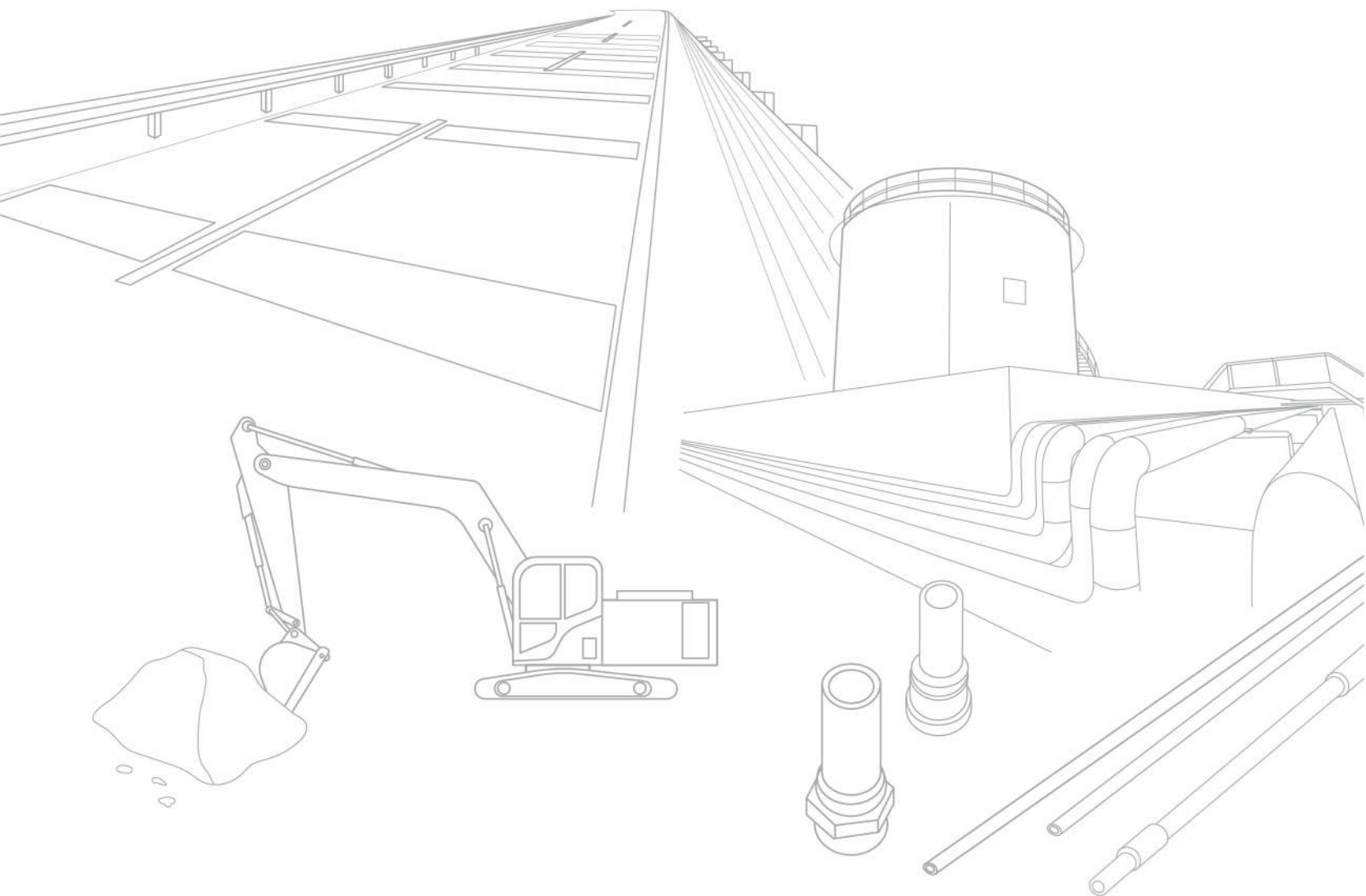




WZ SATU BERHAD  
ساتو ڤنڤو ڤنڤو

# TAKING ON CHALLENGES

annual report 2019



# Vision

- WE AIM TO BE  
OUTSTANDING IN ALL OUR  
BUSINESS ACTIVITIES  
AS WE GROW TO BECOME A  
MAJOR CORPORATE ENTITY

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# Mission

- To continuously enforce strict requirements of producing quality products and services
- To create and enhance shareholders' value, whilst maintaining harmony with society to enhance our sustainability
- To instil superior and positive cognitions through overall excellence and dedication amongst the employees



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# CORPORATE STRUCTURE

## OIL AND GAS

100%

WZS MISI SETIA  
SDN BHD



## CIVIL ENGINEERING AND CONSTRUCTION

100%

WZS BINARAYA  
SDN BHD



100%

CEKAP SEMENANJUNG  
SDN BHD

100%

SINERGI DAYANG  
SDN BHD



## MINING

49%

SE SATU  
SDN BHD

30%

SE SATU PELANGI  
SDN BHD



## MANUFACTURING

100%

WZS INDUSTRIES  
SDN BHD

30%

WZS TECHNOLOGIES  
SDN BHD



## OTHERS

60%

WZS POWERGEN  
SDN BHD

60%

WZS BIOGAS JERANTUT  
SDN BHD  
(FORMERLY KNOWN AS  
TRILLION PENTAGON  
SDN BHD)



## **SOLID FOUNDATION**

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Our track record is proof of our ability to handle major infrastructural and architectural projects. Our expertise and extensive experience enable us to turn every project into an achievement.

# CORPORATE INFORMATION

## BOARD OF DIRECTORS

### EXECUTIVE DIRECTORS

---

**YM Tengku Dato' Sri Uzir Bin Tengku Dato' Ubaidillah**  
Executive Chairman

**YM Tengku Dato' Indera Zubir Bin Tengku Dato' Ubaidillah**  
Managing Director/Group Chief Executive Officer

**YBhg Dato' Ir. William Tan Chee Keong**  
Senior Executive Director/Chief Operating Officer  
*(Resigned on 17 December 2018/20 January 2019)*

### INDEPENDENT NON-EXECUTIVE DIRECTORS

---

**YBhg Datuk Idris Bin Haji Hashim J.P.**  
Independent Non-Executive Director

**YBhg Dato' Syed Kamarulzaman Bin Dato' Syed Zainol Khodki Shahabudin**  
Independent Non-Executive Director

**Encik Rosli Bin Shafiei**  
Independent Non-Executive Director

**YBhg Dato' Mohan A/L C Sinnathamby**  
Independent Non-Executive Director  
*(Appointed on 18 February 2019)*

**YAM Tengku Puteri Seri Kemala Pahang Tengku Hajjah Dato' Aishah Binti Sultan Haji Ahmad Shah, DK(II), SIMP**  
Independent Non-Executive Director  
*(Resigned on 22 July 2019)*

### NON-INDEPENDENT NON-EXECUTIVE DIRECTORS

---

**YBhg Dato' Sri Mohamad Norza Bin Zakaria**  
Non-Independent Non-Executive Deputy Chairman  
*(Appointed on 13 December 2019)*

**Encik Ikhlas Bin Kamarudin**  
Non-Independent Non-Executive Director  
*(Appointed on 30 October 2019)*

### GROUP KEY SENIOR MANAGEMENT

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**YM Tengku Dato' Sri Uzir Bin Tengku Dato' Ubaidillah**  
Executive Chairman

**YM Tengku Dato' Indera Zubir Bin Tengku Dato' Ubaidillah**  
Managing Director/Group Chief Executive Officer

**Mr. Chan Fook Kwong**  
Chief Financial Officer

# CORPORATE INFORMATION

(Continued)

## AUDIT COMMITTEE

**Encik Rosli Bin Shafiei**  
(Chairman)  
**YBhg Dato' Syed Kamarulzaman Bin Dato' Syed Zainol Khodki Shahabudin**  
**YBhg Datuk Idris Bin Haji Hashim J. P.**

## REMUNERATION COMMITTEE

**YBhg Dato' Syed Kamarulzaman Bin Dato' Syed Zainol Khodki Shahabudin**  
(Chairman)  
**YBhg Datuk Idris Bin Haji Hashim J. P.**  
**Encik Rosli Bin Shafiei**

## NOMINATION COMMITTEE

**YBhg Datuk Idris Bin Haji Hashim J.P.**  
(Chairman)  
**YBhg Dato' Syed Kamarulzaman Bin Dato' Syed Zainol Khodki Shahabudin**  
**YBhg Dato' Mohan A/L C Sinnathamby**  
(Appointed on 22 July 2019)  
**YAM Tengku Puteri Seri Kemala Pahang Tengku Hajjah Dato' Aishah Binti Sultan Haji Ahmad Shah, DK(II), SIMP**  
(Ceased on 22 July 2019)

## LONG TERM INCENTIVE PLAN COMMITTEE

**YM Tengku Dato' Sri Uzir Bin Tengku Dato' Ubaidillah**  
(Chairman)  
**Encik Rosli Bin Shafiei**  
**YBhg Dato' Syed Kamarulzaman Bin Dato' Syed Zainol Khodki Shahabudin**  
(Appointed on 29 January 2019)

## COMPANY SECRETARIES

**Chua Siew Chuan**  
(MAICSA 0777689)  
**Yau Jye Yee**  
(MAICSA 7059233)

## INVESTMENT COMMITTEE

**YM Tengku Dato' Sri Uzir Bin Tengku Dato' Ubaidillah**  
(Chairman)  
**YM Tengku Dato' Indera Zubir Bin Tengku Dato' Ubaidillah**  
**Mr. Chan Fook Kwong**  
(Appointed on 29 January 2019)

## SHARIAH ADVISORY COMMITTEE

**YBhg Dato' Syed Kamarulzaman Bin Dato' Syed Zainol Khodki Shahabudin**  
(Chairman)  
**YBhg Dato' Ir. Mohd Ghazali Bin Kamaruzaman**  
**Mahamahpoyi Hj Walah** (Advisor)  
**Mr. Chan Fook Kwong**  
(Appointed on 24 April 2019)  
**Tuan Haji Sabar @ Sabal Haji Abdul Rahaman** (Advisor)  
(Deceased on 28 April 2019)

## AUDITORS

**Baker Tilly Monteiro Heng PLT**  
Baker Tilly Tower  
Level 10, Tower 1, Avenue 5  
Bangsar South City  
59200 Kuala Lumpur  
Tel : 03-2297 1000  
Fax : 03-2282 9980

## PRINCIPAL BANKERS

**United Overseas Bank (Malaysia) Berhad**  
**OCBC Al-Amin Bank Berhad**  
**AmBank Islamic Berhad**

## SHARE REGISTRAR

**Securities Services (Holdings) Sdn Bhd**  
Level 7, Menara Milenium  
Jalan Damanlela  
Pusat Bandar Damansara  
Damansara Heights  
50490 Kuala Lumpur  
Tel : 03-2084 9000  
Fax : 03-2094 9940

## REGISTERED OFFICE

Level 7, Menara Milenium  
Jalan Damanlela  
Pusat Bandar Damansara  
Damansara Heights  
50490 Kuala Lumpur  
Tel : 03-2084 9000  
Fax : 03-2094 9940

## STOCK EXCHANGE

**Main Market of Bursa Malaysia Securities Berhad**  
Stock Name : WZSATU  
Stock Code : 7245  
Warrant Name : WZSATU-WA  
Warrant Code : 7245WA

## PRINCIPAL PLACE OF BUSINESS

Lot 1890, Jalan KPB 9  
Kawasan Perindustrian Balakong  
43300 Seri Kembangan  
Selangor Darul Ehsan  
Tel : 03-8964 6000  
Fax : 03-8964 6001

## CORPORATE WEBSITE

www.wzs.my

## DIRECTORS' PROFILE

- |   |  |
|---|--|
| <ul style="list-style-type: none"> <li>■ <b>YM TENGGU DATO' SRI UZIR BIN TENGGU DATO' UBAIDILLAH</b></li> <li>■ Executive Chairman</li> <li>■ Aged 60, Male, Malaysian</li> <li>— Date of Appointment: 24 October 2013</li> <li>— Board Committees membership(s):             <ul style="list-style-type: none"> <li>• Long Term Incentive Plan Committee (Chairman)</li> <li>• Investment Committee (Chairman)</li> </ul> </li> <li>— Board meeting attendance in the financial year: 5/6</li> </ul> | <p><b>YM Tengku Dato' Sri Uzir Bin Tengku Dato' Ubaidillah</b>, graduated from City University, United Kingdom, with a Bachelor of Science (Honours) Degree in Civil Engineering in 1983.</p> <p>He was appointed as the Executive Chairman cum Chief Executive Officer of the Company on 24 October 2013 and was subsequently re-designated as the Executive Chairman of the Company on 1 November 2017.</p> <p>He started his career with Jabatan Kerja Raya as an engineer before joining the private sector. He was the Managing Director cum Chief Executive Officer of Sumatec Resources Berhad (<i>formerly known as Malaysian General Investment Corporation Berhad</i>) from years 1990 to 1993. He has also served on the Board of Road Builder (M) Holdings Berhad, Kurnia Setia Berhad and Project Penyelenggaraan Lebuhraya Berhad, all of which were public listed companies. He was appointed as an Executive Director of Tanah Makmur Berhad in 2011 until he was re-designated as the Alternate Director in 2013 pursuant to his appointment as Executive Chairman and Chief Executive Officer of WZ Satu Berhad Group ("<b>WZS Group</b>") on 24 October 2013.</p> <p>He has vast business experience in various industries, especially in civil engineering, construction, plantation and property development.</p> <p>He is the brother of YM Tengku Dato' Indera Zubir Bin Tengku Dato' Ubaidillah, the Managing Director/Group Chief Executive Officer of the Company. He is also a major shareholder of the Company.</p>  |
| <ul style="list-style-type: none"> <li>■ <b>YM TENGGU DATO' INDERA ZUBIR BIN TENGGU DATO' UBAIDILLAH</b></li> <li>■ Managing Director/ Group Chief Executive Officer</li> <li>■ Aged 57, Male, Malaysian</li> <li>— Date of Appointment: 25 September 2018</li> <li>— Board Committees membership(s):             <ul style="list-style-type: none"> <li>• Investment Committee (Member)</li> </ul> </li> <li>— Board meeting attendance in the financial year: 5/5</li> </ul>                        | <p><b>YM Tengku Dato' Indera Zubir Bin Tengku Dato' Ubaidillah</b>, graduated with a Bachelor of Science (Computer Science) from California State University, Chico, United States of America in 1986.</p> <p>He was appointed as the Chief Executive Officer of WZS Group on 1 November 2017 and was subsequently appointed to the Board as the Managing Director/Group Chief Executive Officer on 25 September 2018.</p> <p>He started his career in year 1986 with Petroliam Nasional Berhad as an Information System Executive and subsequently promoted to the position of Head of Computer Operation. In year 1989, he joined the Road Builder (M) Holdings Berhad's ("<b>Road Builder</b>") group of companies as the Corporate Affairs Manager and was promoted to Group General Manager in year 1994. He left Road Builder in year 1998 to start his own private businesses in construction and trading activities until year 2004. He joined Kurnia Setia Berhad on 1 July 2005 as the General Manager of Corporate Development and subsequently promoted to the position of Chief Operating Officer. On 8 November 2008, he assumed the position of Managing Director of Kurnia Setia Berhad. Subsequent to the privatisation of Kurnia Setia Berhad in year 2010, he was transferred to Tanah Makmur Berhad as the Managing Director until his resignation in year 2017. He is currently a Director in Tanah Makmur Berhad and holds directorship in several private limited companies.</p> <p>He is the brother of YM Tengku Dato' Sri Uzir Bin Tengku Dato' Ubaidillah, the Executive Chairman and a major shareholder of the Company.</p> |



# DIRECTORS' PROFILE

(Continued)

**YBhg Dato' Sri Mohamad Norza Bin Zakaria** was appointed as a Non-Independent Non-Executive Deputy Chairman on 13 December 2019.

He holds a Bachelor of Commerce (Major in Accounting), University of Wollongong, New South Wales, Australia.

He began his career as a Senior Audit Assistant in Messrs. Arthur Andersen & Co. / Hanafiah, Raslan & Mohamad in 1988 before joining Bank Negara Malaysia as the Executive of Bank Regulation Department in 1990. Later he joined PETRONAS as the Senior Executive, Finance and Administration Department in Gas and Petrochemical Development Division until April 1994. He moved up the corporate ladder as the Group Financial Controller at SPK Sentosa Corporation Berhad before he became the Group General Manager of Audit in Mun Loong Berhad in 1995 until 1997.

He was the Chief Executive Officer (CEO) of Gabungan Strategik Sdn Bhd from 1998 until 2004. His notable contribution in the Government sector was the Political Secretary to the Minister of Finance II from 2004 until 2008. He was appointed as the Chairman of the Institut Sukan Negara since 1 October 2013 until present. He is currently the President and CEO of Citaglobal Sdn Bhd, a post he has held since April 2008.

He is also a major shareholder of the Company by virtue of his interest in Citaglobal Energy Resources Sdn Bhd, a major shareholder of the Company pursuant to Section 8 of the Companies Act 2016.

## ■ YBHG DATO' SRI MOHAMAD NORZA BIN ZAKARIA

■ Non-Independent Non-Executive Deputy Chairman

■ Aged 53, Male, Malaysian

— Date of Appointment: 13 December 2019

— Board Committees membership(s): N/A

— Board meeting attendance in the financial year: N/A

**Encik Ikhlas Bin Kamarudin**, was appointed as a Non-Independent Non-Executive Director on 30 October 2019.

He holds a degree in International Business, Finance and Economics from Alliance Manchester Business School, University of Manchester, England.

He was a part of Air Asia Berhad's management trainee program in Year 2009 for 6 months and was involved in 3 key departments, i.e. operations, corporate finance and corporate culture.

In 2016, he held the position of Chief Strategic Officer in Vidi and was responsible for the strategic planning, budgeting as well as the commercial and marketing department of Vidi.

From March 2019 to October 2019, he was the Head of International Business Development for Airasia.com. He was responsible for the sourcing and partnerships team as well as manage key partnerships team that manages relationships and campaigns with key partners.

He is the founder of AIIS Solutions Sdn Bhd ("AIIS") and currently holding the position of Finance Director in AIIS since Year 2013. He is responsible for the financial controlling and strategic direction of AIIS. He is also currently holding the role of Head of Islamic Line of Business in Airasia.com, in charge of Umrah and Muslim friendly travel.

He is also a major shareholder of the Company by virtue of his interest in Citaglobal Energy Resources Sdn Bhd, a major shareholder of the Company pursuant to section 8 of the Companies Act 2016

## ■ ENCIK IKHLAS BIN KAMARUDIN

■ Non-Independent Non-Executive Director

■ Aged 27, Male, Malaysian

— Date of Appointment: 30 October 2019

— Board Committees membership(s):N/A

— Board meeting attendance in the financial year: N/A

# DIRECTORS' PROFILE

(Continued)

<ul style="list-style-type: none"> <li>■ <b>YBHG DATUK IDRIS BIN HAJI HASHIM J. P.</b></li> </ul>	<p><b>YBhg Datuk Idris Bin Haji Hashim J.P.</b>, was appointed as an Independent Non-Executive Director on 20 November 2014.</p>
<ul style="list-style-type: none"> <li>■ Independent Non-Executive Director</li> </ul>	<p>He graduated from Mara Institute of Technology (now known as Universiti Teknologi Mara (UiTM)) with a Diploma in Town and Regional Planning in 1975. Later, he furthered his studies in United States of America and graduated with a postgraduate degree of Master of Science, City and Regional Planning from Illinois Institute of Technology, Chicago in 1978.</p>
<ul style="list-style-type: none"> <li>■ Aged 67, Male, Malaysian</li> </ul>	<p>He started his career as an assistant town planner with Arkitek Bersekutu Malaysia in 1975, where he participated in projects such as Pusat Bandar Bukit Raden, Kompleks Perdagangan Kuantan in Pahang and Bangunan Sri Mara in Kuala Lumpur. Upon completing his postgraduate studies, he was attached to North-Eastern Illinois Planning Commission, Chicago as a Planner where he was involved in various large projects in the State of Illinois as well as the New Jeddah International Airport, King Abdul Aziz University and Automotive Centre for Sears Roebuck &amp; Co. He was appointed as a lecturer in the School of Architecture, Planning and Surveying of UiTM in year 1980.</p>
<ul style="list-style-type: none"> <li>— Date of Appointment: 20 November 2014</li> </ul>	<p>He started his career as an assistant town planner with Arkitek Bersekutu Malaysia in 1975, where he participated in projects such as Pusat Bandar Bukit Raden, Kompleks Perdagangan Kuantan in Pahang and Bangunan Sri Mara in Kuala Lumpur. Upon completing his postgraduate studies, he was attached to North-Eastern Illinois Planning Commission, Chicago as a Planner where he was involved in various large projects in the State of Illinois as well as the New Jeddah International Airport, King Abdul Aziz University and Automotive Centre for Sears Roebuck &amp; Co. He was appointed as a lecturer in the School of Architecture, Planning and Surveying of UiTM in year 1980.</p>
<ul style="list-style-type: none"> <li>— Board Committees membership(s):           <ul style="list-style-type: none"> <li>• Nomination Committee (Chairman)</li> <li>• Remuneration Committee (Member)</li> <li>• Audit Committee (Member)</li> </ul> </li> </ul>	<p>He started his career as an assistant town planner with Arkitek Bersekutu Malaysia in 1975, where he participated in projects such as Pusat Bandar Bukit Raden, Kompleks Perdagangan Kuantan in Pahang and Bangunan Sri Mara in Kuala Lumpur. Upon completing his postgraduate studies, he was attached to North-Eastern Illinois Planning Commission, Chicago as a Planner where he was involved in various large projects in the State of Illinois as well as the New Jeddah International Airport, King Abdul Aziz University and Automotive Centre for Sears Roebuck &amp; Co. He was appointed as a lecturer in the School of Architecture, Planning and Surveying of UiTM in year 1980.</p>
<ul style="list-style-type: none"> <li>— Board meeting attendance in the financial year: 6/6</li> </ul>	<p>He started his career as an assistant town planner with Arkitek Bersekutu Malaysia in 1975, where he participated in projects such as Pusat Bandar Bukit Raden, Kompleks Perdagangan Kuantan in Pahang and Bangunan Sri Mara in Kuala Lumpur. Upon completing his postgraduate studies, he was attached to North-Eastern Illinois Planning Commission, Chicago as a Planner where he was involved in various large projects in the State of Illinois as well as the New Jeddah International Airport, King Abdul Aziz University and Automotive Centre for Sears Roebuck &amp; Co. He was appointed as a lecturer in the School of Architecture, Planning and Surveying of UiTM in year 1980.</p>
<ul style="list-style-type: none"> <li>■ <b>YBHG DATO' SYED KAMARULZAMAN BIN DATO' SYED ZAINOL KHODKI SHAHABUDIN</b></li> </ul>	<p><b>YBhg Dato' Syed Kamarulzaman Bin Dato' Syed Zainol Khodki Shahabudin</b>, was appointed as an Independent Non-Executive Director on 23 April 2015.</p>
<ul style="list-style-type: none"> <li>■ Independent Non-Executive Director</li> </ul>	<p>He is a holder of Master in Science and Corporate Communication from School of Modern Languages &amp; Communication, Universiti Putra Malaysia (UPM), Bachelor in Business Administration from School of Business, Royal Melbourne Institute of Technology (RMIT) and Diploma in Business Studies from Mara Institute of Technology (now known as UiTM)</p>
<ul style="list-style-type: none"> <li>■ Aged 54, Male, Malaysian</li> </ul>	<p>He was the Managing Director of Perbadanan Nasional Berhad ("<b>PNS</b>") from year 2007 to year 2018. He was also a Non-Independent Non-Executive Director of Focus Point Holdings Berhad until his resignation in Year 2019.</p>
<ul style="list-style-type: none"> <li>— Date of Appointment: 23 April 2015</li> </ul>	<p>He was the Managing Director of Perbadanan Nasional Berhad ("<b>PNS</b>") from year 2007 to year 2018. He was also a Non-Independent Non-Executive Director of Focus Point Holdings Berhad until his resignation in Year 2019.</p>
<ul style="list-style-type: none"> <li>— Board Committees membership(s):           <ul style="list-style-type: none"> <li>• Remuneration Committee (Chairman)</li> <li>• Shariah Advisory Committee (Chairman)</li> <li>• Nomination Committee (Member)</li> <li>• Audit Committee (Member)</li> <li>• Long Term Incentive Plan Committee (Member) <i>(Appointed on 29 January 2019)</i></li> </ul> </li> </ul>	<p>He was previously the Managing Director of Yayasan Tekun Nasional and prior to that, he had accumulated over 21 years of experience in banking operations, corporate management, property and information technology with his last attachment at Bank Muamalat Malaysia Berhad as a Branch Manager. He had also served as a lecturer at Universiti Tenaga Nasional (UNITEN).</p>
<ul style="list-style-type: none"> <li>— Board meeting attendance in the financial year: 6/6</li> </ul>	<p>He was also the Vice Chairman of Association of Development Finance Institution of Malaysia (ADFIM) and the Vice President of Oxford Business Alumni KL Chapter.</p>

# DIRECTORS' PROFILE

(Continued)

**Encik Rosli Bin Shafiei**, was appointed as an Independent Non-Executive Director on 28 October 2014.

He holds an Advanced Diploma in Accountancy from Mara Institute of Technology (now known as UiTM) and is a member of the Malaysian Institute of Accountants.

He has extensive experience in finance, insurance and banking, infrastructure and building construction, offshore construction, installation and oil and gas related services industries having held senior positions in private and public listed companies.

Following the acquisition by UEM Group, he was appointed as the Chief Operating Officer/Director of PATI Sdn Bhd, responsible for the operations of the group which was primarily involved in construction, quarrying and supplying construction materials. Subsequently in year 2003, upon completion of acquisition of Intria Berhad and restructuring of the UEM Group, he assumed the position of Chief Financial Officer for UEM Builders Berhad. He left UEM Builders Berhad upon attaining the mandatory retirement age in 2007.

Thereafter, he was also appointed as Chief Financial Officer for Willis (Malaysia) Sdn Bhd, a registered insurance brokers and consultants from January 2011 to February 2013.

## ■ ENCIK ROSLI BIN SHAFIEI

■ Independent  
Non-Executive Director

■ Aged 67, Male, Malaysian

— Date of Appointment:  
28 October 2014

— Board Committees  
membership(s):

- Audit Committee  
(Chairman)
- Remuneration  
Committee (Member)
- Long Term Incentive  
Plan Committee  
(Member)

— Board meeting attendance  
in the financial year: 6/6

**YBhg Dato' Mohan A/L C Sinnathamby**, was appointed as an Independent Non-Executive Director on 18 February 2019.

He started his career in the stockbroking industry at Razak Ramli Sdn Bhd as a Trader, trading shares for the company at the trading room of the Kuala Lumpur Stock Exchange from 1978 to 1981.

From 1981 to 1987, he was involved in Kenanga Investment Bank Berhad as a Trader in trading shares at the trading room of the Kuala Lumpur Stock Exchange. He also run the arbitrage desk for Malaysian stocks between the Kuala Lumpur and Singapore Stock Exchanges.

From 1987 to 1989, he was given the task as the Dealing Manager after the take-over of Zalik Securities Sdn Bhd ("**Zalik**") by Hong Leong Group, to turn around what was a loss-making company. Within his first year with Zalik, the company made profit of RM15 million. He was responsible for 15 dealers. The unit mainly serviced the company's institutional clients. He also run the arbitrage desk for Malaysian stocks between Kuala Lumpur and Singapore Stock Exchanges.

From 1989 to 1990, he was the Chief Dealer in Kimara Securities Sdn Bhd ("**Kimara**"), managing a team of dealers handling the company's clients both institutional and retail. He was seconded from Zalik to prepare Kimara for listing on the Stock Exchange.

Presently, Dato' Mohan is holding the position of Senior Manager for institutional sales in Kenanga Investment Bank Berhad. His duties include developing, maintaining and servicing the institutional client base as well as a group of high net worth individuals. His experience included recruiting remisiers, underwriting initial public offers, arranging financing for public listed company and handling private placement of substantial block of shares.

He is a Director of Royal Pahang Durian Produce Sdn Bhd (*formerly known as Ample Harvest Produce Sdn Bhd*) since November 2016, a Director of Royal Pahang Durian Resources Sdn Bhd (*formerly known as Ample Harvest Resources Sdn Bhd*) since June 2019, and a Director of Royal Pahang Durian Sdn Bhd since September 2019. He is also a member of the Dialysis Committee of the Yayasan Al-Sultan Abdullah. The Dialysis Committee is one of the 3 divisions in the foundation which includes education, religion & healthcare.

## ■ YBHG DATO' MOHAN A/L C SINNATHAMBY

■ Independent  
Non-Executive Director

■ Aged 59, Male, Malaysian

— Date of Appointment:  
18 February 2019

— Board Committees  
membership(s):

- Nomination Committee  
(Member)  
*(Appointed on 22 July  
2019)*

— Board meeting attendance  
in the financial year: 1/2

## GROUP KEY SENIOR MANAGEMENT

<ul style="list-style-type: none"> <li>■ <b>YM TENGKU DATO' SRI UZIR BIN TENGKU DATO' UBAIDILLAH</b></li> <li>■ Executive Chairman</li> <li>■ Aged 60, Male, Malaysian</li> </ul>	<p>He was appointed as the Executive Chairman cum Chief Executive Officer of WZS Group on 24 October 2013 and was subsequently re-designated as Executive Chairman on 1 November 2017.</p> <p>He is the brother of YM Tengku Dato' Indera Zubir Bin Tengku Dato' Ubaidillah, the Managing Director/Group Chief Executive Officer of the Company.</p> <p>His profile is listed in the Profile of Directors set out in this Annual Report.</p>
<ul style="list-style-type: none"> <li>■ <b>YM TENGKU DATO' INDERA ZUBIR BIN TENGKU DATO' UBAIDILLAH</b></li> <li>■ Managing Director/Group Chief Executive Officer</li> <li>■ Aged 57, Male, Malaysian</li> </ul>	<p>He was appointed as the Chief Executive Officer of WZS Group on 1 November 2017 and was subsequently appointed to the Board as the Managing Director/Group Chief Executive Officer on 25 September 2018.</p> <p>He is the brother of YM Tengku Dato' Sri Uzir Bin Tengku Dato' Ubaidillah, the Executive Chairman and a major shareholder of the Company.</p> <p>His profile is listed in the Profile of Directors set out in this Annual Report.</p>
<ul style="list-style-type: none"> <li>■ <b>CHAN FOOK KWONG</b></li> <li>■ Chief Financial Officer</li> <li>■ Aged 51, Male, Malaysian</li> </ul>	<p>He was appointed as the Chief Financial Officer of WZS Group on 7 November 2018. He is a member of the Malaysian Institute of Accountants and an associate of the Chartered Institute of Management Accountants.</p> <p>He has over 20 years of experience in accounting and reporting, financial management, treasury management, corporate finance and tax planning.</p> <p>Prior to joining WZ Satu Berhad, he was the Chief Financial Officer for a Malaysian company listed on the Main Board of Singapore Exchange and subsequently the Chief Financial Officer for Eversendai Corporation Berhad ("<b>Eversendai</b>"), a Malaysian Structural Steel turnkey and power plant contractor undertaking many highly complex projects in the Asian and Middle Eastern regions. He joined Eversendai in September 2008 and spent 3 years working in its operations in Sharjah, UAE before returning to assist in the IPO exercise of Eversendai in 2011. He served as Head of Corporate Finance prior to his appointment as the Chief Financial Officer of Eversendai in August 2015.</p>

Save as disclosed above, none of the Directors and members of WZS Group Key Senior Management has:-

1. any other directorships in public companies and listed issuers;
2. any family relationship with any Directors and/or major shareholders of the Company;
3. any conflict of interest with the Company; and
4. any conviction for offences within the past 5 years other than traffic offences, if any; and any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

# MANAGEMENT DISCUSSION & ANALYSIS

WZ SATU BERHAD IS PRINCIPALLY INVOLVED IN CIVIL ENGINEERING AND CONSTRUCTION, OIL AND GAS, MINING AND MANUFACTURING



Civil engineering and construction (“CEC”) segment is principally engaged in securing and carrying out infrastructure construction contracts. Oil and gas (“OG”) segment is principally engaged in onshore oil and gas downstream activities. Manufacturing segment is principally engaged in manufacturing of cold drawn bright steel products. Mining segment is principally engaged in bauxite mining operations through mining associate companies of the Group.

## FINANCIAL REVIEW

The Group registered a revenue of RM388.4 million and loss before tax of RM95.2 million in financial year (“FY”) 2019 compared to RM512.6 million and RM89.2 million in FY 2018, respectively.

The decrease in revenue of RM124.2 million was mainly due to the weak results in the OG and CEC segments, which registered lower revenue of RM60.7 million and RM45.5 million due to disputes in the Refinery and Petrochemical Integrated Development (“RAPID”) and West Coast Expressway (“WCE”) projects, respectively, resulting in loss of revenue recognition for FY 2019. The remaining segments registered a lower revenue of RM18.0 million.

The higher loss before tax of RM6.0 million was mainly due to weak performance in the CEC segment which registered a higher loss before tax of RM53.7 million. This was offset by comparatively improved results registered in the OG and mining segments of RM38.1 million and RM12.7 million, respectively. The remaining segments registered a higher loss before tax of RM3.1 million.

Any favourable resolution from the ongoing RAPID and WCE project disputes would lead to positive impacts to the Group’s bottom line in the future. In addition, the possible resumption of bauxite mining activities in Pahang in the near future would further enhance the Group’s result in the next financial year.

The financial results are further analysed under the section on “Review of Operating Activities and Risks” below.

# MANAGEMENT DISCUSSION & ANALYSIS

(Continued)



## REVIEW OF OPERATING ACTIVITIES AND RISKS

### CIVIL ENGINEERING AND CONSTRUCTION

#### Review

CEC segment's revenue decreased by 16% to RM235.5 million. Correspondingly, loss before tax increased to RM76.1 million. The weak result was mainly due to WCE project dispute, leading to a loss of project revenue recognition resulting in a negative impact to the segment's bottom line in FY 2019. In view of the weak result in the CEC segment, this has resulted in an impairment loss on goodwill in relation to the acquisition of WZS BinaRaya Sdn Bhd amounted to RM2.9 million in FY 2019. However, any subsequent favourable resolution to the WCE project dispute would have a positive impact on the Group's bottom line.

#### Challenges

The outlook for this segment greatly depends on the Group's ongoing efforts to secure new projects with reasonable margins to replenish the current order book. Given the competitive environment, the Management continues to be vigilant and selective in prospecting for new contract specifications.

Further, the Management is aware of project execution risks and costs overruns. Hence, the Management is continuously mitigating the above risks by monitoring the sourcing, purchase and inventory levels of critical raw materials whilst assessing the performance of sub-contractors to ensure they meet all contract specifications.

#### Prospect

This segment has a tender book of RM716 million and accumulated an order book of RM772 million (which is inclusive of the Kedah Rubber City Phase 1 Project for the Northern Corridor Implementation Authority awarded to the Group on 25 November 2019 valued at RM121 million) to last for the next two to three financial years. However, the uncertainty of the commencement date of a project may affect the results of this segment.

# MANAGEMENT DISCUSSION & ANALYSIS

(Continued)

## OIL AND GAS

### Review

OG segment's revenue decreased by 42% to RM84.4 million. However, loss before tax reduced from RM41.1 million in FY 2018 to RM3.0 million in FY 2019. The comparatively stronger result was mainly due to major RAPID project loss written-off in FY 2018. However, any subsequent favourable resolution to the RAPID project dispute would have a positive impact to the Group's bottom line.

### Challenges

The current state of the oil and gas sector remains challenging and competitive. The Group anticipates tough competition as a service provider for the oil and gas industry. The Management will continue to improve its operational efficiency to maintain competitiveness; at the same time, be vigilant and selective in prospecting new projects to sustain and increase the order book at a competitive margin.

In products division, the Group sales in most product categories remain flat due to the prevailing oil and gas environment. The Management continues its focus into the aftermarket sales and services and the increase in product portfolios.

### Prospect

This segment has a tender book of RM410 million. The Management is looking into both securing of new projects with viable margins and will be actively participating in securing orders from anticipated process plant improvement projects, plant shutdown activities, as well as plant revamp & rejuvenation activities.



## MANUFACTURING

### Review

Manufacturing segment's revenue decreased by 13% to RM55.8 million. Profit before tax reduced to RM0.8 million due to a combination of lower steel prices and higher production costs compared to the previous financial year.

### Challenges

This segment has to navigate through cycles of high and low steel prices which is a common challenge in this industry. In addition, the Management has to monitor costs continuously to ensure minimisation of incremental cost impact.

### Prospect

Steel manufacturing segment's performance is affected by steel price fluctuations. The Management continues to practice cost control under a lean management to sustain profits. This will translate into higher earnings during periods of high steel prices to ride out the impact during periods of low steel prices and the Group is optimistic of a stable contribution from this segment in the coming financial year.

# MANAGEMENT DISCUSSION & ANALYSIS

(Continued)

## MINING

### Review

The share of loss in mining segment decreased by 80% to RM3.2 million. The comparatively improved result was due to a one-off impairment on mining assets of RM11.2 million in FY 2018. Upon resumption of the mining operations, the Group expects a significant write-back of the above-mentioned impairment.

### Challenges

Bauxite mining operation has yet to resume at the end of FY 2019 since the Government's moratorium on bauxite mining and export expired on March 2019 pending the issuance of mining permits and licences by the Government. Until the mining operation is back in full swing, the mining segment's result would continue to impact the Group's result.

### Prospect

The outlook for this segment principally depends on the Government's decision to allow bauxite mining activities to resume after the new regulations are in place. With the recent pronouncements by the Government, the Group remains cautiously optimistic on its prospects for the coming year. However, the Group is also exploring other mining opportunities to diversify its mining activities and income.

## STRATEGIES

In view of the challenging times, the Group has continued with the ongoing cost reduction exercise that enhances operational efficiency combined with right-sizing of the workforce and rationalisation of resources throughout the Group. These measures are expected to continue to reduce operating overheads meaningfully and better position the Group against tough operating conditions.

Moving forward, the Group is expected to stay its course and remain focus on the key areas of competency and ride out the tough operating environment via securing new projects with reasonable margins to replenish the current order book. The Group is also exploring new business opportunities to diversify its mining operations.

Despite the temporary setback and results of this financial year, the Group shareholders' funds of RM139.2 million should tide the Group over the tough weather. Further, in October 2019, the Board had successfully completed the placement of 46.5 million shares raising gross proceeds of RM10.23 million for the purpose of the working capital of the Group.

## ACKNOWLEDGEMENT

The Board extends a warm welcome to YBhg Dato' Sri Mohamad Norza Bin Zakaria, Deputy Chairman of the Group and Encik Ikhlas Bin Kamarudin, in their capacities as Non-Independent Non-Executive Directors of the Company. The Group will stand to benefit from their vast corporate and personal experiences and input at the Board level. The Board wishes to thank YAM Tengku Puteri Seri Kemala Pahang Tengku Hajjah Dato' Aishah Binti Sultan Haji Ahmad Shah, DK(II), SIMP for her invaluable contribution during her tenure as an Independent Non-Executive Director of the Company.

Last but not least, the Board would also like to thank the stakeholders whom comprise shareholders, bankers, customers and suppliers for their support and confidence in the Group. The Board wishes to express its sincere gratitude to the Directors, management and staffs for their contributions, which are crucial to the Group in better positioning itself to the challenges ahead.



# SUSTAINABILITY STATEMENT

## INTRODUCTION

At WZ Satu Berhad Group ('the Group'), sustainability has always been a part of the Group's culture as we strive to achieve continual financial performance and uninterrupted growth. The Group is cognisant of the need to grow its businesses in a sustainable and responsible manner. The Group remains committed to build on the efforts in sustainability and progress made in the previous year.

This Sustainability Statement is produced pursuant to Bursa Malaysia Securities Berhad's ("Bursa Securities") Main Market Listing Requirements. It describes our performance on non-financial metrics for the period from 1 September 2018 to 31 August 2019 covering our initiatives on economic, environmental and social ('EES') related sustainability matters.

## GOVERNANCE FRAMEWORK

The Board acknowledges the importance for the Group to adopt and continuously practise good corporate governance throughout the Group's operations to ensure accountability and transparency, as a fundamental part of discharging its responsibilities to protect and enhance shareholders' value and financial performance of the Group.

Our Group's sustainability strategy is determined by our Board of Directors, whom provides oversight of our corporate sustainability policies and performance. Senior Management oversees the implementation of the Group's sustainability approach and ensures that key targets are being met. The respective division management head are responsible for identifying, evaluating, monitoring and managing EES risks and opportunities directly.

# SUSTAINABILITY STATEMENT

(Continued)

## STAKEHOLDERS ENGAGEMENT

The Group recognises the importance of effective communication to ensure that our stakeholders understand our business, governance, financial performance and prospects. We define our stakeholders as those impacted by our activities and projects, who have direct and indirect involvement and whose interest may have positive or negative consequences due to our activities and projects.

Stakeholders	Forms of Engagement
<b>Customers</b>	<ul style="list-style-type: none"> <li>• Meetings</li> <li>• Feedbacks</li> <li>• Marketing plans</li> </ul>
<b>Shareholders/Investors</b>	<ul style="list-style-type: none"> <li>• Annual General Meeting</li> <li>• Quarterly and statutory announcements to Bursa Securities</li> <li>• Notices / Circulars</li> <li>• Company's website</li> </ul>
<b>Suppliers</b>	<ul style="list-style-type: none"> <li>• Meetings</li> <li>• Evaluations / Feedbacks</li> </ul>
<b>Employees</b>	<ul style="list-style-type: none"> <li>• Annual performance review</li> <li>• Training</li> <li>• Meetings / Discussions</li> </ul>
<b>Regulatory and Statutory bodies</b>	<ul style="list-style-type: none"> <li>• Active engagement with respective regulating agencies and bodies</li> <li>• Inspection by local authority</li> <li>• Annual license renewal</li> </ul>
<b>Principal Partners</b>	<ul style="list-style-type: none"> <li>• Principal engagement</li> <li>• Quarterly progress discussion</li> </ul>
<b>Government Agencies</b>	<ul style="list-style-type: none"> <li>• Participating in programmes held by government agencies:               <ul style="list-style-type: none"> <li>- Department of Occupational Safety and Health ('DOSH');</li> <li>- National Institute of Occupational Safety &amp; Health ('NIOSH')</li> <li>- Construction Industry Development Board ('CIDB')</li> </ul> </li> </ul>

Our website, which is regularly updated, is used to promote and facilitate communication with our stakeholders and to provide them with useful information about the Company and its subsidiaries. Moving forward, we will continue working to address the challenges and opportunities identified through the feedback received from our stakeholders.

# SUSTAINABILITY STATEMENT

(Continued)

## KEY SUSTAINABILITY MATTERS

The following is the Group's identified material sustainability matters. Through our materiality assessment, we have identified the key sustainability matters as outlined in the table below.

Pillar	Key Sustainability Matters
<b>Economic</b>	<ul style="list-style-type: none"> <li>• Financial Performance</li> <li>• Anti-bribery and Anti-corruption</li> <li>• Customer Engagement</li> </ul>
<b>Environmental</b>	<ul style="list-style-type: none"> <li>• Environmental Compliance</li> </ul>
<b>Social</b>	<ul style="list-style-type: none"> <li>• Employment Diversity and Equal Opportunity</li> <li>• Occupational Health and Safety</li> <li>• Training and Education</li> <li>• Community Investment</li> </ul>








## ECONOMIC

The Group is principally involved in the business of civil engineering and construction, oil and gas, mining and manufacturing. Through the Group's strong order book, it has created employment opportunities for the Malaysian people. The Group aims to maintain sustainable businesses to continue its contribution to Malaysia's economic development. We endeavour to inculcate sustainability within our core operations, in pursuit of creating long-term value for our stakeholders.

### Financial Performance

The sustainability of our subsidiaries' businesses is vital for growth and continuity. The awards and accolades received are testament of our continuous strive to deliver the best of products, services and value to our stakeholders while creating positive economic impact and contribution to the community where we operate. For example, our oil and gas division ('WZS Misi Setia Sdn Bhd') has obtained multiple awards in its business operation since 2002. In 2019, the division has been awarded the 2019 Winner's Circle, an award by Baker Hughes, a GE Company ('BHGE'), in recognition and appreciation for exceeding the sales target plan.

Description of Award	Awarded by
2019 Winner's Circle	Baker Hughes, a General Electric Company

As a Group, we are accountable to our investors. We strive to enhance our financial performance continuously to deliver value to our investors and stakeholders. The financial performance and measures to ensure the economic sustainability of the Group are elaborated in the Management Discussion & Analysis section as set out in this Annual Report.

### Anti-Bribery and Anti-Corruption

The Group is committed to the values of transparency, integrity, impartiality and accountability in the conduct of its business and affairs.

WZ Satu Berhad enforces a "No Gift" policy through its Code of Conduct. Directors and employees are not permitted to solicit gifts or personal favours from contractors, sub-contractors, suppliers, consultants, bankers, dealers, customers or other parties having business dealings with the Company.

# SUSTAINABILITY STATEMENT

(Continued)

Our whistle-blowing policy is established with the aim of providing a structured mechanism for employees and other stakeholders to report any concerns on any suspected or wrongful activities or wrongdoings. These refer to any potential violations or concerns relating to any laws, rules, regulations, acts, ethics, integrity and business conduct, including any violation or concerns relating to malpractice, embezzlement, illegal, immoral or fraudulent activities, which will affect the business and image of the Group.

## Customer Engagement

Customer engagement is one of the key factors to grow and sustain our business and for us to remain competitive. We always relate quality with customer satisfaction and continuous improvements. Therefore, we emphasise on customer satisfaction, adherence to continuous improvements and quality standards all the time.

Our civil engineering & construction division ('WZS Binaraya Sdn Bhd') and oil & gas division are certified to ISO 9001:2015 based on our customer-centric quality management system. This certification further evidence our commitment towards continual improvement that aims to reduce risks and increase effectiveness.

Customer feedback via customer satisfaction survey exercise serves as part of our commitment towards customer engagement. The certification above is a testament to our continuous improvement in sustainability efforts for quality management system as well as our assurance of conformity to customers and applicable statutory and regulatory requirements.

## ENVIRONMENTAL

In the field of environmental stewardship, we continued to demonstrate our commitment to conservation through emphasis on managing our resources - reducing waste, practising energy efficiency and introducing initiatives to reduce emissions throughout our operations. Our top management also demonstrated their commitment through establishing a separate Environmental Policy, which stated our commitment to minimize the environmental impact of our activities, comply to all applicable laws and regulations and communicate our commitment to our stakeholders.

We are monitoring our environmental performance by implementing self-regulation practices based on a set of environmental mainstreaming tools, introduced by the Department of Environment ('DoE') under the Guided Self-Regulation ('GSR') program.

## Environmental Compliance

Our civil engineering and construction division have been involved principally in Malaysia on various civil engineering and infrastructural projects.

This division is supported by a strong and highly experienced management team comprising people with a wealth of technical knowledge and experience on handling major projects combined with the technology to enable it to undertake various complex projects. We are committed to contributing positively to the construction industry, providing innovative solutions and construction services in a safe and responsible manner via our environmental policy commitment.

In 2019, there was no incidence of non-compliance with laws and regulations and we endeavour to maintain this track record.

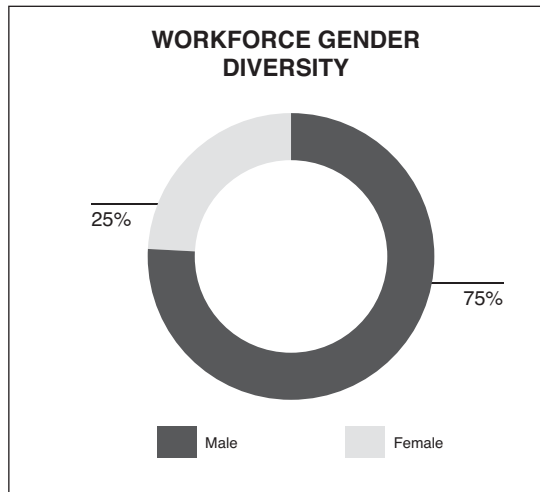
## SOCIAL

The Group's corporate social responsibility activities are continuously guided by its firm belief that it can contribute positively to society as a caring and responsible corporate entity. A sustainable business is one that enriches its people and the communities in which it operates in. We organise activities (such as badminton and futsal) to promote a healthy lifestyle for employees while we celebrate festivities and foster relationships amongst employees during our annual dinners and families' day events.

We reach out to society via our philanthropic and corporate social responsibility activities, aimed at the less fortunate where we can make a difference and our employees can participate to give back and enrich themselves in the process.

# SUSTAINABILITY STATEMENT

(Continued)



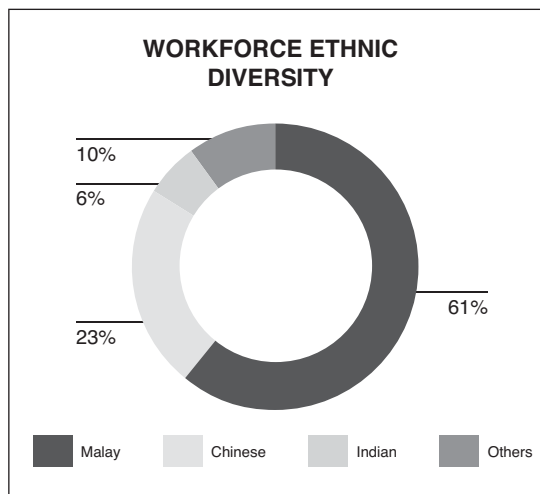
## Employment Diversity and Equal Opportunity

Building and retaining talent are both critical in growing the Group as the continuous growth of the Group needs talented employees. Having a diverse workforce with equal opportunity regardless of age, race and gender is one of the ways to build and retain talent.

We strongly believe that innovative solutions are developed through interaction amongst employees from different background, knowledge and experiences.

We value our employees as they are key to competitive success in the marketplace which is vital for business sustainability. As part of the Group hiring practice, we do not discriminate against any race, gender or minorities. Although we emphasise on equal employment opportunity, we also stress that candidates are only hired based on suitability and competency. As at 31 August 2019, our total workforce currently stands at 433.

The employees are also provided with adequate welfare benefits such as medical, hospitalisation and personal accident insurance coverages.



## Occupational Health and Safety

We are aware that the nature of our diversified businesses expose our employees to occupational health and safety risks. Health and safety violations could result in fines and/or stop-work orders. We take pride in our achievements towards maintaining high standards on occupational health and safety measures to ensure compliance with statutory and regulatory requirements. The Group places high importance on the health and safety of its employees and strives to maintain a work place that is safe, risk-free and are continuously working towards cultivating a strong health and safety culture in the workplace. Across our operations, we maintain a safe and healthy working environment by implementing key measures to prevent injuries, fatalities and occupational illnesses at project sites and workplaces.

Our subsidiary, WZS Misi Setia Sdn Bhd is certified to ISO 9001:2015 (since 2003) and OHSAS 18001:2007 (since 2010) by an accredited certification body, AJA EQS Certification (M) Sdn Bhd. We have a formal process for risk management, which includes identifying, assessing and controlling risks to ensure business sustainability. As part of our sustainability initiative, we have tracked our manhours worked without Lost Time Injury ('LTI'), and have included the results in this Sustainability Statement. As at 31 August 2019, we have achieved 15,970,696 manhours worked without LTI since 2006.

# SUSTAINABILITY STATEMENT

(Continued)

Year	Manhours Worked Without Lost Time Injury
2019	15,970,696
2018	14,889,160

The Group believes in creating a strong safety culture and places employees' and workers' safety at the forefront. In 2019, we have achieved our target whereby there are no reported fatalities in our workplace. The Group aims to continue to achieve this target in the forthcoming year.

Target	Performance in 2019
Life Loss: Zero	Zero Fatality

WZS Misi Setia Sdn Bhd has also participated in the 'Workplace Accident Free Week (WAFEW) 2019' programme organized by Department Of Occupational Safety And Health, with the aim to promote and increase awareness on 'Preventive Accident Culture' at the workplace.

## Training and Education

We believe in training and development of our employees, who are undoubtedly our most valued assets. We invest in our employees, so that they could grow professionally and achieve their full potential. It is imperative that our employees keep abreast of the latest developments in their respective professional fields.

The Group offers a development platform to allow staff to grow both professionally and personally. To equip new hires with relevant skills and knowledge, the Group offers training programme for new employees. Continuous training are also provided to existing employees of the Group. Employees are assigned, on an ongoing basis where needed, to attend job related workshops, training sessions and seminars. Trainings may be in the form of internal, external and on-the-job trainings.

## Community Investment

We engage with local communities through education, project liaison and support them through charitable work, sponsorship and other support initiatives. Our efforts in undertaking Corporate Social Responsibility ('CSR') are part of our commitment and mission in managing our business responsibility towards ensuring all the stakeholders have benefited in one way or another.

We continue to play our part as a responsible corporate citizen and discharging our social responsibilities through active participation in CSR programs. Our subsidiary, WZS Misi Setia Sdn Bhd has participated in a 'Fun Walk' in collaboration with NASOM ('National Autism Society of Malaysia') as part of its CSR activity.

The Group continues to offer internship programmes by providing positions to fresh graduates after completing their tertiary education.

## Moving Forward

We recognise that more could be done in sustainability efforts in creating positive impacts on economic, environmental and social aspects. The Group shall continually seek for new opportunities to realise our sustainability commitment and roadmap.

# SUSTAINABILITY STATEMENT

(Continued)



## CARE & RESPONSIBILITY

We collaborated with The National Autism Society of Malaysia (NASOM) to organise a fun walk and telematch games at Taman Gelora, Kuantan, on 24 August 2019. The event was attended by 57 of our employees, 18 teachers and 40 autistic children, who were accompanied by their parents and siblings.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors of WZ Satu Berhad (“**the Board**”) acknowledges the importance of the principles and recommendations as set out in the Malaysian Code on Corporate Governance (“**MCCG**”). The Board is fully committed in maintaining high standards of corporate governance practices throughout the Group to protect and enhance long-term shareholders’ value and all stakeholders’ interests.

The Board is pleased to present the following Corporate Governance Overview Statement (“**CG Statement**”) that describes the extent of how the Group has applied and complied the three (3) principles which are set out in the MCCG throughout the financial year under review:-

- (a) Principle A: Board leadership and effectiveness;
- (b) Principle B: Effective audit and risk management; and
- (c) Principle C: Integrity in corporate reporting and meaningful relationship with stakeholders.

This CG Statement is prepared in compliance with the Main Market Listing Requirements (“**MMLR**”) of Bursa Malaysia Securities Berhad (“**Bursa Securities**”) and to provide an overview of the extent of compliance with the three (3) Principles as set out in the MCCG. This CG Statement should also be read together with the Corporate Governance Report 2019 of the Company which is available on the Company’s corporate website at [www.wzs.my](http://www.wzs.my).

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

### Board Responsibilities

It is the overall governance responsibilities of the Board to lead and control the Group. Amongst others, these responsibilities include charting the strategic direction of the Group and supervising its affairs to ensure its success; implementation of suitable and effective system of internal control and risk management; and ensuring compliance with the relevant laws, regulations, guidelines and directives.

The Board has established clear functions reserved for its members and those delegated to the Management. This allocation of responsibilities reflects the dynamic nature of the relationship necessary for the Group to adapt to changing circumstances.

Key matters such as approval of interim and annual financial results, acquisitions and disposals, investments, as well as material agreements are reserved for the Board, while a capable and experienced Key Senior Management is put in charge to oversee the day-to-day operations of the Group.

In line with the practice of good corporate governance, the Board has established and implemented various processes to assist members of the Board in the discharge of their roles and responsibilities. The Board’s roles and responsibilities include the following:-

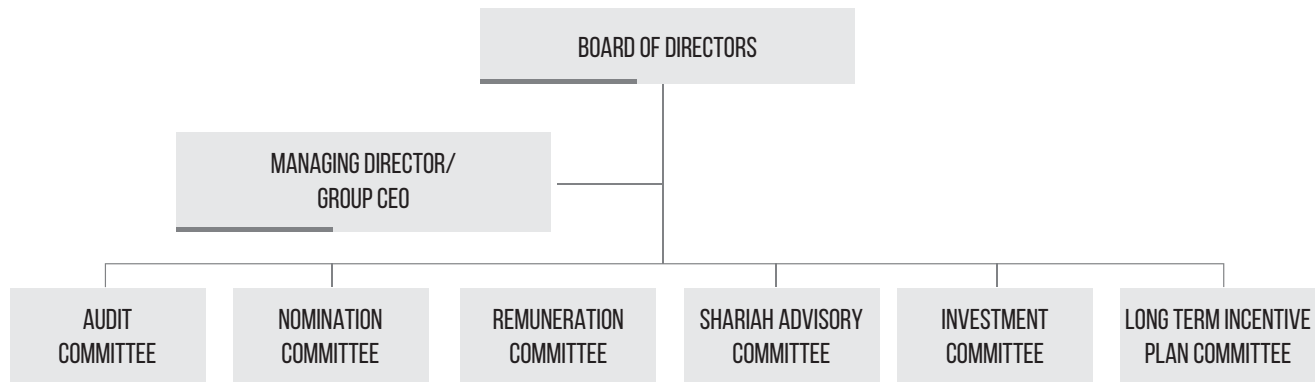
- (a) reviewing and adopting strategic plans for the Group that enhances long term value;
- (b) overseeing the conduct of the Group’s businesses to evaluate whether the businesses are being properly managed;
- (c) reviewing principal risks and ensuring the implementation of appropriate systems of internal control to manage risks and adoption of relevant mitigating measures;
- (d) reviewing the adequacy and integrity of the Group’s internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines;
- (e) reviewing and approving succession planning, including appointing, training, compensating and where appropriate replacing key principal officers; and
- (f) developing and implementing investor’s relations programme and shareholder’s communication policy for the Group.



# CORPORATE GOVERNANCE OVERVIEW STATEMENT

(Continued)

To ensure effectiveness in discharging its responsibilities, the Board has established a governance model whereby specific powers of the Board are delegated to the relevant Board Committees and the Managing Director/Group Chief Executive Officer (“CEO”) of the Company as below:-



## The Executive Chairman and Managing Director/Group CEO

The roles of the Executive Chairman of the Board and the Managing Director/Group CEO of the Company are exercised by separate individuals and each has a clear accepted division of responsibilities to ensure that there is a balance of power and authority to promote accountability.

The Executive Chairman and the Managing Director/Group CEO are collectively responsible for the leadership of the Group and for promoting the highest standards of integrity and probity, there is a clear and effective division of accountability and responsibility between the Executive Chairman and the Managing Director/Group CEO and each plays a distinctive role but complementing each other to ensure that there is a balance of power and authority and no individual has unfettered powers of decision and control.

YM Tengku Dato' Sri Uzir Bin Tengku Dato' Ubaidillah is the Executive Chairman of the Company and YM Tengku Dato' Indera Zubir Bin Tengku Dato' Ubaidillah is the Managing Director/Group CEO of the Company.

The Executive Chairman is responsible for ensuring Board effectiveness and conduct, leading the Board in the oversight of management. The Executive Chairman also oversees the controls of the business through compliance and audit and the direction of the Group business. Whilst the Managing Director/Group CEO of the Company has overall responsibilities over the Company's operating units, organisational effectiveness and implementation of Board policies and decisions on a day-to-day basis.

## Qualified and Competent Company Secretary

The Board is supported by experienced and competent Company Secretaries in discharging its duties and responsibilities. The Board receives regular advices, updates and notices from the Company Secretaries to ensure compliance with applicable laws, regulations and corporate governance matters. The Company Secretaries attend and ensure that all Board and Board Committee meetings are properly convened and all deliberations and decisions are properly minuted and kept. They are also responsible in ensuring that Board's policies and procedures are followed, and the applicable statutory and regulatory requirements are observed.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

(Continued)

## Access to Information and Advice

The Board members, in order to enable them to discharge their duties effectively, has full and unrestricted access to the Management and Company Secretaries for all information pertaining to the businesses and corporate affairs of the Group. If need arises, the Board may also seek appropriate external independent professional advice at the Group's expense.

Prior to Board or Board Committee meetings, the agenda, minutes of previous meeting and board papers are circulated to the Directors prior to the meeting to allow sufficient time to ensure that they receive the necessary information in advance so that they can review, consider and deliberate on the matters, and where necessary, obtain further information to facilitate informed decision making.

## Board Charter

The Company has adopted a Board Charter which clearly defines the respective roles, responsibilities and authorities of the board of directors (both individually and collectively) and Management in setting the direction, the management and the control of the Company as well as matters reserved for the Board.

## Code of Ethics and Conduct

The Company established appropriate standards of business conduct and ethical behaviour to govern the exercise of the Directors' duties and responsibilities as Directors of the Company in order to uphold good corporate integrity.

The Code of Ethics and Conduct sets out the general principles and standards of business conduct and ethical behaviour for the Directors and employees of the Group in the performance and exercise of their responsibilities or when representing the Group and includes the expectation of professionalism and trustworthiness from the Directors and employees of the Group.

## Whistle-Blowing Policy and Procedures

The Whistle-Blowing Policy and Procedures provides an avenue for any Director, officer, employee and members of the public to report instances of unethical, unlawful or undesirable conduct on a confidential basis without fear of intimidation or reprisal. Nothing in this policy shall interfere with other established operational policies and processes. All disclosures pursuant to this policy are to be made to the Chairman of the Audit Committee. The Board shall be apprised of disclosure matters which are serious in nature or of grave repercussions.

Confidential reports can be channelled online via this email address: [whistle@wzs.my](mailto:whistle@wzs.my).

## Sustainability Policy

The Board has formalised the Group's strategies on promoting sustainability. The Board and the Management are committed to continually improving the integration of sustainability into working environment and business processes, together with the accountability and transparency in the sustainability performance.

In order to operate with sustainability, the key impact areas are to ensure operations and services are safe for the employees, customers and that environmental quality considerations are incorporated into the Group's daily business activities which are undertaken and accountable by every employee; create an inspiring workplace that helps to build a diverse work force which contributes to highest potential and commits to a harassment free working environment, whereby every employee is treated fairly and with respect; and to adhere to the requirements of all laws and regulatory requirements, standards and best practices to which the Group subscribes and establish and adopt high ethical values and ensure these practices are upheld across the business.

The Diversity Policy, Board Charter, Code of Ethics and Conduct, Whistle-Blowing Policy and Procedures and Sustainability Policy are published on the Company's corporate website at [www.wzs.my](http://www.wzs.my).

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

(Continued)

## Board Composition

The Board has eight (8) members comprising two (2) Executive Directors, four (4) Independent Non-Executive Directors and two (2) Non-Independent Non-Executive Director as at the date of this Annual Report. The Board composition is in compliance with Paragraph 15.02 of the MMLR of Bursa Securities which states that at least 2 directors or 1/3 of the board of directors, whichever is higher, are independent directors and the recommendation of MCCG to have at least half of the board comprises independent directors.

The Board Members have diverse backgrounds and experience in various fields. Collectively, these Board members bring their strength to bear on issues of oversight, strategy, performance, control, resource allocation and integrity. The Board is also well balanced as both the major and minority shareholders are also represented.

Despite the Chairman being an Executive Director, the Board takes comfort in the presence of majority Independent Non-Executive Directors with distinguished records and credentials to ensure that there are independent views and judgements. The Independent Non-Executive Directors vocalise their concerns whenever necessary to ensure proper checks and balances are in place in Board decisions and implementation of policies.

The profiles of the members of the Board, are set out in the Directors' Profile section of this Annual Report.

## Tenure of Independent Directors

The Board has not developed a policy which limits the tenure of its Independent Directors to nine (9) years. However, the Board is mindful that the tenure of an independent director should not exceed a cumulative term limit of nine (9) years and upon completion of the nine (9) years, an Independent Director may continue to serve on the Board as a Non-Independent Director pursuant to the MCCG. Otherwise, the Board will justify and seek shareholders' approval at the Annual General Meeting ("AGM") in the event the Board retains such Director as an Independent Director. If the Board continues to retain the Independent Director after the twelfth (12<sup>th</sup>) year, the Board will seek annual shareholders' approval through a two-tier voting process.

Based on the assessment carried out during the financial year, the Board is satisfied with the level of independence demonstrated by all the Independent Directors and their ability to act in the best interests of the Company.

None of the Independent Directors has served more than nine (9) years on the Board as at the date of this CG Statement.

## Board Diversity

The Board recognises that board diversity is an essential element contributing to the sustainable development of the Group and does not discriminate on the basis of ethnicity, age, gender, nationality, political affiliation, religious affiliation, marital status, education background or physical ability. There is no specific target in the composition in terms of gender, age or ethnic of its Board members or members of Senior Management.

The Board acknowledges the recommendation of the MCCG on gender diversity but believes that the overriding factors in selection of a Director must be based on skill, experience, competency and wealth of knowledge, while taking into consideration diversity of the Board. The Group had established a Diversity Policy to formalise its diversity approach as above.

The Board is satisfied with the composition of its members and is of the view that with the current mix of skills, knowledge, experience and strength, the Board is able to discharge its duties effectively and in a competent manner.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

(Continued)

The Board is committed to provide fair and equal opportunities within the Group and acknowledges the importance of Boardroom and workplace diversity. The Group is committed to workplace diversity and that the workplace is fair, accessible, inclusive and free from discrimination.

As at the date of this Annual Report, the diversity in the race/ethnicity of the existing Directors is as follows:-

	Race/Ethnicity				Gender		
	Malay	Chinese	Indian	Total	Male	Female	Total
Number of Directors	7	0	1	8	8	0	8

The existing Directors' age distribution falling within the respective age group is as follows:

Age Group (Years)	21-30	51 - 60	61 - 70	Total
Number of Directors	1	5	2	8

## Workforce Diversity

The Group is committed to a diverse and inclusive culture which is essential to the Group's future growth. The Group's gender and race/ethnicity diversity are made up of the following:-

Gender	Race/Ethnicity			
	Malay	Chinese	Indian	Other
Male	194	69	20	42
Female	72	30	6	0

The Group's workforce diversity in terms of age is made up of the following:-

Gender	Age Group (Years)				
	Below 21	21-30	31-40	41-50	Above 50
Male	4	102	99	66	54
Female	0	46	39	22	1

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

(Continued)

## Board Meetings

The Board meets at least once every quarter and on other occasions, as and when necessary, inter-alia, to approve quarterly financial results, annual report, business plans and budgets as well as to review the performance of the Group, its operating subsidiaries and other business development activities. Management and external advisors (when needed) are invited to attend the Board and Board Committee meetings and to provide their inputs and advices on relevant matters.

The attendance record of individual Directors at the Board meetings for the financial year ended 31 August 2019 is detailed below:-

Name	Attendance
YM Tengku Dato' Sri Uzir Bin Tengku Dato' Ubaidillah ("Tengku Uzir")	5/6
YM Tengku Dato' Indera Zubir Bin Tengku Dato' Ubaidillah ("Tengku Zubir")	5/5
YBhg Datuk Idris Bin Haji Hashim J.P. ("Datuk Idris")	6/6
YBhg Dato' Syed Kamarulzaman Bin Dato' Syed Zainol Khodki Shahabudin ("Dato' Syed")	6/6
Encik Rosli Bin Shafiei ("En. Rosli")	6/6
YBhg Dato' Mohan A/L C Sinnathamby ("Dato' Mohan") (Appointed on 18 February 2019)	1/2
YBhg Dato' Sri Mohamad Norza Bin Zakaria (Appointed on 13 December 2019)	Not Applicable
Encik Ikhlas Bin Kamarudin (Appointed on 30 October 2019)	Not Applicable
YAM Tengku Puteri Seri Kemala Pahang Tengku Hajjah Dato' Aishah Binti Sultan Haji Ahmad Shah, DK(II), SIMP ("Tengku Aishah") (Resigned on 22 July 2019)	2/5
YBhg Dato' Ir. William Tan Chee Keong (Resigned on 17 December 2018)	2/3

The Board is satisfied with the level of commitment given by the Directors towards fulfilling their roles and responsibilities as Directors. This, amongst others, is evidenced by the attendance record of the Directors at Board meetings.

The minimum 50% attendance requirement as stipulated in the MMLR has been complied with, except for Tengku Aishah due to her personal commitment.

## Directors' Training

The Board recognises the need to attend training to enable the Directors to discharge their duties effectively. The training needs of each Director could be identified and proposed by the individual Director. The Board via the Nomination Committee has in place an annual assessment of training needs of each Director. The Nomination Committee continues to evaluate and assess the training needs of the Directors to ensure professionalism in discharging their duties and recommends to the Board accordingly.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

(Continued)

The Board encourages its members to enhance their skills and knowledge on relevant new laws, regulations and changing commercial risks and to keep abreast with the developments in the economy, industry and technology. During the financial year under review, the Directors attended the following seminars, conferences and programmes:-

Name	Training(s) Attended during the financial year under review
YM Tengku Dato' Sri Uzir Bin Tengku Dato' Ubaidillah	<ul style="list-style-type: none"> <li>Training for C-Suites on Leadership: Drive Altitude - Journey to Excellence</li> </ul>
YM Tengku Dato' Indera Zubir Bin Tengku Dato' Ubaidillah	<ul style="list-style-type: none"> <li>Training for C-Suites on Leadership: Drive Altitude - Journey to Excellence</li> </ul>
Datuk Idris Bin Haji Hashim J.P.	<ul style="list-style-type: none"> <li>Training for C-Suites on Leadership: Drive Altitude - Journey to Excellence</li> </ul>
Dato' Syed Kamarulzaman Bin Dato' Syed Zainol Khodki Shahabudin	<ul style="list-style-type: none"> <li>Demystifying the Diversity Conundrum: The Road to Business Excellence</li> <li>Audit Committee Conference 2019</li> </ul>
Encik Rosli Bin Shafiei	<ul style="list-style-type: none"> <li>Training for C-Suites on Leadership: Drive Altitude - Journey to Excellence</li> <li>Audit Committee Conference 2019</li> <li>Integrated Reporting Training Programme</li> </ul>
Dato' Mohan A/L C Sinnathamby	<ul style="list-style-type: none"> <li>Training for C-Suites on Leadership: Drive Altitude - Journey to Excellence</li> </ul>

All Directors of the Company have completed the Mandatory Accreditation Programme (MAP) prescribed by Bursa Securities for directors of listed issuers.

## Board Committees

To ensure the effective discharge of its fiduciary duties and responsibilities more effectively, the Board delegates specific responsibilities to the Board Committees established by the Board.

All Board Committees function within and in accordance with clearly defined terms of reference that were approved by the Board. These Board Committees have unrestricted authority to examine issues and submit reports of their findings to the Board. As the Board Committees have no authority to make decisions on matters reserved for the Board, the recommendations would be deliberated by the Board as a whole for decisions.

### (a) Nomination Committee

The Nomination Committee is empowered by the Board among others to recommend to the Board the right candidates with the necessary skills, experiences and competencies to be filled in the Board and Board Committees, re-election and reappointment of Directors.

The Nomination Committee also assesses the effectiveness of the Board as a whole, the Board Committees and the contribution of each individual Director, including Independent Non-Executive Directors on an annual basis. The Directors are provided with questionnaires to carry out the assessments with absolute anonymity and are based on their competence, capability, time commitment, integrity, participation and contribution in Board and Committees. The results are then tabulated and presented to the Nomination Committee for its review and recommendation to the Board for notation. A summarised version of the results is circulated to each Director for their information. The criteria that are used in the assessments of the Board/Committees include the required mix of skills and experience and the effectiveness of the Board/Committees.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

(Continued)

During the financial year under review, the Nomination Committee held three (3) meetings to deliberate and report to the Board on the following:-

- review the profile and nomination of the Executive and Independent Non-Executive Directors;
- assessment of the independence of the Independent Directors;
- review of the Directors who are due for re-election by rotation;
- review of the retention of Independent Directors whose tenure have exceeded nine (9) years, if any;
- review of the Board's representation and the required mix of skills and experience and assessing the effectiveness of the Board as a whole;
- review of the current size and composition of the Board;
- review and deliberation on the findings and outcomes of the assessments of the Board, Board Committees and Directors; and
- review of the term of office, appointment and performance of the Audit Committee and each of its members.

The terms of reference of the Nomination Committee is available for reference on the Company's website at [www.wzs.my](http://www.wzs.my).

All members of the Nomination Committee are Independent Non-Executive Directors. The composition of the Nomination Committee of the Company and the details of attendance of meetings during the financial year under review are as follows:-

Name	Designation	Attendance
YBhg Datuk Idris Bin Haji Hashim J. P.	Chairman	3/3
YBhg Dato' Syed Kamarulzaman Bin Dato' Syed Zainol Khodki Shahabudin	Member	3/3
YAM Tengku Puteri Seri Kemala Pahang Tengku Hajjah Dato' Aishah Binti Al-Marhum Sultan Haji Ahmad Shah, DK(II), SIMP (Ceased on 22 July 2019)	Member	1/2
YBhg Dato' Mohan A/L C Sinnathamby (Appointed on 22 July 2019)	Member	Not Applicable

## (b) Remuneration Committee

The Remuneration Committee is primarily responsible for reviewing and recommending the appropriate level of remuneration for the Executive Directors and the Non-Executive Directors.

The responsibilities of the Remuneration Committee include the following:-

- set, review, recommend and advise the policy framework on all elements of the remuneration such as reward structure, fringe benefits and other terms of employment of Executive Directors having regard to the overall Group policy guidelines/framework;
- advise the Board on the performance of the Chief Executive Officer and Executive Directors, and an assessment of their entitlements to performance related pay; and
- review the history of and proposals for the remuneration package of the Board's Committees.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

(Continued)

During the financial year, the Remuneration Committee conducted one (1) meeting to review the remuneration of all Executive Directors, their performance, their terms of service agreement, bonuses and to perform a self-assessment of its performance.

All members of the Remuneration Committee are Independent Non-Executive Directors. The composition of the Remuneration Committee of the Company and the details of attendance of meetings during the financial year under review are as follows:-

Name	Designation	Attendance
YBhg Dato' Syed Kamarulzaman Bin Dato' Syed Zainol Khodki Shahabudin	Chairman	1/1
YBhg Datuk Idris Bin Haji Hashim J. P.	Member	1/1
Encik Rosli Bin Shafiei	Member	1/1

(c) Audit Committee

The composition of the Audit Committee, its function and a summary of its activities are set out in the Audit Committee Report of this Annual Report.

(d) Shariah Advisory Committee

The Shariah Advisory Committee has an oversight role on Shariah matters related to the Group's business operations and activities. The Shariah Advisory Committee shall be responsible and accountable for all its decisions, views and opinions related to Shariah matters. The Shariah Advisory Committee shall ensure that decisions are made after undergoing rigorous and robust research and deliberation exercises.

Main duties of the Shariah Advisory Committee shall include:-

- (i) Provide advice to the Board.
  - The Shariah Advisory Committee shall advise the Board and provide input to the Group on Shariah matters in order for the Group to comply with Shariah principles at all times.
- (ii) Endorse Shariah Policies and Procedures.
  - The Shariah Advisory Committee shall endorse Shariah policies and procedures prepared by the Company and ensure that the contents do not contain any elements which are not in line with Shariah principles.
- (iii) Assist related parties on Shariah matters upon request for advice.
  - The related parties of the Company such as its legal counsel, auditors or consultant may seek advice on Shariah matters from the Shariah Advisory Committee. The Shariah Advisory Committee is expected to provide the necessary assistance to the requesting party to ensure compliance and subscription with Shariah principles.
- (iv) Provide written Shariah opinion.
  - The Shariah Advisory Committee is required to record any opinion given. In particular, the Shariah Advisory Committee shall prepare written Shariah opinions as and when the Company makes reference to the Shariah Advisory Committee for further deliberation.



# CORPORATE GOVERNANCE OVERVIEW STATEMENT

(Continued)

The composition of the Shariah Advisory Committee of the Company and the details of attendance of meetings during the financial year under review are as follows:-

Name	Designation	Attendance
YBhg. Dato' Syed Kamarulzaman Bin Dato' Syed Zainol Khodki Shahabudin	Chairman	2/2
YBhg. Dato' Ir. Mohd Ghazali Bin Kamaruzaman	Member	2/2
Mahamahpoyi Hj Walah	Advisor	2/2
Chan Fook Kwong (Appointed on 24 April 2019)	Management Representative	1/1
Tuan Haji Sabar @ Sabal Haji Abdul Rahaman (Deceased on 28 April 2019)	Advisor	1/2

(e) Long Term Incentive Plan ("LTIP") Committee

The LTIP Committee was established to implement and administer the Executive Share Option Scheme and Executive Share Grant Scheme. The terms of reference of the LTIP Committee is available at the Company's corporate website at [www.wzs.my](http://www.wzs.my).

The composition of the LTIP Committee of the Company and the details of attendance of meetings during the financial year under review are as follows:-

Name	Designation	Attendance
YM Tengku Dato' Sri Uzir Bin Tengku Dato' Ubaidillah	Chairman	1/2
Encik Rosli Bin Shafiei	Member	2/2
YBhg. Dato' Syed Kamarulzaman Bin Dato' Syed Zainol Khodki Shahabudin (Appointed on 29 January 2019)	Member	1/1

(f) Investment Committee

The Investment Committee was established with the objective to make day-to-day investment decisions up to the pre-approved limit determined by the Board of Directors.

The terms of reference of the Investment Committee is available at the Company's corporate website at [www.wzs.my](http://www.wzs.my).

The composition of the Investment Committee of the Company and the details of attendance of meetings during the financial year under review are as follows:-

Name	Designation	Attendance
YM Tengku Dato' Sri Uzir Bin Tengku Dato' Ubaidillah	Chairman	2/2
YM Tengku Dato' Indera Zubir Bin Tengku Dato' Ubaidillah	Member	2/2
Chan Fook Kwong (Appointed on 29 January 2019)	Member	1/1

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

(Continued)

## Remuneration

The Board believes that appropriate and competitive remuneration is important to attract, retain and motivate Directors of the necessary calibre, expertise and experience to lead the Group. In line with this philosophy, remuneration for the Executive Directors is aligned to individual and corporate performance. For Non-Executive Directors, the fees are set based on the responsibilities shouldered by the respective Directors. Individual Directors do not participate in determining their own remuneration package.

The Remuneration Committee recommends policy for assessing compensation package for Executive Directors. It also reviews and recommends to the Board for approvals, the remuneration packages and other employment conditions for the Executive Directors.

The remuneration of Executive Directors is made up of basic salaries, monetary incentives and fringe benefits; and is linked to the achievement of corporate performance targets. Salaries for Executive Directors consist of both fixed (i.e. base salary) and variable (performance-based incentive) remuneration components. The remuneration levels of Executive Directors are structured to enable the Company to attract and retain the most qualified Executive Directors. The Company may provide competitive benefits to Executive Directors, such as a fully expensed car or cash alternative in lieu of car, company driver, fuel expenses, private medical insurance and life insurance. Allowances relating to business expenses (i.e. entertainment and travel) incurred are reimbursed such that no additional compensation is given to the Executive Directors.

The remuneration of Non-Executive Directors is made up of Directors' fees, meeting allowances and other benefits. The level of remuneration for Non-Executive Directors shall reflect the experience and level of responsibilities undertaken by the Non-Executive Director concerned. The remuneration of a Non-Executive Director shall and is not based on commission, percentage of profits, or turnover. Non-Executive Directors are not entitled to receive performance-based bonuses nor participate in short-term and/or long-term incentive plans. The remuneration of Non-Executive Directors is reviewed by the Remuneration Committee and Board annually.

The details of the Directors' remuneration for the financial year ended 31 August 2019 are as follows:

Name of Directors	Company					Group				
	Fees ("RM")	Salaries & Bonus* ("RM")	Benefits in-kind ("RM")	Others# ("RM")	Total ("RM")	Fees ("RM")	Salaries & Bonus* ("RM")	Benefits in-kind ("RM")	Others# ("RM")	Total ("RM")
<b>Executive Directors</b>										
Tengku Uzir	-	169,837	4,200	-	174,037	-	589,458	4,200	-	593,658
Tengku Zubir	-	606,069	-	-	606,069	-	606,069	-	-	606,069
Dato' William	-	-	-	-	-	-	122,586	-	-	122,586
<b>Total</b>	<b>-</b>	<b>775,906</b>	<b>4,200</b>	<b>-</b>	<b>780,106</b>	<b>-</b>	<b>1,318,113</b>	<b>4,200</b>	<b>-</b>	<b>1,322,313</b>

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

(Continued)

The details of the Directors' remuneration for the financial year ended 31 August 2019 are as follows: (Cont'd)

Name of Directors	Company					Group				
	Fees ("RM")	Salaries & Bonus* ("RM")	Benefits in-kind ("RM")	Others# ("RM")	Total ("RM")	Fees ("RM")	Salaries & Bonus* ("RM")	Benefits in-kind ("RM")	Others# ("RM")	Total ("RM")
<b>Independent Non-Executive Directors</b>										
*Tengku Aishah	53,548	-	-	1,500	55,048	53,548	-	-	1,500	55,048
Datuk Idris	60,000	-	-	9,500	69,500	60,000	-	-	9,500	69,500
Dato' Syed	60,000	-	-	10,500	70,500	60,000	-	-	10,500	70,500
En. Rosli	72,000	-	-	9,000	81,000	72,000	-	-	9,000	81,000
Dato' Mohan	31,964	-	-	500	32,464	31,964	-	-	500	32,464
<b>Total</b>	<b>277,512</b>	<b>-</b>	<b>-</b>	<b>31,000</b>	<b>308,512</b>	<b>277,512</b>	<b>-</b>	<b>-</b>	<b>31,000</b>	<b>308,512</b>

Notes:

+ The salaries and bonus are inclusive of statutory contributions and fixed allowance.

# Comprises meeting allowance.

\* Resigned on 22 July 2019.

The remuneration of the Key Senior Management for the financial year ended 31 August 2019 are disclosed in the Corporate Governance Report 2019 which is available at the Company's corporate website at [www.wzs.my](http://www.wzs.my).

## PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

### Audit Committee

The Audit Committee of the Group comprises of three (3) Independent Non-Executive Directors. The Audit Committee is chaired by an Independent Non-Executive Director, Encik Rosli Bin Shafiei. As such, the Chairman of the Audit Committee is distinct from the Chairman of the Board. The composition of the Audit Committee is in compliance with Paragraphs 15.09 and 15.10 of the MMLR and the recommendation of MCCG whereby all the three (3) Audit Committee members are Independent Non-Executive Directors. None of the Independent Directors has appointed alternate directors.

None of the members of the Audit Committee were former key audit partners and notwithstanding that in order to uphold the utmost independence, the Board has no intention to appoint any former key audit partner as a member of the Audit Committee.

The Board regards the members of Audit Committee collectively possess the accounting and related financial management expertise and experience required for Audit Committee to discharge its responsibilities and assist the Board in its oversight over the financial reporting process.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

(Continued)

The responsibilities of the Audit Committee are to oversee the financial reporting process, internal controls, risk management and governance which are guided by its terms of reference, which is available at the Company's corporate website at [www.wzs.my](http://www.wzs.my).

The Audit Committee assists the Board in reviewing and scrutinising the information in terms of the appropriateness, accuracy and completeness of disclosure and in ensuring that the Group's financial statements comply with applicable financial reporting standards. The Audit Committee reviews and monitors the accuracy and integrity of the Group's quarterly and annual financial statements and submits these statements to the Board for approval and release within the stipulated time frame.

## Assessment of External Auditors

In line with Practice 8.3 of the MCCG, the Audit Committee has assessed the suitability, objectivity and independence of the External Auditor. The assessment is conducted on yearly basis by the Audit Committee, using the prescribed External Auditors Evaluation Form, with emphasis of evaluation based on the competence, adequacy of experience and resources, quality of the audit performances, independence and objectivity of the External Auditors, reasonableness of audit fees and comparison of audit and non-audit fees.

The Company's External Auditors are invited to attend the Audit Committee meetings when deemed necessary. During the financial year under review, the Audit Committee had met with the External Auditors on 30 October 2018 and 24 April 2019 respectively without the presence of the management to discuss the scope and adequacy of the audit process, the financial statements and their audit findings that may require the attention of the Audit Committee and the Board.

The Audit Committee, as part of its review, has obtained assurance from the External Auditors confirming that they have in place policies on rotation (every 7 years) for partners of an audit engagement to ensure objectivity, independence and integrity of the audit and declared their independence throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.

Annually, the Audit Committee also reviews the appointment, performance and remuneration of the External Auditors including audit and non-audit services, to ensure that the independence and objectivity of the External Auditors are not compromised, before recommending them to the shareholders for re-appointment in the AGM.

The Group has adopted a Policy on the Provision of Non-Audit Services by External Auditors which governs the circumstances under which contracts for the provision of non-audit services can be entered into and procedures that must be followed by the External Auditors. The Audit Committee has ensured that the External Auditors are a suitable service provider of the non-audit services based on their skills and experience. The Audit Committee also considered the nature of the non-audit services and the related fee levels (both individually and in aggregate) relative to the audit fee to ensure independence of the External Auditors.

The Audit Committee was satisfied with the performance, suitability and independence of the External Auditors of the Company based on the quality of services and sufficiency of resources they provided to the Group, in terms of the firm and the professional employees assigned to the audit.

## Risk Management and Internal Control Framework

The Board acknowledges that risk management is an integral part of good management practices. Risk is inherent in all business activities. It is not the Group's objective to eliminate risk totally, but to review, prioritise and manage risks involved in all the Group's activities and to balance between the cost of managing and treating risks, and the anticipated benefits that will be derived.

The risk management and internal control functions were assumed and overseen by the Audit Committee of the Company. The Management is responsible for implementing Board approved policies and procedures on risk management by identifying and evaluating risks, and monitoring the risks vis-a-vis achievement of business objectives within the risk appetite parameters.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

(Continued)

The Board has established an internal audit function which is currently outsourced to a professional firm. Functionally, the Internal Auditors report to the Audit Committee directly and they are responsible for conducting reviews and appraisals of the effectiveness of the governance, internal controls and processes within the Group.

Further details of the Group's state of risk management and internal control systems are reported in the Statement on Risk Management and Internal Control set out in this Annual Report.

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

### **Communication with Stakeholders**

The Board acknowledges the value of transparent, consistent and coherent communications with the investing community consistent with commercial confidentiality and regulatory considerations. Accordingly, the Board has formalised the Corporate Disclosure Policy and Procedures to assist the Board in furnishing information which is comprehensive and accurate and is made on a timely basis and to ensure that communications to the investing public are accurate, timely, factual, informative, balanced, broadly disseminated and in compliance with applicable legal and regulatory requirements.

The Board recognises the need for transparency and accountability to shareholders and for regular communications with shareholders, stakeholders and investors on the performance and major developments in the Group. This is achieved through timely releases of quarterly financial results, circulars, annual reports, corporate announcements and press releases.

The Board aims to build long-term relationships with stakeholders through appropriate channels for disclosure of information. The Company has established a comprehensive website at [www.wzs.my](http://www.wzs.my) which includes dedicated sections on Corporate Governance and Investor Relations, to further enhance stakeholders' communication.

### **Conduct of General Meetings**

The main forum of dialogue with shareholders of the Company is the Company's AGM. The AGM represents the primary platform for direct two-way interactions between shareholders, Directors and Senior Management of the Company. The Company provides information in the Notice of AGM, which are sent to shareholders at least 28 days prior to the AGM, on the details of general meeting, resolutions to be tabled for approval and shareholders' entitlement to attend general meeting, and their right to appoint proxy(ies) to encourage shareholders' participation at general meeting.

All Directors, Senior Management and the External Auditors will attend the general meetings. During the general meetings, shareholders who attend the general meetings are encouraged and given sufficient opportunity as well as time by the Board to raise questions pertaining to the Annual Report, resolutions being proposed and the business of the Company or the Group in general prior to seeking approval from members and proxies on the resolutions. All Directors and the Chair of every Board Committees, as well as Senior Management, where appropriate, will provide feedbacks, answers and clarifications to the questions raised from the shareholders during the general meetings.

In line with paragraph 8.29A of the MMLR of Bursa Securities on the requirement for poll voting for any resolution set out in the notice of general meetings, at the Fourteenth AGM held last year, poll voting was used to facilitate the voting process for resolutions tabled. An independent scrutineer was also appointed to scrutinise the polling process.

# ADDITIONAL COMPLIANCE INFORMATION

In conformance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the following information is provided: -

## 1. Utilisation of Proceeds Raised from Corporate Proposals

Pursuant to the Private Placement exercise which was duly completed upon the subscription and listing of the 46,500,000 Placement Shares at RM0.22 per Placement Share on the Main Market of Bursa Malaysia Securities Berhad on 18 October 2019, the gross proceeds raised from the Private Placement exercise was RM10.23 million and the current utilisation status is as set out below:-

Purpose	Proposed utilisation (RM'000)	*Transfer from/(to) (RM'000)	Revised proposed utilisation (RM'000)	Actual utilisation (RM'000)	Balance (RM'000)	Expected time frame for utilisation of proceeds
Working capital	9,900	178	10,078	-	10,078	Within 12 months
Estimated expenses related to Proposals	330	(178)	152	(152)	-	Within 1 month
<b>TOTAL</b>	<b>10,230</b>	<b>-</b>	<b>10,230</b>	<b>(152)</b>	<b>10,078</b>	

\* The estimated expenses for the Private Placement comprise professional fees, fees payable to authorities and other miscellaneous expenses. Any surplus or shortfall of the estimated expenses for the Private Placement will be adjusted accordingly to or from the portion allocated for working capital.

## 2. Audit and Non-Audit Fees

During the financial year, the amounts of audit and non-audit fees paid by the Company and the Group to the External Auditors are as follows:

Description	Group (RM)	Company (RM)
Audit Fees	235,090	43,000
Non-Audit Fees	67,000	67,000
<b>Total Fees</b>	<b>302,090</b>	<b>110,000</b>

## ADDITIONAL COMPLIANCE INFORMATION

(Continued)

### 3. Revaluation Policy on Landed Properties

The Group has adopted a policy to revalue its land and buildings in every five (5) years. However, for land and buildings disposed of during the financial year, no revaluation surplus/deficit is recognised in the year of disposal.

### 4. Material Contracts

There were no material contracts involving the Directors', chief executives' (who are not Directors) and major shareholders' interests, either still subsisting at the end of the financial year ended 31 August 2019 or, if not then subsisting, entered into since the end of the previous financial year.

### 5. Long Term Incentive Plan ("LTIP")

There was no option allocated or granted by the Company under the LTIP approved by the shareholders on 28 January 2016 to any parties during the financial year ended 31 August 2019.

# AUDIT COMMITTEE REPORT

The Board of Directors of WZ Satu Berhad is pleased to present the Audit Committee Report for the financial year ended 31 August 2019.

## ROLES OF AUDIT COMMITTEE

The Audit Committee is to assist the Board of Directors in discharging its statutory duties and responsibilities relating to accounting and reporting practices of the holding company and each of its subsidiaries. In addition, the Audit Committee shall:-

- (a) assess the risk and control environment;
- (b) oversee financial reporting;
- (c) evaluate the internal and external audit process; and
- (d) review conflict of interest situations and related party transactions.

## COMPOSITION AND ATTENDANCE OF MEETINGS

The Audit Committee comprises three (3) members, all of whom are Independent Non-Executive Directors. The Chairman of the Audit Committee, Encik Rosli Bin Shafiei, is a member of Malaysian Institute of Accountants fulfilling the requisite qualifications under Paragraph 15.09(1)(c) of the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad.

The composition of the Audit Committee is in compliance with Paragraphs 15.09 and 15.10 of the MMLR of Bursa Malaysia Securities Berhad and the Malaysian Code on Corporate Governance (“MCCG”) whereby all three (3) Audit Committee members are Independent Non-Executive Directors. None of the Independent Directors has appointed alternate directors.

The Audit Committee meets at least four (4) times in each financial year and at least two (2) members who are Independent Directors must be present to constitute a quorum. The Company Secretary shall be the Secretary of the Audit Committee. Other Board members and designated members of Senior Management may also attend these meetings on the invitation of the Audit Committee.

During the financial year ended 31 August 2019, the Audit Committee conducted five (5) meetings. The details of attendance of the members of the Audit Committee are as follows:

Name	Designation and Directorship	Meeting Attendance
Encik Rosli Bin Shafiei	Chairman, Independent Non-Executive Director	5/5
YBhg Dato' Syed Kamarulzaman Bin Dato' Syed Zainol Khodki Shahabudin	Member, Independent Non-Executive Director	5/5
YBhg Datuk Idris Bin Haji Hashim J. P.	Member, Independent Non-Executive Director	5/5



# AUDIT COMMITTEE REPORT

(Continued)

## TERMS OF REFERENCE

The principal objective of the Audit Committee is to assist the Board of Directors (“**Board**”) in discharging its fiduciary responsibilities relating to financial reporting process and internal controls of the Group.

None of the members of the Audit Committee were former key audit partners and notwithstanding that in order to uphold the utmost independence, the Board has no intention to appoint any former key audit partner as a member of the Audit Committee.

The terms of reference of the Audit Committee set out the authorities, roles and responsibilities of the Audit Committee which are consistent with the requirements of the MMLR and the recommendations of MCCG. The terms of reference of the Audit Committee are available on the Company’s website at [www.wzs.my](http://www.wzs.my).

## SUMMARY OF WORK OF THE AUDIT COMMITTEE

The summary of the main activities carried out by the Audit Committee during the financial year under review is as follows:

### Financial Reporting and other matters:

- (a) Reviewed and discussed the quarterly and year-end financial statements, prior to recommendations to the Board. The key areas of focus are as follows:-
  - change in accounting policies and practices;
  - significant adjustments arising from the audit;
  - going concern assumption;
  - compliance with accounting standards and other legal requirements;
  - significant matters highlighted in the financial statements;
  - significant judgements made by the Management; and
  - significant and unusual events or transaction, if any.
- (b) Reviewed and recommended the Corporate Governance Overview Statement, Audit Committee Report and Statement on Risk Management and Internal Control to the Board for consideration and approval for inclusion in the Annual Report.
- (c) Reviewed and recommended to the Board for approval on any material related party transactions and recurrent related party transactions arising during the financial year.

### External Audit:

- (a) Reviewed, discussed and approved the External Auditors’ audit planning memorandum.
- (b) Reviewed, discussed and approved the External Auditors’ scope of works, key areas of audit emphasis, audit approach and timetable.
- (c) Reviewed, discussed and assessed the problems and reservations arising from the interim and final audits together with corresponding action plans and recommendations made by the External Auditors.
- (d) Reviewed, discussed and assessed the External Auditor’s management letter and the adequacy and effectiveness of management’s response; and
- (e) Reviewed the performance, independence and effectiveness of the External Auditors and made recommendations to the Board on the re-appointment and remuneration of the External Auditors.

# AUDIT COMMITTEE REPORT

(Continued)

- (f) Reviewed the audit and non-audit fees payable to the External Auditors for financial year ended 31 August 2019 to ensure the level of non-audit services rendered by the External Auditors would not impair their objectivity and independence as External Auditors of the Company.
- (g) Discussed with the Management and the External Auditors on developments in respect of the Malaysian Financial Reporting Standards (“**MFRSs**”) applicable to the financial statements of the Group and of the Company and their judgement of the items that may affect the financial statements;
- (h) Carried out private meetings with the External Auditors without the presence of the Executive Directors and Management of the Group.

## Internal Audit:

- (a) Reviewed the internal audit reports, audit recommendations made and management response to those recommendations and reviewed the follow-up audits to ensure that appropriate actions were taken and recommendations of the Internal Auditors were implemented.
- (b) Reviewed the Internal Audit Plan tabled by the Internal Auditors and agreed on the timing and frequency of the proposed audit areas.
- (c) Reviewed the adequacy of the scope, functions, competency and resources of the internal audit functions and that it has the necessary authority to carry out its work.
- (d) Carried out private meetings with the Internal Auditors without the presence of the Executive Directors and Management of the Group.

## **INTERNAL AUDIT FUNCTION**

The internal audit function is essential for assisting the Audit Committee in reviewing the state of the systems of internal control maintained by Management. During the financial year, the Audit Committee engaged RSM Corporate Consulting (Malaysia) Sdn. Bhd., an external professional firm to provide independent internal audit services to the Group. The Internal Auditors adopted a risk-based approach towards the planning and conduct of their audits and they report directly to the Audit Committee.

The Audit Committee reviews and approves the annual internal audit plan before the Internal Auditors carry out its audit functions. All audit findings are reported to the Audit Committee and areas of improvements and audit recommendations identified are communicated to Management for further action. The internal audit scope of work also covers the follow-up review on the status of actions implemented by the Management.

The internal audit approach were as follows:-

- (a) understand and evaluate business processes and related business controls from a risk perspective;
- (b) identify control inadequacies within the Group and recommend viable solutions;
- (c) ascertain the extent of compliance with established policies and procedures; and
- (d) provide reasonable assurance in regards to process effectiveness and efficiency, i.e., not just in terms of integrity but also in terms of process improvement opportunities.

# AUDIT COMMITTEE REPORT

(Continued)

For the financial year ended 31 August 2019, the key process controls audited were as follows:-

- (a) Group
  - Policies and Procedures
    - Tender Management
    - Project Management
    - Sales to Receivables
    - Procurement Management
- (b) Civil Engineering and Construction Segment
  - Project Management
  - Project Cost Monitoring
- (c) Oil and Gas Segment
  - Fixed Asset Management

The Audit Committee has reviewed, discussed and assessed all significant matters highlighted by the Internal Auditors on financial reporting and operating issues. The Audit Committee noted that there were no material misstatements, frauds and deficiencies in the systems of internal control not addressed by the Management. The Audit Committee has also reviewed all significant judgements made by the Management as follows:-

- (a) impairment of assets and long term contracts involving significant estimates of revenue and expenses;
- (b) impairment loss on receivables;
- (c) write-down of inventories;
- (d) depreciation method/estimation of useful lives of property, plant and equipment;
- (e) goodwill; and
- (f) investment in subsidiaries and associate.

The Audit Committee is satisfied that the internal control system is adequate and operating effectively. During the financial year under review, there was no material internal control failure that was reported that would have resulted in any significant loss to the Group. The total fees incurred for internal audit function for the financial year ended 31 August 2019 was RM38,500/-.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

## INTRODUCTION

The Board of Directors (“**the Board**”) is pleased to present its Statement on Risk Management and Internal Control for the financial year ended 31 August 2019 (“**Statement**”). This Statement is prepared pursuant to Paragraph 15.26(b) of the Bursa Malaysia Securities Berhad (“**Bursa Securities**”)’s Main Market Listing Requirements (“**MMLR**”).

The Board is also guided by the latest “Statement on Risk Management and Internal Control - Guidelines for Directors of Listed Issuers” issued by the Task Force on Internal Control with the support and endorsement of the Bursa Securities and Principle B of the Malaysian Code on Corporate Governance (“**the Code**”) - Risk Management and Internal Control Framework.

## BOARD’S RESPONSIBILITIES

The Board affirms its overall responsibilities of good practice of corporate governance and is committed to maintain a sound system of internal control and effective risk management to safeguard its investments and assets. The system will provide reasonable assurance in ensuring the effectiveness and efficiency of operations, reliability of financial reporting and compliance with applicable laws and regulations.

However, due to inherent limitations of any system of internal control and risk management, it should be noted that the system is designed to manage rather than to eliminate the risk of failure to achieve the objectives. Therefore, any system of internal control for that matter could only provide a reasonable and not complete assurance against any material misstatement or omission.

The Board is assisted by the Audit Committee, Internal Auditors and Management to identify, approve, and implement policies and procedures on risk management and internal control. As such, the Audit Committee assume the oversight on the risk management matters. Management identifies and evaluates the risks faced, designs, implements and monitors an appropriate system of internal control in line with the policies approved by the Board.

The Board with the assistance of the Audit Committee and Internal Auditors, RSM Corporate Consulting (Malaysia) Sdn. Bhd. (“**RSM**”), continuously review the existing risks and identify new risks that the Group faces. In addition, the Management’s action plans that manage such risks are also being reviewed by the Audit Committee to ensure its adequacy and effectiveness.

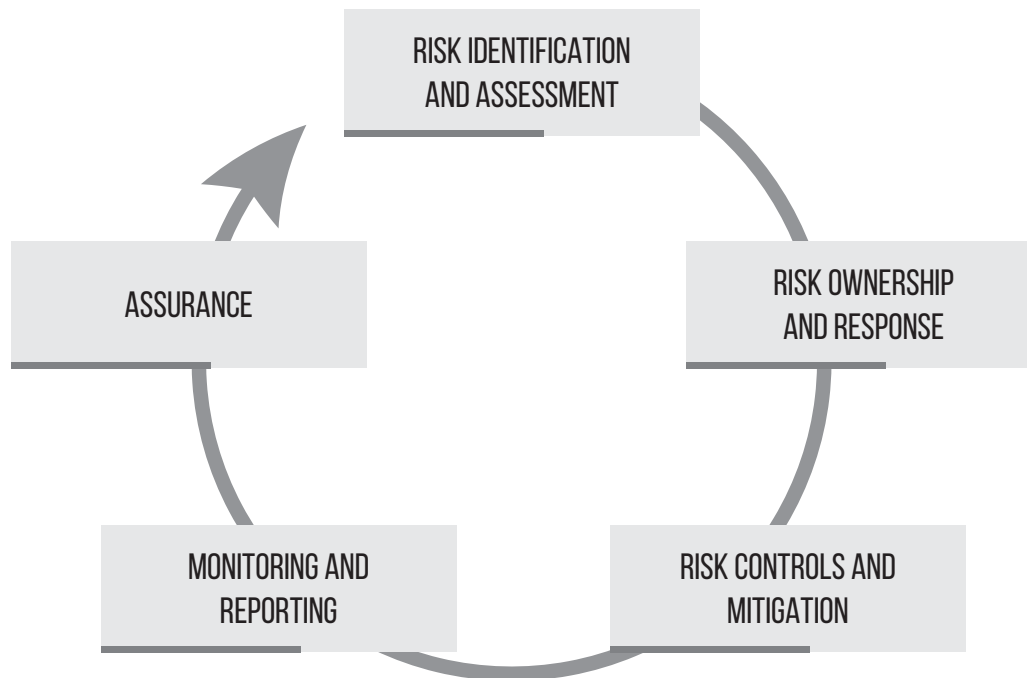
## RISK MANAGEMENT FRAMEWORK

Risk management is regarded by the Board as part of the business operation activities of the Group. It is the Board’s priority to ensure that uncertainties and investment risks in new business ventures are managed in order to safeguard the interest of the shareholders. Collectively, the Board oversees and reviews the conduct of the Group’s businesses while the Executive Directors and Management execute measures and controls to ensure that the risks are effectively managed.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

(Continued)

The key aspects of the risk management framework are:



The other key elements of the systems of internal control and the Board's review mechanisms are as follows:-

- (a) Organisation structure with well-defined delegation of responsibilities and accountabilities for the Group's operating units.
- (b) Establishment of the Nomination, Remuneration, Long Term Incentive Plan, Shariah Advisory and Investment Committees, apart from the Audit Committee;
- (c) Clearly defined and documented internal policies and procedures for certain key operational areas have been established and is subject to periodic review;
- (d) Establishment of the limits of Management's approvals and authorities and the authority limit are to be reviewed from time to time;
- (e) Periodic review of Group's management accounts and performance analysis by the Executive Directors and Management; and
- (f) The Audit Committee regularly convenes meetings with the Internal Auditors to deliberate on the findings and recommendations for improvement to the system of internal control of the Group. The Audit Committee reviews the action plans taken by the Management to rectify the findings in a timely manner and to evaluate the effectiveness and adequacy of the Group's system of internal control.

Besides reviewing the internal control system, the Audit Committee also reviews the financial information and reports produced by the Management. With the Management's consultation, the Board and the Audit Committee deliberate the integrity of the financial results, Annual Report and audited financial statements before presenting these financial information to the shareholders, investors and public.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

(Continued)

In accordance with the Statement on Risk Management and Internal Control - Guidelines for Directors of Listed Issuers issued by Bursa Securities, the Management is responsible to the Board for:-

- (a) continuously reviewing the risk profile and action plan to be undertaken to manage the principle risks relevant to the businesses of the Group;
- (b) designing, implementing and monitoring the risk management framework in accordance with the Group's strategic vision and overall risk appetite; and
- (c) identifying changes to risks or emerging risks, taking actions as appropriate and promptly bringing these to the attention of the Board.

The Board has received assurances from the Executive Chairman, the Managing Director/Group Chief Executive Officer and Chief Financial Officer that, to the best of their knowledge, the Group's risk management and system of internal control, in all material aspects, are operating effectively.

## INTERNAL AUDIT FUNCTION

The Audit Committee engaged RSM, an external professional firm to provide independent internal audit services to the Group. RSM provides the Audit Committee with quarterly reports of their audit findings and observations, together with recommendations and Management's action plans to enhance the internal control system. The Audit Committee reviews the internal audit reports and reports to the Board on significant control issues noted. Follow-up audits are carried out to ascertain if Management's actions are effectively implemented.

The principal roles of the Internal Auditors are to assist the Audit Committee in discharging its duties and responsibilities in respect of reviewing the adequacy and effectiveness of the internal control system, risk management framework, governance and control processes.

During the financial year ended 31 August 2019, the cost incurred for the internal audit function amounted to RM38,500/-.

## OTHER RISK MITIGATION PROCESSES

The Board has also adopted various other processes to complement the system of internal control which include:-

- (a) the establishment of Board Charter and Code of Ethics and Conduct which assist the Directors and employees of the Group in defining the minimal ethical standards and conducts in discharging their responsibilities; and
- (b) the implementation of a Whistleblowing Policy and Procedures to provide a channel for legitimate concerns to be raised by employees or other stakeholders to the Audit Committee's Chairman.

The Board Charter, Code of Ethics and Conduct and Whistleblowing Policy and Procedures of the Company are available for reference on the Company's website at [www.wzs.my](http://www.wzs.my).

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

(Continued)

## BOARD ASSURANCE AND LIMITATION

The Board confirms that there is an ongoing process for identifying, evaluating and managing significant risks faced by the Group. While the Board reiterates that the risk management and internal control system are continuously improved in line with evolving business developments, it should also be noted that all the risk management systems and internal control system can only manage rather than eliminate the risks of failure to achieve business objectives. Therefore, these systems of internal control and risk management in the Group can only provide reasonable but not absolute assurance against all material misstatements, frauds and losses.

The Group has invested in associated companies, SE Satu Sdn Bhd, SE Satu Pelangi Sdn Bhd and WZS Technologies Sdn Bhd. While the Group has board representatives in the associated companies, the Group does not have management control in their operations. Accordingly, the associated companies have not been dealt with and considered for the purposes of this Statement.

## REVIEW OF STATEMENT BY THE EXTERNAL AUDITORS

Pursuant to Paragraph 15.23 of the Bursa Securities's MMLR, the External Auditors have conducted a limited assurance engagement on this Statement for inclusion in the Annual Report for the financial year ended 31 August 2019. Their assurance engagement was performed pursuant to the scope set out in Audit and Assurance Practice Guide ("AAPG") 3: Guidance for Auditors on Engagements to Report on the Statement on Risk Management in accordance with ISAE 3000 (Revised 2015) and Internal Control issued by Malaysian Institute of Accountants.

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

## BOARD'S CONCLUSION

For the financial year under review, the Board is of the view that the systems of internal control and risk management, procedures and processes in place are reasonable, adequate and effective in safeguarding the assets of the Group, interests of shareholders and other stakeholders.

# DIRECTORS' RESPONSIBILITY STATEMENT

The Directors are responsible for ensuring that the annual financial statements of the Group and of the Company are drawn up in accordance with the applicable approved Malaysian Financial Reporting Standards (MFRS), International Financial Reporting Standards (IFRS) and the provisions of the Companies Act 2016 and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. The annual financial statements are prepared with reasonable accuracy from the accounting records of the Group and Company so as to give a true and fair view of the financial position of the Group and of the Company as at 31 August 2019, and their financial performance and cash flows for the financial year ended.

In the preparation of the annual financial statements, the Directors have also:-

- Adopted the appropriate and relevant accounting policies and applied them consistently;
- Made judgements and estimates that are reasonable and prudent; and
- Assessed the Group's and the Company's ability to continue as going concern, and confirmed that the annual financial statements are prepared using the going concern basis of accounting.

The Directors are also responsible for:-

- Ensuring that the Group and the Company keep proper accounting and other records to enable the explanation of transactions and preparation of financial statements; and
- Taking the necessary steps to ensure appropriate systems and internal controls are in place to safeguard the assets of the Group and of the Company, as well as to prevent and detect fraud and any other irregularities.

The Directors confirmed that they have complied with the above requirements for the annual financial statements for the financial year ended 31 August 2019.





# Financial Statements

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# DIRECTORS' REPORT

The directors hereby submit their report together with the audited financial statements of WZ Satu Berhad (“the Company”) and its subsidiaries (“the Group”) for the financial year ended 31 August 2019.

## PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and the provision of management services to its subsidiaries. The principal activities of the subsidiaries are set out in Note 8 to the financial statements.

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

## RESULTS

	<b>Group RM'000</b>	<b>Company RM'000</b>
Loss for the financial year	(95,893)	(39,986)
Attributable to:		
Owners of the Company	(96,170)	(39,986)
Non-controlling interests	277	-
	(95,893)	(39,986)

## DIVIDENDS

No dividend has been paid or declared by the Company since the end of the previous financial year.

The directors do not recommend the payment of any dividends in respect of the financial year ended 31 August 2019.

## RESERVES AND PROVISIONS

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

## BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and of the Company were prepared, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts, and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts.

At the date of this report, the directors are not aware of any circumstances which would render the amount written off for bad debts or the amount of allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent.

# DIRECTORS' REPORT

(Continued)

## CURRENT ASSETS

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

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

## VALUATION METHODS

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

## CONTINGENT AND OTHER LIABILITIES

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

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

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

## CHANGE OF CIRCUMSTANCES

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

## ITEMS OF MATERIAL AND UNUSUAL NATURE

In the opinions of the directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature other than as disclosed in Note 23 to the financial statements.

No item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

# DIRECTORS' REPORT

(Continued)

## ISSUE OF SHARES AND DEBENTURES

During the financial year, no new issue of shares or debentures were made by the Company.

## OPTIONS GRANTED OVER UNISSUED SHARES

Other than warrants, no options were granted to any person to take up the unissued shares of the Company during the financial year.

## WARRANTS

The Warrants issued on 29 October 2014 are constituted under a Deed Poll dated 9 October 2014 executed by the Company. The Warrants are listed on the Bursa Malaysia Securities Berhad.

The movement of Warrants during the financial year ended 31 August 2019 are stated as below:

	← Number of Warrants ('000) →		
	At 1.9.2018	Exercised	At 31.8.2019
Warrants	131,441	-	131,441

The salient features of the Warrants are as follows:

- (i) Each Warrant entitles the registered holder/(s) at any time prior to 28 October 2024 to subscribe for one (1) new ordinary share at RM0.38 each. The Warrants entitlement is subject to adjustments under the terms and conditions set out in the Deed Poll dated 9 October 2014;
- (ii) The exercise period is ten (10) years from the date of issuance until the maturity date. Upon the expiry of the exercise period, any unexercised rights will lapse and cease to be valid for any purposes; and
- (iii) The holders of the Warrants are not entitled to vote in any general meetings or to participate in any dividends, rights, allotment and/or other forms of distribution other than on winding-up, compromise or arrangement of the Company unless and until the holders of the Warrants becomes a shareholder of the Company by exercising his Warrants into new shares or unless otherwise resolved by the Company in general meeting.

As at the reporting date, 131,440,908 Warrants remained unexercised.

# DIRECTORS' REPORT

(Continued)

## DIRECTORS

The directors in office during the financial year and during the period from the end of the financial year to the date of this report are:

YM Tengku Dato' Sri Uzir Bin Tengku Dato' Ubaidillah*	
YM Tengku Dato' Indera Zubir Bin Tengku Dato' Ubaidillah*	
Datuk Idris Bin Haji Hashim J. P.	
Dato' Syed Kamarulzaman Bin Dato' Syed Zainol Khodki Shahabudin	
Rosli Bin Shafiei	
Dato' Mohan A/L C Sinnathamby	(Appointed on 18 February 2019)
Ikhlas Bin Kamarudin	(Appointed on 30 October 2019)
Dato' Ir. William Tan Chee Keong	(Resigned on 17 December 2018)
YAM Tengku Puteri Seri Kemala Pahang Tengku Hajjah	
Dato' Aishah Binti Sultan Haji Ahmad Shah, DK (II), SIMP	(Resigned on 22 July 2019)

\* Directors of the Company and certain subsidiaries

### Directors of Subsidiaries

Other than as stated above, the names of the directors of the subsidiaries of the Company in office during the financial year and during the period from the end of the financial year to the date of the report are:

Chong Kim Tham	
Chua Han Wen	
Dato' Ahmad Sharifuddin Bin Abdul Kadir	
Dato' Ir. Mohd Ghazali Bin Kamaruzaman	
Dominic James How Eng Li	
Ho Kek Yee	
Mohd Aris Bin Mohd Arif	
Sak Swee Seong	
Tan Chong Boon	
Teoh Chee Yoong	
Azlan Shah Bin Mohd Yusoh	(Appointed on 19 February 2019)
YB Jen Tan Sri Dato' Sri Zulkiple Bin Haji Kassim	(Appointed on 1 November 2019)
Choi Chee Ken	(Resigned on 7 January 2019)

# DIRECTORS' REPORT

(Continued)

## DIRECTORS' INTERESTS

According to the Register of Directors' shareholdings kept by the Company under Section 59 of the Companies Act 2016 in Malaysia, the interests of those directors in office at the end of the financial year in shares and warrants in the Company and its related corporations during the financial year ended 31 August 2019 were as follows:

	← Number of Ordinary Shares →			
	At 1.9.2018/ Date of Appointment	Bought	Sold	At 31.8.2019
<i>Direct Interest</i>				
YM Tengku Dato' Sri Uzir Bin Tengku Dato' Ubaidillah	103,628,846	-	(8,500,000)	95,128,846
YM Tengku Dato' Indera Zubir Bin Tengku Dato' Ubaidillah	2,694,160	-	-	2,694,160
<i>Indirect Interest</i>				
Dato' Mohan A/L C Sinnathamby*	749,066	-	-	749,066

	← Number of Warrants →			
	At 1.9.2018/ Date of Appointment	Bought	Sold	At 31.8.2019
<i>Direct Interest</i>				
YM Tengku Dato' Sri Uzir Bin Tengku Dato' Ubaidillah	50,881,956	-	(4,300,000)	46,581,956
YM Tengku Dato' Indera Zubir Bin Tengku Dato' Ubaidillah	347,080	-	-	347,080

\* Deemed interests pursuant to Section 59(11)(c) of the Companies Act 2016 by virtue of their spouse direct interests in the Company.

By virtue of his interests in the ordinary shares of the Company, YM Tengku Dato' Sri Uzir Bin Tengku Dato' Ubaidillah is deemed to have an interest in the ordinary shares of all subsidiaries to the extent that the Company has an interest.

Other than as stated above, none of the other directors in office at the end of the financial year had any interests in shares of the Company and its related corporations during the financial year.

# **DIRECTORS' REPORT**

(Continued)

## **DIRECTORS' BENEFITS**

Since the end of the previous financial year, no director of the Company has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors shown in Note 24 to 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 those disclosed in Note 27 to the financial statements.

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

## **INDEMNITY TO DIRECTORS AND OFFICERS**

During the financial year, the total amount of indemnity coverage and insurance premium paid for the directors and certain officers of the Company were RM4,000,000 and RM12,500 respectively.

## **SUBSIDIARIES**

The details of the Company's subsidiaries are disclosed in Note 8 to the financial statements.

## **SIGNIFICANT EVENTS**

Significant events during the financial year are disclosed in Note 31 to the financial statements.

## **AUDITORS' REMUNERATION**

The details of auditors' remuneration are disclosed in Note 23 to the financial statements.

## **INDEMNITY TO AUDITORS**

The Company has agreed to indemnify the auditors of the Company as permitted under Section 289 of the Companies Act 2016 in Malaysia.

# DIRECTORS' REPORT

(Continued)

## AUDITORS

The auditors, Messrs Baker Tilly Monteiro Heng PLT (converted from a conventional partnership, Baker Tilly Monteiro Heng on 5 March 2019), have expressed their willingness to continue in office.

This report was approved and signed on behalf of the Board of Directors in accordance with a resolution of the directors:

**YM TENGKU DATO' SRI UZIR BIN  
TENGKU DATO' UBADILLAH**  
Executive Chairman

**ROSLI BIN SHAFIEI**  
Director

Date: 13 December 2019



# STATEMENTS OF FINANCIAL POSITION

As At 31 August 2019

	Note	Group		Company	
		2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	5	75,434	86,901	442	621
Goodwill on consolidation	6	13,000	15,900	-	-
Investment in associates	7	11,353	13,785	5,099	4,354
Investment in subsidiaries	8	-	-	85,200	97,478
Club memberships	9	205	205	-	-
Other receivables	10	-	-	68,496	47,634
<b>Total non-current assets</b>		<b>99,992</b>	<b>116,791</b>	<b>159,237</b>	<b>150,087</b>
<b>Current assets</b>					
Inventories	11	34,609	32,549	-	-
Trade and other receivables	10	160,094	146,752	5,447	20,326
Prepayments		2,356	3,126	62	56
Contract assets/other current assets	12	69,111	152,523	-	-
Tax recoverable		3,365	4,357	34	74
Derivative financial assets	13	-	3	-	-
Short term deposits, cash and bank balances	14	42,282	66,623	17,647	42,455
<b>Total current assets</b>		<b>311,817</b>	<b>405,933</b>	<b>23,190</b>	<b>62,911</b>
<b>TOTAL ASSETS</b>		<b>411,809</b>	<b>522,724</b>	<b>182,427</b>	<b>212,998</b>

# STATEMENTS OF FINANCIAL POSITION

As At 31 August 2019 (Continued)

	Note	Group		Company	
		2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
<b>EQUITY AND LIABILITIES</b>					
<b>Equity attributable to owners of the Company</b>					
Share capital	15	232,583	232,583	232,583	232,583
Reserves	16	(94,742)	2,294	(61,670)	(21,684)
		137,841	234,877	170,913	210,899
Non-controlling interests		1,377	1,100	-	-
<b>TOTAL EQUITY</b>		<b>139,218</b>	<b>235,977</b>	<b>170,913</b>	<b>210,899</b>
<b>Non-current liabilities</b>					
Other payables	17	-	-	8,429	-
Deferred tax liabilities	18	5,325	4,836	-	17
Borrowings	19	13,343	10,583	-	-
<b>Total non-current liabilities</b>		<b>18,668</b>	<b>15,419</b>	<b>8,429</b>	<b>17</b>
<b>Current liabilities</b>					
Contract liabilities/other current liabilities	12	25,516	11,953	-	-
Trade and other payables	17	122,288	128,226	3,085	2,082
Borrowings	19	106,119	131,149	-	-
<b>Total current liabilities</b>		<b>253,923</b>	<b>271,328</b>	<b>3,085</b>	<b>2,082</b>
<b>TOTAL LIABILITIES</b>		<b>272,591</b>	<b>286,747</b>	<b>11,514</b>	<b>2,099</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>411,809</b>	<b>522,724</b>	<b>182,427</b>	<b>212,998</b>

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

# STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For The Financial Year Ended 31 August 2019

	Note	Group		Company	
		2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Revenue	20	388,389	512,617	44	13,545
Cost of sales	21	(404,667)	(496,264)	-	-
<b>Gross (loss)/profit</b>		(16,278)	16,353	44	13,545
Other income		2,972	22,592	5,626	30,119
Distribution costs		(1,086)	(1,054)	-	-
Administrative expenses		(39,029)	(47,518)	(3,914)	(4,227)
Net impairment losses on financial assets and contract assets		(4,923)	(3,972)	(39,975)	(70,848)
Other expenses		(24,560)	(49,489)	(1,122)	(1,709)
<b>Results from operating activities</b>		(82,904)	(63,088)	(39,341)	(33,120)
Finance costs	22	(8,668)	(9,291)	(328)	(2)
Share of results of associates, net of tax		(3,602)	(16,802)	-	-
<b>Loss before taxation</b>	23	(95,174)	(89,181)	(39,669)	(33,122)
Taxation	25	(719)	(813)	(317)	(959)
<b>Loss for the financial year</b>		(95,893)	(89,994)	(39,986)	(34,081)
<b>Other comprehensive income, net of tax</b>		-	-	-	-
<b>Total comprehensive loss for the financial year</b>		(95,893)	(89,994)	(39,986)	(34,081)

# STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For The Financial Year Ended 31 August 2019 (Continued)

	Note	Group		Company	
		2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
<b>(Loss)/Profit attributable to:</b>					
Owners of the Company		(96,170)	(89,607)	(39,986)	(34,081)
Non-controlling interests		277	(387)	-	-
Loss for the financial year		(95,893)	(89,994)	(39,986)	(34,081)
<b>Total comprehensive (loss)/income attributable to:</b>					
Owners of the Company		(96,170)	(89,607)	(39,986)	(34,081)
Non-controlling interests		277	(387)	-	-
<b>Total comprehensive loss for the financial year</b>		<b>(95,893)</b>	<b>(89,994)</b>	<b>(39,986)</b>	<b>(34,081)</b>
<b>Loss per share attributable to owners of the Company</b>					
Basic loss per share (sen)	26	(20.67)	(19.26)		
Diluted loss per share (sen)	26	(20.67)	(19.26)		

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

# STATEMENTS OF CHANGES IN EQUITY

For The Financial Year Ended 31 August 2019

Group	Note	← Attributable to owners of the Company →					Total RM'000
		Share Capital RM'000	Revaluation Reserve RM'000	(Accumulated Earnings/ Losses) RM'000	Sub-Total RM'000	Non- Controlling Interests RM'000	
<b>As previously reported at 1 September 2018</b>		232,583	17,511	(15,217)	234,877	1,100	235,977
Effect of adoption of MFRS 9	2.5	-	-	(237)	(237)	-	(237)
<b>Restated at 1 September 2018</b>		232,583	17,511	(15,454)	234,640	1,100	235,740
Total comprehensive (loss)/ income for the financial year		-	-	(96,170)	(96,170)	277	(95,893)
Changes in revaluation reserve		-	(884)	255	(629)	-	(629)
<b>Total transactions with owners of the Company</b>		-	(884)	255	(629)	-	(629)
<b>At 31 August 2019</b>		232,583	16,627	(111,369)	137,841	1,377	139,218
<b>At 1 September 2017</b>		231,660	19,307	80,707	331,674	1,487	333,161
Total comprehensive (loss)/ income for the financial year		-	-	(89,607)	(89,607)	(387)	(89,994)
Issuance of shares pursuant to bonus issue	15	923	-	(923)	-	-	-
Changes in revaluation reserve		-	(1,796)	1,583	(213)	-	(213)
Dividend paid		-	-	(6,977)	(6,977)	-	(6,977)
<b>Total transactions with owners of the Company</b>		923	(1,796)	(6,317)	(7,190)	-	(7,190)
<b>At 31 August 2018</b>		232,583	17,511	(15,217)	234,877	1,100	235,977

# STATEMENTS OF CHANGES IN EQUITY

For The Financial Year Ended 31 August 2019 (Continued)

Company	Attributable to owners of the Company		
	Share Capital RM'000	Retained Earnings/ (Accumulated Losses) RM'000	Total RM'000
<b>At 1 September 2018</b>	232,583	(21,684)	210,899
Total comprehensive loss for the financial year	-	(39,986)	(39,986)
<b>At 31 August 2019</b>	232,583	(61,670)	170,913
<b>At 1 September 2017</b>	231,660	20,297	251,957
Total comprehensive loss for the financial year	-	(34,081)	(34,081)
Issuance of shares pursuant to bonus issue	923	(923)	-
Dividend paid	-	(6,977)	(6,977)
<b>Total transactions with owners of the Company</b>	923	(7,900)	(6,977)
<b>At 31 August 2018</b>	232,583	(21,684)	210,899

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

# STATEMENTS OF CASH FLOWS

For The Financial Year Ended 31 August 2019

	Note	Group		Company	
		2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Loss before taxation		(95,174)	(89,181)	(39,669)	(33,122)
Adjustments for:					
Bad debts written off		-	303	-	-
Deposits written off		104	-	-	-
Depreciation of property, plant and equipment		11,503	12,602	188	204
Impairment loss on contract assets		80	-	-	-
Impairment loss on goodwill		2,900	25,124	-	-
Impairment loss on investment in associates		1,330	-	1,755	1,223
Impairment loss on investment in subsidiaries		-	-	30,278	57,583
Impairment loss on receivables		3,652	4,033	7,942	12,042
Interest expenses		8,668	9,291	328	2
Net fair value loss/(gain) on derivatives		3	(21)	-	-
Plant and equipment written off		83	70	-	-
Share of results of associates		3,602	16,802	-	-
Dividend income		-	-	-	(13,500)
(Gain)/Loss on disposal of plant and equipment		(759)	(3)	-	23
Gain on disposal of a subsidiary		-	(8,698)	-	(13,644)
Interest income		(780)	(1,531)	(5,626)	(4,464)
Reversal of impairment loss on receivables		(139)	(61)	-	-
Reversal of provision of liabilities		-	(24)	-	-
Unrealised (gain)/loss on foreign exchange		(10)	13	-	-
<b>Operating cash flows before changes in working capital</b>		<b>(64,937)</b>	<b>(31,281)</b>	<b>(4,804)</b>	<b>6,347</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Changes in working capital:					
Contract customers		96,895	15,341	-	-
Inventories		(2,060)	(3,873)	-	-
Payables		(5,938)	(65,163)	(49)	(6,362)
Receivables		(16,425)	46,853	11,306	(2,252)
Assets held for sale		-	(402)	-	-
<b>Net cash flows generated from/(used in) operations</b>		<b>7,535</b>	<b>(38,525)</b>	<b>6,453</b>	<b>(2,267)</b>
Dividend received		-	1,500	-	1,500
Interest paid		(8,668)	(8,885)	(328)	(2)
Interest received		780	1,509	5,626	4,464
Net taxes paid		133	(4,541)	(294)	(958)
<b>Net cash (used in)/generated from operating activities</b>		<b>(220)</b>	<b>(48,942)</b>	<b>11,457</b>	<b>2,737</b>

# STATEMENTS OF CASH FLOWS

For The Financial Year Ended 31 August 2019 (Continued)

	Note	Group		Company	
		2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Additional investment in associates		(2,500)	(3,500)	(2,500)	(3,500)
Advance to subsidiaries		-	-	(15,756)	(16,226)
Deposits pledged to licensed banks	14	(1,932)	-	-	-
Acquisition of subsidiaries, net of cash acquired	8	-	(6,694)	-	-
Proceeds from disposal of plant and equipment		1,746	249	-	165
Proceeds from disposal of a subsidiary, net of cash disposed	8	-	21,148	-	22,370
Purchase of property, plant and equipment	(a)	(1,106)	(3,736)	(9)	(236)
Repayment from associated companies		-	5,150	-	5,068
Subscription of shares in subsidiaries	8	-	-	(18,000)	(34,000)
<b>Net cash (used in)/generated from investing activities</b>		<b>(3,792)</b>	<b>12,617</b>	<b>(36,265)</b>	<b>(26,359)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Dividend paid		-	(6,977)	-	(6,977)
New loan drawdown	(b)	15,000	-	-	-
Drawdown of finance lease		-	102	-	-
(Repayment)/Drawdown of bank borrowings	(b)	(33,240)	26,455	-	-
Payment of finance lease liabilities	(b)	(6,340)	(6,558)	-	(148)
<b>Net cash (used in)/ generated from financing activities</b>		<b>(24,580)</b>	<b>13,022</b>	<b>-</b>	<b>(7,125)</b>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>		<b>(28,592)</b>	<b>(23,303)</b>	<b>(24,808)</b>	<b>(30,747)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR</b>		<b>53,050</b>	<b>76,372</b>	<b>42,455</b>	<b>73,202</b>
Effect of the exchange rate fluctuations		9	(19)	-	-
<b>CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR</b>	14	<b>24,467</b>	<b>53,050</b>	<b>17,647</b>	<b>42,455</b>



# STATEMENTS OF CASH FLOWS

For The Financial Year Ended 31 August 2019 (Continued)

- (a) During the financial year, the Group and the Company made the following cash payments for the purchase of property, plant and equipment:

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Purchase of property, plant and equipment	1,106	3,834	9	236
Acquired by means of finance lease arrangement	-	(98)	-	-
Cash payments on purchase of property, plant and equipment	1,106	3,736	9	236

- (b) Reconciliation of liabilities arising from financing activities:

	1 September 2018 RM'000	Cash flows RM'000	31 August 2019 RM'000
<b>Borrowings</b>			
Finance lease liabilities	16,707	(6,340)	10,367
Floating rate bank loan	1,056	8,505	9,561
Trade financing	110,396	(26,745)	83,651
	128,159	(24,580)	103,579

# NOTES TO THE FINANCIAL STATEMENTS

## 1. CORPORATE INFORMATION

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 Company's registered office is at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan. The Company's principal place of business is at Lot 1890, Jalan KP B 9, Kawasan Perindustrian Balakong, 43300 Seri Kembangan, Selangor Darul Ehsan.

The principal activities of the Company are investment holding and provision of management services to its subsidiaries. The principal activities of the subsidiaries are set out in Note 8 to the financial statements.

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

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 13 December 2019.

## 2. BASIS OF PREPARATION

### 2.1 Statement of compliance

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

### 2.2 Basis of measurement

The financial statements of the Group and of the Company have been prepared under the historical cost basis, other than as disclosed in the significant accounting policies in Note 3 to the financial statements.

### 2.3 Use of estimates and judgement

The preparation of financial statements in conformity with MFRSs requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of the revenue and expenses during the reported period. It also requires Directors to exercise their judgement in the process of applying the Group's and the Company's accounting policies. Although these estimates and judgement are based on the Directors' best knowledge of current events and actions, actual results may differ.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4 to the financial statements.

### 2.4 Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which they operate ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency, and has been rounded to the nearest thousand, unless otherwise stated.

# NOTES TO THE FINANCIAL STATEMENTS

(Continued)

## 2. BASIS OF PREPARATION (CONTINUED)

### 2.5 Adoption of new MFRSs, amendments/improvements to MFRSs and new IC Interpretation (“IC Int”)

The Group and the Company had adopted the following new MFRSs, amendments/improvements to MFRSs and new IC Int that are mandatory for the current financial year:

#### New MFRSs

MFRS 9	Financial Instruments
MFRS 15	Revenue from Contracts with Customers

#### Amendments/Improvements to MFRSs

MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards
MFRS 2	Share-based Payment
MFRS 4	Insurance Contracts
MFRS 128	Investments in Associates and Joint Ventures
MFRS 140	Investment Property

#### New IC Int

IC Int 22	Foreign Currency Transactions and Advance Consideration
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The adoption of the above new MFRSs, amendments/improvements to MFRSs and new IC Int did not have any significant effect on the financial statements of the Group and of the Company, and did not result in significant changes to the Group’s and the Company’s existing accounting policies, except for those as discussed below.

#### **MFRS 9 Financial Instruments**

MFRS 9 replaced the guidance of MFRS 139, Financial Instruments: Recognition and Measurement on the classification and measurement of financial assets and liabilities, on impairment of financial assets, and on hedge accounting.

Key requirements of MFRS 9:

- MFRS 9 introduces an approach for classification and measurement of financial assets which is driven by cash flow characteristics and the business model in which an asset is held.

In essence, if a financial asset is a simple debt instrument and the objective of the entity’s business model within which it is held is to collect its contractual cash flows, the financial asset is measured at amortised cost. In contrast, if that asset is held in a business model the objective of which is achieved by both collecting contractual cash flows and selling financial assets, then the financial asset is measured at fair value in the statements of financial position, and amortised cost information is provided through profit or loss. If the business model is neither of these, then fair value information is increasingly important, so it is provided both in the profit or loss and in the statements of financial position.

- MFRS 9 introduces a new, expected-loss impairment model that will require more timely recognition of expected credit losses which replaced the “incurred loss” model in MFRS 139. Specifically, this Standard requires entities to account for expected credit losses from when financial instruments are first recognised and to recognise full lifetime expected losses on a more timely basis. The model requires an entity to recognise expected credit losses at all times and to update the amount of expected credit losses recognised at each reporting date to reflect changes in the credit risk of financial instruments. This model eliminates the threshold for the recognition of expected credit losses, so that it is no longer necessary for a trigger event to have occurred before credit losses are recognised. Trade receivables and contract assets that do not contain a significant financing component shall always measure the loss allowance at an amount equal lifetime expected credit losses.

# NOTES TO THE FINANCIAL STATEMENTS

(Continued)

## 2. BASIS OF PREPARATION (CONTINUED)

### 2.5 Adoption of new MFRSs, amendments/improvements to MFRSs and new IC Interpretation (“IC Int”) (Continued)

#### MFRS 9 Financial Instruments (Continued)

Key requirements of MFRS 9: (Continued)

- MFRS 9 introduces a substantially-reformed model for hedge accounting, with enhanced disclosures about risk management activity. The new model represents a significant overhaul of hedge accounting that aligns the accounting treatment with risk management activities, enabling entities to better reflect these activities in their financial statements. In addition, as a result of these changes, users of the financial statements will be provided with better information about risk management and the effect of hedge accounting on the financial statements.

The retrospective application of MFRS 9 does not require restatement of 2018 comparative financial statements. As such, the Group and the Company have not restated the comparative information, which continues to be reported under MFRS 139. The Group and the Company recognised any difference between the carrying amount of financial instruments under MFRS 139 and the restated carrying amount under MFRS 9 in the opening balance of retained earnings (or other equity components) of the annual reporting period including the date of initial application i.e. 1 September 2018.

#### Impact of the adoption of MFRS 9

The adoption of MFRS 9 resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. Other than the enhanced new disclosures relating to financial instruments, which the Group and the Company have complied with in the current financial year, the adoption of this standard does not have any significant effect on the financial statements of the Group and the Company, except for those as discussed below.

#### (i) Classification and measurement

The following are the changes in the classification of the Group's and the Company's financial assets and liabilities:

- Trade and other receivables, including refundable deposits, cash and bank balances previously classified as Loans and Receivables under MFRS 139 as at 31 August 2018 are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. Accordingly, these financial assets are classified and measured as debt instruments at amortised cost beginning 1 September 2018.
- Borrowings and trade and other payables previously classified as other financial liabilities as at 31 August 2018 are now classified and measured as debt instruments at amortised cost beginning 1 September 2018.

# NOTES TO THE FINANCIAL STATEMENTS

(Continued)

## 2. BASIS OF PREPARATION (CONTINUED)

### 2.5 Adoption of new MFRSs, amendments/improvements to MFRSs and new IC Interpretation ("IC Int") (Continued)

#### MFRS 9 Financial Instruments (Continued)

#### Impact of the adoption of MFRS 9 (Continued)

##### (i) Classification and measurement (Continued)

In summary, upon the adoption of MFRS 9, the Group and the Company had the following reclassifications as at 1 September 2018:

MFRS 139 measurement category	RM'000	Amortised cost RM'000	Fair value through profit or loss RM'000
<b>Financial assets</b>			
<b>Group</b>			
<b>Loan and receivables</b>			
Trade and other receivables**	143,210	143,210	-
Amount due from contract customers	152,523	152,523	-
Short-term deposits, cash and bank balances	66,623	66,623	-
<b>Derivatives used for hedging</b>			
Derivative financial assets	3	-	3
	362,359	362,356	3
<b>Company</b>			
<b>Loan and receivables</b>			
Trade and other receivables	67,960	67,960	-
Short-term deposits, cash and bank balances	42,455	42,455	-
	110,415	110,415	-

\* GST excluded

# The change in carrying amount is a result of additional impairment allowance. See the discussion on impairment in Note 2.5(ii).

# NOTES TO THE FINANCIAL STATEMENTS

(Continued)

## 2. BASIS OF PREPARATION (CONTINUED)

### 2.5 Adoption of new MFRSs, amendments/improvements to MFRSs and new IC Interpretation (“IC Int”) (Continued)

#### MFRS 9 Financial Instruments (Continued)

#### Impact of the adoption of MFRS 9 (Continued)

##### (i) Classification and measurement (Continued)

In summary, upon the adoption of MFRS 9, the Group and the Company had the following reclassifications as at 1 September 2018: (Continued)

MFRS 139 measurement category	RM'000	Amortised cost RM'000	Fair value through profit or loss RM'000
<b>Financial liabilities</b>			
<b>Group</b>			
<b>Other financial liabilities</b>			
Trade and other payables	127,437	127,437	-
Borrowings	141,732	141,732	-
	269,169	269,169	-
<b>Company</b>			
<b>Other financial liabilities</b>			
Trade and other payables	2,082	2,082	-

##### (ii) Impairment

In previous financial years, trade and other receivables are impaired if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after initial recognition of the receivables (a ‘loss event’) and that loss event (or events) has an impact on the estimated future cash flows of the receivables (“incurred loss model”). Upon adoption of MFRS 9, the Group are recording expected credit losses on all its trade and other receivables, either on a 12-month or lifetime basis. Accordingly, the Group recognised additional impairment losses on its trade receivables of RM236,529 at the date of initial application arising from application of simplified approach to record the lifetime expected credit losses.

# NOTES TO THE FINANCIAL STATEMENTS

(Continued)

## 2. BASIS OF PREPARATION (CONTINUED)

### 2.5 Adoption of new MFRSs, amendments/improvements to MFRSs and new IC Interpretation (“IC Int”) (Continued)

#### MFRS 9 Financial Instruments (Continued)

#### Impact of the adoption of MFRS 9 (Continued)

The effect of adopting MFRS 9 as at 1 September 2018 is as follows:

<b>Assets</b>	<b>Increase/ (Decrease) RM'000</b>
Trade and other receivables	(237)
<hr/>	
<b>Total adjustment on equity</b>	
Accumulated losses	(237)
<hr/>	

#### MFRS 15 Revenue from Contracts with Customers

The core principle of MFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with the core principle by applying the following steps:

- (i) identify the contracts with a customer;
- (ii) identify the performance obligation in the contract;
- (iii) determine the transaction price;
- (iv) allocate the transaction price to the performance obligations in the contract;
- (v) recognise revenue when (or as) the entity satisfies a performance obligation.

MFRS 15 also includes new disclosures that would result in an entity providing users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows from contracts with customers.

The following MFRSs and IC Interpretations will be withdrawn on the application of MFRS 15:

MFRS 111	Construction Contracts
MFRS 118	Revenue
IC Interpretation 13	Customer Loyalty Programmes
IC Interpretation 15	Agreements for the Construction of Real Estate
IC Interpretation 18	Transfers of Assets from Customers
IC Interpretation 131	Revenue - Barter Transactions Involving Advertising Services

# NOTES TO THE FINANCIAL STATEMENTS

(Continued)

## 2. BASIS OF PREPARATION (CONTINUED)

### 2.5 Adoption of new MFRSs, amendments/improvements to MFRSs and new IC Interpretation (“IC Int”) (Continued)

#### MFRS 15 Revenue from Contracts with Customers (Continued)

The Group and the Company have applied MFRS 15 retrospectively with the cumulative effect of initial application recognised as an adjustment to the opening balance of retained earnings (or other components of equity) at the date of initial application of 1 September 2018. As such, the comparative information was not restated and continues to be reported under MFRS 111, MFRS 118 and related Interpretations. The Group and the Company have elected the practical expedient to apply the standard only to contracts that are not completed as at 1 September 2018. The Group and the Company also elected the practical expedient of not to retrospectively restate the contract for those modifications before the date of initial application, but instead, to reflect the aggregate effect of all past contract modifications when identifying the performance obligations, and determining and allocating the transaction price to the satisfied and unsatisfied performance obligations.

#### Impact of the adoption of MFRS 15

The adoption of MFRS 15 resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. Other than the enhanced new disclosures relating to contracts with customers, which the Group and the Company have complied with in the current financial year, the adoption of this standard does not have any significant effect on the financial statements of the Group and the Company, except for those as discussed below.

#### Presentation of contract assets and contract liabilities

The Group and the Company have changed the presentation of certain amounts in the statements of financial position to reflect the terminology of MFRS 15. Contract liabilities/assets recognised in relation to construction contracts which were previously presented as part of amount due to/from contract customers.

The effect of adopting MFRS 15 as at 1 September 2018 is as follows:

	<b>Increase/ (Decrease) RM'000</b>
<b>Assets</b>	
Trade receivables	(348)
Amount due from contract customers	(152,523)
Contract assets	152,871
<hr/>	
<b>Liabilities</b>	
Trade payables	(789)
Amount due to contract customers	(11,953)
Contract liabilities	12,742
<hr/>	

The adoption of MFRS 9 and MFRS 15 did not have a material impact on the Group's and the Company's profit or loss and other comprehensive income or the Group's and the Company's operating, investing and financing cash flows.



# NOTES TO THE FINANCIAL STATEMENTS

(Continued)

## 2. BASIS OF PREPARATION (CONTINUED)

### 2.6 New MFRSs, amendments/improvements to MFRSs, new IC Interpretation ("IC Int") and amendments to IC Int that have been issued, but yet to be effective

The Group and the Company have not adopted the following new MFRSs, amendments/improvements to MFRSs, new IC Int and amendments to IC Int that have been issued, but yet to be effective:

		<b>Effective for financial periods beginning on or after</b>
<u>New MFRSs</u>		
MFRS 16	Leases	1 January 2019
MFRS 17	Insurance Contracts	1 January 2021
<u>Amendments/Improvements to MFRSs</u>		
MFRS 1	First-time adoption of Malaysian Financial Reporting Standards	1 January 2021 <sup>#</sup>
MFRS 2	Share-based Payment	1 January 2020*
MFRS 3	Business Combinations	1 January 2019/ 1 January 2020*/ 1 January 2021 <sup>#</sup>
MFRS 5	Non-current Assets Held for Sale and Discontinued Operations	1 January 2021 <sup>#</sup>
MFRS 6	Exploration for and Evaluation of Mineral Resources	1 January 2020*
MFRS 7	Financial Instruments: Disclosures	1 January 2021 <sup>#</sup>
MFRS 9	Financial Instruments	1 January 2019/ 1 January 2021 <sup>#</sup>
MFRS 10	Consolidated Financial Statements	Deferred
MFRS 11	Joint Arrangements	1 January 2019
MFRS 14	Regulatory Deferral Accounts	1 January 2020*
MFRS 15	Revenue from Contracts with Customers	1 January 2021 <sup>#</sup>
MFRS 101	Presentation of Financial Statements	1 January 2020*/ 1 January 2021 <sup>#</sup>
MFRS 107	Statements of Cash Flows	1 January 2021 <sup>#</sup>
MFRS 108	Accounting Policies, Changes in Accounting Estimates and Error	1 January 2020*
MFRS 112	Income Taxes	1 January 2019
MFRS 116	Property, Plant and Equipment	1 January 2021 <sup>#</sup>
MFRS 119	Employee Benefits	1 January 2019/ 1 January 2021 <sup>#</sup>
MFRS 123	Borrowing Costs	1 January 2019
MFRS 128	Investments in Associates and Joint Ventures	1 January 2019/ Deferred/ 1 January 2021 <sup>#</sup>

# NOTES TO THE FINANCIAL STATEMENTS

(Continued)

## 2. BASIS OF PREPARATION (CONTINUED)

### 2.6 New MFRSs, amendments/improvements to MFRSs, new IC Interpretation (“IC Int”) and amendments to IC Int that have been issued, but yet to be effective (Continued)

The Group and the Company have not adopted the following new MFRSs, amendments/improvements to MFRSs, new IC Int and amendments to IC Int that have been issued, but yet to be effective: (Continued)

		<b>Effective for financial periods beginning on or after</b>
<u>Amendments/Improvements to MFRSs (Continued)</u>		
MFRS 132	Financial Instruments: Presentation	1 January 2021 <sup>#</sup>
MFRS 134	Interim Financial Reporting	1 January 2020*
MFRS 136	Impairment of Assets	1 January 2021 <sup>#</sup>
MFRS 137	Provisions, Contingent Liabilities and Contingent Assets	1 January 2020*/ 1 January 2021 <sup>#</sup>
MFRS 138	Intangible Assets	1 January 2020*/ 1 January 2021 <sup>#</sup>
MFRS 140	Investment Property	1 January 2021 <sup>#</sup>
<u>New IC Int</u>		
IC Int 23	Uncertainty over Income Tax Treatments	1 January 2019
<u>Amendments to IC Int</u>		
IC Int 12	Service Concession Arrangements	1 January 2020*
IC Int 19	Extinguishing Financial Liabilities with Equity Instruments	1 January 2020*
IC Int 20	Stripping Costs in the Production Phase of a Surface Mine	1 January 2020*
IC Int 22	Foreign Currency Transactions and Advance Consideration	1 January 2020*
IC Int 132	Intangible Assets - Web Site Costs	1 January 2020*

\* *Amendments to References to the Conceptual Framework in MFRS Standards*

# *Amendments as to the consequence of effective of MFRS 17 Insurance Contract*

The Group and the Company plan to adopt the above applicable new MFRSs, amendments/improvements to MFRSs, new IC Int and amendments to IC Int when they become effective. A brief discussion on the above significant new MFRSs, amendments/improvements to MFRSs, new IC Int and amendments to IC Int are summarised below.

#### **MFRS 16 Leases**

Currently under MFRS 117 Leases, leases are classified either as finance leases or operating leases. A lessee recognises on its statement of financial position assets and liabilities arising from the finance leases.

MFRS 16 eliminates the distinction between finance and operating leases for lessees. All leases will be brought onto its statement of financial position except for short-term and low value asset leases.

On initial adoption of MFRS 16, there may be impact on the accounting treatment for leases, which the Group as a lessee currently accounts for as operating leases. On adoption of this standard, the Group will be required to capitalise its rented premises and equipment on the statements of financial position by recognising them as “rights-of-use” assets and their corresponding lease liabilities for the present value of future lease payments.

# NOTES TO THE FINANCIAL STATEMENTS

(Continued)

## 2. BASIS OF PREPARATION (CONTINUED)

### 2.6 New MFRSs, amendments/improvements to MFRSs, new IC Interpretation (“IC Int”) and amendments to IC Int that have been issued, but yet to be effective (Continued)

#### **MFRS 16 Leases (Continued)**

The Group and the Company plan to adopt this standard when it becomes effective in the financial year beginning 1 September 2019 by applying the transitional provisions and include the required additional disclosures in their financial statements of that year. The Group is likely electing the practical expedient not to reassess whether a contract contains a lease at the date of initial application. Accordingly, existing lease contracts that are still effective on 1 September 2019 will be accounted for as lease contracts under MFRS 16.

#### **Amendments to MFRS 3 Business Combinations and MFRS 11 Joint Arrangements**

Amendments to MFRS 3 clarify that when an entity obtains control of a business that is a joint operation, it remeasures previously held interests in that business. Amendments to MFRS 11 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not remeasure previously held interests in that business.

#### **Amendments to MFRS 9 Financial Instruments**

Amendments to MFRS 9 allow companies to measure prepayable financial assets with negative compensation at amortised cost or at fair value through other comprehensive income if certain conditions are met.

The amendments also clarify that when a financial liability measured at amortised cost is modified without this resulting in derecognition, a gain or loss should be recognised in profit or loss.

#### **Amendments to MFRS 10 Consolidated Financial Statements and MFRS 128 Investments in Associates and Joint Ventures**

These amendments address an acknowledged inconsistency between the requirements in MFRS 10 and those in MFRS 128, in dealing with the sale or contribution of assets between an investor and its associate or joint venture.

The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business, as defined in MFRS 3. A partial gain or loss is recognised when a transaction involves assets that do not constitute a business.

#### **Amendments to MFRS 112 Income Taxes**

Amendments to MFRS 112 clarify that an entity recognises the income tax consequences of dividends in profit or loss because income tax consequences of dividends are linked more directly to past transactions than to distributions to owners, except if the tax arises from a transaction which is a business combination or is recognised in other comprehensive income or directly in equity.

#### **Amendments to MFRS 123 Borrowing Costs**

Amendments to MFRS 123 clarify that when a qualifying asset is ready for its intended use or sale, an entity treats any outstanding borrowing made specifically to obtain that qualifying asset as part of general borrowings.

#### **Amendments to MFRS 128 Investments in Associates and Joint Ventures**

Amendments to MFRS 128 clarify that companies shall apply MFRS 9, including its impairment requirements, to account for long-term interests in an associate or joint venture that, in substance, form part of the net investment in the associate or joint venture to which the equity method is not applied.

# NOTES TO THE FINANCIAL STATEMENTS

(Continued)

## 2. BASIS OF PREPARATION (CONTINUED)

### 2.6 New MFRSs, amendments/improvements to MFRSs, new IC Interpretation (“IC Int”) and amendments to IC Int that have been issued, but yet to be effective (Continued)

#### IC Int 23 Uncertainty over Income Tax Treatments

IC Int 23 clarifies that where there is uncertainty over income tax treatments, an entity shall:

- (i) assume that a taxation authority will examine amounts it has a right to examine and have full knowledge of all related information when making those examinations.
- (ii) reflect the effect of uncertainty in determining the related tax position (using either the most likely amount or the expected value method) if it concludes it is not probable that the taxation authority will accept an uncertain tax treatment.

#### Amendments to References to the Conceptual Framework in MFRS Standards

The Malaysian Accounting Standards Board has issued a revised Conceptual Framework for Financial Reporting and amendments to fourteen Standards under the Malaysian Financial Reporting Standards Framework on 30 April 2018.

The revised Conceptual Framework comprises a comprehensive set of concepts of financial reporting. It is built on the previous version of the Conceptual Framework issued in 2011. The changes to the chapters on the objective of financial reporting and qualitative characteristics of useful financial information are limited, but with improved wordings to give more prominence to the importance of providing information need to assess management’s stewardship of the entity’s economic resources.

Other improvements of the revised Conceptual Framework include a new chapter on measurement, guidance on reporting financial performance, improved definitions and guidance - in particular the definition of a liability - and clarifications in important areas, such as the role of prudence and measurement uncertainty in financial reporting.

The amendments to the fourteen Standards are to update the references and quotations in these Standards which include MFRS 2, MFRS 3, MFRS 6, MFRS 14, MFRS 101, MFRS 108, MFRS 134, MFRS 137, MFRS 138, IC Int 12, IC Int 19, IC Int 20, IC Int 22 and IC Int 132.

The Group and the Company are currently performing a detailed analysis to determine the election of the practical expedients and to quantify the financial effects arising from the adoption of the new MFRS, amendments/improvements to MFRSs and new IC Int.

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Unless otherwise stated, the following accounting policies have been applied consistently to all the financial years presented in the financial statements of the Group and of the Company.

### 3.1 Basis of consolidation

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

# NOTES TO THE FINANCIAL STATEMENTS

(Continued)

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.1 Basis of consolidation (Continued)

#### (i) Subsidiaries and business combination

Subsidiaries are entities over which the Group is exposed, or has rights, to variable returns from its involvement with the acquirees and has the ability to affect those returns through its power over the acquirees.

The financial statements of subsidiaries are included in the consolidated financial statements from the date the Group obtains control of the acquirees until the date the Group loses control of the acquirees.

The Group applies the acquisition method to account for business combinations from the acquisition date.

For a new acquisition, goodwill is initially measured at cost, being the excess of the following:

- the fair value of the consideration transferred, calculated as the sum of the acquisition-date fair value of assets transferred (including contingent consideration), the liabilities incurred to former owners of the acquiree and the equity instruments issued by the Group. Any amounts that relate to pre-existing relationships or other arrangements before or during the negotiations for the business combination, that are not part of the exchange for the acquiree, will be excluded from the business combination accounting and be accounted for separately; plus
- the recognised amount of any non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date (the choice of measurement basis is made on an acquisition-by-acquisition basis); plus
- if the business combination is achieved in stages, the acquisition-date fair value of the previously held equity interest in the acquiree; less
- the net fair value of the identifiable assets acquired and the liabilities assumed at the acquisition date.

The accounting policy for goodwill is set out in Note 3.7(i).

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

If the business combination is achieved in stages, the Group remeasures the previously held equity interest in the acquiree to its acquisition-date fair value, and recognises the resulting gain or loss, if any, in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss or transferred directly to retained earnings, on the same basis as could be required if the acquirer had disposed directly of the previously held equity interest.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the business combination occurs, the Group uses provisional fair value amounts for the items for which the accounting is incomplete. The provisional amounts are adjusted to reflect new information obtained about facts and circumstances that existed as of the acquisition date, including additional assets or liabilities identified in the measurement period. The measurement period for completion of the initial accounting ends as soon as the Group receives the information it was seeking about facts and circumstances or learns that more information is not obtainable, subject to the measurement period not exceeding one year from the acquisition date.

# NOTES TO THE FINANCIAL STATEMENTS

(Continued)

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.1 Basis of consolidation (Continued)

#### (i) Subsidiaries and business combination (Continued)

Upon the loss of control of subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any non-controlling interests and the other components of equity related to the former subsidiary from the consolidated statement of financial position. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an associate, joint venture, an available-for-sale financial asset or a held for trading financial asset.

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The difference between the Group's share of net assets before and after the change, and the fair value of the consideration received or paid, is recognised directly in equity.

#### (ii) Non-controlling interests

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company and are presented separately in the consolidated statement of financial position within equity.

Losses attributable to the non-controlling interests are allocated to the non-controlling interests even if the losses exceed the non-controlling interests.

#### (iii) Associates

Associates are entities over which the Group has significant influence, but not control, to the financial and operating policies.

Investments in associates are accounted for in the consolidated financial statements using the equity method.

Under the equity method, the investments in associates are initially recognised at cost. The cost of investment includes transaction costs. Subsequently, the carrying amount is adjusted to recognise changes in the Group's share of net assets of the associate.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest including any long-term investments is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the associate.

When the Group ceases to have significant influence over an associate, any retained interest in the former associate at the date when significant influence is lost is measured at fair value and this amount is regarded as the initial carrying amount of a financial asset. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

When the Group's interest in an associate decreases but does not result in a loss of significant influence, any retained interest is not remeasured. Any gain or loss arising from the decrease in interest is recognised in profit or loss. Any gains or losses previously recognised in other comprehensive income are also reclassified proportionately to the profit or loss if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

# NOTES TO THE FINANCIAL STATEMENTS

(Continued)

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.1 Basis of consolidation (Continued)

#### (iv) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with equity-accounted associates are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

### 3.2 Separate financial statements

In the Company's statement of financial position, investments in subsidiaries and associates are measured at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs. The policy for the recognition and measurement of impairment losses shall be applied on the same basis as could be required for impairment of non-financial assets as disclosed in Note 3.11.

### 3.3 Foreign currency transactions and operations

#### Translation of foreign currency transactions

Foreign currency transactions are translated to the respective functional currencies of the Group entities at the exchange rates prevailing at the dates of the transactions.

At the end of each reporting date, monetary items denominated in foreign currencies are retranslated at the exchange rates prevailing at the reporting date.

Non-monetary items denominated in foreign currencies that are carried at fair value are retranslated at the rates prevailing at the dates the fair values were determined. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated at the historical rates as at the dates of the initial transactions.

### 3.4 Financial instruments

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

#### Accounting policies applied from 1 September 2018

Except for the trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient, the financial instruments are recognised initially at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset and financial liability. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss. Trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient are measured at the transaction price determined under MFRS 15.

# NOTES TO THE FINANCIAL STATEMENTS

(Continued)

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.4 Financial instruments (Continued)

Accounting policies applied from 1 September 2018 (Continued)

#### (i) Subsequent measurement

The Group and the Company categorise the financial instruments as follows:

##### (a) Financial assets

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

- Financial assets at amortised cost
- Financial assets at fair value through other comprehensive income with recycling of cumulative gains and losses upon derecognition
- Financial assets designated at fair value through other comprehensive income with no recycling of cumulative gains and losses upon derecognition
- Financial assets at fair value through profit or loss

The classification depends on the entity's business model for managing the financial assets and the contractual cash flows characteristics of the financial assets.

The Group and the Company reclassify financial assets when and only when their business models for managing those assets change.

##### Debt instruments

Subsequent measurement of debt instruments depends on the Group's and the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group and the Company classify their debt instruments:

- **Amortised cost**

Financial assets that are held for collection of contractual cash flows and those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. The policy for the recognition and measurement of impairment is in accordance with Note 3.11. Gains and losses are recognised in profit or loss when the financial asset is derecognised, modified or impaired.

- **Fair value through profit or loss (FVPL)**

Financial assets at FVPL include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

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



# NOTES TO THE FINANCIAL STATEMENTS

(Continued)

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.4 Financial instruments (Continued)

#### Accounting policies applied from 1 September 2018 (Continued)

#### (i) Subsequent measurement (Continued)

The Group and the Company categorise the financial instruments as follows: (Continued)

#### (b) Financial liabilities

The Group and the Company classify their financial liabilities in the following measurement categories:

- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortised cost

#### Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading, including derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial liabilities designated into this category upon initial recognition.

Subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value with the gain or loss recognised in profit or loss.

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

#### Financial liabilities at amortised cost

Subsequent to initial recognition, other financial liabilities are measured at amortised cost using effective interest method. Gains and losses are recognised in profit or loss when the financial liabilities are derecognised and through the amortisation process.

#### (ii) Financial guarantee contracts

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

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the liability is measured at the higher of the amount of the loss allowance determined in accordance with Section 5.5 of MFRS 9 and the amount initially recognised, when appropriate, the cumulative amount of income recognised in accordance with the principles of MFRS 15.

# NOTES TO THE FINANCIAL STATEMENTS

(Continued)

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.4 Financial instruments (Continued)

#### Accounting policies applied from 1 September 2018 (Continued)

#### (iii) Regular way purchase or sale of financial assets

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

A regular way purchase or sale of financial assets shall be recognised and derecognised, as applicable, using trade date accounting (i.e. the date the Group and the Company commit themselves to purchase or sell an asset).

Trade date accounting refers to:

- (a) the recognition of an asset to be received and the liability to pay for it on the trade date; and
- (b) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

Generally, interest does not start to accrue on the asset and corresponding liability until the settlement date when title passes.

#### (iv) Derecognition

A financial asset or a part of it is derecognised when, and only when:

- (a) the contractual rights to receive cash flows from the financial asset expire, or
- (b) the Group and the Company have transferred their rights to receive cash flows from the asset or have assumed an obligation to pay the received cash flows in full without material delay to a third party; and either
  - (1) the Group and the Company have transferred substantially all the risks and rewards of the asset, or
  - (2) the Group and the Company have neither transferred nor retained substantially all the risks and rewards of the asset, but have transferred control of the asset.

The Group and the Company evaluate if, and to what extent, they have retained the risks and rewards of ownership. When they have neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group and the Company continue to recognise the transferred asset to the extent of their continuing involvement. In that case, the Group and the Company also recognise an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group and the Company have retained.

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

On derecognition of a financial asset, the difference between the carrying amount (measured at the date of derecognition) and the consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

# NOTES TO THE FINANCIAL STATEMENTS

(Continued)

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.4 Financial instruments (Continued)

#### Accounting policies applied from 1 September 2018 (Continued)

#### (iv) Derecognition (Continued)

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

#### (v) Offsetting of financial instruments

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

In accounting for a transfer of a financial asset that does not qualify for derecognition, the entity shall not offset the transferred asset and the associated liability.

#### Accounting policies applied until 31 August 2018

When financial instruments are recognised initially, they are measured at fair value plus, in the case of financial instruments not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instruments.

#### (i) Subsequent measurement

The Group and the Company categorise the financial instruments as follows:

#### (a) Financial assets

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

Financial assets are classified as fair value through profit or loss when the financial assets is either held for trading, including derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or it is designated into this category upon initial recognition.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value with the gain or loss recognised in profit or loss.

##### Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method less accumulated impairment losses, if any. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.11(i). Gains and losses are recognised in profit or loss through the amortisation process.

# NOTES TO THE FINANCIAL STATEMENTS

(Continued)

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.4 Financial instruments (Continued)

Accounting policies applied until 31 August 2018 (Continued)

#### (i) Subsequent measurement (Continued)

The Group and the Company categorise the financial instruments as follows: (Continued)

##### (a) Financial assets (Continued)

###### Held-to-maturity investments

Financial assets with fixed or determinable payments and fixed maturities are classified as held-to-maturity when the Group has the positive intention and ability to hold them to maturity.

Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method less accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.11(i). Gains and losses are recognised in profit or loss through the amortisation process.

###### Available-for-sale financial assets

Available-for-sale financial assets comprise investment in equity and debt securities that are designated as available for sale or are not classified in any of the three preceding categories.

Subsequent to initial recognition, available-for-sale financial assets are measured at fair value. Gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except for impairment losses and foreign exchange gains and losses arising from monetary items and gains and losses of hedged items attributable to hedge risks of fair values hedges which are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised. Interest income calculated using the effective interest method is recognised in profit or loss. Dividends on an available-for-sale equity instrument are recognised in profit or loss when the Group's and the Company's right to receive payment is established.

###### Unquoted equity instruments carried at cost

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost less accumulated impairment losses, if any. The policy for the recognition and measurement at impairment losses is in accordance with Note 3.11(i).

##### (b) Financial liabilities

###### Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading, including derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial liabilities designated into this category upon initial recognition.

Subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value with the gain or loss recognised in profit or loss.

Derivatives that are linked to and must be settled by delivery of equity instruments that do not have a quoted price in an active market for identical instruments whose fair values otherwise cannot be reliably measured are measured at cost.

# NOTES TO THE FINANCIAL STATEMENTS

(Continued)

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.4 Financial instruments (Continued)

#### Accounting policies applied until 31 August 2018 (Continued)

#### (i) Subsequent measurement (Continued)

The Group and the Company categorise the financial instruments as follows: (Continued)

#### (b) Financial liabilities (Continued)

##### Other financial liabilities

Subsequent to initial recognition, other financial liabilities are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss through the amortisation process.

#### (ii) Financial guarantee contracts

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

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount initially recognised less cumulative amortisation.

#### (iii) Regular way purchase or sale of financial assets

Same accounting policies applied until 31 August 2018 and from 1 September 2018.

#### (iv) Derecognition

A financial asset or a part of it is derecognised when, and only when, the contractual rights to receive the cash flows from the financial asset expire or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

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

#### (v) Offsetting of financial instruments

Same accounting policies applied until 31 August 2018 and from 1 September 2018.

# NOTES TO THE FINANCIAL STATEMENTS

(Continued)

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.5 Property, plant and equipment

#### (i) Recognition and measurement

Property, plant and equipment (other than freehold land and building, leasehold land and building and low cost apartments) are measured at cost less accumulated depreciation and accumulated impairment losses. The policy for the recognition of measurement of impairment losses is in accordance with Note 3.11.

Cost of assets includes expenditures that are directly attributable to the acquisition of the asset and any other costs that are directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes cost of materials, direct labour, and any other direct attributable costs but excludes internal profits. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs in Note 3.16.

Freehold land and building, leasehold land and building and low cost apartments are measured at fair value, based on valuations by external independent valuers, less accumulated depreciation on land and building and accumulated impairment losses recognised after the date of revaluation. Valuations are performed with sufficient regularity to ensure that the fair value of the freehold land and building, leasehold land and building and low cost apartments do not differ materially from the carrying amount. Any accumulated depreciation as at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

A revaluation surplus is recognised in other comprehensive income and credited to the revaluation reserve. However, the increase shall be recognised in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss. If an asset's carrying amount is decreased as a result of a revaluation, the decrease shall be recognised in profit or loss. However, the decrease shall be recognised in other comprehensive income to the extent of any credit balance existing in the revaluation reserve in respect of that asset.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as a separate item of property, plant and equipment.

The revaluation reserve is transferred to retained earnings as the assets are used. The amount of revaluation reserve transferred is the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost.

#### (ii) Subsequent costs

The cost of replacing a part of an item of property, plant and equipment is included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the part will flow to the Group or the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the profit or loss as incurred.

# NOTES TO THE FINANCIAL STATEMENTS

(Continued)

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.5 Property, plant and equipment (Continued)

#### (iii) Depreciation

Freehold land has an unlimited useful life and therefore is not depreciated. Asset under construction included in property, plant and equipment are not depreciated as these assets are not yet available for use.

All other property, plant and equipment are depreciated on straight-line basis by allocating their depreciable amounts over their remaining useful lives.

	<b>Useful lives</b>
Freehold building	36 years
Leasehold land	51 years
Leasehold building	51 years
Low cost apartments	40 years
Fabrication yard	11% - 35%
Plant, machinery and equipment	10% - 20%
Motor vehicles	20%
Furniture, fittings and office equipment	10% - 30%
Renovations	10%
Container/Cabin	10% - 20%

The residual values, useful lives and depreciation methods are reviewed at the end of each reporting period and adjusted as appropriate.

#### (iv) Derecognition

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

### 3.6 Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets.

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. All other leases that do not meet this criterion are classified as operating leases.

#### (i) Lessee accounting

If an entity in the Group is a lessee in a finance lease, it capitalises the leased asset and recognises the related liability. The amount recognised at the inception date is the fair value of the underlying leased asset or, if lower, the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that assets.

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are charged as expenses in the periods in which they are incurred.

# NOTES TO THE FINANCIAL STATEMENTS

(Continued)

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.6 Leases (Continued)

#### (i) Lessee accounting (Continued)

The capitalised leased asset is classified by nature as property, plant and equipment.

For operating leases, the Group does not capitalise the leased asset or recognise the related liability. Instead lease payments under an operating lease are recognised as an expense on the straight-line basis over the lease term unless another systematic basis is more representative of the time pattern of the user's benefit.

#### (ii) Lessor accounting

If an entity in the Group is a lessor in operating lease, the underlying asset is not derecognised but is presented in the statements of financial position according to the nature of the asset. Lease income from operating leases is recognised in profit or loss on a straight-line basis over the lease term, unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished.

### 3.7 Goodwill and other intangible assets

#### (i) Goodwill

Goodwill arising on business combinations is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. After initial recognition, goodwill is measured at cost less accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.11.

In respect of equity-accounted associates, goodwill is included in the carrying amount of the investment and is not tested for impairment individually. Instead, the entire carrying amount of the investment is tested for impairment as a single asset.

#### (ii) Other intangible assets

Intangible assets acquired separately are measured initially at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial acquisition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite useful lives is recognised in profit or loss in the expense category consistent with the function of the intangible asset.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the profit or loss when the asset is derecognised.



# NOTES TO THE FINANCIAL STATEMENTS

(Continued)

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.8 Inventories

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

Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:

#### (i) Raw materials

Purchase costs on weighted average cost basis.

#### (ii) Finished goods and work-in-progress

Costs of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. These costs are assigned on a weighted average cost basis.

Where necessary, allowance is provided for damaged, obsolete and slow moving items to adjust the carrying value of inventories to the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

### 3.9 Contract assets/(liabilities)

Contract asset is the right to consideration for goods or services transferred to the customers when that right is conditioned on something other than the passage of time (for example, the Company's future performance).

The policy for the recognition and measurement of impairment losses is in accordance with Note 3.11.

Contract liability is the obligation to transfer goods or services to customer for which the Group has received the consideration or has billed the customer.

### 3.10 Cash and cash equivalents

For the purpose of the statements of cash flows, cash and cash equivalents comprise cash on hand, bank balances and deposits with a maturity of three months or less, that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. Cash and cash equivalents are presented net of bank overdrafts.

### 3.11 Impairment of assets

Accounting policies applied from 1 September 2018

#### Impairment of financial assets and contract assets

Financial assets measured at amortised cost, financial assets measured at fair value through other comprehensive income (FVOCI), lease receivables, contract assets or a loan commitment and financial guarantee contracts will be subject to the impairment requirement in MFRS 9 which is related to the accounting for expected credit losses on the financial assets. Expected credit loss is the weighted average of credit losses with the respective risks of a default occurring as the weights.

# NOTES TO THE FINANCIAL STATEMENTS

(Continued)

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.11 Impairment of assets (Continued)

#### Accounting policies applied from 1 September 2018 (Continued)

#### **Impairment of financial assets and contract assets (Continued)**

The Group and the Company measure loss allowance at an amount equal to lifetime expected credit loss, except for the following, which are measured as 12-month expected credit loss:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

For trade receivables, contract assets and lease receivables, the Group apply the simplified approach permitted by MFRS 9 to measure the loss allowance at an amount equal to lifetime expected credit loss.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Group and the Company consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's and the Company's historical experience and informed credit assessment and including forward-looking information.

The Group and the Company assume that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group and the Company consider a financial asset to be in default when:

- the borrower is unable to pay its credit obligations to the Group and the Company in full, without taking into account any credit enhancements held by the Group and the Company; or
- the contractual payment of the financial asset is more than 90 days past due unless the Group and the Company have reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument.

12-month expected credit losses are the portion of lifetime expected credit losses that represent the expected credit losses that result from default events on a financial instrument that are possible within the 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.

Expected credit losses are a probability-weighted estimate of credit losses (i.e. the present value of all cash shortfalls) over the expected life of the financial instrument. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

Expected credit losses are discounted at the effective interest rate of the financial assets.

# NOTES TO THE FINANCIAL STATEMENTS

(Continued)

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.11 Impairment of assets (Continued)

Accounting policies applied from 1 September 2018 (Continued)

#### **Impairment of financial assets and contract assets (Continued)**

At each reporting date, the Group and the Company assess whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired include observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default of past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
- the disappearance of an active market for that financial asset because of financial difficulties; or
- the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

The amount of impairment losses (or reversal) shall be recognised in profit or loss, as an impairment gain or loss. For financial assets measured at FVOCI, the loss allowance shall be recognised in other comprehensive income and shall not reduce the carrying amount of the financial asset in the statement of financial position.

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group and the Company determine that the debtor does not have assets or source of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's and the Company's procedure for recovery of amounts due.

Accounting policies applied until 31 August 2018

#### **(i) Impairment and uncollectibility of financial assets**

At each reporting date, all financial assets (except for financial assets categorised as fair value through profit or loss and investment in subsidiaries and associates) are assessed whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the financial asset that can be reliably estimated. Losses expected as a result of future events, no matter how likely, are not recognised.

Evidence of impairment may include indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

# NOTES TO THE FINANCIAL STATEMENTS

(Continued)

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.11 Impairment of assets (Continued)

#### Accounting policies applied until 31 August 2018 (Continued)

##### (i) Impairment and uncollectibility of financial assets (Continued)

###### Loans and receivables and held-to-maturity investments

The Group and the Company first assess whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If there is no objective evidence for impairment exists for an individually assessed financial asset, whether significant or not, the Group and the Company include the financial asset in a group of financial assets with similar credit risk characteristics and collectively assess them for impairment. Financial assets that are individually assessed for impairment for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

The amount of impairment loss is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the financial asset is reduced through the use of an allowance account and the loss is recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed by adjusting an allowance account to the extent that the carrying amount of the financial asset does not exceed what the amortised cost would have been had the impairment not been recognised.

Loan together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group and the Company. If a write-off is later recovered, the recovery is credited to the profit or loss.

###### Available-for-sale financial assets

In the case of equity investments classified as available for sale, a significant or prolonged decline in the fair value below its cost is considered to be objective evidence of impairment. The Group and the Company use their judgement to determine what is considered as significant or prolonged decline, evaluating past volatility experiences and current market conditions.

When a decline in the fair value of an available-for-sale financial asset has been recognised in the other comprehensive income, the cumulative loss that has been recognised in other comprehensive income shall be reclassified from equity to profit or loss as a reclassification adjustment even though the financial asset has not been derecognised. The amount of cumulative loss that is reclassified from equity to profit or loss shall be the difference between its cost (net of any principal repayment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss.

Impairment losses on available-for-sale equity investments are not reversed through profit or loss in the subsequent periods. Increase in fair value, if any, subsequent to impairment loss is recognised in other comprehensive income.

For available-for-sale debt investments, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to loss event occurring after the recognition of the impairment loss in profit or loss.

# NOTES TO THE FINANCIAL STATEMENTS

(Continued)

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.11 Impairment of assets (Continued)

#### Accounting policies applied until 31 August 2018 (Continued)

#### (i) Impairment and uncollectibility of financial assets (Continued)

##### Unquoted equity instruments carried at cost

In the case of unquoted equity instruments carried at cost, the amount of the impairment loss is measured as the difference between the carrying amount of financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment shall not be reversed.

#### (ii) Impairment of non-financial assets

The carrying amounts of non-financial assets (except for inventories, amount due from customers for contract work and deferred tax assets) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the Group and the Company make an estimate of the asset's recoverable amount. For goodwill and intangible assets that have indefinite useful life and are not yet available for use, the recoverable amount is estimated at each reporting date.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of non-financial assets or cash-generating units ("CGUs"). Subject to an operating segment ceiling test, for the purpose of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to a CGU or a group of CGUs that are expected to benefit from the synergies of business combination.

The recoverable amount of an asset of CGU is the higher of its fair value less costs of disposal and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. In determining the fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

Where the carrying amount of an asset exceed its recoverable amount, the carrying amount of asset is reduced to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss except for assets that are previously revalued with the revaluation taken to other comprehensive income. In this case, the impairment is recognised in other comprehensive income up to the amount of any previous revaluation.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. An impairment loss is reversed only if there has been a change in the estimates used to determine the assets recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

# NOTES TO THE FINANCIAL STATEMENTS

(Continued)

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.12 Share capital

#### (i) Ordinary shares

Ordinary shares are equity instruments and classified as equity. An equity instrument is a contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

#### (ii) Warrants

Warrants are classified as equity. The issue of ordinary shares upon exercise of the warrants are treated as new subscription of ordinary shares for the consideration equivalent to the warrants exercise price.

### 3.13 Employee benefits

#### (i) Short-term employee benefits

Short-term employee benefit obligations in respect of wages, salaries, social security contributions, annual bonuses, paid annual leave, sick leave and non-monetary benefits are recognised as an expense in the financial year where the employees have rendered their services to the Group and the Company.

#### (ii) Post-employment benefits

As required by law, the Group and the Company contribute to the Employees Provident Fund ("EPF"), the national defined contribution plan. Such contributions are recognised as an expense in the profit or loss in the period in which the employees render their services.

### 3.14 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed.

### 3.15 Revenue

#### Accounting policies applied from 1 September 2018

The Group and the Company recognise revenue that depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the Group and the Company expect to be entitled in exchange for those goods or services.

Revenue recognition of the Group and the Company are applied for each contract with a customer or a combination of contracts with the same customer.

# NOTES TO THE FINANCIAL STATEMENTS

(Continued)

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.15 Revenue (Continued)

#### Accounting policies applied from 1 September 2018 (Continued)

The Group and the Company measure revenue from sale of good or service at its transaction price, being the amount of consideration to which the Group and the Company expect to be entitled in exchange for transferring promised good or service to a customer, excluding amounts collected on behalf of third parties adjusted for the effects of any variable consideration, constraining estimates of variable consideration, significant financing components, non-cash consideration and consideration payable to customer. If the transaction price includes variable consideration, the Group and the Company use the expected value method by estimating the sum of probability-weighted amounts in a range or possible consideration amounts, or the most likely outcome method, depending on which method the Group and the Company expect to better predict the amount of consideration to which it is entitled.

Revenue from contracts with customers is recognised by reference to each distinct performance obligation in the contract with customer, i.e. when or as a performance obligation in the contract with customer is satisfied. A performance obligation is satisfied when or as the customer obtains control of the good or service underlying the particular performance obligation, which the performance obligation may be satisfied at a point in time or over time.

A contract modification is a change in the scope or price (or both) of a contract that is approved by the parties to the contract. A modification exists when the change either creates new or changes existing enforceable rights and obligations of the parties to the contract. The Group and the Company have assessed the type of modification and accounted for as either creates a separate new contract, terminates the existing contract and creation of a new contract; or forms a part of the existing contracts.

#### Financing components

The Group and the Company have applied the practical expedient for not to adjust the promised amount of consideration for the effects of a significant financing components if the Group and the Company expect that the period between the transfer of the promised goods or services to the customer and payment by the customer will be one year or less.

#### **(i) Construction contracts**

Construction service contracts comprise multiple deliverables that require significant integration service and therefore accounted as a single performance obligation.

Under the terms of the contracts, control of the asset is transferred over time as the Group create or enhance an asset that the customer controls as the asset is created or enhanced. Revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. The progress towards complete satisfaction of a performance obligation is determined by the proportion of construction costs incurred for work performed to-date bear to the estimated total construction costs (an input method).

Sales are made with a credit term of 30 to 60 days, therefore, no element of financing is deemed present. The Group become entitled to invoice customers based on achieving a series of performance-related milestones.

The Group recognised a contract asset for any excess of revenue recognised to-date over the billings-to-date. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point when invoice is issued or timing for billing is due to passage of time. If the milestone billing exceeds the revenue recognised to-date and any deposit or advances received from customers then the Group recognise a contract liability for the difference.

# NOTES TO THE FINANCIAL STATEMENTS

(Continued)

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.15 Revenue (Continued)

#### Accounting policies applied from 1 September 2018 (Continued)

#### (ii) Sale of goods

Revenue from manufactures and sales of goods are recognised at a point in time when control of the products has been transferred, being when the customer accepts the delivery of the goods.

Sales are made with a credit term of 30 to 60 days, therefore, no element of financing is deemed present. A receivable is recognised when the customer accepts the delivery of the goods as the consideration is unconditional other than the passage of time before the payment is due.

Where consideration is collected from customer in advance for sale of good, a contract liability is recognised for the customer deposits. Contract liability would be recognised as revenue upon sale of goods to the customer.

#### (iii) Rendering of services

Revenue from a contract to provide services is recognised over time as the services are rendered because the customer receives and uses the benefits simultaneously. This is determined based on the time elapsed (output method).

#### (iv) Rental income

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

#### (v) Interest income

Interest income is recognised as it accrues using the effective interest method.

#### (vi) Dividend income

Dividend income is recognised when the right to receive payment is established.

#### (vii) Management fee

Management fee is recognised over time as the services are rendered.

#### Accounting policies applied until 31 August 2018

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when payment is made. Revenue is measured at fair value of consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes and duty. The Group concluded that it is acting as a principal in all of its revenue arrangement. The following specific recognition criteria must also be met before revenue is recognised:

#### (i) Construction contracts

Revenue from construction contracts is accounted for by the stage of completion method. The stage of completion method is measured by reference to the proportion of contract costs incurred for work performed to date to the estimated total contracts costs.



# NOTES TO THE FINANCIAL STATEMENTS

(Continued)

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.15 Revenue (Continued)

#### Accounting policies applied until 31 August 2018 (Continued)

#### (ii) Sale of goods

Revenue from sale of goods is recognised upon the transfer of significant risk and rewards of ownership of the goods to the customer, usually on delivery of goods. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

#### (iii) Rendering of services

Revenue from services rendered is recognised net of taxes and discounts as and when the services are performed.

#### (iv) Rental income

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

#### (v) Interest income

Interest income is recognised as it accrues using the effective interest method.

#### (vi) Dividend income

Dividend income is recognised when the right to receive payment is established.

#### (vii) Management fee

Management fee is recognised on an accrual basis, net of taxes.

### 3.16 Borrowing costs

Borrowing costs are interests and other costs that the Group and the Company incur in connection with borrowing of funds.

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

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

The Group and the Company begin capitalising borrowing costs when the Group and the Company have incurred the expenditures for the asset, incurred related borrowing costs and undertaken activities that are necessary to prepare the asset for its intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

# NOTES TO THE FINANCIAL STATEMENTS

(Continued)

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.17 Income taxes

Income tax expense comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

#### (i) Current tax

Current tax is the expected taxes payable or receivable on the taxable income or loss for the financial year, using the tax rates that have been enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

#### (ii) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts in the statements of financial position. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences, unused tax losses and unused tax credits, to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax is not recognised if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, except where the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

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

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority on the same taxable entity, or on different tax entities, but they intend to settle their income tax recoverable and income tax payable on a net basis or their tax assets and liabilities will be realised simultaneously.

# NOTES TO THE FINANCIAL STATEMENTS

(Continued)

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.17 Income taxes (Continued)

#### (iii) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax ("GST") except:

- where the GST incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statements of financial position.

### 3.18 Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Group's Chief Executive Officer that makes the strategic decisions.

### 3.19 Fair value measurements

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

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

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

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

There were no transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances.

# NOTES TO THE FINANCIAL STATEMENTS

(Continued)

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.20 Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group and of the Company.

Contingent liability is also referred as a present obligation that arises from past events but is not recognised because:

- (i) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
- (ii) the amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities and assets are not recognised in the statements of financial position.

### 3.21 Earnings per share

The Group present basic and diluted earnings per share data for its ordinary shares ("EPS"). Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

## 4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

Significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have significant effect in determining the amount recognised in the financial year include the following:

### 4.1 Impairment of goodwill

Goodwill is tested for impairment annually and at other times when such indicators exist. This requires an estimation of the value-in-use of the cash-generating units to which goodwill is allocated. In determining the value-in-use of a cash-generating unit, the management estimates the discounted cash flows using reasonable and supportable inputs about sales, gross profit margin and other operating expenses based on past experience, current events and reasonably possible future developments. When value-in-use calculations are undertaken, management must estimate the expected future cash flows from the cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

The carrying amount of the Group's goodwill and key assumptions used to determine the recoverable amount for different cash-generating units, including sensitivity analysis, are disclosed in Note 6.

### 4.2 Revenue recognition for contract customers

The Group recognised construction revenue in profit or loss by using the progress towards complete satisfaction of performance obligation. The progress towards complete satisfaction of performance obligation is determined by the proportion that construction costs incurred for work performed to date bear to the estimated total construction costs.

Significant judgement is required in determining the progress towards complete satisfaction of performance obligation, the extent of the construction costs incurred, the estimated total construction revenue and expenses, as well as the recoverability of the construction projects. In making the judgement, the Group evaluate based on past experience and by relying on the work of specialists.

The carrying amounts of contract assets and contract liabilities are disclosed in Note 12.

# NOTES TO THE FINANCIAL STATEMENTS

(Continued)

## 4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

Significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have significant effect in determining the amount recognised in the financial year include the following: (Continued)

### 4.3 Impairment of investment in subsidiaries

The Company assesses whether there is any indication that the cost of investment in subsidiaries is impaired at the end of each reporting date. Impairment is measured by comparing the carrying amount of an asset with its recoverable amount. Recoverable amount is measured at the higher of the fair value less cost to sell for that asset and its value-in-use. In determining the value-in-use of the subsidiaries, management estimates the discounted cash flows using reasonable and supportable inputs about sales, gross profit margin and other operating expenses based on past experience, current events and reasonably possible future developments. When value-in-use calculations are undertaken, management must estimate the expected future cash flows from the cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

The carrying amount of investment in subsidiaries are disclosed in Note 8 to the financial statements.

### 4.4 Impairment of trade receivables

The impairment provisions for trade receivables are based on assumptions about risk of default and expected loss rate. The Group use judgement in making these assumptions and selecting inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

The Group use a provision matrix to calculate expected credit losses for trade receivables. The provision rates are depending on the number of days that a trade receivable is past due. The Group use the grouping according to the customer segments that have similar loss patterns.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forward-looking estimates and expected credit losses is a significant estimate. The amount of expected credit losses is sensitive to changes in circumstances and of forecast economic conditions over the expected lives of the trade receivables. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

The information about the impairment losses on the Group's trade receivables is disclosed in Note 28.2(i).

# NOTES TO THE FINANCIAL STATEMENTS

(Continued)

## 5. PROPERTY, PLANT AND EQUIPMENT

Group 2019	Cost							Total RM'000
	Properties # RM'000	Plant, machinery and equipment RM'000	Motor vehicles RM'000	Furniture, fittings and office equipment RM'000	Renovations RM'000	Container/ Cabin RM'000	Asset under construction RM'000	
Cost/Valuation								
At 1 September 2018	44,400	58,719	26,855	3,743	927	471	9	135,124
Additions	304	506	-	291	-	5	-	1,106
Disposal/written off	-	(948)	(2,035)	(112)	-	-	(9)	(3,104)
At 31 August 2019	44,704	58,277	24,820	3,922	927	476	-	133,126
<b>Accumulated depreciation</b>								
At 1 September 2018	4,301	28,492	12,862	2,076	342	150	-	48,223
Depreciation charge for the financial year	1,405	4,354	5,085	520	93	46	-	11,503
Disposal/written off	-	(423)	(1,525)	(86)	-	-	-	(2,034)
At 31 August 2019	5,706	32,423	16,422	2,510	435	196	-	57,692
<b>Carrying amount</b>								
At 31 August 2019	38,998	25,854	8,398	1,412	492	280	-	75,434

# NOTES TO THE FINANCIAL STATEMENTS

(Continued)

## 5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group 2018	Properties # RM'000	Plant, machinery and equipment RM'000	Cost					Renovations RM'000	Container/ Cabin RM'000	Asset under construction RM'000	Total RM'000
			Plant, machinery and equipment RM'000	Cranes RM'000	Motor vehicles RM'000	Furniture, fittings and office equipment RM'000	Renovations RM'000				
<b>Cost/Valuation</b>											
At 1 September 2017	43,630	56,826	48	26,480	3,532	927	448	9	131,900		
Additions	770	1,873	-	945	223	-	23	-	3,834		
Acquisition of subsidiaries	-	-	-	-	12	-	-	-	12		
Disposal/written off	-	(28)	-	(570)	(24)	-	-	-	(622)		
Transfer	-	48	(48)	-	-	-	-	-	-		
At 31 August 2018	44,400	58,719	-	26,855	3,743	927	471	9	135,124		
<b>Accumulated depreciation</b>											
At 1 September 2017	2,456	24,120	48	7,685	1,442	245	102	-	36,098		
Depreciation charge for the financial year	1,845	4,335	-	5,455	651	97	48	-	12,431		
Disposal/written off	-	(11)	-	(278)	(17)	-	-	-	(306)		
Transfer	-	48	(48)	-	-	-	-	-	-		
At 31 August 2018	4,301	28,492	-	12,862	2,076	342	150	-	48,223		
<b>Carrying amount</b>											
At 31 August 2018	40,099	30,227	-	13,993	1,667	585	321	9	86,901		

# NOTES TO THE FINANCIAL STATEMENTS

(Continued)

## 5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

# Properties consist of:

Group 2019	Valuation					Cost		Total RM'000
	Freehold land RM'000	Freehold building RM'000	Leasehold land RM'000	Leasehold building RM'000	Low cost apartments RM'000	Fabrication yard RM'000		
<b>Cost/Valuation</b>								
At 1 September 2018	15,400	5,400	10,100	4,500	170	8,830	44,400	
Additions	-	-	-	-	203	101	304	
At 31 August 2019	15,400	5,400	10,100	4,500	373	8,931	44,704	
<b>Accumulated depreciation</b>								
At 1 September 2018	-	161	210	94	5	3,831	4,301	
Depreciation charge for the financial year	-	166	211	94	8	926	1,405	
At 31 August 2019	-	327	421	188	13	4,757	5,706	
<b>Carrying amount</b>								
At 31 August 2019	15,400	5,073	9,679	4,312	360	4,174	38,998	



# NOTES TO THE FINANCIAL STATEMENTS

(Continued)

## 5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

# Properties consist of:

Group	Valuation				Cost			Total RM'000
	Freehold land RM'000	Freehold building RM'000	Leasehold land RM'000	Leasehold building RM'000	Low cost apartments RM'000	Fabrication yard RM'000	Fabrication yard RM'000	
<b>2018</b>								
<b>Cost/Valuation</b>								
At 1 September 2017	15,400	5,100	10,100	4,500	170	8,360	43,630	
Additions	-	300	-	-	-	470	770	
At 31 August 2018	15,400	5,400	10,100	4,500	170	8,830	44,400	
<b>Accumulated depreciation</b>								
At 1 September 2017	-	-	-	-	-	2,456	2,456	
Depreciation charge for the financial year	-	161	210	94	5	1,375	1,845	
At 31 August 2018	-	161	210	94	5	3,831	4,301	
<b>Carrying amount</b>								
At 31 August 2018	15,400	5,239	9,890	4,406	165	4,999	40,099	

# NOTES TO THE FINANCIAL STATEMENTS

(Continued)

## 5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Company	Motor vehicles RM'000	Furniture, fittings and office equipment RM'000	Renovations RM'000	Total RM'000
<b>2019</b>				
<b>Cost</b>				
At 1 September 2018	734	381	24	1,139
Additions	-	9	-	9
At 31 August 2019	734	390	24	1,148
<b>Accumulated depreciation</b>				
At 1 September 2018	451	64	3	518
Depreciation charge for the financial year	147	39	2	188
At 31 August 2019	598	103	5	706
<b>Carrying amount At 31 August 2019</b>	<b>136</b>	<b>287</b>	<b>19</b>	<b>442</b>
<b>2018</b>				
<b>Cost</b>				
At 1 September 2017	987	223	24	1,234
Additions	78	158	-	236
Disposal	(331)	-	-	(331)
At 31 August 2018	734	381	24	1,139
<b>Accumulated depreciation</b>				
At 1 September 2017	425	31	1	457
Depreciation charge for the financial year	169	33	2	204
Disposal	(143)	-	-	(143)
At 31 August 2018	451	64	3	518
<b>Carrying amount At 31 August 2018</b>	<b>283</b>	<b>317</b>	<b>21</b>	<b>621</b>

# NOTES TO THE FINANCIAL STATEMENTS

(Continued)

## 5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Included in property, plant and equipment of the Group are assets acquired under finance lease instalment plans with carrying amounts as follows:

	Group	
	2019 RM'000	2018 RM'000
Plant and machinery	10,097	12,791
Motor vehicles	5,561	9,814
	15,658	22,605

The carrying amount of property, plant and equipment pledged to financial institutions for banking facilities granted to the Group as mentioned in Note 19 and are as follows:

	Group	
	2019 RM'000	2018 RM'000
Freehold land	15,400	15,400
Freehold building	5,073	5,239
Leasehold land	9,679	-
Leasehold building	4,312	-
Plant and machinery	-	5,852
	34,464	26,491

The freehold land and building, leasehold land and building and low cost apartments are stated at valuation based on an independent professional valuation performed by Messrs Raine & Horne International Zaki + Partners Sdn Bhd using the market value basis in 2017.

Had the revalued freehold land and building, leasehold land and building and low cost apartments been carried at historical cost less accumulated depreciation, the carrying amount of each class of properties would have been as follows:

	Group	
	2019 RM'000	2018 RM'000
Freehold land	2,806	2,806
Freehold building	1,956	2,020
Leasehold land	2,261	2,310
Leasehold building	2,241	2,290
Low cost apartments	294	97
	9,558	9,523

# NOTES TO THE FINANCIAL STATEMENTS

(Continued)

## 6. GOODWILL ON CONSOLIDATION

The principal activities of the subsidiaries are disclosed in Note 8 to the financial statements. The carrying amount of the goodwill is allocated to WZS BinaRaya Sdn Bhd (collectively known as cash generating units ("CGU")), which represent the lowest level within the Group at which the goodwill is monitored for internal management purposes.

	Group	
	2019 RM'000	2018 RM'000
<b>Goodwill</b>		
<b>Cost</b>		
At 1 September/ 31 August	41,024	41,024
<b>Accumulated impairment losses</b>		
At 1 September	25,124	-
Impairment loss recognised for the financial year	2,900	25,124
At 31 August	28,024	25,124
<b>Carrying amount</b>		
At 31 August	13,000	15,900

The carrying amount of goodwill allocated to the CGU is as follows:

	Group	
	2019 RM'000	2018 RM'000
CGU	13,000	15,900

During the financial year, the Group made an allowance for impairment loss on goodwill of RM2,900,000. The allowance was made after considering the measurable decrease in the estimated future cash flows noted in the subsidiaries. The recoverable amount of the goodwill has been determined based on a value-in-use calculation using cash flow projections from financial budgets approved by management covering three-year period. The impairment charge is recorded in the consolidated statement of profit or loss.

The pre-tax discount rate applied to the cash flow projections is as follows:

	CGU
Discount rate	11%

# NOTES TO THE FINANCIAL STATEMENTS

(Continued)

## 6. GOODWILL ON CONSOLIDATION (CONTINUED)

### Key assumptions used in the value-in-use calculations

The calculation of value-in-use for the CGU is most sensitive to the following assumptions:

- (i) The bases used to determine the future potential earning are historical revenue and the remaining book order.
- (ii) Gross margin is the forecasted margin as a percentage of revenue over the three-year projection period. These are based on the average gross margin of the existing projects.
- (iii) Long-term growth rate does not exceed the long-term average growth rates for the industries relevant to the CGU. Cash flows beyond the three-year projection period are extrapolated using zero long-term growth rate.
- (iv) Discount rate was estimated based on the industry weighted average cost of capital. The discount rate applied to the cash flow projections is pre-tax and reflects management's estimate of the risks specific to the CGU at the date of assessment.

## 7. INVESTMENT IN ASSOCIATES

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Unquoted shares, at cost	9,360	6,860	9,360	6,860
Less: Accumulated impairment loss	(1,330)	-	(4,261)	(2,506)
Share of post-acquisition profit	3,323	6,925	-	-
	11,353	13,785	5,099	4,354

Details of the associates are as follows:

Name of Entities	Principal place of business/country of incorporation	Group's Ownership Interest		Principal Activities
		2019 %	2018 %	
<b>Held by the Company</b>				
SE Satu Sdn Bhd # ^ ("SSSB")	Malaysia	49	49	Mining operations and activities
SE Satu Pelangi Sdn Bhd # ^ ("SSPSB")	Malaysia	30	30	Mining operations and activities
WZS Technologies Sdn Bhd ("WZST")	Malaysia	30*	20	Engage in precision engineering
<b>Held by SE Satu Sdn Bhd</b>				
SE Sinaran Sdn Bhd # ^	Malaysia	39	39	Provision of port services

# Audited by firms other than Messrs Baker Tilly Monteiro Heng PLT (Converted from a conventional partnership, Baker Tilly Monteiro Heng on 5 March 2019).

^ The financial year end of these associates is not coterminous with the Group. As such, for the purpose of applying equity method of accounting, the management financial statements of these associates for the financial period ended 31 August 2019 have been used.

\* During the financial year, the Company acquired additional 10% of equity interest in WZS Technologies Sdn Bhd for a total purchase consideration of RM 2,500,000.

# NOTES TO THE FINANCIAL STATEMENTS

(Continued)

## 7. INVESTMENT IN ASSOCIATES (CONTINUED)

The summarised financial information of the Group's material associates, adjusted for any differences in accounting policies is as follows:

<b>At 31 August 2019</b>	<b>SSSB RM'000</b>	<b>SSPSB RM'000</b>	<b>WZST RM'000</b>	<b>Total RM'000</b>
Current assets	2,598	5,412	835	8,845
Non-current assets	32,561	-	8,150	40,711
<b>Total assets</b>	<b>35,159</b>	<b>5,412</b>	<b>8,985</b>	<b>49,556</b>
Current liabilities	6,335	3,410	2,752	12,497
Non-current liabilities	9,748	-	802	10,550
<b>Total liabilities</b>	<b>16,083</b>	<b>3,410</b>	<b>3,554</b>	<b>23,047</b>
Non-controlling interests	458	-	-	458
<b>Year ended 31 August 2019</b>				
<b><i>Included in total comprehensive income is:</i></b>				
Revenue	-	-	1,986	1,986
Expenses including finance costs and tax expense	(6,246)	(331)	(3,475)	(10,052)
<b>Loss for the financial year</b>	<b>(6,246)</b>	<b>(331)</b>	<b>(1,489)</b>	<b>(8,066)</b>
<b><i>Loss attributable to:</i></b>				
Owners of the company	(6,281)	(331)	(1,489)	(8,101)
Non-controlling interests	35	-	-	35
<b>Loss for the financial year</b>	<b>(6,246)</b>	<b>(331)</b>	<b>(1,489)</b>	<b>(8,066)</b>
<b>Reconciliation of net assets to carrying amount</b>				
Share of net assets at the acquisition date	3,470	293	3,767	7,530
Goodwill on acquisition	-	-	1,830	1,830
Cost of investment	3,470	293	5,597	9,360
Impairment loss on investment	-	-	(1,330)	(1,330)
Share of post-acquisition profit/(loss)	5,653	308	(2,638)	3,323
<b>Carrying amount in statement of financial position</b>	<b>9,123</b>	<b>601</b>	<b>1,629</b>	<b>11,353</b>
<b>Group's share of results</b>				
Group's share of loss	(3,078)	(99)	(425)	(3,602)
Group's share of other comprehensive income	-	-	-	-
<b>Group's share of total comprehensive loss</b>	<b>(3,078)</b>	<b>(99)</b>	<b>(425)</b>	<b>(3,602)</b>
<b>Other information</b>				
Dividend received by the Group	-	-	-	-

# NOTES TO THE FINANCIAL STATEMENTS

(Continued)

## 7. INVESTMENT IN ASSOCIATES (CONTINUED)

The summarised financial information of the Group's material associates, adjusted for any differences in accounting policies is as follows: (Continued)

<b>At 31 August 2018</b>	<b>SSSB RM'000</b>	<b>SSPSB RM'000</b>	<b>WZST RM'000</b>	<b>Total RM'000</b>
Current assets	9,894	5,840	1,099	16,833
Non-current assets	34,461	-	10,038	44,499
<b>Total assets</b>	<b>44,355</b>	<b>5,840</b>	<b>11,137</b>	<b>61,332</b>
Current liabilities	7,110	3,507	4,185	14,802
Non-current liabilities	11,924	-	2,533	14,457
<b>Total liabilities</b>	<b>19,034</b>	<b>3,507</b>	<b>6,718</b>	<b>29,259</b>
Non-controlling interests	422	-	-	422
<b>Year ended 31 August 2018</b>				
<b><i>Included in total comprehensive income is:</i></b>				
Revenue	7,717	(1,481)	2,009	8,245
Expenses including finance costs and tax expense	(26,560)	(20,609)	(6,659)	(53,828)
<b>Loss for the financial year</b>	<b>(18,843)</b>	<b>(22,090)</b>	<b>(4,650)</b>	<b>(45,583)</b>
<b><i>Loss attributable to:</i></b>				
Owners of the company	(18,868)	(22,090)	(4,650)	(45,608)
Non-controlling interests	25	-	-	25
<b>Loss for the financial year</b>	<b>(18,843)</b>	<b>(22,090)</b>	<b>(4,650)</b>	<b>(45,583)</b>
<b>Reconciliation of net assets to carrying amount</b>				
Share of net assets at the acquisition date	3,470	293	3,097	6,860
Share of post-acquisition profit/(loss)	8,731	407	(2,213)	6,925
<b>Carrying amount in statement of financial position</b>	<b>12,201</b>	<b>700</b>	<b>884</b>	<b>13,785</b>
<b>Group's share of results</b>				
Group's share of loss	(9,245)	(6,627)	(930)	(16,802)
Group's share of other comprehensive income	-	-	-	-
<b>Group's share of total comprehensive loss</b>	<b>(9,245)</b>	<b>(6,627)</b>	<b>(930)</b>	<b>(16,802)</b>
<b>Other information</b>				
Dividend received by the Group	-	1,500	-	1,500

# NOTES TO THE FINANCIAL STATEMENTS

(Continued)

## 8. INVESTMENT IN SUBSIDIARIES

	Company	
	2019 RM'000	2018 RM'000
<b>Unquoted shares, at cost</b>		
At 1 September	158,966	124,966
Additions	18,000	34,000
	176,966	158,966
Less: Accumulated impairment losses	(91,766)	(61,488)
At 31 August	85,200	97,478

### 8.1 Details of the subsidiaries are as follows:

Name of Entities	Principal place of business/country of incorporation	Effective Ownership Interest/Voting Rights		Principal Activities
		2019 %	2018 %	
<b>Direct subsidiaries</b>				
WZS BinaRaya Sdn Bhd	Malaysia	100	100	Construction and civil engineering
WZS Misi Setia Sdn Bhd	Malaysia	100	100	Contractor, subcontractor and to carry on fabrication, assembly and testing works in oil & gas industries
WZS Industries Sdn Bhd	Malaysia	100	100	Manufacturing and processing of cold drawn bright steel products and related steel products
WZS Powergen Sdn Bhd	Malaysia	60	60	Engage in the provision of power generation and power solutions to oil and gas industry and power sector
WZS Logistics Sdn Bhd	Malaysia	100	100	Transportation agent, trading in sand and quarry products
WZS Geoassets Sdn Bhd	Malaysia	75	75	Trading in mineral resources



# NOTES TO THE FINANCIAL STATEMENTS

(Continued)

## 8. INVESTMENT IN SUBSIDIARIES (CONTINUED)

### 8.1 Details of the subsidiaries are as follows: (Continued)

Name of Entities	Principal place of business/country of incorporation	Effective Ownership Interest/Voting Rights		Principal Activities
		2019 %	2018 %	
<b>Direct subsidiaries (Continued)</b>				
WZS Prisma Sdn Bhd	Malaysia	100	100	Civil engineering and other related works to construction
WZS Engineering Sdn Bhd	Malaysia	100	100	Dormant
WZ Satu Sysbuild Sdn Bhd	Malaysia	80	80	Dormant
WZS Land Sdn Bhd	Malaysia	100	100	Dormant
WZS Minerals Sdn Bhd	Malaysia	100	100	Dormant
WZS Capital Sdn Bhd	Malaysia	100	100	Dormant
<b>Indirect subsidiaries</b>				
WZS Niaga Sdn Bhd*	Malaysia	100	100	Dormant
Cekap Semenanjung Sdn Bhd*	Malaysia	100	100	Dormant
Sinergi Dayang Sdn Bhd**	Malaysia	100	100	Turnkey contractor
WZS Biogas Jerantut Sdn Bhd <sup>#^</sup> (Formerly known as Trillion Pentagon Sdn Bhd)	Malaysia	60	-	Dormant

\* Held indirectly through WZS BinaRaya Sdn Bhd

\*\* Held indirectly through Cekap Semenanjung Sdn Bhd

# Held indirectly through WZS Powergen Sdn Bhd

^ The audited financial statements of this subsidiary are not available. As such management accounts had been used for the purpose of consolidation, the subsidiary is currently inactive.

# NOTES TO THE FINANCIAL STATEMENTS

(Continued)

## 8. INVESTMENT IN SUBSIDIARIES (CONTINUED)

### 8.2 Acquisition of subsidiaries

#### 2019

On 25 June 2019, WZS Powergen Sdn Bhd acquired 100% of equity interest in WZS Biogas Jerantut Sdn Bhd (Formerly known as Trillion Pentagon Sdn Bhd) for a total purchase consideration of RM1.

#### 2018

Acquisition of Cekap Semenanjung Sdn Bhd

On 25 May 2018, WZS BinaRaya Sdn Bhd, a wholly owned subsidiary had completed the acquisition of 100% equity interest in Cekap Semenanjung Sdn Bhd ("CSSB") pursuant to Clause 4 of the conditional Share Sale Agreement dated 10 February 2017 for a total purchase consideration of RM7,000,000. CSSB is the beneficial owner of the entire ordinary equity interest in Sinergi Dayang Sdn Bhd.

The acquisition of Cekap Semenanjung Sdn Bhd and Sinergi Dayang Sdn Bhd are accounted for as a separate acquisition of assets.

#### (i) Purchase consideration

	<b>2018</b> <b>RM'000</b>
Fair value consideration paid	7,000

#### (ii) Fair value of the identifiable assets acquired and liabilities recognised

	<b>2018</b> <b>RM'000</b>
<u>Assets</u>	
Plant and equipment (Note 5)	12
Other receivables	1,486
Amount due from contract customers	35,011
Cash and bank balances	306
<b>Total assets</b>	<b>36,815</b>
<u>Liabilities</u>	
Trade and other payables	(51,998)
Tax payables	(60)
<b>Total liabilities</b>	<b>(52,058)</b>
<b>Total identifiable net liabilities acquired</b>	<b>(15,243)</b>

# NOTES TO THE FINANCIAL STATEMENTS

(Continued)

## 8. INVESTMENT IN SUBSIDIARIES (CONTINUED)

### 8.2 Acquisition of subsidiaries (Continued)

#### (iii) Effect of acquisition on cash flows

	<b>2018</b> <b>RM'000</b>
Fair value of consideration transferred	7,000
Less: Cash and cash equivalents of subsidiaries acquired	(306)
<b>Net cash outflows arising from acquisition of subsidiaries</b>	<b>6,694</b>

#### (iv) Effects of acquisition in the statement of profit or loss and other comprehensive income

From the date of acquisition, the subsidiaries contributed revenue and loss after tax as follows:

	<b>2018</b> <b>RM'000</b>
Revenue	35,360
Loss for the financial year	(813)

If the acquisition had occurred on 1 September 2017, the consolidated results for the financial year ended 31 August 2018 would have been as follows:

	<b>2018</b> <b>RM'000</b>
Revenue	35,360
Loss for the financial year	(912)

### 8.3 Disposal of a subsidiary

#### 2018

On 2 February 2018, the Company completed the disposal of the entire issued and paid-up share capital of Weng Zheng Trading Sdn Bhd ("WZ Trading"), comprising 2,000,000 ordinary shares for a cash consideration of RM22,800,000. WZ Trading ceased to be a subsidiary of the Group.

# NOTES TO THE FINANCIAL STATEMENTS

(Continued)

## 8. INVESTMENT IN SUBSIDIARIES (CONTINUED)

### 8.3 Disposal of a subsidiary (Continued)

The effects of the disposal of the investment in subsidiaries on the financial position of the Group are as follows:

	<b>WZ Trading RM'000</b>
<u>Assets</u>	
Property, plant and equipment	11,187
Inventories	7,215
Trade and other receivables	13,072
Deposit	7
Prepayments	76
Tax recoverable	9
Cash and bank balances	1,222
	32,788
<u>Liabilities</u>	
Deferred tax liabilities	372
Trade and other payables	12,364
Borrowings	6,380
	19,116
Net assets	13,672
Corporate exercise expense on disposal of a subsidiary	430
Cash consideration	(22,800)
	Gain on disposal of a subsidiary (8,698)
Cash consideration	22,800
Less: Cash and cash equivalents of a subsidiary	(1,222)
Less: Corporate exercise expense on disposal of a subsidiary	(430)
Net cash inflows on disposal	21,148

### 8.4 Additional investment in subsidiaries

#### 2019

During the financial year, a subsidiary, WZS Misi Setia Sdn Bhd increased its issued and paid up capital from 22,000,000 ordinary shares to 40,000,000 ordinary shares. The Company had subscribed for an additional 18,000,000 ordinary shares fully paid amounting to RM18,000,000 in WZS Misi Setia Sdn Bhd.

#### 2018

During the previous financial year, a subsidiary, WZS BinaRaya Sdn Bhd increased its issued and fully paid ordinary shares from 12,500,000 shares to 46,500,000 shares amounting to RM34,000,000 and was fully subscribed by the Company.

# NOTES TO THE FINANCIAL STATEMENTS

(Continued)

## 9. CLUB MEMBERSHIPS

	Group	
	2019 RM'000	2018 RM'000
Club memberships, at cost	205	205

## 10. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
<b>Non-current</b>				
<b>Other receivables</b>				
Amount due from subsidiaries	-	-	80,913	55,676
Less: Allowance for impairment loss	-	-	(12,417)	(8,042)
Other receivables (non-current)	-	-	68,496	47,634
<b>Current</b>				
<b>Trade receivables</b>				
Trade receivables	105,337	85,360	-	-
Amount due from associate company	-	1	-	-
Retention sum	36,942	29,512	-	-
	142,279	114,873	-	-
Less: Allowance for impairment loss				
Trade receivables	(272)	(97)	-	-
Trade receivables, net	142,007	114,776	-	-
<b>Other receivables</b>				
Other receivables	21,976	33,316	12,005	24,316
Amount due from associate company	17	1	-	1
Deposits	3,669	2,659	1,009	9
	25,662	35,976	13,014	24,326
Less: Allowance for impairment loss				
Other receivables	(7,575)	(4,000)	(7,567)	(4,000)
Other receivables, net	18,087	31,976	5,447	20,326
Trade and other receivables (current)	160,094	146,752	5,447	20,326
<b>Total trade and other receivables (non-current and current)</b>	160,094	146,752	73,943	67,960

# NOTES TO THE FINANCIAL STATEMENTS

(Continued)

## 10. TRADE AND OTHER RECEIVABLES (CONTINUED)

Included in other receivables of the Group is an amount owing by the Vendors pursuant to the Share Sales Agreement (“SSA”) on the acquisition of WZS Misi Setia Sdn Bhd of RM 4,433,089. As part of the terms and conditions stated in the SSA on the acquisition of WZS Misi Setia Sdn Bhd, the respective vendors had irrevocably and unconditionally guarantee to the Company that the subsidiary will be able to meet the guarantee amount as specified in the SSA. In the event that the guarantee amount is not met, the Company is able to recover the shortfall pursuant to the SSA.

Included in other receivables of the Group is GST refundable amounted to RM2,618,916 (2018: RM3,304,779).

Trade receivables are non-interest bearing and are generally on 7 to 120 (2018: 14 to 120) days terms. They are recognised at their original amounts which represent their fair values on initial recognition.

The amount due from subsidiaries are unsecured, bear interest at rate of 6.96% to 7.60% (2018: 6.96%) per annum.

### Receivables that are impaired

The Group’s receivables that are impaired at the reporting date and the reconciliation of movement in the impairment of receivables are as follows:

	<b>Company</b>	
	<b>2019</b>	<b>2018</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Amount due from subsidiaries</b>		
At 1 September	8,042	-
Charge for the financial year		
Individually	4,375	8,042
At 31 August	12,417	8,042
	<b>Group</b>	
	<b>2019</b>	<b>2018</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Trade receivables</b>		
At 1 September	97	472
Effect of adoption of MFRS 9	237	-
	334	472
Charge for the financial year		
Individually	50	33
Collectively	27	-
Reversal of impairment loss	(139)	(10)
Written off	-	(398)
At 31 August	272	97

# NOTES TO THE FINANCIAL STATEMENTS

(Continued)

## 10. TRADE AND OTHER RECEIVABLES (CONTINUED)

Receivables that are impaired (Continued)

The Group's receivables that are impaired at the reporting date and the reconciliation of movement in the impairment of receivables are as follows: (Continued)

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
<b>Other receivables</b>				
At 1 September	4,000	-	4,000	-
Charge for the financial year				
Individually	3,575	4,000	3,567	4,000
At 31 August	7,575	4,000	7,567	4,000

The trade receivables of the Group in the foreign currencies are as follows:

	Group	
	2019 RM'000	2018 RM'000
United States Dollar	4	43
Pound Sterling	-	9

The information about credit exposures are disclosed in Note 28.2(i).

## 11. INVENTORIES

	Group	
	2019 RM'000	2018 RM'000
<b>At cost</b>		
Raw materials	14,071	13,406
Work-in-progress	913	108
Finished goods	19,426	18,775
	34,410	32,289
<b>At net realisable value</b>		
Finished goods	199	260
	34,609	32,549

The cost of inventories of the Group recognised as expense in cost of sales during the financial year was RM68,451,836 (2018: RM72,119,491).

The cost of inventories of the Group recognised as income in cost of sales during the financial year in respect of reversal of written down of inventories to net realisable value was RM40,805 (2018: RM20,791).

# NOTES TO THE FINANCIAL STATEMENTS

(Continued)

## 12. CONTRACT ASSETS/(LIABILITIES)/OTHER CURRENT ASSETS/(LIABILITIES)

	Group	
	2019 RM'000	2018 RM'000
Contract assets	69,111	-
Amount due from contract customers	-	152,523
<hr/>		
Contract liabilities	(25,516)	-
Amount due to contract customers	-	(11,953)
<hr/>		

The contract assets primarily relate to the Company's rights to consideration for work completed on construction contracts but not yet billed at the reporting date. Typically, the amount will be billed within 30 days and payment is expected within 60 days.

The contract liabilities primarily relate to the advance consideration received or from a customer for advance billings for construction contract, which revenue is recognised overtime during the construction. The contract liabilities are expected to be recognised as revenue over a period of 90 days.

	2019	
	Contract assets Increase/ (Decrease) RM'000	Contract liabilities Increase/ (Decrease) RM'000
<b>Group</b>		
Revenue recognised that was included in contract liabilities at the beginning of the financial year	-	12,106
Increases due to consideration received from customers but revenue not recognised	-	(25,669)
Transfer from contract assets recognised at the beginning of the period to receivables	(99,561)	-
A result of changes in the measure of progress	16,178	-
Increase due to cash received, excluding amounts recognised as revenue during the period	51	-
Impairment loss on contract assets	(80)	-
<hr/>		

## 13. DERIVATIVE FINANCIAL ASSETS

	Group	
	2019 RM'000	2018 RM'000
Derivatives assets used for hedging:		
Forward foreign contract exchange contracts		
buy contracts	-	3
<hr/>		

Forward exchange contracts are used to manage the foreign exchange currency exposures arising from the Group's receivables and payables denominated in currencies other than the functional currencies of the Group. Most of the foreign exchange contracts have maturities of less than one year after the end of the reporting period. When necessary, the forward contracts are rolled over at maturity. The notional principal amounts of the Group's outstanding forward foreign exchange contracts were RM nil (2018: RM356,984).



# NOTES TO THE FINANCIAL STATEMENTS

(Continued)

## 14. SHORT TERM DEPOSITS, CASH AND BANK BALANCES

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Cash on hand and at banks	40,350	66,623	17,647	42,455
Deposits with licensed banks	1,932	-	-	-
Cash and bank balances	42,282	66,623	17,647	42,455
Less: Bank overdrafts (Note 19)	(15,883)	(13,573)	-	-
	26,399	53,050	17,647	42,455
Less: Deposits pledged to licensed bank	(1,932)	-	-	-
<b>Cash and cash equivalents</b>	<b>24,467</b>	<b>53,050</b>	<b>17,647</b>	<b>42,455</b>

The foreign currency exposure profile of cash and bank balances is as follows:

	Group	
	2019 RM'000	2018 RM'000
United States Dollar	166	803

## 15. SHARE CAPITAL

	Group and Company			
	2019 Number of shares Units('000)	2018 Units('000)	2019 Amount RM'000	2018 RM'000
Issued and fully paid:				
At 1 September	465,165	348,874	232,583	231,660
Issuance of ordinary shares pursuant to bonus issue	-	116,291	-	923
At 31 August - ordinary shares with no par value	465,165	465,165	232,583	232,583

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

During the previous financial year, the total number of issued shares of the Company increased from 348,874,195 units to 465,165,197 units by way of the issuance of 116,291,002 new ordinary shares on the basis of one (1) bonus share for every three (3) existing ordinary shares held.

Effective from 31 January 2017, the concept of authorised share capital and par value of share capital is abolished.

# NOTES TO THE FINANCIAL STATEMENTS

(Continued)

## 15. SHARE CAPITAL (CONTINUED)

### Warrants

The Warrants issued on 29 October 2014 are constituted under a Deed Poll dated 9 October 2014 executed by the Company. The Warrants are listed on the Bursa Malaysia Securities Berhad.

The movement of Warrants during the financial year ended 31 August 2019 are stated as below:

	Number of Warrants ('000)		
	At 1.9.2018	Exercised	At 31.08.2019
Warrants	131,441	-	131,441

The salient features of the Warrants are as follows:

- (i) Each Warrant entitles the registered holder/(s) at any time prior to 28 October 2024 to subscribe for one (1) new ordinary share at RM0.38 each. The Warrants entitlement is subject to adjustments under the terms and conditions as set out in the Deed Poll dated 9 October 2014;
- (ii) The exercise period is ten (10) years from the date of issuance until the maturity date. Upon the expiry of the exercise period, any unexercised rights will lapse and cease to be valid for any purposes; and
- (iii) The holders of the Warrants are not entitled to vote in any general meetings or to participate in any dividends, rights, allotment and/or other forms of distribution other than on winding-up, compromise or arrangement of the Company unless and until the holders of the Warrants become a shareholder of the Company by exercising his Warrants into new shares or unless otherwise resolved by the Company in general meeting.

## 16. RESERVES

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Revaluation reserve	16,627	17,511	-	-
Accumulated losses	(111,369)	(15,217)	(61,670)	(21,684)
	(94,742)	2,294	(61,670)	(21,684)

### **Revaluation reserve**

The revaluation reserve represents increases in the fair value of freehold land and building, leasehold land and building and low cost apartments, net of tax, and decreases to the extent that such decrease relates to an increase on the same asset previously recognised in other comprehensive income.

# NOTES TO THE FINANCIAL STATEMENTS

(Continued)

## 17. TRADE AND OTHER PAYABLES

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
<b>Non-current</b>				
<b>Other payables</b>				
Amount due to subsidiaries	-	-	8,429	-
Total other payables (non-current)	-	-	8,429	-
<b>Current</b>				
<b>Trade payables</b>				
Trade payables	95,466	95,226	-	-
Retention sums	19,562	15,807	-	-
Accrued costs	3,387	12,028	-	-
Total trade payables	118,415	123,061	-	-
<b>Other payables</b>				
Accruals	2,217	2,093	32	36
Other payables	1,361	2,283	105	150
Amount due to subsidiaries	-	-	2,948	1,896
Advance payment from contract customers	295	789	-	-
Total other payables	3,873	5,165	3,085	2,082
Total trade and other payables (Current)	122,288	128,226	3,085	2,082
<b>Total trade and other payables (non-current and current)</b>	<b>122,288</b>	<b>128,226</b>	<b>11,514</b>	<b>2,082</b>

The trade and other payables are non-interest bearing and are normally settled on 30 to 120 (2018: 30 to 120) days terms.

The amounts due to subsidiaries are unsecured, bear interest at rate of 7.35% per annum (2018: interest free), repayable over a period of 1 to 7 years and are expected to be settled in cash.

The advance payment received from contract customers are unsecured and interest free.

The foreign currency exposure profile of trade payables are as follows:

	Group	
	2019 RM'000	2018 RM'000
United States Dollar	2,265	3,750
Euro	31	1
New Taiwan Dollar	15	33
Japanese Yen	-	9

# NOTES TO THE FINANCIAL STATEMENTS

(Continued)

## 18. DEFERRED TAX ASSETS/(LIABILITIES)

Deferred tax liabilities relate to the following:

Group	At 1 September RM'000	Recognised in profit or loss RM'000	Recognised in equity RM'000	Disposal of a subsidiary RM'000	At 31 August RM'000
<b>2019</b>					
Deferred tax liabilities:					
Temporary differences					
between net carrying amounts and the corresponding tax written down values of property, plant and equipment	(1,327)	343	-	-	(984)
Revaluation on property	(3,745)	74	(629)	-	(4,300)
Other temporary differences	236	(277)	-	-	(41)
	(4,836)	140	(629)	-	(5,325)
<b>2018</b>					
Deferred tax liabilities:					
Temporary differences					
between net carrying amounts and the corresponding tax written down values of property, plant and equipment	(2,426)	1,101	-	(2)	(1,327)
Revaluation on property	(3,820)	288	(213)	-	(3,745)
Other temporary differences	280	(44)	-	-	236
	(5,966)	1,345	(213)	(2)	(4,836)

	Company	
	2019 RM'000	2018 RM'000
<b>Plant and equipment</b>		
At 1 September	(17)	(17)
Recognised in profit or loss	17	-
At 31 August	-	(17)

The estimated amounts of temporary differences for which no deferred tax assets are recognised in the financial statements are as follows:

	Group	
	2019 RM'000	2018 RM'000
Deductible temporary differences	51,197	40,324
Unutilised tax losses	108,396	38,271
	159,593	78,595
Potential deferred tax assets not recognised at 24%	38,303	18,863

# NOTES TO THE FINANCIAL STATEMENTS

(Continued)

## 18. DEFERRED TAX ASSETS/(LIABILITIES) (CONTINUED)

Pursuant to Section 111 of the Act 812, special provision relating to Section 43 and 44 of Income Tax Act 1967, a time limit has been imposed on the unutilised business losses, to be carried forward for a maximum of 7 consecutive years of assessment, this section has effect from the year of assessment 2019 and subsequent year of assessment.

Pursuant to Section 11 of the Act 812, special provision relating to Section 43 & 44 of Income Tax Act 1967, a time limit has been imposed on the unutilised business losses, to be carried forward for a maximum of 7 consecutive years of assessment, this section has effect from the year of assessment 2019 and subsequent year of assessment.

The unutilised tax losses can be carried forward until the following years of assessment:

	<b>Group RM'000</b>
<b>Years of assessment</b>	
2025	38,271
2026	70,125
	108,396

## 19. BORROWINGS

	<b>Group</b>	
	<b>2019 RM'000</b>	<b>2018 RM'000</b>
<b>Current</b>		
<b><u>Secured</u></b>		
Finance lease liabilities	5,454	6,124
Floating rate bank loan	1,131	1,056
Trade financing	10,390	3,001
<b><u>Unsecured</u></b>		
Bank overdrafts	15,883	13,573
Trade financing	73,261	107,395
	106,119	131,149
<b>Non-current</b>		
<b><u>Secured</u></b>		
Finance lease liabilities	4,913	10,583
Floating rate bank loan	8,430	-
	13,343	10,583
<b>Total borrowings</b>	119,462	141,732

# NOTES TO THE FINANCIAL STATEMENTS

(Continued)

## 19. BORROWINGS (CONTINUED)

### 19.1 Finance lease liabilities

	Group	
	2019	2018
	RM'000	RM'000
Minimum lease payment:		
Within one year	5,887	6,914
Later than one year but not later than five years	5,082	11,191
	10,969	18,105
Future interest charge	(602)	(1,398)
	10,367	16,707
Represented by:		
<b>Current</b>		
On demand and within one year	5,454	6,124
<b>Non-current</b>		
Later than one year but not later than five years	4,913	10,583
	10,367	16,707

The effective interest rate ranges from 4.53% to 6.80% (2018: 4.53% to 7.03%) per annum. Interest rates are fixed at the inception of the finance lease arrangements.

The finance lease liabilities are effectively secured on the rights of the assets under finance lease.

### 19.2 Borrowings

The remaining maturities of the borrowings (excluding finance lease liabilities) as at 31 August 2019 are as follows:

	Group	
	2019	2018
	RM'000	RM'000
On demand and within one year	100,665	125,025
Later than one year but not later than two years	1,246	-
Later than two years but not later than five years	4,429	-
More than 5 years	2,755	-
	109,095	125,025

During the financial year, one of the subsidiaries secured a term loan of RM10,000,000 which bear interest at 7.60% per annum, repayable by monthly instalments of RM153,877 and repaid in arrears over 7 years commencing from first day of the month following the month of full drawdown of the loan. On 15 May 2019, the interest rate had reduced by 25 basis points and monthly instalment had revised to RM 152,983.

# NOTES TO THE FINANCIAL STATEMENTS

(Continued)

## 19. BORROWINGS (CONTINUED)

### 19.2 Borrowings (Continued)

In previous financial year, floating rate bank loan of a subsidiary of RM1,055,832 bear interest at 5.5% per annum and is repayable by monthly instalments of RM140,000 and interest shall be calculated monthly and repaid in arrears over 5 years commencing from first day of the month following the month of full drawdown of the loan or the expiry of the availability period, whichever is earlier, has been fully settled.

The borrowings of the Group are secured by:

- (i) Legal charges over the freehold, leasehold land and building of a subsidiary as mentioned in Note 5; and
- (ii) Corporate guarantee by the Company.

Effective interest rates per annum:

	Group	
	2019	2018
	%	%
Floating rate bank loan	7.35 to 7.60	5.50
Bank overdrafts	6.70 to 8.10	7.30 to 8.00
Trade financing	4.00 to 8.35	4.22 to 8.50

## 20. REVENUE

	Group		Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
<b>Revenue from contract customers:</b>				
Construction contracts	293,455	397,800	-	-
Sale of goods	86,702	108,454	-	-
Services rendered	7,900	6,188	-	-
	388,057	512,442	-	-
<b>Revenue from other sources:</b>				
Dividend income				
Subsidiaries	-	-	-	12,000
Associates	-	-	-	1,500
Others	332	175	44	45
	332	175	44	13,545
<b>Total revenue</b>	388,389	512,617	44	13,545

# NOTES TO THE FINANCIAL STATEMENTS

(Continued)

## 20. REVENUE (CONTINUED)

Disaggregation of revenue

The Group report the following major segments: civil engineering and construction contracts, oil and gas, manufacturing and investment in accordance with MFRS 8 Operating Segments.

	Construction contracts RM'000	Sale of goods RM'000	Services rendered RM'000	Others RM'000
<b>2019</b>				
<b>Goods and services</b>				
Civil engineering and construction contracts	235,512	-	-	-
Oil and gas	57,943	22,937	3,509	-
Manufacturing	-	55,837	-	-
Investment	-	-	-	12
Others	-	7,928	4,391	320
	293,455	86,702	7,900	332
<b>Time of revenue recognition:</b>				
At point in time	-	86,702	7,900	332
Over time	293,455	-	-	-
	293,455	86,702	7,900	332

As of 31 August 2019, the aggregate amount of the transaction price allocated to the remaining performance obligation is RM797,727,658.

In accordance with the transitional provisions in paragraph D34 of MFRS 1, the Group have applied the practical expedient in paragraph C5(d) of MFRS 15 and, for all reporting periods presented before the beginning of the first MFRS reporting period, do not disclosed the amount of the transaction price allocated to the remaining performance obligations.

## 21. COST OF SALES

	Group	
	2019 RM'000	2018 RM'000
Construction costs	325,878	402,819
Cost of goods sold	69,578	86,305
Services rendered	9,211	7,140
	404,667	496,264



# NOTES TO THE FINANCIAL STATEMENTS

(Continued)

## 22. FINANCE COSTS

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Interest expense on:				
Finance lease liabilities	778	1,263	-	2
Trade financing	6,209	6,615	-	-
Floating rate bank loan	343	98	-	-
Bank overdrafts	1,338	1,315	-	-
Loan from a subsidiary	-	-	328	-
	8,668	9,291	328	2

## 23. LOSS BEFORE TAXATION

Loss before taxation has been arrived at:

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
This is stated after charging:				
Auditors' remuneration				
current year	235	226	43	43
under/(over) provision in prior year	29	(11)	27	(10)
Bad debts written off	-	303	-	-
Deposit written off	104	-	-	-
Depreciation of property, plant and equipment	11,503	12,602	188	204
Directors' emoluments	1,349	3,219	807	939
Directors' fees	278	489	278	465
Impairment loss on contract assets	80	-	-	-
Impairment loss on goodwill	2,900	25,124	-	-
Impairment loss on investment in associates	1,330	-	1,755	1,223
Impairment loss on investment in subsidiaries	-	-	30,278	57,583
Impairment loss on receivables	3,652	4,033	7,942	12,042
Loss on disposal of plant and equipment	-	-	-	23
Loss on foreign exchange				
unrealised	-	13	-	-
Net fair value loss on derivatives	3	-	-	-
Plant and equipment write off	83	70	-	-
Rental of heavy machineries	16,086	16,459	-	-
Rental of land	1,850	1,695	-	-
Rental of motor vehicles	87	382	-	-
Rental of office equipment	165	207	-	-
Rental of premises	1,118	1,007	51	49
Rental of store	34	63	-	-
Rental of others	310	168	-	-
Staff costs (excluding directors)	42,786	67,374	2,203	2,271

# NOTES TO THE FINANCIAL STATEMENTS

(Continued)

## 23. LOSS BEFORE TAXATION (CONTINUED)

Loss before taxation has been arrived at: (Continued)

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
And crediting:				
Gain on disposal of plant and equipment	759	3	-	-
Gain on disposal of a subsidiary	-	8,698	-	13,644
Gain on foreign exchange				
realised	256	81	-	-
unrealised	10	-	-	-
Interest income				
subsidiary companies	-	-	5,112	3,276
others	780	1,531	514	1,188
Net fair value gain on derivatives	-	21	-	-
Profit guarantee compensation	-	12,000	-	12,000
Rental income from				
factory/office	-	56	-	-
others	7	16	-	-
Reversal of impairment loss on receivables	139	61	-	-
Reversal of provision of liabilities	-	24	-	-
<b>Staff costs (excluding directors)</b>				
Salaries and wages	35,044	47,019	1,857	1,976
Contributions to defined contribution plans	3,783	5,112	220	239
Social security contribution	327	429	12	13
Other benefits	3,632	14,814	114	43
	<b>42,786</b>	<b>67,374</b>	<b>2,203</b>	<b>2,271</b>

# NOTES TO THE FINANCIAL STATEMENTS

(Continued)

## 24. DIRECTORS' REMUNERATION

The details of remuneration receivable by directors of the Group and of the Company during the financial year are as follows:

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Executive:				
Salaries and other emoluments	1,182	2,852	695	827
Defined contribution plans	136	313	81	58
<b>Total Executive Directors' remuneration</b>	<b>1,318</b>	<b>3,165</b>	<b>776</b>	<b>885</b>
Non-Executive:				
Fees	278	489	278	465
Other emoluments	31	54	31	54
<b>Total Non-Executive Directors' remuneration</b>	<b>309</b>	<b>543</b>	<b>309</b>	<b>519</b>
<b>Total Directors' remuneration</b>	<b>1,627</b>	<b>3,708</b>	<b>1,085</b>	<b>1,404</b>

The estimated monetary value of benefits-in-kind received by the Directors otherwise than in cash from the Group and the Company amounted to RM4,200 (2018: RM49,600) and RM4,200 (2018: RM43,000) respectively.

## 25. TAXATION

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Malaysian income tax expense:				
current year	824	2,353	334	830
under/(over) provision in prior years	35	(191)	-	129
	<b>859</b>	<b>2,162</b>	<b>334</b>	<b>959</b>
Deferred taxation (Note 18):				
current year	10	(276)	-	-
over provision in prior years	(150)	(1,069)	(17)	-
	<b>(140)</b>	<b>(1,345)</b>	<b>(17)</b>	<b>-</b>
Real property gain tax:				
over provision in prior year	-	(4)	-	-
	<b>-</b>	<b>(4)</b>	<b>-</b>	<b>-</b>
<b>Income tax expense recognised in profit or loss</b>	<b>719</b>	<b>813</b>	<b>317</b>	<b>959</b>

# NOTES TO THE FINANCIAL STATEMENTS

(Continued)

## 25. TAXATION (CONTINUED)

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

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Loss before taxation	(95,174)	(89,181)	(39,669)	(33,122)
Tax at applicable tax rate of 24%	(22,842)	(21,403)	(9,521)	(7,949)
Tax effects arising from:				
Crystallisation of deferred tax liabilities arising from revaluation	(74)	(75)	-	-
Deferred tax assets not recognised	19,440	15,096	-	-
Effects of tax incentive reinvestment allowances	-	(189)	-	-
Non-deductible expenses	4,148	9,554	9,855	18,174
Non-taxable income	(703)	(4,938)	-	(9,395)
Share of results in associates	865	4,032	-	-
Under/(Over) provision in prior years				
income tax expense	35	(191)	-	129
deferred tax	(150)	(1,069)	(17)	-
real property gain tax	-	(4)	-	-
Tax expense for the financial year	719	813	317	959

## 26. LOSS PER SHARE

### Basic Loss Per Share

Basic loss per share is calculated by dividing the net loss for the financial year attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year:

	Group	
	2019 RM'000	2018 RM'000
<b>Basic</b>		
Loss attributable to owners of the Company	(96,170)	(89,607)
Weighted average number of ordinary shares for basic loss per share (units)	465,165	465,165
Basic loss per ordinary share (sen)	(20.67)	(19.26)

# NOTES TO THE FINANCIAL STATEMENTS

(Continued)

## 26. LOSS PER SHARE (CONTINUED)

### Diluted Loss Per Share

Diluted loss per share is calculated by dividing the loss for the financial year attributable to owners of the Company by the weighted average number of shares outstanding during the financial year plus outstanding warrants assumed converted to ordinary shares at no consideration.

	Group	
	2019	2018
	RM'000	RM'000
<b>Diluted</b>		
Loss attributable to owners of the Company	(96,170)	(89,607)
Weighted average number of ordinary shares for basic loss per share (units)	465,165	465,165
Effect from dilution from Warrants	-	61,092
	465,165	526,257
Diluted loss per ordinary share (sen)*	(20.67)	(19.26)

\* Diluted loss per share is the same with basic loss per ordinary share as the effect is anti-dilutive.

## 27. RELATED PARTIES

### 27.1 Identification 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 operational decisions, or vice versa, or where the Group and the party are subject to common control. Related parties may be individuals or other entities.

Related parties of the Group include:

- (i) subsidiaries;
- (ii) associates;
- (iii) joint operations;
- (iv) related companies in which directors have substantial financial interest; and
- (v) key management personnel of the Group's, comprise persons (including directors) having the authority and responsibility for planning, directing and controlling the activities directly or indirectly.

# NOTES TO THE FINANCIAL STATEMENTS

(Continued)

## 27. RELATED PARTIES (CONTINUED)

### 27.2 Significant related party transactions

The significant related party transactions of the Group and of the Company are as follows:

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
<b>Associates</b>				
Purchases	(1)	-	-	-
Dividend income	-	-	-	1,500
Interest income	-	51	-	51
Management fees	12	12	12	12
Proceed from disposal of plant and equipment	32	-	-	-
<b>Company in which certain directors have substantial interests</b>				
Sales	-	10	-	-
Purchases	-	(9)	-	-
Rental income	-	15	-	-
Rental expenses	(639)	(725)	(51)	(30)
<b>Subsidiaries</b>				
Management fees	-	-	32	33
Interest income	-	-	5,112	3,276
Dividend income	-	-	-	12,000
Interest expenses	-	-	(328)	-

The management fees were charged based on recovery of costs incurred on behalf of the subsidiaries and associates.

### 27.3 Compensation of key management personnel

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Short-term employee benefits	4,750	6,778	1,736	1,934
Post-employment employee benefits	518	709	166	123
	5,268	7,487	1,902	2,057

# NOTES TO THE FINANCIAL STATEMENTS

(Continued)

## 28. FINANCIAL INSTRUMENTS

### 28.1 Categories of financial instruments

The following table analyses the financial instruments in the statements of financial position by the classes of financial instruments to which they are assigned:

From 1 September 2018

- (i) Amortised cost
- (ii) Fair value through profit or loss ("FVTPL")

	<b>Carrying Amount RM'000</b>	<b>Amortised Cost RM'000</b>
<b>At 31 August 2019</b>		
<b>Group</b>		
<b>Financial assets</b>		
Trade and other receivables*	157,475	157,475
Contract assets	69,111	69,111
Short term deposits, cash and bank balances	42,282	42,282
	268,868	268,868
<b>Financial liabilities</b>		
Trade and other payables	121,993	121,993
Borrowings	119,462	119,462
	241,455	241,455
<b>Company</b>		
<b>Financial assets</b>		
Trade and other receivables	73,943	73,943
Short term deposits, cash and bank balances	17,647	17,647
	91,590	91,590
<b>Financial liabilities</b>		
Trade and other payables	11,514	11,514

# NOTES TO THE FINANCIAL STATEMENTS

(Continued)

## 28. FINANCIAL INSTRUMENTS (CONTINUED)

### 28.1 Categories of financial instruments (Continued)

The following table analyses the financial instruments in the statements of financial position by the classes of financial instruments to which they are assigned: (Continued)

On or before 31 August 2018

- (i) Loans and receivables (“L&R”)
- (ii) Fair value through profit or loss (“FVTPL”)
- (iii) Other financial liabilities (“FL”)

	<b>Carrying Amount RM'000</b>	<b>L&amp;R/ FL RM'000</b>	<b>FVTPL RM'000</b>
<b>At 31 August 2018</b>			
<b>Group</b>			
<b>Financial assets</b>			
Trade and other receivables*	143,447	143,447	-
Amount due from contract customers	152,523	152,523	-
Derivative financial assets	3	-	3
Short term deposits, cash and bank balances	66,623	66,623	-
	<b>362,596</b>	<b>362,593</b>	<b>3</b>
<b>Financial liabilities</b>			
Trade and other payables	127,437	127,437	-
Borrowings	141,732	141,732	-
	<b>269,169</b>	<b>269,169</b>	<b>-</b>
<b>Company</b>			
<b>Financial assets</b>			
Trade and other receivables	67,960	67,960	-
Short term deposits, cash and bank balances	42,455	42,455	-
	<b>110,415</b>	<b>110,415</b>	<b>-</b>
<b>Financial liabilities</b>			
Trade and other payables	2,082	2,082	-

\* GST excluded.



# NOTES TO THE FINANCIAL STATEMENTS

(Continued)

## 28. FINANCIAL INSTRUMENTS (CONTINUED)

### 28.2 Financial risk management

The Group's and the Company's activities are exposed to a variety of financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, foreign currency risk and interest rate risk. The Group's and the Company's overall financial risk management objective is to optimise value for their shareholders. The Group use derivative financial instruments, such as, foreign exchange contracts to hedge certain exposures. The Group and the Company do not trade in financial instruments.

The Board of Directors reviews and agrees to policies and procedures for the management of these risks, which are executed by the Group's senior management. The audit committee provides independent oversight to the effectiveness of the risk management process.

#### (i) Credit risk

Credit risk is the risk of financial loss to the Group that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments. The Group has a credit policy in place and the exposure to credit risk is managed through the application of credit approvals, credit limits and monitoring procedures. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment.

#### Trade receivables and contract assets

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

The carrying amount of trade receivables and contract assets are not secured by any collateral or supported by any other credit enhancements. In determining the recoverability of these receivables, the Group consider any change in the credit quality of the receivables from the date the credit was initially granted up to the reporting date. The Group has adopted a policy of dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults.

# NOTES TO THE FINANCIAL STATEMENTS

(Continued)

## 28. FINANCIAL INSTRUMENTS (CONTINUED)

### 28.2 Financial risk management (Continued)

#### (i) Credit risk (Continued)

##### Trade receivables and contract assets (Continued)

##### Credit risk concentration profile

The Group determine the credit risk concentration of its trade receivables and contract assets by industry sector profile on an ongoing basis. The credit risk concentration profile of the Group's trade receivables and contract assets at the reporting date are as follows:

	2019		Group		2018	
	RM'000	%	RM'000	%	RM'000	%
<b>Trade receivables</b>						
Civil engineering and construction	76,315	54%	68,913	60%	68,913	60%
Oil and gas	45,051	32%	26,005	23%	26,005	23%
Manufacturing	15,772	11%	18,962	16%	18,962	16%
Others	4,869	3%	896	1%	896	1%
	142,007	100%	114,776	100%	114,776	100%
<b>Contract assets</b>						
Civil engineering and construction	62,218	90%	125,853	83%	125,853	83%
Oil and gas	6,893	10%	26,670	17%	26,670	17%
	69,111	100%	152,523	100%	152,523	100%

The Group apply the simplified approach to providing for impairment losses prescribed by MFRS 9, which permits the use of the lifetime expected credit loss provision for all trade receivables and contract assets. To measure the impairment losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The impairment losses also incorporate forward looking information.

For construction contracts, as there are only a few customers, the Group assessed the risk of loss of each customer individually based on their financial information, past trend of payments and external credit ratings, where applicable.

# NOTES TO THE FINANCIAL STATEMENTS

(Continued)

## 28. FINANCIAL INSTRUMENTS (CONTINUED)

### 28.2 Financial risk management (Continued)

#### (i) Credit risk (Continued)

##### Trade receivables and contract assets (Continued)

The ageing analysis of the Group's trade receivables was as follows:

	Group	
	2019	2018
	RM'000	RM'000
Neither past due nor impaired	94,435	77,264
1 - 30 days past due not impaired	8,655	23,373
31 - 60 days past due not impaired	3,786	2,997
61 - 90 days past due not impaired	4,058	1,312
More than 90 days past due not impaired	31,073	9,830
	47,572	37,512
Impaired		
Individually	245	97
Collectively	27	-
<b>As at 31 August</b>	<b>142,279</b>	<b>114,873</b>

##### Other receivables and other financial assets

For other receivables and other financial assets (including investment securities, cash and cash equivalents and derivatives), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties. At the reporting date, the Group's and the Company's maximum exposure to credit risk arising from other receivables and other financial assets is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

# NOTES TO THE FINANCIAL STATEMENTS

(Continued)

## 28. FINANCIAL INSTRUMENTS (CONTINUED)

### 28.2 Financial risk management (Continued)

#### (i) Credit risk (Continued)

The Group and the Company consider the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the Group and the Company compare the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forward-looking information.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 30 days past due in making a contractual payment.

Some intercompany loans between entities within the Group are repayable on demand. For loans that are repayable on demand, impairment losses are assessed based on the assumption that repayment of the loan is demanded at the reporting date. If the borrower does not have sufficient highly liquid resources when the loan is demanded, the Group and the Company will consider the expected manner of recovery and recovery period of the intercompany loan.

Other than the credit-impaired other receivables, the Group and the Company consider these financial assets to have low credit risk. As at the reporting date, the Group and the Company had recognised loss allowance for impairment for other receivables as disclosed in Note 10 to the financial statements.

Refer to Note 3.11 for the Group's and the Company's other accounting policies for impairment of financial assets.

#### (ii) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations when they fall due. The Group's and the Company's exposure to liquidity risk arise primarily from mismatches of the maturities between financial assets and liabilities. The Group's and the Company's exposure to liquidity risk arise principally from trade and other payables, loans and borrowings.

# NOTES TO THE FINANCIAL STATEMENTS

(Continued)

## 28. FINANCIAL INSTRUMENTS (CONTINUED)

### 28.2 Financial risk management (Continued)

#### (ii) Liquidity risk (Continued)

##### Maturity analysis

The maturity analysis of the Group's and the Company's financial liabilities by their relevant maturity at the reporting date are based on contractual undiscounted repayment obligation as follows:

	Carrying amount RM'000	Contractual cashflows RM'000	On demand or less than 1 year RM'000	More than 1 year but not later than 5 years RM'000	More than 5 years RM'000
<b>Group</b>					
<b>At 31 August 2019</b>					
Trade and other payables	121,993	121,993	121,993	-	-
Finance lease liabilities	10,367	10,969	5,887	5,082	-
Floating rate bank loan	9,561	12,086	1,836	7,343	2,907
Short term borrowings	99,534	100,521	100,521	-	-
Financial guarantee	-	904	904	-	-
	241,455	246,473	231,141	12,425	2,907
<b>At 31 August 2018</b>					
Trade and other payables	127,437	127,437	127,437	-	-
Finance lease liabilities	16,707	18,105	6,914	11,191	-
Floating rate bank loan	1,056	1,078	1,078	-	-
Short term borrowings	123,969	132,006	132,006	-	-
Financial guarantee	-	2,038	2,038	-	-
	269,169	280,664	269,473	11,191	-
<b>Company</b>					
<b>At 31 August 2019</b>					
Trade and other payables	11,514	14,040	3,790	7,343	2,907
Financial guarantee	-	147,637	147,637	-	-
	11,514	161,677	151,427	7,343	2,907
<b>At 31 August 2018</b>					
Trade and other payables	2,082	2,082	2,082	-	-
Financial guarantee	-	143,135	143,135	-	-
	2,082	145,217	145,217	-	-

# NOTES TO THE FINANCIAL STATEMENTS

(Continued)

## 28. FINANCIAL INSTRUMENTS (CONTINUED)

### 28.2 Financial risk management (Continued)

#### (iii) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk rates relates primarily to the Group's operating activities (when sales and purchases that are denominated in foreign currency).

Based on carrying amounts as at the end of the financial year, the material foreign currency denominated financial assets and liabilities which expose the Group to currency risk are disclosed below:

	United States Dollar RM'000	Euro RM'000	New Taiwan Dollar RM'000
<b>At 31 August 2019</b>			
Trade receivables	4	-	-
Cash and bank balances	166	-	-
Trade payables	(2,265)	(31)	(15)
Net exposure	(2,095)	(31)	(15)
<hr/>			
	United States Dollar RM'000	New Taiwan Dollar RM'000	Japanese Yen RM'000
<b>At 31 August 2018</b>			
Trade receivables	43	-	-
Cash and bank balances	803	-	-
Trade payables	(3,750)	(33)	(9)
Net exposure	(2,904)	(33)	(9)

# NOTES TO THE FINANCIAL STATEMENTS

(Continued)

## 28. FINANCIAL INSTRUMENTS (CONTINUED)

### 28.2 Financial risk management (Continued)

#### (iii) Foreign currency risk (Continued)

##### Sensitivity analysis for foreign currency risk

The following demonstrates the sensitivity of the Group's loss after tax to a reasonably possible change in the United States Dollar, New Taiwan Dollar and Euro against the Ringgit Malaysia, with all other variables held constant.

		2019 RM'000	2018 RM'000
United States Dollar/RM	- strengthened 5%	(105)	(145)
	- weakened 5%	105	145
<hr/>			
New Taiwan Dollar/RM	- strengthened 5%	-	(2)
	- weakened 5%	-	2
<hr/>			
Euro/RM	- strengthened 5%	(2)	-
	- weakened 5%	2	-
<hr/>			

#### (iv) Interest rate risk

Interest rate risk arises on interest-bearing financial instruments recognised in the statement of financial position. It will affect the Group's income or the value of its holdings of financial instruments.

The Group's exposures to interest rate risk for changes in interest rates mainly arise from its short term borrowings and term loans with floating interest rate. Interest rate risk is managed by the Group on an on-going basis with the primary objective of limiting the extent to which net interest expense could be affected by an adverse movement in interest rates.

##### Sensitivity analysis for interest rate risk

At the end of the financial year, if interest rates had been 25 basis points lower/higher, with all other variables held constant, the Group's loss after tax would have been RM272,737 (2018: RM312,563) lower/higher, arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings.

#### (v) Fair value measurement

The carrying amounts of the current portion of borrowings are reasonable approximations of fair values due to the insignificant impact of discounting.

The carrying amounts of cash and cash equivalents, receivables, payables and short term borrowings are reasonable approximation of fair values due to the relatively short term nature of these financial instruments.

There has been no transfer between Level 1 and Level 2 during the financial year (2018: no transfer in either direction).

# NOTES TO THE FINANCIAL STATEMENTS

(Continued)

## 28. FINANCIAL INSTRUMENTS (CONTINUED)

### 28.2 Financial risk management (Continued)

#### (v) Fair value measurement (Continued)

Other than those carrying amounts with reasonable approximation of fair value, the fair value of other financial assets and liabilities together with the carrying amount shown in the statements of financial position are as follows:

Group	2019		2018	
	Carrying Amount RM'000	Fair Value RM'000	Carrying Amount RM'000	Fair Value RM'000
Derivative financial assets	-	-	3	3
Finance lease liabilities	10,367	9,900	16,707	16,094

The fair values of finance lease liabilities are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending, borrowing or leasing arrangements at the reporting date.

The Group classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair value of derivative financial asset of the Group is categorised as Level 1.

The fair value of finance lease liabilities of the Group is categorised as Level 2.

## 29. CAPITAL MANAGEMENT

The primary objective of the Group's and of the Company's capital management is to ensure that they maintain a strong credit rating and healthy capital ratio in order to support their business and maximise shareholder value. The Group and the Company manage their capital structure and make adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group and the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies and processes during the financial year ended 31 August 2019 and 31 August 2018.



# NOTES TO THE FINANCIAL STATEMENTS

(Continued)

## 29. CAPITAL MANAGEMENT (CONTINUED)

The debt-to-equity ratios at 31 August 2019 and 31 August 2018 are as follows:

	Group	
	2019 RM'000	2018 RM'000
Total loans and borrowings	119,462	141,732
Less : Cash and bank balances	(42,282)	(66,623)
Net debt	77,180	75,109
Total equity	139,218	235,977
Debt-to-equity ratio	0.55	0.32

## 30. SEGMENTAL REPORTING

The Group prepared the following segment information in accordance with MFRS 8 Operating Segments based on the internal reports of the Group's strategic business units which are regularly reviewed by the Group's Chief Executive Officer for the purpose of making decisions about resource allocation and performance assessment.

The four reportable operating segments are as follows:

<u>Segments</u>	<u>Products and services</u>
Civil engineering and construction contracts	Securing and carrying out construction contracts
Oil and gas	Contractor, sub-contractor, carry on fabrication & assembly and testing works, trading and after service of products for oil and gas industries
Manufacturing	Manufacturing of steel products
Investment	Investment holding

Other non-reportable segments comprise mining and power generation business which are below the quantitative thresholds for determining operating segments.

The inter-segment transactions have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

### Segment profit

Segment performance is used to measure performance as the Group's Chief Executive Officer believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Performance is evaluated based on operating profit or loss which is measured differently from operating profit or loss in the consolidated financial statements.

### Segment assets and liabilities

The total of segment assets and liabilities is measured based on all assets and liabilities (excluding investment in associates) of a segment, as included in the internal reports that are reviewed by the Group's Chief Executive Officer.

# NOTES TO THE FINANCIAL STATEMENTS

(Continued)

## 30. SEGMENTAL REPORTING (CONTINUED)

### 30.1 Operating Segment

The following table provides an analysis of the Group's revenue, results, assets, liabilities and other segment information by business segments:

2019	Note	Civil engineering and construction RM'000	Oil & gas RM'000	Manufacturing RM'000	Investment RM'000	Others RM'000	Adjustments and elimination RM'000	Consolidation RM'000
<b>Revenue</b>								
External sales		235,512	84,389	55,837	12	12,639	-	388,389
Inter-segment sales	<b>A</b>	6,183	448	-	32	6	(6,669)	-
<b>Total</b>		<b>241,695</b>	<b>84,837</b>	<b>55,837</b>	<b>44</b>	<b>12,645</b>	<b>(6,669)</b>	<b>388,389</b>
<b>Results</b>								
Interest income		2,110	146	415	5,626	1	(7,518)	780
Interest expenses		(10,000)	(2,674)	(1,778)	(328)	(1,406)	7,518	(8,668)
Depreciation of property, plant and equipment		(2,961)	(3,717)	(1,389)	(188)	(3,248)	-	(11,503)
Impairment loss on contract assets		-	(80)	-	-	-	-	(80)
Impairment loss on goodwill		-	-	-	-	-	(2,900)	(2,900)
Impairment loss on investment in associate		-	-	-	(1,755)	-	425	(1,330)
Impairment loss on investment in subsidiaries		-	-	-	(30,278)	-	30,278	-
Impairment loss on receivables		-	(62)	-	(7,942)	(23)	4,375	(3,652)
Gain on disposal of property, plant and equipment		171	125	40	-	428	(5)	759
Plant and equipment written off		-	(79)	-	-	(4)	-	(83)
Rental income		-	-	7	-	96	(96)	7
Reversal of impairment loss of receivables		-	-	137	-	2	-	139
Unrealised gain on foreign exchange		-	1	9	-	-	-	10
Share of result of associates		-	-	-	-	-	(3,602)	(3,602)
<b>Results of segment (loss)/profit</b>	<b>B</b>	<b>(76,083)</b>	<b>(3,015)</b>	<b>808</b>	<b>(39,669)</b>	<b>(3,720)</b>	<b>26,505</b>	<b>(95,174)</b>
Taxation		52	-	(289)	(317)	(165)	-	(719)
<b>(Loss)/Profit for the financial year</b>	<b>B</b>	<b>(76,031)</b>	<b>(3,015)</b>	<b>519</b>	<b>(39,986)</b>	<b>(3,885)</b>	<b>26,505</b>	<b>(95,893)</b>
<b>Other information</b>								
Segment assets	<b>C</b>	261,333	99,256	96,367	177,328	20,539	(254,367)	400,456
Investment in associates		-	-	-	5,099	-	6,254	11,353
Segment liabilities	<b>D</b>	280,746	87,499	42,487	11,514	22,888	(172,543)	272,591
Capital expenditure		218	633	211	9	35	-	1,106

# NOTES TO THE FINANCIAL STATEMENTS

(Continued)

## 30. SEGMENTAL REPORTING (CONTINUED)

### 30.1 Operating Segment (Continued)

The following table provides an analysis of the Group's revenue, results, assets, liabilities and other segment information by business segments: (Continued)

2018	Note	Civil engineering and construction RM'000	Oil & gas RM'000	Manufacturing RM'000	Investment RM'000	Others RM'000	Adjustments and elimination RM'000	Consolidation RM'000
<b>Revenue</b>								
External sales	A	281,049	145,042	64,241	12	22,273	-	512,617
Inter-segment sales		-	1,008	-	13,533	4,964	(19,505)	-
<b>Total</b>		281,049	146,050	64,241	13,545	27,237	(19,505)	512,617
<b>Results</b>								
Interest income		2,184	175	92	4,464	87	(5,471)	1,531
Interest expenses		(8,980)	(2,901)	(1,280)	(2)	(1,599)	5,471	(9,291)
Bad debts written off		-	(303)	-	-	-	-	(303)
Depreciation of property, plant and equipment		(3,258)	(4,344)	(1,380)	(204)	(3,416)	-	(12,602)
Impairment loss on goodwill		-	-	-	-	-	(25,124)	(25,124)
Impairment loss on investment in associate		-	-	-	(1,223)	-	1,223	-
Impairment loss on investment in subsidiaries		-	-	-	(57,583)	-	57,583	-
Impairment loss on receivables		-	-	-	(12,042)	(33)	8,042	(4,033)
Gain/(Loss) on disposal of plant and equipment		26	-	-	(23)	-	-	3
Plant and equipment written off		-	(24)	-	-	(46)	-	(70)
Fair value gain on financial assets and financial liabilities		25	-	-	-	-	-	25
Unrealised (loss)/gain on foreign exchange		-	(22)	9	-	-	-	(13)
Rental income		-	-	13	-	190	(131)	72
Reversal of impairment loss of receivables		-	5	-	-	56	-	61
Reversal of provision for liabilities		-	24	-	-	-	-	24
Share of result of associates		-	-	-	-	-	(16,802)	(16,802)
<b>Results of segment (loss)/profit</b>	<b>B</b>	(22,330)	(41,122)	5,904	(33,122)	(4,800)	6,289	(89,181)
Taxation		(120)	1,627	(1,374)	(959)	(200)	213	(813)
<b>(Loss)/Profit for the financial year</b>	<b>B</b>	(22,450)	(39,495)	4,530	(34,081)	(5,000)	6,502	(89,994)
<b>Other information</b>								
Segment assets	<b>C</b>	337,374	92,631	88,376	208,644	22,662	(240,748)	508,939
Investment in associates		-	-	-	4,354	-	9,431	13,785
Segment liabilities	<b>D</b>	280,756	95,859	34,149	2,099	21,126	(147,242)	286,747
Capital expenditure		235	876	1,616	236	871	-	3,834

# NOTES TO THE FINANCIAL STATEMENTS

(Continued)

## 30. SEGMENTAL REPORTING (CONTINUED)

### 30.1 Operating Segment (Continued)

Reconciliation of reportable segment revenue, profit or loss, assets and liabilities are as follows:

#### A. Inter-segment revenue

Inter-segment revenue is eliminated on consolidation.

#### B. Reconciliation of profit or loss

	2019 RM'000	2018 RM'000
Share of results of associates	(3,602)	(16,802)
Dividend income from associates	-	(1,500)
Elimination of inter-segment transactions	30,107	24,591
	26,505	6,289
Add: Taxation	-	213
	26,505	6,502

#### C. Reconciliation of assets

	2019 RM'000	2018 RM'000
Investment in subsidiaries	(127,575)	(139,853)
Goodwill on consolidation	13,000	15,900
Inter-segment assets	(139,792)	(116,795)
	(254,367)	(240,748)

#### D. Reconciliation of liabilities

	2019 RM'000	2018 RM'000
Inter-segment liabilities	(172,543)	(147,242)

### 30.2 Information about major customer

For civil engineering and construction segment, revenue from 2 (2018: 2) customers represented approximately RM156,377,049 (2018: RM211,533,550) for the Group's total revenue.

For oil and gas segment, revenue from nil (2018: 1) customer represented approximately RM nil (2018: RM63,358,534) for the Group's total revenue.

### 30.3 Geographical information

The Group operates predominantly in Malaysia and hence, no geographical segment is presented.

# NOTES TO THE FINANCIAL STATEMENTS

(Continued)

## 31. SIGNIFICANT AND EVENTS SUBSEQUENT TO YEAR END

- (i) On 18 October 2019, the Company successfully placed out and listed 46,500,000 Placement Shares at RM0.22 per Placement Share raising gross proceeds of RM10,230,000. The net proceeds raised from the Private Placement after deducting the expenses for the Private Placement is to be used for the working capital of the Group within the next 12 months from the date of listing of the Placement Shares.
- (ii) On 18 November 2019, the Board of Directors proposed to undertake a renounceable rights issue of irredeemable convertible preference shares ("ICPS") in WZ Satu Berhad ("WZ Satu") together with free detachable warrants in WZ Satu ("Warrant B") to raise minimum gross proceeds of about RM30,000,000 and maximum gross proceeds of up to about RM72,349,000 ("Proposed Rights Issue of ICPS with Warrants").

In conjunction with the Proposed Rights Issue of ICPS with Warrants, the Company proposes to amend the Constitution of the Company to facilitate the creation of the ICPS pursuant to the Proposed Rights Issue of ICPS with Warrants.

The Proposed Rights Issue of ICPS with Warrants is conditional upon approvals being obtained from Bursa Malaysia Securities Berhad, the shareholders of WZ Satu at an Extraordinary General Meeting to be convened and any other relevant authorities and/or parties, if required.

## 32. GUARANTEE

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Guarantee given to financial institution in respect of credit facilities granted to subsidiaries	-	-	426,038	522,363
Amount of banking facilities utilised by subsidiaries as at the end of financial year	-	-	146,733	141,097
Guarantee given to financial institution in respect of credit facilities granted to associate	4,855	4,992	4,855	4,992
Amount of banking facilities utilised by associate as at the end of financial year	904	2,038	904	2,038

# NOTES TO THE FINANCIAL STATEMENTS

(Continued)

## 33. CAPITAL AND OTHER COMMITMENTS

### 33.1 Capital commitments

The Group has made commitments for the following capital expenditure:

	Group	
	2019 RM'000	2018 RM'000
Contracted and not provided for	176	758
Authorised and not contracted for	-	5,517
	176	6,275

### 33.2 Operating lease commitment - as lessee

The Group leases a number of site office and equipment under operating leases for average lease term between five to ten years, with option to renew the lease at the end of the lease term.

Future minimum rental payable under the non-cancellable operating lease at the reporting date is as follows:

	Group	
	2019 RM'000	2018 RM'000
Not later than one year	1,658	2,435
More than one year but not later than five years	4,785	5,442
More than five years	-	659
	6,443	8,536

## 34. MATERIAL LITIGATION

Save as disclosed below, neither the Group and the Company are engaged in any material litigation, claims or arbitration either as plaintiff or defendant, which has a material effect on the business or financial position of the Group, and the Board of Directors has no knowledge of any proceedings pending or threatened against the Group or of any fact likely to give rise to any proceedings which might materially and adversely affect the business or financial position of the Group.

A Writ of Summon and Amended Statement of Claim was filed in High Court of Shah Alam by Dato' Ir. William Tan Chee Keong and Mr. Choi Chee Ken ("the Plaintiffs") against WZ Satu Berhad ("the Defendant").

The Plaintiffs claim against the Defendant for breaching the Share Sales Agreement ("SSA") in relation of the acquisition WZS BinaRaya Sdn Bhd ("BinaRaya") to conduct a special audit in order to verify the final aggregate financial result of the BinaRaya for the Guarantee Period. Consequently, the Plaintiffs are seeking for RM34,084,500 representing the continuing loss of value of Security Shares, Bonus Shares and Warrants from 24 October 2019 until the date of the Order (if any), alternatively, the damages to be assessed by the Court; interest at the rate of 5% per annum, costs of the action to be paid to the Plaintiffs and such other relief as determined by the Court.

The directors are of the opinion that provisions are not required in respect of these matters, as it is not probable that future sacrifice of economic benefits will be required or the amount is not capable of reliable measurement. Based on legal advice, the directors do not expect the outcome of the action to have impact on the Group's financial position.

# STATEMENT BY DIRECTORS

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

We, **YM TENGKU DATO' SRI UZIR BIN TENGKU DATO' UBAIDILLAH** and **ROSLI BIN SHAFIEI**, being two of the directors of WZ Satu Berhad, do hereby state that in the opinion of the directors, the accompanying financial statements set out on pages 55 to 148 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of Companies Act 2016 in Malaysia so as to give a true and fair view of financial position of the Group and of the Company as at 31 August 2019 and of their financial performance and cash flows for the financial year then ended.

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

**YM TENGKU DATO' SRI UZIR BIN TENGKU DATO' UBAIDILLAH**  
Executive Chairman

**ROSLI BIN SHAFIEI**  
Director

Kuala Lumpur

Date: 13 December 2019

# STATUTORY DECLARATION

Pursuant to Section 251(1) of the Companies Act 2016

I, **CHAN FOOK KWONG**, being the officer primarily responsible for the financial management of **WZ SATU BERHAD**, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 55 to 148 are 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.

**CHAN FOOK KWONG**  
MIA Membership No. 20046

Subscribed and solemnly declared by the abovenamed at Kuala Lumpur in the Federal Territory on 13 December 2019.

Before me,

**HADINUR MOHD SYARIF W761**  
Commissioner for Oaths



# INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF WZ SATU BERHAD

(Incorporated in Malaysia)

## Report on the Financial Statements

### Opinion

We have audited the financial statements of **WZ Satu Berhad**, which comprise the statements of financial position as at 31 August 2019 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 55 to 148.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 August 2019, and of their financial performance and cash flows for the financial year then ended in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

### Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We 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' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters

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

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### Goodwill and investment in subsidiaries

We focused on this area because judgement is required in determining factors which may indicate that the goodwill and investment in subsidiaries are impaired. In addition, the impairment assessment requires the exercise of judgement by the Group on the discount rates applied in the recoverable amount calculation and assumptions supporting the underlying cash flow projections which include future sales, gross profit margin and operating expenses.

### Our response:

Our audit procedures focused on evaluating the cash flow projections and the Group's forecasting procedures which included, among others:

- comparing the actual results with previous budget to assess the performance of the business;
- comparing the Group's assumptions to externally derived data as well as our assessments in relation to key assumptions to assess their reasonableness of the projections;
- testing the mathematical accuracy of the impairment assessment; and
- performing the sensitivity analysis around the key assumptions that are expected to be more sensitive to the recoverable amount.

# INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF WZ SATU BERHAD (CONTINUED)

(Incorporated in Malaysia)

## Key Audit Matters (Continued)

### Revenue recognition for construction business

We focused on this area because the amount of revenue recognised in the construction business require the directors to apply judgement and estimation. The revenue recognised based on progress toward completion method. The progress toward completion method is determined by reference to costs incurred for work performed to date to the estimated total costs for each project. The estimated total revenue and costs are affected by a variety of uncertainties that depend on the outcome of future events.

#### Our response:

Our audit procedures on a sample of major projects included, among others:

- understanding the design and implementation of controls over the Group's process in recording project costs, preparing project budget and calculating the progress towards completion;
- discussing the progress of the projects and expected outcome with the respective project directors to obtain an understanding of the basis on which the estimates are made; and
- testing the mathematical computation of the recognised revenue and expenses during the financial year.

### Trade receivables

We focused on this area because the directors made subjective judgements over assumptions about risk of default and expected loss rate. In making the assumptions, the directors selected inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of the reporting period.

#### Our response:

Our audit procedures included, among others:

- understanding the design and implementation of controls associated with monitoring and assessing the expected credit losses of trade receivables as at 31 August 2019;
- understanding of significant credit exposures which were significantly overdue or deemed to be in default through timeline stated in the trade receivables; and
- checking subsequent receipts, customer correspondence, and considering level of activity with the customer and management explanation on recoverability with significantly past due balances.

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

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

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

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

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

# INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF WZ SATU BERHAD (CONTINUED)

(Incorporated in Malaysia)

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

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

The directors of the Company are responsible for overseeing the Group's financial reporting process.

## Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

# INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF WZ SATU BERHAD (CONTINUED)

(Incorporated in Malaysia)

## Auditors' Responsibilities for the Audit of the Financial Statements (Continued)

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, related safeguards.

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

## Other Matters

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

**Baker Tilly Monteiro Heng PLT**  
LLP0019411-LCA & AF 0117  
Chartered Accountants

**Ong Teng Yan**  
No. 03076/07/2021 J  
Chartered Accountant

Kuala Lumpur

Date: 13 December 2019

# ANALYSIS OF SHAREHOLDINGS

## STATISTICS OF SHAREHOLDINGS

Number of Issued Share Capital	:	511,665,197 Ordinary Shares
Voting Rights	:	One (1) vote per Ordinary Share

## ANALYSIS OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 99	220	7.03	6,497	0.00
100 - 1,000	242	7.73	79,926	0.01
1,001 - 10,000	1,072	34.24	6,014,950	1.18
10,001 - 100,000	1,302	41.58	47,563,006	9.30
100,001 - 25,583,258 (*)	289	9.23	216,496,475	42.31
25,583,259 and above (**)	6	0.19	241,504,343	47.20
<b>TOTAL</b>	<b>3,131</b>	<b>100.00</b>	<b>511,665,197</b>	<b>100.00</b>

Remarks: \* Less than 5% of Issued Shares  
 \*\* 5% and above of Issued Shares

## SUBSTANTIAL SHAREHOLDERS

The substantial shareholders of WZ Satu Berhad and their respective shareholdings based on the Register of Substantial Shareholders of WZ Satu Berhad as at 2 December 2019 are as follows:-

Substantial Shareholders	Direct	No. of Shares		%
		%	Indirect	
YM Tengku Dato' Sri Uzir Bin Tengku Dato' Ubaidillah	91,008,846	17.79	-	-
KDYMM SPB YDP Agong XVI Al-Sultan Abdullah Ri'ayatuddin Al-Mustafa Billah Shah				
Ibni Almarhum Sultan Haji Ahmad Shah Al-Mustafa'in Billah	46,398,293	9.07	-	-
Urusharta Jamaah Sdn. Bhd.	43,498,672	8.50	-	-
Ong Lee Veng @ Ong Chuan Heng	33,933,999	6.63	-	-
Perbadanan Nasional Berhad	29,333,333	5.73	-	-

# ANALYSIS OF SHAREHOLDINGS

(Continued)

## DIRECTORS' SHAREHOLDINGS

The Directors' Shareholdings based on the Register of Directors' Shareholdings of WZ Satu Berhad as at 2 December 2019 are as follows:-

Directors	Direct Interest		Indirect Interest	
	No. of Shares Held	%	No. of Shares Held	%
YM Tengku Dato' Sri Uzir Bin Tengku Dato' Ubaidillah	91,008,846	17.79	-	-
YM Tengku Dato' Indera Zubir Bin Tengku Dato' Ubaidillah	2,694,160	0.53	-	-
Dato' Mohan A/L C Sinnathamby	-	-	<sup>(1)</sup> 749,066	0.15
Ikhlas Bin Kamarudin	-	-	<sup>(2)</sup> 14,814,000	2.90
Datuk Idris Bin Haji Hashim J. P.	-	-	-	-
Dato' Syed Kamarulzaman Bin Dato' Syed Zainol Khodki Shahabudin	-	-	-	-
Rosli Bin Shafiei	-	-	-	-

Notes:

- <sup>(1)</sup> Deemed interested pursuant to Section 59(11)(c) of the Companies Act 2016 by virtue of his spouse direct interest in the Company.
- <sup>(2)</sup> Deemed interested by virtue of his shareholding in Citaglobal Energy Resources Sdn. Bhd. pursuant to Section 8 of the Companies Act 2016.

By virtue of YM Tengku Dato' Sri Uzir Bin Tengku Dato' Ubaidillah's interest in the ordinary shares of the Company, he is also deemed to have an interest in the ordinary shares of all the related corporations to the extent that the Company has an interest.

Other than as disclosed above, none of the other Directors in office has any interest in the ordinary shares of the Company and its related corporations as at 2 December 2019.

# ANALYSIS OF SHAREHOLDINGS

(Continued)

## THIRTY LARGEST SHAREHOLDERS BASED ON RECORD OF DEPOSITORS AS AT 2 DECEMBER 2019

(without aggregating securities from different securities accounts belonging to the same persons)

No.	Name	No. of Shares	%
1.	TENGGU UZIR BIN TENGGU UBAlDILLAH	52,960,021	10.35
2.	TENGGU ABDULLAH IBNI SULTAN HJ AHMAD SHAH	43,729,493	8.55
3.	URUSHARTA JAMA AH SDN. BHD.	43,498,672	8.50
4.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEGGED SECURITIES ACCOUNT FOR TENGGU UZIR BIN TENGGU UBAlDILLAH	38,048,825	7.44
5.	ONG LEE VENG @ ONG CHUAN HENG	33,933,999	6.63
6.	PERBADANAN NASIONAL BERHAD	29,333,333	5.73
7.	PACIFIC TRUSTEES BERHAD WILLIAM TAN CHEE KEONG	18,600,000	3.64
8.	PACIFIC TRUSTEES BERHAD CHOI CHEE KEN	18,600,000	3.64
9.	CITAGLOBAL ENERGY RESOURCES SDN. BHD.	14,814,000	2.90
10.	MAYBANK NOMINEES (TEMPATAN) SDN. BHD. MAYBANK PRIVATE WEALTH MANAGEMENT FOR YEE KEE (PW-M00586)(418801)	12,000,000	2.35
11.	LIM SOON PENG	9,000,000	1.76
12.	MALAYSIAN TRUSTEES BERHAD TEOH CHEE YOONG	8,732,548	1.71
13.	TAN JING XIN	7,000,000	1.37
14.	MAJLIS AGAMA ISLAM SELANGOR	6,400,000	1.25
15.	TAN JING JIA	6,135,200	1.20
16.	MALAYSIAN TRUSTEES BERHAD CHONG KIM THAM	5,596,768	1.09
17.	UTUSAN MEWAH SDN. BHD.	5,133,333	1.00
18.	LIM LEONG HOCK	5,000,000	0.98
19.	KAF NOMINEES (TEMPATAN) SDN.BHD. PLEGGED SECURITIES ACCOUNT FOR TENGGU ABDULLAH IBNI SULTAN HJ AHMAD SHAH (TE1113)	2,668,800	0.52
20.	MALAYSIAN TRUSTEES BERHAD MOHD ARIS BIN MOHD ARIF	2,611,858	0.51
21.	CITIGROUP NOMINEES (TEMPATAN) SDN. BHD. EXEMPT AN FOR OCBC SECURITIES PRIVATE LIMITED (CLIENT A/C-R ES)	2,440,000	0.48
22.	CITIGROUP NOMINEES (ASING) SDN. BHD. EXEMPT AN FOR OCBC SECURITIES PRIVATE LIMITED (CLIENT A/C-NR)	2,346,666	0.46
23.	TENGGU ZUBIR BIN TENGGU UBAlDILLAH	2,054,160	0.40
24.	PACIFIC TRUSTEES BERHAD HO KEK YEE	2,000,000	0.39
25.	NG LAY HOON	1,669,186	0.33
26.	SU MING YAW	1,631,866	0.32
27.	CHUA CHIN HEAN	1,558,346	0.30
28.	WONG TUI WAN	1,524,000	0.30
29.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN. BHD. PLEGGED SECURITIES ACCOUNT FOR OOI CHIN HOCK (8058312)	1,490,000	0.29
30.	RHB NOMINEES (TEMPATAN) SDN. BHD. PLEGGED SECURITIES ACCOUNT FOR LOH ENG SOON	1,300,000	0.25

# ANALYSIS OF WARRANT HOLDINGS

## STATISTICS OF WARRANT HOLDINGS

Number of Outstanding Warrants Issued : 131,440,908

## ANALYSIS OF WARRANT HOLDINGS

Size of Warrant Holdings	No. of Warrant Holders	%	No. of Warrants	%
1 - 99	71	7.98	3,662	0.00
100 - 1,000	126	14.16	87,086	0.07
1,001 - 10,000	279	31.35	1,305,628	0.99
10,001 - 100,000	308	34.60	11,706,633	8.91
100,001 - 6,572,044 (*)	102	11.46	53,155,943	40.44
6,572,045 and above (**)	4	0.45	65,181,956	49.59
<b>TOTAL</b>	<b>890</b>	<b>100.00</b>	<b>131,440,908</b>	<b>100.00</b>

Remarks: \* Less than 5% of Issued Warrants

\*\* 5% and above of Issued Warrants

## DIRECTORS' WARRANT HOLDINGS

The Directors' Warrant Holdings based on the Register of Directors' Shareholdings of WZ Satu Berhad as at 2 December 2019 are as follows:-

Directors	Direct Interest		Indirect Interest	
	No. of Warrants Held	%	No. of Warrants Held	%
YM Tengku Dato' Sri Uzir Bin Tengku Dato' Ubaidillah	46,581,956	35.44	-	-
YM Tengku Dato' Indera Zubir Bin Tengku Dato' Ubaidillah	347,080	0.26	-	-
Dato' Mohan A/L C Sinnathamby	-	-	-	-
Ikhlas Bin Kamarudin	-	-	-	-
Datuk Idris Bin Haji Hashim J. P.	-	-	-	-
Dato' Syed Kamarulzaman Bin Dato' Syed Zainol Khodki Shahabudin	-	-	-	-
Rosli Bin Shafiei	-	-	-	-



# ANALYSIS OF WARRANT HOLDINGS

(Continued)

## THIRTY LARGEST WARRANTS HOLDERS BASED ON RECORD OF DEPOSITORS AS AT 2 DECEMBER 2019

(without aggregating securities from different securities accounts belonging to the same persons)

No.	Name	No. of Warrants	%
1.	TENGGU UZIR BIN TENGGU UBADILLAH	34,406,716	26.18
2.	MAYBANK NOMINEES (TEMPATAN) SDN. BHD. PLEGGED SECURITIES ACCOUNT FOR TENGGU UZIR BIN TENGGU UBADILLAH	12,175,240	9.26
3.	PACIFIC TRUSTEES BERHAD WILLIAM TAN CHEE KEONG	9,300,000	7.08
4.	PACIFIC TRUSTEES BERHAD CHOI CHEE KEN	9,300,000	7.08
5.	TAN JING XIN	5,000,000	3.80
6.	TAN JING JIA	3,962,400	3.01
7.	TAN PANG HONG	3,138,620	2.39
8.	LOW CHANG CHOY	2,273,000	1.73
9.	TAN JING XIN	1,992,954	1.52
10.	MOHAMED TARMIDZI BIN MAT AKHIR	1,461,033	1.11
11.	TAN JIN JAY	1,394,593	1.06
12.	OON LEONG LYE @ KHOO LEONG LYE	1,350,000	1.03
13.	KAF NOMINEES (TEMPATAN) SDN. BHD. PLEGGED SECURITIES ACCOUNT FOR TENGGU ABDULLAH IBNI SULTAN HJ AHMAD SHAH (TE1113)	1,334,400	1.02
14.	CHUA SHIA-TSAN	1,177,000	0.90
15.	MALACCA EQUITY NOMINEES (TEMPATAN) SDN. BHD. PLEGGED SECURITIES ACCOUNT FOR THAM TOO KAM	1,120,933	0.85
16.	PACIFIC TRUSTEES BERHAD HO KEK YEE	1,000,000	0.76
17.	RHB CAPITAL NOMINEES (TEMPATAN) SDN. BHD. PLEGGED SECURITIES ACCOUNT FOR ONG SWEE TAU (1011119)	998,833	0.76
18.	NG LAY HOON	921,893	0.70
19.	NOR ASHIKIN BINTI KHAMIS	760,000	0.58
20.	OOI CHIN HOCK	750,000	0.57
21.	TAN PANG HONG	694,226	0.53
22.	CHUA CHIN HEAN	625,120	0.48
23.	NEOH SOON HIONG	624,000	0.47
24.	CHENG CHEE CHUNG	600,000	0.46
25.	MAYBANK NOMINEES (TEMPATAN) SDN. BHD. PLEGGED SECURITIES ACCOUNT FOR TAM KIAN KWANG	593,633	0.45
26.	HLIB NOMINEES (TEMPATAN) SDN. BHD. PLEGGED SECURITIES ACCOUNT FOR LOW CHANG CHOY	562,900	0.43
27.	RHB NOMINEES (TEMPATAN) SDN. BHD. FOO PAK SOOI	560,000	0.43
28.	CHANG LEE MING	505,333	0.38
29.	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. PLEGGED SECURITIES ACCOUNT FOR OOI CHIN SIN (M11)	500,000	0.38
30.	CITIGROUP NOMINEES (TEMPATAN) SDN. BHD. EXEMPT AN FOR OCBC SECURITIES PRIVATE LIMITED (CLIENT A/C-R ES)	500,000	0.38

# LIST OF PROPERTIES

Location	Tenure	Land area/ Built-up Area (sq ft)	Description /Existing Use	Net Book Value (RM'000)	Age of Building	Date of Acquisition /Revaluation
Lot 1850 Jalan KPB 10 Kawasan Perindustrian Balakong 43300 Seri Kembangan Selangor Darul Ehsan	Freehold	102,154/ 79,759	Manufacturing Plant cum Warehouse	20,473	19 years	2017
Lot 1882 Jalan KPB 9 Kawasan Perindustrian Balakong 43300 Seri Kembangan Selangor Darul Ehsan	Leasehold (Expires 17.8.2065)	81,646/ 40,860	Warehouse	13,992	12 years	2017
B2-1 Block B Jalan Damai Perdana 2/8 Bandar Damai Perdana 56100 Kuala Lumpur	Freehold	650	Apartment/ Staff Quarters	80	16 years	2017
B2-2 Block B Jalan Damai Perdana 2/8 Bandar Damai Perdana 56100 Kuala Lumpur	Freehold	650	Apartment/ Staff Quarters	80	16 years	2017

# NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the Fifteenth (15<sup>th</sup>) Annual General Meeting (“AGM”) of the Company will be held at Grand Ballroom, Level 1, Zenith Putrajaya, No. 1, Jalan P2A, Presint 2, 62100 Putrajaya, Wilayah Persekutuan Putrajaya on Thursday, 27 February 2020 at 9:30 a.m. for the following purposes: -

## AGENDA

- |    |  |  |
|----|--|--|
| 1. | To receive the Audited Financial Statements for the financial year ended 31 August 2019 together with the Reports of the Directors and the Auditors thereon.                                     | [Please refer to Explanatory Note (1)] |
| 2. | To approve the payment of Directors’ fees of RM450,000/- for the period from 1 February 2020 to 31 January 2021.   | (Resolution 1)                         |
| 3. | To approve the payment of benefits payable to the Directors up to an amount of RM100,000/- from 1 February 2020 to 31 January 2021.  | (Resolution 2)                         |
| 4. | To re-elect the following Directors who are retiring in accordance with Clause 118 of the Company’s Constitution and being eligible, have offered themselves for re-election:-                   |  |
|    | (a) Encik Rosli Bin Shafiei; and   | (Resolution 3)                         |
|    | (b) YBhg. Datuk Idris Bin Haji Hashim J.P.   | (Resolution 4)                         |
| 5. | To re-elect the following Directors who are retiring in accordance with Clause 117 of the Company’s Constitution and being eligible, have offered themselves for re-election:-                   |  |
|    | (a) YBhg. Dato’ Mohan A/L C Sinnathamby;   | (Resolution 5)                         |
|    | (b) Encik Ikhlas Bin Kamarudin; and  | (Resolution 6)                         |
|    | (c) YBhg. Dato’ Sri Mohamad Norza Bin Zakaria.   | (Resolution 7)                         |
| 6. | To re-appoint Messrs. Baker Tilly Monteiro Heng PLT as Auditors of the Company until the conclusion of the next Annual General Meeting and to authorise the Directors to fix their remuneration. | (Resolution 8)                         |

## **As Special Business**

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

- |    |   |                |
|----|---|----------------|
| 7. | <b>ORDINARY RESOLUTION<br/>AUTHORITY TO ISSUE SHARES PURSUANT TO THE COMPANIES ACT 2016</b> | (Resolution 9) |
|----|---|----------------|

“**THAT** subject always to the Companies Act 2016 (“**the Act**”), the Constitution of the Company and the approvals from Bursa Malaysia Securities Berhad (“**Bursa Securities**”) and any other relevant governmental and/or regulatory authorities, where such approval is necessary, the Directors of the Company be and are hereby authorised and empowered pursuant to Sections 75 and 76 of the Act, to issue and allot shares in the Company, at any time, at such price, to such persons and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the total number of issued shares of the Company for the time being;

# NOTICE OF ANNUAL GENERAL MEETING

(Continued)

**AND THAT** the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Securities; AND FURTHER THAT such authority shall commence immediately upon the passing of this resolution and continue to be in force until the conclusion of the next AGM of the Company.”

8. **ORDINARY RESOLUTION  
PROPOSED RENEWAL OF AUTHORITY FOR THE COMPANY TO PURCHASE ITS OWN SHARES (“PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY)**

(Resolution 10)

**“THAT**, subject to Section 127 of the Act, the Constitution of the Company, the Main Market Listing Requirements of Bursa Securities and all other applicable laws, rules and regulations and guidelines for the time being in force and the approvals of all relevant governmental and/or regulatory authority, approval be and is hereby given to the Company, to purchase such number of ordinary shares in the Company as may be determined by the Directors of the Company from time to time through Bursa Securities as the Directors may deem fit and expedient in the interest of the Company, provided that:-

- (i) the aggregate number of ordinary shares to be purchased and/or held by the Company 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; and
- (ii) the maximum funds to be allocated by the Company for the purpose of purchasing its own 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 of the Company (where applicable) available at the time of the purchase(s).

**THAT** upon completion of the purchase by the Company of its own shares, the Directors of the Company be authorised to deal with the shares so purchased in their absolute discretion in the following manner:-

- (i) cancel all the shares so purchased; and/or
- (ii) retain the shares so purchased in treasury for distribution as dividend to the shareholders and/or resell on the market of Bursa Securities; and/or
- (iii) retain part thereof as treasury shares and cancel the remainder; and/or

in any other manner as prescribed by the Act, rules, regulations and orders made pursuant to the Act and the requirements of Bursa Securities and any other relevant authority for the time being in force.

**THAT** such authority conferred by this resolution shall commence upon the passing of this resolution and shall continue to be in force until: -

- (a) the conclusion of the next AGM of the Company following this AGM at which such resolution was passed, at which time it will lapse, unless by an ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions; or
- (b) the expiration of the period within which the next AGM of the Company after that date is required by law to be held; or
- (c) revoked or varied by an ordinary resolution passed by the shareholders of the Company at a general meeting;

whichever occurs first.

# NOTICE OF ANNUAL GENERAL MEETING

(Continued)

**AND THAT** the Directors of the Company be authorised to do all acts, deeds and things as they may consider expedient or necessary in the best interest of the Company to give full effect to the Proposed Renewal of Share Buy-Back Authority with full powers to assent to any conditions, modifications, variations and/or amendments as may be imposed by the relevant authorities and to take all such steps, and do all such acts and things as they may deem fit and expedient in the best interest of the Company.”

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

By Order of the Board

**CHUA SIEW CHUAN (MAICSA 0777689)**  
**(SSM PC NO. 201908002648)**  
**YAU JYE YEE (MAICSA 7059233)**  
Company Secretaries

Kuala Lumpur

Dated: 31 December 2019

## Explanatory Notes: -

### 1. Audited Financial Statements for financial year ended 31 August 2019

This Agenda item is meant for discussion only, as the provision of Section 340(1)(a) of the Act does not require a formal approval of the shareholders for the Audited Financial Statements. Hence, this Agenda item is not put forward for voting.

### 2. Directors' Fees and Benefits

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

The proposed Resolution 1, if approved, will authorise the payment of Directors' fees to the Non-Executive Directors (“**NEDs**”) by the Company for the period from 1 February 2020 to 31 January 2021 and to be payable on a monthly basis in arrears after each month of completed service of the Directors. This Resolution is to facilitate payment of Directors' fees on current financial year basis.

The proposed Resolution 2, if approved, will authorise the payment of Directors' benefits to the NEDs by the Company. The Directors' benefits payable of RM100,000/- for the period from 1 February 2020 to 31 January 2021 are derived from the estimated meeting allowance based on the number of scheduled meetings and unscheduled meetings (when necessary) for the Board and Board Committees, number of NEDs involved in the meetings, other benefits in-kind payable to the NEDs and estimated proportionate paid and payable insurance premium.

In the event that the Directors' fees and benefits payable proposed are insufficient due to enlarged Board size, approval will be sought at the next Annual General Meeting for additional Directors' fees and benefits to meet the shortfall.

# NOTICE OF ANNUAL GENERAL MEETING

(Continued)

### 3. Authority to Issue Shares Pursuant to the Act

The Company wishes to renew the mandate on the authority to issue shares pursuant to the Act at the 15<sup>th</sup> AGM of the Company (hereinafter referred to as the “**General Mandate**”).

The Company had been granted a general mandate by its shareholders at the 14<sup>th</sup> AGM of the Company held on 29 January 2019. As at the date of this Notice, the Company had issued 46,500,000 new ordinary shares of RM0.22 each pursuant to a Private Placement exercise. Details of the total proceeds raised from the Private Placement and its utilisation are disclosed in this Annual Report.

The proposed Resolution 9 is for the purpose of granting a renewed General Mandate and empowering the Directors of the Company, pursuant to the Act, to issue and allot new shares in the Company from time to time provided that the aggregate number of shares issued pursuant to the General Mandate does not exceed 10% of the total number of issued shares of the Company for the time being. The General Mandate, unless revoked or varied by the Company in general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

The General Mandate will provide flexibility to the Company for allotment of shares for any possible fund-raising activities for the purpose of funding future investment project(s), working capital and/or acquisition(s).

### 4. Proposed Renewal of Share Buy-Back Authority

The proposed Resolution 10, if passed, would empower the Directors of the Company to purchase the Company's ordinary shares of up to ten per centum (10%) of the total number of issued shares of the Company at any time within the time period stipulated in the Main Market Listing Requirements of Bursa Securities by utilising the funds allocated which shall not exceed the Company's retained profits based on the latest audited financial statements and/or the latest management accounts of the Company (where applicable) available at the time of the purchase(s).

Please refer to the Statement to Shareholders dated 31 December 2019 for further information.

#### Notes:-

1. In respect of deposited securities, only members whose names appear in the Record of Depositors on 20 February 2020 (General Meeting Record of Depositors) shall be eligible to attend the Meeting.
2. A member entitled to attend and vote at the Meeting is entitled to appoint more than one (1) proxy to attend and vote in his stead. Where a member appoints more than one (1) proxy, the appointments shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.
3. A proxy may but does not need to be a member of the Company. Notwithstanding this, a member entitled to attend and vote at the Meeting is entitled to appoint any person as his proxy to attend and vote instead of the member at the Meeting. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at the Meeting shall have the same rights as the member to speak at the Meeting.
4. In the case of a corporate member, the instrument appointing a proxy must be either under its common seal or under the hand of an officer or attorney duly authorised.
5. 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.
6. The instrument appointing a proxy must be deposited at the Company's Registered Office at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan not less than 48 hours before the time for holding the Meeting or any adjournment thereof.

# FORM OF PROXY

**WZ SATU BERHAD**  
(Registration No. 200401027590(666098-X))  
(Incorporated in Malaysia)



WZ SATU BERHAD  
برساتو واحد

CDS Account No.	
Number of ordinary shares held	

\*I/We (full name), \_\_\_\_\_  
bearing \*NRIC No./Passport No./Company No. \_\_\_\_\_  
of (full address) \_\_\_\_\_

being a \*member/members of WZ Satu Berhad (“the Company”) hereby appoint :-

First Proxy “A”

Full Name	NRIC/ Passport No.	Proportion of Shareholdings Represented	
		No. of Shares	%
Full Address			

and/or failing \*him/her,  
Second Proxy “B”

Full Name	NRIC/ Passport No.	Proportion of Shareholdings Represented	
		No. of Shares	%
Full Address			

100%

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 Fifteenth Annual General Meeting of the Company to be held at Grand Ballroom, Level 1, Zenith Putrajaya, No. 1, Jalan P2A, Presint 2, 62100 Putrajaya, Wilayah Persekutuan Putrajaya on Thursday, 27 February 2020 at 9:30 a.m. and at any adjournment thereof.

Please indicate with an “X” in the spaces provided below as to how you wish your votes to be casted. If no specific direction as to voting is given, the proxy will vote or abstain from voting at \*his/her discretion.

Resolution	Agenda	For	Against
1	To approve the payment of Directors’ fees of RM450,000/- for the period from 1 February 2020 to 31 January 2021.		
2	To approve the payment of benefits payable to the Directors up to an amount of RM100,000/- from 1 February 2020 to 31 January 2021.		
3	To re-elect Encik Rosli Bin Shafiei as Director of the Company.		
4	To re-elect YBhg. Datuk Idris Bin Haji Hashim J.P. as Director of the Company.		
5	To re-elect YBhg. Dato’ Mohan A/L C Sinnathamby as Director of the Company.		
6	To re-elect Encik Ikhlas Bin Kamarudin as Director of the Company.		
7	To re-elect YBhg. Dato’ Sri Mohamad Norza Bin Zakaria as Director of the Company.		
8	To re-appoint Messrs. Baker Tilly Monteiro Heng PLT as Auditors of the Company.		
<b>As Special Business</b>			
9	Authority to issue shares pursuant to the Companies Act 2016		
10	Proposed Renewal of Share Buy-Back Authority		

As witness my/our hand(s) this day \_\_\_\_\_ of \_\_\_\_\_ 2020.

\_\_\_\_\_  
\*Signature of Member /Common Seal

\*Strike out whichever not applicable

**Notes :-**

1. In respect of deposited securities, only members whose names appear in the Record of Depositors on 20 February 2020 (General Meeting Record of Depositors) shall be eligible to attend the Meeting.
2. A member entitled to attend and vote at the Meeting is entitled to appoint more than one (1) proxy to attend and vote in his stead. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.
3. A proxy may but does not need to be a member of the Company. Notwithstanding this, a member entitled to attend and vote at the Meeting is entitled to appoint any person as his proxy to attend and vote instead of the member at the Meeting. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at the Meeting shall have the same rights as the member to speak at the Meeting.
4. In the case of a corporate member, the instrument appointing a proxy must be either under its common seal or under the hand of an officer or attorney duly authorised.
5. 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.
6. The instrument appointing a proxy must be deposited at the Company's Registered Office at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan not less than 48 hours before the time for holding the Meeting or any adjournment thereof.

*1<sup>st</sup> Fold here*

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Affix  
Stamp

The Company Secretaries

**WZ Satu Berhad** [Registration No. 200401027590 (666098-X)]  
Level 7, Menara Milenium,  
Jalan Damanlela,  
Pusat Bandar Damansara,  
Damansara Heights,  
50490 Kuala Lumpur.

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www.wzs.my



**WZ Satu Berhad**

[Registration No. 200401027590 (666098-X)]

Lot 1890, Jalan KPB 9  
Kawasan Perindustrian Balakong  
43300 Seri Kembangan  
Selangor Darul Ehsan  
Malaysia

Tel : +603-8964 6000  
Fax : +603-8964 6001