CEPCO

CONCRETE ENGINEERING PRODUCTS BERHAD

38TH ANNUAL REPORT 2022

38th ANNUAL GENERAL MEETING

Date:
Wednesday,
11 January 2023

Time:
10.00 a.m.

Venue:
Bilik Perdana, Dewan Perdana Felda,
Jalan Maktab, Off Jalan Semarak,
50400 Kuala Lumpur.

CONTENTS

Revenue

RM 148,277 mil
FY2022
FY2021: RM84,481

Earnings/(Loss) per Share (sen)

0.50
FY2022
FY2021: (22.57)

Total Assets

RM 141,778 mil
FY2022
FY2021: RM139,473

CORPORATE INFORMATION

DIRECTORS

Abdul Khudus bin Mohd Naaim
Independent Non-Executive Chairman

Leong Kway Wah
Managing Director

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

Datin Sabrina Ainie
Independent Non-Executive Director

Abdul Rahman bin Haji Siraj
Independent Non-Executive Director

SENIOR INDEPENDENT NON-EXECUTIVE DIRECTOR

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

AUDIT COMMITTEE

Dato' Ir Dr Abdul Aziz bin Arshad
Chairman
Abdul Rahman bin Haji Siraj
Member
Datin Sabrina Ainie
Member

NOMINATING & REMUNERATION COMMITTEE

Datin Sabrina Ainie
Chairman
Dato' Ir Dr Abdul Aziz bin Arshad
Member
Abdul Rahman bin Haji Siraj
Member

RISK MANAGEMENT COMMITEE

Abdul Rahman bin Haji Siraj
Chairman
Dato' Ir Dr Abdul Aziz bin Arshad
Member
Datin Sabrina Ainie
Member

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.cepco.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
Hong Leong Bank Berhad
RHB Bank Berhad
Alliance Bank Malaysia Berhad

STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad
Main Market
Stock Name : CEPCO
Stock Code : 8435

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

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

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 has five factories which are strategically located in Peninsular Malaysia and also has a 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 has 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.

In February 2022, the Company has been awarded as Excellent Supplier of the East Coast Rail Link Project for Year 2021 by China Communications Construction (ECRL) Sdn. Bhd. for the Company's excellent performance and great support on the supply work.

CURRENT PROJECTS UNDERTAKEN BY THE COMPANY

Luxury Resort and Spa, Shaviyani Atoll, Maldives

Hydro Power Plant, Tenom, Sabah

Glass Factory, Kota Kinabalu, Sabah

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

CURRENT PROJECTS UNDERTAKEN BY THE COMPANY (CONT'D)

Polder, Tekong Island, Singapore

Bridge, Champa Ghiri Island, Maldives

Copper Foil Factory, Kota Kinabalu, Sabah

Flour Mill Factory, Lae, Papua New Guinea

BOARD OF DIRECTORS

LEONG KWAY WAH
Managing Director

ABDUL KHUDUS BIN MOHD NAAIM
Independent Non-Executive Chairman

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

BOARD OF DIRECTORS
(CONT'D)

DATIN SABRINA AINIE
Independent Non-Executive Director

ABDUL RAHMAN BIN HAJI SIRAJ
Independent Non-Executive Director

NORAKHMAR BINTI BAHAROM
Company Secretary

PROFILE OF DIRECTORS

ABDUL KHUDUS BIN MOHD NAAIM

Independent Non-Executive Chairman

Gender	Age	Nationality
Male	68	

Appointed to the Board
- 15 July 2013

Board Comittee Membership
- None

Other Directorships In Public Companies
- None

Encik Abdul Khudus bin Mohd Naaim 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 an 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 his 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 Naaim 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 4 out of the 5 Board Meetings held during the financial year ended 31 August 2022.

PROFILE OF DIRECTORS
(CONT'D)

LEONG KWAY WAH
Managing Director

Gender	Age	Nationality
Male	69	

Appointed to the Board
• 17 March 2005

Board Comittee Membership
• None

Other Directorships In Public Companies
• None

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 2022.

PROFILE OF DIRECTORS
(CONT'D)

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

Gender	Age	Nationality
Male	68	

Appointed to the Board
• 14 April 2017

Board Comittee Membership
• Chairman of Audit Committee
• Member of Remuneration and Nominating Committee
• Member of Risk Management Committee

Other Directorships In Public Companies
• None

Dato' Ir Dr Abdul Aziz bin Arshad is a professional engineer and registered with the 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 worked with JKR Malaysia for nearly 35 years, from 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 2022.

PROFILE OF DIRECTORS
(CONT'D)

DATIN SABRINA AINIE
Independent Non-Executive Director

Gender	Age	Nationality
Female	57	

Appointed to the Board
• 30 December 2021

Board Comittee Membership
• Chairman of Remuneration and Nominating Committee
• Member of Audit Committee
• Member of Risk Management Committee

Other Directorships In Public Companies
• None

Datin Sabrina Ainie is an Advocate & Solicitor. She graduated with a Master of Law in 1996 from University of Malaya and prior to that, Bachelor of Laws in 1991 from the University of Melbourne, Australia.

Her areas of work had given her extensive exposure and invaluable experience in diverse and complicated areas of law in particular corporate ventures, mergers and acquisitions, restructuring, corporate finance advisory work and documentation, investment structure and joint ventures, establishment of foreign companies from various countries including advisory on regulatory matters and compliance, property matters, venture capital investments and their fund raisings, dealings with authorities on licensing and compliance requirements, oil and gas ventures and manufacturing sectors (trading, LMW, bonded warehouses, representative office, etc. Besides that, she had also served as a Legal Manager and Company Secretary of a government-owned public company.

Datin Sabrina Ainie has no family relationship with any Director and/or major shareholder of the Company or its subsidiaries. She has no conflict of interest with the Company or its subsidiaries and has no conviction of 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.

She attended all three (3) Board Meetings held during the financial year ended 31 August 2022.

PROFILE OF DIRECTORS
(CONT'D)

ABDUL RAHMAN BIN HAJI SIRAJ
Independent Non-Executive Director

Gender	Age	Nationality
Male	62	

Appointed to the Board
• 30 December 2021

Board Comittee Membership
• Chairman of Risk Management Committee
• Member of Audit Committee
• Member of Remuneration and Nominating Committee

Other Directorships In Public Companies
• None

Encik Abdul Rahman bin Haji Siraj is a qualified Accountant with over 35 years in Corporate Planning, Strategic Management and Business Development.

He graduated from University Kebangsaan Malaysia in 1983, then pursued his professional accounting degree and formally was a member of American Institute of Certified Public Accountant (AICPA) in 1990, and Certified from the Institute of Internal Auditors (US Chapter) in the same year.

He has served Texaco Exploration Inc. (Texas) as Chief Accountant from 1983 to 1994. While in Texaco, he served in various countries in Latin America and Asia and was given the task of overseeing the entire offshore and exploration accounting system. His last appointment in Texaco was in Tashkent, Uzbekistan. He subsequently joined Khazanah Nasional Bhd as General Manager in 1995 and was given the task of overseeing Khazanah's new investment programme both locally and overseas. He served Khazanah for two (2) years and later joined Intria Bhd as its Director in Business Development. In 1997, he was appointed as the Chief Executive Officer of KBI (Malaysia) Bhd, a position he held for three (3) years until September 2000. Thereafter, he was appointed as the Chief Executive Officer of Taliworks Corporation Berhad, a position he held until 2009.

Previously, he was the Senior General Manager of Strategic Management Division in-charge of IJN strategic business direction and corporate advisory matters. He pursued various IJN expansion projects in the Southern, Central and Northern regions. He was actively engaged in providing strategic inputs to the company and the man responsible to draw-up the IJN Group's Strategic Blue- Print for 2021-2030. He also led various negotiation efforts with IJN potential partners.

Abdul Rahman bin Haji Siraj 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 three (3) Board Meetings held during the financial year ended 31 August 2022.

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-Eighth Annual Report and Audited Financial Statements of the Group and the Company for the financial year ended 31 August 2022 ("FY2022").

Abdul Khudus bin Mohd Naaim
Chairman

The FY2022 was indeed a challenging year for the Group as the economy was again affected by the outbreak of the COVID-19 pandemic has halted both the global and domestic economic activities. Throughout the year, CEPCO survived a plague, hustled through an economic crisis, and sat through another government change. The resurgence of cases in 2022 has brought the nation through various movement control orders to restrict the mobility of the country to stop the spread of the virus, which in turn impacted the businesses and economies as a whole.

The economy started to re-open gradually in May 2022. Throughout the year of 2022, CEPCO stays vigilant on the market condition by exploring the untapped business opportunity as well as supply chain to boost up the performance of the Group. On the management side, the Group undertook stringent measures in its internal control and production management to sustain the business in this adverse environment. 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, cashflow and human capital, to all businesses around the world. 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.

CHAIRMAN'S STATEMENT AND REVIEW OF OPERATIONS (CONT'D)

Revenue
RM 148.28 mil
FY2022
FY2021: RM84,481 mil

Net assets
RM 0.83
FY2022
FY2021: RM0.82

Economic Landscape

The Malaysian economy registered a stronger growth of 8.9% in the second quarter of 2022 and a robust growth of GDP in April and May 2022. Domestic demand continued to strengthen, underpinned by the steady recovery in labour market conditions and ongoing government policy support. The higher growth was also reflective of normalising economic activity as the country moved towards endemicity and reopened international borders.

Bank Negara Malaysia has commented, whilst external demand could face headwinds from slower global growth, the Malaysian economy will continue to be supported by firm domestic demand. Growth would also benefit from improving labour market conditions as well as continued implementation of multi-year investment projects by the government. However, Malaysia's growth remains susceptible to a weaker-than-expected global growth, further escalation of geopolitical conflicts and worsening supply chain disruptions.

Financial Performance

The government's efforts and responses in addressing the pandemic have led to significant disruptions in trade and commerce, lower demand for goods and services, coupled with uncertainty of the short and long-term impacts on the domestic and international economy. CEPCO's operation and delivery only rebound from May 2022 after the international border re-opened effective April 2022. As a result of trying economic conditions, the Group reported RM148.28 million revenue and a net profit of RM0.38 million for the FY2022. The net assets per share stood at RM0.83 while shareholders' funds came in at RM61.90 million.

Corporate Governance

CEPCO focused on maintaining high standards of corporate governance, compliance, business conducts, safety and environmental management – all of which are vital for the Group's performance and business sustainability. It is our belief that good corporate governance supports the long-term value creation for all our stakeholders. Our Statement of Corporate Governance are set out in detail in pages 32 to 42 of this Annual Report.

"Domestic demand continued to strengthen, underpinned by the steady recovery in labour market conditions and ongoing government's policy support. The higher growth was also reflective of normalising economic activity as the country moved towards endemicity and reopened international borders."

CHAIRMAN'S STATEMENT AND REVIEW OF OPERATIONS
(CONT'D)

Anti-Corruption Policy

CEPCO is fully committed toward eradicating corruption. The Group maintains a strict, zero-tolerance position against corruption, bribery, or any kind of 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 operate in full compliance 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.cepco.com.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 building 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 are set out in detail in pages 25 to 31 of this Annual Report.

Moving Forward

As the Malaysian economy is expected to gradual pick up to register a positive recovery in 2023, with the new and re-launched of the government and private infrastructure and mega projects should increase domestic demand of our products, which in turn, would benefit 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 2023. However, the ongoing trade tensions of the US-China trade war and the Russia-Ukraine war 2022 will be impacting prospects for emerging markets and developing countries.

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

The Group is cautiously optimistic of the gradual recovery of local economy against the backdrop of more clarity in the direction the new government is moving. Pressures from rising labour 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 whilst leveraging on their operational efficiencies to reduce and minimise overall costs of production. With these measures in place, the Group is committed to deliver satisfactory results to all our stakeholders for the next financial year.

"The Group will continue to focus on developing new marketing strategies for our products whilst leveraging on their operational efficiencies to reduce and minimise overall costs of production."

CHAIRMAN'S STATEMENT AND REVIEW OF OPERATIONS
(CONT'D)

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 whilst not losing sight of the welfare of our employee. I trust that the enthusiasm and professionalism in carrying out their duties to the Group will enable the Group to prosper and generate increasingly better returns to all our stakeholders.

Abdul Khudus bin Mohd Naaim
Chairman
17 November 2022

MANAGEMENT DISCUSSION AND ANALYSIS

The following Management Discussion and Analysis ("MD&A") provides the management's analytical overview of the Company's operations and financial performance for the financial year ended 31 August 2022 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 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).

The Company has 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, and 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 been constantly 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.

ISO 14001: 2015
(Environment Management System)

ISO 45001:2018
(Occupational Health and Safety Management Systems)

MANAGEMENT DISCUSSION AND ANALYSIS
(CONT'D)

B. BUSINESS OBJECTIVES AND STRATEGIES

CEPCO's primary objective is to maximise profitability and at the same time committed to create 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 market like Indonesia, Brunei and Singapore, while 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 in order 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.

C. FINANCIAL REVIEW

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

	Financial Year Ended 31 August	
	2022 RM'000	**2021 RM'000**
Revenue	148,276	84,481
Operating profit/(loss) before provision for increase/(decrease) in fair value of quoted investment	215	(15,364)
Provision for increase/(decrease) in fair value of quoted investment through profit and loss	290	(1,452)
Profit/(Loss) before taxation	505	(16,816)
Profit/(Loss) after taxation	375	(16,841)
Net profit/(loss) attributable to equity holders	375	(16,841)
Total assets	141,778	139,473
Total borrowings	20,762	28,768
Total liabilities	79,877	77,946
Total shareholders' equity	61,901	61,527
Gearing ratio (times)	0.30	0.49
Earnings per share (EPS)	0.50	(22.57)
Net asset per share (RM)	0.83	0.82

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

C. FINANCIAL REVIEW (CONT'D)

Revenue

The overall financial performance in FY2022 of the Company showed substantial improvement compared to the previous financial year of 2021. The Company has generated a revenue of RM148.28 million against RM84.48 million in FY2021, an increase of 75.51%. CEPCO operated principally in Malaysia and generated revenues from both local (89.35%) and export (10.65%) markets to countries in Asia, Africa, the Oceania and Gulf region.

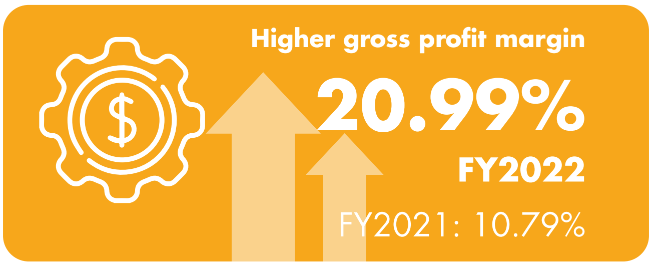
At the beginning of FY2022, the COVID-19 pandemic has slumped down the economy which impacted the Company with various Movement Control Order ("MCO") implemented by the Government to contain the pandemic. The market starts to re-open gradually from May 2022. With that, the revenue of CEPCO has increased with demand from both local and export market.

> **CEPCO operated principally in Malaysia and generated revenues from both local (89.35%) and export (10.65%) markets to countries in Asia, Africa, the Oceania and Gulf region.**

Gross Profit Margin

With the increase of revenue within its product mix, CEPCO achieved a higher gross profit margin of 20.99%, i.e. a 10.20% increase from FY2021. The higher raw material prices and the requirements on minimum wages have impacted the gross profit margin of our products, but CEPCO was able to transfer the price increase to customers with new revised contract and quotations.

During the year under review, CEPCO suffered the pressure of downward selling price from competitors and managed to offset it by better operating cost control. As a result, the overall gross profit margin was increased due to the hike in revenue and better operating cost control.



Other Income

The other income of CEPCO is derived from rental, bank interest, gain on foreign exchange, scrap disposal and pile repair services.

Administrative and Other Operating Expenses

The administrative and other operating expenses showed a decrease of 13.56% as compared to FY2021 mainly due to decreased legal and professional fees.

Finance Cost

The finance cost had been reduced by 22.05% as compared to FY2021 mainly due to lower utilisation of trade facilities and gradual repayment of bank borrowings.

MANAGEMENT DISCUSSION AND ANALYSIS
(CONT'D)

C. FINANCIAL REVIEW (CONT'D)

Profit Before Taxation

The Group's recorded a profit before taxation of RM0.51 million in FY2022 as compared to a loss before taxation of RM16.82 million in FY2021. The profit before taxation derived mainly due to an increase in revenue and better operating cost control.

The rise in price of raw materials, wages and the weak RM against USD exchange rate continued to compress our margin but CEPCO managed to pass on the price increase to the customers.

Taxes

There is a provision of income tax amounted to RM0.13million for FY2022. Under the current year review, there is an under provision of real property gains tax of RM0.02 million payable due to gain on disposal in FY2021.

Financial Position and Liquidity

Total assets

Total assets of the Company stood at RM141.78 million in FY2022, an increase of RM2.31 million from FY2021 mainly due to an increase in inventories and trade receivables and offset by the decrease in cash and bank balances.

Total liabilities

Total liabilities of the Company increased by RM1.93 million to RM79.88 million in FY2022 mainly due to an increase in trade payables with a corresponding reduction in the utilisation of trade facilities and gradual repayment to the bank.

Equity attributable to equity holders of the Group was RM61.90 million in FY2022 with net assets per share at RM0.83. The Group's cash and cash equivalents decreased by RM3.38 million in FY2022 as compared to FY2021. This was mainly due to late payment from local customers and offset by the prompt payment by overseas customers via letter credit.

Dividend

Dividend payout will be dependent on the Group's level of cash and sufficiency of retained earnings, its prospects of financial performance as well as 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 FY2022.

Status of Corporate Exercise

The timeframe to complete the implementation of the Private Placement granted by Bursa Securities on the extension of time announced on 6 September 2021, has lapsed. The Board shall continue to review the Company's funding requirements and should the need arise to undertake any fund-raising proposal(s), the Company will make the necessary announcement(s) to Bursa Securities and/or to seek its shareholders' approval, if required.

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 results 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.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

D. RISK AND UNCERTAINTIES (CONT'D)

Slowdown in Economy

Our business has generally been dependent on the local and ASEAN markets. In view of the reported local economic outlook in 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 Company's market position, CEPCO constantly seeks to uphold and further improve our products' qualities and standards of services to our customers. We are confidence 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 participating in both domestic and international trade expos to market our products.

Increasing Cost of Goods Sold

The fluctuating costs of our raw materials and wages will directly impact the cost of goods sold. Any increase in cost that does not flow through to our products prices 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 a more stable supplies with reasonable prices which is crucial to our profitability.

CEPCO continuing effort to negotiate with customer to pass on the price increase to end users. As compensation, CEPCO provides more value, benefits, and quality products to our customers.

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 for the approval of customers' credit applications and actively monitors the outstanding receivables in order to minimise the potential of debt turning bad.

Recall of Bank Facilities

The pandemic and the weak market sentiment has caused heightened anxiety amongst credit providers due to the uncertainties and serious potential economic impact. The banks went into total risk avoidance mode and were negative biased on all funded credit. The management took necessary steps to connect with all its credit providers to allay concerns and where necessary rescheduled the timeline for near-term debt service.

With the improved financial performance, the Company is looking into the refinancing of some of the banking lines which has been substantially reduced.

Foreign Currency Fluctuation Risk

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

In order to alleviate the risk of foreign currency exchange fluctuations, the Company 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.

The Company 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.

MANAGEMENT DISCUSSION AND ANALYSIS
(CONT'D)

E. PROSPECT

The current political climate and the lack of foreign direct investments into Malaysia also have an impact to our revenue. This coupled with the rising steel prices and wages, international inbound charges and the weakening of the RM will certainly affect our selling price and profitability of the Company.

The outlook for the FY 2023 remains challenging due to uncertainty for both domestic and overseas markets. The ongoing trade wars US-China and Russia-Ukraine war 2022 has dealt a major shock to commodity markets and disrupted world production and trade. This in turn, may affect the demand for the Group's products and increase in the cost of goods sold, correspondingly assert a downward pressure on the Group's revenue and margins.

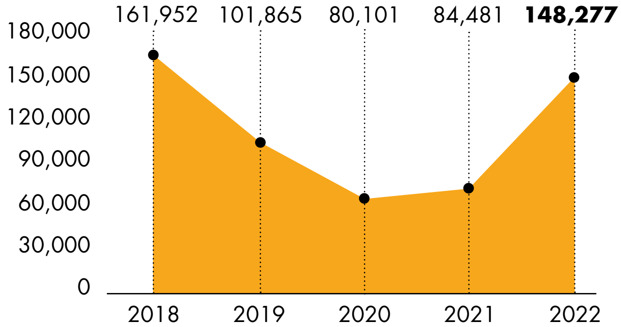
CEPCO will continue to be vigilant on its capital expenditure, and cash conservation measures in its business and will focus on securing sales in both local and overseas markets. The Board will take the necessary measures to manage and mitigate these uncertainties in order to optimise the Company's performance and will continue to implement any necessary action plans to maximise the Company profits and improve the cash flows to mitigate the adverse impact on the Company's performance.

Leong Kway Wah
Managing Director

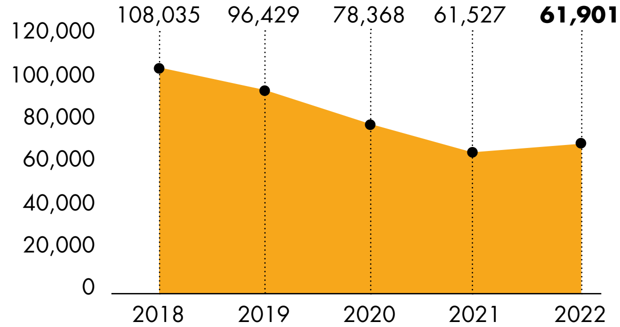
FINANCIAL HIGHLIGHTS

FINANCIAL YEAR ENDED 31 AUGUST	2022 RM'000	2021 RM'000	2020 RM'000	2019 RM'000	2018 RM'000
Revenue	148,277	84,481	80,101	101,865	161,952
Profit/(Loss) before Taxation	505	(16,816)	(18,061)	(11,563)	(6,522)
Profit/(Loss) after Taxation	375	(16,841)	(18,061)	(11,563)	(5,571)
Profit/(Loss) for the Year Attributable to Owners of the Parent	375	(16,841)	(18,061)	(11,563)	(5,571)
Total Shareholders' Equity	61,901	61,527	78,368	96,429	108,035
Total Assets	141,778	139,473	151,663	172,829	216,956
Earnings/(Loss) per Share (sen)	0.50	(22.57)	(24.20)	(15.49)	(12.44)
Dividend per Share (sen)	-	-	-	-	-
Net Assets per Share (RM)	0.83	0.82	1.05	1.29	2.41

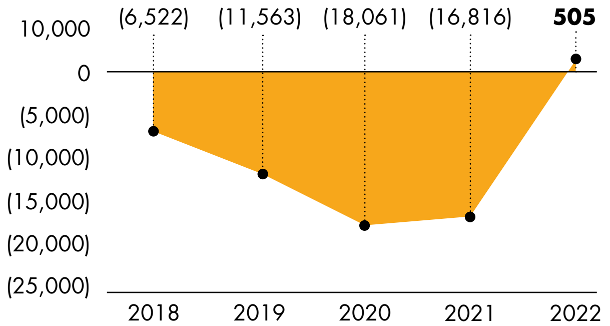
REVENUE
(RM'000)



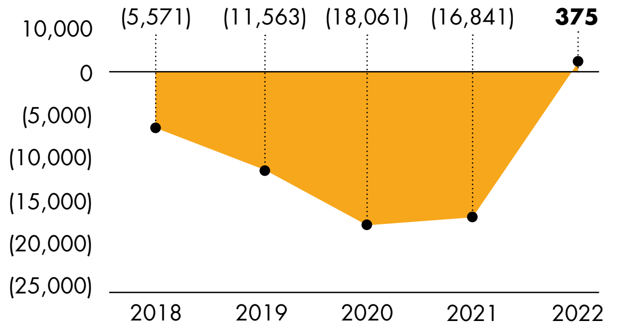
TOTAL SHAREHOLDERS' EQUITY
(RM'000)



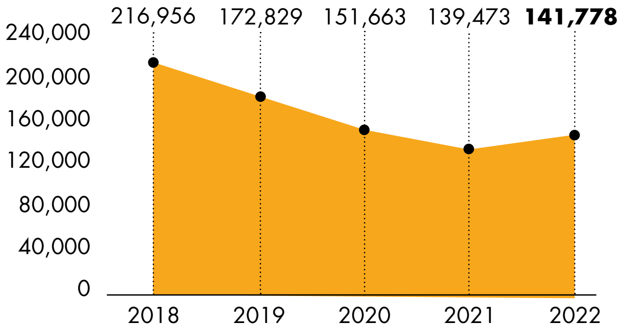
PROFIT/(LOSS) BEFORE TAXATION
(RM'000)



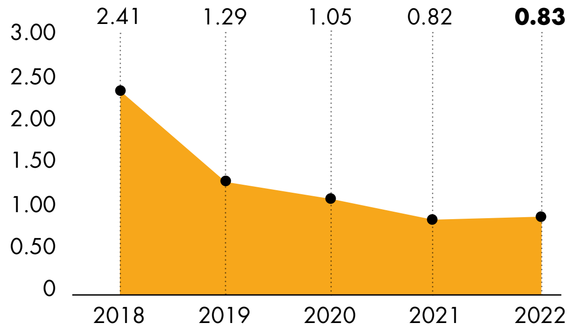
PROFIT/(LOSS) AFTER TAXATION
(RM'000)



TOTAL ASSETS
(RM'000)



NET ASSET PER SHARE
(RM)



CORPORATE SOCIAL RESPONSIBILITY

CEPCO aims to add value to the community 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 are the main driving force of its business.

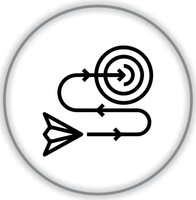
In view of the outbreak of the COVID-19 pandemic, during the various stages of the vaccination programme, CEPCO have collaborate with the Pasir Gudang Community, NGOs and Klinik Kesihatan Masai, Johor to provide vaccines to the local community on 16 September 2021 and 7 October 2021.

With the aim to improve the well-being of our society through impactful initiatives. CEPCO has also made a contribution towards the "Tabung Kasih" of Kolej Dar Al Hikmah on 28 April 2022 for sponsoring the education of the orphans at the college.

COPRORATE SUSTAINABILITY STATEMENT

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.

Sustainable Mission

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

Sustainability Maturity

Our core area of sustainability is on 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 as 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 in 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 defense on the risk management issues.

Further information on the Group's risk management are disclosed in the Statement on Risk Management and Internal Control on pages 47 to 50 of this Annual Report.

COPRORATE SUSTAINABILITY STATEMENT
(CONT'D)

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 five (5) members, comprising of one (1) Independent Non-Executive Chairman, a Group Managing Director/Non-Independent Executive Director, and three (3) Independent Non-Executive Directors.

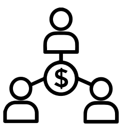
The Board has taken steps to integrate sustainability issues as the core of its strategic formulation. The Board is supported by general managers, who enable it to assess and ensure that sustainability governance is structured and functioning through the various levels of management. Further information on the Group's Corporate Governance practices are detailed in the Statement on Corporate Governance on pages 32 to 42 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.

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 	• Site visit • One-to-one meeting • Annual review	• Improve customer service and satisfaction • Feedback on products and services for quality improvement
Employees 	• Operations and environment management • Occupational safety and health awareness • Internal and external training • Annual appraisal and feedback	• Improve employee engagement and performance • Enhance employee career advancement • Company strategies and performance
Government agencies 	• One-to-one meeting as and when required	• Compliance to local laws and regulations
Vendors 	• Site visit • One-to-one meeting • Annual review	• Assessment of goods and services provided by vendors
Shareholders 	• One-to-one meeting as and when required • Annual General Meeting	• Feedback on the Group's performance

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

COPRORATE SUSTAINABILITY STATEMENT
(CONT'D)

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 consideration on the indicators stated in the Bursa Securities Sustainability Reporting Guide and the Global Reporting Initiative G4 Sustainability Reporting Guidelines to better understand 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.

Environmental

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

In order to enhance its 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.

CEPCO adheres to Standard Operating Procedures (SOP) which result in low environmental impacts and 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.

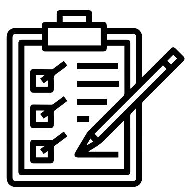
Our spun piles can be installed by hydraulic jacking method, which is environmentally friendly with low noise and vibration and less air pollution. Throughout the year, monitoring services such as noise monitoring, health risks and Chemical Hazardous Risk Assessment have been conducted with satisfactory 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, we used eco-friendly material in our production to ensure the sustainability of green environment for prosperity of the nations.

The application of the dust collector in our factories help removes dirt, dust, debris, gases, and chemicals from the air and improves the safety of our employees and the public surrounding.

A system to collect rainwater for general outdoor cleaning has been practiced in our factories to ensure sustainable consumption and efficiency of water usage for production processes.

"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."



COPRORATE SUSTAINABILITY STATEMENT
(CONT'D)

Environmental (Cont'd)

CEPCO generates scheduled waste during the production process. On the basis of CEPCO's responsibility is committed to manage this scheduled waste in accordance with the guidelines set by the Department of Environment.

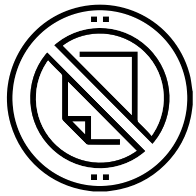
In our offices, the employees have developed a culture of efficient consumption of electricity and recycle materials. Paper usage had been reduced by recycling paper from renewable sources and adopting a paperless system for selected processes. This is to ensure we can minimise our energy consumption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

Our Safety, Health and Environmental Department is responsible to create awareness and promote good working practices for employees to ensure CEPCO complies with environmental legislation regarding safety in the workplaces. All our employees are educated 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 have shared with all employees to adhere and comply with the necessary.

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 among others.

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 in order to comply with any regulatory requirements and standards in force.



"Paper usage had been reduced by recycling paper from renewable sources and adopting a paperless system for selected processes."

Economic

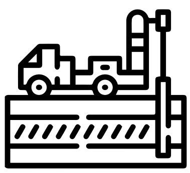
With the accreditation of ISO 9001: 2015, this sets out the criteria for a quality management system based on a number of quality management principles including a strong customer focus, motivation and implication of top management, the approach process and continuous improvement. This is to ensure our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

The current export rate of our products is 10.65% 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, 76.00% 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 is included in the Corporate Social Responsibilities on page 24 of this Annual Report.



"Our spinning process compacts the concrete resulting in a denser mixture, giving a strong, durable and high resistance to corrosion."

COPRORATE SUSTAINABILITY STATEMENT (CONT'D)

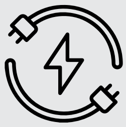
Social

The Group is committed to a 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.

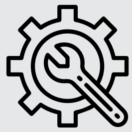
Employees are a vital component to CEPCO, as their performance and commitments are not only the key elements of survival but also for achieving the Group's objectives of sustainability and returns in the long run. We aim to be the employer of choice in the industry we operate in. We believe that a dedicated and competent workforce is paramount to the success of the Group's business. CEPCO subscribes to the idea of 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 FY2022 covered the following areas:

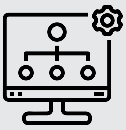
Understanding Rule of Trade, Letter of credit, Documentary Collection and Bank Guarantee and How to Mitigate the Risk



Electrical Safety and Lockout/ Tagout

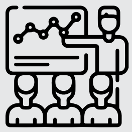


Pile Repair

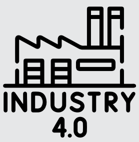


Sage 300 Enterprise Resource Management

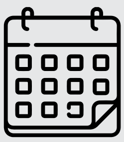
Effective Budgeting and What If Analysis Tools



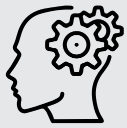
ISO 45001: 2018 Internal Audit Training



Industry 4.0 Technology and Data: Digital Manufacturing in the Factory of the Future



Schedule Waste Management



Critical Thinking for Problem Solving: How to Find Solutions and Reach Decisions Effectively

Electronic Scheduled Waste Information System

ISO 45001: 2018 Hazard Identification, Risk Assessment and Control

Chemical Safety Awareness

Hearing Conservation

COPRORATE SUSTAINABILITY STATEMENT
(CONT'D)

Social (Cont'd)

We are committed to provide a safer and healthier environment for our employees and minimise any preventable accidents and health hazards that may occur at our business premises. Our Safety, Health and Environmental Department from time to time improves on employee safety, reduce 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.

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 to enhance the health and safety performance.

For COVID-19 preventive and safety measures, the Group have provided face mask to all the employees and sanitize the offices and plants to ensure the working environment is gem-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.

" 98% of our employees are fully vaccinated "

CEPCO is committed to maintain a proper framework to ensure that the business is run in an efficient and transparent manner 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.

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, is enforced on 1 June 2020 in which 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 of corruption or bribery. CEPCO's directors, employees and associates are adequately alerted on the Group's policy adherence requirement and shall require to undertake anti-corruption and anti-bribery assessment yearly to ensure a zero-tolerance approach is met. In overall, CEPCO will not tolerate any acts regarding corruption and bribery as its commitment in the ethically business practices.

CEPCO focuses on the wellbeing 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 right policies and practices.

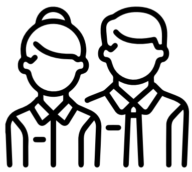
We hold ourselves accountable to our stakeholders and are dedicated to delivering value to them while conducting our operations in a conscientious manner. Despite the economic challenges, we continue to implement our Corporate Social Responsibilities for the community by focusing on lending a helping hand and reaching out to others through various forms of social aids which are included in the Corporate Social Responsibilities section on page 24 of this Annual Report.

COPRORATE SUSTAINABILITY STATEMENT
(CONT'D)

Social (Cont'd)

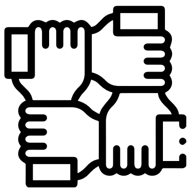
The onset of the COVID-19 pandemic along with its devastating impact on conventional economic, social activities and environmental issues have highlighted the need for a new balance between lives and livelihoods as well as between mankind and nature. Indeed, the adoption of good corporate sustainability 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:

Sustainability and continuity of business

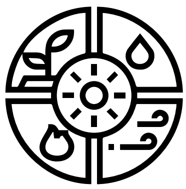


Security of employment and income

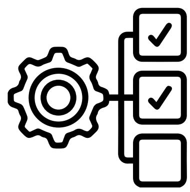
Safety and health of employees, customers and other stakeholders



Integrity of the physical environment



Preservation of natural resources



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 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. It is our strong belief 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 financial year ended 31 August 2022, 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 2022 ("CG Report FY2022"), 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.
7) Ensure that Senior Management has the necessary skills and experience.
8) Oversee and monitor work health and safety processes, performance and issues.
9) Promote ethical values and standards in the workplace.
10) Carry out or perform such other functions necessary for the discharge of its fiduciary duties under the relevant laws, rules and regulations.

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, Remuneration and Nominating Committee and Risk Management 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, if any. 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.

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.

STATEMENT ON CORPORATE GOVERNANCE
(CONT'D)

PRINCIPLE 1: ESTABLISH CLEAR ROLES AND RESPONSIBILITIES (CONT'D)

OUR COMPLIANCE (CONT'D)

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 five (5) members comprising of:

1)	Abdul Khudus bin Mohd Naaim	Independent Non-Executive Chairman
2)	Leong Kway Wah	Managing Director
3)	Dato' Ir Dr Abdul Aziz bin Arshad	Independent Non-Executive Director
4)	Abdul Rahman bin Haji Siraj	Independent Non-Executive Director *(Appointed wef 30 December 2021)*
5)	Datin Sabrina Ainie	Independent Non-Executive Director *(Appointed wef 30 December 2021)*

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 Listing Requirements 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.

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 8 to 12 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.

STATEMENT ON CORPORATE GOVERNANCE (CONT'D)

PRINCIPLE 2: STRENGTHEN COMPOSITION (CONT'D)

Conflict of Interest

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

Senior Independent Non-Executive Director

Dato' Ir Dr Abdul Aziz bin Arshad is the Senior Independent Non-Executive Director of the Company effective 12 January 2022.

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.

Remuneration and Nominating Committee

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

1)	Datin Sabrina Ainie	Chairman
2)	Dato' Ir Dr Abdul Aziz bin Arshad	Member
3)	Abdul Rahman bin Haji Siraj	Member

The Company Secretary is the secretary to the Remuneration and Nominating Committee.

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

The Remuneration and 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 Remuneration and Nominating Committee met once, attended by all members. During the meeting and as at the date of this Statement, the Remuneration and 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 Remuneration and 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. Presently, Datin Sabrina Ainie, is the only female Director comprised in the Board of five (5) Directors.

STATEMENT ON CORPORATE GOVERNANCE
(CONT'D)

PRINCIPLE 2: STRENGTHEN COMPOSITION (CONT'D)

Board Appointment Process

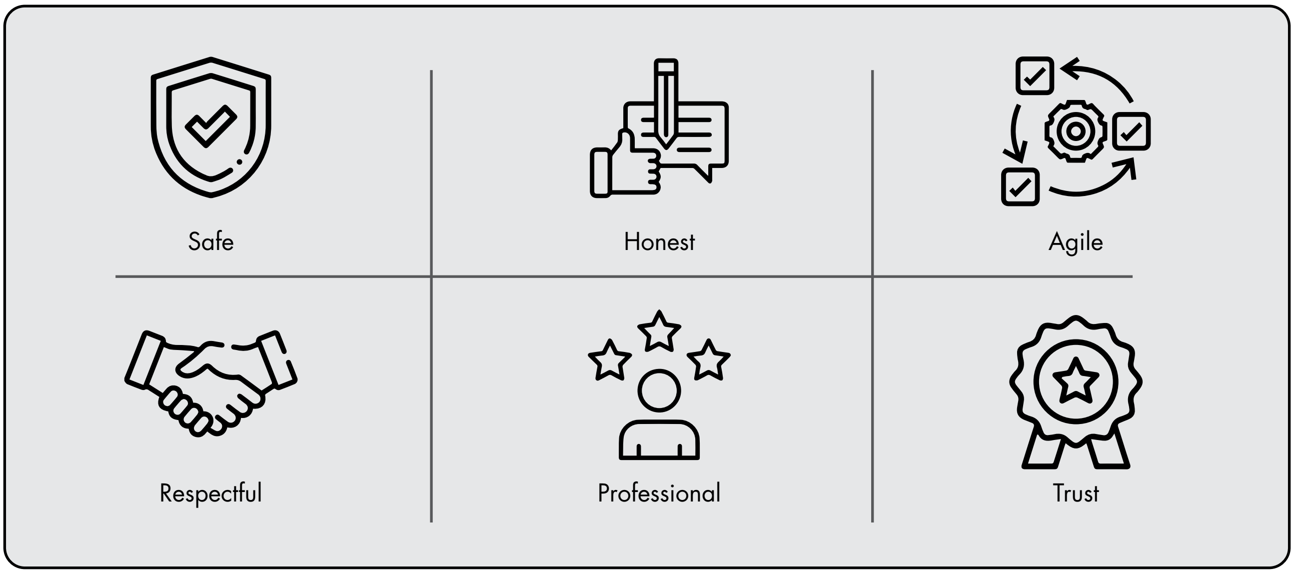
The Board appointments with recommendations provided by the RNC will source suitable candidates with the right skills and experiences to complement and support the existing Board composition based on business needs, strategic direction of the Company and good governance.

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 RNC 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.

RNC or representative of RNC 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:



Board Assessment

The results of the assessment conducted for FY2022 indicated that the Board, Board Committees and the individual Directors had performed within expectations and were able to discharge their functions and duties effectively.

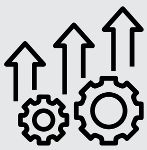
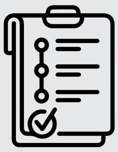
From the assessment conducted, the key strengths of the Board are:-
1. Independence of the Board of Directors
2. Board and Board Committees Quality and Performance
3. Chairman's Responsibilities
4. Group Dynamics

STATEMENT ON CORPORATE GOVERNANCE (CONT'D)

PRINCIPLE 2: STRENGTHEN COMPOSITION (CONT'D)

Board Assessment (Cont'd)

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

				
Improvement in Board governance of Management execution to ensure value creation for all stakeholders	Strategic matters and internal controls	Transparency, quality information and engagement with Management	Directors' development, Board composition and succession planning	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 RNC is also responsible for recommending Directors for re-election at the Thirty Eighth Annual General Meeting ("38th AGM"). 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 RNC 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 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.

The remuneration of the NEDs, which is subject to the approval of shareholders at the annual general meeting, is recommended by RNC 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 RNC, 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.

STATEMENT ON CORPORATE GOVERNANCE
(CONT'D)

PRINCIPLE 2: STRENGTHEN COMPOSITION (CONT'D)

Directors' Remuneration Policies and Procedures (Cont'd)

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

Name of Directors	Fee/Salaries and Other Emoluments (RM)
Executive Directors	
Leong Kway Wah	522,428
Non-Executive Directors	
Abdul Khudus bin Mohd Naaim	61,000
Dato' Ir Dr Abdul Aziz bin Arshad	15,000
Abdul Rahman bin Haji Siraj (Appointed wef 30 December 2021)	10,081
Datin Sabrina Ainie (Appointed wef 30 December 2021)	10,081

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	-	3
50,001 - 100,000	-	1
100,001 - 150,000	-	-
200,001 - 250,000	-	-
500,001 - 550,000	1	-

PRINCIPLE 3: REINFORCE INDEPENDENCE

Independent Director

For FY2022, the Board comprised four (4) Independent Directors. The Board has a set of criteria in assessing the independence and performance of Directors. The RNC annually reviews and assess the level of Independence Directors of the Board in line with the MMLR. The RNC 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.

For the period under review, one (1) Independent Director had served the Board for more than nine (9) years and RNC 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 dependent 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.

STATEMENT ON CORPORATE GOVERNANCE (CONT'D)

PRINCIPLE 3: REINFORCE INDEPENDENCE (CONT'D)

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

Abdul Khudus bin Mohd Naaim 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 Remuneration and Nominating Committee, is recommending to the shareholders again at the forthcoming 38th AGM to approve the retention of Abdul Khudus bin Mohd Naaim as Independent Director for the ensuing year. Details of the assessment are disclosed in the Notice of the 38th AGM enclosed on page 117 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 FY2022, 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.

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 2022, the Board met five (5) times and the composition and attendance records of the Board members were as follows:

Date of Meetings:

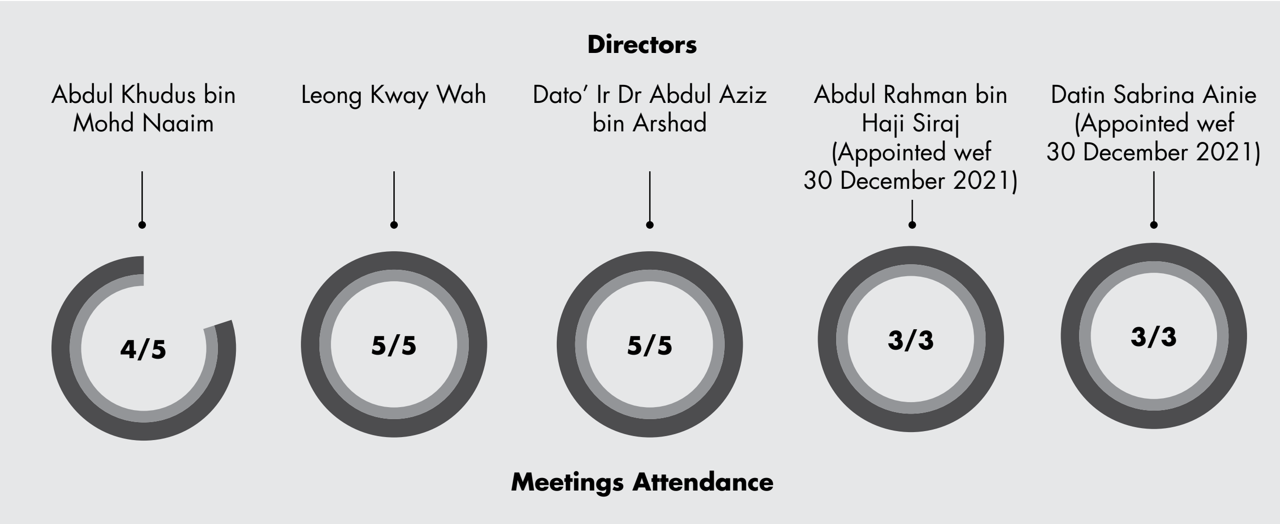
1) 21 October 2021
2) 18 November 2021
3) 12 January 2022
4) 26 April 2022
5) 20 July 2022

STATEMENT ON CORPORATE GOVERNANCE
(CONT'D)

PRINCIPLE 4: FOSTER COMMITMENTS (CONT'D)

Time Commitment (Cont'd)

Attendance record of the Board members:



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 2022.

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) Mandatory Accreditation Programme ("MAP")
2) 11th Malaysian Road Conference & Exhibition 2022 and 4th International Road Federation Asia-Pacific Regional Congress
3) MIA Webiner Series: MPERS: Issues in Financial Instruments
4) MIA Webiner Series: ISA 315 (Revised 2019) Identifying and Assessing the Risks of Material Misstatement
5) MIA Webinar Series – Audit Planning, Risk Assessment and Internal Control: Addressing the Auditor's Challenges
6) MIA Webinar Series: ISA 220 (Revised) New Approach to Quality Management at the Engagement Level

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.

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.

STATEMENT ON CORPORATE GOVERNANCE (CONT'D)

PRINCIPLE 5: UPHOLD INTEGRITY IN FINANCIAL REPORTING (CONT'D)

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 ("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.

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 47 to 50 of this Annual Report.

Internal Control

The internal audit function is outsourced to a professional firm, Messrs Crowe Horwath, who 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 47 to 50 of this Annual Report.

STATEMENT ON CORPORATE GOVERNANCE
(CONT'D)

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.cepco.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.

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 that 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 2022 is set out in Note 5 on page 81.

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 2022 and the unaudited results for the quarter ended 31 August 2022 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.

9) Revaluation Policy on Landed Properties

The Group's policy on Revaluation on Landed Properties is set out in Notes 2.4(b) and 2.4(c) on page 69. The Investment Properties were adjusted to reflect their fair values as enumerated in Note 12 on pages 88 to 89.

10) Recurrent Related Party Transactions

There were no recurrent transactions with related parties undertaken by the Group during the year under review.

11) Imposition of Fines and/or Penalties

None of the Directors or the Key Senior Management has convicted offences (other than traffic offences, if any) or public sanctions or penalties imposed by the relevant regulatory bodies during the financial year ended 31 August 2022.

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 Rahman bin Haji Siraj *(Appointed wef 30 December 2021)*	Independent Non-Executive Director
3)	Datin Sabrina Ainie *(Appointed wef 30 December 2021)*	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.

Abdul Rahman bin Haji Siraj 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 2022, the AC met five (5) times and the composition and attendance records of its members were as follows:

Date of Meetings:

1) 21 October 2021
2) 18 November 2021
3) 12 January 2022
4) 26 April 2022
5) 20 July 2022

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 Rahman bin Haji Siraj (Appointed wef 30 December 2021) Independent Non-Executive Director	3/3
Datin Sabrina Ainie (Appointed wef 30 December 2021) Independent Non-Executive Director	3/3

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.

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.

AUDIT COMMITTEE REPORT
(CONT'D)

MEETINGS (CONT'D)

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 40 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 2022 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 carries 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 2022 amounted to RM45,000.

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 2022 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.

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.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL
(CONT'D)

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 2022. 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 17 November 2022.

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

DIRECTORS' REPORT

The directors have pleasure in presenting their report together with the audited financial statements of the Group and Company for the financial year ended 31 August 2022.

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
Profit for the year, attributable to owners of the parent	374,843	378,879

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

Abdul Khudus bin Mohd Naaim	
Leong Kway Wah*	
Dato' Ir Dr Abdul Aziz Bin Arshad	
Datin Sabrina Ainie	(appointed on 30 December 2021)
Abdul Rahman Bin Siraj	(appointed on 30 December 2021)
Dennis Xavier	(resigned on 12 January 2022)

*This director is also director of the Company's subsidiaries

The list of the director of the Company's subsidiary/(ies) since the beginning of the financial year to the date of this report, excluding directors who are also directors of the Company:

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	65,787
Total non-executive directors' remuneration	101,787
Total directors' remuneration	624,215

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 for the financial year end amounted to RM1 million for the directors of the Group. The insurance premium paid by the Group is RM1,362.

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 and that there were no 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) it is necessary to write off any 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.

(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.

DIRECTORS' REPORT
(CONT'D)

Other statutory information (Cont'd)

(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.

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 RM228,000 and RM225,000 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 17 November 2022.

Abdul Khudus bin Mohd Naaim

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 61 to 108 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 2022 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 17 November 2022.

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 61 to 108 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 17 November 2022.

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 2022 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 61 to 108.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 August 2022, and of their financial performance and their cash flows for the 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.

INDEPENDENT AUDITORS' REPORT

to the members of Concrete Engineering Products Berhad (CONT'D)
(Incorporated in Malaysia)
(CONT'D)

Key Audit Matters (cont'd.)

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 2022, the Group and the Company have trade receivables amounted to RM17,814,974 (net of loss allowance of RM2,514,633) which represents approximately 30% 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.*

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 2022, the carrying amount of the PPE and ROU assets of the Group and of the Company was RM24,178,305 and RM14,841,246, representing 17% 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's financial performance have been affected by COVID-19 pandemic, 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

to the members of Concrete Engineering Products Berhad
(Incorporated in Malaysia)
(CONT'D)

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.

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.

- 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.

INDEPENDENT AUDITORS' REPORT

to the members of Concrete Engineering Products Berhad)
(Incorporated in Malaysia)
(CONT'D

Auditors' responsibilities for the audit of the financial statements (Cont'd)

- 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
202006000003 (LLP0022760-LCA) & AF0039
Chartered Accountants

Nurida Salwa Binti Mohd Muhili
No. 03371/06/2024 J
Chartered Accountant

Kuala Lumpur, Malaysia
17 November 2022

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 AUGUST 2022

	Note	Group 2022 RM	Group 2021 RM	Company 2022 RM	Company 2021 RM
Revenue	3	148,276,585	84,481,484	148,276,585	84,481,484
Cost of sales		(117,159,932)	(75,367,426)	(117,159,932)	(75,367,426)
Gross profit		31,116,653	9,114,058	31,116,653	9,114,058
Other operating income		2,687,224	1,711,443	2,687,224	1,711,443
Fair value through profit or loss on other investments		290,440	(1,452,200)	290,440	(1,452,200)
Fair value gain/(loss) on investment properties	12	57,000	(91,000)	57,000	(91,000)
Distribution costs		(24,104,609)	(14,894,876)	(24,104,609)	(14,894,876)
Administrative expenses		(6,811,225)	(8,023,003)	(6,811,225)	(8,023,003)
Other operating expenses		(1,415,050)	(1,493,796)	(1,411,014)	(1,488,832)
Operating income/(loss)		1,820,433	(15,129,374)	1,824,469	(15,124,410)
Finance costs	4	(1,314,908)	(1,686,757)	(1,314,908)	(1,686,757)
Profit/(loss) before tax	5	505,525	(16,816,131)	509,561	(16,811,167)
Taxation	8	(130,682)	(25,000)	(130,682)	(25,000)
Profit/(loss) for the year, representing total comprehensive loss for the year		374,843	(16,841,131)	378,879	(16,836,167)
Attributable to:					
Owners of the parent		374,843	(16,841,131)	378,879	(16,836,167)
Earnings/(loss) per share - basic (sen)	9	0.50	(22.57)		

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

STATEMENTS OF FINANCIAL POSITION AS AT 31 AUGUST 2022

		Group		Company	
	Note	2022 RM	2021 RM	2022 RM	2021 RM
Assets					
Non-current assets					
Property, plant and equipment	10	24,178,305	22,444,530	24,178,305	22,444,530
Right-of-use assets	11	14,841,246	14,400,272	14,841,246	14,400,272
Investment properties	12	14,314,800	14,039,500	14,314,800	14,039,500
Investment insubsidiaries	13	-	-	4	4
Other investment	14	28,753,560	28,463,120	28,753,560	28,463,120
		82,087,911	79,347,422	82,087,915	79,347,426
Current assets					
Inventories	15	34,389,475	32,236,008	34,389,475	32,236,008
Trade and other receivables	16	20,140,141	18,938,001	20,140,141	18,938,001
Amount due from subsidiaries	17	-	-	68,880	64,123
Tax recoverable		1,288,092	1,374,552	1,288,092	1,374,552
Cash and bank balances	18	3,872,660	7,577,047	3,872,660	7,577,047
		59,690,368	60,125,608	59,759,248	60,189,731
Total assets		141,778,279	139,473,030	141,847,163	139,537,157
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		(13,443,438)	(13,818,281)	(13,365,316)	(13,744,195)
Total equity		61,901,395	61,526,552	61,979,517	61,600,638
Non-current liabilities					
Lease liabilities	20	49,704	751,994	49,704	751,994
Long term borrowings	21	628,359	430,782	628,359	430,782
		678,063	1,182,776	678,063	1,182,776
Current liabilities					
Trade and other payables	24	58,197,777	47,621,572	58,188,539	47,611,613
Lease liabilities	20	867,364	805,294	867,364	805,294
Short term borrowings	21	20,133,680	28,336,836	20,133,680	28,336,836
		79,198,821	76,763,702	79,189,583	76,753,743
Total liabilities		79,876,884	77,946,478	79,867,646	77,936,519
Total equity and liabilities		141,778,279	139,473,030	141,847,163	139,537,157

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 2022

Group	← Attributable to owners of the parent → Share capital RM	Retained profits/ (Accumulated losses) RM	Total equity RM
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
At 1 September 2021	75,344,833	(13,818,281)	61,526,552
Total comprehensive income	-	374,843	374,843
At 31 August 2022	75,344,833	(13,443,438)	61,901,395

Company	← Attributable to owners of the parent → Share capital RM	Retained profits/ (Accumulated losses) RM	Total equity RM
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
At 1 September 2021	75,344,833	(13,744,195)	61,600,638
Total comprehensive income	-	378,879	378,879
At 31 August 2022	75,344,833	(13,365,316)	61,979,517

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 2022

	Group		Company	
	2022 RM	**2021 RM**	**2022 RM**	**2021 RM**
Cash flows from operating activities				
Profit/(loss) before tax	505,525	(16,816,131)	509,561	(16,811,167)
Adjustments for:				
Fair value through profit or loss on other investments	(290,440)	1,452,200	(290,440)	1,452,200
Fair value (gain)/loss on investment properties	(57,000)	91,000	(57,000)	91,000
Depreciation of property, plant and equipment	1,899,588	1,911,287	1,899,588	1,911,287
Depreciation of right-of-use asset	1,337,779	1,282,125	1,337,779	1,282,125
Allowance for expected credit losses for trade receivables	498,064	424,055	498,064	424,055
Reversal of allowance for expected credit losses for trade receivables	(107,535)	(55,073)	(107,535)	(55,073)
Loss/(gain) on disposal of property, plant and equipment equipment	597	(38,000)	597	(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	1,314,908	1,686,757	1,314,908	1,686,757
Unrealised foreign exchange loss	9,340	588,653	9,340	588,653
Interest income	(186,504)	(365,201)	(186,504)	(365,201)
Operating income/(loss) before working capital changes)	4,924,322	(9,547,294)	4,928,358	(9,542,330)
Working capital changes:				
(Increase)/decrease in inventories	(2,153,467)	7,336,648	(2,153,467)	7,336,648
Increase in receivables	(2,136,344)	(154,968)	(2,136,344)	(154,968)
Increase in payables	10,875,054	7,796,885	10,875,775	7,797,398
Increase in amount due from subsidiaries	-	-	(4,757)	(5,477)
Cash generated from operations	11,509,565	5,431,271	11,509,565	5,431,271
Taxation (paid)/refund	(53,070)	513,233	(53,070)	513,233
Interest paid	(1,249,862)	(1,554,463)	(1,249,862)	(1,554,463)
Net cash generated from operating activities	10,206,633	4,390,041	10,206,633	4,390,041

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2022
(CONT'D)

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Cash flows from investing activities				
Purchase of property, plant and equipment	(3,361,246)	(419,575)	(3,361,246)	(419,575)
Interest received	502,539	49,166	502,539	49,166
Additions of right-of-use asset	(1,480,668)	-	(1,480,668)	-
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 (used in)/generated from investing activities	(4,339,375)	2,417,591	(4,339,375)	2,417,591
Cash flows from financing activities				
Net (repayment)/drawdown of banking facilities	(6,555,000)	1,311,000	(6,555,000)	1,311,000
Net repayment of hire purchase	(195,650)	(217,563)	(195,650)	(217,563)
Net repayment of term loans	(1,493,162)	(2,691,477)	(1,493,162)	(2,691,477)
Payment of principal portion of lease liability	(1,003,351)	(975,402)	(1,003,351)	(975,402)
Net cash used in financing activities	(9,247,163)	(2,573,442)	(9,247,163)	(2,573,442)
Net change in cash and cash equivalents	(3,379,905)	4,234,190	(3,379,905)	4,234,190
Cash and cash equivalents at beginning of year	5,362,051	1,127,861	5,362,051	1,127,861
Cash and cash equivalents at end of year	1,982,146	5,362,051	1,982,146	5,362,051
Cash and cash equivalents comprise:				
Cash and bank balances	3,872,660	7,577,047	3,872,660	7,577,047
Bank overdrafts	(1,890,514)	(2,214,996)	(1,890,514)	(2,214,996)
	1,982,146	5,362,051	1,982,14	5,362,051

NOTES TO THE FINANCIAL STATEMENTS
31 AUGUST 2022

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 17 November 2022.

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.

As at 31 August 2022, the Group's and the Company's current liabilities exceeded current assets by RM19,508,453 and RM19,430,335 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 2021, 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"):

Description	Effective for annual periods beginning on or after
• Amendments to MFRS 9 Financial Instruments, MFRS 139 Financial Instruments: Recognition and Measurement, MFRS 7 Financial Instruments: Disclosure, MFRS 4 Insurance Contracts 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

The initial adoption of abovementioned pronouncements did not have any material impact to the financial statements of the Group and the Company.

NOTES TO THE FINANCIAL STATEMENTS
31 AUGUST 2022
(CONT'D)

2. Significant accounting policies (Cont'd)

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 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 101: Presentation of Financial Statements (Disclosure of Accounting Policies)	1 January 2023
Amendments to MFRS 108: Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2023
Amendments to MFRS 112: Income Taxes (Deferred Tax related to Assets and Liabilities from a Single Transaction)	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.

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.

NOTES TO THE FINANCIAL STATEMENTS 31 AUGUST 2022
(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)

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.

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 noncontrolling 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 noncontrolling 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.

NOTES TO THE FINANCIAL STATEMENTS
31 AUGUST 2022
(CONT'D)

2. Significant accounting policies (Cont'd)

2.4 Summary of significant accounting policies (Cont'd)

(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:

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.

Capital work in progress is not depreciated as these are not available for use.

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.

(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.

NOTES TO THE FINANCIAL STATEMENTS 31 AUGUST 2022
(CONT'D)

2. Significant accounting policies (Cont'd)

2.4 Summary of significant accounting policies (Cont'd)

(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 (cashgenerating units ("CGU")).

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.

NOTES TO THE FINANCIAL STATEMENTS
31 AUGUST 2022
(CONT'D)

2. Significant accounting policies (Cont'd)

2.4 Summary of significant accounting policies (Cont'd)

(g) Financial assets (Cont'd)

Initial recognition and measurement (Cont'd)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS 31 AUGUST 2022
(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)

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

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.

The Group and the Company's financial assets at fair value through profit or loss consist of investment in quoted shares.

(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.

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.

NOTES TO THE FINANCIAL STATEMENTS 31 AUGUST 2022 (CONT'D)

2. Significant accounting policies (Cont'd)

2.4 Summary of significant accounting policies (Cont'd)

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

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.

(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, lease liabilities 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.

(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 2022
(CONT'D)

2. Significant accounting policies (Cont'd)

2.4 Summary of significant accounting policies (Cont'd)

(h) Impairment of financial assets (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.

Offsetting of financial instruments

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

(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.

NOTES TO THE FINANCIAL STATEMENTS 31 AUGUST 2022 (CONT'D)

2. Significant accounting policies (Cont'd)

2.4 Summary of significant accounting policies (Cont'd)

(k) Provisions (Cont'd)

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.

(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 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.

NOTES TO THE FINANCIAL STATEMENTS
31 AUGUST 2022
(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)

(b) Lease liabilities (cont'd.)

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.

(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 hostel (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.

NOTES TO THE FINANCIAL STATEMENTS 31 AUGUST 2022 (CONT'D)

2. Significant accounting policies (Cont'd)

2.4 Summary of significant accounting policies (Cont'd)

(n) Revenue recognition (Cont'd)

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.

(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 2022
(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.

(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.

NOTES TO THE FINANCIAL STATEMENTS 31 AUGUST 2022 (CONT'D)

2. Significant accounting policies (Cont'd)

2.4 Summary of significant accounting policies (Cont'd)

(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.

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 2022 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.

NOTES TO THE FINANCIAL STATEMENTS 31 AUGUST 2022
(CONT'D)

2. Significant accounting policies (Cont'd)

2.5 Significant accounting estimates and judgements (Cont'd)

Key sources of estimation uncertainty (Cont'd)

(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.

3. Revenue

	Group/Company	
	2022 RM	**2021 RM**
Sales of goods	148,276,585	84,481,484
Geographical markets		
Malaysia	132,486,673	63,408,720
Southeast Asia	15,789,912	19,022,313
Africa	-	2,050,451
Total revenue from contracts with customers	148,276,585	84,481,484
Timing of revenue recognition		
Goods transferred at a point in time	148,276,585	84,481,484

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 (2021: 90 to 120 days).

4. Finance costs

	Group/Company	
	2022 RM	**2021 RM**
Interest expense		
- term loans	317,580	420,608
- bank overdrafts	176,916	263,017
- revolving credit	193,421	202,272
- bankers' acceptances	518,130	620,734
- invoice financing	12,815	53,777
- letter of credit	17,158	4,700
- hire purchase	13,842	27,169
- lease interest	65,046	94,480
	1,314,908	1,686,757

NOTES TO THE FINANCIAL STATEMENTS
31 AUGUST 2022
(CONT'D)

5. Profit/(loss) before tax

Profit/(loss) before tax is stated after charging/(crediting):

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Staff costs (Note 6)	22,412,049	15,740,336	22,412,049	15,740,336
Non-executive directors' remuneration (Note 7)	101,787	117,875	101,787	117,875
Auditors' remuneration:				
Statutory audit	228,000	173,000	225,000	170,000
Other services	12,500	12,500	12,500	12,500
Depreciation of property, plant and equipment (Note 10)	1,899,588	1,911,287	1,899,588	1,911,287
Depreciation of right-of-use assets (Note 11)	1,337,779	1,282,125	1,337,779	1,282,125
Allowance for expected credit losses (Note 16)	498,064	424,055	498,064	424,055
Reversal of allowance for expected credit losses for trade receivables (Note 16)	(107,535)	(55,073)	(107,535)	(55,073)
Expenses arising from leases:				
- short term lease	45,600	76,470	45,600	76,470
- low value assets	6,840	9,221	6,840	9,221
Hire of machinery	386,051	428,385	386,051	428,385
Realised foreign exchange gain	(183,312)	(469,453)	(183,312)	(469,453)
Unrealised foreign exchange loss	9,340	588,653	9,340	588,653
Rental income	(316,043)	(353,250)	(316,043)	(353,250)
Interest income	(186,504)	(365,201)	(186,504)	(365,201)
Loss on disposal for investment property	-	250,000	-	250,000
Property, plant and equipment written off	-	41,034	-	41,034
(Gain)/loss on fair value for investment properties	(57,000)	91,000	(57,000)	91,000
Loss/(gain) on disposal for property, plant and equipment	597	(38,000)	597	(38,000)

6. Staff costs

	Group/Company	
	2022 RM	2021 RM
Wages and salaries	21,061,906	14,534,614
Pension costs - defined contribution plan	677,786	723,059
Social security contributions	160,422	142,539
Other staff related expenses	511,935	340,124
	22,412,049	15,740,336

Included in staff costs of the Group and of the Company is Executive Director's remuneration amounting to RM522,428 (2021: RM522,428) as further disclosed in Note 7.

NOTES TO THE FINANCIAL STATEMENTS
31 AUGUST 2022
(CONT'D)

7. Directors' remuneration

	Group/Company 2022 RM	2021 RM
Executive director's remuneration (Note 6)		
Salaries and other emoluments	522,428	522,428
Non-executive directors (Note 5)		
Fees and other emoluments	101,787	91,000
Total Directors' remuneration	624,215	613,428

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 2022			
Executive			
- Leong Kway Wah	502,428	20,000	522,428
Non-executive			
- Abdul Khudus Bin Mohd Naaim	36,000	25,000	61,000
- Dennis Xavier	-	5,625	5,625
- Datin Sabrina Ainie	-	10,081	10,081
- Abdul Rahman Bin Siraj	-	10,081	10,081
- Dato' Ir Dr Abdul Aziz Bin Arshad	-	15,000	15,000
	36,000	65,787	101,787
Total directors' remuneration	538,428	85,787	624,215
At 31 August 2021			
Executive			
- Leong Kway Wah	502,428	20,000	522,428
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

NOTES TO THE FINANCIAL STATEMENTS
31 AUGUST 2022
(CONT'D)

8. Taxation

Domestic current income tax is calculated at the statutory tax rate of 24% (2021: 24%) of the estimated assessable profit for the financial year.

Reconciliations of income tax expense applicable to profit/(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	
	2022 RM	**2021 RM**	**2022 RM**	**2021 RM**
Profit/(loss) before tax	505,525	(16,816,131)	509,561	(16,811,167)
Taxation at Malaysian statutory tax rate of 24% (2021: 24%)	121,326	(4,035,871)	122,295	(4,034,680)
Effect of different tax rate on fair value adjustment on investment properties	(7,980)	12,740	(7,980)	12,740
Expenses not deductible for tax purposes	417,606	949,882	416,637	948,691
Utilisation of previously unrecognised deferred tax asset	(419,510)	-	(419,510)	-
Deferred tax asset not recognised	-	3,073,249	-	3,073,249
	111,442	-	111,442	-
Real Property Gains Tax ("RPGT")	(19,240)	(25,000)	(19,240)	(25,000)
Income tax expense	(130,682)	(25,000)	(130,682)	(25,000)

9. Earnings/(loss) per share

Earnings/(loss) per share is calculated by dividing the profit for the year of RM374,843 (2021: loss of RM16,841,131) for the Group on the number of ordinary shares in issue during the year of 74,625,000 (2021: 74,625,000).

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

NOTES TO THE FINANCIAL STATEMENTS
31 AUGUST 2022
(CONT'D)

10. Property, plant and equipment

	Buildings RM	Plant and machinery RM	Office, factory and Motor vehicles RM	Furniture, laboratory equipment RM	Capital fixtures and fittings RM	Work in Progress RM	Total RM
Group/Company							
Cost							
At 1 September 2021	27,012,445	70,251,400	2,062,004	1,785,421	1,477,969	-	102,589,239
Additions	-	1,389,977	-	18,426	16,540	2,209,017	3,633,960
Disposal	-	-	-	(5,950)	-	-	(5,950)
At 31 August 2022	27,012,445	71,641,377	2,062,004	1,797,897	1,494,509	2,209,017	106,217,249
Accumulated depreciation							
At 1 September 2021	12,185,215	63,085,635	2,041,445	1,403,596	1,428,818	-	80,144,709
Charge for the year (Note 5)	600,550	1,145,505	11,199	127,201	15,133	-	1,899,588
Disposal	-	-	-	(5,353)	-	-	(5,353)
At 31 August 2022	12,785,765	64,231,140	2,052,644	1,525,444	1,443,951	-	82,038,944
Net carrying amount	14,226,680	7,410,237	9,360	272,453	50,558	2,209,017	24,178,305

NOTES TO THE FINANCIAL STATEMENTS 31 AUGUST 2022 (CONT'D)

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

	Buildings RM	Plant and machinery RM	Office, factory and Motor vehicles RM	Furniture, laboratory equipment RM	Capital fixtures and fittings RM	Work in Progress RM	Total RM
Group/Company							
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
Addition	-	-	(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 2022
(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	
	2022 RM	2021 RM
Plant and machinery	56,738,102	56,365,241
Factory building	313,978	313,978
Motor vehicles	2,006,005	2,002,995
Office, factory and laboratory equipment	1,061,292	1,061,292
Furniture, fixtures and fittings	1,378,553	1,376,813
	61,497,930	61,120,319

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

	Group/Company	
	2022 RM	2021 RM
Factory buildings	10,184,156	10,474,613

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

	Group/Company	
	2022 RM	2021 RM
Cash	3,361,246	419,575
Hire purchase	272,714	148,000
	3,633,960	567,575

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

NOTES TO THE FINANCIAL STATEMENTS 31 AUGUST 2022
(CONT'D)

11. Right-of-use assets

	Leasehold land RM	Offices RM	Buildings RM	Stockyard RM	Total RM
Group/Company					
Cost					
At 1 September 2021	20,307,304	2,691,144	549,078	290,420	23,837,946
Additions	1,480,668	49,365	123,101	125,619	1,778,753
Derecognition	-	(39,654)	(142,997)	(290,420)	(473,071)
At 31 August 2022	21,787,972	2,700,855	529,182	125,619	25,143,628
Accumulated depreciation					
At 1 September 2021	7,586,610	1,359,734	242,398	248,932	9,437,674
Charge for the year (Note 5)	412,548	679,507	126,931	118,793	1,337,779
Derecognition	-	(39,654)	(142,997)	(290,420)	(473,071)
At 31 August 2022	7,999,158	1,999,587	226,332	77,305	10,302,382
Net carrying amount	13,788,814	701,268	302,850	48,314	14,841,246

The additions for leasehold land amounted to RM1,480,668 relates to extension of lease in Rawang for further 10 years.

	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

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

	Group/Company 2022 RM	2021 RM
Leasehold land	7,940,202	6,670,173

NOTES TO THE FINANCIAL STATEMENTS 31 AUGUST 2022
(CONT'D)

12. Investment properties

	Lands and buildings RM	Investment property under construction RM	Total RM
Group/Company			
At 1 September 2021	12,948,000	1,091,500	14,039,500
Additions	-	218,300	218,300
Fair value adjustment	57,000	-	57,000
At 31 August 2022	13,005,000	1,309,800	14,314,800
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

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 (2021: 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 2022 RM	Group/Company 2021 RM
Rental income derived from investment property	316,043	353,250
Direct operating expenses generating rental income (included in other operating expenses)	(44,755)	(15,519)
Profit arising from investment property carried at fair value	271,288	337,731

NOTES TO THE FINANCIAL STATEMENTS
31 AUGUST 2022
(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				
2022				
- Shoplots	-	-	7,090,000	7,090,000
- Apartments	-	-	3,776,000	3,776,000
- Houses	-	-	1,290,000	1,290,000
- Land	-	-	849,000	849,000
	-	-	13,005,000	13,005,000
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

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 -20% and 21% (2021: -9% and 15%) of the respective comparative prices.

Significant unobservable valuation input

	Group/Company	
	2022 RM	2021 RM
Price per square foot		
- Shoplots	277 - 3,750	277 - 3,750
- Apartments	149 - 500	135 - 500
- Houses	29 - 319	32 - 319
- Land	17 - 21	17 - 21

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 2022

(CONT'D)

13. Investment in subsidiaries

	Group/Company 2022 RM	2021 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 2022 %	2021 %
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 2022 RM	2021 RM
Fair value through profit or loss investment:		
Quoted shares in Malaysia	28,753,560	28,463,120

Other investment relate to investment in quoted shares of Inch Kenneth Kajang Rubber Public Limited Company ("IKKR"), a corporate shareholder. This represents 15% (2021: 15%) of the issued and fully paid up capital of IKKR. 40,000,000 units of quoted shares (2021: 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 2022 RM	2021 RM
At cost:		
Finished goods	14,516,162	15,446,825
Raw materials	19,873,313	16,789,183
	34,389,475	32,236,008

During the year, inventories of RM90,166,086 (2021: RM48,846,581) was recognised in the cost of sales.

NOTES TO THE FINANCIAL STATEMENTS 31 AUGUST 2022 (CONT'D)

16. Trade and other receivables

	Group/Company 2022 RM	2021 RM
Trade receivables	20,329,607	18,877,871
Less: Allowance for expected credit losses	(2,514,633)	(2,124,104)
	17,814,974	16,753,767
Other receivables:		
Deposits	311,537	318,363
Prepayments	1,885,792	1,456,780
Sundry receivables	190,936	472,189
Less: Allowance for expected credit losses	(63,098)	(63,098)
	2,325,167	2,184,234
Total trade and other receivables	20,140,141	18,938,001

The Group's and the Company's average trade credit term ranges from 90 to 120 days (2021: 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 RM4,348,203 (2021: RM3,090,846), arising from one customer which contributed to approximately 24% (2021: 18%) 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.

<u>Ageing analysis of trade receivables</u>

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

	Group/Company 2022 RM	2021 RM
Not past due	16,800,613	10,218,770
Past due		
1 to 30 days	245,789	1,581,148
31 to 60 days	81,302	381,328
61 to 90 days	17,700	215,749
91 to 120 days	-	716,183
More than 121 days	3,184,203	5,764,693
	3,528,994	8,659,101
Impaired	(2,514,633)	(2,124,104)
	17,814,974	16,753,767
As at 1 September 2021/2020	2,124,104	11,655,012
Allowance for expected credit losses (Note 5)	498,064	424,055
Reversal of allowance for expected credit losses (Note 5)	(107,535)	(55,073)
Bad debt written off	-	(9,899,890)
As at 31 August	2,514,633	2,124,104

NOTES TO THE FINANCIAL STATEMENTS 31 AUGUST 2022
(CONT'D)

16. Trade and other receivables (Cont'd)

Movement in the other receivables allowance account:

	Group/Company 2022 RM	2021 RM
As at 1 September 2021/2020	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.

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 2022 RM	2021 RM
Cash at banks and on hand	3,872,660	7,577,047

19. Share capital

	Number of ordinary shares		Amount	
	2022 RM	2021 RM	2022 RM	2021 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:

	2022 RM	2021 RM
As at 1 September 2021/2020	1,557,288	2,327,832
Additions	298,085	110,378
Accretion of interest	65,046	94,480
Payments	(1,003,351)	(975,402)
As at 31 August	917,068	1,557,288
Current	867,364	805,294
Non-current	49,704	751,994
	917,068	1,557,288

NOTES TO THE FINANCIAL STATEMENTS 31 AUGUST 2022 (CONT'D)

20. Lease liabilities (Cont'd)

The following are the amounts recognised in profit or loss:

	2022 RM	2021 RM
Depreciation expense of right-of-use assets	1,337,779	1,282,125
Interest expense on lease liabilities	65,046	94,480
Expense relating to short-term leases	45,600	76,470
Expense relating to leases of low-value-assets	6,840	9,221
	1,455,265	1,462,296

The Group had total cash outflows for leases of RM1,003,351 (2021: RM975,402). The Group also had non-cash additions to right-of-use assets of RM298,085 (2021: RM110,378).

21. Borrowings

	Group/Company 2022 RM	2021 RM
Long term borrowings		
Secured:		
- Hire purchase (Note 22)	212,184	26,400
- Term loans	416,175	404,382
	628,359	430,782
Short term borrowings		
Secured:		
- Revolving credit facilities	3,500,000	5,000,000
- Hire purchase (Note 22)	299,345	118,064
- Bankers' acceptances	10,259,000	14,473,000
- Invoice financing	574,000	1,315,000
- Term loans	2,130,821	3,635,776
- Bank overdrafts	1,890,514	2,214,996
	18,653,680	26,756,836
Unsecured:		
- Bankers' acceptances	1,480,000	1,580,000
Total short term borrowings	20,133,680	28,336,836

NOTES TO THE FINANCIAL STATEMENTS 31 AUGUST 2022
(CONT'D)

21. Borrowings (Cont'd)

	Group/Company 2022 RM	Group/Company 2021 RM
Total borrowings		
Secured:		
- Revolving credit facilities	3,500,000	5,000,000
- Hire purchase (Note 22)	511,529	144,464
- Bankers' acceptances	10,259,000	14,473,000
- Invoice financing	574,000	1,315,000
- Term loans	2,546,996	4,040,158
- Bank overdrafts	1,890,514	2,214,996
	19,282,039	27,187,618
Unsecured:		
- Bankers' acceptances	1,480,000	1,580,000
	20,762,039	28,767,618
Maturity of total borrowings:		
Not later than 1 year	20,133,680	28,336,836
Later than 1 year and not later than 2 years	628,359	430,782
	20,762,039	28,767,618

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

	Group/Company 2022 %	Group/Company 2021 %
Hire purchase	3.15 - 3.51	2.96 - 3.51
Bankers' acceptances	3.06 - 5.30	3.14 - 3.94
Invoice financing	6.09 - 8.95	3.26 - 5.43
Revolving credit facilities	3.95 - 5.12	4.02 - 4.12
Term loans	4.81 - 7.67	3.92 - 7.84
Bank overdrafts	5.14 - 7.63	5.22 - 7.95

NOTES TO THE FINANCIAL STATEMENTS 31 AUGUST 2022 (CONT'D)

21. Borrowings (Cont'd)

	Note (i) RM	Note (ii) RM	Note (iii) RM	Total secured borrowings RM
Facilities				
31 August 2022				
Revolving credit	-	-	3,500,000	3,500,000
Bankers acceptance	921,000	-	9,338,000	10,259,000
Invoice financing	574,000	-	-	574,000
Term loans	401,819	2,145,177	-	2,546,996
Bank overdrafts	-	-	1,890,514	1,890,514
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

Note (i)

The facilities 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 (2021: RM6,750,000) as disclosed in Note 12.

Note (ii)

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

	Group/Company 2022 %	2021 %
First party second legal charge over properties in Rawang:		
- leasehold land (Note 11	3,961,699	2,584,407
- factory building (Note 10)	6,290,170	6,472,263

Note (iii)

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

	Group/Company 2022 RM	2021 RM
(a) First legal charge over properties in Nilai:		
- leasehold land (Note 11)	1,530,211	1,553,050
- factory building (Note 10)	1,975,448	2,033,374
(b) First legal charge over properties in Batang Kali:		
- leasehold land (Note 11)	2,448,292	2,532,716
- factory building (Note 10)	1,918,538	1,968,976

(c) Supplemental memorandum of deposit over investment in quoted shares as disclosed in Note 14.

NOTES TO THE FINANCIAL STATEMENTS 31 AUGUST 2022
(CONT'D)

21. Borrowings (Cont'd)

Change in liabilities arising from financing activities

2022:	At 1 September 2021 RM	Net repayment RM	Others RM	At 31 August 2022 RM
Group/Company				
Hire purchase	144,464	(195,650)	272,714	511,529
Term loans	4,040,158	(1,493,162)	-	2,546,996
Revolving credit facilities	5,000,000	(1,500,000)	-	3,500,000
Bankers' acceptances	16,053,000	(4,314,000)	-	11,739,000
Invoice financing	1,315,000	(741,000)	-	574,000
	26,552,622	(8,243,812)	272,714	18,871,525

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

22. Hire purchase

	Group/Company 2022 RM	2021 RM
Future minimum lease payments:		
Not later than 1 year	303,851	122,586
Later than 1 year and not later than 2 years	234,460	26,400
Total future minimum lease payments	538,311	148,986
Less: Future finance charges	(26,782)	(4,522)
Present value of hire purchase liabilities	511,529	144,464
Analysis of present value of hire purchase liabilities:		
Not later than 1 year	299,345	118,064
Later than 1 year and not later than 2 years	212,184	26,400
	511,529	144,464
Less: Amount due within 12 months (Note 21)	(299,345)	(118,064)
Amount due after 12 months (Note 21)	212,184	26,400

NOTES TO THE FINANCIAL STATEMENTS
31 AUGUST 2022
(CONT'D)

23. Deferred tax liabilities

	Group/Company 2022 RM	Group/Company 2021 RM
At 1 September 2021/2020	-	-
Recognised in profit or loss (Note 8)	-	-
At 31 August	-	-
Presented after appropriate offsetting as follows:		
Deferred tax liabilities	2,495,792	2,229,905
Deferred tax assets	(2,495,792)	(2,229,905)
	-	-

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 2021	1,831,073	367,600	31,232	2,229,905
Charged to profit or loss	238,451	5,700	21,736	265,887
At 31 August 2022	2,069,524	373,300	52,968	2,495,792
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

Deferred tax assets

	Provisions RM
At 1 September 2021	(2,229,905)
Charged to profit or loss	(265,887)
At 31 August 2022	(2,495,792)
At 1 September 2020	(2,748,828)
Charged to profit or loss	518,923
At 31 August 2021	(2,229,905)

NOTES TO THE FINANCIAL STATEMENTS 31 AUGUST 2022
(CONT'D)

23. Deferred tax liabilities (Cont'd)

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

	Group/Company 2022 RM	2021 RM
Unutilised tax losses	18,741,721	19,910,723
Unabsorbed capital allowances	12,064,650	12,643,608
Unutilised allowance for increased exports	9,100,801	9,100,801
	39,907,172	41,655,132

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 10 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 2022 RM	2021 RM
Utilisation period		
Indefinite	21,165,451	21,744,409
Within 5 years for recognition	8,655,813	850,788
Within 6 years for recognition	10,085,908	8,974,027
Within 7 years for recognition	-	10,085,908
	39,907,172	41,655,132

24. Trade and other payables

	Group 2022 RM	Group 2021 RM	Company 2022 RM	Company 2021 RM
Trade payables				
Third parties	32,543,196	25,777,614	32,543,196	25,777,614
Accruals	641,855	564,434	641,855	564,434
	33,185,051	26,342,048	33,185,051	26,342,048
Other payables				
Third parties	23,101,841	19,410,097	23,101,841	19,410,097
Accruals	1,910,885	1,869,427	1,901,647	1,859,468
	25,012,726	21,279,524	25,003,488	21,269,565
Total trade and other payables	58,197,777	47,621,572	58,188,539	47,611,613

The normal trade credit terms granted to the Group and to the Company range from 90 to 120 days (2021: 90 to 120 days).

NOTES TO THE FINANCIAL STATEMENTS 31 AUGUST 2022 (CONT'D)

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:

	2022 RM	2021 RM
Malaysia	132,486,673	63,408,720
Southeast Asia	15,789,912	19,022,313
Africa	-	2,050,451
	148,276,585	84,481,484

Information about a major customer

Revenue from a major customer amounted to RM57,269,671 (2021: RM15,317,935).

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 2022
(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 2022				
Assets				
Other investments	-	28,753,560	-	28,753,560
Trade and other receivables	18,254,349	-	-	18,254,349
Cash and bank balances	3,872,660	-	-	3,872,660
Total financial assets	22,127,009	28,753,560	-	50,880,569
Total non-financial assets				90,897,710
Total assets				141,778,279
Liabilities				
Borrowings	-	-	20,762,039	20,762,039
Lease liabilities	-	-	917,068	917,068
Trade and other payables	-	-	58,197,777	58,197,777
Total financial liabilities	-	-	79,876,884	79,876,884
Total non-financial liabilities				-
Total liabilities				79,876,884
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

NOTES TO THE FINANCIAL STATEMENTS
31 AUGUST 2022
(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 2021				
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
Company				
31 August 2022				
Assets				
Other investments	-	28,753,560	-	28,753,560
Trade and other receivables	18,254,349	-	-	18,254,349
Amount due from subsidiaries	68,880	-	-	68,880
Cash and bank balances	3,872,660	-	-	3,872,660
Total financial assets	22,195,889	28,753,560	-	50,949,449
Total non-financial assets				90,897,714
Total assets				141,847,163
Liabilities				
Borrowings	-	-	20,762,039	20,762,039
Lease liabilities	-	-	917,068	917,068
Trade and other payables	-	-	58,188,539	58,188,539
Total financial liabilities	-	-	79,867,646	79,867,646
Total non-financial liabilities				-
Total liabilities				79,867,646

NOTES TO THE FINANCIAL STATEMENTS 31 AUGUST 2022
(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 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

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 2022
(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.

	2022		2021	
	Carrying amount RM	Fair value RM	Carrying amount RM	Fair value RM
Group/Company				
Financial liabilities				
Long term borrowing				
- Hire purchase	212,184	200,004	26,400	24,885
- Term loans	416,175	370,394	404,382	359,899
	628,359	570,398	430,782	384,784

(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.

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.

NOTES TO THE FINANCIAL STATEMENTS 31 AUGUST 2022
(CONT'D)

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

(a) Credit risk (Cont'd)

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.

<u>Exposure to credit risk</u>

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.

<u>Credit risk concentration profile</u>

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:

	2022		2021	
	RM	**% of total**	**RM**	**% of total**
Group/Company				
By country/region				
Malaysia	15,728,612	88%	13,906,421	83%
Southeast Asia	2,086,362	12%	2,847,346	17%
	17,814,974	100%	16,753,767	100%

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.

NOTES TO THE FINANCIAL STATEMENTS 31 AUGUST 2022 (CONT'D)

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

(b) Liquidity risk (Cont'd)

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
2022			
Group			
Financial liabilities:			
Trade and other payables	58,197,777	-	58,197,777
Lease liabilities	892,648	51,240	943,888
Borrowings	20,222,789	637,131	20,859,920
Total undiscounted financial liabilities	79,313,214	688,371	80,001,585
Company			
Financial liabilities:			
Trade and other payables	58,188,539	-	58,188,539
Lease liabilities	892,648	51,240	943,888
Borrowings	20,222,789	637,131	20,859,920
Total undiscounted financial liabilities	79,303,976	688,371	79,992,347
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 2022
(CONT'D)

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

(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 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.

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 2022	
Borrowings denominated in Ringgit Malaysia	
Interest rates increase by 0.25%	(51,905)
Interest rates decrease by 0.25%	51,905
31 August 2021	
Borrowings denominated in Ringgit Malaysia	
Interest rates increase by 0.25%	(71,919)
Interest rates decrease by 0.25%	71,919

(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).

NOTES TO THE FINANCIAL STATEMENTS 31 AUGUST 2022
(CONT'D)

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

(d) Market price risk (Cont'd)

	Group/Company RM
31 August 2022	
Investment in Malaysia	
Market price increase by 5%	1,437,678
Market price decrease by 5%	(1,437,678)
31 August 2021	
Investment in Malaysia	
Market price increase by 5%	1,423,156
Market price decrease by 5%	(1,423,156)

(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 2022	
China Renminbi	(1,985,215)
Singapore Dollar	2,086,362
	101,147
As at 31 August 2021	
China Renminbi	(1,827,453)
Singapore Dollar	2,651,908
	824,455

NOTES TO THE FINANCIAL STATEMENTS 31 AUGUST 2022
(CONT'D)

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

(e) Foreign currency risk (Cont'd)

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	
		2022 RM	**2021 RM**
SGD/RM	- strengthen 3%	62,591	79,557
	- weaken 3%	(62,591	(79,557)
CNY/RM	- strengthen 3%	(59,556)	(54,824)
	- weaken 3%	59,556	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 2022 and 31 August 2021.

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

	Group		**Company**	
	2022 RM	**2021 RM**	**2022 RM**	**2021 RM**
Total debts	21,679,107	30,324,906	21,679,107	30,324,906
Equity attributable to the owners of the parent	61,901,395	61,526,552	61,979,517	61,600,638
Debt to equity ratio	35%	49%	35%	49%

ANALYSIS OF SHAREHOLDINGS
As at 23 November 2022

No. of Shares Issued	:	74,624,608
Class of Shares	:	Ordinary Shares
Voting Rights	:	One Vote per Ordinary Share
No. of Shareholders	:	1,142

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Holders	%	No. of Shares	%
Less than 100	77	6.74	3,490	0.00
100 - 1,000	88	7.71	46,471	0.06
1,001 - 10,000	810	70.93	2,678,754	3.59
10,001 - 100,000	123	10.77	3,486,086	4.67
100,001 - less than 5% of issued shares	41	3.59	38,092,410	51.05
5% and above of issued shares	3	0.26	30,317,397	40.63
Total	**1,142**	**100.00**	**74,624,608**	**100.00**

SUBSTANTIAL SHAREHOLDERS

Name	Direct Interest	%	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 23 November 2022, 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%
7) Ahmad Hamzah bin Mohd Anuar	2,715,916	3.64%

ANALYSIS OF SHAREHOLDINGS
As at 23 November 2022
(CONT'D)

THIRTY (30) LARGEST SHAREHOLDERS (CONT'D)

Name		No. of Shares	%
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	1,429,100	1.92%
13)	Masmanis Sdn Bhd	1,300,166	1.74%
14)	Phillip Nominees (Tempatan) Sdn Bhd for Norazlina binti Awang	1,184,916	1.59%
15)	Usaki Sdn Bhd	1,166,666	1.56%
16)	Phillip 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)	Phillip 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)	Amsec Nominees (Tempatan) Sdn Bhd Ambank (M) Berhad for Ng Ah Chai	526,666	0.71%
26)	Temenggong Hotel Sdn Bhd	518,083	0.69%
27)	Perhentian Island Resort Sdn Bhd	482,166	0.65%
28)	Zuraini Binti Alias	472,083	0.63%
29)	Khatijah Binti Lebar	428,333	0.57%
30)	Ahmad Fauzi Bin Anuar @ Mohd Anuar	416,666	0.56%
TOTAL		**65,328,137**	**87.54%**

LIST OF PROPERTIES
AS AT 31 AUGUST 2022

	Location	Tenure	Residual Lease (Years)	Approximate Area	Description	Property Usage	Net Book Value 31-Aug-22 RM	Date of Acquisition (A) / Revaluation (R)
1	Lot 63, Bakar Arang Industrial Estate, Sg Petani, Kedah	Leasehold expiring in 2083	61	Land: 13.2 acres Built-up: 5,180 sqm	Single-storey office, an open sided single storey factory, canteen, laboratory, store and stockyard	Plant	3,231,113	31 August 1995 (A)
2	PLO 337, Jln Suasa, Pasir Gudang Industrial Estate, Pasir Gudang, Johor	Leasehold expiring in 2050	28	Land: 7.5 acres Built-up: 7,000 sqm	Single-storey office, two single-storey factory buildings, boiler house, canteen, stockyard and jetty	Plant	4,262,448	31 August 1995 (A)
3	PLO 461, Jln Suasa, Pasir Gudang Industrial Estate, Pasir Gudang, Johor	Leasehold expiring in 2053	31	Land: 2.5 acres	Stockyard	Stockyard	2,291,387	31 August 1995 (A)
4	PT 643, Batu 20, Jalan Ipoh, Rawang, Selangor.	Leasehold expiring in 2057	35	Land: 11.344 acres Built-up: 16,630 sqm	Double-storey office, canteen, store, laboratory, single-storey factory and stockyard	Plant	10,251,869	23 June 1993 (A)
	*Property is currently charged for financing facilities							
5	Lot 7106, Kawasan Perindustrian Nilai, Nilai, Negeri Sembilan.	Leasehold expiring in 2089	67	Land: 6.707 acres Built-up: 6,370 sqm	Single-storey factory and office, canteen and stockyard	Plant	3,505,659	16 March 2007 (A)
	*Property is currently charged for financing facilities							
6	HS(M) 1653, PT2100, Mukim Batang Kali, District of Hulu Selangor, Selangor.	Leasehold expiring in 2052	30	Land: 7.981 acres Built-up: 4,842 sqm	Single-storey factory and office, canteen, stockyard, boiler room, generator room and compressor room	Plant	4,366,758	25 August 2010 (A)
	*Property is currently charged for financing facilities							
7	No. 11, Jalan 10/11, Perjiranan 10, Pasir Gudang, Johor.	Leasehold expiring in 2082	60	Land: 0.035 acres Built-up: 150 sqm	Residential double-storey house	Hostel	62,592	30 April 1992 (A)

LIST OF PROPERTIES
AS AT 31 AUGUST 2022 (CONT'D)

	Location	Tenure	Residual Lease (Years)	Approximate Area	Description	Property Usage	Net Book Value 31-Aug-22 RM	Date of Acquisition (A) / Revaluation (R)
8	No. 31, Jalan 10/11, Perjiranan 10, Pasir Gudang, Johor.	Leasehold expiring in 2082	60	Land: 0.035 acres Built-up: 150 sqm	Residential double-storey house	Hostel	62,592	8 September 1992 (A)
9	No. 42, Jalan 10/11, Perjiranan 10, Pasir Gudang, Johor.	Leasehold expiring in 2082	60	Land: 0.035 acres Built-up: 150 sqm	Residential double-storey house	Hostel	62,592	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	33,120	28 April 1994 (A)
11	A-3-3, Block A, Taman Nilai Perdana, Nilai, Negeri Sembilan.	Freehold		Built-up: 60.7 sqm	Apartment	Rental property - Vacant	17,280	27 May 2009 (A)
12	A-1-6, Block A, Taman Nilai Perdana, Nilai, Negeri Sembilan.	Freehold		Built-up: 60.7 sqm	Apartment	Rental property - Vacant	17,280	27 May 2009 (A)
13	LA-3-2, Block LA, Taman Nilai Perdana, Nilai, Negeri Sembilan.	Freehold		Built-up: 60.7 sqm	Apartment	Hostel	17,280	27 May 2009 (A)
14	No. I-G-02, Jalan PPK 2, Bandar Kinrara, Section 3, Puchong, Selangor	Leasehold expiring in 2099	79	Built-up: 114 sqm	Ground Floor Shop lot	Rental property - Vacant	340,000	26 July 2022 (R)

LIST OF PROPERTIES
AS AT 31 AUGUST 2022 (CONT'D)

	Location	Tenure	Residual Lease (Years)	Approximate Area	Description	Property Usage	Net Book Value 31-Aug-22 RM	Date of Acquisition (A) / Revaluation (R)
15	Danau Putra Apartments Jalan Putra Perdana 5F, Taman Putra, Sepang, Selangor.	Leasehold expiring in 2092	72	Built-up:	Apartments	Rental property - Vacant		26 July 2022 (R)
	Unit 48-2A			76 sqm			122,000	
	Unit 48-2B			73 sqm			117,000	
	Unit 49-2A			69 sqm			111,000	
	Unit 49-2B			66 sqm			106,000	
	Unit 52-1B			66 sqm			110,000	
	Unit 52-1C			44 sqm			79,000	
	Unit 52-1D			73 sqm			123,000	
	Unit 53-2D			61 sqm			98,000	
	Unit 53-3B			66 sqm			100,000	
16	Unit B1-5-6, Pandan Mewah Heights, Jalan Mewah Utara, Taman Pandan Mewah, Ampang, Selangor.	Leasehold expiring in 2086	66	Built-up: 90 sqm	Condominium	Rental property	330,000	26 July 2022 (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 - Vacant	330,000	26 July 2022 (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	90,000	26 July 2022 (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	26 July 2022 (R)

LIST OF PROPERTIES
AS AT 31 AUGUST 2022
(CONT'D)

	Location	Tenure	Residual Lease (Years)	Approximate Area	Description	Property Usage	Net Book Value 31-Aug-22 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	72	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	26 July 2022 (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	26 July 2022 (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	26 July 2022 (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	26 July 2022 (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	1,309,800 (progress billing)	1 September 2021 (A)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Thirty-Eighth Annual General Meeting ("38th AGM") of Concrete Engineering Products Berhad ("CEPCO" or the "Company") will be held at Bilik Perdana, Dewan Perdana Felda, Jalan Maktab, Off Jalan Semarak, 50400 Kuala Lumpur on Wednesday, 11 January 2023 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 2022 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 2022.

3. Ordinary Resolution 2
To re-elect Leong Kway Wah who retires pursuant to Article 102 of the Company's Constitution, and being eligible, offers himself for re-election.

4. Ordinary Resolution 3
To re-elect Dato' Ir Dr Abdul Aziz bin Arshad who retires by rotation pursuant to Article 96 of the Company's Constitution, and being eligible, offers himself for re-election.

5. Ordinary Resolution 4
To re-appoint Messrs Ernst & Young as Auditors of the Company and to authorise the Directors to fix their remuneration.

SPECIAL BUSINESS

6. Approval to Continue in Office as Independent Non-Executive Directors

Ordinary Resolution 5
Abdul Khudus bin Mohd Naaim

"THAT authority be and is hereby given to Abdul Khudus bin Mohd Naaim 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."

7. Ordinary Resolution 6
Authority to Allot and Issue Shares Pursuant to the Sections 75 and 76 of the 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.

AND THAT pursuant to Section 85 of the Act to be read together with Clause 3 of the Company's Constitution, approval be and is hereby given to waive the statutory pre-emptive rights of the shareholders of the Company to be offered new Company shares ranking equally to the existing issued Company shares arising from any issuance of the new Company shares pursuant to Sections 75 and 76 of the Act."

OTHER BUSINESS

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

NOTICE OF ANNUAL GENERAL MEETING
(CONT'D)

By order of the Board

NORAKHMAR BINTI BAHAROM
LS 0001698
SSM PC NO. 201908003114
Secretary
Kuala Lumpur
12 December 2022

NOTES:

1. A member whose name appears in the Record of Depositors as at 4 January 2023 shall be regarded as Member of the Company entitled to attend the 38th AGM or appoint a proxy to attend and vote on his/her behalf.

2. 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.

3. 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.

4. 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.

5. Any alteration in the Form of Proxy must be initialled.

6. All the Resolutions set out in the Notice of the 38th 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 2022 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 38th AGM on the Directors' fees.

3. Resolution 2- Re-appointment of Leong Kway Wah

In accordance to Article 102 of the Company's Constitution provides that a managing director, subjected to retirement once every three years, and be eligible for re-election.

The Board has recommended that Leong Kway Wah be re-appointed as Director of the Company.

4. Resolution 3- Re-appointment of Dato' Ir Dr Abdul Aziz bin Arshad

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 Dato' Ir Dr Abdul Aziz bin Arshad be re-appointed as Director of the Company.

5. Resolution 4 - Re-appointment of Auditors

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

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

EXPLANATORY NOTES ON SPECIAL BUSINESS

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

Abdul Khudus bin Mohd Naaim 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 Remuneration and Nominating Committee, the rest of the Board members are of the unanimous opinion that Abdul Khudus bin Mohd Naaim should continue to act as Independent Non-Executive Director of the Company based on the following justification:

a) He fulfil the criteria as an 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 and business 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 him 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 exercise due care as Independent Director of the Company and carry out their professional and fiduciary duties in the interest of the Company and its shareholders.

7. Resolution 6 - Authority to Allot and Issue Shares Pursuant to the Sections 75 and 76 of the Companies Act 2016

The proposed Resolution 6, 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 12 January 2022 and which will lapse at the conclusion of the 38th 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. The Directors standing for re-election at the 38th AGM of the Company are:

    a. Pursuant to Article 102 of the Company's Constituion
        - Leong Kway Wah

    b. Pursuant to Article 96 of the Company's Constitution
        - Dato' Ir Dr Abdul Aziz bin Arshad

2. The profiles of the Directors who are standing for re-election are set out on page 8 to 12 of this Annual Report.

3. 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.

4. 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 7 of the Notice of the 38th 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 complication 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.

CDS Account No.	
Number of Shares	

CEPCO

CONCRETE ENGINEERING PRODUCTS BERHAD
Registration No. 198201008420 (88143-P)

FORM OF PROXY

*I/We ____(NRIC/Company No.______________________)
(Full name in block)

of ____
(Address)

with email address ______________________________________mobile phone no. ____________________

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

Full Name (in Block)	**NRIC/Passport No.**	**Proportion of Shareholdings (%)**
Address		
Email Address		
Mobile Phone No.		

and / or*

Full Name (in Block)	**NRIC/Passport No.**	**Proportion of Shareholdings (%)**
Address		
Email Address		
Mobile Phone No.		

or failing him/her, the Chairman of the Meeting as *my/our proxy to attend, speak and vote for me/us and on my/our behalf at the 38th Annual General Meeting of the Company to held at Bilik Perdana, Dewan Perdana Felda, Jalan Maktab, Off Jalan Semarak, 50400 Kuala Lumpur on Wednesday, 11 January 2023 at 10.00 a.m. and at any adjournment thereof. My/our proxy/proxies is/are to vote as indicated below: -

ORDINARY RESOLUTIONS	**FIRST PROXY**		**SECOND PROXY**	
	For	**Against**	**For**	**Against**
1) To approve the payment of Directors' Fees				
2) To re-elect Leong Kway Wah who retires pursuant to Article 102 of the Company's Constitution.				
3) To re-elect Dato' Ir Dr Abdul Aziz bin Arshad who retires pursuant to Article 96 of the Company's Constitution.				
4) To re-appoint Messrs Ernst & Young as Auditors of the Company and to authorise the Directors to fix their remuneration.				
5) **Special Business:** Approval to continue in office as Independent Non-Executive Director - Abdul Khudus bin Mohd Naaim				
6) **Special Business:** To empower the Directors of the Company to issue shares pursuant to the Sections 75 and 76 of the Companies Act 2016				

(Please indicate with a "√" or "X" in the appropriate spaces provided how you wish your vote to be cast. If no instruction as to voting is given, the proxy/proxies may vote or abstain from voting at his/her/their discretion).

Dated this day ____________________

____
Signature(s) / Common Seal of Shareholder(s)

Notes:-

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2. 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.
3. 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.
4. 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.
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CONCRETE ENGINEERING PRODUCTS BERHAD
c/o MESTIKA PROJEK (M) SDN BHD
Registration No. 199101015233 (225545-V)
22nd Floor Menara KH (Promet)
Jalan Sultan Ismail
50250 Kuala Lumpur

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