chairman/Board, you may use the query box to transmit your question. The Chairman/Board will endeavour to respond to questions submitted by the remote participant during the 21st AGM. If there is a time constraint, the responses will be e-mailed to you at the earliest possible, after the meeting.
(e)	Online Remote Voting	• The voting session commences from 10:00 a.m. on Thursday, 24 November 2022 until a time when the Chairman announces the end of the session. Select the corporate event: "**(REMOTE VOTING) AWC 21ST AGM**" or if you are on the live stream meeting page, you can select the "**GO TO REMOTE VOTING PAGE**" button below the Query Box. • Read and agree to the Terms & Conditions and confirm the Declaration. • Select the CDS account that represents your shareholdings. • Indicate your votes for the resolutions that are tabled for voting. • Confirm and submit your votes.
(f)	End of remote participation	• Upon the announcement by the Chairman on the closure of the 21st AGM, the live streaming will end.

ADMINISTRATIVE NOTES
(CONT'D)

Note to users of the RPV Facilities

1. Should your registration for RPV be approved we will make available to you the rights to join the live-streamed meeting and to vote remotely. Your login to TIIH Online on the day of the Meeting will indicate your presence at the virtual 21st AGM.

2. The quality of your connection to the live broadcast is dependent on the bandwidth and stability of the internet at your location and the device you use.

3. In the event you encounter any issues with logging in, connection to the live-streamed meeting or online voting on the Meeting day, kindly call Tricor Help Line at 011-40805616 / 011-40803168 / 011-40803169 / 011-40803170 or e-mail to tiih.online@my.tricorglobal.com for assistance.

ENTITLEMENT TO PARTICIPATE / GENERAL MEETING RECORD OF DEPOSITORS ("ROD")

Only a depositor whose name appears on the ROD as at 16 November 2022 shall be entitled to attend, speak and vote at the 21st AGM or appoint proxy(ies)/corporate representative(s)/attorney(s) to attend and/or vote on his/her behalf.

APPOINTMENT OF PROXY OR ATTORNEY OR CORPORATE REPRESENTATIVE

Shareholders who appoint proxy(ies) to participate via RPV at the 21st AGM must ensure that the duly executed proxy forms are deposited in a hard copy form to Tricor no later than **Tuesday, 22 November 2022 at 10:00 a.m**.

The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner:-

(i) In hard copy form

By hand or post to the Share Registrar of the Company at Tricor's office at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8 Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8 Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia, not less than forty-eight (48) hours before the time appointed for holding the 21st AGM or any adjournment thereof, otherwise the Proxy Form shall not be treated as valid.

Any authority pursuant to which such an appointment is made by a power of attorney must be deposited with the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8 Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia no later than Tuesday, 22 November 2022 at 10:00 a.m. to participate via RPV in the 21st AGM. A copy of the power of attorney may be accepted provided that it is certified by a notary and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.

For a corporate member who has appointed a representative, please deposit the ORIGINAL/DULY CERTIFIED certificate of appointment with the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8 Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia not later than Tuesday, 22 November 2022 at 10:00 a.m. to participate via RPV in the 21st AGM. The certificate of appointment should be executed in the following manner:-

(i) If the corporate member has a common seal, the certificate of appointment should be executed under seal in accordance with the constitution of the corporate member.

(ii) If the corporate member does not have a common seal, the certificate of appointment should be affixed with the rubber stamp of the corporate member (if any) and executed by:

(a) at least two (2) authorised officers, of whom one shall be a director; or
(b) any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.

(ii) By electronic form

All members can have the option to submit the Proxy Form electronically via Tricor's TIIH Online and the steps to submit are summarised below:

	Procedures	Actions
i.	**Steps for Individual Members**	
(a)	Register as a User with Tricor's TIIH Online website	• Using your computer, please access the website at https://tiih.online. Register as a user under the "e-Services". Please refer to the tutorial guide posted on the homepage for assistance. • If you are already a user of TIIH Online, you are not required to register again.
(b)	Proceed with submission of Proxy Form	• After the release of the Notice of Meeting by the Company, login with your user name (i.e. email address) and password. • Select the corporate event: "**AWC 21ST AGM – Submission of Proxy Form**". • Read and agree to the Terms & Conditions and confirm the Declaration. • Insert your CDS account number and indicate the number of shares for your proxy(s) to vote on your behalf. • Indicate your voting instructions – FOR or AGAINST, otherwise your proxy will decide your vote. • Review and confirm your proxy(s) appointment. • Print Form of Proxy for your record.
ii.	**Steps for Corporation or Institutional Members**	
(a)	Register as an User With Tricor's TIIH Online website	• Access TIIH online at https://tiih.online. • Under e-Services, the authorised or nominated representative of the corporation or institutional member selects "**Create Account by Representative of Corporate Holder**". • Complete the registration form and upload the required documents. • Registration will be verified, and you will be notified by email within one (1) to two (2) working days. • Proceed to activate your account with the temporary password given in the email and reset your own password. *(Note: The representative of a corporation or institutional member must register as a user in accordance with the above steps before he/she can subscribe to this corporate member electronic proxy submission. Please contact our Share Registrar if you need clarifications on the user registration.)*
(b)	Proceed with submission of Proxy Form	• Login to Tricor's TIIH Online website at https://tiih.online. • Select the corporate event: "**AWC 21ST AGM – Submission of Proxy Form**". • Read and agree to the Terms & Conditions and confirm the Declaration. • Proceed to download the file format for "Submission of Proxy Form" in accordance with the Guidance Note set therein. • Prepare the file for the appointment of proxies by inserting the required data. • Submit the proxy appointment file. • Login to TIIH Online, select corporate exercise name: "**AWC 21ST AGM – Submission of Proxy Form**". • Proceed to upload the duly completed proxy appointment file. • Select "Submit" to complete your submission. • Print the confirmation report of your submission for your record.

ADMINISTRATIVE NOTES
(CONT'D)

POLL VOTING

The voting at the 21st AGM will be conducted by poll in accordance with Paragraph 8.29A of Main Market Listing Requirements of Bursa Malaysia Securities Berhad. The Company has appointed Tricor as Poll Administrator to conduct the poll by way of electronic voting (e-voting).

Shareholders or proxy(ies) or corporate representative(s) or attorney(s) can proceed to vote on the resolutions at any time **from 10:00 a.m. on Thursday, 24 November 2022** but before the end of the voting session which will be announced by the Chairman of the Meeting. Kindly refer to item (e) of the above Procedures for RPV facilities for guidance on how to vote remotely from TIIH Online website at https://tiih.online.

Upon completion of the voting session for the 21st AGM, the Scrutineers will verify the poll results followed by the Chairman's declaration of whether the resolutions are duly passed.

PRE-MEETING SUBMISSION OF QUESTIONS TO THE BOARD OF DIRECTORS

Shareholders may submit questions to the Board in advance of the 21st AGM via Tricor's TIIH Online website at https://tiih.online by selecting "e-Services" to login, pose questions and submit electronically no later than - **Tuesday, 22 November 2022 at 10:00 a.m.** The Board will endeavor to answer the questions received at the 21st AGM.

NO RECORDING OR PHOTOGRAPHY

By participating at the 21st AGM, you agree that no part of the 21st AGM proceedings may be recorded, photographed, stored in any retrieval systems, reproduced, transmitted or uploaded in any form, platform or social media or by any means whether it is mechanical, electronic, photocopying, recording or otherwise without the prior written consent of the Company. The Company reserves the right to take appropriate legal actions against anyone who violates this rule.

ENQUIRY

If you have any enquiries on the above, please contact the following persons during office hours on Mondays to Fridays from 9:00 a.m. to 5:30 p.m. (except on public holidays):-

Tricor Investor & Issuing House Services Sdn. Bhd.

General Line	:	+603-2783 9299	
Fax Number	:	+603-2783 9222	
Email	:	is.enquiry@my.tricorglobal.com	
Contact persons	:	Lim Lay Kiow	+603-27839232 (Lay.Kiow.Lim@my.tricorglobal.com)
	:	Siti Zalina	+603-27839247 (Siti.Zalina@my.tricorglobal.com)
	:	Lim Jia Jin	+603-27839246 (Jia.Jin.Lim@my.tricorglobal.com)

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AWC BERHAD
200101014341 (550098-A)
(Incorporated in Malaysia)

PROXY FORM

No. of shares held	
CDS Account No.	

I/We * ____ NRIC/Passport/Registration No.* ____________________
(full name in capital letters)

of ____
(full address)

with email address ______________________________________ mobile phone no.______________________________

being a member/members* of **AWC BERHAD** ("the Company") hereby appoint(s):-

Full Name (in capital letters)	**NRIC/Passport No.:**	**Proportion of Shareholdings**	
		No. of Shares	**%**
Full Address (in capital letters)			
Contact No.:			
Email Address:			

*and **

Full Name (in capital letters)	**NRIC/Passport No.:**	**Proportion of Shareholdings**	
		No. of Shares	**%**
Full Address (in capital letters)			
Contact No.:			
Email Address:			

or failing him/her*, the Chairman of the Meeting as my/our* proxy to vote for me/us* on my/our* behalf at the Twenty-First Annual General Meeting of the Company ("21st AGM" or "Meeting") to be conducted on a fully virtual basis and entirely via remote participation and electronic voting facilities through live streaming from the Broadcast Venue at Tricor Business Centre, Gemilang Room, Unit 29-01, Level 29, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8 Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan on Thursday, 24 November 2022 at 10:00 a.m. or at any adjournment thereof.

Please indicate with an "X" in the appropriate spaces how you wish your votes to be cast. If no specific direction as to vote is given, the Proxy will vote or abstain from voting at his/her* discretion.

Resolutions	**Particulars**	**For**	**Against**
Ordinary Resolution 1	To approve the distribution of a Final Single-Tier dividend of 1.5 sen per ordinary share for the financial year ended 30 June 2022.		
Ordinary Resolution 2	To approve the payment of Directors' fees and benefits of up to RM387,500 for the period commencing from the date immediately after this 21st AGM until the date of the next AGM of the Company.		
Ordinary Resolution 3	To re-elect Dato' Ahmad Kabeer Bin Mohamed Nagoor as Director.		
Ordinary Resolution 4	To re-elect Dato' Dr. Hj Shamsul Anwar Bin Sulaiman as Director.		
Ordinary Resolution 5	To re-appoint Baker Tilly Monterio Heng PLT as Auditors of the Company.		
Ordinary Resolution 6	To retain Dato' Nik Mod Amin Bin Nik Abd Majid as Independent Non-Executive Director.		
Ordinary Resolution 7	To approve the general authority for the Directors to issue and allot shares pursuant to Sections 75 and 76 of the Companies Act 2016.		

* *delete whichever not applicable*

Dated this ______________ day of _____________ 2022

____
Signature/ Common Seal of Member(s)

NOTES:

i. *According to the Revised Guidance Note and FAQs on the Conduct of General Meetings for Listed Issuers issued by the Securities Commission Malaysia on 7 April 2022, an online meeting platform located in Malaysia is recognised as the meeting venue and all meeting participants of a fully virtual general meeting are required to participate in the meeting online.*

ii. *A member who is entitled to attend and vote at the Meeting shall be entitled to appoint more than one (1) proxy to attend and vote at the Meeting. Where a member appoints more than one (1) proxy, the member shall specify the proportion of his shareholdings to be represented by each proxy.*

iii. *A proxy may, but need not, be a member of the Company. A member may appoint any person to be his proxy. A proxy appointed to attend and vote at the Meeting shall have the same rights as the member to speak and vote at the Meeting.*

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

v. *Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.*

vi. *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"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. The appointment of multiple proxies shall not be valid unless the proportion of its shareholdings represented by each proxy is specified.*

vii. *To be valid, the instrument appointing a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company not less than forty-eight (48) hours before the time for holding the Meeting or adjourned meeting:-*

(a) *In hard copy form*
In the case of an appointment made in hard copy form, the form of proxy must be deposited at the Share Registrar of the Company situated at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8 Jalan Kerinchi, 59200 Kuala Lumpur or its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8 Jalan Kerinchi, 59200 Kuala Lumpur.

(b) *By Electronic Form*
The form of proxy can be electronically lodged via TIIH Online website at https://tiih.online. Please refer to the Administrative Details on the procedure for electronic lodgement of Form of Proxy via TIIH Online.

viii. *For the purpose of determining a member who shall be entitled to attend the Meeting, the Company will be requesting Bursa Malaysia Depository Sdn Bhd in accordance with Clause 63(b) of the Company's Constitution to issue a General Meeting Record of Depositors as at 16 November 2022. Only members whose name appears in the Record of Depositors as at 16 November 2022 shall be entitled to attend the Meeting and to speak and vote thereat.*

ix. *All the resolutions set out in this Notice of the Meeting will be put to vote by poll.*

x. *The members are advised to refer to the Administrative Notes on the registration process for the Meeting.*

xi. *Given the constantly evolving COVID-19 situation in Malaysia, we may be required to change the arrangements of our 21st AGM at short notice. Kindly check Bursa Securities' website and Company's website at www.awc.com.my for the latest updates on the status of the Meeting.*

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AFFIX
STAMP

The Share Registrar of

AWC BERHAD
200101014341 (550098-A)

Tricor Investor & Issuing House Services Sdn Bhd
Unit 32-01, Level 32, Tower A,
Vertical Business Suite,
Avenue 3, No.8 Jalan Kerinchi,
Bangsar South,
59200 Kuala Lumpur

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Fold This Flap For Sealing

www.awc.com.my

AWC BERHAD
(Company Registration No. 200101014341 (550098-A))

20-2, Subang Business Centre
Jalan USJ 9/5T, 47620 UEP Subang Jaya
Selangor Darul Ehsan, Malaysia

Tel No : +6 03 8024 4505/04/03
Fax No : +6 03 8025 9343