ANNUAL REPORT 2022

AXTERIA

Synergies DRIVEN

AXTERIA-GROUP.COM.MY

AXTERIA
帝 星 集 团

AXTERIA GROUP BERHAD ("AXTERIA" or the "Group", KLSE. 7120) is principally engaged in the development and management of real estate projects.

Started off as a private limited company on 18 October 1999, the Group's orientation was on the manufacturing of audio speaker products. Within two years time, the Group accomplished a significant milestone of becoming a listed Company on the Main Market of Bursa Malaysia Securities Berhad, Kuala Lumpur on 27 November 2001.

Driven by a powerful synergy of imagination, skills and a desire to break boundaries, the Group sets new standards while always exceeding expectations. After the diversification into the Real estate industry in 2015 and the subsequent disposal of the speaker segment in 2018, the Group have since become a fast-growing real estate development company whilst also offering a range of prime property management services.

In a relatively short period of time, the Group has made several prime land acquisition and joint ventures within Malaysia that cater to the Group's goal of developing sustainable development portfolio, inspired by the latest green technology and construction methodology that emphasizes eco-friendly architectural designs.

As we enter a new era of internet of things, our foremost priority to harness technological developments such as artificial intelligence (AI), internet of things (IoTs), big data, and 5G to maximize value in the Group's development projects built for growth that progresses people, enterprises, and communities. We uphold the beliefs that creativity and synergy are the pillars of the new era of property development.

The Group aims to enrich lives by creating and managing places for people to live, work, shop and play. In supporting the core business of real estate development, the Group actively engages in various aspects of Property Development services such as Land Identification and Acquisition, Feasibility Studies, Advisory and Consultancy, Project Planning, Marketing and Implementation.

Our determination, passion and commitment to our shareholders and customers led us to build an impeccable reputation for delivering high quality real estate projects ahead of schedule, allowing the Group to be recognised as a pacesetter in creating sustainable lifestyle developments that drive value and growth, through innovative solutions and unique partnerships.

VISION

ENVISIONING FUTURE, DEVELOPING DREAMS

MISSION

WITH RELIABILITY, INTEGRITY, SERVICE, AND EMPATHY (RISE), WE STRIVE TO RAISE THE SATISFACTION AND INTEREST OF CUSTOMERS TO A GREATER HEIGHT

CORE VALUES

CUSTOMER	The happiness of clients is our priority
INTEGRITY	Delivering of our promises
HUMILITY	Be humble and embrace diversity & teamwork as a global organisation to pursue our shared goals
INNOVATION	Passionate to pursuit continuous improvement and innovation through creativity and challenging the status quo
EXCELLENCE	We believe in reaching for the stars. We will always be passionate in pursuing excellence and overcoming obstacles while creating opportunities

24th ANNUAL GENERAL MEETING

Date: **Tuesday, 30 May 2023**

Time: **11.00 a.m.**

CONTENT Page

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Twenty-Fourth (24th) Annual General Meeting ("AGM") of the Company will be conducted on a fully virtual basis through live streaming and online remote voting via Remote Participation and Voting ("RPV") facilities which are provided by Tricor Investor & Issuing House Services Sdn Bhd (or "Tricor") via TIIH Online website at https://tiih.online or https://tiih.com.my (Domain registration number with MYNIC: D1A282781) on Tuesday, 30 May 2023 at 11.00 a.m. for the transaction of the following businesses: -

AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 December 2022 together with the Reports of the Directors and the Auditors thereon.

2. To approve the following payments:

   a) To approve the payment of Directors' Fees amounting to RM498,000.00 in respect of the financial year ending 31 December 2023 and up to the next AGM, to be paid monthly in arrears.
   (Ordinary Resolution 1)

   b) To approve payment of Directors' benefits of up to RM502,000.000 for the financial period from 1 July 2023 to 30 June 2024, to be paid monthly in arrears.
   (Ordinary Resolution 2)

3. To re-elect the following Directors who retire in accordance with Clause 114 of the Company's Constitution: -

   (1) Dato Abdullah Bin Abdul Mannan **(Ordinary Resolution 3)**
   (2) Mr. Woo Wai Onn @ Foo Wai Onn **(Ordinary Resolution 4)**
   (3) Mr. Kevin Low Ee Ming **(Ordinary Resolution 5)**
   (4) Ms. Yap Yung Chien **(Ordinary Resolution 6)**
   (5) Mr. Yau Yin Wee **(Ordinary Resolution 7)**

4. To re-elect the following Director who retires in accordance with Clause 105(1) of the Company's Constitution: -

   (1) Ms. Ng Lee Thin **(Ordinary Resolution 8)**

5. To re-appoint Crowe Malaysia PLT as Auditors of the Company and to authorise the Directors to determine their remuneration.
   (Ordinary Resolution 9)

NOTICE OF ANNUAL GENERAL MEETING(Cont'd)

AS SPECIAL BUSINESS

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

6. **Authority to Issue Shares pursuant to the Companies Act 2016 ("the Act")**

"THAT subject to the Act, the Constitution of the Company, and the approvals from Bursa Malaysia Securities Berhad ("Bursa Securities") and any relevant governmental or regulatory authority, the Directors of the Company be hereby empowered, pursuant to the Act, to issue and allot shares in the Company, at any time to such persons 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 pursuant to this resolution does not exceed ten per cent (10%) of the total number of issued shares of the Company for the time being ("General Mandate");

AND THAT approval be hereby given for the pre-emptive rights of the shareholders of the Company under Section 85 of the Act read together with Clause 61 of the Constitution, over all the new shares to be issued pursuant to and/or arising from the General Mandate ranking equally to the existing issued shares, being in proportion as nearly as the circumstances admit, to the amount of the existing shares held by the shareholders of the Company as at the date of issuance and allotment of such new shares ("Pre-emptive Rights"), be irrevocably and unconditionally waived ("Waiver of Pre-emptive Rights");

AND THAT the Company be exempted from the obligation to offer such new shares to be issued and allotted pursuant to the General Mandate to the shareholders of the Company in accordance with the Pre-emptive Rights;

AND THAT the Directors and/or the Company Secretary be hereby authorised to take all steps as are necessary and expedient in order to implement, finalise and give full effect to the Waiver of Pre-emptive Rights for and on behalf of the Company;

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

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

(Ordinary Resolution 10)

NOTICE OF ANNUAL GENERAL MEETING(Cont'd)

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

BY ORDER OF THE BOARD

Pang Kah Man
SSM PC No.: 202008000183
MIA No.: 18831
Company Secretary

Muar, Johor Darul Takzim
28 April 2023

Notes:-

1. *The 24th AGM will be conducted on a fully virtual basis via TIIH Online website at https://tiih.online. The conduct of a fully virtual AGM is in line with the revised Guidance Note and FAQs on the conduct of General Meetings for Listed Issuers issued by Securities Commission of Malaysia. An online meeting platform can be recognised as the meeting venue or place under Section 327(2) of the Act provided that the online meeting platform is located in Malaysia and all meeting participants including Chairman of the meeting, board members, senior management and shareholders are to participate in the meeting online.*

   Shareholders (or "Members") are to attend, speak (in the form of real time submission of typed texts) and vote (collectively, "participate") remotely at the 24th AGM via the Remote Participation and Voting ("RPV") facilities provided by Tricor Investor & Issuing House Services Sdn Bhd via its TIIH Online website at https://tiih.online. Please refer to the Administrative Guide for the 24th AGM for the procedures to register and participate via RPV facilities.

2. *A member shall be entitled to appoint another person as his/her proxy to exercise all or any of his/her rights to attend, participate, speak and vote in his/her stead pursuant to Section 334 of the Act. There shall be no restriction as to the qualification of the proxy.*

3. *A member who has appointed a proxy/attorney/authorized representative to participate at this 24th AGM via RPV facilities must request his/her proxy/attorney/authorised representative(s) to register himself/herself for RPV facilities at https://tiih.online. Please refer to the Procedures for RPV facilities as set out in the Administrative Guide for the 24th AGM.*

NOTICE OF ANNUAL GENERAL MEETING(Cont'd)

4. *The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power of attorney, must be deposited at the office of the Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur not less than twenty-four (24) hours before the time appointed for holding this meeting or any adjournment thereof as Paragraph 8.29A(1) of the Listing Requirements of Bursa Securities requires all resolutions set out in the Notice of 24th AGM to vote by way of poll. Alternatively, the form of proxy can be lodged electronically via TIIH Online website at https://tiih.online no later than Monday, 29 May 2023 at 11.00 a.m.*

5. *In the event the member(s) duly executes the form of proxy but does not name any proxy, such member(s) shall be deemed to have appointed the Chairman of the Meeting as his/their proxy, provided always that the rest of the form of proxy, other than the particulars of the proxy, have been duly completed by the member(s).*

6. *Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he/she specifies the proportion of his/her shareholdings to be represented by each proxy.*

7. *If the appointer is a corporation, the instrument must be executed under its Common Seal or under the hand of an attorney so authorised.*

8. *Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("Omnibus Account"), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each Omnibus Account it holds.*

9. *Only depositors whose names appear in the Register of Depositors as at 23 May 2023 shall be entitled to attend in person or appoint proxies to attend and/or vote on their behalf at the 24th AGM.*

Explanatory Notes to the Agenda

10. ***Item No. 1 of the Agenda***

    Audited Financial Statements

    This item of the Agenda is meant for discussion only. The provisions of Section 340(1) of the Act require that the audited financial statements and the Reports of the Directors and Auditors thereon be laid before the Company at the 24th AGM. As such, this Agenda item is not a business which requires a resolution to be put to vote by shareholders.

NOTICE OF ANNUAL GENERAL MEETING(Cont'd)

11. Items No. 2(a) of the Agenda

Approval of Directors' fees

The Directors' fees proposed for the financial year ending 31 December 2023 are calculated based on the current board size and assuming that all Directors will hold office until 31 December 2023. This resolution is to facilitate payment of Directors' fees on current financial year basis. The payment of the Directors' fees will be made monthly in arrears if the proposed Ordinary Resolution 1 has been passed at the AGM of the Company. In the event the proposed Directors' fees are insufficient (e.g. due to enlarged board size, etc.), approval will be sought at the next AGM for additional fees to meet the shortfall.

12. Item No. 2(b) of the Agenda

Payment of Directors' benefits

This resolution is to facilitate payment of Directors' benefits for the period from 1 July 2023 to 30 June 2024 (being the due date to hold the next AGM in 2024). In the event the Directors' benefits proposed are insufficient (e.g., due to more meetings or enlarged Board size, etc.), approval will be sought at the next AGM for the additional amount to meet the shortfall.

Directors' benefits include allowances and other emoluments payable to Directors and in determining the estimated total the Board had considered various factors including the number of scheduled meetings for the Board, Board Committees, Board meetings of the Company and/or the subsidiaries, if any and covers the period from 1 July 2023 to 30 June 2024 (being the due date to hold the next AGM in 2024).

13. Items No. 3 and 4 of the Agenda

Re-election of retiring Directors

Clause 114 of the Company's Constitution provides that all the new Directors appointed by the Board during the year shall hold office only until the next AGM and shall be eligible for re-election but shall not be taken into account in determining the Directors who are to retire by rotation at that meeting. Dato Abdullah Bin Abdul Mannan, Mr. Woo Wai Onn @ Foo Wai Onn, Mr. Kevin Low Ee Ming, Ms. Yap Yung Chien and Mr. Yau Yin Wee who were appointed in January, February and March 2023 respectively, are to stand for re-election at the 24th AGM pursuant to this clause.

Clause 105(1) of the Company's Constitution provides that one-third (1/3) of the Directors of the Company for the time being shall retire by rotation at each AGM of the Company and all Directors shall retire from office at least once every 3 years but shall be eligible for re-election. Pursuant to this clause, Ms. Ng Lee Thin is due for retirement by rotation and she has offered herself for re-election at the 24th AGM.

NOTICE OF
ANNUAL GENERAL MEETING(Cont'd)

13. Items No. 3 and 4 of the Agenda (Cont'd)

Re-election of retiring Directors (Cont'd)

In addition, the Nomination Committee ("NC") had in April 2023 assessed the performance and attributes of the Board, Board Committees and individual Directors in respect of their effectiveness and contribution to the Company, based on a set of prescribed criteria which were approved by the Board.

Based on this annual assessment conducted and notwithstanding that some of the members were just newly appointed after the year under review, the NC was of the view that the existing Board and each of its members have the requisite competence and capability to contribute to the needs of the Company and they had sufficiently demonstrated their commitment to the Group in terms of time and participation at meetings during the year under review. Each of the retiring Directors has confirmed to the Board that they do not have any conflict of interest with any of the companies in the Group which may affect his/her ability to act in the best interest of the Company.

Accordingly, the NC (with the exception of the Directors who abstained in respect of their individual retirement) recommended to the Board the re-election of the retiring Directors, namely, Dato Abdullah Bin Abdul Mannan, Mr. Woo Wai Onn @ Foo Wai Onn, Mr. Kevin Low Ee Ming, Ms. Yap Yung Chien, Mr. Yau Yin Wee and Ms. Ng Lee Thin at the 24th AGM. Based on the recommendation of the NC, the Board supports the re-election of these retiring Directors at the 24th AGM.

14. Item No. 6 of the Agenda

Authority to Issue Shares pursuant to the Act

The proposed Ordinary Resolution 10 is for the purpose of granting a fresh general mandate ("General Mandate") and empowering the Directors of the Company, pursuant to the Act, to issue and allot new shares in the Company from time to time provided that the aggregate number of shares issued pursuant to the General Mandate does not exceed ten per cent (10%) of the total number of issued shares of the Company for the time being.

The General Mandate, unless revoked or varied by the Company in general meeting, will expire at the conclusion of the next AGM of the Company. The General Mandate will provide flexibility to the Company for allotment of shares for any possible fundraising activities, including but not limited to placement of shares for the purpose of funding future investment project(s), working capital and/or acquisition(s).

NOTICE OF ANNUAL GENERAL MEETING(Cont'd)

15. Personal data privacy

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Company's 24th 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 24th AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the 24th 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 Purposes, 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.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING
(Pursuant to Paragraph 8.28(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad)

1. **Details of Individuals Standing for Election as Directors**
   No individual is seeking for election as a Director at the 24th AGM of the Company.

2. **Statement relating to general mandate for issue of securities in accordance with Paragraph 6.03(3) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.**
   Please refer to item 14 – Explanatory Notes to the Agenda for Ordinary Resolution 10 on Authority to issue Shares pursuant to Sections 75 & 76 of the Act under the Notes to the Notice of 24th AGM.

Corporate Information

Board OF DIRECTORS

Mok Juan Chek	Independent Non-Executive Chairman (Appointed on 10 February 2022)
Patrick Chin Hau Yui	Independent Non-Executive Chairman (Resigned on 10 February 2022)
Dato Abdullah Bin Abdul Mannan	Non-Independent Non-Executive Deputy Chairman (Appointed on 9 January 2023)
Woo Wai Onn @ Foo Wai Onn	Group Managing Director (Appointed on 8 February 2023)
Yee Wei Meng	Executive Director (Re-designated on 1 December 2022)
Ong Li Tak	Executive Director (Resigned on 30 September 2022)
Tee Kuan Hong	Executive Director (Resigned on 30 December 2022)
Ng Lee Thin	Independent Non-Executive Director
Kevin Low Ee Ming	Independent Non-Executive Director (Appointed on 1 March 2023)
Yap Yung Chien	Independent Non-Executive Director (Appointed on 1 March 2023)
Yau Yin Wee	Independent Non-Executive Director (Appointed on 13 March 2023)
Oon Min Hoon	Independent Non-Executive Director (Appointed on 28 June 2022; resigned on 1 March 2023)
Teo En Chie	Independent Non-Executive Director (Resigned on 1 April 2022)
Ahmad Rahizal Bin Amb Dato' Ahmad Rasidi	Non-Independent Non-Executive Director (Resigned on 9 January 2023)
Tan Joo Khong	Non-Independent Non-Executive Director (Resigned on 23 February 2023)

NOMINATION COMMITTEE

Yau Yin Wee	Chairperson (Appointed on 13 March 2023; re-designated on 12 April 2023)
Oon Min Hoon	Chairperson (Appointed on 28 June 2022; resigned on 1 March 2023)
Teo En Chie	Chairperson (Resigned on 1 April 2022)
Ng Lee Thin	Member
Mok Juan Chek	Member (Appointed on 10 February 2022)
Patrick Chin Hau Yui	Member (Resigned on 10 February 2022)

REMUNERATION COMMITTEE

Yau Yin Wee	Chairperson (Appointed on 13 March 2023; re-designated on 12 April 2023)
Oon Min Hoon	Chairperson (Appointed on 28 June 2022; resigned on 1 March 2023)
Teo En Chie	Chairperson (Resigned on 1 April 2022)
Ng Lee Thin	Member
Mok Juan Chek	Member (Appointed on 10 February 2022)
Patrick Chin Hau Yui	Member (Resigned on 10 February 2022)

AUDIT AND RISK MANAGEMENT COMMITTEE

Ng Lee Thin	Chairperson
Mok Juan Chek	Member (Appointed on 10 February 2022)
Oon Min Hoon	Member (Appointed on 28 June 2022; resigned on 1 March 2023)
Teo En Chie	Member (Resigned on 1 April 2022)
Patrick Chin Hau Yui	Member (Resigned on 10 February 2022)

CORPORATE INFORMATION (Cont'd)

COMPANY SECRETARY

Pang Kah Man | MIA No.: 18831 | SSM PC No. 202008000183

AUDITORS

Crowe Malaysia PLT

201906000005 (LLP0018817-LCA) & AF 1018
E-2-3 Pusat Komersial Bayu Tasek,
Persiaran Southkey 1, Kota Southkey, 80150 Johor Bahru, Johor.
Tel: +607-288 6627 Fax: +607-338 4627

REGISTERED OFFICE

2 (1st Floor), Jalan Marin, Taman Marin,
Jalan Haji Abdullah, Sungai Abong, 84000 Muar, Johor
Tel: +606-951 0223 Fax: +606-950 1490

SHARE REGISTRAR

Tricor Investor & Issuing House Services Sdn Bhd

Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3,
Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur
Tel: +603-2783 9299 Fax: +603-2783 9222

PRINCIPAL PLACE OF BUSINESS & CORPORATE OFFICE

L2-01, No. 56, Jalan Setia Tropika 1/14,
Taman Setia Tropika, 81200 Johor Bahru, Johor.
Tel: +607-233 0911/0922/0933 Fax: +607-223 0910

PRINCIPAL BANKERS

CIMB Bank Berhad

Public Bank Berhad

RHB Bank Berhad

United Overseas Bank (Malaysia) Berhad

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad

Stock Name: Axteria

Stock Code: 7120

WEBSITE

https://axteria-group.com.my/

Group Structure

AXTERIA
帝 星 集 团

100%
Axteria Eco Sdn Bhd
(Company No. 201101034651 (962784-H))

100%
Axteria Properties Sdn Bhd
(Company No. 201601012758 (1183689-K))

100%
Axteria Construction Sdn Bhd
(Company No. 201801037897 (1299927-K))

100%
Axteria Lenders Sdn Bhd
(Company No. 202201002639 (1448336-K))

100%
Axteria Assets Sdn Bhd
(Company No. 201901025663 (1334992-M))

45%
Harum Eco Dormitory Sdn Bhd
(Company No. 201601030937 (1201878-X))

100%
Axteria Cemerlang Sdn Bhd
(Company No. 201301025086 (1054915-X))

100%
Axteria Development Sdn Bhd
(Company No. 202101010547 (1410846-W))

100%
Axteria Capital Sdn Bhd
(Company No. 202101043112 (1443412-W))

100%
Axteria Building Materials Sdn Bhd
(Company No. 202201005740 (1451437-P))

100%
General Trust Holdings Limited
Incorporated under the Labuan Companies Act 1990
(Company No. LL17757)

Management Discussion and Analysis

Dear **VALUED SHAREHOLDERS,**

The Board of Directors and management of Axteria Group Berhad ("AGB") are delighted to present the Management Discussion and Analysis, which provides you with an overview and evaluation of the financial and operational performance of AGB for the financial year ended 31 December 2022 ("FY2022") and offers insights into the Group's prospect for the upcoming years.

OVERVIEW AND OUTLOOK OF MALAYSIAN ECONOMY

Backed by favourable momentum in the domestic economy and steady expansion in the external sector, as well as continued improvement of labour market conditions, Malaysia's economy grew by 6.9% in the first half of 2022. It is expected to maintain its strong performance, supported by an increase in private consumption and business activities as the economy shifts to the endemic phase of COVID-19 with the surge in tourist arrivals. The government's consistent policy support, especially the implementation of initiatives under Budget 2022 since the beginning of the year, as well as the spill-over effects from Budget 2021 measures and various assistance and stimulus packages, attributed to the growth momentum.

As development programs and projects continue to be implemented, the economy is projected to expand further in the later half of 2022. The growth outlook has been reinforced by the resumption of economic and social activities, and the relaxation of COVID-19 restrictions in the region has led to improvements in international travel. The leading index indicates improved prospects, and the economy is expected to regain its growth momentum in the later half of 2022, driven by robust domestic demand, as the country transitions into endemicity.

MANAGEMENT DISCUSSION AND ANALYSIS
(Cont'd)

In the fourth quarter of 2022 ("4Q 2022"), the Malaysian economy expanded by 7.0%, a decrease from the growth rate of 14.2% recorded in the previous quarter ("3Q 2022"), as the support provided by stimulus measures and low base effect diminished. Nevertheless, the 7.0% growth rate is still higher than the long-term average of 5.1%.

The economy experienced a decline of 2.6% on a quarter-to-quarter seasonally adjusted basis in 4Q 2022, compared to a 1.9% increase in 3Q 2022. However, for the entirety of 2022, the country achieved a remarkable 22-year high in economic growth, reaching 8.7%, up from the 3.1% recorded in 2021. Moving into 2023, the Malaysian economy is anticipated to grow at a more moderate pace due to a challenging external environment. The growth will be propelled by domestic demand, driven by the recovery of the labour market and the realisation of multi-year investment projects. The services and manufacturing sectors will remain as the primary drivers of the economy. Meanwhile, the slowdown in exports following weaker global demand will be partially cushioned by Malaysia's diversified export base.

The balance of risk to Malaysia's growth outlook remains tilted to the downside. This stems from weaker-than-expected global growth, further escalation of geopolitical conflicts, and worsening supply chain disruptions.

MANAGEMENT DISCUSSION AND ANALYSIS (Cont'd)

Overview and overlook of construction and property market in Malaysia

The construction sector is forecasted to grow by 4.7% in 2023, driven by improved performance across all subsectors.

Furthermore, the approved investment projects in the manufacturing sector are anticipated to come onstream which will lead to an increased demand for industrial building. As a result, the non-residential building subsector is expected to grow steadily. Meanwhile, the residential buildings subsector is expected to grow steadily in line with the twelfth Malaysia plan (2021 – 2025) strategy for construction of more affordable houses. Furthermore, the government's "Keluarga Malaysia Home Ownership Initiative (i-MILIKI)" program also offers incentives to encourage home ownership, is anticipated to boost demand for residential buildings while addressing the issue of property overhang.

The construction sector recorded a higher growth of 10.1% in fourth quarter of 2022 as all subsectors recorded improvements in activities. Commercial real estate, mixed-development and small-scale projects continued to support activities in the non-residential and special trade subsectors.

The value of work done in the Construction sector continued to increase by 15.7% in the fourth quarter after expanding strongly by 23.2% in the third quarter of 2022.

MANAGEMENT DISCUSSION AND ANALYSIS (Cont'd)

The growth momentum in this quarter was driven by the double-digit growth in the Civil engineering sub-sector (20.8%), non-residential buildings (19.0%), and Special trade activities (12.7%). Meanwhile, the sub-sector of Residential buildings increased 5.3% as compared to a year ago.

The Department of Statistics Malaysia also reports that out of RM32.0 billion of work done value recorded in the fourth quarter of 2022, RM12.1 billion or 37.9% was in Civil engineering , followed by non-residential buildings with a share of 30.1% or amounted to RM9.6 billion. In the meantime, the work done value in residential buildings and special trade activities encompassing 21.8% and 10.2% respectively.

The report also stated that the private sector continued to provide the main impetus to the growth of the Construction sector in fourth quarter of 2022 which augmented by 23.5% (3Q 2022: 31.8%). The value of work done by the private sector amounted to RM20.0 billion, comprising 62.6% of the total value of construction work done. Meanwhile, the public sector with a share of 37.4%, equivalent to RM12.0 billion, grew by 4.7% during the quarter (3Q 2022: 12.6%).

More than 60% of the work done in fourth quarter of 2022 was concentrated in Selangor which amounted to RM7.7 billion or 24.2%; Wilayah Persekutuan (RM4.7 billion or 14.7%); Sarawak (RM3.7 billion or 11.7%); and Johor (RM3.4 billion or 10.7%).

Summarising the performance of construction sector for 2022, there was an 8.8% rebound after two years in the declining trend. All sub-sectors showed improvement throughout the year, with the Special trade activities and Non-residential buildings subsectors recording double-digit growth of 19.6% and 18.7% each. In addition, the Civil Engineering and Residential buildings sub-sectors also showed growth of 2.7% and 3.4% respectively. The total value of work done in construction in 2022 was RM121.9 billion, however, it remained lower than the pre-pandemic period which was RM146.4 billion in 2019.

MANAGEMENT DISCUSSION AND ANALYSIS (Cont'd)

PROPERTY MARKET

The property market activity continued to record growth in 2022 with more than 389,000 transactions worth RM179.07 billion were recorded, showing an increase of 29.5% in volume and 23.6% in value compared to previous year.

The Residential sub-sector was the primary driver of the overall property market, with 62.5% contribution in volume. There were 243,190 transactions worth RM94.28 billion recorded in the review period, increased by 22.3% in volume and 22.6% in value year-on-year. The improvement was supported by the uptrend recorded in Pulau Pinang (31.1%), Johor (24.3%), Perak (18.9%), WP Kuala Lumpur (18.4%) and Selangor (15.9%).

Commercial property segment recorded 32,809 transactions worth RM32.61 billion in 2022, increased by 46.3% in volume and 16.7% in value compared to previous year. Shops formed more than half of these transactions (16,862 transactions worth RM14.2 billion); mostly were in Selangor (19.0%) and Johor (17.1%).

More than 54,000 units of new launches were recorded. The total was higher than 43,860 units recorded in 2021 but lower compared to pre-pandemic years. Sales performance was moderate at 36.0%.

Selangor recorded the highest number of new launches in the country, capturing 20.7% (11,176 units) of the national total with sales performance at 26.9%. WP Kuala Lumpur recorded the second highest number (10,324 units, 19.1% share) with sales performance at 47.2%. Johor came third (7,718 units, 14.3% share) with sales performance at 42.6%.

Condominium/apartment units dominated the new launches, capturing 45.0% (24,366 units) of the total, followed by terraced houses (42.2%) comprising single storey (9,422 units) and two to three storey (13,403 units).

MANAGEMENT DISCUSSION AND ANALYSIS (Cont'd)

The residential overhang numbers reduced to 27,746 units worth RM18.41 billion as at 4Q 2022, down by 24.7% and 19.2% in volume and value respectively (4Q 2021: 36,863 worth RM22.79 billion).

Johor retained the highest number and value of overhang in the country with 5,285 units worth RM4.33 billion, accounting for 19.0% and 23.5% of the national volume and value respectively. Selangor (3,698 units worth RM3.36 billion), Pulau Pinang (3,593 units worth RM2.74 billion) and WP Kuala Lumpur (3,429 units worth RM3.15 billion) followed suit.

Nevertheless, the overhang volume in all the four states reduced, each down by 13.8%, 39.3%, 34.6% and 12.2% compared to last year, mainly due to the absorption of supplies in the affordable price bracket (RM300,000 and below).

On the same note, serviced apartment saw a marginal reduction of 1.3% in both volume and value to record at 23,978 overhang units worth RM20.19 billion. Johor recorded the highest volume in the country with 58.9% share (14,132 units) and 60.6% share in value (RM12.23 billion) but the overhang volume and value reduced by 14.2% and 13.5% respectively.

The hotel sector is also on recovery mode. According to Tourism Malaysia, the average occupancy rate for January to September 2022 has increased to 46.6% compared to 21.8% recorded in 2021. The average occupancy rate (AOR) prior to pandemic was around 60%. On the construction front, ten new hotels/resorts were completed in 2022 offering 1,341 rooms. Starts increased by 52.4% to 1,501 rooms whilst new planned supply contracted by 45.3% to 219 rooms.

The property market performance is expected to grow in line with the moderately lower economic growth projected for 2023 given the unpredictable external environment. Notwithstanding this, the accommodative policies, continuous government support, well execution of all planned measures outlined in the revised Budget 2023 and the proper implementation of strategies and initiatives under RMK-12 are expected to remain supportive of the property sector.

MANAGEMENT DISCUSSION AND ANALYSIS (Cont'd)

Axteria IN FY2022

Considering the operating environment mentioned above, Axteria has been refining and implementing business strategies to enhance its financial and operational performance. These strategies include prioritising cost and operational efficiencies, managing cash flow, timing product launches strategically, continuing to digitalise business processes, and focusing on selected property section.

Throughout the year, Axteria remained committed to delivering sustainable value through various strategic initiatives, supported by prudent financial management and strong capital discipline. These efforts allowed the Group to remain flexible and navigate the challenging market conditions.

MANAGEMENT DISCUSSION AND ANALYSIS (Cont'd)

Review and Highlights of Financial Performance

For the financial year under review ("FY2022"), the Group recorded a revenue of RM17.04 million, a decrease of RM8.31 million or 32.78%, as compared to RM25.35 million in financial year ended 2021 ("FY2021"). The decrease was primarily due to the sale of international units and development progress of the key revenue contributor of the Group, i.e. Phase 1 and 2 of Project Desa 88, reaching an advanced stage. Additionally, the Group suffered an 86.34% increase in loss before tax, RM1.31 million in FY2021 to RM9.60 million in FY2022, which was in line with slower revenue trend in FY2022, and recognition of an impairment loss on goodwill of RM5 million.

Consolidated Financial Position for FY 2022

Foremost, the total equity attributable to owners of the Company of RM122.30 million as at FY2022 was 4.26% higher than the RM117.3 million recorded as at the end of FY2021.

Total assets increased by 23.32% to RM186.90 million from RM151.56 million as at the end of FY2021. The increase was largely due to the capitalization of construction cost of the hotel (Block A) under the Group's Asteria Melaka project. In addition, the investment properties have also increased primarily due to partial consideration paid by a wholly owned subsidiary, Axteria Properties Sdn Bhd, for acquisition of 16 retail units located at Kota Laksamana, Melaka.

The progress of on-site projects and project development cost incurred during the year, specifically Project Sentrio at Pasir Gudang, Johor and the serviced suite (Block C) at The Asteria Melaka project, has led to an increase in inventories by RM20.26 million. As a result, the inventories rose from RM81.20 million in FY2021 to RM101.46 million this year.

Meanwhile, the total liabilities of RM64.60 million was 88.34% higher than the RM34.3 million as at the end of FY2021. The increase in total liabilities was partly due to advance by a key management personnel and deposits received for the sale of dormitory land of which the sale was subsequently completed in financial year ending 31 December 2023 ("FY2023"). In addition, borrowings have increased from RM15.16 million in FY2021 to RM24.21 million in FY 2022 due to additional loan drawdown to finance the construction of hotel under the Group's Asteria Melaka project.

Overall, the Group's net assets have grown from RM117.30 million in FY2021 to RM122.30 million in FY2022. Despite this growth, the net assets per share attributable to owners of the Company to decrease from RM0.27 for FY2021 to RM0.25 for FY2022. This decrease was due to the dilutive effect caused by the issuance of new ordinary shares through private placement exercise and conversion of Redeemable Convertible Preference Share ("RCPS") that took place during the year.

MANAGEMENT DISCUSSION AND ANALYSIS (Cont'd)

Fund raising exercise

As the Group look towards rebooting of the economy, preparations for cost effective funding were given priority. The fundraising exercise undertaken by the Group during the year 2020, namely the RCPS and Private Placement Exercises, went well with necessary approval obtained from the regulators and mandate from shareholders with the targeted timeframe. Both fund raising exercises collectively raised RM15.02 million wherein RM6.5 million in RCPS were issued, of which RM5.5 million were converted to ordinary shares by end of 2022 and the Private Placement amounting to RM8.52million was completed in second quarter of 2022.

On 13 December 2022, the Company proposed to undertake a shares issuance of up to 213,660,000 Subscription Shares, representing approximately 30.0% of the enlarged total number of issued Shares of the Company (excluding treasury shares) ("Proposed Share Issuance"). Bursa Securities has, vide its letter dated 28 December 2022, granted their approval for the listing and quotation of new ordinary shares to be issued pursuant to the Proposed Share Issuance, subject to the conditions set out by Bursa Securities.

On 30 January 2023, an Extraordinary General Meeting ("EGM") was duly held to approve the resolutions relating to the Proposed Shares Issuance as set out in the Notice of EGM circulated to all shareholders on 13 January 2023. The Proposed Shares Issuance had been completed on 13 February 2023 following the listing of 213,660,000 Subscription Shares on the Main Market of Bursa Securities on even date.

In addition to the above fund raising exercises, during the year, the wholly owned subsidiary of the Company, Axteria Development Sdn Bhd, entered into joint venture agreements with Alpha Astral Properties Sdn Bhd to undertake a mixed development project on a portion of a freehold land held under HSD 520150 PTD 171203 in the Mukim of Tebrau, District of Johor Bahru, State of Johor measuring approximately 83,037 square meters ("sqm") and with Sumber Alpha Sdn Bhd to undertake a mixed development project on the freehold land held under Geran 504836 Lot 28073 in the Mukim of Plentong, District of Johor Bahru, State of Johor measuring approximately 7,909 sqm.

MANAGEMENT DISCUSSION AND ANALYSIS (Cont'd)

REVIEW OF THE GROUP'S PROJECT

(a) DESA 88

Desa 88 is a 37.944 acres wide industrial park comprising 40 freehold units of Terrace Factory (Phase 1), 36 units of Terrace Factory (Phase 2), and 7 units of Build-to-Suit lot, with a combined estimated Gross Development Value ("GDV") of RM127.5 million and Gross Development Cost ("GDC") of RM93.3 million.

Desa 88 is located at Taman Perindustrian Desa Cemerlang, one of the more mature industrial areas in Johor, catering to light and medium scale businesses. It is the first-of-its-kind development which offers feasibility and affordability for the industrial owners in the region.

Phase 1 of Project Desa 88 as successfully obtained CCC on 2 August 2022 and the vacant possession has been handed over to all purchasers of the international units while Phase 2 had achieved 85.3% construction completion and we expect to obtain CCC by second quarter of 2023.

Both phases continue to show encouraging prospects with 100% take-up rate for international units while 80% of Bumiputra units are booked.

We anticipate significant revenue to be generated compared to the previous years once the necessary approval is obtained from the relevant authority, to release the Bumiputera units.

The remaining phases of Desa 88 which consists of built-to-suit lots and multi-purpose retail spaces are targeted to be launched in 2023.

MANAGEMENT DISCUSSION AND ANALYSIS (Cont'd)

(b) SENTRIO

Sentrio commercial hub comprises 66 unit of 2-storey and 3-storey shop office and is sited on 5.94 acres of land with a commercial title, in Pasir Gudang, Johor, with estimated GDV of RM43.7 million and GDC of RM30.1 million.

As at the end of FY2022, 67% (excluding 17 units allocated to the joint venture land owner as their entitlement) of the units had been sold and booked. Construction progress at the end of FY2022 was at 46.8% completion and it is anticipated to be completed in year 2023.

46.8%
COMPLETION IN FY2022

67%
UNITS SOLD AT THE END OF FY2022

(c) THE ASTERIA MELAKA

The Asteria Melaka is a development of 16-storey with total 241 hotel rooms (Block A) and 44-storey with 306 (Block C) services suites in Kota Syahbandar, Melaka. The Asteria Melaka has an estimated GDC of RM80.2 million whilst Block C has an estimated GDV of RM119.50 million and GDC of RM96.7 million.

ESTIMATED GDC OF
RM80.2 MILLION

Barring any unforeseen circumstances, the Group expects the hotel operation to commence in fourth quarter of 2023 and the serviced suite to be launched in fourth quarter of 2023.

MANAGEMENT DISCUSSION AND ANALYSIS (Cont'd)

(d) M-SOHO@JJ

M-SOHO@JJ is a mixed development consisting of 474 units of small office home office ("SOHO") and 35 units of shop lots. It is anticipated to have a GDV of RM176.6 million and a GDC of RM149.6 million. The development of M-SOHO@JJ is targeted to commence in the fourth quarter of 2023 and the development is expected to be completed in the fourth quarter of 2027.

474 UNITS iN TOTAL

35 SHOP LOTS

(e) M-SOHO@BDO

M-SOHO@BDO is a mixed development consisting of 2 blocks of SOHO suites totalling 792 units, 4-storey corporate office, 4-storey spa, boutique hotel, office and co-working space, 3-storey retail showroom space, 7-storey multilevel carpark and a clubhouse.

Based on preliminary assessment, the development of M-SOHO@BDO is anticipated to have a GDV of RM413.2 million and have a GDC of RM353.5 million.

The development of M-SOHO@BDO is targeted to commence in the second quarter of 2023 and complete the development in the fourth quarter of 2028.

4-STOREY SPA, BOUTIQUE HOTEL, OFFICE AND CO-WORKING SPACE

MANAGEMENT DISCUSSION AND ANALYSIS (Cont'd)

THE YEAR TO COME

2023 is expected to be a year of normalisation though there is still much uncertainty in the macroeconomic and geopolitical environment with continue headwinds in the external market conditions.

While the post Covid economic recovery is underway, key headwinds such as labour shortage, rising construction material prices and interest rate hikes continue to post downside risks to the property sector. These higher input costs may lead to compressed margins or higher property prices, which may eventually dampen demand for properties.

The Group's focus for FY2023 is to continue offering compelling products that are aligned with market preferences at the various price point segments and continuing its stance of financial prudence in managing its balance sheet to build resilience against impending disruptions.

ACKNOWLEDGEMENT AND APPRECIATION

We wish to extend a warm welcome to our newly appointed directors, Mr. Woo Wai Onn, Dato Abdullah Bin Abdul Mannan, Mr. Kevin Low Ee Ming, Ms Yap Yung Chien and Mr. Yau Yin Wee. We are confident that they will bring fresh perspectives to the businesses and pursue a clear vision for change and value creation. Their vast experience and impressive track records as seasoned industry veterans will be essential for the Group to navigate the fast structural, regulatory, and societal changes. Additionally, we would like to express our heartfelt gratitude for the unwavering dedication and leadership demonstrated by the former directors.

As a Group, we express our sincere gratitude to our valued shareholders, customers, bankers and suppliers for your continued trust and support, despite the challenging period. We are committed to ensuring that the trust you place in Axteria Group Berhad will be rewarded in the long term.

Together, let us move into 2023 stronger, with higher hope admist the uncertainty.

Profile of Directors

WOO WAI ONN @ FOO WAI ONN

Nationality | **Malaysian** Gender | **Male** Age | **63**

Group Managing Director

Mr. Woo joined Axteria as Group Chief Executive Officer on 1 December 2022 and later, on 8 February 2023, he was appointed as the Group Managing Director. He graduated from North East London Polytechnic (UK) with a Diploma of Finance and Accounting in 1983.

Before entering property development, Mr. Woo was actively engaged in the manufacturing sector. He focused on supplying high-precision metal components to several multinational corporations operating in automotive, electrical and electronic, and medical industries. He owned manufacturing plants in various location across Malaysia and Indonesia, under his manufacturing group, STX Group of Companies.

Since 2006, Mr. Woo has been involved in property development with his business partners, and successfully completed various notable residential and industrial properties development projects in Johor Bahru. In 2013, Mr. Woo sold off all his shares in STX Group of Companies to a local private equity firm managing funds of over RM600million as he focused in pursuing his interests in the property development sector.

In 2013, Mr. Woo successfully completed his signature development, Molek Regency, located in Taman Molek, Johor Bahru. This medium to high-end development comprises three (3) blocks of serviced apartments, consisting of a total of 1,050 units. In 2019, Mr. Woo's Molek Regency development won two (2) prestigious awards, "Best Development of the Year" and "Best Residential High-rise Development", at the Idea award ceremony organised by iProperty in 2019. This achievement reflects Mr. Woo's visionary leadership, meticulous management, and unwavering commitment to quality control.

Mr. Woo has a direct interest in 132,868,900 ordinary shares of the Company, representing 18.656% of the total shares. He has no familial relationship with any directors or major shareholders of the Company. Furthermore, he has not been convicted of any major offences within the past five (5) years, and no regulatory bodies have imposed any penalties on him during the financial year 2022.

PROFILE OF DIRECTORS (Cont'd)

YEE WEI MENG

Nationality | **Malaysian** Gender | **Male** Age | **45**

Group Executive Director

Mr. Yee was appointed as the Group Managing Director of Axteria on 2 April 2021 and subsequently redesignated as Executive Director on 1 December 2022. Mr. Yee holds a Bachelor of Laws from the University of Leicester, United Kingdom and a Certificate in Legal Practice (CLP) issued by Legal Profession Qualifying Board, Malaysia. He also holds a Master of Business Administration (MBA) from Charles Sturt University, Australia.

Prior to 2004, Mr. Yee worked as a legal assistant in various advocates and solicitors' firms where he was responsible for conveyancing, corporate finance, and litigation matters.

Mr. Yee serves as the Managing Director on the Board of Fontern International Group of companies and Transgrow Group of companies involving in multiple industries including steel and hardware trading, oil palm and rubber plantations, hospitality, property investment and development.

He was previously the director of various public listed company including Superlon Holdings Berhad, Malaysia Pacific Corporation Berhad, GIIB Holdings Berhad and Scope Industries Berhad. He is currently a shareholder of Scope Industries Berhad.

Mr. Yee has direct interest with 66,366,840 ordinary shares or 9.318% and indirect interest with 1,000,000 or 0.140% in Axteria. He has no familal relationship with any of the directors and/or major shareholder of the Company. He has not been convicted of any major offences within the past five (5) years and has not been imposed any penalty by any regulatory bodies during the financial year 2022.

MOK JUAN CHEK

Nationality | **Malaysian** Gender | **Male** Age | **66**

Independent Non-Executive Chairman

Mr. Mok was appointed as Independent Non-Executive Chairman on 10 February 2022. He holds a Bachelor Degree of Science (Agribusiness) from the University of Agriculture, Malaysia. He had served in the Government upon graduation for eight (8) years as an Officer with the Rubber Industry Smallholders Development Authority (RISDA).

Mr. Mok is an experienced banker with over thirty-five (35) years of extensive banking experience. He started his banking career in 1984 with Public Bank Bhd and subsequently to Chung Khiaw Bank in 1990 and Hong Leong Bank from 1995 to 2008. During his thirteen (13) years with Hong Leong Bank, he held various senior positions in Retail Banking, Credit Management and Marketing and he last served as the General Manager of Business Banking at Hong Leong Bank.

Prior to joining Axteria, he was with AmBank (M) Bhd for 12 years until his retirement on 30 May 2020. His last held position in AmBank was Executive Vice President and Head of Mid Corporates, Wholesale Banking. He was also responsible for setting up the Mid Corporates Segment in 2016 and instrumental in pioneering the Mid Corporates to be one of the most profitable Segments in AmBank. He had also served as a Strategic Advisor with Affin Hwang Asset Management Bhd from 1/9/ 2020 to 31/12/2022.

Mr. Mok is a member of Audit and Risk Management Committee, Nomination Committee and Remuneration Committee of the Company. He does not hold any shares in the Company and has no familial relationship with any directors or major shareholder of the Company. Furthermore, he has not been convicted of any major offences within the past five (5) years, and no regulatory bodies have imposed any penalties on him during the financial year 2022.

Other than Axteria, Mr. Mok is an Independent Non-Executive Chairman of Synergy House Bhd and also an Independent Non-Executive Director of ITMAX System Bhd.

PROFILE OF DIRECTORS (Cont'd)

DATO ABDULLAH BIN ABDUL MANNAN

Nationality | **Malaysian** Gender | **Male** Age | **32**

Non Independent Non Executive Deputy Chairman

On 9 January 2023, Dato Abdullah was appointed as Non Independent Non Executive Deputy Chairman of Axteria. He graduated from Chartered Institute of Logistics and Transportation, Pasir Gudang, Johor in 2007, and is a member of Chartered Institute of Logistic and Transportation in the United Kingdom.

Dato Abdullah started his career as an entrepreneur in textile retail and wholesale industry. He subsequently ventured into property development management and diversified into the liquid petroleum gas distribution business in Johor Bahru, as well as outsourcing businesses to the electronic manufacturing, warehousing, shipping and logistics industries. He then expanded his business into natural resources and energy business, involving natural resources mining and dredging, commodities, waste management recovery, waste-to-energy, palm oil and agriculture production, and food and beverage industries across multiple locations, including Malaysia, Indonesia, India, Singapore, Bangladesh, South Africa and Saudi Arabia.

Since 2005, Dato Abdullah has served as director of multiple companies, overseeing all aspects of business, including managing relationship with various authorities, joint ventures and stakeholders.

Dato Abdullah does not hold any shares in the Company, and he has no familial relationship with any directors or major shareholders of the Company. Furthermore, he has not been convicted of any major offences within the past five (5) years, and no regulatory bodies have imposed any penalties on him during the financial year 2022.

NG LEE THIN

Nationality | **Malaysian** Gender | **Female** Age | **56**

Independent Non-Executive Director

Ms. Ng was appointed as the Independent Non-Executive Director of Axteria on 15 May 2021. She graduated from Bachelor of Economics (Hons) from University Utara Malaysia (1992) and obtained her Association of Chartered Certified Accountants Qualification in 1996. She is a member of the Malaysian Institute of Accounts (MIA) and fellow member of the Association of Chartered Certified Accountants (FCCA).

She has more than 20 years of experience in the field of corporate finance, auditing, accounting and taxation. She was the financial controller of Binaik Equity Bhd for nine (9) years (2001 – 2009) before setting up her own firm, Yellow Tax Services Sdn Bhd and NLT & Co in year 2012 and 2015 respectively. Prior to that, she worked with Ernst & Young (1996 – 2001), Chiang & Chiang (1994 – 1995) and Artwright Marketing Sdn Bhd (1992 – 1994).

Ms. Ng is the Chairperson of the Audit and Risk Management Committee and a member of the Nomination Committee and Remuneration Committee of the Company. Ms. Ng does not hold any shares in the Company and she has no familial relationship with any directors or major shareholders of the Company. Furthermore, she has not been convicted of any major offences within the past five (5) years, and no regulatory bodies have imposed any penalties on this during the financial year 2022.

Ms. Ng is also an Independent Non-Executive Director and the Chairperson of Remuneration Committee and member of the Nomination Committee and Audit Committee of Able Global Berhad, a company listed on the Main Market of Bursa Malaysia Securities Berhad.

PROFILE OF DIRECTORS (Cont'd)

YAU YIN WEE

Nationality | **Malaysian** Gender | **Male** Age | **65**

Independent Non-Executive Director

Mr. Yau was appointed as Independent Non-Executive Director on 13 March 2023. He has also been appointed as the chairperson of our Nomination Committee and Remuneration Committee on 12 April 2023.

He graduated with a Bachelor of Science from the University of South Alabama, College of Business and Management Studies, USA, in 1983.

Upon graduation, he joined Hong Leong Finance Berhad in 1983 as a Marketing and Credit Executive. He was promoted to Branch Manager in 1987. In 1991, he was re-designated as Hire Purchase Centre Manager to set up the bank's automobile business in Perak. He was promoted to the position of Corporate and Commercial Manager (Senior Manager) in 1996.

In 2005, he left Hong Leong Bank Berhad to join AmBank (M) Berhad as Senior Manager responsible for business development and credit. In 2010, he was transferred to the Corporate and Institutional Banking department of AmInvestment Bank Berhad as an Associate Director. He was transferred to Ambank (M) Berhad as Vice President of Corporate Banking in 2014.

In 2015, he left Ambank (M) Berhad to rejoin Hong Leong Bank Berhad as the General Manager of Retail Community Business. In the same year, he was appointed as Senior Regional Head (Southern Region) of the bank, a position he held until his retirement in 2021.

He has more than 30 years of experience in the banking industry. He was a committee member of Institut Bank-bank Malaysia (IBBM) (Perak and Johor Chapter) from 1992 to 2014. For some of these years, he also served as the Chairman. In 2021, he was appointed as a general committee member for MICCI.
Mr. Yau does not hold any shares in the Company and has no familial relationship with any directors or major shareholders of the Company. Furthermore, he has not convicted a of any major offences within the past five (5) years, and no regulatory bodies have imposed any penalties on him during financial year 2022.

Other than Axteria, Mr. Yau is also an Independent Director of I REIT Managers Sdn Bhd, the management company of AME REIT, a real estate investment trust listed on the Main Market of Bursa Malaysia Securities Berhad. He also serves as the Independent Non-Executive Director of CAPE EMS Berhad where he is also acting as the Chairperson of Remuneration Committee and member of Nominating Committee and Audit Committee.

PROFILE OF DIRECTORS (Cont'd)

YAP YUNG CHIEN

Nationality | **Malaysian** Gender | **Female** Age | **32**

Independent Non-Executive Director

Ms. Yap was appointed as the Independent Non-Executive Director of Axteria on 1 March 2023. She graduated with LL.B (Hons) from the University of London (External) in 2015 and was admitted as an advocate and solicitor of High Court of Malaya on 24 February 2021 after completing her pupillage with Messrs Lee & Tengku Azrina.

With over ten (10) years of experience in handling legal documentation and providing legal advice, she was previously an in-house legal assistant manager of a listed company in Singapore, where she was involved in drafting, reviewing and negotiating contracts. In 2022, Ms. Yap founded her own firm, Messrs Y.C. Yap & Co.

Ms. Yap has extensive experience in corporate and commercial, banking and property matters, and advises on foreign direct investment deals for multinational corporations, corporate exercises, commercial contracts, banking and labour matters. She also assists her clients in property deals and will writing, as well as conducting due diligence and corporate exercises for private and public listed companies.

Ms Yap does not hold any share in the Company, and she has no familial relationship with any directors or major shareholders of the Company. Furthermore, she has not been convicted of any major offences within the past five (5) years, and no regulatory bodies have imposed any penalties on her during the financial year 2022.

KEVIN LOW EE MING

Nationality | **Malaysian** Gender | **Male** Age | **45**

Independent Non-Executive Director

Kevin was appointed as the Independent Non-Executive Director of Axteria on 1 March 2023. He holds a Bachelor of Economics majoring in Accounting and Finance from The University of Manchester, UK. He is a Chartered Accountant of the Malaysian Institute of Accountants (MIA), a Fellow of the Association of Certified Chartered Accountants (ACCA) and a Professional Member of the Institute of Internal Auditors, Malaysia.

He started his professional career with a big 4 accounting firm in 2000 before founding a practice in 2014 with other partners. He is currently a partner of the public accounting firm Messrs. OKL & Partners PLT. He has vast experience in providing auditing and business advisory services to a wide range of clients and listed clients in a variety of industries throughout his career.

Kevin does not hold any shares in the Company, and he has no family relationship with any directors or major shareholders of the Company. Furthermore, he has not been convicted of any major offences within the past five (5) years, and no regulatory bodies have imposed any penalties on him during the financial year 2022.

Profile of Key Senior Management

TEO SENG WEI @ VINCENT TEO

Nationality | **Malaysian** Gender | **Male** Age | **53**

Group General Manager (Project)

Vincent obtained his Diploma of Architect from TAR College in 1993 and has since accumulated over 30 years of invaluable experience in construction and property development industry.

He began his career as Quantity Surveyor in a construction company before moving on to become a Senior Project Manager Cum Contract Manager at Ace Empire Development Sdn Bhd, a property development company.

In March 2023, Vincent joined Axteria and is now responsible for overseeing the planning, operations, supply chain, and project management for the Group's development projects.

Mr. Teo has no familial relationship with any directors or major shareholders of the Company, does not hold any directorship in other public listed companies, and does not have any conflict of interest with the Company. Furthermore, he has not been convicted of any major offences within the past five years.

KENNY WOO CHI YOONG

Nationality | **Malaysian** Gender | **Male** Age | **38**

Group Project Development Manager

In 2019, Kenny obtained his Bachelor of Accounting degree from Central Queensland University, Melbourne, Australia.

Kenny joined Axteria as Group Project Development Manager in December 2022. In this role, he leads a team and supervises all aspects of the Group's projects in Malacca, which includes managing design, procurement, planning scheduling, cost control and stakeholders' relations. Additionally, he also actively contributes to project planning and supports the Company's objectives.

Kenny began his career in a manufacturing company where he oversaw the production of precision metal and aluminium parts and components. Subsequently, he transitioned to property development by joining in a reputable property developer in Johor Bahru, where he co-managed the overall operations and development of a project consisting of 1,050 units of serviced apartment in Taman Molek, Johor Bahru.

Kenny is the son of Mr. Woo Wai Onn. He does not hold any directorship in other public listed companies and has no conflict of interest with the Company. He has not been convicted of any major offences within the past five (5) years.

PROFILE OF KEY SENIOR MANAGEMENT(Cont'd)

TEE (TAY) ENG JOO

Nationality | **Malaysian** Gender | **Male** Age | **59**

Head, Development Planning (Sales and Marketing)

With over three decades of experience, Mr. Tee is an expert in property development consulting services, from conceptual design to sales and marketing, project financing consultancy, advertising and promotional services. He obtained a Diploma of Surveying Practice from the College of Estate Management in the United Kingdom.

Mr. Tee began his career in real estate industry with Aldini Group of Companies in Johor Bahru in 1990. In 1996, he founded his own development consultancy company, APRE Consulting Sdn Bhd, which provided comprehensive property development consultancy and marketing services to reputable developers in Malaysia.

Joining Axteria in December 2022, Mr. Tee oversees all sales and marketing functions, including market research, product innovation and development, new project planning, branding, advertising, lead generation, sales operations, and customer relationship management for the Group's development projects. He also leads effort to foster an innovation mindset by driving digitalisation across the organisation, which involves a dynamic operational approach which that benefits both employers and employees.

Mr. Tee has a direct interest of 1.076% in Axteria, holding 7,666,000 ordinary shares, and an indirect interest of 0.842% through his spouse, who holds 6,000,000 ordinary shares. He has no familial relationship with any directors or major shareholder of the Company, and he does not hold any directorship in other public listed companies. Moreover, he has no conflict of interest with the Company and has not been convicted of any major offences within the past five (5) years.

SEA HONG PENG

Nationality | **Malaysian** Gender | **Female** Age | **42**

Chief Financial Officer

On 12 July 2021, Ms. Sea was appointed as the Chief Financial Officer of Axteria and is responsible for overseeing the finance and accounting, administration, and human resources functions of the Group. She is professionally qualified from The Association of Chartered Certified Accountants (ACCA), United Kingdom and is a member of the Malaysian Institute of Accountants (MIA), the Institute of Singapore Chartered Accountants (ISCA), and ASEAN Chartered Professional Accountant.

Before joining the commercial environment, Ms. Sea has over 18 years of experience in accounting, taxation and advisory in professional services environment. She has also held senior position in a company involving healthcare services.

Ms. Sea has no familial relationship with any directors or major shareholders of the Company, does not hold any directorship in other public listed companies, and does not have any conflict of interest with the Company. Additionally, she has not been convicted of any major offences within the past five (5) years.

Audit and Risk Management Committee Report

THE BOARD OF DIRECTORS (the "Board") of Axteria Group Berhad (the "Company") is pleased to present the report of the Audit and Risk Management Committee ("ARMC") for the financial year ended 31 December ("FY") 2022 and up to the date of the Annual Report.

COMPOSITION

During the financial year under review, the ARMC comprises three (3) members, all of whom are Independent Non-Executive Directors and who have fulfilled the requirements of paragraphs 15.09(1)(a) and (b) of the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities").

Ng Lee Thin
Chairperson

Mok Juan Chek
Member

Oon Min Hoon
Member
(Appointed on 28 June 2022; resigned on 1 March 2023)

Teo En Chie
Member
(Resigned on 1 April 2022)

The ARMC Chairperson is Ng Lee Thin, who is a member of the Malaysian Institute of Accountants. She fulfills the financial expertise criterion as required under Paragraph 15.09(1)(c)(i) of the Listing Requirements of Bursa Securities.

AUTHORITY, DUTIES AND RESPONSIBILITIES

The ARMC is guided by its Terms of Reference in performing its duties and discharging its responsibilities. The Terms of Reference of the ARMC is available on the Company's website at https://axteria-group.com.my/.

MEETINGS

The ARMC met five (5) times during the financial year and details of attendance are as follows:

Name of ARMC Members	Designation	No. of Meetings Attended/ No. of Meetings Held
Ng Lee Thin	Chairperson	5/5
Mok Juan Chek	Member	5/5
Oon Min Hoon (Appointed on 28 June 2022; resigned on 1 March 2023)	Member	2/2
Teo En Chie (Resigned on 1 April 2022)	Member	1/1

The ARMC Chairperson together with the ARMC Members play an active role in engaging with the Management, Group Managing Director ("MD") and/or Chief Executive Officer ("CEO"), internal auditors and the external auditors. The MD/CEO and internal auditors attended the ARMC meetings to brief the ARMC on the activities involving their areas of responsibilities. The external auditors were also invited to attend two (2) ARMC meetings during the financial year without the presence of the Management. There were no key areas of concern that warrant the Board's attention during the financial year. Minutes of each ARMC Meeting are properly recorded and the ARMC Chairperson reported the ARMC's recommendations and remedies (if any) on each significant audit issues to the Board of Directors (or the "Board") for consideration, approval and Management's implementation during the Board meeting.

SUMMARY OF ACTIVITIES AND WORK

During the financial year under review, the activities and work of the ARMC included the following: -

1. FINANCIAL AND OTHER REPORTINGS

- Reviewed the unaudited quarterly financial statements before submission to the Board for approval;
- Reviewed the audited financial statements before submission to the Board for approval;
- Reviewed and deliberated related party transactions of the Company and of the Group, if any;
- Reviewed the ARMC Report and Statement on Risk Management and Internal Control before recommending the same for the Board's approval for inclusion in the Annual Report of the Company;
- Reviewed the annual financial budget before recommendation for the Board's approval;
- Reviewed the Group's Anti Bribery and Anti-Corruption Policy and Whistleblower Policy; and
- Reviewed the extent of the Company's application of the Practices enshrined under the three (3) principles of the Malaysian Code on Corporate Governance ("MCCG") 2021 Edition, including the appropriateness of alternative practices deployed by the Board to achieve the intended outcomes as set out in the MCCG.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT(Cont'd)

2. EXTERNAL AUDIT

- Reviewed the Audit Planning Memorandum for FY 2022 with the external auditors and discussed at length the nature and scope of the audit to be carried out, areas of audit emphasis and action plans to ensure that adequate actions were carried out to ascertain compliance with the relevant accounting standards, prior to finalising the audited financial statements of the Group;
- Deliberated on the external auditors' report, identify significant areas and impact on financial matters based on observations made in the course of interim and final audits;
- Undertook an annual assessment on the suitability and the independence of the external auditors given that the external auditors have been continuously engaged by the Company for the ensuing year; and
- Reviewed the performance of the external auditors covering areas such as calibre, quality process, audit team, audit scope, audit communication, adequacy of firm's expertise, its resources to carry out the audit work according to the audit plan, and audit governance independence as well as the audit fees and non-audit fees and recommended its re-appointment and remuneration to the Board.

3. INTERNAL AUDIT AND RISK MANAGEMENT

- Reviewed the outsourced internal auditors' plan for the year under review to ensure adequacy of scope and comprehensiveness of coverage over the activities of the Group;
- Reviewed the internal audit reports prepared by the internal auditors and provided constructive feedback in ensuring the adequacy and effectiveness of the internal control system covering various operations, systems, processes and functions across the Company and of the Group;
- Reviewed the risk register and the risk profile of each key risk area as updated by business units;
- Assessed the Group's overall system of internal control; and
- Reviewed the risk management processes and suggested further improvements in the areas of internal control and risk management system.

EVALUATION OF THE AUDIT COMMITTEE

For the financial year under review, the performance of the ARMC and its members was assessed through an ARMC evaluation and ARMC members' self and peer evaluation conducted by members of the ARMC. The Nomination Committee ("NC") reviewed the results of such assessments, including the terms of office, and reported the outcome to the Board that the ARMC and its members have discharged their functions, duties and responsibilities in accordance with its Terms of Reference.

INTERNAL AUDIT FUNCTION

The internal audit function of the Company is outsourced to Matrix Corporate Consultancy Sdn Bhd to independently undertake continuous systematic reviews of the Group's internal control systems so as to provide the Board with reasonable assurance that such systems continue to operate satisfactorily and effectively. The internal audit function

INTERNAL AUDIT FUNCTION (Cont'd)

is led by Andrew Tan Lyn San, who is a member of the Malaysian Institute of Accountants and the Institute of Internal Auditors Malaysia. There were two (2) persons, all of whom are degree holders, deployed by the outsourced service provider on Internal Audit engagements carried out on the Group. The internal audit personnel were free from any relationships or conflict of interest with companies in the Group, including Management, which could impair their objectivity and independence. The approach adopted by the internal audit function broadly follows the standards set out in the International Professional Practices Framework of the Institute of Internal Auditors. The internal audit function reports directly to the ARMC.

The Group has adopted a risk-based approach to the implementation and monitoring of controls and had carried out an exercise to identify and evaluate the risks associated with the Group.

A summary of the works performed during the financial year under the internal audit functions is as follows:

1) Law and regulations driven risks;
2) Outsourcing and third-party risks;
3) Sustainability reporting; and
4) Followed up review on the past findings raised.

The total cost incurred on the outsourced internal audit function for the financial year under review was approximately RM33,900 during the financial year ended 31 December 2022 (FY 2021: RM31,500).

Corporate Governance Overview Statement

The Board of Directors (the "Board") of Axteria Group Berhad (the "Company") recognises the importance of good corporate governance and continues to be committed to ensuring that high standards and appropriate practices are in place throughout the Company and its subsidiaries ("Axteria Group" or the "Group"). In addition, the Board is committed to protecting, enhancing and supporting the sustainability of its business affairs and financial performance of the Group with ultimate objective of safeguarding shareholdings' investment and enhancing shareholders' value.

This statement is to provide the shareholders and other stakeholders with an overview of the Group's application of the following three (3) principles set out in the Malaysian Code on Corporate Governance 2021 Edition ("MCCG") under leadership of the Board and should be read together with the Corporate Governance Report 2022 of the Company which is accessible on the Company's website at https://axteria-group.com.my/ and via announcement on the website of Bursa Malaysia Securities Berhad ("Bursa Securities"):

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

Board Leadership

Board Roles and Responsibilities

The Board retains effective control of the Group and is responsible for the overall corporate affairs, strategic direction, formulation of policies and the overall performance of the Group. The Managing and Executive Directors take on primary responsibility for managing the Group's business and resources.

All Directors are aware of their responsibility to take decisions objectively which promote the success of the Group for the benefits of shareholders and other stakeholders. The Board has formalised and adopted a Board Charter which serves as a source of reference and primary induction literature, providing insights to existing and prospective Board members to assist the Board in the performance of their fiduciary duties as Directors of the Company. The Board Charter is available on the Company's website at https://axteria-group.com.my/. The Board Charter was last updated in April 2023, in tandem with changes to regulatory requirements (if any), with final approval by the Board.

To assist in the discharge of its stewardship role, the Board delegates and conferred some of its authority and powers to to Board Committees namely, the Audit and Risk Management Committee (or "ARMC"), Remuneration Committee (or "RC"), Nomination Committee (or "NC"), and Investment Working Committee in order to enhance business and operational efficiency and effectiveness. The Terms of Reference for the Board Committees can be found on the Company's website at https://axteriagroup.com.my/.

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

Chairman and Managing Director

The role of the Managing Director differs from that of the Chairman of the Board. This complies to the best practice recommended under the MCCG.

The day-to-day management of the Group's business operations, including implementation of policies and decisions of the Board, is helmed by the Group Managing Director, assisted by his fellow Executive Directors. The Board believes that such division of power and responsibilities enables balance in that no one person in the Board has unfettered powers to make any major decisions for the Company unilaterally.

The Chairman of the Board, who is an Independent Non-Executive Director, leads the Board in setting the values and standards of the Company and, collectively with his fellow Directors, oversees the following:

- The performance of Management;
- The effective conduct of the Board by encouraging Directors to voice their views over matters being discussed at Board meeting;
- A relationship of trust with and between the Executive and Non-Executive Directors;
- The provision of accurate, timely and clear information to Directors;
- Effective communication with shareholders and relevant stakeholders;
- In conjunction with the Nomination Committee, an annual evaluation of the performance of the Board, its committees and individual Directors; and
- The effective contribution from Non-Executive Directors that enables constructive relations to be maintained between Executive and Non-Executive Directors.

In this respect, there is assurance of shareholder leadership at the Board level. The Board ensures that a balance of power is retained without the Board being dominated by the Chairman. The Independent Non-Executive Directors provide independent judgment and check and balance on the Board.

Company Secretary

The Company Secretary plays an advisory role to the Board and is responsible to ensure all Board procedures and Board management matters are in line as well as in compliance with Main Market Listing Requirements ("Listing Requirements"), relevant laws and regulations. The Company Secretary also ensures that discussions at Board and Board Committee meetings are well documented, and subsequently communicated to the relevant Management for appropriate action.

CORPORATE GOVERNANCE OVERVIEW STATEMENT(Cont'd)

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

Board Delegation

Audit and Risk Management Committee

The Audit and Risk Management Committee reviews and evaluate, amongst others, the audit plan and audit report of external auditors, adequacy of system of internal controls and internal audit functions. The Committee also reviews, comments and present the quarterly financial results and year end results for approval of the Board.

Remuneration Committee

The Remuneration Committee is responsible to review and recommend remuneration packages and employment policies applicable to the Chairman, Managing Director, Directors and Senior Executives.

Nomination Committee

The duties and functions of the Nomination Committee encompass the following: -

- Recommend to the Board, candidates nominated by shareholders or the Board or from independent sources for directorships to be filled;
- Recommend to the Board, directors to fill seats on board committees;
- Review annually the required skills, experience and other qualities and core competencies that Non-Executive Directors should bring to the Board; and
- Assess annually the effectiveness of the Board as a whole, Board Committees and the contribution of each individual director.

Investment Working Committee

The Investment Working Committee has the following roles:

- Evaluate and approve all investment opportunities;
- Request for report on existing investments and evaluate against current developments and future contingencies; and
- Assist the Board, in respect of investment proposals, provide oversight on new and/or major investments, and provide guidance and recommendations on investment matters.

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

Board Composition

The MCCG emphasize the importance of right board composition in enhancing the Board's decision-making process and the transparency of policies and procedures in selection and evaluation of board members.

The present Board composition comprises Executive and Non-Executive Director with a mix of suitably qualified and experienced professionals enabling the Board to carry out its responsibilities effectively. In accordance with Clause 103 of the Company's Constitution, unless otherwise determined by General Meeting, the number of directors shall not be less than two (2) and not more than eleven (11).

As at the date of this statement, the Board consists of eight (8) members, of whom one (1) is a Non-Independent Non-Executive Director, two (2) are Executive Directors and five (5) are Independent Non-Executive Directors, thus constituting the majority on the Board. The composition of the Board exceeds the requirements as set out in the Listing Requirements, which stipulate that at least two (2) Directors or one-third (1/3) of the Board, whichever is higher, must be independent.

No individual or group of individuals dominates the Board's decision making. The strong presence of Independent Directors has brought strong independent views, judgement, knowledge, experience and support to the Board's deliberation. Thus, providing the necessary and yet effective check and balance in the Board's decision-making by bringing in a detached impartiality when deliberating issues on the Board's agenda.

The Executive Directors are complemented by the experience and independent views of the Independent Non-Executive Directors who are professionals in their respective fields. The present Directors bring a wide range of experience and skills relevant to the business of the Group. Brief descriptions on the background of each Director are set out in Page 27 to 31.

The NC is entrusted to assess the adequacy and appropriateness of the Board composition, identifying and recommending suitable candidates for Board membership and also to assess annually the performance of the Directors, succession plans and Board diversity which include gender, age and ethnicity diversity, training courses for Directors and other qualities of the Board including core-competencies which the Independent Non-Executive Directors should bring to the Board. The Board is ultimately responsible on the appointment. This process ensures that the Board membership is reflective of the long-term strategic direction and needs of the Company, including the skills required for this purpose.

Based on the review of the Board composition in April 2023, the Board is of the view that the current size of the Board is balance in composition and considered adequate to provide the optimum skills and experience required to manage affairs.

CORPORATE GOVERNANCE OVERVIEW STATEMENT(Cont'd)

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

Supply and Access of Information

The Board has unrestricted access to timely and accurate information necessary in the furtherance of their duties. At each Board Meeting, the Group Managing Director briefs the Board on the Group's activities and operations. Directors have access to the advice and services of the Company Secretary and where necessary, obtain independent professional advice at the Group's expense.

Meetings and Attendances

As stipulated in the Board Charter, the Directors are required to devote sufficient time to carry out their responsibilities. The Board obtains this commitment from Directors at the time of appointment. Each Director is expected to commit time required to discharge the relevant duties and responsibilities, besides attending meetings of the Board and Board Committees.

Details of attendance of the Directors at Board and Board Committees' meetings held during the financial year are as follows:

Name of Board Members	Number of Board meetings attended	Number of ARMC meetings attended	Number of NC meetings attended	Number of RC meetings attended
Mok Juan Chek*	7/7	5/5	3/3	2/2
Patrick Chin Hau Yui* (Resigned on 10 February 2022)	N/A	N/A	N/A	N/A
Yee Wei Meng	7/7	N/A	N/A	N/A
Ong Li Tak (Resigned on 30 September 2022)	4/4	N/A	N/A	N/A
Tee Kuan Hong (Resigned on 30 December 2022)	7/7	N/A	N/A	N/A
Ng Lee Thin^	7/7	5/5	3/3	2/2
Oon Min Hoon^ (Appointed on 28 June 2022; resigned on 1 March 2023)	4/7	2/2	1/1	1/1
Teo En Chie^ (Resigned on 1 April 2022)	1/1	1/1	1/1	1/1

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

Meetings and Attendances (Cont'd)

Details of attendance of the Directors at Board and Board Committees' meetings held during the financial year are as follows: (Cont'd)

Name of Board Members (Cont'd)	Number of Board meetings attended	Number of ARMC meetings attended	Number of NC meetings attended	Number of RC meetings attended
Ahmad Rahizal Bin AMB Dato' Ahmad Rasidi (Resigned on 9 January 2023)	7/7	N/A	N/A	N/A
Tan Joo Khong (Resigned on 23 February 2023)	7/7	N/A	N/A	N/A
Dato Abdullah Bin Abdul Mannan (Appointed on 9 January 2023)	N/A	N/A	N/A	N/A
Woo Wai Onn @ Foo Wai Onn (Appointed on 8 February 2023)	N/A	N/A	N/A	N/A
Kevin Low Ee Ming (Appointed on 1 March 2023)	N/A	N/A	N/A	N/A
Yap Yung Chien (Appointed on 1 March 2023)	N/A	N/A	N/A	N/A
Yau Yin Wee^ (Appointed on 13 March 2023)	N/A	N/A	N/A	N/A

Remarks:
* Chairman of the Board
^ Chairperson of the Board Committee(s)

Code of Conduct and Ethics

The Code of Conduct and Ethics (the "Code"), serves as a road map to guide the Board in carrying out their duties and responsibilities to the highest standards of personal and corporate integrity. This Code sets out the standards of conduct expected from the employees all other affected personnel which comprised all aspects of its day-to-day business operations. This Code is also augmented by a Whistle-blower Policy that serves as an avenue for raising concerns related to possible breach of business conduct, non-compliance with laws and regulatory requirements as well as other malpractices like bribery and corruption.

CORPORATE GOVERNANCE OVERVIEW STATEMENT(Cont'd)

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

Code of Conduct and Ethics (Cont'd)

All Directors and employees of the Group are expected to perceive high standards of integrity and fair dealings in relation to clients, staff, management and regulators which the Group operates and ensure compliance with all applicable laws, rules and regulations. The Code and Whistle-blower Policy are available on the Company's website at https://axteria-group.com.my/.

Board Independence, Fit and Proper Policy

The Board recognises the importance of independence and objectivity in its decision-making process which is in line with the MCCG.

Annually, the NC would review the independence of the Independent Directors. Criteria for assessment of independence is based on the requirements and definition of "independent director" as set out in the Listing Requirements. Independent Directors are required to confirm their independence by giving the Board a written confirmation of their independence on an annual basis.

In addition, consideration would also be given to assess whether the Independent Directors are able to meet the minimum criteria of "fit and proper" test of independence, which is part of an annual assessment test, as enumerated in the policy on appointment and continuous assessment of Directors and the suitability and ability of the Independent Non-Executive Directors to perform their duties and responsibilities effectively shall be based on the calibre, qualifications, experience, expertise, personal qualities and knowledge of the Company and industry.

Following recommendation of the NC, the Board is of the opinion that the independence of the existing Independent Non-Executive Directors remains unimpaired as they adequately fulfil the fit and proper criteria as specified in the Directors' Fit & Proper Policy. Their judgement over business dealings of the Company had not been influenced by the interest of the other Directors or substantial shareholders and none of the Members of the Board is an active politician.

The Directors' Fit and Proper Policy is available on the Company's website at https://axteria-group.com.my/.

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

Tenure of Independent Directors

In tandem with the recommendation of the MCCG, the Board Charter provides a limit of a cumulative term of nine (9) years on the tenure of an Independent Non-Executive Director. Thereafter, he may be re-designated as a Non-Independent Non-Executive Director. In the event the Board intends to retain the Director after the latter had served a cumulative term of nine (9) years, the Board must justify such decision and obtains shareholders' approval at the Annual General Meeting ("AGM") through a two-tier voting process.

As at the date of this Statement, all the Independent Non-Executive Directors have not reached nine (9) years of service since their appointment and/or election as Directors.

Gender Diversity

The Board supports the gender boardroom diversity as recommended under the MCCG. The Board will review the appropriate proportion of female to male Directors on the Board at the time of considering appointment of new Directors to the Board.

The Board has yet to adopt any formal boardroom diversity policy in the selection of new Board candidates and currently does not have specific policies on setting target for female candidates in the Group. Evaluation of the suitability of candidates is based on the candidates' competency, character, time availability, integrity and experience in meeting the Company's needs, without discrimination to age, gender, cultural background or race.

Having said that, the Board currently has 25% female representation, i.e., two (2) female Directors of whom are the Independent Non-Executive Directors. The women Directors provide the Board with gender diversity that serves to bring value to Board discussions from the different perspectives and approaches of the women Directors.

Apart from gender boardroom diversity, the Board also supports diversity in ethnicity and age. The Board will review the appropriate proportion of the age group and ethnicity of Board members at the time of considering appointment of new Directors to the Board.

Appointments to the Board

There is a formal and transparent process for selection, nomination and appointment of suitable candidates to the Board. The NC is responsible to review the existing composition of the Board, identifying the gaps and subsequently determining the selection criteria for the new appointment with a view to close the gap and to strengthen the Board composition.

CORPORATE GOVERNANCE OVERVIEW STATEMENT(Cont'd)

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

Appointments to the Board (Cont'd)

In reviewing and recommending any new Director appointment to the Board, the NC assesses the suitability of candidate identified based on his/her profile, professional knowledge and experience taking into consideration the criteria set out in the Directors' Fit & Proper Policy. The NC leverages on the Directors' wide network of professional and business contacts as well as and external sources to identify suitable qualified candidates and conduct engagement sessions with shortlisted candidates before its final recommendation to the Board for approval.

The decision on new appointment of Directors rests with the Board after considering the recommendation of the NC.

The Board adopted a cooling-off period policy for the appointment of a former key audit partner and its affiliates as director as recommended under the MCCG and incorporate in the Terms of Reference of the ARMC.

Re-election of Board Members

In accordance with the Company's Constitution, all Directors including Directors holding an executive position of Chief Executive Officer or Managing Director, if any, shall retire from office at each Annual General Meeting, provided always that every Director shall retire at least once every three (3) years. The retiring Directors shall be eligible to offer themselves for re-election. Directors who are appointed by the Board during the financial year shall hold office until the next Annual General Meeting and shall then be eligible for re-election, but shall not be taken into account in determining the number of Directors who are to retire by rotation at such meeting.

Board Assessment

The NC assists the Board in reviewing the structure, size and composition of the Board, including providing advice to the Board on the retirement and appointment of additional and/or replacement Directors. It is also responsible for reviewing succession plans for the Directors, including the Chairman and Group Managing Director and other Senior Executives. The NC's Terms of Reference dealing with its authority and duties, is made available on the Company's website at https://axteria-group.com.my/.

CORPORATE GOVERNANCE OVERVIEW STATEMENT(Cont'd)

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

Board Assessment (Cont'd)

On an annual basis, the performance of the Board and its members are evaluated on effectiveness in the following areas:

i. Board responsibilities
ii. Board composition
iii. Board remuneration
iv. Board Committees: evaluation and self-evaluation
v. Board conduct
vi. Board administration and process

A set of questionnaires is given to Directors to complete. The questionnaire covers the following sections in respect of the financial year under review:

i. Independent Directors' Self-Assessment Form
ii. Directors' Fit & Proper Evaluation Form
iii. Board Skills Matrix Form
iv. Board & Board Committee Evaluation Form

A summary of key activities undertaken by the NC in discharging its duties during the financial year under review is set out below:

- Reviewed and assessed the independence of Independent Non-Executive Directors;
- Reviewed and recommended the re-election of Directors who are due for re-election following their retirement;
- Reviewed the size and composition of the Board based on the required mix of skills, experience, knowledge and diversity;
- Assessed the effectiveness of the Board as a whole, the Board Committees and the contribution of each individual Director;
- Considered if there were any conflict of interest between the Directors and any of the companies in the Group which could affect his ability to act in the best interest of the Company;
- Reviewed and assessed the term of office and performance of the Audit Committee and each of its members; and
- Reviewed the terms of reference of the Board Committee.

CORPORATE GOVERNANCE OVERVIEW STATEMENT(Cont'd)

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

Board Assessment (Cont'd)

Based on the assessment carried out during the financial year, the NC deliberated and reported the following matters to the Board:

i. The Board as a whole and its committees function effectively. Each Director continues to contribute to the Board effectively, is well prepared and with knowledge of matters considered by the Board, has good insight of the Group's operations and financial matters. They remain committed to their responsibilities as Board members.

ii. Board meetings are convened with open and constructive communication, questioning, free expression of ideas and opinions to propagate meaningful discussions and decision making.

iii. The Board Chairman provided leadership as well as contributed to the Board.

Succession Planning

The Board has put in place succession planning by seeking younger directors within the Board and senior management to assume greater responsibilities and different roles within the organisation. At the senior management level, young and designated aspiring executives were selected and exposed to current management practices where they were guided and mentored by senior staff through continuous on the job training and exposure.

CORPORATE GOVERNANCE
OVERVIEW STATEMENT(Cont'd)

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

Directors' Training

During the financial year under review and up to the date of this Statement, the Directors attended the following training programmes to further enhance their skills and knowledge to keep abreast with the latest regulatory changes relevant to the Company's business.

Directors	Training attended	Date of training
Yee Wei Meng	UOB: Wholesale Banking Webinar – Navigating through the volatile market	27 April 2022
	Advocacy Sessions for Directors and Senior Management of Main Market Listed Issuers	13 September2022
Tee Kuan Hong	UOB: Wholesale Banking Webinar – Navigating through the volatile market	27 April 2022
	Advocacy Sessions for Directors and Senior Management of Main Market Listed Issuers	13 September2022
Mok Juan Chek	Bursa Malaysia Mandatory Accreditation Programme ("MAP")	23 August 2022 to 25 August 2022
	Global Technology sector	24 March 2022
	Transition to Endeminity	2 April 2022
	Looking for Silver Linings in 2H 2022	21 July 2022
	Key takeaways – China National Congress	21 October 2022
	2022 US Mid Term Election	29 October 2022
Ng Lee Thin	Malaysia Tax Budget Conference 2023: Riding the Post-Pandemic TIDE	27 October 2022
Oon Min Hoon	Bursa Malaysia Mandatory Accreditation Programme ("MAP")	23 August 2022 to 25 August 2022
Tan Joo Khong	PJK001: Post Covid-19 Investment Strategy – Profit Any Market Direction	4 September 2022
	CHK501: Sun Tzu's Art of War for Traders and Investors Series: Effective Corporate Strategy in Current Environment	3 September 2022

The Directors, namely Ong Li Tak and Ahmad Rahizal Bin AMB Dato' Ahmad Rasidi did not attend any training during financial year 2022 due to personal and/or other business matters.

CORPORATE GOVERNANCE OVERVIEW STATEMENT(Cont'd)

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

Directors' Remuneration

The RC has been entrusted with discharging remuneration strategies as defined in its Terms of Reference which can be referred to on the Company's website at https://axteria-group.com.my/. The RC may obtain independent advice on the appropriateness of remuneration packages. Individual Directors are required to abstain from discussion on their own remuneration. The determination of the remuneration of Non-Executive Directors is a matter for the Board as a whole.

During the financial year under review, the RC met once to review the principles and guidelines on directors' remuneration adopted by the Board and the levels of remuneration applied.

The Executive Directors and Senior Management are paid salaries, allowance, performance-based incentive including bonus and other customary benefits as appropriate. The remuneration is set based on relevant market relativities, performance, qualifications, experience and geographic location where the personnel is based. The salary level for Executive Directors and Senior Management considers the nature of the role, performance of the business and the individual, as well as market positioning.

The remuneration of Independent Non-Executive Directors comprises fees, monthly allowances, meeting allowances and other benefits. The Board ensures that the remuneration for Independent Non-Executive Directors does not conflict with their obligation to bring objective and independent judgement on matters discussed at Board and Board Committee meetings.

Details of the individual Director's Remuneration from the Company and the Group are set out under Practice 8.1 of the Corporate Governance Report, which is uploaded on the Company's website at https://axteria-group.com.my/.

Sustainability Governance

The Board is responsible for ensuring that the Company has in place appropriate sustainability strategy which is aligned with the Company's strategic direction to support the Group's longterm objectives. The Board emphasizes on strategic management of material sustainability risks and opportunities, which includes integration of Economic, Environmental, Social and Governance (ESG) factors in their decision-making process and in the Group's operations.

The Sustainability Statement of the Group for the financial year under review as set out on pages 65 to 77 of this Annual Report explains the Group's approach to sustainability and activities carried.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

Audit and Risk Management Committee

The ARMC comprise three (3) Independent Non-Executive Directors of which the Chairperson is Ng Lee Thin, a member of the Malaysian Institute of Accountants and fellow of Association of Chartered Certified Accountants. The ARMC carries the responsibilities as listed in AMRC Report on pages 34 to 37 of this Annual Report.

Financial Reporting

The Board aims to provide and present a balanced and clear assessment of the Group's financial performance and prospect primarily through the annual financial statements and quarterly report as well as announcements to the Bursa Securities. The Audit and Risk Management Committee assists the Board in scrutinizing information for disclosure to ensure compliance with accounting standard, accuracy, adequacy and completeness.

Relationship with the External Auditors

The Board has a formal and transparent relationship with its auditors, Crowe Malaysia PLT. The external auditors through its statutory audit function continues to review, evaluate and refine the Group's accounting policies and procedures including internal control measures. In doing so the Company has established a transparent arrangement with the auditors to meet their professional requirements.

Internal Control and Risk Management

The Directors are responsible for the Group's system of internal controls and its effectiveness. The principal objective of the system of internal controls is the management of financial and business risks that are significant to the fulfilment of the Group's business objectives, which is to enhance the value of shareholders' investment and safeguarding the Group's assets.

The Audit and Risk Management Committee summarises and communicates the key business risks to the Board for consideration and resolution. Internal audit activities are conducted based on an annual internal audit plan tabled and approved by the Audit and Risk Management Committee. The internal audit functions are carried out impartially, proficiently and with due professional care. Reports issued by the internal audit for the financial year under review were tabled at Audit and Risk Management Committee meetings. Management is present at such meetings to provide pertinent clarification or additional information to address questions raised by Audit and Risk Management Committee members.

The Group operates a comprehensive budgeting and financial reporting system, which compares actual performance to budget on a quarterly basis which allows management to monitor financial and operational performance on a continuing basis.

CORPORATE GOVERNANCE OVERVIEW STATEMENT(Cont'd)

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

Internal Control and Risk Management (Cont'd)

The Statement on Risk Management and Internal Control of the Group are set out on pages 59 to 64 of this Annual Report.

Internal Audit Function

During the year, the Company has outsourced its Internal Audit function to Matrix Corporate Consultancy Sdn Bhd that reports directly to the Audit and Risk Management Committee. The internal audit function is described in the Audit and Risk Management Committee Report set out on pages 34 to 37 of this Annual Report.

Anti-Bribery and Anti-Corruption Policy

An Anti-Bribery and Anti-Corruption Policy was established to set out the Group's zero tolerance approach against all forms of bribery, corruption and politicking and the Group takes a strong stance against such acts. The Group's practices are in accordance to the Malaysian Anti-Corruption Commission Act 2009 and its amendments.

The Anti-Bribery and Anti-Corruption Policy is published on the Company's website at https://axteria-group.com.my/.

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

Relations With Stakeholders

The Board recognizes the importance of being transparent and accountable to the Company's stakeholders and acknowledges the continuous communication between the Company and stakeholders facilitates mutual understanding of each other's objectives and expectations. As such, the Board consistently enables the supply of clear, comprehensive and timely information to the Company's shareholders and other stakeholders via various disclosures and announcements, including quarterly and annual financial results, which provide investors with up-to-date financial information of the Group. All these announcements and other information about the Group are available on the Company's website at https://axteria-group.com.my/ which shareholders, investors and public may access.

In addition, the Directors also ensure that engagement with shareholders occurs at least once a year during the AGM to better understand their needs and obtain their feedback to enhance operations.

CORPORATE GOVERNANCE OVERVIEW STATEMENT(Cont'd)

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS (CONT'D)

Relationship between the Company and Shareholders

General Meetings serve as the principal forum for communicating with the shareholders of the Company. The Board encourages participation of shareholders at the General Meeting to ensure a high level of accountability and identification with the Group's strategy and goals.

The 23rd AGM of the Company was conducted entirely on a fully virtual basis through the online meeting platform via TIIH Online website at https://tiih.online or https://tiih.com.my on 27 June 2022. All the Directors were present virtually to engage directly with, and were accountable to, the shareholders on their stewardship of the Company. During the 23rd AGM, shareholders participated in deliberating resolutions being proposed on the Group's operations in general. The Directors and Senior Management appropriately responded to all questions raised during the live Question & Answer Session.

All the resolutions put forth for the shareholders' approval at the 23rd AGM were voted by poll and verified and supervised by an independent scrutineer appointed by the Company. The minutes of the 23rd AGM, including written responses to questions posed before and during the AGM, were uploaded on the Company's website within thirty (30) business days following conclusion of the 23rd AGM to enable shareholders and other stakeholders to be apprised of the entire proceedings of the 23rd AGM.

The Company will continue to leverage technology to enhance the quality of engagement and to ease shareholder's participation at AGM.

Shareholders and/or stakeholders are welcomed to raise queries by contacting the Group Managing Director and Executive Directors throughout the year. It is the intention of the Board to resume actively engaging the investing public with briefings and press releases, as and when appropriate and in line with the regulations of Bursa Securities, so as to ensure that the public is aware of significant developments.

Corporate Governance Priority for the Board In 2023

The Board is still in the midst of embracing the MCCG, especially on the new Practices encompassing Sustainability Governance and Management. The Board is mindful of the need to formalize a Sustainability Framework across the Group with the aim of identifying, evaluating, managing, reporting and monitoring material sustainability matters more holistically. Such initiatives will be rolled out in 2023, including the identification of targets for sustainability themes of ESG in the Groups' operations and action plans to bridge any performance gaps that may arise.

CORPORATE GOVERNANCE OVERVIEW STATEMENT(Cont'd)

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS (CONT'D)

Statement on Compliance

The Board is satisfied that the Group's governance framework complies with the principles and recommendations of MCCG and Listing Requirements of Bursa Securities. Notwithstanding, the Board will endeavour to continuously raise the standards of governance in the Group and pledge to uphold commitment and effort to enhance and promote the best practices of corporate governance throughout the Group and to achieve the highest standards of transparency, accountability and above all, integrity.

This Corporate Governance Overview Statement is made in accordance with the resolution of the Board dated 28 April 2023.

Other Information

Conflict of Interests

None of the Directors have any conflict of interests with Axteria Group Berhad (the "Company") and its subsidiaries (collectively referred to as the "Group").

Option, Warrants or Convertible Securities

During the financial year, the Company issued up to 65.0 million Redeemable Convertible Preference Shares ("RCPS") at RM0.10 per RCPS. The 65.0 million RCPS which in total 11 sub-tranches of Tranche 3, were converted to 25.0 million new ordinary shares ("Converted Shares") and completed following the listing and quotation of 25.0 million Converted Shares on 14 February 2022 and 5 May 2022 respectively.

In addition, the Company undertook the private placement of up to 43,051,003 new ordinary shares ("Placement Shares") at two (2) tranches ("Private Placement"), i.e. tranche 1 of 22,761,600 Placement Shares at RM0.2021 and tranche 2 of 20,289,403 Placement Shares at RM0.1932. The Private Placement exercises were completed following the listing and quotation of 43.1 million Converted Shares on 9 February 2022 and 12 April 2022 respectively.

On 13 December 2022, the Company proposed to undertake a shares issuance of up to 213,660,000 new ordinary shares ("Subscription Shares"), representing approximately 30.0% of the enlarged total number of issued capital (excluding treasury shares) of the Company ("Proposed Shares Issuance"). As of 29 December 2022, Bursa Malaysia Securities Berhad had vide its letter dated 28 December 2022, approved the listing and quotation of up to 213,660,000 Subscription Shares to be issued pursuant to the Proposed Shares Issuance.

The Proposed Shares Issuance was duly approved by the shareholders at an extraordinary general meeting held on 30 January 2023 and completed following the listing and quotation of 213,660,000 Subscription Shares on 13 February 2023.

Save for the above, there were no issuance of new shares, rights issue or issuance of bonds during the financial year.

OTHER INFORMATION(Cont'd)

Utilisation of Proceeds

The combined proceeds of approximately RM15.02 million were raised under the RCPS and Private Placement exercises carried out up to fourth quarter of the financial year ended 31 December 2022.

The details of the utilisation of proceeds as of 31 December 2022 are as follows:

(a) RCPS

Purpose	Intended timeframe for utilisation	Proposed utilisation amount (RM'000)	Balance to be raised as at 31 December 2021 (RM'000)	Amount raised in 2022 (RM'000)	Actual utilisation in 2022 (RM'000)	Balance to be raised as at 31 December 2022 (RM'000)
Financing for existing property development projects	Within 3 years	48,000	8,575	3,175	3,175	5,400
Financing for future property development projects	Within 3 years	24,000	24,000	-	-	24,000
Working capital	Within 3 years	3,000	3,000	3,000	3,000	-
Expenses relating to RCPS	Within 5 years	5,000	1,925	325	325	1,600
Total		80,000	37,500	6,500	6,500	31,000

OTHER INFORMATION(Cont'd)

Utilisation of Proceeds (Cont'd)

(b) Private Placement

Purpose	Intended timeframe for utilisation	Proposed utilisation (RM'000)	Actual Amount raised in 2022 (RM'000)	Actual utilisation in 2022 (RM'000)	Balance to be utilised (RM'000)
Financing of property development and construction projects	Within 24 months	8,575	3,175	3,175	5,400
Working capital	Within 24 months	3,289	2,411	2,411	-
Expenses relating to Private Placement	Within 2 months	100	100	100	-
Total	9,389	8,520	8,520	-	

Imposition of Sanctions and/or Penalties

There were no sanctions and/or penalties imposed on the Company or any of its subsidiaries, Directors or Management by the relevant regulatory bodies during the financial year.

Share Buybacks

The Company did not acquire any of its own shares via share buy backs during the financial year.

American Depository Receipts (ADR) and Global Depository Receipts (GDR)

The Company has not sponsored any ADR or GDR programme during the financial year.

Audit and Non-Audit Fees

The audit and non-audit fees paid to external auditors and its affiliated company during the financial year end are as follows:

	Group RM	Company RM
Audit fees	112,500	40,000
Non-audit fees	31,500	6,000
Other services	5,000	5,000

OTHER INFORMATION(Cont'd)

Profit Estimates, Forecast or Projections

The Company did not make any release on profit estimates, forecast or projections during the financial year.

Profit Guarantee

There was no profit guarantee given by the Company during the financial year.

Material Contracts

Other than those as disclosed in Note 39 to the financial statements for the financial year ended 31 December 2022 (or "financial statements"), there are no material contracts which have been entered into by the Company or its subsidiaries, involving the interests of Directors and major shareholders.

Related Party Transactions of a Revenue or Trading Nature

Details of transactions with related parties undertaken by the Group during the financial year are disclosed in Note 35 to the financial statements.

Contracts Relating to Loans

There was no contract relating to loans entered into by the Company or its subsidiaries during the financial year.

Statement on Risk Management and Internal Control

INTRODUCTION

The Board of Directors ("BOD" or "Board") is pleased to present the following Statement on Risk Management and Internal Control for the financial year ended 31 December 2022 ("Statement"), which has been prepared pursuant to Paragraph 15.26(b) of the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities") and guided by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers. The Statement outlines the scope and nature of risk management and internal controls of the Company and the subsidiaries ("Group") for the financial year ended 31 December 2022.

BOARD'S RESPONSIBILITY

The Board acknowledges its responsibility for maintaining a sound risk management framework and internal control system within the Group to safeguard the shareholder's investments and the Group's assets, and to continuously review the adequacy and effectiveness of the Group's risk management framework and system of internal control.

The Board through its Audit and Risk Management Committee ("ARMC") supported by the outsourced internal auditors ("OIA") that is independent of the activities it audits, conducted periodic assessments during the financial year under review as to ensure proper risk governance and determine the nature and extent of the significant risks that may hinder the Group from achieving its objectives. Audit issues as well as actions agreed by the Management to address were tabled and deliberated by OIA during the ARMC meetings, the minutes of which are then presented to the Board.

The system of risk management and internal control covers not only the financial aspect but also operational and compliance aspects of the Group. Due to inherent limitation in any system of risk management and internal controls, the Board recognises that such systems are designed to manage rather than to eliminate the risks that may impede the achievement of the Group's business objectives and goals, and hence, can only provide reasonable and not absolute assurance against material misstatement, loss or fraud.

MANAGEMENT'S RESPONSIBILITY

Management/Head of Division is responsible for implementing the Group's policies and procedures on risk and internal controls to identify, evaluate, measure, monitor and report risks as well as deficiencies and/or non-compliance with internal controls, and for taking appropriate and timely remedial actions as required.

RISK POLICY

Risk is a factor of every-day life and can never be eliminated completely. All employees must understand the nature of risk and accept responsibility for risks associated with their area of authority. The necessary support, assistance and commitment of Senior Management will be provided.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL(Cont'd)

RISK POLICY (CONT'D)

Our risk management objectives are to:

i. Integrate risk management into the culture of the organization.
ii. Manage risk in accordance with best practice and provide reasonable assurance regarding the achievement of the Group objective and maximize stakeholder's value.
iii. Consider legal compliance as an absolute minimum.
iv. Anticipate and respond quickly to social, environmental and legislative change.
v. Prevent injury and damage and reduce the cost of risk.
vi. Raise awareness of the need for risk management.

These objectives will be achieved by:

i. Adopting processes, which demonstrate that risk management principles are being applied across the whole organization.
ii. Maintaining an appropriate system for recording incidents and carrying out post event checks to ascertain causes and identify preventive measures against re-occurrence.
iii. Devising and maintaining contingency plans in key risk areas to secure business continuity where there is a potential for an event having a major impact upon the management ability to function.
iv. Maintaining effective communication and involvement of all staffs and stakeholders.
v. Monitoring arrangements on an on-going basis.

The Group adopts the following Risk Management Framework which essentially links the Group's objectives and goals to principal risks. The principal risks are transformed into controls and opportunities that are translated to actions and programs.

RISK MANAGEMENT

Its key elements:

Risk Governance

- Board

  BOD is responsible for compliance with the Listing Requirements of Bursa Securities by ensuring that a sound system of internal controls is maintained to safeguard shareholders' investment and the Group's assets. The BOD through an independent ARMC, would ensure adherence to the Listing Requirements.

Risk Governance (Cont'd)

- ARMC

  The responsibility of ARMC is to ensure that through risk assessment the significant risks are being identified and appropriate systems are implemented to manage the risks and the adequacy and the integrity of the internal controls are reviewed.

- Group Managing Director ("MD")

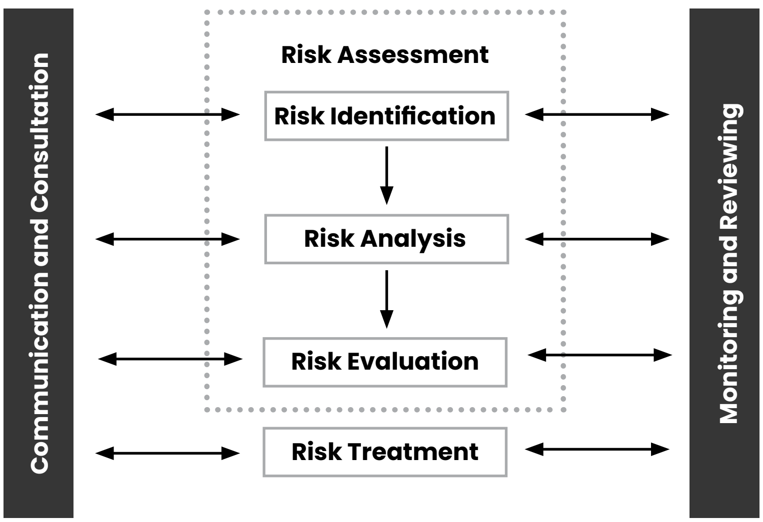
  The MD is responsible for control and oversight over the implementation of the risk management process for the Group. The responsibility of implementing the risk management process lies with designated senior officers at the Group level and the subsidiary level.

Risk Assessment Process

The approach used to establish a framework for the group-wide risk management is the methodology referred to as the Control Self-Assessment ("CSA"), which refers to the process whereby each division identify and evaluate controls within key functions and activities of their respective business processes. To assist the departments or business units to approach the exercise in a systematic manner, workshops were conducted for the representatives of the division to familiarize themselves with the concepts and the framework.

The CSA adopts both bottoms up and top-down approach for operation and strategic risks respectively.

The Risk Assessment Process is as follows:



STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL(Cont'd)

Risk Assessment Process (Cont'd)

This process is an on-going process for evaluating and managing the significant risks faced by the Group. This process includes updating the system of internal controls when there are changes to the business environment or regulatory guidelines.

Risk Guidelines

Risks have been defined, described and rated in the framework into three (3) categories i.e., Major, Medium and Low. The guidelines were duly approved and endorsed by the ARMC and BOD.

The risk profile of the Group is established during the risk assessment sessions with the Management Team. This exercise is facilitated by the respective Heads of Division and is fully embedded as a key activity. At each assessment session, members of the Management Team are engaged to identify and review key risk areas within their responsible function and they are responsible to ensure the adequacy and effectiveness of mitigating plans to manage the risks identified. The risks landscape as well as the mitigation plans are assessed and categorised based on the level of impact and likelihood as set out in the risk management matrix adopted by the Group.

Reporting

MD and Executive Director ("ED") issue a Letter of Assurance addressed to ARMC and BOD on an annual basis covering the CSA carried out by the divisions respectively.

Monitoring and Review

Risk management is a dynamic and on-going process. Responsibility for monitoring compliance with policies, procedures, guidelines and legislation rests principally with the OIA, which directly reports to the ARMC.

Heads of Division are actively involved in continually improving the control processes within their respective divisions.

The re-assessments are performed annually to ensure proper management of business and operational risks and effectiveness of the control environment.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL(Cont'd)

INTERNAL CONTROL FUNCTION

The Group has outsourced its internal audit function to a professional services firm that reports directly and independently to the ARMC. The OIA's responsibilities are to provide objective assessment and assurance and therefore improve and add value to the organisation risk management and internal control framework.

The internal audit is to perform independent reviews of the adequacy and integrity of the risk management and internal control processes within the Group in order to assure the ARMC and the Board that the control measures being implemented by the Senior Management are sound and effective.

Some key aspects of the internal control processes under review of the OIA include law and regulations driven risks, outsourcing and third-party risks, and sustainability reporting.

The OIA will submit a report on audit findings such as internal control weaknesses identified as well as recommendation or corrective measures to ARMC for review and approval, and for further deliberation with the Board.

Key Processes

Salient features of the key processes of the system of internal control of the Group are as follows:

i. The management structure is well defined, with clear lines of authority and responsibility.
ii. The Board continually assesses business performance and evaluates operation controls at all levels, and where necessary takes appropriate remedial action.
iii. MD and EDs update the Board on industry trends, key customers and performance of various units within the Group, and the Board endorses responses taken.
iv. Financial results are reviewed quarterly by the ARMC and the Board and compared to budgets and forecasts.
v. MD and EDs as well as the Heads of Division meet to discuss operational, management issues, financial performance and indicators focusing on the evaluation of applicable risks.
vi. Accounting procedures are communicated to staff at all levels.
vii. The OIA which reports to the ARMC, performs reviews to assess the effectiveness of internal controls and to identify significant risks. The internal audit control assessment excludes the associate.
viii. The ARMC reviews the audit plans and actions taken on internal control issues raised by the OIA and external auditors and ensures sufficient cooperation is rendered by the Group's employees in carrying out the plans.
ix. Formal performance appraisals are in place to ensure and maintain the professionalism and competency of staff. The resources of the internal audit function and the necessary authority required by OIA to carry out their work are also kept in check to ensure smooth running.
x. The ARMC reviews the Recurrent Related Party Transactions undertaken by the Group twice a year.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL(Cont'd)

Key Processes (Cont'd)

xi. The Group established a set of corporate values, ethical behaviour, and a guidance for quality products and services and these are set out in the Group's Employee Handbook.

CONCLUSION

Based on the evaluation and reviews performed by the OIA and Heads of Division, the Board is of the view that the overall risk management and internal control systems are adequate and effective in safeguarding the shareholders' investment and the assets of the Group. The Board is not aware of any significant weaknesses which would have resulted in material losses, contingencies or uncertainties requiring separate disclosure in this Annual Report.

Nevertheless, the Board together with the Management will continue to take the necessary measures to ensure that all processes and procedures are being constantly reviewed, reinforced and strengthen in line with the changes and challenges in the business environment in which the Group operates in.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

The external auditors, Crowe Malaysia PLT, have reviewed this Statement pursuant to the scope set out in Audit and Assurance Practice Guide ("AAPG") 3 (previously Recommended Practice Guide 5 (Revised 2015)), Guidance for Auditors on Engagements to Report on the Statement on Risk and Management and Internal Control included in the Annual Report issued by the Malaysian Institute of Accountants for inclusion in the Annual Report2022, and reported to the Board that nothing has come to their attention that causes them to believe that the Statement is inconsistent with their understanding of the processes that the Board has adopted in the review of adequacy and effectiveness of the Group's risk management and internal control systems.

AAPG 3 does not require the external auditors to consider whether this Statement covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system including the assessment and opinion by the Board and Senior Management thereon.

Sustainability Statement

Introduction

The Board of Directors ("Board") and Management of Axteria Berhad ("Axteria" or the "Company") is pleased to present this Sustainability Statement ("Statement") for the financial year ended 31 December 2022. We understand the importance and the need to run our business responsibly, which includes managing the economic, environmental and social ("EES") impact arising from our business.

This Statement incorporates the sustainability matters deemed material to the Group (Axteria and its subsidiaries) (i.e. Material Sustainability Matters or "MSM"), how we manage these MSM and the performance of these MSM.

This Statement is prepared in accordance with Paragraph 29, Part A of Appendix 9C and Practice Note 9 of Bursa Malaysia Securities Berhad ("Bursa")'s Main Market Listing Requirements ("Listing Requirements"), and has also considered the Sustainability Reporting Guide 3rd Edition and its accompanying Toolkits published by Bursa.

Scope

This Statement covers our core business operations in the property development and construction segment (unless otherwise stated) which accounts to 94.9% of our total revenue. A snapshot of our business footprint are as follows:

Office type and location	Office Size	No. of personnel
Head Office - Johor Bahru	5,535 sq. ft.	16
Site Office - Malacca	1,137 sq. ft.	4

SUSTAINABILITY STATEMENT(Cont'd)

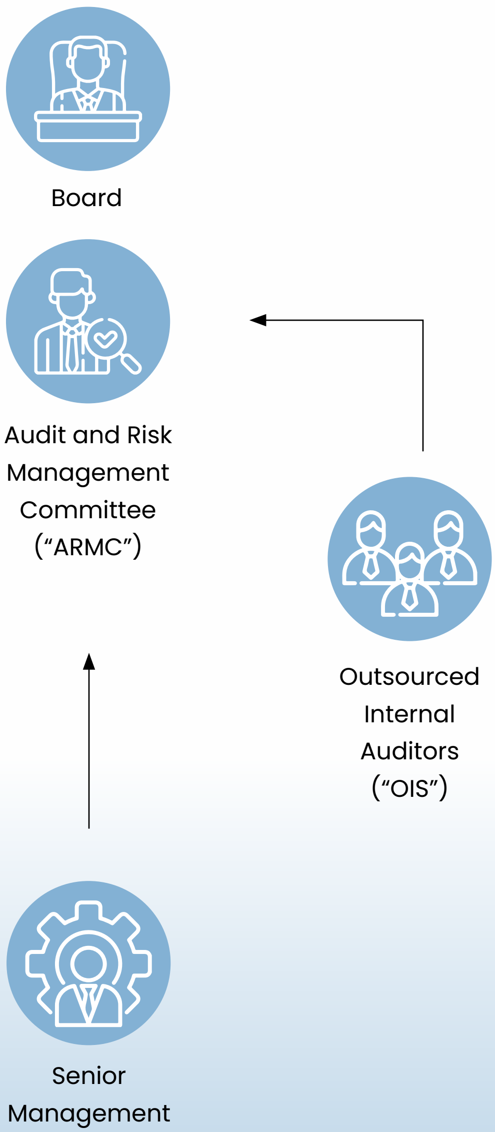
Scope (Cont'd)

Projects completed or in progress during the financial year under review are as follows:

Project name	Project size (Estimated GDV)	Project details	Project status as at 31 December 2022
Sentrio @ Pasir Gudang	RM43.7 million	66 units of shop offices to be developed to be developed on a land measuring 5.94 acres in Pasir Gudang, Johor.	About 46.8% completed
Desa 88	RM127.5 million	Medium and light industrial development on a land measuring 38 acres in Desa Cemerlang comprises the following phases: - Phase 1 : 40 units of terrace factory - Phase 2 : 36 units of terrace factory - Dormitory - Detached factories and multi-purpose retail space	Phase 1 : Certificate Completion And Compliance ("CCC") has been obtained in August 2022 and vacant possession has been handover to all purchasers of the international units
			Phase 2 : 85.3% completed and expects to obtain CCC by second quarter of 2023 Dormitory: Land sale completed in January 2023 Remaining phases: Target to be launched in 2023.
The Asteria Melaka	RM119.5 million for Block C. GDV for Block A is not available as it is a hotel which upon completion is owned by the Group and not for subsequent sale.	Development of 16-storey with total 241 hotel rooms (Block A) and 44-storey with 306 units of serviced suite (Block C)	Block A is expected to commence its operation in fourth quarter of 2023. Block C is expected to be launched in fourth quarter of 2023.

Governance structure

In order to operate our business responsibly, the Group has an established governance structure, to clearly delineate the roles and responsibilities of the Board and Management in overseeing and managing sustainability matters, which are summarised as follows:



Consisting of an Executive Director, three (3) Independent Non-Executive Directors and two (2) Non-Independent Non-Executive Directors, the Board[1] is:

- Ultimately responsible for the implementation and management of Sustainability in the Group
- Responsible to oversee the management of sustainability matters within the Group
- Approve sustainability policies, targets and framework

Consisting exclusively of Independent Non-Executive Directors, the ARMC[1] is responsible in:

- Monitoring and overseeing the implementation of sustainability strategies and initiatives in the Group
- Overseeing the management of sustainability matters (i.e. economic, environment and social risk and opportunities)
- Ensuring effectiveness in the process of identifying, assessing, managing and reporting of material sustainability matters

An outsourced Internal Audit Team engaged to perform:

- Independent review of sustainability practices and procedures, including internal controls
- Review implementation of management action plans

The Senior Management team collectively responsible to:

- Carry out stakeholder engagement and materiality assessment process, to Identify sustainability matters deemed material to the Group
- Manage material sustainability matters within the Group
- Carry out management action plans
- Report on MSM to the ARMC

Note1: The composition of the Board and ARMC specified is as at 31 December 2022

SUSTAINABILITY STATEMENT(Cont'd)

Stakeholders Engagement

The Group acknowledges the importance of our stakeholders to our long-term business success. To better understand our stakeholders, we periodically engage with our stakeholders, to understand their views and needs, including on our business impact on the economy, environment and society. These insights are instrumental in guiding our business and sustainability strategy.

Guided by the Sustainability Reporting Guide, we have conducted stakeholder prioritisation exercise, identifying key stakeholders to the Group, considering the influence and dependency of the stakeholders to our Group. The key stakeholders identified and the methods of engagement are as follows:

Stakeholder Group	Engagement Method	Frequency	Relevant MSM
Customers	After sales service	Ongoing	• Innovation • Water • Energy • Data Privacy & Security
	Defect liability period		
Employees	Periodic discussions	Ongoing	• Diversity & inclusivity • Occupational safety & health • Anti-Corruption
	Performance appraisal	Annually	
Shareholders	Annual General Meeting	Annually	• Economic performance • Innovation
	Interim results	Quarterly	
	Company website	Ongoing	
Investors and lenders	Meeting	Periodic	• Economic performance
Government/ regulators	Meeting	Periodic	• Occupational safety & health • Anti-corruption • Data privacy & security
	Written communication	Periodic	
Local communities	Charity events	Occasional	• Procurement practices
Consultants/ contractors	Meeting	Periodic	• Innovation • Occupational safety & health
Media	Media advertising	Occasional	• Economic performance

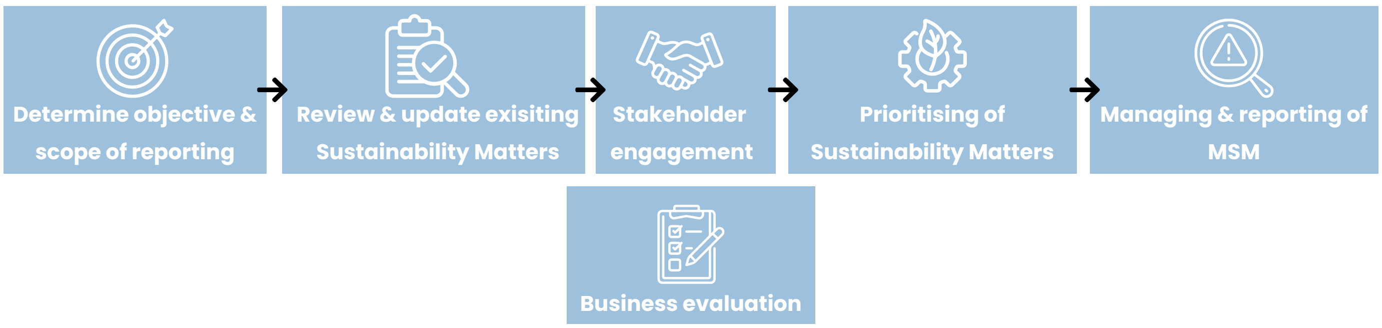
Materiality Assessment

The Management has conducted a review of the Group's materiality assessment, guided by the Sustainability Reporting Guide, to assess and determine the Group's economic, environmental and social risks and opportunities.

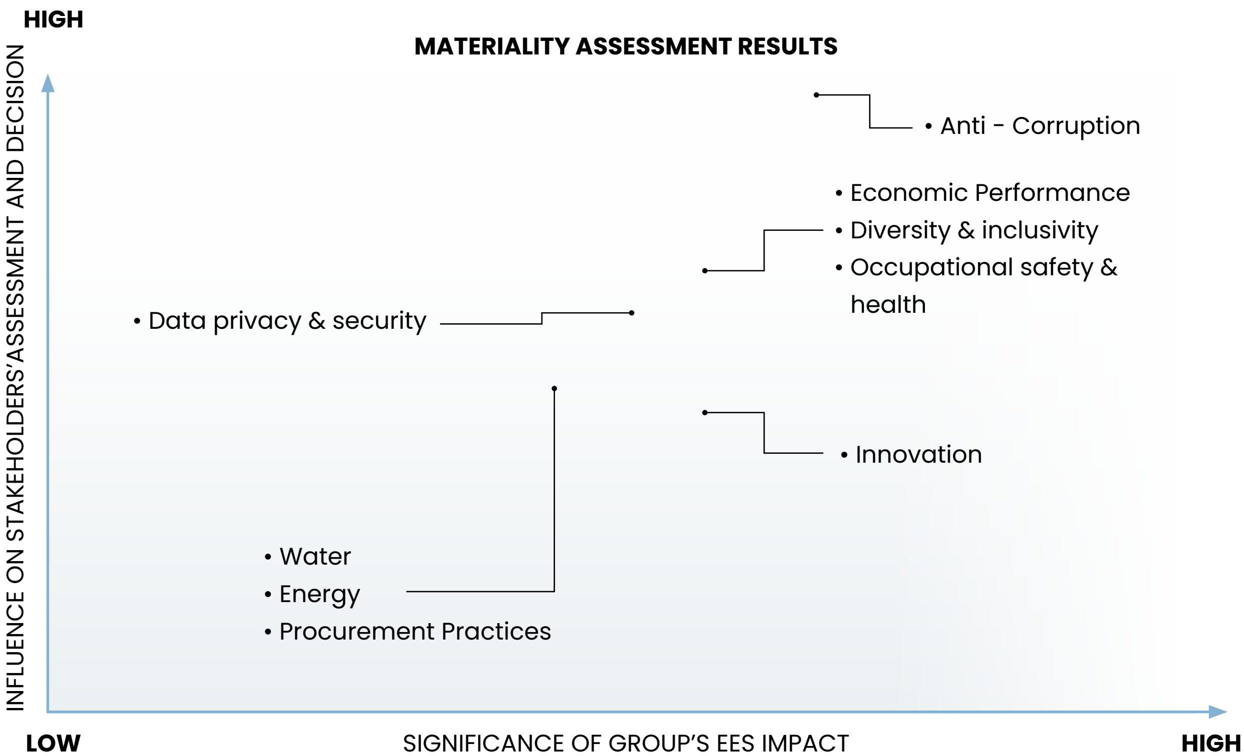
The sustainability matters identified, will then be subjected to the following criteria (in line with Paragraph 6.3, Practice note 9 of the Listing Requirements) to be considered as material:

- the matter reflects the Group's significant economic, environmental and social impacts; and/ or
- the matter substantively influences the assessment and decisions of our stakeholders.

The materiality assessment approach is summarised as follows:



The results of the materiality assessment are summarised as follows:



SUSTAINABILITY STATEMENT(Cont'd)

Procurement practices

The Group understands and supports the agenda to promote and enhance the local economy by supporting and procuring from local suppliers, whenever possible. Furthermore, by sourcing locally,it also helps to ensure a stable supply and maintain community relations.

The Group's major procurement spending includes appointment of subcontractors and consultants.
During the year under review, the Group has engaged with thirty two main subcontractors and thirteen consultants, where all were Malaysian companies.

Economic performance

In order to sustain in the long run, it is vital that the Group's financial performances are healthy. The Group have developed a budget and financial plan that outlines the resources required to achieve the economic performance targets. The budget is being reviewed regularly and updated to ensure that it remains aligned with the Group's goals.

Furthermore, our Management team has worked together with an outsourced consultant to conduct risk assessment, to identify potential risks that could impact the achievement of our economic targets, and based on the risks, developed relevant internal controls to address the risks.

With gradual reopening of economic sectors and resumption of business activities in FY2021, the Group managed to return to the growth trajectory due to higher revenue recognised contributed by good work progress achieved. In addition to the revenue from ongoing property development projects, the Group has also recorded the sale of three (3) parcels of land, measuring a combined total of 5.267 acres for a total consideration of RM13,025,476 in FY2021.

Revenue for FY2022 was below both the target revenue and the revenue achieved in FY2021 primary due to the key revenue contributor,, i.e. Phase 1 and Phase 2 of Project Desa 88, have reached the advanced stage and the relevant approval for release of Bumiputra units has taken longer than we have expected, leading to lower revenue recognised FY2022.

RM28,455,332
TARGET REVENUE FOR FY2022

5.267 acres for a total consideration of
RM13,025,476
in FY2021

- Property and construction

  The Group has a target revenue of RM28,455,332 for FY2022, and registered the following revenue for the past three (3) financial years:

	FY2022	FY2021	FY2020
Revenue	16,164,740	25,349,198	5,186,036

In FY2020, due to the Movement Control Order ("MCO") imposed by the Malaysian Government following the COVID-19 pandemic, property development and construction activities were disrupted, where Desa 88 Phase 2 terrace factories and Sentrio shop offices which wereoriginally scheduled to be launched in early 2020 were deferred till the end of year, hence resulted in a low revenue rate recognised for FY2020.

Innovation

To be appealing to prospective homebuyers, we have introduced a new property concept, focuses on being affordable and at the same time capitalise on the "new norm" market trend of Small Office Home Office ("SOHO"), embedding the concept of home office, co-working set-up and co-living. The SOHO (i.e. M-SOHO @JJ) will also have a digital marketing backbone with high-speed internet, parcel reception and storage, and is also environmentally friendly, with a rainwater harvesting system and solar panels for renewable energy (refer to "Water" and "Energy" section of this Statement for more details).

This project, a joint venture between Sumber Alpha Sdn Bhd and our wholly-owned subsidiary, Axteria Development Sdn Bhd, comprise a mixed development consisting of 474 units of SOHO and 35 units of shoplots. This project is anticipated to have a Gross Development Value ("GDV") of RM176.6 million and a Gross Development Cost ("GDC") of RM149.6 million. Barring any unforeseen circumstances, the project is expected to commence in the fourth quarter of 2023 and complete in the fourth quarter of 2027.

Water

The Group is committed to conserving water in its business operations to be environmentally friendly, in addition to minimising potential water shortages in our business environment. To conserve water usage, we have performed the following:

- Investment holding

  The use of water for our investment holding division is minimal, as water is used only for the washrooms and pantry. Nevertheless, we periodically remind our employees to conserve water, including closing the water tap when not in use.

- Property and construction

  We have identified that the major area for significant water consumption at our M-SOHO @JJ Project is the M-Facilities Deck, where significant amount of water will be used particularly for landscaping and the water fountain.

  Hence, we have implemented an environmentally friendly concept into the project design by adopting the rainwater harvesting system, where rainwater gathered will be channelled into a Rain Harvesting Tank and thereafter used for landscaping purposes and for the water fountain. This will invariably reduce and preserve freshwater consumption, lowering water charges where it will be reflected in a lower maintenance charge and benefiting the homeowners.

SUSTAINABILITY STATEMENT(Cont'd)

Energy

The Group views the consumption of energy as one of the key sustainability impacts to manage. To conserve energy usage, we have performed the following:

- Investment holding

  The major energy consumption in the investment holding division is the office equipment (e.g. laptops, computers, photocopiers), air conditioning systems, and lightings for office and sales gallery.

  To reduce energy consumption, we encourage and periodically remind our employees to switch off lights and air-conditioning system and unplug devices when not in use. In addition, when purchasing new office equipment, apart from quality and cost of the equipment, a key consideration factor is the energy-efficiency of the equipment, where we will choose energy-efficient equipment/ model when possible.

  The total energy consumption in the past three (3) years are as follows:

	Target	FY2022	FY2021	FY2020
Energy usage	≤ 40,000 kwh	43,146 kwh	35,446 kwh	44,893 kwh

  The energy consumption of FY2020 and FY2022 are almost similar, at 44,893 kwh and 43,146 kwh respectively. The lower energy consumption in FY2021 of 35,446 kwh was due to lower number of employees at the office, as most employees were working from home due to the MCO.

  The energy consumption of FY2022 is beyond the target of 40,000 kwh, hence, Management periodically reminds employees on efforts to conserve energy consumption.

- Property and construction

  We have identified that the major area for significant energy consumption at our M-SOHO@JJ project to be the common area, where electricity will be consumed for lightings at the corridor, walkway, street, car parking bay and for landscaping and signage.

  Hence, we have implemented an environmentally friendly concept into the project design by installing Renewable Solar Energy system, where the energy from the sunlight is absorbed by the solar panels and thereafter converted to electricity for usage. This system is expected to lower electricity usage and charges for the building which will be reflected in a lower maintenance charge to the homeowners.

Diversity and inclusivity

The Group views diversity and inclusivity as a key element of success and strength for a company, where lack of it could cause groupthink or blind spots. In Axteria, we practice meritocracy and do not discriminate any persons in any form, regardless of gender, age, ethnicity, religious beliefs, etc.

At Axteria, all employees are treated equally in terms of career progression and promotion regardless of their tenure, gender, race, religion, and marital status. Furthermore, we have cultivated a culture of diversity and inclusivity across the Group to ensure every employee is supported, accepted, respected and safe at work.

Any employee who suspects any wrongdoings or violations of the Group's Regulation of Employees may raise these concerns to their respective Department Head or Human Resources Department, and in serious cases, may whistle blow through the whistle-blower protection policy (external stakeholders are also privy to the usage of this channel). The Group commits to provide confidentiality to the internal or external stakeholders, and to investigate and remedy the situation effectively.

Tabulated below is the breakdown of our employees of the Group, by gender and age group for the past three (3) years:

By gender					
Designation	**Gender**	**Target (for FY2023)**	**FY2022**	**FY2021**	**FY2020**
Senior Management	Male	2	3	1	2
	Female	1	1	1	0
Management	Male	3	2	3	2
	Female	2	0	1	0
Non-management office staff	Male	2	0	0	1
	Female	18	13	10	12
Site supervisors/ managers	Male	4	1	3	2
	Female	0	0	0	0
Total		**32**	**20**	**19**	**19**

SUSTAINABILITY STATEMENT(Cont'd)

Diversity and inclusivity (Cont'd)

By age group					
Designation	**Age**	**Target (for FY2023)**	**FY2022**	**FY2021**	**FY2020**
Senior Management	≤ 30	0	0	0	0
	31 – 40	1	1	1	1
	41 – 50	1	1	1	1
	> 50	1	2	0	0
Management	≤ 30	0	0	2	0
	31 – 40	1	1	1	1
	41 – 50	3	1	1	1
	> 50	1	0	0	0
Non-management office staff	≤ 30	8	3	3	4
	31 – 40	8	6	5	7
	41 – 50	4	4	2	2
	> 50	0	0	0	0
Site supervisors/ managers	≤ 30	0	0	0	0
	31 – 40	2	0	0	0
	41 – 50	2	1	1	1
	> 50	0	0	2	1
Total		**32**	**20**	**19**	**19**

There was no target set in relation to number of employees for FY2022, but we have set the target for FY2023, in which will be used as a baseline for comparison in the next Sustainability Statement.

Occupational safety and health

Employee well-being is one of the top priorities of the Group. At Axteria, we are cognisant and determined to provide a safe, secure and comfortable working environment for our employees.

The Group has a Safety Policy in place, stating our commitment for the protection of the health and safety of our employees. This policy also provides our approach in managing health and safety in our workplace.

DURING THE PAST THREE (3) FINANCIAL YEARS IN FY2022, FY2021 AND FY2020, THERE WERE NO LOST TIME INCIDENT AND FATALITIES RECORDED AT THE GROUP.

Occupational safety and health (Cont'd)

As our employees are mainly stationed in the office, hence with the exception of FY2022, no employees attended training on health and safety standards in FY2020 and FY2021 as shown below:

Office type and location	FY2022	FY2021	FY2020
Number of employees trained on health and safety standards	2	-	-

For FY2022, we have arranged two (2) employees from our project department to attend Department of Safety and Health ("DOSH") recognised first-aid treatment course, with the objective of having properly trained first aiders, especially important when they are required to travel to/ visit the construction sites.

Further to the above, as Malaysia reopened its borders and moved into endemicity phase in relation to COVID-19 during the second quarter of FY2022, the Group has continued to take measures to protect the well-being, safety and health of our employees in accordance with the Standard Operating Procedures ("SOP") issued by the Ministry of Health and the National Security Council. As added precautionary measures, all our employees have continued to wear face mask in the workplace and underwent weekly RTK Covid-19 tests. Furthermore, all our employees have also been fully vaccinated against COVID-19 and taken the booster dose when they returned to work under the National COVID-19 Immunisation Programme ("PICK"). The prudent measures that we have taken have to a large extent, minimised our employees' exposure to COVID-19 at the workplace.

Below is a summary of strategy that was recommended by the MOH and practised by the Group as part of measures taken to ensure the safe reopening of our office:

- Weekly COVID-19 RTK tests carried out by all employees;
- Employees will be required to undergo self-isolation at home if found to be COVID-19 positive;
- Close contact tracing at the workplace will be conducted and we encourage the employee to also notify their immediate family members, especially those who are staying together with the employee. We also advised employees to inform the nearest COVID-19 Assessment Centre ("CAC") if their symptoms worsen during home isolation; and
- We will inform our employees to seek treatment at the nearest medical facility or a COVID-19 Assessment Centre (CAC) if symptoms worsen.

As for the property and construction division, the safety and health are the responsibilities of the subcontractors appointed, where they have established internal controls and ensure compliance with the applicable rules and regulations, including engaging of Safety Officer, establishing Safety Committee, etc.

SUSTAINABILITY STATEMENT(Cont'd)

Anti-corruption

The Group believes that conducting business ethically and with utmost integrity will form the bedrock of a successful business, both in the short and long term. The Group is committed to high ethical standards, and has set a zero-tolerance approach towards unethical business practices, including bribery and corruption in all forms.

To provide guidance to employees and relevant third-parties of the Group in relation to preventing and managing the risks of bribery and corruption, the Group has established a Anti-Bribery and Anti-Corruption Policy, which is also published on our corporate website.

ZERO CASES

OF SUSPECTED CORRUPTION IN FY2022, FY2021 AND FY2020

ZERO TOLERANCE

APPROACH TOWARDS UNETHICAL BUSINESS

The controls established by Management, amongst others, include the need to perform due diligence on third parties action for or on behalf of the Group, perform background checks on employees to ensure that potential employees has not been convicted in any corruption, bribery and/or fraud cases, prohibition of the giving or receiving of facilitation payments, implemented a strict policy on receiving and giving of gifts, benefits, and acts of hospitality to or from third parties, prohibiting the Group from providing political contributions, and requiring third parties and employees of the Group to declare understanding and compliance with the Group's Anti-Bribery and Anti-Corruption Policy.

During the past three (3) financial years, i.e. FY2022, FY2021 and FY2020, there were no confirmed or suspected cases of corruption noted in the Group.

Data privacy and security

The Group views data privacy and security of information, especially the safeguarding of private and confidential information as one of the key priorities of the Group. In our day-to-day operations, private and confidential data includes the employees' data for the investment holding division, and purchasers' personal and financial data, and project related information such as costing and budget for development costs for the property and construction division.

To reduce the risk of information leakage, we have performed the following:

- Customer data is processed and centrally stored on our server, where only the authorised personnel have access to the information kept in the system;
- To ensure that there is no unauthorised access or misuse of authority, the access rights of designated employees were regularly reviewed to ensure they commensurate with their respective roles; and
- Our data management is governed through Management Information Systems ("MIS") policies and procedures such as password, email, and internet policy, with other safeguarding measures in place to protect the confidential information stored in the Information Technology ("IT") system.

For the past three (3) financial years, i.e. FY2022, FY2021 and FY2020, there were no substantiated complaints on breaches of customer privacy and losses of customer data, and also no violations of customer privacy and data loss were noted and reported, in line with our target of zero (0) substantiated complaints on breaches of customer privacy and losses of customer data.

Conclusion

As we strive to continue building and maintaining a sustainable business, we will continuously invest resources to manage and monitor the Group's MSM. Moving forward, we remain committed to continuously progress along our sustainability journey and communicate the progress and outcomes to our stakeholders, as and when it becomes material.

Financial Statements

DIRECTORS' REPORT

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

PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding. The principal activities of the subsidiaries are set out in Note 5 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	The Group RM	The Company RM
Loss after tax for the financial year	(10,025,371)	(1,605,880)
Attributable to:-		
Owners of the Company	(10,025,371)	(1,605,880)

DIVIDENDS

No dividend was recommended by the directors for the financial year.

RESERVES AND PROVISIONS

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

ISSUES OF SHARES AND DEBENTURES

During the financial year:-

(a) the Company increased its total number of issued ordinary shares from 430,621,872 to 498,672,875 by way of:-

(i) issuance of 43,051,003 new ordinary shares in 2 tranches, i.e. tranche 1 of 22,761,600 shares at RM0.2021 each and tranche 2 of 20,289,403 at RM0.1932 each, for a cash consideration of RM8,520,032 through private placement; and

(ii) conversion of 55,000,000 redeemable convertible preference shares to 25,000,000 new ordinary shares.

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

(b) the Company issued redeemable convertible preferences shares at RM0.10 per share to a third party for working capital purpose. The salient terms of the redeemable convertible preference shares are disclosed in Note 19 to the financial statements.

(c) there were no issues of debentures by the Company.

DIRECTORS' REPORT (Cont'd)

TREASURY SHARES

During the financial year, the Company did not repurchase any of its issued ordinary shares from the open market. The shares purchased are being held as treasury shares in accordance with Section 127(6) of the Companies Act 2016 and are presented as a deduction from equity.

As at 31 December 2022, the Company held as treasury shares a total of 111,840 of its 498,672,875 issued and fully paid-up ordinary shares. The treasury shares are held at a carrying amount of RM92,187. The details of the treasury shares are disclosed in Note 20 to the financial statements.

WARRANTS

On 12 August 2020, the Company issued 97,211,694 free warrants pursuant to the Bonus Issue of Warrants at RM0.29 per Warrant on the basis of one warrant for every two existing ordinary shares. The warrants were constituted under the Deed Poll dated 23 July 2020. No warrants were exercised during the financial year and the total number of warrants that remain unexercised is 97,211,694. The salient terms of the Warrants 2020/2025 are disclosed in Note 21 to the financial statements.

OPTIONS GRANTED OVER UNISSUED SHARES

During the financial year, no options were granted by the Company to any person to take up any unissued shares in the Company.

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for impairment losses on receivables and satisfied themselves that no known bad debts had been written off and that adequate allowance had been made for impairment losses on receivables.

At the date of this report, the directors are not aware of any circumstances that would require the writing off of bad debts, or the additional allowance for impairment losses on receivables in the financial statements of the Group and of the Company.

CURRENT ASSETS

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

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

VALUATION METHODS

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

DIRECTORS' REPORT
(Cont'd)

CONTINGENT AND OTHER LIABILITIES

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

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

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

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

CHANGE OF CIRCUMSTANCES

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

ITEMS OF AN UNUSUAL NATURE

The results of the operations of the Group and of the Company during the financial year were not, in the opinion of the directors, substantially affected by any item, transaction or event of a material and unusual nature other than the recognition of an impairment of goodwill as disclosed in Note 10 to the financial statements.

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

DIRECTORS

The names of directors of the Company who served during the financial year and up to the date of this report are as follows:-

Woo Wai Onn @ Foo Wai Onn (Appointed on 8.2.2023)
Yee Wei Meng
Ahmad Rahizal Bin Amb Dato' Ahmad Rasidi (Resigned on 9.1.2023)
Dato Abdullah Bin Abdul Mannan (Appointed on 9.1.2023)
Kevin Low Ee Ming (Appointed on 1.3.2023)
Mok Juan Chek
Ng Lee Thin
Ong Li Tak (Resigned on 30.9.2022)
Oon Min Hoon (Appointed on 28.6.2022; Resigned on 1.3.2023)
Tan Joo Khong (Resigned on 23.2.2023)
Tee Kuan Hong (Resigned on 30.12.2022)
Yap Yung Chien (Appointed on 1.3.2023)
Yau Yin Wee (Appointed on 13.3.2023)

The names of directors of the Company's subsidiaries who served during the financial year until the date of this report are similar to those disclosed above.

DIRECTORS' REPORT
(Cont'd)

DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of directors holding office at the end of the financial year in shares of the Company and its related corporations during the financial year are as follows:-

	Number of Ordinary Shares			
	At 1.1.2022	Bought	Sold	At 31.12.2022
The Company				
Direct Interests				
Oon Min Hoon	-	4,370,000	-	4,370,000
Tan Joo Khong	-	12,370,200	-	12,370,200
Yee Wei Meng	44,366,840	-	1,000,000	43,366,840
Indirect Interests				
Oon Min Hoon*	40,000	-	-	40,000
Yee Wei Meng**	-	1,000,000	-	1,000,000

* Deemed interested by virtue of his spouse.
** Deemed interested by virtue of his direct shareholding in Fontern Holdings (M) Sdn. Bhd.

The other directors holding office at the end of the financial year had no interest in shares of the Company or its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (other than directors' remuneration as disclosed in the "Directors' Remuneration" of this report) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest except for any benefits which may be deemed to arise from transactions entered into in the ordinary course of business with companies in which certain directors have substantial financial interests as disclosed in Note 35 to the financial statements.

Neither during nor at the end of the financial year was the Group or the Company a party to any arrangements whose object is to enable the directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

DIRECTORS' REPORT (Cont'd)

DIRECTORS' REMUNERATION

The details of the directors' remuneration paid or payable to the directors of the Company during the financial year are as follows:

	The Group RM	The Company RM
Fees	334,807	334,807
Salaries, bonuses and other benefits	2,066,734	48,200
Defined contribution benefits	339,786	-
	2,741,327	383,007

INDEMNITY AND INSURANCE COST

During the financial year, there was no indemnity given to or professional indemnity insurance effected for directors, officers or auditors of the Company.

SUBSIDIARIES

The details of the Company's subsidiaries are disclosed in Note 5 to the financial statements.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

The significant events during the financial year are disclosed in Note 39 to the financial statements.

SIGNIFICANT EVENTS OCCURRING AFTER THE REPORTING PERIOD

The significant events occurring after the reporting period are disclosed in Note 40 to the financial statements.

DIRECTORS' REPORT
(Cont'd)

AUDITORS

The auditors, Crowe Malaysia PLT, have expressed their willingness to continue in office.

The details of the auditors' remuneration for the financial year are as follows:-

	The Group RM	The Company RM
Audit fees	145,900	40,000
Non-audit fees	5,000	5,000
	150,900	45,000

Signed in accordance with a resolution of the directors dated 28 April 2023.

Woo Wai Onn @ Foo Wai Onn

Yee Wei Meng

STATEMENT BY DIRECTORS

PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

We, Woo Wai Onn @ Foo Wai Onn and Yee Wei Meng, being two of the directors of Axteria Group Berhad, state that, in the opinion of the directors, the financial statements set out on pages 91 to 169 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 of 31 December 2022 and of their financial performance and cash flows for the financial year ended on that date.

Signed in accordance with a resolution of the directors dated 28 April 2023.

Woo Wai Onn @ Foo Wai Onn **Yee Wei Meng**

STATUTORY DECLARATION
PURSUANT TO SECTION 251(1)(b) OF THE COMPANIES ACT 2016

I, Sea Hong Peng, MIA Membership Number: 47568, being the officer primarily responsible for the financial management of Axteria Group Berhad, do solemnly and sincerely declare that the financial statements set out on pages 91 to 169 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the abovementioned
Sea Hong Peng
at Johor Bahru
in the State of Johor
on this 28 April 2023.

Before me **Sea Hong Peng**

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF AXTERIA GROUP BERHAD
(Incorporated in Malaysia)
Registration No: 199901021765 (496665-W)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Axteria Group Berhad, which comprise the statements of financial position as at 31 December 2022 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 91 to 169.

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 December 2022, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

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

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF AXTERIA GROUP BERHAD (Cont'd)
(Incorporated in Malaysia)
Registration No: 199901021765 (496665-W)

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

<table>
<tr><th colspan="2">Impairment Assessment of Goodwill on Consolidation ("Goodwill")
Refer to Notes 4.1(b) and 10 to the financial statements</th></tr>
<tr><td>Key Audit Matter</td><td>How our audit addressed the key audit matter</td></tr>
<tr><td>We focused on this area due to:-

• The carrying value of RM14.5 million relating to Goodwill which arose from the acquisition of subsidiaries by the Group in previous financial years;
• The Group performs annual impairment review of Goodwill by estimating the recoverable amount of its cash-generating units ("CGU") relating to the Goodwill based on value in use ("VIU"). Estimating the VIU of the CGU includes estimating the future cash flows of the relevant CGU and discounting them at an appropriate rate; and
• Due to the significance of the Goodwill and the subjectivity involved in estimating the VIU, we considered this impairment review to be a Key Audit Matter.</td><td>Our procedures include obtaining the future cash flow projections and the assumptions used by the management for the purpose of these projections together with the calculations for deriving the VIU of the relevant CGU and:-

• Evaluating the key assumptions applied such as sales of property units, gross profit margins, operating overhead;
• Assessing whether the discount rate used to determine the present value of the future cash flows reflects the return that investors would require if they were to choose an investment that would generate cash flows of amounts, timing and risk profile comparable to those that the entity expects to derive; and
• Performing sensitivity analysis to stress test the key assumptions in the impairment model.</td></tr>
<tr><th colspan="2">Reasonableness of revenue recognition arising from contracts with customers
Refer to Notes 4.1(g), 4.24(a) and 28 to the financial statements</th></tr>
<tr><td>Key Audit Matter</td><td>How our audit addressed the key audit matter</td></tr>
<tr><td>Most of the Group's revenue is derived from property development activities.

Pursuant to MFRS 15, revenue may be recognised at a point in time or progressively over time. Judgement is required to assess the performance obligations and revenue recognition. Judgements impacting the revenue recognition are as follow:-
• interpreting of contract terms and conditions;
• assessing and identifying the performance obligations;
• assessing the computation of revenue recognition.</td><td>To address this risk, our audit procedures involved the following:-

• reviewing the contract terms and identifying performance obligations stipulated in the contracts, on sample basis;
• evaluating whether the performance obligations are satisfied at point in time or over time;
• evaluating the reasonableness of percentage of completion using the input method;
• assessing the revenue recognised are in accordance with MFRS 15 "Revenue with Contract Customers"; and
• Performing site visits to assess the status of the property development.</td></tr>
</table>

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF AXTERIA GROUP BERHAD (Cont'd)
(Incorporated in Malaysia)
Registration No: 199901021765 (496665-W)

Key audit matters (Cont'd)

Reasonableness of attributable profits arising from property development projects
Refer to Notes 4.1(g), 14 and 28 to the financial statements

Key Audit Matter	How our audit addressed the key audit matter
The Group's property development division recognises revenue and cost by reference to the progress towards complete satisfaction of the performance obligation at the end of the reporting period. This requires the use of estimates, namely on project development revenue and cost. Significant judgement is required in determining the completeness and accuracy of the estimates. Substantial changes to project development revenue and cost estimates in the future can have a significant effect on the Group's results.	To address this risk, our audit procedures involved the following:- • Making inquiries and obtaining an understanding from management on the procedures and controls in relation to the estimation of and revision to the project development revenue and cost; • Reviewing the reasonableness of the estimated project development revenue by comparing the selling prices of units sold, on sample basis; and • Reviewing the reasonableness of the estimated project development cost by reviewing the contract works awarded, assessing the basis of estimation for contract works not awarded and comparing to the actual costs incurred up to the end of the reporting period, on sample basis.

Information Other than the Financial Statements and Auditors' Report Thereon

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of 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.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF AXTERIA GROUP BERHAD (Cont'd)
(Incorporated in Malaysia)
Registration No: 199901021765 (496665-W)

Responsibilities of Directors for the Financial Statements (Cont'd)

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 the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

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

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF AXTERIA GROUP BERHAD (Cont'd)
(Incorporated in Malaysia)
Registration No: 199901021765 (496665-W)

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

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

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, 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 financial year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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.

Crowe Malaysia PLT
201906000005 (LLP0018817-LCA) & AF 1018
Chartered Accountants

Tan Lin Chun
02839/10/2023 J
Chartered Accountant

Johor Bahru

28 April 2023

STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2022

	Note	The Group 2022 RM	The Group 2021 RM (Restated)	The Company 2022 RM	The Company 2021 RM (Restated)
ASSETS					
NON-CURRENT ASSETS					
Investments in subsidiaries	5	-	-	118,253,355	69,910,727
Investments in an associate	6	4,069,220	4,055,354	5,178,138	5,178,138
Property, plant and equipment	7	26,471,633	17,264,351	-	-
Investment properties	8	19,416,946	11,644,865	-	-
Right-of-use assets	9	443,757	593,410	-	-
Goodwill	10	14,466,625	19,469,424	-	-
Deferred tax assets	11	95,300	95,300	-	-
Other receivables	12	1,773,870	1,619,184	16,323,503	46,911,609
Other financial asset	13	1,886,333	1,865,526	-	-
		68,623,684	56,607,414	139,754,996	122,000,474
CURRENT ASSETS					
Inventories	14	101,464,969	81,196,531	-	-
Trade receivables	15	2,709,309	2,388,594	-	-
Other receivables, deposits and prepayments	12	4,435,320	4,294,540	3,030,095	3,008,250
Contract assets	16	65,075	217,435	-	-
Current tax assets		1,509,121	1,623,091	295,368	412,230
Fixed deposits with a licensed bank	17	884,561	603,500	-	-
Cash and bank balances		7,205,105	4,633,352	4,699,495	150,845
		118,273,460	94,957,043	8,024,958	3,571,325
TOTAL ASSETS		186,897,144	151,564,457	147,779,954	125,571,799

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

STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2022 (Cont'd)

	Note	The Group 2022 RM	The Group 2021 RM (Restated)	The Company 2022 RM	The Company 2021 RM (Restated)
EQUITY AND LIABILITIES					
EQUITY					
Share capital	18	164,479,262	150,459,230	164,479,262	150,459,230
Redemable convertible preference shares	19	1,000,000	-	1,000,000	-
Treasury shares	20	(92,187)	(92,187)	(92,187)	(92,187)
Accumulated losses		(43,085,818)	(33,060,447)	(39,173,874)	(37,567,994)
TOTAL EQUITY		122,301,257	117,306,596	126,213,201	112,799,049
NON-CURRENT LIABILITIES					
Lease liabilities	22	282,640	455,605	-	-
Term loans	23	14,973,414	5,933,171	-	-
Hire purchase payables	24	196,295	264,912	-	-
Deferred tax liabilities	11	-	312,980	-	312,980
		15,452,349	6,966,668	-	312,980
CURRENT LIABILITIES					
Trade payables	25	15,769,282	10,669,027	-	-
Contract liabilities	16	5,243,799	1,714,749	-	-
Other payables and accruals	26	18,343,068	5,076,733	21,566,753	12,459,770
Lease liabilities	22	189,434	161,545	-	-
Term loans	23	9,232,585	9,223,470	-	-
Hire purchase payables	24	68,691	65,824	-	-
Current tax liabilities		11,725	-	-	-
Provision	27	284,954	379,845	-	-
		49,143,538	27,291,193	21,566,753	12,459,770
TOTAL LIABILITIES		64,595,887	34,257,861	21,566,753	12,772,750
TOTAL EQUITY AND LIABILITIES		186,897,144	151,564,457	147,779,954	125,571,799

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

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Note	The Group 2022 RM	The Group 2021 RM	The Company 2022 RM	The Company 2021 RM
REVENUE	28	17,039,787	25,349,198	-	-
COST OF SALES		(10,831,052)	(20,827,074)	-	-
GROSS PROFIT		6,208,735	4,522,124	-	-
OTHER INCOME		764,120	4,943,844	1,261,382	5,708,399
		6,972,855	9,465,968	1,261,382	5,708,399
SELLING AND MARKETING EXPENSES		(613,704)	(405,000)	-	-
ADMINISTRATIVE EXPENSES		(10,337,368)	(9,204,419)	(2,422,653)	(3,898,987)
OTHER OPERATING EXPENSES		(5,147,856)	(447,959)	-	(1,336,491)
FINANCE COSTS		(758,945)	(1,130,179)	(349,052)	(180,955)
NET REVERSAL OF IMPAIRMENT/ (IMPAIRMENT LOSSES) ON FINANCIAL ASSETS	29	267,321	226,154	-	(12,203,877)
SHARE OF PROFITS/(LOSS) OF EQUITY ACCOUNTED ASSOCIATE		13,866	183,409	-	-
LOSS BEFORE TAX	30	(9,603,831)	(1,312,026)	(1,510,323)	(11,911,911)
TAX EXPENSE	31	(421,540)	(418,180)	(95,557)	(6,757)
LOSS AFTER TAX/TOTAL COMPREHENSIVE EXPENSES FOR THE FINANCIAL YEAR		(10,025,371)	(1,730,206)	(1,605,880)	(11,918,668)
LOSS AFTER TAX ATTRIBUTABLE TO:-					
Owners of the Company:		(10,025,371)	(1,730,206)	(1,605,880)	(11,918,668)
LOSS PER SHARE (SEN)	32				
Basic		(2.07)	(0.48)		
Diluted		(2.07)	(0.48)		

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

					Distributable	
	Note	Share Capital RM	Treasury Shares RM	Redeemable Convertible Preference Shares RM	Accumulated Losses RM	Total Equity RM
The Group						
Balance at 1.1.2021						
- As previously reported		105,502,858	(92,187)	-	(26,457,548)	78,953,123
- Prior year adjustments	41	-	-	-	(4,872,693)	(4,872,693)
- As restated		105,502,858	(92,187)	-	(31,330,241)	74,080,430
Loss after tax/Total comprehensive expenses for the financial year		-	-	-	(1,730,206)	(1,730,206)
Issuance of redeemable convertible preference shares	19	-	-	36,500,000	-	36,500,000
Contributions by and distributions to owners of the Company:						
- Issuance of shares	18	8,456,372	-	-	-	8,456,372
- Conversion of redeemable convertible preference shares	18	36,500,000	-	(36,500,000)	-	-
		44,956,372	-	(36,500,000)	-	8,456,372
Balance at 31.12.2021		150,459,230	(92,187)	-	(33,060,447)	117,306,596
Balance at 1.1.2022		150,459,230	(92,187)	-	(33,060,447)	117,306,596
Loss after tax/Total comprehensive expenses for the financial year		-	-	-	(10,025,371)	(10,025,371)
Issuance of redeemable convertible preference shares	19	-	-	6,500,000	-	6,500,000
Contributions by and distributions to owners of the Company:						
- Issuance of shares	18	8,520,032	-	-	-	8,520,032
- Conversion of redeemable convertible preference shares	18	5,500,000	-	(5,500,000)	-	-
Total transactions with owners		14,020,032	-	(5,500,000)	-	8,520,032
Balance at 31.12.2022		164,479,262	(92,187)	1,000,000	(43,085,818)	122,301,257

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (Cont'd)

					Distributable	
	Note	Share Capital RM	Treasury Shares RM	Redeemable Convertible Preference Shares RM	Accumulated Losses RM	Total Equity RM
The Company						
Balance at 1.1.2021		105,502,858	(92,187)	-	(25,649,326)	79,761,345
Loss after tax/Total comprehensive expenses for the financial year		-	-	-	(11,918,668)	(11,918,668)
Issuance of redeemable convertible preference shares	19	-	-	36,500,000	-	36,500,000
Contributions by and distributions to owners of the Company:						
- Issuance of shares	18	8,456,372	-	-	-	8,456,372
- Conversion of redeemable convertible preference shares	18	36,500,000	-	(36,500,000)	-	-
		44,956,372	-	(36,500,000)	-	8,456,372
Balance at 31.12.2021		150,459,230	(92,187)	-	(37,567,994)	112,799,049
Balance at 1.1.2022		150,459,230	(92,187)	-	(37,567,994)	112,799,049
Loss after tax/Total comprehensive expenses for the financial year		-	-	-	(1,605,880)	(1,605,880)
Issuance of redeemable convertible preference shares	19	-	-	6,500,000	-	6,500,000
Contributions by and distributions to owners of the Company:						
- Issuance of shares	18	8,520,032	-	-	-	8,520,032
- Conversion of redeemable convertible preference shares	18	5,500,000	-	(5,500,000)	-	-
Total transactions with owners		14,020,032	-	(5,500,000)	-	8,520,032
Balance at 31.12.2022		164,479,262	(92,187)	1,000,000	(39,173,874)	126,213,201

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Note	The Group 2022 RM	The Group 2021 RM (Restated)	The Company 2022 RM	The Company 2021 RM (Restated)
CASH FLOWS FOR OPERATING ACTIVITIES					
Loss before tax		(9,603,831)	(1,312,026)	(1,510,323)	(11,911,911)
Adjustments for:-					
Bad debts written off		-	4,456	-	4,456
Depreciation of:					
- property, plant and equipment		156,230	324,609	-	129,298
- right-of-use assets		189,439	184,767	-	-
Fair value (gain)/loss on other financial assets		(20,807)	344,061	-	-
Impairment loss:					
- amount owing by subsidiaries		-	-	-	12,203,877
- goodwill		5,002,799	-	-	-
- investment in subsidiaries		-	-	-	1,332,035
- property development costs		145,056	99,442	-	-
Interest expenses		758,945	975,845	347,135	179,791
Property, plant and equipment written off		3,046	-	-	-
Share of profit of an associate, net of tax		(13,866)	(183,409)	-	-
Gain on lease termination		-	(3,752)	-	-
Income from non-fulfilment of profit guarantee by vendor		(490,382)	(4,168,243)	(490,382)	(4,168,243)
Interest income		(165,494)	(122,100)	(770,597)	(1,235,852)
Loss/(Gain) on disposal of property, plant and equipment		1,094	(225,970)	-	(279,035)
(Reversal)/Provision for liquidated ascertained damages		(94,891)	379,845	-	-
Reversal of impairment loss on:					
- other receivables		(267,321)	(226,154)	-	-
Operating loss before working capital changes		(4,399,983)	(3,928,629)	(2,424,167)	(3,745,584)

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (Cont'd)

	Note	The Group 2022 RM	The Group 2021 RM (Restated)	The Company 2022 RM	The Company 2021 RM (Restated)
Operating loss before working capital changes		(4,399,983)	(3,928,629)	(2,424,167)	(3,745,584)
Increase in inventories		(20,413,494)	(1,434,247)	-	-
(Increase)/Decrease in trade and other receivables		(194,174)	555,134	(21,845)	(2,987,198)
Decrease/(Increase) in contract assets		152,360	(152,360)	-	-
Increase/(Decrease) in trade and other payables		9,956,553	(8,731,652)	17,734	(487,517)
Increase in contract liabilities		3,529,050	1,059,088	-	-
CASH FOR OPERATIONS		(11,369,688)	(12,632,666)	(2,428,278)	(7,220,299)
Income tax refunded		200	-	200	-
Income tax paid		(609,025)	(1,668,233)	(291,875)	(411,988)
NET CASH FOR OPERATING ACTIVITIES		(11,978,513)	(14,300,899)	(2,719,953)	(7,632,287)
CASH FLOWS FOR INVESTING ACTIVITIES					
Additional investments in:					
- an existing associate		-	(2,778,138)	-	(2,778,138)
- other financial asset		-	(2,209,587)	-	-
- subsidiaries		-	-	(48,342,628)	(4)
Addition to right-of-use assets	33(a)	(7,401)	-	-	-
Advances to an associate		-	(1,501,173)	-	(1,501,173)
Repayment from/(Advances to) subsidiaries		-	-	31,849,085	(49,325,629)
Interest income received		10,808	4,089	-	498
Proceeds from disposal of property, plant and equipment		12,299	776,600	-	355,000
Purchase of:					
- investment properties	33(a)	(7,281,699)	(3,385,300)	-	-
- property, plant and equipment	33(a)	(9,223,319)	(13,206,107)	-	-
Placement of fixed deposits with tenure more than 3 months		(281,061)	(603,500)	-	-
NET CASH FLOW FOR INVESTING ACTIVITIES		(16,770,373)	(22,903,116)	(16,493,543)	(53,249,446)

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (Cont'd)

	Note	The Group 2022 RM	The Group 2021 RM (Restated)	The Company 2022 RM	The Company 2021 RM (Restated)
CASH FLOWS FROM FINANCING ACTIVITIES					
Advances from subsidiaries	33(b)	-	-	291,461	16,318,253
(Repayment to)/advances from a director		(40,196)	-	420	-
Advances from a key management personnel		8,450,233	-	8,450,233	-
Drawdown of term loans	33(b)	11,565,902	2,871,962	-	-
Interest paid	33(b)	(915,577)	(975,845)	-	(7,352)
Proceeds from issuance of:					
- ordinary shares	18	8,520,032	8,456,372	8,520,032	8,456,372
- redeemable convertible preference shares	19	6,500,000	36,500,000	6,500,000	36,500,000
Repayment of lease liabilities	33(b)	(177,461)	(518,074)	-	-
Repayment to term loans	33(b)	(2,516,544)	(5,090,318)	-	-
Repayment to hire purchase payables	33(b)	(65,750)	(556,907)	-	(356,250)
NET CASH FLOWS FROM FINANCING ACTIVITIES		31,320,639	40,687,190	23,762,146	60,911,023
NET CASH INCREASE IN CASH AND CASH EQUIVALENTS		2,571,753	3,483,175	4,548,650	29,290
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		4,633,352	1,150,177	150,845	121,555
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	33(d)	7,205,105	4,633,352	4,699,495	150,845

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

1. GENERAL INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia. The registered office and principal place of business are as follows:-

Registered office	:	No. 2 (1st floor), Jalan Marin, Taman Marin, Jalan Haji Abdullah, Sungai Abong, 84000 Muar, Johor.
Principal place of business	:	L2-01, No. 56, Jalan Setia Tropika 1/14, Taman Setia Tropika, 81200 Johor Bahru, Johor.

The Company is listed on the main market of Bursa Malaysia Securities Berhad.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 28 April 2023.

2. PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding. The principal activities of the subsidiaries are set out in Note 5 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

3. BASIS OF PREPARATION

The financial statements of the Group are prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under significant accounting policies, and in compliance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

3.1 During the current financial year, the Group has adopted the following applicable new accounting standards and/or interpretation (including consequential amendments, if any):-

MFRSs (Including The Consequential Amendments)

Amendments to MFRS 3: Reference to the Conceptual Framework

Amendments to MFRS 116: Property, Plant and Equipment – Proceeds before Intended Use

Amendments to MFRS 137: Onerous Contracts – Cost of Fulfilling a Contract

Annual Improvements to MFRS Standards 2018 - 2020

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (Cont'd)

3. BASIS OF PREPARATION (CONT'D)

3.2 The Group has not applied in advance the following applicable accounting standards (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the current financial year:-

MFRSs (Including The Consequential Amendments)	**Effective Date**
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
Amendment to MFRS 16: Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to MFRS 17 Insurance Contracts	1 January 2023
Amendment to MFRS 17: Initial Application of MFRS 17 and MFRS 9 – Comparative Information	1 January 2023
Amendments to MFRS 101: Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 101: Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to MFRS 101: Non-current Liabilities with Covenants	1 January 2024
Amendments to MFRS 108: Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 112: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023

The adoption of the above applicable accounting standards (including the consequential amendments, if any) is expected to have no material impact on the financial statements of the Group upon their initial application.

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Key Sources of Estimation Uncertainty

Management believes that there are no key assumptions made concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year other than as disclosed below:-

(a) Depreciation of Property, Plant and Equipment

The estimates for the residual values, useful lives and related depreciation charges for the property, plant and equipment are based on commercial factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions. The Group anticipates that the residual values of its property, plant and equipment will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount. Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised. The carrying amount of property, plant and equipment as at the reporting date is disclosed in Note 7 to the financial statements.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

Key Sources of Estimation Uncertainty (Cont'd)

(b) Impairment of Goodwill

The assessment of whether goodwill is impaired requires an estimation of the value in use of the cash-generating unit to which the goodwill is allocated. Estimating a value in use amount requires management to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill as at the reporting date is disclosed in Note 10 to the financial statements.

(c) Impairment of Property, Plant and Equipment, Investment Properties and Right-of-use Assets

The Group determines whether an item of its property, plant and equipment investment properties and right-of-use assets are impaired by evaluating the extent to which the recoverable amount of the asset is less than their carrying amount. This evaluation is subject to changes such as market performance, economic and political situation of the country. A variety of methods is used to determine the recoverable amount, such as valuation reports and discounted cash flows.

The independent professional valuers have exercised judgement in determining discount rates, estimates of future cash flows, capitalisation rate, terminal value and market rental, used in the valuation process. Also, judgement has been applied in estimating prices for less readily observable external parameters. Other factors such as model assumptions, market dislocations and unexpected correlations can also materially affect these estimates and the resulting fair value.

The carrying amount of property, plant and equipment, investment properties and right-of-use assets as at the reporting date is disclosed in Notes 7, 8 and 9 to the financial statements respectively.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (Cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

Key Sources of Estimation Uncertainty (Cont'd)

(d) Write-down of Inventories

Reviews are made periodically by management on damaged, obsolete and slow-moving inventories. These reviews require judgement and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories. The carrying amount of inventories as at the reporting date is disclosed in Note 14 to the financial statements.

(e) Impairment of Trade Receivables and Contract Assets

The Group uses the simplified approach to estimate a lifetime expected credit loss allowance for all trade receivables and contract assets. The contract assets are grouped with trade receivables for impairment assessment because they have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group develops the expected loss rates based on the payment profiles of past sales and the corresponding historical credit losses and adjusts for qualitative and quantitative reasonable and supportable forward-looking information. If the expectation is different from the estimation, such difference will impact the carrying values of trade receivables and contract assets. The carrying amounts of trade receivables and contract assets as at the reporting date are disclosed in Notes 15 and 16 to the financial statements respectively.

(f) Impairment of Non-Trade Receivables

The loss allowances for non-trade financial assets are based on assumptions about risk of default (probability of default) and expected loss if a default happens (loss given default). It also requires the Group to assess whether there is a significant increase in credit risk of the non-trade financial asset at the reporting date. The Group uses judgement in making these assumptions and selecting appropriate inputs to the impairment calculation, based on the past payment trends, existing market conditions and forward-looking information. The carrying amounts of other receivables and amounts owing by subsidiaries as at the reporting date are disclosed in Notes 12 to the financial statements.

(g) Revenue and Cost Recognition of Property Development Activities

The Group recognises property development revenue as and when the control of the asset is transferred to a customer and it is probable that the Group will collect the consideration to which it will be entitled. The control of the asset may transfer over time or at a point in time depending on the terms of the contract with the customer and the applicable laws governing the contract.

When the control of the asset is transferred over time, the Group recognises property development revenue and costs by reference to the progress towards complete satisfaction of the performance obligation at the end of the reporting period. This is measured based on the Group's efforts or budgeted inputs to the satisfaction of the performance obligation. Significant judgement is required in determining the completeness and accuracy of the budgets and the extent of the costs incurred. Substantial changes in property development cost estimates in the future can have a significant effect on the Group's results. In making the judgement, the Group evaluates and relies on past experience and works of specialists.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

Key Sources of Estimation Uncertainty (Cont'd)

(h) Revenue Recognition for Construction Contracts

The Group recognises construction revenue by reference to the construction progress using the input method, determined based on the proportion of construction costs incurred for work performed to date over the estimated total construction costs. The total estimated costs are based on approved budgets, which require assessment and judgement to be made on changes in, for example, work scope, changes in costs and costs to completion. In making the judgement, management relies on past experience and the work of specialists.

(i) Income Taxes

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group recognises tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax expense and deferred tax balances in the period in which such determination is made. The carrying amount of current tax assets and liabilities as at the reporting date is RM1,509,121 (2021: RM,1,623,081) and RM11,725 (2021: RM Nil) respectively.

(j) Deferred Tax Assets

Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that future taxable profits would be available against which the deductible temporary differences could be utilised. Management judgement is required to determine the amount of deferred tax assets that can be recognised, based on the assessment of the probability of the future taxable profits. The carrying amount of deferred tax assets as at the reporting date is disclosed in Note 11 to the financial statements.

(k) Discount Rates used in Leases

Where the interest rate implicit in the lease cannot be readily determined, the Group uses the incremental borrowing rate to measure the lease liabilities. The incremental borrowing rate is the interest rate that the Group would have to pay to borrow over a similar term, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. Therefore, the incremental borrowing rate requires estimation particularly when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the incremental borrowing rate using observable inputs when available.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (Cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

Critical Judgements Made in Applying Accounting Policies

Management believes that there are no instances of application of critical judgement in applying the Group's accounting policies which will have a significant effect on the amounts recognised in the financial statements other than as disclosed below:-

(a) Lease Terms

Some leases contain extension options exercisable by the Group before the end of the non-cancellable contract period. In determining the lease term, management considers all facts and circumstances including the past practice and any cost that will be incurred to change the asset if an option to extend is not taken. An extension option is only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

(b) Contingent Liabilities

The recognition and measurement for contingent liabilities are based on management's view of the expected outcome on contingencies after consulting legal counsel for litigation cases and experts, for matters in the ordinary course of business. Furthermore, management is of the view that the chances of the financial institutions to call upon the corporate guarantees issued by the Group and the Company are remote.

4.2 BASIS OF CONSOLIDATION

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to the end of the reporting period.

Subsidiaries are entities controlled by the Group. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate.

Intragroup transactions, balances, income and expenses are eliminated on consolidation. Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.2 BASIS OF CONSOLIDATION (CONT'D)

(a) Business Combinations

Acquisitions of businesses are accounted for using the acquisition method. Under the acquisition method, the consideration transferred for acquisition of a subsidiary is the fair value of the assets transferred, liabilities incurred and the equity interests issued by the Group at the acquisition date. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs, other than the costs to issue debt or equity securities, are recognised in profit or loss when incurred.

In a business combination achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

Non-controlling interests in the acquiree may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets at the date of acquisition. The choice of measurement basis is made on a transaction-by-transaction basis.

(b) Non-controlling Interests

Non-controlling interests are presented within equity in the consolidated statement of financial position, separately from the equity attributable to owners of the Company. Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

(c) Changes in Ownership Interests in Subsidiaries Without Change of Control

All changes in the parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in the equity of the Group.

(d) Loss of Control

Upon the loss of control of a subsidiary, the Group recognises any gain or loss on disposal in profit or loss which is calculated as the difference between:-

(i) the aggregate of the fair value of the consideration received and the fair value of any retained interest in the former subsidiary; and

(ii) the previous carrying amount of the assets (including goodwill), and liabilities of the former subsidiary and any non-controlling interests.

Amounts previously recognised in other comprehensive income in relation to the former subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of (i.e. reclassified to profit or loss or transferred directly to retained profits). The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value of the initial recognition for subsequent accounting under MFRS 9 or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (Cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.3 GOODWILL

Goodwill is measured at cost less accumulated impairment losses, if any. The carrying value of goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying amount may be impaired. The impairment value of goodwill is recognised immediately in profit or loss. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Under the acquisition method, any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interests recognised and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities at the date of acquisition is recorded as goodwill.

Where the latter amount exceeds the former, after reassessment, the excess represents a bargain purchase gain and is recognised in profit or loss immediately.

In respect of equity-accounted associates, the carrying amount of goodwill is included in the carrying amount of the investment and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the equity-accounted associates.

4.4 FUNCTIONAL AND FOREIGN CURRENCIES

(a) Functional and Presentation Currency

The individual financial statements of each entity in the Group are presented in the currency of the primary economic environment in which the entity operates, which is the functional currency.

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

(b) Foreign Currency Transactions and Balances

Transactions in foreign currencies are converted into respective functional currencies on initial recognition, using the exchange rates at the transaction dates. Monetary assets and liabilities at the end of the reporting period are translated at the exchange rates ruling as of that date. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. All exchange differences are recognised in profit or loss.

4.5 FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised in the statement of financial position when the Group has become a party to the contractual provisions of the instruments.

Financial instruments are classified as financial assets, financial liabilities or equity instruments in accordance with the substance of the contractual arrangement and their definitions in MFRS 132. Interest, dividends, gains and losses relating to a financial instrument classified as liability are reported as an expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (Cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.5 FINANCIAL INSTRUMENTS (CONT'D)

Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

A financial instrument is recognised initially at its fair value (other than trade receivables without significant financing component which are measured at transaction price as defined in MFRS 15 at inception). Transaction costs that are directly attributable to the acquisition or issue of the financial instrument (other than a financial instrument at fair value through profit or loss) are added to/ deducted from the fair value on initial recognition, as appropriate. Transaction costs on the financial instrument at fair value through profit or loss are recognised immediately in profit or loss.

Financial instruments recognised in the statement of financial position are disclosed in the individual policy statement associated with each item.

(a) Financial Assets

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value (through profit or loss, or other comprehensive income), depending on the classification of the financial assets.

Debt Instruments

(i) Amortised Cost

The financial asset is held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest. Interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset. When the asset has subsequently become credit-impaired, the interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset.

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts), excluding expected credit losses, through the expected life of the financial asset or a shorter period (where appropriate).

(ii) Fair Value through Other Comprehensive Income

The financial asset is held for both collecting contractual cash flows and selling the financial asset, where the asset's cash flows represent solely payments of principal and interest. Movements in the carrying amount are taken through other comprehensive income and accumulated in the fair value reserve, except for the recognition of impairment, interest income and foreign exchange difference which are recognised directly in profit or loss. Interest income is calculated using the effective interest rate method.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.5 FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Assets (Cont'd)

(iii) Fair Value through Profit or Loss

All other financial assets that do not meet the criteria for amortised cost or fair value through other comprehensive income are measured at fair value through profit or loss. The fair value changes do not include interest or dividend income.

The Group reclassifies debt instruments when and only when its business model for managing those assets change.

Equity Instruments

All equity investments are subsequently measured at fair value with gains and losses recognised in profit or loss except where the Group has elected to present the subsequent changes in fair value in other comprehensive income and accumulated in the fair value reserve at initial recognition.

The designation at fair value through other comprehensive income is not permitted if the equity investment is either held for trading or is designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise.

Dividend income from this category of financial assets is recognised in profit or loss when the Group's right to receive payment is established unless the dividends clearly represent a recovery of part of the cost of the equity investments.

(b) Financial Liabilities

(i) Financial Liabilities at Fair Value through Profit or Loss

Fair value through profit or loss category comprises financial liabilities that are either held for trading or are designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. The changes in fair value (excluding interest expense) of these financial liabilities are recognised in profit or loss.

(ii) Other Financial Liabilities

Other financial liabilities are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts), through the expected life of the financial liability or a shorter period (where appropriate).

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.5 FINANCIAL INSTRUMENTS (CONT'D)

(c) Equity Instruments

Equity instruments classified as equity are measured initially at cost and are not remeasured subsequently.

(i) Ordinary Shares

Ordinary shares are classified as equity and recorded at the proceeds received, net of directly attributable transaction costs.

Dividends on ordinary shares are recognised as liabilities when approved for appropriation.

(ii) Treasury Shares

When the Company's own shares recognised as equity are bought back, the amount of the consideration paid, including all costs directly attributable, are recognised as a deduction from equity. Own shares purchased that are not subsequently cancelled are classified as treasury shares and are presented as a deduction from total equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of treasury shares.

Where treasury shares are reissued by resale, the difference between the sales consideration received and the carrying amount of the treasury shares is recognised in equity.

Where treasury shares are cancelled, their costs are transferred to retained profits.

(d) Redeemable Convertible Preference Shares

The redeemable convertible preference shares are regarded as compound financial instruments, consisting of a liability component and an equity component.

The proceeds from the issuance of the redeemable convertible preference shares are first allocated to the liability component, determined based on the fair value of a similar liability that does not have a conversion feature or similar associated equity component. The residual amount is allocated as the equity component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to the initial recognition, the liability component is measured at amortised cost using the effective interest method. The equity component is not remeasured subsequent to the initial recognition.

Interest and losses and gains relating to the financial liability are recognised in profit or loss. On conversion, the financial liability is reclassified to equity; no gain or loss is recognised on conversion.

When the preference shares are not redeemed from proceeds of an issuance of new shares, a sum equal to the amount redeemed shall be transferred from retained profits to share capital.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (Cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.5 FINANCIAL INSTRUMENTS (CONT'D)

(e) Derecognition

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. On derecognition of a financial asset measured at amortised cost, the difference between the carrying amount of the asset and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of a debt instrument classified as fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the fair value reserve is reclassified from equity to profit or loss. In contrast, there is no subsequent reclassification of the fair value reserve to profit or loss following the derecognition of an equity investment.

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

(f) Financial Guarantee Contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantee contracts are recognised initially as liabilities at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee or, when there is no specific contractual period, recognised in profit or loss upon discharge of the guarantee. If the debtor fails to make payment relating to a financial guarantee contract when it is due and the Company, as the issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of the amount of the credit loss determined in accordance with the expected credit loss model and the amount initially recognised less cumulative amortisation.

4.6 INVESTMENTS IN SUBSIDIARIES

Investments in subsidiaries are stated at cost in the statement of financial position of the Company, and are reviewed for impairment at the end of the reporting period if events or changes in circumstances indicate that the carrying values may not be recoverable. The cost of the investments includes transaction costs.

On the disposal of the investments in subsidiaries, the difference between the net disposal proceeds and the carrying amount of the investments is recognised in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.7 INVESTMENTS IN ASSOCIATES

An associate is an entity in which the Company has a long-term equity interest and where it exercises significant influence over the financial and operating policies.

Investments in associates are stated at cost in the statement of financial position of the Company, and are reviewed for impairment at the end of the reporting period if events or changes in circumstances indicate that the carrying values may not be recoverable. The cost of the investment includes transaction costs.

The investment in an associate is accounted for in the consolidated financial statements using the equity method based on the financial statements of the associate made up to 31 December 2022. The Group's share of the post acquisition profits and other comprehensive income of the associate is included in the consolidated statement of profit or loss and other comprehensive income, after adjustment if any, to align the accounting policies with those of the Group, from the date that significant influence commences up to the effective date on which significant influence ceases or when the investment is classified as held for sale. The Group's investment in the associate is carried in the consolidated statement of financial position at cost plus the Group's share of the post acquisition retained profits and reserves. The cost of investment includes transaction costs.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation. The interest in the associate is the carrying amount of the investment in the associate determined using the equity method together with any long-term interests that, in substance, form part of the Group's net investment in the associate.

Unrealised gains or losses on transactions between the Group and the associate are eliminated to the extent of the Group's interest in the associate. Unrealised losses are eliminated unless cost cannot be recovered.

When the Group ceases to have significant influence over an associate and the retained interest in the former associate is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as the initial carrying amount of the financial asset in accordance with MFRS 9. Furthermore, the Group also reclassifies its share of the gain or loss previously recognised in other comprehensive income of that associate to profit or loss when the equity method is discontinued.

4.8 PROPERTY, PLANT AND EQUIPMENT

All items of property, plant and equipment are initially measured at cost. Cost includes expenditure that are directly attributable to the acquisition of the asset and other costs directly attributable to bringing the asset to working condition for its intended use.

Subsequent to initial recognition, all property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of property and equipment are recognised in profit or loss as incurred.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (Cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.8 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Depreciation on property, plant and equipment is charged to profit or loss (unless it is included in the carrying amount of another asset) on the straight-line method to write off the depreciable amount of the assets over their estimated useful lives. Depreciation of an asset does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated. The principal annual rates used for this purpose are:-

Computer and software	10% - 33%
Furniture and fittings	10% - 20%
Motor vehicles	10% - 20%
Office equipment	10% - 20%
Renovation and installation	10%
Signboard	10%

Assets under construction included in property, plant and equipment are not depreciated as these assets are not yet available for use.

The depreciation method, useful lives and residual values are reviewed, and adjusted if appropriate, at the end of each reporting period to ensure that the amounts, method and periods of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of the property, plant and equipment. Any changes are accounted for as a change in estimate.

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

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

4.9 INVESTMENT PROPERTIES

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

Investment properties which are owned are initially measured at cost. Cost includes expenditure that is directly attributable to the acquisition of the investment property. The right-of-use asset held under a lease contract that meets the definition of investment property is measured initially similarly as other right-of-use assets.

Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and impairment losses, if any.

Depreciation is charged to profit or loss on a straight-line method over the estimated useful lives of the investment properties. The estimated useful lives of the investment properties are 50 years.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.9 INVESTMENT PROPERTIES (CONT'D)

Investment property under construction is not depreciated.

Investment properties are derecognised when they have either been disposed of or when the investment property is permanently withdrawn from use and no future benefits is expected from its disposal.

On the derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss.

Transfers are made to or from investment property on when there is a change in use. All transfers do not change the carrying amount of the property reclassified

4.10 LEASES

The Group assesses whether a contract is or contains a lease, at the inception of the contract. The Group recognises a right-of-use asset and corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for low-value assets and short-term leases with 12 months or less. For these leases, the Group recognises the lease payments as an operating expense on a straight-line method over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use assets and the associated lease liabilities are presented as a separate line item in the statements of financial position.

The right-of-use asset is initially measured at cost. Cost includes the initial amount of the corresponding lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred, less any incentives received.

The right-of-use asset is subsequently measured at cost less accumulated depreciation and any impairment losses, and adjusted for any remeasurement of the lease liability. The depreciation starts from the commencement date of the lease. If the lease transfers ownership of the underlying asset to the Group or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. Otherwise, the Group depreciates the right-of-use asset to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of the right-of-use assets are determined on the same basis as those property, plant and equipment.

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

The lease liability is subsequently measured at amortised cost using the effective interest method. It is remeasured when there is a change in the future lease payments (other than lease modification that is not accounted for as a separate lease) with the corresponding adjustment is made to the carrying amount of the right-of-use asset or is recognised in profit or loss if the carrying amount has been reduced to zero.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (Cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.11 INVENTORIES

(a) Completed Properties Held for Sale

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

The cost of completed properties held for sale comprises cost associated with the purchase of land, construction costs and other related development costs incurred in bringing the inventories to their present location and condition.

Net realisable value represents the estimated selling price less the estimated costs necessary in selling the completed property.

(b) Property Development Costs

Property development costs are stated at the lower of cost and net realisable value.

The cost comprises cost associated with the purchase of land, conversion fees, aggregate cost of development, materials and supplies, wages and other direct expenses, and an appropriate proportion of common infrastructure costs.

Net realisable value represents the estimated selling price less the estimated costs of completion and the estimated costs necessary in selling the property.

4.12 DEFERRED EXPENDITURES

Incremental Costs of Obtaining Contracts

The Group recognises incremental costs of obtaining contracts with customers as an asset when the Group expects to recover these costs. When the amortisation period of the asset is one year or less, such costs are recognised as an expense immediately when incurred.

The deferred expenditures are initially measured at cost and amortised on a systematic basis that is consistent with the pattern of revenue recognition to which the asset relates.

An impairment loss is recognised in the profit or loss when the carrying amount of the deferred expenditure exceeds the expected revenue less expected cost that will be incurred. Any impairment loss recovered shall be reversed to the extent of the carrying amount of the deferred expenditure does not exceed the amount that would have been recognised had there been no impairment loss recognised previously.

4.13 CONTRACT ASSET AND CONTRACT LIABILITY

A contract asset is recognised when the Group's right to consideration is conditional on something other than the passage of time. A contract asset is subject to impairment requirements of MFRS 9.

A contract liability is stated at cost and represents the obligation of the Group to transfer goods or services to a customer for which consideration has been received (or the amount is due) from the customers.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.14 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value with original maturity periods of three months or less. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts.

4.15 IMPAIRMENT

(a) Impairment of Financial Assets

The Group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost.

The expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. The Group always recognises lifetime expected credit losses for trade receivables and contract assets using the simplified approach. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience and are adjusted for forward-looking information (including time value of money where appropriate).

For all other financial instruments, the Group recognises lifetime expected credit losses when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at fair value through other comprehensive income, for which the loss allowance is recognised in other comprehensive income and accumulated in the fair value reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

(b) Impairment of Non-Financial Assets

The carrying values of assets, other than those to which MFRS 136 does not apply, are reviewed at the end of each reporting period for impairment when an annual impairment assessment is compulsory or there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. When the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount and an impairment loss shall be recognised. The recoverable amount of an asset is the higher of the asset's fair value less costs to sell and its value-in-use, which is measured by reference to discounted future cash flows 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 it is not possible to estimate the recoverable amount of an individual asset, the Group determines the recoverable amount of the cash-generating unit to which the asset belongs.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (Cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.15 IMPAIRMENT (CONT'D)

(b) Impairment of Non-Financial Assets (Cont'd)

An impairment loss is recognised in profit or loss immediately unless the asset is carried at its revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of a previously recognised revaluation surplus for the same asset. Any impairment loss recognised in respect of a cash-generating unit is allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit and then to reduce the carrying amounts of the other assets in the cash-generating unit on a pro rata basis.

In respect of assets other than goodwill, and when there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in profit or loss immediately unless the asset is carried at its revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

4.16 PROVISIONS

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount can be made. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the provision is the present value of the estimated expenditure required to settle the obligation. The discount rate shall be a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as interest expense in profit or loss.

4.17 EMPLOYEE BENEFITS

(a) Short-term Benefits

Wages, salaries, paid annual leave and bonuses and are measured on an undiscounted basis and are recognised in profit or loss in the period in which the associated services are rendered by employees of the Group.

(b) Defined Contribution Plans

The Group's contributions to defined contribution plans are recognised in profit or loss in the period to which they relate. Once the contributions have been paid, the Group has no further liability in respect of the defined contribution plans.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.18 INCOME TAXES

(a) Current Tax

Current tax assets and liabilities are the expected amount of income tax recoverable or payable to the taxation authorities.

Current taxes are measured using tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period and 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).

(b) Deferred Tax

Deferred tax is recognised using the liability method for all temporary differences other than those that arise from goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amounts of deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that the related tax benefits will be realised.

Current and deferred tax items are recognised in correlation to the underlying transactions either in profit or loss, other comprehensive income or directly in equity. Deferred tax arising from a business combination is adjusted against goodwill or negative goodwill.

Current tax assets and liabilities or deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same taxable entity (or on different tax entities but they intend to settle current tax assets and liabilities on a net basis) and the same taxation authority.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (Cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.19 CONTINGENT LIABILITIES

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that an outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial statements, unless the probability of outflow of economic benefits is remote. When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as a provision.

4.20 OPERATING SEGMENTS

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

4.21 EARNINGS PER ORDINARY SHARE

Basic earnings per ordinary share is calculated by dividing the consolidated profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the reporting period, adjusted for own shares held.

Diluted earnings per ordinary share is determined by adjusting the consolidated profit or loss attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding, adjusted for the effects of all dilutive potential ordinary shares, which comprise redeemable convertible preference shares.

4.22 BORROWING COSTS

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

4.23 FAIR VALUE MEASUREMENTS

Fair value is 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, regardless of whether that price is directly observable or estimated using a valuation technique. The measurement assumes that the transaction takes place either in the principal market or in the absence of a principal market, in the most advantageous market. For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.23 FAIR VALUE MEASUREMENTS (CONT'D)

For financial reporting purposes, the fair value measurements are analysed into level 1 to level 3 as follows:-

Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liability that the entity can access at the measurement date;

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

Level 3: Inputs are unobservable inputs for the asset or liability.

The transfer of fair value between levels is determined as of the date of the event or change in circumstances that caused the transfer.

4.24 REVENUE FROM CONTRACTS WITH CUSTOMERS

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

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

The Group transfers control of a good or service at a point in time unless one of the following overtime criteria is met:-

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

(a) Property Development

Revenue from property development is recognised progressively when property development services are rendered and such services do not create an asset with an alternative's use to the Group, and the Group has a present right to payment for services rendered to date. The progress towards complete satisfaction of the performance obligation is measured based on a method that best depicts the Group's performance in satisfying the performance obligation of the contract. This is determined by reference to the property development costs incurred up to the end of the reporting period as a percentage of total estimated costs for complete satisfaction of the contract. Otherwise, revenue is recognised at a point in time upon delivery of property and customer's acceptance, and the Group has a present right to payment for the property sold.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.24 REVENUE FROM CONTRACTS WITH CUSTOMERS (CONT'D)

(a) Property Development (Cont'd)

A receivable is recognised when the development activities are carried out as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due. When the services rendered exceed the billings to customers, a contract asset is recognised. If the billings exceed the services rendered, a contract liability is recognised.

(b) Construction Services

Revenue from construction services is recognised over time in the period in which the services are rendered using the input method, determined based the proportion of construction costs incurred for work performed to date over the estimated total construction costs. Transaction price is computed based on the price specified in the contract and adjusted for any variable consideration such as incentives and penalties. Past experience is used to estimate and provide for the variable consideration, using expected value method and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur.

A receivable is recognised when the construction services are rendered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due. If the construction services rendered exceed the payment received, a contract asset is recognised. If the payments exceed the construction services rendered, a contract liability is recognised.

(c) Sales of construction materials

Revenue from sale of construction material is recognised when the Group has transferred control of the goods to the customer, being when the goods have been delivered to the customer and upon its acceptance. Following delivery, the customer has full discretion over the manner of distribution and price to sell the goods, and bears the risks of obsolescence and loss in relation to the goods.

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

4.25 OTHER OPERATING INCOME

(a) Interest income

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

(b) Rental income

Rental income is accounted for on a straight-line method over the lease term.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (Cont'd)

5. INVESTMENTS IN SUBSIDIARIES

	The Company 2022 RM	2021 RM
Unquoted shares, at cost	154,043,180	88,042,762
Accumulated impairment losses	(35,789,825)	(18,132,035)
	118,253,355	69,910,727
Accumulated impairment losses:-		
At 1 January	18,132,035	16,800,000
Impairment during the financial year	-	1,322,035
Transfer from amount owing by subsidaries (Note 12)	17,657,790	-
At 31 December	35,789,825	18,132,035

The details of the subsidiaries are as follows:-

Name of Subsidiaries	Principal Place of Business/ Country of Incorporation	Percentage of Issued Share Capital Held by Parent 2022 %	2021 %	Principal Activities
Subsidiaries of the Company				
Axteria Eco Sdn. Bhd.	Malaysia	100	100	Property development and investment holding
Axteria Cemerlang Sdn. Bhd.	Malaysia	100	100	Property development and investment holding
Axteria Assets Sdn. Bhd.	Malaysia	100	100	Hotelier and investment holding
Axteria Construction Sdn. Bhd.	Malaysia	100	100	Project management and construction related works
Axteria Properties Sdn. Bhd.	Malaysia	100	100	Property development and investment holding
Axteria Development Sdn. Bhd.	Malaysia	100	100	Dormant
Axteria Capital Sdn. Bhd.	Malaysia	100	100	Dormant
Axteria Lenders Sdn. Bhd.	Malaysia	100	-	Dormant
Axteria Building Materials Sdn. Bhd.	Malaysia	100	-	Wholesale in construction materials
General Trust Holdings Limited*	Labuan, Malaysia	100	-	Dormant

* Not required to be audited under the laws of the place of incorporation.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (Cont'd)

5. INVESTMENTS IN SUBSIDIARIES (CONT'D)

(a) On 19 January 2022, the Company incorporated a wholly owned subsidiary, General Trust Holdings Limited., with an issued and paid-up share capital of RM419. The subsidiary has been consolidated based on management account.

(b) On 20 January 2022, the Company incorporated a wholly owned subsidiary, Axteria Lenders Sdn. Bhd., with an issued and paid-up share capital of RM2.

(c) On 17 February 2022, the Company incorporated a wholly owned subsidiary, Axteria Building Materials Sdn. Bhd., with an issued and paid-up share capital of RM2.

6. INVESTMENTS IN AN ASSOCIATE

	The Group		The Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Unquoted shares, at cost	5,778,138	5,778,138	5,778,138	5,778,138
Share of post acquisition losses	(844,889)	(858,755)	-	-
Elimination of unrealised profits	(864,029)	(864,029)	-	-
	4,069,220	4,055,354	5,778,138	5,778,138
Accumulated impairment losses	-	-	(600,000)	(600,000)
	4,069,220	4,055,354	5,178,138	5,178,138

The details of the associate is as follows:-

Name of Associate	Principal Place of Business	Percentage of Ownership 2022 %	Percentage of Ownership 2021 %	Principal Activities
Harum Eco Dormitory Sdn. Bhd. ("HED")	Malaysia	45	45	Investment holding and letting of dormitory

(a) In the previous financial year, the Company acquired additional 15% equity interests in HED. The acquisition of 1,500,000 ordinary shares at issue price of RM1.00 per share in HED for a cash consideration of RM2,778,138. The acquisition has no significant effect on the financial results of the Group for the previous financial year and the financial position of the Group as at the end of the previous reporting period.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (Cont'd)

7. PROPERTY, PLANT AND EQUIPMENT

	At 1.1.2022 RM (Restated)	Additions (Note 33(a)) RM	Disposal RM	Written off (Note 30) RM	Depreciation Charges (Note 30) RM	At 31.12.2022 RM
The Group						
2022						
Carrying Amount						
Computer and software	104,492	20,733	-	(3,046)	(17,492)	104,687
Furniture and fittings	308,399	19,879	-	-	(47,222)	281,056
Motor vehicles	435,985	-	(11,367)	-	(51,280)	373,338
Office equipment	80,184	4,380	(2,026)	-	(12,168)	70,370
Renovation and installation	192,116	-	-	-	(26,568)	165,548
Signboard	10,750	-	-	-	(1,500)	9,250
Asset under construction	16,132,425	9,334,959	-	-	-	25,467,384
	17,264,351	9,379,951	(13,393)	(3,046)	(156,230)	26,471,633

	At 1.1.2021 RM (Restated)	Additions (Note 33(a)) RM (Restated)	Disposal RM (Restated)	Depreciation Charges (Note 30) RM (Restated)	At 31.12.2021 RM (Restated)
2021					
Carrying Amount					
Computer and software	89,143	32,961	-	(17,612)	104,492
Furniture and fittings	287,083	63,260	-	(41,944)	308,399
Motor vehicles	906,243	301,700	(547,030)	(224,928)	435,985
Office equipment	90,672	2,350	-	(12,838)	80,184
Renovation and installation	206,203	11,700	-	(25,787)	192,116
Signboard	12,250	-	-	(1,500)	10,750
Asset under construction	5,627,556	10,504,869	-	-	16,132,425
	7,219,150	10,916,840	(547,030)	(324,609)	17,264,351

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (Cont'd)

7. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	At Cost RM	Accumulated Depreciation RM	Accumulated Impairment Loss RM	Carrying Amount RM
The Group				
2022				
Computer and software	203,214	(98,527)	-	104,687
Furniture and fittings	472,229	(191,173)	-	281,056
Motor vehicles	499,967	(126,629)	-	373,338
Office equipment	119,290	(48,920)	-	70,370
Renovation and installation	265,683	(100,135)	-	165,548
Signboard	15,000	(5,750)	-	9,250
Asset under construction	37,810,497	-	(12,343,113)	25,467,384
	39,385,880	(571,134)	(12,343,113)	26,471,633
2021 (Restated)				
Computer and software	186,370	(81,878)	-	104,492
Furniture and fittings	452,350	(143,951)	-	308,399
Motor vehicles	521,967	(85,982)	-	435,985
Office equipment	118,110	(37,926)	-	80,184
Renovation and installation	265,683	(73,567)	-	192,116
Signboard	15,000	(4,250)	-	10,750
Asset under construction	28,475,538	-	(12,343,113)	16,132,425
	30,035,018	(427,554)	(12,343,113)	17,264,351

	At 1.1.2021 RM	Disposal RM	Depreciation Charges (Note 30) RM	At 31.12.2021 RM
The Company				
2021				
Carrying Amount				
Computer and software	953	-	(953)	-
Furniture and fittings	772	-	(772)	-
Motor vehicles	202,387	(75,965)	(126,422)	-
Office equipment	1,151	-	(1,151)	-
	205,263	(75,965)	(129,298)	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (Cont'd)

7. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(a) Included in the property, plant and equipment were motor vehicles with a total carrying amount of RM370,958 (2021: RM420,675) held under hire purchase arrangements. These assets had been pledged as security for the hire purchase payables of the Group as disclosed in Note 24 to the financial statements.

(b) The asset under construction of the Group has been pledged to a licensed bank as security for banking facilities granted to the Group as disclosed in Note 23(a) to the financial statements.

8. INVESTMENT PROPERTIES

	The Group	
	2022 RM	2021 RM
Carrying Amount		
At 1 January	11,644,865	4,091,322
Additions (Note 33(a))	7,772,081	7,553,543
At 31 December	19,416,946	11,644,865
Represented by: -		
Commercial units under construction	16,916,946	9,144,865
Freehold industrial buildings	2,500,000	2,500,000
At 31 December	19,416,946	11,644,865
Fair Value	19,416,946	11,644,865

(a) Included in the investment properties of the Group at the end of the reporting period was an amount of RM2,500,000 (2021 – RM2,500,000) which has been pledged to a licensed bank as security for banking facilities granted to the Group as disclosed in Note 23(a) to the financial statements.

(b) The fair values of the investment properties are within level 2 of the fair value hierarchy and are arrived at by reference to market evidence of transaction prices for similar properties and are performed by registered valuers having appropriate recognised professional qualification and recent experience in the locations and category of properties being valued. The most significant input into this valuation approach is the price per square foot of comparable properties. Adjustments are then made for differences in location, size, facilities available, market conditions and other factors in order to arrive at a common basis. Commercial units under construction are reflected at carrying amount for fair value disclosure purpose until completion of these properties where fair value are more readily available by then.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (Cont'd)

9. RIGHT-OF-USE ASSETS

	At 1.1.2022 RM (Restated)	Additions (Note 33(a)) RM	Depreciation Charges (Note 30) RM	At 31.12.2022 RM
The Group				
2022				
Carrying Amount				
Office buildings	593,410	-	(169,546)	423,864
Hostel	-	39,786	(19,893)	19,893
	593,410	39,786	(189,439)	443,757

	At 1.1.2021 RM (Restated)	Derecognition Due to Lease Modification RM (Restated)	Depreciation Charges (Note 30) RM (Restated)	At 31.12.2021 RM (Restated)
2021				
Carrying Amount				
Office buildings	801,009	(22,832)	(184,767)	593,410

The Group leases office buildings and hostel of which the leasing activities are summarised below:-

(i) Office buildings — The Group has leased office buildings for term of 3 (2021: 3) years, with an option to renew the tenancy for a further term of 3 (2021: 3) years which subject to a rental rate at the prevailing market rate or to be mutually agreed rate by both parties prior to the execution of the fresh tenancy agreement or there shall not be an increase of more than 20% from the last rent. The Group has terminated one of the leases of office building during the financial year.

(ii) Hostel — During the current financial year, the Group has leased hostel for term of 1 year, with an option to renew the tenancy for a further term of 1 year which subject to a rental to be mutually agreed rate by both parties.

10. GOODWILL

	The Group 2022 RM	The Group 2021 RM
Cost:-		
At 1 January/31 December	23,469,424	23,469,424
Accumulated impairment losses:-		
At 1 January	(4,000,000)	(4,000,000)
Impairment during the financial year (Note 30)	(5,002,799)	-
At 31 December	(9,002,799)	(4,000,000)
	14,466,625	19,469,424

(a) The carrying amounts of goodwill allocated to each cash-generating unit are as follows:-

	The Group 2022 RM	The Group 2021 RM
Axteria Eco Sdn. Bhd.	9,840,976	9,840,976
Axteria Cemerlang Sdn. Bhd.	4,625,649	9,628,448
	14,466,625	19,469,424

(b) During the current financial year, an impairment loss of RM5,002,799 was recognised on Axteria Cemerlang Sdn. Bhd. in "Other Expenses" line item of the statement of profit or loss and other comprehensive income as management foresee limited cash flows from this cash-generating unit in the near future. This goodwill belongs to the Group's 'Investment Holding Segment' reportable segment.

The Group has assessed the recoverable amounts of goodwill allocated. The recoverable amount of the cash-generating units are determined using the value-in-use ("VIU") approach, and this is derived from the present value of the future cash flows from each cash-generating unit computed based on the projections of financial budgets approved by management covering a period of 5 years. The key assumptions used in determination of the recoverable amounts are as follows:-

(i) Pre-tax cash flow projections based on the management's most recent two to four (2021: three to four) years business plans.

(ii) Pre-tax discount rates of 12% (2021: 16%).

The values assigned to the key assumptions represent management's assessment of future trends in the cash-generating units and are based on both external sources and internal historical data.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (Cont'd)

10. GOODWILL (CONT'D)

(c) Management believes that there is no reasonably possible change in the above key assumptions applied that is likely to materially cause the respective cash-generating unit ("CGU") carrying amount to exceed its recoverable amount.

11. DEFERRED TAX ASSETS/(LIABILITIES)

	At 1.1.2022 RM	Recognised in Profit or Loss (Note 31) RM	At 31.12.2022 RM
The Group			
2022			
Deferred Tax Assets			
Property, plant and equipment	4,100	-	4,100
Provisions	91,200	-	91,200
	95,300	-	95,300
Deferred Tax Liabilities			
Other temporary differences	(312,980)	312,980	-
	(217,680)	312,980	95,300

	At 1.1.2021 RM	Recognised in Profit or Loss (Note 31) RM	At 31.12.2021 RM
2021			
Deferred Tax Assets			
Property, plant and equipment	-	4,100	4,100
Provisions	-	91,200	91,200
	-	95,300	95,300
Deferred Tax Liabilities			
Property, plant and equipment	(9,250)	9,250	-
Other temporary differences	-	(312,980)	(312,980)
	(9,250)	(303,730)	(312,980)
	(9,250)	(208,430)	(217,680)

11. DEFERRED TAX ASSETS/(LIABILITIES) (CONT'D)

	At 1.1.2022 RM	Recognised in Profit or Loss (Note 31) RM	At 31.12.2022 RM
The Company			
2022			
Deferred Tax Liabilities			
Other temporary differences	(312,980)	312,980	-

	At 1.1.2021 RM	Recognised in Profit or Loss (Note 31) RM	At 31.12.2021 RM
The Company			
2021			
Deferred Tax Liabilities			
Other temporary differences	(306,223)	(6,757)	(312,980)

The deferred tax assets on property, plant and equipment and provision have been recognised by a subsidiary on the basis of its previous history of recording profits and to the extent that it is probable that future profits will be available against which the temporary differences can be utilised.

At the end of the reporting period, the amounts of deferred tax assets not recognised (stated at gross) due to uncertainty of their realisation are as follows:-

	The Group 2022 RM	2021 RM
Unused tax losses:		
- expires year of assessment 2028	3,336,000	3,336,000
- expires year of assessment 2029	1,231,000	1,231,000
- expires year of assessment 2030	2,410,000	2,410,000
- expires year of assessment 2032	722,000	-
Unabsorbed capital allowances	221,000	-
Other deductible temporary differences	682,000	-
	8,602,000	6,977,000

The unused tax losses are allowed to be utilised for 10 (2021: 10) consecutive years of assessment.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (Cont'd)

12. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	The Group 2022 RM	The Group 2021 RM	The Company 2022 RM	The Company 2021 RM
Non-current				
Other receivables:-				
Amount owing by subsidiaries	-	-	14,549,633	62,950,215
Amount owing by an associate	5,729,227	5,574,541	5,729,227	5,574,541
	5,729,227	5,574,541	20,278,860	68,524,756
Allowance for impairment losses:-				
Amount owing by subsidiaries	-	-	-	(17,657,790)
Amount owing by an associate	(3,955,357)	(3,955,357)	(3,955,357)	(3,955,357)
	(3,955,357)	(3,955,357)	(3,955,357)	(21,613,147)
	1,773,870	1,619,184	16,323,503	46,911,609
Current				
Other receivables:-				
Third parties	41,849	341,955	-	-
Deposits	3,378,134	3,099,043	3,007,075	3,007,075
	3,419,983	3,440,998	3,007,075	3,007,075
Allowance for impairment losses:-				
Third parties	(36,440)	(303,761)	-	-
	3,383,543	3,137,237	3,007,075	3,007,075
Prepayments	640,060	625,618	23,020	1,175
Deferred expenditure	411,717	531,685	-	-
	4,435,320	4,294,540	3,030,095	3,008,250
Allowance for impairment losses:-				
At 1 January	4,259,118	4,485,272	21,613,147	9,409,270
Addition during the financial year (Note 29)	-	-	-	12,203,877
Reversal during the financial year (Note 29)	(267,321)	(226,154)	-	-
Transfer to investment in subsidiaries (Note 5)	-	-	(17,657,790)	-
At 31 December	3,991,797	4,259,118	3,955,357	21,613,147

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (Cont'd)

12. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENT (CONT'D)

(a) Amounts owing by subsidiaries (non-current) represent advances and payments made on behalf, which are unsecured and bear interest rate of 3% (2021: 3%) per annum. The amounts owing are not expected to be repayable within the next 12 months and are to be settled in cash.

(b) Amounts owing by an associate (non-current) represent advances and payments made on behalf, which are unsecured and bear interest rate of 3% (2021: 3%) per annum. The amounts owing are not expected to be repayable within the next 12 months and are to be settled in cash.

(c) Deferred expenditure relating to sales agent commission and legal cost incurred to secure sales of property units are recognised in profit and loss in proportion to the income recognised for the respective financial years.

(d) Included in the deposit (current) of the Group and the Company as at 31 December 2022 was an amount of RM3,000,000 which represents refundable deposit paid to a third party for proposed acquisition of share in a construction company. At the date of this report, RM1,000,000 was refunded from the third party.

13. OTHER FINANCIAL ASSET

	The Group	
	2022 RM	2021 RM
At 1 January	1,865,526	-
Additions	-	2,209,587
Gain/(Loss) on fair value (Note 30)	20,807	(344,061)
At 31 December	1,886,333	1,865,526

Other financial asset represent a keyman insurance policy (the "Policy") taken up to insure an executive director of the Group (the "Insured Person"). Under the policy, the beneficiary is a bank (the "Bank") and the total insured sum is RM2,209,587. For any insured events happened to the Insured Person, the insured sum will first be used to settle the outstanding bank loan of the Group from Bank and thereafter any excess amount will be payable to the Group. The Policy can be withdrawn at any time with surrender charges if such withdrawal occurs before the maturity date of the Policy and a cash refund will be based on the cash surrender value of the Policy at the date of withdrawal.

At 31 December 2022, the directors of the Group expect that the Policy will be terminated at the maturity date and there will be no specific surrender charge in accordance with the terms of the Policy. The directors of the Group consider that the expected life of the Policy will remain unchanged from initial recognition.

In the event of death of the Insured Person, the deposit will be derecognised and any resulting gains or losses will be recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (Cont'd)

14. INVENTORIES

	The Group 2022 RM	2021 RM
Completed properties held for sale	13,233,601	1,872,045
Property development costs	88,231,368	79,324,486
	101,464,969	81,196,531

(a) Property development cost

	The Group 2022 RM	2021 RM
Freehold land		
At 1 January	27,802,708	33,646,574
Costs recognised as an expense in profit or loss	(1,517,825)	(5,843,866)
Costs transfer to completed properties	(2,583,618)	-
At 31 December	23,701,265	27,802,708
Development costs		
At 1 January	51,521,778	44,343,107
Additional costs incurred during the year	31,026,129	17,525,913
Costs recognised as an expense in profit or loss	(9,094,810)	(10,247,800)
Costs transfer to completed properties	(8,777,938)	-
Impairment loss during the financial year	(145,056)	(99,442)
At 31 December	64,530,103	51,521,778
	88,231,368	79,324,486

(b) Included in the property development cost of the Group at the end of the reporting period was an amount of RM54,050,141 (2021: RM51,697,546) which has been pledged to a licensed bank as securities for banking facilities granted to the Group as disclosed in Note 23(a) to the financial statements.

(c) During the financial year, the Group has recognised an impairment loss on property development costs amounting to RM145,056 (2021: RM99,442).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (Cont'd)

15. TRADE RECEIVABLES

	The Group 2022 RM	2021 RM
Third parties	2,820,801	2,500,086
Allowance for impairment losses - third parties	(111,492)	(111,492)
	2,709,309	2,388,594
Allowance for impairment losses:-		
At 1 January/31 December	111,492	111,492

The Group's normal trade credit terms range from 14 to 90 (2021: 14 to 90) days.

16. CONTRACT ASSETS/(LIABILITIES)

	The Group 2022 RM	2021 RM
Contract Assets		
Construction contracts	65,075	65,075
Property development contracts	-	152,360
	65,075	217,435
Contract Liabilities		
Property development contracts	(5,243,799)	(1,714,749)

(a) The contract assets for property development contracts represent the Group's rights to consideration for property development activities carried out but not billed at the end of the reporting period. This balance will be billed progressively in the future upon the fulfilment of contractual milestones notwithstanding the control of the properties under development has not been transferred to buyers.

The contract assets for construction contract represents the retention sum receivables.

(b) Contract liabilities represent the excess of progress billings to buyers over revenue recognised in profit or loss at the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (Cont'd)

16. CONTRACT ASSETS/(LIABILITIES) (CONT'D)

(c) The changes to contract assets and contract liabilities balances during the financial year are summarised below:-

Property development contracts

	The Group	
	2022	**2021**
	RM	**RM**
At 1 January	(1,562,389)	(655,661)
Revenue recognised in profit or loss during the financial year	16,164,740	18,949,198
Billings to customers during the financial year (transferred to trade receivables)	(19,846,150)	(19,855,926)
At 31 December	(5,243,799)	(1,562,389)
Represented by:-		
Contract assets	-	152,360
Contract liabilities	(5,243,799)	(1,714,749)
	(5,243,799)	(1,562,389)

(d) As at the end of the reporting period, the transaction price allocated to the unsatisfied performance obligation of a long-term contracts is RM7,035,255 (2021: RM12,344,604). The remaining performance obligation is expected to be recognised as below:-

	The Group	
	2022	**2021**
	RM	**RM**
Within 1 year	7,035,255	11,057,804
Between 1 and 4 years	-	1,286,800
	7,035,255	12,344,604

The amounts disclosed include variable consideration which is constrained.

17. FIXED DEPOSITS WITH A LICENSED BANK

The fixed deposits with a licensed bank of the Group at the end of the reporting period bore effective interest rates of 1.75% to 2.55% (2021: 1.75%) per annum. The fixed deposits have maturity periods of 365 (2021: 365) days for the Group.

18. SHARE CAPITAL

	The Group/The Company			
	2022	2021	2022	2021
	Number of Shares		RM	RM
Issued and Fully Paid-up				
Ordinary Shares				
At 1 January	430,621,872	221,483,291	150,459,230	105,502,858
Issuance of new shares for cash	43,051,003	44,274,200	8,520,032	8,456,372
Conversion from RCPS (Note 19)	25,000,000	164,864,381	5,500,000	36,500,000
At 31 December	498,672,875	430,621,872	164,479,262	150,459,230

(a) The holders of ordinary shares (except treasury shares) are entitled to receive dividends as and when declared by the Company and are entitled to one vote per ordinary share at meetings of the Company. The ordinary shares have no par value.

(b) During the financial year, the Company increased its total number of issued ordinary shares from 430,621,872 to 498,672,875 by way of:-

(i) Issuance of 43,051,003 new ordinary shares in 2 tranches, i.e. tranche 1 of 22,761,600 shares at RM0.2021 each and tranche 2 of 20,289,403 shares at RM0.1932 each, for a cash consideration of RM8,520,032 through private placement; and

(ii) Conversion of 55,000,000 redeemable convertible preference shares to 25,000,000 new ordinary shares.

(c) In the previous financial year, the Company increased its total number of issued ordinary shares from 221,483,291 to 430,621,872 by way of:-

(i) Issuance of 44,274,200 new ordinary shares at RM0.191 each for a cash consideration of RM8,456,372 through private placement; and

(ii) Conversion of 365,000,000 redeemable convertible preference shares to 164,864,381 new ordinary shares.

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

19. CUMULATIVE REDEEMABLE CONVERTIBLE PREFERENCE SHARES ("RCPS")

	The Group/The Company	
	2022	2021
	RM	RM
At 1 January	-	-
Issued during the financial year	6,500,000	36,500,000
Conversion to ordinary shares (Note 18)	(5,500,000)	(36,500,000)
At 31 December	1,000,000	-

19. CUMULATIVE REDEEMABLE CONVERTIBLE PREFERENCE SHARES ("RCPS") (CONT'D)

On 10 July 2020, the proposed issuance of up to 800,000,000 new RCPS in the Company at an issue price of RM0.10 each had been approved by shareholders via a general meeting. The RCPS will be issued in 32 equal sub-tranches of RM500,000 each over five (5) tranches.

During the financial year, the Company issued 65,000,000 (2021: 365,000,000) units of RCPS at an issue price of RM0.10 per RCPS.

During the financial year, 25,000,000 (2021: 164,864,381) new ordinary shares amounting to RM5,500,000 (2021: RM36,500,000) were issued resulting from the conversion of 55,000,000 (2021: 365,000,000) units of RCPS.

The salient features of RCPSs are as follows:-

(a) Tenure

60 months from and inclusive of the First Issuance Date up to the Maturity Date.

(b) Maturity Date

The business day immediately before the fifth anniversary of the First Issuance Date.

(c) Dividend

Each RCPS shall carry the right to receive out of profits of the Company a cumulative preferential dividend at 2% per annum.

(d) Conversion Right

Any RCPS may be converted into duly authorised, validly issued, fully-paid and unencumbered shares, at the option of the RCPS holder thereof, at any time, during the conversion period.

The number of conversion shares arising from the conversion of the RCPS to which a RCPS holder is entitled on conversion of the RCPS shall be determined by the product of the number of RCPS and issue price divided by the applicable conversion price, determined as hereinafter provided, in effect on the relevant conversion date, subject to adjustments from time to time in the event of rights issue, capitalisation issue, consolidation or subdivision of shares or reduction of capital howsoever being effected.

(e) Conversion Upon Maturity

Any remaining outstanding RCPS must be converted into ordinary shares in the Company on the RCPS Maturity Date, unless the Company exercises its rights in respect of RCPS Non-Default Redemption prior to the Maturity Date, together with payment by the Company of all accumulated and unpaid dividend accrued on the converted RCPS.

Any remaining RCPS which are not converted due to a breach of the RCPS Conversion Cap shall be redeemed by the Company at the RCPS Non-Default Redemption amount.

(f) Conversion Cap

The extent of conversion of the RCPS by the RCPS subscriber shall be capped such that its resultant ordinary shareholding in the Company shall not exceed 10% of the enlarged total number of ordinary shares of the Company.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (Cont'd)

20. TREASURY SHARES

	The Group/The Company			
	2022	2021	2022	2021
	Number of Shares		RM	RM
At 1 January/31 December	111,840	111,840	(92,187)	(92,187)

There were no shares repurchased during the financial year ended 31 December 2022.

Of the total 498,672,875 (2021: 430,621,872) issued and fully paid-up ordinary shares at the end of the reporting period, 111,840 (2021: 111,840) ordinary shares are held as treasury shares by the Company. None of the treasury shares have been sold as at 31 December 2022.

21. WARRANTS

On 12 August 2020, the Company issued 97,211,694 free warrants on the basis of one (1) warrant for every two (2) existing ordinary shares held in the Company. The warrants were listed on the Main Market of Bursa Malaysia Securities on 17 August 2020.

The warrant issued are constituted by a Deed Poll dated 23 July 2020.

The salient feature of the warrants are as follows:

(a) Each warrants entitles the registered holder at any time during the exercise period to subscribe for one new ordinary shares in the Company at an exercise price of RM0.29.

(b) The warrants shall be exercisable at any time within the period commencing from and inclusive the date of issue of the warrants and ending on the date immediately preceding the fifth (5th) anniversary of the date of issue, or if such day is not a Market Day, then it shall be the Market Day immediately preceding the said non-Market Day.

(c) All new ordinary shares to be issued pursuant to the exercise of the warrants shall, upon issue and allotment, be of the same class and rank pari passu in all respects with the existing ordinary shares, save and except that such new ordinary shares shall not be entitled to any dividends, rights, allotments and/or other distributions, at the entitlement date of which is prior to the date of the allotment of these new ordinary shares.

(d) Any warrants not exercised during the exercise period will lapse and cease to be valid.

(e) Movements in the warrants since the listing and quotation thereof are as follows:

	The Group/The Company	
	2022	2021
	Number of Shares	
At 1 January/31 December	97,611,694	97,611,694

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (Cont'd)

22. LEASE LIABILITIES

	The Group 2022 RM	2021 RM (Restated)
At 1 January	617,150	1,158,208
Additions (Note 33(b))	32,385	-
Interest expense recognised in profit or loss (Note 30)	38,149	56,337
Derecognition due to lease termination (Note 33(b))	-	(22,984)
Repayment of principal	(177,461)	(518,074)
Repayment of interest expense	(38,149)	(56,337)
At 31 December	472,074	617,150
Analysed by:-		
Current liabilities	189,434	161,545
Non-current liabilities	282,640	455,605
	472,074	617,150

23. TERM LOANS (SECURED)

	The Group 2022 RM	2021 RM
Current liabilities	9,232,585	9,223,470
Non-current liabilities	14,973,414	5,933,171
	24,205,999	15,156,641

(a) The term loans at the end of the reporting period are secured by:-

(i) Legal charge over the investment properties and freehold land of the Group as disclosed in Notes 8 and 14 to the financial statements;

(ii) Legal charge over asset under construction of the Group as disclosed in Note 7 to the financial statements;

(iii) Joint and several guarantee by the directors and a third party;

(iv) Corporate guarantee by the Company and a third party; and

(v) Specific debenture on the project as disclosed in Note 14 to the financial statements.

23. TERM LOANS (SECURED) (CONT'D)

(b) The interest rate profile of the term loans is summarised below:-

	Effective Interest Rate %	The Group 2022 RM	2021 RM
Floating rate term loans	3.60 - 5.70	24,205,999	15,156,641

(c) Certain term loan totalling RM13,218,664 (2021: RM2,011,094) is secured by a negative pledge that imposes certain covenants on a subsidiary that has received those loans. The significant covenants of the term loans are as follows:-

(i) A subsidiary's gearing ratio shall not exceed 1.50 times.

(ii) Dividend payment made by a subsidiary shall not exceed 30% of its respective year's profit after tax.

24. HIRE PURCHASE PAYABLES (SECURED)

	The Group 2022 RM	2021 RM
Minimum hire purchase payments		
- not later than 1 year	78,625	78,625
- later than 1 year and not later than 5 years	187,157	250,986
- more than 5 years	23,440	38,247
	289,222	367,858
Less: Future finance charges	(24,236)	(37,122)
	264,986	330,736
Current liabilities	68,691	65,824
Non-current liabilities	196,295	264,912
	264,986	330,736

The hire purchase of the Group are secured by the Group's motor vehicles under the hire purchase arrangements as disclosed in Note 7(a) to the financial statements. The hire purchase agreements are expiring from 3 to 7 years (2021: 3 to 7 years) and bear effective interest rates of 4.11% to 4.72% (2021: 4.11% to 4.72%).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (Cont'd)

25. TRADE PAYABLES

(a) The normal trade credit term granted to the Group ranging from 30 to 60 (2021: 30 to 60) days.

(b) Included in the trade payables are retention sum payables totalling RM4,988,259 (2021: RM1,237,730).

26. OTHER PAYABLES AND ACCRUALS

	The Group		The Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Other payables:				
Third parties	4,876,347	2,860,368	100,155	55,921
Amount owing to subsidiaries	-	-	12,961,045	12,322,449
Amount owing to a director	1,420	41,616	420	-
Amount owing to a key management personnel	8,450,233	-	8,450,233	-
	13,328,000	2,901,984	21,511,853	12,378,370
Deposit	4,821,312	1,647,050	-	-
Accruals	193,756	527,699	54,900	81,400
	18,343,068	5,076,733	21,566,753	12,459,770

(a) Amount owing to subsidiaries represent unsecured advances granted to the Company and payments made on behalf at interest rate of 3% (2021: 3%) per annum. The amounts owing is repayable on demand and is to be settled in cash.

(b) Amount owing to a director represent payments made on behalf, which is unsecured interest-free. The amount is repayable on demand and is to be settled in cash.

(c) Amount owing to a key management personnel represents unsecured interest-free advances granted to the Group and the Company. The amount is repayable on demand and is to be settled in cash.

(d) Included in the other payables are retention sum payables totalling RM1,841,105 (2021: RM1,434,273).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (Cont'd)

27. PROVISION

	The Group 2022 RM	The Group 2021 RM
Liquidated Ascertained Damages		
At 1 January	379,845	-
(Reversal of provision)/Provision made during the financial year	(94,891)	379,845
At 31 December	284,954	379,845

28. REVENUE

	The Group 2022 RM	The Group 2021 RM
Revenue from Contracts with Customers		
Recognised over time		
Property development	16,164,740	18,949,198
Recognised at a point in time		
Sales of land	-	6,400,000
Sales of goods	875,047	-
	17,039,787	25,349,198

(a) The information on the disaggregation of revenue by geographical market is disclosed in Note 36.2 to the financial statements.

(b) The information on the unsatisfied performance obligations is disclosed in Note 16(d) to the financial statements.

29. NET (REVERSAL OF IMPAIRMENT)/IMPAIRMENT LOSSES ON FINANCIAL ASSETS

	The Group 2022 RM	The Group 2021 RM	The Company 2022 RM	The Company 2021 RM
Impairment losses:				
- other receivables (Note 12)	-	-	-	12,203,877
Reversal of impairment losses:				
- other receivables (Note 12)	(267,321)	(226,154)	-	-
	(267,321)	(226,154)	-	12,203,877

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (Cont'd)

30. LOSS BEFORE TAX

	The Group 2022 RM	The Group 2021 RM (Restated)	The Company 2022 RM	The Company 2021 RM (Restated)
Loss before tax is arrived at after charging:-				
Auditors' remuneration:				
- audit fees:				
- current financial year	145,900	112,500	40,000	40,000
- underprovision in the previous financial year	-	(4,500)	-	(2,000)
- non-audit fees	5,000	50,000	5,000	50,000
Bad debt written off	-	4,456	-	4,456
Depreciation:				
- property, plant and equipment (Note 7)	156,230	324,609	-	129,298
- right-of-use assets (Note 9)	189,439	184,767	-	-
Directors' remuneration (Note 34)	2,741,327	1,934,910	383,007	643,067
Fair value loss on:				
- other financial asset (Note 13)	-	344,061	-	-
Impairment loss:				
- goodwill (Note 10)	5,002,799	-	-	-
- investment in subsidiaries	-	-	-	1,332,035
- property development costs (Note 14)	145,056	99,442	-	-
Interest expense on lease liabilities (Note 22)	38,149	56,337	-	-
Lease expenses:				
- short term leases	-	15	-	15
- low value assets	3,843	4,080	-	-
Loss on disposal of property, plant and equipment	1,094	-	-	-
Property, plant and equipment written off (Note 7)	3,046	-	-	-
Provision for liquidated ascertained damages	-	379,845	-	-
Staff costs (including other key management personnel as disclosed in Note 34)				
- short term employee benefits	1,701,753	1,379,538	-	459,530
- defined contribution benefits	203,875	170,039	-	58,292
Total interest expenses on financial liabilities that are not at fair value through profit or loss	720,796	919,508	347,135	179,791

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (Cont'd)

30. LOSS BEFORE TAX (CONT'D)

	The Group 2022 RM	The Group 2021 RM (Restated)	The Company 2022 RM	The Company 2021 RM (Restated)
And (crediting):-				
Fair value gain on other financial assets (Note 13)	(20,807)	-	-	-
Gain on disposal of property, plant and equipment	-	(225,970)	-	(279,035)
Gain on lease termination	-	(3,752)	-	-
Income from non-fulfilment of profit guarantee by vendor	(490,382)	(4,168,243)	(490,382)	(4,168,243)
Rental income	(55,600)	(75,000)	-	-
Reversal of provision for liquidated ascertained damages	(94,891)	-	-	-
Total interest income on financial assets measured at amortised cost	(165,494)	(122,100)	(770,597)	(1,235,852)

31. INCOME TAX EXPENSES

	The Group 2022 RM	The Group 2021 RM	The Company 2022 RM	The Company 2021 RM
Income tax:				
- current year	322,820	171,698	184,943	-
- underprovision in the previous financial year	411,700	38,052	223,594	-
	734,520	209,750	408,537	-
Deferred tax (Note 11):				
- origination and reversal of temporary differences	-	217,180	-	6,757
- overprovision in the previous financial year	(312,980)	(8,750)	(312,980)	-
	(312,980)	208,430	(312,980)	6,757
	421,540	418,180	95,557	6,757

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (Cont'd)

31. INCOME TAX EXPENSES (CONT'D)

A reconciliation of tax income applicable to the loss before tax at the statutory tax rate to income tax expense at the effective tax rate of the Group and of the Company is as follows:-

	The Group		The Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Loss before tax	(9,603,831)	(1,312,026)	(1,510,323)	(11,911,911)
Tax at the statutory tax rate of 24% (2021: 24%)	(2,304,919)	(314,886)	(362,478)	(2,858,859)
Tax effects of:-				
Non-taxable income	(9,151)	(635,388)	-	(1,000,378)
Non-deductible expenses	2,422,090	1,438,652	547,421	3,865,994
Deferred tax assets not recognised for the financial year	214,800	-	-	-
Utilisation of deferred tax assets previously not recognised	-	(99,500)	-	-
Underprovision of income tax in the previous financial year	411,700	38,052	223,594	-
Overprovision of deferred tax in the previous financial year	(312,980)	(8,750)	(312,980)	-
	421,540	418,180	95,557	6,757

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

32. LOSS PER SHARE

The reconciliation of earnings used in calculating loss per share is as below:-

	The Group	
	2022	2021
Loss attributable to owners of the Company (RM)	(10,025,371)	(1,730,206)
Weighted average number of ordinary share in issue	483,329,450	361,125,030
Basic earnings per share (Sen)	(2.07)	(0.48)

The warrants are anti-dilutive as their exercise prices are higher than the average market price of the Company's ordinary shares. Accordingly, the exercise of warrants has been ignored in the calculation of dilutive earnings per share.

33. CASH FLOW INFORMATION

(a) The cash disbursed for the purchase of property, plant and equipment, investment properties and the addition of right-of-use assets is as follows:-

	The Group 2022 RM	2021 RM (Restated)
Property, plant and equipment		
Cost of property, plant and equipment purchased (Note 7)	9,379,951	10,916,840
Add: Payments in respect of previous financial year's purchases	-	3,411,615
Less: Other payables - amounts not yet due for payment	-	(899,348)
Less: Capitalisation of interest expenses	(156,632)	-
Less: Acquired through hire purchase arrangements	-	(223,000)
	9,223,319	13,206,107
Investment properties		
Cost of investment properties purchased (Note 8)	7,772,081	7,553,543
Less: Contra from non-fulfilment of profit guarantee	(490,382)	(4,168,243)
	7,281,699	3,385,300
Right-of-use assets		
Cost of right-of-use assets acquired (Note 9)	39,786	-
Less: Additions of new lease liabilities (Note 33(b))	(32,385)	-
	7,401	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (Cont'd)

33. CASH FLOW INFORMATION (CONT'D)

(b) The reconciliations of liabilities arising from financing activities are as follows:-

	Lease Liabilities RM	Term Loans RM	Hire Purchase Payables RM	Total RM
The Group				
2022				
At 1 January	617,150	15,156,641	330,736	16,104,527
Changes in Financing Cash Flows				
Proceeds from drawdown	-	11,565,902	-	11,565,902
Repayment of principal	(177,461)	(2,516,544)	(65,750)	(2,759,755)
Repayment of interests	(38,149)	(864,542)	(12,886)	(915,577)
	(215,610)	8,184,816	(78,636)	7,890,570
Non-cash Changes				
Acquisition of new leases (Notes 22 and 33(a))	32,385	-	-	32,385
Interest expense recognised in profit or loss (Note 30)	38,149	707,910	12,886	758,945
Interest expense capitalised as property, plant and equipment (Note 33(a))	-	156,632	-	156,632
	70,534	864,542	12,886	947,962
At 31 December	472,074	24,205,999	264,986	24,943,059
2021				
At 1 January	1,158,208	17,374,997	664,643	19,197,848
Changes in Financing Cash Flows				
Proceeds from drawdown	-	2,871,962	-	2,871,962
Repayment of principal	(518,074)	(5,090,318)	(556,907)	(6,165,299)
Repayment of interests	(56,337)	(891,100)	(28,408)	(975,845)
	(574,411)	(3,109,456)	(585,315)	(4,269,182)
Non-cash Changes				
Acquisition of new leases (Note 33(a))	-	-	223,000	223,000
Interest expense recognised in profit or loss (Note 30)	56,337	891,100	28,408	975,845
Termination of leases (Note 22)	(22,984)	-	-	(22,984)
	33,353	891,100	251,408	1,175,861
At 31 December	617,150	15,156,641	330,736	16,104,527

33. CASH FLOW INFORMATION (CONT'D)

(b) The reconciliations of liabilities arising from financing activities are as follows (Cont'd):-

	Other Payables - Amount owing to subsidiaries RM
The Company	
2022	
At 1 January	12,322,449
Changes in Financing Cash Flows	
Advances from subsidiaries	291,461
Non-cash Changes	
Interest expense recognised in profit or loss (Note 30)	347,135
At 31 December	12,961,045

	Hire purchase payables RM	Other Payables - Amount owing to subsidiaries RM	Total RM
2021			
At 1 January	365,250	-	365,250
Changes in Financing Cash Flows			
Advances from subsidiaries	-	16,318,253	16,318,253
Repayment of principal	(365,250)	-	(365,250)
Repayment of interests	(7,352)	-	(7,352)
	(372,602)	16,318,253	15,945,651
Non-cash Changes			
Income from non-fulfilment of profit guarantee	-	(4,168,243)	(4,168,243)
Interest expense recognised in profit or loss (Note 30)	7,352	172,439	179,791
At 31 December	-	12,322,449	12,322,449

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (Cont'd)

33. CASH FLOW INFORMATION (CONT'D)

(c) The total cash outflows for leases as a lessee are as follows:-

	The Group 2022 RM	The Group 2021 RM	The Company 2022 RM	The Company 2021 RM
Payment of short-term leases	3,843	15	-	15
Payment of low-value assets	-	4,080	-	-
Interest paid on lease liabilities	38,149	56,337	-	-
Payment of lease liabilities	177,461	518,074	-	-
	219,453	578,506	-	15

(d) The cash and cash equivalents comprise the following:-

	The Group 2022 RM	The Group 2021 RM	The Company 2022 RM	The Company 2021 RM
Fixed deposits with a licensed bank	884,561	603,500	-	-
Cash and bank balances	7,205,105	4,633,352	4,699,495	150,845
	8,089,666	5,236,852	4,699,495	150,845
Less: Fixed deposits with tenure of more than 3 months	(884,561)	(603,500)	-	-
	7,205,105	4,633,352	4,699,495	150,845

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (Cont'd)

34. KEY MANAGEMENT PERSONNEL COMPENSATION

The key management personnel of the Group and of the Company include executive directors and non-executive directors of the Company and certain members of senior management of the Group and of the Company.

The key management personnel compensation during the financial year are as follows:-

		The Group		The Company	
		2022	2021	2022	2021
		RM	RM	RM	RM
(a)	**Directors**				
	Directors of the Company				
	Short-term employee benefits:				
	- fees	334,807	286,115	334,807	286,115
	- salaries, bonuses and other benefits	2,066,734	1,424,716	48,200	315,269
		2,401,541	1,710,831	383,007	601,384
	Defined contribution benefits	339,786	224,079	-	41,683
		2,741,327	1,934,910	383,007	643,067

		The Group		The Company	
		2022	2021	2022	2021
		RM	RM	RM	RM
(b)	**Other Key Management Personnel**				
	Short-term employee benefits	381,262	240,101	-	54,408
	Defined contribution benefits	52,562	31,039	-	7,035
	Total compensation for other key management personnel (Note 30)	433,824	271,140	-	61,443

The estimated monetary value of benefits-in-kind provided by the Group and the Company to the directors of the Company were RM47,900 and RM47,900 (2021 – RM47,900 and RM47,900) respectively.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (Cont'd)

35. RELATED PARTY DISCLOSURES

(a) Identities of Related Parties

Parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control.

In addition to the information detailed elsewhere in the financial statements, the Group has related party relationships with its directors, associates, key management personnel and entities within the same group of companies.

(b) Significant Related Party Transactions and Balances

Other than those disclosed elsewhere in the financial statements, the Group and the Company also carried out the following significant transactions with the related parties during the financial year:-

	The Group		The Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Subsidiaries				
Interest expenses	-	-	347,135	172,439
Interest income	-	-	(615,912)	(1,117,343)
Associate				
Interest income	(154,685)	(118,011)	(154,685)	(118,011)

The significant outstanding balances of the related parties (including the allowance for impairment loss made) together with their terms and conditions are disclosed in the respective notes to the financial statements.

36. OPERATING SEGMENTS

Axteria Group Berhad and its subsidiaries are principally engaged in developing properties and construction.

Axteria Group Berhad has arrived at three (2021: two) reportable segments that are organised and managed separately according to the business segments, which requires different business and marketing strategies. The reportable segments are summarised as follows:-

- Property development and construction division – developing of properties, securing and carrying out construction contracts and a hotel under construction which will be occupied by the Group.
- Investment holding division – investing activities where investments contribute dividend income and interest income as well as sharing of results of the investee companies.
- Trading division – wholesale of construction materials to third party customers.

36. OPERATING SEGMENTS (CONT'D)

Segment performance is evaluated based on operating profit, excluding non-recurring losses, and in certain aspect, it is measured differently from operating profit in consolidated financial statements.

Inter-segment revenue is carried out on terms and conditions not materially different from those obtainable from transactions with unrelated parties and is eliminated on the consolidated financial statements. These policies have been applied constantly throughout the current and previous financial years.

Segment assets exclude tax assets, investments and assets used primarily for corporate purposes.

Segment liabilities exclude tax liabilities. Details are provided in the reconciliations from segment assets and liabilities to the financial position of the Group.

36.1 BUSINESS SEGMENTS

	Property Development and Construction Segment RM	Investment Holding Segment RM	Trading Segment RM	Consolidation Adjustments RM	The Group RM
2022					
Revenue					
External revenue	16,164,740	-	875,047	-	17,039,787
Results					
Segment (loss)/profit before tax	(6,768,034)	(2,881,626)	45,829	-	(9,603,831)
Other Information					
Depreciation of property, plant and equipment	156,230	-	-	-	156,230
Depreciation of right-of-use assets	189,439	-	-	-	189,439
Impairment loss on property development costs	145,056	-	-	-	145,056
Interest expenses	1,369,508	347,135	5,350	(963,048)	758,945
Loss on disposal of property, plant and equipment	1,094	-	-	-	1,094
Property, plant and equipment written off	3,046	-	-	-	3,046
Income from non-fulfilment of profit guarantee	-	(490,382)	-	-	(490,382)
Fair value gain on other financial asset	(20,807)	-	-	-	(20,807)
Interest income	(357,945)	(770,597)	-	963,048	(165,494)
Reversal of impairment loss on other receivables	(267,321)	-	-	-	(267,321)
Share of profit of equity accounted associate	-	(13,866)	-	-	(13,866)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (Cont'd)

36. OPERATING SEGMENTS (CONT'D)

36.1 BUSINESS SEGMENTS (CONT'D)

	Property Development and Construction Segment RM (Restated)	Investment Holding Segment RM (Restated)	Consolidation Adjustments RM (Restated)	The Group RM (Restated)
2021				
Revenue				
External revenue	25,349,198	-	-	25,349,198
Results				
Segment (loss)/profit before tax	(3,119,436)	1,807,410	-	(1,312,026)
Other Information				
Bad debt written off	-	4,456	-	4,456
Depreciation of property, plant and equipment	195,311	129,298	-	324,609
Depreciation of right-of-use assets	184,767	-	-	184,767
Fair value loss on other financial asset	344,061	-	-	344,061
Impairment loss on property development costs	99,442	-	-	99,442
Interest expenses	2,085,836	179,791	(1,289,782)	975,845
Gain on lease termination	(3,752)	-	-	(3,752)
Loss/(Gain) on disposal of property, plant and equipment	53,065	(279,035)	-	(225,970)
Income from non-fulfilment of profit guarantee	-	(4,168,243)	-	(4,168,243)
Interest income	(176,030)	(1,235,852)	1,289,782	(122,100)
Reversal of impairment loss on other receivables	(226,154)	-	-	(226,154)
Share of profit of equity accounted associate	-	(183,409)	-	(183,409)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (Cont'd)

36. OPERATING SEGMENTS (CONT'D)

36.1 BUSINESS SEGMENTS (CONT'D)

	Property Development and Construction Segment RM	Investment Holding Segment RM	Trading Segment RM	Consolidation Adjustments RM	The Group RM
2022					
Assets					
Segment assets	185,886,017	38,519,717	424,418	(43,606,649)	181,223,503
Investments in associates					4,069,220
Unallocated assets:-					
- deferred tax assets					95,300
- current tax assets					1,509,121
Consolidated total assets					186,897,144
Additions to non-current assets other than financial instruments					
Property, plant and equipment	9,379,951	-	-	-	9,379,951
Investment properties	7,772,081	-	-	-	7,772,081
Right-of-use assets	39,786	-	-	-	39,786
Liabilities					
Segment liabilities	86,624,059	21,566,752	-	(43,606,649)	64,584,162
Unallocated liabilities:-					
- current tax liabilities					11,725
Consolidated total liabilities					64,595,887

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (Cont'd)

36. OPERATING SEGMENTS (CONT'D)

36.1 BUSINESS SEGMENTS (CONT'D)

	Property Development and Construction Segment RM	Investment Holding Segment RM	Consolidation Adjustments RM	The Group RM
2021				
Assets				
Segment assets	127,958,554	93,104,822	(75,272,664)	145,790,712
Investments in associates				4,055,354
Unallocated assets:-				
- deferred tax assets				95,300
- current tax assets				1,623,091
Consolidated total assets				151,564,457
Additions to non-current assets other than financial instruments				
Property, plant and equipment	10,916,840	-	-	10,916,840
Investment properties	7,553,543	-	-	7,553,543
Liabilities				
Segment liabilities	96,757,775	12,459,770	(75,272,664)	33,944,881
Unallocated liabilities:-				
- deferred tax liabilities				312,980
Consolidated total liabilities				34,257,861

36.2 GEOGRAPHICAL INFORMATION

The Group operates predominantly in one business segment in Malaysia. Accordingly, the information by business and geographical segments is not presented.

36.3 MAJOR CUSTOMERS

There is no single customer that contributed 10% or more to the Group's revenue.

37. CAPITAL COMMITMENTS

	The Group 2022 RM	The Group 2021 RM
Purchase of property, plant and equipment	21,672,365	-
Purchase of investment properties	253,000	7,622,000
	21,925,365	7,622,000

38. FINANCIAL INSTRUMENTS

The Group's activities are exposed to a variety of market risk (including foreign currency risk, interest rate risk and equity price risk), credit risk and liquidity risk. The Group's overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

38.1 FINANCIAL RISK MANAGEMENT POLICIES

The Group's policies in respect of the major areas of treasury activity are as follows:-

(a) Market Risk

(i) Foreign Currency Risk

The Group does not have any transactions or balances denominated in foreign currencies and hence, is not exposed to foreign currency risk.

(ii) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises mainly from long-term borrowings with variable rates. The Group's policy is to obtain the most favourable interest rates available and by maintaining a balanced portfolio mix of fixed and floating rate borrowings.

The Group's fixed rate receivables, borrowings and fixed deposits with a licensed bank are carried at amortised cost. Therefore, they are not subject to interest rate risk as in defined MFRS 7 since neither carrying amounts nor the future cash flows will fluctuate because of a change in market interest rates.

The Group's exposure to interest rate risk based on the carrying amounts of the financial instruments at the end of the reporting period is disclosed in Note 23 to the financial statements.

Interest Rate Risk Sensitivity Analysis

The following table details the sensitivity analysis to a reasonably possible change in the interest rates at the end of the reporting period, with all other variables held constant:-

	The Group	
	2022	**2021**
	RM	**RM**
Effects on Loss After Tax		
Increase of 25 (2021 : 25) basis points	(27,614)	(32,153)
Decrease of 25 (2021 : 25) basis points	27,614	32,153

(iii) Equity Price Risk

The Group does not have any quoted investments and hence, is not exposed to equity price risk.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (Cont'd)

38. FINANCIAL INSTRUMENTS (CONT'D)

38.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk

The Group's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trade and other receivables. The Group manages its exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis. For other financial assets (including cash and bank balances), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

The Company's exposure to credit risk arises principally from loans and advances to subsidiaries, and corporate guarantee given to financial institutions for credit facilities granted to certain subsidiaries. The Company monitors the results of these subsidiaries regularly and repayments made by the subsidiaries.

(i) Credit Risk Concentration Profile

The Group does not have any major concentration of credit risk related to any individual customer or counterparty.

(ii) Exposure to Credit Risk

At the end of the reporting period, the maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statement of financial position of the Group and of the Company after deducting any allowance for impairment losses (where applicable).

(iii) Assessment of Impairment Losses

At each reporting date, the Group assesses whether any of the financial assets at amortised cost and contract assets are credit impaired.

The gross carrying amounts of financial assets are written off when there is no reasonable expectation of recovery (i.e. the debtor does not have assets or sources of income to generate sufficient cash flows to repay the debt) despite the fact that they are still subject to enforcement activities.

The Group considers any receivables having significant balances, more than 120 days overdue and vacant possession delivered are deemed credit impaired.

<u>Trade Receivables and Contract Assets</u>

The Group applies the simplified approach to measure expected credit losses using a lifetime expected credit loss allowance for all trade receivables and contract assets.

Inputs, Assumptions and Techniques used for Estimating Impairment Losses

To measure the expected credit losses, trade receivables including related parties and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. Therefore, the Group concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

38. FINANCIAL INSTRUMENTS (CONT'D)

38.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(iii) Assessment of Impairment Losses (Cont'd)

Trade Receivables and Contract Assets (Cont'd)

Inputs, Assumptions and Techniques used for Estimating Impairment Losses (Cont'd)

The expected loss rates are based on the historical credit losses experienced. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the trade receivables to settle their debts using the linear regressive analysis. The Group has identified the unemployment rate, Gross Domestic Product (GDP) and inflation rate as the key macroeconomic factors of the forward-looking information.

Purchasers are generally financed by loan facilities from reputable financiers. In addition, the credit risk is limited as the ownership and rights to the properties sold will revert to the Group in the event of default, and the products do not suffer from physical, technological and fashion obsolescence. Therefore, there is minimal exposure to credit risk from its property development activities.

Allowance for Impairment Losses

	Gross Amount RM	Individual Impairment RM	Carrying Amount RM
The Group			
2022			
Current (not past due)	174,051	-	174,051
1 to 90 days past due	1,489,243	-	1,489,243
More than 91 days past due	1,046,015	-	1,046,015
Credit impaired	111,492	(111,492)	-
Trade receivables	2,820,801	(111,492)	2,709,309
Contract assets	65,075	-	65,075
	2,885,876	(111,492)	2,774,384

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (Cont'd)

38. FINANCIAL INSTRUMENTS (CONT'D)

38.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(iii) Assessment of Impairment Losses (Cont'd)

Trade Receivables and Contract Assets (Cont'd)

Allowance for Impairment Losses (Cont'd)

	Gross Amount RM	Individual Impairment RM	Carrying Amount RM
The Group			
2021			
Current (not past due)	2,151,060	-	2,151,060
1 to 90 days past due	200,452	-	200,452
More than 91 days past due	37,082	-	37,082
Credit impaired	111,492	(111,492)	-
Trade receivables	2,500,086	(111,492)	2,388,594
Contract assets	217,435	-	217,435
	2,717,521	(111,492)	2,606,029

The movements in the loss allowances in respect of trade receivables and contract assets are disclosed in Notes 15 and 16 to the financial statements respectively.

Other Receivables and Related Parties

The Group applies the 3-stage general approach to measuring expected credit losses for its other receivables. Under this approach, the Group assesses whether there is a significant increase in credit risk on the receivables by comparing their risk of default as at the reporting date with the risk of default as at the date of initial recognition based on available reasonable and supportable forward-looking information.

The Group considers a receivable is credit impaired when the receivable is in significant financial difficulty, for instances, the receivable is in breach of financial covenants or insolvent. Receivables that are credit impaired are assessed individually while other receivables are assessed on a collective basis.

Based on the assessment performed, the identified impairment loss was immaterial and hence, it is not provided for.

Fixed Deposits with Licensed Banks, Cash and Bank Balances

The Group considers these banks and financial institutions have low credit risks. In addition, some of the bank balances are insured by Government agencies. Therefore, the Group is of the view that the loss allowance is immaterial and hence, it is not provided for.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (Cont'd)

38. FINANCIAL INSTRUMENTS (CONT'D)

38.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(iii) Assessment of Impairment Losses (Cont'd)

Amount Owing By Subsidiaries (Non-trade Balances)

The Company applies the 3-stage general approach to measuring expected credit losses for all inter-company balances. Generally, the Company considers loans and advances to subsidiaries have low credit risks. The Company assumes that there is a significant increase in credit risk when a subsidiary's financial position deteriorates significantly. As the Company is able to determine the timing of payments of the subsidiaries' loans and advances when they are payable, the Company considers the loans and advances to be in default when the subsidiaries are not able to pay when demanded. The Company considers a subsidiary's loan or advance to be credit impaired when the subsidiary is unlikely to repay its loan or advance in full or the subsidiary is continuously loss making or the subsidiary is having a deficit in its total equity.

The Company determines the probability of default for these loans and advances individually using internal information available.

The information about the exposure to credit risk and the loss allowances calculated for the amount owing by subsidiaries are summarised below:-

	Gross Amount RM	Lifetime Lossl Allowance RM	Carrying Amount RM
The Company			
2022			
Low credit risk	14,549,633	-	14,549,633
2021			
Low credit risk	45,292,425	-	45,292,425
Significant increase in credit risk	17,657,790	(17,657,790)	-
	62,950,215	(17,657,790)	45,292,425

The movements in the loss allowances are disclosed in Note 12 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (Cont'd)

38. FINANCIAL INSTRUMENTS (CONT'D)

38.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(iii) Assessment of Impairment Losses (Cont'd)

Amount Owing By Associates (Non-trade Balances)

The Group and the Company applies the 3-stage general approach to measuring expected credit losses for all associates balances. Generally, the Group and the Company considers loans and advances to associates have low credit risks. The Group and the Company assumes that there is a significant increase in credit risk when a associate's financial position deteriorates significantly. As the Group and the Company are able to determine the timing of payments of the associates' loans and advances when they are payable, the Group and the Company considers the loans and advances to be in default when the associates are not able to pay when demanded. The Group and the Company considers an associate's loan or advance to be credit impaired when the associate is unlikely to repay its loan or advance in full or the associate is continuously loss making or the associate is having a deficit in its total equity

The Group and the Company determines the probability of default for these loans and advances individually using internal information available.

The information about the exposure to credit risk and the loss allowances calculated for the amount owing by associates are summarised below:-

	Gross Amount RM	Lifetime Loss Allowance RM	Carrying Amount RM
The Group and the Company			
2022			
Significant increase in credit risk	5,729,227	(3,955,357)	1,773,870
2021			
Significant increase in credit risk	5,574,541	(3,955,357)	1,619,184

The movements in the loss allowances are disclosed in Note 12 to the financial statements.

Financial Guarantee Contracts

All of the financial guarantee contracts are considered to be performing, have low risks of default and historically there were no instances where these financial guarantee contracts were called upon by the parties of which the financial guarantee contracts were issued to. Accordingly, no loss allowances were identified based on 12-month expected credit losses.

38. FINANCIAL INSTRUMENTS (CONT'D)

38.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk

Liquidity risk arises mainly from general funding and business activities. The Group practises prudent risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities.

Maturity Analysis

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):-

	Weighted Average Effective Interest Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM	1 – 5 Years RM	Over 5 Years RM
The Group						
2022						
Non-derivative Financial Liabilities						
Trade payables	-	15,769,282	15,769,282	15,769,282	-	-
Other payables and accruals	-	13,521,756	13,521,756	13,521,756	-	-
Term loans	3.60 - 5.70	24,205,999	28,967,830	10,012,951	16,527,667	2,427,212
Hire purchase payables	4.11 - 4.72	264,986	289,222	78,625	187,157	23,440
		53,762,023	58,548,090	39,382,614	16,714,824	2,450,652
2021 (Restated)						
Non-derivative Financial Liabilities						
Trade payables	-	10,669,027	10,669,027	10,669,027	-	-
Other payables and accruals	-	3,429,683	3,429,683	3,429,683	-	-
Term loans	3.60 - 5.70	15,156,641	18,775,283	10,012,951	6,379,656	2,382,676
Hire purchase payables	4.11 - 4.72	330,736	367,858	78,625	250,986	38,247
		29,586,087	33,241,851	24,190,286	6,630,642	2,420,923

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (Cont'd)

38. FINANCIAL INSTRUMENTS (CONT'D)

38.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk (Cont'd)

Maturity Analysis (Cont'd)

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period) (Cont'd):-

	Weighted Average Effective Interest Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM
The Company				
2022				
Non-derivative Financial Liabilities				
Other payables	3.00	12,961,045	12,961,045	12,961,045
Other payables and accruals	-	8,605,708	8,605,708	8,605,708
Financial guarantee contracts in relation to corporate guarantee given to:				
- certain subsidiaries	-	-	23,778,790	23,778,790
- an associate	-	-	13,224,683	13,224,683
		21,566,753	58,570,226	58,570,226
2021				
Non-derivative Financial Liabilities				
Other payables and accruals	3.00	12,322,449	12,322,449	12,322,449
Other payables and accruals	-	137,321	137,321	137,321
Financial guarantee contracts in relation to corporate guarantee given to:				
- certain subsidiaries	-	-	15,156,641	15,156,641
- an associate	-	-	13,836,857	13,836,857
		12,459,770	41,453,268	41,453,268

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (Cont'd)

38. FINANCIAL INSTRUMENTS (CONT'D)

38.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk (Cont'd)

Maturity Analysis (Cont'd)

The contractual undiscounted cash flows represent the outstanding credit facilities of the subsidiaries at the end of the reporting period. The financial guarantees have not been recognised in the financial statements since their fair value on initial recognition were not material.

38.2 CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities within the Group will be able to maintain an optimal capital structure so as to support its businesses and maximise shareholders value. To achieve this objective, the Group may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

The Group manages its capital based on debt-to-equity ratio that complies with debt covenants and regulatory, if any. The debt-to-equity ratio is calculated as net debt divided by total equity. The Group includes within net debt, loans and borrowings from financial institutions less cash and cash equivalents. Capital includes equity attributable to the owners of the parent. The debt-to-equity ratio of the Group at the end of the reporting period was as follows:-

	2022 RM	**2021 RM**
Lease liabilities (Note 22)	472,074	617,150
Term loans (Note 23)	24,205,999	15,156,641
Hire purchase payables (Note 24)	264,986	330,736
	24,943,059	16,104,527
Less: Fixed deposits with a licensed banks (Note 17)	(884,561)	(603,500)
Less: Cash and bank balances	(7,205,105)	(4,633,352)
Net debt	16,853,393	10,867,675
Total equity	122,301,257	117,306,596
Debt-to-equity ratio	14%	9%

There was no change in the Group's approach to capital management during the financial year.

The Group is also required to comply with certain loan covenants as disclosed in Note 23(c) to the financial statements, failing which, the banks may call an event of default. The Group has complied with this requirement.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (Cont'd)

38. FINANCIAL INSTRUMENTS (CONT'D)

38.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS

	The Group 2022 RM	The Group 2021 RM	The Company 2022 RM	The Company 2021 RM
Financial Assets				
Fair Value Through Profit or Loss				
Other financial asset (Note 13)	1,886,333	1,865,526	-	-
Amortised Cost				
Trade receivables (Note 15)	2,709,309	2,388,594	-	-
Other receivables (Note 12)	1,779,279	1,657,378	16,323,503	46,911,609
Fixed deposits pledged with a licensed bank (Note 17)	884,561	603,500	-	-
Cash and bank balances	7,205,105	4,633,352	4,699,495	150,845
	14,464,587	11,148,350	21,022,998	47,062,454
Financial Liabilities				
Amortised Cost				
Trade payables (Note 25)	15,769,282	10,669,027	-	-
Other payables and accruals (Note 26)	13,521,756	3,429,683	21,566,753	12,459,770
Term loans (Note 23)	24,205,999	15,156,641	-	-
Hire purchase payables (Note 24)	264,986	330,736	-	-
	53,762,023	29,586,087	21,566,753	12,459,770

38.4 GAINS OR LOSSES ARISING FROM FINANCIAL INSTRUMENTS

	The Group 2022 RM	The Group 2021 RM (Restated)	The Company 2022 RM	The Company 2021 RM
Financial Assets				
Fair Value Through Profit or Loss				
Net losses recognised in profit or loss	(20,807)	(344,061)	-	-
Amortised Cost				
Net (losses)/gain recognised in profit or loss	-	(263)	770,597	(10,972,481)
Financial Liabilities				
Amortised Cost				
Net losses recognised in profit or loss	(720,796)	(919,508)	(347,135)	(179,791)

38. FINANCIAL INSTRUMENTS (CONT'D)

38.5 FAIR VALUE INFORMATION

The fair values of the financial assets and financial liabilities of the Group and of the Company which are maturing within the next 12 months approximated their carrying amounts due to the relatively short-term maturity of the financial instruments or repayable on demand terms.

The following table sets out the fair value profile of financial instruments that are carried at fair value and those not carried at fair value at the end of the reporting period:-

	Fair Value of Financial Instrument Carried at Fair Value			Fair Value of Financial Instrument not Carried at Fair Value				
	Level 1 RM	Level 2 RM	Level 3 RM	Level 1 RM	Level 2 RM	Level 3 RM	Total Fair Value RM	Carrying Amount RM
The Group								
2022								
Financial Asset								
Other financial asset	-	1,886,333	-	-	-	-	1,886,333	1,886,333
Financial Liability								
Term loans	-	-	-	-	24,205,999	-	24,205,999	24,205,999
2021								
Financial Asset								
Other financial asset	-	1,865,526	-	-	1,865,526	-	1,865,526	1,865,526
Financial Liability								
Term loans	-	-	-	-	15,156,641	-	15,156,641	15,156,641

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (Cont'd)

38. FINANCIAL INSTRUMENTS (CONT'D)

38.5 FAIR VALUE INFORMATION (CONT'D)

The fair value of the other financial asset is determined based on the surrender value at the end of the financial year.

The fair value of the Group's term loans that carry floating interest rates approximated their carrying amounts as they are repriced to market interest rates on or near the reporting date.

39. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

(a) On 22 November 2022, Axteria Development Sdn. Bhd., a wholly-owned subsidiary of the Group, entered into the following agreements:-

(i) a joint venture agreement with Alpha Astral Properties Sdn. Bhd. ("AAPSB") to undertake a mixed development project on a portion of a freehold land held under HSD 520150 PTD 171203 in the Mukim of Tebrau, District of Johor Bahru, State of Johor measuring approximately 83,037 square meters; and

(ii) a joint venture agreement with Sumber Alpha Sdn. Bhd. ("SASB") to undertake a mixed development project on the freehold land held under Geran 504836 Lot 28073 in the Mukim of Plentong, District of Johor Bahru, State of Johor measuring approximately 7,909 square meters

(b) Mr. Woo Wai Onn @ Foo Wai Onn ("Mr. Woo"), a director of Axteria Group Berhad's subsidiaries is also a director and major shareholder of AAPSB and SASB as at 31 December 2022.

40. SIGNIFICANT EVENTS OCCURRING AFTER THE REPORTING PERIOD

Subsequent to the financial year, the Company increased its total number of issued ordinary shares from 498,672,875 to 712,332,875 by way of issuance of 213,660,000 new ordinary shares at RM0.125 each for a cash consideration of RM26,707,500 through private placement.

Mr. Woo became a substantial shareholder of Axteria Group Berhad upon completion of private placement exercise on 13 February 2023.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (Cont'd)

41. PRIOR YEAR ADJUSTMENTS

IFRIC Agenda Decision on MFRS 123 "Borrowing Costs"

In March 2019, the IFRS Interpretations Committee (IFRIC) published an agenda decision confirming, receivables, contract assets and inventories for which revenue is recognised over time are non-qualifying assets. On 20 March 2019, the MASB decided that an entity shall apply the change in accounting policy as a result of the IFRIC Agenda Decision to financial statements of annual periods beginning on or after 1 July 2020.

The Group has complied with the requirement of the IFRIC Agenda Decision on borrowing costs and has reflected the financial impact retrospectively. The Group expensed off the capitalised borrowing costs in property development costs to profit and loss. In addition, the comparative financial statements have been restated to correct prior year errors due to an asset under construction, which will be self-occupied, was erroneously classified as inventory.

The financial impacts are disclosed as follows:-

	As Previously Reported RM	Prior Year Adjustments RM	As Restated RM
The Group			
Statement of Financial Position (Extract):-			
1.1.2020			
Property, plant and equipment	946,385	6,042,821	6,989,206
Inventories	81,939,639	(9,921,041)	72,018,598
(Retained profit)/Accumulated losses	(1,577,086)	3,878,220	2,301,134
31.12.2020/1.1.2021			
Property, plant and equipment	700,201	5,627,556	6,327,757
Inventories	90,361,975	10,500,249	79,861,726
Accumulated Losses	26,457,548	4,872,693	31,330,241
Statement of Profit or Loss and Other Comprehensive Income (Extract):-			
Cost of Sales	3,782,201	98,624	3,880,825
Finance Costs	184,337	895,849	1,080,186
Statement of Cash Flows (Extract):-			
Loss before tax	(28,542,434)	(994,473)	(29,536,907)
Interest Expense	156,479	895,849	1,052,328
Increase in Inventories	(20,082,080)	12,026,472	(8,055,608)
Increase in trade and other payables	16,685,881	(4,197,082)	12,488,799
Purchase of property, plant and equipment	(26,248)	(7,730,766)	(7,757,014)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (Cont'd)

42. COMPARATIVE FIGURES

The following figures have been reclassified to conform with the presentation of the current financial year:-

	As Previously Reported RM	As Restated RM
The Group		
Statement of Financial Position (Extract):-		
Non-current assets		
Right-of-use assets	1,014,085	593,410
Property, plant and equipment	16,843,676	17,264,351
Non-current liabilities		
Lease liabilities	720,517	455,605
Hire purchase payables	-	264,912
Current liabilities		
Lease liabilities	227,369	161,545
Hire purchase payables	-	65,824
Statement of Cash Flows (Extract):-		
Cash flows for operating activities		
Depreciation of:		
- property, plant and equipment	102,021	324,609
- right-of-use assets	407,355	184,767
Gain on disposal of right-of-use assets	(225,970)	-
Gain on disposal of property, plant and equipment	-	(225,970)
Cash flows for investing activities		
Addition to right-of-use assets	(75,900)	-
Proceeds from disposal of right-of-use assets	776,600	-
Purchase of property, plant and equipment	(13,130,207)	(13,206,107)
Proceeds from disposal of property, plant and equipment	-	776,600
Cash flows from financing activities		
Repayment of lease liabilities	(1,074,981)	(518,074)
Repayment of hire purchase payables	-	(556,907)

42. COMPARATIVE FIGURES (CONT'D)

The following figures have been reclassified to conform with the presentation of the current financial year (Cont'd):-

	As Previously Reported RM	As Restated RM
The Company		
Statement of Cash Flows (Extract):-		
Cash flows for operating activities		
Depreciation of:		
- property, plant and equipment	2,876	129,298
- right-of-use assets	126,422	-
Gain on disposal of right-of-use assets	(279,035)	-
Gain on disposal of property, plant and equipment	-	(279,035)
Cash flows for investing activities		
Proceeds from disposal of right-of-use assets	355,000	-
Proceeds from disposal of property, plant and equipment	-	355,000
Cash flows from financing activities		
Repayment of lease liabilities	(356,250)	-
Repayment of hire purchase payables	-	(356,250)

ANALYSIS OF SHAREHOLDINGS

AS AT 31 MARCH 2023

Issued Capital: 712,332,875 shares (including 111,840 treasury shares held)
Class of Shares: Ordinary shares
No. of Shareholders: 4,863
Voting Rights: One vote per ordinary share on a poll

ANALYSIS BY SIZE OF SHAREHOLDINGS

Size of Holdings	Number of Holders	Percentage	Number of Shares	Percentage
1-99	57	1.172	2,402	0.000
100 – 1,000	309	6.354	220,150	0.030
1,001 - 10,000	2,188	44.992	12,246,808	1.719
10,001 – 100,000	1,774	36.479	67,505,731	9.478
100,001 – 35,611,050 (*)	534	10.980	499,377,044	70.115
35,611,051 and above (**)	1	0.020	132,868,900	18.655
Total	4,863	100.000	712,221,035	100.000

Remarks: * Less than 5% of issued shares
** 5% and above of issued shares

SUBSTANTIAL SHAREHOLDERS

Name of Shareholders	Number of Shares: Direct	Percentage	Number of Shares: Direct	Percentage
Woo Wai Onn @ Foo Wai Onn	132,868,900	18.655	-	-
Yee Wei Meng	66,366,840	9.318	1,000,000	0.140

DIRECTORS' INTEREST

Name of Director	Number of Shares: Direct	Percentage	Number of Shares: Direct	Percentage
Mok Juan Chek	-	-	-	-
Dato Abdullah Bin Abdul Mannan	-	-	-	-
Woo Wai Onn @ Foo Wai Onn	132,868,900	18.655	-	-
Yee Wei Meng	66,366,840	9.318	1,000,000	0.140
Ng Lee Thin	-	-	-	-
Kevin Low Ee Ming				
Yap Yung Chien	-	-	-	-
Yau Yin Wee	-	-	-	-
	199,235,740	27.973	1,000,000	0.140

ANALYSIS OF SHAREHOLDINGS

AS AT 31 MARCH 2023 (Cont'd)

LIST OF TOP THIRTY (30) LARGEST SECURITIES ACCOUNT HOLDERS AS PER RECORD OF DEPOSITORS:

No.	Name	Number of Shares Held	Percentage
1	WOO WAI ONN @ FOO WAI ONN	132,868,900	18.655
2	AMSEC NOMINESS (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT – AMBANK (M) BERHAD FOR YEE WEI MENG (SMART)	35,200,000	4.942
3	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHUA TICK YAW	23,894,000	3.354
4	TA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SAMUEL TAN HOCK KHOON	15,000,000	2.106
5	TA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TEO CHAI HOCK	14,890,578	2.090
6	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR YEE WEI MENG (7002982)	14,866,840	2.087
7	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR YEE WEI MENG	13,300,000	1.867
8	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TEE (TAY) ENG JOO (MF00316)	7,666,000	1.076
9	LIM EE LOONG	7,500,000	1.053
10	NSK TRADING SDN. BHD.	7,500,000	1.053
11	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SAMUEL TAN HOCK KHOON (7004711)	6,829,000	0.958
12	KENANGA NOMINEES (ASING) SDN BHD EXEMPT AN FOR PHILIP SECURITIES PTE LTD (CLIENT ACCOUNT)	6,821,316	0.957
13	CHONG TONG SIEW	6,805,300	0.955
14	CHEW SENG GUAN	6,668,900	0.936
15	HANG CHEW CHEE	6,401,318	0.898
16	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ONG LI TAK (7005696)	6,400,000	0.898
17	YEOH PHEK LENG	6,355,000	0.892
18	TA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KOM HUAN CHEE	6,190,909	0.869

ANALYSIS OF SHAREHOLDINGS

AS AT 31 MARCH 2023 (Cont'd)

LIST OF TOP THIRTY (30) LARGEST SECURITIES ACCOUNT HOLDERS AS PER RECORD OF DEPOSITORS:

No.	Name	Number of Shares Held	Percentage
19	TA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN YAN TEN	6,100,000	0.856
20	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN SOCK ENG (MF00317)	6,000,000	0.842
21	GCP & SONS HOLDINGS SDN BHD	5,782,671	0.811
22	CHUA ENG GUAN	5,393,500	0.757
23	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR GOH CHENG POH	5,100,000	0.716
24	SAMUEL TAN HOCK KHOON	5,000,000	0.702
25	CHEN PO HSIUNG	4,750,000	0.666
26	WONG KIM HUNG	4,410,000	0.619
27	GOH CHING WEI	4,336,513	0.608
28	TA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LIU HAN MING	4,200,000	0.589
29	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SOLOMON TAN YIIN YUH	4,120,800	0.578
30	CHUA TICK YAW	3,800,000	0.533

ANALYSIS OF WARRANTS A HOLDINGS

AS AT 31 MARCH 2023

Type of Securities : Warrants A
Total Outstanding Warrants A : 97,211,694
Maturity Date : 11 August 2025

DISTRIBUTION OF WARRANTS A HOLDINGS

Size of Holdings	Number of Holders	Percentage	Number of Shares	Percentage
1 - 99	182	6.854	7,897	0.008
100 – 1,000	715	26.930	580,404	0.597
1,001 - 10,000	1,190	44.821	5,250,028	5.400
10,001 – 100,000	443	16.685	15,723,774	16.174
100,001 - 4,860,583 (*)	123	4.632	57,064,043	58.700
4,860,584 and above (**)	2	0.075	18,585,548	19.118
Total :	2,655	100.000	97,211,694	100.000

Remarks: * Less than 5% of issued warrants
** 5% and above of issued warrants

SUBSTANTIAL WARRANT A HOLDERS

	Number of Warrants	Percentage
Liew Kok Chiang	11,950,000	12.292
ACTE Properties Sdn Bhd	6,635,548	6.825

DIRECTORS' WARRANT A HOLDINGS

	Number of Warrants	Percentage
Mok Juan Chek	-	-
Dato Abdullah Bin Abdul Mannan	-	-
Woo Wai Onn @ Foo Wai Onn	-	-
Yee Wei Meng	-	-
Ng Lee Thin	-	-
Kevin Low Ee Ming	-	-
Yap Yung Chien	-	-
Yau Yin Wee	-	-

ANALYSIS OF WARRANTS A HOLDINGS

AS AT 31 MARCH 2023 (Cont'd)

LIST OF TOP THIRTY (30) LARGEST WARRANTS A SECURITIES HOLDERS AS PER RECORD OF DEPOSITORS

No.	Name	Number of Warrants Held	Percentage
1	LIEW KOK CHIANG	11,950,000	12.292
2	ACTE PROPERTIES SDN BHD	6,635,548	6.825
3	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SOLOMON TAN YIIN YUH	3,700,000	3.806
3	KENANGA NOMINEES (ASING) SDN BHD EXEMPT AN FOR PHILLIP SECURITIES PTE LTD (CLIENT ACCOUNT)	3,309,608	3.404
5	YEO SWEE WEE	3,195,700	3.287
6	CHUA ENG GUAN	2,696,750	2.774
7	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LEONG NGAI SENG (7000335)	1,752,978	1.803
8	LEE HONG PENG	1,496,850	1.539
9	KENANGA NOMINEES (ASING) SDN BHD RAKUTEN TRADE SDN BHD FOR ANDREA WESTRICH GEB. WAGNER	1,405,400	1.445
10	ADSCORE SDN.BHD.	1,348,545	1.387
11	TA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR GOH MON CHIUAN	1,284,300	1.321
12	CHIANG SIEW ENG @ LE YU AK EE	1,230,000	1.265
13	TAN YAU LAM	1,162,600	1.195
14	TAN HUI POH	1,065,000	1.095
15	WANG, CHUN-CHENG	950,000	0.977
16	TAY SIE CHOO	875,000	0.900
17	CHUA ENG GUAN	819,231	0.842
18	C.L.P. INDUSTRIES SDN BHD	739,000	0.760
19	YEOH PHEK LENG	705,000	0.725
20	TAN BEE LENG	701,200	0.721
21	JOHAN ENTERPRISE SDN. BHD.	700,000	0.720
22	LING AH KENG	700,000	0.720

ANALYSIS OF WARRANTS A HOLDINGS

AS AT 31 MARCH 2023 (Cont'd)

LIST OF TOP THIRTY (30) LARGEST WARRANTS A SECURITIES HOLDERS AS PER RECORD OF DEPOSITORS

No.	Name	Number of Warrants Held	Percentage
23	LOH JUN HUI	640,000	0.658
24	TEO HOCK LEONG	610,000	0.627
25	TAN BOON HUA	602,500	0.619
26	LAI THIAM POH	592,200	0.609
27	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHUA ENG GUAN (6000381)	519,300	0.534
28	CHANG, KEI-POI	500,000	0.514
29	LING CHENG TING	500,000	0.514
30	TA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR WONG KOK CHING	485,000	0.498

LIST OF PROPERTIES

Company	Location	Description	Tenure	Valuation Acquisition/ Completion Date	Approximate Site Area (Acres)	Existing Usage	NBV RM
Axteria Cemerlang Sdn Bhd	Lot 2668 Geran 101544, Mukin Plentong, Johor Bahru	Development Land	Freehold	20 July 2015 (Valuation)	13.169	Property Development	
	Lot 2667 Geran 101543, Mukin Plentong, Johor Bahru	Development Land	Freehold	20 July 2015 (Valuation)	14.494	Property Development	
	Lot 409 Geran 1171, Mukin Plentong, Johor Bahru	Development Land	Freehold	20 July 2015 (Valuation)	4.656	Property Development	51.7m
	Lot 408 Geran 1171, Mukin Plentong, Johor Bahru	Development Land	Freehold	20 July 2015 (Valuation)	5.625	Property Development	
	Total:				37.944		
Axteria Cemerlang Sdn Bhd	HS(M) 5472 PTD 222390 Mukim Plentong Johor Bahru (Address: No. 6, Jalan Teras 3, Kawasan Perindustrian Kota Puteri, 81750 Masai Johor Darul Takzim)	Medium Industry Cluster Factory	Freehold	31 December 2020	Land area: 0.203 acres (Factory Gross: Floor Area: 7,458 sq.ft.)	Tenanted	2.5m
Axteria Properties Sdn Bhd	Unit no. A-S10 under master title, HSD 70516 PT 1816 Kawasan Bandar VI, District of Melaka Tengah State of Melaka	Commercial Units	Leasehold (92 years Leasehold expiry on 28/12/2103)	15 January 2020	Area of the commercial unit: 0.1418 acres (6,179 sq.ft.) Area of the accessory lot: (601 sq.ft.)	Unoccupied	1.45m

LIST OF PROPERTIES

Company	Location	Description	Tenure	Valuation Acquisition/ Completion Date	Approximate Site Area (Acres)	Existing Usage	NBV RM
Axteria Properties Sdn Bhd	Unit no. A-S9 under master title, HSD 70516 PT 1816 Kawasan Bandar VI, District of Melaka Tengah State of Melaka	Commercial Units	Leasehold (92 years leasehold expiry on 28/12/2103)	07 July 2021	Area of the commercial unit: 0.1358 acres (5,915 sq.ft.) Area of the accessory lot: (589 sq.ft.)	Unoccupied	1.59m
	Unit no. A-S11-G under master title, HSD 70516 PT 1816 Kawasan Bandar VI, District of Melaka Tengah State of Melaka	Commercial Units	Leasehold (92 years leasehold expiry on 28/12/2103)	14 January 2022	Area of the commercial unit: 0.0348 acres (1,518 sq.ft.)	Unoccupied	0.67m
	Unit no. A-S12-G under master title, HSD 70516 PT 1816 Kawasan Bandar VI, District of Melaka Tengah State of Melaka	Commercial Units	Leasehold (92 years leasehold expiry on 28/12/2103)	14 January 2022	Area of the commercial unit: 0.0265 acres (1,155 sq.ft.)	Unoccupied	0.51m
	Unit no. A-S13-G under master title, HSD 70516 PT 1816 Kawasan Bandar VI, District of Melaka Tengah State of Melaka	Commercial Units	Leasehold (92 years leasehold expiry on 28/12/2103)	14 January 2022	Area of the commercial unit: 0.0934 acres (4,070 sq.ft.)	Unoccupied	1.79m

LIST OF PROPERTIES

Company	Location	Description	Tenure	Valuation Acquisition/ Completion Date	Approximate Site Area (Acres)	Existing Usage	NBV RM
Axteria Properties Sdn Bhd	Unit no. A-S11-01 under master title, HSD 70516 PT 1816 Kawasan Bandar VI, District of Melaka Tengah State of Melaka	Commercial Units	Leasehold (92 years leasehold expiry on 28/12/2103)	26 April 2022	Area of the commercial unit: 0.0368 acres (1,604 sq.ft.)	Unoccupied	0.34m
	Unit no. A-S12-01 under master title, HSD 70516 PT 1816 Kawasan Bandar VI, District of Melaka Tengah State of Melaka	Commercial Units	Leasehold (92 years leasehold expiry on 28/12/2103)	26 April 2022	Area of the commercial unit: 0.0368 acres (1,604 sq.ft.)	Unoccupied	0.34m
	Unit no. A-S13-01 under master title, HSD 70516 PT 1816 Kawasan Bandar VI, District of Melaka Tengah State of Melaka	Commercial Units	Leasehold (92 years leasehold expiry on 28/12/2103)	26 April 2022	Area of the commercial unit: 0.0356 acres (1,550 sq.ft.)	Unoccupied	0.33m
	Unit no. A-S13A-01 under master title, HSD 70516 PT 1816 Kawasan Bandar VI, District of Melaka Tengah State of Melaka	Commercial Units	Leasehold (92 years leasehold expiry on 28/12/2103)	26 April 2022	Area of the commercial unit: 0.0356 acres (1,550 sq.ft.)	Unoccupied	0.33m

LIST OF PROPERTIES

Company	Location	Description	Tenure	Valuation Acquisition/ Completion Date	Approximate Site Area (Acres)	Existing Usage	NBV RM
Axteria Properties Sdn Bhd	Unit no. A-S13A-G under master title, HSD 70516 PT 1816 Kawasan Bandar VI, District of Melaka Tengah State of Melaka	Commercial Units	Leasehold (92 years leasehold expiry on 28/12/2103)	26 April 2022	Area of the commercial unit: 0.0552 acres (2,406 sq.ft.)	Unoccupied	1.05m
	Unit no. C-S1-G under master title, HSD 70516 PT 1816 Kawasan Bandar VI, District of Melaka Tengah State of Melaka	Commercial Units	Leasehold (92 years leasehold expiry on 28/12/2103)	26 April 2022	Area of the commercial unit: 0.0438 acres (1,910 sq.ft.)	Unoccupied	0.82m
	Unit no. C-S2-G under master title, HSD 70516 PT 1816 Kawasan Bandar VI, District of Melaka Tengah State of Melaka	Commercial Units	Leasehold (92 years leasehold expiry on 28/12/2103)	26 April 2022	Area of the commercial unit: 0.0438 acres (1,910 sq.ft.)	Unoccupied	0.82m
	Unit no. A-S16-01 under master title, HSD 70516 PT 1816 Kawasan Bandar VI, District of Melaka Tengah State of Melaka	Commercial Units	Leasehold (92 years leasehold expiry on 28/12/2103)	19 July 2022	Area of the commercial unit: 0.0488 acres (2,125 sq.ft.)	Unoccupied	0.46m

LIST OF PROPERTIES

Company	Location	Description	Tenure	Valuation Acquisition/ Completion Date	Approximate Site Area (Acres)	Existing Usage	NBV RM
Axteria Properties Sdn Bhd	Unit no. B-S1-01 under master title, HSD 70516 PT 1816 Kawasan Bandar VI, District of Melaka Tengah State of Melaka	Commercial Units	Leasehold (92 years leasehold expiry on 28/12/2103)	19 July 2022	Area of the commercial unit: 0.0900 acres (3,919 sq.ft.)	Unoccupied	0.82m
	Unit no. C-S01-01 under master title, HSD 70516 PT 1816 Kawasan Bandar VI, District of Melaka Tengah State of Melaka	Commercial Units	Leasehold (92 years leasehold expiry on 28/12/2103)	19 July 2022	Area of the commercial unit: 0.0556 acres (2,420 sq.ft.)	Unoccupied	0.51m
	Unit no. C-S02-01 under master title, HSD 70516 PT 1816 Kawasan Bandar VI, District of Melaka Tengah State of Melaka	Commercial Units	Leasehold (92 years leasehold expiry on 28/12/2103)	19 July 2022	Area of the commercial unit: 0.0558 acres (2,431 sq.ft.)	Unoccupied	0.51m
	Unit no. C-S03-01 under master title, HSD 70516 PT 1816 Kawasan Bandar VI, District of Melaka Tengah State of Melaka	Commercial Units	Leasehold (92 years leasehold expiry on 28/12/2103)	19 July 2022	Area of the commercial unit: 0.1091 acres (4,754 sq.ft.)	Unoccupied	0.99m

LIST OF PROPERTIES

Company	Location	Description	Tenure	Valuation Acquisition/ Completion Date	Approximate Site Area (Acres)	Existing Usage	NBV RM
Axteria Eco Sdn Bhd	Unit no. C-S3-G under master title, HSD 70516 PT 1816 Kawasan Bandar VI, District of Melaka Tengah State of Melaka	Commercial Units	Leasehold (92 years leasehold expiry on 28/12/2103)	09 July 2021	Area of the commercial unit: 0.0835 acres (3,638 sq.ft.)	Unoccupied	1.46m
Axteria Assets Sdn Bhd	Unit no. A-S8 under master title, HSD 70516 PT 1816 Kawasan Bandar VI, District of Melaka Tengah State of Melaka	Commercial Units	Leasehold (92 years leasehold expiry on 28/12/2103)	09 July 2021	Area of the commercial unit: 0.1400 acres (6,098 sq.ft.) Area of the accessory lot: (244 sq.ft.)	Unoccupied	1.6m

AXTERIA GROUP BERHAD
Registration No. 199901021765 (496665-W)
(Incorporated In Malaysia)

ADMINISTRATIVE GUIDE FOR THE TWENTY-FOURTH ANNUAL GENERAL MEETING ("24th AGM")

Date & Time	:	Tuesday, 30 May 2023 at 11.00 a.m.
Meeting Venue	:	Online Meeting Platform provided by Tricor Investor & Issuing House Services Sdn Bhd in Malaysia
Meeting Platform	:	TIIH Online website at https://tiih.online or https://tiih.com.my (Domain Registration number with MYNIC: D1A282781)

MODE OF MEETING

In view of the COVID-19 health concern and to align with the "Transition to Endemic" phase and in accordance with the revised Guidance and FAQs on the Conduct of General Meetings for Listed Issuers issued by the Securities Commission Malaysia ("SC Guidance") on 7 April 2022, Axteria Group Berhad will conduct the 24th AGM on a fully virtual basis through live streaming and online remote voting via Remote Participation and Voting ("RPV") facilities which are provided by Tricor Investor & Issuing House Services Sdn Bhd (or "Tricor") via TIIH Online website at https://tiih.online.

An online meeting platform used to conduct the meeting can be recognised as the meeting venue as required under Section 327(2) of the Companies Act 2016, provided that the online platform located in Malaysia. Pursuant to the SC Guidance, all meeting participants including the Chairman of the meeting, board members, senior management and shareholders are allowed to participate online if it is a fully virtual meeting.

RPV FACILITIES

Shareholders are to attend, speak (in the form of real time submission of typed texts) and vote (collectively, "participate") remotely at the 24th AGM using RPV facilities provided by Tricor.

A shareholder who has appointed a proxy(ies) or attorney(s) or corporate representative(s) to participate at this 24th AGM must request his/her proxy(ies) or attorney(s) or corporate representative(s) to register himself/herself via Tricor's TIIH Online website at https://tiih.online.

Please refer to Procedures for RPV facilities as set out below for the requirements and procedures.

PROCEDURES FOR RPV FACILITIES

Please read and follow the procedures below to engage in remote participation through live streaming and online remote voting at the 24th AGM using the RPV facilities:

Before the day of 24th AGM

	Procedure	Action
(a)	Register as a user with TIIH Online	• Using your computer, access the website at https://tiih.online. Register as a user under the "e-Services", select the "Sign Up" button and followed by "**Create Account by Individual Holder**". Refer to the tutorial guide posted on the homepage for assistance. • Registration as a user will be approved within one (1) working day and you will be notified via e-mail. • If you are already a user with TIIH Online, you are not required to register again. You will receive an e-mail to notify you that the remote participation is available for registration at TIIH Online.
(b)	Submit your request for RPV	• Registration is open from Friday, 28 April 2023 until the day of 24th AGM on Tuesday, 30 May 2023. Shareholder(s)/proxy(ies)/attorney/corporate representative(s) are required to pre-register their attendance for the 24th AGM to ascertain their eligibility to participate at the 24th AGM using the RPV. • Login with your user ID (i.e. email address) and password and select the corporate event: **"(REGISTRATION) AXTERIA GROUP BERHAD 24th AGM"**. • Read and agree to the Terms & Conditions and confirm the Declaration. • Select "Register for Remote Participation and Voting" • Review your registration and proceed to register. • System will send an **e-mail to notify** that your registration for remote participation is received and will be verified. • After verification of your registration against the General Meeting Record of Depositors as at 23 May 2023, the system will send you an **e-mail on 29 May 2023 to approve or reject** your registration for remote participation. *(Note: Please allow sufficient time for approval of new user of TIIH Online and registration for the RPV).*
On the day of 24th AGM		
(c)	Login to TIIH Online	• Login with your user ID and password for remote participation at the 24th AGM at any time from **10.00 a.m.** i.e. 1 hour before the commencement of the 24th AGM on **Tuesday, 30 May 2023 at 11.00 a.m.**
(d)	Participate through Live Streaming	• Select the corporate event: **"(LIVE STREAM MEETING) AXTERIA GROUP BERHAD 24th AGM"** to engage in the proceedings of the 24th AGM remotely. • If you have any question for the Chairman/ Board, you may use the query box to transmit your question. The Chairman/Board will endeavor to respond to questions submitted by remote participants during the 24th AGM. If there is time constraint, the responses will be e-mailed to you at the earliest possible, after the meeting.

(e)	Online Remote Voting	• Voting session commences from 11.00 a.m. on Tuesday, 30 May 2023 until a time when the Chairman announces the end of the session. • Select the corporate event: **"(REMOTE VOTING) AXTERIA GROUP BERHAD 24th AGM"** or if you are on the live stream meeting page, you can select **"GO TO REMOTE VOTING PAGE"** button below the Query Box. • Read and agree to the Terms & Conditions and confirm the Declaration. • Select the CDS account that represents your shareholdings. • Indicate your votes for the resolutions that are tabled for voting. • Confirm and submit your votes.
(f)	End of remote participation	• Upon the announcement by the Chairman on the closure of the 24th AGM, the Live Streaming will end.

Note to users of the RPV facilities:

1 Should your registration for RPV facilities be approved, we will make available to you the rights to join the live stream meeting and to vote remotely. Your login to TIIH Online on the day of 24th AGM will indicate your presence at the virtual meeting.
2 The quality of your connection to the live broadcast is dependent on the bandwidth and stability of the internet at your location and the device you use.
3 In the event you encounter any issues with logging-in, connection to the live stream meeting or online voting, please call Tricor Help Line at +6011-4080 5616 / +6011-4080 3168 / +6011-4080 3169 / +6011-4080 3170 or e-mail to tiih.online@my.tricorglobal.com for assistance.

ENTITLEMENT TO PARTICIPATE AND APPOINTMENT OF PROXY

- Only members whose names appear on the Record of Depositors as at 23 May 2023 shall be eligibleto participate at the 24th AGM or appoint a proxy(ies) and/or the Chairman of the meeting to attend and vote on his/her behalf.
- If a shareholder is unable to participate at the 24th AGM, he/she may appoint the Chairman of the meeting as his/her proxy and indicate the voting instruction in the Proxy Form.
- If you wish to participate at the 24th AGM yourself, please do not submit any Proxy Form for the AGM. You will not be allowed to participate at the AGM together with a proxy appointed by you.
- Accordingly, Proxy Forms and/or documents relating to the appointment of proxy/corporate representative/ attorney for the 24th AGM whether in hard copy or by electronic means shall be deposited or submitted in the following manner no later than **Monday, 29 May 2023 at 11.00 a.m.**:

(i) In Hard copy:
By hand or post to the office of the Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur.

(ii) By Electronic form:
All shareholders can have the option to submit Proxy Form electronically via TIIH Online and the steps to submit are summarised below:

Procedure	Action
i. Steps for Individual Shareholders	
Register as a User with TIIH Online	• Using your computer, please access the website at https://tiih.online. Register as a user under the "e-Services". Please refer to the tutorial guide posted on the homepage for assistance. • If you are already a user with TIIH Online, you are not required to register again.
Proceed with submission of Proxy Form	• After the release of the Notice of Meeting by the Company, login with your user name (i.e. email address) and password. • Select the corporate event: **"AXTERIA GROUP BERHAD 24th AGM - Submission of Proxy Form"**. • Read and agree to the Terms and Conditions and confirm the Declaration. Insert your CDS account number and indicate the number of shares for your proxy(s) to vote on your behalf. • Appoint your proxy/proxies and insert the required details of your proxy/proxies or appoint the Chairman as your proxy. • Indicate your voting instructions – FOR or AGAINST, otherwise your proxy will decide on your votes. • Review and confirm your proxy(s) appointment. • Print the form of proxy for your record.
ii. Steps for corporate or institutional shareholders	
Register as a User with TIIH Online	• Access TIIH Online at https://tiih.online • Under e-Services, the authorised or nominated representative of the corporation or institutional shareholder selects **"Create Account by Representative of Corporate Holder"**. • Complete the registration form and upload the required documents. • Registration will be verified, and you will be notified by email within one (1) to two (2) working days. • Proceed to activate your account with the temporary password given in the email and re-set your own password. Note: The representative of a corporate or institutional shareholder must register as a user in accordance with the above steps before he/she can subscribe to this corporate holder electronic proxy submission. Please contact our Share Registrar if you need clarifications on the user registration.

Proceed with submission of Proxy Form	• Login to TIIH Online at https://tiih.online • Select the corporate event: **"AXTERIA GROUP BERHAD 24th AGM: Submission of Proxy Form"** • Agree to the Terms & Conditions and Declaration. • Proceed to download the file format for "Submission of Proxy Form" in accordance with the Guidance Note set therein. • Prepare the file for the appointment of proxies by inserting the required data. • Login to TIIH Online, select corporate event: **"AXTERIA GROUP BERHAD 24th AGM - Submission of Proxy Form"**. • Proceed to upload the duly completed proxy appointment file. • Select "Submit" to complete your submission. ▪ Print the confirmation report of your submission for your record.

POLL VOTING

The voting at the 24th AGM will be conducted by poll in accordance with Paragraph 8.29A of Main Market Listing Requirements of Bursa Malaysia Securities Berhad. The Company has appointed Tricor as Poll Administrator to conduct the poll by way of electronic voting (e-voting).

Shareholders/proxies/corporate representatives/attorneys can proceed to vote on the resolutions at any time from the commencement of the 24th AGM at 11.00 a.m. on 30 May 2023 but before the end of the voting session which will be announced by the Chairman of the meeting. Please refer to item (e) of the above Procedures for RPV facilities for guidance on how to vote remotely from TIIH Online website at https://tiih.online.

Upon completion of the voting session for the 24th AGM, the Scrutineers will verify the poll results followed by the Chairman's declaration whether the resolutions are duly passed.

PRE-MEETING SUBMISSION OF QUESTION TO THE BOARD OF DIRECTORS

Shareholders may submit questions for the Board in advance of the 24th AGM via Tricor's TIIH Online website at https://tiih.online by selecting "e-Services" to login, pose questions and submit electronically no later than **Monday, 29 May 2023 at 11.00 a.m.** The Board will endeavor to answer the questions received at the 24th AGM.

NO DOOR GIFT/VOUCHER

There will be **no distribution** of door gifts or vouchers for the 24th AGM.

RECORDING OR PHOTOGRAPHY

Strictly no unauthorized recording or photography of the proceedings of the 24th AGM are allowed.

ENQUIRY

If you have any enquiries on the above, please contact the following persons during office hours on Mondays to Fridays from 9.00 a.m. to 5.30 p.m. (except on public holidays):

Tricor Investor & Issuing House Services Sdn. Bhd.

General Line	: +603-2783 9299
Fax Number	: +603-2783 9222
Email	: is.enquiry@my.tricorglobal.com
Contact persons	: Puan Nor Faeayzah +603-2783 9274 (nor.faeayzah@my.tricorglobal.com) Cik Nur Shafikah +603-2783 9293 (nur.shafikah@my.tricorglobal.com) Ashvinder Singh +603-2783 7962 (ashvinder.singh@my.tricorglobal.com)

AXTERIA GROUP BERHAD
Company No. : 199901021765 (496665-W)

FORM OF PROXY

CDS Account No.	
Number of Shares held	

I/We, ____(full name in block letters)

NRIC No./Passport No./Company No.____

of____
(full address)

being member of **AXTERIA GROUP BERHAD ("Company")**, hereby appoint the following person(s) as my/our proxy:

Name of proxy & NRIC No. / Passport No.	**Contact No.**	**Email address**	**No. of ordinary shares represented by proxy**	**Percentage of shareholding**
1.				
2.				
			TOTAL	100%

or failing him/her, the Chairman of the Meeting as as my/our proxy to vote on my/our behalf at the 24th Annual General Meeting ("AGM") of the Company to be held on conducted on a fully virtual basis through live streaming and online remote voting via Remote Participation and Voting ("RPV") facilities which are provided by Tricor Investor & Issuing House Services Sdn Bhd (or "Tricor") via TIIH Online website at https://tiih.online or https://tiih.com.my (Domain registration number with MYNIC:D1A282781) on Tuesday, 30 May 2023 at 11.00 a.m. and at every adjournment thereof, and to vote as indicated below: -

No.	**Ordinary Resolutions**	**For**	**Against**
1	Approval of Directors' fees for the financial year ending 31 December 2023		
2	Approval of benefits payable to Non-Executive Directors		
3	Re-election of Dato Abdullah Bin Abdul Mannan as Director		
4	Re-election of Mr. Woo Wai Onn @ Foo Wai Onn as Director		
5	Re-election of Mr. Kevin Low Ee Ming as Director		
6	Re-election of Ms. Yap Yung Chien as Director		
7	Re-election of Mr. Yau Yin Wee as Director		
8	Re-election of Ms. Ng Lee Thin as Director		
9	Re-appointment of Crowe Malaysia PLT as Auditors		
10	Authority to Issue Shares pursuant to the Companies Act 2016		

Please indicate with [✓] on how you wish your votes to be cast. (Unless otherwise instructed, the proxy may vote as he/she thinks fit). If no specific direction as to voting is given, the proxy will vote or abstain at his/her discretion.

Dated this .... day of 2023

....
Signature of Shareholder(s) or Common Seal

fold this flap for sealing

Stamp

The Share Registrar of
AXTERIA GROUP BERHAD
Company No. : 199901021765 (496665-W)

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

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Notes:

1. The 24th AGM will be conducted on a fully virtual basis via TIIH Online website at https://tiih.online. The conduct of a fully AGM is in line with the revised Guidance Note and FAQs on the conduct of General Meetings for Listed Issuers issued by Securities Commission of Malaysia. An online meeting platform can be recognised as the meeting venue or place under Section 327(2) of the Companies Act 2016 ("the Act") provided that the online meeting platform is located in Malaysia and all meeting participants including Chairman of the meeting, board members, senior management and shareholders are to participate in the meeting online.

   Shareholders (or "Members") are to attend, speak (in the form of real time submission of typed texts) and vote (collectively, "participate") remotely at the 24th AGM via the Remote Participation and Voting ("RPV") facilities provided by Tricor Investor & Issuing House Services Sdn Bhd via its TIIH Online website at https://tiih.online. Please refer to the Administrative Guide for the 24th AGM for the procedures to register and participate via RPV facilities.

2. A member shall be entitled to appoint another person as his/her proxy to exercise all or any of his/her rights to participate in his/her stead pursuant to Section 334 of the Companies Act 2016 ("the Act"). There shall be no restriction as to the qualification of the proxy.

3. A member who has appointed a proxy/attorney/authorised representative to participate at this 24th AGM via RPV facilities must request his/her proxy/attorney/authorised representative to register himself/herself for RPV at https://tiih.online. Please refer to the Procedures for RPV facilities as set out in the Administrative Guide for the 24th AGM.

4. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power of attorney, must be deposited at the Office of the Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur not less than twenty-four (24) hours before the time appointed for holding this meeting or any adjournment thereof as Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad requires all resolutions set out in the Notice of 24th AGM to vote by way of poll. Alternatively, the form of proxy can be lodged electronically via TIIH Online website at https://tiih.online not later than Monday, 29 May 2023 at 11.00 a.m.

5. In the event the member(s) duly executes the form of proxy but does not name any proxy, such member(s) shall be deemed to have appointed the Chairman of the Meeting as his/their proxy, provided always that the rest of the form of proxy, other than the particulars of the proxy, have been duly completed by the member(s).

6. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he/she specifies the proportion of his/her shareholdings to be represented by each proxy.

7. If the appointer is a corporation, the instrument must be executed under its Common Seal or under the hand of an attorney so authorised.

8. Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("Omnibus Account"), there is no limit to the number of proxies which the Exempted Authorised Nominee may appoint in respect of each Omnibus Account it holds.

9. Only depositors whose names appear in the Register of Depositors as at 23 May 2023 shall be entitled to attend in person or appoint proxies to attend and/or vote on their behalf at the 24th AGM.

10. By submitting the duly executed proxy form, the member and his/her proxy consent to the Company (and/or its agents/service providers) collecting, using and disclosing the personal data therein in accordance with the Personal Data Protection Act 2010 for the purpose of the 24th AGM and any adjournment thereof.

AXTERIA GROUP BERHAD 199901021765 (496665-W)

Suite 02-01, Level 2, Wisma Teras Eco, No.56, Jalan Setia Tropika 1/14, Taman Setia Tropika, 81200 Johor Bahru, Johor, Malaysia.

Tel: + 607-233 0911 Fax: + 607-233 0910