



**2023**

**ANNUAL REPORT**



**LEBTECH BERHAD**

200201023282 (590945-H)



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## Corporate Information



### AUDIT COMMITTEE

Dato' Ahmad Rizal Bin Abdul Rahman (*Chairman*)  
Tan Sri Datuk Adzmi Bin Abdul Wahab  
Jamil Bin Saimon  
Ir. Che Fisol Bin Abdul Hamid  
Dato' Hazli Bin Ibrahim

### NOMINATION COMMITTEE

Jamil Bin Saimon (*Chairman*)  
Dato' Hazli Bin Ibrahim  
Tan Sri Datuk Adzmi Bin Abdul Wahab

### REMUNERATION COMMITTEE

Tan Sri Datuk Adzmi Bin Abdul Wahab (*Chairman*)  
Jamil Bin Saimon  
Dato' Hazli Bin Ibrahim

### GROUP COMPANY SECRETARY

Nor Hisyam Bin Ahmad Fodzi  
(LS 0009957) SSM PC No: 202308000682

### AUDITORS

Messrs. Jamal, Amin & Partners (AF 1067)  
Chartered Accountants  
No. 62-1, 1<sup>st</sup> Floor Jalan 2/23A,  
Off Jalan Genting Klang,  
Taman Danau Kota Setapak,  
53300 Kuala Lumpur.

## Corporate Information

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### BOARD OF DIRECTORS

**DATO' HAZLI BIN IBRAHIM**  
Non-Independent Non-Executive Chairman

**NORAZMI BIN MOHAMED NURDIN**  
Managing Director

**JAMIL BIN SAIMON**  
Independent Non-Executive Director

**DATO' NOOR AZMAN @ NOOR HIZAM  
B. MOHD NURDIN**  
Non-Independent Non-Executive Director

**TAN SRI DATUK ADZMI BIN ABDUL WAHAB**  
Non-Independent Non-Executive Director

**FAIZ ZUHDI ADRI BIN ROSLAN**  
Non-Independent Non-Executive Director

**IR. CHE FISOL BIN ABDUL HAMID**  
Independent Non-Executive Director

**SR. TS. DR. RIDZUAN BIN YACOB**  
Non-Independent Non-Executive Director

**DATO' AHMAD RIZAL BIN ABDUL RAHMAN**  
Independent Non-Executive Director

**NORAISHAH BINTI IDRIS**  
Independent Non-Executive Director

#### REGISTERED OFFICE

Wisma Lebar Daun  
2, Jalan Tengku Ampuan Zabedah J9/J  
Seksyen 9, 40000 Shah Alam  
Selangor Darul Ehsan  
Tel : 603 5511 1333  
Fax : 603 5511 6755  
Website : [www.lebtech.com.my](http://www.lebtech.com.my)

#### SHARE REGISTRAR

Boardroom Share Registrars Sdn. Bhd.  
11th Floor, Menara Symphony,  
No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13,  
46200 Petaling Jaya, Selangor, Malaysia  
Tel : 603 7890 4700  
Fax : 603 7890 4670

#### PRINCIPAL BANKER

CIMB Bank Berhad  
Affin Bank Berhad

#### STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad  
Stock Code : 9628

# ADVANCING GROWTH-DELIVERING SUSTAINABLE TOMORROW

<b>L</b>	Legacy
<b>E</b>	Excellence
<b>B</b>	Build
<b>T</b>	Trust
<b>E</b>	Efficiency
<b>C</b>	Craftsmanship
<b>H</b>	Honor

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**Pathway Towards a Better  
Sustainable Future.**

Decision made easier  
Lives made better





## Profile of The Board of Directors



### **DATO' HAZLI BIN IBRAHIM**

*Non-Independent Non-Executive Chairman*

Aged 61, Malaysian, was appointed as Independent Non-Executive Director of LEBTECH on 13 April 2010. Subsequently, on 29 May 2023, he was re-designated as Independent Non-Executive Chairman of LEBTECH. He serves as a member of the Audit Committee and Nomination and Remuneration Committees. He holds a Bachelor of Finance with Accounting from the University of East London and fellow of the Association of Chartered Certified Accountants. He also holds a Master of Business Administration (Finance) from Cass Business School, London. He started his career in London with several chartered accountants firms. Upon his return to Malaysia in 1994, he joined Aseambankers Malaysia Berhad, an investment banking arm of Malayan Banking Berhad as Manager of Corporate Finance. Subsequently in November 1996, he moved to Amanah Merchant Bank Berhad. He left Amanah Group in September 1998 to join Pengurusan Danaharta Nasional Berhad ("Danaharta"), a national asset management company of Malaysia, as the Head of Corporate Planning, Corporate Services Division. He left Danaharta in October 2002 to set up Haz-iq Capital Sdn. Bhd., a consultancy firm, specializing in corporate finance works, where he is currently the Managing Director. He has extensive experience in investment banking and capital markets. He currently sits on the board of Duta Land Berhad and MUDA Holdings Berhad and several other private companies. He holds a total of 554,400 ordinary shares (direct and indirect) in LEBTECH and is deemed to have an interest in the shares of the subsidiary companies to the extent held by LEBTECH. He does not have any family relationship with any Director and/or major shareholder of LEBTECH and has no conflict of interest with LEBTECH. He attended all the five Board Meetings held during the financial year ended 31 December 2023.

## Profile of The Board of Directors

cont'd

### TAN SRI DATUK ADZMI BIN ABDUL WAHAB

*Non-Independent Non-Executive Director*

Aged 81, Malaysian, was appointed as Independent Non-Executive Director of LEBTECH BERHAD (“LEBTECH”) on 13 December 2007. Subsequently, on 28 February 2014, he was re-designated as Independent Non-Executive Chairman of LEBTECH until 29 May 2023. He holds a Bachelor of Arts (Hons) Degree in Economics and a Post Graduate Diploma in Public Administration from the University of Malaya and a Master of Business Administration from the University of Southern California, USA. He was appointed as the longest serving Managing Director of Eedaran Otomobil Nasional Berhad (EON) from November 1992 until May 2005. In 2003, he was conferred Malaysia CEO of the Year by AMEX and Business Times and Most PR Savvy CEO of the Year by Institute of Public Relations Malaysia. He was the first Chairman of the Malaysian Franchise Association from 1994 to 2005. He served the Malaysian Administrative and Diplomatic Service in various capacities from 1967 to 1982 in the following areas: Central Procurement and Contract Management in the Ministry of Finance, Investment Promotion in Pahang Tenggara Development Authority, Public Enterprise Management in Implementation Coordination Unit (Prime Minister’s Department), Regional Planning in Klang Valley Planning Secretariat (Prime Minister’s Department). He was a Manager, Corporate Planning Division of HICOM Berhad involved in development of heavy industries projects from 1982 to 1985. He served PROTON from 1985 to 1992 and his last position in PROTON was Director/Corporate General Manager, Administration and Finance Division. He has wide experience of over 20 years serving as a chairman and director of HICOM, PROTON and EON Group of Companies involved in automotive (car manufacturing, distribution, and component), property development, telecommunication, general trading, life insurance and franchise businesses. He does not hold any ordinary shares in LEBTECH. He does not have any family relationship with any Director and/or major shareholder of LEBTECH and has no conflict of interest with LEBTECH. He attended five out of five Board Meetings held during the financial year ended 31 December 2023.

### FAIZ ZUHDI ADRI BIN ROSLAN

*Non-Independent Non-Executive Director*

In November 2021, Faiz Zuhdi Adri Bin Roslan was named non independent Executive Director of Lebttech Berhad, aged 31. He graduated from the University of Durham, United Kingdom with a degree in Accounting and Finance. In 2015, he began his career as an audit associate at Deloitte Malaysia, and between 2016 and 2018 was a lead project consultant for the Global Innovation and Creativity Centre (MaGIC). He’s been serving as Chief Operating Officer, Strategic Partnerships and Head of Marketing Consultants at doctorDB and Lead Marketing Consultants from 2018 to 2019. He attended all five Board Meetings held during the financial year ended 31 December 2023.

## Profile of The Board of Directors

cont'd

### **NORAZMI BIN MOHAMED NURDIN**

*Managing Director*

Aged 58, Malaysian, was appointed as Managing Director of Lebttech Berhad (“LEBTECH”) on 7 January 2004. He holds a Degree in Civil Engineering and a Degree in Engineering Management from the University of Portland, USA. He started his career with Petronas Berhad in November 1992 as Senior Executive, Tender and Contract Division. He was with the company until 1996. Prior to joining the LEBTECH Group, he was the General Manager of Putrajaya Holdings Sdn. Bhd. and served in various senior positions in several other private companies under Putrajaya Holdings Sdn. Bhd. He is the key personnel in the management team that runs the day-to-day operations of LEBTECH Group. He also sits on the board of several other private companies. He does not hold any other directorships of public companies. He holds a total of 2,016,000 ordinary shares (direct and indirect) in LEBTECH and is deemed to have an interest in the shares of the subsidiary companies to the extent held by LEBTECH. He is the brother of Dato’ Noor Azman @ Noor Hizam bin Mohd Nurdin, a Non-Independent Non-Executive Director. He does not have any conflict of interest with the Company except for the recurrent related party transactions of a revenue or trading nature which are necessary for the day-to-day operations of the LEBTECH Group for which he is deemed to be interested as disclosed in page 22 of this Annual Report. He attended all five Board Meetings held during the financial year ended 31 December 2023.

### **DATO’ NOOR AZMAN @ NOOR HIZAM B. MOHD NURDIN**

*Non-Independent Non-Executive Director*

Aged 62, Malaysian, was appointed as Non-Independent Non-Executive Director of LEBTECH on 7 January 2004. He graduated with an Honours in Business Management degree from the University of Kebangsaan Malaysia. He began his career as a Corporate and Retail Banking Executive with MUI Bank Berhad in 1985. He left MUI Bank Berhad in 1988 to set up Lebttech Construction Sdn. Bhd. He also sits on the board of several other private companies. He does not hold any other directorships of public companies. He is the father of Muhammad Bin Noor Azman @ Noor Hizam, a major shareholder of LEBTECH and the brother of Encik Norazmi bin Mohamed Nurdin, the Managing Director, and a shareholder of LEBTECH. He does not have any conflict of interest with the Company except for the recurrent related party transactions of a revenue or trading nature which are necessary for the day-to-day operations of the LEBTECH Group for which he is deemed to be interested as disclosed in page 22 of this Annual Report. He attended all five Board Meetings held during the financial year ended 31 December 2023.

### **SR. TS. DR. RIDZUAN BIN YACOB**

*Non-Independent Non-Executive Director*

Aged 53, Ridzuan Bin Yacob holds a PhD in Built Environment and MSc in Integrated Construction Project Management, both from Universiti Teknologi MARA (UiTM), Shah Alam, as well as a B.Ed (Hons) in Civil Engineering from Open University Malaysia (OUM). He is a Registered Building Surveyor with the Royal Institution of Surveyors Malaysia (RISM), a Registered Property Manager with the Board of Valuers, Appraisers and Estate Agents Malaysia (BOVAEP) and a Certified Professional Technologist by the Malaysia Board of Technologists (MBOT). Additionally, a Certified Construction Manager (CCM) by the Malaysian Construction Industry Development Board (CIDB). Ridzuan Bin Yacob is a dedicated construction project manager with extensive knowledge of research and publications in construction management, engineering principles, theories, specifications and standards. He began his career in the construction industry with ACMAR International as a civil and structural supervisor for condominium and hotel project in Bandar Baru Klang, Selangor, in 1995. Subsequently, he joined LCSB for the housing development project of Bukit Bandaraya, Shah Alam, in 2000. Throughout his career, he has been involved in various construction projects, encompassing both buildings and infrastructure works. Ridzuan Bin Yacob brings leadership drive to the table and boasts a proven track record of successfully completed projects. He diligently attended all five Board Meetings held during the financial year ended on 31 December 2023.

## Profile of The Board of Directors

cont'd

### IR. CHE FISOL BIN ABDUL HAMID

*Independent Non-Executive Director*

Aged 57, Ir. Che Fisol Bin Abdul Hamid is a professional engineer with a Practising Certificate and a member of Institution of Engineers Malaysia (IEM). He holds a Bachelor Degree of Engineering (Hons) in Civil Engineering from University of Newcastle Upon Tyne, United Kingdom. He started his career in 1990 with multi-disciplinary consultancy firm, Minconsult Sdn Bhd as a structural engineer involved in the design for various projects such as resort and township development, silos, and multi-story buildings. He then left Minconsult after 7 years and moved to Worldwide Holdings Berhad, a property development and investment holding company. He was involved in various property development projects undertaken by the company throughout his tenure as a Project Manager. He has extensive experience in property development, construction and project management. He attended all five Board Meetings held during the financial year ended 31 December 2023.

### JAMIL BIN SAIMON

*Independent Non-Executive Director*

Aged 58, Malaysian, was appointed as Independent Non-Executive Director of LEBTECH on 6 August 2018. He holds Bachelor Degree in Town Planning, Institut Teknologi Mara (MARA Technology Institute) from 1983 until 1986. Encik Jamil has vast and in-depth experience in the field of town planning and property development. He played a big role as Town Planning Director with Klang Municipal Council since 1996 for 12 years before joining Kumpulan Lebar Daun as Director for one (1) year and was appointed as Managing Director for the group until 2003. Encik Jamil has accrued comprehensive experience in all facets of town planning and property development over the last decade. He attended all five Board Meetings held during the financial year ended 31 December 2023.

### DATO' AHMAD RIZAL BIN ABDUL RAHMAN

*Independent Non-Executive Director*

Aged 54, Malaysian was appointed as Independent Non-Executive Director of LEBTECH on 21 April 2022. Subsequently, on 29 May 2023, he was re-designated as a Chairman of Audit Committee. He has more than 30 years of experience under his belt, specifically in business strategy, corporate finance, and investments. An accountant by profession, he started his career as an auditor with KPMG and business advisor where he was involved in creating business strategies in various corporate sectors such as manufacturing, financial & investment services, property & development, construction, independent power plant and oil & gas. He has championed some of the deal-making, financial restructuring, business reengineering, acquisitions, and corporate financing. His biggest achievement was the turnaround of Perak State Agriculture Development Corporation (SADC). During his tenure, he has successfully turned the Perak State GLC into a profit generating entity by creating and maximizing the value/yield of the State's land, through implementing new business innovations, product development & brand strategies; and transforming Perak SADC by establishing and streamlining processes for more efficient operations; as well as inculcating a KPI driven Corporate Culture.

He was also instrumental in assisting Boustead Plantation Berhad in preparing its turnaround plan and its execution. Now he is entrusted to turn around Mardec Berhad Group of Companies. He also sits as an Independent Non-Executive Director of Reservoir Link Berhad. He attended all five Board Meetings held during the financial year ended 31 December 2023.

### PUAN HJH. NORAI SHAH BINTI IDRIS

*Independent Non-Executive Director*

On 29 May 2023, Puan Hjh Noraishah Binti Idris was named independent Non-Executive Director of Lebtech Berhad, aged 53. She is the Managing Partner of Messrs Aishah Kama & Sabri in Shah Alam Branch. She founded AISHAH KAMA & SABRI in 2004, and it is under her navigation that the firm has grown and developed by leaps and bounds. Her firm has three (3) branches that is In Klang, Shah Alam and Subang, Selangor.

She graduated from International Islamic University of Malaysia (IIUM), and also holds a Post Graduate Diploma in Syariah of Law Practice (DSLPL) from IIUM. Currently an Advocate & Solicitor of the High Court of Malaya since 1994 and also a Syarie Lawyer for the State of Selangor. In 2022, she has been appointed as the Commissioner for Oaths by Jabatan Kehakiman, Mahkamah Persekutuan Malaysia.

She began her career in the Legal Services as a Legal Practitioner at Messrs Baharuddin Ali & Co in 1994. Several years later she commenced her own legal firm, ventured into Conveyancing and project-based works which became her niche areas. Apart from that, she handled documentation in matters involving Islamic interest Free Banking for both retail and Corporate Banking.

# The Chairman's Message



## **Dear Shareholders and Stakeholders,**

*It is a great honour to address you all as the Chairman of Lebtech Berhad (“LB” or the “Group”). FY2023 marked a significant turning point, especially in the latter half, as we observed a consistent improvement in the property market, signalling perseverance from the challenges posed by the rising interest rates, impact of foreign exchange and persistent inflation levels. I am committed to bringing the passion for quality, equality and innovation in my role as the Chairman to continue serving our people, our clients and all stakeholders. As a construction company, township development, corporate offices & official buildings master planning, and infrastructure developer are where we can make a difference.*

## **CREATING VALUE FOR OUR SHAREHOLDERS**

Our journey in FY2023 is rooted to create value for our shareholders, customers, business partners, employees and the broader community into every aspect of the Group's core business segments. In our steadfast dedication to deliver value to stakeholders, our goal as a property development is to offer fairly priced and comfortable homes, creating environments where buyers can build their lives and foster family well-being. Despite the challenging economic condition in Malaysia and the global macroeconomic environment and market headwinds, the Group remains vigilant in balancing its capital structure and effectively managing its de-gearing programme in pursuit of a sustainable overall performance.

## **REVIEW OF OPERATION**

LB adopts a forward-thinking approach in formulating strategies to seize opportunities for growth while navigating challenges in the business environment. Monetising nonstrategic land and divesting our non-core assets provides us with the liquidity capacity to invest in more strategic areas using the proceeds, thereby streamlining our operations and freeing up resources for growth initiatives. We recognise the high demand for industrial properties, signalling a lucrative opportunity in this market as we cater to businesses looking for manufacturing, warehousing or distribution facilities. Accordingly, we offer various amenities and infrastructure tailored to industrial needs, attracting companies seeking efficient and well-

# Chairman's Statement

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## MOVING FORWARD

At LB, we always believe that the future belongs to those who plan for it today. We have high hopes to continue our track record of consistent operational and financial delivery, built on the back of strong strategies and adaptive policies. Plans include diversification towards developing more recurring income streams for the Group. These will hold us in good stead as we look to expand our portfolio of assets. A larger portfolio will also offer new opportunities and lays the pathway to reduce our dependence on pure property sales.

## ACKNOWLEDGEMENT

On behalf of the Board, I wish to express our sincere gratitude to our shareholders, employees, customers, regulators, government authorities, business partners and bankers all of whom have been instrumental contributors to our ongoing success. Recognising that the backbone of our achievements lies within our dedicated team, I wish to express my deepest appreciation to each and every team member of Lebtch Berhad and its subsidiary. Without their dedication and hard work, we would not have gained the stability and strength necessary to sustain our growth journey. Together, I trust we will continue to demonstrate our capabilities and deliver better results and a brighter future for all our stakeholders. A heartfelt thank you goes out to our valued shareholders, who have placed their trust in our business, our people, and our potential for delivering results. With your support, we remain resolute in our commitment to creating value for both shareholders and all our other stakeholders alike.

**Thank you.**

**DATO' HAZLI BIN IBRAHIM**

*Independent Non-Executive Chairman*

30 April 2024

equipped spaces for their operations like our projects for Lembaga Air Perak (LAP) and Suruhanjaya Syarikat Malaysia (SSM) office building.

## BUILDING A SUSTAINABLE COMMUNITY FOR THE FUTURE

The Board oversee our innovation strategy, setting focus areas and key performance indicator ("KPI") targets for innovation that are reviewed quarterly. We accomplished this goal by our subsidiary Lebtch Energy Sdn Bhd that focussing on Environmental, Sustainability and Governance (ESG) solutions. To stay ahead, we focus on fostering an innovation culture throughout the Group, from idea to execution. We have made big strides by digitalising our key processes, adopting cutting-edge digital marketing and improving the efficiency of our construction methods. Apart from the Innovation Team, we have a dedicated Digital Sustainability team lead by Lebtch Energy Sdn Bhd focused on implementing digital solutions to drive digital sustainability, a crucial part of our sustainability efforts. In 2023, their accomplishments included finding a fitting ESG data platform.

# Management Discussion and Analysis

## **OPERATING AND BUSINESS OVERVIEW**

As we delve into the details of our performance and strategic initiatives, I invite you to celebrate our successes, learn from our experiences and envision the exciting opportunities that lie ahead. Together, we are shaping the future of Lebttech Berhad and making a meaningful impact in becoming the leader in creating sustainable communities and enriching lifestyles.

As we look back on the business landscape of 2023, it reflects a blend of challenges and achievements, underscoring a year characterised by a complex global economic landscape, ongoing geopolitical tensions, the implementation of monetary policy adjustments to combat inflation, and the possible threat of worldwide economic deceleration, cash flows generation remained low at RM -0.94 million for FY2023 compared to RM 1.49 million the year before.

As we execute our long-term strategies for the Group, we must consistently maintain a disciplined approach to balance sheet management and investing and keep driving for operational improvements to ensure that we remain competitive in the market.

## **REVIEW OF FINANCIAL RESULTS**

Considering it was a very challenging year, the Group recorded revenue of RM 16.31 million in FY2023, a decrease of 19.14% from RM 20.17 million in the preceding year. Consequences of the lower revenue, the Group's pre-tax profit for FY2023 was lower at RM 0.34 million representing a decrease of 15% compared to RM 0.40 million in the preceding year.

The Pandemic taught us that business disruption can come from the most unexpected sources. Arising from this experience, we have further strengthened our organisation's capability to function in the face of disruptions. The cash generative aspects of our businesses with cash flows from operating activities recorded at RM -0.94 million for FY2023 compared to RM 1.49 million in the previous year.

## **DIVIDEND**

Currently, the Group does not have a dividend policy.

## **ESG AGENDA TO ENSURE LONG TERM VALUE CREATION**

In response to the evolving Environmental, Social, and Governance ("ESG") landscape, the Group has strategically embraced initiatives that align with sustainable practices, ensuring long-term value creation. Our commitment to ESG is deeply embedded in our corporate culture and business strategies as a construction company. In 2023, the Group continued to achieve a milestone in environmental responsibility. We actively integrated ecosystems and biodiversity values into project planning and development processes, aligning with local and global policies and frameworks on biodiversity at constructions of Basco Avenue and Amare Developments. Furthermore, our Construction Segments prioritise sustainability in infrastructure projects, incorporating eco-friendly practices and materials to minimise environmental impact. Our pursuit of governance excellence remains unwavering. Throughout 2023, the Group continued to fortify its governance framework, emphasising transparency, accountability, and ethical business practices. Efforts to enhance diversity at both the Board and organisational levels have been ongoing, recognising the inherent value of diverse perspectives in effective decision-making. These achievements not only align with global ESG standards but also underscore our proactive stance in contributing to a sustainable and responsible future. By addressing the ESG agenda, the Group aims to create enduring value for all stakeholders and effectively navigate the evolving landscape of responsible business practices.

# Management Discussion and Analysis

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## MARKET OUTLOOK & PROSPECTS

We believe that the financial performance of the Group in FY2023 is a validation that we are moving in the right direction. As I have shared, Lebtech Berhad has a clear, long-term strategy in place, and we are committed to work hard to achieve it. Along the way, we are sure to encounter challenges that may set us back temporarily. But we remain steadfast in ensuring that the Group continues to move in the desired direction to achieve our vision. In this regard, we are entering FY2024 on a strong footing. A significant portion of the upgrading of our construction should be completed in FY2024, which puts us in a good position to hopefully grow our occupancy and rates across our developments. As we embark on the next chapter of our long-term journey, we would like to extend our heartfelt gratitude to our shareholders, customers, business partners, bankers, and members of our dedicated team. Your unwavering support has been the cornerstone of our success. We will continue to work hard to bring our Group to greater heights together.

Thank you.

**NORAZMI BIN MOHAMED NURDIN**

*Group Managing Director*

*30 April 2024*

## Corporate Social Responsibility

### 1. "A GREENING EVENT CALLED 'SHAH ALAM TREES FOR LIFE'"

Trees were planted at D'Kayangan during the event held by the Shah Alam City Council (MBSA) in collaboration with D'Kayangan residents and KLD. With a commitment to making Shah Alam a low-carbon city by 2030.



### 2. CONTINUING KLD'S CORPORATE SOCIAL RESPONSIBILITY (CSR) PROGRAM BY SUPPORTING THE INDIGENOUS COMMUNITY IN KG AIR KUNING, BBSA, SHAH ALAM.

KLD's goal and effort are to sustain communities in need and enhance their quality of life by encouraging them to seek additional sources of income, community engagement, health, and environment.

KLD took the initiative to plant saplings of forest trees, carry out new landscaping work, and conduct cleaning activities along the BBSA lake.

The aim is to foster relationships with the environment, including communities in need.

## Sustainability Statement

Lebtech Bhd, as a responsible corporation with its core business in construction and sustainability services, is committed to undertaking initiatives that support the realisation of the United Nations Sustainable Development Goals (UN-SDGs) and the Malaysia Government's long-term aspirations to achieve net zero greenhouse gas (GHG) emissions by as early as 2050.

At Lebtech, we recognise our responsibility to build structures that are sustainable with planet and resources conservation in mind. The Board and Management are also highly appreciative of the urgency of the global climate action and are dedicated in playing a part. This dedication is demonstrated in the Group's commitment in embedding the sustainability concept into our business strategy and operations, while we also ventured into providing professional sustainability services to Lebtech partners and customers through our subsidiary Lebtech Energy Sdn. Bhd.

Our initiatives are guided by a sustainability governance framework adopted by the Board that defines our sustainability goals, while ensuring the Group are journeying towards achieving the set targets. With a focus on environmental protection, social equity and corporate governance, this statement encapsulates our sustainability journey for Financial Year 2023, highlighting the Group's commitments, achievements, and initiatives in these key areas during the reporting period.

Given the rapidly rising demand for sustainability services and in support of the Government's net-zero aspirations and energy transition plan, the Group has diversified into providing business green technologies and business consulting services through its subsidiary Lebtech Energy Sdn Bhd.

As a trusted and authorised dealer of SANY electric vehicles (EV trucks) and autonomous guided vehicles (AGV), Lebtech Energy is dedicated to ushering in a new era of sustainable transportation solutions that empowers businesses to embrace efficient and automated operations while reducing their carbon footprint. Lebtech Energy is also offering a comprehensive range of expert services including Green technologies, Environmental, Social and Governance (ESG) training, ESG strategy development, ESG reporting and certification.

Some key milestones for Lebtech Energy for the year 2023 include the launching of Belia Prihatin AI with its not for profit partner Kelab Belia Prihatin. In addition to that, Lebtech Energy has also signed key MOUs and partnerships with key entities such as MRANTI, Center for Strategic Energy and Resources (CSER), Universiti Malaya and more. This year marks a pivotal year with Lebtech Energy catalyzing the sustainability transition with hopes of meeting the nation's carbon neutrality aspirations as highlighted in the National Energy Transition Roadmap (NETR).

ENVIRONMENTAL	
<b>ENERGY CONSERVATION</b>	Efforts are ongoing to constantly remind our employees on the urgency to optimise the usage of energy to reduce our carbon footprint.
<b>WATER CONSERVATION</b>	We constantly seek to raise awareness among our employees on the need to conserve water and use resources more mindfully to ensure the sustainability of the planet.
<b>WASTE REDUCTION &amp; RECYCLING</b>	We implement proper waste management throughout the Group's business operations by following the principles of Reduce, Reuse, Recycle to become more efficient in using resources. We continue to emphasise and amplify the message of reducing paper usage for environmental conservation to our employees to maintain awareness.
<b>SUSTAINABLE SOURCING &amp; SUPPLY CHAIN MANAGEMENT</b>	We prioritise the usage of sustainable materials in our construction business to optimise resource management while mitigating the negative impact on the environment. This practice is extended to our suppliers and business partners to ensure the positive impact the Group seeks to forge is similarly reflected in its supply chain.

# Sustainability Statement

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<b>TRANSPORTATION &amp; COMMUTING</b>	Through our subsidiary Lebttech Energy, the Group embarked on providing sustainable transportation solutions to businesses in contribution to the global shift towards a low-carbon economy. This helps streamline the future for industries worldwide and ensures a greener future for all.
<b>GREEN BUILDING &amp; OFFICE DESIGN</b>	We seek to reduce negative environmental impact in building design by adhering to relevant green building standards, integrating sustainable office designs and resource-efficient practices into the construction and operation of buildings.
<b>PRODUCT INNOVATION FOR SUSTAINABILITY</b>	Whether in construction or sustainability services, we constantly strive to produce greater innovation in our products and services by leveraging technology to achieve improved impact on the environment protection.
<b>SOCIAL</b>	
<b>Employee Wellbeing</b>	We conducted Environmental, Social and Governance training sessions for both our employees and Heads of Departments to empower them with new knowledge, while fostering understanding on the Group's future business direction.
<b>Community Engagement</b>	We participated in a tree-planting event titled "Tree for Life" at the Group's project site, in signal of the care we have for the community whose lives we touch.
<b>Supplier Diversity and Fair Labor Practices</b>	The Group is committed in achieving and maintaining the pool of suppliers from a diverse background to foster inclusivity and equity. As a responsible company, we also strictly adhere to fair labour practices and abide by the applicable regulations.
<b>Labor Practices and Human Rights</b>	We comply with the Employment Act 1955 in relation to our permanent employees. The Group respects human rights and does not tolerate abuses in its business operations.
<b>Health &amp; Safety</b>	We seek to integrate principles of health and safety throughout the Group's business operations and ensure that our employees follow the standard operating procedures.
<b>Supply Chain Management</b>	We ensure that our business partners follow the standard operating procedures set to ensure compliance with governing laws as well as occupational safety and health requirements.
<b>Product Responsibility</b>	Efforts are put in to ensure our products are being built responsibly with mindful and efficient use of resources.
<b>Workforce Development &amp; Training</b>	We continuously provide training and development opportunities to our employees to support their career advancement and personal improvement.

# Sustainability Statement

cont'd

GOVERNANCE	
<b>Ethical Business Conduct and Integrity</b>	The Board signed the Anti-Bribery Policy in 2022, demonstrating a commitment to ethical business practices and compliance with anti-corruption regulations.
<b>Risk Management &amp; Internal Controls</b>	We adhere to ISO 9001 standards, ensuring consistent quality management practices across the Group's operations.
<b>Transparency &amp; Disclosure</b>	We adhere to Bursa Malaysia listing requirements with regular and timely updates on any material developments. We disclosed the Group's earnings in the quarterly report on financial results as required.
<b>Legal &amp; Regulatory Compliance</b>	We strictly abide and adhere to all legal and regulatory compliance requirements throughout our business operations.
<b>Sustainability Strategy Integration</b>	The Group is committed to integrate our sustainability strategy at all levels of management and throughout our business operations to ensure the green goals and targets are achieved within the desired timeframe.
<b>Shareholder Engagement</b>	We adhere to Bursa Malaysia listing requirements to conduct annual meetings with all shareholders to foster two-way communications and understanding between the Group and its shareholders.



**3**  
Company wide initiatives for energy, water and paper usage



Complies with the Employment Act 1995



**2020**  
Sustainability statements generated in yearly annual report since the year 2020.



Encouraging Company staff to adopt sustainable practices in daily operations



Building awareness across all levels of the company by having internal ESG training sessions, emphasizing a culture of inclusion.



Commitment to ethical business practices and compliance Anti-Bribery policy 2022



Engaged in a tree-planting initiative titled 'Tree for Life' at various project sites



**ISO 9001**  
Adheres to ISO 9001 standards. Ensuring consistent quality management practices.



Green procurement and green building certification in future project planning



Adheres to Bursa Malaysia listing requirements

## Corporate Governance Overview Statement

The Board of Directors of Lebttech Berhad (“the Company”) supports the Malaysian Code on Corporate Governance (“Code”) and the Main Market Listing Requirements (“Listing Requirements”) of Bursa Malaysia Securities Berhad is committed to ensuring that good corporate governance is practiced throughout the Group in enhancing shareholders’ value and the financial performance of the Group.

The Board is fully committed to the maintenance of a high standard of corporate governance by supporting and implementing the principles and best practices as set out respectively of the Code. Additionally, the Board continually reviews the Group’s corporate governance processes and make adjustments as may be appropriate. The key intent is to adopt the substance behind good governance and not merely the form, with the aim of ensuring the Board effectiveness in enhancing shareholders’ value.

### A. ROLES AND RESPONSIBILITIES OF THE BOARD

The Board is responsible for the long-term success of the Group and the delivery of sustainable value to the shareholders and the stakeholders. The Board sets the Group’s overall strategic plans, reviews business performance, oversees the proper conduct of business, reviews succession planning of key management, ensures proper risk management and internal control, and effective shareholders’ communication; whilst the Management is accountable for the execution of the expressed policies and attainment of the Group’s corporate objectives. The demarcation complements and reinforces the supervisory role of the Board and operational goals.

The Board has delegated certain functions to the Board Committees it established to assist in the execution of its responsibilities. The Board Committees operate under clearly defined Terms of Reference. The Board Committees are authorized by the Board to deal with and to deliberate on matters delegated to them within their Terms of Reference. The Chairs of the respective Board Committees report to the Board on the outcome of their Board Committee meetings and such reports are included in the Board papers. We as a Board are also committed to give our best to the company, stakeholders, and communities that have supported Lebttech Berhad from the beginning.

### B. BOARD COMPOSITION

There are ten (10) Board members, one (1) of whom is an Executive Director, one (1) women’s Independent Non-Executive Director, two (2) Non-Independent Non-Executive Directors and the remaining six (6) are Independent Non-Executive Directors. Each Director’s brief profile is presented under the section titled “Profiles of Directors” of this Annual Report.

The balance between Independent Non-Executive, Non-Executive and Executive Directors, together with the support from Management, is to ensure that there is an effective and fair representation for shareholders, including minority shareholders. It further ensures that issues of strategy, performance and resources are fully addressed and investigated to take into account the long-term interests of shareholders, other relevant stakeholders and the community in which the Group conducts its business.

The composition and size of the Board are reviewed from time to time to ensure its appropriateness and effectiveness. The profile of each Director is presented on pages 6 to 9.

### C. REINFORCE INDEPENDENCE

The Board took note of the Recommendations 3.2 and 3.3 of the Code that the tenure of an Independent Director should not exceed a cumulative term of 9 years. The Nomination Committee and the Board have determined at the annual assessment carried out, that all the three (3) Independent Non-Executive Directors continue to demonstrate behaviours that reflect their independence and provide the objective judgement to Board deliberations and decision making.

# Corporate Governance Overview Statement

cont'd

## D. BOARD COMMITTEES

The Board has delegated certain functions to the Committees it established to assist in the execution of its responsibilities. The Committees operate under clearly defined terms of reference. The Chairman of the respective Committees report to the Board on the outcome of the Committees meetings and such reports are included in the Board Papers.

### **Audit Committee**

During the financial year, the Audit Committee carried out its duties and responsibilities in accordance with its terms of reference and held discussions with the internal auditors, external auditors and relevant members of Management. The Audit Committee is of the view that no material misstatements or losses, contingencies or uncertainties have arisen, based on the reviews made and discussions held.

### **Nomination Committee**

The Nomination Committee was established on 12 May 2004 and comprises exclusively the following Non-Executive Directors :-

#### **Chairman**

Jamil Bin Saimon (Independent Non-Executive Director)

#### **Members**

Dato' Hazli bin Ibrahim (Independent Non-Executive Director)

Tan Sri Datuk Adzmi Bin Abdul Wahab

The Nomination Committee is responsible for making recommendations to the Board on all new Board and Board Committees appointments, re-appointments and re-elections. The Nomination Committee will also review during the annual assessment, the required mix of skills and experience of the directors of the Board in determining the appropriate Board balance and size of non-executive participation.

During the financial year ended 31 December 2023, a formal evaluation process has been carried out to assess the effectiveness of the Board, Board Committees and individual Directors. Based on the result of the annual review, the Nomination Committee is satisfied with the performance and contribution of each individual Director and the Board Committees.

The Nomination Committee meets at least once in each financial year and whenever required.

### **Re-election of Directors**

In accordance with the Company's Constitution, one-third of the Directors for the time being, or, if their number is not three, or a multiple of three, then the number nearest to one-third shall retire from office and be eligible for re-election provided always that all Directors including a Managing Director shall retire from office once at least in every three years but shall be eligible for re-election. A retiring Director shall retain office until the close of the Annual General Meeting at which he retires.

Directors who are appointed by the Board during the year under review before the Annual General Meeting are also required to retire from office and shall seek re-election by the shareholders at the first opportunity after their appointment.

The Articles of Association also provide that any Director who is appointed from time to time shall hold office only until the next Annual General Meeting of the Company, and shall then 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.

The Board does not fix a tenure limit for Directors as there are significant advantages to be gained from the long serving Directors who possess greater insight and knowledge of the Company's affairs.

# Corporate Governance Overview Statement

cont'd

## D. BOARD COMMITTEES *cont'd*

### Remuneration Committee

The Remuneration Committee was established on 12 May 2004 and comprises of the following members:-

#### **Chairman**

Tan Sri Datuk Adzmi bin Abdul Wahab (Independent Non-Executive Director)

#### **Members**

Jamil Bin Saimon (Independent Non-Executive Director)

Dato' Hazli bin Ibrahim (Independent Non-Executive Director)

The Company supports levels of remuneration and compensation necessary to attract, retain and motivate quality people required to lead, manage and serve the Company in a competitive environment. The appropriate levels of remuneration and compensation are essential to enhance the long-term interests of stakeholders and shareholders.

The Remuneration Policy of the Company provides clear and guiding principles for determining the remuneration of the Board and senior management and to align their interests with the interests of shareholders and with the business strategies of the Group.

## E. DIRECTORS' REMUNERATION

The objective of the Company's policy on Directors' remuneration is to attract and retain experienced and capable Directors to run the Group successfully. In the case of Executive Directors, the component parts of the remuneration are structured so as to link rewards to corporate and individual performance. In the case of Non-Executive Directors, the level of remuneration reflects the experience and level of responsibilities undertaken by the particular Non-Executive Director concerned.

The Directors' remuneration paid or payable to all the Directors of the Company for the financial year ended 31 December 2023 is as follows:-

	Fees RM	Salaries RM	Total RM
Executive Director	-	-	-
Non-Executive Directors	247,500	-	247,500
<b>Total</b>	<b>247,500</b>	<b>-</b>	<b>247,500</b>

The number of Directors of the Company whose total remuneration falls within the following bands are as follows:-

Range of Remuneration	Executive	Non-Executive
Less than RM50,000	-	8
RM50,001 to RM100,000	-	-
RM100,001 to RM150,000	-	-
RM150,001 to RM200,000	-	-
RM200,001 to RM250,000	-	-

There is only one Executive Director whose remuneration details have been disclosed as above. The Board is of the view that it's not necessary to give a break-up of remuneration of Non-Executive Directors, which is not considered significant.

# Corporate Governance Overview Statement

cont'd

## F. FOSTER COMMITMENT

The Board meets on a scheduled basis at least four (4) times a year, with additional meetings convened when necessary. Directors are required to attend at least 50% of Board Meetings and during the financial year, five (5) Board Meetings were held. The details of attendance of each Director at the Board meetings are as follows: -

Name of Director	Meetings attended	Percentage of attendance (%)
TAN SRI DATUK ADZMI BIN ABDUL WAHAB	5/5	100
NORAZMI BIN MOHAMED NURDIN	5/5	100
JAMIL BIN SAIMON	5/5	100
DATO' NOOR AZMAN @ NOOR HIZAM B. MOHD NURDIN	5/5	100
DATO' HAZLI BIN IBRAHIM	5/5	100
FAIZ ZUHDI ADRI BIN ROSLAN	5/5	100
IR. CHE FISOL BIN ABDUL HAMID	5/5	100
SR. TS. DR. RIDZUAN BIN YACOB	5/5	100
DATO' AHMAD RIZAL BIN ABDUL RAHMAN	5/5	100
NORAISHAH BINTI IDRIS	3/3	100

Prior to each Board meeting, all Directors are provided with a set of board papers with details on matters to be discussed at the meeting.

All members of the Board have unrestricted access to the advice and services of the Senior Managers and the Company Secretary. The Company Secretary is responsible for ensuring that all Board Meetings procedures are followed and that all applicable rules and regulations are complied with. Directors may obtain independent professional advice in furtherance of their duties, at the Company's expense.

### Directors' Training

During the year, all the Audit Committee members attended various relevant seminars, training programs and conferences. This seminar is to help the Directors polish all the skills and experience that they have in order to help them improvise the contribution of ideas and services that they will give to the company after this.

In line with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the Board will continue to evaluate and determine the training needs of its Directors from time to time, particularly on relevant new laws and regulations, and essential practices for effective corporate governance and risk management to enhance their skills and knowledge so as to enable them to discharge their duties as Directors more effectively.

During the financial year ended 31 December 2023, the following Directors have attended the following training programs and conferences:-

#### Norazmi Bin Mohamed Nurdin

- SSM Conference 2023
- Corporate Talk 2023: Business Review Reporting

#### Jamil Bin Saimon

- Corporate Talk 2023: Environmental, Social and Governance (ESG)

#### Dato' Noor Azman @ Noor Hizam B. Mohd Nurdin

- SSM Conference 2023
- Corporate Talk 2023: Environmental, Social and Governance (ESG)

# Corporate Governance Overview Statement

cont'd

## F. FOSTER COMMITMENT *cont'd*

### Dato' Hazli Bin Ibrahim

- Environmental, Social and Governance | IFRS S1 and S2: Beyond compliance
- AI Innovation and regulation: an artificial conflict
- Fraud risk – who's in charge
- Navigating ethics in the workplace
- Global trends in talent
- Audit Oversight Board: Conversation with Audit Committees AOB's Oversight of Auditors of Public Listed Companies

### Ir. Che Fisol Bin Abdul Hamid

- BEM Convention 2023- Engineering ESG for the Nation

### Sr. Ts. Dr. Ridzuan Bin Yacob

- Strata Property Survey (JMB/MC) – The Important Skill & Knowledge for Property Professional, by the Board of Valuers, Appraisers, Estate Agent & Property Managers (BOVAEP).
- Understand Basic Concept of Building Drawings, Layout Plans & Diagrams for Property Practitioners, by the Board of Valuers, Appraisers, Estate Agent & Property Managers (BOVAEP).
- The Fundamental Different Between Stratified & Non-Stratified Property (For Property Professional), by the Board of Valuers, Appraisers, Estate Agent & Property Managers (BOVAEP).
- Sijil Kecekapan Pengurusan (SKP): Kursus Kerja Bangunan - Hospital B29, by Malaysian Construction Industry Development Board (CIDB).
- Certified Construction Manager Level 5 (CCM), by Malaysian Construction Industry Development Board (CIDB)
- UITM PUBLICATION 3RD INTERNATIONAL CONFERENCE ON THE BUILT ENVIRONMENT AND ENGINEERING (IConBEE) 2022: Fostering a Transpicuous Construction Industry. Research Article; "Influence of poor drainage system on durability of the road pavement" (AIP 2023).

### Dato' Ahmad Rizal Bin Abdul Rahman

- "Reimagine Leadership & Governance, Not Capitalism" by Asia School of Business, Kuala Lumpur, 7<sup>th</sup> October 2021;
- "Steward Leadership for Sustainability" by Asia School of Business, Kuala Lumpur, 12<sup>th</sup> April 2022;
- "ESG Training – Sustainability Concept and its Myth" by Malaysian Rubber Council, Kuala Lumpur, 12<sup>th</sup> July 2022;
- "Building Islamic Finance Industry Future – Creating role model economics, inclusive institutions and impact driven model", by Asia School of Business, Kuala Lumpur, 18<sup>th</sup> August 2022;
- "Corporate Governance & Remuneration for ESG World" by Asia School of Business; Kuala Lumpur, 6<sup>th</sup> September 2022;
- "National Rubber Economic Forum" by Malaysian Rubber Board, Penang, 13<sup>th</sup> October 2022;
- Inflation, Looming Recession & Climate Change – A Tricky Balancing Art" by Asia School of Business; Kuala Lumpur, 7<sup>th</sup> November 2022;
- "Remuneration Committee Beyond Box Ticking Enhancing Effectiveness" by Asia School of Business, Kuala Lumpur, 7<sup>th</sup> August 2023;
- "Sustainability in the Digital Age; by Asia School of Business; Kuala Lumpur, 14<sup>th</sup> September 2023;
- "Anti Bribery & Anti Corruption Training", by AI Smart Learning Sdn Bhd, Kuala Lumpur, 16 October 2023;
- "Budget 2024 Tax Seminar", by KPMG Malaysia, Petaling Jaya, 2<sup>nd</sup> November 2023; and
- "Mandatory Accreditation Program II – Leading for Impact; by Institute Corporate Directors of Malaysia, Kuala Lumpur, 26-27 February 2024.

## G. SHAREHOLDERS

The Board acknowledges the need for shareholders to be informed on all material business matters affecting the Group. The Company through the Annual Report, Annual General Meeting, the Company's website ([www.lebtech.com.my](http://www.lebtech.com.my)) and timely release of all corporate announcements and financial results, provides shareholders and the investing public with an overview of the Group's performance and operations.

In addition, the Board encourages full participation by shareholders at every Annual General Meeting and Extraordinary General Meeting of the Company and opportunity is given to the shareholders to make relevant enquiries and seek clarification on the Group's business activities and financial performance.

# Corporate Governance Overview Statement

cont'd

## H. ACCOUNTABILITY AND AUDIT Financial Reporting

The Board aims to provide and present a balanced and meaningful assessment of the Group's financial performance and prospects at the end of the financial year, primarily through the annual financial statements and quarterly announcement of results to the shareholders as well as the Chairman's Statement in the Annual Report. The Board is assisted by the Audit Committee to oversee the Group's financial reporting processes and the quality of its financial reporting.

### Directors' Responsibility Statement in respect of the Audited Financial Statements

The Directors are required by the Companies Act, 2016 ("the Act") to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Group and of the Company as at the end of the financial year and of the results of the operations, changes in equity and the cash flows of the Group and of the Company for the financial year then ended.

In preparing the financial statements, the Directors have selected and applied consistently suitable accounting policies and made reasonable and prudent judgements and estimates. The Directors also have a general responsibility for taking such steps to safeguard the assets of the Group and to prevent and detect fraud and irregularities.

The Directors are responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Group and of the Company, and ensuring that the financial statements comply with the Act and the applicable approved Financial Reporting Standards in Malaysia.

### Internal Control

The Board recognizes its responsibility for maintaining the effectiveness of the Group's system of internal controls and risk management framework to safeguard shareholders' investment and the Group's assets.

The detail of the internal control system of the Group during the year is presented in the Statement on Internal Control of this Annual Report.

### Relationship with Auditors

The appointment of the external auditor is recommended by Audit Committee and through the Audit Committee, the Group has established and maintained an appropriate and transparent relationship with the Group's auditors, both internal and external, particularly in seeking their professional advice and towards ensuring compliance with the accounting standards in Malaysia.

The Audit Committee has annually reviewed the suitability of the external auditors and believes that the external auditors are independent with respect to the Company and its Group. The role of the Audit Committee with both external and internal auditors is disclosed in the Audit Committee Report in this Annual Report.

## COMPLIANCE WITH BEST PRACTICES IN CORPORATE GOVERNANCE

The Board believes that the Group has principally complied with the Best Practices in Corporate Governance as set out in the Code throughout the financial year 2023 save as explained above.

This Statement on Corporate Governance is made in accordance with the resolution of the Board of Directors dated 31 March 2023.

# Corporate Governance Overview Statement

cont'd

## ADDITIONAL COMPLIANCE INFORMATION

*Pursuant to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the following additional information is provided: -*

### Utilisation of Proceeds

The Company did not raise any funds through any corporate proposals during the financial year.

### Share Buybacks

The Company did not have a share buyback program in place during the financial year.

### Options, Warrants or Convertible Securities

The Company did not issue any options, warrants or convertible securities during the financial year.

### Depository Receipt Program

The Company did not sponsor any Depository Receipt program during the financial year.

### Imposition of Sanctions/Penalties

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

### Non-Audit Fees

There were no non-audit fees paid to the external auditors by the Company during the financial year.

### Variation in Results

The Company did not issue any profit estimates, forecasts or projections for the financial year and there was no material variance between the audited results for the financial year and the unaudited results previously announced.

### Profit Guarantees

There were no profit guarantees given by the Company during the financial year.

### Material Contracts

There were no material contracts entered into by the Company and/or its subsidiaries involving the Directors' and major shareholders' interests, either still subsisting at the end of the financial year or entered into since the end of the previous financial year except for those recurrent related party transactions of a revenue or trading nature entered into for which shareholders' mandate had been secured.

### Revaluation of Landed Properties

The Company did not have any revaluation policy on landed properties during the financial year.

# Corporate Governance Overview Statement

cont'd

## Recurrent Related Party Transactions of a Revenue or Trading Nature

The aggregate value of the Recurrent Related Party Transactions of a revenue or trading nature conducted pursuant to the shareholders' mandate during the financial year under review between the Company and/or its subsidiary companies with related parties are set out below:

Nature of Transactions	Interested Related Party	Transaction Value for the Financial Year Ended 31 December 2023 RM
Construction works awarded to Lebtech Construction Sdn. Bhd. (LCSB) by Lebar Daun Development Sdn. Bhd. (LDDSB)	<ul style="list-style-type: none"> <li>i. Norazmi bin Mohamed Nurdin<sup>(1)</sup></li> <li>ii. Dato' Noor Azman @ Noor Hizam B. Mohd Nurdin<sup>(2)</sup></li> <li>iii. Datin Nor Hayati bt Abd Malik<sup>(3)</sup></li> </ul>	-
Letting of office premises to LDDSB by LCSB	<ul style="list-style-type: none"> <li>i. Norazmi bin Mohamed Nurdin<sup>(1)</sup></li> <li>ii. Dato' Noor Azman @ Noor Hizam B. Mohd Nurdin<sup>(2)</sup></li> <li>iii. Datin Nor Hayati bt Abd Malik<sup>(3)</sup></li> </ul>	185,220
Letting of office equipment and furniture to LDDSB by LCSB	<ul style="list-style-type: none"> <li>i. Norazmi bin Mohamed Nurdin<sup>(1)</sup></li> <li>ii. Dato' Noor Azman @ Noor Hizam B. Mohd Nurdin<sup>(2)</sup></li> <li>iii. Datin Nor Hayati bt Abd Malik<sup>(3)</sup></li> </ul>	48,960
Construction works awarded to LCSB by Basco Sdn. Bhd. (BASCO)	<ul style="list-style-type: none"> <li>i. Norazmi bin Mohamed Nurdin<sup>(1)</sup></li> <li>ii. Dato' Noor Azman @ Noor Hizam B. Mohd Nurdin<sup>(2)</sup></li> <li>iii. Norazlan bin Mohamad Nordin<sup>(4)</sup></li> <li>iv. Fatmawati bt Kasbin<sup>(5)</sup></li> </ul>	-

### Notes:-

- (1) Norazmi bin Mohamed Nurdin is the Managing Director and a shareholder of Lebtech Berhad (LEBTECH) and a Director of LCSB (a wholly-owned subsidiary of LEBTECH) and LDDSB. He is the brother of Dato' Noor Azman @ Noor Hizam B. Mohd Nurdin and Norazlan bin Mohamad Nordin and the brother-in-law to Datin Nor Hayati bt Abd Malik and Fatmawati bt Kasbin.
- (2) Dato' Noor Azman @ Noor Hizam B. Mohd Nurdin is a Non-Independent Non-Executive Director and a Director of LCSB. He is also a Director and major shareholder of LDDSB. He is the spouse of Datin Nor Hayati bt Abd Malik and the brother of Norazmi bin Mohamed Nurdin and Norazlan bin Mohamad Nordin and the brother-in-law to Fatmawati bt Kasbin.
- (3) Datin Nor Hayati bt Abd Malik is a shareholder of LDDSB. She is the spouse of Dato' Noor Azman @ Noor Hizam B. Mohd Nurdin and the sister-in-law to Norazmi bin Mohamed Nurdin, Norazlan Bin Mohamad Nordin and Fatmawati bt Kasbin.
- (4) Norazlan bin Mohamad Nordin is a Director and major shareholder of BASCO. He is the spouse of Fatmawati bt Kasbin and the brother of Norazmi bin Mohamed Nurdin, Dato' Noor Azman @ Noor Hizam B. Mohd Nurdin and the brother-in-law to Datin Nor Hayati bt Abd Malik.
- (5) Fatmawati bt Kasbin is a Director and deemed major shareholder of BASCO. She is the spouse of Norazlan bin Mohamad Nordin and the sister-in-law to Norazmi bin Mohamed Nurdin, Dato' Noor Azman @ Noor Hizam B. Mohd Nurdin and Datin Nor Hayati bt Abd Malik.

# Audit Committee Report

## MEMBERS OF THE AUDIT COMMITTEE

The Audit Committee presently comprises the following members: -

### **Chairman**

Dato' Ahmad Rizal Bin Abdul Rahman (Independent Non-Executive Director)

### **Members**

Tan Sri Datuk Adzmi Bin Abdul Wahab (*Independent Non-Executive Director*)

Jamil Bin Saimon (*Independent Non-Executive Director*)

Ir. Che Fisol Bin Abdul Hamid (*Independent Non-Executive Director*)

Dato' Hazli Bin Ibrahim (*Independent Non-Executive Director*)

## TERMS OF REFERENCE

### 1. Objectives

The objective of the Audit Committee is to assist the Board of Directors in meeting its responsibilities relating to the accounting and reporting practices of the Company and its subsidiary companies. In addition, the Audit Committee shall: -

- a) oversee and appraise the quality of the audits conducted both by the Company's internal and external auditors;
- b) maintain open lines of communication between the Board of Directors, the internal auditors and the external auditors for the exchange of views and information, as well as to confirm their respective authority and responsibilities; and
- c) determine the adequacy of the Group's administrative, operating and accounting controls.

### 2. Membership

The Audit Committee shall be appointed by the Board of Directors from among their members, which fulfils the following requirements: -

- a) the Audit Committee must be composed of no fewer than three (3) members;
- b) all the Audit Committee members must be non-executive directors, with a majority of them being independent directors; and
- c) at least one (1) member of the Audit Committee: -
  - i) must be a member of the Malaysian Institute of Accountants; or
  - ii) if he is not a member of the Malaysian Institute of Accountants, he must have at least three (3) years' working experience and: -
    - he must have passed the examinations specified in Part 1 of the 1st Schedule of the Accountants Act, 1967; or
    - he must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act, 1967; or
  - iii) fulfils such other requirements as prescribed or approved by the Bursa Malaysia Securities Berhad.

No alternate director shall be appointed as a member of the Audit Committee.

The members of the Audit Committee shall elect a Chairman from among their members who shall be an independent director.

# Audit Committee Report

cont'd

## TERMS OF REFERENCE *cont'd*

### 2. Membership *cont'd*

In the event of any vacancy in the Audit Committee resulting in the non-compliance of item 2 (a) to (c) above, the vacancy must be filled within three (3) months of that event.

The Board of Directors must review the term of office and performance of the Audit Committee and each of its members at least once every three (3) years to determine whether the Audit Committee and members have carried out their duties in accordance with the terms of reference.

### 3. Functions

The functions of the Audit Committee are as follows:-

- a) To review the following and report the same to the Board of Directors:-
  - i) with the external auditor, the audit plan;
  - ii) with the external auditor, his evaluation of the system of internal controls;
  - iii) with the external auditor, his audit report;
  - iv) the assistance given by the Company's employees to the external auditor; and
  - v) any related party transaction and conflict of interest situation that may arise within the Company or Group including any transaction, procedure or course of conduct that raises questions of management integrity;
- b) To consider the appointment of the external auditors, the audit fee and any questions of resignation or dismissal including recommending the nomination of a person or persons as external auditors;
- c) To discuss with the external auditor before the audit commences, the nature and scope of the audit, and ensure co-ordination where more than one audit firm is involved;
- d) To review the quarterly results and year-end financial statements before recommending for the Board of Directors' approval, focusing particularly on:-
  - any changes in accounting policies and practices;
  - significant adjustments arising from the audit;
  - the going concern assumption; and
  - compliance with accounting standards and other legal requirements;
- e) To discuss problems and reservations arising from the interim and final audits, and any matter the auditors may wish to discuss (in the absence of management where necessary);
- f) To review the external auditors' management letter and management's response;
- g) In relation to the Internal Audit function:-
  - Review the adequacy of the scope, functions, competency and resources of the internal audit function, and that it has the necessary authority to carry out its work;
  - Review the internal audit programme and results of the internal audit process and where necessary, ensure that appropriate action is taken on the recommendations of the internal audit function;
  - Review any appraisal or assessment of the performance of members of the internal audit function;
  - Approve any appointments or termination of senior staff members of the internal audit function;
  - Inform itself of resignations of internal audit staff members and provide the resigning staff members an opportunity to submit his reasons for resigning;
  - Review and assess the adequacy of the risk management framework and risk assessment.
- h) To consider the major findings of internal investigations and management's response;
- i) To report to the Bursa Malaysia Securities Berhad matters which have not been satisfactorily resolved by the Board of Directors resulting in a breach of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad; and
- j) To consider other areas as defined by the Board of Directors.

# Audit Committee Report

cont'd

## TERMS OF REFERENCE *cont'd*

### 4. Authority

The Audit Committee shall, whenever necessary and reasonable for the Company to perform its duties, in accordance with a procedure to be determined by the Board of Directors and at the cost of the Company:-

- a) have authority to investigate any matter within its terms of reference;
- b) have the resources which are required to perform its duties;
- c) have full and unrestricted access to any information pertaining to the Company;
- d) have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity;
- e) be able to obtain independent professional or other advice; and
- f) be able to convene meetings with the external auditors, the internal auditors or both, excluding the attendance of other directors and employees of the Company, whenever deemed necessary.

### 5. Meetings

The Audit Committee shall meet at least four (4) times a year and shall hold such additional meetings as the Chairman shall decide in order to fulfil its duties.

In addition, the Chairman may call a meeting of the Audit Committee if a request is made by any committee member or the internal or external auditors.

A resolution in writing, signed by all the committee members shall be as valid and effective as if it had been deliberated and decided upon at a meeting of the Audit Committee.

Unless otherwise determined by the Audit Committee from time to time, a seven (7) days' notice of all Audit Committee's meetings shall be given to all the committee members either personally or by electronic or by facsimile transmission.

The Head of Internal Audit Department shall be expected to attend all meetings of the Audit Committee.

The Audit Committee may invite other directors and employees of the Company and of the Group, the external auditors or any other person to be in attendance to assist it in its deliberations. However, at least twice a year the Audit Committee shall meet with the external auditors without executive board members present.

A quorum shall consist of a majority of independent directors and shall not be less than two (2).

If at any meeting the Chairman is not present within fifteen (15) minutes after the time appointed for holding the meeting, the committee members present shall elect a Chairman from among the independent directors.

Any questions arising at any meeting shall be decided by a majority of votes. In the case of an equality of votes, the Chairman shall have a second or casting vote except where the quorum is made up of only two (2) members or where only two (2) members are competent to vote on the question at issue.

The Company Secretary shall act as secretary of the Audit Committee and shall be responsible, in conjunction with the Chairman, for drawing up the agenda and circulating it in a timely manner, supported by explanatory documentation to committee members prior to each meeting.

The secretary shall also be responsible for keeping the minutes of meetings of the Audit Committee, and circulating them to committee members and to the other members of the Board of Directors.

# Audit Committee Report

cont'd

## MEETINGS

During the financial year ended 31 December 2023, five (5) Audit Committee Meetings were held and the details of attendance of each Audit Committee member are as follows:-

Audit Committee Members	No. of Meetings Attended
Dato' Hazli Bin Ibrahim	5/5
Tan Sri Datuk Adzmi Bin Abdul Wahab	5/5
Ir. Che Fisol Bin Abdul Hamid	5/5
Jamil Bin Saimon	5/5
Dato' Ahmad Rizal Bin Abdul Rahman	5/5

## SUMMARY OF ACTIVITIES DURING THE FINANCIAL YEAR

The Audit Committee has discharged its duties as set out in its Terms of Reference, which accompany this Report. During the year under review, the following were the activities of the Audit Committee:-

- i) Reviewed, discussed and approved the audit plans for the year for the Group and the Company presented by the internal auditor.
- ii) Reviewed the adequacy of the scope, functions and staffing requirements of Group's Internal Audit Department to ensure that it was adequately staffed by employees with the relevant skills, knowledge and experience to enable the Group's Internal Audit Department to perform its role and that it has the necessary authority to carry out its work.
- iii) Reviewed the internal audit reports. The Audit Committee was briefed on the audit reports issued and on the issues raised by the Internal Auditor on various aspects of the system in operation, practices and procedures and internal controls. Special notice was taken of significant issues raised in the audit reports and that adequate corrective actions have been taken by the Operating Management to rectify the weaknesses.
- iv) Reviewed the external auditors' scope of work and audit plan of the year.
- v) Reviewed the quarterly results and year-end financial statements prior to the approval by the Board of Directors focusing particularly on:-
  - changes in or implementation of major accounting policy changes;
  - significant and unusual events; and
  - compliance with accounting standards and other legal requirements.
- vi) Reviewed the related party transactions and conflict of interest situation that may arise within the Group including any transactions, procedures or course of conduct that raises questions of Management integrity.
- vii) Commissioned special reviews on specific areas of operations.

## INTERNAL AUDIT FUNCTION

The Group had an Internal Audit Department which is independent of the activities or operations of the Group and which provides the Audit Committee and the Board with much of the assurance it requires regarding the adequacy and integrity of the internal control.

Its principal responsibility is to undertake regular and systematic review of the system of internal control so as to provide a reasonable assurance that such system operates satisfactorily and effectively in the Group and report to the Audit Committee on a quarterly basis. Internal audit strategy and a detailed Audit Plan are presented to the Audit Committee for approval. The internal audit function adopts a risk-based approach in preparing its audit strategy and plan. The internal audit strategy and plan is developed based on the risk assessment of the Group. The Board ensures that appropriate management responses are given to any key audit findings and the relevant corrective and/or preventive actions are undertaken.

The Board, together with the Internal Audit Department and the Management, are taking the necessary measures for the continuous improvement of the internal control environment.

During the financial year, the total cost incurred for the internal audit function is RM 36,000.

# Statement on Risk Management and Internal Control

## INTRODUCTION

The Board is committed to nurture and preserve, throughout Lebttech Berhad (“LB” or “the Company”) and its subsidiaries (“the Group”), a sound system of risk management and internal control and good corporate governance practices as set out in the Board’s Statement on Risk Management and Internal Control, made in compliance with Paragraph 15.26(b) of the Main Market Listing Requirements (“LR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”) and guided by the Statement on Risk Management & Internal Control: Guidelines for Directors of Listed Issuers.

## RESPONSIBILITY

The Board affirms its responsibility for maintaining a sound risk management framework and internal control system to safeguard shareholders’ investments and the Group’s assets, as well as to discharge its stewardship responsibility in identifying principal risks and ensuring the implementation of an appropriate risk management and internal control system to manage those risks in accordance with Principle B of the Malaysian Code on Corporate Governance.

The Board continually articulates, implements and reviews the adequacy and effectiveness of the Group’s enterprise-wide risk management and internal control system which has been embedded in all aspects of the Group’s activities. The Board reviews the processes, responsibilities and assesses for reasonable assurance that risks have been managed within the Group’s risk appetite and tolerance, with a system that is viable and robust.

## ASSURANCE MECHANISM

The duties of the Board are recognizing the ever-changing risk landscape, the Group’s system is designed to manage effectively rather than completely eliminate the risks of failure to achieve the Group’s business objectives. Accordingly, such systems can only provide a reasonable and not absolute assurance against material misstatement, loss or fraud. The aim, however, is to ensure that any adverse impact arising from a foreseeable future event or situation on the Group’s objectives is identified, mitigated and managed.

## RISK MANAGEMENT FRAMEWORK

As we are aware with the situation during pandemic, the Board acknowledges that risk management is a key discipline, within the system of internal control, in making sure that those risks that may affect the achievement of the Group’s are identified and properly managed.

The other key elements of the Group’s system of internal control are as follows:-

- The Group adopted an ongoing risk management process of identifying, documenting, evaluating, monitoring and managing significant risks affecting the achievement of the Group’s business objective.
- The purpose for the Group’s Risk Management is to provide a structured and focused approach to the Risk Management Committee in managing the Group’s significant business risk.
- The Risk Management Committee which comprises of key management personnel from across the Group’s business units was established to coordinate and oversee risk management activities across the Group.
- The Risk Management Committee meets on periodic basis to discuss significant risks or changes affecting the Group and the external environment including its mitigation factors. Risk assessment reports and updated risk registers are presented in the management reports and deliberated in the Management Committee meetings, attended by key personnel within the Group.

# Statement on Risk Management and Internal Control

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## FINANCIAL AND OPERATIONAL CONTROL FRAMEWORK

### Debt recovery

This risk arises from the inability to recover debts in a timely manner and lower business activities during the year which may affect the Group's profitability, liquidity, cash flows and funding. Such risks are more widespread in the Construction, Property and Industry Divisions' operations. The Group minimizes such exposures with the following measures:

- assessing the creditworthiness of potential customers before granting credit limits and periods;
- employing strict debt repayment policies;
- persistent and close monitoring of collections and overdue debts;
- ensuring effective credit utilisation to keep leverage at a comfortable level; and
- continuous financial planning taking into consideration the contractual obligations, financial impacts and liquidity requirements and optimising assets for healthy cash flows.

### Working capital management

The Group closely monitors its operating cash flows by maintaining a sufficient level of cash or cash convertible investments to meet its working capital requirements. Thorough assessment of the Group's cash flow position is conducted through regular cash flow meetings to ensure that a healthy balance is maintained between the continuity of funding and financial flexibility through the availability of ample credit facilities.

### Physical progress risks

In any construction project, there may be delays in physical progress due to matters beyond the project management's control such as late handover of site possession. Such instances are mitigated with proper planning to ensure the availability of resources and sites, close monitoring of site progress to prevent major delays and ensuring proper documentation is in place to seek extension of time, where necessary.

## CONCLUSION

For the financial year under review and up to the date of issuance of this statement, the Board is pleased to state that the Group's system of risk management and internal control was rated overall as satisfactory, adequate and effective for the Group's purpose and safeguards the Group's assets and shareholders' investments, as well as the interests of customers, employees and other stakeholders. There have been no material losses, contingencies or uncertainties identified from the reviews.

The Board will continue to monitor all major risks affecting the Group and will take the necessary measures to mitigate them and enhance the adequacy and effectiveness of the risk management and internal control system of the Group.

## REVIEW OF EXTERNAL AUDITOR

As required by Paragraph 15.23 of the LR of Bursa Securities, the external auditors have reviewed this Statement on Risk Management and Internal Control. Their limited assurance review was performed in accordance with the Audit and Assurance Practice Guide ("AAPG") 3 issued by the Malaysian Institute of Accountants. AAPG 3 does not require the external auditors to form an opinion on the adequacy and effectiveness of the risk management and internal control systems of the Group.

## Directors' Report

The Directors have pleasure in presenting their report together with the audited financial statements of the Group and the Company for the financial year ended 31 December 2023.

### PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding whilst the principal activities of the subsidiaries are as stated in Note 6 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

### FINANCIAL RESULTS

	<b>Group</b>	<b>Company</b>
	<b>RM</b>	<b>RM</b>
Net profit/(loss) for the financial year	80,041	(401,390)
Amount attributable to:		
Equity holders of the Company	248,590	(401,390)
Non-controlling interest	(168,549)	-
	80,041	(401,390)

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

### DIVIDENDS

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

### RESERVES AND PROVISIONS

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

### SHARE CAPITAL AND DEBENTURES

During the financial year, no new issuance of shares or debentures was made by the Company.

# Directors' Report

cont'd

## DIRECTORS OF THE COMPANY

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

Tan Sri Datuk Adzmi bin Abdul Wahab  
 Dato' Noor Azman @ Noor Hizam B. Mohd Nurdin \*\*  
 Dato' Ahmad Rizal bin Abdul Rahman  
 Dato' Hazli bin Ibrahim  
 Norazmi bin Mohamed Nurdin \*\*  
 Jamil bin Saimon  
 Che Fisol bin Abdul Hamid  
 Ridzuan bin Yacob  
 Faiz Zuhdi Adri bin Roslan\*\*  
 Noraishah binti Idris

(Appointed w.e.f. 29 May 2023)

\*\* These Directors are also the directors of certain subsidiaries of the Company.

## DIRECTORS OF THE SUBSIDIARIES OF LEBTECH BERHAD

The Director who held office in the subsidiaries of the Company during the financial year end up to the date of this report (not including those Directors listed above) is:

Nor Syafiqah binti Noor Azman @ Nor Hizam

## DIRECTORS' INTERESTS

The interest and deemed interest in the ordinary shares of the Group and the Company and of its related corporations (other than wholly-owned subsidiaries) of those who were Directors at year end (including the interests of the spouses or children of the Directors who themselves are not Directors of the Group and the Company) as recorded in the Register of Directors' Shareholdings are as follows:

	← Number of ordinary shares →			
	As at 1.1.2023	Bought	Sold	
<b>Shareholdings in which Directors have direct interests</b>				
Dato' Noor Azman @ Noor Hizam B. Mohd Nurdin	62,817,000	-	-	62,817,000
Norazmi bin Mohamed Nurdin	5,016,000	-	-	5,016,000
Dato' Hazli bin Ibrahim	554,400	-	-	554,400
<b>Shareholdings in which Directors have deemed interests</b>				
Dato' Noor Azman @ Noor Hizam B. Mohd Nurdin	23,341,800	-	-	23,341,800
Norazmi bin Mohamed Nurdin	81,142,800	-	-	81,142,800
Dato' Hazli bin Ibrahim	157,000	-	-	157,000

By virtue of their interests in the shares of the Company, Dato' Noor Azman @ Noor Hizam B. Mohd Nurdin, Norazmi bin Mohamed Nurdin and Dato' Hazli bin Ibrahim are also deemed to have interest in the shares of the subsidiaries during the financial year to the extent that Lebttech Berhad has an interest.

Other than disclosed above, none of the other Directors in office at 31 December 2023 had any interest and deemed interest in the ordinary shares of the Company or of its related corporations during the financial year.

## Directors' Report

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### DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Group and the Company has received nor become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as disclosed in the Note 20 to the financial statements or the fixed salary of a full time employee of the Company) 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 as disclosed in Note 20 to the financial statements.

There were no arrangements during and at the end of the financial year which had the object of enabling Directors of the Group and the Company to acquire benefits by means of the acquiring of shares in or debentures of the Group and the Company or any other body corporate.

### DIRECTORS' REMUNERATION

The amounts of remuneration of the Directors of the Group and the Company comprising remuneration received or receivable from the Group and the Company during the year are disclosed in the Note 20 to the financial statements.

### INDEMNITY AND INSURANCE FOR DIRECTORS AND OFFICERS

No indemnities have been given or insurance premiums paid, during or since end of the year, for any person who is or has been the Directors and officers of the Group and the Company.

### OTHER STATUTORY INFORMATION

- (a) Before the financial statements of the Group and the Company were made out, the Directors took reasonable steps:
- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for expected credit losses and satisfied themselves that there are no known bad debts and that adequate allowance had been made for expected credit losses; and
  - (ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the Directors are not aware of any circumstances which would render:
- (i) its necessary to write off any bad debts or the amount of the allowance for expected credit losses in the financial statements of the Group and the Company inadequate to any substantial extent; and
  - (ii) the values attributed to the current assets in the financial statements of the Group and the Company misleading.
- (c) At the date of this report, the Directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and the Company misleading or inappropriate.
- (d) At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and the Company which would render any amount stated in the financial statements misleading.

# Directors' Report

cont'd

## OTHER STATUTORY INFORMATION *cont'd*

(e) As at the date of this report, there does not exist:

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

(f) In the opinion of the Directors:

- (i) no contingent liability or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group and the Company to meet their obligations as and when they fall due; and
- (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group and the Company for the financial year in which this report is made.

## SUBSEQUENT EVENTS

The details of subsequent events are disclosed in Note 29 to the financial statements.

## AUDITORS

The details of auditors' remuneration are disclosed in Note 19 to the financial statements.

There were no indemnity given or insurance effected for the auditors of the Group and the Company during the financial year.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 23 April 2024.

**NORAZMI BIN MOHAMED NURDIN**

Director

Kuala Lumpur

**JAMIL BIN SAIMON**

Director

## Statement by Directors

Pursuant to Section 251 (2) of The Companies Act 2016

We, **NORAZMI BIN MOHAMED NURDIN** and **JAMIL BIN SAIMON**, being two of the Directors of **LEBTECH BERHAD**, do hereby state that, in the opinion of the Directors, the accompanying financial statements are drawn up in accordance with the applicable 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 state of affairs of the Group and the Company as at 31 December 2023 and of the changes in equity, the results and statement of cash flows of the Group and the Company for the financial year ended on that date.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated on 23 April 2024.

**NORAZMI BIN MOHAMED NURDIN**

Director

Kuala Lumpur

**JAMIL BIN SAIMON**

Director

## Statutory Declaration

Pursuant to Section 251 (1)(B) of The Companies Act 2016

I, **VEERAPPAN V. SENTHILNATHAN**, being the officer primarily responsible for the financial management of **LEBTECH BERHAD**, do solemnly and sincerely declare that the accompanying financial statements are in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared )  
by the abovenamed at **Kuala Lumpur** )  
in the state of **Federal Territory** )  
on 23 April 2024. )

**VEERAPPAN V. SENTHILNATHAN**  
**(CA 28908)**

Group Financial Controller

Before me,

# Independent Auditors' Report

To the members of Lebtech Berhad (Incorporated in Malaysia)

## REPORT ON THE FINANCIAL STATEMENTS

### Opinion

We have audited the financial statements of Lebtech Berhad ("the Group and the Company"), which comprise the statements of financial position as at 31 December 2023 of the Group and 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 the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on the accompanying pages.

In our opinion, the accompanying financial statements of the Group and the Company give a true and fair view of the financial position of the Group and the Company as at 31 December 2023, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

### Basis for Opinion

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

### *Independence and Other Ethical Responsibilities*

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

### Material Uncertainty Related To Going Concern

We draw attention to Note 2.1 to the financial statements. The Group conducts its business activities during the year mainly with related parties. This has inadvertently increased the exposure to the credit risk and going concern risk. For the financial year ended at 31 December 2023, the Group derived 52.77% of its revenue from related parties and at the statement of financial position date, 88% of the Group's trade and other receivables are due from related parties. Our opinion is not qualified in respect of this matter.

### 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 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 the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have addressed the key audit matters related to a material uncertainty related to events or conditions that cast significant doubt on the entity's ability to continue as a going concern in the section Material Uncertainty Related to Going Concern of the Company's Auditor's Report in accordance with ISA 570 (Revised), Going Concern.

# Independent Auditors' Report

To the members of Lebttech Berhad (Incorporated in Malaysia)

cont'd

## Key Audit Matters *cont'd*

Key audit matters	How our audit addressed the key audit matters
<p><b>Revenue and cost of sales from construction contract recognised on stage of completion of the contract method</b></p> <p>In accordance with MFRS 15 <i>Revenue from Contracts with Customers</i>, the analysis of whether the contracts comprise one or more performance obligations, allocation of transaction prices to one or more performance obligations and the determination whether the performance obligations are satisfied over time or at a point in time are areas requiring significant management judgement.</p> <p>There is a risk of error in the measurement and timing of revenue recognition due to either inappropriate assessment of the performance obligations and/or inaccurate allocation of transaction price to various performance obligations.</p> <p>We identified the revenue and cost of sales from construction contract recognised on the stage of completion of the contract method or over time as matters requiring audit focus as these are areas involved significant management's judgement.</p> <p>Furthermore, significant judgements are required in estimating the cost to complete the performance obligation satisfied over time using the input method.</p> <p>The Group's accounting policies, significant accounting estimates and judgements and disclosures on revenue recognition based on stage of completion of the contracts method are disclosed in Note 2.20, 3.1 (iii) and 16 to the financial statements respectively.</p>	<ul style="list-style-type: none"> <li>• We have obtained an understanding on policies and procedures applied to revenue, as well as compliance therewith, including analysis of the effectiveness of internal controls related to revenue recognition process implemented by the Group.</li> <li>• We have obtained an understanding of the process in deriving the stage of completion which includes verifying the certified work done such as obtaining project schedules from management and examining the progress billings from contractors.</li> <li>• We have evaluated the assumptions applied in estimating the construction budgeted costs on sampling basis by examining evidences to support the budgeted costs.</li> <li>• We have checked the mathematical accuracy of the revenue and profit based on the percentage of completion by reperforming the revenue calculations and considered implication of identified errors and changes in estimates.</li> <li>• We have reviewed the adequacy of the disclosures included in the notes to the financial statements.</li> </ul>
<p><b>Recoverability of amount due from related parties</b></p> <p>As at 31 December 2023, the net carrying value of amount due from related parties of the Group amounted to RM57,587,578, as discussed in Note 7 to the financial statements.</p> <p>During the current financial year, the allowance for expected credit losses on trade receivables recognised is amounting to RM60,359.</p> <p>As a results, as at 31 December 2023, the accumulated allowance for expected credit losses on trade receivables amounted to RM7,686,264.</p>	<ul style="list-style-type: none"> <li>• We have obtained an understanding of the Group's internal control over the receivables approval and collection process. We assessed the validity of material long outstanding receivables by obtaining related parties' confirmation. We also consider amounts (settlements) received subsequent to the year end up until the date of financial statements, past payment histories and unusual pattern to identify potential impairment balances to be impaired at the reporting date.</li> </ul>

# Independent Auditors' Report

To the members of Lebtech Berhad (Incorporated in Malaysia)  
cont'd

## Key Audit Matters *cont'd*

Key audit matters	How our audit addressed the key audit matters
<p><b>Recoverability of amount due from related parties</b> <i>cont'd</i></p> <p>The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the Group contractual entitlement to a debt, the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.</p> <p>The recoverability of receivables from related parties, allowance for expected credit losses are considered to be a significant risk due to the pervasive nature of these balances to the financial statements and affect the working capital management of the business. We focused our testing of the impairment and recoverability of trade receivables on the key assumptions made by the management.</p> <p>Refer to Note 2.10 on Group's accounting policies, Note 3.1 (iv) on significant accounting estimates and judgements and disclosures in Note 8, 24 (c) and 25 to the financial statements.</p>	<p>Our procedures included, amongst others:</p> <p>a) We challenged the appropriateness and reasonableness of the assumptions applied in the Directors' assessment of the impairment of the receivables;</p> <p>b) We considered and concurred with the agreed payment terms;</p> <p>c) We verified receipts from trade receivables subsequent to year-end; and</p> <p>d) We considered the completeness and accuracy of disclosures.</p> <ul style="list-style-type: none"> <li>• We have reviewed the adequacy of the policy disclosed to determine the accounting estimates for the impairment of receivables as disclosed in Note 3.1(iv).</li> <li>• We challenged management's view on credit risk of trade receivables, creditworthiness of related parties and take into consideration the historical patterns for outstanding trade receivables and holding discussions with those charged with governance and management.</li> <li>• We tested the accuracy of the ageing against supporting documents on a sample basis.</li> <li>• We discussed with management to understand the underlying assumptions used in the simplified approach impairment model under MFRS 9 when determining the Expected Credit Losses ("ECL") for amount due from related parties.</li> </ul>

## Information Other than the Financial Statements and Auditors' Report Thereon

The Directors of the Group and the Company are responsible for the other information. The other information comprises the Directors' Report but does not include the financial statements of the Group and the Company and our auditors' report thereon, which we obtained prior to the date of this auditors' report, and the Annual Report 2023, which is expected to be made available to us after the date of this auditors' report.

Our opinion on the financial statements of the Group and 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 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 statement of the Group and 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.

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

## Independent Auditors' Report

To the members of Lebttech Berhad (Incorporated in Malaysia)  
cont'd

### **DIRECTORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS**

The Directors of the Group and the Company are responsible for the preparation of the financial statements of the Group and 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 the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and 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 and 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 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 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 and 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 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 and 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 the Company, including the disclosures, and whether the financial statements 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.

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.

# Independent Auditors' Report

To the members of Lebtech Berhad (Incorporated in Malaysia)  
cont'd

## AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS *cont'd*

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 matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

## OTHER MATTERS

This report is made solely to the members of the Group and 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.

### **JAMAL, AMIN & PARTNERS**

(No : AF 1067)  
Chartered Accountants

Dated: 23 April 2024

Kuala Lumpur

### **AMINUDDIN BIN YAHAYA**

(No : 1669/11/24(J))  
Chartered Accountant

# Statements of Financial Position

As at 31 December 2023

	Note	Group		Company	
		2023 RM	2022 RM (Restated)	2023 RM	2022 RM
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	4	2,218,069	2,283,393	-	-
Investment properties	5	32,830,680	32,830,680	-	-
Investment in subsidiaries	6	-	-	74,940,002	74,940,002
<b>Total non-current assets</b>		<b>35,048,749</b>	<b>35,114,073</b>	<b>74,940,002</b>	<b>74,940,002</b>
<b>Current assets</b>					
Trade and other receivables	7	66,823,389	72,944,229	11,443	664,108
Amount due from contract customers	8	64,345,578	61,191,737	-	-
Fixed deposit with licensed banks	9	-	114,018	-	-
Cash and bank balances	10	1,173,112	2,259,301	4,386	2,609
		132,342,079	136,509,285	15,829	666,717
Assets held for sale	11	-	-	-	-
<b>Total current assets</b>		<b>132,342,079</b>	<b>136,509,285</b>	<b>15,829</b>	<b>666,717</b>
<b>TOTAL ASSETS</b>		<b>167,390,828</b>	<b>171,623,358</b>	<b>74,955,831</b>	<b>75,606,719</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Equity attributable to equity holders of the Company</b>					
Share capital	12	78,719,784	78,719,784	78,719,784	78,719,784
Retained earnings/(accumulated losses)	13	37,961,029	37,712,439	(4,440,283)	(4,038,893)
		116,680,813	116,432,223	74,279,501	74,680,891
Non-controlling interest		221,331	389,880	-	-
<b>TOTAL EQUITY</b>		<b>116,902,144</b>	<b>116,822,103</b>	<b>74,279,501</b>	<b>74,680,891</b>
<b>Current liabilities</b>					
Trade and other payables	14	50,307,795	54,544,652	676,330	925,828
Loans and borrowings	15	-	237,352	-	-
Provision for taxation		180,889	19,251	-	-
<b>TOTAL LIABILITIES</b>		<b>50,488,684</b>	<b>54,801,255</b>	<b>676,330</b>	<b>925,828</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>167,390,828</b>	<b>171,623,358</b>	<b>74,955,831</b>	<b>75,606,719</b>

The accompanying 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	Group		Company	
		2023 RM	2022 RM (Restated)	2023 RM	2022 RM
Revenue	16	16,313,804	20,172,204	-	-
Cost of sales	17	(12,435,527)	(16,048,239)	-	-
Gross profit		3,878,277	4,123,965	-	-
Other income		415,730	265,451	-	-
Administrative expenses		(3,951,850)	(3,960,718)	(401,390)	(347,250)
<b>Result from operating activities</b>		342,157	428,698	(401,390)	(347,250)
Finance costs	18	(4,720)	(29,678)	-	-
<b>Profit/(loss) before taxation</b>	19	337,437	399,020	(401,390)	(347,250)
Taxation	21	(257,396)	(345,934)	-	-
<b>Profit/(loss) for the year, representing total comprehensive income/(loss) for the financial year</b>		80,041	53,086	(401,390)	(347,250)
<b>Attributable to:</b>					
Equity holders of the Company		248,590	88,900	(401,390)	(347,250)
Non-controlling interest		(168,549)	(35,814)	-	-
		80,041	53,086	(401,390)	(347,250)
Basic earning per ordinary share attributable to equity holders of the Company (sen)	22	0.06	0.04		

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

## Consolidated Statement of Changes in Equity

For the year ended 31 December 2023

### Group

	Note	Non-distributable share capital RM	Distributable retained earnings RM	Equity attributable to equity holders of the Company RM	Non-controlling interest RM	Total Equity RM
<b>2023</b>						
At 1 January 2023						
- As previously reported		78,719,784	37,322,439	116,042,223	389,880	116,432,103
- Effect of the changes in accounting policies	28	-	390,000	390,000	-	390,000
Restated balance as at 1 January 2023		78,719,784	37,712,439	116,432,223	389,880	116,822,103
Total comprehensive income for the year		-	248,590	248,590	(168,549)	80,041
At 31 December 2023		78,719,784	37,961,029	116,680,813	221,331	116,902,144
<b>2022</b>						
At 1 January 2022						
- As previously reported		78,719,784	37,248,539	115,968,323	425,694	116,394,017
- Effect of the changes in accounting policies		-	375,000	375,000	-	375,000
Restated balance as at 1 January 2022		78,719,784	37,623,539	116,343,323	425,694	116,769,017
Total comprehensive income for the year		-	88,900	88,900	(35,814)	53,086
Restated balance as at 31 December 2022		78,719,784	37,712,439	116,432,223	389,880	116,822,103

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

## Statement of Changes in Equity

For the year ended 31 December 2023

### Company

	Non- distributable share capital	Distributable accumulated losses	Equity attributable to equity holders of the Company
	RM	RM	RM
<b>2023</b>			
At 1 January 2023	78,719,784	(4,038,893)	74,680,891
Total comprehensive loss for the year	-	(401,390)	(401,390)
At 31 December 2023	78,719,784	(4,440,283)	74,279,501
<b>2022</b>			
At 1 January 2022	78,719,784	(3,691,643)	75,028,141
Total comprehensive loss for the year	-	(347,250)	(347,250)
At 31 December 2022	78,719,784	(4,038,893)	74,680,891

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

# Statements of Cash Flows

For the year ended 31 December 2023

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
	(Restated)			
<b>Cash flows from operating activities</b>				
Profit/(loss) before taxation	337,437	399,020	(401,390)	(347,250)
Adjustments for:				
Expected credit losses on:				
- Trade receivables	60,359	46,591	-	-
Depreciation of property, plant and equipment	95,757	106,294	-	-
Depreciation of investment properties	-	-	-	-
Finance costs	4,720	29,678	-	-
Interest income	(9,850)	(2,071)	-	-
<b>Operating profit/(loss) before changes in working capital</b>	488,423	579,512	(401,390)	(347,250)
Decrease/(Increase) in trade and other receivables	2,906,640	7,338,841	652,665	317,161
(Decrease)/Increase in trade and other payables	(4,236,857)	(6,295,706)	(249,498)	29,999
<b>Cash generated from/(used in) operating activities</b>	(841,794)	1,622,647	1,777	(90)
Interest paid	(4,720)	-	-	-
Tax paid	(95,758)	(136,118)	-	-
<b>Net cash generated from/(used in) operating activities</b>	(942,272)	1,486,529	1,777	(90)
<b>Cash flows from investing activities</b>				
Acquisition of property, plant and equipment	(30,433)	(30,609)	-	-
Interest received	9,850	-	-	-
Withdrawal of fixed deposit	114,018	-	-	-
<b>Net cash generated from/(used in) investing activities</b>	93,435	(30,609)	-	-
<b>Cash flow from financing activity</b>				
<b>Repayment of term loan, representing net cash used in financing activity</b>	(237,352)	(276,118)	-	-
<b>Net increase/(decrease) in cash and cash equivalents</b>	(1,086,189)	1,179,802	1,777	(90)
<b>Cash and cash equivalents at beginning of the year</b>	2,259,301	1,079,499	2,609	2,699
<b>Cash and cash equivalents at end of the year</b>	1,173,112	2,259,301	4,386	2,609

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

# Notes to the Financial Statements

31 December 2023

## 1. CORPORATE INFORMATION

Lebtech Berhad is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad.

The registered office and principal place of business is located at No.2, Jalan Tengku Ampuan Zabedah J9/J, Seksyen 9, 40000 Shah Alam, Selangor Darul Ehsan.

The Company is principally engaged in investment holding whilst the principal activities of the subsidiaries are as stated in Note 6 to the financial statements. There has been no significant changes in the nature of these activities during the financial year.

## 2. SIGNIFICANT ACCOUNTING POLICIES

### 2.1 Basis of preparation

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

The financial statements have been prepared under the historical cost convention except as disclosed in the respective significant accounting policies.

The preparation of financial statements in conformity with MFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported financial year. It also requires the Directors to exercise their judgement in the process of applying the Group's and the Company's accounting policies.

These financial statements are presented in Ringgit Malaysia.

For the financial year ended 31 December 2023, the Group derived 52.77% of its revenue from related parties and at the statement of financial position date, 88% of the Group's trade and other receivables are due from related parties.

The conditions or events, along with other matters as disclosed in Note 7 indicate existence of material uncertainties that may cast significant doubt on the Group's ability to continue as a going concern. Nevertheless, the financial statements of the Group has been prepared on a going concern basis as the Board of Directors is optimistic on the Group's ability to tender on latest projects on their own instead of being awarded by its related parties.

The Group will continue to pursue government/government linked companies ("GLC") tender in infrastructure projects. Furthermore, we will explore on the possibility of private finance initiative projects in 2024. The Group will move forward with future projects with third party mainly on housing development projects.

# Notes to the Financial Statements

31 December 2023

cont'd

## 2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

### 2.2 Changes in accounting policies arising from adoption of new MFRS, amendments to MFRS and IC Interpretations

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

The Group and the Company adopted the following new and amended MFRS and Interpretations Committee ("IC") Interpretations mandatory for annual financial periods beginning on or after 1 January 2023.

Descriptions	Effective for annual periods beginning on or after
MFRS 17 Insurance Contracts and Initial Application of MFRS 17 and MFRS 9 - Comparative Information (Amendment to MFRS 17)	1 January 2023
MFRS 101 Presentation of Financial Statements - Classification of Liabilities as Current or Non-current	1 January 2023
MFRS 101 Presentation of Financial Statements - Disclosure of Accounting Policies	1 January 2023
MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates	1 January 2023
MFRS 112 Income Taxes - Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to MFRS 112)	1 January 2023

The adoption of the above standards did not have any material impact on the Group's and the Company's financial statements.

### 2.3 Standards issued but not yet effective

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

Description	Effective for annual periods beginning on or after
MFRS 16 Lease Liability in a Sale and Leaseback (Amendments to MFRS 16)	1 January 2024
MFRS 107 Statement of Cash Flows - Supplier Finance Arrangements (Amendments to MFRS 107 & MFRS 7)	1 January 2024
MFRS 101 Non-current Liabilities with Covenants (Amendments to MFRS 101)	1 January 2024
MFRS 121 The Effects of Changes in Foreign Exchange - Lack of Exchangeability (Amendments to MFRS 121)	1 January 2025

The Directors expect that the adoption of the above standards and interpretations will have no material impact on the Group's and the Company's financial statement in the year of initial application.

### 2.4 Basis of consolidation

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

# Notes to the Financial Statements

31 December 2023

cont'd

## 2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

### 2.4 Basis of consolidation *cont'd*

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

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

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

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

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

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

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

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

#### **Business combinations**

Acquisition of subsidiaries are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. The Group elects on a transaction-by-transaction basis whether to measure the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Transaction costs incurred are expensed and included in administrative expenses.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of MFRS 9, is measured at fair value with the changes in fair value recognised in profit or loss or changes to other comprehensive income in accordance with MFRS 9. Other contingent consideration that is not within the scope of MFRS 9 is measured at fair value at each reporting date with changes in fair value recognised in profit or loss.

# Notes to the Financial Statements

31 December 2023

cont'd

## 2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

### 2.4 Basis of consolidation *cont'd*

#### Business combinations *cont'd*

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

Following the initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash generating unit retained.

Business combinations involving entities under common control are accounted for by applying the pooling-of-interest method. The assets and liabilities of the combining entities are reflected at their carrying amounts reported in the consolidated financial statements of the controlling holding company. Any difference between the consideration paid and the share capital of the acquired entity is reflected within equity as merger reserve. The statement of comprehensive income reflects the results of the combining entities for the full year, irrespective of when the combination takes place. Comparatives are presented as if the entities had always been combined since the date the entities had come under common control. No adjustments are made to reflect the fair values on the date of combination or recognise any new assets or liabilities. No additional goodwill is recognised as a result of the combination.

### 2.5 Subsidiaries

A subsidiary is an entity over which the Group has all the following:

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

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

# Notes to the Financial Statements

31 December 2023

cont'd

## 2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

### 2.6 Transactions with non-controlling interests

Non-controlling interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group and are presented separately in profit or loss of the Group and within equity in the consolidated statements of financial position, separately from parent shareholders' equity. Transactions with non-controlling interests are accounted for using the entity concept method, whereby, transactions with non-controlling interests are accounted for as transactions with owners. On acquisition of non-controlling interests, the difference between the consideration and book value of the share of the net assets acquired is recognised directly in equity. Gain or loss on disposal to non-controlling interests is recognised directly in equity.

### 2.7 Property, plant and equipment

#### (i) Recognition and measurement

Items of property, plant and equipment are stated at cost less accumulated depreciation and any impairment loss.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour and, for qualifying assets, borrowing costs are capitalised in accordance with the Group's and the Company's accounting policy. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

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

#### (ii) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and the Company and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in the profit or loss as incurred.

#### (iii) Depreciation and impairment

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives.

The estimated useful lives for the current and comparative periods are as follows:

Items:	Useful lives (years)
Leasehold land and building	50 years
Motor vehicles	5 years
Plant and equipment	2.5 - 10 years
Fixtures and fittings	8 - 10 years
Renovation	5 years

# Notes to the Financial Statements

31 December 2023

cont'd

## 2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

### 2.7 Property, plant and equipment *cont'd*

#### (iii) Depreciation and impairment *cont'd*

Depreciation methods, useful lives and residual values are reassessed at each financial year-end and adjusted prospectively, if appropriate.

The carrying value of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If such an indication exists, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable. A write down is made if the carrying amount exceeds the recoverable amount. Likewise, when the conditions for impairment no longer exist after considering indications from both external and internal sources, a write-back on the asset values will be performed. The impairment loss is charged to profit or loss unless it reverses a previous revaluation in which case it is charged to the revaluation surplus as stated in accounting policy Note 2.10.

#### (iv) Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains or losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within "other income" or "other expenses" respectively in the profit or loss.

### 2.8 Investment properties

Investment properties are properties which are owned to earn rental income or for capital appreciation or both. These include land held for a currently undetermined future use. Properties that are occupied by the companies in the Group are accounted for as owner-occupied rather than as investment properties.

#### (i) Investment property carried at fair value

Investment properties which are owned are measured initially at cost. Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs. Right-of-use asset held under a lease contract that meets the definition of investment property is initially measured similarly as other right-of use assets.

Subsequently, investment properties are measured at fair value with any changes therein recognised in profit or loss for the period in which they arise. Where the fair value of the investment property under construction is not reliably determinable, the investment property under construction is measured at cost until either its fair value becomes reliably determinable or construction is complete, whichever is earlier.

The fair value of investment properties held by the Group as a right-of-use asset reflects the expected cash flows. Accordingly, where valuation obtained for a property is net of all payments expected to be made, the Group added back any recognised lease liability to arrive at the carrying amount of the investment property using the fair value model.

An investment property is derecognised on its disposal, or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal. The difference between the net disposal proceeds and the carrying amount is recognised in profit or loss in the period in which the item is derecognised.

# Notes to the Financial Statements

31 December 2023

cont'd

## 2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

### 2.9 Financial assets

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

#### (i) Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

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

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

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

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

#### (ii) Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments);
- Financial assets at fair value through OCI with recycling of cumulative gains or losses (debt instruments);
- Financial assets designated at fair value through OCI with no recycling of cumulative gains or losses upon derecognition (equity instruments); and
- Financial assets at fair value through profit or loss.

#### **Financial assets at amortised cost (debt instruments)**

The Group and the Company measure financial assets at amortised cost if both of the following conditions are met:

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

# Notes to the Financial Statements

31 December 2023

cont'd

## 2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

### 2.9 Financial assets *cont'd*

#### (ii) Subsequent measurement *cont'd*

##### **Financial assets at fair value through OCI (debt instruments)**

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

The Group and the Company's financial assets at amortised cost include trade and other receivables and cash and bank balances.

The Group and the Company measure debt instruments at fair value through OCI if both of the following conditions are met:

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

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statements of comprehensive income and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

The Group and the Company have no financial assets at fair value through OCI (debt instruments) at the reporting date.

##### **Financial assets designated at fair value through OCI (equity instruments)**

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

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

The Group and the Company have no financial assets at fair value through OCI (equity instruments) at the reporting date.

##### **Financial assets at fair value through profit or loss**

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments.

# Notes to the Financial Statements

31 December 2023

cont'd

## 2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

### 2.9 Financial assets *cont'd*

#### (ii) Subsequent measurement *cont'd*

##### **Financial assets at fair value through profit or loss** *cont'd*

Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

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

This category includes derivative instruments and listed equity investments which the Group and the Company had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are also recognised as other income in the statements of comprehensive income when the right of payment has been established.

A derivative embedded in a hybrid contract, with a financial liability or nonfinancial host, is separated from the host and accounted for as a separate derivative if: the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognised in statements of comprehensive income. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

#### (iii) Derecognition

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- The rights to receive cash flows from the asset have expired; or
- The Group and the Company have transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'passthrough' arrangement; and either the Group and the Company have transferred substantially all the risks and rewards of the asset, or the Group and the Company have neither transferred nor retained substantially all the risks and rewards of the asset, but have transferred control of the asset.

When the Group and the Company have transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group and the Company continue to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group and the Company also recognise an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group and the Company have retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group and the Company could be required to repay.

# Notes to the Financial Statements

31 December 2023

cont'd

## 2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

### 2.10 Impairment of financial assets

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

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

For trade receivables and contract assets, the Group and the Company apply a simplified approach in calculating ECLs. Therefore, the Group and the Company do not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date.

The Group and the Company may consider a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group and the Company may also consider a financial asset to be in default when internal or external information indicates that the Group and the Company are unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

### 2.11 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value with original maturity periods of three (3) months or less.

Cash and cash equivalents (other than bank overdrafts) are categorised and measured as loans and receivables in accordance with policy Note 2.9.

### 2.12 Financial liabilities

#### (i) Initial recognition and measurement

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

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

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

#### (ii) Subsequent measurement

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

##### **Fair value through profit or loss**

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

# Notes to the Financial Statements

31 December 2023

cont'd

## 2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

### 2.12 Financial liabilities *cont'd*

#### (ii) Subsequent measurement *cont'd*

##### **Fair value through profit or loss** *cont'd*

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

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

##### **Amortised costs**

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains or losses are recognised in statements of comprehensive income when the liabilities are derecognised as well as through the effective interest rate method ("EIR") amortisation process.

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

This category generally applies to interest-bearing loans and borrowings.

#### (iii) Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statements of comprehensive income.

### 2.13 Offsetting of financial instruments

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

### 2.14 Non-current assets classified as held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition subject only to terms that are usual and customary.

# Notes to the Financial Statements

31 December 2023

cont'd

## 2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

### 2.14 Non-current assets classified as held for sale *cont'd*

Immediately before classification as held for sale, the measurement of the non current assets is brought up-to-date in accordance with applicable MFRSs. Then, on initial classification as held for sale, non-current assets (other than investment properties, deferred tax assets, employee benefits assets, financial assets and inventories) are measured in accordance with MFRS 5 that is at the lower of carrying amount and fair value less costs to sell. Any differences are included in the comprehensive income.

If the criterias under MFRS 5 are no longer met, the Group shall cease to classify the assets held for sale. The Group shall measure the assets that cease to be classified as held for sale at the lower of its carrying amount before the assets was classified as held for sale, adjusted for any depreciation, amortisation or revaluations that would have been recognised had the assets not been classified as held for sale and its recoverable amount at the date of the subsequent decision not to sell.

### 2.15 Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date. The arrangement is assessed for whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

#### (i) As a lessee

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

#### Right-of-use assets

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

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of the right-of-use assets are determined on the same basis as those of plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurement of the lease liability.

#### Short-term leases and leases of low-value assets

The Group and the Company have elected not to recognise right-of-use assets and lease liabilities for the short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group and the Company recognise lease payments associated with these leases as an expense over the lease term.

# Notes to the Financial Statements

31 December 2023

cont'd

## 2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

### 2.15 Leases *cont'd*

#### (i) As a lessee *cont'd*

##### Lease liabilities *cont'd*

At the commencement date of the lease, the Group and the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and the Company and payments of penalties for terminating the lease, if the lease term reflects the Group and the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group and the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

#### (ii) As a lessor

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

### 2.16 Contract assets

A contract asset is the right of the Group and the Company to consideration in exchange for goods or services that it has transferred to the customer when that right is conditional upon future performance but not through the passage of time. If the Group and the Company has performed its obligation by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised and presented net of any amounts that has been recognised as receivables. Contract asset is presented as the excess of cumulative revenue earned or recognised in comprehensive income over the billings to date to the customer. Contract assets are subject to impairment assessment in accordance of MFRS 9: Financial Instruments.

### 2.17 Impairment of non-financial assets

#### (i) Other assets

The carrying amounts of other assets (except for assets arising from construction contract and deferred tax asset) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

# Notes to the Financial Statements

31 December 2023

cont'd

## 2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

### 2.17 Impairment of non-financial assets *cont'd*

#### (i) Other assets *cont'd*

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognised if the carrying amount of an asset or its cash generating unit exceeds its recoverable amount.

Impairment losses are recognised in the comprehensive income. Impairment losses recognised in respect of cash generating unit are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of other assets in the units (group of units) on a prorated basis.

Impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

### 2.18 Employee benefits

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group and the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

The Group and the Company's contributions to statutory pension funds are charged to profit or loss in the year to which they relate. Once the contributions have been paid, the Group and the Company has no further payment obligations.

### 2.19 Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as financing cost.

# Notes to the Financial Statements

31 December 2023

cont'd

## 2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

### 2.19 Provisions *cont'd*

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Where the Group and the Company enter into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the Group and the Company consider these to be insurance arrangements, and accounts for them as such. In this respect, the Group and the Company treat the guarantee contract as a contingent liability until such time as it becomes probable that the Group and the Company will be required to make a payment under the guarantee.

### 2.20 Revenue recognition

#### (i) Revenue from construction contracts

Revenue from contracts with customers is recognised by reference to each distinct performance obligation in the contract with customer. Revenue from contracts with customers is measured at its transaction price, being the amount of consideration which the Group and the Company expects to be entitled in exchange for transferring promised goods or services to a customer, net of goods and service tax, returns, rebates and discounts. Transaction price is allocated to each performance obligation on the basis of the relative standalone selling prices of each distinct good or services promised in the contract. Depending on the substance of the contract, revenue is recognised when the performance obligation is satisfied, which may be at a point in time or over time.

Revenue from contract with customers may includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue and can be measured reliably. As soon as the outcome of a construction contract can be estimated reliably, revenue and expenses are recognised in statement of comprehensive income in proportion to the stage of completion of the contract.

The stage of completion is assessed by reference to the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs. When the outcome of a revenue from contract customers cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable. An expected loss on a contract is recognised immediately in statement of comprehensive income.

The revenue recognition of other classes of revenue that are not within the scope of MFRS 15 are set out below:

#### (ii) Rental income

Rental income from investment property is recognised in statement of comprehensive income on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

#### (iii) Interest income

Interest income is recognised on accrual basis, using the effective interest method in statement of comprehensive income.

# Notes to the Financial Statements

31 December 2023

cont'd

## 2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

### 2.21 Borrowing costs

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

Costs, borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

### 2.22 Income tax

#### (i) Current tax

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

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

#### (ii) Deferred tax

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

Deferred tax liabilities are recognised for all temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

# Notes to the Financial Statements

31 December 2023

cont'd

## 2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

### 2.22 Income tax *cont'd*

#### (ii) Deferred tax *cont'd*

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

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

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

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

### 2.23 Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees.

### 2.24 Operating segments

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

### 2.25 Share capital

Ordinary shares are recorded at the nominal value and proceeds in excess of the nominal value of shares issued, if any, are accounted for as share premium. Both ordinary shares and share premiums are classified as equity. Cost incurred directly attributable to the issuance of shares are accounted for as a deduction from share premium. Otherwise they are charged to profit or loss. Dividends to shareholders are recognised in equity in the period in which they are declared and approved.

### 2.26 Fair value measurement

Fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

# Notes to the Financial Statements

31 December 2023

cont'd

## 2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

### 2.26 Fair value measurement *cont'd*

For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair value is categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: unobservable inputs for the asset or liability.

## 3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

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

### 3.1 Key sources of estimation uncertainty

#### (i) Useful lives of property, plant and equipment

The estimated for the residual values, useful lives and related depreciation charges for the property, plant and equipment are based on commercial and production factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions.

The Group and the Company anticipate that the residual values of its property, plant and equipment will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount.

Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

The carrying amount of the Group's and the Company's property, plant and equipment at the reporting date is disclosed in Note 4.

#### (ii) Taxation

There are certain transactions computations for which the ultimate tax determination may be different from the initial estimate. The Group recognised 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 and deferred tax provisions in the period in which such determination is made. The carrying amount of the Group's and the Company's taxation at the reporting date is disclosed in Note 21.

# Notes to the Financial Statements

31 December 2023

cont'd

## 3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS *cont'd*

### 3.1 Key sources of estimation uncertainty *cont'd*

#### (iii) Measurement of progress when revenue is recognised over time

For those contracts involving the system application and development revenue and engineering works that meet the over time criteria of revenue recognition, the Group's performance is measured using an input method, by reference to the inputs towards satisfying the performance obligation relative to the total expected inputs to satisfy the performance obligation. The Group generally uses the costs incurred method as a measure of progress for its contracts because it best depicts the Group's performance. Under this method of measuring progress, the extent of progress towards completion is measured based on the ratio of costs incurred to date to the total estimated costs at completion of the performance obligation. When costs are incurred, but do not contribute to the progress in satisfying the performance obligation (such as unexpected amounts of wasted materials, labour or other resources), the Group excludes the effect of those costs. Also, the Group adjusts the input method for any cost incurred that are not proportionate to the Group's progress in satisfying the performance obligation.

The carrying amounts of amounts due from contract customers and revenue recognised over time of the Group are disclosed in Note 8 and 16 respectively.

#### (iv) Impairment of loans and receivables

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group and the Company consider factors such as the Group and the Company's contractual entitlement to a debt, the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. The carrying amount of the Group's and the Company's trade and other receivables at the reporting date is disclosed in Note 7.

## 4. PROPERTY, PLANT AND EQUIPMENT

Group	Leasehold land and building RM	Motor vehicles RM	Plant and equipment RM	Fixtures and fittings RM	Renovation RM	Total RM
<b>2023</b>						
<b>Cost</b>						
At 1 January 2023	3,566,004	2,214,439	1,196,434	221,082	48,733	7,246,692
Additions	-	-	27,887	2,546	-	30,433
Disposal	-	-				
At 31 December 2023	3,566,004	2,214,439	1,224,321	223,628	48,733	7,277,125
<b>Accumulated depreciation</b>						
At 1 January 2023	1,355,081	2,214,419	1,125,064	220,002	48,733	4,963,299
Charge for the year	71,321	-	23,399	1,037	-	95,757
At 31 December 2023	1,426,402	2,214,419	1,148,463	221,039	48,733	5,059,056
<b>Net carrying amounts</b>						
At 1 January 2023	2,210,923	20	71,370	1,080	-	2,283,393
At 31 December 2023	2,139,602	20	75,858	2,589	-	2,218,069

## Notes to the Financial Statements

31 December 2023

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### 4. PROPERTY, PLANT AND EQUIPMENT *cont'd*

Group	Leasehold land and building RM	Motor vehicles RM	Plant and equipment RM	Fixtures and fittings RM	Renovation RM	Total RM
<b>2022</b>						
<b>Cost</b>						
At 1 January 2022	3,566,004	2,214,439	1,165,825	221,082	48,733	7,216,083
Additions	-	-	30,609	-	-	30,609
At 31 December 2022	3,566,004	2,214,439	1,196,434	221,082	48,733	7,246,692
<b>Accumulated depreciation</b>						
At 1 January 2022	1,283,761	2,214,419	1,091,043	219,049	48,733	4,857,005
Charge for the year	71,320	-	34,021	953	-	106,294
At 31 December 2022	1,355,081	2,214,419	1,125,064	220,002	48,733	4,963,299
<b>Net carrying amounts</b>						
At 1 January 2022	2,282,243	20	74,782	2,033	-	2,359,078
At 31 December 2022	2,210,923	20	71,370	1,080	-	2,283,393

### 5. INVESTMENT PROPERTIES

Group	Note	2023 RM	2022 RM (Restated)
<b>Cost</b>			
At 1 January		32,830,680	750,000
Reclassification from assets held for sale	11	-	32,080,680
At 31 December		32,830,680	32,830,680
<b>Net carrying amounts</b>			
At 31 December		32,830,680	32,830,680

# Notes to the Financial Statements

31 December 2023

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## 5. INVESTMENT PROPERTIES *cont'd*

Investment properties are located in Malaysia and comprise:

Property	Title	Approximate net lettable area
Lot 9024, Lot 9026 & Lot 9028 At Jalan Mahang 1, Taman Meru Utama, Klang	Freehold	Land – 468 sq meter Building – 1,809 sq meter
No 2 & No 44 At Jalan Gunung Nuang U11/31, Bukit Bandaraya, Shah Alam	Leasehold	Land - 3,562 sq feet Building - 1,890 sq feet
No 41 At Jalan Gunung Nuang U11/26, Bukit Bandaraya, Shah Alam	Leasehold	Land - 1,399 sq feet Building - 1,822 sq feet
No 6, No 8 & No 10 At Jalan Gunung Tahan U11/10A, Bukit Bandaraya, Shah Alam	Leasehold	Land - 3,196 sq feet Building - 2,648 sq feet
No 3 At Jalan Gunung Tahan U11/10C, Bukit Bandaraya, Shah Alam	Leasehold	Land - 10,050 sq feet Building - 3,505 sq feet
No 4 At Jalan Gunung Tahan U11/10C, Bukit Bandaraya, Shah Alam	Leasehold	Land - 3,196 sq feet Building - 2,648 sq feet
No 12, No 14, No 16 & No 17 At Jalan Gunung Tahan U11/10A, Bukit Bandaraya, Shah Alam	Leasehold	Land - 3,196 sq feet Building - 2,648 sq feet
No 19 At Jalan Gunung Tahan U11/10A, Bukit Bandaraya, Shah Alam	Leasehold	Land - 7,467 sq feet Building - 2,648 sq feet
No 20 At Jalan Gunung Tahan U11/10A, Bukit Bandaraya, Shah Alam	Leasehold	Land - 10,502 sq feet Building - 2,648 sq feet
No 6 & No 8 At Jalan Gunung Tahan U11/10C, Bukit Bandaraya, Shah Alam	Leasehold	Land - 3,196 sq feet Building - 2,648 sq feet
No 35, No 41 & No 43 At Jalan Akuatik 13/77J D'Kayangan, Seksyen 13 Shah Alam	Leasehold	Land - 2,240 sq feet Building - 3,085 sq feet
No 1 At Jalan Akuatik 13/77J D'Kayangan, Seksyen 13 Shah Alam	Leasehold	Land - 5,541 sq feet Building - 3,270 sq feet

## Notes to the Financial Statements

31 December 2023

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### 5. INVESTMENT PROPERTIES *cont'd*

The following amounts have been recognised in profit or loss:

	Group	
	2023	2022
	RM	RM
Rental income	356,920	214,420
Direct operating expenses arising from investment properties that generate rental income	(34,136)	(29,818)

During the year 2023, the Group and the Company changed its accounting policy for the investment properties from using the cost model method to fair value model. The effect of the changes is reflected in Note 28.

The fair value of investment properties is determined by external, independent property valuers, having appropriate recognised professional qualifications and recent experience in the location category of property being valued. The valuation company provides the fair value of the Group's investment property portfolio every year. Changes in Level 3 fair values are analysed by the management every year after obtaining a valuation report from the valuation company.

### 6. INVESTMENT IN SUBSIDIARIES

	Company	
	2023	2022
	RM	RM
<b>At cost</b>		
Unquoted shares, at cost	75,050,002	75,050,002
Less: Accumulated impairment losses	(110,000)	(110,000)
	74,940,002	74,940,002

Details of the subsidiaries are as follows:

Name of subsidiaries	Country of incorporation	Principal activities	Effective ownership interest	
			2023	2022
			%	%
Lebtech Construction Sdn. Bhd.	Malaysia	Civil and building construction	100	100
Lebtech Energy Sdn. Bhd.	Malaysia	Dormant	55	55
Paksi Aman Sdn. Bhd.	Malaysia	Dormant	100	100

# Notes to the Financial Statements

31 December 2023

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## 7. TRADE AND OTHER RECEIVABLES

	Note	Group		Company	
		2023 RM	2022 RM	2023 RM	2022 RM
<b>Trade</b>					
Third parties		7,836,621	-	-	-
Amount due from related parties	a	65,273,842	79,101,524	-	-
		73,110,463	79,101,524	-	-
Less : Expected credit losses (Note 24(c))		(7,686,264)	(7,625,905)	-	-
		65,424,199	71,475,619	-	-
<b>Non-Trade</b>					
Other receivables		862,459	528,416	-	-
Deposits		7,200	147,927	-	-
Prepayments		19,552	1,168	-	-
Amount due from subsidiaries	b	-	-	11,443	664,108
Amount due from affiliated companies	b	509,979	791,099	-	-
		1,399,190	1,468,610	11,443	664,108
		66,823,389	72,944,229	11,443	664,108

Trade receivables of the Group are 88% derived from the projects being awarded by Basco Sdn. Bhd. ("Basco") as well as Lebar Daun Development Sdn. Bhd. ("LDD") to the Group. Should any of these two companies unable to secure a project for development, it will cast a significant doubt on the Group's ability to continue as a going concern.

The Group credit policy provides trade receivables with credit period of up to 60 days (2022: 60 days). Significant credit and recovery risks associated with receivable have been provided for in the financial statement.

The ageing of receivables as at the end of the reporting period is disclosed in Note 24 (c).

### a) Amount due from related parties

The trade amounts due from related parties are mainly derived from issuance of progress billings. The amounts are unsecured and subject to the normal trade terms. Included in progress billings receivables as at 31 December 2023 are retention sums of RM24,052,083 (2022: RM24,798,723) relating to amount due from contract customers.

### b) Amount due from subsidiaries/affiliated companies

The non-trade amount due from subsidiaries and affiliated companies are unsecured, interest-free and repayable on demand.

## Notes to the Financial Statements

31 December 2023

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### 8. AMOUNT DUE FROM CONTRACT CUSTOMERS

	Note	Group		Company	
		2023 RM	2022 RM	2023 RM	2022 RM
<b>Trade</b>					
Amount due from contract customers	a	64,345,578	61,191,737	-	-

a) Amount due from contract customers

The amounts represent the timing differences in revenue recognition and the milestone billings. The milestone billings are structured and/or negotiated with customers to reflect physical completion of the contracts. The amounts are transferred to receivables when the rights to economic benefits become unconditional.

	Group	
	2023 RM	2022 RM
Aggregate costs incurred to date	755,137,762	744,185,675
Add: Attributable profits	99,109,826	93,748,110
	854,247,588	837,933,785
Less: Progress billings	(789,902,010)	(776,742,048)
	64,345,578	61,191,737

### 9. FIXED DEPOSITS WITH LICENSED BANKS

Fixed deposits with licensed banks of the Group bear effective interest rates of 2.55% (2022: 1.85%) per annum as at the financial year with maturity of 365 days (2022: 365 days). The fixed deposits are pledged as security for term loan facility in favour of the Bank which is disclosed in Note 15 to the financial statements.

### 10. CASH AND BANK BALANCES

The Group's cash management policy is to use cash and bank balances to manage cash flows to ensure sufficient liquidity to meet the Group's obligations.

# Notes to the Financial Statements

31 December 2023

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## 11. ASSETS HELD FOR SALE

	Note	Group	
		2023 RM	2022 RM
At 1 January		-	32,080,680
Additions		-	-
Reclassification to investment property	5	-	(32,080,680)
At 31 December		-	-

Assets held for sale relates to properties transferred from Lebar Daun Development Sdn. Bhd. ("LDD") as part of repayment terms under the Partial Debt Settlement Agreement.

MFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* requires the Directors to measure a non-current assets held for sale at the lower of its carrying amount and fair value less cost to sell.

In December 2022, the above properties has been reclassified from assets held for sale to investment properties since the sales of the properties were no longer probable and the properties are now held for rental or capital appreciation which in accordance with MFRS 140 *Investment Property*.

The above said properties have been reclassified based on its recoverable amount which is in accordance to Para 27 (b) of MFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*.

## 12. SHARE CAPITAL

	Group and the Company			
	2023 Unit	2022 Unit	2023 RM	2022 RM
<b>Issued and fully paid:</b>				
At 1 January/At 31 December	136,483,676	136,483,676	78,719,784	78,719,784

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

## 13. RETAINED EARNINGS/(ACCUMULATED LOSSES)

The retained earnings may be distributed as dividend under the single tier system.

## Notes to the Financial Statements

31 December 2023

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### 14. TRADE AND OTHER PAYABLES

	Note	Group		Company	
		2023 RM	2022 RM	2023 RM	2022 RM
<b>Trade</b>					
Trade payables	a	48,068,139	46,130,278	-	-
<b>Non - trade</b>					
Other payables		1,729,740	933,500	611,789	440,500
Accruals		180,000	424,817	38,000	26,000
Amount due to affiliated companies		329,916	7,056,057	26,541	459,328
		2,239,656	8,414,374	676,330	925,828
		50,307,795	54,544,652	676,330	925,828

a) Trade payables

- i) The normal trade terms granted to the Group range from 30 days to 90 days (2022: 30 days to 90 days).
- ii) Included in the trade payables are retention sums amount totalling RM16,469,696 (2022: RM17,580,300).

### 15. LOANS AND BORROWINGS

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings. For more information about the Group's exposure to interest rate risk, see Note 24 (e).

	Group	
	2023 RM	2022 RM
<b>Current</b>		
Term loan	-	237,352

The term loan bears interest at 1.75% to 3.50% per annum above the bank's Base Lending Rate and is secured by the followings:

- a) Against 3rd party, 1st legal charge over properties also known as:
  - i) HSM 24228, PT 30110b, Daerah Klang, Mukim of Kelang, Selangor.
  - ii) HSM 24378, PT 29999, Temapat Johan Setia, Mukim of Kelang, Selangor.
  - iii) HSM 23567, Lot 30370b, Temapat Johan Setia, Mukim of Kelang, Selangor.
  - iv) HSM 24618, PT 31174, Temapat Johan Setia, Mukim of Kelang, Selangor.
  - v) HSD 79541, PT 846 Seksyen 8, Petaling, Bandar of Shah Alam, Selangor.
  - vi) EMR 7957, Lot 5420, Daerah Klang, Mukim of Klang, Selangor.
  - vii) EMR 6920, Lot 5602, Daerah Klang, Mukim of Klang, Selangor.
- b) Against a Corporate Guarantee by Lebtech Berhad for RM2,900,000.
- c) Against Fixed Deposit for RM114,018

## Notes to the Financial Statements

31 December 2023

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## 16. REVENUE

	Group	
	2023	2022
	RM	RM
Construction related activities	16,313,804	20,172,204
<b>Timing of revenue recognition</b>		
- Services transferred over time	16,313,804	20,172,204

## a) Transaction price allocated to the remaining performance obligations

The following table shows revenue from performance obligations that are unsatisfied (or partially unsatisfied) at the reporting date. The disclosure is only providing information for contracts that have a duration of more than one year.

	Group		Total
	2024	2025	RM
	RM	RM	RM
<b>Over time</b>			
Revenue from construction contracts	48,000,000	50,000,000	98,000,000

## b) Nature of services

**Timing of recognition or method used to recognise revenue**

Revenue is recognised over time using the cost incurred method

**Significant payment terms**

Based on agreed milestone certified by Architects

**Warranty**

Defect liability period 2 years

## 17. COST OF SALES

	Group	
	2023	2022
	RM	RM
Construction contract costs	12,435,527	16,048,239

## 18. FINANCE COSTS

	Group	
	2023	2022
	RM	RM
Interests on term loan	4,720	29,678

## Notes to the Financial Statements

31 December 2023

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### 19. PROFIT/(LOSS) BEFORE TAXATION

Profit/(Loss) before taxation has been determined after charging/(crediting) the following items:

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
				(Restated)
Auditors' remuneration				
- Statutory audit	180,000	119,000	38,000	20,000
- Other services	-	6,000	-	-
Depreciation of:				
- Property, plant and equipment	95,757	106,294	-	-
Interest income	(9,850)	(2,071)	-	-
Rental income from:				
- Property leases	(185,220)	(185,220)	-	-
- Equipment leases	(48,960)	(48,960)	-	-
- Residential houses	(171,700)	(29,200)	-	-
Gain on disposal of investment in subsidiaries	-	-	-	-
Expected credit losses on trade receivables	60,359	46,591	-	-
<b>Employees' information:</b>				
Salaries and allowances	1,823,948	1,797,317	-	-
Contribution to:				
- Employee Provident Fund ("EPF")	222,825	215,721	-	-
- Social Security contributions ("SOCSO")	24,082	25,454	-	-
Other benefits	93,786	89,449	-	-
	2,164,641	2,127,941	-	-

### 20. KEY MANAGEMENT PERSONNEL COMPENSATION

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Directors' remuneration	451,500	424,000	247,500	220,000

The number of Directors of the Company whose total remuneration during the financial year fell within the following bands is analysed below:

	Number of Directors	
	2023	2022
<b>Non-executive Directors</b>		
RM0 to RM50,000	10	8

# Notes to the Financial Statements

31 December 2023  
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## 21. TAXATION

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
<b>Malaysian income tax expense</b>				
Malaysian				
- Current year	257,046	196,412	-	-
- Under / (Over) of tax in prior year	350	(129)	-	-
	257,396	196,283	-	-
<b>Deferred tax expense</b>				
- Current	-	94,802	-	-
- Under provision of deferred tax in prior years	-	54,849	-	-
Total deferred tax expense	-	149,651	-	-
Total tax expense	257,396	345,934	-	-

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

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
		(Restated)		
Profit/(Loss) before taxation	337,437	399,020	(401,390)	(347,250)
Taxation at Malaysian				
statutory tax rate of 24% (2022: 24%)	80,985	95,765	(96,334)	(83,340)
Income not subject to tax	-	-	-	-
Expenses not deductible for tax purposes	176,061	188,533	96,334	83,340
Deferred tax assets not recognised	-	6,916	-	-
Under / (Over) provision of income tax expenses in prior year	350	(129)	-	-
Under provision of deferred tax in prior years	-	54,849	-	-
	257,396	345,934	-	-

## Notes to the Financial Statements

31 December 2023

cont'd

### 21. TAXATION *cont'd*

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

	<b>2023</b>	<b>2022</b>
	<b>RM</b>	<b>RM</b>
Other temporary differences	7,668,637	7,608,131

### 22. EARNINGS PER ORDINARY SHARE

#### Basic earnings per ordinary share

The calculation of basic earnings per ordinary share at 31 December 2023 and 31 December 2022 was based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shareholders outstanding, calculated as follows:

	<b>Group</b>	
	<b>2023</b>	<b>2022</b>
	<b>RM</b>	<b>RM</b>
		<b>(Restated)</b>
Profit attributable to ordinary shareholders	80,041	53,086

	<b>Group</b>	
	<b>2023</b>	<b>2022</b>
	<b>Unit</b>	<b>Unit</b>
Weighted average number of ordinary shares at 1 January/31 December	136,483,676	136,483,676

	<b>Group</b>	
	<b>2023</b>	<b>2022</b>
	<b>RM</b>	<b>RM</b>
Basic earnings per ordinary shares (sen)	0.06	0.04

### 23. SEGMENTAL REPORTING

Segmental reporting is not presented as the Group is principally engaged in civil and building construction works which are substantially within a single business segment and this is consistent with the current practice of internal reporting. The Group operates primarily in Malaysia.

# Notes to the Financial Statements

31 December 2023

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## 24. FINANCIAL INSTRUMENTS

### (a) Categories of financial instruments

The table below provides an analysis of financial instruments as at 31 December 2023 measured as amortised cost ("AC") and fair value through profit or loss designated upon initial recognition (FVTPL – DUIR). The details are as follows:

Group	Carrying amount RM	AC RM
<b>2023</b>		
<b>Financial assets</b>		
Trade and other receivables	66,803,837	66,803,837
<b>Financial liabilities</b>		
Trade and other payables	50,307,795	50,307,795
<b>2022</b>		
<b>Financial assets</b>		
Trade and other receivables	72,943,061	72,943,061
<b>Financial liabilities</b>		
Trade and other payables	54,544,652	54,544,652
<b>Company</b>		
<b>2023</b>		
<b>Financial assets</b>		
Trade and other receivables	11,443	11,443
<b>Financial liabilities</b>		
Trade and other payables	676,330	676,330
<b>2022</b>		
<b>Financial assets</b>		
Trade and other receivables	664,108	664,108
<b>Financial liabilities</b>		
Trade and other payables	925,828	925,828

# Notes to the Financial Statements

31 December 2023

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## 24. FINANCIAL INSTRUMENTS *cont'd*

### (a) Categories of financial instruments *cont'd*

The table provides an analysis of financial instruments categorised as follows:

- (i) Loans and receivables (L&R); and
- (ii) Other liabilities (OL)

Group	Carrying amount RM	L & R RM	OL RM
<b>2023</b>			
<b>Financial assets</b>			
Trade and other receivables	66,823,389	66,823,389	-
<b>Financial liabilities</b>			
Term loan	-	-	-
Trade and other payables	50,307,795	-	50,307,795
	50,307,795	-	50,307,795
<b>2022</b>			
<b>Financial assets</b>			
Trade and other receivables	72,943,061	72,943,061	-
<b>Financial liabilities</b>			
Term loan	237,352	237,352	-
Trade and other payables	54,544,652	-	54,544,652
	54,782,004	237,352	54,544,652
<b>Company</b>			
<b>2023</b>			
<b>Financial assets</b>			
Trade and other receivables	11,443	11,443	-
<b>Financial liabilities</b>			
Trade and other payables	676,330	-	676,330

# Notes to the Financial Statements

31 December 2023

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## 24. FINANCIAL INSTRUMENTS *cont'd*

### (a) Categories of financial instruments *cont'd*

Company	Carrying amount RM	L & R RM	OL RM
<b>2022</b>			
<b>Financial assets</b>			
Trade and other receivables	664,108	664,108	-
<b>Financial liabilities</b>			
Trade and other payables	925,828	-	925,828

### (b) Financial risk management

The Group and the Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

### (c) Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its receivables from customers.

#### Receivables

*Risk management objectives, policies and processes for managing the risk.*

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis.

*Exposure to credit risk, credit quality and collateral*

As at the end of the reporting period, the maximum exposure to credit risk arising from receivables is represented by the carrying amounts in the statement of financial position.

Management has taken reasonable steps to ensure that receivables that are neither past due nor impaired are stated at their realisable values. A significant portion of these receivables are regular customers that have been transacting with the Group. The Group uses ageing analysis to monitor the credit quality of the receivables. Any receivables having significant balances past due, which are deemed to have higher credit risk, are monitored individually.

## Notes to the Financial Statements

31 December 2023

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### 24. FINANCIAL INSTRUMENTS *cont'd*

#### (c) Credit risk *cont'd*

##### *Expected credit losses*

The ageing of receivables of the Group as at the end of the reporting date was:

	Gross RM	Collective Expected Credit Losses RM	Net RM
<b>2023</b>			
Not past due	2,687,093	-	2,687,093
Past due 61-90 days	4,365,867	-	4,365,867
Past due 91-180 days	-	-	-
Past due 181-364 days	-	-	-
Past due more than 365 days	66,057,503	(7,686,264)	58,371,239
	73,110,463	(7,686,264)	65,424,199
<b>2022</b>			
Not past due	2,958,908	-	2,958,908
Past due 61-90 days	407,366	-	407,366
Past due 91-180 days	1,793,305	-	1,793,305
Past due 181-364 days	-	-	-
Past due more than 365 days	73,941,945	(7,625,905)	66,316,040
	79,101,524	(7,625,905)	71,475,619

The movements in the allowance for expected credit losses of trade receivables for the Group during the year were:

	2023 RM	2022 RM
At 1 January	7,625,905	7,579,314
Charge for the year	60,359	46,591
At 31 December	7,686,264	7,625,905

The allowance account in respect of receivables is used to record expected credit losses. Unless the Group is satisfied that recovery of the amount is possible, the amount considered irrecoverable is written off against the receivable directly.

#### **Concentration risk**

A substantial majority of trade receivables which are derived from sales to related companies which accounted for 52.77% of net revenue. Additionally, these two largest customers accounted for 88% of the accounts receivables as of 31 December 2023 (2022: 98%). The Directors believes that the receivables balances from these largest customers do not represent a significant credit risk based on cash flow forecasts, balance sheet analysis and past collection experience.

# Notes to the Financial Statements

31 December 2023

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## 24. FINANCIAL INSTRUMENTS *cont'd*

### (d) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's exposure to liquidity risk arises principally from its various payables.

The Group maintains a level of cash and bank balances deemed adequate by the Directors to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

#### *Maturity analysis*

The table below summarises the maturity profile of the Group's financial liabilities as at the end of the reporting period based on undiscounted contractual payments:

	Carrying amount RM	Contractual cash flows RM	Under 1 year RM
<b>2023</b>			
<b>Financial liabilities</b>			
Term loan	-	-	-
Trade and other payables	50,307,795	50,307,795	50,307,795
	50,307,795	50,307,795	50,307,795
<b>2022</b>			
<b>Financial liabilities</b>			
Term loan	237,352	269,304	269,304
Trade and other payables	54,544,652	54,544,652	54,544,652
	54,782,004	54,813,956	54,813,956

### (e) Market risk

Market risk is the risk that changes in market prices, such as interest rates and other prices will affect the Group's financial position or cash flows.

#### *Interest rate risk*

The Group's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates. Investment on equity securities and short term receivables and payables are not significantly exposed to interest rate risk.

Risk management objectives, policies and processes for managing the risk.

In managing the risks, the Group maintains a balanced portfolio of fixed and floating rate instruments. All interest rate expenses are monitored and managed proactively by the management.

# Notes to the Financial Statements

31 December 2023

cont'd

## 24. FINANCIAL INSTRUMENTS *cont'd*

### (e) Market risk *cont'd*

Exposure to interest rate risk

The interest rate profile of the Group's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period was:

	2023	2022
	RM	RM
<b>Fixed rate instruments</b>		
Financial assets	-	114,018
<b>Floating rate instruments</b>		
Financial liabilities	-	(237,352)

#### *Interest rate risk sensitivity analysis*

Fair value sensitivity analysis for fixed rate instruments.

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Group does not designate derivatives as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

### (f) Fair value information

The varying amounts of cash and cash equivalents, short term receivables and payables approximate fair values due to the relatively short term nature of these financial instruments.

The Directors believe that there is no significant difference between the fair value and the carrying amount of the financial instruments.

#### (i) Policy on transfer between levels

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

There were no transfers between levels during the current and previous financial year.

#### (ii) Level 1 fair value

Level 1 fair value is derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

#### (iii) Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

#### Non-derivative financial instruments

Fair value which is determined for disclosure purposes, is calculated based on the present value of the future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period.

# Notes to the Financial Statements

31 December 2023

cont'd

## 24. FINANCIAL INSTRUMENTS *cont'd*

### (f) Fair value information *cont'd*

#### (iv) Level 3 fair value

Level 3 fair value for the financial assets and liabilities are estimated using unobservable inputs.

The fair value of finance lease liabilities is calculated using discounted cash flows where the market rate of interest is determined by reference to similar lease arrangements.

The table below analyses financial instruments not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statement of financial position.

	Fair value of financial instruments not carried at fair value	
	Level 3 RM	Carrying amount RM
<b>2023</b>		
<b>Financial liabilities</b>		
Trade and other payables	50,307,795	50,307,795
	50,307,795	50,307,795
<b>2022</b>		
<b>Financial liabilities</b>		
Term loan	237,352	237,352
Trade and other payables	54,544,652	54,544,652
	54,782,004	54,782,004

## 25. RELATED PARTIES

For the purposes of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group and the Company either directly or indirectly. The key management personnel include all the directors of the Company.

## Notes to the Financial Statements

31 December 2023

cont'd

### 25. RELATED PARTIES *cont'd*

The Company has related party transactions with the following companies, which are deemed related to the directors as follows:

- i) Lebar Daun Development Sdn. Bhd. in which the directors of the Company are common directors; and
- ii) Basco Sdn. Bhd. is deemed related to all the directors of the Company.

The Group has a related party relationship as follows:

	Transaction value for the year ended 31 December		Balance outstanding as at 31 December	
	2023	2022	2023	2022
	RM	RM	RM	RM
Revenue	8,609,779	20,172,204	57,587,578	71,475,619
Rental income	405,880	263,380	-	-
Expected credit loss recognised for the year	(60,359)	(46,591)	-	-

All outstanding balances with these related parties are to be settled in cash and repayable upon demand. None of the balances are secured.

### 26. CAPITAL MANAGEMENT

The Group's objectives when managing capital is to maintain a strong capital base and safeguard the Group's ability to continue as a going concern, to maintain investor, creditor and market confidence and to sustain the future development of the business.

The Group monitors capital using a gearing ratio, which is the net debt divided by total equity plus net debt. The Group includes within its net debt, term loan, payables, less cash and bank balances and short term deposits. Capital of the Group represents total equity.

The debt to equity ratio as at 31 December 2023 and 31 December 2022 are as follows:

	Note	2023 RM	2022 RM
Loans and borrowings	16	-	237,352
Less: Cash and bank balances	11	(1,173,112)	(2,259,301)
<b>Net debt</b>		(1,173,112)	(2,021,949)
Total equity		116,902,144	116,432,103
Equity and net debt		115,729,032	114,410,154
<b>Gearing ratio</b>		-	-

# Notes to the Financial Statements

31 December 2023

cont'd

## 27. CONTINGENCIES

The Directors are of the opinion that provisions are not required in respect of these matters, as it is not probable that a future sacrifice of economic benefits will be required or the amount is not capable of reliable measurement.

	2023 RM	2022 RM
<b>Contingent liabilities not considered remote</b>		
Corporate guarantees given to financial institution	-	2,900,000
Payment guarantee given to customers which is secured by the Company's landed properties and corporate guarantee of the holding company	-	(134,523)

## 28. FINANCIAL EFFECTS ARISING FROM ADOPTING FAIR VALUE MODEL FOR THE INVESTMENT PROPERTIES

During the financial year, the Group and the Company changed its accounting policy to fair value model from cost model for the investment properties.

The following tables summarise the impacts arising from the changes of accounting policy on the Group's financial statements.

### Group

#### Statement of Financial Position

	31 December 2022 RM	Adjustment RM	01 January 2023 RM
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	2,283,393	-	2,283,393
Investment properties	32,440,680	390,000	32,830,680
Investment in subsidiaries	-	-	-
Deferred tax assets	-	-	-
<b>Total non-current assets</b>	34,724,073	390,000	35,114,073
<b>Current assets</b>			
Trade and other receivables	72,944,229	-	72,944,229
Amount due from contract customers	61,191,737	-	61,191,737
Fixed deposit with licensed banks	114,018	-	114,018
Cash and bank balances	2,259,301	-	2,259,301
Tax recoverable	-	-	-
	136,509,285	-	136,509,285
Assets held for sale	-	-	-
<b>Total current assets</b>	136,509,285	-	136,509,285
<b>TOTAL ASSETS</b>	171,233,358	390,000	171,623,358

## Notes to the Financial Statements

31 December 2023

cont'd

### 28. FINANCIAL EFFECTS ARISING FROM ADOPTING FAIR VALUE MODEL FOR THE INVESTMENT PROPERTIES *cont'd*

#### Statement of Financial Position

	31 December 2022	Adjustment	01 January 2023
	RM	RM	RM
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to equity holders of the Company</b>			
Share capital	78,719,784	-	78,719,784
Retained earnings/(accumulated losses)	37,322,439	390,000	37,712,439
	116,042,223	390,000	116,432,223
Non-controlling interest	389,880		389,880
<b>TOTAL EQUITY</b>	116,432,103	390,000	116,822,103
<b>Current liabilities</b>			
Trade and other payables	54,544,652	-	54,544,652
Loans and borrowings	237,352	-	237,352
Provision for taxation	19,251	-	19,251
<b>TOTAL LIABILITIES</b>	54,801,255	-	54,801,255
<b>TOTAL EQUITY AND LIABILITIES</b>	171,233,358	390,000	171,623,358

# Notes to the Financial Statements

31 December 2023

cont'd

## 28. FINANCIAL EFFECTS ARISING FROM ADOPTING FAIR VALUE MODEL FOR THE INVESTMENT PROPERTIES *cont'd*

### Statement of Profit and Loss and Other Comprehensive Income

	2022 RM	Adjustment RM	2022 RM (Restated)
Revenue	20,172,204		20,172,204
Cost of sales	(16,048,239)		(16,048,239)
Gross profit	4,123,965		4,123,965
Other income	265,451		265,451
Administrative expenses	(3,975,718)	15,000	(3,960,718)
<b>Result from operating activities</b>	<b>413,698</b>		<b>428,698</b>
Finance costs	(29,678)		(29,678)
<b>Profit before taxation</b>	<b>384,020</b>		<b>399,020</b>
Taxation	(345,934)		(345,934)
<b>Profit for the year, representing total comprehensive income for the financial year</b>	<b>38,086</b>		<b>53,086</b>
<b>Attributable to:</b>			
Equity holders of the Company	73,900	15,000	88,900
Non-controlling interest	(35,814)		(35,814)
	<b>38,086</b>		<b>53,086</b>
Basic earning per ordinary share attributable to equity holders of the Company (sen)	0.03		0.04

## 29. SUBSEQUENT EVENTS

On 1 April 2024, the subsidiary of Lebttech Berhad ("LB"), namely Lebttech Construction Sdn. Bhd. ("LCSB") entered into an agreement with Lebar Daun Development Sdn. Bhd. ("LDDSB") who is one of the trade receivables of the Company, being part of the settlement on the outstanding balance as at 31 December 2023. It is agreed for four (4) units of double storey semi-detached houses, located in Mukim of Bukit Raja, District of Petaling, Selangor Darul Ehsan, with the total amount of RM5,800,000 as the consideration for part of the settlement.

## 30. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements have been authorised for issue by the Board of Directors in accordance with a resolution of the Board of Directors on 23 April 2024.

## Analysis of Shareholdings

As at 24 April 2024

Class of Securities	:	Ordinary Shares
Issued and Paid-up Share Capital	:	RM 107.822 million with total number of paid-up capital 136.483 million ordinary shares.
Voting Rights	:	One vote per ordinary shares
Number of Shareholders	:	2,345

Size of Holdings	No. of Shareholders	%	No. of Shares	%
1 to 99	1,400	59.701	28,353	0.021
100 to 1,000	836	35.650	137,815	0.101
1,001 to 10,000	52	2.217	175,324	0.128
10,001 to 100,000	26	1.109	1,035,779	0.759
100,001 to 6,824,183 (*)	29	1.237	56,289,404	41.243
6,824,184 and above (**)	2	0.085	78,817,000	57.748
<b>TOTAL</b>	<b>2,345</b>	<b>100</b>	<b>136,483,675</b>	<b>100</b>

Remark : \* Less than 5% of issued shares  
 \*\* 5% and above of issued shares

### DIRECTORS' SHAREHOLDINGS

No.	Name of Director	Direct		Indirect	
		No. of Shares	%	No. of Shares	%
1.	Dato' Ahmad Rizal Bin Abdul Rahman	-	-	-	-
2.	Dato' Hazli Bin Ibrahim	554,400	0.406	-	-
3.	Dato' Noor Azman @ Noor Hizam B. Mohd Nurdin	-	-	44,243,000	32.416
4.	Sr. Ts. Dr. Ridzuan Bin Yacob	1,000	0.001	-	-
5.	Faiz Zuhdi Adri Bin Roslan	-	-	-	-
6.	Ir. Che Fisol Bin Abdul Hamid	1,000	0.001	-	-
7.	Jamil Bin Saimon	406,400	0.298	-	-
8.	Noraishah Binti Idris	-	-	-	-
9.	Norazmi Bin Mohamed Nurdin	-	-	2,016,000	1.477
10.	Tan Sri Datuk Adzmi Bin Abdul Wahab	-	-	-	-

# Analysis of Shareholdings

As at 24 April 2024  
cont'd

## SHAREHOLDERS WITH HOLDING OF 5% AND ABOVE

No.	Name of Shareholders	No. of Shares	%
1.	Muhammad Bin Noor Azman @ Noor Hizam	39,574,000	28.995
2.	CIMSEC Nominees (Tempatan) Sdn Bhd <i>CIMB For Noor Azman @ Noor Hizam B. Mohd Nurdin (PB)</i>	39,243,000	28.753

## LIST OF THIRTY LARGEST SHAREHOLDERS

No.	Name of Shareholders	No. of Shares	%
1.	Muhammad Bin Noor Azman @ Noor Hizam	39,574,000	28.995
2.	CIMSEC Nominees (Tempatan) Sdn Bhd <i>CIMB For Noor Azman @ Noor Hizam B. Mohd Nurdin (PB)</i>	39,243,000	28.753
3.	Shah Rudin Bin Mohammed Miskun	6,500,004	4.762
4.	Mohd Nasir Bin Mohd Miskun	5,800,000	4.250
5.	Mustafa Bin Mohammed Miskun	5,800,000	4.250
6.	Nor Lia Binti Johan	5,300,000	3.883
7.	Alliancegroup Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Noor Azman @ Noor Hizam B. Mohd Nurdin (8037673)</i>	5,000,000	3.663
8.	Anuar Bin Abd Malik	4,500,000	3.297
9.	Citigroup Nominees (Asing) Sdn Bhd <i>Exempt An for OCBC Securities Private Limited (Client A/C-NR)</i>	3,665,700	2.686
10.	Mustapah Bin Mohamed	3,168,600	2.322
11.	Perbadanan Setiausaha Kerajaan Selangor	2,819,800	2.066
12.	CGS International Nominees Malaysia (Asing) Sdn. Bhd. <i>Exempt An for CGS International Securities Singapore Pte. Ltd. (Retail Clients)</i>	2,387,900	1.750
13.	Citigroup Nominees (Asing) Sdn Bhd <i>Exempt An for Bank of Singapore Limited (Foreign)</i>	1,943,600	1.424
14.	Alliancegroup Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Norazmi Bin Mohamed Nurdin (8038654)</i>	1,800,000	1.319
15.	Abu Sujak Bin Mahmud	1,174,600	0.861
16.	Syariman Bin Hamzah	1,114,900	0.817
17.	RHB Nominees (Tempatan) Sdn Bhd <i>RHB Islamic International Asset Management Berhad for Perbadanan Kemajuan Negeri Selangor (C)</i>	1,000,000	0.733
18.	Mhd Omar Bin Abdul Hamid	854,600	0.626
19.	Hazli Bin Ibrahim	499,400	0.366
20.	Maybank Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Mohd Johar Bin Ismail</i>	484,900	0.355
21.	Faizal Bin Abdullah	433,100	0.317
22.	Jamil Bin Saimon	406,400	0.298

## Analysis of Shareholdings

As at 24 April 2024

cont'd

### LIST OF THIRTY LARGEST SHAREHOLDERS *cont'd*

No.	Name of Shareholders	No. of Shares	%
23.	Ikmal Bin Ibrahim	391,000	0.286
24.	RHB Capital Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Noorazhar Bin Mohamed Nurdin (CEB)</i>	254,800	0.187
25.	Ambank (M) Berhad <i>Pledged Securities Account for Norazmi Bin Mohamed Nurdin (SMART)</i>	216,000	0.158
26.	Chiang Siew Eng @ Le Yu Ak Ee	162,000	0.119
27.	Cherry Vista Sdn Bhd	157,000	0.115
28.	CIMB Group Nominees (Tempatan) Sdn Bhd <i>Exempt An for CIMB Bank Bhd (ESOS Legacy)</i>	140,000	0.103
29.	RHB Capital Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for AB Ghaus Bin Ismail (551010)</i>	105,900	0.078
30.	Anuar Bin Abd Malik	105,400	0.077
<b>TOTAL</b>		<b>135,002,604</b>	<b>98.915</b>

## List of Properties

As at 31 December 2023

Location	Tenure	Description/ Existing Use	Approximate Age of Buildings (Years)	Land Area/ Built-up Area (Sq. m.)	Net Book Value at 31.12.2023 (RM'000)	Date of Acquisition
No. 2, Jalan Tengku Ampuan Zabedah J9/J, Section 9, 40000 Shah Alam, Selangor Darul Ehsan	99 years leasehold, expiring on 20/12/2100	3½ Storey Corner Shop/Office Building	15	254/935	1,551	14/10/2002
No. 4, Jalan Tengku Ampuan Zabedah J9/J, Section 9, 40000 Shah Alam, Selangor Darul Ehsan	99 years leasehold, expiring on 20/12/2100	3½ Storey Intermediate Shop/Office Building	15	153/599	1,159	14/10/2002
Lot 9024, Jalan Mahang Satu, Taman Meru Utama, 41050 Klang, Selangor Darul Ehsan	Freehold	4 Storey (end lot) Shop Office	24	156/603	155	09/12/1996
Lot 9026, Jalan Mahang Satu, Taman Meru Utama, 41050 Klang, Selangor Darul Ehsan	Freehold	4 Storey Intermediate Shop Office	24	156/603	155	09/12/1996
Lot 9028, Jalan Mahang Satu, Taman Meru Utama, 41050 Klang, Selangor Darul Ehsan	Freehold	4 Storey Intermediate Shop Office	24	156/603	155	09/12/1996

*Note:- The above properties were registered under the name of Lebtech Construction Sdn. Bhd., a wholly-owned subsidiary of the Company.*

# Notice of 22nd Annual General Meeting

**NOTICE IS HEREBY GIVEN THAT** the Twenty-Second Annual General Meeting of Lebttech Berhad will be conducted at Grand Patio, Level 2, Concorde Hotel Shah Alam, No.3, Jalan Tengku Ampuan Zabedah C9/C, 40100 Shah Alam, Selangor Darul Ehsan on Wednesday, 5 June 2024 at 11.30 a.m. for the following purposes:-

## AGENDA

### 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 Auditors thereon. **(Please refer to Explanatory Note A)**
2. To approve the Directors' fees for the financial year ended 31 December 2023. **(Resolution 1)**
3. To re-elect Dato' Ahmad Rizal Bin Abdul Rahman who retires by rotation in accordance with Article 88 of the Company's Constitution and being eligible, offer himself for re-election. **(Resolution 2)**
4. To re-elect Jamil Bin Saimon who retires by rotation in accordance with Article 88 of the Company's Constitution and being eligible, offer himself for re-election. **(Resolution 3)**
5. To re-elect Ir. Che Fisol Bin Abdul Hamid who retires by rotation in accordance with Article 88 of the Company's Constitution and being eligible, offer himself for re-election. **(Resolution 4)**
6. To get shareholders to give mandate to Board of Directors to approve future auditor. **(Resolution 5)**

### As Special Business

To consider and if thought fit, to pass the following Ordinary Resolutions:-

7. **Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature**

"THAT subject to the Companies Act, 2016 ("Act"), the Constitution of the Company and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and/or its subsidiary to enter into recurrent related party transactions of a revenue or trading nature with the related parties ("Recurrent Related Party Transactions") as set out in Section 2.3 of the Company's Circular to Shareholders dated 30 April 2024, subject further to the following:-

- (i) the Recurrent Related Party Transactions are entered into in the ordinary course of business on terms not more favorable to the related parties than those generally available to the public, and the Recurrent Related Party Transactions are undertaken on arm's length basis and are not to the detriment of the minority shareholders of the Company;
- (ii) the disclosure is made in the Annual Report of the breakdown of the aggregate value of the Recurrent Related Party Transactions conducted pursuant to the shareholders' mandate during the financial year, amongst others, based on the following information:-
  - (a) the type of Recurrent Related Party Transactions made; and
  - (b) the names of the related parties involved in each type of Recurrent Related Party Transactions made and their relationship with the Company;

# Notice of 22nd Annual General Meeting

cont'd

- (iii) the shareholders' mandate is subject to annual renewal and this shareholders' mandate shall only continue to be in full force until:-
- (a) the conclusion of the next Annual General Meeting ("AGM") of the Company, at which this shareholders' mandate will lapse, unless by a resolution passed at the said AGM, such authority is renewed;
  - (b) the expiration of the period within which the next AGM of the Company after the date it is required to be held pursuant to Section 340(2) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or

revoked or varied by resolution passed by the shareholders in a general meeting;

whichever is earlier.

AND THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the Recurrent Related Party Transactions contemplated and/or authorised by this Ordinary Resolution."

**(Resolution 6)**

8. To transact any other ordinary business of the Company of which due notice shall have been given in accordance with the Company's Articles of Association and the Act.

By Order of the Board

**NOR HISYAM BIN AHMAD FODZI**

(LS 0009957) SSM PC No: 202308000682

Group Company Secretary

Shah Alam

30th April 2024

**Notes:**

- A. *This item in the Agenda is meant for discussion only as under the provisions of Section 248(2) of the Companies Act, 2016 and Company's Constitution, the audited financial statements do not require the formal approval of the shareholders. As such, this matter will not be put forward for voting.*
1. *A proxy may but need not be a member of the Company.*
2. *To be valid this form duly completed must be deposited at the registered office of the Company at Wisma Lebar Daun, No. 2, Jalan Tengku Ampuan Zabedah J9/J, Seksyen 9, 40000 Shah Alam, Selangor Darul Ehsan not later than forty-eight (48) hours before the time for holding the Meeting or any adjournment thereof.*
3. *A member shall be entitled to appoint not more than two (2) proxies to vote at the meeting.*
4. *Where a member appoints two (2) proxies the appointment shall be invalid unless he specifies the proportion of his holdings to be represented by each proxy.*
5. *Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one (1) proxy but not more than two (2) proxies in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.*
6. *If the appointer is a corporation, this form must be executed under its Common Seal or under the hand of its attorney.*

# Notice of 22nd Annual General Meeting

cont'd

## *Explanatory Note on Special Business*

### **7. Resolution 4 - Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature**

*The proposed ordinary resolution under item 6, if passed, will allow the Company and/or its subsidiary to enter into recurrent related party transactions of a revenue or trading nature which are necessary for the Group's day-to-day operations and are in the ordinary course of business and on terms that are not more favorable to the related parties than those generally available to the public. This would avoid any delay and cost involved in convening separate general meetings from time to time to seek shareholders' approval as and when such recurrent related party transactions occur. This authority, unless revoked or varied by the Company at a General Meeting, will expire at the conclusion of the next Annual General Meeting of the Company or will subsist until the expiration of the period within which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier.*

## Statement Accompanying Notice of Annual General Meeting

Pursuant to paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, there is no individual standing for election as a Director, save for Directors who are standing for re-election.

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# FORM OF PROXY



I/We \_\_\_\_\_ NRIC No./Company No. \_\_\_\_\_

of \_\_\_\_\_

being a member/members of **LEBTECH BERHAD**, hereby appoint \_\_\_\_\_

of \_\_\_\_\_

or \_\_\_\_\_

of \_\_\_\_\_

or failing him/her, the Chairman of the Meeting, as my/our proxy, to vote for me/us and on my/our behalf at the 22nd Annual General Meeting of Lebttech Berhad to be held at Grand Patio, Level 2, Concorde Hotel Shah Alam, No.3, Jalan Tengku Ampuan Zabedah C9/C, 40100 Shah Alam, Selangor Darul Ehsan on Wednesday, 5 June 2024 at 11.30 a.m. and at any adjournment thereof, for/against the resolution(s) to be proposed thereat.

Please indicate with an "X" in the appropriate box provided how you wish your vote to be cast. Unless voting instructions are specified herein, the proxy will vote or abstain from voting as he thinks fit.

Resolution	For	Against
No. 1 Approval of Directors' fees		
No. 2 To re-elect the following Directors of the Company who retire in accordance with Article 88 of the Company's Constitution and who being eligible, have offered themselves for re-election:		
(i) Dato' Ahmad Rizal Bin Abdul Rahman		
(ii) Jamil Bin Saimon		
(iii) Ir. Che Fisol Bin Abdul Hamid		
No. 3 To get shareholders to give mandate to Board of Directors to approve future auditor.		
No. 4 Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature		

As witness my/our hand this \_\_\_\_\_ day of \_\_\_\_\_ 2024

**No. of shares held:** \_\_\_\_\_

**CDS Account No.** \_\_\_\_\_

\_\_\_\_\_  
Signature/Common Seal

## Notes:-

1. A proxy may but need not be a member of the Company.
2. To be valid this form duly completed must be deposited at the registered office of the Company at Wisma Lebar Daun, No. 2, Jalan Tengku Ampuan Zabedah J9/J, Seksyen 9, 40000 Shah Alam, Selangor Darul Ehsan not later than forty-eight (48) hours before the time for holding the Meeting or any adjournment thereof.
3. A member shall be entitled to appoint not more than two (2) proxies to attend and vote at the same meeting.
4. Where a member appoints two (2) proxies the appointment shall be invalid unless he specifies the proportion of his holdings to be represented by each proxy.
5. Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one (1) proxy but not more than two (2) proxies in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.
6. If the appointer is a corporation, this form must be executed under its Common Seal or under the hand of its attorney.

Fold This Flap For Sealing

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AFFIX  
STAMP

Group Company Secretary

**LEBTECH BERHAD** 200201023282 (590945-H)

Wisma Lebar Daun  
No. 2, Jalan Tengku Ampuan  
Zabedah J9/J  
Seksyen 9, 40000 Shah Alam  
Selangor Darul Ehsan

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