



CONCRETE ENGINEERING PRODUCTS BERHAD



**37th
ANNUAL
REPORT
2021**



CONTENTS

2	Corporate Information
4	Company's Profile
5	Current Projects Undertaken By The Company
6	Board of Directors
7	Profile of Directors
10	Chairman's Statement and Review of Operations
13	Management Discussion and Analysis
18	Financial Highlights
19	Corporate Social Responsibility
20	Corporate Sustainability Statement
25	Statement on Corporate Governance
37	Additional Compliance Information
38	Audit Committee Report
41	Statement on Risk Management and Internal Control
45	Statement of Directors' Responsibilities in Relation to the Financial Statements
46	Financial Statements
108	Analysis of Shareholdings
110	List of Properties
114	Notice of Annual General Meeting
117	Statement Accompanying Notice of Annual General Meeting
	Form of Proxy

CORPORATE INFORMATION

DIRECTORS

Abdul Khudus bin Mohd Naaim
Independent Non-Executive Chairman

Leong Kway Wah
Managing Director

Dennis Xavier
Independent Non-Executive Director

Dato' Ir Dr Abdul Aziz bin Arshad
Independent Non-Executive Director

SENIOR INDEPENDENT NON-EXECUTIVE DIRECTOR

Dennis Xavier
Independent Non-Executive Director

AUDIT COMMITTEE

Dato' Ir Dr Abdul Aziz bin Arshad
Chairman

Abdul Khudus bin Mohd Naaim
Member

Dennis Xavier
Member

NOMINATING COMMITTEE

Dato' Ir Dr Abdul Aziz bin Arshad
Chairman

Abdul Khudus bin Mohd Naaim
Member

Dennis Xavier
Member

REMUNERATION COMMITTEE

Dennis Xavier
Chairman

Abdul Khudus bin Mohd Naaim
Member

Dato' Ir Dr Abdul Aziz bin Arshad
Member



Corporate Information

(cont'd)

COMPANY SECRETARY

Norakhmar binti Baharom

LS 0001698

PC No. 201908003114

SHARE REGISTRAR

Mestika Projek (M) Sdn Bhd

Registration No. 199101015233 (225545-V)

22nd Floor Menara KH (Promet)

Jalan Sultan Ismail

50250 Kuala Lumpur

Tel : 603-2144 4446

Fax : 603-2141 8463

REGISTERED AND HEAD OFFICE

22nd Floor Menara KH (Promet)

Jalan Sultan Ismail

50250 Kuala Lumpur

Tel : 603-2144 1066

Fax : 603-2144 4885

WEBSITE: www.cepcoco.com.my

AUDITORS

Ernst & Young PLT (AF: 0039)

Registration No. 202006000003 (LLP0022760-LCA)

Level 23A Menara Milenium

Jalan Damanlela

Pusat Bandar Damansara

50490 Kuala Lumpur

PRINCIPAL BANKERS

United Overseas Bank (Malaysia) Bhd

Alliance Bank Malaysia Berhad

Hong Leong Bank Berhad

RHB Bank Berhad

STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad

Main Market

Stock Name – CEPSCO

Stock Code – 8435

FACTORIES

Central Region

PT643 Batu 20 Jalan Ipoh

48000 Rawang

Selangor

Tel : 603-6091 4201

Fax : 603-6091 4287

Lot A3

Kawasan Perindustrian MIEL

44300 Batang Kali

Selangor

Tel : 603-6057 1811

Fax : 603-6057 1817

Lot 7106

Kawasan Perindustrian Nilai

71800 Nilai

Negeri Sembilan

Tel : 606-7992 841

Fax : 606-7992 839

Southern Region

PLO 337 Jalan Suasa

Pasir Gudang Industrial Estate

81700 Pasir Gudang

Johor

Tel : 607-2511 048

Fax : 607-2514 066

Northern Region

Lot 63

Bakar Arang Industrial Estate

08000 Sungai Petani

Kedah

Tel : 604-4210 891

Fax : 604-4221 263

SALES OFFICE

East Region

No. 11, 2nd Floor

Eastmore Commercial Centre

2 1/2 Miles Rock Road

93200 Kuching

Sarawak

Tel : 6082-414 188

Fax : 6082-414 088

COMPANY'S PROFILE

The Company was incorporated under the name of Speed-Kon Sdn Bhd in August 1982, before changing its name to Concrete Engineering Products Sdn Bhd in January 1983. Its main objective is to produce high-quality concrete engineering products to meet the needs of the rapidly developing Malaysia and other ASEAN countries.

In May 1991, the Company assumed the name of Concrete Engineering Products Berhad ("CEPCO") when it was converted into a public listed company. In January 1992, CEPCO was officially listed on the Kuala Lumpur Stock Exchange (now known as Bursa Malaysia) Second Board and was transferred to the Main Board in 2009.

The Company have five factories which are strategically located in Peninsular Malaysia and also has sales office at Kuching, Sarawak. All factories are fully certified with both the requirements of SIRIM QAS International's MS ISO 9001: 2015 (Quality Management Systems for the Manufacture of Pretensioned Spun Concrete Piles and Poles), and IKRAM QA Services' MS 1314: Part 4: 2004 (Product Certification for Class A, B and C of Precast Pretensioned Spun Concrete Piles from 250mm to 1,000mm diameters).

In September 2021, to enhance the environmental, health and safety performance; the Company have been certified by ISO 14001: 2015 (Environment Management System) and ISO 45001:2018 (Occupational Health and Safety Management Systems). The said ISOs are intended to manage the Company's environmental, health and safety responsibilities in a systematic manner that contributes to the environmental, health and safety pillar of sustainability.

Since its founding, the Company has been constantly striving for product excellence and today enjoys the reputation of being one of the market leaders in this region for prestressed concrete ("PC") piles and poles. The Company currently exports its products to the overseas markets covering Asia, Africa, the Oceania and Gulf Region.

In January 2019, the Company has earned a spot in the Malaysia Book of Records for completing the longest prestressed spun concrete pile which has a total of 50 metres in length.



CURRENT PROJECTS UNDERTAKEN BY THE COMPANY



Coara Marang Solar Power Project



SK Nexilis Malaysia Plant, Kota Kinabalu, Sabah.



Construction of Polder, Pulau Tekong, Singapore.



East Coast Rail Link (ECRL), Kota Bharu, Kelantan.

BOARD OF DIRECTORS

**DENNIS
XAVIER**
Independent
Non-Executive
Director

**LEONG
KWAY WAH**
Managing
Director

**ABDUL KHUDUS
BIN MOHD
NAAIM**
Independent
Non-Executive
Chairman

**NORAKHMAR
BINTI
BAHAROM**
Company
Secretary

**DATO' IR DR
ABDUL AZIZ
BIN ARSHAD**
Independent
Non-Executive
Director



CONCRETE ENGINEERING PRODUCTS BERHAD



PROFILE OF DIRECTORS



ABDUL KHUDUS BIN MOHD NAAIM
Independent Non-Executive Chairman
Malaysian, aged 67

BOARD COMMITTEE MEMBERSHIP

- Member of Audit Committee
- Member of Nominating Committee
- Member of Remuneration Committee

OTHER DIRECTORSHIPS IN PUBLIC COMPANIES

- None

Appointed to the Board on 15 July 2013

Encik Abdul Khudus bin Mohd Naa'im is a Chartered Accountant in the Malaysian Institute of Accountants, a Fellow in the Association of Chartered Certified Accountants (ACCA), United Kingdom, an Associate in the Chartered Tax Institute of Malaysia, and an Associate in the Institute of Co-operative & Management Auditors, Malaysia. He holds a Diploma in Accountancy from Mara Institute of Technology, Shah Alam.

His career started as an Audit Junior at Arthur Young & Co, Public Accountants, Kuala Lumpur, from January to December 1976, and he later served as Audit Senior at Ramoss Jassen & Partners, Chartered Accountants, London, from July 1980 to December 1984. He was appointed as Accountant at Islamic Finance House PLC, London, from January to December 1985. He joined Syarikat Takaful Malaysia Berhad in January 1986 until August 1993 with the last position as Senior Finance Manager. From September 1993 to December 1996, he was the Director of Corporate Affairs at Emile Woolf Group of Colleges, Kuala Lumpur. He later joined SKMN Associates, Chartered Accountants, Malaysia, from January 1997 until September 1999 as a Partner.

He has been a Partner at Citi Partners, Chartered Accountants, Malaysia, since October 1999, which has since merged with AKN Arif, Chartered Accountants, in August 2008. He also sits on the Board of Ingress Industrial Thailand Public Limited Company and several private limited companies.

Encik Abdul Khudus bin Mohd Naa'im has no family relationship with any Director and/or major shareholder of the Company or its subsidiaries. He has no conflict of interest with the Company or its subsidiaries and has no conviction for any offences within the past five (5) years (other than traffic offences, if any). There was no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

He attended all five (5) Board Meetings held during the financial year ended 31 August 2021.

Profile of Directors (cont'd)



LEONG KWAY WAH
Managing Director
Malaysian, aged 68

BOARD COMMITTEE MEMBERSHIP

- None

OTHER DIRECTORSHIPS IN PUBLIC COMPANIES

- None

Appointed as Managing Director on 17 March 2005

Mr Leong Kway Wah graduated from the School of Business Studies, Kolej Tunku Abdul Rahman, Kuala Lumpur. He is a member of The Institute of Chartered Secretaries and Administrators, United Kingdom.

He had worked with several commercial and merchant banks, and his last posting was Senior Vice President with Southern Investment Bank. He has extensive experience in capital markets, corporate finance and restructuring, and investment banking through his past involvements in the banking industry.

Mr Leong Kway Wah has no family relationship with any Director and/or major shareholder of the Company or its subsidiaries. He has no conflict of interest with the Company or its subsidiaries and has no conviction for any offences within the past five (5) years (other than traffic offences, if any). There was no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

He attended all five (5) Board Meetings held during the financial year ended 31 August 2021.



DENNIS XAVIER
Independent Non-Executive Director
Malaysian, aged 70

BOARD COMMITTEE MEMBERSHIP

- Member of Audit Committee
- Member of Nominating Committee
- Chairman of Remuneration Committee

OTHER DIRECTORSHIPS IN PUBLIC COMPANIES

- None

Appointed to the Board on 8 July 1996

Mr Dennis Xavier is an advocate and solicitor by profession and was admitted to the Degree of Utter Barrister of the Society of Lincoln's Inn in 1979. He was called to the Malaysian Bar in September 1980. He was a legal assistant with Messrs Nik Hussain, Ibrahim & Abdullah from 1980 to 1981 and then with Messrs Sethu Ghazali & Gomez until 1984. He now has a legal practice of his own.

Mr Dennis Xavier has no family relationship with any Director and/or major shareholder of the Company or its subsidiaries. He has no conflict of interest with the Company or its subsidiaries and has no conviction for any offences within the past five (5) years (other than traffic offences, if any). There was no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

He attended all five (5) Board Meetings held during the financial year ended 31 August 2021.

Profile of Directors (cont'd)



DATO' IR DR ABDUL AZIZ BIN ARSHAD
Independent Non-Executive Director
Malaysian, aged 67

BOARD COMMITTEE MEMBERSHIP

- Chairman of Audit Committee
- Chairman of Nominating Committee
- Member of Remuneration Committee

OTHER DIRECTORSHIPS IN PUBLIC COMPANIES

- None

Appointed to the Board on 14 April 2017
Appointed as Chairman of Audit Committee on 5 July 2017

Dato' Ir Dr Abdul Aziz bin Arshad is a professional engineer and registered with Board of Engineers, Malaysia. His particular expertise is in the development and design aspect of continuous and integral bridges. He had designed numerous bridges around the country.

Dato' Ir Dr Abdul Aziz bin Arshad had been working with JKR Malaysia for nearly 35 years, since 1979 until February 2015. He started his career as a Project Engineer and District Engineer. After completing his M.Sc. and Ph.D., he primarily worked as Bridge Designer, attached to the Bridge Unit, Road Division. He was the Head of the Structural Section of East Coast Expressway Phase 2, leading the design team for all structures and supervising the project's construction. He was also the Director of JKR Selangor State.

In his last posting as Senior Director to Civil, Structural and Bridge Engineering Branch, JKR Headquarters, he was responsible for heading and managing the designs and forensic activities for all civil engineering works, structures and bridges throughout the country.

Dato' Ir Dr Abdul Aziz bin Arshad has no family relationship with any Director and/or major shareholder of the Company or its subsidiaries. He has no conflict of interest with the Company or its subsidiaries and has no conviction for any offences within the past five (5) years (other than traffic offences, if any). There was no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

He attended all five (5) Board Meetings held during the financial year ended 31 August 2021.

CHAIRMAN'S STATEMENT AND REVIEW OF OPERATIONS

Dear Shareholders,

It is a privilege to write to you as the Chairman of the Board of Concrete Engineering Products Berhad. On behalf of the Board of Directors ("Board"), it is my pleasure to present to you the Thirty-Seventh Annual Report and Audited Financial Statements of the Group and the Company for the financial year ended 31 August 2021 ("FYE 2021").

The FYE 2021 was indeed a challenging year for the Group as the third Covid-19 wave began on 8 September 2020. The outbreak of the Covid-19 pandemic has halted both global and domestic economic activities. The nation had undertaken various measures to curb the pandemic, including different stages of Movement Control Order ("MCO") to restrict the physical mobility of people and movement of goods and services, which in turn impacted the businesses and economies as a whole.

The restricted production and consumption activities have resulted in demand and supply shocks that emanated from significantly weak external demand conditions and production constraints in many economic sectors. A slower economic growth, stiff competition faced by the Group, and a softening demand since the preceding financial year, together with the COVID-19 impact, led the Group to close the financial year with a deficit of RM16.84 million. Despite this challenging period, the Group remains focused on its core competencies with prudent management to remain competitive in its business. The fundamental strengths in producing high-quality PC piles and poles will enable CEPCO to remain resilient and propel the Group forward.

The unprecedented Covid-19 pandemic has undoubtedly resulted in severe challenges in many aspects, such as overall demand, profitability, cash flow and human capital, to all businesses worldwide. In this regard, the Group has implemented cost-cutting and austerity measures across all the divisions to preserve its cash flow and is doing everything possible to overcome this crisis as it continues.

Economic Landscape

The Bank Negara Malaysia projected the year 2021 to be a turning point for the global economy, from a deep recession that originated from a global COVID-19 pandemic. For Malaysia, the expectation is for the economy to recover in 2021, with growth ranging from 6.0 - 7.5%. The path of recovery will be gradual and uneven across economic sectors, and it may encounter speedbumps along the way. Growth will be underpinned by stronger external demand and higher public and private expenditure. Despite the positive outlook, downside risks to growth remain. The extent of the rebound would depend on how much production and service capacity could ride the recovery in global demand in 2021.

Although Malaysia has successfully contained the pandemic and the economy is slowly picking up thus far, the extent of economic recovery would depend on when the pandemic can be controlled, given its current resurgence in certain major countries. For that, Malaysia remains vigilant over future waves of the disease.

Financial Performance

The government imposed several stages of MCO since 18 March 2020 that resulted in mandatory business closures. During the FYE 2021, CEPCO operations were suspended or reduced to comply with the several stages of MCO to ensure the safety of our employees, customers, and vendors. These governmental efforts and responses in addressing the pandemic have led to significant disruptions in trade and commerce, lower demand for goods and services, coupled with the uncertainty of the immediate and long-term impact on the domestic and international economy, as well as health. These developments and consequences of the pandemic have had a material impact on the Group's FYE 2021 operations and financial results.

As a result of trying economic conditions, the Group reported RM84.48 million revenue and a net loss of RM16.84 million for the FYE 2021. The net assets per share stood at RM0.82, while shareholders' funds came in at RM61.53 million.

Chairman's Statement and Review of Operations

(cont'd)

Corporate Governance

CEPCO focused on maintaining high standards of corporate governance, compliance, business conduct, safety, and environmental management, all of which are vital for the Group's performance and sustainability. We believe that good corporate governance supports long-term value creation for all our stakeholders. Our Statement of Corporate Governance is detailed on pages 25 to 36 of this Annual Report.

Anti-Corruption Policy

CEPCO is fully committed toward eradicating corruption. The Group maintains a strict, zero-tolerance position against corruption, bribery, or any abuse of power. Aligned with this, the Group had adopted its Anti-Corruption Framework and Policy on 1 June 2020. The Group expects its Directors, Senior Officers, Employees, and Business Partners to fully comply with the Company's Policy, with the highest standard of ethical conduct, integrity, and professionalism. The full version of the policy is available on the company's website (<https://www.cepcocom.my>).

Sustainability

As a responsible corporate entity, we are committed to embracing sustainable practices across our organisation which enables us to support the long-term growth of the Group to ensure we make a positive impact in relevant areas. Sustainability efforts taken under environmental, economic and social pillars encapsulate our vision to build a legacy of sustainable growth as a preferred world-class commercial manufacturer and supplier of prestressed spun concrete piles and poles in Malaysia. Our Statement of Corporate Sustainability is detailed on pages 20 to 24 of this Annual Report.

Moving Forward

Following the Covid-19 Immunisation Programme introduced into Malaysia in phases, the nation's economy is projected to recover with positive growth in year 2022, led by improved trade activities. With the anticipated improvement in global growth and international trade, the Malaysia Ministry of Finance expects the local economy set to rebound in 2022, in line with global economic recovery. Growth will continue to be supported by strong economic fundamentals through a well-diversified economy.

Despite the positive outlook by the Malaysian government, there are risks of uncertainty of international trade and containment of pandemic Covid-19. However, the Group is resilient and able to meet the challenges ahead with the continuous to manage its resources efficiently, stringent stock control measures to enhance its financial performance and productivity. Further, the Group will continue looking for new opportunities to improve the revenue stream and profitability. We believe that the Group's strong experience and management team will put us in good standing to overcome the challenges ahead.

As the Malaysian economy activity is expected to pick up gradually and is expected to register a positive recovery in 2022, the new and re-launched of the government and private infrastructure and mega projects should increase domestic demand for our products, which in turn, would favour the Group's operations.

The Group's business performance is very much dependent on the growth magnitude in advanced economies as well as the worldwide emerging markets. Global economic growth is projected to rebound in 2022, particularly as more countries step up their vaccination efforts. However, the ongoing trade tensions of the US-China trade war will be impacting prospects for emerging markets and developing countries.

With the uncertainty of the global market and the gradual pick up in the construction industry, the economic environment in the coming year is expected to be trickier and more challenging. This may affect the demands for the Group's products and correspondingly assert a downward pressure on the Group's revenue and margins. The fluctuating cost of raw materials will also affect the pricing decisions and viability of the Group.

Chairman's Statement and Review of Operations (cont'd)

Moving Forward (cont'd)

The Group is cautiously optimistic of the gradual recovery of local economy against the backdrop of more clarity in the new government's direction. Pressures from rising employee costs and volatility of the US Dollar against local and regional currencies, and fluctuation in raw material prices will affect the competitiveness of our products in the local and export markets. These will continue to be the key areas that we will actively monitor to mitigate any adverse impact on our businesses.

Nevertheless, the Group will continue to focus on developing new marketing strategies for our products while leveraging their operational efficiencies to reduce and minimise overall production costs. With these measures in place, the Group is committed to deliver satisfactory results for the next financial year.

Acknowledgement

On behalf of the Board, I wish to take this opportunity to express my gratitude to our shareholders, customers, business associates, and stakeholders for their unwavering support, trust, and confidence in the Group. I would also like to extend my heartfelt appreciation to thank my fellow Directors, the Management, and employees of the Group for their dedication and contribution to the Group. We shall remain committed in our quest to achieve our long-term objective of the Group while not losing sight of the welfare of our employees. I trust that the enthusiasm and professionalism in carrying out their duties will enable the Group to prosper and generate increasingly better returns to all our stakeholders.

Last but not least, I wish all to stay safe and healthy.

Abdul Khudus bin Mohd Naaim

Chairman

18 November 2021



MANAGEMENT DISCUSSION AND ANALYSIS

The following Management Discussion and Analysis ("MD&A") provides the management's analytical overview of the Group's operations and financial performance for the financial year ended 31 August 2021 in supplement of other statements contained in this annual report such as the Chairman's statement, the Statement on Risk Management and Internal Controls, and the audited Financial Statements. Analytical disclosures made herein are based on available management information which may not have been specifically audited, and are made to the extent that these do not compromise competitively sensitive information. This section may contain opinions, judgement and forward-looking views, and as such readers' discretion is advised.

A. OVERVIEW OF THE GROUP'S BUSINESS AND OPERATIONS

The Company was incorporated under the name of Speed-Kon Sdn Bhd in August 1982, before changing its name to Concrete Engineering Products Sdn Bhd in January 1983. Its main objective is to produce high-quality concrete engineering products to meet the needs of the rapidly developing Malaysia and other ASEAN countries.

CEPCO was listed on Bursa Malaysia in January 1992 after converting into a public limited company, with its present corporate head office in Menara KH, Kuala Lumpur. The Company currently operates four plants which are strategically situated in Peninsular Malaysia and are fully certified with both requirements of SIRIM QAS International MS ISO 9001: 2015 (Quality Management Systems for the Manufacture of Prestressed Spun Concrete Piles and Poles), and the IKRAM QA Services MS 1314 : Part 4 : 2004 (Product Certification for Class A, B and C of Precast Prestressed Spun Concrete Piles from 250mm to 1,000mm diameters).

In September 2021, to enhance the environmental, health and safety performance; the Company have been certified by ISO 14001: 2015 (Environment Management System) and ISO 45001:2018 (Occupational Health and Safety Management Systems). The said ISOs are intended to manage the Company's environmental, health and safety responsibilities in a systematic manner that contributes to the environmental, health and safety pillar of sustainability.

The prestressed spun concrete piles are used mainly as foundation piles for buildings, pile embankments, bridges, ports and marine structures. The poles are used for telecommunication lines, electric power transmission and distribution lines, traffic signal equipment and street lightings.

Since its founding, the Company has constantly been striving for product excellence and today enjoys the reputation of being one of the market leaders in this region on prestressed spun concrete piles and poles. The Company currently exports substantial quantities of its products to the overseas markets covering Asia, Africa, the Oceania and Gulf region.

B. BUSINESS OBJECTIVES AND STRATEGIES

CEPCO's primary objective is to maximise profitability and commit to creating long term value for our shareholders, environment and society through best practices, compliance, innovation and overall operation's excellency.

The major strategy of CEPCO is to look beyond its traditional markets like Indonesia, Brunei and Singapore. At the same time, the Company is developing new ties in Sri Lanka, Maldives, Seychelles, Papua New Guinea, Mauritius, Vietnam and Nigeria to mitigate the shortfall in its local orders in anticipation of a slowdown in the construction industry.

To sustain and improve the Company's profit margin and operational efficiency, CEPCO, as far as it is commercially viable and financially possible, invests and upgrades its plants and machineries to reduce the dependency of foreign workers, machines' downtime, and implements various systems and processes to increase productivity, efficiency and cost-saving. CEPCO understands the importance of human capital and have undertaken various training programs to strengthen the Group's human resources.

We will continuously review the risk management and business sustainability framework, which includes processes and policies aimed at addressing and mitigating risks and at the same time sustaining growth to achieve the Group's business objectives.

Management Discussion and Analysis (cont'd)

C. FINANCIAL REVIEW

The table below shows the financial highlights of the Group for the past two (2) years:

	Financial Year Ended 31 August	
	2021 RM'000	2020 RM'000
Revenue	84,481	80,101
Operating loss before provision for decrease in fair value of quoted investment	(15,364)	(11,962)
Provision for decrease in fair value of quoted investment through profit and loss	(1,452)	(6,099)
Loss before taxation	(16,816)	(18,061)
Loss after taxation	(16,841)	(18,061)
Net loss attributable to equity holders	(16,841)	(18,061)
Total assets	139,473	151,663
Total borrowings	28,768	31,181
Total liabilities	77,946	73,295
Total shareholders' equity	61,527	78,368
Gearing ratio (times)	0.49	0.43
Earnings per share (EPS)	(22.57)	(24.20)
Net asset per share (RM)	0.82	1.05

Revenue

During the year under review, the Group operated principally in Malaysia and generated revenues from local (75.16%) and export (24.84%) markets to countries in Asia, Africa, the Oceania and the Gulf region.

FYE 2021 was extremely challenging to CEPSCO due to Covid-19's impact on the global economy. The different mandatory closure of manufacturing and business activities domestically since the start of the third Covid-19 wave began on 8 September 2020) significantly impaired CEPSCO's revenue even though CEPSCO had a healthy book order.

With the approval of the Ministry of International Trade and Industry (MITI), the Group's production and distribution operations are allowed under the restriction SOPs whereby only 60% of the workforce are permitted to be physically present at the workplace. On 15 August 2021, under the new policy issued by MITI, the allowed capacity for operation is determined by the percentage of fully vaccinated workers. Due to this, CEPSCO is unable to run the production in full capacity and causing a delay in delivery orders.

Despite the above mention challenges, the Group has achieved a growth of 5.47% in revenue from RM80.10 million ("FYE 2020") to RM84.48 million for the financial year under review.

Gross Profit Margin

With the compliance of the several Movement Control Order (MCO) and National Recovery Plan phases, CEPSCO was unable to run the production in full capacity and caused a delay in delivery orders. Further, the cutback in production and low market demands due to MCO had put pressure on the gross profit margin resulting in a decrease from 13.08% in FYE 2020 to 10.79% in FYE 2021.

The higher raw material prices further impacted the gross profit margin of our products. CEPSCO was not able to transfer the price increase to customers due to earlier quotations and price competition. The Company also suffered the pressure of downward selling price from competitors and this further depressed the margin of our products. As a result, the overall gross profit margin was adversely affected.

Management Discussion and Analysis (cont'd)

C. FINANCIAL REVIEW (cont'd)

Other Income

As there is no dividend income received during the financial year under review, it has caused a reduction in other income.

Administrative and Other Operating Expenses

The administrative and other operating expenses showed a marginal increase of 0.93% compared to FYE 2020 mainly due to an increase in legal fees and offset by the foreign currency exchange loss.

Finance Cost

The finance cost had reduced by 6.81% compared to FYE 2020 mainly due to lower utilisation of trade facilities and gradual repayment of bank borrowings.

Loss Before Taxation

The Group's loss before taxation decreased by 6.89% from RM18.06 million in FYE 2020 to RM16.82 million in FYE 2021. The loss was mainly due to slow take-off from secured orders and far more damaging with the nationwide mandatory business shutdown or under the MCO to battle the COVID-19 pandemic. It is estimated that the mandatory shutdown or operating under 60% workforce cost the Group RM2.87 million, representing around 17.07% of its FYE 2021's net loss and offset by the increase in revenue.

The rise in the price of raw materials and the weak RM against USD exchange rate continued to compress our margin due to the inability to pass on the price increase to our customers.

Severe price competition from other manufacturers to secure jobs from the declining local infrastructure and construction projects caused downward pressure on our selling price.

The Group's losses were further compounded by impairment of the fair value of quoted investment through profit and loss result amounting to RM1.45 million.

Taxes

As the Group suffered a financial loss of RM16.82 million, there is no provision of income and deferred tax for FYE 2021. However, there is a real property gain tax of RM0.02 million payable due to gain on disposal.

Financial Position and Liquidity

Total assets of the Group stood at RM139.47 million at FYE 2021, a decrease of RM12.19 million from FYE 2020 mainly due to provision in diminution of quoted investment, trade receivables, inventories and offset by the increased in cash and bank balances.

Total liabilities of the Group increase by RM4.65 million to RM77.95 million in FYE 2021 mainly due to an increase in trade payables and offset by the reduced in utilisation of trade facilities and gradual repayment to bank.

Equity attributable to equity holders of the Group was RM61.53 million at FYE 2021 with net assets per share at RM0.82. The Group's cash and cash equivalents increased by RM4.20 million in FYE 2021 as compared to FYE 2020. This was mainly due to prompt payment by overseas customers via letter credit and moratorium granted by banks to defer the principal repayment.

Dividend

Dividend payout depend on the Group's level of cash and sufficiency of retained earnings, its prospects of financial performance and projected obligations. As at the date of this report, there was no dividend proposed, declared or paid by the Company. The Board of Directors does not recommend any dividend in respect of FYE 2021.

Management Discussion and Analysis (cont'd)

C. FINANCIAL REVIEW (cont'd)

Status of Corporate Exercise

The Company is undertaking a private placement of new ordinary shares of up to 20% of the total number of its issued shares. Approval from shareholders of the Company on the 20% General Mandate has been obtained at its 36th Annual General Meeting convened on 13 January 2021, whereby the Board had been authorised to allot and issue new shares not exceeding 20% of the issued share capital of the Company. The said approval shall continue to be in force, unless revoked or varied by the Company at Approval from Bursa Malaysia Securities Berhad have been obtained on 10 March 2021. On 3 September 2021, Bursa has granted CEPCO an extension of time until 31 December to complete the implementation of the Private placement.

D. RISK AND UNCERTAINTIES

Pandemic Risk

The unprecedented Covid-19 pandemic has undoubtedly resulted in severe challenges in many aspects such as sales, production, collection and human resources. The Group is also likely to be impacted by the impairment in assets as a result of poor market conditions and business uncertainty. The Group has implemented cost cutting and austerity measures across all the divisions to preserve its cash flow and is doing everything possible to overcome this crisis as it continues.

Slowdown in Economy

Our business has generally been depending on local and ASEAN markets. In view of the reported local economic outlook in the foreseeable future and the speed at which the risk evolved, CEPCO is now looking beyond its traditional market and developing new ties in Papua New Guinea, Maldives, Seychelles, Mauritius, Vietnam and Nigeria. We are also trying to venture into markets in Bangladesh and Sri Lanka.

Competition from Existing Players

Rivalry among industry players could affect industry profits through downward pressure on prices and declining profit margin. To improve the Group's market position, CEPCO constantly seeks to uphold and further improve our products' qualities and standards of services to our customers. We are confident our technology, know-how and ingenuity would enable us to provide world-class products to meet customers' requirements. This has undoubtedly increased our competitiveness in the industry. We will continue to participate in both domestic and international trade expo to market our products.

Increasing Cost of Sales

The fluctuating costs of our raw materials will directly impact our cost of sales. Any increase in cost that does not flow through to the prices of our product is due to various reasons such as the time lag which will also leave an impact on our gross profit margin. We therefore monitor our cost of materials by working closely with our suppliers to secure more stable supplies with reasonable prices which is crucial to our profitability.

We further strive to increase the productivity of the employees via trainings and workshop activities. Our investment in machineries with more advanced technologies have enabled us to reduce processes and utilities costs.

Credit Risk

Slow payment and bad debt due to the deterioration in the economic conditions of our country will have an impact on our cash flows and losses with regards to credit provided to customers. The management has a system in place to approve customers' credit applications and actively monitor the outstanding receivables to minimise the potential of debt turning bad.

Management Discussion and Analysis (cont'd)

C. FINANCIAL REVIEW (cont'd)

Recall of Bank Facilities

The pandemic has caused heightened anxiety amongst credit providers during the initial period, given the surrounding uncertainties and potential severe economic impact. The banks went into total risk avoidance mode and were negative biased on all funded credit. The management took immediate steps to connect with all its credit providers to allay concerns and where the necessary rescheduled timeline for near-term debt service.

Foreign Currency Fluctuation Risk

The Group is exposed to foreign currency exchange losses or gains arising from any appreciation or depreciation of the denominated foreign currencies against the Group's reporting currency as most of the Group's export revenue is derived in USD.

In order to alleviate the risk of foreign currency exchange fluctuations, the Group implements procurement and purchasing strategies to include local and foreign suppliers and import in other currencies to provide flexibility and ensure a continuous supply of materials.

E. PROSPECT

For an industry that has grappled with challenges such as lower demand over the past few years due to the cancellation or deferment of local infrastructure projects and the very subdued construction market, adversely affecting our revenue and profitability. The Covid-19 crisis is the toughest and most challenging time the piles industry has faced as economies reel from the fallout of this pandemic. Considering the scale of distress from a global standpoint, it will require an extraordinary effort towards full recovery.

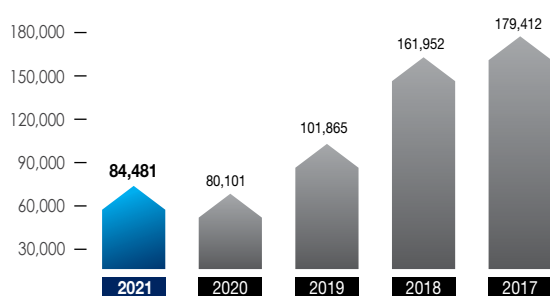
The outlook for the FYE 2022 remains challenging due to uncertainty for both domestic and overseas market and economy as well as the impact of the COVID-19 pandemic. This in turn may affect the demand for the Group's products and services and further assert a downward pressure on the Group's revenue and margins. Nonetheless, the Group is constantly undertaking continuous enhancements in production efficiencies, overhead and production cost management. The Group expands its product offerings to the overseas market which is expected to generate better sales and profitability.

Leong Kway Wah
Managing Director

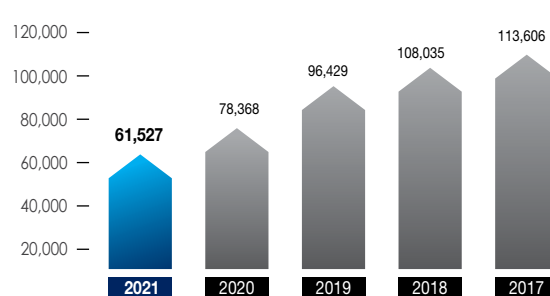
FINANCIAL HIGHLIGHTS

FINANCIAL YEAR ENDED 31 AUGUST	2021 RM'000	2020 RM'000	2019 RM'000	2018 RM'000	2017 RM'000
Revenue	84,481	80,101	101,865	161,952	179,412
Profit/(Loss) before Taxation	(16,816)	(18,061)	(11,563)	(6,522)	(5,311)
Profit/(Loss) after Taxation	(16,841)	(18,061)	(11,563)	(5,571)	(5,231)
Profit/(Loss) for the Year Attributable to Owners of the Parent	(16,841)	(18,061)	(11,563)	(5,571)	(5,231)
Total Shareholders' Equity	61,527	78,368	96,429	108,035	113,606
Total Assets	139,473	151,663	172,829	216,956	218,187
Earnings/(Loss) per Share (sen)	(22.57)	(24.20)	(15.49)	(12.44)	(11.68)
Dividend per Share (sen)	-	-	-	-	-
Net Assets per Share (RM)	0.82	1.05	1.29	2.41	2.54

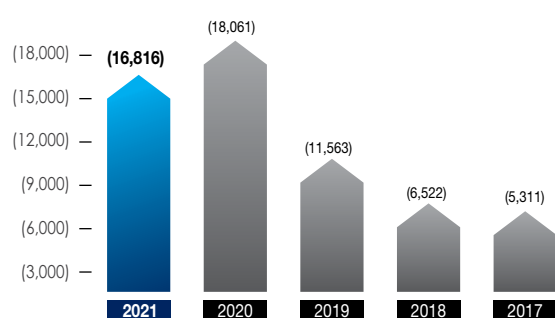
REVENUE (RM'000)



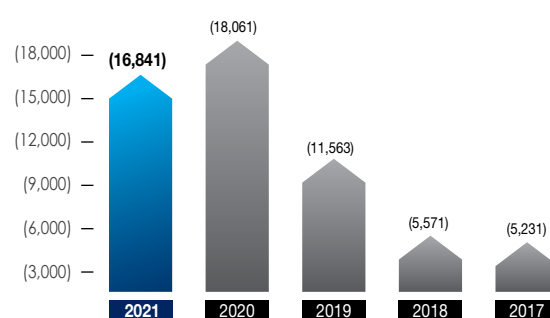
TOTAL SHAREHOLDERS' EQUITY (RM'000)



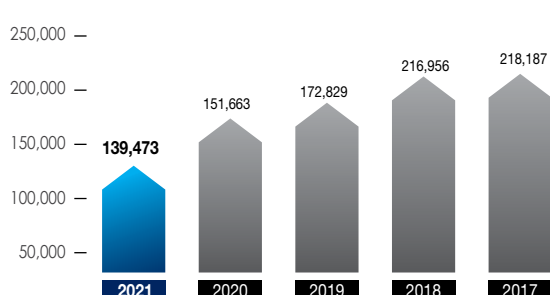
PROFIT/(LOSS) BEFORE TAXATION (RM'000)



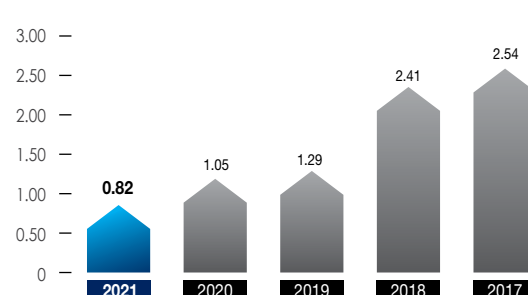
PROFIT/(LOSS) AFTER TAXATION (RM'000)



TOTAL ASSETS (RM'000)



NET ASSET PER SHARE (RM)



CORPORATE SOCIAL RESPONSIBILITY

CEPCO aims to add value to the community's growth and wellness by playing the role of a socially responsible corporate citizen and creating business sustainability. The Group believes in giving back to the community and employees as its business's main driving force.

In view of the outbreak of the Covid-19 pandemic, during the various stages of the MCO period, lunch box was provided to every employee to discourage eating-out to mitigate exposure to COVID-19 within the workplace and in hope to contribute to our national effort to break the chain of COVID-19 in the community.

Further, in line with our ongoing commitment to support Malaysians during the Covid-19 pandemic, CEPCO is extending a helping hand by providing meals to frontliners at the following hospitals:

- 1) Hospital Sungai Buloh
- 2) Hospital Ampang
- 3) Hospital Serdang
- 4) Hospital Kuala Lumpur
- 5) Pusat Perubatan University Malaya



Throughout the year, CEPCO contribution to the Covid-19 prevention programme towards our responsibility to the society in Malaysia have been recognised and awarded by the National Consumer Action Council.



To improve the well-being of our society through impactful initiatives, CEPCO together with Balai Bomba Pasir Gudang have provided cleaning and painting works to the mosque and school at Taman Pasir Putih, Pasir Gudang.

During Ramadhan month, CEPCO and a few NGOs prepare wholesome Bubur Lambuk to be shared with the community in need.



COPROPRATE SUSTAINABILITY STATEMENT

Introduction

Corporate sustainability is an integral part of our organisation. The Group aims to maintain positive relations with all stakeholders through long term sustainable returns. The existing and continuing development of the Group is guided by the philosophy of development which “meets the needs of the present, without compromising its ability to provide for the needs of future generation”. CEPCO’s sustainable development aims at improving the economy, while preserving the environment and the social wellbeing of the people.

In order to achieve these objectives, the Group needs to comply with regulatory laws throughout its business activities. This Sustainability Statement outlines our Group’s efforts in upholding regulatory compliance, adopting best practices and human resource development. These values are intrinsic in helping us to avoid or mitigate risks that may have material and financial impacts on our business.

Sustainable Vision

Our constant vision is to be the preferred world class commercial manufacturer and supplier of prestressed spun concrete piles and poles in Malaysia.

Sustainability Mission

We are committed to being a successful and responsible corporate citizen in delivering quality products and services, and generating attractive environmental, economic and social returns to all our stakeholders.

Sustainability Maturity

Our core area of sustainability is Compliance and Risk Management with emphasis on value protection in relation to operation and reputation risks and regulatory compliance. However, this does not limit our views on the justified level of sustainability. It is the core of our organisation’s way of carrying out our operations and the driver of our business decisions.

Risk Management

Risk management is firmly embedded in the Group’s Management System as the Board firmly believes it is critical to the Group’s sustainability. Key management employees and department heads are delegated with the responsibilities to manage sustainability risks. However, our main justification of sustainability risks does not lie solely on the top-down approach, but also on all employees from various operations and functions. Thus, our risk management is a two-way flow approach. In addition, our outsourced independent Internal Auditor plays a part as the second line of defence on the risk management issues.

Further information on the Group’s risk management is disclosed in the Statement on Risk Management and Internal Control on pages 41 to 44 of this Annual Report.

Governance

Our Board of Directors is the highest governing body of CEPCO and is responsible for determining the strategic direction of the Group. The Board has Directors with unique skills and knowledge to our type of business and also other skills and qualifications such as legal, engineering, banking, finance and accounting.

Currently, the Board consists of four (4) members, comprising of one (1) Independent Non-Executive Chairman, a Group Managing Director/Non-Independent Executive Director, and two (2) Independent Non-Executive Directors.

The Board has taken steps to integrate sustainability issues as core of its strategic formulation. The Board is supported by general managers, who enables it to assess and ensure that sustainability governance is structured and functioning through the various levels of management. Further information on the Group’s Corporate Governance practices are detailed in the Statement on Corporate Governance on pages 25 to 36 of this Annual Report.

Materiality Process

CEPCO has adopted the Materiality Assessment Process, which is guided by Bursa Malaysia’s Sustainability Reporting Guide and Toolkits.

Coprorate Sustainability Statement

(cont'd)

Stakeholder Engagement

The Company carries out the following engagements with the respective stakeholders where communication methods are regularly assessed through information requests to ensure they are transparent and effective.

Stakeholder's group	Type of engagement	Key topic
Customers	<ul style="list-style-type: none"> • Site visit • One-to-one meeting • Annual review 	<ul style="list-style-type: none"> • Improve customer service and satisfaction • Feedback on products and services for quality improvement
Employees	<ul style="list-style-type: none"> • Operations and environment management • Occupational safety and health awareness • Internal and external training • Annual appraisal and feedback 	<ul style="list-style-type: none"> • Improve employee engagement and performance • Enhance employee career advancement • Company strategies and performance
Government agencies	<ul style="list-style-type: none"> • One-to-one meeting as and when required 	<ul style="list-style-type: none"> • Compliance to local laws and regulations
Vendors	<ul style="list-style-type: none"> • Site visit • One-to-one meeting • Annual review 	<ul style="list-style-type: none"> • Assessment of goods and services provided by vendors
Shareholders	<ul style="list-style-type: none"> • One-to-one meeting as and when required • Annual General Meeting 	<ul style="list-style-type: none"> • Feedback on the Group's performance

Based on the Stakeholders engagement, CEPCO gains better understanding on which sustainability factor matters to each stakeholder, its significance and its impact.

Materiality Assessment

CEPCO has a view on sustainability matters prior to Stakeholders Engagement and has identified a list of sustainability matters relating to Environmental, Economic and Social that matter to the Group's business. The Company has considered, amongst others, the followings:

- 1) the nature of CEPCO's business;
- 2) statutory laws and regulations;
- 3) both local and global industrial trends.

Stakeholders Engagement enables CEPCO to appreciate each stakeholder's sustainability concern. Materiality Assessment allows CEPCO to prioritise these concerns. This will be aided by the analysis of internal documents and our Risk Register. We also take into consideration the indicators stated in the Bursa Securities Sustainability Reporting Guide and the Global Reporting Initiative G4 Sustainability Reporting Guidelines to understand better the scope and potential topics that may involve.

Based on this exercise, CEPCO comes out with material theme topics on Environmental, Economic and Social Analysis that matters to the Group.

Coprorate Sustainability Statement (cont'd)

Environmental

Everyone is responsible for a healthy and quality ecosystem without pollution and there is no exception for CEPCO. We are serious about making sure our business will have a positive impact to the environmental, economic and social wellbeing.

CEPCO adheres to Standard Operating Procedures (SOP) which result in low environmental impacts and is in compliance with the legal requirements to manufacture the best quality products that are accredited by SIRIM QAS International MS ISO 9001: 2015 and IKRAM QA Services MS 1314.

Our spun piles can be installed by the hydraulic jacking method, which is environmentally friendly with low noise and vibration and less air pollution. Throughout the year, monitoring services such as noise monitoring, health risks and Chemical Hazardous Risk Assessment have been conducted with satisfactory results and CEPCO has complied with prevailing rules and regulation.

We are continuously working on finding ways to reduce our carbon footprint. As part of our green initiative, CEPCO is encourages all factories to ensure sustainable consumption and efficiency of water usage for production processes. A system to collect rainwater for general outdoor cleaning has been practiced in our factories.

In our offices, the employees have developed a culture of efficient consumption of electricity and recycled materials. Paper usage had been reduced by recycling paper from renewable sources and adopting a paperless system for selected processes. This is to ensure we can minimise our energy consumption and waste products.

Our Safety, Health and Environmental Department is responsible for creating awareness and promote good working practices for employees to ensure CEPCO complies with environmental legislation regarding safety in the workplaces. Our employees are taught to express their discomfort in their working environment where its effectiveness and quality are consistently monitored.

Health and Safety has become the top priority sustainability matter with the pandemic outbreak over the current financial year. The authority had set stringent SOP related to health and safety protocol as preconditions for business resumption. CEPCO's Covid-19 SOP has been shared to all employees to adhere and comply with the necessary.

In September 2021, to enhance the environmental performance, the Company has been certified by ISO 14001: 2015 (Environment Management System). The said ISOs are intended to manage the Company's environmental responsibilities in a systematic manner that contributes to the environmental pillar of sustainability.

In our supply chain, we assess and monitor our top supplier by Vendor Self-Regulation Assessment to identify their environmental impacts on resources used, waste management and biodiversity.

With more stringent laws, regulations, standards, and requirements of local government as well as the international bodies enacted to protect the environment, we at CEPCO have been continuously keeping ourselves updated on the changes to comply with any regulatory requirements and standards in force.

Economic

The accreditation of ISO 9001: 2015 sets out the criteria for a quality management system based on a number of quality management principles including a strong customer focus, motivation and implication of top management, the approach process and continuous improvement. This is to ensure our customers get consistent quality products and services.

CEPCO's products can be customised to suit any construction projects' requirements. Our spinning process compacts the concrete resulting in a denser mixture, giving a strong, durable and high resistance to corrosion. This provides a higher capacity for an economical solution to our customers. With higher quality end products, they would stay competitive in the market.

Coprorate Sustainability Statement (cont'd)

Economic (cont'd)

The current export rate of our products is 24.84% of the total revenue. This has positively contributed to foreign exchange inflows to the country. The Group intends to enhance its product offerings to more overseas market, which is expected to generate better sales and profitability.

Our spending on local suppliers is significant to develop the local economy. Currently, 93.32% of our total purchases are sourced locally.

Our voluntary contributions have also enhanced the socio-economic benefits and created a positive social-economic impact in our country. Information on our voluntary contributions are included in the Corporate Social Responsibilities on page 19 of this Annual Report.

Social

The Group is committed to meritocracy system and we treat each employee regardless of race, age, gender, ethnicity, nationality, physical abilities and religion with respect. All employees are fairly paid according to their skills, performance and local market conditions. We have zero tolerance for harassment of any kind in the workplace.

Employees are vital components to CEPCO, as their performance and commitments are the key elements of survival and for achieving the Group's objectives of sustainability and returns in the long run. We aim to be the employer of choice in the industry we operate in. We believe that a dedicated and competent workforce is paramount to the success of the Group's business. CEPCO subscribes to the idea of a knowledgeable and constantly learning workforce. Therefore, we will continue to invest in human resource developments by providing periodic trainings and opportunities for professional development.

Our Annual Training Plan for FYE 2021 covered the following areas:

1. ISO 9001:2015 Requirements and Internal Auditor
2. ISO 14001: 2015 and 45001:2018 Standard Risk Management Training
3. ISO 14001: 2015 and 45001:2018 EHS Legal, Chemical and Waste Management
4. ISO 14001: 2015 and 45001:2018 Requirements and Internal Auditor
5. Strategy and Budgeting Masterclass: Aligning Action Plans, Numbers and Vision in Practice
6. Corporate Director's Summit themed "Governance 4.0: Transforming Business, Transforming Boards"

We are committed to providing a safer and healthier environment for our employees and minimizing any preventable accidents and health hazards that may occur at our business premises. From time to time, our Safety, Health and Environmental Department improves employee safety, reduces workplace risks, and create safer working environment to all employees. They are continuously trained and updated with safety procedures while business operations are subjected to regular safety and health reviews to further embed a safety culture within the Group.

In September 2021, to enhance the health and safety performance; the Company have been certified by ISO 45001:2018 (Occupational Health and Safety Management Systems). The said ISOs are intended to manage the Company's health and safety responsibilities in a systematic manner.

For Covid-19 preventive and safety measures, the Group have provided face mask to all the employees and sanitized the offices and plants to ensure the working environment is germ-free. As at the date of this report, there are 98% of our employees are fully vaccinated. Further, the Information Technology and Human Resources Department also worked in synergy to enact any required changes to enhance the work-from-home experience and data security.

CEPCO is committed to maintain a proper framework to ensure that the business is efficiently and transparently in the interest of all its stakeholders. We ensure that the business is conducted in a fair, transparent, sustainable and professional manner, without affecting consumer's choice, pricing and market efficiency.

Coprorate Sustainability Statement (cont'd)

Social (cont'd)

Our business imperative is to carry out our activities responsibly and with integrity. Our employees are expected to behave in an honest and ethical manner in accordance with our policies, business rules and guidelines. CEPCO promotes transparency and guards against various forms of misconduct, including corruption, bribery and fraud.

The implementation of corporate liability provision under Section 17A Malaysian Anti-Corruption Commission (MACC) Act 2009, comes enforced on 1 June 2020. A commercial organisation can be considered guilty if any of its employees or associates commit corruption for whatsoever benefit to the organisation. CEPCO takes note on the cruciality of the provision towards the Group and hence enforced its commitment with the circulation of anti-corruption and anti-bribery policy among every employee, in which can also be referred to on CEPCO's website.

The policy creates employees' awareness and responsibility to always comply with the provision to ensure the Group's businesses and engagement are conducted with high professionalism, integrity and stay clear from corruption or bribery. CEPCO's directors, employees and associates are adequately alerted on the Group's policy adherence requirement. They shall require to undertake anti-corruption and anti-bribery assessment yearly to ensure a zero-tolerance approach is met. Overall, CEPCO will not tolerate any acts in regards to corruption and bribery as its commitment in ethically business practices.

CEPCO focuses on the well-being of society, including personal's health and safety. We also assess and monitor our top suppliers by Vendor Self-Regulation Assessment to identify their existing or potential negative social impacts as well as human rights policies and practices.

We hold ourselves accountable to our stakeholders and are dedicated to delivering value to them while conducting our operations in a conscientious manner. Despite the economic challenges, we continue to implement our Corporate Social Responsibilities for the community by focusing on lending a helping hand and reaching out to others through various forms of social aids which are included in the Corporate Social Responsibilities section on page 19 of this Annual Report.

The onset of the Covid-19 pandemic along with its devastating impact on conventional economic, social activities and environmental issues have highlighted the need for a new balance between lives and livelihoods as well as between mankind and nature. Indeed, the adoption of good corporate sustainability practices can address many of the issues brought to light during the pandemic, which resulted in constriction of economic activity and restriction to movement including:

- i. sustainability and continuity of business;
- ii. security of employment and income;
- iii. safety and health of employees, customers and other stakeholders;
- iv. integrity of the physical environment;
- v. preservation of natural resources; and
- vi. resource management in response to the slowdown in business activities.

As a result, corporate sustainability has become an even more pressing imperative for CEPCO as it will continue to live and work in the new normal and gain more ground in the sustainability drive to improve the triple bottom line of the Group.

STATEMENT ON CORPORATE GOVERNANCE

The Board of Directors of Concrete Engineering Products Berhad remains committed to upholding and emphasis on ensuring that the Group has in place a robust and transparent corporate governance framework appropriate for its size, operations, and organisational structure. Our strong belief is that corporate governance plays a key role in delivering long-term success to the Group and its stakeholders.

The Board continues to develop and enhance suitable and appropriate corporate governance practices and policies to match the dynamic landscape of our business.

This report aims to give shareholders and other stakeholders insight into the approach that the Board takes for corporate governance during the financial year ended 31 August 2021, including the manner in which it implements the principles of the Malaysian Code of Corporate Governance ("MCCG"). This report should be read together with our Corporate Governance Report 2021 ("CG Report FYE 2021"), which is available on our Company's website.

PRINCIPLE 1: ESTABLISH CLEAR ROLES AND RESPONSIBILITIES

Roles and Responsibilities of the Board and Management

The Board has the collective responsibility for the overall conduct and performance of the Group's business by maintaining full and effective control over strategic, financial, operational, compliance and governance issues. The Board Charter provides guidance to the Board in discharging its roles, duties and responsibilities in line with the principles of good governance.

The Board is responsible for the oversight and overall management of the Group. The principle responsibilities are as follows:

- 1) Reviews and adopts a strategic plan for the Company and addresses the sustainability of the Group's business.
- 2) Oversees the conduct of the Group's business and evaluates whether its business is being properly managed.
- 3) Identifies principal risks faced by the Group and ensures the implementation of appropriate internal controls and mitigates measures to address such risks.
- 4) Applies successive planning to ensure all candidates appointed to senior management positions are of sufficient calibre.
- 5) Oversees the development and implementation of a shareholder's communication policy.
- 6) Reviews the adequacy and the integrity of the Group's internal control and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines.

The Managing Director is responsible for ensuring the management adheres to the guidelines and policies set by the Board.

The Directors have full access to information pertaining to all matters requiring the Board's decision. Prior to any Board meeting, all Directors shall be furnished with proper Board papers, which contain the necessary information for each of the meeting agendas in advance to enable the Directors to obtain further explanations, where necessary, to be properly briefed before the meeting. Matters to be discussed are not limited to financial performance of the Group but also to address major investment decisions as well as operational issues and problems encountered by the Group.

To assist in the discharge of its stewardship role, the Board has delegated specific responsibilities to three (3) established Board Committees, namely Audit Committee, Nominating Committee and Remuneration Committee. These Committees examine particular issues within their respective terms of reference as approved by the Board and report to the Board with their recommendations. The ultimate responsibility for decision-making, however, lies with the Board.

Statement on Corporate Governance (cont'd)

PRINCIPLE 1: ESTABLISH CLEAR ROLES AND RESPONSIBILITIES (cont'd)

OUR COMPLIANCE

Integrity and Ethics

The Board strives to adhere to the highest ethical standards in discharging its responsibilities and continues to promote integrity and ethical conduct among its employees in all aspects of the Group's business operations, including confidentiality of information, conflicts of interest, as well as Health, Safety and Environment ("HSE") performance, amongst others.

Code of Ethics

The Board has adopted a Code of Ethics for Company Directors. The Code of Ethics provides good guidance for a standard of ethical behaviour for Directors based on trustworthiness and values that can be accepted and uphold the spirit of responsibility and social responsibility in line with the legislation, regulations and guidelines for administrating a company.

The Code of Ethics is available on the Company's website at www.cepco.com.my.

Whistleblowing Policy

The Board has also adopted Whistleblowing Policies and Procedures, which outline when, how and to whom a concern may be properly raised about the actual or potential corporate fraud or breach of regulatory requirements involving employees, management or Directors in the Group. The Board is aware of the need for adherence to the Code of Conduct and Employees' Handbook by Directors of the Company and employees in the Group, respectively, and will take measures to put in place a process to ensure its compliance.

The Whistleblowing Policy is available on the Company's website at www.cepco.com.my.

Anti-Bribery and Corruption Policy Statement

The Group conducts all its business in an honest and ethical manner and takes a zero-tolerance approach to bribery and corruption and is committed to acting professionally, fairly and with integrity in all its business dealings and relationships. The Group is also committed in upholding all laws relevant to countering bribery and corruptions in Malaysia and all other jurisdictions in which it operates. This is accessible to the employees or other stakeholders at www.cepco.com.my.

Sustainability

The Board recognises the importance of sustainability and its increasing significance in the business. The Board is committed to understanding and implementing sustainable practices, and exploring the benefits to the business whilst attempting to achieve the right balance between the needs of the wider community, the requirements of shareholders and stakeholders and economics success.

The Group has no immediate plan to implement a diversity policy for its workforce in terms of gender, ethnicity and age as in its view, employment is depended on each candidate's skills, experience, core competencies and other qualities, regardless of gender, ethnicity and age. However, the Group is committed to diversify and apply equal employment for its development and improvement as a whole.

Statement on Corporate Governance (cont'd)

PRINCIPLE 1: ESTABLISH CLEAR ROLES AND RESPONSIBILITIES (cont'd)

Board Access to Information and Advice

All Directors are provided with an agenda and a set of Board papers prior to each Board Meeting to be convened. Board papers are required to be circulated at least seven (7) days prior to the date of each Board Meeting to enable Directors to obtain further explanation, if necessary, in order to be properly briefed before each meeting. Board members are supplied with full and timely information required to enable them to discharge their responsibilities. Senior management staff are also invited to attend Board Meetings when necessary to provide the Board with further explanation and clarification on matters being tabled for consideration by the Board.

The Board convenes at least four (4) Board Meetings a year to consider the quarterly financial results and review operational performance. Additional meetings are convened as and when necessary.

All Directors have access to the advice and services of the Company Secretary and are updated on new statutory or regulatory requirements concerning their duties and responsibilities.

Company Secretary

The Company Secretary plays an advisory role to the Board in relation to the Company's constitution, the Board's policies and procedures, and the compliance with relevant regulatory requirements, codes or guidance, and legislation. The Company Secretary is suitably qualified, competent and capable of carrying out the duties required and has attended training and seminars conducted by relevant regulatory bodies to keep abreast with the significant updates on statutory and regulatory requirements and updates on the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities") and the Companies Act 2016, Malaysia (the "Act").

Deliberations during the Board Meetings were properly minuted and documented by the Company Secretary.

Board Charter

The Board has adopted a Board Charter which provides guidance for Directors and management regarding the responsibilities of the Board, its Committee and management. The Board Charter is reviewed regularly to ensure it complies with legislation and best practices and remains relevant and effective in the light of the Board's objective.

The Board Charter is available on the Company's website at www.cepco.com.my.

PRINCIPLE 2: STRENGTHEN COMPOSITION

Board Composition and Balance

The Board currently has four (4) members comprising of:

- | | | |
|----|-----------------------------------|------------------------------------|
| 1) | Abdul Khudus bin Mohd Naaim | Independent Non-Executive Chairman |
| 2) | Leong Kway Wah | Managing Director |
| 3) | Dennis Xavier | Independent Non-Executive Director |
| 4) | Dato' Ir Dr Abdul Aziz bin Arshad | Independent Non-Executive Director |

This composition fulfils the requirements as set out under the Listing Requirements of Bursa Securities which stipulate that at least two (2) Directors or one-third of the Board, whichever is the higher, to be Independent Directors. Directors' Independence is determined based on the Main Market Listing Requirements ("MMLR") definition of an Independent Director:-

- Presently not a Company employee and is independent of any business relationship or dealings with the Group.
- Continued ability to exercise independent judgment at all times on all matters brought forward for Board deliberation.

Statement on Corporate Governance (cont'd)

PRINCIPLE 2: STRENGTHEN COMPOSITION (cont'd)

Board Composition and Balance (cont'd)

No independent director has been engaged in the day to day management of the Company, has participated in any business dealings or has involved in any other relationship with the Company (other than in situations permitted by the applicable regulations).

The Company's Constitution provides that all the Directors shall retire from office once at least in each three (3) years but shall be eligible for re-election. In the event of any vacancy in the Board, the Company must fill the vacancy within three (3) months pursuant to Paragraph 15.02(3) of Bursa Securities Listing Requirements.

The profile of each Director is presented on pages 7 to 9 of this Annual Report. The Directors, with their diverse backgrounds and specialisations, collectively bring with them a wide range of experience and expertise in areas such as engineering, finance, taxation, accounting and audit, legal and economics.

The presence of the Independent Directors shall provide unbiased and independent views and judgements in the decision-making process at the Board level and to ensure that no significant decisions and policies are made by any individual, and that the interest of minority shareholders are safeguarded.

All the Directors have given their undertaking to comply with the Listing Requirements of Bursa Securities.

Conflict of Interest

The Board has established clear processes for declaring and monitoring actual and potential conflicts of interests.

Senior Independent Non-Executive Director

Dennis Xavier is the Senior Independent Non-Executive Director of the Company effective 5 July 2017.

The Senior Independent Non-Executive Director is committed in discharging his roles and responsibilities as recommended under the Corporate Governance Guide by Bursa Malaysia Berhad.

Nominating Committee

The Nominating Committee ("NC") was established on 30 May 2002 which comprises the following members:

- | | | |
|----|-----------------------------------|----------|
| 1) | Dato' Ir Dr Abdul Aziz bin Arshad | Chairman |
| 2) | Abdul Khudus bin Mohd Naaim | Member |
| 3) | Dennis Xavier | Member |

The Company Secretary is the secretary to the Nominating Committee.

The Nominating Committee's terms of reference include the authority delegated by the Board to oversee the selection and assessment of Directors. The Nominating Committee shall:

- 1) Recommend to the Board for the appointment of new Director in accordance to the nomination and selection policies.
- 2) Assess the effectiveness of the Board as a whole, the committees of the Board and the contribution of each existing individual Director, in terms of the appropriate size and skills, the balance between Executive, Non-Executive and Independent Directors, the mixture of skills and other core competencies required.
- 3) Assess the independence of Independent Directors to consider whether the Director can continue to bring independent and objective judgement to Board deliberations.
- 4) To recommend to the Board if an Independent Director who serves the Board for more than nine (9) years is justifiable to remain as an Independent Director on the Board.

Statement on Corporate Governance (cont'd)

PRINCIPLE 2: STRENGTHEN COMPOSITION (cont'd)

Nominating Committee (cont'd)

The Nominating Committee is responsible for recommending to the Board for the appointment of new Directors in accordance to the nomination and selection policies. The Company Secretary ensures that all appointments are properly made upon obtaining all necessary information from the Director. During the financial year under review, the Nominating Committee met once, attended by all members. During the meeting and as at the date of this Statement, the Nominating Committee has carried out the following activities within its terms of reference and reported the outcome to the Board:

- 1) Reviewed training undertaken by Directors as well as those training that are available for Directors for the ensuing year.
- 2) Following the assessment of the Board by each Director, the Committee recommended for the Board's consideration to move for shareholders' approval the re-appointment and/or re-election of those Directors retiring at the forthcoming Annual General Meeting ("AGM").

The Board currently does not have any gender, ethnicity and age policy or target. The criteria to be used by the Nominating Committee in the selection and appointment process is mainly to ensure the Board comprises of Directors with a good mix of skills and experience to discharge its responsibilities in an effective and competent manner, as well as the candidates' competencies and ability to commit sufficient time to Company's matters.

Nevertheless, the Board is supportive of gender diversity in the boardroom as recommended by the MCCG to promote the representation of women in the composition of the Board. The Board will continue to look to emphasis gender diversity, going forward towards achieving at least 30% of its directors to comprise women. The Board will endeavour to ensure that gender, ethnicity and age diversity will be taken into account in nominating and selecting new Directors to be appointed on the Board.

Board Appointment Process

The Board appointments with recommendations provided by the NC will source suitable candidates with the right skills and experiences to complement and support the existing Board composition based on business needs, strategic direction of the Company and good governance.

The appointment of a new Board member is subject to the following process:

1. Identification of Skills and Experience
2. Sourcing of Candidates
3. Selection of Candidates
4. Assessment on Candidates
5. NC deliberation
6. Interaction with Candidates
7. Recommendation for Board's Approval

All shortlisted candidates would be assessed by NC which includes assessment on skills competency matrix (relating to skills and experience) independency test for independent directors and integrity test under Malaysia Anti-Corruption Commission ("MACC") for all candidates.

NC or representative of NC would also have an interaction session with the potential candidates to review the suitability of the candidates against the following values of the Company, before recommending for approval on the appointment to the Board:

1. Safe;
2. Honest;
3. Agile;
4. Respectful;
5. Professional; and
6. Trust.

Statement on Corporate Governance (cont'd)

PRINCIPLE 2: STRENGTHEN COMPOSITION (cont'd)

Board Assessment

The results of the assessment conducted for FYE 2021 indicated that the Board, Board Committees and the individual Directors had performed within expectations and were able to discharge their functions and duties effectively.

From the assessment conducted, the key strengths of the Board are:-

1. Independence of the Board of Directors
2. Board and Board Committees Quality and Performance
3. Chairman's Responsibilities
4. Group Dynamics

Moving forward, the key focus areas will cover the following:-

1. Improvement in Board governance of Management execution to ensure value creation for all stakeholders
2. Strategic matters and internal controls
3. Transparency, quality information and engagement with Management
4. Directors' development, Board composition and succession planning
5. Management competency, performance appraisal, development programme and succession planning

The Board is also satisfied with the results of the assessment on the Independent Directors and is of the view that all Independent Directors are independent of management and free of any interest, position, association or other relationship that might materially influence the Independent Director's capacity to bring an independent judgement and to act in the best interest of the Group and its stakeholders.

Re-election

The NC is also responsible for recommending Directors for re-election at the Thirty-Seventh Annual General Meeting. In accordance with the Constitution of the Company, all newly appointed Directors are subject to re-election by the shareholders at the first annual general meeting following their appointments. Additionally, at least one-third (1/3) of the Directors for the time being, or if their number is not three (3) or a multiple of three (3), then the number nearest to one-third (1/3), shall be subject to retirement by rotation at least once every three (3) years, and shall be eligible for re-election. The retiring Directors would be those who have been longest in office since their last election. This provides shareholders the opportunity to evaluate the performance of the Directors and promote effective Board members.

Directors subject to retirement by rotation pursuant to the Constitution are initially considered by the NC and recommended to the Board, taking into consideration their required mix of skills, competencies, experience and other qualities required before they are recommended for re-election by shareholders.

Directors' Remuneration Policies and Procedures

The Remuneration Committee was established on 30 May 2002 which comprises the following members:

- | | |
|--------------------------------------|----------|
| 1. Dennis Xavier | Chairman |
| 2. Abdul Khudus bin Mohd Naaim | Member |
| 3. Dato' Ir Dr Abdul Aziz bin Arshad | Member |

The Company Secretary is the secretary to the Remuneration Committee.

The level of Directors' remuneration is comparable in order to attract and retain Directors of such calibre to provide the necessary skills and experience as required and to commensurate with the responsibilities for the effective management and operations of the Group. All Non-Executive Directors ("NEDs") are paid meeting allowance for attending Board and Board Committee meetings as well as additional fees for added responsibilities undertaken.

Statement on Corporate Governance (cont'd)

PRINCIPLE 2: STRENGTHEN COMPOSITION (cont'd)

Directors' Remuneration Policies and Procedures (cont'd)

The remuneration of the NEDs, which is subject to the approval of shareholders at the annual general meeting, is recommended by NC to the Board as a whole to ensure that it is aligned to the market and to the Directors duties and responsibilities.

The Board through the NC, annually reviews the performance of the Executive Director as a prelude to determining his annual remuneration, bonus and other benefits, in discharging this duty, the NC evaluates the performance of the Executive Director against the objectives and KPIs approved by the Board, thereby linking their remuneration to performance.

The aggregate remuneration of Directors for the financial year ended 31 August 2021 was as follows:

Name of Directors	Fee/Salaries and Other Emoluments (RM)
Executive Directors	
Leong Kway Wah	522,428
Non-Executive Directors	
Abdul Khudus bin Mohd Naa'im	61,000
Dennis Xavier	15,000
Dato' Ir Dr Abdul Aziz bin Arshad	15,000

The number of Directors whose total remuneration fell within the following bands was as follows:

Band of Remuneration (RM)			Executive Directors	Non-Executive Directors
1	-	50,000	-	2
50,001	-	100,000	-	1
100,001	-	150,000	-	-
200,001	-	250,000	-	-
500,001	-	550,000	1	-
550,001	-	600,000	-	-

PRINCIPLE 3: REINFORCE INDEPENDENCE

Independent Director

For FYE 2021, the Board comprised three (3) Independent Directors. The Board has a set of criteria in assessing the independence and performance of Directors. The NC annually reviews and assess the level of Independence Directors of the Board in line with the MMLR. The NC will also consider the individual Director's ability to exercise independent judgement and to demonstrate the values and principle associated with independence such as impartially, objectively and consideration of all stakeholders' interest.

Tenure of Independent Director

The Board is aware that the tenure of an Independent Director should not exceed a cumulative term of nine (9) years. Upon completion of the nine (9) years, Independent Directors may continue to serve on the Board as a Non-Independent Directors. In the event the Board wishes to retain such Director as an Independent, the Board will seek shareholders' approval.

Statement on Corporate Governance (cont'd)

PRINCIPLE 3: REINFORCE INDEPENDENCE (cont'd)

Tenure of Independent Director (cont'd)

For the period under review, one (1) Independent Director had served the Board for more than nine (9) years and NC has assessed and concluded that all the Independent Directors continue to demonstrate, conduct and behave in manner indicative of independence, and that each of them is independent of the Company's management and free from any business or other relationship which could materially interfere with the exercise of independent judgement, objectivity or ability to act in the best interest of the Company.

Justify and Seek Shareholders' Approval to Retain an Independent Director of More Than Nine (9) Years in the Same Capacity

Dennis Xavier had served on the Board for more than nine (9) years and had obtained shareholders' approval at last year's AGM to continue to serve as Independent Director of the Company.

The Board, with the assessment of the Nominating Committee, is recommending to the shareholders again at the forthcoming Thirty-Seventh AGM to approve the retention of Dennis Xavier as Independent Director for the ensuing year. Details of the assessment are disclosed in the Notice of the 37th AGM enclosed on pages 114 to 115 of this Annual Report.

Division of Roles and Responsibilities between the Chairman and the Managing Director

The positions of Chairman and Managing Director ("MD") of the Company are held by different individuals. The distinct and separate roles of the Chairman, who heads the Board and MD leading the Senior Management and operations, ensure a balance power and authority, which in turn ensures that no one individual can influence Board's discussions and decision-making. During FYE 2021, Leong Kway Wah was the Managing Director.

The Chairman carries out a leadership role in the conduct of the Board and its relations to shareholders and other stakeholders. The Chairman's responsibilities is to ensure effective conduct of the Board through the execution of the following key roles:-

1. To build a high-performance Board by leading the evaluation of the Board's performance and ensuring that succession planning is considered on an on-going basis;
2. To manage Board meetings in order to achieve robust decision making by ensuring that accurate, timely and clear information is provided to all Directors. The Chairman encourages participation and deliberation by the Board to tap the wisdom of all members and to promote consensus building as much as possible; and
3. To facilitate the Board and Management interface as the conduit between two parties.

The Chairman, who is Independent Non-Executive was supported by the Senior Independent Non-Executive Director to ensure objective and independent deliberation, review and decision making by the Board and to have more effective oversight of management. The Chairman has never assumed any executive position in the Group.

The MD has overall responsibility for the Group's operational, business units and support services, organisational effectiveness and implementation of the Board's policies, directives, strategies and decisions. In addition, the MD also functions as the intermediary between the Board and Management.

Statement on Corporate Governance (cont'd)

PRINCIPLE 4: FOSTER COMMITMENTS

Time Commitment

The Board convenes at least four (4) Board Meetings a year to consider the quarterly financial results and review operational performance. Additional meetings are convened as and when necessary.

During the financial year ended 31 August 2021, the Board met five (5) times and the composition and attendance records of the Board members were as follows:

Date of Meetings:

- 1) 22 October 2020
- 2) 17 November 2020
- 3) 13 January 2021
- 4) 5 May 2021
- 5) 27 July 2021

Attendance record of the Board members:

Directors	Meetings Attendance
Abdul Khudus bin Mohd Naaim	5/5
Leong Kway Wah	5/5
Dennis Xavier	5/5
Dato' Ir Dr Abdul Aziz bin Arshad	5/5

The Board is satisfied with the level of time commitment given by the Directors towards fulfilling their roles and responsibilities which is evidenced by their attendance of all five (5) Board Meetings convened during the financial year ended 31 August 2021.

Directors' Training

The Board encourages its Directors to attend talks, seminars, workshops and in-house conferences to update and enhance their skills and knowledge and to keep abreast with developments in regulatory and corporate governance issues.

All the Directors of the Company have attended the Mandatory Accreditation Programme within the stipulated time frame required by the Listing Requirements of Bursa Securities.

During the financial year under review, the Board members attended the following training programmes:

- 1) Audit Committee Conference 2021
- 2) MIA Webinar Series: ISA 240: The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statement.
- 3) MIA Webinar Series: Modified Auditor's Report and Going Concern Assessment.

The Directors are notified periodically by the Company Secretary on the types of training courses available in the market which the Directors may consider attending in order to enhance their skills and knowledge in the discharge of their stewardship role.

Statement on Corporate Governance (cont'd)

PRINCIPLE 5: UPHOLD INTEGRITY IN FINANCIAL REPORTING

Directors' Responsibility in Financial reporting

The Board is responsible for ensuring the quarterly and annual audited financial statements of the Company present a true and fair view and assessment of the Company's financial position, performance and prospects and comply with applicable financial reporting standards.

The Audit Committee assists the Board in reviewing and scrutinising the information in terms of accuracy, adequacy and completeness for disclosure to ensure reliability and compliance with applicable financial reporting standards. The Audit Committee members reviewed the quarterly and annual audited financial statements of the Company prior to the recommendation of the same to the Board for approval and submission to Bursa Securities and/or shareholders.

External Auditors

The Company's independent External Auditors fill an essential role by enhancing the reliability of the Company's annual audited financial statements and giving assurance to stakeholders of the reliability of the annual audited financial statements.

The External Auditors have an obligation to bring any significant defects in the Company's system of control and compliance to the attention of the Management, and if necessary, to the Audit Committee and the Board.

The Audit Committee also meets with the External Auditors at least twice during each financial year to exchange free and honest views on issues which the External Auditors may wish to discuss in relation to their audit and findings.

The Audit Committee also monitors the independence and qualification of External Auditors and obtains written assurance from the External Auditors confirming that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.

The suitability and independence of External Auditors are assessed annually based on the following key factors in order for the Audit Committee to recommend to the Board on the proposal of the External Auditors' re-appointment for the ensuing year:

- 1) The adequacy of the experience and resources of the audit firm.
- 2) The level and nature of review procedures, the approach to audit judgements and issues, independent quality control reviews and approach to risk.
- 3) The adequacy of the scope of the audit plan.
- 4) The External Auditors' ability to meet deadlines in providing services and responding to issues in a timely manner as contemplated in the audit plan.
- 5) Whether there are safeguards in place to ensure that there is no threat to the objectivity and independence of the External Auditors.
- 6) Whether there are professional and open dialogues between the External Auditors and the Audit Committee.

The Audit Committee is of the view that Messrs Ernst & Young PLT ("EY") is suitable and independent to be re-appointed for the ensuing year and has recommended the same to the Board of Directors. The Board of Directors, having considered the Audit Committee's recommendation and feedback, is satisfied with the suitability and independence of EY as the External Auditors and had recommended their re-appointment to the shareholders for approval at the forthcoming AGM.

Statement on Corporate Governance (cont'd)

PRINCIPLE 6: RECOGNISE AND MANAGE RISKS

Establish a Sound Framework to Manage Risks

The Board is committed to determine the Company's level of risk tolerance and to actively identify, assess and monitor key business risks to safeguard shareholders' investments and the Company's assets by monitoring the internal controls in place with the assistance of the Audit Committee, the external and internal auditors, who will report on the effectiveness and efficiency of the internal control processes and procedures periodically to ensure that the system is viable and robust. Information on the Company's risk management framework and internal control system is presented in the Statement on Risk Management and Internal Control on pages 41 to 44 of this Annual Report.

Internal Control

The internal audit function is outsourced to a professional firm, Messrs Crowe Horwath, and is reported directly to the Audit Committee. The head of the internal audit function or his representatives attends the Audit Committee meetings quarterly to report to the Audit Committee on their findings of the effectiveness of the governance, risk management and internal control processes within the Company. The information on the Internal Control is presented in the Statement on Risk Management and Internal Control on pages 41 to 44 of this Annual Report.

PRINCIPLE 7: ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

Ensure the Company Has Appropriate Corporate Disclosure Policies and Procedures

The Board ensures that all material information and corporate disclosure are discussed with the Management prior to dissemination to ensure compliance with the Listing Requirements of Bursa Securities. In deciding on the necessary disclosures and announcements, the Board is also guided by the corporate disclosure guides as published by Bursa Securities from time to time.

Encourage the Company to Leverage on Information Technology for Effective Dissemination of Information

The Board acknowledges the use of information technology to communicate with its stakeholders. Timely announcements are made through Bursa Link online with regard to the Company's quarterly results, corporate proposals and other required announcements. The same are also available on the Company's website at www.cepc.com.my to ensure effective dissemination of information relating to the Company and that accurate information are provided to the public at large.

PRINCIPLE 8: STRENGTHEN RELATIONSHIP BETWEEN COMPANY AND STAKEHOLDERS

Shareholders Participation at General Meetings

Notice of the AGM, annual reports and circulars are sent out with sufficient time before the date of the meeting to enable the shareholders to have full information about the meeting to facilitate informed decision-making. The explanatory notes on the proposed resolutions under Special Business are given to help the shareholders vote on the resolutions.

All notices of general meetings are served within the minimum prescribed notice period as the Board is of the view that serving of such notices earlier than the minimum notice period does not tantamount to the encouragement of shareholders participation. All resolutions set out in the notice of the last AGM were put to vote and duly passed. The outcome of the AGM was announced to Bursa Securities on the same day of the meeting.

Statement on Corporate Governance (cont'd)

PRINCIPLE 8: STRENGTHEN RELATIONSHIP BETWEEN COMPANY AND STAKEHOLDERS (cont'd)

Communication and Engagement with Shareholders

The AGM remains the principal forum for dialogue with shareholders where they may seek clarifications on the Company's business and reports. During the AGM, the Chairman will open the floor to questions shareholders may have for the Board before receiving the annual audited financial statements. Shareholders are encouraged to meet and communicate with the Board at the AGM and to vote on all resolutions. The Board will respond to any questions raised during general meetings and also share with the shareholders the Company's responses to question submitted in advance of the AGM by the Minority Shareholder Watchdog Group, if any.

Encourage Poll Voting

Paragraph 8.29A(1) of the Listing Requirements of Bursa Securities requires that any resolution set out in the notice of any general meeting, or in any notice of resolution which may properly be moved and is intended to be moved at any general meeting, is voted by poll.

ADDITIONAL COMPLIANCE INFORMATION

1) Share Buy-Backs

During the year, there were no share buy-backs by the Company.

2) Options or Convertible Securities

There were no exercises of options, warrants or convertible securities during the year.

3) Depository Receipt Programme

The Company did not sponsor any depository programme during the year.

4) Non-Audit Fees

The amount of non-audit fees paid/payable to the External Auditors and their affiliated companies by the Company for the year ended 31 August 2021 is set out in Note 5 on page 77.

5) Profit Estimate, Forecast, Projections and Variations in Results

There were no variations of 10% or more between the audited results for the financial year ended 31 August 2021 and the unaudited results for the quarter ended 31 August 2021 of the Group previously announced. The Company did not make any release on the profit estimate, forecast and projections for the year.

6) Profit Guarantee

The Company did not give any profit guarantee during the year.

7) Material Contracts

There were no material contracts entered into by the Company and its subsidiaries involving Directors' and major shareholders' interests.

8) Contract Relating to Loans

There were no contracts relating to loans by the Company and its subsidiaries involving Directors' and shareholders' interests.

AUDIT COMMITTEE REPORT

The Audit Committee is committed to assist the Board in ensuring the integrity of the Group's financial procedures and internal control systems for safeguarding assets, managing risks and promoting sound and profitable business operations.

COMPOSITION

The Audit Committee ("AC") comprises the following members, all of whom are Non-Executive Directors:

- 1) Dato' Ir Dr Abdul Aziz bin Arshad
Independent Non-Executive Director/Chairman
- 2) Abdul Khudus bin Mohd Naaim
Independent Non-Executive Director
- 3) Dennis Xavier
Independent Non- Executive Director

The composition of the AC complies the requirements of Paragraph 15.09(1)(a) and (b) of Bursa Securities Listing Requirements.

Encik Abdul Khudus bin Mohd Naaim is a member of the Malaysian Institute of Accountants (MIA), thereby complying with paragraph 15.09(1)(c)(i) of the Bursa Securities' Listing Requirements that requires at least one (1) of the AC members fulfilling the financial expertise requisite.

MEETINGS

During the financial year ended 31 August 2021, the AC met five (5) times and the composition and attendance records of its members were as follows:

Date of Meetings:

- 1) 22 October 2020
- 2) 17 November 2020
- 3) 13 January 2021
- 4) 5 May 2021
- 5) 27 July 2021

Attendance record of the AC members:

Audit Committee Members	Meetings Attendance
-------------------------	---------------------

Chairman

Dato' Ir Dr Abdul Aziz bin Arshad
Independent Non-Executive Director

5/5

Members

Abdul Khudus bin Mohd Naaim
Independent Non-Executive Director

5/5

Dennis Xavier
Independent Non-Executive Director

5/5

The Committee meets at least four (4) times a year and additional meetings may be called at any time as and when necessary. All meetings to review the quarterly reports and annual financial statements are held prior to such quarterly reports and annual financial statements being presented to the Board for approval.

Audit Committee Report (cont'd)

MEETINGS (cont'd)

The head of finance, head of internal audit, Managing Director and senior management may attend Committee meetings, on the invitation of the Committee, to provide information and clarification required for items on the agenda. Representatives of the External Auditors are also invited to attend the Committee meetings to present their audit scope and plan, audit report and findings, together with management's response thereto, and to brief the Committee members on significant audit and accounting areas which they have noted in the course of their audit.

Issues raised, discussion, deliberations, decisions and conclusion made at the Committee meetings are recorded in the minutes of the meetings.

After each Committee meeting, the Chairman of the Committee shall update and report to the Board on significant issues and concern discussed during the meeting and to convey the recommendations on the quarterly reports and annual financial statements with or without amendments as the case may be, to be approved and adopted by the Board for release to Bursa Securities.

TERMS OF REFERENCE

Terms of Reference of the AC comprise mainly the constitution, membership, authority and duties and responsibilities of the Committee.

Objectives

The primary objective of the Committee is to assist the Board in discharging its statutory duties and responsibilities for corporate governance, timely and accurate financial reporting and adequacy of internal controls within the Company and its subsidiaries.

Constitution

The Board of Directors shall establish a Committee of the Board to be known as Audit Committee.

Membership and Meetings

The Committee shall be appointed by the Directors and shall comprise not less than three (3) members of whom the majority shall be Non-Executive Directors. The Chairman of the Committee must be an Independent Non-Executive Director and shall be appointed by the Committee members. The Company Secretary shall act as the Secretary to the Committee. There shall be at least four (4) meetings per year.

Authority

The AC has the authority to investigate any activity within its terms of reference and shall obtain the cooperation of other Board members, employees and External Auditors, and any other external professional bodies, which it considers necessary.

Duties and Responsibilities

- 1) Reviews with the External Auditors on the audit plan.
- 2) Reviews with the External Auditors on the adequacy and effectiveness of the accounting and internal control system.
- 3) Acts upon problems and reservations arising from interim and final audits.
- 4) Reviews the financial statements prior to the Directors' approval to ensure a fair and full presentation of the financial affairs of the Company.
- 5) Assists in establishing appropriate control procedures.
- 6) Assists in the conducting of management audit or other sensitive matters.
- 7) Recommends to retain or replace the firm of External Auditors and the audit fee for the ensuing year.

Audit Committee Report (cont'd)

SUMMARY OF ACTIVITIES

During the financial year, the following activities were carried out by the AC in discharging its duties and functions:

- 1) Reviewed the External Auditors' scope of work and audit plan for the financial year and made recommendations to the Board on their re-appointment and remuneration.
- 2) Reviewed the quarterly and audited financial reports of the Company and the Group prior to submission to the Board for approval and subsequent release to Bursa Securities.
- 3) Reviewed any related party transactions and ensured that they were not favourable to the related parties than those generally available to the public and complied with Bursa Securities Listing Requirements.
- 4) Reviewed the internal audit plans for the financial year for the Company and Group as prepared by the Internal Auditors.
- 5) Reviewed the internal audit reports, audit recommendations made and management's responses to these recommendations for the Company and Group as prepared by the Internal Auditors.
- 6) Reviewed the AC Report and Statement on Risk Management and Internal Control and recommended to the Board for approval prior to their inclusion in the Company's Annual Report.
- 7) Reviewed and recommended the proposed final audit fees for the External and Internal Auditors in respect of their audit of the Company and the Group.
- 8) Tabled the minutes of each Committee Meeting to the Board for information and further direction by the Board, where necessary.

TRAINING

During the financial year, the AC members have attended training, the details of which are listed in the Statement on Corporate Governance on page 33 of this Annual Report.

INTERNAL AUDIT FUNCTION

In discharging its function, the AC is supported by an internal audit function whose primary responsibility is to evaluate and report on the adequacy and effectiveness of the overall system of internal control of the Group.

The scope of internal audit works is conducted on a rotation basis and as and when directed by the Management. The internal audit reports generated were reviewed and discussed at each of the AC meetings.

The activities of the Internal Auditors during the financial year ended 31 August 2021 were as follows:

- 1) Conducted discussions with the management in identifying significant concerns and risk areas perceived by the management for inclusion in Internal Audit Plan for the Group.
- 2) Developed and proposed an Internal Audit Plan for the year, which was discussed and accepted by the AC and the Board.
- 3) Conducted periodic audits on internal controls relating to the operating system and standard operating procedures to monitor compliance and assess the adequacy and effectiveness of controls implemented by the Group.
- 4) Attended and reported to the AC at all the meetings held during the financial year.
- 5) Highlighted areas of concern to the AC and ensuring that recommendations provided by the Internal Auditors were duly attended to and adhered by the management within the stipulated time frame. In the Internal Audit Progress Reports, the Internal Auditors had reported their findings in their subsequent follow-up reviews to the AC.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Board of Directors is responsible for the adequacy and effectiveness of the Group's risk management and internal control system. The Board recognises the importance of good corporate governance and is committed in maintaining a sound system of internal control to safeguard shareholders' investment and the Group's assets. In doing so, the Board acknowledges its responsibility to identify major risks faced by the Group and ensure that relevant internal controls are in place in order to manage these risks.

In view of the above, the Board is pleased to provide the following Statement on Risk Management and Internal Control which outlines the nature and scope of internal controls of the Group during the year pursuant to Paragraph 15.26(b) of the Listing Requirements of Bursa Securities.

BOARD RESPONSIBILITY

The Board acknowledges its responsibility in establishing a sound risk management and internal control system as well as adequacy and effectiveness of those systems to safeguard shareholders' interests and the Group's assets.

The Group's system of risk management and internal control is designed as a tool to manage rather than eliminate the risks completely. In view of the limitation inherent in any system of risk management and internal control, the actions taken in managing the risks could only provide reasonable but not absolute assurance against risks of material mismanagement, fraud or losses from occurring in achieving the Group's objectives.

The Board has received assurance from the Managing Director and the Financial Controller that the Group's risk management and internal control system is operating adequately and effectively in all material aspects. The Board is of the view that the risk management and internal control system in the Group are satisfactory and have been successful in their functions with no significant problems noted during the period under review.

AUDIT COMMITTEE

The Audit Committee is assisted by an outsourced independent Internal Audit which performs regular independent reviews. It monitors and ensures compliance with the Group's policies, procedures and systems of risk management and internal control. In each of its meetings, the Committee reviews the internal audit reports for the Group prepared by the Internal Auditor. It will consider major findings of the Internal Auditor's and management's responses thereto. Monitoring on the corrective actions of any outstanding audit issues are ongoing to ensure that all the risks and control lapses have been addressed.

THE RISK MANAGEMENT PROCESS

The Board has endeavoured to identify the relevant major risks faced by the Group on a regular basis and in order to prevent the occurrence of the identified risks or mitigate the impact of these risks so as to ensure that the Group achieves its business goals.

In managing the major risks, the Board has always carried out necessary preliminary studies and evaluation on various projects which will be undertaken by the Group. This entails proper delegation of duties and responsibilities from the Board to the Managing Director and Senior Management ("Management") in running the main operating functions of the Group within its strategic business plans.

In this respect, the Management comprises personnel with many years of hands-on experience who are able to identify business risks relevant to the Group and design the appropriate internal controls to manage these risks.

At the same time, the Management also attends various management and operation meetings in order to discuss matters of concern in relation to various projects undertaken by the Group as well as any obstacles in achieving the Group's strategic business plans.

The Management has also adopted the open discussion approach in the day-to-day running of the Group. This has enabled various major business risks being identified easily and dealt with in a prompt manner.

Statement on Risk Management and Internal Control (cont'd)

KEY ELEMENTS OF THE GROUP'S INTERNAL CONTROLS

The Group has incorporated various key elements into its system of internal control in order to safeguard shareholders' investment and the Group's assets by:

- 1) Giving authority to the Board Committee members to investigate and report on any areas of improvement for the betterment of the Group.
- 2) Performing an in-depth study on major variances and deliberating irregularities in the Board Meetings and AC Meetings so as to identify the causes of the problems and formulate solutions to resolve them.
- 3) Arranging regular interactive meetings with the External Auditors, Internal Auditors and/or other consultants to identify and rectify any weaknesses in the system of internal control. The Board would also be informed on the matters brought up at the AC Meetings on a timely basis.
- 4) Delegating necessary authority to the Managing Director in order for him to play a major role as the link between the Board and the Management in implementing the Board's expectation of an effective system of internal control and managing the Group's various operations.
- 5) Determining proactive actions to create awareness on the importance of employees' and line management's involvements in the system of internal control as well as risk management by providing various training courses, seminars and workshops conducted by the external consultants.
- 6) Keeping the Management informed on the development of action plans for enhancing the system of internal control and allowing various management personnel to have access to important information for better decision making.
- 7) Making frequent on-site visits to the business and operations premises by the management personnel so as to acquire a first-hand view on various operational matters and addressing the issues accordingly.
- 8) Monitoring key commercial, operational and financial risks through reviewing the system of internal control and other operational structures so as to ensure that reasonable assurance on the effectiveness and efficiency of the same will mitigate the various risks faced by the Group to an appropriate level acceptable to the Board.

ANTI-BRIBERY AND CORRUPTION POLICY

With the enforcement of Section 17A of the Malaysian Anti-Corruption Commission Act 2007, it has been established that a commercial organisation has a criminal liability ("Corporate Liability") for the corrupt activities of its employees and/ or persons associated with the commercial organisation where such corrupt activities are carried out for the commercial organisation's benefits or advantages.

In connection to this, the Group adopts a zero-tolerance policy against all forms of bribery and corruption. The Group is committed to conduct businesses professionally, fairly and with integrity and transparency in compliance with all applicable anti-bribery and corruption laws in all jurisdictions in which we operate.

Any breach of the Anti-Bribery and Corruption Policy or applicable local law could result in disciplinary action being taken and ultimately could result in dismissal and/ or termination of the business dealing. Further legal action may also be taken in the event that the Group's reputation/ interests have been harmed as a result of non-compliance and/or misconduct.

The Anti-Bribery and Corruption Policy is available at the Group's website www.cepco.com.my

COVID-19 PANDEMIC

The outbreak of Covid-19 has affected the performance of the Group negatively. In order to mitigate this risk, the Group has undertaken the following measures:-

- i. Complying with the government's movement control order and safely and sanitisation procedures in accordance with the health authorities to protect the safety of the employees, customers and suppliers at our work place; and
- ii. Containing and reducing overhead costs when possible.

Statement on Risk Management and Internal Control (cont'd)

INTERNAL AUDIT FUNCTIONS AND EFFECTIVENESS OF INTERNAL CONTROL

The Group's internal audit function is outsourced to an independent audit firm, Messrs Crowe Horwath. The duty of the internal audit is to examine and evaluate major processes of operations of the Group in order to assist the Board in the effective discharge of the Board's responsibilities. The total cost incurred for the outsourced internal audit functions in respect of the financial year ended 31 August 2021 amounted to RM40,015.

During the financial year under review, the Internal Auditors carried out reviews on the core areas based on the approved internal audit plan to assess the adequacy and effectiveness of internal controls within the Group.

The Internal Auditor will report directly to the AC. Being an independent third party, the Internal Auditor is able to perform the internal audit function with impartiality, proficiency and due professional care.

The internal audit function facilitates the Board in carrying out its responsibility to review and evaluate the adequacy and integrity of the Group's internal control system. The full Board, through the AC, will meet to review, discuss and direct actions on matters pertaining to the Internal Auditor's report, which among other matters, include findings relating to the adequacy and integrity of the internal control system of the Group. Internal audit will be carried out annually to provide independent assessments on the sufficiency, efficiency and effectiveness of the Group's internal control system in anticipating potential risk exposures over key business systems and processes and in controlling the proper conduct of business within the Group.

The Internal Auditor adopts a risk-based approach and prepares its audit strategy and plan based on the risk profiles of the Group. The audit plan will be presented to the AC for approval annually. The resulting reports from the audits undertaken will be reviewed by the Committee and then forwarded to the operational management for attention and necessary corrective actions. The operational management is responsible for ensuring the corrective actions on reported weaknesses are taken within the required time frame.

REVIEW OF EFFECTIVENESS

The Board is satisfied with the procedures outlined above and believes, with assurance from the Managing Director and Head of Finance, that the risk management and system of internal controls had continued to operate adequately and effectively in the financial year under review.

The Board also relies on the assessment by internal auditor to evaluate the state of internal controls and risks management at each operating unit. The Board is committed to the continuous improvement of internal controls and risk management practices within the Group to meet its business objectives.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

Pursuant to Paragraph 15.23 of the Bursa Securities' Listing Requirements, the External Auditors have reviewed the Statement on Risk and Internal Control for inclusion in the 2021 Annual Report and reported to the Board that nothing has come to the attention that causes them to believe that the Statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and integrity of the system of internal control of the Group.

Statement on Risk Management and Internal Control (cont'd)

ADDITIONAL INFORMATION

Apart from the internal audit, the Board has put in place an organisation structure with formally defined lines of responsibility and delegation of authority. A process of hierarchical reporting has been established, which provides for a documented and auditable trail of accountability. The monitoring and management of the Group are delegated to the Managing Director and senior operational management. The Managing Director, through his involvement in the business operations and attendance at the management level meetings, manages and monitors the Group's financial performance, key business indicators, operational effectiveness and efficiency. The Managing Director also discusses and resolves significant business issues and ensures compliance with applicable laws, regulations, rules, directives and guidelines. The management meetings serve as a two-way platform for the Board, through the Managing Director, to communicate and address significant matters in relation to the Group's business and financial affairs, and provide an update on significant changes in the business and the external environment that may result in any significant risks.

Internal control procedures have been set out in a series of standard operating practice manuals and business process manuals to serve as guidance for proper measures to be undertaken and are subject to regular review, enhancement and improvement.

CONCLUSION

The Board is of the opinion that the system of risk management and internal control that has been instituted throughout the Group is satisfactory and has not resulted in any material losses, contingencies or uncertainties that would require disclosure in the Company's Annual Report 2021. The Board will continue to review and take measures to strengthen the internal control environment from time to time based on the recommendations proposed by the Internal Auditors.

The Board recognises that the development of the system of internal control is an ongoing process as part of its efforts in managing the risk faced by the Group. Consequently, the Board maintains a continuing commitment to further strengthen the control environment within the Group.

This Statement is made on behalf of the Board in accordance with a resolution of the Directors dated 18 November 2021.

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RELATION TO THE FINANCIAL STATEMENTS

The Board acknowledges their responsibilities to ensure that the financial statements of the Company and the Group are prepared in accordance with the provisions of the Act, the Listing Requirements of Bursa Securities and approved accounting standards in Malaysia.

The Directors are required to prepare financial statements which give a true and fair view of the state of affairs of the Company as at the end of the financial year and of its result and cash flow for the year then ended.

The Directors consider that in preparing the financial statements, the Group has:

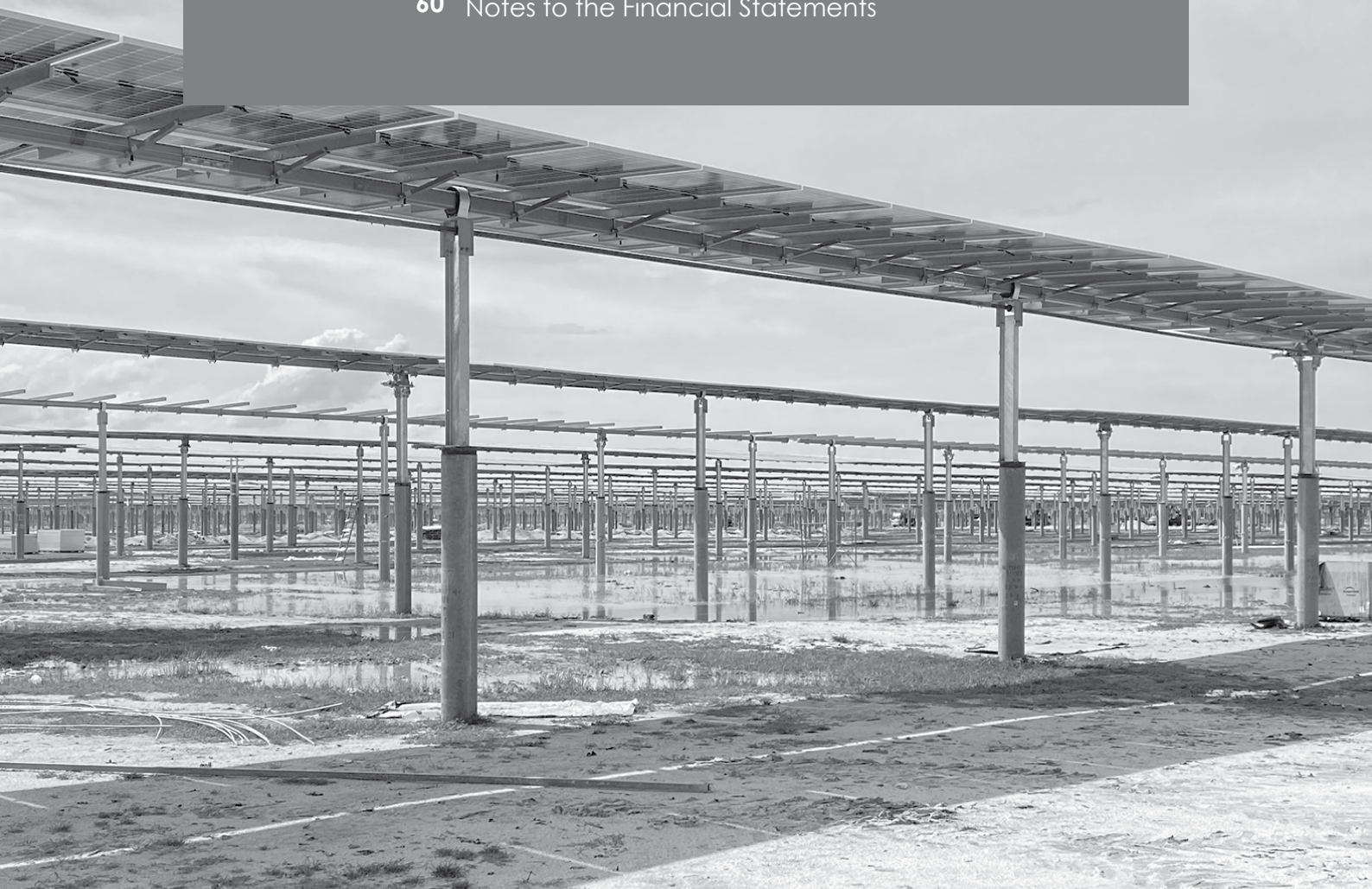
- 1) Adopted suitable accounting policies and applying them consistently.
- 2) Made judgement and estimates that are prudent and reasonable.
- 3) Ensured applicable approved accounting standards in Malaysia have been followed.

The Directors are responsible for ensuring that the Company maintains accounting records that disclose with reasonable accuracy the financial position of the Company, and which enable them to ensure that the financial statements comply with the Act.

The Directors are also responsible for safeguarding the assets of the Company, and to take reasonable steps for the prevention and detection of fraud and other irregularities.

FINANCIAL STATEMENTS

- 47 Directors' Report
- 50 Statement by Directors
- 50 Statutory Declaration
- 51 Independent Auditors' Report
- 55 Statements of Comprehensive Income
- 56 Statements of Financial Position
- 57 Statements of Changes in Equity
- 58 Statements of Cash Flows
- 60 Notes to the Financial Statements



DIRECTORS' REPORT

The directors hereby present their report together with the audited financial statements of the Group and Company for the financial year ended 31 August 2021.

Principal activities

The principal activities of the Company consist of manufacturing and distribution of prestressed spun concrete piles and poles. The subsidiary companies are dormant.

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

Results

	Group RM	Company RM
Loss for the year, attributable to owners of the parent	(16,841,131)	(16,836,167)

There was no material transfer to or from reserves or provisions during the financial year other than as disclosed in the statements of changes in equity.

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

Dividend

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

Directors

The names of the directors of the Company and subsidiaries in office since the beginning of the financial year to the date of this report are:

Abdul Khudus bin Mohd Naaim
 Leong Kway Wah
 Dennis Xavier
 Dato' Ir Dr Abdul Aziz Bin Arshad
 Leong Kway Wah
 Mohd Izanee bin Ismail

Directors' benefits

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the directors might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

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

Directors' report (cont'd)

Directors' benefits (cont'd)

The directors' benefits are as follows:

	Group/Company RM
Executive:	
Salary	454,356
Fees	20,000
Defined contribution plan	48,072
Total executive director's remuneration	522,428
Non-executive:	
Other emoluments	36,000
Fees	55,000
Total non-executive directors' remuneration	91,000
Total directors' remuneration	613,428

Indemnities to directors and officers

The directors of the Group are covered by Directors Liability Insurance for any liability incurred in the discharge of their duties, provided that they have not acted fraudulently or dishonestly or derived any personal profit or advantage. The total amount of sum insured amounted to RM1 million for the directors for the financial year end of the Group. The insurance premium paid for the Group is RM1,361.

Directors' interests

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

Other statutory information

- (a) Before the statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps:
- (i) to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for expected credit losses and had satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for expected credit losses; and
 - (ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the directors are not aware of any circumstances which would render:
- (i) the amounts written off for bad debts or the amounts of the allowance for expected credit losses made in the financial statements of the Group and of the Company inadequate to any substantial extent;
 - (ii) the values attributed to current assets in the financial statements of the Group and of the Company misleading.

Directors' report (cont'd)

Other statutory information (cont'd)

- (c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.
- (e) 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; or
 - (ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.
- (f) In the opinion of the directors:
 - (i) no contingent or other liability 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 when they fall due; 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 or of the Company for the financial year in which this report is made.

Significant event

Details of significant event are disclosed in Note 31 to the financial statements

Auditors and auditors' remuneration

The auditors, Ernst & Young PLT have expressed their willingness to continue in office. The auditors' remuneration for the Group and the Company for the current financial year are RM173,000 and RM170,000 respectively.

Indemnification of auditors

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young PLT, as part of the terms of its audit engagement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young PLT during or since the financial year.

Signed on behalf of the Board in accordance with a resolution of the directors dated 18 November 2021.

Abdul Khudus bin Mohd Naa'im

Leong Kway Wah

STATEMENT BY DIRECTORS

Pursuant to Section 251(2) of the Companies Act, 2016

We, Abdul Khudus bin Mohd Naaim and Leong Kway Wah, being two of the directors of Concrete Engineering Products Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 55 to 107 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 31 August 2021 and of their financial performance and cash flows for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors dated 18 November 2021.

Abdul Khudus bin Mohd Naaim

Leong Kway Wah

STATUTORY DECLARATION

Pursuant to Section 251(1)(b) of the Companies Act, 2016

I, Dr. Lilian Au Yong, being the officer primarily responsible for the financial management of Concrete Engineering Products Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 55 to 107 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared
by the abovenamed Dr. Lilian Au Yong
at Kuala Lumpur in the Federal Territory
on 18 November 2021.

Dr. Lilian Au Yong
(MIA Membership No. 27630)

Before me,

HJ. WAN AZMAN BIN HJ. WAN ABDULLAH (W728)
Commissioner for Oath

Kuala Lumpur, Malaysia

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF CONCRETE ENGINEERING PRODUCTS BERHAD

(Incorporated in Malaysia)

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Concrete Engineering Products Berhad, which comprise the statements of financial position as at 31 August 2021 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 year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 55 to 107.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 August 2021, and of their financial performance and their cash flows for the 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 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 year. These matters were addressed in the context of our audit of the financial statements of the Group and the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditors' responsibilities for the audit of the financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying *financial statements*.

Impairment of trade receivables

(Refer to Note 2.4(h) and Note 16 to the financial statements)

As at 31 August 2021, the Group and the Company have trade receivables amounted to RM16,753,767 (net of loss allowance of RM2,124,104) which represents approximately 28% of the total current assets of the Group and of the Company. We focused on this area due to the magnitude of the trade receivables balance and the significant judgement and estimation involved in the recognition and measurement of expected credit losses ("ECL") in accordance with MFRS 9: Financial Instruments.

Independent auditors' report (cont'd)

to the members of Concrete Engineering Products Berhad

(Incorporated in Malaysia)

Key Audit Matters (cont'd)

Impairment of trade receivables (cont'd)

Our audit procedures included, amongst others:

- (i) obtained an understanding of the approaches applied and reviewed the key assumptions and inputs used by management in calculating the impairment allowances;
- (ii) evaluated the reasonableness of loss rates used by management in the estimation of impairment allowances based on the historical default trends and forward-looking adjustments; and
- (iii) tested subsequent collections from customers on a sampling basis.

We also evaluated the adequacy of disclosures on impairment of trade receivables in the financial statements.

Impairment of property, plant, and equipment ("PPE") and right-of-use ("ROU") assets

(Refer to Note 2.4(f), 10 and 11 to the financial statements)

As at 31 August 2021, the carrying amount of the PPE and ROU assets of the Group and of the Company was RM22,444,530 and RM14,400,272, representing 16% and 10% of the Group's and of the Company's total assets respectively.

In accordance with MFRS 136: *Impairment of Assets*, the Group and the Company are required to perform impairment test of cash generating unit ("CGU") whenever there is an indication that the CGU may be impaired by comparing the carrying amount with its recoverable amount.

The Group and the Company reported continued loss for the current financial year, indicating that the carrying amount of PPE and ROU assets of the Group and of the Company may be impaired. Accordingly, the Group and the Company engaged a firm of independent valuers to estimate the recoverable amount of CGUs using fair value less costs of disposal ("FVLCD") method.

Due to the significance of the PPE and ROU assets and the complexity of valuation which is based on assumptions that are highly judgemental, we consider this to be an area of audit focus.

In addressing this, we performed, amongst others, the following audit procedures:

- (i) considered the objectivity, independence and expertise of the independent valuer;
- (ii) obtained an understanding of the methodology adopted by the independent valuer in estimating the fair value of the leasehold lands and buildings and assessed whether such methodology is consistent with those used in the industry; and
- (iii) discussed the valuation with the independent valuer to obtain an understanding of the properties related data used as input to the valuation model.

Independent auditors' report (cont'd) to the members of Concrete Engineering Products Berhad (Incorporated in Malaysia)

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 auditor's report thereon, which is expected to be made available to us after the date of this auditors' report.

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 identified above when it becomes available 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.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors of the Group and the Company and take appropriate action.

Responsibilities of directors for the financial statements

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

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

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and 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 Company's internal control.
- Evaluate the appropriateness of the accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

Independent auditors' report (cont'd)

to the members of Concrete Engineering Products Berhad

(Incorporated in Malaysia)

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

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's 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 and business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Other matters

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

Ernst & Young PLT
20206000003 (LLP0022760-LCA) & AF0039
Chartered Accountants

Kuala Lumpur, Malaysia
18 November 2021

Nurida Salwa Binti Mohd Muhili
No. 03371/06/2022 J
Chartered Accountant

STATEMENTS OF COMPREHENSIVE INCOME

For the year ended 31 August 2021

	Note	Group 2021 RM	2020 RM	Company 2021 RM	2020 RM
Revenue	3	84,481,484	80,100,605	84,481,484	80,100,605
Cost of sales		(75,367,426)	(69,625,799)	(75,367,426)	(69,625,799)
Gross profit		9,114,058	10,474,806	9,114,058	10,474,806
Other operating income		1,711,443	3,050,991	1,711,443	3,050,991
Fair value through profit or loss on other investments		(1,452,200)	(6,099,240)	(1,452,200)	(6,099,240)
Fair value loss on investment properties	12	(91,000)	(120,000)	(91,000)	(120,000)
Distribution costs		(14,894,876)	(14,128,340)	(14,894,876)	(14,128,340)
Administrative expenses		(8,023,003)	(7,065,187)	(8,023,003)	(7,065,187)
Other operating expenses		(1,493,796)	(2,364,137)	(1,488,832)	(2,358,032)
Operating loss		(15,129,374)	(16,251,107)	(15,124,410)	(16,245,002)
Finance costs	4	(1,686,757)	(1,810,040)	(1,686,757)	(1,810,040)
Loss before tax	5	(16,816,131)	(18,061,147)	(16,811,167)	(18,055,042)
Taxation	8	(25,000)	-	(25,000)	-
Loss for the year, representing total comprehensive loss for the year		(16,841,131)	(18,061,147)	(16,836,167)	(18,055,042)
Attributable to: Owners of the parent		(16,841,131)	(18,061,147)	(16,836,167)	(18,055,042)
Loss earnings per share - basic (sen)	9	(22.57)	(24.20)		

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF FINANCIAL POSITION

As at 31 August 2021

	Note	Group 2021 RM	2020 RM	Company 2021 RM	2020 RM
Assets					
Non-current assets					
Property, plant and equipment	10	22,444,530	23,829,276	22,444,530	23,829,276
Right-of-use assets	11	14,400,272	15,572,019	14,400,272	15,572,019
Investment properties	12	14,039,500	13,275,600	14,039,500	13,275,600
Investment in subsidiaries	13	-	-	4	4
Other investment	14	28,463,120	29,915,320	28,463,120	29,915,320
		79,347,422	82,592,215	79,347,426	82,592,219
Current assets					
Inventories	15	32,236,008	39,572,656	32,236,008	39,572,656
Trade and other receivables	16	18,938,001	23,279,533	18,938,001	23,279,533
Amount due from subsidiaries	17	-	-	64,123	58,646
Tax recoverable		1,374,552	1,912,785	1,374,552	1,912,785
Cash and bank balances	18	7,577,047	4,305,974	7,577,047	4,305,974
		60,125,608	69,070,948	60,189,731	69,129,594
Total assets		139,473,030	151,663,163	139,537,157	151,721,813
Equity and liabilities					
Equity attributable to equity holders of the Company					
Share capital	19	75,344,833	75,344,833	75,344,833	75,344,833
(Accumulated losses)/retained profits		(13,818,281)	3,022,850	(13,744,195)	3,091,972
Total equity		61,526,552	78,367,683	61,600,638	78,436,805
Non-current liabilities					
Lease liabilities	20	751,994	1,461,341	751,994	1,461,341
Long term borrowings	21	430,782	642,476	430,782	642,476
		1,182,776	2,103,817	1,182,776	2,103,817
Current liabilities					
Trade and other payables	24	47,621,572	39,786,873	47,611,613	39,776,401
Lease liabilities	20	805,294	866,491	805,294	866,491
Short term borrowings	21	28,336,836	30,538,299	28,336,836	30,538,299
		76,763,702	71,191,663	76,753,743	71,181,191
Total liabilities		77,946,478	73,295,480	77,936,519	73,285,008
Total equity and liabilities		139,473,030	151,663,163	139,537,157	151,721,813

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

For the year ended 31 August 2021

Group	← Attributable to owners of the parent →		
	Share capital RM	Retained profits/ (Accumulated losses) RM	Total equity RM
At 1 September 2019	75,344,833	21,083,997	96,428,830
Total comprehensive loss	-	(18,061,147)	(18,061,147)
At 31 August 2020	75,344,833	3,022,850	78,367,683
At 1 September 2020	75,344,833	3,022,850	78,367,683
Total comprehensive loss	-	(16,841,131)	(16,841,131)
At 31 August 2021	75,344,833	(13,818,281)	61,526,552

Company	← Attributable to owners of the parent →		
	Share capital RM	Retained profits/ (Accumulated losses) RM	Total equity RM
At 1 September 2019	75,344,833	21,147,014	96,491,847
Total comprehensive loss	-	(18,055,042)	(18,055,042)
At 31 August 2020	75,344,833	3,091,972	78,436,805
At 1 September 2020	75,344,833	3,091,972	78,436,805
Total comprehensive loss	-	(16,836,167)	(16,836,167)
At 31 August 2021	75,344,833	(13,744,195)	61,600,638

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CASH FLOWS

For the year ended 31 August 2021

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Cash flows from operating activities				
Loss before tax	(16,816,131)	(18,061,147)	(16,811,167)	(18,055,042)
Adjustments for:				
Fair value through profit or loss on other investments	1,452,200	6,099,240	1,452,200	6,099,240
Fair value loss on investment properties	91,000	120,000	91,000	120,000
Depreciation of property, plant and equipment	1,911,287	1,523,113	1,911,287	1,523,113
Depreciation of right-of-use asset	1,282,125	1,252,720	1,282,125	1,252,720
Allowance for expected credit losses for trade receivables	424,055	1,312,684	424,055	1,312,684
Reversal of allowance for expected credit losses for trade receivables	(55,073)	(412,963)	(55,073)	(412,963)
Gain on disposal of property, plant and equipment	(38,000)	-	(38,000)	-
Loss on disposal of investment property	250,000	-	250,000	-
Property, plant and equipment written off (Note 10)	41,034	-	41,034	-
Interest expense	1,686,757	1,810,040	1,686,757	1,810,040
Unrealised foreign exchange loss	588,653	67,037	588,653	67,037
Dividend income	-	(615,741)	-	(615,741)
Interest income	(365,201)	(1,213,469)	(365,201)	(1,213,469)
Operating loss before working capital changes	(9,547,294)	(8,118,486)	(9,542,330)	(8,112,381)
Working capital changes:				
Decrease in inventories	7,336,648	5,705,053	7,336,648	5,705,053
(Increase)/decrease in receivables	(154,968)	10,805,037	(154,968)	10,805,037
Increase/(decrease) in payables	7,796,885	(2,404,519)	7,797,398	(2,404,633)
Increase in amount due from subsidiaries	-	-	(5,477)	(5,991)
Cash generated from operations	5,431,271	5,987,085	5,431,271	5,987,085
Taxation refund/(paid)	513,233	(264,441)	513,233	(264,441)
Interest paid	(1,554,463)	(1,687,893)	(1,554,463)	(1,687,893)
Net cash generated from operating activities	4,390,041	4,034,751	4,390,041	4,034,751

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of cash flows

For the year ended 31 August 2021 (cont'd)

	Group 2021 RM	2020 RM	Company 2021 RM	2020 RM
Cash flows from investing activities				
Purchase of property, plant and equipment	(419,575)	(1,572,835)	(419,575)	(1,572,835)
Dividend received	-	615,741	-	615,741
Interest received	49,166	1,213,469	49,166	1,213,469
Proceeds from sale of investment property	2,750,000	-	2,750,000	-
Proceeds from sale of property, plant and equipment	38,000	-	38,000	-
Net cash generated from investing activities	2,417,591	256,375	2,417,591	256,375
Cash flows from financing activities				
Net drawdown of banking facilities	1,311,000	2,185,862	1,311,000	2,185,862
Net repayment of hire purchase	(217,563)	(808,110)	(217,563)	(808,110)
Net repayment of term loans	(2,691,477)	(1,716,227)	(2,691,477)	(1,716,227)
Payment of principal portion of lease liability	(975,402)	(940,110)	(975,402)	(940,110)
Net cash used in financing activities	(2,573,442)	(1,278,585)	(2,573,442)	(1,278,585)
Net change in cash and cash equivalents	4,234,190	3,012,541	4,234,190	3,012,541
Cash and cash equivalents at beginning of year	1,127,861	(1,884,680)	1,127,861	(1,884,680)
Cash and cash equivalents at end of year	5,362,051	1,127,861	5,362,051	1,127,861
Cash and cash equivalents comprise:				
Cash and bank balances	7,577,047	4,305,974	7,577,047	4,305,974
Bank overdrafts	(2,214,996)	(3,178,113)	(2,214,996)	(3,178,113)
	5,362,051	1,127,861	5,362,051	1,127,861

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 August 2021

1. Corporate information

The Company is a public limited liability company, incorporated and domiciled in Malaysia and listed on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Malaysia"). The registered office and principal place of business of the Company is located at 22nd Floor, Menara KH, Jalan Sultan Ismail, 50250 Kuala Lumpur.

The principal activities of the Company consist of manufacturing and distribution of prestressed spun concrete piles and poles. The subsidiaries are dormant. There have been no significant changes in the nature of the principal activities during the year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 18 November 2021.

2. Significant accounting policies

2.1 Basis of preparation

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

The financial statements of the Group and of the Company have been prepared on a historical cost basis, unless otherwise disclosed in the significant accounting policies below or other notes to the financial statements.

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

The Group and the Company incurred a net loss of RM16,841,131 and RM16,836,167 respectively during the financial year ended 31 August 2021. As at the same date, the Group's and the Company's current liabilities exceeded current assets by RM16,638,094 and RM16,564,012 respectively.

The Directors are of the view that the Group and the Company will have sufficient cash flows for the next twelve months from the reporting date to meet their cash flow requirements. The Directors believe that the Group and the Company are able to realise their assets and discharge their liabilities in the normal course of business and that the financial position will be improved through operating profits. Thus, the Directors believe that it is appropriate to prepare the financial statements of the Group and the Company on a going concern basis.

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except as follows:

As of 1 September 2020, the Group and the Company adopted the following new and amended MFRSs and IC Interpretations (collectively referred to as "pronouncements") that have been issued by the Malaysian Accounting Standards Board ("MASB"):

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2020

- Amendments to MFRS 3: Definition of a Business
- Amendments to MFRS 9, MFRS 139 and MFRS 7: Interest Rate Benchmark Reform
- Amendments to MFRS 101 and MFRS 108: Definition of Material

Notes to the financial statements

31 August 2021 (cont'd)

2. Significant accounting policies (cont'd)

2.2 Changes in accounting policies (cont'd)

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 June 2020

- Amendments to MFRS 16: Leases (Covid-19 Related Rent Concessions)

The adoption of the above new and amended standards did not have any significant effect on the financial performance or position of the Group and of the Company.

2.3 Standard issued but not yet effective

The new and amendments to MFRSs and IC Interpretation that are issued but not yet effective up to the date of issuance of the Group's and the Company's financial statements are disclosed below. The Group and the Company intend to adopt these standards, if applicable, when they become effective.

Description	Effective for annual periods beginning on or after
• Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16: Interest Rate Benchmark Reform Phase 2	1 January 2021
• Amendments to MFRS 16: Leases (Covid-19-Related Rent Concession beyond 30 June 2021)	1 April 2021
• Amendments to MFRS 3: Business Combinations (Reference to Conceptual Framework)	1 January 2022
• Amendments to MFRS 116: Property, plant and equipment	1 January 2022
• Amendments to MFRS 137: Provisions, Contingent Liabilities and Contingent Assets	1 January 2022
• Annual Improvements to MFRS Standards 2018 - 2020	1 January 2022
• Amendments to MFRS 101: Presentation of Financial Statements (Classification of Liabilities as Current or Non-current)	1 January 2023
• Amendments to MFRS 108: Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2023
• Amendments to MFRS 17 Insurance Contracts	1 January 2023
• Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

The initial applications of the above are expected to have no significant impact on the financial statements of the Group and the Company in the period of initial application.

Notes to the financial statements

31 August 2021 (cont'd)

2. Significant accounting policies (cont'd)

2.4 Summary of significant accounting policies

(a) Subsidiaries and basis of consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Company.

The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

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

(ii) Basis of consolidation

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

The Company controls an investee if and only if the Company has all the following:

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

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

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

Subsidiaries are consolidated when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

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

Notes to the financial statements

31 August 2021 (cont'd)

2. Significant accounting policies (cont'd)

2.4 Summary of significant accounting policies (cont'd)

(a) Subsidiaries and basis of consolidation (cont'd)

(ii) Basis of consolidation (cont'd)

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

When the Group loses control of a subsidiary, a gain or loss calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets and liabilities of the subsidiary and any non-controlling interest, is recognised in profit or loss. The subsidiary's cumulative gain or loss which has been recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss or where applicable, transferred directly to retained earnings. The fair value of any investment retained in the former subsidiary at the date control is lost is regarded as the cost on initial recognition of the investment.

(b) Property, plant and equipment and depreciation

All items of property, plant and equipment are initially recorded at cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised with any corresponding gain or loss recognised in profit or loss accordingly. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. The policy of impairment losses is as stated in Note 2.4(f).

Depreciation of property, plant and equipment is provided for on a straight-line basis to write off the cost of each assets to its residual value over its estimated useful life as follows:

Leasehold land	27 - 83 years
Buildings	25 - 50 years
Plant and machinery	5 - 15 years
Motor vehicles	5 years
Office, factory and laboratory equipment	5 - 7 years
Furniture, fixtures and fittings	5 - 7 years

The residual values, useful life and depreciation method are reviewed at each financial year-end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. The difference between the net disposal proceeds, if any, and the net carrying amount is recognised in income statement.

Notes to the financial statements

31 August 2021 (cont'd)

2. Significant accounting policies (cont'd)

2.4 Summary of significant accounting policies (cont'd)

(c) Investment properties

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Investment properties comprise completed investment properties and properties that are being constructed or developed for future use as investment properties.

Investment properties are initially measured at cost, including transaction costs. Investment properties under construction (IPUC) are measured at fair value, or where fair value cannot be determined reliably, are measured at cost less impairment.

Subsequent to initial recognition, investment properties are stated at fair value. Fair value is arrived at by reference to market evidence of transaction prices for similar properties and is performed by registered independent valuers having an appropriate recognised professional qualification and recent experience in the location and category of the properties being valued.

Gain or loss arising from changes in the fair values of investment properties is recognised in profit or loss in the year in which it arises.

Investment properties are derecognised when either they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. Any gain or loss on the retirement or disposal of an investment property is recognised in profit or loss in the year in which it arises.

(d) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost of finished goods and raw materials are determined using the first-in-first-out method.

Cost includes actual cost of materials and incidentals in bringing inventories into store and in the case of manufactured inventories and work in progress, it also includes direct labour and attributable production overheads.

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.

(e) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand and short-term, highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. These also include bank overdrafts that form an integral part of the Group's and of the Company's cash management.

(f) Impairment of non-financial assets

The Group and the Company assess at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group and the Company make an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units ("CGU")).

Notes to the financial statements

31 August 2021 (cont'd)

2. Significant accounting policies (cont'd)

2.4 Summary of significant accounting policies (cont'd)

(f) Impairment of non-financial assets (cont'd)

In assessing value in use, the estimated future cash flows expected to be generated by the asset 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. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down 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.

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. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss.

(g) Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, and measured at either amortised cost, fair value through other comprehensive income or fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient, the Group and the Company initially measure a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient are measured at the transaction price determined under MFRS 15.

In order for a financial asset to be classified and measured at amortised cost, it needs to give rise to cash flows that are 'solely payments of principal and interest ("SPPI")' on the principal amount outstanding. The assessment is referred to as the SPPI test and is performed at an instrument level.

The Group and Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group and the Company commit to purchase or sell the asset.

Notes to the financial statements

31 August 2021 (cont'd)

2. Significant accounting policies (cont'd)

2.4 Summary of significant accounting policies (cont'd)

(g) Financial assets (cont'd)

Subsequent measurement

For the purpose of subsequent measurement, financial assets are classified in three categories:

(i) Financial assets at amortised cost (debt instruments)

This category is the most relevant to the Group and the Company. The Group and the Company measure financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate ("EIR") method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group and the Company's financial assets at amortised cost consists of cash and bank balances, trade and other receivables (excluding prepayment) and amounts due from subsidiaries.

(ii) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, 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 fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through other comprehensive income ("OCI"), debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

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

(iii) Financial assets at fair value through other comprehensive income (no recycling)

Upon initial recognition, the Group and the Company can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under MFRS 132 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Notes to the financial statements

31 August 2021 (cont'd)

2. Significant accounting policies (cont'd)

2.4 Summary of significant accounting policies (cont'd)

(g) Financial assets (cont'd)

Subsequent measurement (cont'd)

(iii) Financial assets at fair value through other comprehensive income (no recycling) (cont'd.)

Gains and losses on these financial assets are never recycled to income statement. Dividends are recognised as other income in the income statement when the right of payment has been established, except when the Group and the Company benefit from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Group and the Company have not designated any financial assets in this category.

(h) Impairment of financial assets

The Group and the Company recognise an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group and the Company expect to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables, the Group and the Company apply a simplified approach in calculating ECLs. Therefore, the Group and the Company do not track changes in credit risk, but instead recognise a loss allowance based on lifetime ECLs at each reporting date. The Group and the Company have established a process to monitor the recoverability of the receivables, based on its historical credit loss experience and adjusted for forward looking factors specific to the debtors and the economic environment, if any.

The Group and the Company consider a financial asset in default when internal or external information 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. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Notes to the financial statements

31 August 2021 (cont'd)

2. Significant accounting policies (cont'd)

2.4 Summary of significant accounting policies (cont'd)

(i) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings or payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's and the Company's financial liabilities include trade payables, other payables, and borrowings.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

(i) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group and the Company that are not designated as hedging instruments in hedge relationships as defined by MFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gain or losses on liabilities held for trading are recognised in the statements of comprehensive income.

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

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

(ii) Financial liabilities at amortised cost

Other financial liabilities are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statements of comprehensive income.

Notes to the financial statements

31 August 2021 (cont'd)

2. Significant accounting policies (cont'd)

2.4 Summary of significant accounting policies (cont'd)

(i) Financial liabilities (cont'd)

Subsequent measurement (cont'd)

(ii) Financial liabilities at amortised cost (cont'd)

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statements of profit or loss.

(j) Foreign currencies

(i) 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 the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency.

(ii) Foreign currency transactions

Transactions in foreign currencies are measured in the functional currency of the Company and its subsidiaries and are recorded on initial recognition in the functional currency at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

(k) 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.

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. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Notes to the financial statements

31 August 2021 (cont'd)

2. Significant accounting policies (cont'd)

2.4 Summary of significant accounting policies (cont'd)

(l) Leases

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

(i) As lessee

The Group and the Company apply a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group and the Company recognise lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) Right-of-use assets

The Group and the Company recognise right-of-use assets at the commencement date of the lease (i.e. the date of the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Leasehold land	Over lease period of 27 - 83 years
Buildings	2 - 63 years
Offices	3 - 4 years
Stockyard	3 years

The right-of-use assets are also subject to impairment as disclosed in Note 2.4 (f).

(b) Lease liabilities

At the commencement date of the lease, the Group and the Company recognise lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

The lease payments also include the exercise price of a purchase option reasonably certain to be exercised, by the Group and the Company, and payments of penalties for terminating the lease, if the lease term reflects the Group and the Company are likely to exercise the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group and the Company use its incremental borrowing rate at the lease commencement date if the implicit interest rate to the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made.

In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Notes to the financial statements

31 August 2021 (cont'd)

2. Significant accounting policies (cont'd)

2.4 Summary of significant accounting policies (cont'd)

(l) Leases (cont'd)

(i) As lessee (cont'd)

(c) Short-term leases and leases of low-value assets

The Group and the Company apply the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). The Group and the Company also apply the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

(ii) As lessor

Leases in which the Group and the Company do not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Due to its operating nature, rental income arising from an operating lease is accounted for on a straight-line basis over the lease term, and is included in revenue in the statement of profit or loss. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

(m) Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

(n) Revenue recognition

The Group and the Company are in the business of manufacturing and distribution of prestressed spun concrete piles and poles. Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group and the Company expect to be entitled in exchange for those goods or services.

The Group and the Company have generally concluded that they are the principal in their revenue arrangements because they typically controls the goods or services before transferring them to the customer.

(i) Sale of goods

Revenue from sale of goods is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods. The sale of goods is either on cash terms or on credit terms of up to 90 to 120 days.

Notes to the financial statements

31 August 2021 (cont'd)

2. Significant accounting policies (cont'd)

2.4 Summary of significant accounting policies (cont'd)

(n) Revenue recognition (Cont'd)

(ii) Rental income

Rental income from operating leases (net of any incentives given to the lessee) is recognised in statement of comprehensive income on a straight line basis over the lease terms.

(iii) Dividend income

Dividend income is recognised when the shareholders' rights to receive payment is established.

(iv) Interest income

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

(o) Employee benefits

(i) Short term benefits

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

(ii) Defined contribution plans

The Group and the Company participate in the national pension schemes as defined by the laws of the countries in which it has operations. The Group makes contributions to the Employee Provident Fund in Malaysia, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

(p) Income taxes

(i) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

Notes to the financial statements

31 August 2021 (cont'd)

2. Significant accounting policies (cont'd)

2.4 Summary of significant accounting policies (cont'd)

(p) Income taxes (cont'd)

(ii) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences. Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

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 all or part of the deferred tax assets 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 assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(q) Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance.

(r) 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 not wholly within the control of the Group and of the Company.

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

Notes to the financial statements

31 August 2021 (cont'd)

2. Significant accounting policies (cont'd)

2.4 Summary of significant accounting policies (cont'd)

(s) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

(t) Fair value measurement

Fair value of an asset or a liability 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.

(i) Financial instruments

The fair value of financial instruments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business at the end of reporting date. For financial instruments where there is no active market, fair value is determined using valuation techniques. Such techniques may include using recent arm's length market transactions; reference to the current fair value of another instrument that is substantially the same; discounted cash flow analysis or other valuation models.

(ii) Non-financial assets

For non-financial assets, 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.

2.5 Significant accounting estimates and judgements

The preparation of the Group's and the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

Notes to the financial statements

31 August 2021 (cont'd)

2. Significant accounting policies (cont'd)

2.5 Significant accounting estimates and judgements (cont'd)

Key sources of estimation uncertainty

(i) Inventories

In determining the costing of inventories, management's judgement is required in determining the basis of finished goods valuation which comprise costs of raw materials, direct labour, other direct costs, and the appropriate allocation of overheads based on normal operating capacity.

(ii) Impairment losses of receivables

For financial assets, the Group applies a simplified approach in calculating an allowances for ECL. Therefore, the Group does not track changes in credit risk, but instead recognise a loss allowance based on lifetime ECL at each reporting date. The Group considers amongst others, its historical credit loss experience, adjusted for forward-looking macroeconomics factors.

The carrying amount of the Group and the Company receivables as at 31 August 2021 is disclosed in Note 16.

(iii) Valuation of investment properties

The investment properties of the Group and the Company are measured at fair value. This requires an estimation of the fair values. The fair values of investment properties have been derived using the comparison approach. Estimate is required in selecting any comparable properties which have been sold or are being offered for sale and making adjustments for factors which affect value such as location and accessibility, market conditions, property size and other relevant characteristics.

(iv) Impairment of property, plant and equipment and right-of-use assets

The Group and the Company assessed at each reporting date whether there is any indication that the CGU of the property, plant and equipment and right-of-use assets may be impaired. The Group and the Company estimated the recoverable amount of all its CGU based on fair value less costs of disposal method.

Fair value is obtained from valuation reports performed by independent professional valuer based on best information available. Significant estimate is involved in deriving the fair value as there are possible variations in the basis and assumptions used by the valuer.

Notes to the financial statements

31 August 2021 (cont'd)

3. Revenue

	Group/Company	
	2021	2020
	RM	RM
Sales of goods	84,481,484	80,100,605
Geographical markets		
Malaysia	63,408,720	58,506,878
Southeast Asia	19,022,313	16,318,193
Africa	2,050,451	5,275,534
Total revenue from contracts with customers	84,481,484	80,100,605
Timing of revenue recognition		
Goods transferred at a point in time	84,481,484	80,100,605

Performance obligation

The Group is in the business of manufacturing and distribution of prestressed spun concrete piles and poles.

The performance obligation is satisfied upon delivery of the goods and payment is generally due within 90 to 120 days (2020: 90 to 120 days).

4. Finance costs

	Group/Company	
	2021	2020
	RM	RM
Interest expense		
- term loans	420,608	301,555
- bank overdrafts	263,017	386,638
- revolving credit	202,272	259,614
- bankers' acceptances	674,511	698,253
- letter of credit	4,700	-
- hire purchase	27,169	32,310
- lease interest	94,480	131,670
	1,686,757	1,810,040

Notes to the financial statements

31 August 2021 (cont'd)

5. Loss before tax

Loss before tax is stated after charging/(crediting):

	Group		Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
Staff costs (Note 6)	15,740,336	17,809,703	15,740,336	17,809,703
Non-executive directors' remuneration (Note 7)	91,000	117,875	91,000	117,875
Auditors' remuneration:				
Statutory audit	173,000	173,000	170,000	170,000
Other services	12,500	12,500	12,500	12,500
Depreciation of property, plant and equipment (Note 10)	1,911,287	1,523,113	1,911,287	1,523,113
Depreciation of right-of-use assets (Note 11)	1,282,125	1,252,720	1,282,125	1,252,720
Allowance for expected credit losses (Note 16)	424,055	1,312,684	424,055	1,312,684
Reversal of allowance for expected credit losses for trade receivables (Note 16)	(55,073)	(412,963)	(55,073)	(412,963)
Expenses arising from leases:				
- short term lease	76,470	100,840	76,470	100,840
- low value assets	9,221	6,840	9,221	6,840
Hire of machinery	428,385	363,738	428,385	363,738
Realised foreign exchange (gain)/loss	(469,453)	14,541	(469,453)	14,541
Unrealised foreign exchange loss	588,653	67,037	588,653	67,037
Rental income	(353,250)	(333,310)	(353,250)	(333,310)
Dividend income	-	(615,741)	-	(615,741)
Interest income	(365,201)	(1,213,469)	(365,201)	(1,213,469)
Loss on disposal for investment property	250,000	-	250,000	-
Gain on disposal for property, plant and equipment	(38,000)	-	(38,000)	-

6. Staff costs

	Group/Company	
	2021	2020
	RM	RM
Wages and salaries	14,534,614	16,403,615
Pension costs - defined contribution plan	723,059	793,717
Social security contributions	142,539	123,918
Other staff related expenses	340,124	488,453
	15,740,336	17,809,703

Included in staff costs of the Group and of the Company is Executive Director's remuneration amounting to RM522,428 (2020: RM575,172) as further disclosed in Note 7

Notes to the financial statements

31 August 2021 (cont'd)

7. Directors' remuneration

	Group/Company 2021 RM	2020 RM
Executive director's remuneration (Note 6)		
Salaries and other emoluments	522,428	575,172
Non-executive directors (Note 5)		
Fees and other emoluments	91,000	117,875
Total Directors' remuneration	613,428	693,047

The details of the remuneration received/receivable by Directors of the Group and the Company during the year are as follows:

	Salary and other emoluments RM	Fees RM	Total RM
At 31 August 2021			
Executive			
- Leong Kway Wah	502,428	20,000	522,428
At 31 August 2021			
Non-executive			
- Abdul Khudus Bin Mohd Naaim	36,000	25,000	61,000
- Dennis Xavier	-	15,000	15,000
- Dato' Ir Dr Abdul Aziz Bin Arshad	-	15,000	15,000
	36,000	55,000	91,000
Total directors' remuneration	538,428	75,000	613,428
At 31 August 2020			
Executive			
- Leong Kway Wah	555,172	20,000	575,172
Non-executive			
- Abdul Khudus Bin Mohd Naaim	36,000	25,000	61,000
- Dennis Xavier	-	15,000	15,000
- Y. Bhg To' Puan Seri Hj Nur Rahmah Mohd Zain	15,000	11,875	26,875
- Dato' Ir Dr Abdul Aziz Bin Arshad	-	15,000	15,000
	51,000	66,875	117,875
Total directors' remuneration	606,172	86,875	693,047

Notes to the financial statements

31 August 2021 (cont'd)

8. Taxation

Domestic current income tax is calculated at the statutory tax rate of 24% (2020: 24%) of the estimated assessable profit for the financial year.

Reconciliations of income tax expense applicable to loss before tax at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company are as follows:

	Group		Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
Loss before tax	(16,816,131)	(18,061,147)	(16,811,167)	(18,055,042)
Taxation at Malaysian statutory tax rate of 24% (2020: 24%)	(4,035,871)	(4,334,675)	(4,034,680)	(4,333,210)
Income not subject to tax	-	(147,778)	-	(147,778)
Effect of different tax rate on fair value adjustment on investment properties	12,740	22,800	12,740	22,800
Expenses not deductible for tax purposes	949,882	1,885,845	948,691	1,884,380
Deferred tax asset not recognised	3,073,249	2,573,808	3,073,249	2,573,808
	-	-	-	-
Real Property Gains Tax ("RPGT")	(25,000)	-	(25,000)	-
Income tax expense	(25,000)	-	(25,000)	-

9. Loss per share

Loss per share is calculated by dividing the loss for the year of RM16,841,131 (2020: loss of RM18,061,147) for the Group on the number of ordinary shares in issue during the year of 74,625,000 (2020: 74,625,000).

Fully diluted loss per share is not presented as there are no potential dilutive shares.

Notes to the financial statements

31 August 2021 (cont'd)

10. Property, plant and equipment

Group/Company	Buildings RM	Plant and machinery RM	Motor vehicles RM	Office, factory and laboratory equipment RM	Furniture, fixtures and fittings RM	Total RM
Cost						
At 1 September 2020	27,013,194	101,276,304	2,405,488	3,429,640	2,447,851	136,572,477
Additions	58,170	216,700	-	292,705	-	567,575
Disposal	-	-	(217,670)	-	-	(217,670)
Write off	(58,919)	(31,241,604)	(125,814)	(1,936,924)	(969,882)	(34,333,143)
At 31 August 2021	27,012,445	70,251,400	2,062,004	1,785,421	1,477,969	102,589,239
Accumulated depreciation						
At 1 September 2020	11,612,151	93,202,519	2,373,743	3,178,384	2,376,404	112,743,201
Charge for the year (Note 5)	607,007	1,124,561	11,184	152,555	15,980	1,911,287
Disposal	-	-	(217,670)	-	-	(217,670)
Write off	(33,943)	(31,241,445)	(125,812)	(1,927,343)	(963,566)	(34,292,109)
At 31 August 2021	12,185,215	63,085,635	2,041,445	1,403,596	1,428,818	80,144,709
Net carrying amount	14,827,230	7,165,765	20,559	381,825	49,151	22,444,530

Notes to the financial statements

31 August 2021 (cont'd)

10. Property, plant and equipment (cont'd)

Group/Company	Buildings RM	Plant and machinery RM	Motor vehicles RM	Office, factory and laboratory equipment RM	Furniture, fixtures and fittings RM	Total RM
Cost						
At 1 September 2019	27,013,194	99,593,646	2,405,488	3,400,463	2,447,851	134,860,642
Additions	-	1,682,658	-	29,177	-	1,711,835
At 31 August 2020	27,013,194	101,276,304	2,405,488	3,429,640	2,447,851	136,572,477
Accumulated depreciation						
At 1 September 2019	11,020,793	92,459,865	2,337,114	3,045,070	2,357,246	111,220,088
Charge for the year (Note 5)	591,358	742,654	36,629	133,314	19,158	1,523,113
At 31 August 2020	11,612,151	93,202,519	2,373,743	3,178,384	2,376,404	112,743,201
Net carrying amount	15,401,043	8,073,785	31,745	251,256	71,447	23,829,276

Notes to the financial statements

31 August 2021 (cont'd)

10. Property, plant and equipment (cont'd.)

- (a) Included in property, plant and equipment of the Group and of the Company are fully depreciated assets which are still in use as follows:

	Group/Company 2021 RM	2020 RM
Plant and machinery	56,365,241	87,474,189
Factory building	313,978	34,650
Motor vehicles	2,002,995	2,256,827
Office, factory and laboratory equipment	1,061,292	2,738,826
Furniture, fixtures and fittings	1,376,813	2,334,167
	61,120,319	94,838,659

- (b) The net carrying amounts of property, plant and equipment pledged as securities for borrowings (Note 21) are as follows:

	Group/Company 2021 RM	2020 RM
Factory buildings	10,474,613	10,766,368

- (c) During the financial year, the Group and the Company acquired property, plant and equipment by the following means:

	Group/Company 2021 RM	2020 RM
Cash	419,575	1,572,835
Hire purchase	148,000	139,000
	567,575	1,711,835

Details of the terms and conditions of the hire purchase arrangements are disclosed in Note 22

Notes to the financial statements

31 August 2021 (cont'd)

11. Right-of-use assets

	Leasehold land RM	Offices RM	Buildings RM	Stockyard RM	Total RM
Group/Company					
Cost					
At 1 September 2020	20,307,304	2,691,144	438,700	290,420	23,727,568
Additions	-	-	110,378	-	110,378
At 31 August 2021	20,307,304	2,691,144	549,078	290,420	23,837,946
Accumulated depreciation					
At 1 September 2020	7,201,267	679,867	149,949	124,466	8,155,549
Charge for the year (Note 5)	385,343	679,867	92,449	124,466	1,282,125
At 31 August 2021	7,586,610	1,359,734	242,398	248,932	9,437,674
Net carrying amount	12,720,694	1,331,410	306,680	41,488	14,400,272
At 1 September 2019	20,307,304	2,691,144	314,627	290,420	23,603,495
Additions	-	-	124,073	-	124,073
At 31 August 2020	20,307,304	2,691,144	438,700	290,420	23,727,568
Accumulated depreciation					
At 1 September 2019	6,815,925	-	86,904	-	6,902,829
Charge for the year (Note 5)	385,342	679,867	63,045	124,466	1,252,720
At 31 August 2020	7,201,267	679,867	149,949	124,466	8,155,549
Net carrying amount	13,106,037	2,011,277	288,751	165,954	15,572,019

The net carrying amounts of right-of-use assets pledged as securities for borrowings (Note 21) are as follows:

	Group/Company	
	2021 RM	2020 RM
Leasehold land	6,670,173	6,876,836

Notes to the financial statements

31 August 2021 (cont'd)

12. Investment properties

	Lands and buildings RM	Investment property under construction RM	Total RM
Group/Company			
At 1 September 2020	12,839,000	436,600	13,275,600
Additions	3,200,000	654,900	3,854,900
Disposal	(3,000,000)	-	(3,000,000)
Fair value adjustment	(91,000)	-	(91,000)
At 31 August 2021	12,948,000	1,091,500	14,039,500
At 1 September 2019	12,959,000	436,600	13,395,600
Fair value adjustment	(120,000)	-	(120,000)
At 31 August 2020	12,839,000	436,600	13,275,600

The lands and buildings are stated at fair value, which have been determined based on valuation performed by an independent professional valuer.

Included in investment properties are residential properties received in settlement of certain trade receivables and commercial properties leased to third parties.

Investment property under construction is residential property under construction received in settlement of certain trade receivables in prior year.

Investment properties with fair value of RM6,750,000 (2020: RM6,750,000) are pledged as securities for borrowings (Note 21).

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

	Group/Company	
	2021	2020
	RM	RM
Rental income derived from investment property	353,250	333,310
Direct operating expenses generating rental income (included in other operating expenses)	(15,519)	(12,623)
Profit arising from investment property carried at fair value	337,731	320,687

Notes to the financial statements

31 August 2021 (cont'd)

12. Investment properties (cont'd.)

Fair value information

Fair values of investment properties are categorised as follows:

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
Group				
2021				
- Shoplots	-	-	7,090,000	7,090,000
- Apartments	-	-	3,709,000	3,709,000
- Houses	-	-	1,300,000	1,300,000
- Land	-	-	849,000	849,000
	-	-	12,948,000	12,948,000
2020				
- Shoplots	-	-	7,090,000	7,090,000
- Apartments	-	-	1,769,000	1,769,000
- Houses	-	-	90,000	90,000
- Land	-	-	3,890,000	3,890,000
	-	-	12,839,000	12,839,000

Fair value information

Level 3 fair value

Level 3 fair value is estimated using unobservable inputs for the investment property.

Level 3 fair values of investment properties have been generally derived using the sales comparison approach with adjustments made for differences such as location, size, condition, accessibility and design ("adjustment factors") and are categorised as Level 3 in the fair value hierarchy. The significant unobservable inputs for this category of investment properties are the adjustment factors, ranging between -9% and 15% (2020: -45% and 5%) of the respective comparative prices.

Significant unobservable valuation input

	Group/Company	
	2021 RM	2020 RM
Price per square foot		
- Shoplots	277 - 3,750	277 - 3,750
- Apartments	135 - 500	135 - 372
- Houses	32 - 319	29
- Land	17 - 21	18 - 234

Significant increase/(decrease) in estimated price per square foot would result in a significant higher/(lower) fair value.

Notes to the financial statements

31 August 2021 (cont'd)

13. Investment in subsidiaries

	Company	
	2021 RM	2020 RM
Unquoted shares, at cost	4	4

Details of subsidiary companies are as follows:

Name of Company	Country of incorporation	Principal activities	Group effective equity interest	
			2021 %	2020 %
Concrete Engineering Products Management Sdn. Bhd.	Malaysia	Dormant	100	100
Concrete Engineering Products Marketing Sdn. Bhd.	Malaysia	Dormant	100	100

14. Other investment

Group/Company	2021 RM	2020 RM
Fair value through profit or loss investment:		
Quoted shares in Malaysia	28,463,120	29,915,320

Other investment relate to investment in quoted shares of Inch Kenneth Kajang Rubber Public Limited Company ("IKKR"), a corporate shareholder. This represents 15% (2020: 15%) of the issued and fully paid up capital of IKKR. 40,000,000 units of quoted shares (2020: 40,000,000 units) are pledged as security for bank facilities as disclosed in Note 21.

As at the reporting date, the fair values of Group's and the Company's other investment are classified as Level 1 in the fair value hierarchy.

15. Inventories

	Group/Company	
	2021 RM	2020 RM
At cost:		
Finished goods	15,446,825	26,150,375
Raw materials	16,789,183	13,422,281
	32,236,008	39,572,656

During the year, inventories of RM48,846,581 (2020: RM46,555,042) was recognised in the cost of sales.

Notes to the financial statements

31 August 2021 (cont'd)

16. Trade and other receivables

	Group/Company 2021 RM	2020 RM
Trade receivables	18,877,871	32,177,691
Less: Allowance for expected credit losses	(2,124,104)	(11,655,012)
	16,753,767	20,522,679
Other receivables:		
Deposits	318,363	351,993
Prepayments	1,456,780	2,221,146
Sundry receivables	472,189	246,813
Less: Allowance for expected credit losses	(63,098)	(63,098)
	2,184,234	2,756,854
Total trade and other receivables	18,938,001	23,279,533

The Group's and the Company's average trade credit term ranges from 90 to 120 days (2020: 90 to 120 days). Other credit terms are assessed and approved on a case-by-case basis.

Included in trade receivables of the Group and the Company are amounts of RM3,090,846 (2020: RM4,796,138), arising from one customer which contributed to approximately 18% (2020: 15%) of the total trade receivables as at the reporting date. Other than the above, the Group and the Company have no significant concentration of credit risk that may arise from exposures to a single debtor or to groups of debtors.

Ageing analysis of trade receivables

The ageing analysis of the Group's and Company's trade receivables is as follows:

	Group/Company 2021 RM	2020 RM
Neither past due nor impaired	10,218,770	7,239,783
Past due but not impaired		
1 to 30 days past due but not impaired	1,581,148	2,063,495
31 to 60 days past due but not impaired	381,328	448,513
61 to 90 days past due but not impaired	215,749	150,365
91 to 120 days past due but not impaired	716,183	149,334
More than 121 days past due but not impaired	3,640,589	10,471,189
	6,534,997	13,282,896
Impaired	2,124,104	11,655,012
	18,877,871	32,177,691

Notes to the financial statements

31 August 2021 (cont'd)

16. Trade and other receivables (cont'd.)

Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group and the Company.

None of the Group's and the Company's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

Receivables that are past due but not impaired

The receivables that are past due but not impaired are unsecured in nature. However, the directors are of the opinion that these debts should be realised in full without material losses in the ordinary course of business.

Receivables that are impaired

The Group's trade receivables that are impaired at the reporting date and the movement of the allowance accounts used to record the impairment are as follows:

	Group/Company 2021 RM	2020 RM
Trade receivables - nominal amount	2,124,104	11,655,012
Less: Allowance for expected credit losses	(2,124,104)	(11,655,012)
	-	-

Movement in the trade receivables allowance account:

	Group/Company 2021 RM	2020 RM
As at 1 September 2020/2019	11,655,012	10,987,291
Allowance for expected credit losses (Note 5)	424,055	1,312,684
Reversal of allowance for expected credit losses (Note 5)	(55,073)	(412,963)
Bad debt written off	(9,899,890)	(232,000)
As at 31 August	2,124,104	11,655,012

Movement in the other receivables allowance account:

	Group/Company 2021 RM	2020 RM
As at 1 September 2020/2019	63,098	135,480
Bad debts written off	-	(72,382)
As at 31 August	63,098	63,098

Trade and other receivables that are individually determined to be impaired at the reporting date relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

Notes to the financial statements

31 August 2021 (cont'd)

17. Amount due from subsidiaries

The amounts due from subsidiaries are unsecured, interest-free and are repayable on demand.

18. Cash and bank balances

	Group/Company 2021 RM	2020 RM
Cash at banks and on hand	7,577,047	218,575
Deposits with licensed banks	-	4,087,399
	7,577,047	4,305,974

The range of interest rates of deposits during the financial year was as follows:

	Group/Company 2021 RM % per annum	2020 RM % per annum
Licensed banks	-	1.50 - 3.15

The range of number of days remaining to maturities as at reporting date is as follows:

	Group/Company 2021 days	2020 days
Licensed banks	-	3 - 11

Notes to the financial statements

31 August 2021 (cont'd)

19. Share capital

	Number of ordinary shares		Amount	
	2021	2020	2021 RM	2020 RM
Issued and fully paid:				
1 September/31 August	74,625,000	74,625,000	75,344,833	75,344,833

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company's residual assets.

20. Lease liabilities

Group/Company

Set out below are the carrying amounts of lease liabilities and the movements during the year:

	2021 RM	2020 RM
As at 1 September 2020/2019	2,327,832	3,012,199
Additions	110,378	124,073
Accretion of interest	94,480	131,670
Payments	(975,402)	(940,110)
As at 31 August	1,557,288	2,327,832
Current	805,294	866,491
Non-current	751,994	1,461,341
	1,557,288	2,327,832

The following are the amounts recognised in profit or loss:

	2021 RM	2020 RM
Depreciation expense of right-of-use assets	1,282,125	1,252,720
Interest expense on lease liabilities	94,480	131,670
Expense relating to short-term leases	76,470	100,840
Expense relating to leases of low-value-assets	9,221	6,840
	1,462,296	1,492,070

The Group had total cash outflows for leases of RM975,402 (2020: RM940,110). The Group also had non-cash additions to right-of-use assets of RM110,378 (2020: RM124,073).

Notes to the financial statements

31 August 2021 (cont'd)

21. Borrowings

	Group/Company 2021 RM	2020 RM
Long term borrowings		
Secured:		
- Hire purchase (Note 22)	26,400	42,476
- Term loans	404,382	600,000
	430,782	642,476
Short term borrowings		
Secured:		
- Revolving credit facilities	5,000,000	5,000,000
- Hire purchase (Note 22)	118,064	171,551
- Bankers' acceptances	14,473,000	10,270,000
- Invoice financing	1,315,000	1,330,000
- Term loans	3,635,776	6,131,635
- Bank overdrafts	2,214,996	3,178,113
	26,756,836	26,081,299
Unsecured:		
- Bankers' acceptances	1,580,000	4,457,000
Total short term borrowings	28,336,836	30,538,299
Total borrowings		
Secured:		
- Revolving credit facilities	5,000,000	5,000,000
- Hire purchase (Note 22)	144,464	214,027
- Bankers' acceptances	14,473,000	10,270,000
- Invoice financing	1,315,000	1,330,000
- Term loans	4,040,158	6,731,635
- Bank overdrafts	2,214,996	3,178,113
	27,187,618	26,723,775
Unsecured:		
- Bankers' acceptances	1,580,000	4,457,000
	28,767,618	31,180,775
Maturity of total borrowings:		
Not later than 1 year	28,336,836	30,538,299
Later than 1 year and not later than 2 years	430,782	642,476
	28,767,618	31,180,775

Notes to the financial statements

31 August 2021 (cont'd)

21. Borrowings (cont'd)

The range of effective interest rates during the financial year for borrowings were as follows:

	Group/Company 2021 %	2020 %
Hire purchase	2.96 - 3.51	2.96 - 3.56
Bankers' acceptances	3.14 - 3.94	3.25 - 5.20
Invoice financing	3.26 - 5.43	5.43 - 6.92
Revolving credit facilities	4.02 - 4.12	4.90 - 5.64
Term loans	3.92 - 7.84	4.19 - 7.92
Bank overdrafts	5.22 - 7.95	6.32 - 8.57

As at 31 August 2021, financial covenant involving tangible net worth under a banking facility of the Company was not met. Subsequent to the year end, the Company has received a supplemental letter of offer dated 21 October 2021 from the bank to remediate the earlier financial covenant breach as at 31 August 2021, subject to fulfilling certain terms and conditions.

	Note (i) RM	Note (ii) RM	Note (iii) RM	Total secured borrowings RM
Facilities				
31 August 2021				
Revolving credit	-	-	5,000,000	5,000,000
Bankers acceptance	1,778,000	-	12,695,000	14,473,000
Invoice financing	1,315,000	-	-	1,315,000
Term loans	1,124,382	2,469,012	446,764	4,040,158
Bank overdrafts	-	1,988,364	226,632	2,214,996
31 August 2020				
Revolving credit	-	-	5,000,000	5,000,000
Bankers acceptance	972,000	-	9,298,000	10,270,000
Invoice financing	1,330,000	-	-	1,330,000
Term loans	1,266,357	2,616,734	2,848,544	6,731,635
Bank overdrafts	-	3,088,624	89,489	3,178,113

Note (i)

The term loan facility with a licensed bank are secured by way of first legal charge over an investment property in Bangsar with a net book value of RM6,750,000 (2020: RM6,750,000) as disclosed in Note 12.

Notes to the financial statements

31 August 2021 (cont'd)

21. Borrowings (cont'd)

Note (ii)

The facilities with a licensed bank are secured by way of:

	Group/Company 2021 RM	2020 RM
First party second legal charge over properties in Rawang:		
- leasehold land (Note 11)	2,584,407	2,683,807
- factory building (Note 10)	6,472,263	6,654,357

Note (iii)

The facilities with a licensed bank are secured by way of:

	Group/Company 2021 RM	2020 RM
(a) First legal charge over properties in Nilai:		
- leasehold land (Note 11)	1,553,050	1,575,889
- factory building (Note 10)	2,033,374	2,092,596
(b) First legal charge over properties in Batang Kali:		
- leasehold land (Note 11)	2,532,716	2,617,140
- factory building (Note 10)	1,968,976	2,019,415
(c) Supplemental memorandum of deposit over investment in quoted shares as disclosed in Note 14.		

Change in liabilities arising from financing activities

2021:	At 1 September 2020 RM	Net (repayment)/ addition RM	Others RM	At 31 August 2021 RM
Group/Company				
Hire purchase	214,027	(217,563)	148,000	144,464
Term loans	6,731,635	(2,691,477)	-	4,040,158
Revolving credit facilities	5,000,000	-	-	5,000,000
Bankers' acceptances	14,727,000	1,326,000	-	16,053,000
Invoice financing	1,330,000	(15,000)	-	1,315,000
	28,002,662	(1,598,040)	148,000	26,552,622

Notes to the financial statements

31 August 2021 (cont'd)

21. Borrowings (cont'd)

Change in liabilities arising from financing activities

2020:	At 1 September 2019 RM	Net addition/ (repayment) RM	Others RM	At 31 August 2020 RM
Group/Company				
Hire purchase	883,137	(808,110)	139,000	214,027
Term loans	8,447,862	(1,716,227)	-	6,731,635
Revolving credit facilities	5,000,000	-	-	5,000,000
Bankers' acceptances	10,423,000	4,304,000	-	14,727,000
Invoice financing	3,448,138	(2,118,138)	-	1,330,000
	28,202,137	(338,475)	139,000	28,002,662

22. Hire purchase

	Group/Company 2021 RM		2020 RM	
Future minimum lease payments:				
Not later than 1 year	122,586		178,326	
Later than 1 year and not later than 2 years	26,400		43,386	
Total future minimum lease payments	148,986		221,712	
Less: Future finance charges	(4,522)		(7,685)	
Present value of hire purchase liabilities	144,464		214,027	
Analysis of present value of hire purchase liabilities:				
Not later than 1 year	118,064		171,551	
Later than 1 year and not later than 2 years	26,400		42,476	
Less: Amount due within 12 months (Note 21)	(118,064)		(171,551)	
Amount due after 12 months (Note 21)	26,400		42,476	

Notes to the financial statements

31 August 2021 (cont'd)

23. Deferred tax liabilities

	Group/Company 2021 RM	2020 RM
At 1 September 2020/2019	-	-
Recognised in profit or loss (Note 8)	-	-
At 31 August	-	-
Presented after appropriate offsetting as follows:		
Deferred tax liabilities	2,229,905	2,748,828
Deferred tax assets	(2,229,905)	(2,748,828)
	-	-

The components and movements of deferred tax liabilities and assets during the year for the Group and the Company were as follows:

Deferred tax liabilities

	Property, plant and equipment RM	Fair value adjustment on investment properties RM	Others RM	Total RM
At 1 September 2020	2,219,234	376,700	152,894	2,748,828
Charged to profit or loss	(388,161)	(9,100)	(121,662)	(518,923)
At 31 August 2021	1,831,073	367,600	31,232	2,229,905
At 1 September 2019	1,672,555	365,500	150,805	2,188,860
Charged to profit or loss	546,679	11,200	2,089	559,968
At 31 August 2020	2,219,234	376,700	152,894	2,748,828

Deferred tax assets

	Provisions RM
At 1 September 2020	(2,748,828)
Charged to profit or loss	518,923
At 31 August 2021	(2,229,905)
At 1 September 2019	(2,188,860)
Charged to profit or loss	(559,968)
At 31 August 2020	(2,748,828)

Notes to the financial statements

31 August 2021 (cont'd)

23. Deferred tax liabilities (cont'd)

Deferred tax assets have not been recognised in respect of the following items:

	Group/Company 2021 RM	2020 RM
Unutilised tax losses	19,515,565	9,604,069
Unabsorbed capital allowances	12,703,953	9,810,245
Unutilised allowance for increased exports	9,100,801	9,100,801
	41,320,319	28,515,115

Deferred tax assets have not been recognised in respect of these items as it is not probable that future taxable profits of the Company will be available against which the deductible temporary differences can be utilised.

The unutilised tax losses, unabsorbed capital allowances, and unutilised allowance for increased exports of the Group are available for offsetting against future taxable profits of the respective entities within the Group. The unutilised tax losses can be carried forward for a period of 7 years effective from year of assessment 2019. The unabsorbed capital allowances and unutilised allowance for increased exports can be carried forward indefinitely. All are subject to no substantial changes in the shareholding of the Company under the Income Tax Act, 1967.

The unabsorbed tax losses, unutilised capital allowances, and unutilised allowance for increased exports of the Group are available for offsetting against future taxable profits of the Group as follows:

	Group/Company 2021 RM	2020 RM
Utilisation period		
Indefinite	21,804,754	18,911,046
Within 5 years for recognition	455,630	-
Within 6 years for recognition	8,974,027	630,042
Within 7 years for recognition	10,085,908	8,974,027
	41,320,319	28,515,115

Notes to the financial statements

31 August 2021 (cont'd)

24. Trade and other payables

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Trade payables				
Third parties	25,777,614	18,731,461	25,777,614	18,731,461
Accruals	564,434	1,113,324	564,434	1,113,324
	26,342,048	19,844,785	26,342,048	19,844,785
Other payables				
Third parties	19,410,097	15,653,945	19,410,097	15,653,945
Accruals	1,869,427	4,288,143	1,859,468	4,277,671
	21,279,524	19,942,088	21,269,565	19,931,616
Total trade and othe payables	47,621,572	39,786,873	47,611,613	39,776,401

The normal trade credit terms granted to the Group and to the Company range from 90 to 120 days (2020: 90 to 120 days).

25. Segment reporting

The Group has one operating segment of which the activities comprise principally the manufacturing and distribution of prestressed spun concrete piles and poles and are conducted predominantly in Malaysia.

Geographical information

Revenue information based on geographical location of customers' country of incorporation are as follows:

	2021 RM	2020 RM
Malaysia	63,408,720	58,506,878
Southeast Asia	19,022,313	16,318,193
Africa	2,050,451	5,275,534
	84,481,484	80,100,605

Information about a major customer

Revenue from a major customer amounted to RM15,317,935 (2020: RM15,366,893).

26. Key management personnel

The Company defines key management personnel as its Directors whose remunerations are detailed in Note 7.

Notes to the financial statements

31 August 2021 (cont'd)

27. Financial instruments

Classification of financial instruments

Financial assets and financial liabilities are measured on an ongoing basis either at fair value or at amortised cost. The principal accounting policies of the Group described how the classes of financial instruments are measured, and how income and expenses, including fair value gains and losses, are recognised. The following table analysed the financial assets and liabilities at the reporting date by the classes of financial instruments to which they are assigned, and therefore by the measurement basis.

	Amortised cost RM	Fair value through profit or loss RM	Financial liabilities at amortised cost RM	Total RM
Group				
31 August 2021				
Assets				
Other investments	-	28,463,120	-	28,463,120
Trade and other receivables	17,481,221	-	-	17,481,221
Cash and bank balances	7,577,047	-	-	7,577,047
Total financial assets	25,058,268	28,463,120	-	53,521,388
Total non-financial assets				85,951,642
Total assets				139,473,030
Liabilities				
Borrowings	-	-	28,767,618	28,767,618
Lease liabilities	-	-	1,557,288	1,557,288
Trade and other payables	-	-	47,621,572	47,621,572
Total financial liabilities	-	-	77,946,478	77,946,478
Total non-financial liabilities				-
Total liabilities				77,946,478
31 August 2020				
Assets				
Other investments	-	29,915,320	-	29,915,320
Trade and other receivables	21,058,387	-	-	21,058,387
Cash and bank balances	4,305,974	-	-	4,305,974
Total financial assets	25,364,361	29,915,320	-	55,279,681
Total non-financial assets				96,383,482
Total assets				151,663,163

Notes to the financial statements

31 August 2021 (cont'd)

27. Financial instruments (cont'd)

Classification of financial instruments (cont'd)

	Amortised cost RM	Fair value through profit or loss RM	Financial liabilities at amortised cost RM	Total RM
Group				
31 August 2020				
Liabilities				
Borrowings	-	-	31,180,775	31,180,775
Lease liabilities	-	-	2,327,832	2,327,832
Trade and other payables	-	-	39,786,873	39,786,873
Total financial liabilities	-	-	73,295,480	73,295,480
Total non-financial liabilities				-
Total liabilities				73,295,480
Company				
31 August 2021				
Assets				
Other investments	-	28,463,120	-	28,463,120
Trade and other receivables	17,481,221	-	-	17,481,221
Amount due from subsidiaries	64,123	-	-	64,123
Cash and bank balances	7,577,047	-	-	7,577,047
Total financial assets	25,122,391	28,463,120	-	53,585,511
Total non-financial assets				85,951,646
Total assets				139,537,157
Liabilities				
Borrowings	-	-	28,767,618	28,767,618
Lease liabilities	-	-	1,557,288	1,557,288
Trade and other payables	-	-	47,611,613	47,611,613
Total financial liabilities	-	-	77,936,519	77,936,519
Total non-financial liabilities				-
Total liabilities				77,936,519

Notes to the financial statements

31 August 2021 (cont'd)

27. Financial instruments (cont'd)

Classification of financial instruments (cont'd)

	Amortised cost RM	Fair value through profit or loss RM	Financial liabilities at amortised cost RM	Total RM
Company				
31 August 2020				
Assets				
Other investments	-	29,915,320	-	29,915,320
Trade and other receivables	21,058,387	-	-	21,058,387
Amount due from subsidiaries	58,646	-	-	58,646
Cash and bank balances	4,305,974	-	-	4,305,974
Total financial assets	25,423,007	29,915,320	-	55,338,327
Total non-financial assets				96,383,486
Total assets				151,721,813
Liabilities				
Borrowings	-	-	31,180,775	31,180,775
Lease liabilities	-	-	2,327,832	2,327,832
Trade and other payables	-	-	39,776,401	39,776,401
Total financial liabilities	-	-	73,285,008	73,285,008
Total non-financial liabilities				-
Total liabilities				73,285,008

28. Fair value of financial instruments

(a) Determination of fair value

The following are classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair values:

	Note
Receivables	16
Amount due from subsidiaries	17
Cash and bank balances	18
Borrowings (current and non-current)	21
Payables	24

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values due to the relatively short term nature of these financial instruments.

The carrying amount of the current portion of borrowings are reasonable approximations of fair value due to the insignificant impact of discounting.

Notes to the financial statements

31 August 2021 (cont'd)

28. Fair value of financial instruments (cont'd)

(a) Determination of fair value (cont'd)

The fair value of quoted other investments is determined directly by reference to their published market price at the reporting date.

The fair value of non-current loans and borrowings are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending or borrowing arrangements at the reporting date.

	2021 Carrying amount RM	Fair value RM	2020 Carrying amount RM	Fair value RM
Group/Company				
Financial liabilities				
Long term borrowing				
- Hire purchase	26,400	24,885	42,476	40,038
- Term loans	404,382	359,899	600,000	533,998
	430,782	384,784	642,476	574,036

(b) Fair value hierarchy

The Group's and the Company's financial instruments carried at fair value are analysed as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3: Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs)

As at reporting date, the Group's and the Company's other investments and borrowings are classified as Level 1 and 2 respectively. The Group and the Company do not have any financial instrument classified as Level 3 as at 31 August 2021.

There was no material transfer between Level 1, Level 2 and Level 3 during the financial year.

Notes to the financial statements

31 August 2021 (cont'd)

29. Financial risk management objectives and policies

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk and market price risk.

The following sections provide details regarding the Group's and the Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

(a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For cash and bank balances, the Group and the Company minimise credit risk by dealing exclusively with reputable financial institutions.

The Group's and the Company's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group and the Company trade only with recognised and creditworthy third parties. Credit exposure is controlled by credit limits that are reviewed and approved by the Managing Director depending on the threshold of credit limit.

For trade receivables, the Group and the Company apply a simplified approach in calculating ECLs. Therefore, the Group do not track changes in credit risk, but instead recognises a provision for impairment based on lifetime ECLs at each reporting date. Management monitors the recoverability of the receivables based on its historical credit loss experience and also considers available forward-looking information, which could indicate whether a customer is experiencing significant financial difficulty or it becomes probable that a customer will enter into bankruptcy or other financial reorganisation.

The Group and the Company categorises a receivable for potential impairment when the customer fails to make contractual payments more than 120 days past due. The receivable is impaired if there is no reasonable expectation of recovery, such as the customer failing to engage in a repayment plan with the Group or the Company.

Exposure to credit risk

At the reporting date, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position as disclosed in Note 27.

Credit risk concentration profile

The Group and the Company determines concentrations of credit risk by monitoring the country profile of its trade receivables on an ongoing basis. The credit risk concentration profile of the Group's and the Company's net trade receivables at the reporting date are as follows:

	RM	Group % of total	RM	Company % of total
Group/Company				
By country/region				
Malaysia	13,906,421	83%	20,198,530	98%
Southeast Asia	2,847,346	17%	324,149	2%
	16,753,767	100%	20,522,679	100%

Notes to the financial statements

31 August 2021 (cont'd)

29. Financial risk management objectives and policies (cont'd)

(a) Credit risk (cont'd)

Credit risk concentration profile (cont'd)

Exposure to expected credit losses increases with concentrations of credit risk which may exist when a number of counterparties are involved in similar activities or operate in the same industry sector or geographical area, which may result in their ability to meet contractual obligations being impacted by changes in economic, political or other conditions.

(b) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The Group's and the Company's liquidity risk management policy is to maintain sufficient liquid financial assets and stand-by credit facilities with several banks.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Company's liabilities at the reporting date based on contractual undiscounted repayment obligations.

	On demand or within one year RM	One to five years RM	Total RM
2021			
Group			
Financial liabilities:			
Trade and other payables	47,621,572	-	47,621,572
Lease liabilities	861,800	771,608	1,633,408
Borrowings	28,519,914	469,140	28,989,054
Total undiscounted financial liabilities	77,003,286	1,240,748	78,244,034
Company			
Financial liabilities:			
Trade and other payables	47,611,613	-	47,611,613
Lease liabilities	861,800	771,608	1,633,408
Borrowings	28,519,914	469,140	28,989,054
Total undiscounted financial liabilities	76,993,327	1,240,748	78,234,075

Notes to the financial statements

31 August 2021 (cont'd)

29. Financial risk management objectives and policies (cont'd)

(b) Liquidity risk (cont'd)

Analysis of financial instruments by remaining contractual maturities

	On demand or within one year RM	One to five years RM	Total RM
2020			
Group			
Financial liabilities:			
Trade and other payables	39,786,873	-	39,786,873
Lease liabilities	958,103	1,531,308	2,489,411
Borrowings	30,904,810	659,875	31,564,685
Total undiscounted financial liabilities	71,649,786	2,191,183	73,840,969
Company			
Financial liabilities:			
Trade and other payables	39,776,401	-	39,776,401
Lease liabilities	958,103	1,531,308	2,489,411
Borrowings	30,904,810	659,875	31,564,685
Total undiscounted financial liabilities	71,639,314	2,191,183	73,830,497

(c) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's and the Company's exposure to interest rate risk arises primarily from their borrowings.

The investments in financial assets including fixed deposits are mainly short term in nature and they are not held for speculative purposes.

The Group and the Company manage interest rate exposure by using a mix of fixed and floating rate debts and actively reviewing the debt portfolio, taking into account the investment holding period and nature of its assets.

Notes to the financial statements

31 August 2021 (cont'd)

29. Financial risk management objectives and policies (cont'd)

(c) Interest rate risk (cont'd)

Interest rate sensitivity analysis

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's and the Company's profit before tax (through the impact on floating rate borrowings).

	Group/Company RM
31 August 2021	
Borrowings denominated in Ringgit Malaysia	
Interest rates increase by 0.25%	(71,919)
Interest rates decrease by 0.25%	71,919
31 August 2020	
Borrowings denominated in Ringgit Malaysia	
Interest rates increase by 0.25%	(77,952)
Interest rates decrease by 0.25%	77,952

(d) Market price risk

Market price risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market prices.

The Group and the Company are exposed to equity price risk arising from its investment in quoted equity instruments. The quoted equity instruments in Malaysia are listed on Bursa Malaysia. These instruments are classified as fair value through profit or loss financial assets. The Group and the Company do not have exposure to commodity price risk.

Market price sensitivity analysis

The following table demonstrates the sensitivity to a reasonably possible change in market price, with all other variables held constant, of the Group's and the Company's profit before tax (through the impact on fair value through profit or loss).

	Group/Company RM
31 August 2021	
Investment in Malaysia	
Market price increase by 5%	1,423,156
Market price decrease by 5%	(1,423,156)
31 August 2020	
Investment in Malaysia	
Market price increase by 5%	1,495,766
Market price decrease by 5%	(1,495,766)

Notes to the financial statements

31 August 2021 (cont'd)

29. Financial risk management objectives and policies (cont'd)

(e) Foreign currency risk

The Group and the Company are exposed to transactional currency risk primarily through sales and purchases that are denominated in a currency other than the functional currency of the operations to which they relate. The currencies giving rise to this risk are primarily Singapore Dollars (SGD) and China Renminbi (CNY). Foreign exchange exposures in transactional currencies other than functional currencies of the operating entities are kept to an acceptable level.

Functional currency of Group/Company

RM

As at 31 August 2021

China Renminbi

(1,827,453)

Singapore Dollar

2,651,908

824,455

As at 31 August 2020

United Arab Emirates Dirham

1,985,187

Singapore Dollar

238,339

2,223,526

With all other variables held constant, the following table demonstrates the sensitivity of the Group's and the Company's profit before taxation to a reasonably possible change in those exchange rates against the functional currency of the Group and the Company:

	Group/Company Profit before tax	
	2021 RM	2020 RM
AED/RM - strengthen 3%	-	59,556
- weaken 3%	-	(59,556)
SGD/RM - strengthen 3%	79,557	7,150
- weaken 3%	(79,557)	(7,150)
CNY/RM - strengthen 3%	(54,824)	-
- weaken 3%	54,824	-

30. Capital management

The primary objective of the Group's and the Company's capital management is to maintain a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group and the Company manage its capital structure and make adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group and the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 August 2021 and 31 August 2020.

Notes to the financial statements

31 August 2021 (cont'd)

30. Capital management (cont'd)

The Group and the Company monitor capital using debt to equity ratio, which is total debts divided by total equity.

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Total debts	30,324,906	33,508,607	30,324,906	33,508,607
Equity attributable to the owners of the parent	61,526,552	78,367,683	61,600,638	78,436,805
Debt to equity ratio	49%	43%	49%	43%

31. Significant event

The World Health Organisation declared the Coronavirus ("COVID-19") as a pandemic on 11 March 2020. The COVID-19 pandemic remains fluid and continuing to evolve locally and globally to date. In order to curb the spread of the COVID-19 outbreak, the Malaysian Government have implemented multiple phases of lockdown or restrictive measures.

The emergence of COVID-19 outbreak in early 2020 and the severity of the Government regulatory intervention has resulted in closure of construction and property development projects with only critical or essential projects allowed to operate. The financial performance of the Group and the Company was consequently affected.

The Group and the Company have considered the impact of COVID-19 in the application of significant judgements and estimates to determine amounts recognised in the financial statements. As the pandemic continues to evolve, there is uncertainty over its duration and the potential effects it may affect have on the Group and the Company operations and financial performance.

Given the fluidity of the situation, the management will continue to monitor the development and impact of COVID-19 on the Group and the Company operations and their financial performance. The Group and the Company will also be taking appropriate and timely measures to minimise the potential impact from COVID-19 when more economic and social sectors are fully reopened, as the government adopt the practice of living with the pandemic as the new normal.

ANALYSIS OF SHAREHOLDINGS

As at 26 November 2021

Class of Shares : Ordinary Shares

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Holders	%	No. of Shares	%
Less than 100	73	6.06	3,226	0.00
100 - 1,000	96	7.97	51,942	0.07
1,001 - 10,000	861	71.45	2,907,247	3.90
10,001 - 100,000	132	10.95	3,692,359	4.95
100,001 - less than 5% of issued shares	40	3.32	37,652,437	50.46
5% and above of issued shares	3	0.25	30,317,397	40.63
Total	1,205	100.00	74,624,608	100.00

SUBSTANTIAL SHAREHOLDERS

Name	Direct Interest	No. of Shares		Indirect Interest	%
			%		
1) Inch Kenneth Kajang Rubber Public Limited Company	16,215,265	21.73	502,999 ^(a)	0.67	
2) FA Securities Sdn Bhd	8,806,132	11.80	-	-	
3) Progressive Metal Works Sdn Bhd	6,965,000	9.33	-	-	

Notes:-

^(a) Deemed interest through Motel Desa Sdn Bhd, Inch Kenneth Development (M) Sdn Bhd and Perhentian Island Resort Sdn Bhd

DIRECTORS' SHAREHOLDINGS

Based on the Register of Directors' Shareholdings as at 26 November 2021, none of the Directors have any shareholding in the Company either directly or indirectly.

THIRTY (30) LARGEST SHAREHOLDERS

Name	No. of Shares	%
1) Inch Kenneth Kajang Rubber Public Limited Company	14,546,265	19.49%
2) FA Securities Sdn Bhd	8,806,132	11.80%
3) Progressive Metal Works Sdn Bhd	6,965,000	9.33%
4) Md Rushdi bin Taib	3,370,450	4.52%
5) Mohd Ridzwan bin Jamaludin	3,353,535	4.49%
6) SJ Securities Nominees (Tempatan) Sdn Bhd for Zuraini binti Alias	2,890,083	3.87%

Analysis of Shareholdings

As at 26 November 2021
(cont'd)

THIRTY (30) LARGEST SHAREHOLDERS (cont'd)

Name	No. of Shares	%
7) Ahmad Hamzah bin Mohd Anuar	2,715,916	3.64%
8) General Growth Sdn Bhd	1,937,333	2.60%
9) Inch Kenneth Kajang Rubber Public Limited Company	1,669,000	2.24%
10) Good Health Pharmacy Sdn Bhd	1,493,333	2.00%
11) Norazlina binti Awang	1,438,166	1.93%
12) Masmanis Sdn Bhd	1,427,600	1.91%
13) Masmanis Sdn Bhd	1,300,166	1.74%
14) AllianceGroup Nominees (Tempatan) Sdn Bhd for Norazlina binti Awang	1,184,916	1.59%
15) Usaki Sdn Bhd	1,166,666	1.56%
16) AllianceGroup Nominees (Tempatan) Sdn Bhd for Mohd Dzaki @ Mohd Zaki bin Jaafar	1,088,583	1.46%
17) TA Nominees (Tempatan) Sdn Bhd for Hassan bin Haji Hussin	993,166	1.33%
18) AllianceGroup Nominees (Tempatan) Sdn Bhd for Latifah binti Abdul Hamid	991,333	1.33%
19) Sumber Berkat Sdn Bhd	990,833	1.33%
20) Kenanga Nominees (Tempatan) Sdn Bhd for Norazlina binti Awang	979,166	1.31%
21) Amsec Nominees (Tempatan) Sdn Bhd for Mohd Dzaki @ Mohd Zaki bin Jaafar	886,666	1.19%
22) Che Yam @ Rusnah binti Hussin	841,833	1.13%
23) Deal Trekker (M) Sdn Bhd	841,333	1.13%
24) General Growth Sdn Bhd	605,166	0.81%
25) Temenggong Hotel Sdn Bhd	518,083	0.69%
26) Perhentian Island Resort Sdn Bhd	482,166	0.65%
27) Zuraini Binti Alias	472,083	0.63%
28) Khatijah Binti Lebar	428,333	0.57%
29) Ahmad Fauzi Bin Anuar @ Mohd Anuar	416,666	0.56%
30) JF Apex Nominees (Tempatan) Sdn Bhd for Chee Chik Eng	400,833	0.54%

As at 31 August 2021

[illegible]

List of Properties

As at 31 August 2021 (cont'd)

	Location	Tenure	Residual Lease (Years)	Approximate Area	Description	Property Usage	Net Book Value 31-Aug- 21 RM	Date of Acquisition (A) / Revaluation (R)
7	No. 11, Jalan 10/11, Perjiranan 10, Pasir Gudang, Johor.	Leasehold expiring in 2082	61	Land: 0.035 acres Built-up: 150 sqm	Residential double-storey house	Hostel	63,627	30 April 1992 (A)
8	No. 31, Jalan 10/11, Perjiranan 10, Pasir Gudang, Johor.	Leasehold expiring in 2082	61	Land: 0.035 acres Built-up: 150 sqm	Residential double-storey house	Hostel	63,626	8 September 1992 (A)
9	No. 42, Jalan 10/11, Perjiranan 10, Pasir Gudang, Johor.	Leasehold expiring in 2082	61	Land: 0.035 acres Built-up: 150 sqm	Residential double-storey house	Hostel	63,627	30 April 1992 (A)
10	No. 8, Jalan 2/11, Jalan Bukit Rawang Jaya, Rawang, Selangor.	Freehold		Land: 0.030 acres Built-up: 90 sqm	Single-storey terrace house	Hostel	34,560	28 April 1994 (A)
11	A-3-3, Block A, Taman Nilai Perdana, Nilai, Negeri Sembilan.	Freehold		Built-up: 60.7 sqm	Apartment	Hostel	17,760	27 May 2009 (A)
12	A-1-6, Block A, Taman Nilai Perdana, Nilai, Negeri Sembilan.	Freehold		Built-up: 60.7 sqm	Apartment	Hostel	17,760	27 May 2009 (A)
13	LA-3-2, Block LA, Taman Nilai Perdana, Nilai, Negeri Sembilan.	Freehold		Built-up: 60.7 sqm	Apartment	Hostel	17,760	27 May 2009 (A)
14	No. I-G-02, Jalan PPK 2, Bandar Kinrara, Section 3, Puchong, Selangor	Leasehold expiring in 2099	80	Built-up: 114 sqm	Ground Floor Shop lot	Rental property	340,000	30 Aug 2021 (R)

List of Properties

As at 31 August 2021 (cont'd)

						Net Book Value 31-Aug- 21 RM	Date of Acquisition (A) / Revaluation (R)
	Location	Tenure	Residual Lease (Years)	Approximate Area	Description	Property Usage	
15	Danau Putra Apartments Jalan Putra Perdana 5F, Taman Putra, Sepang, Selangor. Unit 48-2A Unit 48-2B Unit 49-2A Unit 49-2B Unit 52-1B Unit 52-1C Unit 52-1D Unit 53-2D Unit 53-3B	Leasehold expiring in 2092	73	Built-up: 76 sqm 73 sqm 69 sqm 66 sqm 66 sqm 44 sqm 73 sqm 61 sqm 66 sqm	Apartments	Rental property - Vacant	30 Aug 2021 (R)
						115,000 110,000 105,000 98,000 100,000 70,000 115,000 90,000 96,000	
16	Unit B1-5-6, Pandan Mewah Heights, Jalan Mewah Utara, Taman Pandan Mewah, Ampang, Selangor.	Leasehold expiring in 2086	67	Built-up: 90 sqm	Condominium	Hostel	330,000 30 Aug 2021 (R)
17	Unit B1-5-7, Pandan Mewah Heights, Jalan Mewah Utara, Taman Pandan Mewah, Ampang, Selangor.	Leasehold expiring in 2086	67	Built-up: 90 sqm	Condominium	Rental property	330,000 30 Aug 2021 (R)
18	No. 2, Jalan Chamar 1B/2, Lembah Beringin, Kuala Kubu Baru, Selangor.	Freehold		Built-up: 151 sqm	Residential one and half- storey terrace house	Rental property - Vacant	100,000 30 Aug 2021 (R)
19	44 & 44A, Jalan Telawi 5, Bangsar Baru, Kuala Lumpur.	Freehold		Built-up: 332 sqm 37 years	Double-storey shop office	Rental property	6,750,000 30 Aug 2021 (R)

*Property is currently charged for financing facilities

List of Properties

As at 31 August 2021 (cont'd)

	Location	Tenure	Residual Lease (Years)	Approximate Area	Description	Property Usage	Net Book Value 31-Aug- 21 RM	Date of Acquisition (A) / Revaluation (R)
20	8 plots of vacant detached house lots, Pekan Lukut, District of Port Dickson, Negeri Sembilan. Lot No. 7354 Lot No. 7759 Lot No. 7760 Lot No. 7765 Lot No. 7766 Lot No. 7769 Lot No. 7783 Lot No. 7784	Freehold		Built-up: 280 sqm 661 sqm 697 sqm 720 sqm 570 sqm 748 sqm 353 sqm 334 sqm	Vacant detached residential plot	Rental property - Vacant	849,000	30 Aug 2021 (R)
21	No. 1-4B, Block C, Jalan SP 5/4, Taman Serdang Perdana, Seksyen 5, Seri Kembangan, Selangor.	Freehold		Built up: 60 sqm	Residential apartment	Rental property - Vacant	150,000	30 Aug 2021 (R)
22	No. 2, Jalan Ecohill 3/2B, Setia Ecohill, Semenyih, Selangor.	Freehold		Built up: 198 sqm	Residential semi-detached house	Rental property - Vacant	1,200,000	30 Aug 2021 (R)
23	Unit No. 4A-10-04, Bungaraya Condominium, Persiaran Golf, Saujana Resort, Section U2, Shah Alam, Selangor.	Freehold		Built up: 372 sqm	Residential duplex condominium	Rental property - Vacant	2,000,000	30 Aug 2021 (R)
24	No. B-C-06-05, Impression U-Thant, U-Thant, Taman U-Thant, Kuala Lumpur.	Freehold		Built up: 117 sqm	Residential condominium	Construction in progress	1,091,500 (progress billing)	19 Oct 2018 (A)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Thirty-Seventh Annual General Meeting ("37th AGM") of Concrete Engineering Products Berhad ("CEPCO" or the "Company") will be held on fully virtual and entirely via remote participation and voting at Broadcast Venue: 22nd Floor Menara KH (Promet), Jalan Sultan Ismail, 50250 Kuala Lumpur, on Wednesday, 12 January 2022 at 10:00 a.m. for the following purposes:

AGENDA

ORDINARY BUSINESS

1. To lay before the meeting the Audited Financial Statements for the financial year ended 31 August 2021 together with the Reports of the Directors and the Auditors thereon.
2. **Ordinary Resolution 1**
To approve the payment of Directors' fees in respect to the financial year ended 31 August 2021.
3. **Ordinary Resolution 2**
To re-elect Encik Abdul Khudus bin Mohd Naaim who retires by rotation pursuant to Article 96 of the Company's Constitution, and being eligible, offers himself for re-election.
4. **Ordinary Resolution 3**
To re-appoint Messrs Ernst & Young PLT as Auditors of the Company and to authorise the Directors to fix their remuneration.

SPECIAL BUSINESS

5. **Ordinary Resolution 4**
Approval to Continue in Office as Independent Non-Executive Director
Mr Dennis Xavier

"THAT authority be and is hereby given to Mr Dennis Xavier who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, to continue in office as an Independent Non-Executive Director of the Company until the conclusion of the next AGM."

6. **Ordinary Resolution 5**
Authority to Allot and Issue Shares Pursuant to the Malaysian Companies Act 2016

"THAT subject to the Malaysian Companies Act 2016 (the "Act"), the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities"), the Company's Constitution and approval of the relevant government regulatory authorities, if required, the Directors be and hereby empowered pursuant to Sections 75 and 76 of the Act, to allot shares in the Company, grant rights to subscribe for shares in the Company, convert any security into shares in the Company, or allot shares under an agreement or option or offer at any time and from time to time, and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares issued and allotted, to be subscribed under any rights granted, to be issued from conversion of any security, or to be issued and allotted under an agreement or option or offer, pursuant to this resolution does not exceed 10% of the total number of issued shares of the Company for the time being and that the Directors be and are also empowered to obtain approval for the listing of and quotation for the additional shares allotted on Bursa Securities and that such authority shall continue in force until the conclusion of the next AGM of the Company."

OTHER BUSINESS

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

By order of the Board

NORAKHMAR BINTI BAHAROM (LS 0001698) PC No. 201908003114

Secretary
Kuala Lumpur
13 December 2021

Notice of Annual General Meeting (cont'd)

NOTES:

1. The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Act which requires the Chairman of the Meeting to be at the main venue. No shareholders/proxies from the public will be physically present at the meeting. Shareholders who wish to participate the AGM will therefore have to register via the link, <https://vps.megacorp.com.my/Qj3fof>. Kindly refer to the annexure of the Administrative Guides for further information.
2. The AGM will be conducted on fully virtual and entirely via remote participation and voting at Broadcast Venue. Members are advised to refer to the Administrative Guides for the procedures to register and participate and vote in the virtual 37th AGM.
3. A member whose name appears in the Record of Depositors as at 6 January 2022 shall be regarded as Member of the Company entitled to attend the 37th AGM or appoint a proxy to attend and vote on his/her behalf.
4. A member may appoint up to two (2) proxies to attend the same meeting provided that he specifies the proportion of his shareholding to be represented by each proxy. A proxy may but need not be a member of the Company.
5. The instrument appointing a proxy shall be in writing under the hand of the appointor or his/her attorney duly authorised in writing, or if the appointor is a corporation, either under its Common Seal or signed by an officer or attorney duly authorised.
6. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a certified copy of that power or authority shall be deposited at the Registrar's office at 22nd Floor Menara KH (Promet), Jalan Sultan Ismail, 50250 Kuala Lumpur or email: AGM-support.CEP@megacorp.com.my, not less than forty-eight (48) hours before the time for holding the meeting or any adjournment thereof.
7. Any alteration in the Form of Proxy must be initialled.
8. All the Resolutions set out in the Notice of the 37th AGM will be put to a vote by poll pursuant to Paragraph 8.29A(1) of the Listing Requirements of Bursa Securities.

EXPLANATORY NOTES ON ORDINARY BUSINESS

1. Audited Financial Statements

The Audited Financial Statements for the financial year ended 31 August 2021 and the Reports of the Directors and Auditors thereon are for discussion only and hence no shareholders' approval is required under Section 340(1)(a) of the Act.

2. Resolution 1 - Directors' Fees

Section 230(1) of the Act provides that the fees of the Directors and any benefits payable to the Directors of a listed company and its subsidiaries shall be approved at a general meeting. The Board agreed that the shareholders' approval shall be sought at the 37th AGM on the Directors' fees.

3. Resolution 2- Re-appointment of Encik Abdul Khudus bin Mohd Naaim

Pursuant to Section 205(3)(b) of the Act and in accordance to Article 96 of the Company's Constitution provides that the Director shall retire from office by rotation, and be eligible for re-election.

The Board has recommended that Encik Abdul Khudus bin Mohd Naaim be re-appointed as Director of the Company.

4. Resolution 3 - Re-appointment of Auditors

The Board has recommended that Messrs Ernst & Young PLT be re-appointed as Auditors of the Company.

Notice of Annual General Meeting (cont'd)

EXPLANATORY NOTES ON SPECIAL BUSINESS

5. Resolution 4 - Continuing in Office as Independent Non-Executive Director

Mr Dennis Xavier have served as Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years. In line with the Malaysian Code on Corporate Governance, upon assessment and recommendation of Nominating Committee, the rest of the Board members are of the unanimous opinion that Mr Dennis Xavier should continue to act as Independent Non-Executive Director of the Company based on the following justification:

- a) He fulfills the criteria as Independent Director as defined in the Listing Requirements of Bursa Securities, and are therefore able to bring independent and objective judgement to the Board.
- b) His vast experience in business and legal background enable him to provide the Board with a diverse set of expertise, skills, and competence.
- c) He understands the Company's business operations, which allow them to participate actively and contribute positively during deliberations or discussions at both the Committee and Board meetings.
- d) He devotes sufficient time and effort and attend all the Committees and Board Meetings for informed and balanced decision making.
- e) He exercises due care as Independent Directors of the Company and carry out his professional and fiduciary duties in the interest of the Company and its shareholders.

6. Resolution 5 - Authority to Allot and Issue Shares Pursuant to the Malaysian Companies Act 2016

The proposed Resolution 5, if passed, will give a renewed mandate to the Directors of the Company to issue ordinary shares of the Company from time to time provided the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the issued capital of the Company for the time being ("Renewed Mandate"). The Renewed Mandate, unless revoked or varied at a general meeting, will expire at the conclusion of the next AGM of the Company.

As of the date of this Notice, no new shares in the Company were issued pursuant to the mandate granted to the Directors at the last AGM held on 13 January 2021 and which will lapse at the conclusion of the 37th AGM.

The Renewed Mandate will enable the Directors to take swift action in case of, inter alia, a need for corporate exercises, or in the event of business opportunities, or other arising circumstances which involve the issue of new shares, and to avoid delay and cost in convening general meetings to approve such issue of shares.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

Pursuant to 8.27(2) of the Listing Requirements of Bursa Securities

1. Details of the Director who are standing for re-election are set out on pages 7 to 9 of this Annual Report.

Encik Abdul Khudus bin Mohd Naa'im is retiring pursuant to Article 96 of the Company's Constitution and eligible for re-election at the forthcoming 37th AGM.

2. The abovenamed Directors do not hold any interest in the securities of the Company or its subsidiaries. None of their family members have a direct or indirect relationship with any Director and/or major shareholder of the Company. They have not entered into any transaction, whether directly or indirectly, which has a conflict of interest with the Company. They have not been convicted for any criminal offences other than traffic offences, if any, within the past five (5) years. There was no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.
3. Statement relating to the general mandate for the issue of securities is in accordance with Paragraph 6.03(3) of the Listing Requirements of Bursa Securities.

Details of general mandate to issue and allot securities in the Company pursuant to Sections 75 and 76 of the Act are set out in Explanatory Note 6 of the Notice of the 37th AGM.

Personal Data Privacy:

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

This page is intentionally left blank

FORM OF PROXY

CDS AC NO

NO OF SHARES HELD

I/We _____ (NRIC/Company No. _____)
(FULL NAME IN CAPITAL LETTERS)

of _____
(ADDRESS)

being a shareholder(s) of **Concrete Engineering Products Berhad** hereby appoint the following person(s):-

FULL NAME (IN BLOCK):	NRIC/PASSPORT NO.:	PROPORTION OF SHAREHOLDINGS	
		NO. OF SHARES	%
E-MAIL ADDRESS:	MOBILE NO.:		

*and/or

FULL NAME (IN BLOCK):	NRIC/PASSPORT NO.:	PROPORTION OF SHAREHOLDINGS	
		NO. OF SHARES	%
E-MAIL ADDRESS:	MOBILE NO.:		

or failing him/her, the Chairman of the Meeting as *my/our proxy to vote for *my/our behalf at the 37th Annual General Meeting of the Company to be held at Broadcast Venue: 22nd Floor Menara KH (Promet), Jalan Sultan Ismail, 50250 Kuala Lumpur, on Wednesday, 12 January 2022 at 10:00 a.m. for the following purposes:

NO	ORDINARY RESOLUTIONS	FIRST PROXY		SECOND PROXY	
		FOR	AGAINST	FOR	AGAINST
1)	To approve the payment of Directors' fees				
2)	To re-elect Encik Abdul Khudus bin Mohd Naaim who retires pursuant to Article 96 of the Company's Constitution				
3)	To re-appoint Messrs Ernst & Young PLT as Auditors of the Company and to authorise the Directors to fix their remuneration				
4)	Special Business: Approval to continue in office as Independent Non-Executive Director - Mr Dennis Xavier				
5)	Special Business: To empower the Directors of the Company to issue shares pursuant to the Malaysian Companies Act 2016				

Votes are as indicated by an "X" in the appropriate spaces above. If no indication is given, my/our proxy shall vote or abstain from voting as he/she thinks fit.

*Delete whichever is not applicable.

Signature/Seal of Shareholder(s)

Dated this day _____ of _____ 20____

Tel no: _____

NOTES:

- The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Act which requires the Chairman of the Meeting to be at the main venue. No shareholders/proxies from the public will be physically present at the meeting. Shareholders who wish to participate the AGM will therefore have to register via the link, <https://vps.megacorp.com.my/Qj3fof>. Kindly refer to the annexure of the Administrative Guide for further information.
- The AGM will be conducted on fully virtual and entirely via remote participation and voting at Broadcast Venue, the Members are advised to refer to the Administrative Guide for the procedures to register and participate and vote in the virtual 37th AGM.
- A member whose name appears in the Record of Depositors as at 6 January 2022 shall be regarded as Member of the Company entitled to attend the 37th AGM or appoint a proxy to attend and vote on his/her behalf.
- A member may appoint up to two (2) proxies to attend the same meeting provided that he specifies the proportion of his shareholding to be represented by each proxy. A proxy may but need not be a member of the Company.
- The instrument appointing a proxy shall be in writing under the hand of the appointor or his/her attorney duly authorised in writing, or if the appointor is a corporation, either under its Common Seal or signed by an officer or attorney duly authorised.
- The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a certified copy of that power or authority shall be deposited at 22nd Floor Menara KH (Promet), Jalan Sultan Ismail, 50250 Kuala Lumpur or email: AGM-support.CEP@megacorp.com.my not less than forty-eight (48) hours before the time for holding the meeting or any adjournment thereof.
- Any alteration in the Form of Proxy must be initialled.
- All the Resolutions set out in the Notice of the 37th AGM will be put to a vote by poll pursuant to Paragraph 8.29A(1) of the Listing Requirements of Bursa Securities.

FOLD THIS FLAP FOR SEALING

AFFIX
STAMP

MESTIKA PROJEK (M) SDN BHD
Registration No. 199101015233 (225545-V)

22nd Floor Menara KH (Promet)
Jalan Sultan Ismail
50250 Kuala Lumpur
Malaysia

2ND FOLD HERE

1ST FOLD HERE

www.cepcocom.my

CONCRETE ENGINEERING PRODUCTS BERHAD

Registration No. 198201008420 (88143-P)

22nd Floor Menara KH (Promet)

Jalan Sultan Ismail

50250 Kuala Lumpur

Malaysia

Tel: +(603) 2144 1066 Fax: +(603) 2144 4885