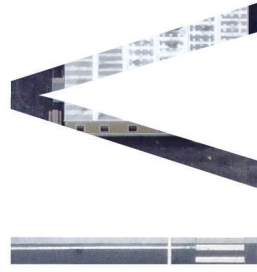


Developing Sustainable Community





25th ANNUAL GENERAL MEETING

Date: Wednesday, 5 June 2024

Time: 10.00 a.m.



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<https://agb.my/>



ABOUT AXTERIA

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 emphasises eco-friendly architectural designs.

In embracing the dawn of the Internet of Things era, our primary focus is on leveraging cutting-edge technological advancements like Artificial Intelligence (AI), the Internet of Things (IoT), Big Data, and 5G to optimise the value of our Group's development initiatives, fostering growth that benefits individuals, businesses, and communities alike. Central to our ethos is the steadfast belief that creativity and synergy serve as the foundational pillars of this new frontier in property development.

The Group is dedicated to enhancing lives through the creation and management of vibrant spaces where individuals can live, work, shop, and play. Committed to bolstering the core business of real estate development, we actively participate in a spectrum of Property Development services. These include Land Identification and Acquisition, Feasibility Studies, Advisory and Consultancy, Project Planning, Marketing, and Implementation, ensuring comprehensive support throughout the development lifecycle.

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.

*Medusa spinosus iocari suis,
Caesar circumgrediet*

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.

OUR VISION

DEVELOPING
SUSTAINABLE
COMMUNITY

OUR MISSION

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

OUR CORE VALUES

CUSTOMER

The happiness of clients is our priority

INTEGRITY

Delivering on our commitments

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

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT THE TWENTY-FIFTH (25TH) 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. (“TRICOR”) VIA TIIH ONLINE WEBSITE AT [HTTPS://TIIH.ONLINE](https://tiih.online) OR [HTTPS://TIIH.COM.MY](https://tiih.com.my) (DOMAIN REGISTRATION NUMBER WITH MYNIC: D1A282781) ON WEDNESDAY, 5 JUNE 2024 AT 10.00 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 2023 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 RM434,700 in respect of the financial year ending 31 December 2024 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 RM606,000 for the financial period from 1 July 2024 to 30 June 2025, to be paid monthly in arrears. **(Ordinary Resolution 2)**
3. To re-elect the following Directors who retire in accordance with Clause 105(1) of the Company's Constitution: -
 - a) Mr. Mok Juan Chek **(Ordinary Resolution 3)**
 - b) Dato Abdullah Bin Abdul Mannan **(Ordinary Resolution 4)**
4. To re-elect the following Director who retires in accordance with Clause 114 of the Company's Constitution: -
 - a) Mr. Tee (Tay) Eng Joo **(Ordinary Resolution 5)**
5. To re-appoint Crowe Malaysia PLT as Auditors of the Company and to authorise the Directors to determine their remuneration. **(Ordinary Resolution 6)**

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 and Waiver of Pre-Emptive Rights over Shares pursuant to the Companies Act 2016 ("the Act")**

(Ordinary Resolution 7)

"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 new ordinary shares in the Company ("Shares"), 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 issued 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 hereby 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 of the Company 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 of the Company be hereby 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."

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

30 April 2024

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

Notes:-

1. The 25th AGM will be conducted on a fully virtual basis via TIH Online website at <https://tjih.online>. 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 25th AGM via RPV facilities provided by Tricor via its TIH Online website at <https://tjih.online>. Please refer to the Administrative Guide for the 25th 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/authorised representative to participate at this 25th AGM via RPV facilities must request his/her proxy/attorney/authorised representative(s) to register himself/herself for RPV facilities at <https://tjih.online>. Please refer to the Procedures for RPV facilities as set out in the Administrative Guide for the 25th 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 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 25th AGM to vote by way of poll. Alternatively, the form of proxy can be lodged electronically via TIH Online website at <https://tjih.online> no later than Tuesday, 4 June 2024 at 10.00 a.m.
5. In the event the member duly executes the form of proxy but does not name any proxy, such member shall be deemed to have appointed the Chairman of the 25th AGM 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.
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 29 May 2024 shall be entitled to attend in person or appoint proxies to attend and/or vote on their behalf at the 25th AGM.

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

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 25th AGM. As such, this Agenda item is not a business which requires a resolution to be put to vote by shareholders.

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

Approval of Directors' fees

The Directors' fees proposed for the financial year ending 31 December 2024 are calculated based on the current board size and assuming that all Directors will hold office until 31 December 2024. 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 2024 to 30 June 2025 (being the due date to hold the next AGM in 2025). 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 2024 to 30 June 2025 (being the due date to hold the next AGM in 2025).

13. Items No. 3 & 4 of the Agenda

Re-election of retiring Directors

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, Mr. Mok Juan Chek and Dato Abdullah Bin Abdul Mannan are due for retirement by rotation and they have offered themselves for re-election at the 25th AGM.

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. Mr. Tee (Tay) Eng Joo who was appointed in August 2023, is to stand for re-election at the 25th AGM pursuant to this clause.

In addition, the Nomination Committee ("NC") had in April 2024 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, 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, Mr. Mok Juan Chek, Dato Abdullah Bin Abdul Mannan and Mr. Tee (Tay) Eng Joo at the 25th AGM. Based on the recommendation of the NC, the Board (with the exception of the Directors who abstained in respect of their individual retirement) supports the re-election of these retiring Directors at the 25th AGM.

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

14. Item No. 6 of the Agenda

Authority to Issue Shares pursuant to the Act

The proposed Ordinary Resolution 7 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 ordinary shares in the Company ("Shares") 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 new Shares for any possible fundraising activities, including but not limited to placement of Shares for the purpose of financing the acquisition of land parcels for new development projects, funding ongoing and future construction and development activities, financing the expansion of the Company's property portfolio through strategic acquisitions or merger, funding future investment projects and working capital for staff related costs, general administrative expenses, and repayment of bank borrowings.

Pursuant to Section 85(1) of the Act and Clause 61 of the Company's Constitution, the existing shareholders of the Company have pre-emptive rights over any new Shares to be offered which will rank equally to the existing Shares issued by the Company. In order for the Board to issue any new Shares free of pre-emptive rights, such pre-emptive rights must be waived. The proposed Ordinary Resolution 7, if passed, will exclude the pre-emptive rights over all new Shares, options over or grant of new Shares in the Company and/or any new Shares to be issued pursuant to such options or grants under the General Mandate.

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 25th 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 25th AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the 25th 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 8.27(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 25th 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 7 on Authority to issue Shares pursuant to Sections 75 & 76 of the Act under the Notes to the Notice of 25th AGM.

GROUP STRUCTURE



100 %

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

100 %

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

100 %

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

100 %

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

100 %

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

100 %

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

100 %

Axteria Realty Sdn Bhd
(f.k.a. Axteria Lenders Sdn Bhd)
(Company No. 202201002639 (1448336-K))

100 %

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

100 %

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

100 %

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

45 %

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

CORPORATE INFORMATION

Board of Directors

Mok Juan Chek

Independent Non-Executive Chairman

Dato Abdullah Bin Abdul Mannan

Non-Independent Non-Executive Deputy Chairman

Woo Wai Onn @ Foo Wai Onn

Group Managing Director

Tee (Tay) Eng Joo

Executive Director
(Appointed on 1 August 2023)

Ng Lee Thin

Independent Non-Executive Director

Kevin Low Ee Ming

Independent Non-Executive Director

Yap Yung Chien

Independent Non-Executive Director

Yau Yin Wee

Independent Non-Executive Director

Yee Wei Meng

Executive Director
(Resigned on 31 October 2023)

AUDIT AND RISK MANAGEMENT COMMITTEE

Chairperson Ng Lee Thin

Member Kevin Low Ee Ming (*Appointed on 2 May 2023*)
Yap Yung Chien (*Appointed on 2 May 2023*)
Mok Juan Chek (*Resigned on 2 May 2023*)

NOMINATION COMMITTEE

Chairperson Yau Yin Wee

Member Yap Yung Chien (*Appointed on 2 May 2023*)
Ng Lee Thin
Mok Juan Chek (*Resigned on 2 May 2023*)

REMUNERATION COMMITTEE

Chairperson Yau Yin Wee

Member Yap Yung Chien (*Appointed on 2 May 2023*)
Ng Lee Thin
Mok Juan Chek (*Resigned on 2 May 2023*)

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: +607-388 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

CORPORATE INFORMATION (CONT'D)

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
Email: is.enquiry@my.tricorglobal.com

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
Hong Leong 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://agb.my/>



despite the challenges

the Group continues to stay resilient

by WOO WAI ONN @
FOO WAI ONN

Group Managing Director



MANAGEMENT DISCUSSION AND ANALYSIS

DEAR ESTEEMED SHAREHOLDERS,

IT IS WITH GREAT PLEASURE THAT THE BOARD OF DIRECTORS AND MANAGEMENT OF AXTERIA GROUP BERHAD ("AGB" OR THE "COMPANY") PRESENT THE KEY HIGHLIGHTS OF AGB'S FINANCIAL AND OPERATIONAL PERFORMANCES FOR THE FINANCIAL YEAR ENDED ON 31 DECEMBER 2023 ("FY2023"), ALONG WITH THE PROSPECTS AND OUTLOOK FOR THE UPCOMING FISCAL YEAR.

MACROECONOMICS AND OPERATING ENVIRONMENT IN FY2023

In 2023, the Malaysian economy demonstrated resilience amid a backdrop of global challenges. The year witnessed a moderated growth rate of 3.7%, following the robust 8.7% growth achieved in 2022. This moderation can be attributed to various external factors, including a slowdown in global trade, the tech downcycle, geopolitical tensions and tighter monetary policies. Despite these challenges, the domestic economy exhibited signs of recovery, supported by improving economic activity and favourable labour market conditions.

During the fourth quarter of 2023, headline inflation decreased to 1.6% from 2.0% in the previous quarter. Throughout 2023, headline inflation averaged at 2.5%, down from 3.3% in 2022, while core inflation remained steady at 3% since 2022. The pervasiveness of inflation continued to decrease, with the share of Consumer

“As the pandemic loosens its grip on the economy with the rise in vaccination rollouts, the global economy is set on gradual recovery mode. In Malaysia, the swift implementation of economic policy support measures was a boost to the economy despite the country being hit by a series of COVID-19 waves and various restriction movements.”

Price Index items experiencing monthly price increases declining to 36.3% in the fourth quarter of 2023 compared to 40.8% in the third quarter. This trend brought inflation pervasiveness below its long-term average of 41.7% for the fourth quarter (2011-2019).

The unemployment rate in 2023 declined to pre-pandemic levels, reaching 3.3%, while the labour force participation rate reached a historic high. These positive developments in the labour market, coupled with reduced cost pressures, supported household spending throughout the year, contributing to the overall economic resilience in FY2023.

(Source: Economic and Financial Developments in Malaysia in the Fourth Quarter of 2023, Bank Negara Malaysia)



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Caesar circumgrediet*

MALAYSIAN PROPERTY MARKET IN FY2023

The Malaysian property market exhibited positive momentum throughout 2023, bolstered by the ongoing economic recovery. The year saw a total of 399,008 transactions amounting to RM196.83 billion, marking an increase of 2.5% in volume and 9.9% in value compared to the previous year's figures of 389,107 transactions valued at RM179.07 billion.

Within the sector, various subsectors demonstrated notable performance. While the agricultural segment experienced a 7.8% decline in volume, the residential, commercial, industrial and development land subsectors witnessed year-on-year growth rates of 3.0%, 23.3%,



MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

0.9% and 5.0%, respectively. In terms of transaction value, all subsectors showed increased activity in 2023, with residential, commercial, industrial, agricultural and development land sectors recording growth rates of 7.1%, 17.5%, 13.1%, 4.6% and 13.8%, respectively.

The following sections offer a detailed overview of the property subsectors in which AGB is actively involved, presenting insightful perspectives on their performances and prevailing trends.

RESIDENTIAL SUBSECTOR

In 2023, the residential subsector demonstrated stability and incremental growth, with 250,586 transactions valued at RM100.93 billion, representing a marginal increase of 3.0% in volume and 7.1% in value compared to 2022.

The residential overhang situation showed signs of improvement, with 25,816 overhang units worth RM17.68 billion recorded in the fourth quarter of 2023, marking a 7.0% decrease in volume and a 4.0% decrease in value compared to the corresponding period in 2022 (27,746 overhang units worth RM18.41 billion). Additionally, unsold under-construction units decreased to 51,132 units (from 57,649 units in 2022), reflecting an 11.3% decline, while unsold not constructed units decreased sharply by 28.3% to 7,926 units (from 11,053 units in 2022).



MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)



In the construction segment, housing completions showed promise, increasing by 4.0% to 74,893 units in 2023 compared to the previous year. Condominiums/ apartments accounted for 34.1% (25,513 units) of the national total, while two- to three-storey terraced houses constituted another 30.5% (22,805 units). Conversely, new construction starts and planned supply decreased by 9.9% to 88,114 units and 9.1% to 80,964 units, respectively.

The Malaysian House Price Index reached 216.5 points (equivalent to RM467,144 per unit) in 2023, marking a moderate annual growth of 3.2%. All major states recorded positive annual growth rates, with terraced houses

leading at 3.7%, followed by high-rise units (3.6%), semi-detached houses (2.3%) and detached houses (1.4%).

COMMERCIAL SUBSECTOR

The commercial subsector experienced a significant surge in market activity, with 40,463 transactions amounting to RM38.31 billion in 2023. This represented a substantial increase of 23.3% in volume and 17.5% in value compared to the previous year (32,809 transactions worth RM32.61 billion). The heightened market activity was fuelled by increased transactions across all states, particularly in major transactions involving shopping complexes and purpose-built offices.

Within the shop segment, there were 18,437 transactions totalling RM16.10 billion in 2023, constituting 45.6% of the commercial property transactions by volume and 42.0% by value. This segment saw improvements of 9.3% in volume and 13.5% in value compared to 2022 (16,862 transactions worth RM14.2 billion). The shop overhang situation showed slight improvement, with a reduction to 6,233 units valued at RM5.39 billion, marking decreases of 7.2% in volume and 7.7% in value compared to 2022. However, there was an increase in unsold under-construction units (up by 2.7% to 2,852 units) and not constructed units (up by 24.9% to 456 units).

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

In the leisure segment, there were notable transactions involving seven hotels and two resorts in 2023, with a cumulative value of nearly RM450 million. Construction activities in this segment showed signs of recovery, with 10 new hotels completed in 2023, offering a total of 2,225 rooms — an increase of 65.9% compared to 2022. Additionally, new planned supply in terms of rooms increased more than threefold to 911 rooms (compared to 219 rooms in 2022), while commencement of new construction decreased by 54.0% (690 rooms) in contrast.

INDUSTRIAL SUBSECTOR

In 2023, the industrial subsector demonstrated moderate growth, with a 0.9% increase in volume to 8,157 transactions and a 13.1% increase in value to RM23.94 billion (compared to 8,082 transactions worth RM21.16 billion in 2022).

The industrial overhang situation

continued to improve throughout 2023, with the overhang volume decreasing to 808 units valued at RM0.84 billion. This marked a decline of 8.2% in volume and 26.8% in value compared to 2022 (880 units worth nearly RM1.15 billion). Similarly, the unsold not constructed units decreased to 22 units, reflecting a substantial drop of 56.9%. However, the unsold under-construction units increased slightly to 457 units, compared to approximately 450 units in 2022.

Across various states, the industrial property segment showed improvement, particularly in terraced factory units. This upward trend can be attributed to the increasing demand for warehouse and storage facilities, driven by the expansion of e-commerce activities.

(Source: Malaysia Property Market Report 2023, Valuation and Property Services Department Malaysia, Ministry of Finance Malaysia)



MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

FINANCIAL PERFORMANCE IN FY2023

In alignment with the prevailing economic and market recovery, AGB maintained a prudent approach to managing its financial and operational aspects, emphasising efficiencies, cash flow management and adherence to project timelines throughout FY2023. This prudent approach, coupled with our proactive pursuit of opportunities, contributed to a positive trajectory in our cumulative performance for the fiscal year.

The cumulative financial results for FY2023 showcase notable progress. AGB achieved a total revenue of RM65.38 million, marking a substantial increase compared to the RM17.04 million recorded in the previous fiscal year. Profit before tax for FY2023 amounted to RM1.45 million, representing a decent turnaround from the preceding year's loss before tax of RM9.6 million. It is important to highlight that the profit before tax of FY2023 included an impairment loss on goodwill amounting to RM4.63 million. Adjusting for this one-off effect, the like-for-like profit before tax would have been RM6.08 million as compared to the previous year's loss before tax of RM4.6 million.

AGB maintained a robust financial position, with total assets reaching RM197.5 million as of 31 December 2023. This increase from the previous year reflects strategic investments in property, plant and equipment, primarily driven by the capitalisation of construction costs related to our ongoing hotel project. Additionally, our investment in Harum Eco Dormitory Sdn Bhd, a 45% owned associate, saw a slight increase due to profit sharing.

Demonstrating our commitment to prudent financial management, we continuously assess intangible assets, with goodwill standing at RM9.8 million, primarily attributed to our investment in Axteria Eco Sdn Bhd, a wholly-owned subsidiary. To mitigate potential earnings volatility, we adopt a cautious approach by periodically reassessing potential goodwill impairment for ongoing projects under this subsidiary. This approach allows us to recognise any impairment gradually, minimising its impact on reported earnings and ensuring responsible financial reporting.



Our focus on optimising cash flow is evident in our inventory management practices. In FY2023, AGB's inventory decreased by RM7.8 million, primarily due to the recognition of property development costs for Project Desa 88 and Project Sentrio. Conversely, trade receivables doubled compared to the previous year, reflecting billings issued to purchasers pending collection after year-end. This underscores the importance of our active credit management practices in optimising cash flow. As of 31 December 2023, total equity attributable to owners amounted to RM148.03 million.

AGB's net assets increased to RM148.02 million in FY2023 from RM122.30 million in FY2022. However, the net assets per share attributable to owners decreased to RM0.21 per ordinary share (FY2022: RM0.25 per ordinary share).

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

Additionally, AGB's initiative to pursue a Proposed Private Placement, announced on 10 August 2023, underscores our commitment to further fortifying our financial position and leveraging growth prospects. The approval of the extension of time by Bursa Securities extends our timeframe to execute the Proposed Private Placement, providing us with added flexibility to optimise the exercise and maximise its benefits for the Company and its stakeholders.

In conclusion, the fundraising initiatives conducted in 2023 have been transformative for our organisation, empowering us to pursue our growth aspirations, enhance shareholder value and strengthen our position in the market. We remain resolute in our commitment to utilising these funds effectively to drive sustainable growth and deliver value to all stakeholders.

IMPACT OF FUNDRAISING INITIATIVES IN FY2023

The fundraising exercises undertaken in 2023 have had a positive impact on AGB across multiple dimensions. Firstly, the successful completion of the Proposed Share Issuance, following the approval secured at the Extraordinary General Meeting on 30 January 2023, and subsequent listing on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities"), infused critical capital amounting to RM26.7 million. These funds have played a pivotal role in addressing our immediate funding requirements, particularly in advancing the development of The Asteria Melaka projects. The ongoing progress and eventual revenue generation from these projects are anticipated to contribute to and improve AGB's cash flow and financial stability.

Furthermore, the proceeds from the fundraising exercise have strengthened AGB's balance sheet. By reducing our reliance on debt financing, we have bolstered our overall financial resilience while maintaining a healthy gearing ratio. This strategic manoeuvre not only enhances our financial standing but also fosters confidence among stakeholders in our ability to navigate market challenges and capitalise on growth opportunities.



MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

PROJECT HIGHLIGHTS IN FY2023



DESA 88

Desa 88 stands as a notable project situated in Taman Perindustrian Desa Cemerlang, a well-established industrial area in Johor that caters to light and medium-scale businesses. This pioneering development prioritises feasibility and affordability, offering a valuable proposition to industrial stakeholders in the region.

Spanning 37.944 acres, Desa 88 comprises 76 freehold units of terrace factory and 7 units of build-to-suit lots, with a collective estimated gross development value ("GDV") of RM127.5 million and a gross development cost ("GDC") of RM93.3 million.

In FY2023, both Phase 1 (40 terrace factory units) and Phase 2 (36 terrace factory units) of Desa 88 were completed, obtained the certificate of completion and compliance and achieved full sales. We are currently in the process of handing over vacant possession to our esteemed purchasers.

Looking ahead, we are excited about the prospects presented by the undeveloped land within Desa 88. These forthcoming phases offer an attractive opportunity for the development of build-to-suit industrial lots. These offerings serve as profitable sales avenues strategically positioned to contribute to the project's overall success.

The launch of these upcoming phases is expected to further accelerate our sales momentum and reinforce our position among prominent players within the market.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

SENTRIO COMMERCIAL HUB

Sentrio Commercial Hub comprises 66 units of two-storey and three-storey shop offices, situated on 5.94 acres of land with a commercial title in Pasir Gudang, Johor. The project boasts an estimated GDV of RM43.7 million and a GDC of RM30.1 million.

The Sentrio Commercial Hub development achieved completion in January 2024, as indicated by the issuance of the certificate of completion and compliance. Notably, 75% of the units (excluding 17 units reserved for the landowner as part of their entitlement) have been successfully sold and reserved. The process of transferring vacant possession to purchasers for the sold units is currently in progress, signifying a milestone in the project's success journey.



THE ASTERIA MELAKA

The Asteria Melaka project encompasses a 16-storey block (Block A) housing 241 hotel rooms and a 44-storey block (Block C) accommodating 306 service suites, catering to diverse accommodation needs in Kota Syahbandar, Melaka.

As of the current stage, Block A has achieved a significant milestone with the completion of its structural works. However, due to a revised strategic focus, the previously established hotel management agreement with Far East Hospitality Management (S) Pte Ltd has been discontinued. Consequently, Block A is now positioned as a divestment opportunity, with only essential interior design elements completed to allow maximum customisation by potential buyers.

Meanwhile, Block C, estimated to have GDV of approximately RM119.5 million, is making steady progress in construction, currently standing at 72% completion. Our project development team is actively implementing strategies to expedite the construction process and ensure alignment with predefined timelines, underscoring our commitment to delivering exceptional quality and meeting the expectations of our stakeholders.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

A SOHO JOHOR JAYA

A SOHO Johor Jaya, formerly known as M-SOHO@JJ, represents an innovative mixed development featuring 474 units of small office home office ("SOHO") units alongside 35 shop lots. With an anticipated GDV of RM239.69 million and an estimated GDC of approximately RM193.0 million, this project is poised for substantial value creation.

Construction for A SOHO Johor Jaya commenced in December 2023, with a targeted completion expected by the fourth quarter of 2027. In alignment with the project's timeline, an official launch is planned for the second quarter of 2024, marking the initial phase of our sales and marketing endeavours for this exciting new development.



MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

PROSPECT AND OUTLOOK FOR FY2024

The Ministry of Finance anticipates a moderate growth trajectory for Malaysia's economy in 2024, with a projected growth rate ranging from 4% to 5%. This growth will be propelled by robust domestic demand, a diversified economic structure and ongoing policy support, including initiatives such as the National Energy Transition Roadmap and the New Industrial Master Plan 2030. Bank Negara Malaysia also foresees resilient domestic expenditure and an upswing in external demand, driving Malaysia's economic expansion.

The outlook for household spending remains positive, supported by sustained growth in employment and wages. Tourism is expected to rebound, leading to increased tourist arrivals and spending. Furthermore, investment activity is poised to receive a boost from ongoing multi-year projects across private and public sectors, alongside catalytic initiatives outlined in national master plans. Budget 2024 measures will further bolster economic activity.

Specifically for the Malaysian property market, a continued positive momentum is expected, supported by government initiatives outlined in Budget 2024. These initiatives include:

- Establishment of a high-tech industrial area in Kerian, Northern Perak, to expand the electrical and electronics cluster ecosystem in the Northern Region.
- Implementation of special programmes for small and medium-sized enterprises in the Halal industry, facilitated by nine financial institutions offering access to special funds and capacity-building programmes.
- Allocation of an RM1 billion special guarantee fund to incentivise reputable developers to revive identified abandoned projects.
- Allocation of RM546 million for the implementation of 36 Program Perumahan Rakyat, including new projects and completion of existing ones, benefitting 5,100 potential new residents.
- Allocation of RM358 million for the construction of 3,500 housing units under 14 Program Rumah Mesra Rakyat.

- Provision of guarantees of up to RM10 billion under Skim Jaminan Kredit Perumahan, benefitting 40,000 borrowers.
- Implementation of a flat rate stamp duty of 4% on land ownership transfers by non-citizens and foreign-owned companies, except for individuals with permanent residency status in Malaysia.
- Streamlining requirements for the Malaysia My Second Home programme to attract more tourists and foreign investors.

(Source: Malaysia Property Market Report 2023, Valuation and Property Services Department Malaysia, Ministry of Finance Malaysia)

Despite these optimistic projections, downside risks persist, stemming from potential weaknesses in external demand and commodity production declines. Conversely, upside risks include potential spillover effects from the tech upcycle, robust tourism activity, and accelerated implementation of existing and new projects.

Therefore, AGB will remain cautious and is committed to continue enhancing operational capability and efficiency, as well as financial position, to capitalise on emerging opportunities and create sustainable value for stakeholders.

Specifically, AGB's primary focus in FY2024 will revolve around maximising the potential of A SOHO Johor Jaya and The Asteria Melaka serviced suite projects, leveraging the conducive market conditions and policy support to deliver exceptional results and drive long-term growth.

WELCOMING NEW LEADERSHIP AND EXPRESSING GRATITUDE

We are pleased to announce the appointment of Mr. Tee (Tay) Eng Joo as our new Executive Director, bringing with him a wealth of experience and expertise to further enhance our strategic direction and operational excellence. Also, we would like to extend our heartfelt thanks to our shareholders, customers, banking partners, contractors, consultants and suppliers for their continued support and collaboration.

PROFILE OF DIRECTORS

Woo Wai Onn @ Foo Wai Onn

**GROUP
MANAGING
DIRECTOR**

**Age / Gender
64 / MALE**

**Nationality
MALAYSIAN**

**Date Appointed
8 FEBRUARY 2023**

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

Before venturing into the property development industry, Mr. Woo was actively involved in the manufacturing sector, specialising in supplying high-precision metal components to multinational corporations. He owned manufacturing plants across Malaysia and Indonesia under his manufacturing group, STX Group of Companies.

Since 2006, Mr. Woo has embarked on property development ventures with his business partners, successfully completing numerous notable residential and industrial property development projects in Johor Bahru. In 2013, he divested all his shares in STX Group of Companies to a local private equity firm

managing funds exceeding RM600 million to concentrate on his passion for property development. In 2013, Mr. Woo achieved a significant milestone with the completion of his signature development, Molek Regency, situated in Taman Molek, Johor Bahru. This medium to high-end development comprises three blocks of serviced apartments, totalling 1,050 units. His visionary leadership, meticulous management, and unwavering commitment to quality control were recognised in 2019 when Molek Regency won two prestigious awards – "Best Development of the Year" and "Best Residential High-rise Development" – at the Idea award ceremony organised by iProperty.

As Group Managing Director of Axteria, Mr. Woo assumes a multifaceted role encompassing strategic planning, financial management, business development, stakeholder relations, risk management, corporate governance, innovation and technology adoption,

performance monitoring, and corporate social responsibility. He leads the executive team in charting the Group's strategic direction, fostering innovation, and ensuring compliance with regulatory standards. Mr. Woo's leadership extends to nurturing a culture of collaboration, optimizing financial performance, identifying new business opportunities, and enhancing stakeholder value, positioning Axteria for continued success and leadership in the real estate industry.

Mr. Woo holds a direct interest in 186,268,900 ordinary shares of the Company, representing 25.99% of the total shares. He has no familial relationship with any directors or major shareholders of the Company, and he does not hold any directorship in other public listed companies. Furthermore, he has not been convicted of any major offenses within the past five years, and no regulatory bodies have imposed any penalties on him during the financial year 2023.

PROFILE OF DIRECTORS (CONT'D)

Tee (Tay) Eng Joo

**GROUP EXECUTIVE
DIRECTOR**

**Age / Gender
60 / MALE**

**Nationality
MALAYSIAN**

**Date Appointed
1 AUGUST 2023**

Mr. Tee joined Axteria on 1 December 2022 as Head, Development Planning (Sales and Marketing) and subsequently appointed as Group Executive Director of Axteria on 1 August 2023. He obtained a Diploma of Surveying Practice from the College of Estate Management in the United Kingdom.

With over three decades of expertise in the real estate industry, Mr. Tee is renowned for his proficiency in property development consulting services, including conceptual design, sales and marketing, project financing consultancy, advertising, and promotional services.

Mr. Tee's illustrious career in real estate began in 1990 with the Aldini Group of Companies in Johor Bahru. In 1996, he

founded APRE Consulting Sdn Bhd, a distinguished development consultancy company providing comprehensive property development consultancy and marketing services to esteemed developers in Malaysia.

Over the past decade, Mr. Tee has successfully managed notable projects such as Astaka, Twin Galaxy Residence, The Seasons Larkin, Bandar Alam Masai, and Optimus Medini, with a combined Gross Development Value (GDV) exceeding RM3 billion.

At Axteria, Mr. Tee leads 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 spearheads efforts to instil an innovation mindset by driving digitalisation across the organisation, enhancing operational efficiency for both employers and employees.

Mr. Tee has a direct interest of 1.07% in Axteria, holding 7,666,000 ordinary shares, and an indirect interest of 0.84% 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 not been convicted of any major offences within the past five years, and no regulatory bodies have imposed any penalties on him during the financial year 2023.

Mok Juan Chek

**INDEPENDENT
NON-EXECUTIVE
DIRECTOR**

**Age / Gender
67 / MALE**

**Nationality
MALAYSIAN**

**Date Appointed
10 FEBRUARY 2022**

Mr. Mok assumed the role of Independent Non-Executive Chairman on 10 February 2022. He holds a Bachelor's Degree of Science (Agribusiness) from the University of Agriculture, Malaysia. His professional journey commenced with eight years of dedicated service in the Government, where he served as an Officer at the Rubber Industry Smallholders Development Authority (RISDA).

With over thirty-five years of distinguished banking experience, Mr. Mok boasts an illustrious career in the financial sector. He embarked on his banking career in 1984 with Public Bank Bhd, subsequently transitioning to Chung Khiaw Bank in 1990, and eventually joining Hong Leong Bank from 1995 to 2008. During his tenure spanning thirteen years at Hong Leong Bank, he assumed

various senior positions across Retail Banking, Credit Management, and Marketing, culminating in his role as General Manager of Business Banking.

Before joining Axteria, Mr. Mok dedicated twelve years to AmBank (M) Bhd until his retirement on 30 May 2020. His tenure at AmBank included a pivotal role as Executive Vice President and Head of Mid Corporates, Wholesale Banking. Notably, he spearheaded the establishment of the Mid Corporates Segment in 2016, instrumental in its transformation into one of AmBank's most profitable segments. Following his retirement, he served as a Strategic Advisor with Affin Hwang Asset Management Bhd from 1 September 2020 to 31 December 2022.

Mr. Mok resigned from his roles in the Audit and Risk Management Committee, Nomination Committee, and Remuneration Committee of the Company on 2 May 2023. He does not hold any shares in the Company and has no familial relationship with any directors or major shareholders. Moreover, he has maintained an unblemished record, with no convictions for major offenses within the past five years, and no regulatory penalties imposed during the financial year 2023.

Beyond his commitments to Axteria, Mr. Mok serves as the Independent Non-Executive Chairman of Synergy House Bhd. Additionally, he also holds the position of Independent Non-Executive Director at both ITMAX System Bhd and Tiong Nam Logistics Holdings Bhd.

PROFILE OF DIRECTORS (CONT'D)

Dato Abdullah bin Abdul Mannan

**NON-INDEPENDENT
NON-EXECUTIVE
DEPUTY CHAIRMAN**

Age / Gender
33 / MALE

Nationality
MALAYSIAN

Date Appointed
9 JANUARY 2023

Dato Abdullah assumed the role of Non-Independent Non-Executive Deputy Chairman of Axteria on 9 January 2023. He holds a degree from the Chartered Institute of Logistics and Transportation, Pasir Gudang, Johor, which he obtained in 2007. Additionally, he is a member of the Chartered Institute of Logistics and Transportation in the United Kingdom.

Starting his career as an entrepreneur in the textile retail and wholesale industry, Dato Abdullah subsequently ventured into property development management and diversified into the liquid

petroleum gas distribution business in Johor Bahru. He expanded his business into various sectors, including electronic manufacturing, warehousing, shipping, logistics, natural resources, energy, palm oil, agriculture, 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 a director in multiple private companies, overseeing all aspects of business operations, including managing relationships with various authorities, joint ventures, and

stakeholders. At Axteria, he oversees regulatory liaison and navigates regulatory-related matters.

Dato Abdullah holds a direct interest in 14,000,000 ordinary shares of Axteria, representing 1.95% of the total shares. He maintains no familial relationship with any directors or major shareholders of the Company, and he does not hold any directorship in other public listed companies. Furthermore, he has not been convicted of any major offenses within the past five years, and no regulatory bodies have imposed any penalties on him during the financial year 2023.

Ng Lee Thin

**INDEPENDENT
NON-EXECUTIVE
DIRECTOR**

Age / Gender
57 / FEMALE

Nationality
MALAYSIAN

Date Appointed
15 MAY 2021

Ms. Ng assumed her role as Independent Non-Executive Director at Axteria on 15 May 2021. She holds a Bachelor of Economics (Hons) degree from University Utara Malaysia (1992) and obtained her Association of Chartered Certified Accountants (ACCA) qualification in 1996. Additionally, she is a distinguished member of the Malaysian Institute of Accounts (MIA) and fellow member of the Association of Chartered Certified Accountants (FCCA).

With over two decades of expertise spanning corporate finance, auditing, accounting, and taxation, Ms. Ng brings invaluable insight to the boardroom. She held the position of Financial Controller at Binaik Equity Bhd from 2001 to 2009, prior to embarking on her entrepreneurial journey. In

2012, she founded Yellow Tax Services Sdn Bhd, followed by the establishment of NLT & Co in 2015. Ms. Ng's professional journey also encompasses roles at esteemed firms such as Ernst & Young (1996–2001), Chiang & Chiang (1994–1995), and Artwright Marketing Sdn Bhd (1992–1994).

At Axteria, Ms. Ng serves as the Chairman of the Audit and Risk Management Committee and is a member of both the Nomination Committee and Remuneration Committee. Notably, she holds no shares in the company and has no familial relationships with any directors or major shareholders. Importantly, she maintains a clean record, with no convictions for major offenses in the past five years, and no regulatory penalties imposed on her during the financial year 2023.

Ms. Ng extends her expertise beyond Axteria as an Independent Non-Executive Director at Able Global Berhad, a company listed on the Main Market of Bursa Malaysia Securities Berhad. In this role, she serves as the Chairman of the Remuneration Committee and a member of Nomination Committee, Audit Committee and Risk Management Committee. She also acts as the Independent Non-Executive Director at UUE Holdings Berhad, a company seeking listing on the ACE Market of Bursa Malaysia Securities Berhad. In this capacity, she holds the position of Chairman of the Audit and Risk Management Committee and as a member of the Nominating Committee and Remunerating Committee.

PROFILE OF DIRECTORS (CONT'D)

Kevin Low Ee Ming

**INDEPENDENT
NON-EXECUTIVE
DIRECTOR**

**Age / Gender
46 / MALE**

**Nationality
MALAYSIAN**

**Date Appointed
1 MARCH 2023**

Kevin was appointed as the Independent Non-Executive Director of Axteria on 1 March 2023. He holds a Bachelor of Economics with a specialisation in Accounting and Finance from The University of Manchester, (United Kingdom). Kevin 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.

His professional journey commenced in 2000 with a prominent big 4 accounting firm, where he honed his skills before venturing into entrepreneurship. In 2014, Kevin co-founded a practice, Messrs. OKL & Partners PLT, where he currently serves as a partner. Throughout his career, he has amassed extensive experience in providing auditing and business advisory services to a diverse clientele, including listed companies across various industries.

Kevin does not hold any shares in the Company, and there are no familial relationships with any directors or major shareholders. Importantly, he maintains an impeccable record, with no convictions for major offenses within the past five years, and no regulatory penalties imposed on him during the financial year 2023.

Yap Yung Chien

**INDEPENDENT
NON-EXECUTIVE
DIRECTOR**

**Age / Gender
33 / FEMALE**

**Nationality
MALAYSIAN**

**Date Appointed
1 MARCH 2023**

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

With over a decade of experience in legal practice, Ms. Yap has honed her expertise in handling legal documentation and providing comprehensive legal advice. Previously, she served as an in-house Legal Assistant Manager for a listed company in Singapore, where she played

a pivotal role in drafting, reviewing, and negotiating contracts. In 2022, Ms. Yap founded her own firm, Messrs Y.C. Yap & Co.

Ms. Yap specialises in corporate and commercial law, banking and property matters, and advises on foreign direct investment deals for multinational corporations. Her areas of expertise also include corporate exercises, commercial contracts, banking, labour matters, property deals, will writing, due diligence, and corporate exercises for private and public listed companies.

Ms. Yap does not hold any shares in Axteria, and she has no familial relationships with any

directors or major shareholders of the Company. Furthermore, she maintains an impeccable record, with no convictions for major offenses in the past five years, and no regulatory penalties imposed on her during the financial year 2023.

Beyond her role at Axteria, Ms. Yap extends her expertise as an Independent Non-Executive Director at Smart Asia Chemical Bhd, a company seeking listing on the ACE Market of Bursa Malaysia Securities Berhad. In this capacity, she serves as the Chairman of the Nomination Committee and as a member of the Remuneration Committee and Audit and Risk Management Committee.

PROFILE OF DIRECTORS (CONT'D)

Yau Yin Wee

**INDEPENDENT
NON-EXECUTIVE
DIRECTOR**

**Age / Gender
66 / MALE**

**Nationality
MALAYSIAN**

**Date Appointed
13 MARCH 2023**

Mr. Yau assumed the role of Independent Non-Executive Director at Axteria on 13 March 2023, and was subsequently appointed as the Chairman of the Nomination Committee and Remuneration Committee on 12 April 2023. He holds a Bachelor of Science degree from the University of South Alabama, College of Business and Management Studies, USA, obtained in 1983.

Mr. Yau's career spans over three decades in the banking industry, beginning at Hong Leong Finance Berhad in 1983. His journey led him through various managerial positions, including Branch Manager and Corporate and Commercial Manager (Senior Manager). He later held senior management roles at AmBank (M) Berhad and AmInvestment Bank Berhad, contributing to business

development, credit, and corporate banking. Before retiring from the banking industry, he served as the General Manager/Senior Regional Head of Hong Leong Bank, Southern Region.

With a wealth of experience, Mr. Yau has actively contributed to industry development, serving as a committee member and Chairman of Institut Bank-bank Malaysia (IBBM) (Perak and Johor Chapter) from 1992 to 2014. He continues to engage in industry-related activities, serving as a general committee member for the Malaysian International Chamber of Commerce and Industry (MICCI) since 2021.

Mr. Yau holds no shares in Axteria and has no familial relationship with any directors

or major shareholders of the Company. Moreover, he has not been convicted of any major offenses within the past five years, and no regulatory bodies have imposed any penalties on him during the financial year 2023.

In addition to his role at Axteria, Mr. Yau serves as an Independent Director of I REIT Managers Sdn Bhd, the management company of AME REIT, and as the Independent Non-Executive Director of CAPE EMS Berhad, where he chairs the Remuneration Committee and is a member of the Nominating Committee and Audit Committee. He also acts as the Independent Non-Executive Chairman at Smart Asia Chemical Bhd, a company seeking listing on the ACE Market of Bursa Malaysia Securities Berhad.

PROFILE OF KEY SENIOR MANAGEMENT

Teo Seng Wei @ Vincent Teo

Age / Gender / Nationality
54 / MALE / MALAYSIAN

Vincent Teo is a seasoned professional in the construction and property development industry, boasting over three decades of expertise. Graduating with a Diploma of Architect from TAR College in 1993, Vincent has honed his skills and knowledge throughout his career, making significant contributions to various projects.

Vincent's journey began as a Quantity Surveyor in a prominent construction company, where he gained invaluable insights into the intricacies of project management and execution. His dedication and proficiency led him to ascend to the role of Senior Project Manager Cum Contract Manager at Ace Empire Development Sdn Bhd, a reputable player in the property development sector.

In March 2023, Axteria welcomed Vincent to its team, recognising his wealth of knowledge and leadership acumen. As a key member of the organisation, Vincent assumes a pivotal role, overseeing the planning, operations, supply chain, and project management for the Group's development projects. His innovative approach and commitment to excellence contribute significantly to Axteria's mission of delivering exceptional real estate solutions.

Vincent 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 offenses within the past five years.

Kenny Woo Chi Yoong

GROUP PROJECT DEVELOPMENT MANAGER

Age / Gender / Nationality
39 / MALE / MALAYSIAN

Kenny joined Axteria as Group Project Development Manager in December 2022, bringing with him a Bachelor of Accounting degree from Central Queensland University, Melbourne, Australia, which he attained in 2019.

In his role, Kenny assumes leadership responsibilities, overseeing a dedicated team and managing all facets of the Group's projects in Malacca. This includes strategic management of design, procurement, planning scheduling, cost control, and stakeholder relations. Moreover, he actively contributes to project planning initiatives, aligning them with the Group's overarching objectives.

Kenny's career trajectory showcases a diverse background, initially starting in the manufacturing sector, where he supervised the production of precision metal and aluminium parts and components. Transitioning seamlessly into property development, he played a pivotal role in co-managing operations and development for a notable project comprising 1,050 units of serviced apartments in Taman Molek, Johor Bahru, while working with a reputable developer in Johor Bahru.

Despite his familial ties as the son of Mr. Woo Wai Onn, Kenny maintains unwavering professional integrity and independence. He does not hold any directorship in other public listed companies and maintains no conflicts of interest with Axteria. Furthermore, Kenny has not been convicted of any major offenses within the past five years, underscoring his commitment to ethical standards and contributing positively to Axteria's success.

Sea Hong Peng

CHIEF FINANCIAL OFFICER

Age / Gender / Nationality
43 / FEMALE / MALAYSIAN

Ms. Sea assumed the role of Chief Financial Officer at Axteria on 12 July 2021. In this capacity, she oversees the finance and accounting, administration, and human resources functions of the Group. She holds professional qualifications 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 transitioning to the commercial environment, Ms. Sea accrued over 18 years of experience in accounting, taxation, and advisory within professional services. Her professional journey includes holding senior positions in a company specialising in healthcare services.

Ms. Sea maintains an independent stance within Axteria, with no familial relationship with any directors or major shareholders of the Company. Furthermore, she does not hold any directorship in other public listed companies and has no conflicts of interest with Axteria. Additionally, she boasts a clean record, with no convictions for major offenses within the past five years.



SUSTAINABILITY STATEMENT

Introduction

“
THE BOARD OF DIRECTORS (“BOARD”) AND MANAGEMENT OF AXTERIA GROUP BERHAD (“AXTERIA” OR THE “COMPANY”) IS PLEASED TO PRESENT THIS SUSTAINABILITY STATEMENT (“STATEMENT”) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (“FY2023”). 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.

This Statement was not subjected to internal review by our internal auditors and/ or review by any independent assurance providers in accordance with a recognised assurance standard. However, this Statement was reviewed by the relevant Management personnel and also by the Board.

Scope

This Statement covers our core business operations in the property development and construction segment (unless otherwise stated) which accounts to 100% 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.	19
Site office - Malacca	1,137 sq. ft.	5
Sales gallery – Johor Bahru	3,982 sq. ft.	3

SUSTAINABILITY STATEMENT
(CONT'D)**Scope (Cont'd)**

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

Project Name	Estimated Gross Development Value ("GDV")	Project details	Project status as at 31 December 2023
Sentrio @ Pasir Gudang	RM43.7 million	Development of 66 units of two-storey and three-storey shop offices situated on 5.94 acres of land in Pasir Gudang, Johor.	Construction work has been completed, awaiting the issuance of the Certificate of Completion and Compliance ("CCC"). The CCC was subsequently obtained in January 2024.
Desa 88	RM127.5 million	A medium and light industrial development spread across 38 acres of land in Desa Cemerlang. The development comprises of the following phases: - Phase 1 : 40 units of terrace factory - Phase 2 : 36 units of terrace factory - Dormitory Land - Vacant industrial lands available for build-to-suit development.	Both Phase 1 and Phase 2 have been completed, obtained the CCC and achieved full sales. Handover of vacant possession to purchasers is currently in progress. The sale of dormitory land was successfully completed in January 2023. The vacant industrial lands are available for sale.
The Asteria Melaka	RM182.5 million combining Block A and Block C	Development of a 16-storey hotel comprising 241 rooms (Block A) and a 44-storey block housing 306 serviced suites (Block C)	Block A's structural works has fully completed, with essential interior design elements also completed. However, due to revised strategic focus, Block A is now positioned as a divestment opportunity. Construction progress for Block C is advancing steadily and target to obtain its CCC together with Block A in quarter 1 of 2025.
A SOHO Johor Jaya	RM239.69 million	Mixed development featuring a total of 474 units of Small Office Home Office ("SOHO") and 35 units of shop lots	Construction activities commenced in December 2023

SUSTAINABILITY STATEMENT
(CONT'D)

Governance structure

The Group's governance structure to manage and monitor sustainability matters (including risks and opportunities) remained the same as the previous year, where the delineation of roles and responsibilities of the Board and Management are summarised as follows:



Consisting of two (2) Executive Directors, five (5) Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Director, the Board¹ 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 ARMC¹ 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 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 on a quarterly basis

Note¹: The composition of the Board and ARMC specified is as at 31 December 2023

SUSTAINABILITY STATEMENT (CONT'D)

Stakeholder 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 a review on the stakeholder prioritisation exercise, where key stakeholders to the Group, considering the influence and dependency of the stakeholders to our Group, remained the same. The key stakeholders and the methods of engagement are as follows:

Stakeholder Group	Engagement Method	Frequency	Relevant MSM
Customers	After sales service	Ongoing	<ul style="list-style-type: none"> Product quality and innovation Water Energy Data privacy & security Responsible development
	Defect liability period	Ongoing	
Employees	Periodic discussions	Ongoing	<ul style="list-style-type: none"> Diversity & inclusivity Occupational safety & health Anti-corruption
	Performance appraisal	Annually	
Shareholders	Annual General Meeting	Annually	<ul style="list-style-type: none"> Economic performance Product quality and innovation
	Interim results	Quarterly	
	Company website	Ongoing	
Investors and lenders	Meeting	Periodic	<ul style="list-style-type: none"> Economic performance
Government/regulators	Meeting	Periodic	<ul style="list-style-type: none"> Occupational safety & health Anti-corruption Data privacy & security Responsible development
	Written communication	Periodic	
Local communities	Charity events	Occasional	<ul style="list-style-type: none"> Procurement practices Community investment
Consultants/contractors	Meeting	Periodic	<ul style="list-style-type: none"> Product quality and innovation Occupational safety & health Responsible development
Media	Media advertising	Occasional	<ul style="list-style-type: none"> Economic performance

SUSTAINABILITY STATEMENT
(CONT'D)

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; and
- the matter falls under the common material sustainability matters as set out in Annexure PN9-A of the Listing Requirements.

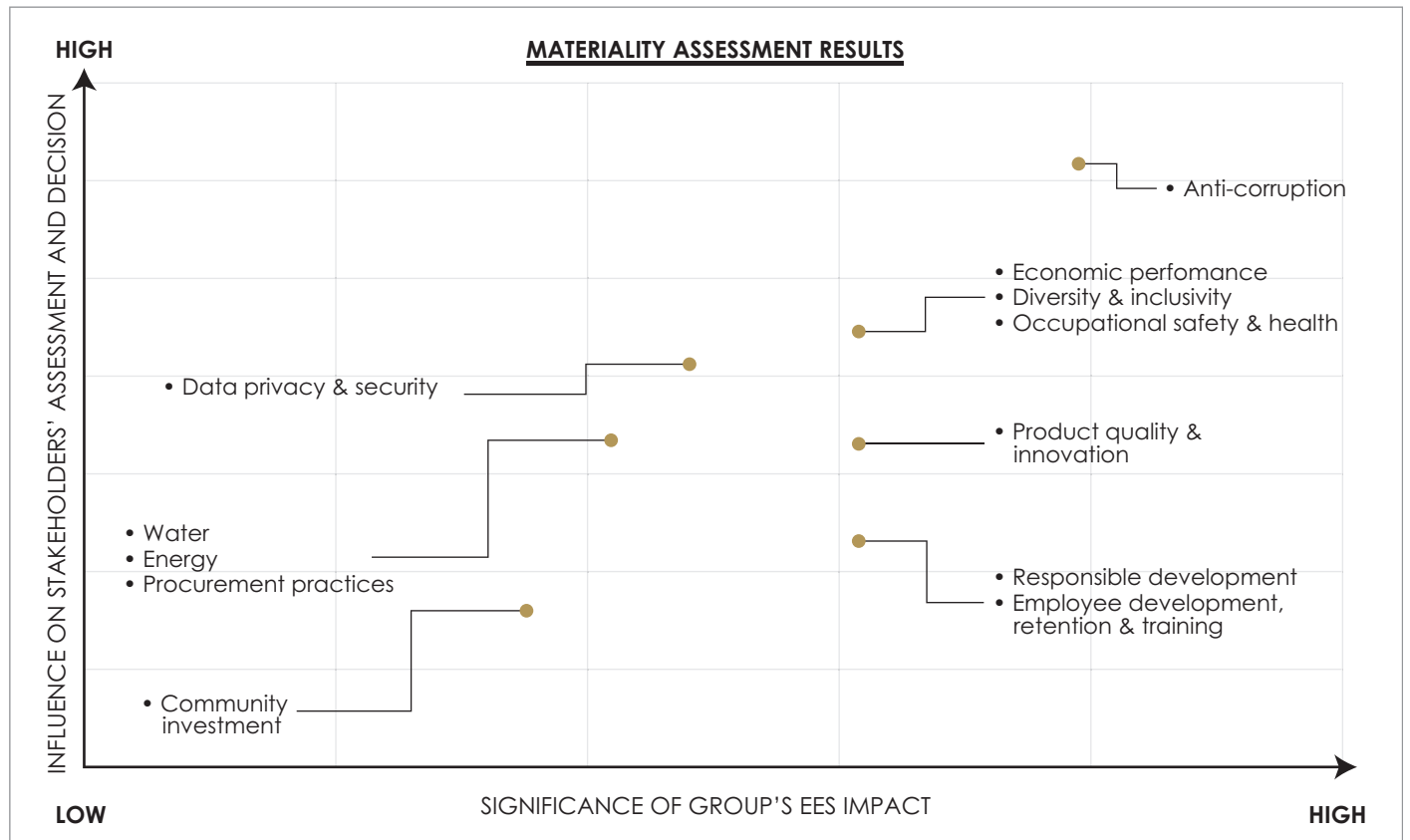
The materiality assessment approach is summarised as follows:



SUSTAINABILITY STATEMENT (CONT'D)

Materiality Assessment (Cont'd)

The results of the materiality assessment review are summarised as follows:



In comparing the materiality assessment results above with the previous financial year's, there were changes as follows:

- "Innovation" has been renamed to "Product quality and innovation", expanding the coverage of this MSM; and
- "Responsible development", "community investment" and "employee development, retention and training" are new additions to the MSM in FY2023.

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 and in the preceding financial year, the Group's proportion of spending on local suppliers are as follows:

	FY2023	FY2022
Proportion of spending on local suppliers	100%	100%

SUSTAINABILITY STATEMENT (CONT'D)

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.

- Property and construction

The Group has a target revenue of RM69,934,226 for FY2023, and registered the following revenue for the past three (3) financial years:

	FY2023	FY2022	FY2021
Revenue (RM)	65,450,346	16,164,740	25,349,198
Budget (RM)	69,934,226	28,455,332	-

The Group achieved an outstanding performance in FY2023, demonstrating a remarkable surge in revenue to RM65.45 million, representing an exceptional growth of 304.90% compared to RM16.16 million recorded for FY2022.

A key driver behind this significant revenue increase was the recognition of sale revenue from Bumiputra units in Project Desa 88, which played a pivotal role, contributing approximately 71% of the total revenue.

The growth was further fuelled by the recognition of progressive billing for the sold units in Project Sentrio. This encompasses both Bumiputra and International units, demonstrating sustained sales momentum and effective project management practices.

However, despite the outstanding performance in FY2023, the actual revenue slightly fell short of the budget amount, as several units initially budgeted to be recognised in FY2023 was only recognised in early FY2024.

Product quality and innovation

To be appealing to prospective homebuyers, we have introduced a new property concept, focused on being affordable and at the same time capitalised on the "new norm" market trend of SOHO, embedding the 3-in-1 concept of flexibility of home, home office and office set-up. Other than providing the co-working and meeting facilities, the SOHO (i.e. A SOHO Johor Jaya) 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, comprised a mixed development consisting of 474 units of SOHO and 35 units of shoplots. This project is anticipated to have a GDV of RM239.69 million and a Gross Development Cost ("GDC") of RM193.00 million. Construction for A SOHO Johor Jaya commenced in December 2023, with the targeted completion expected by the fourth quarter of 2027. In alignment with the project's timeline, an official launch is planned for the second quarter of 2024, marking the initial phase of our sales and marketing endeavours for this exciting new development.



Gross Development Value
RM239.69 million



Gross Development Cost
RM193.00 million

SUSTAINABILITY STATEMENT (CONT'D)

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:

- **Head office and sale gallery**

At our head office and sales gallery, water consumption is kept to a minimum, primarily utilised for washrooms and pantry facilities. However, we are committed to promoting water conservation practices among our employees by reminding our employees periodically about the importance of water conservation and encourage them to adopt responsible water usage habits. This includes actions such as closing the water tap when not in use and reporting any leak or wastage promptly.

Water Consumption Metrics for FY2023

- Head Office: Less than 35m³ every month or less than 420m³ for FY2023¹
- Sales Gallery: 16m³ (Note: The sales gallery was only operational in December 2023, hence the minimal water usage)

Our efforts to conserve water aligned with our broader commitment to sustainability and responsible resource management. By promoting water conservation practices within our organisation, we strive to minimise our environmental footprint and contribute to the preservation of precious water resources.

We are continually exploring ways to enhance our water conservation efforts and identify opportunities for further efficiency gains. Through ongoing monitoring and employee engagement, we aimed to optimise our water usage practices and make a meaningful contribution to sustainable development.

- **Property and construction**

We have identified that the major area for significant water consumption at our A SOHO Johor Jaya 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.

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:

- **Head office**

The Group recognised energy consumption as a key sustainability impact to manage, particularly at our head office. Primary sources of energy consumption include office equipment, air conditioning systems, and lighting for both office and sales gallery spaces. To effectively manage energy consumption, we have implemented various initiatives aimed at promoting energy conservation among our employees.

¹ The water bill indicate usage as "less than 35m³" for all months in FY2023

SUSTAINABILITY STATEMENT (CONT'D)

Energy (Cont'd)

We encouraged and periodically remind our employees to adopt energy-saving practices, such as switching off lights and air conditioning systems when not in use, and unplugging devices to minimise standby power consumption. Additionally, when procuring new office equipment, we consider not only the quality and cost but also the energy efficiency of the equipment. We prioritised the selection of energy-efficient models whenever possible to reduce overall energy consumption.

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

	Target	FY2023	FY2022	FY2021
Head office	≤ 50,000 kWh	53,603 kWh	43,146 kWh	35,446 kWh
Number of employees (as of 31 December)	-	19	17	-
Energy Intensity (per employee)	-	2,821 kWh	2,538 kWh	-

The notable increased in energy consumption during FY2023 can be attributed to two main factors: the renovation undertaken at the head office during the year and the increased in the number of employees. Despite our ongoing efforts to conserve energy, the renovation activities necessitated increased energy usage, contributing to higher consumption levels. Additionally, the increased in the number of employees further contributed to the rise in energy consumption during FY2023.

Conversely, the lowest consumption among the three comparative years, observed in FY2021, was a result of reduced staff presence in the office during the Movement Control Order (MCO) period. With most employees working remotely from home, the office experienced decreased operational activities and energy usage during this period.

Moving to FY2022, the consumption level of 43,146 kWh reflected the resumption of normal operational activities following the full return to work from the office. Despite our continued efforts to conserve energy, the increased in operational activities contributed to a slight uptick in energy consumption compared to the previous year.

While FY2023 consumption exceeded the target of 50,000 kWh, management remained committed to energy conservation efforts. Periodic reminders and ongoing initiatives will continue to reinforce the importance of conserving energy and striving towards achieving our targets.

SUSTAINABILITY STATEMENT (CONT'D)

- **Sales gallery**

The energy consumption at our new sales gallery primarily stems from the operation of air conditioning systems, lighting fixtures, and office equipment such as laptops, computers, and photocopiers. These essential components contribute to the overall energy usage within the sales gallery as follows:

	Target	FY2023
Sales gallery	-	1,843 kWh
Number of employees stationed in head office as at 31 December	-	3
Energy Intensity (per employee)	-	614 kWh

Due to unforeseen circumstances, we did not initially set a target for FY2023 as the new sales gallery was brought into use earlier than anticipated to facilitate preparatory work for the official launch.

As part of our commitment to sustainability, we will continue to assess and improve our energy management practices in the new sales gallery. By prioritising energy efficiency and conservation, we aim to reduce our environmental footprint and contribute to a more sustainable future.

- **Property and construction**

At our A SOHO Johor Jaya project, we have identified the common areas as a significant area for energy consumption. These areas include corridors, walkways, streets, car parking bays, landscaping, and signage, all requiring electricity for lighting purposes.

To address this challenge and align with our commitment to environmental sustainability, we have integrated an innovative solution into the project design: the Renewable Solar Energy system. This system harnesses the power of sunlight through solar panels installed within the project premises. The solar panels absorb sunlight and convert it into electricity, which is then utilised to power the common area lighting.

By leveraging solar energy, we aim to significantly reduce the reliance on conventional electricity sources for common area lighting. This not only contributes to a greener environment but also helps lower electricity usage and charges for the building. As a result, homeowners can expect to benefit from reduced maintenance charges, reflecting the cost savings achieved through the implementation of the Renewable Solar Energy system.

We are proud to pioneer this environmentally friendly concept at the A SOHO Johor Jaya project, demonstrating our commitment to sustainable development and providing residents with a more eco-friendly and cost-effective living environment.

SUSTAINABILITY STATEMENT
(CONT'D)

Diversity and inclusivity

At Axteria, we firmly believe that diversity and inclusivity are not only ethical imperatives but also essential components of success and strength for any organisation. We recognise that a lack of diversity can lead to groupthink or blind spots, hindering innovation and growth.

In line with our value, Axteria practices meritocracy and unequivocally rejects all forms of discrimination, including those based on gender, age, ethnicity, religious beliefs, and other characteristics.

- **Equal Opportunity and Fair Treatment**

All employees at Axteria are treated with equal respect and consideration, regardless of their tenure, gender, race, religion, or marital status. We are committed to providing equal opportunities for career progression and promotion, based solely on merit and performance.
- **Cultivating a Culture of Inclusivity**

We have fostered a culture of diversity and inclusivity across the Group to ensure that every employee feels supported, accepted, respected, and safe in their work environment. Our commitment to diversity extends beyond mere compliance with regulations—it is embedded in our organisational DNA.
- **Ethical Conduct and Whistleblower Protection**

Axteria maintains a zero-tolerance policy towards any form of misconduct or violation of our regulations. We encourage employees to speak up and report any concerns they may have regarding unethical behaviour or wrongdoing. Employees can raise their concerns with their respective Department Head or Human Resources Department. In serious cases or when confidentiality is a concern, employees may utilise our whistleblower protection policy. This policy extends to external stakeholders as well.

We are dedicated to upholding the highest standards of ethical conduct and ensuring the well-being and integrity of our employees and stakeholders. Any reports of misconduct will be thoroughly investigated, and appropriate actions will be taken to address and remedy the situation effectively.

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

By gender - Directors			
Gender	FY2023	FY2022	FY2021
Male	6	5	6
Female	2	1	1

SUSTAINABILITY STATEMENT
(CONT'D)

Diversity and inclusivity (Cont'd)

By gender - Employees					
Designation	Gender	Target (For FY2023)	FY2023	FY2022	FY2021
Senior management	Male	2	2	3	1
	Female	1	1	1	1
Management	Male	3	2	2	3
	Female	2	0	0	1
Non-management office staff	Male	2	3	0	0
	Female	18	16	13	10
Site supervisors / managers	Male	4	3	1	3
	Female	0	0	0	0
Total		32	27	20	19

By age group - Directors			
Age	FY2023	FY2022	FY2021
≤ 30	0	0	0
31 – 40	2	3	3
41 – 50	1	1	2
> 50	5	2	2

SUSTAINABILITY STATEMENT (CONT'D)

By age group - Employees					
Designation	Age	Target (For FY2023)	FY2023	FY2022	FY2021
Senior management	≤ 30	0	0	0	0
	31 – 40	1	1	1	1
	41 – 50	1	1	1	1
	> 50	1	1	2	0
Management	≤ 30	0	0	0	2
	31 – 40	1	0	1	1
	41 – 50	3	1	1	1
	> 50	1	1	0	0
Non-management office staff	≤ 30	8	8	3	3
	31 – 40	8	8	6	5
	41 – 50	4	2	4	2
	> 50	0	1	0	0
Site supervisors/ managers	≤ 30	0	1	0	0
	31 – 40	2	0	0	0
	41 – 50	2	2	1	1
	> 50	0	0	0	2
Total		32	27	20	19

Employee Development, Retention and Training

At Axteria, we firmly believe and recognise that our employees are integral to our success. As such, we are committed to retaining talent and continuously enhancing the skill and capabilities of our workforces.

- **Competitive Compensation and Benefits**

We offer competitive compensation packages and comprehensive benefits to ensure that our employees feel valued and rewarded for their contributions.

- **Career Growth Opportunities**

Axteria provides abundant opportunities for career advancement and professional growth. We prioritise internal promotions and lateral moves, enabling employees to explore diverse roles and expand their skill sets within the organisation.

- **Training and Development Programs**

We organise a variety of training and development programs, both in-house and external, to equip our employees with the knowledge and skills necessary for success in their roles. These programs cover a wide range of topics, including technical skills and soft skills enhancement.

SUSTAINABILITY STATEMENT
(CONT'D)

Employee Development, Retention and Training (Cont'd)

- **Mentorship and Coaching**

Axteria fosters a culture of mentorship and coaching, where experienced employees mentor and guide their peers to support their professional growth and development.

- **Performance Feedback and Reviews**

Regular performance feedback and reviews are conducted to identify areas for improvement and development opportunities. This feedback-driven approach ensures that employees receive constructive guidance and support in their career progression.

By prioritising these employee development, retention, and training initiatives, Axteria aims to cultivate a supportive and nurturing work environment where employees can thrive and contribute to the long-term success of the organisation.

The statistics of our employees for FY2023 are as follows:

Employee type	%
Permanent employee	100
Contractors or temporary staff	0

Designation	No. of employee turnover	% of employee turnover ²	No. of new hires
Senior management	1	25%	1
Management	0	0%	1
Non-management office staff	13	100%	18
Site supervisors / managers	0	0%	2

To enhance the skills and capabilities of our employees, Axteria invested in various external training programs during FY2023. These programs were conducted by reputable training providers and covered a range of topics including:

- Anti-Bribery and Anti-Corruption Training;
- Corruption Risk Assessment Workshop;
- Sustainability Awareness Training;
- Sustainability - Materiality Assessment Workshop;
- Masterclass in Consultative Selling & Negotiation Selling for Property Sales Consultants; and
- Preparation and Presentation of Consolidated Financial Statements.

The total hours of external training attended by our employees during the year are as follows:

Designation	Total hours of training attended	Average hours of training attended per person
Senior management	42	14
Management	23	12
Non-management office staff	109	6
Site supervisors / managers	-	-

² Employee turnover is computed against the number of employees at the start of FY2023

SUSTAINABILITY STATEMENT (CONT'D)

Employee Development, Retention and Training (Cont'd)

In addition to external training, Axteria recognises the importance of internal knowledge sharing and continuous learning. Therefore, small group training and knowledge sharing sessions were also conducted by the respective departments internally during FY2023. These sessions provided opportunities for employees to learn from each other, exchange ideas, and stay updated on industry trends and best practices.

During the past three (3) financial years in FY2023, FY2022 and FY2021, there were no substantiated complaints concerning human rights violations recorded at the Group.

Occupational safety and health

The well-being of our employees is paramount at Axteria, and we are deeply committed to ensuring a safe, secure, and comfortable working environment for all.

To uphold this commitment, the Group has implemented a comprehensive Safety Policy that outlines our dedication to protecting the health and safety of our employees. This policy serves as a guiding framework for managing health and safety in our workplace, encompassing proactive measures to prevent accidents, mitigate risks, and promote overall well-being.

During the past three (3) financial years in FY2023, FY2022 and FY2021, there were no lost time incident and fatalities recorded at the Group.

Given the majority of our employees are office-based, formal training on health and safety standards was not conducted in FY2020 and FY2021. However, in FY2022, we took proactive measures by arranging for two employees from our project department to attend a Department of Safety and Health ("DOSH") recognised first-aid treatment course. This initiative aimed to ensure that we have properly trained first aiders, particularly crucial for employees visiting construction sites. As per DOSH regulations, these first aiders are required to undergo recertification once every three years, hence no further training was conducted in FY2023.

The employees attended training on health and safety standards in FY2021, FY2022 and FY2023 as shown below:

	FY2023	FY2022	FY2021
Number of employees trained on health and safety standards	-	2	-

In our property and construction division, safety and health responsibilities are primarily delegated to subcontractors. These subcontractors have established internal controls and ensure compliance with applicable rules and regulations, including the engagement of Safety Officers and the formation of Safety Committees.

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. Furthermore, the Group has also performed corruption risk assessment on all its business operations, to assess the risks levels of corruption in the Group.

SUSTAINABILITY STATEMENT
(CONT'D)Anti-corruption (Cont'd)

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 an Anti-Bribery and Anti-Corruption Policy, which was also published on our corporate website. 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. FY2023, FY2022 and FY2021, there were no confirmed or suspected cases of corruption noted in the Group.

Further to the above, the Group has set a target whereby employees categorised as Medium to High risks in relation to corruption due to the position they hold are to be trained on anti-bribery and anti-corruption. As of 31 December 2023, the percentage of employees who have received training on anti-corruption are as follow:



Zero Cases
Of suspected corruption in fy2023, fy2022 and fy2021

Designation	No. of employees	No. of employees categorised as Medium and High risk	% of employees trained on anti-corruption	% of Medium and High risk employees trained on anti-corruption
	(a)	(b)	Employee trained/ (a)	Employee trained/ (b)
Senior Management	3	2	67%	50%
Management	2	1	50%	0%
Non-management office staff	19	5	32%	60%
Site supervisors/ managers	3	3	0%	0%

The Group is committed to ensure that moving forward, all employees categorised as Medium and High risk will receive anti-bribery and anti-corruption related training.

Data privacy and security

The Group places a high priority on data privacy and information security, particularly in safeguarding private and confidential data. In our day-to-day operations, this encompasses various types of sensitive information, including employee data within the investment holding division, as well as personal and financial data of purchasers and project-related information such as costing and budget for development costs within the property and construction division.

SUSTAINABILITY STATEMENT (CONT'D)

To mitigate the risk of information leakage and uphold data privacy standards, we have implemented the following measures:

- **Centralised Data Processing and Storage**
Customer data is processed and stored centrally on our secure server. Access to this information is strictly limited to authorised personnel who require it for their respective roles.
- **Regular Access Review**
We conduct regular reviews of access rights for designated employees to ensure that they are aligned with their roles and responsibilities. This helps to prevent unauthorised access or misuse of authority.
- **Data Management Policies and Procedures**
Our data management practices are governed by comprehensive Management Information Systems ("MIS") policies and procedures. These include password policies, email policies, and internet usage policies, among others. These policies are designed to ensure the secure handling and protection of confidential information stored within our Information Technology (IT) systems.

For the past three (3) financial years, i.e. FY2023, FY2022 and FY2021, 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.

Community investment

In light of our commitment to strengthening our financial position and maximising shareholders' value, Axteria made the strategic decision not to allocate resources towards community investment initiatives in FY2023. Our primary focus during this period was on implementing measures to improve operational efficiency, and enhance financial sustainability.

While we recognise the importance of corporate social responsibility and community engagement, we believe that prioritising the stabilisation of our financial position is essential to ensure the long-term success and viability of our organisation. By directing our efforts towards improving profitability and generating sustainable returns for our shareholders, we aim to create a solid foundation for future growth and prosperity.

Although community investment activities were temporarily suspended, we remained committed to our corporate social responsibility objectives and plan to resume such initiatives when our financial position allows. We understand the significance of giving back to the communities in which we operate and remained dedicated to making a positive impact through socially responsible practices in the future.

SUSTAINABILITY STATEMENT (CONT'D)

Responsible development

At Axteria, we are deeply committed to responsible development practices that prioritising sustainability, environmental stewardship, and social impact. We believe that responsible development not only benefits our business but also contributes positively to the communities and environments in which we operate.

Responsible development, to us, entails several key components:

- **Environmental Sustainability:** Minimising our environmental footprint, conserving natural resources, and promoting eco-friendly practices throughout our operations.
- **Social Responsibility:** Fostering inclusive and equitable growth, supporting community development initiatives, and prioritizing the well-being of our stakeholders, including employees, customers, and local communities.
- **Economic Viability:** Balancing our growth objectives with the long-term economic health of our business, ensuring financial stability, and maximising value for our shareholders.

To achieve our responsible development targets, we plan to implement a range of internal controls, initiatives, and action plans:

- **Environmental Management Systems:** We intend to establish robust environmental management systems to monitor and mitigate our environmental impact. This will include developing energy conservation measures, waste reduction programs, and sustainable sourcing practices.
- **Stakeholder Engagement:** We aim to actively engage with stakeholders to understand their concerns and incorporate their feedback into our decision-making processes. This will ensure that our development projects align with the needs and expectations of the communities we serve.
- **Compliance and Ethical Standards:** We are committed to adhering to strict compliance and ethical standards, ensuring that our operations are conducted ethically, transparently, and in accordance with relevant laws and regulations.
- **Continuous Improvement:** We plan to continuously review and enhance our responsible development strategies, seeking out opportunities for innovation and best practices to further improve our performance.

While we have yet to implement these internal controls, initiatives, and action plans, we are dedicated to taking proactive steps towards responsible development in the near future. By setting clear targets and diligently working towards them, we aim to demonstrate our commitment to responsible development and contribute positively to the well-being of our stakeholders and the environment.

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.

ADDITIONAL COMPLIANCE INFORMATION

Additional Compliance Information

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

Conflict of Interests

None of the Directors have any conflict of interests (including potential situation) 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 undertook 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 and completed the listing and quotation of 213,660,000 Subscription Shares on 13 February 2023.

Additionally, the 10 million Redeemable Convertible Preference Shares ("RCPS") that issued in the third quarter of 2022 at RM0.10 per RCPS, were converted into 4,545,455 new ordinary shares on 5 April 2023.

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

Utilisation of Proceeds

A total of approximately RM26.7 million was raised through the share issuance exercise approved by the shareholders at the extraordinary general meeting held on 30 January 2023. This exercise was duly completed following the quotation and listing of 213,660,000 new ordinary shares on 13 February 2023.

On 10 August 2023, the Company proposed to undertake a private placement of up to 71,676,649 new ordinary shares in the Company ("Proposed Private Placement"), representing 10% of the total number of issued shares (excluding treasury shares) to third party investors. The Proposed Private Placement was approved by Bursa Securities vide its letter dated 16 August 2023. However, recognising the need for additional time to develop strategies for securing investors, among other the considerations, the Company successfully secured a four-month extension of time ("EOT") from Bursa Securities via its letter dated 6 February 2024, thus allowing the Company until 15 June 2024 to finalise the Proposed Private Placement. As of the date of this Annual Report, no proceeds have been raised through the Proposed Private Placement.

The details of the utilisation of proceeds as of 31 December 2023 are as follows:

(a) RCPS

Purpose	Intended timeframe for utilisation	Proposed Transfer utilisation (RM'000)	Balance to be raised as at 31 December 2023 (RM'000)	Amount raised in 2023 (RM'000)	Actual utilisation in 2023 (RM'000)	Balance to be raised as at 31 December 2024 of proceeds (RM'000)
Financing of existing property development projects	Within 3 years	48,000	5,400	-	-	5,400
Financing of future property development projects	Within 3 years	24,000	24,000	-	-	24,000
Working capital	Within 3 years	3,000	-	-	-	-
Expenses relating to RCPS	Within 5 years	5,000	1,600	-	-	1,600
Total		80,000	31,000	-	-	31,000

ADDITIONAL COMPLIANCE INFORMATION
(CONT'D)

(b) Shares Issuance completed on 13 February 2023

Purpose	Intended timeframe for utilisation	Proposed utilisation (RM'000)	Actual utilisation in 2023 (RM'000)	Balance to be utilised (RM'000)
Financing of property development and construction projects	Within 24 months	20,408	(20,408)	-
Working capital		6,000	(6,000)	-
Defraying estimated expenses for the Shares Issuance		300	(300)	-
Total		26,708	(26,708)	-

(c) Proposed Private Placement

Purpose	Intended timeframe for utilisation	Proposed utilisation (RM'000)	Actual amount raised in 2023 (RM'000)	Actual utilisation in 2023 (RM'000)	Balance to be utilised (RM'000)
Financing of property development and construction projects	Within 24 months	9,175	-	-	9,175
Working capital	Within 12 months	2,000	-	-	2,000
Defraying estimated expenses for the Shares Issuance	Within 2 months	150	-	-	150
Total		11,325	-	-	11,325

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.

ADDITIONAL COMPLIANCE INFORMATION (CONT'D)

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 follow:

	The Group RM	The Company RM
Audit fees	156,000	40,000
Non-audit fees	43,500	6,000
Other services	5,000	5,000

The non-audit fees primarily encompassed tax compliance and advisory services, whereas the other services provided solely consisted a review on the Statement of Risk Management and Internal Control.

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

There are no other 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.

AUDIT AND RISK MANAGEMENT COMMITTEE (“ARMC”) REPORT

THE BOARD OF DIRECTORS (the "Board") of Axteria Group Berhad (the "Company") is pleased to present the ARMC Report of the for the financial year ended 31 December ("FY") 2023 and up to the date of the Annual Report 2023 ("Annual Report").

COMPOSITION

During the financial year under review, the ARMC comprises three (3) members, all of whom are Independent Non-Executive Directors and 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") and Practice 9.4 under Principle B of the Malaysian Code on Corporate Governance 2021 Edition ("MCCG").

Ng Lee Thin
Chairperson

Kevin Low Ee Ming
Member
(Appointed on 2 May 2023)

Yap Yung Chien
Member
(Appointed on 2 May 2023)

Mok Juan Chek
Member
(Resigned on 2 May 2023)

The ARMC Chairperson is Ng Lee Thin, who is a member of the Malaysian Institute of Certified Public Accountants. She fulfills the financial expertise criterion as required under Paragraph 15.09(1)(c)(i) of the Listing Requirements of Bursa Securities, which requires at least one (1) Member of the Audit Committee to be a qualified accountant.

AUTHORITY, DUTIES AND RESPONSIBILITIES

The ARMC is guided by its Terms of Reference ("ToR") in performing its duties and discharging its responsibilities which is available on the Company's website at <https://agb.my/>.

MEETINGS

The ARMC meets on a quarterly basis. There was a total of five (5) ARMC meetings during the financial year and details of attendance are as follows:

Name of ARMC Members	Designation	No. of Meetings Attended
Ng Lee Thin	Chairperson	5/5
Kevin Low Ee Ming (Appointed on 2 May 2023)	Member	3/3
Yap Yung Chien (Appointed on 2 May 2023)	Member	3/3
Mok Juan Chek (Resigned on 2 May 2023)	Member	2/2

AUDIT AND RISK MANAGEMENT COMMITTEE (“ARMC”) REPORT (CONT’D)

The ARMC Chairperson together with the ARMC Members play an active role in engaging with the Management, Group Managing Director (“MD”), Executive Director(s) (“ED”), internal auditors and the external auditors. The MD, ED and relevant responsible Management members were invited to the meetings to facilitate direct communication and provide clarification on audit issues and the Company’s operations. The internal auditors and external auditors attended the meetings to present their respective reports. The discussion of each meeting was tabled to and noted by the Board. The ARMC Chairperson reports to the Board on the main findings raised by the external auditors and significant concerns raised by the internal auditors in the respective quarterly presentations, as well as the deliberations of the ARMC Meeting 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 COMPLIANCE

- Reviewed the unaudited quarterly financial statements audited financial statements before submission to the Board for approval, focusing particularly on:
 - a) changes in or implementation of major accounting policies and practices;
 - b) significant matters highlighted including financial reporting issues, significant judgements made by management, significant and unusual events or transactions, and how these matters are addressed;
 - c) compliance with accounting standards and other legal requirements; and
 - d) the going concern assumption;
- Reviewed and deliberated related party transactions and conflict of interest situation, if any that may arise within the Company, including any transaction, procedure or course of conduct that raises question of the Management’s integrity;
- 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 Group’s Anti Bribery and Anti-Corruption Policy and Whistleblower Policy and be satisfied that no complaint was received via the whistleblowing channel during the financial year under review; and
- Reviewed the extent of the Company’s application of the Practices enshrined under the three (3) principles of the MCCG, including the appropriateness of alternative practices deployed by the Board to achieve the intended outcomes as set out in the MCCG.

2. EXTERNAL AUDIT

- Reviewed the Audit Planning Memorandum for FY 2023 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, identified significant areas and impact on financial matters based on observations made during both interim and final audits;
- Conducted 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;
- 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 their re-appointment and remuneration to the Board; and
- Reviewed any matters concerning the appointment and re-appointment and any questions of resignation, dismissal or removal of the external auditors.

AUDIT AND RISK MANAGEMENT COMMITTEE ("ARMC") REPORT (CONT'D)

3. INTERNAL AUDIT AND RISK MANAGEMENT

- Reviewed the outsourced internal audit plans for the financial year under review to ensure adequacy of scope and comprehensiveness of coverage over the activities of the Group and be satisfied that the methodology employed allows the identification, analysis, assessment, monitoring and communication of risks in a regular manner that will allow the Company to minimise losses and maximise opportunities;
- 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 any appraisal or assessment of the performance and to approve any appointment, resignation or termination of the outsourced internal audit service provider;
- Reviewed the risk register and the risk profiles of each key risk area as updated by business units;
- Evaluated the Group's overall system of internal control and the scope of the internal audit function to ascertain its adequacy in providing relevant assurance on the effectiveness of the Company's governance, risk and control processes, in accordance with the standards outlined in the Statement of Risk Management and Internal Controls; and
- Reviewed the risk management processes to assess compliance with established internal policies, standards, plans and procedures and recommended improvement for identified areas based on insights gleaned from internal and external auditors, as well as consultations with the ARMC.

EVALUATION OF THE ARMC

For the financial year under review, the performance of the ARMC and its members was evaluated through an ARMC evaluation and ARMC members' self and peer evaluation conducted by members of the ARMC. The Board, through the Nomination Committee ("NC"), reviewed the results of such assessments, including the terms of office.

The Board is satisfied that the ARMC and its members have discharged their functions, duties and responsibilities in accordance with its ToR.

INTERNAL AUDIT FUNCTION

The internal audit function of the Company is outsourced to Matrix Corporate Consultancy Sdn Bhd ("Matrix"), an independent consulting firm whose main role is 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. Matrix has no line of responsibility or authority over any operational or administrative function and is independent of the activities it audits.

The internal audit function is led by Edrian Syamsuar, 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 independence of Matrix is reviewed on a yearly basis. Matrix had confirmed to the ARMC on its independence and was 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) Formulation of and agreement with the ARMC on the risk-based internal audit plan that is consistent with the Company's objectives and goals;
- 2) Formulation of the Enterprise Risk Management Policy Statement and Framework; and
- 3) Conduct of follow up reviews on the past findings raised.

The total cost incurred on the outsourced internal audit function for the financial year under review was approximately RM24,400 during the financial year ended 31 December 2023 (FY 2022: RM33,900).

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 shareholders' 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 2023 and other statements in the Annual Report, namely Statement on Risk Management and Internal Control, Audit and Risk Management Committee (or "ARMC") Report, and the Sustainability Report of the Company which is accessible on the Company's website at <https://agb.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.

The Directors of the Board are selected on a diversity of experience which directly benefits the operation of the Board as well as on the criteria of proven skill and ability in their particular field of endeavour. The full biography of each Board member is provided on pages 24 to 28.

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 owes the fiduciary duties to the Company and, while discharging its duties and responsibilities, shall individually and collectively exercise reasonable care, skill and diligence at all times.

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://agb.my/>. The Board Charter was last updated in April 2024, in tandem with changes to regulatory requirements (if any), with final approval by the Board.

The Board reserves full decision-making powers, amongst others, on the following matters (save to the extent that the Board resolves that determination and/or approval of any such matter shall be delegated to the Committees of the Board of Management):

- Conflict of interest issues relating to a substantial shareholder or a Director;
- Material acquisitions and disposals of undertakings and properties not in the ordinary course of business;
- Material investments in capital projects;
- Annual budgets (including major capital commitments);
- Material corporate or financial exercise/restructuring;
- Declaration of Dividend and Directors' fee and benefits; and
- Annual and interim results.

The Board is free to alter the matters reserved for its decision, subject to the limitations imposed by the Constitution of the Company and the applicable law.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

Chairman and Managing Director

There is a clear separation of duties and responsibilities of the Chairman of the Board and the Group Managing Director ("MD") to ensure a balance of power and authority. The difference in the roles of Chairman and MD provides a clear segregation of responsibility and accountability. 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 MD, assisted by his fellow Executive Director ("ED"). 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 (or "NC"), 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 Board is supported by a qualified Company Secretary and all Directors have unlimited direct access to the professional advice and services of the Company Secretaries as well as access to all information within the Company whether as a full board or in their individual capacity.

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.

Board Delegation

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

The Chairman of the respective Board Committees reports the outcome of the Board Committee Meetings to the Board, and if required, further deliberations are made at Board level.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

Audit and Risk Management Committee

The ARMC 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 ARMC also reviews, comments and present the quarterly financial results and year end results for approval of the Board.

A full ARMC Report enumerating its membership, terms of reference and summary of activities is set out on pages 51 to 53 of the 2023 Annual Report ("Annual Report").

Remuneration Committee

The RC is responsible to review and recommend remuneration packages and employment policies applicable to the Chairman, MD, ED and senior executives.

Nomination Committee

The duties and functions of the NC 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 roles of the Investment Working Committee encompass the following: -

- 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.

Board Composition and Leadership

The MCCG emphasise 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, comprising one (1) Non-Independent Non-Executive Director, one (1) MD, one (1) ED, and five (5) 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. The current Board composition, also complies with Practice 5.2 of the MCCG where at least half the Board is to comprise of independent directors.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

The Company appreciates the spirit of the MCCG where the Board is encouraged to incorporate the new dimensions of a composition of majority independent directors into the decision-making processes. To this extent, the Company has improved on the ratio of Independent Directors to Non-Independent Directors and maintained at 5:3 since the financial year ended 31 December 2022. The achievement of the 5:3 ratio reflects the earnestness of the Company to advance nearer to the intended application of the MCCG. The Board has reviewed this alternative practice to achieve the intended outcome for Board decisions to be made objectively in the best interest of the Company taking into account diverse prospective and insights.

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 MD and ED are complemented by the experience and independent views of the Independent Non-Executive Directors who are professionals in their respective fields. The Independent Non-Executive Directors act independently from Management and do not participate in the Company's business dealings to ensure that they handle any conflict of interest situation and all proceedings of the Board effectively through a system of independent checks and balances. The age of the Directors ranges from 33 to 67 as the Board believes that this creates an environment where each generation brings different skills, experience and talents to the Board.

The Chairman of the Board, Mr. Mok Juan Chek, is the Senior Independent Non-Executive Director to whom concerns relating to the Company may be conveyed by the Directors, shareholders and other stakeholders.

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 2024 and taking into account the scope and nature of its operations, the Board believes that its present composition represents an appropriate balance of Executive and Non-Executive Directors to achieve the promotion of shareholder interests and effective governance of the business, and yet allow for effective decision making. For the Independent Non-executive Directors of the Company, the Board views that they have the vast experience in a diverse range of business to provide constructive opinion and exercise independent judgement.

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 MD 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 advise at the Group's expense.

Conduct of 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.

Board and Board Committees meeting papers accompanying notes and explanations for agenda items were sent to the Directors at least seven (7) days before the meeting. Time is allocated for Directors to raise other matters not covered by the formal agenda.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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*	5/5	2/2	3/3	3/3
Yee Wei Meng (Resigned on 31 October 2023)	4/4	N/A	N/A	N/A
Ng Lee Thin^	5/5	5/5	4/4	4/4
Dato Abdullah Bin Abdul Mannan	5/5	N/A	N/A	N/A
Woo Wai Onn @ Foo Wai Onn	5/5	N/A	N/A	N/A
Kevin Low Ee Ming	4/4	3/3	N/A	N/A
Yap Yung Chien	4/4	3/3	1/1	1/1
Yau Yin Wee^	4/4	N/A	2/2	2/2
Tee (Tay) Eng Joo (Appointed on 1 August 2023)	2/2	N/A	N/A	N/A

Remarks:

* *Chairman of the Board*

^ *Chairperson of the Board Committee(s)*

All proceedings, deliberations and conclusions of the Board Meetings are clearly recorded in the minutes of meetings, confirmed and signed as correct records by the Chairman of the Meeting. The Board also exercises control on routine matters that require the Board's approval through the circulation of Directors' Resolutions in writing as allowed under the Company's Constitution. Minutes of each Board and Board Committees Meeting are circulated to the members of the Board/Committee as soon as practicable for perusal prior to confirmation of the minutes at the following meetings.

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.

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://agb.my/>.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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://agb.my/>

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 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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.

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 ToR 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 ("AGM") 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 MD 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://agb.my/>.

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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 situation 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 ToR of the Board Committees.

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 job training and exposure.

CORPORATE GOVERNANCE
OVERVIEW STATEMENT (CONT'D)

Directors' Training

All Directors are committed to attending the Mandatory Accreditation Programme (MAP) Part II as mandated by the Listing Requirements within the timeframe prescribed by the Listing Requirements. Additionally, newly appointed Directors also undergo a comprehensive orientation programme, which includes guided project site visits led by the ED and senior management.

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
Mok Juan Chek	Post Budget Talk 2023	6 February 2023
	Crisis Management – A guide for Board members	22 March 2023
	A Dialogue with Bursa Malaysia - FTSE4Good Rating for all PLCs	14 April 2024
	Malaysia Market and SG Growth Investment	19 April 2024
	Investment Opportunities in 2H 2023	22 June 2023
	RHB Small Cap Top 20 Jewels	1 July 2023
	Macro Economic Outlook 2H 2023-Navigating high inflation and interest	6 July 2023
	ESG Training for Directors and Senior Management	21 August 2023
	Advocacy Sessions for Directors and CEOs of Main Market Listed Issuers	22 August 2023
	Asia Pacific Opportunities	24 August 2023
	Mandatory Accreditation Programme Part II: Leading for Impact (LIP)	4 September 2023 to 7 September 2023
	Anti-Bribery and Anti-Corruption Training	14 September 2023
	Corruption Risk Assessment Workshop	15 September 2023
	Sustainability Awareness Training	22 September 2023
	ESG Training for Directors and Senior Management	22 September 2023
Sustainability - Materiality Assessment Workshop	29 September 2023	
Global Economic outlook for 2024	8 November 2023	
Dato Abdullah Bin Abdul Mannan	MAP Part I	31 May 2023 to 2 June 2023
Woo Wai Onn @ Foo Wai Onn	MAP Part I	31 May 2023 to 2 June 2023
	Advocacy Sessions for Directors and CEOs of Main Market Listed Issuers	12 September 2023
Tee (Tay) Eng Joo	MAP Part I	9 October 2023 to 10 October 2023
	Advocacy Sessions for Directors and CEOs of Main Market Listed Issuers	2 August 2023
	Anti-Bribery and Anti-Corruption Training	14 September 2023
	Corruption Risk Assessment Workshop	15 September 2023
	Sustainability Awareness Training	22 September 2023
Sustainability - Materiality Assessment Workshop	29 September 2023	

CORPORATE GOVERNANCE
OVERVIEW STATEMENT (CONT'D)

Directors	Training attended	Date of Training
Ng Lee Thin	MAP Part II:	13 September 2023 to 14 September 2023
	Leading for Impact (LIP)	
	Corruption Risk Assessment Workshop	15 September 2023
	Sustainability Awareness Training	22 September 2023
	Sustainability - Materiality Assessment Workshop	29 September 2023
Kevin Low Ee Ming	MAP Part I	31 May 2023 to 2 June 2023
	Anti-Bribery and Anti-Corruption Training	14 September 2023
	Corruption Risk Assessment Workshop	15 September 2023
	Sustainability Awareness Training	22 September 2023
	Case Study-Based MFRS Webinar: Statement of Cash Flows: Preparation and Presentation using MS Excel Spreadsheets	1 December 2023
	MIA Webinar Series: Preparation and Presentation of Consolidated Financial Statements	11 December 2023 to 12 December 2023
Yap Yung Chien	MAP Part I	31 May 2023 to 2 June 2023
	Advocacy Sessions for Directors and CEOs of Main Market Listed Issuers	17 August 2023
	Anti-Bribery and Anti-Corruption Training	14 September 2023
	Corruption Risk Assessment Workshop	15 September 2023
	Sustainability Awareness Training	22 September 2023
	Sustainability - Materiality Assessment Workshop	29 September 2023
Yau Yin Wee	MAP Part II: LIP	19 September 2023 to 20 September 2023
	A New Strategy & Risk Approach - Out With The Old, in With the New	12 October 2023
	Advocacy Sessions for Directors and CEOs of Main Market Listed Issuers	17 August 2023
	Anti-Bribery and Anti-Corruption Training	14 September 2023
	Corruption Risk Assessment Workshop	15 September 2023
	Sustainability Awareness Training	22 September 2023
	Sustainability - Materiality Assessment Workshop	29 September 2023
Yee Wei Meng	Anti-Bribery and Anti-Corruption Training	14 September 2023
	Corruption Risk Assessment Workshop	15 September 2023
	Sustainability Awareness Training	22 September 2023

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

Directors Remuneration

The RC has been entrusted with discharging remuneration strategies as defined in its ToR which can be referred to on the Company's website at <https://agb.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 four (4) times to review the principles and guidelines on directors' remuneration adopted by the Board and the levels of remuneration applied.

The ED 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 the MD, ED 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://agb.my/>.

Sustainability Governance

Every year the Company engages with its employees and stakeholders through range of platforms with the aim of hearing and understanding their concerns and expectations on economic, environment and social matters. As a way of upholding sustainable practices across its supply chain, the Company embeds its sustainability strategies across its supply chain establishing symbiotic collaboration with external stakeholders, e.g. vendors and sub-contractors.

The Board has sufficient understanding and knowledge of the sustainability issues that are relevant to the Company and its business and to discharge its role effectively. The Group had prioritised and focused on sustainability journey in business operations and areas relevant to them that elevated sustainability importance and increased scrutiny on how it manages and responds. The materiality assessment in financial year ended 31 December 2023 reflects the changes to the business and the external environment.

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 long-term objectives. The Board emphasises on strategic management of material sustainability risks and opportunities, which includes integration of Economic, Environmental, Social and Governance (EESG) factors in their decision-making process and in the Group's operations.

Through the review by the senior management, 12 material aspects were identified as high importance and those disclosures were derived into a matrix. The materiality matrix showcases the material disclosures based on its unique influence on the stakeholders and EESG impact to the Company. The materiality matrix was approved by the Board with the Material Sustainability Key Performance Indicators (KPI) being set 29 April 2024.

The Sustainability Statement of the Group for the financial year under review as set out on pages 30 to 37 of this Annual Report explains the Group's approach to sustainability and activities carried.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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 51 to 53 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 scrutinising 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 the external 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 the Audit and Risk Management Committee meetings. Management is present at such meetings to provide pertinent clarification or additional information to address questions raised by the 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 that allows management to monitor financial and operational performance on a continuing basis.

The Statement on Risk Management and Internal Control of the Group are set out on pages 68 to 72 of this Annual Report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

Internal Audit Function

During the financial year under review, 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 ARMC Report set out on pages 51 to 53 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. This includes conducting due diligence on any relevant parties or personnel such as Board members, employees, suppliers prior to entering into any formal relationship.

The Anti-Bribery and Anti-Corruption Policy is published on the Company's website at <https://agb.my/>.

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

Relations With Stakeholders

The Board recognises 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://agb.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.

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 24th AGM of the Company was conducted entirely on a fully virtual basis through the online meeting platform via TIH Online website at <https://tih.online> or <https://tih.com.my> on 30 May 2023. All the Directors were present virtually to engage directly with, and were accountable to, the shareholders on their stewardship of the Company. During the 24th AGM, shareholders participated in deliberating resolutions being proposed on the Group's operations in general. The Board 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 24th AGM were voted by poll and verified and supervised by an independent scrutineer appointed by the Company. The minutes of the 24th 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 24th AGM to enable shareholders and other stakeholders to be apprised of the entire proceedings of the 24th AGM.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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 MD and ED 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 2024

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 formalise a Sustainability Framework across the Group with the aim of identifying, evaluating, managing, reporting and monitoring material sustainability matters more holistically. Such initiatives had been rolled out in 2023, including the identification of targets for sustainability themes of EESG in the Groups' operations and action plans to bridge any performance gaps that may arise.

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. Among others, the Company has applied all the Practices encapsulated in the MCCG for the financial year ended 31 December 2023 except for:

- a) Practice 5.9 (At least 30% women directors)

The MCCG does provide that if the Board finds that it is unable to implement any of the Practices of the MCCG, the Board should apply a suitable alternative practice to meet the Intended outcome. In this respect, the Company has provided forthcoming and appreciable explanations for the departures from the said practices. The explanations on the departures are supplemented with a description on the alternative measures that seek to achieve the Intended outcome of the departed Practices, measures that the Company has taken or intends to take to adopt the departed Practices as well as the timeframe for adoption of the departed Practices. Further details on the application of each individual Practice of the MCCG are available in the Corporate Governance Report 2023.

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 29 April 2024.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Board of Directors ("BOD" or "Board") of Axteria Group Berhad (or the "Company") is pleased to present the following Statement on Risk Management and Internal Control ("Statement") for the financial year ended 31 December ("FYE") 2023, which has been prepared pursuant to Paragraph 15.26(b) of 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 under review.

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 are 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 of the Group 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.

Our risk management objectives are to:

- i. Integrate risk management into the culture of the organisation.
- ii. Manage risk in accordance with best practice and provide reasonable assurance regarding the achievement of the Group objective and maximise 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.

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

These objectives will be achieved by:

- i. Adopting processes, which demonstrate that risk management principles are being applied across the whole organisation.
- 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.

- 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") and Executive Director ("ED")

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 the ED and the designated senior officers at the Group level and the subsidiary level.

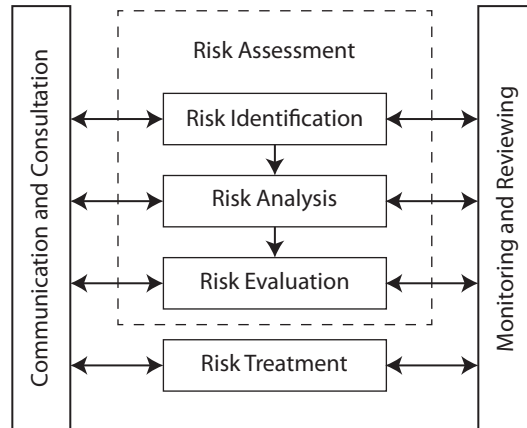
Risk Assessment Process

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 familiarise themselves with the concepts and the framework.

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

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

The Risk Assessment Process is as follows:



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.

In response to amendments to the Malaysian Anti-Corruption Commission Act 2009 ("MACC Act 2009") where a commercial organisation may be liable for acts of corruption committed by persons associated with the organisation from 1 June 2020 onwards, the Group has formalised in writing the relevant Anti-Bribery Anti-Corruption Policy based on the Guidelines on Adequate Procedures issued by the Minister in the Prime Minister's Department under Section 17A(5) of the MACC Act 2009. The Group's Anti-Bribery Anti-Corruption Policy has been disseminated to all employees and external parties which provide services for and on behalf of the Group. Details of the Anti-Bribery Anti-Corruption Policy can be accessed via the Group's website: <https://agb.my/wp-content/uploads/2023/04/Axteria-Anti-bribery-and-anti-corruption-policy.pdf>

Reporting

The Board entrusts the daily running of the operations to the MD, ED and the Management team. MD and ED hold their regular meetings at least once a month to discuss and review significant changes in business and external environment, especially prevailing and emerging risks affecting the Group.

Proposals for major expenditure and new investment by the Group are reviewed by the ARMC and approved by the Board. Post implementation reviews are conducted and reported to the Board, as needed.

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

MD and ED provide assurance 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. Follow-up reviews are also conducted by the Internal Audit function to evaluate the status of action plans implemented by Management to address the issues highlighted in preceding audit reports.

INTERNAL CONTROL FUNCTION

The Group has outsourced its internal audit function to a professional service provider 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 during FYE 2023 include Enterprise Risk Management Policy Statement and Framework.

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. Detailed reporting of operating results, statement of financial position and cash flows, which are regularly reviewed by Senior Management and financial results are reviewed quarterly by the ARMC and the Board and compared to budgets and forecasts.
- v. MD and ED as well as the Heads of Division meet regularly 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. Detailed annual business plan and budgets, consisting of business strategies, financial and operating targets, performance indicators and capital expenditure proposals, are prepared by individual operating units, which are tabled at operating unit level and the Board for deliberation and approval.
- viii. 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.
- ix. 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.

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

Key Processes (Cont'd)

Salient features of the key processes of the system of internal control of the Group are as follows: (Cont'd)

- x. 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.
- xi. The ARMC reviews the Recurrent Related Party Transactions undertaken by the Group (if any) at least twice a year.
- xii. 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.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

As required by paragraph 15.23 of the Bursa Securities Listing Requirements, the external auditors, Crowe Malaysia PLT, have conducted a review of the Statement for inclusion in the Annual Report of the Group for the financial year ended 31 December 2023 ("Annual Report"). As set out in their terms of engagement, the procedures were performed in accordance with the Audit and Assurance Practice Guide 3 ("AAPG 3"), Guidance for Auditors on Engagements to Report on Statement on Risk Management and Internal Control issued by the Malaysian Institute of Accountants.

Based on their procedures performed, the external auditors have reported to the Board that nothing has come to their attention that would lead them to believe that the Statement is not prepared, in all material respects, in accordance with the disclosures required by Paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, nor is it factually inaccurate.

However, AAPG 3 does not mandate the external auditors to assess whether the Statement comprehensively covers all risks and controls, nor are they required to form opinions on the adequacy and effectiveness of the Group's risk management and internal control system, including the assessments and opinions by the Board and Senior Management. Additionally, the external auditors are not required to evaluate whether the processes outlined to address significant internal control issues disclosed in the Annual Report will effectively remedy those issues.

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.

The Board has received assurance from the MD and the Chief Financial Officer that the risk management and internal control system is operating adequately and effectively in all material aspects, based on the risk management and internal control system of the Group.

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 strengthened in line with the changes and challenges in the business environment in which the Group operates in.

Notwithstanding this, the Board and Management maintain a firm commitment towards strengthening the Group's risk management and internal control system in tandem with emerging challenges faced by the Group.

This Statement is issued in accordance with 29 April 2024.



FINANCIAL STATEMENTS

| **074** Directors' Report | **080** Statement by Directors
| **081** Independent Auditors' Report | **086** Statements of Financial Position
| **088** Statements of Profit or Loss and Other Comprehensive Income
| **089** Statements of Changes in Equity | **091** Statements of Cash Flows
| **093** Notes to the 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 2023.

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)/Profit after taxation for the financial year	(984,094)	387,283
<hr/>		
Attributable to:- Owners of the Company	(984,094)	387,283
<hr/>		

DIVIDEND

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 issued and paid-up shares capital from RM164,479,262 to RM192,186,762 by way of:-
- (i) issuance of 213,660,000 new ordinary shares at RM0.125 each for a cash consideration of RM26,707,500 through private placement as disclosed in Note 18 to the financial statements; and
 - (ii) conversion of 10,000,000 redeemable convertible preference shares to 4,545,455 new ordinary shares as disclosed in Note 18 to the financial statements which amounted to RM1,000,000.

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

- (b) 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 2023, the Company held as treasury shares a total of 111,840 of its 716,878,330 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 there are no known bad debts and that no allowance for impairment losses on receivables is required.

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.

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
Tee (Tay) Eng Joo (Appointed on 1.8.2023)
Dato Abdullah Bin Abdul Mannan
Kevin Low Ee Ming
Mok Juan Chek
Ng Lee Thin
Yap Yung Chien
Yau Yin Wee
Yee Wei Meng (Resigned on 31.10.2023)

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 1.1.2023/ Date of Appointment	Bought	Sold	At 31.12.2023
The Company				
<i>Direct Interests</i>				
Woo Wai Onn @ Foo Wai Onn	11,368,900	174,900,000	-	186,268,900
Tee (Tay) Eng Joo	7,666,000	-	-	7,666,000
Dato Abdullah Bin Abdul Mannan	-	14,000,000	-	14,000,000
<i>Indirect Interests</i>				
Tee (Tay) Eng Joo *	6,000,000	-	-	6,000,000

* Deemed interested through spouse's shareholding in the Company.

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(b) 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	433,694	433,694
Salaries, bonuses and other benefits	422,991	50,800
Defined contribution benefits	41,800	-
	<hr/> 898,485	<hr/> 484,494

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 subsidiary name, place of incorporation, principal activities and percentage of issued share capital held by the Company in each subsidiary are disclosed in Note 5 to the financial statements.

The available auditors' reports on the financial statements of the subsidiaries did not contain any qualification.

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	176,000	60,000
Non-audit fees	5,000	5,000
	<hr/> 181,000	<hr/> 65,000

Signed in accordance with a resolution of the directors dated 29 April 2024.

Woo Wai Onn @ Foo Wai Onn

Tee (Tay) Eng Joo

STATEMENT BY
DIRECTORS

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

We, Woo Wai Onn @ Foo Wai Onn and Tee (Tay) Eng Joo, being two of the directors of Axteria Group Berhad, state that, in the opinion of the directors, the financial statements set out on pages 86 to 155 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 2023 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 29 April 2024.

Woo Wai Onn @ Foo Wai Onn

Tee (Tay) Eng Joo

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 86 to 155 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 29 April 2024.

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 2023 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 material accounting policy information, as set out on pages 86 to 155.

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

Basis for Opinion

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

Independence and Other Ethical 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.

Impairment Assessment of Goodwill on Consolidation ("Goodwill") Refer to Notes 4.3 and 10 to the financial statements	
Key Audit Matter	How our audit addressed the key audit matter
<p>We focused on this area due to:-</p> <ul style="list-style-type: none"> The carrying value of RM9.84 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. 	<p>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:-</p> <ul style="list-style-type: none"> 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.
Reasonableness of revenue recognition arising from contracts with customers Refer to Notes 4.1(g) and 28 to the financial statements	
Key Audit Matter	How our audit addressed the key audit matter
<p>Most of the Group's revenue is derived from property development activities.</p> <p>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:-</p> <ul style="list-style-type: none"> interpreting of contract terms and conditions; assessing and identifying the performance obligations; assessing the computation of revenue recognition. 	<p>To address this risk, our audit procedures involved the following:-</p> <ul style="list-style-type: none"> 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.

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
<p>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.</p>	<p>To address this risk, our audit procedures involved the following:-</p> <ul style="list-style-type: none"> • 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.

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and 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

Johor Bahru

29 April 2024

Tan Lin Chun
02839/10/2025 J
Chartered Accountant

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2023

	Note	The Group		The Company	
		2023 RM	2022 RM	2023 RM	2022 RM
ASSETS					
NON-CURRENT ASSETS					
Investments in subsidiaries	5	-	-	119,253,353	118,253,355
Investments in an associate	6	4,387,778	4,069,220	5,178,138	5,178,138
Property, plant and equipment	7	44,738,034	26,471,633	-	-
Investment properties	8	19,624,296	19,416,946	-	-
Right-of-use assets	9	457,483	443,757	-	-
Goodwill	10	9,840,976	14,466,625	-	-
Deferred tax assets	11	95,300	95,300	-	-
Other receivables	12	1,916,421	1,773,870	39,630,633	16,323,503
Other financial asset	13	1,552,257	1,886,333	-	-
		82,612,545	68,623,684	164,062,124	139,754,996
CURRENT ASSETS					
Inventories	14	93,645,734	101,464,969	-	-
Trade receivables	15	5,735,417	2,709,309	-	-
Other receivables, deposits and prepayments	12	586,579	4,435,320	7,075	3,030,095
Contract assets	16	-	65,075	-	-
Current tax assets		409,698	1,509,121	371,309	295,368
Fixed deposits with a licensed bank	17	1,018,778	884,561	-	-
Cash and bank balances		13,418,513	7,205,105	4,566,870	4,699,495
		114,814,719	118,273,460	4,945,254	8,024,958
TOTAL ASSETS		197,427,264	186,897,144	169,007,378	147,779,954

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

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023 (CONT'D)

	Note	The Group		The Company	
		2023 RM	2022 RM	2023 RM	2022 RM
EQUITY AND LIABILITIES					
EQUITY					
Share capital	18	192,186,762	164,479,262	192,186,762	164,479,262
Redeemable convertible preference shares	19	-	1,000,000	-	1,000,000
Treasury shares	20	(92,187)	(92,187)	(92,187)	(92,187)
Accumulated losses		(44,069,912)	(43,085,818)	(38,786,591)	(39,173,874)
TOTAL EQUITY		148,024,663	122,301,257	153,307,984	126,213,201
NON-CURRENT LIABILITIES					
Lease liabilities	22	285,700	282,640	-	-
Term loans	23	18,925,731	14,973,414	-	-
Hire purchase payables	24	124,479	196,295	-	-
		19,335,910	15,452,349	-	-
CURRENT LIABILITIES					
Trade payables	25	13,787,921	15,051,424	-	-
Contract liabilities	16	6,262,522	6,588,808	-	-
Other payables and accruals	26	6,434,995	17,715,917	15,699,394	21,566,753
Lease liabilities	22	177,899	189,434	-	-
Term loans	23	1,660,610	9,232,585	-	-
Hire purchase payables	24	71,685	68,691	-	-
Current tax liabilities		1,671,059	11,725	-	-
Provision	27	-	284,954	-	-
		30,066,691	49,143,538	15,699,394	21,566,753
TOTAL LIABILITIES		49,402,601	64,595,887	15,699,394	21,566,753
TOTAL EQUITY AND LIABILITIES		197,427,264	186,897,144	169,007,378	147,779,954

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

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Note	The Group		The Company	
		2023 RM	2022 RM	2023 RM	2022 RM
REVENUE	28	65,380,969	17,039,787	-	-
COST OF SALES		(45,517,897)	(10,831,052)	-	-
GROSS PROFIT		19,863,072	6,208,735	-	-
OTHER INCOME		612,771	764,120	1,793,880	1,261,382
		20,475,843	6,972,855	1,793,880	1,261,382
SELLING AND MARKETING EXPENSES		(5,373,870)	(613,704)	-	-
ADMINISTRATIVE EXPENSES		(8,864,759)	(10,337,368)	(1,066,651)	(2,422,653)
OTHER OPERATING EXPENSES		(4,627,080)	(5,147,856)	-	-
FINANCE COSTS		(483,742)	(758,945)	(312,387)	(349,052)
NET REVERSAL OF IMPAIRMENT ON FINANCIAL ASSETS	29	7,243	267,321	-	-
SHARE OF PROFITS OF EQUITY ACCOUNTED ASSOCIATE		318,558	13,866	-	-
PROFIT/(LOSS) BEFORE TAXATION	30	1,452,193	(9,603,831)	414,842	(1,510,323)
INCOME TAX EXPENSE	31	(2,436,287)	(421,540)	(27,559)	(95,557)
(LOSS)/PROFIT AFTER TAXATION/TOTAL COMPREHENSIVE EXPENSES/ INCOME FOR THE FINANCIAL YEAR		(984,094)	(10,025,371)	387,283	(1,605,880)
(LOSS)/PROFIT AFTER TAXATION ATTRIBUTABLE TO:-					
Owners of the Company		(984,094)	(10,025,371)	387,283	(1,605,880)
LOSS PER SHARE (SEN)	32				
Basic		(0.14)	(2.07)		
Diluted		(0.14)	(2.07)		

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

				<u>Distributable</u>	
	Share Capital RM	Treasury Shares RM	Redeemable Convertible Preference Shares RM	Accumulated Losses RM	Total Equity RM
Note					
The Group					
Balance at 1.1.2022	150,459,230	(92,187)	-	(33,060,447)	117,306,596
Loss after taxation/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
Issuance of shares	18	8,520,032	-	-	8,520,032
Conversion of redeemable convertible preference shares	18	5,500,000	(5,500,000)	-	-
Total contributions by and distributions to 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
Balance at 1.1.2023	164,479,262	(92,187)	1,000,000	(43,085,818)	122,301,257
Loss after taxation/Total comprehensive expenses for the financial year	-	-	-	(984,094)	(984,094)
Issuance of shares	18	26,707,500	-	-	26,707,500
Conversion of redeemable convertible preference shares	18	1,000,000	(1,000,000)	-	-
Total contributions by and distributions to owners	27,707,500	-	(1,000,000)	-	26,707,500
Balance at 31.12.2023	192,186,762	(92,187)	-	(44,069,912)	148,024,663

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

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)

				<u>Distributable</u>		
	Note	Share Capital RM	Treasury Shares RM	Redeemable Convertible Preference Shares RM	Accumulated Losses RM	Total Equity RM
The Company						
Balance at 1.1.2022		150,459,230	(92,187)	-	(37,567,994)	112,799,049
Loss after taxation/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
Issuance of shares	18	8,520,032	-	-	-	8,520,032
Conversion of redeemable convertible preference shares	18	5,500,000	-	(5,500,000)	-	-
Total contributions by and distributions to 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
Balance at 1.1.2023		164,479,262	(92,187)	1,000,000	(39,173,874)	126,213,201
Profit after taxation/Total comprehensive income for the financial year		-	-	-	387,283	387,283
Issuance of shares	18	26,707,500	-	-	-	26,707,500
Conversion of redeemable convertible preference shares	18	1,000,000	-	(1,000,000)	-	-
Total contributions by and distributions to owners		27,707,500	-	(1,000,000)	-	26,707,500
Balance at 31.12.2023		192,186,762	(92,187)	-	(38,786,591)	153,307,984

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	The Group		The Company	
	2023 RM	2022 RM	2023 RM	2022 RM
CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES				
Profit/(Loss) before taxation	1,452,193	(9,603,831)	414,842	(1,510,323)
Adjustments for:-				
Depreciation of:				
- property, plant and equipment	223,256	156,230	-	-
- investment properties	133,650	-	-	-
- right-of-use assets	196,160	189,439	-	-
Fair value loss/(gain) on other financial assets	334,076	(20,807)	-	-
Impairment loss:				
- goodwill	4,625,649	5,002,799	-	-
- property development costs	-	145,056	-	-
Interest expenses	483,742	758,945	311,890	347,135
Property, plant and equipment written off	1,431	3,046	-	-
Share of profit of an associate, net of taxation	(318,558)	(13,866)	-	-
Gain on lease termination	(31,508)	-	-	-
Income from non-fulfilment of profit guarantee by vendor	-	(490,382)	-	(490,382)
Interest income	(320,766)	(165,494)	(1,793,243)	(770,597)
Loss on disposal of property, plant and equipment	-	1,094	-	-
Reversal of provision for liquidated ascertained damages	-	(94,891)	-	-
Reversal of impairment loss on:				
- trade receivables	(7,243)	-	-	-
- other receivables	-	(267,321)	-	-
Operating profit/(loss) before working capital changes	6,772,082	(4,399,983)	(1,066,511)	(2,424,167)
Decrease/(Increase) in inventories	7,819,235	(20,413,494)	-	-
Decrease/(Increase) in trade and other receivables	829,876	(194,174)	3,023,020	(21,845)
Decrease in contract assets	65,075	152,360	-	-
(Decrease)/Increase in trade and other payables	(4,589,276)	8,611,544	(68,893)	17,734
(Decrease)/Increase in contract liabilities	(326,286)	4,874,059	-	-
Decrease in provision	(284,954)	-	-	-
CASH FROM/(FOR) OPERATIONS	10,285,752	(11,369,688)	1,887,616	(2,428,278)
Income tax refunded	818,544	200	-	200
Income tax paid	(496,074)	(609,025)	(103,500)	(291,875)
NET CASH FROM/(FOR) OPERATING ACTIVITIES	10,608,222	(11,978,513)	1,784,116	(2,719,953)

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

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)

	Note	The Group		The Company	
		2023 RM	2022 RM	2023 RM	2022 RM
CASH FLOWS FOR INVESTING ACTIVITIES					
Additional investments in subsidiaries		-	-	(999,998)	(48,342,628)
Addition to right-of-use assets	33(a)	-	(7,401)	-	-
Repayment from an associate		126,625	-	126,625	-
(Advances to) /Repayment from subsidiaries		-	-	(21,649,959)	31,849,085
Interest income received		51,590	10,808	9,447	-
Proceeds from disposal of property, plant and equipment		-	12,299	-	-
Purchase of:					
- investment properties	33(a)	(341,000)	(7,281,699)	-	-
- property, plant and equipment	33(a)	(17,287,595)	(9,223,319)	-	-
Placement of fixed deposits with tenure more than 3 months		(134,217)	(281,061)	-	-
NET CASH FOR INVESTING ACTIVITIES		(17,584,597)	(16,770,373)	(22,513,885)	(16,493,543)
CASH FLOWS FROM FINANCING ACTIVITIES					
Advances from subsidiaries	33(b)	-	-	2,340,297	291,461
(Repayment to)/Advances from a director		(1,420)	(40,196)	(420)	420
Advances from a key management personnel		-	8,450,233	-	8,450,233
Drawdown of term loans	33(b)	5,772,803	11,565,902	-	-
Interest paid	33(b)	(1,190,731)	(915,577)	-	-
Proceeds from issuance of:					
- ordinary shares	18	18,257,267	8,520,032	18,257,267	8,520,032
- redeemable convertible preference shares	19	-	6,500,000	-	6,500,000
Repayment of lease liabilities	33(b)	(186,853)	(177,461)	-	-
Repayment to term loans	33(b)	(9,392,461)	(2,516,544)	-	-
Repayment to hire purchase payables	33(b)	(68,822)	(65,750)	-	-
NET CASH FROM FINANCING ACTIVITIES		13,189,783	31,320,639	20,597,144	23,762,146
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		6,213,408	2,571,753	(132,625)	4,548,650
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		7,205,105	4,633,352	4,699,495	150,845
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	33(d)	13,418,513	7,205,105	4,566,870	4,699,495

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

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

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

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 29 April 2024.

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 and the Company are prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under material accounting policy information, and in compliance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)

3. BASIS OF PREPARATION (CONT'D)

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

MFRSs (Including The Consequential Amendments)

MFRS 17 Insurance Contracts

Amendments to MFRS 17 Insurance Contracts

Amendment to MFRS 17: Initial Application of MFRS 17 and MFRS 9 – Comparative Information

Amendments to MFRS 101: Disclosure of Accounting Policies

Amendments to MFRS 108: Definition of Accounting Estimates

Amendments to MFRS 112: Deferred Tax related to Assets and Liabilities arising from Single Transaction

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) did not have any material impact on the financial statements of the Group and of the Company.

The Amendments to MFRS 101 'Disclosure of Accounting Policies' did not result in any changes to the existing accounting policies of the Group and of the Company. However, the amendments require the disclosure of 'material' rather than 'significant' accounting policies and provide guidance on how entities apply the concept of materiality in making decisions about the material accounting policy disclosures. The Group and the Company have made updates to the accounting policies presented in Note 3 to the financial statements in line with the amendments.

- 3.2 The Group and the Company have 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)

Amendments to MFRS 16: Lease Liability in a Sale and Leaseback

Effective Date

1 January 2024

Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an

Investor and its Associate or Joint Venture

Deferred

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)

4. MATERIAL ACCOUNTING POLICY INFORMATION

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 and Investment Properties

The estimates for the residual values, useful lives and related depreciation charges for the property, plant and equipment and investment properties 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 and investment properties 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 and investment properties as at the reporting date are disclosed in Notes 7 and 8 to the financial statements.

(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 2023 (CONT'D)

4. MATERIAL ACCOUNTING POLICY INFORMATION (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 Note 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

Key Sources of Estimation Uncertainty (Cont'd)

(h) Income Taxes

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group and the Company 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 of the Group as at the reporting date is RM409,698 (2022: RM1,509,121) and RM1,671,059 (2022: RM11,725) respectively. The carrying amount of current tax assets of the Company as at the reporting date is RM371,309 (2022: RM295,368).

(i) 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.

(j) 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 and is required to make certain entity-specific estimates.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)

4. MATERIAL ACCOUNTING POLICY INFORMATION (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 accounting policies of the Group and of the Company 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 FINANCIAL INSTRUMENTS

(a) Financial Assets

Financial Assets Through Profit or Loss

The financial assets are initially measured at fair value. Subsequent to the initial recognition, the financial assets are remeasured to their fair values at the reporting date with fair value changes recognised in profit or loss. The fair value changes do not include interest and dividend income.

Financial Assets at Amortised Cost

The financial assets are initially measured at fair value plus transaction costs except for trade receivables without significant financing component which are measured at transaction price only. Subsequent to the initial recognition, all financial assets are measured at amortised cost less any impairment losses.

Financial Assets Through Other Comprehensive Income

The Group has elected to designate the equity instruments as financial assets through other comprehensive income at initial recognition.

The financial assets are initially measured at fair value plus transaction costs. Subsequent to the initial recognition, the financial assets are remeasured to their fair values at the reporting date with fair value changes taken up in other comprehensive income and accumulated in the fair value reserve, except for the recognition of impairment, interest income and foreign exchange difference of a debt instrument which are recognised directly in profit or loss. The fair value changes do not include interest and dividend income.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

4.2 FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial Liabilities

Financial Liabilities Through Profit or Loss

The financial liabilities are initially measured at fair value. Subsequent to the initial recognition, the financial liabilities are remeasured to their fair values at the reporting date with fair value changes recognised in profit or loss. The fair value changes do not include interest.

Financial Liabilities at Amortised Cost

The financial liabilities are initially measured at fair value less transaction costs. Subsequent to the initial recognition, the financial liabilities are measured at amortised cost.

(c) Equity

Ordinary Shares

Ordinary shares are recorded on initial recognition at the proceeds received less directly attributable transaction costs incurred. The ordinary shares are not remeasured subsequently.

Treasury Shares

Treasury shares are recorded on initial recognition at the consideration paid less directly attributable transaction costs incurred. The treasury shares are not remeasured subsequently.

No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the treasury shares. If such shares are issued by resale, any difference between the sales consideration received and the carrying amount of the treasury shares is recognised in equity. Where treasury shares are cancelled, their carrying amounts are shown as a movement in retained profits.

(d) Redeemable Convertible Preference Shares

The proceeds from the issuance of redeemable convertible preference share 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. The equity component is not remeasured subsequently.

(e) Financial Guarantee Contracts

Financial guarantee contracts are recognised initially as liabilities at fair value, net of transaction costs. Subsequent to the initial recognition, the 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 reimbursement is recognised as a liability and measured at the higher of the amount of loss allowance determined using the expected credit loss model and the amount of financial guarantee initially recognised less cumulative amortisation.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

4.3 GOODWILL

Goodwill is initially measured at cost. Subsequent to the initial recognition, the goodwill is measured at cost less accumulated impairment losses, if any. A bargain purchase gain is recognised in profit or loss immediately.

4.4 INVESTMENTS IN SUBSIDIARIES

Investments in subsidiaries which are eliminated on consolidation, are stated in the separate financial statements of the Company at cost less impairment losses, if any.

4.5 INVESTMENTS IN ASSOCIATES

Investments in associates are stated in the separate financial statements of the Company at cost less impairment losses, if any, and accounted for using the equity method in the consolidated financial statements.

4.6 PROPERTY, PLANT AND EQUIPMENT

All items of property, plant and equipment are initially measured at cost.

Subsequent to the initial recognition, all property, plant and equipment, other than freehold land and buildings, are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over the estimated useful lives. The principal annual depreciation rates are:-

Shophouses	2%
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 until such time when the asset is available for use.

4.7 INVESTMENT PROPERTIES

Investment properties are initially measured at cost. Subsequent to the initial recognition, the investment properties are stated at cost less accumulated depreciation and any accumulated impairment losses.

Freehold land is not depreciated. Depreciation on investment properties are calculated using the straight-line method to allocate the depreciable amounts over the estimated useful lives. The principal annual depreciation period and rate is: -

Building	2%
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Investment properties under construction is not depreciated until such time when the asset is available for use.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)**4. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)**

4.8 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

(a) Short-term Leases and Leases of Low-value Assets

The Group applies the "short-term lease" and "lease of low-value assets" recognition exemption. 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 appropriate.

(b) Right-of-use Assets

Right-of-use assets are initially measured at cost. Subsequent to the initial recognition, the right-of-use assets are stated at cost less accumulated depreciation and any accumulated impairment losses.

The right-of-use assets are depreciated using the straight-line method from the commencement date to the earlier of the end of the estimated useful lives of the right-of-use assets or the end of the lease term.

(c) Lease Liabilities

Lease liabilities are initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the entities' incremental borrowing rate. Subsequent to the initial recognition, the lease liabilities are measured at amortised cost and adjusted for any lease reassessment or modifications.

4.9 INVENTORIES

(a) Completed Properties Held for Sale

Completed properties are stated at the lower of cost and net realisable value. Cost is determined on specific identification and comprises cost associated with the purchase of land (including all related costs incurred subsequent to the acquisition necessary to prepare the land for its intended use), construction costs and other related development costs incurred in bringing the inventories to their present location and condition.

(b) Property Development Costs

Property development costs are stated at the lower of cost and net realisable value. Cost comprises cost associated with the purchase of land, conversion fees, aggregate cost of development, materials and supplies, wages and other direct expenses, an appropriate proportion of common infrastructure costs and borrowing costs capitalised

The property development costs of unsold units are transferred to inventories once the development is completed.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)

5. INVESTMENTS IN SUBSIDIARIES

	The Company	
	2023	2022
	RM	RM
Unquoted shares, at cost	155,043,178	154,043,180
Accumulated impairment losses	(35,789,825)	(35,789,825)
	<hr/> 119,253,353	<hr/> 118,253,355
Accumulated impairment losses:-		
At 1 January	35,789,825	18,132,035
Transfer from amount owing by subsidiaries (Note 12)	-	17,657,790
At 31 December	<hr/> 35,789,825	<hr/> 35,789,825

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)

5. INVESTMENTS IN SUBSIDIARIES (CONT'D)

The details of the subsidiaries are as follows:-

Name of Subsidiaries	Principal Place of Business and Country of Incorporation	Percentage of Issued Share Capital Held by Parent		Principal Activities
		2023 %	2022 %	
<i>Subsidiaries of the Company</i>				
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	Property development and investment holding
Axteria Capital Sdn. Bhd.	Malaysia	100	100	Dormant
Axteria Realty Sdn. Bhd. (F.K.A. Axteria Lenders Sdn. Bhd.)	Malaysia	100	100	Dormant
Axteria Building Materials Sdn. Bhd.	Malaysia	100	100	Wholesale in construction materials
General Trust Holdings Limited*	Labuan, Malaysia	100	100	Dormant

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

On 18 August 2023, the Company has subscribed 999,998 units of ordinary shares at RM1 each in Axteria Development Sdn. Bhd.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)

6. INVESTMENTS IN AN ASSOCIATE

	The Group		The Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Unquoted shares, at cost	5,778,138	5,778,138	5,778,138	5,778,138
Share of post acquisition losses	(526,331)	(844,889)	-	-
Elimination of unrealised profits	(864,029)	(864,029)	-	-
	4,387,778	4,069,220	5,778,138	5,778,138
Accumulated impairment losses	-	-	(600,000)	(600,000)
	4,387,778	4,069,220	5,178,138	5,178,138

The details of the associate is as follows:-

Name of Associate	Principal Place of Business and Country of Incorporation	Percentage of Ownership		Principal Activities
		2023	2022	
		%	%	
Harum Eco Dormitory Sdn. Bhd. ("HED")	Malaysia	45	45	Investment holding and letting of dormitory

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)

7. PROPERTY, PLANT AND EQUIPMENT

	At 1.1.2023 RM	Additions (Note 33(a)) RM	Written off (Note 30) RM	Depreciation Charges (Note 30) RM	At 31.12.2023 RM
The Group					
2023					
<i>Carrying Amount</i>					
Shophouses	-	1,780,330	-	(32,572)	1,747,758
Computer and software	104,687	176,536	(1,431)	(26,380)	253,412
Furniture and fittings	281,056	67,661	-	(44,595)	304,122
Motor vehicles	373,338	-	-	(49,997)	323,341
Office equipment	70,370	21,692	-	(12,453)	79,609
Renovation and installation	165,548	924,917	-	(55,759)	1,034,706
Signboard	9,250	-	-	(1,500)	7,750
Asset under construction	25,467,384	15,519,952	-	-	40,987,336
	26,471,633	18,491,088	(1,431)	(223,256)	44,738,034

	At 1.1.2022 RM	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						
<i>Carrying Amount</i>						
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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)

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

The Group	At Cost RM	Accumulated Depreciation RM	Accumulated Impairment Loss RM	Carrying Amount RM
2023				
Shophouses	1,780,330	(32,572)	-	1,747,758
Computer and software	375,693	(122,281)	-	253,412
Furniture and fittings	539,890	(235,768)	-	304,122
Motor vehicles	499,967	(176,626)	-	323,341
Office equipment	140,982	(61,373)	-	79,609
Renovation and installation	1,190,600	(155,894)	-	1,034,706
Signboard	15,000	(7,250)	-	7,750
Asset under construction	53,330,449	-	(12,343,113)	40,987,336
	57,872,911	(791,764)	(12,343,113)	44,738,034
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

- (a) Included in the property, plant and equipment were motor vehicles with a total carrying amount of RM321,241 (2022: RM370,958) 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)

8. INVESTMENT PROPERTIES

	The Group	
	2023 RM	2022 RM
Cost:-		
At 1 January	20,725,624	12,953,543
Additions (Note 33(a))	341,000	7,772,081
At 31 December	21,066,624	20,725,624
Accumulated depreciation:-		
At 1 January	-	-
Depreciation during the financial year (Note 30)	(133,650)	-
At 31 December	(133,650)	-
Accumulated impairment losses:-		
At 1 January/31 December	(1,308,678)	(1,308,678)
	19,624,296	19,416,946
Represented by:-		
Commercial units under construction	17,257,946	16,916,946
Freehold industrial buildings	2,366,350	2,500,000
At 31 December	19,624,296	19,416,946
Fair value	20,057,946	19,416,946

(a) Included in the investment properties of the Group at the end of the reporting period was an amount of RM2,500,000 (2022 – 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 2023 (CONT'D)

9. RIGHT-OF-USE ASSETS

	At 1.1.2023 RM	Additions (Note 33(a)) RM	Depreciation Charges (Note 30) RM	Derecognised due to lease Termination RM	At 31.12.2023 RM
The Group					
2023					
<i>Carrying Amount</i>					
Office buildings	423,864	548,978	(176,267)	(339,092)	457,483
Hostel	19,893	-	(19,893)	-	-
	443,757	548,978	(196,160)	(339,092)	457,483

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

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

- (i) Office building The Group has leased office building for term of 2 (2022: 3) years, with an option to renew the tenancy for a further term of 1 (2022: 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.
- (ii) Hostel In the previous 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.

The Group also has leases with lease terms of 12 months or less and leases of office equipment with low value. The Group has applied the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)

10. GOODWILL

	The Group	
	2023 RM	2022 RM
Cost:-		
At 1 January/31 December	23,469,424	23,469,424
Accumulated impairment losses:-		
At 1 January	(9,002,799)	(4,000,000)
Impairment during the financial year (Note 30)	(4,625,649)	(5,002,799)
At 31 December	(13,628,448)	(9,002,799)
	9,840,976	14,466,625

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

	The Group	
	2023 RM	2022 RM
Axteria Eco Sdn. Bhd.	9,840,976	9,840,976
Axteria Cemerlang Sdn. Bhd.	-	4,625,649
	9,840,976	14,466,625

(b) During the current financial year, an impairment loss of RM4,625,649 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 2 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 (2022: two to four) years business plans.
- (ii) Pre-tax discount rates of 16% (2022: 12%).

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.

(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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)

11. DEFERRED TAX ASSETS/(LIABILITIES)

The Group	At 1.1.2023 RM	Recognised in Profit or Loss (Note 31) RM	At 31.12.2023 RM
2023			
<i>Deferred Tax Assets</i>			
Property, plant and equipment	4,100	-	4,100
Provisions	91,200	-	91,200
	95,300	-	95,300
2022			
<i>Deferred Tax Assets</i>			
Property, plant and equipment	4,100	-	4,100
Provisions	91,200	-	91,200
	95,300	-	95,300
<i>Deferred Tax Liability</i>			
Other temporary differences	(312,980)	312,980	-
	(217,680)	312,980	95,300

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)

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			
<i>Deferred Tax Liability</i>			
Other temporary differences	(312,980)	312,980	-

The deferred tax assets on property, plant and equipment and provisions 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	
	2023 RM	2022* RM
Unused tax losses:		
- expires year of assessment 2028	4,175,000	4,175,000
- expires year of assessment 2029	1,231,000	1,231,000
- expires year of assessment 2030	1,571,000	1,571,000
- expires year of assessment 2031	535,000	535,000
- expires year of assessment 2032	35,000	211,000
- expires year of assessment 2033	861,000	-
Unabsorbed capital allowances	190,000	119,000
Other deductible temporary differences	614,000	1,721,000
	9,212,000	9,563,000

* Certain comparative figures have been restated to reflect the revised tax losses carry-forward and other temporary differences available to the Group.

Based on the current legislation, the unused tax losses up to the year of assessment 2018 can be carried forward until the year of assessment 2028 and the unused tax losses for 2019 onwards are allowed to be utilised for 10 consecutive years of assessment immediately following that year of assessment, whereas, the unabsorbed capital allowances are allowed to be carried forward indefinitely.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)

12. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	The Group		The Company	
	2023 RM	2022 RM	2023 RM	2022 RM
<u>Non-current</u>				
Other receivables:-				
Amount owing by subsidiaries	-	-	37,714,212	14,549,633
Amount owing by an associate	5,871,778	5,729,227	5,871,778	5,729,227
	5,871,778	5,729,227	43,585,990	20,278,860
Allowance for impairment losses:-				
Amount owing by an associate	(3,955,357)	(3,955,357)	(3,955,357)	(3,955,357)
	1,916,421	1,773,870	39,630,633	16,323,503
<u>Current</u>				
Other receivables:-				
Third parties	45,762	41,849	-	-
Allowance for impairment losses:-				
Third parties	(36,440)	(36,440)	-	-
	9,322	5,409	-	-
Deposits	292,625	3,378,134	7,075	3,007,075
Prepayments	163,659	640,060	-	23,020
Deferred expenditure	120,973	411,717	-	-
	586,579	4,435,320	7,075	3,030,095
Allowance for impairment losses:-				
At 1 January	3,991,797	4,259,118	3,955,357	21,613,147
Reversal during the financial year (Note 29)	-	(267,321)	-	-
Transfer to investment in subsidiaries (Note 5)	-	-	-	(17,657,790)
At 31 December	3,991,797	3,991,797	3,955,357	3,955,357

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)

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

- (a) The amounts owing by subsidiaries (non-current) represent advances and payments made on behalf, which are unsecured and bore interest rate of 4.97 to 5.49% (2022: 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) The amounts owing by an associate (non-current) represent advances and payments made on behalf, which are unsecured and bore interest rate of 4.97% to 5.49% (2022: 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.

13. OTHER FINANCIAL ASSET

	The Group	
	2023	2022
	RM	RM
At 1 January	1,886,333	1,865,526
(Loss)/Gain on fair value (Note 30)	(334,076)	20,807
<hr/>		
At 31 December	1,552,257	1,886,333
<hr/>		

Other financial asset represents a keyman insurance policy (the "Policy") taken up to insure a key management personnel of the Group (the "Insured Person"). Under the policy, the beneficiary is a bank (the "Bank") and the total insured sum is RM9,554,000. 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 2023, the directors of the Group expect that the Policy will be terminated at the maturity date on 26 July 2028 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 2023 (CONT'D)

14. INVENTORIES

	The Group	
	2023 RM	2022 RM
Completed properties held for sale	1,983,932	13,233,601
Property development costs	91,661,802	88,231,368
	93,645,734	101,464,969

(a) Completed properties held for sale

	The Group	
	2023 RM	2022 RM
At 1 January	13,233,601	1,872,045
Costs recognised as an expense in profit or loss	(17,168,228)	-
Costs transfer from property development	5,918,559	11,361,556
	1,983,932	13,233,601

(b) Property development cost

	The Group	
	2023 RM	2022 RM
Freehold land		
At 1 January	23,701,265	27,802,708
Additions of costs incurred during the year	1,030,519	-
Costs recognised as an expense in profit or loss	(6,096,483)	(1,517,825)
Costs transfer to completed properties	(1,353,415)	(2,583,618)
	17,281,886	23,701,265
Development costs		
At 1 January	64,530,103	51,521,778
Additional costs incurred during the year	37,472,086	31,026,129
Costs recognised as an expense in profit or loss	(23,057,129)	(9,094,810)
Costs transfer to completed properties	(4,565,144)	(8,777,938)
Impairment loss during the financial year (Note 30)	-	(145,056)
	74,379,916	64,530,103
	91,661,802	88,231,368

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)

14. INVENTORIES (CONT'D)

- (c) Included in the property development cost of the Group at the end of the reporting period was an amount of RM44,557,230 (2022: RM54,050,141) 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.
- (d) In the previous financial year, the Group has recognised an impairment loss on property development costs amounting to RM145,056.

15. TRADE RECEIVABLES

	The Group	
	2023	2022
	RM	RM
Third parties	5,839,666	2,820,801
Allowance for impairment losses	(104,249)	(111,492)
	5,735,417	2,709,309
Allowance for impairment losses:-		
At 1 January	111,492	111,492
Reversal during the financial year (Note 29)	(7,243)	-
	104,249	111,492

The Group's normal trade credit terms range from 14 to 90 (2022: 14 to 90) days.

16. CONTRACT ASSETS/(LIABILITIES)

	The Group	
	2023	2022
	RM	RM
Contract Assets		
Construction contracts	-	65,075
Contract Liabilities		
Construction contracts	(2,623,301)	-
Property development contracts	(3,639,221)	(6,588,808)
	(6,262,522)	(6,588,808)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)

16. CONTRACT ASSETS/(LIABILITIES) (CONT'D)

(a) The changes to contract assets and contract liabilities balances during the financial year are summarised below:-

	The Group	
	2023	2022
	RM	RM
Construction contracts		
At 1 January	65,075	65,075
Billings to customers during the financial year (transferred to trade receivables)	(2,688,376)	-
At 31 December	(2,623,301)	65,075
Represented by:-		
Contract assets	-	65,075
Contract liabilities	(2,623,301)	-
	(2,623,301)	65,075

	The Group	
	2023	2022
	RM	RM
Property development contracts		
At 1 January	(6,588,808)	(1,562,389)
Revenue recognised in profit or loss during the financial year	65,450,346	16,164,740
Billings to customers during the financial year (transferred to trade receivables)	(62,500,759)	(21,191,159)
At 31 December	(3,639,221)	(6,588,808)
Represented by:-		
Contract liabilities	(3,639,221)	(6,588,808)

- (b) The contract assets primarily relate to the Group's right to consideration for work completed but not yet billed as at the reporting date. The amount will be transferred to trade receivables when the Group issues billing in the manner as established in the contracts with customers.
- (c) The contract liabilities primarily relate to amount billed for unfulfilled performance obligations. The amount will be recognised as revenue when the performance obligations are satisfied.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)

16. CONTRACT ASSETS/(LIABILITIES) (CONT'D)

(d) Revenue expected to be recognised in the future relating to performance obligations that are unsatisfied at the reporting date are as follows:-

	The Group	
	2023 RM	2022 RM
Within 1 year	4,483,880	7,035,255

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 ranging from 2.55% to 2.70% (2022: 1.75% to 2.55%) per annum. The fixed deposits have maturity periods of 365 (2022: 365) days for the Group.

18. SHARE CAPITAL

	The Group/The Company			
	2023 Number of Shares	2022	2023 RM	2022 RM
Issued and Fully Paid-Up				
Ordinary Shares				
At 1 January	498,672,875	430,621,872	164,479,262	150,459,230
Issuance of new shares for cash	213,660,000	43,051,003	26,707,500	8,520,032
Conversion from RCPS (Note 19)	4,545,455	25,000,000	1,000,000	5,500,000
At 31 December	716,878,330	498,672,875	192,186,762	164,479,262

(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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)

18. SHARE CAPITAL (CONT'D)

- (b) During the financial year, the Company increased its issued and paid-up share capital from RM164,479,262 to RM192,186,762 by way of:-
- (i) Issuance of 213,660,000 new ordinary shares at RM0.125 each for a cash consideration of RM26,707,500 through private placement; and
 - (ii) Conversion of 10,000,000 redeemable convertible preference shares to 4,545,455 new ordinary shares which amounted to RM1,000,000.
- (c) In the previous financial year, the Company increased its issued and paid-up share capital from RM150,459,230 to RM164,479,262 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 which amounted to RM5,500,000.

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	
	2023	2022
	RM	RM
At 1 January	1,000,000	-
Issued during the financial year	-	6,500,000
Conversion to ordinary shares (Note 18)	(1,000,000)	(5,500,000)
At 31 December	-	1,000,000

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, 4,545,455 (2022: 25,000,000) new ordinary shares amounting to RM1,000,000 (2022: RM5,500,000) were issued resulting from the conversion of 10,000,000 (2022: 55,000,000) units of RCPS.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)**19. CUMULATIVE REDEEMABLE CONVERTIBLE PREFERENCE SHARES ("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 2023 (CONT'D)

20. TREASURY SHARES

	The Group/The Company		2022 RM
	2023 Number of Shares	2023 RM	
At 1 January/31 December	111,840	(92,187)	(92,187)

There were no shares repurchased during the financial year ended 31 December 2023.

Of the total 716,878,330 (2022: 498,672,875) issued and fully paid-up ordinary shares at the end of the reporting period, 111,840 (2022: 111,840) ordinary shares are held as treasury shares by the Company. None of the treasury shares have been sold as at 31 December 2023.

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:

- 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.
- 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.
- 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.
- Any warrants not exercised during the exercise period will lapse and cease to be valid.
- Movements in the warrants since the listing and quotation thereof are as follows:

	The Group/The Company	
	2023 Number of Shares	2022 Number of Shares
At 1 January/31 December	97,211,694	97,211,694

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)

22. LEASE LIABILITIES

	The Group	
	2023 RM	2022 RM
At 1 January	472,074	617,150
Additions (Note 33(b))	548,978	32,385
Interest expense recognised in profit or loss (Note 30)	28,758	38,149
Derecognition due to lease termination (Note 33(b))	(370,600)	-
Repayment of principal	(186,853)	(177,461)
Repayment of interest expense	(28,758)	(38,149)
At 31 December	463,599	472,074
Analysed by:-		
Current liabilities	177,899	189,434
Non-current liabilities	285,700	282,640
	463,599	472,074

23. TERM LOANS (SECURED)

	The Group	
	2023 RM	2022 RM
Current liabilities	1,660,610	9,232,585
Non-current liabilities	18,925,731	14,973,414
	20,586,341	24,205,999

(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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)

23. TERM LOANS (SECURED) (CONT'D)

(b) The interest rate profile of the term loans is summarised below:-

	Effective Interest Rate %	The Group	
		2023 RM	2022 RM
Floating rate term loans	4.85 - 5.59	20,586,341	24,205,999

(c) Certain term loans totalling RM18,558,958 (2022: RM13,218,664) 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	
	2023 RM	2022 RM
Minimum hire purchase payments		
- not later than 1 year	78,625	78,625
- later than 1 year and not later than 5 years	123,328	187,157
- more than 5 years	8,631	23,440
	210,584	289,222
Less: Future finance charges	(14,420)	(24,236)
	196,164	264,986
Current liabilities	71,685	68,691
Non-current liabilities	124,479	196,295
	196,164	264,986

The hire purchase of the Group is 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 2 to 6 years (2022: 3 to 7 years) and bear effective interest rates of 4.11% to 4.72% (2022: 4.11% to 4.72%).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)

25. TRADE PAYABLES

- (a) The normal trade credit term granted to the Group ranging from 30 to 60 (2022: 30 to 60) days.
- (b) Included in the Group's trade payables are retention sum payables totalling RM5,093,285 (2022: RM4,988,259).

26. OTHER PAYABLES AND ACCRUALS

	The Group		The Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Other payables:				
Third parties	3,899,987	4,194,294	11,262	100,155
Unpaid balance for acquisition of property plant and equipment	2,208,348	-	-	-
Amount owing to subsidiaries	-	-	15,613,232	12,961,045
Amount owing to a director	-	1,420	-	420
Amount owing to a key management personnel	-	8,450,233	-	8,450,233
	6,108,335	12,645,947	15,624,494	21,511,853
Deposits	95,000	4,821,312	-	-
Accruals	231,660	248,658	74,900	54,900
	6,434,995	17,715,917	15,699,394	21,566,753

- (a) Amount owing to subsidiaries represent unsecured advances granted to the Company and payments made on behalf at interest rate of 4.97% to 5.49% (2022: 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 has been settled during the current financial year.
- (d) Included in the Group's other payables are retention sum payables totalling RM2,277,534 (2022: RM1,841,105).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)

27. PROVISION

	The Group	
	2023 RM	2022 RM
Liquidated Ascertained Damages		
At 1 January	284,954	379,845
Provision reversed during the financial year (Note 30)	-	(94,891)
Provision utilised during the financial year	(284,954)	-
At 31 December	-	284,954

28. REVENUE

	The Group	
	2023 RM	2022 RM
Revenue from Contracts with Customers		
<u>Recognised over time</u>		
Property development	30,088,995	16,164,740
<u>Recognised at a point in time</u>		
Sales of completed properties	28,827,006	-
Sales of land	6,534,345	-
Sales of goods	(69,377)	875,047
	65,380,969	17,039,787

- (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.
- (c) The revenue of the Group is derived entirely in Malaysia.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)**28. REVENUE (CONT'D)**

(d) The information about the performance obligations in contracts with customers is summarised as below:-

Sale of Properties under Construction

The contracts contain a late penalty charge at 10% on the selling price, calculated daily. Revenue is measured at the selling price (net of discount) agreed under the contract and after considering the estimated late penalty charges which are immaterial.

Depending on the terms of the contract and the laws that apply to the contract, control of the asset may transfer over time or at a point in time. Control of the asset is transferred over time if the performance of the Company does not create an asset with an alternative use to the Company and the Company has an enforceable right to payment for performance completed to date.

If control of the asset transfers over time, revenue is recognised over the period of the contract using the input method by reference to the property development cost 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 when the asset has been completed and delivered to the customer.

Billings to customers are based on agreed milestones under the contracts, certified by architects. The credit period is 14 to 90 (2022: 14 to 90) days from the date of progress billing. There is no significant financing component in the selling price as the billing is made on the normal credit terms not exceeding 12 months.

A defect liability period of 12 (2022: 12) months is given to the customers.

Sale of Completed Properties and Vacant Land

The Company recognises revenue (net of discount) for the sale of completed properties and vacant land at a point in time when the properties have been delivered to and accepted by the customers.

The credit period is 14 to 90 (2022: 14 to 90) days from the date of progress billing. There is no significant financing component in the selling price as the billing is made on the normal credit terms not exceeding 12 months.

A defect liability period of 12 (2022: 12) months is given to the customers.

Sales of Goods

Revenue from sale of goods is recognised at a point in time when goods have been transferred and accepted by customers, net of discount.

There is no material right of return and warranty provided to the customers on the sale of goods.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)

29. NET REVERSAL OF IMPAIRMENT ON FINANCIAL ASSETS

	The Group		The Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Reversal of impairment losses:				
- trade receivables (Note 15)	7,243	-	-	-
- other receivables (Note 12)	-	267,321	-	-
	7,243	267,321	-	-

30. PROFIT/(LOSS) BEFORE TAXATION

	The Group		The Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Profit/(Loss) before taxation is arrived at after charging:-				
Auditors' remuneration:				
- audit fees				
- current financial year	176,000	145,900	60,000	40,000
- underprovision in the previous financial year	10,100	-	-	-
- non-audit fees	5,000	5,000	5,000	5,000
Depreciation:				
- property, plant and equipment (Note 7)	223,256	156,230	-	-
- investment property (Note 8)	133,650	-	-	-
- right-of-use assets (Note 9)	196,160	189,439	-	-
Directors' remuneration (Note 34)	898,485	2,741,327	484,494	383,007
Fair value loss on other financial asset (Note 13)	334,076	-	-	-
Impairment loss:				
- goodwill (Note 10)	4,625,649	5,002,799	-	-
- property development costs (Note 14)	-	145,056	-	-
Interest expense on lease liabilities (Note 22)	28,758	38,149	-	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)

30. PROFIT/(LOSS) BEFORE TAXATION (CONT'D)

	The Group		The Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Profit/(Loss) before taxation is arrived at after charging (Cont'd):-				
Lease expenses:				
- short term leases	16,800	-	-	-
- low value assets	7,436	3,843	-	-
Loss on disposal of property, plant and equipment	-	1,094	-	-
Property, plant and equipment written off (Note 7)	1,431	3,046	-	-
Staff costs (including other key management personnel as disclosed in Note 34)				
- short term employee benefits	1,974,292	1,701,753	-	-
- defined contribution benefits	245,136	203,875	-	-
Total interest expenses on financial liabilities that are not at fair value through profit or loss	454,984	720,796	311,890	347,135
And (crediting):-				
Fair value gain on other financial asset (Note 13)	-	(20,807)	-	-
Gain on lease termination	(31,508)	-	-	-
Income from non-fulfilment of profit guarantee by vendor	-	(490,382)	-	(490,382)
Rental income	(29,000)	(55,600)	-	-
Reversal of provision for liquidated ascertained damages (Note 27)	-	(94,891)	-	-
Total interest income on financial assets measured at amortised cost	(320,766)	(165,494)	(1,793,243)	(770,597)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)

31. INCOME TAX EXPENSES

	The Group		The Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Income tax expense:				
- current year	2,519,051	322,820	106,251	184,943
- (over)/underprovision in the previous financial year	(82,764)	411,700	(78,692)	223,594
	2,436,287	734,520	27,559	408,537
Deferred tax (Note 11):				
- overprovision in the previous financial year	-	(312,980)	-	(312,980)
	2,436,287	421,540	27,559	95,557

A reconciliation of tax income applicable to the profit/(loss) before taxation at the statutory tax rate to income tax expense at the effective tax rate of the Group and of the Company are as follows:-

	The Group		The Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Profit/(Loss) before taxation	1,452,193	(9,603,831)	414,842	(1,510,323)
Tax at the statutory tax rate of 24% (2022: 24%)	348,526	(2,304,919)	99,562	(362,478)
Tax effects of:-				
Non-taxable income	(78,193)	(9,151)	-	-
Non-deductible expenses	2,332,818	2,422,090	6,689	547,421
Deferred tax assets not recognised during the financial year	-	214,800	-	-
Utilisation of deferred tax assets previously not recognised	(84,100)	-	-	-
(Over)/Underprovision of income tax in the previous financial year	(82,764)	411,700	(78,692)	223,594
Overprovision of deferred tax in the previous financial year	-	(312,980)	-	(312,980)
	2,436,287	421,540	27,559	95,557

Income tax is calculated at the Malaysian statutory tax rate of 24% (2022 - 24%) of the estimated assessable profit for the financial year.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)

32. LOSS PER SHARE

(a) Basic Loss Per Share

The basic loss per share is calculated by dividing the consolidated profit attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year after deducting for treasury shares.

	The Group	
	2023	2022
	RM	RM
Loss attributable to owners of the Company (RM)	(984,094)	(10,025,371)
Weighted average number of ordinary share in issue	689,827,152	483,329,450
Basic loss per share (sen)	(0.14)	(2.07)

(b) Diluted Loss Per Share

The effects of potential ordinary shares arising from the conversion of warrants is anti-dilutive and accordingly, it has been ignored in the calculation of dilutive loss per share. As a result, the diluted loss per ordinary share is the same as basic loss per share.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)

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	
	2023	2022
	RM	RM
Property, Plant and Equipment		
Cost of property, plant and equipment purchased (Note 7)	18,491,088	9,379,951
Add: Payments in respect of previous financial year's purchases	1,711,844	-
Less: Other payables - amounts not yet due for payment (Note 26)	(2,208,348)	-
Less: Capitalisation of interest expenses (Note 33(b))	(706,989)	(156,632)
	17,287,595	9,223,319
Investment Properties		
Cost of investment properties purchased (Note 8)	341,000	7,772,081
Less: Contra from non-fulfilment of profit guarantee (Note 30)	-	(490,382)
	341,000	7,281,699
Right-of-use Assets		
Cost of right-of-use assets acquired (Note 9)	548,978	39,786
Less: Additions of new lease liabilities (Note 33(b))	(548,978)	(32,385)
	-	7,401

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)

33. CASH FLOW INFORMATION (CONT'D)

(b) The reconciliations of liabilities arising from financing activities are as follows:-

The Group	Lease Liabilities RM	Term Loans RM	Hire Purchase Payables RM	Total RM
2023				
At 1 January	472,074	24,205,999	264,986	24,943,059
<u>Changes in Financing Cash Flows</u>				
Proceeds from drawdown	-	5,772,803	-	5,772,803
Repayment of principal	(186,853)	(9,392,461)	(68,822)	(9,648,136)
Repayment of interests	(28,758)	(1,152,158)	(9,815)	(1,190,731)
	(215,611)	(4,771,816)	(78,637)	(5,066,064)
<u>Other Changes</u>				
Acquisition of new leases (Notes 22 and 33(a))	548,978	-	-	548,978
Interest expense recognised in profit or loss (Note 30)	28,758	445,169	9,815	483,742
Interest expense capitalised as property, plant and equipment (Note 33(a))	-	706,989	-	706,989
Termination of leases (Note 22)	(370,600)	-	-	(370,600)
	207,136	1,152,158	9,815	1,369,109
At 31 December	463,599	20,586,341	196,164	21,246,104

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)

33. CASH FLOW INFORMATION (CONT'D)

(b) The reconciliations of liabilities arising from financing activities are as follows (Cont'd):-

The Group	Lease Liabilities RM	Term Loans RM	Hire Purchase Payables RM	Total RM
2022				
At 1 January	617,150	15,156,641	330,736	16,104,527
<u>Changes in Financing Cash Flows</u>				
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
<u>Other Changes</u>				
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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)

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	
2023	
At 1 January	12,961,045
<u>Changes in Financing Cash Flows</u>	
Advances from subsidiaries	2,340,297
<u>Other Changes</u>	
Interest expense recognised in profit or loss (Note 30)	311,890
At 31 December	15,613,232
2022	
At 1 January	12,322,449
<u>Changes in Financing Cash Flows</u>	
Advances from subsidiaries	291,461
<u>Other Changes</u>	
Interest expense recognised in profit or loss (Note 30)	347,135
At 31 December	12,961,045

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)

33. CASH FLOW INFORMATION (CONT'D)

(c) The total cash outflows for leases as a lessee are as follows:-

	The Group		The Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Payment of short-term leases	16,800	3,843	-	-
Payment of low-value assets	7,436	-	-	-
Interest paid on lease liabilities	28,758	38,149	-	-
Payment of lease liabilities	186,853	177,461	-	-
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	239,847	219,453	-	-

(d) The cash and cash equivalents comprise the following:-

	The Group		The Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Fixed deposits with a licensed bank	1,018,778	884,561	-	-
Cash and bank balances	13,418,513	7,205,105	4,566,870	4,699,495
	<hr/>	<hr/>	<hr/>	<hr/>
	14,437,291	8,089,666	4,566,870	4,699,495
Less: Fixed deposits with tenure of more than 3 months and pledged to a licensed bank	(1,018,778)	(884,561)	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	13,418,513	7,205,105	4,566,870	4,699,495

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (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	
	2023 RM	2022 RM	2023 RM	2022 RM
(a) Directors				
<u>Directors of the Company</u>				
Short-term employee benefits:				
- fees	433,694	334,807	433,694	334,807
- salaries, bonuses and other benefits	422,991	2,066,734	50,800	48,200
	856,685	2,401,541	484,494	383,007
Defined contribution benefits	41,800	339,786	-	-
	898,485	2,741,327	484,494	383,007
<hr/>				
	2023 RM	2022 RM	2023 RM	2022 RM
(b) Other Key Management Personnel				
Short-term employee benefits	644,921	381,262	-	-
Defined contribution benefits	83,205	52,562	-	-
	728,126	433,824	-	-
Total compensation for other key management personnel (Note 30)	728,126	433,824	-	-

In the previous financial year, 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 respectively.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)

35. RELATED PARTY DISCLOSURES

(a) Subsidiaries

The subsidiaries as disclosed in Note 5 to the financial statements.

(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	
	2023	2022	2023	2022
	RM	RM	RM	RM
Subsidiaries				
Interest expenses	-	-	311,890	347,135
Interest income	-	-	(1,514,620)	(615,912)
Associate				
Interest income	(269,176)	(154,685)	(269,176)	(154,685)

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, investment holding and trading.

Axteria Group Berhad has arrived at three (2022: three) 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 segment – developing of properties, securing and carrying out construction contracts and a hotel under construction which will be occupied by the Group.
- Investment holding segment – investing activities where investments contribute dividend income and interest income as well as sharing of results of the investee companies.
- Trading segment – wholesale of construction materials to third party customers.

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)

36. OPERATING SEGMENTS (CONT'D)

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
2023					
Revenue					
External revenue	65,450,346	-	(69,377)	-	65,380,969
Inter-segment revenue	-	-	75,416	(75,416)	-
	65,450,346	-	6,039	(75,416)	65,380,969
Results					
Segment profit/(loss)	7,119,321	726,732	(12,991)	(6,215,685)	1,617,377
Finance costs	(1,984,946)	(311,890)	(13,416)	1,826,510	(483,742)
Share of profits of equity-accounted associates	-	318,558	-	-	318,558
Profit/(Loss) before taxation	5,134,375	733,400	(26,407)	(4,389,175)	1,452,193
Other Information					
Depreciation of property, plant and equipment	223,256	-	-	-	223,256
Depreciation of investment property	133,650	-	-	-	133,650
Depreciation of right-of-use assets	196,160	-	-	-	196,160
Fair value loss on other financial asset	334,076	-	-	-	334,076
Interest expenses	1,984,946	311,890	13,416	(1,826,510)	483,742
Property, plant and equipment written off	1,431	-	-	-	1,431
Interest income	(354,033)	(1,793,243)	-	1,826,510	(320,766)
Gain on lease termination	(31,508)	-	-	-	(31,508)
Reversal of impairment loss on other receivables	(7,243)	-	-	-	(7,243)
Share of profit of equity accounted associate	-	(318,558)	-	-	(318,558)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (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
2023					
Assets					
Segment assets	193,649,742	163,457,931	147,816	(164,721,001)	192,534,488
Investments in an associate					4,387,778
Unallocated assets:-					
- deferred tax assets					95,300
- current tax assets					409,698
Consolidated total assets					197,427,264
<u>Additions to non-current assets other than financial instruments</u>					
Property, plant and equipment	18,491,088	-	-	-	18,491,088
Investment properties	341,000	-	-	-	341,000
Right-of-use assets	548,978	-	-	-	548,978
Liabilities					
Segment liabilities	85,281,138	15,699,394	150,702	(53,399,692)	47,731,542
Unallocated liabilities:-					
- current tax liabilities					1,671,059
Consolidated total liabilities					49,402,601

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (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					
Revenue					
External revenue	16,164,740	-	875,047	-	17,039,787
Results					
Segment (loss)/profit	(2,122,682)	(1,163,188)	45,829	(5,618,711)	(8,858,752)
Finance costs	(1,369,508)	(347,135)	(5,350)	963,048	(758,945)
Share of profits of equity-accounted associates	-	13,866	-	-	13,866
(Loss)/Profit before taxation	(3,492,190)	(1,496,457)	40,479	(4,655,663)	(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)
Reversal of provision for liquidated ascertained damages	(94,891)	-	-	-	(94,891)
Share of profit of equity accounted associate	-	(13,866)	-	-	(13,866)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (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	168,094,725	142,306,448	424,418	(129,602,088)	181,223,503
Investments in an associate					4,069,220
Unallocated assets:-					
- deferred tax assets					95,300
- current tax assets					1,509,121
Consolidated total assets					186,897,144
<u>Additions to non-current assets other than financial instruments</u>					
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	70,140,400	21,566,752	387,687	(27,510,677)	64,584,162
Unallocated liabilities:-					
- current tax liabilities					11,725
Consolidated total liabilities					64,595,887

36.2 GEOGRAPHICAL INFORMATION

The Group operates predominantly in three business segments in Malaysia. Accordingly, the information by geographical segments is not presented.

36.3 MAJOR CUSTOMERS

There is no single customer that contributed 10% or more to the Group's revenue.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)

37. CAPITAL COMMITMENTS

	The Group	
	2023 RM	2022 RM
Purchase of property, plant and equipment	3,906,646	21,672,365
Purchase of investment properties	-	253,000
	3,906,646	21,925,365

38. FINANCIAL INSTRUMENTS

The activities of the Group and of the Company 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 overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group and of the Company.

38.1 FINANCIAL RISK MANAGEMENT POLICIES

The policies in respect of the major areas of treasury activity are as follows:-

(a) Market Risk

(i) Foreign Currency Risk

The Group and the Company do not have any transactions or balances denominated in foreign currencies and hence, are 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 exposure to interest rate risk arises mainly from long-term borrowings with variable rates. The Group adopts a policy of obtaining the most favourable interest rates available and by maintaining a balanced portfolio mix of fixed and floating rate borrowings.

The fixed rate debt instruments of the Group is not subject to interest rate risk since neither carrying amounts nor the future cash flows will fluctuate because of a change in market interest rates.

The 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)

38. FINANCIAL INSTRUMENTS (CONT'D)

38.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(ii) Interest Rate Risk (Cont'd)

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	
	2023	2022
	RM	RM
Effects on Loss After Taxation		
Increase of 25 (2022: 25) basis points	(13,759)	(27,614)
Decrease of 25 (2022: 25) basis points	13,759	27,614

There is no impact on the Group's equity.

(iii) Equity Price Risk

The Group and the Company do not have any quoted investments and hence, is not exposed to equity price risk.

(b) Credit Risk

The exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trade and other receivables. The Group and the Company manage their exposures 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), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

Also, the Company's exposure to credit risk includes loans and advances to subsidiaries, and corporate guarantee given to financial institutions for credit facilities granted to certain subsidiaries. The Company monitors the ability of the subsidiaries to serve their loans on an individual basis.

(i) Credit Risk Concentration Profile

The Group and the Company do not have any major concentration of credit risk related to any individual customer or counterparty.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)**38. FINANCIAL INSTRUMENTS (CONT'D)**

38.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(ii) Maximum 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

The Group and the Company have an informal credit policy in place and the exposure to credit risk is monitored on an on-going basis through periodic review of the ageing of the receivables. The Group and the Company closely monitor the receivables' financial strength to reduce the risk of loss.

At each reporting date, the Group and the Company evaluate 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 against the associated impairment, if any, when there is no reasonable expectation of recovery despite the fact that they are still subject to enforcement activities.

A financial asset is credit impaired when any of following events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred:

- Significant financial difficult of the receivable;
- A breach of contract, such as a default or past due event;
- Restructuring of a debt in relation to the receivable's financial difficulty;
- It is becoming probable that the receivable will enter bankruptcy or other financial reorganisation.

The Group and the Company consider a receivable to be in default when the receivable is unlikely to repay its debt to the Group and the Company in full or is more than 90 days past due unless the Group and the Company have reasonable and supportable information to demonstrate that a more a lagging default criterion is more appropriate.

Trade Receivables and Contract Assets

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (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)

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.

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			
2023			
Current (not past due)	63,642	-	63,642
1 to 90 days past due	2,255,201	-	2,255,201
More than 91 days past due	3,416,574	-	3,416,574
Credit impaired	104,249	(104,249)	-
Trade receivables	5,839,666	(104,249)	5,735,417

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (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			
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)	-
<hr/>			
Trade receivables	2,820,801	(111,492)	2,709,309
Contract assets	65,075	-	65,075
<hr/>			
	2,885,876	(111,492)	2,774,384
<hr/>			

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

The Group applies the 3-stage general approach to measuring expected credit losses for its other receivables.

Under this approach, loss allowance is measured on either 12-month expected credit losses or lifetime expected credit losses, by considering the likelihood that the receivable would not be able to repay during the contractual period (probability of default, PD), the percentage of contractual cash flows that will not be collected if default happens (loss given default, LGD) and the outstanding amount that is exposed to default risk (exposure at default, EAD).

In deriving the PD and LGD, the Group and the Company consider the receivable's past payment status and its financial condition as at the reporting date. The PD is adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the receivable to settle its debts.

No expected credit loss is recognised on other receivables as it is negligible.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (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)

Fixed Deposits with A Licensed Bank, Cash and Bank Balances

The Group and the Company consider the licensed banks have low credit risks. In addition, some of the bank balances are insured by Government agencies. Therefore, the Group and the Company are of the view that the loss allowance is immaterial and hence, it is not provided for.

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.

No expected credit loss is recognised on other receivables as it is negligible.

Allowance for Impairment Losses

	Gross Amount RM	Individual Impairment RM	Carrying Amount RM
The Company			
2023			
Low credit risk	37,714,212	-	37,714,212
2022			
Low credit risk	14,549,633	-	14,549,633

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (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)

The movements in the loss allowances are disclosed in Note 12 to the financial statements.

Amount Owing by Associates (Non-trade Balances)

The Group and the Company apply the 3-stage general approach to measuring expected credit losses for all inter-company balances. Generally, the Group and the Company consider loans and advances to associates have low credit risks. The Group and the Company assume that there is a significant increase in credit risk when an 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 consider the loans and advances to be in default when the associates are not able to pay when demanded. The Group and the Company consider 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.

Allowance for Impairment Losses

	Gross Amount RM	Individual Impairment RM	Carrying Amount RM
The Group/The Company			
2023			
Significant increase in credit risk	5,871,778	(3,955,357)	1,916,421
2022			
Significant increase in credit risk	5,729,227	(3,955,357)	1,773,870

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 2023 (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)

Financial Guarantee Contracts

Corporate guarantees for borrowing facilities granted to subsidiaries and associate are financial guarantee contracts.

Inputs, Assumptions and Techniques used for Estimating Impairment Losses

The Company closely monitors the subsidiaries' financial strength to reduce the risk of loss.

The Company considers there is a significant increase in credit risk when the subsidiaries' and associate's financial position deteriorates significantly. A financial guarantee contract is credit impaired when:

- The subsidiaries and associate are unlikely to repay its obligation to the bank in full; or
- The subsidiaries and associate are having a deficit in equity and are continuously loss making.

The Company determines the probability of default of the guaranteed amounts individually using internal information available.

Allowance for Impairment Losses

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)

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 and the Company 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):-

	Contractual Interest Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM	1 – 5 Years RM	Over 5 Years RM
The Group						
2023						
<u>Non-derivative Financial Liabilities</u>						
Trade payables	-	13,787,921	13,787,921	13,787,921	-	-
Other payables and accruals	-	6,339,995	6,339,995	6,339,995	-	-
Lease liabilities	5.46	463,599	497,025	198,810	298,215	-
Term loans	4.85 - 5.59	20,586,341	22,385,165	2,055,288	17,901,107	2,428,770
Hire purchase payables	4.11 - 4.72	196,164	210,584	78,625	123,328	8,631
		41,374,020	43,220,690	22,460,639	18,322,650	2,437,401
2022						
<u>Non-derivative Financial Liabilities</u>						
Trade payables	-	15,051,424	15,051,424	15,051,424	-	-
Other payables and accruals	-	12,894,605	12,894,605	12,894,605	-	-
Lease liabilities	6.85	472,074	513,825	215,610	298,215	-
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
		52,889,088	57,716,906	38,253,215	17,013,039	2,450,652

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (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):-

	Contractual Interest Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM
The Company				
2023				
<u>Non-derivative Financial Liabilities</u>				
Other payables	4.97 - 5.49	15,613,232	15,613,232	15,613,232
Other payables and accruals	-	86,162	86,162	86,162
Financial guarantee contracts in relation to corporate guarantee given to:				
- certain subsidiaries	-	-	20,586,341	20,586,341
- an associate	-	-	12,482,769	12,482,769
		15,699,394	48,768,504	48,768,504
2022				
<u>Non-derivative Financial Liabilities</u>				
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	-	-	24,205,999	24,205,999
- an associate	-	-	13,224,683	13,224,683
		21,566,753	58,570,226	58,570,226

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (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 manage their capital to ensure that entities within the Group will be able to maintain an optimal capital structure so as to support their businesses and maximise shareholders value. To achieve this objective, the Group and the Company 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 and non-controlling interest. The debt-to-equity ratio of the Group at the end of the reporting period are as follows: -

	The Group	
	2023	2022
	RM	RM
Term loans (Note 23)	20,586,341	24,205,999
Hire purchase payables (Note 24)	196,164	264,986
	<hr/>	<hr/>
	20,782,505	24,470,985
Less: Fixed deposits with a licensed banks (Note 17)	(1,018,778)	(884,561)
Less: Cash and bank balances	(13,418,513)	(7,205,105)
	<hr/>	<hr/>
Net debt	6,345,214	16,381,319
	<hr/>	<hr/>
Total equity	148,024,665	122,301,257
	<hr/>	<hr/>
Debt-to-equity ratio	0.04	0.13
	<hr/>	<hr/>

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.

The debt-to-equity ratio of the Company is not presented as its cash and cash equivalents exceeded the total external borrowings.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)

38. FINANCIAL INSTRUMENTS (CONT'D)

38.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS

	The Group		The Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Financial Assets				
<u>Fair Value Through Profit or Loss</u>				
Other financial asset (Note 13)	1,552,257	1,886,333	-	-
<u>Amortised Cost</u>				
Trade receivables (Note 15)	5,735,417	2,709,309	-	-
Other receivables (Note 12)	1,925,743	1,779,279	39,630,633	16,323,503
Fixed deposits pledged with a licensed bank (Note 17)	1,018,778	884,561	-	-
Cash and bank balances	13,418,513	7,205,105	4,566,870	4,699,495
	22,098,451	12,578,254	44,197,503	21,022,998
	23,650,708	14,464,587	44,197,503	21,022,998
Financial Liabilities				
<u>Amortised Cost</u>				
Trade payables (Note 25)	13,787,921	15,051,424	-	-
Other payables and accruals (Note 26)	6,339,995	12,894,605	15,699,394	21,566,753
Lease liabilities (Note 22)	463,599	472,074	-	-
Term loans (Note 23)	20,586,341	24,205,999	-	-
Hire purchase payables (Note 24)	196,164	264,986	-	-
	41,374,020	52,889,088	15,699,394	21,566,753

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)

38. FINANCIAL INSTRUMENTS (CONT'D)

38.4 GAINS OR LOSSES ARISING FROM FINANCIAL INSTRUMENTS

	The Group		The Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Financial Assets				
<u>Fair Value Through Profit or Loss</u>				
Net (losses)/gains recognised in profit or loss	(334,076)	20,807	-	-
<hr/>				
<u>Amortised Cost</u>				
Net gain recognised in profit or loss	328,009	432,815	1,793,243	770,597
<hr/>				
Financial Liabilities				
<u>Amortised Cost</u>				
Net losses recognised in profit or loss	(454,984)	(720,796)	(311,890)	(347,135)
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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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)

38. FINANCIAL INSTRUMENTS (CONT'D)

38.5 FAIR VALUE INFORMATION (CONT'D)

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:-

The Group	Fair Value of Financial Instrument Carried at Fair Value			Fair Value of Financial Instrument not Carried at Fair Value			Carrying Total Amount RM
	Level 1 RM	Level 2 RM	Level 3 RM	Level 1 RM	Level 2 RM	Level 3 RM	
2023							
<u>Financial Asset</u>							
Other financial asset	-	1,552,257	-	-	-	-	1,552,257
<u>Financial Liabilities</u>							
Hire purchase payables	-	-	-	-	206,855	-	196,164
Term loans	-	-	-	-	20,586,341	-	20,586,341
2022							
<u>Financial Asset</u>							
Other financial asset	-	1,886,333	-	-	-	-	1,886,333
<u>Financial Liabilities</u>							
Hire purchase payables	-	-	-	-	279,428	-	279,428
Term loans	-	-	-	-	24,205,999	-	24,205,999

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)**38. FINANCIAL INSTRUMENTS (CONT'D)**

38.5 FAIR VALUE INFORMATION (CONT'D)

- (a) The fair value of the other financial asset is determined based on the surrender value at the end of the financial year.
- (b) The fair value of hire purchase payables that carry at fixed interest rate are estimated by discounting expected future cash flows using current market interest rate.
- (c) The fair value of the 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.

ANALYSIS OF SHAREHOLDINGS

AS AT 29 MARCH 2024

Issued Capital: 716,766,490 shares (excluding 111,840 treasury shares held)

Class of Shares: Ordinary shares

No. of Shareholders: 4,658

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	59	1.267	2,451	0.000
100 - 1,000	307	6.591	217,927	0.030
1,001 - 10,000	2,034	43.667	11,280,108	1.574
10,001 - 100,000	1,700	36.496	66,829,053	9.324
100,001 - 35,838,323 (*)	557	11.958	452,168,051	63.085
35,838,324 and above (**)	1	0.021	186,268,900	25.987
Total	4,658	100.000	716,766,490	100.00

Remarks: * Less than 5% of issued shares
** 5% and above of issued shares

SUBSTANTIAL SHAREHOLDERS

Name of Shareholder	Number of Shares: Direct	Percentage	Number of Shares: Indirect	Percentage
Woo Wai Onn @ Foo Wai Onn	186,268,900	25.987	-	-

DIRECTORS' INTEREST

Name of Directors	Number of Shares: Direct	Percentage	Number of Shares: Indirect	Percentage
Mok Juan Chek	-	-	-	-
Dato Abdullah Bin Abdul Mannan	14,000,000	1.953	-	-
Woo Wai Onn @ Foo Wai Onn	186,268,900	25.987	-	-
Tee (Tay) Eng Joo	7,666,000	1.070	6,000,000	0.837
Ng Lee Thin	-	-	-	-
Kevin Low Ee Ming	-	-	-	-
Yap Yung Chien	-	-	-	-
Yau Yin Wee	-	-	-	-
	207,934,900	29.010	6,000,000	0.837

ANALYSIS OF SHAREHOLDINGS
AS AT 29 MARCH 2024 (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	186,268,900	25.987
2	AMSEC NOMINESS (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHUA TICK YAW	21,494,000	2.998
3	TA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TEO CHAI HOCK	14,890,578	2.077
4	ABDULLAH BIN ABDUL MANNAN	14,000,000	1.953
5	TA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SAMUEL TAN HOCK KHOON	10,368,800	1.446
6	CGS INTERNATIONAL NOMINEESS MALAYSIA (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR TEE (TAY) ENG JOO (MF00316)	7,666,000	1.070
7	LIM EE LOONG	7,500,000	1.046
8	NSK TRADING SDN. BHD.	7,500,000	1.046
9	TA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN YAN TEN	7,150,000	0.997
10	CGS-INTERNATIONAL NOMINEES MALAYSIA (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SAMUEL TAN HOCK KHOON (MY4360)	6,968,600	0.972
11	KENANGA NOMINEES (ASING) SDN BHD EXEMPT AN FOR PHILIP SECURITIES PTE LTD (CLIENT ACCOUNT)	6,821,316	0.951
12	CHONG TONG SIEW	6,805,300	0.949
13	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR ANG CHIN HOW (M04)	6,736,513	0.939
14	CHEW SENG GUAN	6,668,900	0.930
15	TA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KOM HUAN CHEE	6,190,909	0.863
16	CGS-INTERNATIONAL NOMINEES MALAYSIA (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN SOCK ENG (MF00317)	6,000,000	0.837
17	YEOH PHEK LENG	5,947,000	0.829
18	CHUA ENG GUAN	5,393,500	0.752
19	TA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KELVIN TEO	5,358,513	0.747
20	SAMUEL TAN HOCK KHOON	5,000,000	0.697
21	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR YEO ANN SECK	4,980,200	0.694
22	HSIN TSAI YING	4,750,000	0.662
23	WONG KIM HUNG	4,710,000	0.657
24	TA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LIU HAN MING	4,200,000	0.585
25	TA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR HANG CHEW CHEE	4,184,000	0.583
26	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SOLOMON TAN YIIN YUH	4,120,800	0.574
27	TA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR HSU TONG KEY	3,910,000	0.545
28	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ONG LI TAK (7005696)	3,900,000	0.544
29	LOW BOON FIN	3,500,000	0.488
30	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHUA TICK YAW (7005651)	3,481,855	0.485

ANALYSIS OF WARRANTS A HOLDINGS

AS AT 29 MARCH 2024

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 Warrants	Percentage
1 - 99	180	7.117	7,797	0.008
100 - 1,000	699	27.639	564,895	0.581
1,001 - 10,000	1,106	43.733	4,833,017	4.972
10,001 - 100,000	421	16.647	15,372,107	15.813
100,001 - 4,860,583 (*)	121	4.785	57,848,330	59.508
4,860,584 and above (**)	2	0.079	18,585,548	19.118
Total :	2,529	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	-	-
Tee (Tay) Eng Joo	-	-
Ng Lee Thin	-	-
Kevin Low Ee Ming	-	-
Yap Yung Chien	-	-
Yau Yin Wee	-	-

ANALYSIS OF WARRANTS A HOLDINGS
AS AT 29 MARCH 2024 (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
4	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	TA NOMINEES (TEMPATAN) SDN BHD		
	PLEDGED SECURITIES ACCOUNT FOR GOH MON CHIUAN	1,718,900	1.768
9	LAI THIAM POH	1,661,000	1.708
10	CHIANG SIEW ENG @ LE YU AK EE	1,550,500	1.594
11	LEE HONG PENG	1,496,850	1.539
12	ADSCORE SDN.BHD.	1,348,545	1.387
13	TAN YAU LAM	1,162,600	1.195
14	TAN HUI POH	1,065,000	1.095
15	TAY SIE CHOO	875,000	0.900
16	CHUA ENG GUAN	819,231	0.842
17	KENANGA NOMINEES (ASING) SDN BHD		
	RAKUTEN TRADE SDN BHD FOR ANDREA WESTRICH GEB. WAGNER	755,000	0.776
18	C.L.P. INDUSTRIES SDN BHD	739,000	0.760
19	TAN BEE LENG	701,200	0.721
20	LING AH KENG	700,000	0.720
21	JOHAN ENTERPRISE SDN. BHD.	695,000	0.714
22	CHONG CHIN ONN	646,500	0.665
23	LOH JUN HUI	640,000	0.658
24	CHUA SOO CHAI	629,000	0.647
25	TEO HOCK LEONG	610,000	0.627
26	CHUA WAN CHEK	605,000	0.622
27	TAN BOON HUA	602,500	0.619
28	WONG FONG KUEN	554,000	0.569
29	CHONG JIAN XIANG	550,000	0.565
30	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD		
	PLEDGED SECURITIES ACCOUNT FOR CHUA ENG GUAN (6000381)	519,300	0.534

LIST OF PROPERTIES

Company	Location	Description	Tenure	Valuation/ Acquisition/ Completion Date	Approximate Site Area (Acres)	Existing Use	NBV RM
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	20 April 2023 (valuation)	Land area: 0.203 acres (Factory Gross: Floor Area: 7,458 sq.ft.)	Unoccupied	2.37m
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 December 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	1.59m
	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 December 2103)	7 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-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 December 2103)	14 January 2022	Area of the commercial unit: 0.0934 acres (4,070 sq.ft.)	Unoccupied	1.83m

LIST OF PROPERTIES
(CONT'D)

Company	Location	Description	Tenure	Valuation/ Acquisition/ Completion Date	Approximate Site Area (Acres)	Existing Use	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 December 2103)	26 April 2022	Area of the commercial unit: 0.0552 acres (2,406 sq.ft.)	Unoccupied	1.08m
	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 December 2103)	26 April 2022	Area of the commercial unit: 0.0438 acres (1,910 sq.ft.)	Unoccupied	0.86m
	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 December 2103)	26 April 2022	Area of the commercial unit: 0.0438 acres (1,910 sq.ft.)	Unoccupied	0.86m
	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 December 2103)	July 2022	Area of the commercial unit: 0.1091 acres (4,754 sq.ft.)	Unoccupied	1.05m
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 December 2103)	20 February 2023	Area of the commercial unit: 0.0835 acres (3,638 sq.ft.)	Unoccupied	1.46m

LIST OF PROPERTIES
(CONT'D)

Company	Location	Description	Tenure	Valuation/ Acquisition/ Completion Date	Approximate Site Area (Acres)	Existing Use	NBV RM
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 December 2103)	20 February 2023	Area of the commercial unit: 0.1400 acres (6,098 sq.ft.) Area of the accessory lot: (244 sq.ft.)	Unoccupied	1.61m
Axteria Development Sdn Bhd	Geran 504464, Lot 28093, Mukim Plentong , Johor Bahru (Address: No. 1, Jalan Bakawali 35, Taman Johor Jaya, 81100 Johor Bahru, Johor Darul Takzim)	Commercial Units	Freehold	29 November 2022	Land area: 0.046 acres (Shop House Gross Floor Area: 3,213 sq.ft.)	Sales gallery	0.995m

ADMINISTRATIVE GUIDE FOR THE TWENTY-FIFTH ANNUAL GENERAL MEETING

(“25TH AGM”)

Date & Time	:	Wednesday, 5 June 2024 at 10.00 a.m.
Meeting Venue	:	Online Meeting Platform provide 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

The 25th AGM will be conducted on a fully virtual basis through live streaming and online remote voting via Remote Participation and Voting (“RPV”) facilities provided by Tricor Investor & Issuing House Services Sdn Bhd's (or “Tricor”) via TIH 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. 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 25th 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 25th AGM must request his/her proxy(ies) or attorney(s) or corporate representative(s) to register himself/herself via Tricor's TIH 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 25th AGM using the RPV facilities:

ADMINISTRATIVE GUIDE FOR THE TWENTY-FIFTH ANNUAL GENERAL MEETING ("25TH AGM") (CONT'D)

Before the day of 25th AGM

	Procedure	Action
i	Register as a user with TIIH Online	<ul style="list-style-type: none"> 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.
ii	Submit your request for RPV	<ul style="list-style-type: none"> Registration is open from Tuesday, 30 April 2024 until the day of 25th AGM on Wednesday, 5 June 2024. Shareholder(s)/proxy(ies)/attorney/corporaterepresentative(s) are required to pre-register their attendance for the 25th AGM to ascertain their eligibility to participate at the 25th AGM using the RPV. Login with your user ID (i.e. email address) and password and select the corporate event: "(REGISTRATION) AXTERIA GROUP BERHAD 25th 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 29 May 2024, the system will send you an e-mail on 4 June 2024 to approve or reject your registration for remote participation. <p><i>(Note: Please allow sufficient time for approval of new user of TIIH Online and registration for the RPV).</i></p>
On the day of 25th AGM		
(c)	Login to TIIH Online	<ul style="list-style-type: none"> Login with your user ID and password for remote participation at the 25th AGM at any time from 9.00 a.m. i.e. 1 hour before the commencement of the 25th AGM on Wednesday, 5 June 2024 at 10.00 a.m.
(d)	Participate through Live Streaming	<ul style="list-style-type: none"> Select the corporate event: "(LIVE STREAM MEETING) AXTERIA GROUP BERHAD 25th AGM" to engage in the proceedings of the 25th 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 25th 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	<ul style="list-style-type: none"> Voting session commences from 10.00 a.m. on Wednesday, 5 June 2024 until a time when the Chairman announces the end of the session. Select the corporate event: "(REMOTE VOTING) AXTERIA GROUP BERHAD 25th 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	<ul style="list-style-type: none"> Upon the announcement by the Chairman on the closure of the 25th AGM, the Live Streaming will end.

ADMINISTRATIVE GUIDE FOR THE TWENTY-FIFTH ANNUAL GENERAL MEETING ("25TH AGM") (CONT'D)

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 25th 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 29 May 2024 shall be eligible to participate at the 25th 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 25th 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 25th 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 25th AGM whether in hard copy or by electronic means shall be deposited or submitted in the following manner not later than **Tuesday, 4 June 2024 at 10.00 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:

ADMINISTRATIVE GUIDE FOR THE TWENTY-FIFTH
ANNUAL GENERAL MEETING ("25TH AGM") (CONT'D)

Procedure	Action
i. Steps for Individual Shareholders	
Register as a User with TIIH Online	<ul style="list-style-type: none"> ▪ 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	<ul style="list-style-type: none"> ▪ 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 25th 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	<ul style="list-style-type: none"> ▪ 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. <p>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.</p>
Proceed with submission of Proxy Form	<ul style="list-style-type: none"> ▪ Login to TIIH Online at https://tiih.online ▪ Select the corporate event: "AXTERIA GROUP BERHAD 25th 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 25th 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.

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AXTERIA GROUP BERHAD
Registration 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 my/our proxy to vote on my/our behalf at the Twenty-Fifth (25th) Annual General Meeting ("AGM") of the Company to be conducted on a fully virtual basis through live streaming and online remote voting via Remote Participation and Voting facilities which are provided by Tricor Investor & Issuing House Services Sdn. Bhd. ("Tricor") via TIIH Online website at <https://tiih.online> or <https://tiih.com.my> (Domain registration number with MYNIC:D1A282781) on Wednesday, 5 June 2024 at 10.00 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 2024		
2	Approval of benefits payable to Directors		
3	Re-election of Mr. Mok Juan Chek as Director		
4	Re-election of Dato Abdullah Bin Abdul Mannan as Director		
5	Re-election of Mr. Tee (Tay) Eng Joo as Director		
6	Re-appointment of Crowe Malaysia PLT as Auditors		
7	Authority to Issue Shares and Waiver of Pre-Emptive Rights over Shares		

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 2024

.....
Signature of Shareholder(s) or Common Seal

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 25th AGM will be conducted on a fully virtual basis via TIH Online website at <https://tjih.online>. 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 25th AGM via the Remote Participation and Voting ("RPV") facilities provided by Tricor Investor & Issuing House Services Sdn Bhd via its TIH Online website at <https://tjih.online>. Please refer to the Administrative Guide for the 25th 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 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/authorised representative to participate at this 25th AGM via RPV facilities must request his/her proxy/attorney/authorised representative to register himself/herself for RPV at <https://tjih.online>. Please refer to the Procedures for RPV facilities as set out in the Administrative Guide for the 25th 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 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 25th AGM to vote by way of poll. Alternatively, the form of proxy can be lodged electronically via TIH Online website at <https://tjih.online> no later than Tuesday, 4 June 2024 at 10.00 a.m.
5. In the event the member duly executes the form of proxy but does not name any proxy, such member(s) shall be deemed to have appointed the Chairman of 25th AGM 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.
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 29 May 2024 shall be entitled to attend in person or appoint proxies to attend and/or vote on their behalf at the 25th 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 25th AGM and any adjournment thereof.

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