

BENALEC HOLDINGS BERHAD

Registration No. 200501020529 (702653-V)

SOLIDIFYING THE FOUNDATION OF TRUST

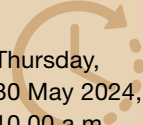
ANNUAL REPORT **2023**



18th

**ANNUAL
GENERAL
MEETING**

Benalec Holdings Berhad Headquarters
(Pacific Board Room)
No. 23, Jalan Perintis U1/52, Glenmarie Temasya,
Seksyen U1, 40150 Shah Alam, Selangor Darul Ehsan.

 Thursday,
30 May 2024,
10.00 a.m.

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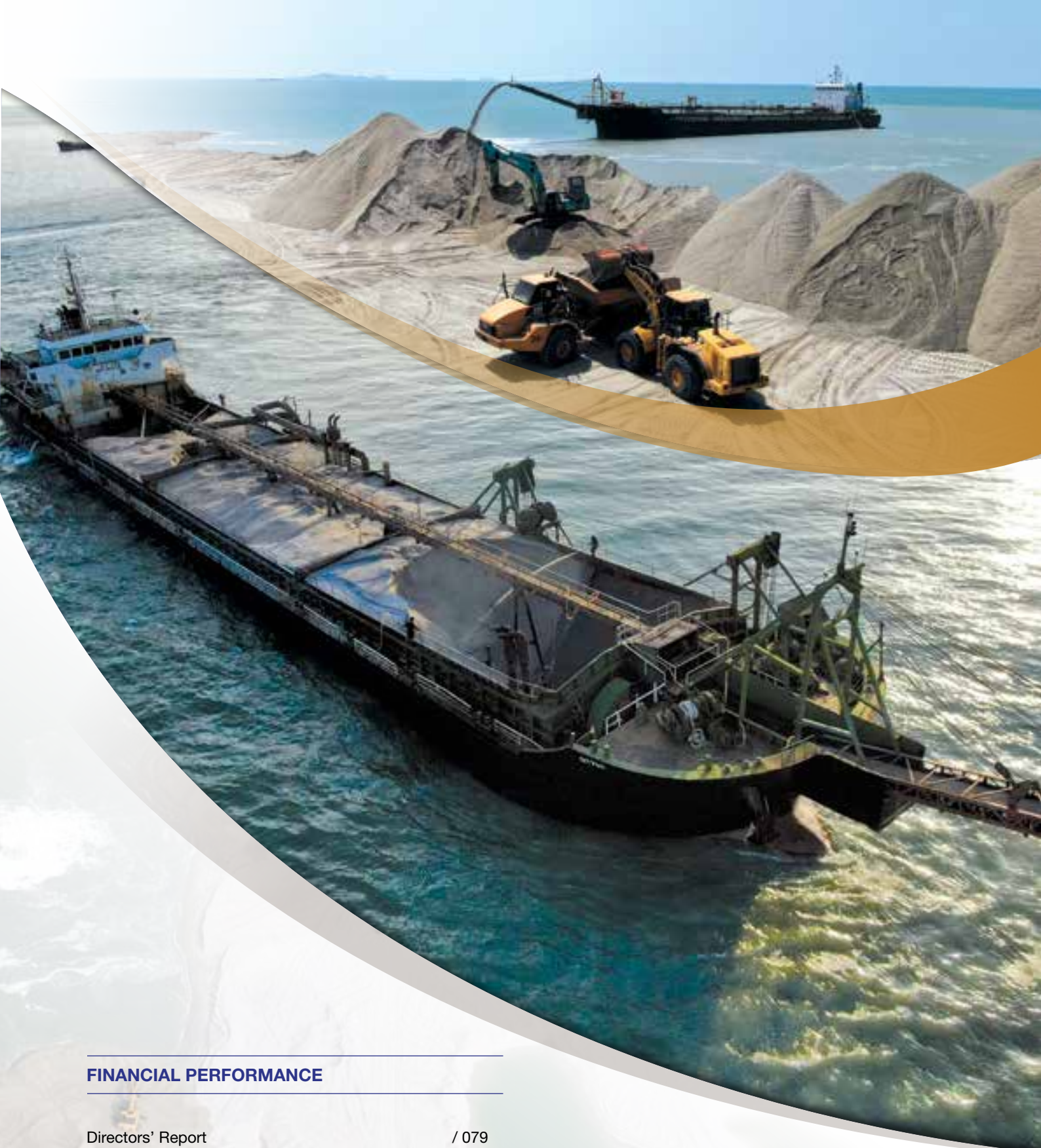
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Access the full version of this report, or view a summary of our FYE 2023 performance at

<https://en.benalec.com.my>



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PROXY FORM

OUR ORGANISATION

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KEY INDICATORS

OUR FLAGSHIP PROJECTS



WHAT WE DO

Marine Construction Services



Vessel Chartering and Marine Transportation



REVENUE

RM37.43 million



NET ASSETS PER SHARE

RM0.35



TOTAL NET ASSETS

RM359.46 million



TOTAL ASSETS

RM669.37 million

CORPORATE INFORMATION



FAZRIN AZWAR BIN MD. NOR
Chairman, Independent Non-Executive Director



DATO' LEAW SENG HAI
Group Managing Director/Chief Executive Officer

BOARD OF DIRECTORS

AUDIT COMMITTEE

Chairman:

- ▶ **Kenneth Chin Kah Kiong**

Members:

- ▶ **Fazrin Azwar bin Md. Nor**
- ▶ **Koo Hoong Kwan**
(resigned on 7 March 2024)

REMUNERATION COMMITTEE

Chairman:

- ▶ **Kenneth Chin Kah Kiong**

Members:

- ▶ **Fazrin Azwar bin Md. Nor**
- ▶ **Koo Hoong Kwan**
(resigned on 7 March 2024)

NOMINATION COMMITTEE

Chairman:

- ▶ **Kenneth Chin Kah Kiong**

Members:

- ▶ **Fazrin Azwar bin Md. Nor**
- ▶ **Koo Hoong Kwan**
(resigned on 7 March 2024)

EVALUATION COMMITTEE

Chairman:

- ▶ **Koo Hoong Kwan**
(resigned on 7 March 2024)

Members:

- ▶ **Dato' Leaw Seng Hai**
- ▶ **Kenneth Chin Kah Kiong**

COMPANY SECRETARIES

- ▶ **Tham Yin Tong** (MAICSA 7049718)
(SSM PC No. 202008001314)
- ▶ **Lim Wei Lee** (MAICSA 7064249)
(SSM PC No. 202008004038)

REGISTERED OFFICE

Unit 30-01, Level 30, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Tel : 03-2783 9191
Fax : 03-2783 9111

Corporate Information

**SHARE REGISTRAR****Tricor Investor & Issuing House Services Sdn Bhd**

Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Tel : 03-2783 9299
Fax : 03-2783 9222

AUDITORS**BDO PLT 201906000013 (LLP0018825-LCA & AF 0206)**

Chartered Accountants
Level 8, BDO @ Menara CenTARa
360, Jalan Tuanku Abdul Rahman
50100 Kuala Lumpur
Tel : 03-2616 2888
Fax : 03-2616 3190 / 3191

PRINCIPAL BANKERS

AmBank (M) Berhad
Malayan Banking Berhad
United Overseas Bank Limited
United Overseas Bank (Malaysia) Berhad

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad
Stock Name : **BENALEC**
Stock Code : **5190**

COMPANY WEBSITES

<https://en.benalec.com.my>
www.tgpiamaritime.com.my
www.pengerangmaritime.com.my

CORPORATE PROFILE

VISION

Our vision is to achieve and maintain a high degree of professional expertise, coupled with dedicated and very experienced management, with the objective of enhancing our commitment to participate actively as one of the foremost home-grown marine construction solution providers contributing positively to the economic development of Malaysia.

MISSION

Our mission is to be a provider of an integrated, one-stop centre for marine construction services with the competency and capability to consistently deliver top-grade quality services to all our customers.



Corporate Profile

BENALEC HOLDINGS BERHAD was incorporated on 12 July 2005 as a private limited company under the name of Benalec Holdings Sdn Bhd. Subsequently, the Company was converted into a public limited company and assumed its present name on 29 September 2010. On 17 January 2011, Benalec Holdings Berhad (“Benalec” or “The Group”) was listed on the Main Board of Bursa Malaysia Securities Berhad.

Founded by the late Mr. Leaw Eng Chang, Leaw Eng Chang Construction Co. Sdn Bhd. was first incorporated in 1978 as a contracting company specialising in civil engineering works. Subsequently in 1996, it was renamed as Benalec Sdn. Bhd. “Benalec” was derived from combining the Malay word “BENA” (which means to build or construct) with “LEC” which were the initials of Mr. Leaw Eng Chang.

Our first foray into the marine construction industry was in 1993 when Benalec was awarded two coastal protection work projects by Jabatan Pengairan dan Saliran, which includes the restoration of the damaged bund at Sungai Belukang, Bagan Datoh, Perak. Despite being widely recognised as one of the most difficult coastal protection works in Malaysia, Benalec earned high commendation for the successful completion of the project ahead of schedule and under extreme circumstances. This has become the foundation of Benalec’s strong belief today that every adversity could be turned into opportunity.

The core values which we proudly embrace in Benalec are Innovation, Proactivity and Perseverance; these attributes, which form the foundation of our unique business model, are the source of inspiration driving us on our incessant quest to create value from all areas within the space we have chosen to operate in. Apart from our portfolio of securing land reclamation contracts from third parties, Benalec has been successfully undertaking its own projects, including land reclamation in Melaka, Port Klang and Johor since 2003.

Benalec has in a short span of time emerged as one of Malaysia’s top-notch homegrown integrated marine construction solution providers and proven its capability in undertaking high end reclamation projects locally as well as regionally. It is a class “A” Civil and Marine Engineering Contractor registered with Sijil Perolehan Kerja Kerajaan (SPKK) and Construction Industry Development Board Malaysia (CIDB) and is an ISO 9001:2015 certified company. Benalec has also further expanded its operations into Singapore with the setting up of Benalec Sdn. Bhd. Singapore Branch, which has also achieved ISO 9001:2015 and is registered with the Building and Construction Authority (BCA) Singapore under SY01-L6.

Equipped with professional expertise and experience in marine and civil engineering works, coupled with its own wide range of marine equipment and marine vessels now at its disposal, Benalec Group has extended its capacity and capability to become a provider of an integrated, one-stop centre for marine construction services, competent in delivering top-grade quality services to its customers.

KEY MILESTONES

THE JOURNEY BEGINS

▶ 1978

- Incorporated as an earthwork and general contractor serving major clients such as MADA, JKR, JPS and PKNK

▶ 1993

Awarded two coastal protection works project in Sungai Belukang and Sungai Tiang, Perak by JPS which marks our first foray into the marine construction industry

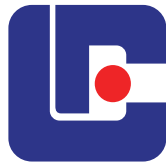


▶ 1995

- Built our first vessel, a Twin Screw Anchor Handling Tugboat

▶ 1996

Changed our name from Leaw Eng Chang Construction Co. Sdn. Bhd. to Benalec Sdn. Bhd.



▶ 2000

First turnkey Design & Build, Construction of Jetty, Helipad, Staircase and Associated Works at Pulau Perak, Kedah



Commenced first land reclamation project in Pantai Kok, Pulau Langkawi, Kedah



▶ 2003

First turnkey Design & Build, Beach nourishment works in Port Dickson (5km length)



▶ 2003

Land reclamation and soil improvement works for Glenmarie Cove Project, Port Klang



Maiden large-scale land reclamation project in Melaka



▶ 2005

- Obtained ISO 9001:2000 for the provision of marine engineering and construction works and the provision of marine vessels and equipment chartering services

▶ 2008

Nusajaya Waterfront Precinct Project, Construction of marina at Puteri Harbour, Nusajaya Johor



Key Milestones

2008

Secured contract to supply and deliver sand to Tuas View reclamation in Singapore via a related company



Expanded our shipbuilding business activities through Benalec Shipyard



2009

- Benalec's ISO upgraded to ISO 9001:2008

2010

- Benalec Singapore Branch obtained ISO 9001:2008 and OHSAS 18001:2007



Land reclamation for Pulau Indah, Port Klang

2011

Listed on the Main Market of Bursa Malaysia Securities Berhad (stock code : 5190)



- Benalec Singapore Branch obtained ISO 14001 : 2007

2015

Commencement of reclamation at Tanjung Piai Maritime Industrial Park



2017

Commencement of reclamation at Pengerang Maritime Industrial Park



- Benalec's ISO upgraded to ISO 9001 : 2015
- Benalec Singapore Branch's ISO upgraded to ISO 14001 : 2015

2018

Construction, completion and maintenance of rock revetment and associated works for Oriental Boon Siew (M) Sdn. Bhd. in Melaka



2019

Commencement of the coal affreightment contract for TNB Fuel Services



- Benalec Singapore Branch upgraded OHSAS 45001 : 2018

THE
JOURNEY
CONTINUES

CORPORATE STRUCTURE



100%

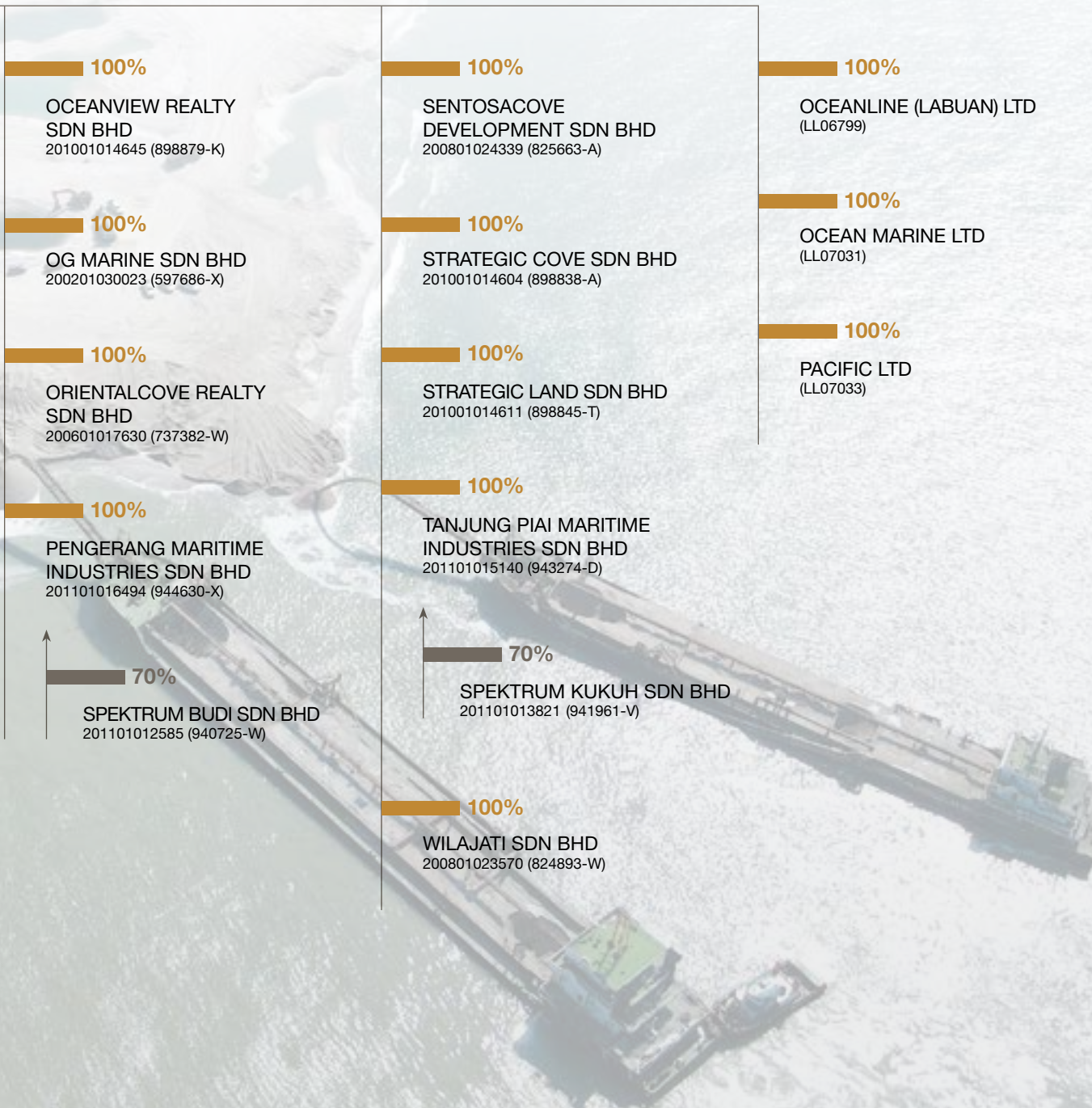
BENALEC SDN BHD
197801002024 (39054-A)

100%

OCEANLINER PTE LTD
(200910031W)



Corporate Structure



PROFILE OF DIRECTORS

FAZRIN AZWAR BIN MD. NOR

Chairman, Independent Non-Executive Director



Fazrin Azwar bin Md. Nor, was appointed as an Independent Non-Executive Director of the Company on 27 February 2019. On 1 April 2023, he was re-designated as Chairman of the Board. He is a member of the Audit Committee, Nomination Committee and Remuneration Committee of the Company. He graduated from the University of Malaya with a Bachelor of Law (LLB) Honours Degree in 1990. He is an Advocate and Solicitor and a member of the Malaysian BAR. He is currently the Managing Partner of Messrs Azwar & Associates. He is also a chartered member of The Malaysian Institute of Directors and The Institute of Internal Auditors Malaysia.

His directorships in other public companies include Mercury Industries Berhad and Dynafont Holdings Berhad. He does not hold any securities in the Company. He has no family relationship with any other Directors and/or major shareholders of the Company and has no conflict of interest with the Company. He has not been convicted of any offences within the past ten (10) years. He attended all five (5) board meetings held during the financial year ended 31 December 2023.

AGE 58 Male Malaysian

DATO' LEAW SENG HAI

Group Managing Director / Chief Executive Officer



Dato' Leaw Seng Hai, was appointed to the Board as a Director of the Company on 12 July 2005. He was redesignated as Group Managing Director on 5 October 2010 and was further redesignated as Group Managing Director/Chief Executive Officer on 11 February 2015. He is a member of the Evaluation Committee. He obtained a Bachelor of Science (Engineering) with Second Class Honours (Upper Division) from University College of London, United Kingdom in 1985. Upon graduation, he joined the family's civil engineering business as a Site Engineer tasked with overall site management. He was promoted to the position of Project Manager in 1992 and assumed the position of Managing Director in 1994.

Dato' Leaw has accumulated extensive expertise in marine construction and business management over these past thirty-two (32) years. He has been the driving force behind the Group's remarkable growth and remains the chief architect in conceptualising, formalising and implementing the Group's strategies. He maintains a hands-on approach and is actively involved in overall contract implementation, execution and management of all projects undertaken by the Group to ensure that the Group remains consistently reliable, cost-effective and efficient. His in-depth knowledge of marine construction has been the key factor in the Group's success in securing major marine construction contracts.

AGE 62 Male Malaysian

He is not a director of any other public company. He is a Director of Oceancove Sdn Bhd, a substantial shareholder of the Company. He has direct interest in the securities of the Company and is an indirect major shareholder of the Company. He is the father of Leaw Ai Lin, a Non-Independent Non-Executive Director of the Company. Save as disclosed above, he has no family relationship with any other director and/or major shareholder of the Company. He has no conflict of interest with the Company except for certain recurrent related party transactions of a revenue or trading nature which are necessary for the day to-day operations of the Group. He attended all five (5) board meetings held during the financial year ended 31 December 2023.

Profile of Directors

KENNETH CHIN KAH KIONG

Independent Non-Executive Director



AGE 51 Male Malaysian

Kenneth Chin Kah Kiong, was appointed as an Independent Non-Executive Director on 30 December 2022. He is also the Chairman of the Audit Committee, Nomination Committee, Remuneration Committee and a member of the Evaluation Committee of the Company. He is a member of Association of Chartered Certified Accountants (ACCA) and Malaysian Institute of Accountants (MIA). He has more than twenty-four (24) years of extensive experience in various spectrum of finance functions encompassing accounting, taxation, financial reporting and corporate finance across industries including construction, property development, hotel, retail and food & beverages in public listed companies. He joined the Company as Chief Financial Officer in 2010 and served as the Executive Director of the Company from 2016 until 2017 to pursue his personal commitments. His positions in the past prior to this role include Chief Financial Officer at Focus Point Holdings Berhad and Group Financial Controller at Karambunai Corp Bhd.

His directorships in other public company include Focus Lumber Berhad. Except for his direct shareholding interest in the Company, he has no family relationship with any of the Directors and/or major shareholder of the Company and has no conflict of interest with the Company. He has not been convicted of any offences within the past ten (10) years. He attended all five (5) board meetings held during the financial year ended 31 December 2023.

LEAW AI LIN

Non-Independent Non-Executive Director



AGE 32 Female Malaysian

Leaw Ai Lin, was appointed as a Non-Independent Non-Executive Director of the Company on 16 October 2020. She holds a Bachelor of Science in Accounting and Finance with First Class Honours from the London School of Economics and Political Science (LSE), United Kingdom. She later attended Harvard University's Undergraduate Summer School in Boston, Massachusetts, United States of America, where she completed an undergraduate programme in Corporate Strategy.

She began her career in investment banking as a client coverage banker with Hong Leong Investment Bank (HLIB) where she participated in structuring and executing M&A transactions in industries such as real estate, property development and oil & gas. During her time at HLIB, she assisted in pitching for and the execution of various corporate exercises involving IPOs, RTOs, equity as well as debt issuances. She later joined the Company as Senior Manager to head the Corporate Strategy and Business Development departments. Following her appointment as Executive Director, her role consists of planning and establishing the Company's long-term strategic goals, identifying and assessing new synergistic business areas aligned with the Company's core competencies as well as executing these strategies with the aim of adding value and improving the Company's competitive position. She was then re-designated to her current position in 2020.

She has no directorships in other public companies. She does not hold any securities in the Company. She is the daughter of Dato' Leaw Seng Hai, a Director and substantial shareholder of the Company. Save as disclosed, she does not have any family relationship with any other Directors and/or major shareholders of the Company, nor any conflict of interest with the Company. She has not been convicted of any offences within the past ten (10) years. She attended all five (5) board meetings held during the financial year ended 31 December 2023.

Profile of Directors

KOO HOONG KWAN

*Non-Independent Non-Executive Director
(Resigned on 7 March 2024)*



AGE 79 Male Malaysian

Koo Hoong Kwan, was appointed as an Independent Non-Executive Director on 5 October 2010. Subsequently, he was appointed as Senior Independent Non-Executive Director on 26 February 2013. He was redesignated as a Non-Independent Non-Executive Director on 10 April 2023. He is also a member of the Audit Committee, Nomination Committee, Remuneration Committee and Chairman of Evaluation Committee of the Company, prior to his resignation on 7 March 2024.

He obtained a degree in Bachelor of Economics in Statistics (Second Class Honours) from the University of Malaya in 1969. He is a Fellow Member of The Chartered Institute of Management Accountants of United Kingdom and is also a member of the Malaysian Institute of Accountants (MIA). Additionally, he is a Certified Financial Planner and a Certified Quality Trainer. He commenced his career as a Statistician in the Department of Statistics in 1969. In 1979, he worked as an audit senior in Miller, Brener & Co, a London firm of Chartered Accountants and gained audit experience in a wide range of industries. During the period from 1983 to 1987 he extended his auditing experience with McLaren & Stewart, a firm of Chartered Accountants in Perth when he relocated to Australia. He subsequently joined Hughes Group (Australia) Ltd, a group of diversified companies as a Finance Manager. In 1989, he joined W. James & Associates, a firm of financial and business consultants as a freelance consultant advising on corporate debt restructuring strategies. Upon his return to Malaysia in 1992, he worked as a Financial Controller in Pesaka Jardine Shipping Agencies Sdn Bhd, an international shipping agency. Between 1998 and 2000, he worked for Pancaran Ikrab Berhad as the Group Financial Controller and later joined Mercury Industries Berhad in a similar capacity. He is currently a freelance consultant providing wide-ranging business and financial advisory services.

His directorships in other public company include Mercury Industries Berhad. He does not hold any securities in the Company. He has no family relationship with any of the Directors and/or major shareholder of the Company and has no conflict of interest with the Company. He has not been convicted of any offences within the past ten (10) years. He attended all five (5) board meetings held during the financial year ended 31 December 2023.

PROFILE OF KEY MANAGEMENT

CHIN WEI EE

Chief Financial Officer

 40  Female  Malaysian

Chin Wei Ee, graduated with a Bachelor of Accounting (Hons.) from Multimedia University in 2009. She is also a member of CPA Australia and Malaysia Institute of Accountants (MIA).

Upon obtaining her degree, she started her career as a Internal Auditor in Tien Wah Press Holdings Berhad and thereafter proceeded to join the finance department of GPA Holdings Berhad. She joined the Company in 2013 as a Group Accountant and was promoted as Financial Controller in 2016. She was promoted to her current

position in 2019 and currently oversees the financial management of the Group.

She is not a director of any public company. She has no family relationship with any of the Directors and/or major shareholder of the Company and has not conflict of interest with the Company. She has not been convicted of any offences with the past ten (10) years.

KOID HENG HUA

Project Director

 59  Male  Malaysian

Koid Heng Hua, completed his Sijil Pelajaran Malaysia Vokasional. He joined the Company in 1995 as a Project Supervisor and has since accumulated more than twenty-eight (28) years experience in civil and marine construction works. His role includes managing the Company's civil and marine construction projects which includes dredging, reclamation, rock revetment works, marine structures and jetties, breakwater construction, pre-bore and marine piling works. With his vast on-site management experience, he was promoted as Senior Project Manager in 2014. He is now the Project Director and is assigned with the

responsibility of overseeing key areas in project planning, project implementation, monitoring and management of site activities.

He is not a director of any public company. He has no family relationship with any of the Directors and/or major shareholder of the Company and has no conflict of interest with the Company. He has not been convicted of any offences within the past ten (10) years.

NORAZIRA BINTI SAIDUN

Head of Contracts & Operations

 44  Female  Malaysian

Norazira Binti Saidun, graduated with a Diploma in Building in 2001 and a Bachelor Science of Building Surveying with Honours in 2003 from the MARA University of Technology. Upon graduation, she joined our Group as a Quantity Surveyor and has accumulated direct relevant knowledge and exposure to different civil, marine and building engineering works. In the course of her years with our Group she has also been extensively exposed to both pre and post contract works, having taken lead roles in managing the tendering processes and overseen many projects from inception to




completion. She is now Head of Contracts cum Operations, primarily responsible for managing the overall pre and post contract administration of the Group.

She is not a director of any public company. She has no family relationship with any of the Directors and/or major shareholder of the Company and has no conflict of interest with the Company. She has not been convicted of any offences within the past ten (10) years.

Profile of Key Management

TAN GUAN CHONG

Acting General Manager, Projects & Operations




 34  Male  Malaysian

Tan Guan Chong, graduated with a Bachelor (Hons) of Mass Communication from SEGi University. He started his career with Sunway IFM in 2011 as Public Relations Officer and joined the Group as Supervisor in 2015. He was promoted as Project Manager in March 2017 and was assigned with the responsibility of monitoring site activities for Johor projects. With hands-on operational experience at the project sites of the Group, he was redesignated to his current position in 2020 and currently responsible for the operational planning and project implementation from a managerial position, while continuously handles the management of site operations for the projects of the Group based in Melaka and Johor.

He is not a director of any public company. He is the nephew of Dato' Leaw Seng Hai, a Director and substantial shareholder of the Company, and the cousin of Leaw Ai Lin, a Director of the Company. Save as disclosed, he does not have any family relationship with any other Directors and/or major shareholders of the Company, nor any conflict of interest with the Company. He has not been convicted of any offences within the past ten (10) years.

NORMALAWATI NADZRI

Senior Manager, Operations & Human Resources and Administration

 49  Female  Malaysian

Normalawati, graduated with Executive Masters in Management from Asia E University in 2013. She has vast experience and knowledge in Human Resource Management in various industries namely Property Developer, Construction and MNC Manufacturing. She was with Puncak Niaga Group (2001 – 2006), SP Setia Group (2007-2008) and DRB Hicom Group (2009 – 2014).

Normalawati joined the Group in 2015 and is responsible to oversee the Human Resource and Admin portfolio. She was redesignated to her current position in 2019.

She is not a director of any public company. She has no family relationship with any of the Directors and/or major shareholder of the Company and has no conflict of interest with the Company. She has not been convicted of any offences within the past ten (10) years.

SALEHUDIN BIN OMAR

Marine & Administration Manager

 53  Male  Malaysian

Salehudin, completed his Sijil Tinggi Pelajaran Malaysia ("STPM") pre-university education. He started his career with Equator Engineering Sdn Bhd from 1993 to 2010. In August 2010, he joined the Group as Human Resource & Administration Assistant. Progressively, he expanded his role into marine administration and was promoted to his current position in 2019, overseeing all aspects of marine administration activities.

He is not a director of any public company. He has no family relationship with any of the Directors and/or major shareholder of the Company and has no conflict of interest with the Company. He has not been convicted of any offences within the past ten (10) years.

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW OF THE GROUP'S BUSINESS AND OPERATIONS

The principal activity of Benalec Holdings Berhad ("Benalec" or "the Group") is in marine construction works, comprising land reclamation, dredging, shore protection, soil consolidation, beach nourishment, breakwater construction and jetty construction. The Group owns and operates its own fleet of vessels which is utilised for its own operations to ensure that the Group is in full control of the entire value chain of its reclamation works.

Benalec's business model is unique, in that it seeks to secure and hold land reclamation concessions in its own capacity; undertake and fund reclamation works using internally generated funds as far as possible; and operate as the master developer for its own reclaimed land bank. In adopting this strategic business model, Benalec sets itself apart from other land reclamation contractors who are primarily or solely engaged in reclamation activities for or on behalf of other third parties.



By acting as the master developer, project owner and contractor of its own projects, Benalec is able to create and realise more value to further enhance returns on invested capital.

Benalec has a proven, consistent and solid track record, having secured an aggregate concession size in excess of 8,000 acres across the Klang Valley, Melaka and Johor. Since year 2001, the Group has successfully reclaimed land spanning more than 2,500 acres.

Leveraging on its execution capabilities and proven track record as a successful master developer of its Melaka concessions, Benalec is currently embarking as a master developer for both its two (2) flagship projects in south Johor, namely Tanjung Piai Maritime Industrial Park ("TPMIP") and Pengerang Maritime Industrial Park ("PMIP").

TPMIP is a man-made island with sea fronting industrial land spanning 3,478 acres, located within the vicinity of Port of Tanjung Pelepas and strategically situated along one of the busiest shipping routes in the world, the Melaka and Singapore Straits, a mere 10km away from the Johor-Tuas second link bridge and 17km away from Jurong Island in Singapore, the main oil distribution and trading hub of Southeast Asia.



PMIP, a sea-fronting tract of industrial land spanning 1,672.8 acres, sited a mere 5-6 km from the RAPID project by Petronas and Saudi Aramco within the Pengerang Integrated Petroleum Complex ("PIPC"). Located strategically on the southeast tip of Johor, it will be the only remaining sea-fronting industrial land available for third party investment within the vicinity upon completion of reclamation.

Both TPMIP and PMIP are well placed to be developed into oil and gas industrial parks in line with the Malaysian Government's and the State of Johor's common objective of transforming Johor into a sustainable, world-class downstream oil and gas hub.

Management Discussion and Analysis

FINANCIAL RESULTS AND REVIEW OF OPERATING ACTIVITIES

The financial year 2023 (“FY2023”) continued to be a challenging year for Benalec. Amidst the global impact from various factors such as rising inflation causing increasing interest rates, depreciating local currency, geopolitical tensions such as the United States - China relationship, slowing economy in China etc., Benalec, like most other companies within the construction and property development sector, is adjusting the pace of its operations to ride out the existing uncertainties within its operating segment.

Loss Before Taxation

The Group recorded a loss before tax of RM62.61 million in the current FY2023, an increase of loss of approximately 53.49% compared to a loss before taxation of RM40.79 million in the prior financial year 2022 (“FY2022”). The increase of loss is in line with the decrease in revenue in FY2023, recorded at RM37.43 million, representing a decrease of approximately 51.17% compared to RM76.66 million in FY2022.

The Group has three (3) operating segments that are managed separately according to their attributes and operational characteristics. The reportable segments are as follows:-

- (a) Marine construction activities;
- (b) Vessel chartering and marine transportation; and
- (c) Other operating segment comprising investment holding.

No revenue contribution is recorded from the Group’s vessel chartering operations and marine transportation segment for both FY2023 and FY2022. The revenue generated from the marine construction activities segment is as detailed below: -

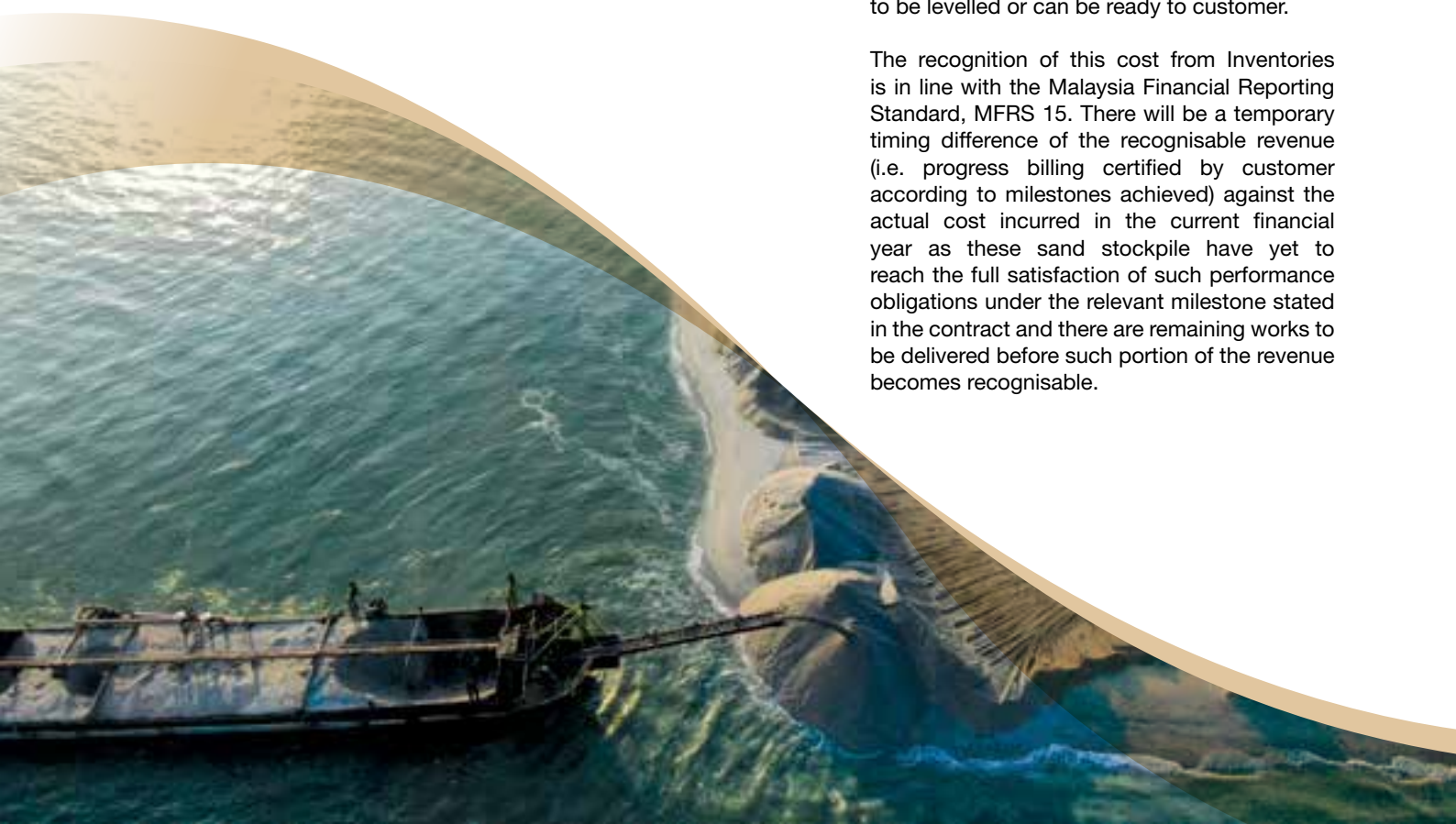
(i) Land reclamation services

Revenue derived from land reclamation services was the main contributor to the Group’s revenue in FY2023, recorded at RM30.02 million, an approximate increase of 176.32% compared to RM10.86 million in FY2022. Revenue from land reclamation services was predominantly generated from reclamation contracts undertaken by the Group for third parties in Malaysia.

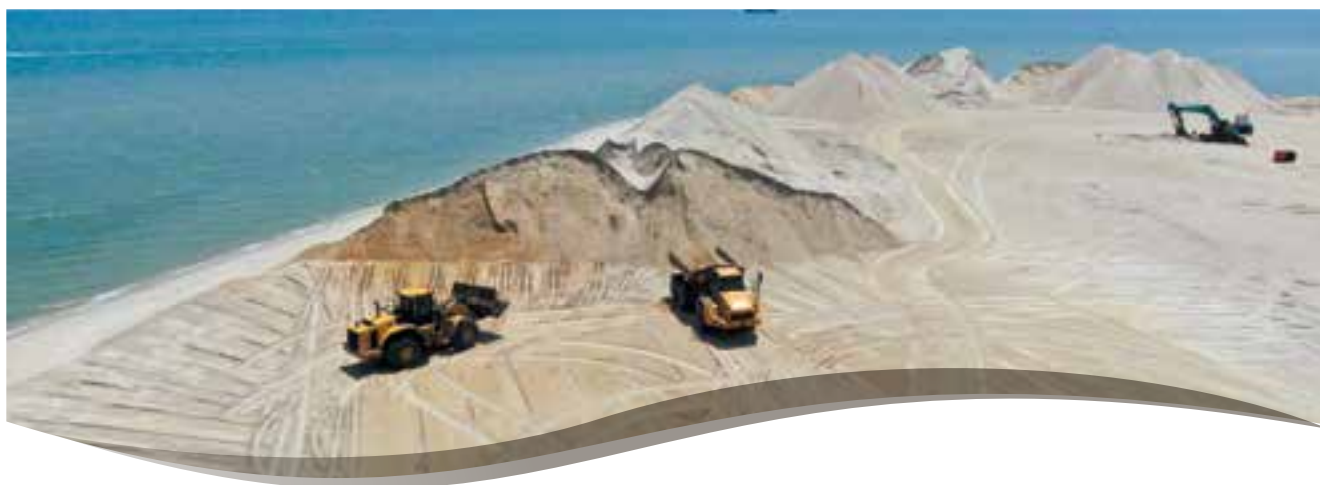
Despite the increase in segment revenue, the segment loss before tax increased by RM25.42 million, recorded at a loss before tax of RM57.01 million in current FY2023, compared to the loss before tax of RM31.59 million in FY2022. This increase of segment loss was largely due to: -

- a. Partial recognition of “Inventories – Land Reclamation Work In Progress”, with a total amounting to RM16.75 million recorded in FY2022, into the current year Statement of Profit or Loss as “Cost of Sales”. This represents all costs that are directly attributable to the land reclamation concession, including cost incurred for material at site or sand stockpile that has yet to be levelled or can be ready to customer.

The recognition of this cost from Inventories is in line with the Malaysia Financial Reporting Standard, MFRS 15. There will be a temporary timing difference of the recognisable revenue (i.e. progress billing certified by customer according to milestones achieved) against the actual cost incurred in the current financial year as these sand stockpile have yet to reach the full satisfaction of such performance obligations under the relevant milestone stated in the contract and there are remaining works to be delivered before such portion of the revenue becomes recognisable.



Management Discussion and Analysis



- b. Higher costs incurred in one of the reclamation project in Melaka mainly due to the limited access to the project site, relocation of sand stockpile area, and unexpected settlement at site. These factors had caused a general escalation in the overall cost of reclamation works for the project. However, the rate of increment applicable towards the contract sum was agreed upon with the customer within the final week of December 2023.

The additional cost incurred in the current FY2023 is recoverable in the near term following the agreed incremental rate from the customer.

The outstanding order book of the Group for all land reclamation contracts in Melaka and Pulau Indah as at the end of FY2023 stands at RM71.95 million.

In addition to the land reclamation revenue recognition in Melaka and Pulau Indah, the Group has undertaken land reclamation works at TPMIP and PMIP. As of FY2023, an amount of more than RM425.72 million of development expenditure has been capitalised as land reclamation work-in-progress for both these projects. The Development Agreements which grant the exclusive right to subsidiaries of the Group to undertake the reclamation and development of TPMIP and PMIP were entered into by Spektrum Kuku Sdn Bhd and Spektrum Budi Sdn Bhd respectively (both are 70%-owned subsidiaries of Benalec) with the State Government of Johor Darul Ta'zim and the State Secretary, Johor (Incorporated) ("SSI"). According to accounting standards adopted by the Group, no revenue or profit can be recognised throughout the reclamation and development process and can only be recognised upon successful disposal and/or leasing of the land at TPMIP and PMIP to third parties.

(ii) Disposal of land held for sale

The revenue from the disposal of land held for sale segment was recorded at RM7.42 million, as compared to RM65.64 million in FY2022, representing a decrease of approximately 88.70%.

Benalec's business model is unique in that land reclamation works performed by the Group are compensated either by way of cash or land portion, or a combination of both. Land portion, which is received as in-kind settlement for certain reclamation contracts, is available for immediate sale and cash repayment is typically realised through a land disposal transaction. In accordance with accounting standards adopted by the Group, the revenue and cost of sale for these land sale transactions can only be recognised in the income statement upon completion of the SPA for each land sale.

The Group's ability to monetise its reclaimed land is highly dependent on the prevailing economic conditions as well as the political climate of the country. Potential land buyers are understandably cautious in terms of committing to new investments, especially if the prevailing economic conditions are unstable or uncertain. In the current prolonged economic instability, exacerbated by the rising interest rates globally, potential buyers and investors are facing increased costs and difficulty in securing funding and this has undoubtedly become additional hurdles in their investments, development or expansion plans.

To-date, the Group has existing landbank of 35.34 acres which have been fully reclaimed and issued with land titles available for sale in Melaka in its inventory. The Group expects the demand for its land bank in Melaka to remain resilient due to the sustained and rapid developments taking place in Melaka. This is further supported by the Melaka Waterfront Economic Zone ("M-WEZ") initiated by the Melaka State Government, which is envisaged to be an economic enabler for Melaka due to its proposed integrated development of a 25,000-acre reclaimed land along 33km of the coast of Melaka.

Management Discussion and Analysis

Assets, Liabilities and Liquidity

The Group recorded a decrease in Trade and Other Receivables by 40.89% and an increase of short-term Trade and Other Payables (excluding amount owing to director) by 55.39% in the current year, recorded at RM13.75 million and RM85.76 million in FY2023 respectively. This was a knock-on effect from the temporary timing differences of recognisable revenue (i.e. progress billing certified by customer) against the actual cost incurred in the current year as explained in the above land reclamation service segment.

As at the end of FY2023, the Group had cash and bank balances of RM26.31 million, including deposits pledged as security for the Group's banking facilities. Please refer to the Statement of Cash Flows under the Financial Performance section of this Annual Report for the detailed breakdown.

ANTICIPATED OR KNOWN RISKS

Our Group operates in the marine construction business and its primary activity involves reclaiming and selling large tracts of commercial and industrial land, operations which are both capital intensive and necessitate long gestation periods. Our business operations and financial condition have been and will continue to be affected by internal and external factors predominantly affecting the marine construction and property/real estate industry, including (but not limited to) the following:-

(a) Demand and supply conditions

The demand for marine construction projects and reclaimed sea-fronting land is generally dependent on the demand from the Group's key target markets, such as local and foreign companies as well as government authorities involved in:-

- Mixed residential and commercial developments;
- Light, medium and/or heavy industrial developments;
- Oil and gas, and/or renewable energy industries;
- Tourism and leisure developments;
- Maritime and logistics industries;
- Civil and agricultural industries; and
- Socio-economic and environment protection initiatives.

In general, an increase in investments and/or activities within these sectors would translate into an increased demand for sea-fronting land which the Group reclaims, with a positive knock-on effect accruing to our marine construction services as well.

The investment appetite of both local and foreign investors is also typically affected by the political landscape, both local and international, prevailing economic conditions, as well as the ease of securing funding.

(b) Dependence of economic, regulatory and political consideration

The Group's ability to monetise its reclaimed sea-fronting land is highly dependent on the local political climate as well as the prevailing economic conditions. General market sentiments would turn cautious and conservative with the investment fraternity, especially in major investments of new projects and/or real estate if the prevailing economy and political climate is unstable or uncertain.

Another restrictive dynamic is that marine construction companies are governed by local, national, regional and international regulations and policies. Failure to obtain the necessary approvals may result in inability to undertake such projects while non-compliance may result in stop-work orders, penalties or detention of vessels.

The Group undertakes detailed planning and assessment prior to commencing any given project, formulating as well as adhering to a comprehensive project quality plan throughout the course of project execution. However, from time to time, the relevant Authorities may make changes to applicable regulations affecting the Group's operations, thereby obliging the Group to modify its facilities or incur expenses that could have an adverse impact on the Group's operating results.

(c) Market prices of reclaimed land upon disposal of our land portion

Under our revenue model, payment for our land reclamation projects is settled by way of cash and/or land portion. In this respect, market prices of the land portion upon disposal is not within the Group's control and is a result of a number of different factors such as the macroeconomic environment and sentiments of the property market in general, as well as factors limited to the locality of the projects including surrounding upcoming developments and local government regulations.

However, to mitigate this, prior to undertaking a project which the Group will be compensated by way of land portion, comprehensive due diligence is carried out on the land and surrounding vicinity whereby the potential value of the land portion, as well as the demand-supply condition of land in such vicinity, are given due and critical consideration. We also assess the possible infrastructure enhancements on the said lands which could potentially increase their market value.

Management Discussion and Analysis

(d) Supply of diesel, sand and rocks

Diesel, sand and rocks constitute major components used in our marine construction activities. Hence, any shortage in the supply of diesel, sand or rocks may affect the operations of the Group. To mitigate this, the Group sources diesel, a key component, from a number of suppliers to minimize over-dependency on any single supplier. In addition, any fluctuation in the prices of diesel, sand or rocks will directly affect the profit margin of the Group. We endeavor to mitigate this uncertainty and fluctuations in the price of sand by entering into agreements with sand concessionaires to extract sand at specified pricing for a defined time period.

(e) Delay in completion of marine construction contracts and cost overruns

Marine construction companies are vulnerable to operational risks such as breakdowns of equipment and machinery, volatile weather conditions, and accidents involving operation facilities and personnel during work execution. The Group strives to complete its projects within the stipulated timeframes by adopting the following measures: -

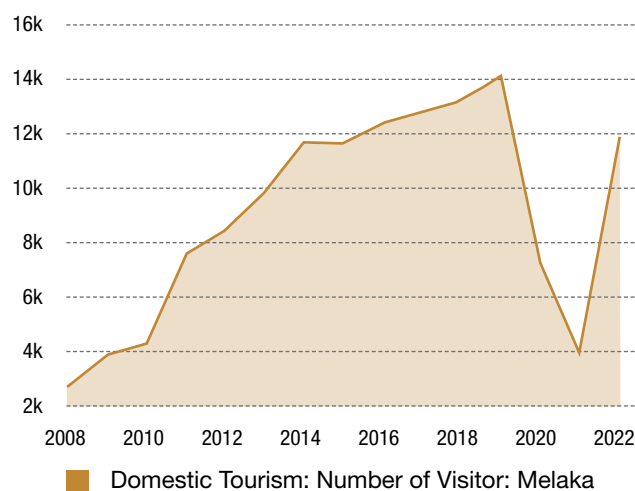
- (i) Our vessels and equipment are well maintained by our own in-house repair and maintenance team and are managed under a programmed maintenance schedule to prevent breakdown and minimize downtime. Personnel operating the Group's vessels and equipment are professionally trained in proper handling of its vessels and equipment, safety requirements and emergency procedures;
- (ii) The Group ensures that it has the necessary back-up resources to cope with unexpected breakdowns at any one time, such as storage of adequate spare parts and back-up equipment; and
- (iii) The Group mitigates the effects of adverse weather conditions through systematic project planning such as taking cognizance of weather forecasts from the Malaysian Meteorological Department and the use of tide tables published by the National Hydrographic Centre to estimate the occurrences of high and low tides.

FORWARD-LOOKING STATEMENTS

Melaka – Cheng Ho City

Demand for the Group's prime sea-fronting reclaimed land bank in Cheng Ho City, Melaka, which is only 7 kilometers away and a mere 12-minute drive to the west of Melaka City Center, continues to be robust due to the sustained and rapid developments taking place in Melaka over the past few years. This is underscored by the Group's ability to monetise more than 1,000 acres of land in Melaka to-date, amounting to more than RM1.38 billion in land sales being achieved.

Designated as a UNESCO-listed World Heritage site, Melaka is one of the popular tourist destinations for both inbound and domestic tourism. After the COVID-19 pandemic starting at the end of 2019/early 2020, which has negatively affected the tourism industry in Melaka throughout the global and national lockdowns, the number of visitors in Melaka has been steadily growing from year 2021 onwards as shown in the chart below.



(source: <https://www.ceicdata.com/en/malaysia/domestic-tourism/domestic-tourism-number-of-visitors-melaka>)

The Melaka government is targeting 18.7 million domestic and foreign tourist for Visit Melaka Year 2024 ("VMY 2024") and has laid out a few events and tourism offerings throughout the VMY 2024. This campaign aims to position Melaka as the premier tourist destination for visitors in 2024. In addition, the Malaysian government's decision to grant a 30-day visa-free entry for Chinese and Indian citizens starting from 1st December 2023 to 31 December 2024, is seen to be able to positively contribute further to the tourism of Melaka.

Management Discussion and Analysis



Pulau Indah

Aside from the tourist-centric and purpose-built tourist-themed developments such as Impression City Melaka, Melaka has seen the launch of new developments in recent years despite the general slowdown of the property market in Malaysia. Launches such as the Yaxin Sheraton City, The Sail Melaka and Hasbro-themed water park are expected to engender renewed interest in Melaka and cater to a wider mix of tourist arrivals to the city. As part of Melaka Strategic Plan 2035, the M-WEZ is a proposed integrated development of 25,000-acres of reclaimed land along the coast of Melaka. This development is envisaged as an economic enabler for Melaka and it has been proposed that the project will incorporate new integrated feature such as international tourism centres, lifestyle-based commercial centre, smart city, industrial revolution 4.0, marina logistics centre, modern lifestyle amenities and others. Such project is expected to reinvigorate the tourism industry, as well as boost the economic development plan for Melaka.

With Melaka sustaining its resilient growth trajectory, both in terms of economic development and international prominence, the value of the Group's land bank in the State is bound to be significantly enhanced, and the Group is set to continue to benefit from its land bank and projects in Melaka moving forward.

The Group's Pulau Indah land development continues to attract strong interest and demand from various small to medium sized, as well as large scale logistics and manufacturing companies, which are interested in building facilities in the Pulau Indah area. The Group's development provides excellent connectivity with Westport being literally located next door and Kuala Lumpur International Airport only 45 minutes away.

Spillover effects from surrounding developments within the area will further enhance the value of the Group's land bank in Pulau Indah. Central Spectrum Sdn Bhd's Selangor Bio-Bay, a mixed development comprising industrial, commercial and residential developments focused on promoting biotech and life-science sectors, is located immediately adjacent to the Group's land bank. Moreover, large scale projects which have been announced in the past include IKEA's RM900 million regional distribution and supply chain centre at Central Spectrum's Pulau Indah Industrial Park ("PIIP") development, is located directly opposite the Group's land bank. Westport, the multi-cargo seaport terminal is located only 8km from the Group's land bank in Pulau Indah. In addition, the estimated RM3.3 billion 1,200MW Combined-Cycle Gas Turbine Power Plant in Pulau Indah is expected to spur further economic growth in the region as the power plant is expected to improve baseload supply for the region and help attract new industrial development investments and stimulate the economic activity within the region.

The Group is confident that its land bank in Pulau Indah will continue to benefit from the surrounding developments and will be able to successfully monetise in the near future.

Management Discussion and Analysis

Johor – Tanjung Piai Maritime Industrial Park (“TPMIP”)

Reclamation works at the Group’s TPMIP project have commenced since the Detailed Environmental Impact Assessment (“DEIA”) approval was obtained. To-date, around 163 acres of land have been reclaimed for immediate expansion should the requirement arises.

TPMIP is located at the doorstep of other major ports in Southeast Asia such as Jurong Port and Port of Tanjung Pelepas. Coupled with its natural deep water of up to 30 meters and the availability of vast tracts of land for future expansion, TPMIP represents an extremely viable and attractive storage and logistical alternative to the land and draft-restricted Singapore. We are confident that TPMIP’s unique characteristics will increase its competitive advantage to capture opportunities that will arise imminently, including its strategic location at the confluence of the Melaka Straits, Singapore Straits and Johor Straits, making it well placed to capture various value-added activities within the oil & gas and renewable energy industry.

The Group is pleased to be in collaboration and discussions with several parties to explore TPMIP’s suitability for different projects. Despite the prolonged market volatility and continued global inflationary pressures, opportunities remain positive in the region. The Malaysian government is currently actively steering towards green energy initiatives outlined in the Malaysia Renewable Energy Roadmap. The country aims to meet 40% of energy needs from renewable sources by 2035 and achieve zero emissions by 2050. Many major industry players are beginning to move into the renewables industry, such as solar, biomass, electric or even hydrogen. With the availability of large tracts of land in TPMIP of 3,478 acres for expansion, TPMIP is well placed to capture any arising opportunities.

Johor – Pengerang Maritime Industrial Park (“PMIP”)

The management is bullish on PMIP’s potential due to its close proximity to the RAPID project by Petronas which has restarted its refinery joint-venture with state-controlled Saudi Aramco since May 2022. The Group firmly believes that PMIP is extremely well placed to capture the spillover demand that is expected to be generated by such a catalytic development geared towards driving the local oil and gas market.

PMIP, being only 5 km away from RAPID, offers an excellent location for the development of downstream support activities which are intended to serve or complement RAPID. Upon completion, PMIP will be the only remaining sea-fronting piece of land affording access to water draft of up to 24m available for third party investments within the Pengerang Integrated Petroleum Complex (PIPC).

PMIP has cleared the requisite DEIA approvals for land reclamation and potential topside developments such as storage warehousing, shipyards and fabrication yards for this project. Hence, the most significant licensing hurdle for potential developers has been removed from the equation, thereby significantly expediting any future topside developments at PMIP. To-date, a stock pile measuring about 45 acres has been positioned at the project site for immediate expansion as soon as the requirement arises.

With these two potential areas of growth, namely the TPMIP and PMIP, the Group’s venture into Johor provides many opportunities to springboard and propel the Group into a next level of growth in the long term, by enabling the Group to capitalise on any imminent and rising trends.

Dividend policy

The Company’s dividend policy is to pay out a portion from its Profit After Tax (“PAT”), subject always to:-

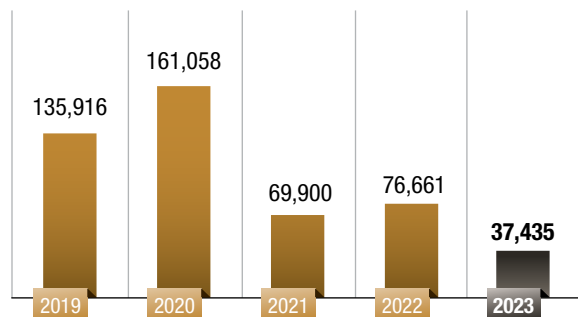
- Availability and adequate of distributable reserves and cash flow;
- Operating cash flow requirements and financing commitments; and
- Anticipated future operating conditions, expansion and investment plans.

The Board did not recommend any dividend for FY2023. As and when circumstances permit, the Group will consider paying out dividends to its shareholders on a more frequent basis.

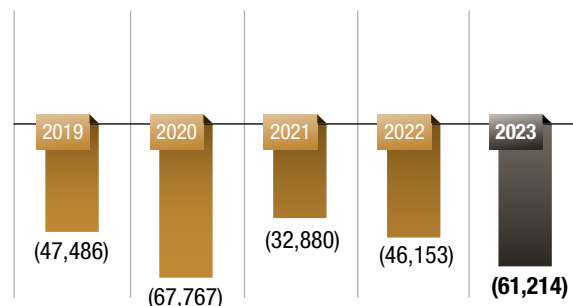


GROUP FINANCIAL HIGHLIGHTS

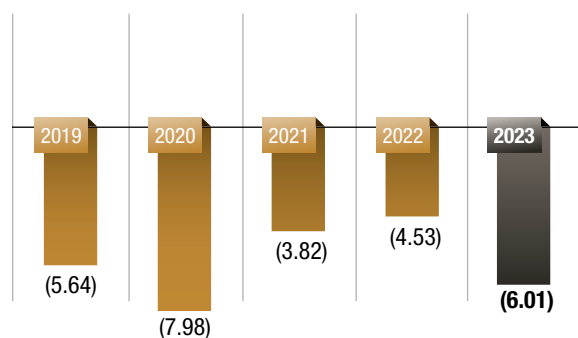
REVENUE (RM'000)



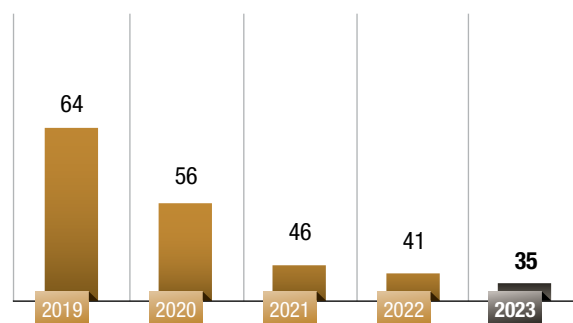
LOSS ATTRIBUTABLE TO OWNERS OF THE PARENT (RM'000)



BASIC EARNINGS PER SHARE (Sen)



NET ASSETS PER SHARE (Sen)



Year ended		2023 ⁽¹⁾	2022 ⁽¹⁾	2021 ⁽¹⁾	2020 ⁽¹⁾	2019 ⁽²⁾
Revenue	(RM'000)	37,435	76,661	69,900	161,058	135,916
Loss Before Taxation	(RM'000)	(62,608)	(40,791)	(33,277)	(73,814)	(64,110)
Loss After Taxation	(RM'000)	(62,784)	(47,713)	(33,895)	(69,630)	(53,256)
Loss Attributable to Owners of the Parent	(RM'000)	(61,214)	(46,153)	(32,880)	(67,767)	(47,486)
Paid-up Capital	(RM'000)	391,936	391,936	391,936	371,489	371,489
No. of Shares (units)	('000)	1,031,603 ⁽³⁾	1,031,603 ⁽³⁾	1,031,603 ⁽³⁾	861,803 ⁽³⁾	861,803 ⁽³⁾
Equity Attributable to Owners of the Parent	(RM'000)	359,460	422,904	470,963	483,215	552,116
Basic Earnings Per Share	(sen)	(6.01)	(4.53)	(3.82)	(7.98)	(5.64)
Diluted Earnings Per Share	(sen)	(6.01)	(4.53)	(3.82)	(7.98)	(5.64)
Net Assets Per Share	(sen)	34.84	40.99	45.65	56	64

Notes:-

⁽¹⁾ For financial year ended 31 December

⁽²⁾ For the financial period from 1 July 2018 to 31 December 2019

⁽³⁾ Include 12,715,400 treasury shares repurchased from the open market for a total consideration of RM12,703,204 at average price of RM1.0000 per ordinary share.

SUSTAINABILITY STATEMENT

We are dedicated to actively participate as one of the foremost homegrown marine construction solutions provider contributing positively to the economy of Malaysia. This Sustainability Report (the “Report”) serves as a channel to communicate our initiatives to focus on sustainability opportunities to ensure our services take into account the economic, social and environmental impacts.



Reporting Framework and Scope

The Report has been prepared in reference to the Sustainability Reporting Guide and Toolkits issued by Bursa Malaysia and the Amendment to the Main Market Listing Requirement issued by Bursa Malaysia on 26th September 2022 to enhance sustainability reporting framework.

Further context on Governance is disclosed in the Corporate Governance Overview section of this Annual Report and a separate Corporate Governance Report that adheres to the Malaysian Code on Corporate Governance.

The coverage of this Report includes all domestic and material operations of Benalec, consisting of its active subsidiaries, of which Benalec has direct control and holds a majority stake. Inactive and dormant companies listed below have been excluded in this reporting:

Name of Company	Company Registration No.
1. Benalec Ceteau Asia Sdn Bhd	201001014614 (898848-K)
2. Benalec Energy Sdn Bhd	202301051834 (1545748-V)
3. Benalec Land Sdn Bhd	200401036172 (674683-H)
4. Benalec Marine Sdn Bhd (Formerly known as Heritage Land Development Sdn Bhd)	200901017249 (860345-V)
5. Benalec Marineworks Sdn Bhd	202301046077 (1539992-X)
6. Gabungan Khas Sdn Bhd	201401006909 (1082987-X)
7. Heritage Land Realty Sdn Bhd	200901017256 (860352-M)
8. Heritage Land Sdn Bhd	200901015335 (858409-T)
9. Jayamas Cekap Sdn Bhd	201101001007 (929141-T)
10. Klebang Property Sdn Bhd	200901010815 (853837-M)
11. Jewel East Sdn Bhd	201101018761 (946897-U)
12. Cheng Ho City Sdn Bhd	201101018146 (946282-W)
13. One World Island Sdn Bhd	201101018765 (946901-K)
14. Oceanview Realty Sdn Bhd	201001014645 (898879-K)
15. Orientalcove Realty Sdn Bhd	200601017630 (737382-W)
16. Pengerang Maritime Industries Sdn Bhd	201101016494 (944630-X)
17. Spektrum Budi Sdn Bhd	201101012585 (940725-W)
18. Sentosacove Development Sdn Bhd	200801024339 (825663-A)
19. Strategic Cove Sdn Bhd	201001014604 (898838-A)
20. Strategic Land Sdn Bhd	201001014611 (898845-T)
21. Tanjung Piai Maritime Industries Sdn Bhd	201101015140 (943274-D)
22. Wilajati Sdn Bhd	200801023570 (824893-W)
23. Oceanline (Labuan) Ltd	(LL06799)
24. Ocean Marine Ltd	(LL07031)
25. Pacific Ltd	(LL07033)

In line with the reporting period of annual report, the reporting period covered for this report is from 1 January 2023 to 31 December 2023 (“FY2023”) and where applicable, comparative data from previous 2 years has been included.

Sustainability Statement

Changes Related To Reporting

One of the enhancement resulting from the Amendment to the Main Market Listing Requirement issued by Bursa Malaysia on 26th September 2022 to enhance the sustainability reporting framework is requiring listed issuer to disclose the following common sustainability matters in the company’s sustainability statement for the financial year ending on or after 31st December 2023:

- Anti-corruption;
- Community/ Society;
- Diversity;
- Energy Management;
- Health and Safety;
- Labour Practices and Standards;
- Supply Chain Management;
- Data Privacy and Security; and
- Water.

Arising from the above, there were changes regarding the list of material topics disclosed in this year’s report.

External Assurance and Contact Point

While we have not sought external assurance for this sustainability report, the data, including its data collection process, has been submitted for internal review and verification by our outsourced internal auditor before being approved by the Board.

As part of our continual efforts to align our sustainability reporting with relevant market standards, we value your feedback and regard your suggestion(s) as an opportunity to learn and improve ourselves. If you have any comments and/ or suggestions on our Sustainability Report, please do not hesitate to send them to Puan Normalawati Binti Nadzri at normalawati@benalec.com.my.

About the Company

The principal activity of Benalec Holdings Berhad (“Benalec” or “the Group”) is in marine construction works, comprising land reclamation, dredging, shore protection, soil consolidation, beach nourishment, breakwater construction and jetty construction. The Group owns and operates its own fleet of vessels which is utilised for its own operations to ensure that the Group is in full control of the entire value chain of its reclamation works.

Benalec’s business model is unique, in that it seeks to secure and hold land reclamation concessions in its own capacity; undertake and fund reclamation works using internally generated funds as far as possible; and operate as the master developer for its own reclaimed land bank. The Group is currently embarking on its next phase of growth via two (2) flagship projects in south Johor, namely Tanjung Piai Maritime Industrial Park (“TPMIP”) and Pengerang Maritime Industrial Park (“PMIP”).

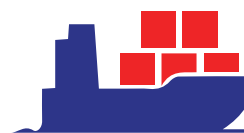
CHANGES RELATED TO REPORTING



WHAT WE DO



Marine Construction Services



Vessel Chartering and Marine Transportation



REVENUE
RM37.43 million



NET ASSETS PER SHARE
RM0.35



TOTAL NET ASSETS
RM359.46 million



TOTAL ASSETS
RM669.37 million



NUMBER OF EMPLOYEES
93 People

Sustainability Statement

KEY INDICATORS

Board Statement

The Board of Directors (the “Board”) is the main driver in setting the sustainability strategy and ensuring that our sustainability initiatives are aligned with the Group’s vision and mission including delivering sustainable values to Benalec’s stakeholders.

Whilst mindful of our profit-oriented objective, the Board are committed to striking a balance with our present-day sustainability themes that consider three core areas (i.e., economic, environmental and social aspects) to ensure sustainable success of our business. Benalec’s related sustainability themes and taglines are as follows:

- **Health and Safety** - “Accidents hurt, Safety doesn’t”
- **Talent retention and development** - “Empowering diversified groups of deserving people for the betterment of Benalec’s tomorrow”
- **Electricity, water, paper, flora and fauna conservation** - “The earth is what all mankind have in common and its beauties are for all to experience”
- **Building our surrounding communities** - “Give to create self-sustaining communities”

The Board considers sustainability issues as part of its strategic formulation, reviews and approves the material sustainability factors identified by the management. Continuous engagement with multiple stakeholders were also performed to improve our performances.

Stakeholders should note that Benalec will require time to collect and consider data to be reported for all the material sustainability matters under normal operational circumstances. As Benalec continue its commitment towards sustainability reporting, Benalec will continue to work towards expanding the scope of reporting in the upcoming years to include climate-related disclosure based on TCFD Recommendations.

Sustainability Governance Structure

As guided by the Group’s corporate governance principles, the Board is committed to ensure economic, social, and environmental issues of our stakeholders are managed with sustainability in mind.

The Board sets the tone and drives the sustainability while the Risk Officer oversees the day-to-day execution and adherence of sustainability policies and practices. In addition, a working Sustainability Committee, comprising of key personnel from relevant departments was formed to review the sustainability performance of Benalec. The reporting structure for sustainability matters and responsibilities of the respective parties is presented as follows:



RESPONSIBILITIES

Board of Directors

- Reviews and approves the Sustainability Report
- Aligning corporate and division priorities, tolerances and strategies
- Communicating and enforcing policies regarding sustainability

Risk Officer

- Reviewing and monitoring effectiveness of sustainability treatment measures
- Making the appropriate recommendation to the Board on sustainability management matters
- Aggregating and reporting sustainability achievements
- Reviewing the reports of sustainability management activities of the departments

Sustainability Committee

- Materiality Assessment
- Identification and Monitoring of Initiatives and Actions
- Execution of Initiatives and Actions
- Reviewing the reports of sustainability management activities of the departments
- Reviewing sustainability exposures of departments and the sufficiency of action plans to achieve sustainability targets

Sustainability Statement

Stakeholder Engagement

Core to the success of our business is our ability to develop strong and meaningful relationships with all our stakeholders. We have put in place various communication channels designed to allow us to regularly engage with our stakeholders so that we can better understand their needs and interests.

A summary of our key stakeholders and how we engage with them throughout the year is presented below:

No	Key Stakeholders	Area of Interest	How we engage	How frequently we engage	Their expectations	How we address their expectations
1	Regulatory Bodies	<ul style="list-style-type: none"> Compliance Safety and Health procedures 	<ul style="list-style-type: none"> Reports and compliance Periodic meetings 	<ul style="list-style-type: none"> Annually/ Periodically Monthly 	<ul style="list-style-type: none"> To ensure company procedures and policies is compliant with regulatory bodies 	<ul style="list-style-type: none"> Timely adherence to legislation and guidelines
2	Employees	<ul style="list-style-type: none"> Equal opportunities Good Health & Safety Diversity & inclusivity Career progression Benefits and rewards 	<ul style="list-style-type: none"> Employee satisfaction survey Employee mentorship programs Internal communications Events and functions CSR programs 	<ul style="list-style-type: none"> Annually Yearly When required Yearly Yearly / Periodically 	<ul style="list-style-type: none"> To provide fair and equal opportunities To ensure employee development and progression 	<ul style="list-style-type: none"> Transparent, open and consistent approach to appraisals Trainings and team building
3	Customers	<ul style="list-style-type: none"> Quality Competitive prices 	<ul style="list-style-type: none"> Meetings Emails and phone calls Corporate website 	<ul style="list-style-type: none"> When required On case-to-case basis When required 	<ul style="list-style-type: none"> To ensure commitment to quality 	<ul style="list-style-type: none"> Internal training and professional development to always maintain quality for our customers
4	Vendors	<ul style="list-style-type: none"> Ethical and fair procurement 	<ul style="list-style-type: none"> Site visits Direct contact Email correspondences 	<ul style="list-style-type: none"> When required When required When required 	<ul style="list-style-type: none"> To ensure transparent dealings with vendors 	<ul style="list-style-type: none"> Ethical and professional approach to sourcing business from vendors
5	Neighbouring Businesses and Surrounding Communities	<ul style="list-style-type: none"> Social and economic development contribution Socio-economic impacts Pollution and cleanliness 	<ul style="list-style-type: none"> Volunteerism 	<ul style="list-style-type: none"> Annually 	<ul style="list-style-type: none"> To give back to the community in which we operate and improve the welfare of families in need 	<ul style="list-style-type: none"> Alignment of sustainability goals with our CSR objectives
6	Financial institutions, Shareholders and Investors	<ul style="list-style-type: none"> Sustainability profitability matters Company's performance and targets Compliance with relevant requirements 	<ul style="list-style-type: none"> Annual General Meeting Investor Relations Initiatives Annual Report Quarterly Announcements 	<ul style="list-style-type: none"> Annually When required Annually Quarterly 	<ul style="list-style-type: none"> To engage existing and potential shareholders 	<ul style="list-style-type: none"> Robust corporate governance procedures in place

We recognise that Benalec's sustainable and long-term growth requires continuous engagement with stakeholders. As such, we aim to continue to improve our disclosure on Economic, Environment, Social and Governance ("EESG") practices for sustainability reporting for the benefit of our stakeholders.

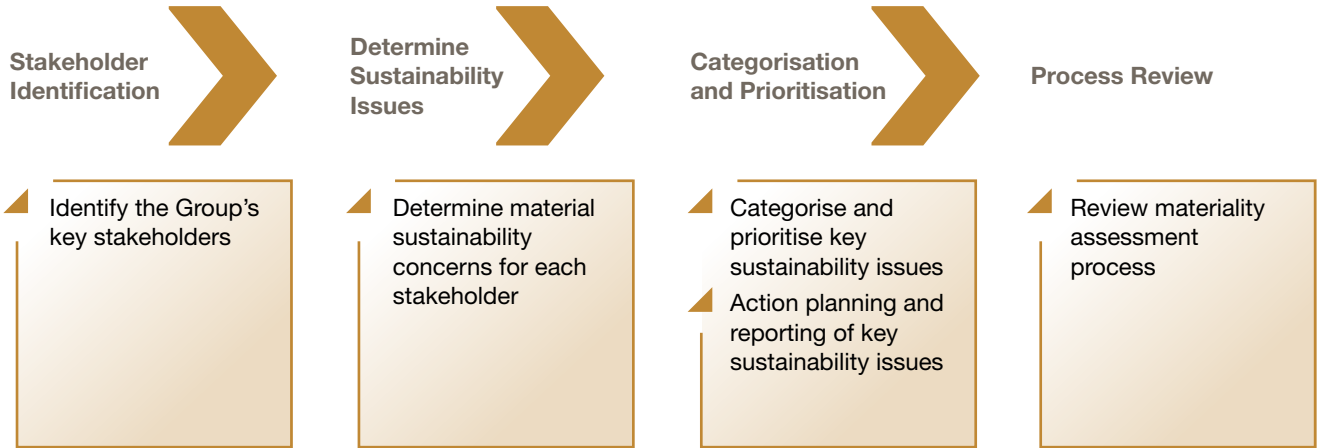
Sustainability Statement

Materiality Assessment

Our materiality assessment was conducted with participation and contributions from key personnel from respective departments.

While the materiality assessment did not involve any external stakeholders, key personnel took into consideration both internal and external perspectives during the material matters prioritization process.

The materiality assessment process adopted a four-step approach as outlined below:



The list of material topics for FY2023 arising from the above process and after considering the common sustainability matters prescribed by the Amendment to the Main Market Listing Requirement issued by Bursa Malaysia on 26th September 2022 to enhance the sustainability reporting framework is illustrated below:

High Expectation		E02: Transparent dealings with Vendors (Supply Chain Management)	E01: Commitment to quality G01: Compliance to regulatory bodies S02: Health and safety
	S03: Labour Practices and Standards	G03: Data Privacy and Security EN01: Energy Management EN02: Water	G02: Anti-corruption
	S04: Fair and equal career opportunities and development (incl. Diversity) S05: Giving back to community and improve the welfare of families in need (Community/ Society)	S01: Engage existing and potential shareholders	
	Low Risk	Medium Risk	High Risk

Sustainability Statement

Material Topics and Targets

We have established performance targets for material areas and track the progress we have made in those areas as reported below:

Material Topics	Target	FY 2023 Progress
A) Economic		
E01: Commitment to quality	<ul style="list-style-type: none"> Ensure customer satisfaction score at least 80%. 	<p>Target Met. Based on the customer feedback received in FY2023, the Group has achieved a satisfaction score of 82%.</p>
E02: Transparent dealings with Vendors (Supply Chain Management)	<ul style="list-style-type: none"> Maintain 80% of the Group purchases from the local market Continue to identify new supplier for collaboration to contribute towards sustainability initiatives 	<p>Target Met. For FY2023, 100% of the Group's purchases were derived from local market.</p> <p>The Group has added a new supplier that also contribute towards sustainability initiatives.</p>
B) Environment		
EN01: Energy Management	<ul style="list-style-type: none"> Ensure electricity consumption do not exceed 5% y-o-y 	<p>Target Met. The total electricity consumed in our Shah Alam and Johor office for FY2023 registered an increase of 3.07% as compared to FY2022.</p>
EN02: Water	<ul style="list-style-type: none"> Installation of rainwater harvesting system Ensuring water consumption per unit of reclamation project do not exceed 200m³ per acre. 	<p>Target Met. In November 2023, the Company has implemented rain water harvesting at its Melaka office.</p> <p>For FY2023, the average water consumption per unit of reclamation project is 135m³ per acre.</p>
C) Social		
S01: Engage existing and potential shareholders	<ul style="list-style-type: none"> Timely announcement of quarterly financial result Timely responding to enquiry from existing and potential shareholders (i.e. within 24 hours upon receiving the enquiry) 	<p>Target Met. Quarterly financial result of the Company was released on timely basis after approval by the Board.</p> <p>Other than questions being received and have been answered during the Annual General Meeting held on 26 May 2023, there was no other enquiry received from shareholders in the FY2023.</p>
S02: Health and safety	<ul style="list-style-type: none"> Ensure zero major accident 	<p>Target Met. Based on the monthly safety and health report, there was no major accident reported in FY2023.</p>
S03: Labour Practices and Standards	<ul style="list-style-type: none"> Ensure less than 10% of employee responded unfavourably satisfaction Ensure all employees fulfil at least 8 hours of training annually 	<p>Target Met. Based on the feedback received from 81% of the total employees of the Group, only 8% have responded unfavourably.</p> <p>An average of 8 training hours per employee have been achieved for FY2023.</p>
S04: Fair and equal career opportunities and development (incl. Diversity)	<ul style="list-style-type: none"> Ensure female workforce in the Head Office is at least 30% 	<p>Target Met. 64% of our employees in Head Office are female. Whereas, our reclamation project site will still be male dominated.</p>
S05: Giving back to community and improve the welfare of families in need (Community/ Society)	<ul style="list-style-type: none"> Conduct at least one (1) event per year with communities 	<p>Target Met. The Group has held one (1) event of beach cleaning activity at Klebang, Melaka in FY2023.</p>

Sustainability Statement

Material Topics and Targets (Continued)

Material Topics	Target	FY 2023 Progress
D) Governance		
G01: Compliance to regulatory bodies	<ul style="list-style-type: none"> Ensure zero non-compliance/ reprimand by regulatory bodies 	Target Met. There was no non-compliance with regulation in FY2023.
G02: Anti-corruption	<ul style="list-style-type: none"> Ensure all employees are provided with anti-bribery training/ refresher training. Zero bribery incident 	Target Met. Anti-bribery refresher briefing was provided to all employees in FY2023. There was no bribery incident noted in FY2023.
G03: Data Privacy and Security	<ul style="list-style-type: none"> Zero data breach 	Target Met. There was no data breach incident noted in FY2023.

ECONOMIC PERFORMANCE



The Group's financial performance are discussed in detail in the following sections of our FY2023 Annual Report:

- Management Discussion and Analysis (page 17)
- Group Financial Highlights (page 24)
- Financial Performance (page 79)

Attracting new business partners and exploring new business opportunities are essential to the sustainability of our business. To achieve this, we must deliver quality work to our customers and maintain transparent dealings with our vendors.

E01: Commitment to quality

The Group places strong emphasis on achieving high standards of quality and meeting the desired outcome of our clients. Benalec attained the ISO 9001:2015 certification for implementing Quality Management System for the provision of marine engineering and construction works (including dredging, reclamation and shore protection works). As such, each marine construction project is undertaken according to the standards of quality stipulated in ISO 9001:2015.

The quality and progress of each project will be jointly inspected by our client's inspector of works and our engineer.

Where required, we will perform remedial works for our clients during the defect liability period for our marine construction projects after the completion of the respective projects.

E02: Transparent dealings with Vendors (Supply Chain Management)

Maintaining a transparent collaboration with vendors ensure smoother operations and reduces conflicts. The Group has established Standard Operating Procedures governing the assessment on new vendor, conduct of performance assessment for vendor upon completion of supplies or at the end of services.

In placing of orders with vendors, the respective company in the Group will prepare Purchase Order and submit it for approval according to the Group's Approving Authority Limit. Only approved Purchase Order will be issued to vendors.

In addition, Benalec also seeks to involve local vendors to create a multiplier effect that can improve the welfare of the community around the Group's operational areas.

Proportion of Purchases from Local Suppliers

Suppliers	Proportion of Purchases (%)		
	FY2021	FY2022	FY2023
Malaysia	99.75%	99.97%	100.00%
Singapore	0.25%	0.03%	0.00%

Sustainability Statement

ECONOMIC PERFORMANCE (Continued)

In order to encourage commitment to sustainability, Benalec will continuously search for like-minded vendors that share the value of our sustainability initiative.

The table below illustrate the proportion of our purchases that we have made from suppliers that have embarked on the sustainability journey:

	FY2021	FY2022	FY2023
No. of suppliers with sustainability initiatives	4	4	5
Proportion of Purchases (%)	2.61%	2.53%	8.03%

ENVIRONMENT



In the course of our business activities, Benalec is fully aware of the need to preserve and protect the environments we operate in. We are required to comply with Section 34A of the Environmental Quality Act 1974 and Environmental Quality (Prescribed Activities) (Environmental Impact Assessment) Order 2015. As such, we work closely with the Department of Environment (“DOE”) to ensure the water pollution and siltation at construction site is kept minimally and below the limit set forth by DOE so as it would not affect the habitat of marine life.

Proper planning is critical as the approach to projects differ according to depth and condition of sea bed, seawater quality and condition, weather conditions of the locality and size and surroundings of the project site. Prior to the commencement of land reclamation project, a soil investigation is undertaken to assess the soil condition at the reclamation site. A geological and hydro-graphic survey of the reclamation site is also carried out to determine the depth of the sea bed or river bed that needs to be filled.

As part of our marine construction services, we provide beach nourishment services to prevent coastal erosion or to restore eroded beaches and beautify shorelines. We also undertake design, planning and construction of rock revetment or breakwater structures as a form of coastal defence to dissipate the energy of incoming waves and protect the land against powerful waves.

In addition, in order to prevent silt and to contain disturbed sediment from flowing into other parts of the body of water, silt curtains are installed to allow these particles to settle and drop within the water column by controlling dispersion. The silt curtain allows our contractors to do their reclamation work while protecting the surrounding marine environment. The photos below shows an aerial view of the Double Layered Silt Curtain installed at one of our reclamation project site in Melaka in year 2023:



Marine water sampling is also conducted at the project site to monitor the water quality on a monthly basis and the collected water samples will be sent to accredited laboratory approved by the DOE. Completed monitoring report will be submitted to DOE every 3 months.

Sustainability Statement

ENVIRONMENT (Continued)

The photos below shows the aerial view of the location of the water monitoring station:



Station	Description
MW 1	At river mouth of Sungai Melaka & silt curtain (outbound)
MW 2	At southeast tip of Project site. within reclamation boundaries
MW 3	At northeast tip of Project site, outside reclamation boundaries
WUG 1	Outside the Project Boundaries
WUG 2	At the river mouth of Sungai Melaka
WUG 3	Southeast of the Project site
SC 1	Within the silt curtain
SC 2	Outside the silt curtain

At our offices, all staff are also constantly reminded on the importance of electricity and water conservation.

EN01: Energy Management

Majority of energy consumption are from electricity usage for lighting and air-conditioning at our offices located in Shah Alam and Johor. The offices practice energy-saving where all lights and air-conditioning have to be switched off when not in use.

The table below illustrate the electricity consumption at the respective offices for FY2021 to FY 2023:

Office Location	FY2021 (kWh)	FY2022 (kWh)	FY2023 (kWh)
Shah Alam	113,740	123,334	120,422
Johor	26,552	28,879	36,458

The energy at our Melaka office and project site are produced from generators and the energy reported is calculated based on diesel consumption. The assumption of one diesel generator will use 0.4 litre of diesel per kWh produced was used based on the article titled “Efficiency of Diesel Generators Calculation: Formula & Equation” published on 16th September 2021 by Linquip, a Professional Network for Equipment Manufacturers, Industrial Customers and Service Providers located in US.

Office Location	FY2021	FY2022	FY2023
Diesel Consumption	99,296 litre	97,904 litre	80,266 litre
Equivalent Energy Produced	248,240 kWh	244,760 kWh	200,665 kWh

Lower diesel consumption was recorded in FY2023 as compared to FY2022 due to the completion of a project site in FY2022 which was located approximately 1.5km away from the Melaka office.

In FY2024, Benalec will assess and consider the implementation of energy-saving measures such as installing solar panel at the Shah Alam office to reduce both the energy consumption and electricity expenditure. Installation of solar panel at the Melaka and Johor office are not advisable due to the proximity to the coastal conditions which may lead to faster corrosion rate on the solar panel and thus, requiring higher maintenance.

Sustainability Statement

ENVIRONMENT (Continued)

EN02: Water

Our water use at the Shah Alam and Johor offices are expected to be minimal; while our Melaka office is located near the coastal area, away from the treated water source safe for consumption. As such, additional water piping was installed from the treated water source in order to provide clean tap water to our Melaka office. Due to the additional water piping, we carry out proactive monitoring on the piping to detect and manage leaks promptly to minimise water wastage.

The table below illustrates the water consumption at the respective offices for FY2021 to FY2023:

Office Location	FY2021 (m ³)	FY2022 (m ³)	FY2023 (m ³)
Shah Alam	1,423	1,350	1,275
Melaka	23,426	16,264	20,725
Johor	1,937	1,167	1,408



In November 2023, Benalec implemented rain water harvesting at its Melaka office as photo below to reduce the consumption of treated water for washing of machineries.

SOCIAL RESPONSIBILITY



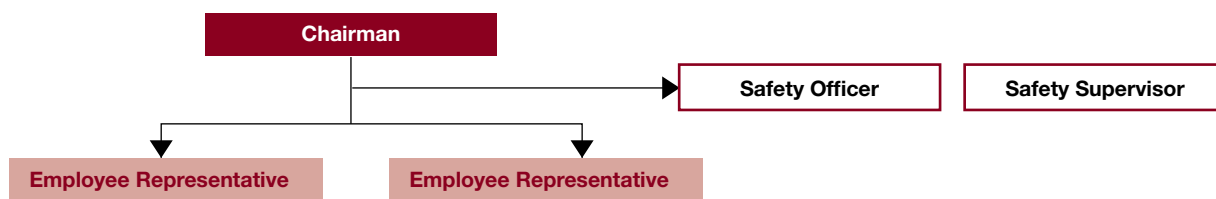
S01: Engage existing and potential shareholders

Benalec is committed to actively engage our shareholders and employees. To this end, the various modes of our engagement with the respective stakeholders and their expectations have been disclosed above.

S02: Health and safety

As safety is the key element of our organisation culture, we continue to emphasise, maintain and to cater a safe work environment. Our qualified Safety Officers and Supervisors supervise project sites with formally defined policies and procedures with zero tolerance for compromise. We encourage the highest standards of health and safety, facilitated by our Environmental, Safety and Health Committee and Emergency Response Team.

Environmental, Safety and Health Committee Organization Chart



Our Safety and Health committee periodically monitor and measure health and safety standards for all site operations personnel through key performance criteria such as:-

- Participation of employees in Safety programs
- Minor, moderate and major Health & Safety violations
- Near misses
- Frequency and severity of accident rates
- Safety award campaigns

Sustainability Statement

SOCIAL RESPONSIBILITY (Continued)

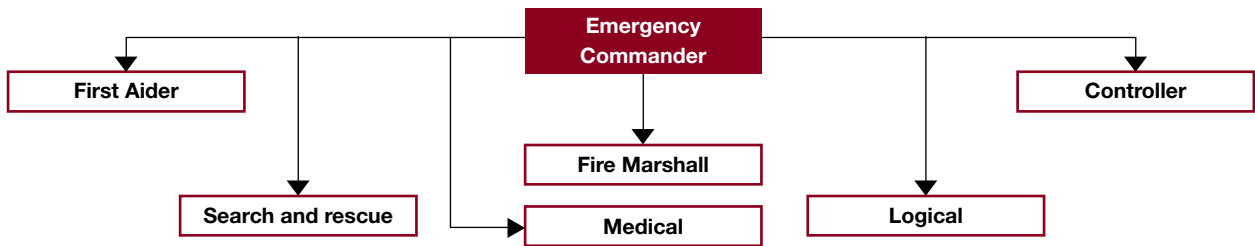
To prevent the spread of COVID-19 in our community and reduce the risk of exposure, we continue to encourage all employees in our headquarter and site offices to use face masks in the office buildings or close area.

We ensure that employees remain motivated to achieve health and safety objectives through performance-reward systems of Benalec. One of the key performance criteria we use to measure and monitor health and safety standards is accident frequency rates. It is our aim to commit to zero accident culture and we are pleased that we have no major accident in FY2023.

Benalec also ensures that heavy machineries used on site are certified fit for use by relevant authorities and restricted only to authorised personnel with the right license qualifications and experience. In addition, Benalec also ensures technical skills of its authorised Safety Personnel stay up-to-date on the necessary information required in their working lives, by sponsoring their training and attending continuous professional development courses.

Our emergency response team headed by our Emergency commander will continue to ensure that health and safety of everyone at construction sites are of utmost priority.

Emergency Response Team Organization Chart



In FY2023, safety training and fire drill were provided to all employees to continuously create awareness on the importance of maintaining a safe and healthy working environment as well as to familiarise the employees with proper evacuation routes in the event of fire.

Safety Briefing at:

Shah Alam Office



Johor Office



Melaka Office



Fire Drill at Shah Alam Office



Sustainability Statement

SOCIAL RESPONSIBILITY (Continued)

At the respective reclamation project site, monthly safety & health report is prepared by the Safety & Health Officer to report on safety induction provided to new worker, site safety inspection performed, incident/ accident at the site, amongst others. Site toolbox meeting is also held on bi-weekly basis to ensure ongoing communication on safety protocols and address any concerns the workers may have.



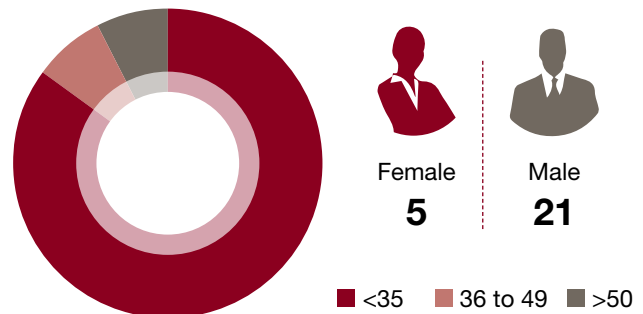
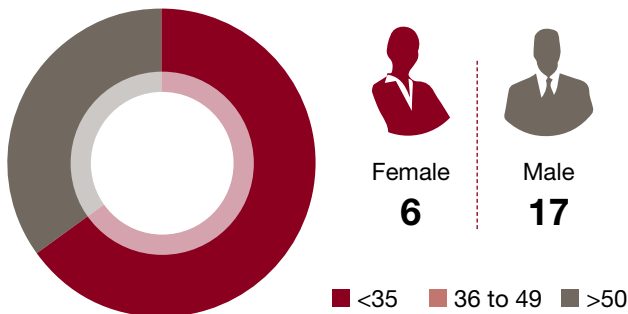
S03: Labour Practices and Standards

Benalec recognises that our employees are the cornerstone in our efforts to conduct sustainable business activities. The quality and performance of our employees determine how the Group achieve its sustainable business objectives. With this understanding, Benalec is committed to produce outstanding human resources that are competent and have integrity by putting in place effective human resource management.

Benalec has put in place an employee handbook that sets out the employment practices in the Group and adheres to the local legislation and guidelines. To meet business needs and stay ahead of competition, our hiring practices are based on merits such as skill and experience who can provide valuable competitive edge.

New Hires - Benalec had 23 new hires in year 2023 with the following demographic:

Resignation - Benalec had 26 resignation in year 2023 with the following demographic:



Open Workforce Communication

Providing a caring and inclusive workplace is fundamental to developing a high-performing workforce. At Benalec, we promote and practice open communication across all levels of employees and departments to make Benalec a better place to work. The Human Resource and Administrative Department ensures that the employment practices are in compliance with the latest statutes and legislations.

During FY2023, the Group introduced the Employee Survey to gain deeper insights into employees' sentiments and to leverage these insights to enhance our employees' experience. Among matters evaluated includes job satisfaction, level of work-life balance, support and resources provided to maintain employee's mental and emotional well-being, treated fairly, equally and without discrimination in the workplace, and able to express opinions and concerns without fear or retaliation. 81% of our employees in the Group have responded to the survey and the results of the survey was presented to the Audit Committee. 92% of the respondents voted neutral to favourably while there were 8% respondents that have voted unfavourably. The improvement suggestion arising from the employee survey includes better bonus/annual increment, training and development, enhancing staff benefit and flexible work arrangement.

S04: Fair and equal career opportunities and development (incl. Diversity)

All employees are given opportunities to excel in their career with the Group regardless of their background. Male and female employees are rewarded fairly based on merit, capability and work experience, and this is practised across all levels of the organization structure.

All employees receive annual performance reviews where they are evaluated by their managers and given feedback on their strengths and areas for improvement.

Sustainability Statement

Employees Development and Growth

Benalec recognises that professional development needs of its staff are equally as important for high employee satisfaction levels and organisational performance. We facilitate the development through ensuring that our employees are always equipped with the technical and practical knowledge to contribute positively to the organisation and surrounding communities alike.

We strongly encourage employees to attend training courses in all areas which provide opportunities to personal and career enhancement.

Significant training programs attended by the employees in FY2023 are: -

- ISO 9001:2015 Risk Based Thinking Internal Auditor Training
- Khursus Pengurusan Industri Pembinaan
- Pembangunan Dan Pengurusan Tanah/Perumahan Negeri Melaka
- Boost Your Levy with HRDF Corp
- HR/IR Forum - Amendment to Employment Ac

As at FYE2023, we achieved an average of 8 training hours per employee, meeting our target of at least 8 hours of training per employee.

Diversity

At Benalec, we believe that a diverse workforce is imperative to achieving our goals. Diversity allows us to better respond in the most strategic and effective manner to increasing demands and expectations of our various stakeholders.

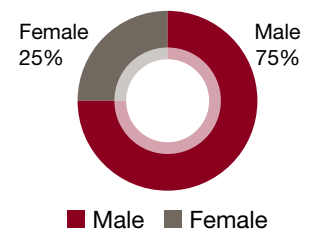
The graphs on the right highlight the breakdown of Benalec’s total workforce of 93 employees by age and gender.

We foster and encourage females to join our Benalec family and make a difference. As at FYE2023, 25% of our employees are female despite being in a male dominated industry.

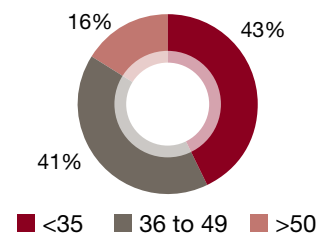
We are committed towards promoting gender equality and underscores our recognition of the importance of the participation of women at all levels of the organization.

Pursuant to the new Section 81H of the Employment (Amendment) Act 2022, Benalec has also put up a notice at its respective offices to raise awareness on sexual harassment to employees and how to report the situation as soon as possible.

Employee Breakdown by Gender



Employee Breakdown by Age



S05: Giving back to community and improve the welfare of families in need (Community/ Society)

Benalec’s long term aspirations for this community are to empower people so that the community is self-sustaining.

In the past, Benalec had conducted blood donation campaigns and coastal cleaning activities as part of the Group’s Corporate Social Responsibility (CSR) initiative. For FY2023, the Group has undertaken beach cleaning activity at Klebang, Melaka.

As and when circumstances permit, we will continue to reach out to the wider community through our robust and impactful initiatives and programmes that will positively benefit the surrounding communities and also preserve and protect the environments we operate.



Sustainability Statement

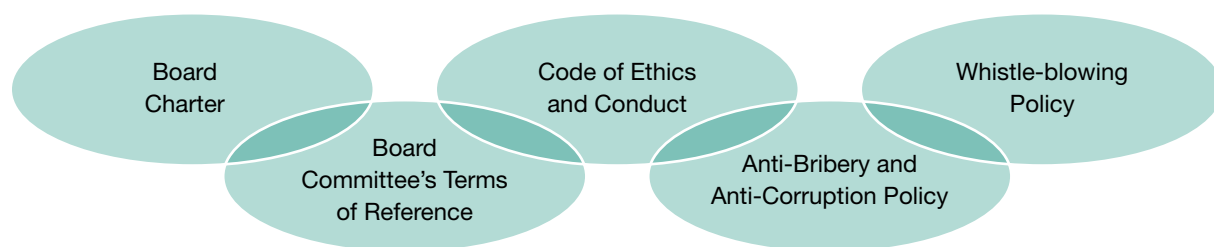


GOVERNANCE

G01: Compliance to regulatory bodies

Formalised corporate policies were established to provide guiding principles on business conducts that all employees should practise to support the Group's commitment to sustainability.

An overview of these policies are illustrated below:



For FY2023, there were zero incidents of non-compliance with regulatory bodies.

G02: Anti-corruption

The Group adopts a strict policy against bribery and corrupt practices. Consequently, a formalised Anti-Bribery and Anti-Corruption Policy has been established to ensure that business is conducted in an ethical and honest manner. It is also to act as a source of information and guidance for those working for or representing the Group to recognise and deal with bribery and corruption issues as well as understand their responsibilities. For FY2023, anti-bribery briefing was also provided to workers at Melaka, Johor and Pulau Indah site offices.

In the event if any stakeholder has any concerns, they can refer to our Group's Whistle-blowing Policy for guidance on how to report to the Chairman of the Board or the Audit Committee Chairman.

No incidents of bribery or whistle-blowing reported in FY2023.

G03: Data Privacy and Security

The privacy and protection of our stakeholders' personal data is important to us. In this respect, Benalec has established a Personal Data Policy to govern the use and management of personal data in compliance with the Personal Data Protection Act 2010. In accordance with this Policy, stakeholders can get in touch with the Head of Human Resources and Administration by mail, email, telephone or facsimile on matters concerning their personal data. The Personal Data Policy is available to the public on our corporate website at <https://en.benalec.com.my>

In addition, Benalec has also established the Information Technology Acceptable Use and Security Policies to provide employees with guidelines on the appropriate use of computing and information resources of the Group.

There was no incident of data breach or leakages in FY2023.

Sustainability Statement

SUSTAINABILITY PERFORMANCE DATA TABLE

The following performance data table is generated from the Bursa Malaysia's ESG Reporting Platform:-

Indicator	Measurement Unit	2023
Bursa (Anti-corruption)		
Bursa C1(a) Percentage of employees who have received training on anti-corruption by employee category		
Management	Percentage	90.00
Executive	Percentage	86.00
Non-executive/Technical Staff	Percentage	79.00
General Workers	Percentage	79.00
Bursa C1(b) Percentage of operations assessed for corruption-related risks	Percentage	100.00
Bursa C1(c) Confirmed incidents of corruption and action taken	Number	0
Bursa (Community/Society)		
Bursa C2(a) Total amount invested in the community where the target beneficiaries are external to the listed issuer	MYR	0
Bursa C2(b) Total number of beneficiaries of the investment in communities	Number	0
Bursa (Diversity)		
Bursa C3(a) Percentage of employees by gender and age group, for each employee category		
Age Group by Employee Category		
Management Under 30	Percentage	10.00
Management Between 30-50	Percentage	60.00
Management Above 50	Percentage	30.00
Executive Under 30	Percentage	14.00
Executive Between 30-50	Percentage	72.00
Executive Above 50	Percentage	14.00
Non-executive/Technical Staff Under 30	Percentage	24.00
Non-executive/Technical Staff Between 30-50	Percentage	62.00
Non-executive/Technical Staff Above 50	Percentage	14.00
General Workers Under 30	Percentage	15.00
General Workers Between 30-50	Percentage	72.00
General Workers Above 50	Percentage	13.00
Gender Group by Employee Category		
Management Male	Percentage	50.00
Management Female	Percentage	50.00
Executive Male	Percentage	29.00
Executive Female	Percentage	71.00
Non-executive/Technical Staff Male	Percentage	76.00
Non-executive/Technical Staff Female	Percentage	24.00
General Workers Male	Percentage	100.00
General Workers Female	Percentage	0
Bursa C3(b) Percentage of directors by gender and age group		
Male	Percentage	75
Female	Percentage	25
Under 30	Percentage	0
Between 30-50	Percentage	1
Above 50	Percentage	3

Sustainability Statement

Indicator	Measurement Unit	2023
Bursa (Energy management)		
Bursa C4(a) Total energy consumption	Megawatt	156.88
Bursa (Health and safety)		
Bursa C5(a) Number of work-related fatalities	Number	0
Bursa C5(b) Lost time incident rate ("LTIR")	Rate	0
Bursa C5(c) Number of employees trained on health and safety standards	Number	93
Bursa (Labour practices and standards)		
Bursa C6(a) Total hours of training by employee category		
Management	Hours	232
Executive	Hours	424
Non-executive/Technical Staff	Hours	216
General Workers	Hours	264
Bursa C6(b) Percentage of employees that are contractors or temporary staff	Percentage	0
Bursa C6(c) Total number of employee turnover by employee category		
Management	Number	1
Executive	Number	6
Non-executive/Technical Staff	Number	6
General Workers	Number	11
Bursa C6(d) Number of substantiated complaints concerning human rights violations	Number	0
Bursa (Supply chain management)		
Bursa C7(a) Proportion of spending on local suppliers	Percentage	100
Bursa (Data privacy and security)		
Bursa C8(a) Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Number	0
Bursa (Water)		
Bursa C9(a) Total volume of water used	Megalitres	23.408

GOVERNANCE

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CORPORATE GOVERNANCE OVERVIEW STATEMENT

INTRODUCTION

The Board of Directors (“Board” or “Directors”) of Benalec Holdings Berhad (“Benalec” or “the Company”) is committed to ensuring that high standards of corporate governance are practiced throughout Benalec and its subsidiaries (collectively referred to as “the Group”). The Board believes that practices of good corporate governance will enhance the credibility and reputation of the Company, as it promotes and safeguards the interests of shareholders and other stakeholders.

The Board is pleased to present the Corporate Governance Overview Statement (“CG Statement”) to set out an overview of the manner in which the Company has applied the principles set out in Malaysian Code of Corporate Governance (“MCCG”). This CG Statement should be read in together with the Corporate Governance Report (“CG Report”) of the Company which is accessible online at the Company’s website <https://en.benalec.com.my>.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

PART 1 – BOARD RESPONSIBILITIES

1. Board’s Leadership on Objectives and Goals

1.1 Strategic Aims, Values and Standards

The Board has overall responsibility for the strategic direction, leadership as well as overseeing the investments and operations of the Company and the Group. As a collective body, the Board identifies principal risks and establish goals for management including monitoring the achievement of goals and promoting sustainability to ensure long-term value creation.

The Board, supported by other Board Committees, operates within a robust framework of risk management and effective internal controls all of which operates within its defined terms of reference.

The Board Committees, comprising the Audit Committee (“AC”), Nomination Committee (“NC”), Remuneration Committee (“RC”) and Evaluation Committee (“EC”) are entrusted with specific responsibilities to oversee the Group’s affairs, with authority to act on behalf of the Board in accordance with their respective terms of reference. The Chairman of the relevant Committees reports to the Board on key issues deliberated during the committee meetings and details of the meetings are minuted to keep the Board abreast and informed on the issues discussed.

1.2 Chairman of the Board

The Chairman is primarily responsible for providing leadership and governance to the Board in discharging its fiduciary duties and responsibilities for the business and affairs of the Group.

Presently, the Board is chaired by Encik Fazrin Azwar bin Md. Nor (“Encik Fazrin”), an Independent Non-Executive Director, who chairs the meetings of the Board and the shareholders, thus ensuring effective communication with the shareholders as well as the relevant stakeholders.

The roles and responsibilities of the Chairman of the Board is specified in Paragraph 4.2 of the Board Charter, which is available on the Company’s website <https://en.benalec.com.my>.

1.3 Chairman and Chief Executive Officer

The position of the Chairman and Chief Executive Officer (“CEO”) are held by separate individuals who are not related to each other. This is to ensure a good balance of power and authority and provides organisational check and balance for better governance.

The position of Chairman is held by Encik Fazrin, while the position of CEO is held by Dato’ Leaw Seng Hai (“Dato’ Leaw”).

Encik Fazrin, as the Chairman, led the Board to ensure good corporate governance practices, leadership and effectiveness of the Board. He is also the crucial link between the Independent Directors and Management to align management actions to Board decisions and strategies.

Corporate Governance Overview Statement

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

PART I - BOARD RESPONSIBILITIES (CONTINUED)

1. Board's Leadership on Objectives and Goals (Continued)

1.4 Company Secretaries

The Company Secretaries, who are qualified and experienced, advise the Board on any updates relating to new statutory and regulatory requirements pertaining to the duties and responsibilities of Directors.

The Company Secretaries attend and ensure all Board and Board Committee meetings are properly convened and deliberated with decisions properly minuted.

The duties of the Company Secretaries include, among others, the preparation of agendas and coordinating the preparation of Board papers, ensure Board procedure and applicable rules are observed, maintain records of the Board, prepare minutes to document Board proceedings and ensure decisions are accurately recorded and timely disseminated.

The Board has direct access to the professional advice and services of the Company Secretaries.

1.5 Access to Information and Meeting Materials

The Board conducts meetings quarterly to consider matters like business performance and strategy of the Group with additional meetings to be convened as and when necessary.

Dates of the Board and Board Committee meetings are planned in advance with the annual corporate calendar circulated before end of each calendar year to facilitate the Directors' time planning.

All Board and Board Committee meetings are structured with pre-determined agendas. The notice of the agenda together with pre-circulated Board papers and related materials including explanatory information and recommended course of action for each item on the agenda will be circulated to the Directors at least five (5) days before the meetings.

The Board also has unfettered access to all information within the Group in furtherance of their duties and members of senior management and external advisers are invited to attend these meetings to provide additional insights and professional views on specific items on the agenda. The Board as a whole or in their individual capacity, in furtherance of their duties, may take independent professional advice, as and when they deem necessary, and at the Group's expense. All Directors have direct access to the Senior Management and have unrestricted access to any information relating to the Group to enable them to discharge their duties.

The Board is also regularly updated and kept informed by the Company Secretaries and the Management on corporate disclosures and compliances with the Company and securities regulations and listing requirements such as restriction in dealing with the securities of the Company and updates on the latest developments in legislations and regulatory framework affecting the Group issued by the various regulatory authorities.

The Company Secretaries are entrusted and are responsible to record the Board deliberations in terms of the issues discussed and deliberations at Board and Board Committees meetings are documented. In due course, the minutes of meeting are circulated to the members of the Board and Board Committees and Management for review and comments in a timely manner.

Corporate Governance Overview Statement

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

PART I - BOARD RESPONSIBILITIES (CONTINUED)

2. Demarcation of Responsibilities

2.1 Board Charter

The Board has adopted a Board Charter which sets out the roles, functions, compositions, operation and processes of the Board and is intended to ensure that all the Board members acting on behalf of the Company are fully aware of their obligations of discharging their duties and responsibilities towards the Company. The Board Charter serves as a source of reference and primary induction literature to provide insights to prospective Board members and senior management. In addition, it also assists the Board in the assessment of its own performance and that of its individual Directors.

The Board Charter will be periodically reviewed and updated in accordance with the needs of the Company and any new regulations that may have an impact on the discharge of the Board's responsibilities. The Board Charter is available for reference at the Company's website at <https://en.benalec.com.my>.

3. Good Business Conduct and Corporate Culture

3.1 Code of Ethics and Conduct

The Board is responsible for creating and fostering a culture aimed at long term value creation for the Group and its stakeholders and in line with this, the Board has adopted a Code of Ethics and Conduct ("Code") which sets a broad standard to govern the conduct of business and set the standards that drive performance and ethics.

The Board would periodically review the Code and it is available for reference at the Company's website at <https://en.benalec.com.my>.

3.2 Whistleblowing Policy

The Board has adopted a Whistleblowing Policy for the Group as a measure to promote the highest standard of corporate governance. The Whistleblowing Policy sets out the mechanism and framework by which employees or any third parties can confidently raise concerns or complains without the fear of discriminatory treatment. All malpractices or wrongdoings reported by the whistleblower are to be directed to the Chairman of the Board and/or the AC Chairman.

3.3 Anti-Bribery and Corruption Policy

The Board has adopted the Anti-Bribery and Corruption Policy to promote better governance culture and ethical behaviour within the Group and to prevent the occurrence of corrupt practices. The Anti-Bribery and Corruption Policy is available at the Company's website at <https://en.benalec.com.my>.

PART II - BOARD COMPOSITION

4. Board Objectivity

4.1 Board Composition

The Board composition for the financial year under review and up to the date of this report are as outlined below:

Name of Directors	Designation
Encik Fazrin Azwar bin Md. Nor	Chairman, Independent Non-Executive Director
Dato' Leaw Seng Hai	Group Managing Director/Chief Executive Officer
Kenneth Chin Kah Kiong	Independent Non-Executive Director
Leaw Ai Lin	Non-Independent Non-Executive Director
Koo Hoong Kwan (Resigned on 7 March 2024)	Non-Independent Non-Executive Director

Corporate Governance Overview Statement

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

PART II - BOARD COMPOSITION (CONTINUED)

4. Board Objectivity (Continued)

4.1 Board Composition (Continued)

The present composition of the Board complies with the requirement of the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”) where at least two (2) directors or one-third (1/3) of the Board, whichever is the higher, should comprise Independent Directors.

The Board consists of qualified individuals with diverse skill-sets, experience and knowledge necessary to govern the Company to good effect. The composition and size of the Board are such that the decision-making processes of the Company are facilitated thereby.

The Board is of the opinion that the composition of the current Board fairly reflects a balance of Executive and Non-Executive Directors to ensure that the interest of not only the Company, but also that of the stakeholders and of the public in general are represented as each Independent Director brings invaluable judgment to bear on issues of strategy, performance, resource allocation, risk management and standard of conduct. In the opinion of the Board, the interests of the minority shareholders are fairly represented by the presence of these highly competent and credible Independent Non-Executive Directors (“INED”).

The composition and size of the Board are reviewed from time to time to ensure its appropriateness and effectiveness. The profiles of the Directors are set out on pages 12 to 14 of this Annual Report.

4.2 Tenure of Independent Director

The NC carries out the evaluation of independence of each Independent Director annually.

During the financial year 2023, the NC has undertaken a review and assessment of the independence of the Independent Directors and is satisfied that they are able to discharge their responsibilities on an independent matter. The Independent Directors have also declared their independence to the Board during the annual Board evaluation process for the financial year 2023.

Encik Fazrin and Mr Kenneth are currently in their fifth (5th) year and second (2nd) respectively as INEDs.

4.3 Policy of Independent Director's Tenure

The Board Charter provides that the tenure of Independent Director shall not exceed a cumulative nine (9) years. In the event the Board intends to retain a Director as INED after the latter has served nine (9) years or more, it will be subject to the assessment of the NC with reasonable justification and the shareholders' approval through two-tier voting process. If approved by shareholders, the Independent Director can continue to serve up to twelfth (12) years.

Corporate Governance Overview Statement

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

PART II - BOARD COMPOSITION (CONTINUED)

4. Board Objectivity (Continued)

4.4 Diverse Board and Senior Management Team

The Board strongly views that diversity on the Board and Senior Management team is important to facilitate optimal decision-making by harnessing different insights and perspectives. Having a diverse range of skills, background, expertise and experience are critical elements in ensuring an effective Board. With this in mind, appointment of members on the Board and key senior management are based on objective criteria and merit with due regard for diversity in experience, skills sets, commitment, integrity and other qualities in meeting the future needs of the Company.

4.5 Gender Diversity

The Board supports diversity on the Board and in key senior management. Ms. Leaw Ai Lin (“Ms. Leaw”) sits on Board as Non-Independent Non-Executive Director reflects the Group’s commitment on gender diversity.

Whilst acknowledging the recommendation by MCCG on gender diversity, the Board collectively is of the opinion that there is no necessity in adopting a formal gender diversity policy at present. The Group has always provided equal and fair opportunities and acknowledge that there is always room for improving diversity in ensuring continuous efficient functioning of the Board and open to changes as and when appropriate.

4.6 Nomination Committee

The NC is responsible for accessing the adequacy and effectiveness of the board composition which includes indemnifying and recommending suitable candidates for Board membership and accessing the performance of the Board on an on-going basis. The Board will have the ultimate responsibility and final decision on the appointment.

The NC comprise of exclusively INEDs’ and the attendance held during the financial year is tabulated below:

Directors	Designation	Attendance
Kenneth Chin Kah Kiong	Chairman	1/1
Fazrin Azwar bin Md. Nor	member	1/1
Koo Hoong Kwan (Resigned on 7 March 2024)	member	1/1

The NC would meet at least once annually with additional meetings convened as and when needed. The terms of reference of the NC, which spells out its duties and responsibilities is available on the Company’s website at <https://en.benalec.com.my>.

A summary about the activities of the NC in discharge of its duties during the financial year are as follows:

- Assessed the fit and properness of Directors who are due for retirement by rotation and recommend the Directors who are eligible to stand for re-election to the Board for recommendation to the shareholders for approval at the Annual General Meeting (“AGM”);
- Assessed the competency and diversity of the Board and Board Committees;
- Evaluated the performance of the Board and Board Committees based on the criteria on areas of boardroom mix and composition, decision making and quality of information, Board’s relationship with Management and effectiveness of each Board Committees;
- Evaluated the performance of Individual Directors and the independence of Independent Director based on criteria which includes their abilities and competence, personality, technical knowledge and level of participation and contribution to the business strategies of the Group;
- Reviewed the terms of office of the Audit Committee (“AC”) and the assessment on the performance, effectiveness and financial literacy of AC and members of the AC in discharging their duties and obligation in accordance with the terms of reference; and
- Reviewed and recommended the Directors’ fee and benefits payable to the Directors of the Board for recommendation to the shareholders or approval at the AGM.

Corporate Governance Overview Statement

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

PART II - BOARD COMPOSITION (CONTINUED)

5. Overall Effectiveness of the Board and Individual Directors

5.1 Annual Effectiveness of the Board and Individual Directors

The NC undertakes annual assessment of the effectiveness of the Board, Board Committee and the contribution of each Directors taking the form of comprehensive evaluation questionnaires which provides all Directors with an opportunity to score their opinion on a series of questions in relation to the execution and performance of the Board as a whole and the Board Committees. The results of all assessment and comments by the Directors are summarised and tabled at the NC meeting. The Chairman of the NC will report the results and deliberation to the Board.

The evaluation of the Board covers factors such as composition of the Board, quality of decision making, internal controls, conduct of Board meetings interactions with the Management and stakeholder and effectiveness of the Chairman.

The Board Committees are assessed based on the efficiency and effectiveness of each Committee and its members' continuous contribution to the Board and commitment to their roles and responsibilities in discharging their duties.

Following the annual review, the NC agrees that the Board as a whole and the Board Committees had performed well and effectively and the overall composition of the Board in terms of the size, mix of skills and experience and the balance between the Executive Director, Non-Executive Director and Independent Directors is appropriate.

During the financial year ended 31 December 2023, five (5) Board meetings were held to review and deliberate on a variety of matters including the Group's quarterly operations, financial results, strategic decisions, business plan, risk management as well as corporate fund-raising exercises.

In the intervals between Board meetings, approvals are obtained via circular resolutions and additional meetings to be convened as and when necessary.

The attendance of the Directors at Board and Board Committee meetings held during financial year under review is set out as follows:

Directors	Board	AC	NC	RC
Fazrin Azwar bin Md. Nor	5/5	5/5	1/1	1/1
Dato' Leaw Seng Hai	5/5	-	-	-
Kenneth Chin Kah Kiong	5/5	5/5	1/1	1/1
Leaw Ai Lin	5/5	-	-	-
Koo Hoong Kwan (<i>Resigned on 7 March 2024</i>)	5/5	5/5	1/1	1/1

The Board is satisfied with the time commitment given by the Directors based on the full attendance by all the Directors at all meetings convened. In addition, all the Directors do not hold more than five (5) Directorships as required under para 15.06 of the MMLR.

The Board is conscious of the importance of keeping abreast with the latest changes and development in legal and regulatory governance and ensure that its members undergo continuous trainings to enhance their knowledge, expertise and professionalism in discharging their duties.

Corporate Governance Overview Statement

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

PART II - BOARD COMPOSITION (CONTINUED)

5. Overall Effectiveness of the Board and Individual Directors (Continued)

5.1 Annual Effectiveness of the Board and Individual Directors (Continued)

The trainings attended by the Directors during the financial year under review are as follows:

Name of Director	Conference/Seminar/Forum/Courses	Date
Fazrin Azwar bin Md. Nor	• Taxation from foreign source income, organised by Grant Thornton Malaysia PLT.	5 January 2023
	• Office Insurance; Don't Leave your office expose, organised by Marsh Asia Regional Office and the Malaysian BAR.	7 June 2023
	• SSM National Conference - Shared Responsibility in Strengthening AML/CFT Compliance: Risks, Challenges and Collaboration, organised by Suruhanjaya Syarikat Malaysia ("SSM").	25 - 26 July 2023
	• Mandatory Accreditation Programme Part II: Leading For Impact, organised by Institute of Corporate Directors Malaysia ("ICDM").	13 - 14 September 2023
	• Virtual Engagement Session with Bank Negara Malaysia (BNM) on Anti-Money Laundering/Countering Financing of Terrorism and Targeted Financial Sanctions, organised by Bank Negara Malaysia.	31 October 2023
Dato' Leaw Seng Hai	• Climate Change & Carbon getting the right financial risk & reporting perspective, organised by ICDM	1 December 2023
	• Mandatory Accreditation Programme Part II: Leading For Impact, organised by ICDs	28 - 29 February 2024
Kenneth Chin Kah Kiong	• Mandatory Accreditation Programme Part II: Leading For Impact, organised by ICDM	7 - 10 August 2023
Leaw Ai Lin	• Corporate Governance for Company Directors and Company Secretaries, organised by SSM	28 November 2023
	• Mandatory Accreditation Programme Part II: Leading For Impact, organised by ICDM	28 - 29 February 2024
Koo Hoong Kwan	• Mandatory Accreditation Programme Part II: Leading For Impact, organised by ICDM	22-23 August 2023

All the Directors will continue to attend relevant training and programs in order to keep themselves abreast with the latest developments in the market place covering laws, rules and regulations, capital markets development, business environment, corporate governance, risk management, general economic, industrial and technical developments. The Board is also regularly updated on new and relevant statutory as well as regulatory guidelines from time to time during the Board meetings. This will enable the Board to discharge their duties effectively to ensure the sustenance of active participation in Board deliberations.

6. Level and Composition of Remuneration

6.1 Remuneration

The Group's policy on Directors' remuneration serves to attract, retain and motivate Directors, whereby the level of remuneration of the Directors is such as to be sufficient to attract and retain Directors needed to manage the Group effectively. The remuneration system is structured to link rewards to corporate and individual performance in the case of Executive Director. In the case of Non-Executive Directors, the level of remuneration shall reflect the level of responsibilities undertaken by the particular non-executive director concerned.

Corporate Governance Overview Statement

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

PART II - BOARD COMPOSITION (CONTINUED)

6. Level and Composition of Remuneration (Continued)

6.1 Remuneration (Continued)

The authority, functions and responsibilities of the Remuneration Committee are set out in its terms of reference. The Remuneration Committee will review the remuneration packages of each individual Executive Director from time to time to ensure that the remuneration packages remain competitive in order to attract and retain competent executives who can manage the Group successfully. The Executive Directors play no part in decisions pertaining to their own remuneration.

The determination of remuneration packages of Non-Executive Directors is a matter of the Board as a whole. The level of remuneration reflects the experience and level of responsibilities undertaken by the Non-Executive Directors. The Non-Executive Directors concerned do not partake in decisions affecting their own remuneration.

The Remuneration Committee met during the meeting in February 2023 to discuss and recommend the remuneration structure and packages for the financial year ended 31 December 2023 of the Directors for review by the Board.

The detailed breakdown of Directors' remuneration is as follows:-

Range of Remuneration	Company			Group		
	Executive Directors (RM)	Non-Executive Directors (RM)	Total (RM)	Executive Directors (RM)	Non-Executive Directors (RM)	Total (RM)
RM500 to RM50,000	-	1	1	-	1	1
RM50,001 to RM150,000	1	2	3	-	1	1
RM150,001 to RM200,000	-	2	2	-	3	3
RM5,000,001 to RM6,500,000	-	-	-	1	-	1
Total	1	5	6	1	5	6

The detailed breakdown of Directors' remuneration is as follows:-

The Company

Category	^^ Director Fee (RM)	Salaries (RM)	Benefits in kind (RM)	Meeting Allowance (RM)	** Other Emoluments (RM)	Total (RM)
Executive Director						
Dato' Leaw Seng Hai	-	-	-	-	147,902	147,902
Non-Executive Director						
## Wong Yoke Nyen	-	-	-	1,000	-	1,000
Koo Hong Kwan	180,000	-	-	9,500	-	189,500
Fazrin Azwar Bin Md. Nor	144,000	-	-	9,500	-	153,500
Leaw Ai Lin	144,000	-	-	2,500	-	146,500
Kenneth Chin Kah Kiong	108,000	-	-	8,000	-	116,000

Corporate Governance Overview Statement

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

PART II - BOARD COMPOSITION (CONTINUED)

6. Level and Composition of Remuneration (Continued)

6.1 Remuneration (Continued)

The Group

Category	^{^^} Director Fee (RM)	Salaries (RM)	Benefits in kind (RM)	Meeting Allowance (RM)	^{**} Other Emoluments (RM)	Total (RM)
Executive Director						
Dato' Leaw Seng Hai	4,200,000	-	44,325	-	2,067,996	6,312,321
Non-Executive Director						
^{##} Wong Yoke Nyen	-	-	-	1,000	-	1,000
Koo Hong Kwan	180,000	-	-	9,500	-	189,500
Fazrin Azwar Bin Md. Nor	144,000	-	-	9,500	-	153,500
Leaw Ai Lin	144,000	-	21,000	2,500	1,368	168,868
Kenneth Chin Kah Kiong	108,000	-	-	8,000	-	116,000

Notes:

^{**} Other Emoluments inclusive of director EPF, HRDF, insurance, medical expenses and one-off ex-gratia payment of RM1.05 million.

^{##} Mr Wong Yoke Nyen has resigned as an Independent Non-Executive Director on 30 December 2022. The meeting allowance paid in current financial year is in relation to the meeting he attended prior to his resignation.

^{^^} The payment of Director Fee to Non-Executive Director for the financial year ended 31 December 2023 would require shareholders' approval at the next Annual General Meeting.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

PART 1 – AUDIT COMMITTEE (“AC”)

7. Effective and Independent AC

7.1 Chairman of the AC

Kenneth, an INED, is the Chairman of the AC. Details on the composition and activities of the AC are outlined under the AC Report in this Annual Report.

7.2 Policy requiring former key audit partner to observe 2-year cooling-off period

Practice 9.2 of the MCCG requires that a former partner of the external audit firm and/or affiliate firm (including those providing advisory services, tax consulting, etc.) to observe a cooling-off period of at least three (3) years before the appointment as a member of the AC.

None of the AC members were former key audit partners of the Company's existing audit firm and in any event if there are potential candidate to be appointed as a member of the AC, the Board will observe the necessary cooling-off period.

7.3 Assessment of suitability and independence of External Auditors

The AC undertakes an annual assessment of the suitability and independence of the external auditors before recommending them to the shareholders for re-appointment at the AGM.

Corporate Governance Overview Statement

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT (CONTINUED)

PART I - AUDIT COMMITTEE ("AC") (CONTINUED)

7. Effective and Independent AC (Continued)

7.3 Assessment of suitability and independence of External Auditors (Continued)

At least once a year and whenever necessary, the AC met with the external auditors without the presence of the executive Board member and Management personnel to allow the AC and the external auditors to exchange independent views on matters which requires the AC's attention. During the year, the AC met up twice with the external auditors to review the audit plan of the Group include setting out their responsibilities, scope of work and key audit areas in connection with the audit of the Group.

As part of the AC's review processes, the AC has obtained assurance from the External Auditors confirming that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.

Based on the AC's assessment of BDO PLT, the external auditors, the Board is satisfied with their competence and independence and had recommended the re-appointment of the External Auditors for shareholders' consideration at the forthcoming AGM.

7.4 Composition of the AC

The AC is comprised solely of INEDs as part of the Board's initiative for more independence and transparency in decision-making.

The members of the AC are suitably qualified, possess sufficient management expertise coupled with their financial literacy in order to discharge their responsibilities as AC members. One member namely Mr. Chin is a member of the Malaysian Institute of Accountants.

The AC is kept up to date by the Management, Company Secretaries, External and Internal Auditors on changes to accounting standards, MMLR and other codes and regulations which can have an impact on the Group's business and financial statements.

The AC's composition and performance is reviewed by the NC annually and recommended to the Board for its approval on the same.

All members of the AC have also undertaken and will continue to undertake continuous professional development to keep themselves abreast of relevant developments in accounting standards, practices and rules in discharging their duties effectively.

PART II: RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

8. Risk Management

8.1 Effective Risk Management and Internal Control Framework

The Board has the overall responsibility of monitoring a sound internal control system that covers effective and efficient operations, in compliance with the law, relevant regulations and risk management. This is to safeguard shareholders' investments and the Group's assets apart from assuring financial controls.

Risk management is given priority by the establishment of policies to identify, evaluate and manage the Company's corporate risk profile to mitigate possible adverse effects arising therefrom.

8.2 Features of Risk Management and Internal Control Framework

The Statement on Risk Management and Internal Control as set out on Pages 54 to 56 in this Annual Report provides an overview of the risk management framework and internal control system within the Group.

Corporate Governance Overview Statement

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT (CONTINUED)

PART II: RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK (CONTINUED)

9. Effective Governance, Risk Management and Internal Control

9.1 Effectiveness of Internal Audit Function

The Board has outsourced its internal audit function a professional service firm known as GovernAce Advisory & Solutions Sdn. Bhd. to assist the AC in discharging its duties and responsibilities. The internal auditors carried out internal audits within the Group based on a risk-based audit plan approved by the AC.

The engaging partner and team are free from any relationships or conflict of interests within the Company to ensure the internal auditor's objectivity and independence are not impaired.

The Internal Auditors performs periodic testing on the internal control systems to ensure that the system is robust. They report directly to the AC.

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

PART 1 – COMMUNICATION WITH STAKEHOLDERS

The Company recognises the importance of prompt and timely dissemination of information to shareholders and investors in order for these stakeholders to be able to make informed investment decisions. The Company has established its website <https://en.benalec.com.my> which allows shareholders and the public access to corporate information, financial statements, news and events relating to the Group.

The Company has at all times ensured timely dissemination of information on the Company's performance and other matter affecting shareholders interests to shareholders and investors through appropriate announcement, quarterly announcements, relevant circulars, press releases and distribution of annual reports.

PART II – CONDUCT OF GENERAL MEETINGS

The AGM and Extraordinary General Meetings provide appropriate forums for the shareholders to participate in questions and answers sessions. Directors and Senior Management staff are present at the AGM to attend to shareholders' questions. The Company is committed to disseminate information in strict adherence to the disclosure standards of the MMLR. The Company ensures that material information relating to the Group is disclosed by way of announcement to the Bursa Securities, in annual report as well as, where appropriate, circulars and press releases. The Board will regularly review the information disseminated to ensure that consistent and accurate information is provided to shareholders of the Company.

In line with good corporate governance practices, the notice of AGM was issued at least twenty-eight (28) days before the AGM.

Virtual General Meeting

The Board has leveraged on technology to facilitate remote shareholders participation and electronic voting for the conduct of poll on all resolutions via remote participation and voting facilities for its fully virtual Seventeenth (17th) AGM held on 26 May 2023.

Minutes of General Meeting

The Company's AGM remains one of the most important platforms for communication and engagement between the Company and its shareholders.

The recordings of the proceedings in the forms of minutes reflects the mutual understanding, agreements as well as resolutions reached between the shareholders and Directors of the Company.

The minutes of the 17th AGM detailing the proceedings and issues raised by shareholders and the responses by the Company were available on the Company's website at <https://en.benalec.com.my> within thirty (30) business days after the conclusion of the 17th AGM to provide useful information to shareholders and investors.

This Corporate Governance Overview Statement was approved by the Board on 26 April 2024.

ADDITIONAL COMPLIANCE INFORMATION

1 Audit and Non-Audit Fees Paid

During the financial year ended 31 December 2023, the amount of audit and non-audit fees paid by the Company and the Group to the External Auditors are as follows:

	Group RM	Company RM
Audit Fees	565,677	138,000
Non-Audit Fees	75,364	20,000

2 Material Contracts

There was no material contracts entered into by the Company involving the interests of the Directors and substantial shareholders during the financial year ended 31 December 2023, save as disclosed in the Prospectus dated 28 December 2010 and Related Party Disclosure presented in the Financial Statements of this Annual Report.

3 Recurrent Related Party Transactions

The recurrent related party transactions or trading nature conducted by the Group during the financial year ended 31 December 2023 did not exceed the threshold prescribed under Paragraph 10.09(1) of the Listing Requirements.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Board of Directors (“Board”) is pleased to present its Statement on Risk Management and Internal Control in compliance with Paragraph 15.26(b) of the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”) and guided by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers endorsed by Bursa Securities.

The following statement outlines the nature and scope of the risk management and internal control within Benalec Holdings Berhad and its subsidiaries (“the Group”) during the financial year under review.

BOARD’S RESPONSIBILITY

The Board is fully committed to maintaining a sound system of risk management and internal control system to safeguard the shareholders’ interest and the Group’s assets. The Board is responsible for the Group’s system of internal control including the establishment of an appropriate control environment and framework as well as reviewing its adequacy and integrity. The system of internal control does not only cover financial controls but also organisational, operational and compliance controls and risk management procedures. In view of the limitations that are inherent in any system of risk management and internal control, this system is designed to manage, rather than eliminate, the risk of failure to achieve corporate objectives. Accordingly, it can only provide reasonable but not absolute assurance against material misstatement or loss.

The Board confirms that there is an on-going process for identifying, evaluating and managing significant risks faced by the Group. The Board through its Audit Committee reviews the results of this process. The Board confirms that this process is in place for the year under review and that it accords with the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers.

The following activities have taken place as part of establishing the risk management and internal control during the year under review:

1. The Board of Directors has reviewed the adequacy and effectiveness of the risk management and internal control system;
2. The Board of Directors has commented on the adequacy and effectiveness of the risk management and internal control system; and
3. Assurance was obtained from Group Managing Director/Chief Executive Officer and Chief Financial Officer/ Finance Controller that the Company’s risk management and internal control system is operating adequately and effectively, in all material aspects, based on the risk management and internal control system of the Company.

GROUP’S RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM

The Board has established an appropriate control environment and risk management framework, ensuring through a review process on the adequacy and integrity thereof.

1. Control Environment and Risk Management Framework

The Board recognises that an effective risk management framework will allow the Group to identify, evaluate and manage risks that affect the achievement of the Group’s business objectives within defined risk parameters in a timely and effective manner.

Accordingly, the Board has put in place a formal enterprise risk management framework that allows a more structured and focused approach to identify, evaluate, monitor and report the principal risks that affect the achievement of the Group’s business objectives and enables the adoption of a risk-based internal control system. The following activities have taken place as part of establishing this formal framework:

- Risk profile had been developed for the Company.
- Risk Management Policy had been developed which incorporates amongst others a structured process for identifying, evaluating and prioritising risks as well as clearly defining the risk responsibilities and escalation process.
- Risk Manager has been appointed with key roles and responsibilities to champion risk awareness and training efforts of the Group which include the identification of risk, reviewing action plans and ensuring that the action plans are acted upon and addressed.

Statement on Risk Management and Internal Control

GROUP'S RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM (CONTINUED)

1. Control Environment and Risk Management Framework (Continued)

In order to inculcate a standard of ethical behaviour for directors and employees of the Group, a Code of Ethics and Conduct ("the Code") has been established and communicated to all directors and employees of the Group.

The whistle-blowing reporting process forming part of the Code allows employees to raise concerns without fear of reprisals on suspected breach or violation of the Code. The employee should immediately report any malpractice that exists in the work place to his/her immediate superior or Head of Department. However, if the employee feels reluctant to do so, the employee has an option to report it to the Board of Directors. The Code reinforces the Group's core value on integrity by providing general guidance on moral and ethical behaviour that is expected from all employees. This includes general prohibition on involvement of its personnel in any act of commercial corruption either direct or indirect.

The Group's Code of Ethics and Conduct is published in the Company's website at <https://en.benalec.com.my>

2. Group Structure

This is achieved through clearly defined operating and reporting structures with clear lines of accountability and responsibilities. Changes in the Group structure are duly communicated to Management team of the Group. In addition, details of directorships within the Group are regularly updated and highlighted to ensure that related parties are duly identified on a timely basis, as necessary.

The Board is responsible for setting the business direction and for overseeing the conduct of the Group's operations through various Board Committees.

3. Internal Audit Function

In addition, the Group has engaged an independent professional firm which carries out the internal audit function in the Group by providing independent advice and assurance on the effectiveness of the Group's system of internal controls. The findings of the internal auditors are regularly reported to the Audit Committee. In particular, the internal auditors appraise and contribute towards improving the Group's internal control system and reports to the Audit Committee on a quarterly basis. The Audit Committee meets with the Board to discuss significant issues found during the internal audit process and makes necessary recommendations to the Board. The internal auditors also review the internal controls on the key activities and processes of the Group's businesses and present an annual internal audit plan to the Audit Committee for prior approval before carrying out the review. The internal audit function adopts a risk-based approach and prepares its internal audit plan based on the risk profiles of the Company.

The Audit Committee reviews the results of the risk monitoring and compliance procedure, and ensures that an appropriate mix of effective techniques is used to obtain the level of assurance required by the Board. The Audit Committee considers reports from internal audit and from the Management, before reporting and making recommendations to the Board in strengthening the risk management, internal control and governance systems. The Committee presents its findings to the Board on a quarterly basis, or earlier, as appropriate.

4. Control Framework

(a) Financial Information and Information System

Management constantly monitors financial performances, business plan achievement and the progress of corrective actions/implementation for highlighted issues and is committed to rectifying the highlighted issues. In addition, communication channels such as email and teleconferencing are used to encourage effective and "free-flow" or open communication within the organisation. As computers are used for transmitting information and storing data, the Management shall maintain a proper IT security controls, which include user and password access rights and backup of data.

Proposals for major capital expenditure and new investment by the Group are reviewed and approved by the Board of Directors.

Statement on Risk Management and Internal Control

GROUP'S RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM (CONTINUED)

4. Control Framework (Continued)

(b) Performance Reporting and Monitoring

Quarterly financial statements are presented to the Audit Committee and the Board for review and discussion.

(c) Standardisation of Policies and Procedures

Standardised policies and procedures are implemented to address the financial and operational controls of the Group.

CONCLUSION

The Board is pleased to conclude that the state of Group's risk management and internal control system are generally adequate and effective. There were no material losses incurred during the current financial year as a result of weakness risk management and internal control system. The Management will continue to ensure proper management of risks and take adequate measures to ensure ongoing adequacy and effectiveness of internal controls.

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

The above Statement is made in accordance with the approval given by the Directors during the Board Meeting held on 26 April 2024.

REVIEW OF THE STATEMENT BY THE EXTERNAL AUDITORS

As required by paragraph 15.23 of the MMLR, the external auditors have reviewed this Statement on Risk Management and Internal Control. Their review was performed in accordance with Audit and Assurance Practice Guide 3 ("AAPG 3") issued by the Malaysian Institute of Accountants and procedures have been performed to assess whether the Statement on Risk Management and Internal Control is both supported by the documentation prepared by or for the Directors and appropriately reflects the processes the Directors have adopted.

AAPG 3 does not require the external auditors to consider whether this Statement on Risk Management and Internal Control covers all risk and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system of the Group including the assessment and opinion by the Board of Directors and management thereon. Based on their procedures performed, the external auditors have reported to the Board of Directors that nothing has come to their attention that causes them to believe that this Statement on Risk Management and Internal Control is not prepared, in all material respects in accordance with the disclosure required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers to be set out, nor is factually inaccurate.

AUDIT COMMITTEE REPORT

During the financial year, the Audit Committee (“AC” or “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 Board of Directors (“Board”) of Benalec Holdings Berhad is pleased to present the AC Report for the financial year ended 31 December 2023.

MEMBERSHIP AND MEETING ATTENDANCES

The AC during the financial year under review and up to the date of this report comprises the following members:

Name	Designation
Kenneth Chin Kah Kiong*	Chairman, Independent Non-Executive Director
Fazrin Azwar bin Md. Nor	Independent Non-Executive Director
Koo Hoong Kwan* (resigned on 7 March 2024)	Non-Independent Non-Executive Director

Note: *Member of Malaysian Institute of Accountants (“MIA”)

The composition of the AC is in compliance with Paragraph 15.09 and 15.10 of the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”) and none of the Directors has appointed Alternate Directors.

TERMS OF REFERENCE

The Terms of Reference of the AC which lays down the duties and responsibilities of its members is accessible via the Company’s website at <https://en.benalec.com.my>. The Board is satisfied that the AC had discharged their duties and responsibilities in accordance with its Terms of Reference in ensuring that the Company upholds the appropriate Corporate Governance standards.

MEETINGS AND ATTENDANCE

Name	Designation	No. of meetings attended
Kenneth Chin Kah Kiong	Chairman, Independent Non-Executive Director	5/5
Fazrin Azwar bin Md. Nor	Independent Non-Executive Director	5/5
Koo Hoong Kwan (resigned on 7 March 2024)	Non-Independent Non-Executive Director	5/5

SUMMARY OF ACTIVITIES AND WORK OF THE COMMITTEE

During the financial year ended 31 December 2023, the Committee had worked closely with the external auditors, internal auditors and management to carry out its functions and duties in line with the Terms of Reference.

A summary of the activities and work of the AC in discharging its duties includes the following:-

(i) Financial Reporting

- a. Reviewed the unaudited quarterly financial results of the Group including draft announcements pertaining thereto before recommending the same for the Board’s approval and release to Bursa Securities.
- b. Reviewed the audited financial statements of the Group and the external audit report with the external auditors prior to the submission to the Board for approval.
- c. Reviewed the impacts of any changes to the accounting policies and adoption of new accounting standards as well as significant matters highlighted in the financial statements.

Audit Committee Report

SUMMARY OF ACTIVITIES AND WORK OF THE COMMITTEE (CONTINUED)

(ii) External Audit

- a. Reviewed the Audit Plan of the Group for the financial year ended 31 December 2023 prepared by the external auditors setting out their responsibilities, scope of work and key audit areas in connection with their audit of the Group.
- b. Reviewed with the external auditors the results of the audit, the report and the management letter, including management's response.
- c. Evaluated the performance and assessed the independence and objectivity of the external auditors in providing their services and made recommendations to the Board on their re-appointment and remuneration.
- d. Held private sessions with the external auditors without the presence of Executive Director and Management.

(iii) Internal Audit

- a. Reviewed the annual internal audit plan to ensure adequate scope and comprehensive coverage over the activities of the Group.
- b. Reviewed the internal audit reports, which highlighted the audit issues, recommendations and management's responses. Discussed with Management on actions taken to improve the system of internal control based on improvement opportunities identified in the internal audit reports.
- c. Reported to the Board on significant audit issues and concerns discussed during the Committee's meetings which have significant impact on the Group from time to time, for consideration and deliberation by the Board.

(iv) Related Party Transactions

- a. Reviewed on a quarterly basis the related party transaction(s) entered into by the Group and any conflict of interest situation that may arise within the Group.

(v) Other Matters

- a. Reviewed the AC Report and Statement of Risk Management and Internal Control prior to the submission of the same to the Board for consideration and inclusion in the Annual Report of the Company.
- b. Reviewed the Risk Management Report on the risk profile of the Group and the adequacy of internal control systems to manage these risks.
- c. Reviewed the Share Buy-back Statement in relation to the Proposed Renewal of Share Buy-Back Authority.

INTERNAL AUDIT FUNCTION

The Group engaged the internal audit services from a professional internal audit service provider to ensure that the outsourced internal auditor is independent as it has no involvement in the operations of the Group. The outsourced internal auditors is responsible for the review and appraisal of the effectiveness of risk management, internal control and governance processes in the Group and reports directly to the AC.

The AC has full and direct access to the Internal Auditors, review the reports on all audits performed and monitors its performance. The AC also reviews the adequacy of the scopes, functions, competency and resources of the outsourced internal audit functions.

The outsourced internal auditors carried out internal audits within the Group based on a risk-based audit plan approved by the AC.

Audit Committee Report

INTERNAL AUDIT FUNCTION (CONTINUED)

A summary of the internal audit activities undertaken during the financial year is as follows:-

- (i) Performed operational audits on business units of the Group in accordance with the pre-approved audit plan which covers review of internal control system, risk management and follow up audits to address observations reported in preceding internal audit visits;

During the financial year ended 31 December 2023, the internal auditors carried out its audit on the following functions:-

- a) Internal Audit Report on Finance: Payable Process;
- b) Follow-up Audit Report on Finance: Payable Process;
- c) Internal Audit Report on Human Resource; and
- d) Follow-up Audit Report on Human Resource.

Based on these audits, the outsourced internal auditors provided the AC with reports highlighting observations, recommendations and management action plans to improve the system of internal controls.

- (ii) Conducted follow-up reviews to determine the adequacy, effectiveness and timeliness of action taken by the Management on audit recommendations and provided updates on their status to the Committee; and
- (iii) Presented internal audit reports to the AC for review and provide recommendations, if any for improvement of the internal control policies and procedures.

The fee incurred for internal audit function in respect of the financial year amounted to RM90,000.

STATEMENT OF DIRECTORS' RESPONSIBILITY

DIRECTORS' RESPONSIBILITY IN PREPARING THE FINANCIAL STATEMENTS

The Directors are required to take reasonable steps to ensure that the financial statements of the Company and the Group are properly drawn up in accordance with the provisions of the Companies Act 2016 ("CA 2016"), applicable approved Malaysian Financial Reporting Standards ("MFRS") and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad so as to give a true and fair view of the state of affairs of the Company and of the Group as at the end of financial year and of the results and the cash flow of the Company and of the Group for the financial year.

In preparing the financial statements for the financial year ended 31 December 2023, the Directors have:

- adopted suitable accounting policies and applied them consistently;
- exercise judgment and made estimates that are reasonable and prudent;
- ensured adoption of applicable accounting standards; and
- prepared the financial statements on a going concern basis.

The Directors are responsible for ensuring that the Company and the Group maintains accounting records that disclose with reasonable accuracy at all times the financial position of the Company and of the Group to enable them to ensure that the financial statements comply with the CA 2016 and MFRS.

The Directors have general responsibilities for taking such steps to ensure that appropriate systems are reasonably available to them to safeguard the assets of the Company and the Group, and to prevent and detect fraud and other irregularities and material misstatements. Such systems, by their nature, can only provide reasonable, but not absolute assurance against material misstatement, loss or fraud.

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GROUP PROPERTIES

AS AT 31 DEC 2023

A. Summary of Land Held for Sale

No.	Lot No. / PT No.	PN No. / HS(D) No.	Description	Land Area (acres)	Existing usage	Tenure / Expired date	NBV as at 31/12/2023 (RM)	Date of acquisition (based on title date)
1	PT 150 - 155	HS(D) 80967 - 80972	Pekan Klebang Sek. III, Melaka Tengah, Melaka	29.37	Vacant land / Commercial	Leasehold & expiring on 20/04/2115	24,897,216	21/04/2016
3	Lot 12176 (formerly PT 168)	PN 65682 (formerly HS(D) 81001)	Kawasan Bandar XLV, Melaka Tengah, Melaka	5.36	Vacant land / Commercial	Leasehold & expiring on 20/04/2115	4,181,374	21/04/2016
3	Lot 12177 - Lot 12178 (formerly PT174 - PT175)	PN 65662 - 65663 (formerly HS(D) 80980 - 80981)	Kawasan Bandar XLV, Melaka Tengah, Melaka	14.69	Vacant land / Commercial	Leasehold & expiring on 20/04/2115	11,963,276	21/04/2016
4	Lot 12179 (formerly PT 176)	PN 65665 (formerly HS(D) 80982)	Kawasan Bandar XLV, Melaka Tengah, Melaka	7.22	Vacant land / Commercial	Leasehold & expiring on 20/04/2115	5,731,966	21/04/2016
5	Lot 12180 (formerly PT 177)	PN 67408 (formerly HS(D) 80983)	Pekan Klebang Sek. III, Melaka Tengah, Melaka	6.19	Vacant land / Commercial	Leasehold & expiring on 20/04/2115	4,834,713	21/04/2016
Total				62.83			51,608,545	

B. Information on land & building

No.	PT No.	HS(D) No.	Location	Built up area (sq. ft)	Description / Existing usage	Tenure / Date of expiry of lease	NBV as at 31/12/2023 (RM)	Date of acquisition / SPA
1	PT 001790	HS(D) 0070078	No. 2, Jalan KL 3/9, Taman Kota Laksamana, Sek. 3, 75200 Melaka	6,088	3 storey shop office (Melaka site office)	Leasehold & expiring on 29/05/2110	1,170,985	01/06/2011
2	PT 16149	HS(D) 102335	No. 23, Jalan Perintis U1/52, Glenmarie Temasya, Seksyen U1, 40150 Shah Alam, Selangor	21,797	Semi-detached double storey factory (Headquarter of the Group)	Freehold	18,152,727	18/03/2016
Total (RM)							19,323,712	

Group Properties

As At 31 Dec 2023

C. Information on Properties Held For Sale

No.	PT No.	Block No.	Location	Built up area (sq. ft)	Description / Existing usage	Tenure / Date of expiry of lease	NBV as at 31/12/2023 (RM)	Date of acquisition / SPA
1	PT 21608	C-3	Kompleks Perniagaan Musai Bistari, Melaka	7,758	5 storey shop office (Vacant)	Leasehold & expiring on 04/07/2103	1,599,999	27/03/2015
2	PT 21608	C-4	Kompleks Perniagaan Musai Bistari, Melaka	7,654	5 storey shop office (Vacant)	Leasehold & expiring on 04/07/2103	1,600,000	27/03/2015
3	PT 21608	C-5	Kompleks Perniagaan Musai Bistari, Melaka	7,550	5 storey shop office (Vacant)	Leasehold & expiring on 04/07/2103	1,520,000	27/03/2015
4	PT 21608	C-6	Kompleks Perniagaan Musai Bistari, Melaka	7,446	5 storey shop office (Vacant)	Leasehold & expiring on 04/07/2103	1,520,000	27/03/2015
5	PT 21608	C-7	Kompleks Perniagaan Musai Bistari, Melaka	7,345	5 storey shop office (Vacant)	Leasehold & expiring on 04/07/2103	1,520,000	27/03/2015
6	LOT 9174	C-1	Gangsa Avenue, Daerah Alor Gajah, Melaka	4,370	2 storey shop office (Vacant)	Freehold	639,999	03/06/2015
Total (RM)							8,399,998	

STATISTICS OF SHAREHOLDINGS

AS AT 20 MARCH 2024

Number of Issued Shares	: 1,031,602,500
Adjusted Number of Issued Shares	: 1,018,887,100 (exclude 12,715,400 treasury shares)
Class of Shares	: Ordinary Shares
Voting Rights	: One vote per ordinary share held in the case of a poll and one vote per person on a show of hands

ANALYSIS BY SIZE OF SHAREHOLDINGS

Size of Shareholdings	No of Holders	%	No. of Shares	%
Less than 100	29	0.327	514	0.000
100 to 1,000	435	4.897	319,194	0.031
1,001 to 10,000	3,942	44.382	24,186,782	2.374
10,001 to 100,000	3,612	40.667	135,037,317	13.253
100,001 to 50,944,354*	862	9.705	683,484,993	67.082
50,944,355 and above**	2	0.022	175,858,300	17.260
Total	8,882	100.000	1,018,887,100	100.000

Remark:

* Less than 5% of the Adjusted Number of Issued Shares.

** 5% and above of the Adjusted Number of Issued Shares.

REGISTER OF SUBSTANTIAL SHAREHOLDERS

Substantial Shareholders	Direct Interest		Deemed Interest	
	No. of Shares	% [^]	No. of Shares	% [^]
CGS International Nominees Malaysia (Asing) Sdn. Bhd. (Exempt an for CGS International Securities (Hong Kong) Limited (Foreign Client))	89,000,000	8.735	-	-
Oceancove Sdn Bhd	86,858,300	8.524	-	-
Dato' Leaw Seng Hai	18,352,700	1.801	86,858,300 ⁽¹⁾	8.524
Oceanview Cove Sdn Bhd	-	-	86,858,300 ⁽²⁾	8.524

Notes:

[^] The percentage of shareholdings have been computed based on Adjusted Number of Issued Shares.⁽¹⁾ Deemed interest by virtue of his direct interest in Oceancove Sdn Bhd and indirect interest in Oceancove Sdn Bhd via Oceanview Cove Sdn Bhd pursuant to Section 8(4) of the Companies Act, 2016 ("the Act").⁽²⁾ Deemed interest by virtue of its interest in Oceancove Sdn Bhd pursuant to Section 8(4) of the Act.

DIRECTORS' DIRECT AND DEEMED INTERESTS IN THE COMPANY AND/OR ITS RELATED CORPORATIONS

Directors	Direct Interest		Deemed Interest	
	No. of Shares	% [^]	No. of Shares	% [^]
Fazrin Azwar bin Md Nor	-	-	-	-
Dato' Leaw Seng Hai	18,352,700	1.801	86,858,300 ⁽¹⁾	8.524
Kenneth Chin Kah Kiong	10,000	0.000	-	-
Leaw Ai Lin	-	-	-	-

Notes:

[^] The percentage of shareholdings have been computed based on Adjusted Number of Issued Shares.⁽¹⁾ Deemed interest by virtue of his direct interest in Oceancove Sdn Bhd and indirect interest in Oceancove Sdn Bhd via Oceanview Cove Sdn Bhd pursuant to Section 8(4) of the Companies Act, 2016 ("the Act").

Statistics of Shareholdings

As At 27 March 2024

THIRTY LARGEST SECURITIES ACCOUNT HOLDERS ACCORDING TO THE RECORD OF DEPOSITORS

No.	Name of Shareholders	No. of Shares	%
1.	CGS-International Nominees Malaysia (Asing) Sdn. Bhd. (Exempt an for CGS International Securities (Hong Kong) Limited (Foreign Client))	89,000,000	8.735
2.	Oceancove Sdn Bhd	86,858,300	8.524
3.	Leaw Eilin	50,846,300	4.990
4.	UOB Kay Hian Nominees (Asing) Sdn Bhd (Exempt an for UOB Kay Hian Pte Ltd (A/C Clients))	48,417,000	4.751
5.	Teminsri Construction Sdn Bhd	42,412,400	4.162
6.	Kenanga Nominees (Tempatan) Sdn Bhd (Tan Chun Hoe)	41,700,000	4.092
7.	Daing A Malek bin Daing A Rahaman	40,000,000	3.925
8.	Lim Han Ho @ Lim Sua Now	37,705,000	3.700
9.	Teoh Tit Eng	20,150,000	1.977
10.	UOB Kay Hian Nominees (Tempatan) Sdn Bhd (Exempt an for UOB Kay Hian Pte Ltd (A/C Clients))	20,007,000	1.963
11.	Dato' Leaw Seng Hai	18,352,700	1.801
12.	M&A Nominee (Asing) Sdn Bhd (Exempt and for Sanston Financial Group Limited (Account Client))	17,731,000	1.740
13.	Palembang Emas Sdn. Bhd.	14,800,000	1.452
14.	Citigroup Nominees (Asing) Sdn Bhd (Exempt An for OCBC Securities Private Limited)(Client A/C-NR))	10,320,000	1.012
15.	AllianceGroup Nominees (Tempatan) Sdn Bhd (Pledged securities account for Ong Yoong Nyock)	8,778,500	0.861
16.	Maybank Nominees (Tempatan) Sdn Bhd (Pledged securities account for Ong Yoong Nyock)	8,200,000	0.804
17.	Lim Piek Keow	5,298,200	0.519
18.	CGS International Nominees (Tempatan) Sdn. Bhd. (Pledged securities account for Mohammed Amin bin Mahmud)	4,205,800	0.412
19.	RHB Capital Nominees (Tempatan) Sdn Bhd (Pledged securities account for Wendy Lee Yoke Peng)	4,176,000	0.409
20.	RHB Nominees (Tempatan) Sdn Bhd (Pledged securities account for Cheang Fook Sam)	3,650,000	0.358
21.	Tay Tiong Yuan	3,506,200	0.344
22.	Mohamed Izani bin Mohamed Jakel	3,500,000	0.343
23.	Ng Lian Cheng	3,160,000	0.310
24.	Loh Yuen Kok	3,100,000	0.304
25.	CGS International Nominees Malaysia (Tempatan) Sdn. Bhd. (Pledged securities account for Chan Foong Cheng)	3,059,000	0.300
26.	Soo Wei Chung	3,011,000	0.295
27.	AllianceGroup Nominees (Tempatan) Sdn Bhd (Pledged securites accounts for Lau Teck Poh)	3,000,000	0.294
28.	Maybank Securities Nominees (Tempatan) Sdn Bhd (Pledged securities account for Lim Tiew Jee)	3,000,000	0.294
29.	Ng Lian Cheng	2,765,000	0.271
30.	Wong Chee Thong	2,500,000	0.245

NOTICE OF THE EIGHTEENTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT THE EIGHTEENTH ANNUAL GENERAL MEETING (“18TH AGM”) OF BENALEC HOLDINGS BERHAD (“BENALEC” OR “COMPANY”) WILL BE HELD VIRTUALLY THROUGH LIVE STREAMING AND ONLINE REMOTE VOTING USING REMOTE PARTICIPATION AND VOTING (“RPV”) FACILITIES VIA TIIH ONLINE WEBSITE AT [HTTPS://TIIH.ONLINE](https://tiih.online) FROM THE BROADCAST VENUE AT **BENALEC HOLDINGS BERHAD HEADQUARTERS (PACIFIC BOARD ROOM), NO. 23, JALAN PERINTIS U1/52, GLENMARIE TEMASYA, SEKSYEN U1, 40150 SHAH ALAM, SELANGOR DARUL EHSAN (“BROADCAST VENUE”)** ON **THURSDAY, 30 MAY 2024 AT 10.00 A.M.** TO TRANSACT THE FOLLOWING BUSINESSES:

AGENDA

ORDINARY BUSINESS

- 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 the Explanatory Notes to the Agenda***
- To approve the payment of Directors’ fees of RM576,000 for the financial year ended 31 December 2023. ***Ordinary Resolution 1***
- To approve the payment of the Directors’ benefits up to an aggregate amount of RM50,000 for the period from 31 May 2024 until Nineteenth Annual General Meeting of the Company to be held in 2025. ***Ordinary Resolution 2***
- To re-elect Encik Fazrin Azwar bin Md. Nor who is retiring pursuant to Clause 76 of the Company’s Constitution and being eligible, has offered himself for re-election. ***Ordinary Resolution 3***
- To re-appoint BDO PLT as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration. ***Ordinary Resolution 4***

SPECIAL BUSINESS

To consider and if thought fit, to pass the following Ordinary Resolutions with or without modifications:-

- AUTHORITY TO ISSUE AND ALLOT SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016** ***Ordinary Resolution 5***

“THAT subject always to the Companies Act 2016 (“the Act”), the Constitution of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) and the approvals of the relevant government/regulatory authorities, the Directors be and are hereby empowered pursuant to Sections 75 and 76 of the Act to allot shares in the Company from time to time at such price, upon such terms and conditions, to such persons and for such purposes as the Directors may in their absolute discretion, deem fit provided that the aggregate number of shares issued pursuant to this Ordinary Resolution does not exceed 10% of the total number of the issued shares (excluding treasury shares) of the Company for the time being AND THAT the Directors be and are also empowered to obtain approval for the listing of and quotation for the additional shares so issued on Bursa Securities AND FURTHER THAT such authority shall continue to be in force until the conclusion of the next Annual General Meeting (“AGM”) of the Company, or at the expiry of the period within which the next AGM is required to be held after the approval was given, whichever is earlier, unless revoked or varied by an ordinary resolution of the Company in a general meeting.”

- PROPOSED RENEWAL OF SHARE BUY-BACK MANDATE** ***Ordinary Resolution 6***

“THAT subject always to the Companies Act 2016 (“the Act”), the Constitution of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) (“Listing Requirements”) and all other applicable laws, guidelines, rules and regulations, the Company be and is hereby authorised, to the fullest extent permitted by law, to purchase such number of issued shares in the Company as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company provided that:

- the aggregate number of issued shares in the Company (“Shares”) purchased (“Purchased Shares”) and/or held as treasury shares pursuant to this ordinary resolution does not exceed ten per centum (10%) of the total number of issued shares of the Company as quoted on Bursa Securities as at point of purchase; and
- the maximum fund to be allocated by the Company for the purpose of purchasing the shares shall not exceed the aggregate of the retained profits of the Company based on the latest audited financial statements and/or the latest management accounts (where applicable) available at the time of the purchase.

Notice of the Eighteenth Annual General Meeting

("Proposed Share Buy-Back").

AND THAT the authority to facilitate the Proposed Share Buy-Back will commence immediately upon passing of this Ordinary Resolution and will continue to be in force until:

- a. the conclusion of the next Annual General Meeting of the Company following at which time the authority shall lapse unless by ordinary resolution passed at the meeting, the authority is renewed, either unconditionally or subject to conditions;
- b. the expiration of the period within which the next annual general meeting of the Company is required by law to be held; or
- c. revoked or varied by ordinary resolution passed by the shareholders of the Company at a general meeting.

whichever occurs first, but shall not prejudice the completion of purchase(s) by the Company of its own Shares before the aforesaid expiry date and, in any event, in accordance with the Listing Requirements and any applicable laws, rules, regulations, orders, guidelines and requirements issued by any relevant authorities.

AND THAT the Directors of the Company be and are hereby authorised, at their discretion, to deal with the Purchased Shares until all the Purchased Shares have been dealt with by the Directors in the following manner as may be permitted by the Act, Listing Requirements, applicable laws, rules, regulations, guidelines, requirements and/or orders of any relevant authorities for the time being in force:

- i. To cancel all or part of the Purchased Shares;
- ii. To retain all or part of the Purchased Shares as treasury shares as defined in Section 127 of the Act;
- iii. To distribute all or part of the treasury shares as dividends to the shareholders of the Company;
- iv. To resell all or part of the treasury shares;
- v. To transfer all or part of the treasury shares for the purposes of or under the employees' share scheme established by the Company and/or its subsidiaries;
- vi. To transfer all or part of the treasury shares as purchase consideration;
- vii. To sell, transfer or otherwise use the shares for such other purposes as the Minister may by order prescribe; and/or
- viii. To deal with the treasury shares in any other manners as allowed by the Act, Listing Requirements, applicable laws, rules, regulations, guidelines, requirements and/or orders of any relevant authorities for the time being in force.

AND THAT the Directors of the Company be and are authorised to take all such steps as are necessary or expedient [including without limitation, the opening and maintaining of central depository account(s) under Securities Industry (Central Depositories) Act, 1991, and the entering into all other agreements, arrangements and guarantee with any party or parties] to implement, finalise and give full effect to the Proposed Share Buy-Back with full powers to assent to any conditions, modifications, variations and/or amendments (if any) as may be imposed by the relevant authorities."

8. To transact any other business of which due notice shall have been given in accordance with the Company's Constitution and the Companies Act 2016.

By Order of the Board of
BENALEC HOLDINGS BERHAD

THAM YIN TONG (MAICSA 7049718) (SSM PC No. 202008001314)
LIM WEI LEE (MAICSA 7064249) (SSM PC No. 202008004038)
Company Secretaries
Kuala Lumpur

Date: 30 April 2024

Notice of the Eighteenth Annual General Meeting

NOTES:

1. IMPORTANT NOTICE

The 18TH AGM of the Company will be held virtually through live streaming and online remote voting using the RPV facilities via TIIH Online website at <https://tiih.online>.

The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairperson of the meeting to be present at the main venue of the meeting.

Shareholders will not be allowed to attend the 18TH AGM in person at the Broadcast Venue on the date of the meeting.

Shareholders are to attend, speak (including posing questions to the Board via real time submission of typed texts) and vote (collectively, "participate") remotely at the 18TH AGM through the RPV facilities via **TIIH Online** website at <https://tiih.online>.

Please read these Notes carefully and follow the procedures in the Administrative Guide for the 18TH AGM in order to participate remotely through the RPV facilities.

2. For the purpose of determining who shall be entitled to attend this General Meeting through the RPV facilities, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company, a Record of Depositors as at 23 May 2024. Only a member whose name appears on this Record of Depositors shall be entitled to attend this General Meeting through the RPV facilities or appoint a proxy to attend, speak and vote on his/her/its behalf.
3. A member entitled to attend and vote at this General Meeting is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to attend, participate, speak and vote in his/her place. A proxy may but need not be a member of the Company.
4. A member of the Company who is entitled to attend and vote at a General Meeting of the Company may appoint not more than two (2) proxies to attend, participate, speak and vote instead of the member at the General Meeting.
5. If two (2) proxies are appointed, the entitlement of those proxies to vote on a show of hands shall be in accordance with the listing requirements of the stock exchange.
6. Where a member of the Company is an authorised nominee as defined in the Securities Industry (Central Depositories) Act 1991 ("Central Depositories Act"), it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.
7. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the Central Depositories Act which is exempted from compliance with the provisions of Section 25A(1) of the Central Depositories Act.
8. Where a member appoints more than one (1) proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.
9. A member who has appointed a proxy or attorney or authorised representative to attend, participate, speak and vote at the 18TH AGM through the RPV facilities **must request his/her proxy or attorney or authorised representative to register himself/herself for the RPV facilities** at TIIH Online website at <https://tiih.online>. Procedures for the RPV facilities can be found in the Administrative Guide for the 18TH AGM.

Notice of the Eighteenth Annual General Meeting

10. The appointment of a proxy may be made in a hard copy form or by electronic form means in the following manner and must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the AGM or adjourned general meeting at which the person named in the appointment proposes to vote:
- (i) *In hard copy form*
In the case of an appointment made in hard copy, the proxy form must be deposited at the Share Registrar of the Company situated at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia OR alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.
- (ii) *By electronic means via TIIH Online website at <https://tiih.online>*
Please refer to the Administrative Guide for the 18TH AGM for further information on electronic lodgement of proxy form.
11. Please ensure ALL the particulars as required in the proxy form are completed, signed and dated accordingly.
12. Last date and time for lodging the proxy form is **Tuesday, 28 May 2024 at 10.00 a.m.**
13. Any authority pursuant to which such an appointment is made by a power of attorney must be deposited at the Share Registrar of the Company situated at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia OR alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia not less than forty-eight (48) hours before the time appointed for holding the General Meeting or adjourned general meeting at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.
14. For a corporate member who has appointed a representative, please deposit the **ORIGINAL** certificate of appointment of authorised representative at the Share Registrar of the Company situated at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia **OR** alternatively the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.
- The certificate of appointment of authorised representative should be executed in the following manner:
- a. If the corporate member has a common seal, the certificate of appointment of authorised representative should be executed under seal in accordance with the constitution of the corporate member.
- b. If the corporate member does not have a common seal, the certificate of appointment of authorised representative should be affixed with the rubber stamp of the corporate member (if any) and executed by:
- i. at least two (2) authorised officers, of whom one shall be a director; or
- ii. any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.
15. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in this Notice will be put to vote by poll.

Notice of the Eighteenth Annual General Meeting

EXPLANATORY NOTES:

1. Audited Financial Statements for the financial year ended 31 December 2023

The Audited Financial Statements are meant for discussion only as the approval from shareholders is not required pursuant to Section 340(1)(a) of the Companies Act 2016. Hence, this Agenda item will not put forward for voting by shareholders of the Company.

2. Ordinary Resolution 1
Directors' fees for the year ended 31 December 2023

The Directors' fees proposed for the financial year ended 31 December 2023 are calculated based on the current board size and the assessment on the performance of the Board by the Nomination Committee and assuming that all Non-Executive Directors will hold office until the next AGM. This resolution is to facilitate payment of Directors' fees on current financial year basis.

In the event the Directors' fees proposed are insufficient (e.g. due to more meetings or enlarged board size), approval will be sought at the next AGM for additional fees to meet the shortfall.

3. Ordinary Resolution 2
Directors' benefits for the period from 31 May 2024 until Nineteenth Annual General Meeting

Pursuant to Section 230(1) of the Companies Act 2016, the fees of the Directors and any benefits payable to the Directors of a listed company and its subsidiaries shall be approved at a general meeting.

Directors' benefits include allowances payables to Directors and in determining the estimated amount, the Board has considered various factors including the current board size, number of scheduled meetings for the Board and Board Committee for the period from 31 May 2024 until Nineteenth Annual General Meeting.

The proposed structure of the Directors' benefits for the financial year ending 31 December 2024 is as follows:

Description	Chairman (per meeting)	Members (per meeting)
Meeting Allowances	RM1,000	RM500
Other Benefits	<ul style="list-style-type: none">• Medical and insurance coverage• Other claimable benefits	

In the event the proposed amount is insufficient, approval will be sought at the next Annual General Meeting for the shortfall.

4. Ordinary Resolution 3
Re-election of Director

Encik Fazrin Azwar bin Md. Nor ("Encik Fazrin") is standing for re-election as Director of the Company and being eligible, has offered himself for re-election at the 18TH AGM of the Company.

Pursuant to Practice 5.7 of the Malaysian Code on Corporate Governance, Encik Fazrin's profile is set out on page 12 of the Annual Report 2023. In determining the eligibility of the Director to stand for re-election at the 18TH AGM of the Company, the Board had through its Nomination Committee ("NC") considered, assessed and deliberated on the suitability, fit and properness of the retiring Director.

Based on the recommendation of the NC, the Board is satisfied with the performance and contribution by Encik Fazrin and is supportive of his re-election.

Encik Fazrin will continue to carry out his duty diligently, effectively and demonstrate his commitment to the roles.

Notice of the Eighteenth Annual General Meeting

5. Ordinary Resolutions 4
Re-appointment of Auditors

The Board has through the Audit Committee, considered the re-appointment of BDO PLT as the Auditors of the Company. The factors considered by the Audit Committee in making the recommendation to the Board to table their re-appointment at the 18th AGM are disclosed in the Audit Committee Report of the 2023 Annual Report.

6. Ordinary Resolution 5
Authority to issue shares pursuant to Sections 75 and 76 of the Act

The proposed Ordinary Resolution 5, if passed, will renew the mandate granted to the Directors at the Seventeenth Annual General Meeting held on 26 May 2023 (“17th AGM”) and provide flexibility to the Directors to undertake fund raising activities, including but not limited to placement of shares for the purpose of funding the Company’s future investment project(s), working capital and/or acquisition(s), by the issuance of shares in the Company to such persons at any time as the Directors may deem fit provided that the aggregate number of shares issued pursuant to the mandate does not exceed ten per centum (10%) of the total number of the issued shares (excluding treasury shares) of the Company for the time being, without having to convene a general meeting. This authority, unless revoked or varied by the Company in a general meeting, will expire at the conclusion of the next AGM of the Company or at the expiry of the period within which the next AGM is required to be held after the approval was given, whichever is earlier.

As at the date of this Notice, the Company did not issue and allot any shares pursuant to the mandate granted to the Directors at the 17th AGM as there was no requirement for such fundraising activities.

7. Ordinary Resolution 6
Proposed Renewal of Share Buy-Back Mandate

The proposed Ordinary Resolution 6, if passed, will empower the Company to renew its existing authorisation to purchase its own ordinary shares through Bursa Securities of up to ten per centum (10%) of the total number of issued shares of the Company (excluding treasury shares). Please refer to the Statement to Shareholders in relation to the Proposed Renewal of Share Buy-Back Mandate dated 30 April 2024 for further details.

ADMINISTRATIVE GUIDE

FOR THE 18TH ANNUAL GENERAL MEETING (“18TH AGM”) OF BENALEC HOLDINGS BERHAD (“BENALEC” OR “THE COMPANY”)

1. MODE OF MEETING

The 18th AGM of the Company will be conducted virtually in accordance with the revised ‘Guidance Note and FAQs on the Conduct of General Meetings for Listed Issuers’ issued by the Securities Commission (“SC Guidance”) on 7 April 2022, including any amendment that may be made from time to time. In line with this, the Company is leveraging on technology to ensure that the 18th AGM provides a valuable opportunity for a meaningful engagement between Board/ Management and shareholders of the Company.

The date, time and venue for the 18th AGM of the Company are as below:

Date	Time	Venue
Thursday, 30 May 2024	10.00 a.m.	<p>(a) Broadcast Venue Benalec Holdings Berhad Headquarters (Pacific Board Room) No. 23, Jalan Perintis U1/52 Glenmarie Temasya, Seksyen U1 40150 Shah Alam Selangor Darul Ehsan</p> <p>(b) Online Platform TIIH Online website at https://tiih.online with RPV facilities</p>

The virtual 18th AGM will be conducted online from the Broadcast Venue and shareholders will participate via the Remote Participate and Voting (“RPV”) facilities with audio and/or video capabilities. The Broadcast Venue is the main venue in Malaysia where the Chairman of the meeting will be physically present in accordance with Note 1.2 and 1.3 of the SC’s Guidance. As such, no shareholder(s), proxy(ies), authorised representative(s) of attorney(s) will be physically present at the Broadcast Venue.

2. GENERAL MEETING RECORD OF DEPOSITORS

For the purpose of determining who shall be entitled to participate in the 18th AGM via RPV, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to issue a General Meeting Record of Depositors (“General Meeting ROD”) as at 23 May 2024. Only a depositor whose name appears on this Record of Depositors as at 23 May 2024 shall be entitled to attend the said meeting or appoint proxies to attend and/or vote on his/her behalf.

3. REGISTRATION FOR RPV AT THE 18TH AGM

You are invited to attend the 18th AGM to exercise your right to attend, participate and vote at the meeting remotely by using the RPV facilities at <https://tiih.online> from the comfort of your home. To do so, you must take the steps as summarised below:

Procedures for RPV

Please read and follow the procedures below to engage in remote participation through live streaming and online remote voting at the 18th AGM using the RPV facilities:

Before the 18 th AGM Day	
Procedure	Action
<p>i. Register as a user with TIIH Online (applicable for Individual Shareholders only)</p>	<ul style="list-style-type: none"> Access the website at https://tiih.online. Register as a user under the “e-Services”, select the “Sign Up” button and followed by “Create Account by Individual Holder”. Refer to the tutorial guide posted on the homepage for assistance. Registration as a user will be approved within one (1) working day and you will be notified via email. If you are already a user with TIIH Online, you are not required to register again. You will receive an e-mail to notify you that the remote participation is available for registration at TIIH Online.

Administrative Guide

For the 18th Annual General Meeting (“18th AGM”) of Benalec Holdings Berhad (“Benalec” or “the Company”)

3. REGISTRATION FOR RPV AT THE 18th AGM (CONT'D)

Before the 18 th AGM Day	
Procedure	Action
ii. Submit your request to attend 18th AGM remotely	<ul style="list-style-type: none"> Registration is open from the Notice of the 18th AGM on Tuesday, 30 April 2024 until the day of 18th AGM on Thursday, 30 May 2024. Shareholder(s) or proxy(ies) or corporate representative(s) or attorney(s) are required to pre-register their attendance for the 18th AGM to ascertain their eligibility to participate the 18th AGM using the RPV. Login with your user ID (email address) and password and select the corporate event: “(REGISTRATION) BENALEC HOLDINGS BERHAD 18th AGM” Read and agree to the Terms & Conditions and confirm the Declaration. Review your registration and proceed to register. System will send an e-mail to notify that your registration for remote participation is received and will be verified. After verification of your registration against the Record of Depositors as at 20 May 2024, the system will send you an e-mail to approve your registration for remote participation and the procedures for RPV are detailed therein. In the event your registration is not approved, you will also be notified via email. <p><i>(Note: Please allow sufficient time for approval of new user of TIIH Online and registration for the RPV.)</i></p>
On the 18 th AGM Day	
i. Login to TIIH Online	<ul style="list-style-type: none"> Login with your user ID (email address) and password for remote participation at the 18th AGM at any time from 9.00 a.m. i.e. 1 hour before the commencement of meeting at 10.00 a.m. on Thursday, 30 May 2024.
ii. Participate through Live Streaming	<ul style="list-style-type: none"> Select the corporate event: “(Live Streaming Meeting) BENALEC HOLDINGS BERHAD 18th AGM” to engage in the proceedings of the 18th AGM remotely. If you have any question for the Chairman/Board, you may use the query box to transmit your question. The Chairman/Board will endeavor to respond to questions submitted by remote participants during the 18th AGM. If there is time constraint, the responses will be e-mailed to you at the earliest possible, after the meeting.
iii. Online remote voting	<ul style="list-style-type: none"> Select the corporate event: “(Remote Voting) BENALEC HOLDINGS BERHAD 18th AGM” Read and agree to the Terms & Conditions and confirm the Declaration. Voting session commences from 10.00 a.m., on Thursday, 30 May 2024 until a time when the Chairman announces the completion of the voting session at the 18th AGM. Select the CDS account that represents your shareholdings. Indicate your votes for the resolutions that are tabled for voting. Confirm and submit your votes.
iv. End of remote participation	<ul style="list-style-type: none"> Upon the announcement by the Chairman on the conclusion of the 18th AGM, the live streaming will end.

Note to users of the RPV facilities:

- Should your application to join the meeting be approved, we will make available to you the rights to join the live streamed meeting and to vote remotely. Your login to TIIH Online on the day of meeting will indicate your presence at the virtual meeting.
- The quality of your connection to the live broadcast is dependent on the bandwidth and stability of the internet at your location and the device you use.
- In the event you encounter any issues with logging-in, connection to the live streamed meeting or online voting, kindly call Tricor Help Line at 011-40805616 / 011-40803168 / 011-40803169 / 011-4080 3170 for assistance or e-mail to tiih.online@my.tricorglobal.com for assistance.

Administrative Guide

For the 18th Annual General Meeting (“18th AGM”) of Benalec Holdings Berhad (“Benalec” or “the Company”)

4. APPOINTMENT OF PROXY OR ATTORNEY OR CORPORATE REPRESENTATIVE

(a) Appointment of Chairman of the meeting as proxy

If a shareholder is unable to attend the 18th AGM, he/she can appoint the Chairman of the meeting as his/her proxy and indicate the voting instructions in the Proxy Form. The same must be deposited or submitted in accordance with Note 5 below.

(b) Appointment of proxy, corporate representative or attorney

- (i) A shareholder who has appointed a proxy(ies), corporate representative(s) or attorney(s) to participate in the 18th AGM via RPV must ensure that the proxy form is completed with required information, signed and dated accordingly. The same must be deposited in accordance with Note 5 below.
- (ii) The shareholder must also request his/her proxy(ies), corporate representative or attorney to register himself/herself as a user with TIIH Online website at <https://tiih.online>.
- (iii) The representative of a corporation or institutional shareholder must register as a user first in accordance with **Note 5(ii) - Steps for corporation or institutional shareholders** below, before he/she can subscribe to this corporate holder electronic submission.

(c) Documents relating to appointment as corporate representative

For a corporate member who has appointed a representative to participate via RPV at the 18th AGM, please deposit the **ORIGINAL** certificate of appointment with Share Registrar of the Company, Tricor Investor & Issuing House Services Sdn. Bhd. (“Tricor”) at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia not later than **10.00 a.m. on Tuesday, 28 May 2024**. The certificate of appointment should be executed in the following manner:

- (i) If the corporate member has a common seal, the certificate of appointment should be executed under seal in accordance with the constitution of the corporate member.
- (ii) If the corporate member does not have a common seal, the certificate of appointment should be affixed with the rubber stamp of the corporate member (if any) and executed by at least two (2) authorised officers, of whom one shall be a director, or any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.

(d) Documents relating to appointment of proxy by power of attorney

- (i) Any authority pursuant to which such an appointment is made by a power of attorney must be deposited with Tricor at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia not later than **10.00 a.m. on Tuesday, 28 May 2024**.
- (ii) A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.

Administrative Guide

For the 18th Annual General Meeting (“18th AGM”) of Benalec Holdings Berhad (“Benalec” or “the Company”)

5. TIME FOR LODGEMENT OF PROXY FORM

Accordingly, proxy forms and/or documents relating to the appointment of proxy(ies), corporate representative(s) or attorney(s) for the 18th AGM whether in hard copy or by electronic means shall be deposited or submitted in the following manner not later than **10.00 a.m.** on **Tuesday, 28 May 2024**.

- (i) In hard copy:
- (a) By hand or post to the office of Tricor at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur;
- (b) By fax at 03-2783 9222 or email to is.enquiry@my.tricorglobal.com
- (ii) In electronic form via TIIH Online:

All shareholders can have the option to submit proxy forms electronically via TIIH Online and the steps to submit are summarised below:

Steps for Individual Shareholders	
Procedure	Action
i. Register as a User with TIIH Online	<ul style="list-style-type: none"> Access the website at https://tiih.online. Register as a user under the “e-Services”. Please refer to the tutorial guide posted on the homepage for assistance. If you are already a user with TIIH Online, you are not required to register again.
ii. Proceed with submission of form of proxy	<ul style="list-style-type: none"> After the release of the Notice of Meeting by the Company, login with your user name (i.e. email address) and password. Select the corporate event: “BENALEC HOLDINGS BERHAD 18th AGM - Submission of Proxy Form”. Read and agree to the Terms and Conditions and confirm the Declaration. Insert your CDS account number and indicate the number of shares for your proxy(s) to vote on your behalf. Appoint your proxy(s) and insert the required details of your proxy(s) or appoint the Chairman as your proxy. Indicate your voting instructions - FOR or AGAINST, otherwise your proxy will decide on your votes. Review and confirm your proxy(s) appointment. Print the form of proxy for your record.
Steps for corporation or institutional shareholders	
i. Register as a User with TIIH Online	<ul style="list-style-type: none"> Access TIIH Online at https://tiih.online. Under e-Services, the authorised or nominated representative of the corporation or institutional shareholder selects the “Sign Up” button and followed by “Create Account by Representative of Corporate Holder”. Complete the registration form and upload the required documents. Registration will be verified, and you will be notified by email within one (1) to two (2) working days. Proceed to activate your account with the temporary password given in the email and re-set your own password. <p><i>(Note: The representative of a corporation or institutional shareholder must register as a user in accordance with the above steps before he/she can subscribe to this corporate holder electronic proxy submission. Please contact Tricor if you need clarifications on the user registration.)</i></p>

Administrative Guide

For the 18th Annual General Meeting (“18th AGM”) of Benalec Holdings Berhad (“Benalec” or “the Company”)

5. TIME FOR LODGEMENT OF PROXY FORM (CONT'D)

(ii) In electronic form via TIIH Online: (Cont'd)

Steps for corporation or institutional shareholders	
ii. Proceed with submission of form of proxy	<ul style="list-style-type: none">• Login to TIIH Online at https://tiih.online.• Select the corporate exercise name: “BENALEC HOLDINGS BERHAD 18th AGM – Submission of Proxy Form”.• Agree to the Terms & Conditions and Declaration.• Proceed to download the file format for “Submission of Proxy Form” in accordance with the Guidance Note set therein.• Prepare the file for the appointment of proxies by inserting the required data.• Login to TIIH Online, select corporate exercise name: “BENALEC HOLDINGS BERHAD 18th AGM – Submission of Proxy Form”.• Proceed to upload the duly completed proxy appointment file.• Select “Submit” to complete your submission.• Print the confirmation report of your submission for your record.

6. SUBMISSION OF QUESTIONS FOR THE 18th AGM

In order to enhance the efficiency of the proceedings of the 18th AGM, shareholder may in advance, before the 18th AGM, submit questions to the Board of Directors via Tricor’s TIIH Online website at <https://tiih.online>, by selecting “e-Services” to login, post your questions and submit it electronically no later than **10.00 a.m. on Tuesday, 28 May 2024**. The Board of Directors will endeavor to address the questions received at the 18th AGM.

7. POLL VOTING

The voting at the 18th AGM will be conducted by poll in accordance with Paragraph 8.29A of Bursa Malaysia Securities Berhad Main Market Listing Requirements:

- (a) The Company has appointed Tricor as Poll Administrator to conduct the poll by way of online voting. During the meeting, the Chairman will invite the Poll Administrator to brief you on the online voting process using RPV facilities. The online voting session will commence from the start of the meeting at **10.00 a.m. on Thursday, 30 May 2024** until such time when the Chairman announces the end of the voting session. This is in line with the SC’s Guidance which provides that shareholders shall be allowed to cast their votes remotely and contemporaneously (live) during the proceeding of the general meeting.
- (b) The Company has appointed Scrutineer Solutions Sdn Bhd as scrutineers to verify the poll results. Upon completion of the “in time” voting session of the 18th AGM, the scrutineers will verify and announce the poll results followed by the Chairman’s declaration whether the resolutions are duly passed.

Administrative Guide

For the 18th Annual General Meeting ("18th AGM")
of Benalec Holdings Berhad ("Benalec" or "the Company")

8. DOOR GIFT OR FOOD VOUCHER

There will be no door gift or food voucher for participating in the 18th AGM.

9. ENQUIRY

If you have any enquiries prior to the 18th AGM, please contact Tricor during office hours on Mondays to Fridays from 9.00 a.m. to 5.30 p.m. (except on public holidays):

Tricor Investor & Issuing House Services Sdn. Bhd.

General Line : +603-2783 9299

Fax Number : +603-2783 9222

Email : is.enquiry@my.tricorglobal.com

FINANCIAL PERFORMANCE

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DIRECTORS' REPORT

The Directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2023.

PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding activities. The subsidiaries are mainly principally engaged in marine construction. The principal activities and the details of the subsidiaries are disclosed in Note 7 to the financial statements.

There have been no significant changes in the nature of these activities of the Group and of the Company during the financial year.

RESULTS

	Group RM	Company RM
Loss for the financial year	(62,784,090)	(6,921,995)
Attributable to:		
Owners of the parent	(61,213,627)	(6,921,995)
Non-controlling interests	(1,570,463)	-
	<u>(62,784,090)</u>	<u>(6,921,995)</u>

DIVIDEND

No dividend has been proposed, 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 or provisions during the financial year other than those presented in the statements of changes in equity.

ISSUE OF SHARES AND DEBENTURES

The Company did not issue any new shares or debentures during the financial year ended 31 December 2023.

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued ordinary shares of the Company during the financial year ended 31 December 2023.

REPURCHASE OF OWN SHARES

At the Annual General Meeting held on 26 May 2023, the shareholders of the Company by an ordinary resolution renewed the mandate given to the Company to repurchase its own shares based, amongst others, on the following terms:

- (a) the aggregate number of shares purchased does not exceed ten percent (10%) of the total number of issued shares of the Company as quoted on Bursa Securities as at the point of purchase;

Directors' Report

REPURCHASE OF OWN SHARES (continued)

- (b) the maximum funds to be allocated by the Company for the purpose of purchasing its shares shall not exceed the total retained earnings of the Company at the time of the purchase(s); and
- (c) the Directors of the Company may decide to:
 - (i) retain the shares purchased as treasury shares for distribution as dividend to the shareholders and/or resale on the market of Bursa Securities and/or for cancellation subsequently; and/or
 - (ii) cancel the shares so purchased; and/or
 - (iii) retain part of the shares so purchased as treasury shares and cancel the remainder in the manner as allowed by the Act.

The Company has the rights to retain, cancel, resell and/or distribute these shares as dividends. As treasury shares, the rights attached to them as to voting, dividends and participation in any other distributions or otherwise are suspended. Of the total 1,031,602,500 (2022: 1,031,602,500) issued and fully paid ordinary shares as at 31 December 2023 amounting to 12,715,400 (2022: 12,715,400) ordinary shares purchased for RM12,703,204 (2022: RM12,703,204) are held as treasury shares by the Company. The number of outstanding ordinary shares in issue after deducting the treasury shares is 1,018,887,100 (2022: 1,018,887,100) as disclosed in Note 17(a) to the financial statements.

DIRECTORS

The Directors who have held office during the financial year and up to the date of this report are as follows:

Benalec Holdings Berhad

Dato' Leaw Seng Hai

Leaw Ai Lin

Fazrin Azwar bin Md. Nor

Kenneth Chin Kah Kiong

Koo Hoong Kwan (resigned on 7 March 2024)

Dato' Leaw Seng Hai and Leaw Ai Lin are also the Directors of certain subsidiaries of the Company.

Subsidiaries of Benalec Holdings Berhad

The list of Directors of the subsidiaries during the financial year and up to the date of this report, not including those Directors listed above are as follows:

Dato' Daing A Malek Bin Daing Rahaman

Hariharan A/L N R Govindapillai

Ragunatha Naicker A/L Elumalai

(Alternate Director of Tiji Pieter De Zwart)

Rosly Bin Ahmad

Salehudin Bin Omar

Tiji Pieter De Zwart

Tunku Ismail Idris Ibni Tunku Ibrahim

Yvonne Tan (Chen Xianglian)

Tan Guan Chong

Directors' Report

DIRECTORS' INTERESTS

The Directors holding office at the end of the financial year and their beneficial interests in the ordinary shares of the Company and of its related corporations during the financial year ended 31 December 2023 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 59 of the Companies Act 2016 in Malaysia were as follows:

	← Number of ordinary shares →			Balance as at 31.12.2023
	Balance as at 1.1.2023	Bought	Sold	
Shares in the Company				
<u>Direct interests</u>				
Dato' Leaw Seng Hai	444,100	-	-	444,100
Kenneth Chin Kah Kiong	10,000	-	-	10,000
<u>Indirect interest</u>				
Dato' Leaw Seng Hai	86,858,300	-	-	86,858,300 ⁽¹⁾

⁽¹⁾ Deemed interest by virtue of his direct interests in Ocean Cove Sdn. Bhd. ("Ocean Cove") and indirect interests in Ocean Cove via Oceanview Cove Sdn. Bhd. ("Oceanview") pursuant to Section 8(4) of the Companies Act 2016 in Malaysia ("the Act").

	← Number of ordinary shares →			Balance as at 31.12.2023
	Balance as at 1.1.2023	Bought	Sold	
Shares in the immediate holding company, Ocean Cove				
<u>Direct interest</u>				
Dato' Leaw Seng Hai	4,900	-	-	4,900
<u>Indirect interest</u>				
Dato' Leaw Seng Hai	5,100	-	-	5,100 ⁽²⁾

⁽²⁾ Deemed interest by virtue of his interest in Oceanview.

	← Number of ordinary shares →			Balance as at 31.12.2023
	Balance as at 1.1.2023	Bought	Sold	
Shares in the ultimate holding company, Oceanview				
<u>Direct interest</u>				
Dato' Leaw Seng Hai	10,000	-	-	10,000

By virtue of Section 8(4) of the Companies Act 2016 in Malaysia, Dato' Leaw Seng Hai is also deemed to be interested in the ordinary shares of all the subsidiaries to the extent that the Company has an interest.

None of the other Directors holding office at the end of the financial year held any interest in the ordinary shares of the Company and of its related corporations during the financial year.

Directors' Report

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the Directors have received or become entitled to receive any benefit (other than those benefits included in the aggregate amount of remuneration received or due and receivable by the Directors as shown in the financial statements) 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 other than the following:

- (a) certain Directors who may be deemed to derive benefits by virtue of trade transactions entered into with companies in which certain Directors have substantial financial interests; and
- (b) certain Directors who received remuneration from subsidiaries as Directors of the subsidiaries.

The details of the above transactions are disclosed in Note 30 to the financial statements.

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

DIRECTORS' REMUNERATION

Directors' remuneration of the Group and of the Company for the financial year ended 31 December 2023 were as follows:

	Group RM	Company RM
Directors of the Company:		
Executive:		
Salaries	4,200,000	-
Other emoluments	2,067,996	147,902
	6,267,996	147,902
Non-Executive:		
Fees	576,000	576,000
Other emoluments	31,868	30,500
	607,868	606,500
Total Directors' remuneration	6,875,864	754,402

INDEMNITY AND INSURANCE FOR DIRECTORS, OFFICERS AND AUDITORS

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

Directors' Report

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY

(I) AS AT THE END OF THE FINANCIAL YEAR

- (a) Before the financial statements of the Group and of the Company were prepared, 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 provision for doubtful debts and had satisfied themselves that no known bad debts to be written off and that adequate provision had been made for doubtful debts; and
 - (ii) to ensure that any current assets other than debts, which were unlikely to realise their book values in the ordinary course of business have been written down to their estimated realisable values.
- (b) In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

(II) FROM THE END OF THE FINANCIAL YEAR TO THE DATE OF THIS REPORT

- (c) The Directors are not aware of any circumstances:
 - (i) which would necessitate the writing off of bad debts or render the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any material extent;
 - (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; and
 - (iii) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) In the opinion of the Directors:
 - (i) there has not arisen any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made; and
 - (ii) no contingent or other liability has become enforceable, or is likely to become enforceable, within the period of twelve (12) months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

(III) AS AT THE DATE OF THIS REPORT

- (e) There are no charges on the assets of the Group and of the Company which have arisen since the end of the financial year to secure the liabilities of any other person.
- (f) There are no contingent liabilities of the Group and of the Company which have arisen since the end of the financial year.
- (g) The Directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

IMMEDIATE AND ULTIMATE HOLDING COMPANIES

The Directors regard Oceancove Sdn. Bhd. as the immediate holding company and Oceanview Cove Sdn. Bhd. as the ultimate holding company, both of which are companies incorporated in Malaysia.

Directors' Report

SIGNIFICANT EVENT DURING AND SUBSEQUENT TO THE END OF THE REPORTING PERIOD

Pursuant to the Settlement Agreement as disclosed in Note 33(b) to the financial statements, the Group is currently executing the legal process of transferring the Pulau Indah Land under the respective parties' entitlement. Upon obtaining Benalec's entitlement to the five (5) identified plots, the cost of the Pulau Indah Land which are currently classified as Contract Assets amounted to RM58.1 million will be reclassified as Inventories – Land held for sale (Note 10).

Upon successful of transfer of land title, Benalec will proceed to fulfil the remaining obligations in the Settlement Agreement, including:

- (a) To utilise the Sales Proceeds (if any) arising from the sales of Benalec's entitlement in the Pulau Indah Land and its internally generated funds to fully settle all existing debts due and owing by the Group to the parties, amounting to a total of RM68,975,244 as final settlement sum. The amount owing to the related parties are unsecured, interest free and repayable on demand as disclosed in Note 19 to the financial statements;
- (b) To provide access roads for plot 5 and 6 of the Pulau Indah Land within eighteen (18) months from the date of the global settlement or such extension of time the parties may agree. The potential financial impact is disclosed in Note 33(b) to the financial statements;
- (c) To execute the legal process of transferring Sentosacove Sdn. Bhd.'s land entitlement in the Sentosacove Project Reclamation Agreement within the usual conveyancing timeline subject to fulfilment and/or waiver of condition(s) precedent, if any, and/or such extension of time the parties may agree. Potential financial impact including any stamp duty and/or tax and/or expenses as may be imposed or chargeable by the relevant authorities in relation to the transfer and cannot be reasonable predicted as at the date of authorisation of the financial statements; and
- (d) Benalec to withdraw or discontinue the Damages Assessment in High Court as disclosed in Note 33(a) to the financial statements. Other than the professional fees payable to the solicitors and/or any expenses as may be imposed by High Court in relation to the withdrawal which cannot be reasonable predicted as at the date of authorisation of the financial statement, there is no other contingent liabilities or assets to be recognised in the financial statements.

AUDITORS

The auditors, BDO PLT (201906000013 (LLP0018825-LCA) & AF 0206), have expressed their willingness to continue in office.

AUDITORS' REMUNERATION

Auditors' remuneration of the Group and of the Company for the financial year ended 31 December 2023 were as follows:

	Group RM	Company RM
Statutory audit	565,677	138,000
Other services	15,000	15,000
	580,677	153,000

Signed on behalf of the Board in accordance with a resolution of the Directors.

Dato' Leaw Seng Hai
Director

Leaw Ai Lin
Director

Selangor
26 April 2024

STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 90 to 146 have been drawn up in accordance with Malaysian Financial Reporting Standards, IFRS Accounting Standards and the provisions of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2023 and of the financial performance and cash flows of the Group and of the Company for the financial year then ended.

On behalf of the Board,

Dato' Leaw Seng Hai
Director

Leaw Ai Lin
Director

Selangor
26 April 2024

STATUTORY DECLARATION

I, Chin Wei Ee (CA 34935), being the officer primarily responsible for the financial management of Benalec Holdings Berhad, do solemnly and sincerely declare that the financial statements set out on pages 90 to 146 are, to the best of my knowledge and belief, 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 this)
26 April 2024)

Chin Wei Ee

Before me:

NG KUI MIN (W 978)

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF BENALEC HOLDINGS BERHAD
(INCORPORATED IN MALAYSIA)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Benalec Holdings Berhad, which comprise the statements of financial position as at 31 December 2023 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended and notes to the financial statements, including material accounting policy information, as set out on pages 90 to 146.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2023, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards ("MFRSs"), IFRS Accounting 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 ("ISAs"). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

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

Key audit matters

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

1. Impairment assessment of property, plant and equipment

As disclosed in Note 5 Property, plant and equipment to the financial statements, the carrying amount of property, plant and equipment of the Group was RM28,602,665 net of cumulative impairment losses and cumulative depreciation as at 31 December 2023. The Group had recognised impairment losses on property, plant and equipment of RM6,410,548 during the financial year ended 31 December 2023. Management assessed and estimated the recoverable amounts of the property, plant and equipment by referring to the market values provided by an independent external valuer.

The impairment review was significant to our audit as the assessment process and the determination of their recoverable amounts involved significant management judgement.

Audit response

Our audit procedures included the following:

- (i) Assessed the competence, capabilities and objectivity of independent external valuer vis-à-vis the expert's qualifications, membership of a professional body or industry association, and license to practice;
- (ii) Enquired with management to obtain an understanding of the conditions of the property, plant and equipment and performed physical sighting of property, plant and equipment; and
- (iii) Interviewed the independent external valuer and evaluated the appropriateness of valuation method used to estimate the market values of the property, plant and equipment.

Independent Auditors' Report

To the Members of Benalec Holdings Berhad
(Incorporated in Malaysia)

Key audit matters (continued)

2. Recognition of revenue on contract works from marine construction and disposal of land held for sale on reclaimed land and infrastructure works

We refer to Note 21 to the financial statements on the recognition of revenue in accordance with MFRS 15 *Revenue from Contract with Customers*.

We determined this to be a key audit matter because it requires management to exercise significant judgement in determining the satisfaction of performance obligations as stated in the contracts with customers, transaction price allocations and extent of the contract costs incurred, the estimated total contract revenue and costs, as well as the recoverability of the contract costs.

Revenue on contract works from marine construction

For contract works from marine construction, the amount of revenue and corresponding costs of the Group's marine construction activities is recognised over the period of the contract using output method by reference to the progress towards complete satisfaction of that performance obligation. The output method recognises revenue on the basis of direct measurements of value to the customer of the construction work performed to date relative to the remaining construction work promised under the contract.

Revenue on disposal of land held for sale

For disposal of reclaimed land component under land held for sale, the Group recognises revenue at a point in time when the control of the reclaimed land has been transferred to the purchasers, being when vacant possession of reclaimed land delivered to the customers and the Group retains neither continuing managerial involvement over the land, which coincides with the delivery of land and acceptance by customers.

For disposal of infrastructure works component under land held for sale, the Group recognises revenue at a point over time using the input method by reference to the expected cost plus a margin approach.

Audit response

Our audit procedures included the following:

- (i) Reviewed contracts with customers to identify distinct and material performance obligations, and compared our findings to the findings of the Group;
- (ii) Assessed estimated total costs to complete through inquiries with operational and financial personnel of the Group;
- (iii) Inspected documentation to support cost estimates made including contract variations and cost contingencies;
- (iv) Compared contract budgets to actual outcomes to assess reliability of management budgeting process and controls; and
- (v) Recomputed the results of the input/output method determined by management for revenue recognition based on verified actual costs incurred to-date and budgeted costs.

3. Recoverability of trade receivables

As at 31 December 2023, the net carrying amount of trade receivables of the Group was RM5,960,635 as disclosed in Note 12 to the financial statements.

We determined this to be a key audit matter because it requires management to exercise significant judgement in determining the probability of default by trade receivables as well as the use of appropriate forward-looking information.

Our audit procedures included the following:

- (i) Assessed the adequacy of credit impaired assessment performed by management on trade receivables exceeding their credit terms and long overdue and old balances;
- (ii) Tested the accuracy of trade receivables' ageing;
- (iii) Recomputed the probability of default using historical data and forward-looking information adjustment applied by the Group;
- (iv) Recomputed the correlation coefficient between the macroeconomic indicators used by the Group and historical credit losses to determine the appropriateness of the forward-looking information used by the Group;
- (v) Inquiries of management to assess the rationale underlying the relationship between the forward-looking information and expected credit losses; and
- (vi) Assessed cash receipts subsequent to the end of the reporting period for its effect in reducing amounts outstanding as at the end of the reporting period.

Independent Auditors' Report

To the Members of Benalec Holdings Berhad
(Incorporated in Malaysia)

Key audit matters (continued)

3. Recoverability of trade receivables (continued)

We have determined that there are no other key audit matters to be communicated in our auditors' report of the audit of the separate financial statements of the Company.

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

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

Responsibilities of the Directors for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and ISAs 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 ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- a) Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- b) 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 internal control of the Group and of the Company.

Independent Auditors' Report

To the Members of Benalec Holdings Berhad
(Incorporated in Malaysia)

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

As part of an audit in accordance with approved standards on auditing in Malaysia and ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also (continued):

- c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- d) Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group or of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- e) Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- f) 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.

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

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

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 7 to the financial statements.

Other Matters

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

BDO PLT
201906000013 (LLP0018825-LCA) & AF 0206
Chartered Accountants

Koh Yang Wei
03423/03/2025 J
Chartered Accountant

Kuala Lumpur
26 April 2024

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2023

	Note	Group		Company	
		2023 RM	2022 RM	2023 RM	2022 RM
ASSETS					
Non-current assets					
Property, plant and equipment	5	28,602,665	46,786,843	-	-
Right-of-use assets	6	9,924,555	9,598,180	-	-
Investments in subsidiaries	7	-	-	344,056,905	348,369,559
Other investments	8	35,653	42,482	-	-
Deferred tax assets	9	24,205,903	24,379,501	-	-
		62,768,776	80,807,006	344,056,905	348,369,559
Current assets					
Inventories	10	500,897,916	508,563,224	-	-
Trade and other receivables	12	13,749,632	23,262,706	59,399,779	61,649,807
Contract assets	13	64,580,665	51,032,347	-	-
Current tax assets		899,410	390,122	-	70,832
Short term funds	14	163,422	158,255	-	-
Cash and bank balances	15	26,309,622	25,700,492	13,317	60,563
		606,600,667	609,107,146	59,413,096	61,781,202
TOTAL ASSETS		669,369,443	689,914,152	403,470,001	410,150,761
EQUITY AND LIABILITIES					
Equity attributable to owners of the parent					
Share capital	16	391,935,927	391,935,927	391,935,927	391,935,927
Reserves	17	(32,475,512)	30,967,706	(5,320,314)	1,601,681
		359,460,415	422,903,633	386,615,613	393,537,608
Non-controlling interests	7(d)	(3,189,382)	(1,618,919)	-	-
TOTAL EQUITY		356,271,033	421,284,714	386,615,613	393,537,608
LIABILITIES					
Non-current liabilities					
Borrowings	18	20,146,553	21,247,480	15,000,000	15,000,000
Lease liabilities	6	8,880,369	8,218,450	-	-
Contract liabilities	13	71,595,364	70,405,226	-	-
Other payables	19	72,724,448	76,522,377	-	-
		173,346,734	176,393,533	15,000,000	15,000,000
Current liabilities					
Trade and other payables	19	102,181,963	55,193,328	1,854,388	1,613,153
Borrowings	18	33,070,166	34,777,972	-	-
Lease liabilities	6	4,457,139	2,219,084	-	-
Contract liabilities	13	42,408	42,408	-	-
Current tax liabilities		-	3,113	-	-
		139,751,676	92,235,905	1,854,388	1,613,153
TOTAL LIABILITIES		313,098,410	268,629,438	16,854,388	16,613,153
TOTAL EQUITY AND LIABILITIES		669,369,443	689,914,152	403,470,001	410,150,761

The accompanying notes form an integral part of the 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	21	37,434,832	76,661,011	-	-
Cost of sales	22	(69,906,832)	(74,454,904)	-	-
Gross (loss)/profit		(32,472,000)	2,206,107	-	-
Other income	23	6,466,102	4,929,641	284,985	1,427,567
Administrative and other expenses		(23,991,604)	(22,455,104)	(1,407,130)	(1,473,064)
Finance costs	24	(6,098,114)	(7,650,624)	(1,487,196)	(4,187,006)
Written down:					
- land held for sale	10	(140,291)	(6,460,526)	-	-
- property held for sale	10	(1,983,857)	(197,027)	-	-
- land reclamation work in progress	11	(179,269)	-	-	-
Impairment losses on:					
- property, plant and equipment	5	(6,410,548)	(10,202,142)	-	-
- right-of-use assets	6	(2,547,534)	-	-	-
- investment in a subsidiary	7	-	-	(4,312,654)	-
Net gain/(loss) on impairment of financial assets and contract assets	25	4,749,376	(961,491)	-	(124,769)
Loss before tax	26	(62,607,739)	(40,791,166)	(6,921,995)	(4,357,272)
Tax expense	27	(176,351)	(6,922,057)	-	-
Loss for the financial year		(62,784,090)	(47,713,223)	(6,921,995)	(4,357,272)
Other comprehensive income, net of tax					
Items that may be reclassified subsequently to profit or loss					
Foreign currency translations		(2,229,591)	(1,905,739)	-	-
Total comprehensive loss		(65,013,681)	(49,618,962)	(6,921,995)	(4,357,272)
Loss attributable to:					
Owners of the parent		(61,213,627)	(46,153,198)	(6,921,995)	(4,357,272)
Non-controlling interests	7(d)	(1,570,463)	(1,560,025)	-	-
		(62,784,090)	(47,713,223)	(6,921,995)	(4,357,272)
Total comprehensive loss attributable to:					
Owners of the parent		(63,443,218)	(48,058,937)	(6,921,995)	(4,357,272)
Non-controlling interests	7(d)	(1,570,463)	(1,560,025)	-	-
		(65,013,681)	(49,618,962)	(6,921,995)	(4,357,272)

Loss per ordinary share attributable to owners of the parent:

	Note	Group	
		2023 sen	2022 sen (Restated)
Basic	28(a)	(6.01)	(4.53)
Diluted	28(b)	(6.01)	(4.53)

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

Group	Share capital RM	Non-distributable				Distributable			Total attributable to owners of parent RM	Non- controlling interests RM	Total equity RM
		Treasury shares RM	Exchange translation reserve RM	Reverse acquisition debit RM	Retained earnings RM	Share capital RM	Retained earnings RM	Non- controlling interests RM			
Balance as at 1 January 2022 (as previously reported)	391,935,927	(12,703,204)	34,989,098	(146,069,559)	202,810,308	470,962,570	(58,894)	470,903,676		470,903,676	
Prior year restatement	-	-	(36,691,823)	-	36,691,823	-	-	-		-	
Balance as at 1 January 2022 (restated)	391,935,927	(12,703,204)	(1,702,725)	(146,069,559)	239,502,131	470,962,570	(58,894)	470,903,676		470,903,676	
Loss for the financial year	-	-	-	-	(46,153,198)	(46,153,198)	(1,560,025)	(47,713,223)		(47,713,223)	
Foreign currency translations, net of tax	-	-	(1,905,739)	-	-	(1,905,739)	-	(1,905,739)		(1,905,739)	
Total comprehensive loss	-	-	(1,905,739)	-	(46,153,198)	(48,058,937)	(1,560,025)	(49,618,962)		(49,618,962)	
Balance as at 31 December 2022 (restated)	391,935,927	(12,703,204)	(3,608,464)	(146,069,559)	193,348,933	422,903,633	(1,618,919)	421,284,714		421,284,714	
Balance as at 1 January 2023	391,935,927	(12,703,204)	(3,608,464)	(146,069,559)	193,348,933	422,903,633	(1,618,919)	421,284,714		421,284,714	
Loss for the financial year	-	-	-	-	(61,213,627)	(61,213,627)	(1,570,463)	(62,784,090)		(62,784,090)	
Foreign currency translations, net of tax	-	-	(2,229,591)	-	-	(2,229,591)	-	(2,229,591)		(2,229,591)	
Total comprehensive loss	-	-	(2,229,591)	-	(61,213,627)	(63,443,218)	(1,570,463)	(65,013,681)		(65,013,681)	
Balance as at 31 December 2023	391,935,927	(12,703,204)	(5,838,055)	(146,069,559)	132,135,306	359,460,415	(3,189,382)	356,271,033		356,271,033	

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

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

Company	← Non-distributable →		Distributable	Total equity RM
	Share capital RM	Treasury shares RM	Retained earnings RM	
Balance as at 1 January 2022	391,935,927	(12,703,204)	18,662,157	397,894,880
Loss for the financial year	-	-	(4,357,272)	(4,357,272)
Other comprehensive income, net of tax	-	-	-	-
Total comprehensive loss	-	-	(4,357,272)	(4,357,272)
Balance as at 31 December 2022	391,935,927	(12,703,204)	14,304,885	393,537,608
Balance as at 1 January 2023	391,935,927	(12,703,204)	14,304,885	393,537,608
Loss for the financial year	-	-	(6,921,995)	(6,921,995)
Other comprehensive income, net of tax	-	-	-	-
Total comprehensive loss	-	-	(6,921,995)	(6,921,995)
Balance as at 31 December 2023	391,935,927	(12,703,204)	7,382,890	386,615,613

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Note	Group		Company	
		2023 RM	2022 RM (Restated)	2023 RM	2022 RM
CASH FLOWS FROM OPERATING ACTIVITIES					
Loss before tax		(62,607,739)	(40,791,166)	(6,921,995)	(4,357,272)
Adjustments for:					
Fair value adjustment on:					
- non-current amounts owing to related parties	23,26	(180,818)	(1,038,675)	-	-
- other investments	8	6,829	369	-	-
- short term funds		(3,452)	-	-	-
Depreciation of property, plant and equipment	5	3,648,440	5,248,183	-	-
Depreciation of right-of-use assets	6	5,911,501	2,278,261	-	-
Dividend income	23	(4,958)	(4,400)	-	-
Gain on disposal of property, plant and equipment	23	(3,416,574)	(1,963,166)	-	-
Gain on early termination of lease	23	(215,749)	-	-	-
Impairment losses on:					
- investment in a subsidiary	7	-	-	4,312,654	-
- contract assets	13,25	127,493	961,491	-	-
- amount owing from a subsidiary	12(j)	-	-	-	124,769
- property, plant and equipment	5	6,410,548	10,202,142	-	-
- right-of-use assets	6	2,547,534	-	-	-
Interest expense	24	6,098,114	7,650,624	1,487,196	4,187,006
Interest income	23	(524,514)	(370,497)	(284,985)	(1,427,567)
Write off of:					
- deposits	26	-	2,807	-	-
- property, plant and equipment	26	-	269,117	-	-
- trade receivables	26	-	4,595	-	-
Write down of:					
- land held for sale	10	140,291	6,460,526	-	-
- properties held for sale	10	1,983,857	197,027	-	-
- land reclamation work in progress	11	179,269	-	-	-
Recovery of bad debts written off		(1,000,000)	-	-	-
Reversal of impairment losses on contract assets	13,25	(4,876,869)	-	-	-
Net unrealised loss on foreign exchange	23,26	1,076,650	124,703	-	-
Operating loss before changes in working capital		(44,700,147)	(10,768,059)	(1,407,130)	(1,473,064)
Changes in working capital:					
Contract assets		(8,784,002)	(5,119,736)	-	-
Contract liabilities		1,190,138	(13,567,512)	-	-
Inventories		5,361,891	39,607,471	-	-
Trade and other receivables		14,035,912	1,470,665	1,337	20,707
Trade and other payables		32,212,944	14,147,537	4,039	674,540
Cash (used in)/generated from operations		(683,264)	25,770,366	(1,401,754)	(777,817)
Tax refunded		119,598	196,349	70,832	-
Tax paid		(634,778)	(1,316,683)	-	-
Net (used in)/cash from operating activities		(1,198,444)	24,650,032	(1,330,922)	(777,817)

Statements of Cash Flows

For the Financial Year Ended 31 December 2023

	Note	Group		Company	
		2023 RM	2022 RM (Restated)	2023 RM	2022 RM
CASH FLOWS FROM INVESTING ACTIVITIES					
Dividend received		3,243	4,400	-	-
Interest received		1,036	618	484	345
Placements of short term funds		-	(3,288)	-	-
Proceeds from disposal of:					
- property, plant and equipment		110,000	1,396,277	-	-
- properties held for sale		-	260,000	-	-
Purchase of:					
- property, plant and equipment	5	(120,992)	(57,687)	-	-
- right-of-use assets	6	(100,000)	(30,599)	-	-
Advances from a subsidiary		-	-	1,283,192	44,625,397
Advances from related parties		6,046,660	6,555,430	-	-
Net cash from investing activities		5,939,947	8,125,151	1,283,676	44,625,742
CASH FLOWS FROM FINANCING ACTIVITIES					
Drawdown of borrowings		16,252,677	6,350,110	-	-
Interest paid		(3,977,585)	(2,308,526)	-	(4,129,384)
Loan from a Director		7,000,000	10,000,000	-	-
Payment of lease liabilities	6	(4,407,295)	(404,907)	-	-
Repayments of borrowings		(17,674,506)	(47,499,265)	-	(39,700,000)
Net cash used in financing activities		(2,806,709)	(33,862,588)	-	(43,829,384)
Net increase/(decrease) in cash and cash equivalents		1,934,794	(1,087,405)	(47,246)	18,541
Effects of exchange rate changes on cash and cash equivalents		(74,357)	(6,253)	-	-
Cash and cash equivalents at beginning of financial year		(8,064,350)	(6,970,692)	60,563	42,022
Cash and cash equivalents at end of financial year	15	(6,203,913)	(8,064,350)	13,317	60,563

Statements of Cash Flows

For the Financial Year Ended 31 December 2023

Reconciliation of liabilities arising from financing activities:

	Lease liabilities (Note 6) RM	Revolving credit (Note 18) RM	Term loans (Note 18) RM	Trust receipts (Note 18) RM	Invoice financing (Note 18) RM
Group					
At 1 January 2023	10,437,534	20,000,000	22,655,424	3,370,514	1,367,076
Cash flows	(4,407,295)	(1,458,574)	(2,642,875)	(1,753,017)	1,930,525
Non-cash flows:					
Accrued interest expenses	-	-	(612,197)	-	-
Accrued lease payments	(2,298,000)	-	-	-	-
Additions	8,714,135	-	-	-	-
Early termination	(232,523)	-	-	-	-
Interest expenses	1,120,450	1,458,574	1,875,078	168,538	-
Interest expense capitalised	1,036	-	-	-	-
Translation adjustment	2,171	-	-	-	-
At 31 December 2023	13,337,508	20,000,000	21,275,430	1,786,035	3,297,601
At 1 January 2022	12,191,396	16,700,000	65,318,061	320,404	1,919,589
Cash flows	(404,907)	3,300,000	(47,252,547)	3,050,110	(552,513)
Non-cash flows:					
Accrued interest expenses	-	-	(57,622)	-	-
Accrued lease payments	(2,298,000)	-	-	-	-
Additions	353,656	-	-	-	-
Interest expenses	591,119	-	4,647,532	-	-
Interest expense capitalised	2,751	-	-	-	-
Translation adjustment	1,519	-	-	-	-
At 31 December 2022	10,437,534	20,000,000	22,655,424	3,370,514	1,367,076

	Term loans (Note 18)	
	2023 RM	2022 RM
Company		
At 1 January	15,000,000	54,700,000
Cash flows	-	(43,829,384)
Non-cash flows:		
Accrued interest expenses	(1,487,196)	(57,622)
Interest expenses	1,487,196	4,187,006
At 31 December	15,000,000	15,000,000

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

1. CORPORATE INFORMATION

Benalec Holdings Berhad (“the Company”) 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 of the Company is located at Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur.

The principal place of business of the Company is located at 23, Jalan Perintis U1/52, Temasya Glenmarie, Seksyen U1, 40150 Shah Alam, Selangor Darul Ehsan.

The immediate holding company and ultimate holding company of the Company are Oceancove Sdn. Bhd. and Oceanview Cove Sdn. Bhd. respectively, both of which are incorporated in Malaysia.

The consolidated financial statements for the financial year ended 31 December 2023 comprise the financial statements of the Company and its subsidiaries. These financial statements are presented in Ringgit Malaysia (“RM”), which is also the functional currency of the Company.

The financial statements were authorised for issue in accordance with a resolution by the Board of Directors on 26 April 2024.

2. PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding activities. The subsidiaries are mainly principally engaged in marine construction. The principal activities and the details of the subsidiaries are disclosed in Note 7 to the financial statements. There have been no significant changes in the nature of these activities of the Group and of the Company during the financial year.

3. BASIS OF PREPARATION

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards (“MFRSs”), IFRS Accounting Standards and the provisions of the Companies Act 2016 in Malaysia.

The accounting policies adopted are consistent with those of the previous financial year except for the effects of adoption of new MFRSs during the financial year. The new MFRSs and Amendments to MFRSs adopted during the financial year are disclosed in Note 36.1 to the financial statements.

The financial statements of the Group and of the Company have been prepared under the historical cost convention except as otherwise stated in the financial statements.

The Group has carried out cash flows review for the next twelve (12) months to ensure that the business operations have sufficient available funds to meet their obligations as and when they fall due. Therefore, notwithstanding that the Group was in an overall cash and cash equivalents deficit position, the Directors are confident that the Group is able to generate sufficient cash flows for the next twelve months from the date of the end of the financial year to meet their cash flows requirements to realise their assets and to discharge their liabilities in the normal course of business. Further details on the Group’s liquidity and cash flow risk assessment is set out in Note 32(b)(ii) to the financial statements.

Notes to the Financial Statements

31 December 2023

4. OPERATING SEGMENTS

The Company and its subsidiaries are principally engaged in marine construction, civil engineering, vessel chartering and investment holding. The marine construction and civil engineering activities of the Group are mainly undertaken by Benalec Sdn. Bhd., a wholly-owned subsidiary of the Company.

The Group arrived at three (3) reportable segments that are organised and managed separately according to the nature of the operations, which require different business strategies. The reportable segments are summarised as follows:

(a) Marine construction

(i) Land reclamation services

Providing marine construction services, which include the following:

- i. land reclamation, dredging and beach nourishment;
- ii. rock revetment works, shore protection works and breakwater construction;
- iii. pre-bore and marine piling;
- iv. construction of marine structures, bridges, jetties, ports and other offshore and ancillary services; and
- v. sales of marine construction materials.

(ii) Disposal of land held for sale

Disposal of reclaimed land received as compensation for in-kind settlement contracts, which are available for immediate sale in its present condition.

(b) Vessel chartering and marine transportation

Chartering of vessels on time and voyage charters.

(c) Other operating segment comprises investment holding and properties held for sale.

The Group evaluates performance on the basis of profit or loss from operations before tax, excluding non-recurring losses.

Inter-segment revenue is priced along the same lines as sales to external customers and conditions and is eliminated on the consolidated financial statements. These policies have been applied consistently throughout the current and previous financial years.

Segment assets exclude tax assets and assets used primarily for corporate purposes. Segment liabilities exclude tax liabilities. Even though borrowings arise from financing activities rather than operating activities, they are allocated to the segments based on relevant factors (e.g. funding requirements). Details are provided in the reconciliations from segment assets and liabilities to the financial position of the Group.

Notes to the Financial Statements

31 December 2023

4. OPERATING SEGMENTS (continued)

(a) Operating segments

2023	← Marine construction →			Others RM	Total RM
	Land reclamation services RM	Disposal of land held for sale RM	Vessel chartering and marine transportation RM		
Revenue					
Total revenue	58,956,334	7,418,892	-	-	66,375,226
Inter-segment revenue	(28,940,394)	-	-	-	(28,940,394)
Revenue from external customers	30,015,940	7,418,892	-	-	37,434,832
Interest income	523,967	-	63	484	524,514
Finance costs	(4,153,404)	-	(1,529)	(1,943,181)	(6,098,114)
Net finance expense	(3,629,437)	-	(1,466)	(1,942,697)	(5,573,600)
Segment loss before tax	(57,010,422)	(2,086,048)	(857,746)	(2,653,523)	(62,607,739)
Tax expenses	(176,347)	-	(4)	-	(176,351)
Other information					
Depreciation of property, plant and equipment	(2,672,468)	-	(975,972)	-	(3,648,440)
Depreciation of right-of-use assets	(2,296,972)	-	(11,482)	-	(2,308,454)
Fair value adjustment on:					
- Non-current amounts owing to related parties	-	-	228,606	(47,788)	180,818
- Other investments	(6,829)	-	-	-	(6,829)
Impairment losses on:					
- contract assets	(127,493)	-	-	-	(127,493)
- property, plant and equipment	(4,498,761)	-	(1,911,787)	-	(6,410,548)
- right-of-use assets	(2,547,534)	-	-	-	(2,547,534)
Write down of:					
- land held for sale	-	(140,291)	-	-	(140,291)
- properties held for sale	-	-	-	(1,983,857)	(1,983,857)
- land reclamation work in progress	(179,269)	-	-	-	(179,269)
Gain on disposal of property, plant and equipment	109,999	-	3,306,575	-	3,416,574
Gain on early termination of lease	215,749	-	-	-	215,749
Reversal of impairment losses on contract assets	4,876,869	-	-	-	4,876,869
Additions to non-current assets	120,992	-	-	-	120,992
Segment assets	565,118,316	68,208,102	4,757,397	6,144,662	644,228,477
Segment liabilities	150,504,953	70,447,634	59,879,105	32,266,718	313,098,410

Notes to the Financial Statements

31 December 2023

4. OPERATING SEGMENTS (continued)

(a) Operating segments (continued)

2022	← Marine construction →			Others RM	Total RM
	Land reclamation services RM	Disposal of land held for sale RM	Vessel chartering and marine transportation RM		
Revenue					
Total revenue	35,769,707	65,636,959	(98,669)	260,000	101,567,997
Inter-segment revenue	(24,906,986)	-	-	-	(24,906,986)
Revenue from external customers	10,862,721	65,636,959	(98,669)	260,000	76,661,011
Interest income	370,125	-	27	345	370,497
Finance costs	(7,650,275)	-	(349)	-	(7,650,624)
Net finance (expense)/income	(7,280,150)	-	(322)	345	(7,280,127)
Segment (loss)/profit before tax	(31,589,576)	2,670,196	(9,266,916)	(6,070,328)	(44,256,624)
Tax expenses	(6,916,335)	-	-	(5,722)	(6,922,057)
Other information					
Depreciation of property, plant and equipment	(3,101,818)	-	(2,146,365)	-	(5,248,183)
Depreciation of right-of-use assets	(2,266,863)	-	(11,398)	-	(2,278,261)
Fair value adjustment on:					
- Non-current amounts owing to related parties	(106,967)	-	1,145,642	-	1,038,675
- Other investments	(369)	-	-	-	(369)
Impairment losses on:					
- contract assets	(961,491)	-	-	-	(961,491)
- property, plant and equipment	(105,854)	-	(10,096,288)	-	(10,202,142)
Write down of:					
- land held for sale	-	(6,460,526)	-	-	(6,460,526)
- properties held for sale	-	-	-	(197,027)	(197,027)
Write off of:					
- property, plant and equipment	(269,117)	-	-	-	(269,117)
- trade and other receivables	(7,402)	-	-	-	(7,402)
Gain on disposal of property, plant and equipment	22,648	-	1,940,518	-	1,963,166
Additions to non-current assets	88,286	-	-	-	88,286
Segment assets	583,289,150	55,566,830	15,752,537	10,493,530	665,102,047
Segment liabilities	109,845,047	70,447,634	58,739,376	29,594,268	268,626,325

Reconciliations of reportable profit or loss, assets and liabilities to the corresponding amounts of the Group are as follows:

	2023 RM	2022 RM (Restated)
Loss for the financial year		
Total loss for reportable segments	(68,036,204)	(42,504,206)
Elimination of inter-segment profits	5,428,465	1,713,040
Loss before tax	(62,607,739)	(40,791,166)
Tax expenses	(176,351)	(6,922,057)
Loss for the financial year of the Group per statements of profit or loss and other comprehensive income	(62,784,090)	(47,713,223)

Notes to the Financial Statements

31 December 2023

4. OPERATING SEGMENTS (continued)

(a) Operating segments (continued)

	2023 RM	2022 RM (Restated)
Assets		
Total assets for reportable segments	644,228,477	665,102,047
Unallocated assets:		
- Other investments	35,653	42,482
- Current tax assets	899,410	390,122
- Deferred tax assets	24,205,903	24,379,501
Assets of the Group	669,369,443	689,914,152
Liabilities		
Total liabilities for reportable segments	313,098,410	268,626,325
Unallocated liabilities:		
- Current tax liabilities	-	3,113
Liabilities of the Group	313,098,410	268,629,438

(b) Geographical segments

The operations of the Group are carried out primarily in Malaysia (which includes the Federal Territory of Labuan). In presenting information on the basis of geographical areas, segment revenue is based on the geographical location of customers.

Segment assets are based on the geographical location of the assets of the Group. The non-current assets do not include financial instruments and deferred tax assets.

(i) Revenue from external customers

	Group	
	2023 RM	2022 RM
Malaysia	37,434,832	76,661,011

(ii) Non-current assets

	Group	
	2023 RM	2022 RM
Malaysia	36,939,430	51,020,413
Singapore	1,587,790	5,364,610
	38,527,220	56,385,023

(c) Major customers

The following are major customers with revenue equal to or more than ten percent (10%) of Group revenue:

	Revenue	
	2023 % of total	2022 % of total
Customer A	42%	14%
Customer B	34%	0%
Customer C	24%	0%
Customer D	0%	28%
Customer E	0%	21%
Customer F	0%	19%
	100%	82%

Notes to the Financial Statements

31 December 2023

5. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land RM	Buildings RM	Plant and machinery RM	Barges and dredgers RM	Tools and office equipment RM	Furniture and fittings RM	Motor vehicles RM	Total RM
2023								
Cost								
At 1 January 2023	10,430,000	10,375,042	24,714,689	167,651,692	5,078,063	1,064,487	10,072,428	229,386,401
Additions	-	59,994	-	-	49,998	-	811,000	920,992
Disposals	-	-	-	(51,511,479)	-	-	(518,868)	(52,030,347)
Reclassified to right-of-use asset (Note 6)	-	-	-	-	-	-	(800,000)	(800,000)
Translation adjustments	-	-	-	5,616,915	18,661	90	-	5,635,666
At 31 December 2023	10,430,000	10,435,036	24,714,689	121,757,128	5,146,722	1,064,577	9,564,560	183,112,712
Accumulated depreciation								
At 1 January 2023	-	1,333,623	17,822,670	74,084,873	4,089,364	806,659	9,821,031	107,958,220
Charge for the financial year	-	207,701	1,544,200	1,348,093	332,539	112,077	103,830	3,648,440
Disposals	-	-	-	(26,040,253)	-	-	(518,867)	(26,559,120)
Translation adjustments	-	-	89	2,196,325	15,517	-	2,882	2,214,813
At 31 December 2023	-	1,541,324	19,366,959	51,589,038	4,437,420	918,736	9,408,876	87,262,353
Accumulated impairment losses								
At 1 January 2023	-	-	459,787	74,181,551	-	-	-	74,641,338
Charge for the financial year	-	-	1,526,738	4,883,810	-	-	-	6,410,548
Disposals	-	-	-	(16,581,801)	-	-	-	(16,581,801)
Translation adjustments	-	-	-	2,777,609	-	-	-	2,777,609
At 31 December 2023	-	-	1,986,525	65,261,169	-	-	-	67,247,694

Notes to the Financial Statements

31 December 2023

5. PROPERTY, PLANT AND EQUIPMENT (continued)

Group	Freehold land RM	Buildings RM	Plant and machinery RM	Barges and dredgers RM	Tools and office equipment RM	Furniture and fittings RM	Motor vehicles RM	Total RM
2022								
Cost								
At 1 January 2022	10,430,000	13,753,847	26,091,786	182,616,552	5,003,559	1,064,408	10,068,928	249,029,080
Additions	-	-	-	-	54,187	-	3,500	57,687
Disposals	-	(3,378,805)	-	(22,771,832)	-	-	-	(26,150,637)
Write-offs	-	-	(1,377,097)	-	-	-	-	(1,377,097)
Translation adjustments	-	-	-	7,806,972	20,317	79	-	7,827,368
At 31 December 2022	10,430,000	10,375,042	24,714,689	167,651,692	5,078,063	1,064,487	10,072,428	229,386,401
Accumulated depreciation								
At 1 January 2022	-	1,362,658	17,285,384	77,206,725	3,688,829	686,487	9,496,746	109,726,829
Charge for the financial year	-	258,140	1,645,266	2,519,702	380,700	120,090	324,285	5,248,183
Disposals	-	(287,175)	-	(8,671,338)	-	-	-	(8,958,513)
Write-offs	-	-	(1,107,980)	-	-	-	-	(1,107,980)
Translation adjustments	-	-	-	3,029,784	19,835	82	-	3,049,701
At 31 December 2022	-	1,333,623	17,822,670	74,084,873	4,089,364	806,659	9,821,031	107,958,220
Accumulated impairment losses								
At 1 January 2022	-	-	459,787	74,227,169	-	-	-	74,686,956
Charge for the financial year	-	-	-	10,202,142	-	-	-	10,202,142
Disposals	-	-	-	(13,784,822)	-	-	-	(13,784,822)
Translation adjustments	-	-	-	3,537,062	-	-	-	3,537,062
At 31 December 2022	-	-	459,787	74,181,551	-	-	-	74,641,338

Notes to the Financial Statements

31 December 2023

5. PROPERTY, PLANT AND EQUIPMENT (continued)

	Group	
	2023 RM	2022 RM
Carrying amount		
Freehold land	10,430,000	10,430,000
Buildings	8,893,712	9,041,419
Plant and machinery	3,361,205	6,432,232
Barges and dredgers	4,906,921	19,385,268
Tools and office equipment	709,302	988,699
Furniture and fittings	145,841	257,828
Motor vehicles	155,684	251,397
	28,602,665	46,786,843

(a) All items of property, plant and equipment are initially measured at cost. After initial recognition, property, plant and equipment except for freehold land are stated at cost less accumulated depreciation and any accumulated impairment losses.

(b) Depreciation is calculated to write down the cost of the assets to their residual values on a straight line basis over their estimated useful lives. The estimated useful lives represent common life expectancies applied in the various business segments of the Group. The principal annual rates used are as follows:

Buildings	2%
Plant and machinery	10%
Barges and dredgers	4% - 10%
Tools and office equipment	10% - 20%
Furniture and fittings	10%
Motor vehicles	20%

Freehold land has unlimited useful life and is not depreciated.

The useful lives are based on the historical experience of the Group with similar assets and taking into account the anticipated technological changes. The depreciation charge for future period is adjusted if there are significant changes from previous estimates.

(c) The carrying amount of property, plant and equipment of the Group pledged to licensed financial institutions for credit facilities granted to the Group as disclosed in Note 18(d) to the financial statements are as follows:

	Group	
	2023 RM	2022 RM
Freehold land	10,430,000	10,430,000
Buildings	4,217,900	4,317,144
	14,647,900	14,747,144

(d) During the financial year, the Group made the following cash payments to purchase property, plant and equipment:

	Group	
	2023 RM	2022 RM
Purchase of property, plant and equipment	920,992	57,687
Reclassified to right-of-use assets (Note 6)	(800,000)	-
Cash payments on purchase of property, plant and equipment	120,992	57,687

Notes to the Financial Statements

31 December 2023

5. PROPERTY, PLANT AND EQUIPMENT (continued)

(e) Impairment of property, plant and equipment

The Group assessed whether there were any indicators of impairment during the financial year. In doing this, the management considered the performance of the cash generating unit (“CGU”).

The Directors have made an estimate on the asset’s recoverable amount. An asset recoverable amount is the higher of an assets’ fair value less costs to sell and its value in use (“VIU”). The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those assets or group assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

During the financial year, the Group recognised impairment losses of RM4,883,810 (2022: RM10,202,142) on barges and dredgers.

The Group has performed impairment assessment on those barges and dredgers which have an indication of impairment. Significant judgement is require in determining recoverable amounts during assessment process.

The recoverable amounts of those barges and dredgers are derived from their fair value less cost to sell estimated by an independent valuer. The fair value measurement was categorised as Level 3 fair value.

The valuation was made based on the comparison method with reference to the depreciated replacement cost method that made reference to available market data by comparing to recent transactions involving other similar barges and dredgers and estimating the current new replacement costs of the barges and dredgers and therefrom less the accrued depreciation for age and obsolescence. The intensity of use, present physical condition and estimated replacement cost of those barges and dredgers were the significant key assumptions used by independent valuer and management.

6. LEASES

The Group as lessee

Right-of-use assets

	Land	Buildings	Motor	Others	Total
Carrying amount	RM	RM	vehicles	RM	RM
			RM		
Balance as at 1 January 2023	8,915,948	263,887	363,880	54,465	9,598,180
Additions	-	27,342	800,000	7,986,793	8,814,135
Early termination	-	(16,774)	-	-	(16,774)
Recognised in profit or loss	(1,877,609)	(125,158)	(307,093)	(3,601,641)	(5,911,501)
Capitalised under contract assets	-	(13,904)	-	-	(13,904)
Depreciation	(1,877,609)	(139,062)	(307,093)	(3,601,641)	(5,925,405)
Impairment	-	-	-	(2,547,534)	(2,547,534)
Translation adjustments	-	1,415	-	538	1,953
Balance as at 31 December 2023	7,038,339	136,808	856,787	1,892,621	9,924,555
Balance as at 1 January 2022	10,780,600	313,469	350,077	79,077	11,523,223
Additions	12,932	74,442	290,599	6,282	384,255
Recognised in profit or loss	(1,877,584)	(97,763)	(276,796)	(26,118)	(2,278,261)
Capitalised under contract assets	-	(26,773)	-	(5,520)	(32,293)
Depreciation	(1,877,584)	(124,536)	(276,796)	(31,638)	(2,310,554)
Translation adjustments	-	512	-	744	1,256
Balance as at 31 December 2022	8,915,948	263,887	363,880	54,465	9,598,180

Notes to the Financial Statements

31 December 2023

6. LEASES (continued)

The Group as lessee (continued)

Lease liabilities

	Land RM	Buildings RM	Motor vehicles RM	Others RM	Total RM
Carrying amount					
Balance as at 1 January 2023	9,692,958	288,287	396,482	59,807	10,437,534
Additions	-	27,342	700,000	7,986,793	8,714,135
Early termination	-	(17,308)	-	(215,215)	(232,523)
Lease payments	(3,600)	(159,152)	(330,852)	(3,913,691)	(4,407,295)
Reclassified to other payable	(2,298,000)	-	-	-	(2,298,000)
Recognised in profit or loss	456,580	12,285	33,226	618,359	1,120,450
Capitalised under contract assets	-	1,036	-	-	1,036
Interest expense	456,580	13,321	33,226	618,359	1,121,486
Translation adjustments	-	1,421	-	750	2,171
Balance as at 31 December 2023	7,847,938	153,911	798,856	4,536,803	13,337,508
Balance as at 1 January 2022	11,431,086	340,301	334,489	85,520	12,191,396
Additions	12,932	74,442	260,000	6,282	353,656
Lease payments	(3,600)	(144,798)	(219,299)	(37,210)	(404,907)
Reclassified to other payable	(2,298,000)	-	-	-	(2,298,000)
Recognised in profit or loss	550,540	15,455	21,292	3,832	591,119
Capitalised under contract assets	-	2,329	-	422	2,751
Interest expense	550,540	17,784	21,292	4,254	593,870
Translation adjustments	-	558	-	961	1,519
Balance as at 31 December 2022	9,692,958	288,287	396,482	59,807	10,437,534

Represented by:

	2023 RM	2022 RM
Current liabilities	4,457,139	2,219,084
Non-current liabilities	8,880,369	8,218,450
	13,337,508	10,437,534
Lease liabilities owing to financial institutions	798,856	396,482
Lease liabilities owing to non-financial institutions	12,538,652	10,041,052
	13,337,508	10,437,534

- (a) The right-of-use assets are initially measured at cost, which comprise the initial amount of the lease liabilities adjusted for any lease payments made at or before the commencement date of the leases.

After initial recognition, right-of-use assets are stated at cost less accumulated depreciation and any accumulated impairment losses, and adjusted for any re-measurement of the lease liabilities.

The right-of-use assets are depreciated on the straight-line basis over the earlier of the estimated useful lives of the right-of-use assets or the end of the lease term. The lease terms of right-of-use assets are as follows:

Land	2 - 6 years
Buildings	3 - 6 years
Motor vehicles	5 years
Others	2 - 10 years

- (b) Included in the right-of-use assets of the Group, certain motor vehicles are assets acquired under hire purchase arrangements with a carrying amount of RM856,787 (2022: RM363,880).

Notes to the Financial Statements

31 December 2023

6. LEASES (continued)

The Group as lessee (continued)

(c) During the financial year, the Group made the following cash payments to purchase right-of-use assets:

	Group	
	2023 RM	2022 RM
Purchase of right-of-use assets	8,814,135	384,255
Financed by lease arrangement	(8,714,135)	(353,656)
Cash payments on purchase of right-of-use assets	100,000	30,599

(d) The Group has certain leases of buildings and tools and office equipment with lease term of 12 months or less. The Group applies the “short-term lease” exemptions for these leases.

(e) The following are the amounts recognised in profit or loss:

	Group	
	2023 RM	2022 RM
Depreciation charge of right-of-use assets (included in cost of sales)	3,603,047	31,238
Depreciation charge of right-of-use assets (included in administrative and other expenses)	2,308,454	2,278,261
Impairment losses on right-of-use assets (included in administrative and other expenses)	2,547,534	-
Interest expense on lease liabilities (included in cost of sales)	614,956	2,683
Interest expense on lease liabilities (included in finance costs)	505,494	591,119
Expense relating to short-term leases (included in administrative and other expenses)	3,102	4,527
Gain on early termination of lease	(215,749)	-
	9,366,838	2,907,828

(f) The following are total cash outflows for leases as a lessee:

	Group	
	2023 RM	2022 RM
Included in net cash from operating activities:		
Payment relating to short-term leases	3,102	4,527
Interest paid in relation to lease liabilities	663,870	40,579
Included in net cash from investing activities:		
Purchase of right-of-use assets	100,000	30,599
Included in net cash from financing activities:		
Payment of lease liabilities	4,407,295	404,907
	5,174,267	480,612

(g) The Group signed several lease contracts that include extension and termination options. These are used to maximise operational flexibility in terms of managing the assets used in the Group’s operations. Management exercises judgement in determining whether these extension and termination options are reasonably certain to be exercised.

Notes to the Financial Statements

31 December 2023

6. LEASES (continued)

The Group as lessee (continued)

(h) The table below summarises the maturity profile of the lease liabilities of the Group at the end of the reporting period based on contractual undiscounted repayment obligations as follows:

Group	Weighted average incremental borrowing rate per annum %	On demand or within one year RM	One to five years RM	Over five years RM	Total RM
31 December 2023					
Lease liabilities	5.64%	5,037,802	11,723,793	-	16,761,595
31 December 2022					
Lease liabilities	5.18%	2,703,607	9,017,110	-	11,720,717

(i) Management exercises judgement in determining the incremental borrowing rates whenever the implicit rates of interest in a lease are not readily determinable as well as the lease terms. The incremental borrowing rates used are based on prevailing market borrowing rates over similar lease terms, of similar value as the right-of-use asset in a similar economic environment. Lease terms are based on management expectations driven by prevailing market conditions and past experience in exercising similar renewal and termination options.

7. INVESTMENTS IN SUBSIDIARIES

	Company	
	2023 RM	2022 RM
Unquoted shares, at cost	348,821,745	348,821,745
Less: Accumulated impairment losses	(4,764,840)	(452,186)
	344,056,905	348,369,559

Movement in accumulated impairment losses:

	Company	
	2023 RM	2022 RM
Balance as at 1 January	452,186	452,186
Charge for the financial year	4,312,654	-
Balance as at 31 December	4,764,840	452,186

(a) Investments in subsidiaries are stated at cost less impairment losses. Non-controlling interests are measured at their proportionate share of the net assets of subsidiaries, unless another measurement basis is required by MFRSs. Management reviews the investments in subsidiaries for impairment when there is an indication of impairment.

Notes to the Financial Statements

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7. INVESTMENTS IN SUBSIDIARIES (continued)

(b) Details of the subsidiaries are as follows:

Name of company	Country of incorporation/ Principal place of business	Effective interest in equity		Principal activities
		2023 %	2022 %	
Direct subsidiaries				
Benalec Sdn. Bhd. ("BSB")	Malaysia	100	100	Marine construction and civil engineering
Oceanliner Pte Ltd. ⁽¹⁾	Singapore	100	100	Charter of vessels
Subsidiaries of BSB				
OG Marine Sdn. Bhd.	Malaysia	100	100	Charter of vessels
Pacific Ltd	Labuan	100	100	Charter/leasing of vessels
Ocean Marine Ltd	Labuan	100	100	Charter/leasing of vessels
Oceanline (Labuan) Ltd	Labuan	100	100	Charter/leasing of vessels and the business of trading of vessels
Benalec Land Sdn. Bhd.	Malaysia	100	100	Property investment holding
Benalec Maritime Sdn. Bhd.	Malaysia	100	100	Marine construction and civil engineering
Benalec Diversity Sdn. Bhd. ⁽¹⁾	Malaysia	100	100	Marine construction and civil engineering
Benalec Construction Sdn. Bhd. ⁽¹⁾	Malaysia	100	100	Marine construction and civil engineering
Pengerang Maritime Industries Sdn. Bhd. ("PMISB")	Malaysia	100	100	Marine engineering services
Tanjung Piai Maritime Industries Sdn. Bhd. ("TPMISB")	Malaysia	100	100	Marine engineering services
Heritage Land Sdn. Bhd. ⁽¹⁾	Malaysia	100	100	Property investment holding
Sentosacove Development Sdn. Bhd. ⁽¹⁾	Malaysia	100	100	Property investment holding
Jewel East Sdn. Bhd. ("JESB") ⁽¹⁾	Malaysia	100	100	Property investment holding
Goldnet Synergy Sdn. Bhd. ⁽¹⁾	Malaysia	100	100	Investment holding company
Gabungan Khas Sdn. Bhd. ^{(1) (2)}	Malaysia	49	49	Acting as agent for clearance of vessels with port authorities
Jayamas Cekap Sdn. Bhd.	Malaysia	100	100	Dormant
Klebang Property Sdn. Bhd. ⁽¹⁾	Malaysia	100	100	Dormant
Benalec CeTeau Asia Sdn. Bhd. ⁽¹⁾	Malaysia	51	51	To carry on the business of installing geo-technical prefabricated vertical drains
Oceanview Realty Sdn. Bhd. ⁽¹⁾	Malaysia	100	100	Dormant
Orientalcove Realty Sdn. Bhd. ⁽¹⁾	Malaysia	100	100	Dormant
Benalec Marine Sdn. Bhd. (formerly known as Heritage Land Development Sdn. Bhd. ⁽¹⁾)	Malaysia	100	100	Dormant
Heritage Land Realty Sdn. Bhd. ⁽¹⁾	Malaysia	100	100	Dormant

Notes to the Financial Statements

31 December 2023

7. INVESTMENTS IN SUBSIDIARIES (continued)

(b) Details of the subsidiaries are as follows: (continued)

Name of company	Country of incorporation/ Principal place of business	Effective interest in equity		Principal activities
		2023	2022	
		%	%	
Subsidiaries of BSB (continued)				
Strategic Cove Sdn. Bhd. ⁽¹⁾	Malaysia	100	100	Dormant
Strategic Land Sdn. Bhd. ⁽¹⁾	Malaysia	100	100	Dormant
Wilajati Sdn. Bhd. ⁽¹⁾	Malaysia	100	100	Dormant
Benalec Marineworks Sdn. Bhd. ⁽¹⁾⁽³⁾	Malaysia	100	-	Dormant
Benalec Energy Sdn. Bhd. ⁽¹⁾⁽³⁾	Malaysia	100	-	Dormant
Subsidiaries of JESB				
One World Island Sdn. Bhd. ⁽¹⁾	Malaysia	100	100	Property investment holding
Cheng Ho City Sdn. Bhd. ⁽¹⁾	Malaysia	100	100	Property investment holding
Subsidiary of PMISB				
Spektrum Budi Sdn. Bhd.	Malaysia	70	70	Marine construction
Subsidiary of TPMISB				
Spektrum Kukuh Sdn. Bhd.	Malaysia	70	70	Marine construction and civil engineering

⁽¹⁾ Subsidiaries not audited by BDO PLT or BDO member firms.

⁽²⁾ The Group considers that it controls Gabungan Khas Sdn. Bhd. even though it owns less than fifty percent (50%) of the voting rights. This is because the Group has two (2) board representatives over a total of three (3) board members and therefore has control over the board and power to govern the relevant activities of Gabungan Khas Sdn. Bhd. via a shareholders agreement. In addition, the Executive Chairman, who is from the Group has the second or casting vote at all shareholders meeting. The remaining fifty-one percent (51%) of the equity shares in Gabungan Khas Sdn. Bhd. are held by an individual shareholder that is not related to the Group.

⁽³⁾ Subsidiaries newly incorporated during the financial year.

(c) During the financial year:

Incorporation of new subsidiaries by Benalec Sdn. Bhd. ("BSB"), a wholly-owned subsidiary of the Company

On 21 November 2023, BSB had incorporated a new subsidiary, by subscribing 2 ordinary shares of RM1.00 each in Benalec Marineworks Sdn. Bhd. ("BMWWSB") for cash consideration of RM2.00. BMWWSB has not commenced operation since the date of incorporation.

On 29 December 2023, BSB had incorporated a new subsidiary, by subscribing 2 ordinary shares of RM1.00 each in Benalec Energy Sdn. Bhd. ("BESB") for cash consideration of RM2.00. BESB has not commenced operation since the date of incorporation.

Notes to the Financial Statements

31 December 2023

7. INVESTMENTS IN SUBSIDIARIES (continued)

(d) Subsidiaries of the Group that have non-controlling interests ("NCI") are as follows:

	Spektrum Budi Sdn. Bhd.	Spektrum Kukuh Sdn. Bhd.	Benalec CeTeau Asia Sdn. Bhd.	Others	Total
2023					
NCI percentage of ownership interest and voting interest	30%	30%	49%		
Carrying amount of NCI (RM)	(289,179)	(3,950,187)	1,055,605	(5,621)	(3,189,382)
Loss allocated to NCI (RM)	(13,054)	(1,462,493)	(92,309)	(2,607)	(1,570,463)
Total comprehensive loss allocated to NCI (RM)	(13,054)	(1,462,493)	(92,309)	(2,607)	(1,570,463)
2022					
NCI percentage of ownership interest and voting interest	30%	30%	49%		
Carrying amount of NCI (RM)	(276,125)	(2,487,694)	1,147,914	(3,014)	(1,618,919)
Loss allocated to NCI (RM)	(13,914)	(1,457,409)	(86,339)	(2,363)	(1,560,025)
Total comprehensive loss allocated to NCI (RM)	(13,914)	(1,457,409)	(86,339)	(2,363)	(1,560,025)

(e) Summarised financial information before inter-company elimination of the subsidiaries that have material NCI at the end of each reporting period are as follows:

	Spektrum Budi Sdn. Bhd. RM	Spektrum Kukuh Sdn. Bhd. RM	Benalec CeTeau Asia Sdn. Bhd. RM
2023			
Assets and liabilities			
Non-current assets	1,386	7,209,073	282,000
Current assets	20,961,360	439,637,352	1,894,491
Non-current liabilities	-	(5,903,838)	-
Current liabilities	(25,486,153)	(457,592,325)	(22,193)
Net (liabilities)/assets	(4,523,407)	(16,649,738)	2,154,298
Results			
Revenue	-	-	-
Loss for the financial year	(43,515)	(4,874,978)	(188,386)
Total comprehensive loss	(43,515)	(4,874,978)	(188,386)
Cash flows used in operating activities	(53,386)	(665,685)	(1,536)
Cash flows from investing activities	54,932	670,951	-
Cash flows (used in)/from financing activities	-	(5,760)	1,491
Net increase/(decrease) in cash and cash equivalents	1,546	(494)	(45)

Notes to the Financial Statements

31 December 2023

7. INVESTMENTS IN SUBSIDIARIES (continued)

- (e) Summarised financial information before inter-company elimination of the subsidiaries that have material NCI as at the end of each reporting period are as follows: (continued)

2022	Spektrum Budi Sdn. Bhd. RM	Spektrum Kukuh Sdn. Bhd. RM	Benalec CeTeau Asia Sdn. Bhd. RM
Assets and liabilities			
Non-current assets	1,872	9,147,508	461,313
Current assets	20,960,372	439,803,531	1,894,536
Non-current liabilities	-	(7,847,939)	-
Current liabilities	(25,442,134)	(452,877,862)	(13,166)
Net (liabilities)/assets	(4,479,890)	(11,774,762)	2,342,683
Results			
Revenue	-	-	-
Loss for the financial year	(46,380)	(4,858,030)	(176,202)
Total comprehensive loss	(46,380)	(4,858,030)	(176,202)
Cash flows (used in)/from operating activities	(85,795)	(808,095)	2,302
Cash flows from investing activities	85,364	795,132	-
Cash flows used in financing activities	-	(5,760)	(2,302)
Net decrease in cash and cash equivalents	(431)	(18,723)	-

8. OTHER INVESTMENTS

	Group	
	2023 RM	2022 RM
Financial assets at fair value through profit or loss		
Quoted ordinary shares in Malaysia		
As at 1 January	42,482	42,851
Fair value loss	(6,829)	(369)
As at 31 December	35,653	42,482

- (a) Other investments are classified as financial assets at fair value through profit or loss.
- (b) Fair value of quoted ordinary shares in Malaysia is determined by reference to the exchange quoted market price at the close of the business on the reporting date.
- (c) Fair value of quoted ordinary shares is categorised as Level 1 in the fair value hierarchy. There is no transfer between levels in the hierarchy during the financial year.

Notes to the Financial Statements

31 December 2023

9. DEFERRED TAX

(a) Deferred tax assets and liabilities are made up of the following:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Balance as at 1 January	(24,379,501)	(27,664,359)	-	-
Recognised in profit or loss (Note 27)	173,573	3,284,839	-	-
Exchange differences	25	19	-	-
Balance as at 31 December	(24,205,903)	(24,379,501)	-	-
Deferred tax assets, net	(24,205,903)	(24,379,501)	-	-

(b) Components and movements of deferred tax assets and liabilities during the financial year are as follows:

Deferred tax assets of the Group

	Property, plant and equipment	Unused tax losses and unabsorbed capital allowances	Contract liabilities	Other	Total
	RM	RM	RM	RM	RM
At 1 January 2023	7,012,838	5,521,379	16,907,432	7,117	29,448,766
Recognised in profit or loss	-	(5,521,379)	285,633	(7,117)	(5,242,863)
At 31 December 2023 (before offsetting)	7,012,838	-	17,193,065	-	24,205,903
Offsetting					-
At 31 December 2023					24,205,903
At 1 January 2022	7,012,838	5,890,379	20,153,457	7,533	33,064,207
Recognised in profit or loss	-	(369,000)	(3,246,025)	(416)	(3,615,441)
At 31 December 2022 (before offsetting)	7,012,838	5,521,379	16,907,432	7,117	29,448,766
Offsetting					(5,069,265)
At 31 December 2022					24,379,501

Deferred tax liabilities of the Group

	Property, plant and equipment	Others	Total
	RM	RM	RM
At 1 January 2023	5,069,265	-	5,069,265
Recognised in profit or loss	(5,069,265)	-	(5,069,265)
At 31 December 2023 (before offsetting)	-	-	-
Offsetting			-
At 31 December 2023			-

Notes to the Financial Statements

31 December 2023

9. DEFERRED TAX (continued)

- (b) Components and movements of deferred tax assets and liabilities during the financial year are as follows: (continued)

Deferred tax liabilities of the Group (continued)

	Property, plant and equipment RM	Others RM	Total RM
At 1 January 2022	5,399,848	-	5,399,848
Recognised in profit or loss	(330,583)	-	(330,583)
At 31 December 2022 (before offsetting)	5,069,265	-	5,069,265
Offsetting			(5,069,265)
At 31 December 2022			-

- (c) The amounts of temporary differences for which no deferred tax assets have been recognised in the statements of financial position are as follows:

	Group	
	2023 RM	2022 RM
Other deductible temporary differences	(2,042,228)	(9,128,991)
Unabsorbed capital allowances	9,663,297	8,474,883
Unused tax losses		
- Expired by 31 December 2028	746,572	746,572
- Expired by 31 December 2029	11,244,962	11,244,962
- Expired by 31 December 2030	10,734,919	10,734,919
- Expired by 31 December 2031	5,691,592	5,691,592
- Expired by 31 December 2032	23,241,629	23,241,629
- Expired by 31 December 2033	46,106,013	-
	105,386,756	51,005,566

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

The estimation of future taxable profits require management to make judgements, estimates and assumptions about future events that are inherently uncertain. Accordingly, deferred tax assets recognised are subject to estimation uncertainties and may be adjusted in subsequent periods as a result of changes in the accounting estimates.

Notes to the Financial Statements

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10. INVENTORIES

	Note	Group	
		2023 RM	2022 RM
At cost			
Consumables	(b)	95,247	227,408
Land held for sale	(c)	51,103,335	31,524,963
Land reclamation work in progress	11	-	422,097,307
		51,198,582	453,849,678
At net realisable value			
Land held for sale	(c)	15,579,148	23,801,184
Properties held for sale	(d)	8,399,998	10,357,556
Land reclamation work in progress	11	425,720,188	20,554,806
		500,897,916	508,563,224

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

(b) Consumables

- (i) Consumables represent parts purchased for future consumption in the construction of vessels and infrastructure works.
- (ii) Cost is determined using the first-in, first-out basis. The cost comprises all costs of purchases, cost of conversion plus other costs incurred in bringing the consumables to their present location and condition.

(c) Land held for sale

- (i) Cost of land held for sale comprises all reclamation costs, infrastructure costs, professional fees, stamp duties, commissions, and other costs incurred in bringing the land held for sale to their present condition.
- (ii) Movements of the land held for sale are as follows:

	Group	
	2023 RM	2022 RM
Balance as at 1 January	55,326,147	118,063,892
Additions	21,385,764	-
Costs incurred during the financial year	1,041,407	2,226,560
Less: Recognised in profit or loss during the financial year	(10,930,544)	(58,503,779)
Less: Written down during the financial year (Note 26)	(140,291)	(6,460,526)
Balance as at 31 December	66,682,483	55,326,147

(iii) Land held for sale represents reclaimed leasehold land with remaining lease terms of 92 years (2022: 89 to 93 years).

(iv) The Group has written down the land held for sale by RM140,291 (2022: RM6,460,526) to their net realisable value during the financial year.

Notes to the Financial Statements

31 December 2023

10. INVENTORIES (continued)

(c) Land held for sale (continued)

- (v) The carrying value of land held for sale of the Group pledged to financial institutions and licensed moneylenders for credit facilities granted to the Group and Company as disclosed in Notes 18(d)(ii) and (e) to the financial statements are as follows:

	Group	
	2023 RM	2022 RM
Borrowings (except for term loans II)	17,504,675	14,947,704
Term loans II	14,748,053	20,544,267
	32,252,728	35,491,971

(d) Properties held for sale

- (i) Movement of the properties held for sale are as follows:

	Group	
	2023 RM	2022 RM
Balance as at 1 January	10,357,556	10,897,491
Add: Expenditure incurred	26,299	23,779
Less: Disposals	-	(366,687)
Less: Written down during the financial year	(1,983,857)	(197,027)
Balance as at 31 December	8,399,998	10,357,556

- (ii) Properties held for sale are in respect of six (6) (2022: six (6)) units of properties, which are available for immediate sale.
- (iii) Cost of properties held for sale is determined using cost of the acquisition of properties held for sale and direct costs attributable to the acquisition of properties held for sale.
- (iv) During the financial year, properties held for sale written down recognised in profit and loss amounted to RM1,983,857 (2022: RM197,027).

(e) Write-down for obsolete or slow-moving inventories

The Group writes down its obsolete or slow-moving inventories based on assessment of their estimated recoverable amount. Inventories are written down when events or changes in circumstances indicate that the carrying amounts could not be recovered. Management specifically analyses sales trends and current economic trends to evaluate the adequacy of the write down for obsolete or slow moving inventories. Where expectations differ from the original estimates, the differences would impact the carrying amount of inventories.

11. LAND RECLAMATION WORK IN PROGRESS

	Group	
	2023 RM	2022 RM
At cost	-	422,097,307
At net realisable value	425,720,188	20,554,806
	425,720,188	442,652,113

Notes to the Financial Statements

31 December 2023

11. LAND RECLAMATION WORK IN PROGRESS (continued)

- (a) Land reclamation work in progress represents all costs that are directly attributable to the land reclamation concession or that can be allocated on a reasonable basis to the concession. The costs incurred comprise cost to secure the land reclamation concession, construction costs and other development costs common to the entire reclamation concession including professional fees and other relevant levies.

Land reclamation work in progress is recognised as an asset and is measured at the lower of cost and net realisable value. Net realisable value is the estimated selling price of the reclaimed land in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale. Any expected loss is recognised immediately in profit or loss.

- (b) Movements of the land reclamation work in progress are as follows:

	Group	
	2023 RM	2022 RM
Balance as at 1 January	442,652,113	425,909,457
Costs incurred during the financial year	-	16,752,656
Less: Recognised in profit or loss during the financial year	(16,752,656)	(10,000)
Less: Written down during the financial year (Note 26)	(179,269)	-
Balance as at 31 December	425,720,188	442,652,113

- (c) Land reclamation work in progress of the Group at the end of the reporting period are mainly costs incurred for the reclamation works in Tanjung Piai and Pengerang in the State of Johor.

12. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Trade receivables				
Third parties	6,174,032	16,291,993	-	-
Less: Impairment losses	(213,397)	(213,397)	-	-
	5,960,635	16,078,596	-	-
Other receivables and deposits				
Third parties	3,709,835	3,398,577	20,510	20,047
Amounts owing by related parties	-	3,567	-	-
Amounts owing by subsidiaries	-	-	60,613,201	62,861,892
Deposits	1,908,274	1,887,905	5,000	5,000
	5,618,109	5,290,049	60,638,711	62,886,939
Less: Impairment losses				
- third parties	(1,307,021)	(1,307,021)	-	-
- subsidiaries	-	-	(1,238,932)	(1,238,932)
- deposits	(570,000)	(570,000)	-	-
	(1,877,021)	(1,877,021)	(1,238,932)	(1,238,932)
Total other receivables and deposits	3,741,088	3,413,028	59,399,779	61,648,007
Total receivables	9,701,723	19,491,624	59,399,779	61,648,007
Prepayments	4,047,909	3,771,082	-	1,800
	13,749,632	23,262,706	59,399,779	61,649,807

Notes to the Financial Statements

31 December 2023

12. TRADE AND OTHER RECEIVABLES (continued)

- (a) Total receivables are classified as financial assets measured at amortised cost.
- (b) Trade receivables are non-interest bearing and the normal trade credit terms granted by the Group ranged from 14 days to 90 days (2022: 14 days to 90 days). They are recognised at their original invoices amounts, which represent their fair values on initial recognition.
- (c) Included in trade receivables of the Group are retention sums for contract works amounting to RM3,771,961 (2022: RM2,753,172). The retention sums are unsecured, interest free and are expected to be collected as follows:

	Group	
	2023 RM	2022 RM
Within one (1) year	2,753,172	636,224
Within two (2) years	1,018,789	2,116,948
	3,771,961	2,753,172

- (d) Currency exposure of trade and other receivables (excluding prepayments) of the Group and of the Company are as follows:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Ringgit Malaysia	9,696,987	19,486,713	59,399,779	61,648,007
Singapore Dollar	4,736	4,911	-	-
	9,701,723	19,491,624	59,399,779	61,648,007

- (e) Impairment for trade receivables and contract assets that do not contain a significant financing component are recognised based on the simplified approach using the lifetime expected credit losses.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of the asset, while 12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within the twelve (12) months after the reporting date. The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group and the Company are exposed to credit risk.

The Group considers past loss experience and observable data such as current changes and future forecasts in economic conditions to estimate the amount of expected impairment loss. The methodology and assumptions including any forecasts of future economic conditions are reviewed regularly.

During this process, the probability of non-payment by the trade receivables are adjusted by forward looking information on macroeconomic factors and multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. The Group had identified the lending interest rate and Gross Domestic Product ("GDP") as the key macroeconomic factors.

For trade receivables, which are reported net, such impairments are recorded in a separate impairment account with the loss being recognised within net loss on impairment of financial assets and contract assets in the statements of profit or loss and other comprehensive income. On confirmation that the trade receivable would not be collectible, the gross carrying value of the asset would be written off against the associated impairment.

It requires management to exercise significant judgement in determining the probability of default by trade receivables and appropriate forward looking information.

Credit impaired refers to individually determined debtors who are in significant financial difficulties and have defaulted on payments with balances outstanding for more than 365 days as at the financial year end.

Notes to the Financial Statements

31 December 2023

12. TRADE AND OTHER RECEIVABLES (continued)

(f) Movements in the impairment losses for trade receivables are as follows:

Group	Lifetime ECL - credit impaired RM
At 1 January 2023/31 December 2023	213,397
At 1 January 2022/31 December 2022	213,397

(g) Aging analysis of trade receivables of the Group are as follows:

	Gross RM	Impaired RM	Total RM
2023			
Current	3,771,961	-	3,771,961
Past due:			
1 to 30 days	2,188,674	-	2,188,674
31 to 60 days	-	-	-
61 to 90 days	-	-	-
91 to 120 days	-	-	-
More than 120 days	213,397	(213,397)	-
	2,402,071	(213,397)	2,188,674
	6,174,032	(213,397)	5,960,635
2022			
Current	4,042,735	-	4,042,735
Past due:			
1 to 30 days	1,592,629	-	1,592,629
31 to 60 days	1,159,195	-	1,159,195
61 to 90 days	-	-	-
91 to 120 days	1,759,851	-	1,759,851
More than 120 days	7,737,583	(213,397)	7,524,186
	12,249,258	(213,397)	12,035,861
	16,291,993	(213,397)	16,078,596

(h) Amounts owing by subsidiaries represent advances and payments made on behalf, which are unsecured, interest-free and repayable within the next twelve (12) months in cash and cash equivalents.

Notes to the Financial Statements

31 December 2023

12. TRADE AND OTHER RECEIVABLES (continued)

- (i) Impairment for other receivables, amounts owing by subsidiaries and related parties are recognised based on general approach within MFRS 9 using the forward looking expected credit loss model. The methodology used to determine the amount of the impairment is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. The Group and the Company defined significant increase in credit risk when there is changes in contractual terms and delay in payment. As at the end of the reporting period, the Group and the Company assess whether there has been a significant increase in credit risk for financial assets by comparing the risk of default occurring over the expected life with the risk of default since initial recognition. For those in which the credit risk has not increased significantly since initial recognition of the financial asset, twelve months expected credit losses along with gross interest income are recognised. For those which credit risk has increased significantly, lifetime expected credit losses along with gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised. Credit impaired refers to debtors who are in significant financial difficulties as at the end of the reporting period.

The Group and the Company defined significant increase in credit risk based on the operating performance of the receivables.

The probability of non-payment of other receivables, amounts owing by subsidiaries and related parties are adjusted by forward looking information (lending interest rates and Malaysian construction output index) and multiplied by the amount of the expected loss arising from default to determine the twelve months or lifetime expected credit loss for the other receivables, amounts owing by subsidiaries and related parties.

It requires management to exercise judgement in determining the probability of default by other receivables, amounts owing by subsidiaries and related parties, appropriate forward looking information and significant increase in credit risk.

- (j) The reconciliation of movements in the impairment losses on other receivables, deposits and amounts owing by subsidiaries is as follows:

	Lifetime ECL - credit impaired RM
Group	
At 1 January 2023/31 December 2023	1,877,021
At 1 January 2022/31 December 2022	1,877,021
	Lifetime ECL - not credit impaired RM
Company	
At 1 January 2023/ 31 December 2023	1,238,932
At January 2022	1,114,163
Charge for the financial year	124,769
At 31 December 2022	1,238,932

Notes to the Financial Statements

31 December 2023

12. TRADE AND OTHER RECEIVABLES (continued)

- (k) As at the end of each reporting year, the credit risks exposures and concentration relating to trade receivables of the Group are summarised in the table below:

	Group	
	2023 RM	2022 RM
Maximum exposure	5,960,635	16,078,596
Collateral obtained	-	-
Net exposure to credit risk	5,960,635	16,078,596

During the financial year, the Group did not renegotiate the terms of any trade receivables.

- (l) The Group determines concentrations of credit risk by monitoring the country and industry sector profiles of its trade receivables on an ongoing basis. The credit risk concentration profile of the Group's total trade receivables at the end of the reporting year is as follows:

	2023		2022	
	RM	% of total	RM	% of total
By country				
Malaysia	5,960,635	100.00%	16,078,596	100.00%
By industry sectors				
Marine construction				
- Land reclamation services	5,960,635	100.00%	16,078,596	100.00%

At the end of each reporting year, one hundred percent (100%) (2022: 100%) of the trade receivables of the Group was due from one customer who is land reclamation services customer located in Malaysia.

At the end of each reporting year, there was no significant concentration of credit risk for the Company other than amounts owing by subsidiaries, net of impairment to the Company of RM59,374,269 (2022: RM61,622,960).

- (m) Sensitivity analysis of RM against foreign currencies at the end of the reporting year is not presented as it is immaterial.

13. CONTRACT ASSETS/(LIABILITIES)

	Group	
	2023 RM	2022 RM
Contract assets		
Land reclamation contracts	64,580,665	51,032,347
Contract liabilities		
Deferred revenue		
- Non-current	(71,595,364)	(70,405,226)
- Current	(42,408)	(42,408)
	(71,637,772)	(70,447,634)

Notes to the Financial Statements

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13. CONTRACT ASSETS/(LIABILITIES) (continued)

- (a) Contract assets primarily related to the Group's rights to consideration for work completed on land reclamation contracts at the reporting date, subject to receive apportionment of completed reclaimed land as settlement.

Contract assets are transferred to loan held for sale when the rights to economic benefits become unconditional. This usually occurs when the Group received the apportionment of completed reclaimed land.

Contract liabilities primarily related to the advance consideration received from customers of which the contract liabilities are recognised as revenue when performance obligations are satisfied.

There were no significant changes in the contract assets and liabilities during the financial year.

- (b) Contract assets from land reclamation contracts

	2023 RM	2022 RM
Balance as at 1 January	51,032,347	46,839,058
Additions	2,319,581	4,681,484
Impairment losses during the year (Note 25)	(127,493)	(961,491)
Reversal impairment losses (Note 25)	4,876,869	-
Revenue recognised during the year	6,479,361	473,296
Balance as at 31 December	<u>64,580,665</u>	<u>51,032,347</u>
Aggregate costs incurred to date	65,100,563	62,780,982
Add: Attributable profits	27,672,077	21,192,716
	92,772,640	83,973,698
Less: Accumulated impairment losses	(28,191,975)	(32,941,351)
	<u>64,580,665</u>	<u>51,032,347</u>

- (c) Contract liabilities from deferred revenue

	2023 RM	2022 RM
Balance as at 1 January	(70,447,634)	(84,015,146)
Revenue recognised during the year	1,318,708	13,567,512
Progress billings	(2,508,846)	-
Balance as at 31 December	<u>(71,637,772)</u>	<u>(70,447,634)</u>
Aggregate costs incurred to date	78,412,882	77,126,309
Add: Attributable profits	34,329,829	34,297,694
	112,742,711	111,424,003
Less: Progress billings	(184,380,483)	(181,871,637)
	<u>(71,637,772)</u>	<u>(70,447,634)</u>

Notes to the Financial Statements

31 December 2023

13. CONTRACT ASSETS/(LIABILITIES) (continued)

- (d) Contract value yet to be recognised as revenue

Revenue expected to be recognised in the future relating to performance obligations that are unsatisfied (or partially unsatisfied) at the end of the reporting year, are as follows:

	Group	
	2023 RM	2022 RM
Within 1 year	42,408	42,408
More than 1 year	71,595,364	70,405,226
	71,637,772	70,447,634

Non-current contract liabilities do not contain significant financing component because the customers paid for the unsatisfied performance obligations in advance and the timing of the transfer of those unsatisfied performance obligations are at the discretion of the customers.

- (e) Impairment for contract assets that do not contain a significant financing component are recognised based on the simplified approach using the lifetime expected credit losses as disclosed in Note 12(e) to the financial statements.

	Group	
	2023	2022
Expected loss rate	30.39%	39.23%
Gross carrying amount (RM)	92,772,640	83,973,698
Lifetime ECL (RM)	28,191,975	32,941,351

The reconciliation of movements in the impairment accounts in contract assets is as follows:

	Group	
	2023 RM	2022 RM
As at 1 January	32,941,351	31,979,860
Charge for the financial year	127,493	961,491
Reversal during the financial year	(4,876,869)	-
As at 31 December	28,191,975	32,941,351

The Group has made a reversal of impairment losses on contract assets amounted to RM4,876,869 (2022: Nil) pursuant to the Settlement Agreement as disclosed in Note 33(b).

- (f) The amount of RM1,318,708 (2022: RM13,567,512) recognised in contract liabilities at the beginning of the financial year had been recognised as revenue for the financial year ended 31 December 2023.

14. SHORT TERM FUNDS

	Group	
	2023 RM	2022 RM
Financial assets at fair value through profit or loss		
Units in quoted money market fund in Malaysia	163,422	158,255

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14. SHORT TERM FUNDS (continued)

- (a) Short term funds are classified as fair value through profit or loss, and subsequently remeasured to fair value with changes in fair value being recognised in profit or loss. The fair value is categorised as Level 1 in the fair value hierarchy. Fair value of short term funds in Malaysia is determined by reference to counter parties' quotation at the close of business at the end of the reporting year.
- (b) All short term funds are denominated in RM.

15. CASH AND BANK BALANCES

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Cash and bank balances	653,740	568,088	13,317	60,563
Deposits with licensed financial institutions	25,655,882	25,132,404	-	-
As reported in the statements of financial position	26,309,622	25,700,492	13,317	60,563
Less:				
Bank overdraft (Note 18)	(6,857,653)	(8,632,438)	-	-
Fixed deposits pledged with licensed financial institutions (Note 15(a))	(25,655,882)	(25,132,404)	-	-
Cash and cash equivalents included in statements of cash flows	(6,203,913)	(8,064,350)	13,317	60,563

- (a) Deposits with licensed financial institutions of the Group amounting to RM25,655,882 (2022: RM25,132,404) were pledged as security for banking facilities granted to certain subsidiaries of the Group as disclosed in Note 18(d) to the financial statements.
- (b) Deposits with licensed banks are subject to fixed weighted average effective interest rates of 2.09% (2022: 1.52%).
- (c) Sensitivity analysis of interest rate at the end of the reporting period was not presented as fixed rate instruments are not affected by changes in interest rates.
- (d) Currency exposure of cash and bank balances is as follows:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Ringgit Malaysia	26,101,212	25,642,928	13,317	60,563
Singapore Dollar	30,213	18,286	-	-
United States Dollar	178,197	39,278	-	-
	26,309,622	25,700,492	13,317	60,563

Sensitivity analysis of RM against foreign currencies at the end of the reporting year is not presented as it is immaterial.

- (e) Cash and bank balances are classified as financial assets measured at amortised cost.
- (f) No expected credit losses were recognised arising from the cash at banks and deposits with licensed banks because the probability of default by these financial institutions were negligible.

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16. SHARE CAPITAL

	Group and Company			
	2023		2022	
	Number of ordinary shares	RM	Number of ordinary shares	RM
Issued and fully paid up ordinary shares				
At 1 January/31 December	1,031,602,500	391,935,927	1,031,602,500	391,935,927

Owners of the parent of ordinary shares are entitled to receive dividends as and when declared by the Company and are entitled to one (1) vote per ordinary share at meetings of the Company. All ordinary shares rank pari passu with regards to the residual assets of the Company.

17. RESERVES

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Non-distributable:				
Treasury shares	(12,703,204)	(12,703,204)	(12,703,204)	(12,703,204)
Exchange translation reserve	(5,838,055)	(3,608,464)	-	-
Reverse acquisition debit	(146,069,559)	(146,069,559)	-	-
Distributable:				
Retained earnings	132,135,306	193,348,933	7,382,890	14,304,885
	(32,475,512)	30,967,706	(5,320,314)	1,601,681

(a) Treasury shares

The shareholders of the Company, by an ordinary resolution passed at the Annual General Meeting held on 26 May 2023 approved the Company's plan to repurchase up to 10% of the issued and paid-up share capital of the Company ("Share Buy Back").

The Company did not repurchase any of its issued ordinary shares from the open market during the financial year.

Of the total 1,031,602,500 (2022: 1,031,602,500) issued and fully paid ordinary shares as at 31 December 2023, 12,715,400 (2022: 12,715,400) ordinary shares purchased for RM12,703,204 (2022: RM12,703,204) are held as treasury shares by the Company. The number of outstanding ordinary shares in issue after deducting the treasury shares is 1,018,887,100 (2022: 1,018,887,100).

(b) Exchange translation reserve

Exchange translation reserve is used to record foreign exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the presentation currency of the Group. It is also used to record the exchange differences arising from monetary items, which form part of the net investment of the Group in foreign operations, where the monetary item is denominated in either the functional currency of the reporting entity or the foreign operation.

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17. RESERVES

(c) Reverse acquisition debit

Reverse acquisition debit arose from the reverse acquisition of the Company and two (2) subsidiaries by BSB in the previous financial years, as follows:

	Group RM
Issued equity of the Company for the acquisitions (comprising 629,999,992 ordinary shares)	157,499,998
Less:	
- Issued equity of BSB	(7,300,000)
- Deemed purchase consideration of the two (2) subsidiaries	(4,130,439)
Reverse acquisition debit	<u>146,069,559</u>

18. BORROWINGS

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Non-current liabilities				
Secured				
Term loans I	5,146,553	6,247,480	-	-
Term loans II	15,000,000	15,000,000	15,000,000	15,000,000
	<u>20,146,553</u>	<u>21,247,480</u>	<u>15,000,000</u>	<u>15,000,000</u>
Current liabilities				
Secured				
Bank overdraft (Note 15)	6,857,653	8,632,438	-	-
Trust receipts	1,786,035	3,370,514	-	-
Revolving credit	20,000,000	20,000,000	-	-
Term loans I	1,128,877	1,407,944	-	-
Invoice financing	3,297,601	1,367,076	-	-
	<u>33,070,166</u>	<u>34,777,972</u>	<u>-</u>	<u>-</u>
Total borrowings				
Bank overdraft (Note 15)	6,857,653	8,632,438	-	-
Trust receipts	1,786,035	3,370,514	-	-
Revolving credit	20,000,000	20,000,000	-	-
Term loans I	6,275,430	7,655,424	-	-
Term loans II	15,000,000	15,000,000	15,000,000	15,000,000
Invoice financing	3,297,601	1,367,076	-	-
	<u>53,216,719</u>	<u>56,025,452</u>	<u>15,000,000</u>	<u>15,000,000</u>

Notes to the Financial Statements

31 December 2023

18. BORROWINGS (continued)

- (a) Borrowings are classified as financial liabilities measured at amortised cost.
- (b) Borrowings are denominated in RM.
- (c) Fair value of the borrowings of the Group and of the Company are categorised as Level 2 in the fair value hierarchy. There is no transfer between levels in the hierarchy during the financial year.
- (d) All borrowings of the Group (except for term loans II) are secured by:
- (i) Legal charge over certain property, plant and equipment of the Group as disclosed in Note 5(c) to the financial statements;
 - (ii) Legal charge over certain land held for sale of the Group as disclosed in Note 10(c)(v) to the financial statements;
 - (iii) Fixed deposits of the Group as disclosed in Note 15(a) to the financial statements; and
 - (iv) Assignment of insurances in favour of the financial institutions as mortgagee and loss payee covering but not limited to the hull and machinery coverage and war risks.
- (e) Term loans II are secured by certain land held for sale of the Group as disclosed in Note 10(c)(v) to the financial statements.
- (f) Term loan agreements entered into by the Group include repayment based on contractual terms at the discretion of financial institutions and licensed moneylenders. The Group believes that in the absence of a default being committed by the Group, these financial institutions and licensed moneylenders are not entitled to exercise its right to demand for repayment. Accordingly, the carrying amount of the term loans has been classified between current and non-current liabilities based on their repayment year.
- (g) Interest rate profile of the borrowings are as follows:

	2023	2022
	RM	RM
Group		
Fixed rate	15,505,814	16,313,684
Floating rate	37,710,905	39,711,768
	<u>53,216,719</u>	<u>56,025,452</u>
Company		
Fixed rate	15,000,000	15,000,000

- (h) The weighted average interest rates per annum of borrowings of the Group and of the Company that were effective as at end of reporting date were as follows:

	2023	2022
	%	%
Group		
Fixed rate		
Term loans I	9.00	9.00
Term loans II	10.00	10.00

Notes to the Financial Statements

31 December 2023

18. BORROWINGS (continued)

- (h) The weighted average interest rates per annum of borrowings of the Group and of the Company that were effective as at end of reporting date were as follows: (continued)

Group	2023	2022
	%	%
<u>Floating rate</u>		
Bank overdraft	7.88	7.15
Invoice financing	6.48	3.93
Revolving credit	7.31	6.47
Term loans I	4.95	3.98
Trust receipts	7.65	7.11
Company		
<u>Fixed rate</u>		
Term loans II	10.00	10.00

- (i) Sensitivity analysis of interest rate at the end of the reporting year, assuming that all other variables remain constant, is as follows:

	Group	
	2023	2023
	RM	RM
Effects of 30bp changes to loss after tax		
Floating rate instruments	(85,981)	(90,543)

Sensitivity analysis for fixed rate borrowings as at the end of the reporting year was not presented as fixed rate instruments as it is not affected by changes in interest rates.

- (j) The carrying amounts of floating rate borrowings are reasonable approximation of their fair values due to they are re-priced to market interest rates on or near the end of each reporting year.
- (k) The following table sets out the financial instruments not carried at fair value for which fair value is disclosed, together with their carrying amount shown in the statements of financial position:

Group	2023		2022	
	Carrying amount	Fair value	Carrying amount	Fair value
	RM	RM	RM	RM
Term loans I	505,814	464,047	1,313,684	1,166,891
Term loans II	15,000,000	13,636,364	15,000,000	12,396,694
Company				
Term loans II	15,000,000	13,636,364	15,000,000	12,396,694

Fair values of the borrowings are estimated by discounting future contracted cash flows at the current market interest rate available to the Group for similar financial instruments.

Notes to the Financial Statements

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18. BORROWINGS (continued)

- (i) The table below summarises the maturity profile of the borrowings of the Group and of the Company at the end of the reporting year based on contractual undiscounted repayment obligations:

Group	On demand or within one year RM	One to five years RM	Over five years RM	Total RM
2023				
Bank overdraft	6,857,653	-	-	6,857,653
Trust receipts	1,786,035	-	-	1,786,035
Revolving credit	20,207,824	-	-	20,207,824
Term loans I	1,395,661	3,498,240	2,494,164	7,388,065
Term loans II	1,375,000	19,625,000	-	21,000,000
Invoice financing	3,297,601	-	-	3,297,601
Total undiscounted financial liabilities	34,919,774	23,123,240	2,494,164	60,537,178
2022				
Bank overdraft	8,632,438	-	-	8,632,438
Trust receipts	3,370,514	-	-	3,370,514
Revolving credit	20,208,812	-	-	20,208,812
Term loans I	1,767,877	4,019,341	3,324,262	9,111,480
Term loans II	1,500,000	18,000,000	-	19,500,000
Invoice financing	1,367,076	-	-	1,367,076
Total undiscounted financial liabilities	36,846,717	22,019,341	3,324,262	62,190,320
Company				
2023				
Term loans II	1,375,000	19,625,000	-	21,000,000
2022				
Term loans II	1,500,000	18,000,000	-	19,500,000

19. TRADE AND OTHER PAYABLES

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Non-current liabilities				
Other payables				
Amounts owing to related parties	61,473,160	58,608,778	-	-
Amount owing to a Director	11,251,288	17,913,599	-	-
	72,724,448	76,522,377	-	-
Current liabilities				
Trade payables				
- third parties	39,386,754	21,579,933	-	-
- a related party	18,923	18,923	-	-
	39,405,677	21,598,856	-	-

Notes to the Financial Statements

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19. TRADE AND OTHER PAYABLES (continued)

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Current liabilities (continued)				
Other payables				
Third parties	16,281,685	11,753,593	55,329	181,290
Accruals	7,036,629	5,064,423	1,794,399	1,427,203
Amounts owing to related parties	23,036,052	16,776,456	4,660	4,660
Amount owing to a Director	16,421,920	-	-	-
	62,776,286	33,594,472	1,854,388	1,613,153
Total current trade and other payables	102,181,963	55,193,328	1,854,388	1,613,153
Total trade and other payables	174,906,411	131,715,705	1,854,388	1,613,153

- (a) Trade and other payables are classified as financial liabilities measured at amortised cost.
- (b) Trade payables, including amounts owing to related parties, are non-interest bearing and the normal trade credit terms granted to the Group ranged from 30 days to 90 days (2022: 30 days to 90 days).
- (c) Included in other payables of the Group are deposits received from third party customers for the sale of land held for sale amounting to RM9,573,290 (2022: RM2,636,901).
- (d) Amounts owing to related parties represent advances and payments made on behalf, which are unsecured, interest free and repayable on demand in cash and cash equivalents except for RM61,473,160 (2022: RM58,608,778) which is not repayable within the next twelve months.
- (e) Amount owing to a Director represents advances and payments made on behalf, which are unsecured, interest free and repayable on demand in cash and cash equivalents except for RM10,000,000 (2022: RM10,000,000) subject to interest rate of 12.00% (2022: 12.00%) per annum which is not repayable within the next twelve months.
- (f) Currency exposure of trade and other payables of the Group and of the Company is as follows:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Ringgit Malaysia	122,929,709	82,336,904	1,854,388	1,613,153
Singapore Dollar	48,786,510	45,860,236	-	-
United States Dollar	3,190,192	3,518,565	-	-
	174,906,411	131,715,705	1,854,388	1,613,153

- (g) Sensitivity analysis of RM against foreign currencies at the end of the reporting year, assuming that all other variables remain constant, are as follows:

	Group	
	2023 RM	2022 RM
Effects of 10% changes in		
Loss after tax		
- RM/SGD	3,707,775	3,485,378
- RM/USD	242,455	267,411

Notes to the Financial Statements

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19. TRADE AND OTHER PAYABLES (continued)

(h) The table below summarises the maturity profile of the trade and other payables of the Group at the end of the reporting year based on contractual undiscounted repayment obligations:

	On demand or within one year RM	One to five years RM	Total RM
2023			
Group			
Trade and other payables	102,181,963	80,056,758	182,238,721
Company			
Trade and other payables	1,854,388	-	1,854,388
2022			
Group			
Trade and other payables	55,193,328	83,391,213	138,584,541
Company			
Trade and other payables	1,613,153	-	1,613,153

20. FINANCIAL GUARANTEES

The Company has financial guarantee contracts of RM47,500,430 (2022: RM56,880,424) in respect of financial guarantees given to financial institutions for banking facilities granted to subsidiaries. The Company monitors the ability of the subsidiaries to service the loans regularly.

Financial guarantees issued are initially measured at fair value. Subsequently, they are measured at higher of the amount of the loss allowance; and the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of MFRS 15.

The Company assumes that there is significant increase in credit risk when the subsidiary's financial position deteriorates significantly. The Company considers a financial guarantee to be credit impaired when the subsidiary is unlikely to repay its credit obligation to the bank in full or the subsidiary is continuously loss making and is having a deficit shareholders fund. The Company determines the probability of default of the guaranteed loans individually using internal information available.

Financial guarantees have not been recognised since the fair value was not material on initial recognition. As at the end of the reporting period, there was no indication that the subsidiaries would default on repayment.

Maturity profile of financial guarantee contracts of the Company at the end of each reporting period based on contractual undiscounted repayment obligations is repayable upon any default by the subsidiary in respect of the guaranteed bank facilities.

The maximum credit risk exposure of the financial guarantees issued is limited to the credit amount utilised of RM38,291,719 (2022: RM41,090,452). The financial guarantees have low credit risk at the end of the year as the financial guarantee is unlikely to be called by the financial institutions.

Notes to the Financial Statements

31 December 2023

21. REVENUE

	Group	
	2023 RM	2022 RM
Revenue from contracts with customers:		
Marine construction		
- Contract works	30,015,940	10,862,721
- Disposal of land held for sale:		
- reclaimed land	6,100,184	52,069,446
- infrastructure works	1,318,708	13,567,513
- Disposal of properties held for sale	-	260,000
Marine transportation	-	(98,669)
	37,434,832	76,661,011
Timing of revenue recognition:		
Transferred over time	31,334,648	24,430,234
Transferred at a point in time	6,100,184	52,230,777
	37,434,832	76,661,011

Disaggregation of revenue from contracts with customers has been presented in the operating segments, Note 4 to the financial statements.

(a) Revenue from marine construction contract works

Revenue from contract works, of which the settlement of the contract sum is via progress payment in cash, is recognised over the contractual period using the output method by reference to the progress towards complete satisfaction of that performance obligation if control of the asset transfers over time. The output method recognises revenue on the basis of direct measurements of value to the customer of the construction work performed to date relative to the remaining construction work promised under the contract.

Revenue from contract works, of which the settlement of the contract sum is via allocation of land portion reclaimed, is recognised over the contractual period using the input method by reference to the cost incurred for work performed to date against the estimated costs to completion if control of the asset transfers over time.

Significant judgement is required in determining performance obligations as stated in the contracts with customers, transaction price allocation and costs in applying the input method to recognise revenue over time.

The Group identifies performance obligations that are distinct and material, which are judgmental in the context of contract. Transaction prices are determined based on estimated profit margins prior to its allocation to the identified performance obligation. The Group also estimates total contract costs in applying the input method to recognise revenue over time. In estimating the total costs to complete, the Group considers the completeness and accuracy of its cost estimation, including its obligations to contract variations, claims and cost contingencies.

There is no significant financing component in the revenue from contract works as the contracts are on normal credit terms not exceeding twelve months.

Notes to the Financial Statements

31 December 2023

21. REVENUE (continued)

(b) Disposal of land held for sale

Contracts with customers may include multiple promises to customers and therefore accounted for as separate performance obligations. In this case, the transaction price will be allocated to each performance obligation based on the stand-alone selling prices.

Revenue from disposal of land held for sale are categorised into two (2) identifiable components, which are reclaimed land component and infrastructure cost component.

(i) Reclaimed land component

The Group recognises revenue at a point in time for disposal of reclaimed land component, when the control of the reclaimed land has been transferred to the purchasers, being when vacant possession of reclaimed land delivered to the customers and the Company retains neither continuing managerial involvement over the land, which coincides with the delivery of land and acceptance by customers.

(ii) Infrastructure cost component

The Group recognises revenue at a point over time for infrastructure cost component using the input method by reference to the expected cost plus a margin approach.

Revenue in relation to the infrastructure cost component are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits would be required to incur the infrastructure cost, the contract liabilities in relation to the infrastructure cost component would be reversed and recognised in profit or loss.

Significant judgement is required in determining performance obligations as stated in the contracts with customers, transaction price allocation and costs in applying the input method to recognise revenue over time.

The Group identifies performance obligations that are distinct and material, which are judgmental in the context of contract. Transaction prices are determined based on estimated profit margins prior to its allocation to the identified performance obligation. The Group also estimates total contract costs in applying the input method to recognise revenue over time. In estimating the total costs to complete, the Group considers the completeness and accuracy of its cost estimation, including its obligations to contract variations, claims, and cost contingencies.

There is no significant financing component in the revenue from disposal held for sale as the contracts are on normal credit terms not exceeding twelve months.

(c) Disposal of properties held for sale

The Group recognises revenue at a point in time for the disposal of properties held for sale, net of discount, when the control of the properties has been transferred to the purchasers, being when the properties have been delivered to the customers and it is probable that the Group will collect the considerations to which it would be entitled to in exchange for the assets sold.

There is no significant financing component in the revenue arising from sale of completed properties as the sales are made on the normal credit terms not exceeding twelve months.

(d) Marine transportation

Revenue from marine transportation is recognised at a point in time when the service has been rendered to the customer and coincides with the delivery of services and acceptance by customers.

There is no right of return and warranty provided to the customers on the services rendered.

There is no significant financing component in the revenue arising from services rendered as the services are made on the normal credit terms not exceeding twelve months.

Notes to the Financial Statements

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22. COST OF SALES

	Group	
	2023 RM	2022 RM
Marine construction:		
- Contract works	59,416,307	9,513,825
- Disposals of land held for sale:		
- reclaimed land	8,218,367	59,836,609
- infrastructure works	1,286,573	3,130,154
- Disposal of properties held for sale	-	366,687
Vessels chartering	985,585	1,706,298
Marine transportation	-	(98,669)
	69,906,832	74,454,904

23. OTHER INCOME

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Fair value adjustment on:				
- amounts owing to related parties	233,962	1,162,770	-	-
- short term funds	3,452	-	-	-
Deposit forfeited	-	513,985	-	-
Foreign exchange gain:				
- realised	323,187	340,274	-	-
- unrealised	17,714	20,415	-	-
Gain on disposal of property, plant and equipment	3,416,574	1,963,166	-	-
Gain on early termination of lease	215,749	-	-	-
Recovery of bad debts written off	1,000,000	-	-	-
Gross dividend received from:				
- other investments	3,243	4,400	-	-
- short term funds	1,715	-	-	-
Interest income from:				
- a subsidiary	-	-	284,501	1,427,222
- fixed deposits	523,478	369,879	-	-
- others	1,036	618	484	345
Rental income	-	359,601	-	-
Sales of used scraps	-	34,720	-	-
Others	725,992	159,813	-	-
	6,466,102	4,929,641	284,985	1,427,567

- (a) Interest income is recognised as it accrues, using the effective interest method.
- (b) Rental income was recognised when the service had been rendered to the customer and coincided with the delivery of services and acceptance by customers.

Notes to the Financial Statements

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24. FINANCE COSTS

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Bank overdraft	703,887	839,485	-	-
Lease liabilities	505,494	591,119	-	-
Term loans and revolving credits	3,333,652	5,857,668	1,487,196	4,187,006
Trust receipts	168,538	163,928	-	-
Loan from a Director	1,200,000	51,288	-	-
Others	186,543	147,136	-	-
	6,098,114	7,650,624	1,487,196	4,187,006

25. NET GAIN/(LOSS) ON IMPAIRMENT OF FINANCIAL ASSETS AND CONTRACT ASSETS

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Reversal of impairment losses on contract assets (Note 13)	4,876,869	-	-	-
Impairment losses on:				
- amount owing by a subsidiary (Note 12)	-	-	-	(124,769)
- contract assets (Note 13)	(127,493)	(961,491)	-	-
	4,749,376	(961,491)	-	(124,769)

26. LOSS BEFORE TAX

Other than those disclosed elsewhere in the financial statements, loss before tax is arrived at:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
After charging:				
Fair value adjustment on:				
- Amounts owing to related parties	53,144	124,095	-	-
- Other investments (Note 8)	6,829	369	-	-
Auditors' remuneration:				
BDO PLT:				
- Statutory audit:	471,772	450,841	138,000	133,000
- Non-statutory audit	15,000	15,000	15,000	15,000
Other auditors:				
- Statutory audit	93,905	89,005	-	-
Expense relating to short-term leases (Note 6(e))	3,102	4,527	-	-
Loss on disposal of properties held for sale	-	106,687	-	-
Loss on foreign exchange:				
- realised	16,774	141,864	-	-
- unrealised	1,094,364	145,118	-	-
Write off of:				
- property, plant and equipment	-	269,117	-	-
- deposits	-	2,807	-	-
- trade receivables	-	4,595	-	-

Notes to the Financial Statements

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27. TAX EXPENSE

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Current income tax				
- Malaysian income tax	3,109	7,451	-	-
(Over)/Under provision in prior years*	(331)	3,629,767	-	-
	2,778	3,637,218	-	-
Deferred tax (Note 9(a)):				
- Origination and reversal of temporary differences	(285,633)	3,284,839	-	-
- Under provision in prior year	459,206	-	-	-
	173,573	3,284,839	-	-
Tax expenses recognised in profit or loss	176,351	6,922,057	-	-

* In the previous financial year, included in under provision in prior years is additional tax liability of RM3,607,028 stated in Notice of Additional Assessment (Form JA) for the years of assessment 2015 to 2016.

- Malaysian income tax is calculated at the statutory tax rate of 24% (2022: 24%) of the estimated taxable profits for the fiscal year.
- Tax expense for other taxation authorities are calculated at the rates prevailing in the respective jurisdictions.
- Numerical reconciliation between the tax expenses and the product of accounting loss multiplied by the applicable tax rates of the Group and of the Company are as follows:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Loss before tax	(62,607,739)	(44,256,624)	(6,921,995)	(4,357,272)
Tax at Malaysian statutory tax rate of 24% (2022: 24%)	(15,025,857)	(10,621,589)	(1,661,279)	(1,045,745)
Tax effects in respect of:				
Non-allowable expenses	3,165,376	7,584,919	1,661,279	1,045,745
Non-taxable income	(1,436,610)	(1,275,158)	-	-
Deferred tax assets not recognised	13,051,486	6,808,010	-	-
Difference in foreign tax rates and exemptions	(36,919)	797,525	-	-
Utilisation of previously unrecognised deferred tax asset	-	(1,417)	-	-
	(282,524)	3,292,290	-	-
(Over)/Under provision in prior years				
- current tax expense	(331)	3,629,767	-	-
- deferred tax expense	459,206	-	-	-
Tax expenses	176,351	6,922,057	-	-

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27. TAX EXPENSE (continued)

(d) Tax on each component of other comprehensive income is as follows:

	Before tax RM	Tax effect RM	After tax RM
Group			
Items that may be reclassified subsequently to profit or loss			
2023			
Foreign currency translations	(2,229,591)	-	(2,229,591)
2022			
Foreign currency translations	(1,905,739)	-	(1,905,739)

28. LOSS PER ORDINARY SHARE

(a) Basic loss per ordinary share

Basic loss per ordinary share for the financial year is calculated by dividing the loss for the financial year attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the financial year.

	Group	
	2023	2022
Loss attributable to owners of the parent (RM)	(61,213,627)	(46,153,198)
Weighted average number of ordinary shares in issue (unit)	1,018,887,100	1,018,887,100
Basic loss per ordinary share (sen)	(6.01)	(4.53)

⁽¹⁾ Based on the issuance of private placement in the previous financial year of 169,800,000 which translate to the effect of weighted average number of ordinary shares of 10,895,342 shares.

(b) Diluted

Diluted loss per ordinary share for the financial year is calculated by dividing the loss for the financial year attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the financial year adjusted for the effects of dilutive potential ordinary shares.

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29. DIRECTORS' REMUNERATION

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Directors of the Company:				
Executive:				
Salaries	4,200,000	4,200,000	-	-
Ex-gratia	1,050,000	-	-	-
Other emoluments	1,017,996	1,496,659	147,902	147,901
	6,267,996	5,696,659	147,902	147,901
Non-Executive:				
Fees	576,000	648,580	576,000	648,580
Other emoluments	31,868	31,528	30,500	26,500
	607,868	680,108	606,500	675,080
Total Director's remuneration	6,875,864	6,376,767	754,402	822,981

The estimated monetary value of benefits-in-kind received by the Directors otherwise than in cash from the Group amounted to RM65,325 (2022: RM68,867).

30. EMPLOYEE BENEFITS

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Wages, salaries and bonuses	10,399,519	9,321,887	-	-
Contribution to defined contribution plan	1,298,493	1,403,131	-	-
Other benefits	562,327	975,335	178,402	174,401
	12,260,339	11,700,353	178,402	174,401
Capitalised in contract assets and land reclamation work in progress				
Salaries, wages, bonuses and allowances	319,642	369,235	-	-
Contribution to defined contribution plan	40,352	46,050	-	-
Other benefits	7,822	8,699	-	-
	367,816	423,984	-	-
	12,628,155	12,124,337	178,402	174,401

Compensation of key management personnel

Remuneration of Directors and other key management personnel during the financial year are as follows:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Directors' fees	576,000	648,580	576,000	648,580
Salaries and other short term employee benefits:				
Directors	6,299,864	5,728,187	178,402	174,401
Other key management personnel	1,146,492	1,274,309	-	-
	7,446,356	7,002,496	178,402	174,401

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31. RELATED PARTY DISCLOSURES

(a) Identities of related parties

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 could be individuals or other parties.

The Company has controlling related party relationship with its direct and indirect subsidiaries and its immediate and ultimate holding companies. The Group also has related party relationship with the entities in which a Director has substantial financial interest.

(b) Significant related party transactions

In addition to the transactions and balances detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
<i>With related parties in which a Director has substantial financial interests:</i>				
Contract works derived from:				
- Oceanfront Land Sdn. Bhd.				
- Oceanic Sdn. Bhd.		473,296	-	-
- Oceanview Property Sdn. Bhd.				
- Atlantic Property Sdn. Bhd.				
- Sentosacove Sdn. Bhd.	-	(11,875)	-	-
<i>With a Director</i>				
Rental expense	103,200	103,200	-	-
Loan interest payables	1,200,000	51,288	-	-
<i>With a subsidiary</i>				
Interest income receivable from BSB	-	-	284,501	1,427,222

The related party transactions described above were carried out on agreed contractual terms and conditions and in the ordinary course of business between the related parties of the Group and the Company.

(c) Compensation of key management personnel

The remuneration of the Directors and other members of key management are disclosed in Note 30 to the financial statements.

Notes to the Financial Statements

31 December 2023

32. CAPITAL AND FINANCIAL RISK MANAGEMENT

(a) Capital management

The primary objective of the capital management of the Group is to ensure that entities of the Group would be able to continue as going concerns whilst maximising return to shareholders through the optimisation of the debt and equity ratios. The overall strategy of the Group remains unchanged from that in the previous financial year.

The Group manages its capital structure and makes adjustments to it in response to changes in economic conditions. In order to maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial years ended 31 December 2023 and 31 December 2022.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The strategy of the Group is to maintain the balance between debt and equity and to ensure sufficient cash flows to repay its liabilities as and when they fall due. The net debts include borrowings, lease liabilities owing to financial institutions, trade and other payables, less cash and bank balances and short term funds.

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Borrowings	53,216,719	56,025,452	15,000,000	15,000,000
Lease liabilities owing to financial institutions	798,856	396,482	-	-
Trade and other payables	174,906,411	131,715,705	1,854,388	1,613,153
Financial debts	228,921,986	188,137,639	16,854,388	16,613,153
<u>Less:</u>				
Short term funds	(163,422)	(158,255)	-	-
Cash and bank balances	(26,309,622)	(25,700,492)	(13,137)	(60,563)
Net debts	202,448,942	162,278,892	16,841,251	16,552,590
Total equity	359,460,415	422,903,633	386,615,613	393,537,608
Net debts	202,448,942	162,278,892	16,841,251	16,552,590
Total equity plus net debts	561,909,357	585,182,525	403,456,864	410,090,198
Gearing ratio (%)	36.03	27.73	4.17	4.04

(b) Financial risk management

The financial risk management objective of the Group and of the Company is to optimise value creation for shareholders whilst minimising the potential adverse impact arising from fluctuations in foreign currency exchange and interest rates and the unpredictability of the financial markets.

The exposure to these risks arises in the normal course of the business of the Group. The overall business strategies of the Group outlines its tolerance to risk and its general risk management philosophy and is determined by the management in accordance with prevailing economic and operating conditions.

Notes to the Financial Statements

31 December 2023

32. CAPITAL AND FINANCIAL RISK MANAGEMENT (continued)

(b) Financial risk management (continued)

The Group is exposed mainly to credit risk, liquidity and cash flow risk, interest rate risk and foreign currency risk. Information on the management of the related exposures is detailed below:

(i) Credit risk

Cash deposits and trade and other receivables may give rise to credit risk, which requires the loss to be recognised if a counter party fails to perform as contracted. It is the Group's policy to monitor the financial standing of the counter parties on an ongoing basis to ensure that the Group is exposed to minimal credit risk.

The primary exposure of the Group to credit risk arises through its trade receivables. The trading terms of the Group with its customers are mainly on credit, except for new customers, where deposits in advance are normally required. The credit period is generally for a period of 14 days, extending up to one (1) month for major customers. Each customer has a maximum credit limit and the Group seeks to maintain strict control over its outstanding receivables via a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management.

The credit risk analysis has been disclosed in Note 12 to the financial statements.

(ii) Liquidity and cash flow risk

The Group actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all operating, investing and financing needs are met. In executing its liquidity risk management strategy, the Group measures and forecasts its cash commitments and maintains a level of cash and cash equivalents deemed adequate to finance the activities of the Group. In addition, the Group strives to maintain available banking facilities at a reasonable level to its overall debt position.

As at 31 December 2023, the Group was in an overall cash and cash equivalent deficit position. The Group has prepared the cash flows forecast for the next twelve months from the date of the end of the financial year based on their past performance after considering the current economic conditions subsequent to the end of the reporting period.

Based on the cash flows forecast, the Directors are confident that the Group is able to generate sufficient cash flows for the next twelve months from 31 December 2023 to meet their cash flows requirements to realise their assets and to discharge their liabilities in the normal course of business.

The Group's liquidity performance and cash flows forecast take into account expected sale receipts arising from land reclamation contracts, as well as several Sales and Purchase Agreements ("SPA") signed with third parties where the balance payment of approximately RM122,000,000 is due to be received within the stipulated timeline in the SPAs within twelve (12) months from the end of the financial year and unused banking facilities of approximately RM9,208,711.

(iii) Interest rate risk

The exposure of the Group to interest rate risk arises primarily from the borrowings. The Group borrows at both, floating and fixed rates of interest to generate the desired interest profile and to manage the exposure of the Group to interest rate fluctuations.

Notes to the Financial Statements

31 December 2023

32. CAPITAL AND FINANCIAL RISK MANAGEMENT (continued)

(b) Financial risk management (continued)

The Group is exposed mainly to credit risk, liquidity and cash flow risk, interest rate risk and foreign currency risk. Information on the management of the related exposures is detailed below:

(iv) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument would fluctuate because of changes in foreign exchange rates.

Subsidiaries operating in the Federal Territory of Labuan, Malaysia and Republic of Singapore have assets and liabilities together with expected cash flows from anticipated transactions denominated in foreign currencies that give rise to foreign exchange exposures.

The Group maintains a natural hedge, where possible, by borrowing in the currency of the country in which the investment is located or by borrowing in currencies that match the future revenue stream to be generated from its investments.

It is not the policy of the Group to enter into foreign exchange forward contracts in managing its foreign exchange risk resulting from cash flows on transactions denominated in foreign currency as the Group primarily operates in the domestic sector with transactions to be denominated in the functional currency where possible.

33. MATERIAL LITIGATION AND SETTLEMENT AGREEMENT

- (a) On 10 September 2010, Sentosacove Sdn. Bhd. (“SSB”) appointed Benalec Sdn. Bhd. (“BSB”), a wholly owned subsidiary of the Company, as a contractor, via a reclamation agreement (“Sentosacove Project Reclamation Agreement”), to carry out marine reclamation works to reclaim a total area spanning 720 acres in Daerah Klebang, Melaka (“Sentosacove Reclamation Project”).

On 30 April 2015, BSB received a Writ of Summons and Statement of Claim dated 21 April 2015 filed by SSB claiming that BSB had breached its contractual and implied duties under the Sentosacove Project Reclamation Agreement and seeking for other consequential and ancillary reliefs.

The claim led to the following legal suits (“Sentosacove Project Litigations”) and the latest status of Sentosacove Project Litigations as follows:

Legal Suit Number & Parties	Status
Sentosacove Project Litigations involved the following legal suits:	The Originating Suit was decided by Kuala Lumpur High Court (“High Court”) on 30 October 2018 where SSB claims against BSB were dismissed and BSB is granted specific performance of the Sentosacove Project Reclamation Agreement, in favour of BSB.
1. Kuala Lumpur High Court Civil Suit No. WA-22NCC-153-04/2016 (“Originating Suit”)	However, the High Court while dismissing SSB claims, has allowed the following in SSB’s favour:
2. Court of Appeal Civil Appeal No. W-02(NCC)(W)-2447-12/2018 (“Appeal 1”)	• A declaration that DLSH had acted <i>ultra vires</i> in breach of his duties to SSB in signing 2 letters (“collectively impugned letters”) issued by SSB to BSB in relation to the Reclamation Project.
3. Court of Appeal Civil Appeal No. W-02(IM)(NCC)-816-04/2019 (“Appeal 2”)	• Declaration that the impugned letters are void and assessment of damages in favour of SSB.
4. Court of Appeal Civil Appeal No. W-02(NCC)(W)-2442-12/2018 (“Appeal 3”)	
5. Court of Appeal Civil Appeal No. W-02(NCC)(W)-2446-12/2018 (“Appeal 4”)	

Notes to the Financial Statements

31 December 2023

33. MATERIAL LITIGATION AND SETTLEMENT AGREEMENT (continued)

(a) (continued)

Legal Suit Number & Parties	Status
<p>The parties involved in Sentosacove Project Litigations are as follows:</p> <ol style="list-style-type: none"> 1. Sentosacove Sdn. Bhd. (“SSB”) 2. Benalec Sdn. Bhd. (“BSB”) 3. Dato’ Leaw Seng Hai (“DLSH”) 4. Datuk Leaw Tua Choon (“DLTC”) 5. Datuk Leaw Ah Chye (“DLAC”) 	<p>BSB, SSB, DLAC and DLTC, DLSH filed 3 separate notices of appeal against the High Court decision on 30 October 2018 which led to Appeal 1 to 4. All 4 appeal suits to Court of Appeal (“COA”) were heard and decided on 28 March 2022 by COA as follows:</p> <ul style="list-style-type: none"> • Appeal 1 (SSB’s appeal) was dismissed with an order for damages to be assessed by High Court for the unlawful termination of the reclamation agreement by SSB, in favour of BSB. BSB filed the Notice to Apply Directions for Assessment of Damages (“Damages Assessment”) on 21 April 2022. • Appeal 2 (SSB, DLTC, DLAC appeal) was struck out by COA as Appeal 2 is academic given that the Concession Agreement between SSB and the Malacca State Government, which led to the Sentosacove Reclamation Project, has expired. • Appeal 3 (BSB’s appeal) was dismissed by COA as the COA found that there is no evidence of conspiracy to injure BSB, committed by SSB, DLTC and DLAC. • Appeal 4 (DLSH’s appeal) was upheld and in favour of DLSH as the COA found that he has authority to issue the impugned letters described in the Originating Suit.

Based on solicitors update on Sentosacove Project Litigations above, the parties had informed the High Court that there are certain conditions in the Settlement Agreement (as detailed in (b) below) that need to be fulfilled before the Damages Assessment can be withdrawn. The High Court fixed the next case management on 29 April 2024 to update on the status of the settlement and the High Court will make decision whether the Damages Assessment can proceed in light of the Settlement Agreement.

(b) On 18 April 2023, the Company, BSB and all other subsidiaries of the Company entered into a settlement agreement (“Settlement Agreement”) with Atlantic Property Sdn. Bhd. (“APSB”), Oceanfront Land Sdn. Bhd. (“OLSB”), Oceanic Sdn. Bhd. (“OSB”), Oceanview Property Sdn. Bhd. (“OPSB”) (“collectively referred to as “4 Cos”) and SSB.

(The Company, BSB and all its other subsidiaries of the Company shall hereinafter collectively be referred to as “Benalec”. The 4 Cos and SSB shall hereinafter collectively be referred to as “Parties”)

The Settlement Agreement is entered into between Benalec and the Parties to resolve and conclude all outstanding legal suits (including Sentosacove Project Litigations), disputes and claims between both the Group and the Parties.

Notes to the Financial Statements

31 December 2023

33. MATERIAL LITIGATION AND SETTLEMENT AGREEMENT (continued)

(b) (continued)

The salient terms of the settlement agreement relates to Benalec and the Parties primarily enforces existing previously agreed rights and obligations of Benalec and the Parties set out in the Pulau Indah Project Reclamation Agreements and Sentosacove Project Reclamation Agreement as follows:

- (i) to affirm Benalec's entitlement rights as provided under the previous Pulau Indah Project Reclamation Agreements pursuant to the reclamation agreements entered between BSB and the 4 Cos, and to confirm Benalec's entitlement to five (5) identified plots out of nine (9) subdivided plots of the Pulau Indah Lands and the sales proceeds arising from the disposal of such plots ("Sales Proceeds");
- (ii) Benalec to utilise the Sales Proceeds (if any) and its internally generated funds to fully settle all existing debts due and owing by Benalec to the parties; and
- (iii) to affirm and confirm that both Benalec and SSB shall retain the benefits/rights to their respective entitlements (which were previously agreed by the parties) under the Sentosacove Project Reclamation Agreement on the premise that all Sentosacove Project Litigations as disclosed above are fully resolved amicably between Benalec and SSB.

Pursuant to the Settlement Agreement, Benalec and the Parties, and all its related companies acknowledge and confirm that:

- (i) all parties shall have no further claim whatsoever against each other in any manner whatsoever in respect of the matter arising from and/or related to the subject matters set out in the Settlement Agreement;
- (ii) the parties shall have the right to commence any claim or action for the purposes of enforcing the Settlement Agreement and/or their rights under the Settlement Agreement; and
- (iii) save for (b) above, all parties shall refrain from initiating or filing any fresh suit(s) and/or taking any action(s) in any manner whatsoever against each other in respect of the matter arising from and/or related to the subject matters set out in the Settlement Agreement.

For the financial year ended 31 December 2023, the Group has assessed the financial impact arising from the Settlement Agreement and has provided: -

- (i) RM1,696,616 as access road infrastructure costs provision to construct access roads for plot 5 and 6 of Pulau Indah Land; and
- (ii) RM6,259,572 as an amount due to SSB that forms part SSB's entitlement in the Sentosacove Project Reclamation Agreement.

34. SIGNIFICANT EVENT SUBSEQUENT TO THE END OF THE REPORTING PERIOD

Pursuant to the Settlement Agreement as disclosed in Note 33(b) to the financial statements, the Group is currently executing the legal process of transferring the Pulau Indah Land under the respective parties' entitlement. Upon obtaining Benalec's entitlement to the five (5) identified plots, the cost of the Pulau Indah Land which are currently classified as Contract Assets amounted to RM58.1 million will be reclassified as Inventories – Land held for sale (Note 10).

Notes to the Financial Statements

31 December 2023

34. SIGNIFICANT EVENT SUBSEQUENT TO THE END OF THE REPORTING PERIOD (continued)

Upon successful of transfer of land title, Benalec will proceed to fulfil the remaining obligations in the Settlement Agreement, including:

- (a) To utilise the Sales Proceeds (if any) arising from the sales of Benalec's entitlement in the Pulau Indah Land and its internally generated funds to fully settle all existing debts due and owing by the Group to the parties, amounting to a total of RM68,975,244 as final settlement sum. The amount owing to the related parties are unsecured, interest free and repayable on demand as disclosed in Note 19 to the financial statements;
- (b) To provide access roads for plot 5 and 6 of the Pulau Indah Land within eighteen (18) months from the date of the global settlement or such extension of time the parties may agree. The potential financial impact is disclosed in Note 33(b) to the financial statements;
- (c) To execute the legal process of transferring Sentosacove Sdn. Bhd's land entitlement in the Sentosacove Project Reclamation Agreement within the usual conveyancing timeline subject to fulfilment and/or waiver of condition(s) precedent, if any, and/or such extension of time the parties may agree. Potential financial impact including any stamp duty and/or tax and/or expenses as may be imposed or chargeable by the relevant authorities in relation to the transfer and cannot be reasonable predicted as at the date of authorisation of the financial statements; and
- (d) Benalec to withdraw or discontinue the Damages Assessment in High Court as disclosed in Note 33(a) to the financial statements. Other than the professional fees payable to the solicitors and/or any expenses as may be imposed by High Court in relation to the withdrawal which cannot be reasonable predicted as at the date of authorisation of the financial statement, there is no other contingent liabilities or assets to be recognised in the financial statements.

35. PRIOR YEAR RESTATEMENT

The Group has adjusted the translation reserve and retained earnings to rectify the elimination of unrealised foreign exchange impacts and foreign currency translations pertaining to intercompany balances.

36. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs**36.1 New MFRSs adopted during the financial year**

The Group and the Company adopted the following Amendments of the MFRS Framework that were issued by the Malaysian Accounting Standards Board ("MASB") during the financial year:

Title	Effective Date
MFRS 17 <i>Insurance Contracts</i>	1 January 2023
Amendments to MFRS 17 <i>Initial Application of MFRS 17 and MFRS 9 – Comparative Information</i>	1 January 2023
Amendments to MFRS 101 <i>Disclosure of Accounting Policies</i>	1 January 2023
Amendments to MFRS 108 <i>Definition of Accounting Estimates</i>	1 January 2023
Amendments to MFRS 112 <i>Deferred tax related to Assets and Liabilities arising from a Single Transaction</i>	1 January 2023
Amendments to MFRS 112 <i>International Tax Reform – Pillar Two Model Rules</i>	Refer paragraph 98M of MFRS 112
Amendments to MFRS 107 and MFRS 7 <i>Supplier Finance Arrangements</i>	1 January 2024 (early adopt)

Adoption of the above Standard and Amendments did not have any material effect on the financial performance or position of the Group and of the Company.

Notes to the Financial Statements

31 December 2023

35. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs (continued)

35.2 New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2024

The following are Standard and Amendments of the MFRS Framework that have been issued by the Malaysian Accounting Standards Board (“MASB”) but have not been early adopted by the Group and the Company:

Title	Effective Date
Amendments to MFRS 16 <i>Lease Liability in a Sale and Leaseback</i>	1 January 2024
Amendments to MFRS 101 <i>Classification of Liabilities as Current or Non-current</i>	1 January 2024
Amendments to MFRS 101 <i>Non-current Liabilities with Covenants</i>	1 January 2024
Amendments to MFRS 121 <i>Lack of Exchangeability</i>	1 January 2025
Amendments to MFRS 10 and MFRS 128 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred

The Group and the Company are in the process of assessing the impact of implementing these Amendments, since the effects would only be observable for future financial years.



CDS Account No.	
No. of shares held	

I/We Tel:

NRIC no./Company No.
[Full name in block, NRIC no./Company no. and telephone number]

of

being a member/members of **BENALEC HOLDINGS BERHAD**, hereby appoint:-

Full Name (in block)	NRIC / Passport No.	Proportion of Shareholdings	
Address		No. of Shares	%

and/or (delete as appropriate)

Full Name (in block)	NRIC / Passport No.	Proportion of Shareholdings	
Address		No. of Shares	%

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 **Eighteenth Annual General Meeting ("18th AGM")** of the Company which will be held virtually through live streaming and online remote voting using Remote Participation and Voting ("RPV") Facilities via TIIH Online Website at <https://tiih.online> from the broadcast venue at **Benalec Holdings Berhad Headquarters (Pacific Board Room), No. 23, Jalan Perintis U1/52, Glenmarie Temasya, Seksyen U1, 40150 Shah Alam, Selangor Darul Ehsan** ("Broadcast Venue") on **Thursday, 30 May 2024 at 10.00 a.m.** or any adjournment thereof, and to vote as indicated below:-

NO.	ORDINARY BUSINESS	RESOLUTION	FOR	AGAINST
1.	Approval of Directors' fees of RM576,000 for the financial year 31 December 2023	Ordinary Resolution 1		
2.	Approval of Directors' benefits up to an aggregate amount of RM50,000 for the period from 31 May 2024 until Nineteenth Annual General Meeting of the Company to be held in 2025	Ordinary Resolution 2		
3.	Re-election of Encik Fazrin Azwar bin Md. Nor as Director pursuant to Clause 76 of the Company's Constitution	Ordinary Resolution 3		
4.	Re-appointment of BDO PLT as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration	Ordinary Resolution 4		
SPECIAL BUSINESS				
5.	Authority to issue and allot shares pursuant to Sections 75 and 76 of the Companies Act 2016	Ordinary Resolution 5		
6.	Proposed Renewal of Share Buy-Back Mandate	Ordinary Resolution 6		

Please indicate with an "X" in the space provided whether you wish your votes to be cast for or against the resolutions. In the absence of specific direction, your proxy/proxies will vote or abstain as he/they may think fit.

Signed this day of, 2024.

.....
Signature of Shareholder/Common Seal

* Manner of execution:

- (a) If you are an individual member, please sign where indicated.
- (b) If you are a corporate member which has a common seal, this proxy form should be executed under seal in accordance with the constitution of your corporation.
- (c) If you are a corporate member which does not have a common seal, this proxy form should be affixed with the rubber stamp of your company (if any) and executed by:
 - (i) at least two (2) authorised officers, of whom one shall be a director; or
 - (ii) any director and/or authorised officers in accordance with the laws of the country under which your corporation is incorporated.

NOTES:

1. **IMPORTANT NOTICE**

The 18th AGM of the Company will be held virtually through live streaming and online remote voting using the RPV facilities via TIH Online website at <https://tiah.online>.

The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairperson of the meeting to be present at the main venue of the meeting. Shareholders will not be allowed to attend the 18th AGM in person at the Broadcast Venue on the date of the meeting.

Shareholders are to attend, speak (including posing questions to the Board via real time submission of typed texts) and vote (collectively, "participate") remotely at the 18th AGM through the RPV via TIH Online website at <https://tiah.online>.

Please read these Notes carefully and follow the procedures in the Administrative Guide for the 18th AGM in order to participate remotely through the RPV facilities

2. For the purpose of determining who shall be entitled to attend this General Meeting through the RPV facilities, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company, a Record of Depositors as at 23 May 2024. Only a member whose name appears on this Record of Depositors shall be entitled to attend this General Meeting through the RPV facilities or appoint a proxy to attend, speak and vote on his/her/its behalf.
3. A member entitled to attend and vote at this General Meeting is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to attend, participate, speak and vote in his/her place. A proxy may but need not be a member of the Company.
4. A member of the Company who is entitled to attend and vote at a General Meeting of the Company may appoint not more than two (2) proxies to attend, participate, speak and vote instead of the member at the General Meeting.
5. If two (2) proxies are appointed, the entitlement of those proxies to vote on a show of hands shall in accordance with the listing requirements of the stock exchange.
6. Where a member of the Company is an authorised nominee as defined in the Securities Industry (Central Depositories) Act 1991 ("Central Depositories Act"), it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.
7. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the Central Depositories Act which is exempted from compliance with the provisions of Section 25A(1) of the Central Depositories Act.
8. Where a member appoints more than one (1) proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.
9. A member who has appointed a proxy or attorney or authorised representative to attend, participate, speak and vote at the 18th AGM through the RPV facilities **must request his/her proxy or attorney or authorised representative to register himself/herself for the RPV facilities** at TIH Online website at <https://tiah.online>. Procedures for the RPV facilities can be found in the Administrative Guide for the 18th AGM.
10. The appointment of a proxy may be made in a hard copy form or by electronic form means in the following manner and must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the AGM or adjourned general meeting at which the person named in the appointment proposes to vote:

(i) In hard copy form

In the case of an appointment made in hard copy, the proxy form must be deposited at the Share Registrar of the Company situated at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia OR alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.

(ii) By electronic means via TIH Online website at <https://tiah.online>

Please refer to the Administrative Guide for the 18th AGM for further information on electronic lodgement of proxy form.

11. Please ensure ALL the particulars as required in the proxy form are completed, signed and dated accordingly.
12. Last date and time for lodging the proxy form is Tuesday, 28 May 2024 at 10.00 a.m.
13. Any authority pursuant to which such an appointment is made by a power of attorney must be deposited at the Share Registrar of the Company situated at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia OR alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia not less than forty-eight (48) hours before the time appointed for holding the General Meeting or adjourned general meeting at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.
14. For a corporate member who has appointed a representative, please deposit the **ORIGINAL** certificate of appointment of authorised representative at the Share Registrar of the Company situated at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia OR alternatively the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia. The certificate of appointment of authorised representative should be executed in the following manner:
 - a. If the corporate member has a common seal, the certificate of appointment of authorised representative should be executed under seal in accordance with the constitution of the corporate member.
 - b. If the corporate member does not have a common seal, the certificate of appointment of authorised representative should be affixed with the rubber stamp of the corporate member (if any) and executed by:
 - i. at least two (2) authorised officers, of whom one shall be a director; or
 - ii. any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.
15. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in this Notice will be put to vote by poll.

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stamp

The Share Registrar

BENALEC HOLDINGS BERHAD

Registration No. 200501020529 (702653-V)

c/o Tricor Investor & Issuing House Services Sdn Bhd

Unit 32-01, Level 32, Tower A

Vertical Business Suite

Avenue 3, Bangsar South

No. 8, Jalan Kerinchi

59200 Kuala Lumpur

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BENALEC HOLDINGS BERHAD

Registration No. 200501020529 (702653-V)

Listed on the Main Market of Bursa Malaysia Securities Berhad

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