



WZ SATU BERHAD  
س اتو ڤرهاد

CIVIL ENGINEERING AND CONSTRUCTION



OIL AND GAS



MANUFACTURING



OTHERS

*Together, WE Succeed!*

annual report 2021

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

# VISION

---

# 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



# TABLE OF CONTENTS



Corporate Structure	2
Corporate Information	4
Directors' Profile	6
Group Key Senior Management	11
Chairman's Statement	13
Management Discussion & Analysis	15
Sustainability Statement	20
Corporate Governance Overview Statement	29
Additional Compliance Information	45
Audit Committee Report	48
Statement on Risk Management and Internal Control	52
Directors' Responsibility Statement	56
Financial Statements	57
Analysis of Shareholdings	165
Analysis of ICPS Holdings	168
Analysis of Warrant A Holdings	170
Analysis of Warrant B Holdings	172
List of Properties	174
Notice of Annual General Meeting	175
Form of Proxy	





---

# STABLE

## FOUNDATION

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

**YBhg. Tan Sri Dato' Sri (Dr.) Mohamad Norza Bin Zakaria**  
Executive Chairman & President  
*(Redesignated from the Executive Chairman to the Executive Chairman & President on 8 September 2021)*

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

### NON-INDEPENDENT NON-EXECUTIVE DIRECTORS

**YM Tengku Dato' Indera Zubir Bin Tengku Dato' Ubaidillah**

**Encik Ikhlas Bin Kamarudin**

### INDEPENDENT NON-EXECUTIVE DIRECTORS

**Encik Rosli Bin Shafiei**

**YBhg. Datuk Idris Bin Haji Hashim J.P.**

**YBhg. Dato' Syed Kamarulzaman Bin Dato' Syed Zainol Khodki Shahabudin**

**YBhg. Dato' Mohan A/L C Sinnathamby**

**Encik Aimi Aizal Bin Nasharuddin**  
*(Appointed on 25 August 2021)*

### GROUP KEY SENIOR MANAGEMENT

**YBhg. Tan Sri Dato' Sri (Dr.) Mohamad Norza Bin Zakaria**  
Executive Chairman & President  
*(Redesignated from the Executive Chairman to the Executive Chairman & President on 8 September 2021)*

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

**Encik Suhaimi Bin Badrul Jamil**  
Group Chief Executive Officer  
*(Resigned on 1 December 2021)*

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

**Encik Farouk Anwar**  
Group Chief Operating Officer, Designate  
*(Appointed on 17 January 2022)*

### 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.**

**YBhg. Dato' Mohan A/L C Sinnathamby**  
*(Appointed on 25 May 2021)*

### NOMINATION AND 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**

**YM Tengku Dato' Indera Zubir Bin Tengku Dato' Ubaidillah**  
*(Appointed on 25 May 2021)*

# Corporate Information

(Continued)

## 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**

## RISK, FINANCE AND INVESTMENT COMMITTEE

(Formerly known as Investment Committee)

**YBhg. Tan Sri Dato' Sri (Dr.) Mohamad Norza Bin Zakaria**

(Chairman)

(Appointed on 1 April 2021)

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

(Redesignated from the Chairman of the Investment Committee to a Member of the RFIC on 1 April 2021)

**YBhg. Dato' Mohan A/L C Sinnathamby**

(Appointed on 1 April 2021)

**Suhaimi Bin Badrul Jamil**

(Resigned on 1 December 2021)

## SHARIAH ADVISORY COMMITTEE

**YBhg. Dato' Syed Kamarulzaman Bin Dato' Syed Zainol Khodki Shahabudin**

(Chairman)

**Encik Ikhlas Bin Kamarudin**

**Mahamahpoyi Hj Walah (Advisor)**

**Mr. Chan Fook Kwong**

## COMPANY SECRETARIES

**Chua Siew Chuan**

(SSM PC NO. 201908002648)

(MAICSA 0777689)

**Yau Jye Yee**

(SSM PC NO. 202008000733)

(MAICSA 7059233)

## AUDITORS

**Baker Tilly Monteiro Heng PLT**

[201906000600 (LLP0019411-LCA) & AF 0117]

Baker Tilly Tower

Level 10, Tower 1, Avenue 5

Bangsar South City

59200 Kuala Lumpur

Wilayah Persekutuan

Tel : 03-2297 1000

Fax : 03-2282 9980

## PRINCIPAL BANKERS

**United Overseas Bank (Malaysia) Berhad**

[Registration No. 199301017069 (271809-K)]

**AmBank Islamic Berhad**

[Registration No. 199401009897 (295576-U)]

**Affin Islamic Bank Berhad**

[Registration No. 200501027372 (709506-V)]

## SHARE REGISTRAR

Securities Services (Holdings) Sdn. Bhd.

[Registration No. 197701005827 (36869-T)]

Level 7, Menara Milenium

Jalan Damanlela

Pusat Bandar Damansara

Damansara Heights

50490 Kuala Lumpur

Wilayah Persekutuan

Tel : 03-2084 9000

Fax : 03-2094 9940

## REGISTERED OFFICE

Level 7, Menara Milenium

Jalan Damanlela

Pusat Bandar Damansara

Damansara Heights

50490 Kuala Lumpur

Wilayah Persekutuan

Tel : 03-2084 9000

Fax : 03-2094 9940

## STOCK EXCHANGE

**Main Market of Bursa Malaysia Securities Berhad**

Stock Name : WZSATU

Stock Code : 7245

Preference Stock Name : WZSATU-PA

Preference Stock Code : 7245PA

Warrant Name : WZSATU-WA

Warrant Code : 7245WA

Warrant Name : WZSATU-WB

Warrant Code : 7245WB

## PRINCIPAL PLACE OF BUSINESS

Level 9, Block 4, Menara TH

Plaza Sentral

Jalan Stesen Sentral 5, KL Sentral

50470 Kuala Lumpur

Wilayah Persekutuan

Tel : 03-2773 8800

Fax : 03-2773 8878

## CORPORATE WEBSITE

[www.wzs.my](http://www.wzs.my)

# Directors' Profile

<b>YBHG TAN SRI DATO' SRI (DR.) MOHAMAD NORZA BIN ZAKARIA</b> Executive Chairman & President	GENDER	AGED	NATIONALITY
<p><b>YBhg Tan Sri Dato' Sri (Dr.) Mohamad Norza bin Zakaria</b> was appointed on 13 December 2019 as the Non-Independent Non-Executive Deputy Chairman of the Company and was subsequently redesignated as the Executive Chairman on 14 May 2020. On 8 September 2021, he was redesignated from Executive Chairman to the Executive Chairman &amp; President of the Company.</p> <p>He holds a Bachelor of Commerce (Major in Accounting) from the University of Wollongong, New South Wales, Australia. He is a Fellow of CPA Australia (FCPA) from CPA Australia Ltd and a Chartered Accountant (CA) from the Malaysian Institute of Accountants (MIA).</p> <p>He began his career as a Senior Audit Assistant in Messrs. Arthur Andersen &amp; Co./ Hanafiah, Raslan &amp; 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 in the Finance and Administration Department in Gas and Petrochemical Development Division until April 1994. He moved up the corporate ladder as the Group Financial Controller of SPK-Sentosa Corporation Berhad before he became the Group General Manager of Audit in Mun Loong Berhad in 1995 until 1997.</p> <p>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 is currently the Executive Chairman &amp; President of TIZA Global Sdn Bhd (<i>formerly known as Citaglobal Sdn Bhd</i>), a post he has held since April 2008. He is also currently appointed as Director of AirAsia Aviation Group Limited.</p> <p>He champions sports in Malaysia and nurtures national athletes through his posts as the President of the Olympic Council of Malaysia (OCM) and Badminton Association of Malaysia (BAM). He previously served as the Chairman of the National Sports Institute, the Honorary Treasurer of the Football Association of Malaysia (FAM) and President of the Kuala Lumpur Badminton Association (KLBA). He is also the President of the Commonwealth Games Association of Malaysia, the President of the Royal Malaysian Polo Association (RMPA) and a Board Member &amp; the Audit Committee Chairman of National Sports Council (NSC).</p> <p>He is 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.</p> <p>He attended all 6 out of 6 Board of Director's Meetings held for the financial year ended 31 December 2021.</p>	Male	56	Malaysian
<p><b>YM Tengku Dato' Sri Uzir Bin Tengku Dato' Ubaidillah</b> 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. On 14 May 2020, he was redesignated from Executive Chairman to Executive Vice Chairman of the Company.</p> <p>He graduated from City University, United Kingdom, with a Bachelor of Science (Honours) Degree in Civil Engineering in 1983.</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 (“WZS Group”) 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 Non-Independent Non-Executive Director of the Company.</p> <p>He attended 6 out of 6 Board of Directors' Meetings held for the financial year ended 31 December 2021.</p>	GENDER	AGED	NATIONALITY
	Male	63	Malaysian
	<b>Date of Appointment:</b> 24 October 2013		
	<b>Board Committees membership(s):</b> <ul style="list-style-type: none"> <li>Long Term Incentive Plan Committee (Chairman)</li> <li>Risk, Finance and Investment Committee (Member) <i>(Redesignated as a Member on 1 April 2021)</i></li> </ul>		



# Directors' Profile

(Continued)

YM TENGKU DATO' INDERA ZUBIR BIN TENGKU DATO' UBaidillah Non-Independent Non-Executive Director	GENDER	AGED	NATIONALITY
<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. He resigned on 18 August 2020 as the Managing Director/Group Chief Executive Officer of WZS Group and was redesignated to a Non-Independent Non-Executive Director of the Company on the even date.</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 1988, 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 currently 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 Vice Chairman of the Company.</p> <p>He attended 5 out of 6 Board of Directors' Meetings held for the financial year ended 31 December 2021.</p>	Male	60	Malaysian
<p><b>Encik Ikhlas Bin Kamarudin</b>, was appointed as a Non-Independent Non-Executive Director on 30 October 2019.</p> <p>He holds a degree in International Business, Finance and Economics from Alliance Manchester Business School, University of Manchester, England.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>He is the founder of AIIS Solutions Sdn Bhd ("<b>AIIS</b>") 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.</p> <p>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.</p> <p>He attended 5 out of 6 Board of Directors' Meetings held for the financial year ended 31 December 2021.</p>	GENDER	AGED	NATIONALITY
	Male	30	Malaysian

# Directors' Profile

(Continued)

<b>ENCIK ROSLI BIN SHAFIEI</b> Independent Non-Executive Director	GENDER	AGED	NATIONALITY
<p><b>Encik Rosli Bin Shafiei</b>, was appointed as an Independent Non-Executive Director on 28 October 2014.</p> <p>He holds an Advanced Diploma in Accountancy from Universiti Teknologi Mara and is a member of the Malaysian Institute of Accountants.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>He attended 6 out of 6 Board of Directors' Meetings held for the financial year ended 31 December 2021.</p>	Male	70	Malaysian
<p><b>YBhg Datuk Idris Bin Haji Hashim J. P.</b>, was appointed as an Independent Non-Executive Director on 20 November 2014.</p> <p>He graduated from 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> <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> <p>Datuk Idris was the former Chairman of Perbadanan Nasional Berhad he was also a former director of Focus Point Holdings Berhad and Berjaya Food Berhad.</p> <p>He attended 6 out of 6 Board of Directors' Meetings held for the financial year ended 31 December 2021.</p>	Male	70	Malaysian

**Date of Appointment:**  
28 October 2014

**Board Committees membership(s):**

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

**Date of Appointment:**  
20 November 2014

**Board Committees membership(s):**

- Nomination and Remuneration Committee (Member)
- Audit Committee (Member)

# Directors' Profile

(Continued)

YBHG DATO' SYED KAMARULZAMAN BIN DATO' SYED ZAINOL KHODKI SHAHABUDIN Independent Non-Executive Director	GENDER	AGED	NATIONALITY
<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> <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.</p> <p>YBhg Dato' Syed Kamarulzaman Bin Dato' Syed Zainol Khodki Shahabudin has been appointed as the Chief Executive Officer of Rangkaian Hotel Seri Malaysia Sdn. Bhd. effective from 1 April 2021. He was the Managing Director of Perbadanan Nasional Berhad (PNS) from year 2007 to year 2019. He was also a Non-Independent Non-Executive Director of Focus Point Holdings Berhad until his resignation in year 2019.</p> <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> <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> <p>He attended 6 out of 6 Board of Directors' Meetings held for the financial year ended 31 December 2021.</p>	Male	57	Malaysian
<p><b>YBhg Dato' Mohan A/L C Sinnathamby</b> ("Dato' Mohan"), was appointed as an Independent Non-Executive Director on 18 February 2019.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>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 price offers, arranging financing for public listed company and handling private placement of substantial block of shares.</p> <p>He attended 5 out of 6 Board of Directors' Meetings held for the financial year ended 31 December 2021.</p>	Male	61	Malaysian

**Date of Appointment:**  
23 April 2015

**Board Committees membership(s):**

- Nomination and Remuneration Committee (Chairman)
- Shariah Advisory Committee (Chairman)
- Audit Committee (Member)
- Long Term Incentive Plan Committee (Member)

**Date of Appointment:**  
18 February 2019

**Board Committees membership(s):**

- Risk, Finance and Investment Committee (Member)  
*(Appointed on 1 April 2021)*
- Audit Committee (Member)  
*(Appointed on 25 May 2021)*

# Directors' Profile

(Continued)

<b>ENCIK AIMI AIZAL BIN NASHARUDDIN</b> Independent Non-Executive Director	GENDER	AGED	NATIONALITY
	Male	55	Malaysian
<p><b>Encik Aimi Aizal Bin Nasharuddin</b>, was appointed as an Independent Non-Executive Director on 25 August 2021.</p> <p>He holds a degree in Bachelor of Business (Major in Accounting and Minor in Electronic Data Processing) from Bendigo College of Advanced Education, Victoria, Australia (now known as La Trobe University). He is a Fellow of Certified Practising Accountant (CPA) Australia from CPA Australia Ltd. and a Chartered Accountant (CA) from the Malaysian Institute of Accountants (MIA).</p> <p>He carries over 30 years of business, corporate finance and hands-on operational experience. An accountant by profession, he started his career in Arthur Andersen &amp; Co. as an auditor and business advisor where he was involved in mapping out strategies and implementing business processes for various sectors of corporates including manufacturing, financial and investment, property and development, construction and oil and gas based companies.</p> <p>He later carved further expertise in the corporate world at CIMB, the largest investment bank in Malaysia, he championed some of the biggest deal-making, financial restructuring, business re-engineering, takeovers, reverse take-overs, acquisitions and corporate financing.</p> <p>Equipped with diverse experience, he ventured into various private businesses of his own including the creation of the most renown player in web integration and application development company in the nation, the Skali Group. Skali began during the infancy of internet euphoria; a story of survivor, a brand that has overcome monumental challenges. He has created his fame as one of the biggest local entrepreneurs in the IT world.</p> <p>He is also a founding member of Ata Plus Sdn. Bhd., one of among the first six (6) companies awarded the licence by the Securities Commission Malaysia to operate an Equity Funding platform in Malaysia. En. Aimi served as Chairman of the Audit Committee of Anzo Holdings Berhad from 2015 to 2018. He also sits on the board of a subsidiary company of TH Properties Sdn. Bhd. that develops a property in Klang Valley. En. Aimi also sits as a Board Member and a Member of The Finance and Investment Committee in Upland Resources Ltd, an oil and gas company listed on the London Stock Exchange.</p> <p>In 2020, he ventures into Zafa Group, an investment company that ventures into multi disciplinary businesses, among others, automotive, healthcare, education and fintech.</p> <p>He attended 1 out of 2 Board of Directors' Meetings held for the financial year ended 31 December 2021 since his appointment to the Board on 25 August 2021.</p>	<p><b>Date of Appointment:</b> 25 August 2021</p> <p><b>Board Committees membership(s):</b> NIL</p>		

## Group Key Senior Management

### YBHG TAN SRI DATO' SRI (DR.) MOHAMAD NORZA BIN ZAKARIA

Executive Chairman & President

GENDER	AGED	NATIONALITY
Male	56	Malaysian

He was appointed as the Non-Independent Non-Executive Deputy Chairman of WZS Group on 13 December 2019 and was subsequently redesignated as the Executive Chairman on 14 May 2020. He was later re-designated as the Executive Chairman & President of the Company on 8 September 2021.

He is 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.

His profile is listed in the Profile of Directors set out in this Annual Report.

### YM TENGKU DATO' SRI UZIR BIN TENGKU DATO' UBADILLAH

Executive Vice Chairman

GENDER	AGED	NATIONALITY
Male	63	Malaysian

He was appointed as the Executive Chairman cum Chief Executive Officer of WZS Group on 24 October 2013 and was subsequently redesignated as the Executive Chairman on 1 November 2017. On 14 May 2020, he was redesignated from Executive Chairman to Executive Vice Chairman of WZS Group.

He is the brother of YM Tengku Dato' Indera Zubir Bin Tengku Dato' Ubaidillah, a Non-Independent Non-Executive Director of the Company.

His profile is listed in the Profile of Directors set out in this Annual Report.

### SUHAIMI BIN BADRUL JAMIL

Group Chief Executive Officer  
(Resigned on 1 December 2021)

GENDER	AGED	NATIONALITY
Male	60	Malaysian

He was appointed as the Group Chief Executive Officer of WZS Group on 18 August 2020 and he resigned on 1 December 2021. He is a Chartered Accountant with the Malaysian Institute of Accountants and a Fellow of CPA Australia. He is a holder of Master in Business Administration from Deakin University, Australia, Bachelor in Economics (with specialisation in accounting) and a Postgraduate Diploma in Accounting from Australia National University and he is also a holder of a Postgraduate Diploma in Business Administration from University of Wales, Trinity St David.

Encik Suhaimi Bin Badrul Jamil ("En. Suhaimi") started his career with HRM Arthur Andersen, Chartered Accountants in the audit and financial consulting department. He then joined the corporate sector and held various senior positions such as Group Financial Controller, Group General Manager and finally as Group Executive Director of a Malaysian conglomerate whose activities included property development, transportation, insurance and banking, plantation, construction, manufacturing and investment holdings.

He has held various board directorships in public listed companies as well as licensed financial institutions. Among the companies in which he was a board member were MEMS Technology Berhad as Chairman of the Board, Petra Energy Berhad, Credit Corporation (M) Berhad, MIMB Investment Bank Berhad, Gadek Capital Berhad, SPK-Sentosa Corporation Berhad, Intrakota Consolidated Berhad, eB Capital Berhad and SJ Kumpulan Berhad. He was also an Executive Director with Ferrier Hodgson MH, Baker Tilly MH and the Chief Executive Officer of TH Heavy Engineering Berhad.

En. Suhaimi is also currently an Independent Director of Protasco Berhad, a public listed company on Bursa Malaysia Securities Berhad.

# Group Key Senior Management

(Continued)

## CHAN FOOK KWONG

Chief Financial Officer

GENDER	AGED	NATIONALITY	
Male	54	Malaysian	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.

He has over 20 years of experience in accounting and reporting, financial management, treasury management, corporate finance and tax planning.

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 (“**Eversendai**”), 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.

## FAROUK BIN ANWAR

Group Chief Operating Officer, Designate

GENDER	AGE	NATIONALITY	
Male	49	Malaysian	He was appointed as the Group Chief Operating Officer, Designate of WZS Group on 17 January 2022. He holds a Bachelor of Chemical Engineering with an emphasis in Economics Management and Industrial Engineering from the University of Minnesota, USA. He also holds a professional certification as an Oil & Gas Technologist by Malaysia Board of Technologist – Ministry of Science, Technology and Innovation.

He started his career as a Production & Operations Planning Engineer at PETRONAS Gas Bhd. from July 1996 to September 2000. He then served as the Process Operations Senior Shift Engineer from October 2000 to September 2002 before assuming the Head of Process Technology Department of PETRONAS Gas Bhd. from October 2002 to August 2003. He later moved to Ranhill Engineers & Constructors Sdn. Bhd. as a Strategic Business Development Manager till August 2004. In recognition of his leadership as the Senior Project Manager towards the fast-track completion of Malaysia’s very 1st Designed & Built Gas Processing Plant yet in Pakistan from September 2004 till May 2005, Farouk was then mandated to serve Ranhill Group’s Regional Operations Director based in Dubai & Abu Dhabi, UAE from May 2005 to April 2009. He returned to Malaysia to run the Chief Strategic & Operating Officer for a seasoned local engineering & construction firm namely, Laksamana Builders Sdn. Bhd. until December 2021.

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.

# CHAIRMAN'S STATEMENT



**Dear Esteemed Shareholders,**

WZ Satu Berhad (“WZ Satu” or “Group”) has entered into a new era beginning 2021 with a fresh business direction and a fortified line-up of top management. The Group also successfully achieved its turnaround in FY2021, as the management’s strategies began to bear fruits. This is the first time since 2018 whereby WZ Satu recorded net profit on an annual basis.

I was redesignated as the Executive Chairman on 14 May 2020 and was later appointed on 8 September 2021 as the President of WZ Satu. With a more active role in the Group from 2020, I have been spearheading the Group into becoming a serious player in the facilities management, telecommunications, energy, infrastructure and technology sectors over the longer-term.

On 17 November 2021, the Company entered into a binding agreement with TIZA Global Sdn Bhd (formerly known as Citaglobal Sdn Bhd) for the proposed acquisition of Citaglobal Engineering Services Sdn Bhd (“CESSB”) in a RM140 million deal. The injection comes with a cumulative profit guarantee of RM60 million by the vendor of CESSB over a period of 3 financial years. CESSB is principally engaged in engineering consultancy services and other related services.

For a better representation of its nature of business moving forward, WZ Satu has on 9 March 2022 announced the proposed change of name to Citaglobal Berhad. This change of name is to be approved by the shareholders at an Extraordinary General Meeting to be held immediately after the conclusion of the 17<sup>th</sup> Annual General Meeting of the Company.

WZ Satu is also actively bidding for tenders, both from the public and private sectors. Over the longer-term, especially with the injection of CESSB, WZ Satu will be venturing into telecommunication tower development and this would make the Group a beneficiary of the country’s 5G technology rollout.

In 2021, global macroeconomic conditions have begun to recover as countries, including Malaysia, began to ease restrictions at varying degrees. Nevertheless, the surge in COVID-19 cases, largely due to the spread of the Omicron variant, have capped the economic growth potential and caused the global economic output to remain below pre-pandemic trends.

In Malaysia, the business and social sectors saw gradual easing of restrictions under the different phases of the National Recovery Plan, as the domestic vaccination rate increased. On 11 October 2021, the interstate travel ban was lifted and this has further ramped-up the recovery in domestic demand. Amid the challenges, the national economy expanded by 3.1% in 2021.

WZ Satu was affected by the unfavourable developments caused by the COVID-19 pandemic. Nevertheless, despite the bumpy macroeconomic and business conditions in 2021, WZ Satu’s all three core segments, namely, civil engineering & construction (“CEC”), oil & gas (“OG”) and manufacturing successfully delivered positive contributions.

# Chairman's Statement

(Continued)

## REVIEW OF FINANCIAL PERFORMANCE

During the financial year under review, WZ Satu registered a profit after taxation of RM3.5 million against a turnover of RM247.4 million. This represents a turnaround from the loss after taxation of RM64.8 million against a turnover of RM303.3 million for the 16 months financial period ended 31 December 2020.

The Group continues to have a sturdy balance sheet, with total assets as at 31 December 2021 recorded at RM333.3 million, while total liabilities was RM163.4 million. Meanwhile, the Group has short-term deposits, cash and bank balances of RM85.4 million as at 31 December 2021, against total borrowings of RM61.5 million.

## LOOKING AHEAD

Moving into FY2022, the business outlook for all our three core operating segments remain positive, underpinned by stronger growth prospects. The CEC segment continues to be supported by its order book valued at more than half-a-billion ringgit. The Malaysian Government's renewed push in building affordable homes through the Perumahan Rakyat 1Malaysia (PR1MA) project is also a positive catalyst for WZ Satu's CEC segment. It is noteworthy that the Group is recommencing the PR1MA D'Marina Residency project in Kuantan, which has an estimated gross development value of RM219 million over 4 to 5 years.

The OG segment, on the other hand, will explore new opportunities in downstream activities while continuing to enhance its operational efficiency. The segment is also moving towards renewable energy as part of its wider energy agenda for the medium to long-term. Meanwhile, the manufacturing segment is expected to benefit from the stronger demand for steel as construction and industrial activities pick up. As a leading manufacturer for cold-drawn bright steel shafts, the higher selling prices for steel would also boost the segment's performance in the current financial year.

WZ Satu's financial performance in FY2022 is expected to improve further, barring unforeseen circumstances. The management will remain focused on building sustainable revenue sources, while at the same time, strengthening the margins. The Group is also continuing with its cost optimisation exercise to enhance operational efficiency which includes, among others, the rationalisation of resources throughout the Group, improvement of business processes and the implementation of group-wide shared services and resources. These measures are expected to align the cost structure in tune with the level of operations and sustain productivity.

Over the next few years, one of the biggest drivers for WZ Satu will be Malaysia's 5G network rollout. Once the Group completes the acquisition of CESSB, we will be on track to benefiting from the development of 5G telecommunication towers across the country. CESSB has four years' experience in telecommunication tower development, and currently, there are negotiations underway to acquire towers to generate recurring income under CESSB. The company is in the midst of bidding for more towers, especially those with 5G capacities.

The Group has currently incorporated Environmental, Social and Governance ("ESG") values into our core values to achieve long term sustainability and plans to move towards ESG Reporting in the coming years.

## APPRECIATION

In closing, I wish to take this opportunity to thank shareholders for their support and patience as my team and I steer WZ Satu back onto the profitability track. Let me also express the Board's appreciation to our loyal employees for their steadfast loyalty and staunch dedication in making WZ Satu a diversified conglomerate with sustainable income streams. We also acknowledge our customers, partners, associates, vendors and others for their contributions towards our many successes and achievements over the years.

Supported by the strategic decisions made by the Board and the management of WZ Satu, I strongly believe the Group will be better positioned moving forward to deliver value to shareholders and to improve its financial performance. WZ Satu is poised to become a leading corporate player in Malaysia, with significant market presence in the facilities management, telecommunications, energy, infrastructure and technology sectors over the long run.

**YBhg Tan Sri Dato' Sri (Dr.) Mohamad Norza Bin Zakaria**  
Executive Chairman & President



# MANAGEMENT DISCUSSION AND ANALYSIS

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



This Management Discussion and Analysis (“**MDA**”) of the WZ Satu Berhad (“**the Company**”) and its subsidiaries (“**the Group**”) is to provide the shareholders/ stakeholders with an overview, understanding and appreciation of the financial and operating performances of the Group for the financial year ended 31 December 2021 (“**FY 2021**”). Any information, assumptions, patterns and/or trends provided that is predictive or futuristic in nature should not be taken as absolute and/or construed to necessarily continue in the foreseeable future. This MDA should be read in conjunction with the Audited Financial Statements for the FY 2021 and the related notes thereto.

The Group is principally involved in Civil Engineering and Construction (“**CEC**”), Oil & Gas (“**OG**”) and Manufacturing. The CEC segment is primarily involved in infrastructure construction contracts. The OG segment is principally engaged in onshore oil and gas downstream activities while the manufacturing segment involves manufacturing of cold drawn bright steel products.

## GROUP FINANCIAL PERFORMANCE

The Group registered a revenue of RM247.4 million and profit before tax of RM4.8 million in the FY 2021 as compared to a revenue of RM303.3 million and loss before tax of RM63.5 million in the financial period ended 31 December 2020 (“**FP 2020**”).

The decrease in revenue of RM55.9 million in the FY 2021 in comparison to FP 2020 was due to the drop in revenues of RM39.2 million, RM13.7 million and RM4.9 million registered by the CEC, Manufacturing and OG segments, respectively. This was however offset by a higher revenue of RM1.9 million in the remaining segments. The higher revenue in the FP 2020 was mainly due to its longer financial period of 16 months (September 2019 - December 2020). However, the average monthly revenue of RM20.6 million in FY 2021 is higher than RM19.0 million in FP 2020.

The profit before tax of RM4.8 million in the FY 2021 as compared to the loss before tax of RM63.5 million in FP 2020 was due to the stronger performance registered in all business segments amounting to RM68.3 million. The stronger results of RM48.2 million, RM4.2 million and RM1.3 million were registered in the CEC, Manufacturing and OG segments, respectively. The remaining segments had also registered a better result with a lower loss before tax of RM14.6 million.

# Management Discussion & Analysis

(Continued)



The main reasons for the better performance in this financial year compared to the preceding financial period were contributed by the stronger results registered in the CEC, Manufacturing and OG segments in the FY 2021 compared to FP 2020.

The financial results are further analysed in the following section of "Review of Operating Activities and Risks":

## REVIEW OF OPERATING ACTIVITIES AND RISKS

### CIVIL ENGINEERING AND CONSTRUCTION SEGMENT

#### Review

The CEC segment revenue had decreased by 26% from RM153.6 million to RM114.4 million. The lower revenue in the CEC segment for the FY 2021 was mainly due to its shorter 12-month period as compared to the longer 16-month period during the FP 2020.

The segment registered a profit before tax of RM6.4 million in the FY 2021 compared to a loss before tax of RM41.8 million in the FP 2020. The stronger result in spite of the lower revenue was due to the better overall project margin in FY2021 compared with FP 2020.

#### 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 selective and strategic in prospecting for new contracts.

Furthermore, the Management is aware of the execution risks including those of costs overruns and clients' non-payments for ongoing projects. Therefore, the Management will remain highly vigilant in order to mitigate these risks via close monitoring of every level of project activities primarily engineering, procurement and inventory management on top of quality control.

#### Prospects

As at 31 December 2021, the segment had an accumulated order book of RM528 million and a tender book of RM751 million to sustain operations for the next five financial years. However, the uncertainty clouding a project's commencement date i.e. Phase 3 of Perumahan Rakyat 1Malaysia ("PR1MA") development project in Kuantan, Pahang, may affect the result of this segment. On 8 December 2021, the Group through its indirect wholly-owned subsidiary Sinergi Dayang Sdn Bhd, entered into a joint development agreement with PR1MA Corporation Malaysia for Phase 2 of PR1MA project which is expected to contribute positively to the future earnings of the Group.



#### GROUP

REVENUE

**RM247.4** million

PROFIT BEFORE TAX

**RM4.8** million



#### CIVIL ENGINEERING AND CONSTRUCTION SEGMENT

REVENUE

**RM114.4** million

PROFIT BEFORE TAX

**RM6.4** million

# Management Discussion & Analysis

(Continued)

## OIL AND GAS SEGMENT

### Review

The OG segment revenue had decreased by 6% from RM81.1 million to RM76.2 million. However, the segment had recorded a higher profit before tax of RM3.1 million in the FY 2021 as compared to RM1.8 million in FP 2020. The stronger result was mainly due to the improved net margin driven by the lower operating expenses through rationalisation of resources with estimated cost savings of RM3 million along with the higher other income from the back charging of administration & late payment fees to the consortium partner of PM 309 Gas Ledang Redev Segment 2 Development Project amounting to RM2.1 million.

### Challenges

The Oil & Gas industry remains highly competitive and challenging with stiff competition among the service providers. Both the Engineering & Construction (“EC”) and Products & Services (“PS”) Divisions are faced with saturated industry featuring many players with even credibility and competency together with the presence and availability of abundant competing product brands that cater to any specific requirements of customers.

The local market for Oil & Gas downstream is rather matured with not many developments due for execution within the next two years. As the industry is recovering from post Covid-19 pandemic, we are seeing much more activities upstream and we expect cascading impact to downstream activities in the coming years.



### Prospects

In order to emerge as the market preferred player in the downstream activities, the Management will continue to enhance its operational efficiency whilst remaining highly selective & proactive in pursuit for new opportunities, all aimed towards business growth & sustainability. The OG Management is poised to diversify into renewable energy development works (i.e. solar, hydrogen & hydro) via strategic collaborations with clients and reputed technology providers and/or OEMs. This is in tandem with addressing the current growing requirement for alternative sources of green energy.

The concerted business development initiatives do not discount the OG Products & Services Division which is expected to expand its revenue stream by not only representing a wider product range of higher demand but also, introducing new business models lucrative to the clients. Like the Engineering & Construction Division, PS will be exploring new technologies which offer targeted clients with improved operational efficiency and reliability hence, higher true value to their businesses.



## OIL & GAS

REVENUE

**RM76.2** million

PROFIT BEFORE TAX

**RM3.1** million

# Management Discussion & Analysis

(Continued)



## MANUFACTURING

REVENUE

**RM46.8** million

PROFIT BEFORE TAX

**RM5.4** million

## MANUFACTURING

### Review

The manufacturing segment revenue decreased by 23% from RM60.5 million to RM46.8 million. However, profit before tax increased from RM1.2 million to RM5.4 million due to improved market sentiments and better margin.

### Challenges

This segment has to navigate through cycles of high and low steel prices and demand. The Management has to monitor costs continuously to ensure minimisation of incremental cost impact.

### Prospects

The segment outlook continues to be influenced by international steel price movement. The Management continues to adopt 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.

## GROUP

### Total Assets And Liabilities

Total assets increased by RM68.6 million from RM264.7 million in FP 2020 to RM333.3 million in FY 2021. This is mainly contributed by the increase of short-term deposits, cash and bank balances and trade and other receivables. Property, plant and equipment increased by RM2.1 million mainly contributed by the increase in asset under construction (for biogas power plant).

Total liabilities decreased by RM16.3 million from RM179.7 million to RM163.4 million mainly contributed by the decrease in contract liabilities and repayment of borrowings.

### Shareholders' Fund

During the financial year, the Group completed two fundraising exercises via the issuance of 511,665,197 Irredeemable Convertible Preference Shares and 150,446,832 Private Placement Shares raising gross proceeds of RM81.9 million for the funding of future project/business financing and working capital of the Group. With Group shareholders' fund of RM169.6 million and the short-term deposits, cash and bank balances of RM85.4 million as at 31 December 2021, the Group is confident it has sufficient resources to tide the Group over any major headwinds and be able to remain competitive.

### Dividend Policy

The Company has a dividend policy to distribute 20% to 35% of the consolidated profit after tax and non-controlling interest in respect of any financial year to its shareholders, subject to the availability of distributable profits and provided that such distribution will not be detrimental to the Company after taking into account, amongst others, the capital requirements and working capital needs of the Group.

The directors do not recommend the payment of any dividend in respect of the financial year ended 31 December 2021.

# Management Discussion & Analysis

(Continued)



## Proposed Acquisition

On 17 November 2021, the Company entered into a binding agreement with TIZA Global Sdn Bhd (“TGSB”) (Formerly known as Citaglobal Sdn Bhd) to exclusively explore and negotiate further with TGSB on a proposed acquisition by the Company of the entire equity interest in Citaglobal Engineering Services Sdn Bhd from TGSB for an indicative purchase consideration of RM140 million that comes with an aggregate profit guarantee of RM60 million from TGSB over the next three (3) financial years.

## Proposed Joint Development And Diversification

On 8 December 2021, the Company through its indirect wholly-owned subsidiary Sinergi Dayang Sdn Bhd entered into a joint development agreement (“JDA”) with PR1MA Corporation Malaysia (“PR1MA Corporation”) to jointly carry out and undertake the development of Phase 2 of Perumahan Rakyat 1Malaysia (“PR1MA”) development located in Kuantan, Pahang, known as PR1MA D’Marina Residency project (“Project”) (“Phase 2 Project”) (Proposed Joint Development”).

Upon commencement of the Phase 2 Project, the Proposed Joint Development may in the future result in the contribution of 25% or more of the net profits of WZ Satu Group or diversion of 25% or more of the net assets (“NA”) of the Group. Pursuant thereto, in accordance with Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the Company is required to seek its shareholders’ approval for diversification into property development and in relation to the Project (“Proposed Diversification”) at an Extraordinary General Meeting of the Company to be convened.

## Strategies

The Group has performed assessments on the overall impact of the COVID-19 pandemic on its operations and financial implications, including the recoverability of the carrying amount of assets and subsequent measurement of assets and liabilities, and concluded that there is no material adverse effect on the financial statements for the financial year ended 31 December 2021.

The Group is continuing with its cost optimisation exercise to enhance operational efficiency which includes amongst others the rationalisation of resources throughout the Group, improvement of business processes and the implementation of groupwide shared services and resources. These measures are expected to align cost structures in tune with the level of operations in order to withstand any potential headwinds and to remain competitive. The Group will monitor its business and resource portfolios with the view to strategically exit non-performing business and non-core assets.

Moving forward, the Group is expected to stay its course and remain focus on the key areas of competency namely engineering, construction and the oil and gas.

As for the remaining segments, the Group is exploring to expand its renewable energy business segment.

## Acknowledgement

Since the last Annual Report for FP 2020, the Group has witnessed some new developments at both the Board and key management levels. At the Board level, Tan Sri Dato’ Sri (Dr.) Mohamad Norza Bin Zakaria has been redesignated from Executive Chairman to Executive Chairman & President of the Group. Encik Aimi Aizal Bin Nasharuddin has subsequently joined the Group as an Independent Non-Executive Director. At the key management level, the Board accepted the resignation of the Group Chief Executive Officer (“GCEO”), En Suhaimi Bin Badrul Jamil and thank him for his contribution to the Group during his tenure as GCEO. The Board wishes him all the best in his future undertakings. The Board has appointed Ts. Farouk Anwar as the Group Chief Operating Officer, Designate. The Board wishes to extend its congratulations to the aforementioned persons in their expanded/new roles and looks forward to their contributions to the success of the Group.

# SUSTAINABILITY STATEMENT



## INTRODUCTION

For years, WZ Satu Berhad Group (“**the Group**”) has continuously recognised and prioritised the importance of sustainability of the Group as we attempt to achieve continuous financial performance and uninterrupted growth. The Group is cognisant of the need to grow its businesses in a sustainable and responsible manner. Although challenges brought upon by the COVID-19 pandemic remains to be a factor, we continue to undertake every initiative to integrate sustainability into our business operations and practices.

This Sustainability Statement is produced pursuant to Bursa Malaysia Securities Berhad (“**Bursa Securities**”)’s Main Market Listing Requirements. It describes our performance on non-financial metrics for the period of 1 January 2021 to 31 December 2021 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 in ensuring accountability and transparency, as a fundamental part of discharging its responsibilities towards protecting and enhancing the shareholders’ value and financial performance of the Group.

Our Group’s sustainability strategy is determined by our Board of Directors, who provides oversighting of our corporate sustainability policies and performance. The Senior Management, on the other hand, oversees the implementation of the Group’s sustainability approach and ensures that key targets are met. The respective division management heads are responsible for identifying, evaluating, monitoring and managing EES risks and opportunities directly.

While the Board has currently incorporated Environmental, Social and Governance (“ESG”) values into our core values to achieve long term sustainability, the Board also planned to move towards ESG Reporting in coming years as we anticipate that our key stakeholders are increasingly interested to evaluate how we have managed and embraced ESG agendas.








## 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 whose interest may have positive or negative consequences due to our activities and projects.



# Sustainability Statement

(Continued)

Stakeholders	Forms of Engagement
 <p><b>Customers</b></p>	<ul style="list-style-type: none"> <li>• Meetings</li> <li>• Feedbacks</li> <li>• Marketing plans</li> </ul>
 <p><b>Shareholders/ Investors</b></p>	<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>
 <p><b>Suppliers</b></p>	<ul style="list-style-type: none"> <li>• Meetings</li> <li>• Evaluations / Feedbacks</li> </ul>
 <p><b>Employees</b></p>	<ul style="list-style-type: none"> <li>• Annual Performance Management Review based on KPIs and Core Competencies</li> <li>• Employee Career Development through trainings</li> <li>• Succession Planning</li> <li>• Employee Engagement Sessions / Programs</li> <li>• Employee Satisfaction Survey</li> <li>• Town Hall Meetings / Meetings / Discussions</li> <li>• Newsletter -WZS Bulletin</li> </ul>
 <p><b>Regulatory and Statutory Bodies</b></p>	<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> <li>• Compliance to all Malaysia legislations</li> </ul>
 <p><b>Principal Partners</b></p>	<ul style="list-style-type: none"> <li>• Principal engagement</li> <li>• Quarterly progress discussion</li> </ul>
 <p><b>Government Agencies</b></p>	<ul style="list-style-type: none"> <li>• Participating in programs 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> <li>- Ministry of Health ("MOH");</li> <li>- National Security Council ("NSC").</li> </ul> </li> </ul>




Our website, which is regularly updated, serves to promote and facilitate communication with our stakeholders while providing them with useful information about the Group and its subsidiaries. Moving forward, we will continue working to address the challenges and opportunities identified through feedbacks from our stakeholders.

# Sustainability Statement

(Continued)

## KEY SUSTAINABILITY MATTERS

The followings are the Group’s material sustainability matters as identified through our materiality assessment:

Pillar	Key Sustainability Matters
 <p><b>Economic</b></p>	<ul style="list-style-type: none"> <li>• Financial Performance</li> <li>• Anti-bribery and Anti-corruption</li> <li>• Customer Engagement</li> </ul>
 <p><b>Environmental</b></p>	<ul style="list-style-type: none"> <li>• Environmental Compliance                             <ul style="list-style-type: none"> <li>- Scheduled Waste Management</li> <li>- Chemical Management</li> </ul> </li> </ul>
 <p><b>Social</b></p>	<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 and manufacturing. The Group’s strong order book has created employment opportunities for the Malaysian people. The Group aims to maintain sustainable businesses to continue its contribution to Malaysia’s economic and social development. Indeed, 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. Despite the continuing COVID-19 pandemic throughout FY2021, the Group expects a positive recovery in economic growth and strives 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. In 2021, our Civil Engineering and Construction Segment (“WZS BinaRaya Sdn. Bhd.”) had obtained Suruhanjaya Perkhidmatan Air Negara (“SPAN”) Permit Pembetulan (C1 for Sewerage Work) for Water Services Industry work to carry out construction, installation or modification work of any part of a sewerage system.

Our Oil and Gas Segment (“WZS Misi Setia Sdn. Bhd.”) had managed to renew the agency appointment with the following principals for another three (3) years while pursuing further distributorship with other reputed OEMs:

- Baker Hughes Energy Services LLC
  - Control Valve
- Teledyne Detcon
  - Fire & Gas System / Detector
- KSB Malaysia Pumps & Valves Sdn Bhd
  - Flow Meter
  - Gas Analyser



# Sustainability Statement

(Continued)

As a Group, we are accountable to our investors. We strive to enhance our financial performance continuously to deliver true value to our investors and stakeholders. The financial performance and measures to ascertain 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.

With the enforcement of Section 17A of Malaysian Anti-Corruption Commission Act 2009 on 1 June 2020, the Group has affirmed its commitment to uphold this by having a documented Anti-Bribery and Corruption Policy and Procedure (“**ABC Policy and Procedure**”) approved by our Board of Directors for adoption. The said policy has been communicated to all management and employees and has been uploaded to the Company’s website.

The Group adopts the “No Gift” policy, subject only to exceptions which are stated in the ABC Policy and Procedure. Directors and employees are not permitted to solicit or accept and give or offer any gifts or personal favours from or to any contractors, sub-contractors, suppliers, consultants, bankers, dealers, customers or other parties having direct or indirect business dealings with the Group.

The Group has established whistle-blowing policy with the aim of providing a structured mechanism for any person which including employees, directors, business associates, third parties and the general public to report any concerns on any suspected or wrongful activities and 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. The said policy has been communicated to all management and employees and could be found in the Company’s website at [www.wzs.my](http://www.wzs.my).

## Customer Engagement

Customer engagement is one of the key factors to grow and sustain our business and for us to remain competitive. We adopt the customer-first approach which ensures that customer needs and expectations are determined, converted into requirements and are met with the aim of enhancing customer satisfaction. This is accomplished by assuring continuous engagement with customers through various progress meetings and business performance review meeting.

Our Civil Engineering and Construction Segment (“WZS BinaRaya Sdn. Bhd.”), Oil and Gas Segment (“WZS Misi Setia Sdn. Bhd.”) and Manufacturing Segment (“WZS Industries Sdn. Bhd.”) are certified to ISO 9001:2015. This Quality Management System standard is our framework towards improving and delivering products & services that consistently meet the requirement and expectations of our customers and other relevant interested parties in the most efficient manner possible. In addition, this certification further demonstrates our commitment towards continuous 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 by employing effective waste management and introducing initiatives to reduce emissions throughout our operations. We strive to minimise the environmental impact of our activities by complying with all applicable environmental laws, regulations, as well as engaging with our customers in compliance to the related environmental requirements. Our top management also demonstrated their commitment through establishing a separate Environmental Policy for Oil and Gas Segment, which stated our commitment to minimise the environmental impact of our activities, comply to all applicable laws and regulations and communicate our commitment to our stakeholders.

# Sustainability Statement

(Continued)

## Environmental Compliance

Our Civil Engineering and Construction Segment (“WZS BinaRaya Sdn. Bhd.”) has been involved principally in various Malaysia’s signature infrastructural projects. This division is supported by a strong and highly experienced management team comprising people with a wealth of technical 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.

Our Oil and Gas Segment (“WZS Misi Setia Sdn. Bhd.”) continues to minimise the environmental impact of our activities by complying with all applicable environmental laws, regulations, as well as engaging with our customers in compliance to the related environmental requirements.

In addition, our health and safety (“HSE”) team also ensures the fulfilment of the environment requirements and monitors on the environmental indicators on our factory and development sites.

In 2021, 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 gatherings amongst employees in celebrating birthdays and festivities to foster relationships amongst employees, while adhering to the Government imposed COVID-19 standard operating procedures restrictions.

We are concerned on the rights of the employees and ensure no discrimination and comply to all the necessary requirements and policies under the relevant laws and regulations concerning employees. Our employees are all well-trained to perform their duties with care and professionalism. To ensure the sustainability, we will continue to provide them trainings so as to enhance their performance and to ensure on the sustainability and prospects are well taken care of.

In addition, 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.

## Employment Diversity and Equal Opportunity

A diverse and inclusive workforce are always a concern for business growth and sustainability of the Group. To continue to achieve diverse workforce, the Group has built and retained talent with equal opportunity regardless of age, race and gender.

We strongly believe that innovative solutions are developed through interaction amongst employees from different background, knowledge and experiences. Having a diverse workforce and ensure equal opportunity can also help in our talent retention as this will boost staff’s morale and lower talent churn rates.

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 emphasize on equal employment opportunity, we also stress that candidates are only hired based on suitability and competency. As at 31 December 2021, our total workforce currently stands at 410.

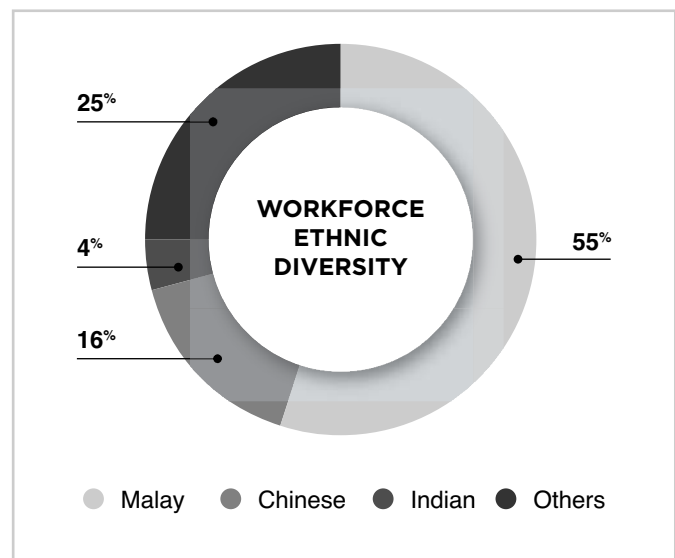
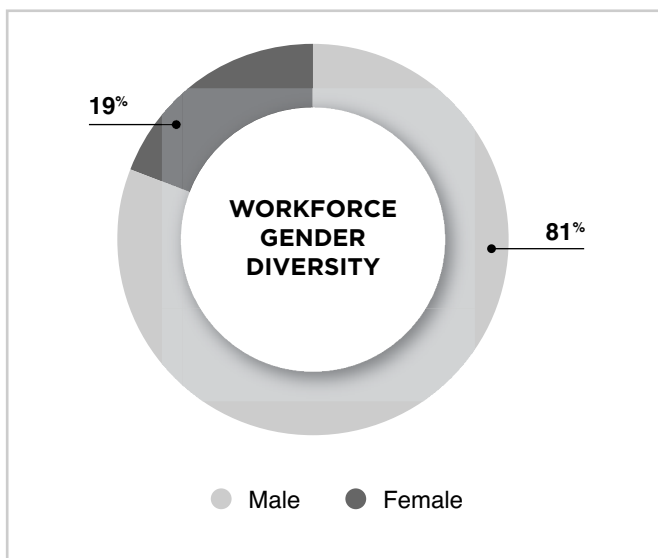
# Sustainability Statement

(Continued)

## Employment Diversity and Equal Opportunity (cont'd)

Male employees have accounted for 81% of our work force. This is consistent with the civil engineering and construction, oil and gas, and manufacturing segments that we are engaged in. We strive to achieve a balanced gender equality at all levels of the organisation.

The employees are 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 exposes 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.

Throughout the COVID-19 pandemic, we continue to ensure compliance with the government's COVID-19 standard operating procedures by educating our employees to embrace the new normal, avoiding the 3Cs (confined and enclosed spaces, crowded places, and close-contact settings) and practicing 3Ws (wear face mask, wash hands regularly, watch your distance).

In addition, our Oil and Gas Segment ("WZS Misi Setia Sdn. Bhd.") has also taken the following initiatives to mitigate external COVID-19 exposure to all employees and workers:

- |                 |                                  |                 |  |
|-----------------|----------------------------------|-----------------|--|
| <p><b>1</b></p> | <p><b>Vaccination</b></p>        | <p><b>3</b></p> | <p><b>Personnel restriction access</b></p> |
| <p><b>2</b></p> | <p><b>Targeted screening</b></p> | <p><b>4</b></p> | <p><b>Consequence Management</b></p>       |

# Sustainability Statement

(Continued)

## Occupational Health and Safety (cont'd)

Safety is always our number one priority. We leverage on health and safety best practices across our operations. Our wholly-owned subsidiaries, WZS BinaRaya Sdn. Bhd., WZS Misi Setia Sdn. Bhd. and WZS Industries Sdn. Bhd. are certified to ISO 9001:2015. In addition, WZS Misi Setia Sdn. Bhd. is also certified to ISO 45001:2018 which means that our occupational safety and health management system not only focus on controlling hazards but also, encouraging risk-based thinking as a more proactive, flexible and preventative approach.

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 December 2021, our Oil and Gas Segment (“WZS Misi Setia Sdn. Bhd.”), and Civil Engineering and Construction Segment (“WZS BinaRaya Sdn. Bhd.”) has achieved accumulated 16,993,689 manhours worked without LTI since 2006, and 6,866,198 manhours worked without LTI since 2018, respectively.

Manhours Worked Without Lost Time Injury					
WZS Misi Setia Sdn. Bhd.			WZS BinaRaya Sdn. Bhd.		
Year		As at 31 December 2021 since 2006	Year		As at 31 December 2021 since 2018
2020	2021		2020	2021	
225,388	583,770	16,993,689	1,281,958	1,072,924	6,866,198

The Group believes in creating a strong safety culture and places employees’ and workers’ safety at the forefront. In 2021, we had achieved our target where there was no reported fatality at our workplace. The Group aims to continue to achieve this target in the forthcoming year.

Target	Performance in 2021
Life Loss: Zero	Zero Fatality
Injury which resulted in lost time: Zero	Zero Lost Time Injury (LTI)

Due to the nature of our operations, our employees are exposed to numerous types of hazards at the workplace. Therefore, it is our utmost responsibility to safeguard our employee’s health and safety.

For our Oil and Gas Segment (“WZS Misi Setia Sdn. Bhd.”), it is compulsory for every new site staff to attend the Oil & Gas Safety Passport (“OGSP”) training program hosted by the National Institute of Occupational Safety and Health (“NIOSH”). This is for all site staff to acquire the appropriate and necessary safety & health knowledge required for their job.

# Sustainability Statement

(Continued)

In addition, during 2021, our Civil Engineering and Construction Segment (“WZS BinaRaya Sdn. Bhd.”) had obtained multiple recognitions and certificates in respect of management system, governing safety aspects as follows:

Description of Award	Entity	Awarded by
3-star rating for PR1MA project QLASSIC and P-QUICK (PR1MA Quality In-Construction Compliance Check)	WZS BinaRaya Sdn. Bhd.	Perbadanan PR1MA Malaysia
3-star rating for PR1MA project P-EpSI (PR1MA-Environment plus Safety Inspection)	WZS BinaRaya Sdn. Bhd.	Perbadanan PR1MA Malaysia
4-star rating for visionary leadership, efficient management and technical capabilities, compliance to best practices, innovative, very good integrated ICT system and project management. Able to export services to international market	WZS BinaRaya Sdn. Bhd.	Construction Industry Development Board

## Learning & Development

We believe that an empowered learning and development team improves employee retention. The Group values the right employees as our assets and is imperative that the employees are kept abreast of the latest developments both professionally and personally. Ultimately, the Group wish to have a high retention of employees who will grow with the organization. Thus, the Group is prepared to invest in employee’s career development.

In addition, employee retention is absolutely a key Human Resources objective that directly impacts the company’s bottom line and is part of retaining top talents to improve organizational growth. Some of the Learning & Development programmes that the company had focused thus far relevant to the businesses are Finance for Non-Finance Managers, Project Management for Success, Contractual Management and Obligation, Supervisory Skills using IQ & EQ and Leadership & Coaching Programmes.

## Community Investment

We are engaging 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 benefit in one way or another.

We continue in playing our part as a responsible corporate citizen and discharging our social responsibilities through active participation in CSR programmes whenever feasible. In 2021, the Group contributed to employees who were affected by the flash floods circa December 2021. Additionally, on 24th and 30th December 2021, The Group also rendered contribution to the Malaysian Red Crescent Society in assisting affected victims of flash floods in the state of Selangor.

## MOVING FORWARD

We recognise that much can be done as far as sustainability efforts are concerned towards creating positive impacts on the economic, environmental and social aspects. The Group shall continuously seek for new opportunities to realise our sustainability commitment and roadmap.

# Sustainability Statement

(Continued)

# CARE & RESPONSIBILITY

## Helping hand in times of crisis - donations by WZ Satu Berhad to the affected family of WZS employees and victims in Klang Valley

Heavy non-stop rainfall in mid-December, 2021, saw parts of Malaysia experiencing unlike the regular end-year monsoon. Torrential rains over the few days have caused flash floods to strike several areas in the Klang Valley and other states throughout the nation. More than 50,000 people were displaced by the rain and massive floods as several rivers overflowed. People had to leave their homes and seek shelters in temporary relief centres.

The victims and their families left displaced, home destroyed, vehicles and family possessions damaged, loss of communication and lives were in danger. The images that we see in the dailies/social media cannot express the emotional pain and loss felt by the flood victims.

Some of our WZS employees too were affected by the flash floods. The affected ones were unable to travel to work and experienced the same predicament as other flood victims.

In response to the floods that swept away lives and properties, WZ Satu Berhad stepped up as corporate citizens to help the impacted people including WZS employees who were affected.

WZ Satu Berhad rallied to the cause of flood victims in Klang Valley. WZ Satu Berhad provided financial and food assistance to our fellow staffs and families who were affected by this ordeal. In addition, immediate relief for essential items such as mineral water, diapers, face masks, infant milk, food, toiletries, milk and clothes were contributed to WZS employees by deploying the Human Resources & Administration team to send essential goods to staffs. As for the Klang Valley victims, the essential goods were sent to the warehouse of the Malaysian Red Crescent Society for onward distribution to the flood victims in Klang Valley.

Some WZ Satu employees too have contributed by cleaning up victims' houses, clearing the roads and drains around the neighbourhood during the staff's weekend.

People's lives and livelihoods have been upended by this flood and without hesitation WZ Satu Berhad stood up with the assistance of our employees to help the affected communities. Their loss can be tragic and their suffering can be disheartening. We only hope our contribution can at least alleviate their burden.



# Corporate Governance Overview Statement

The Board takes note of the updates on the Malaysian Code on Corporate Governance (“**MCCG**”) issued by the Securities Commission Malaysia with effect on 28 April 2021 (“**MCCG 2021**”). MCCG 2021 introduces new practices and additional guidance to strengthen the corporate governance culture of public listed companies.

The Board of Directors of WZ Satu Berhad (“**the Board**”) acknowledges the importance of the principles and recommendations as set out in the MCCG 2021. 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 2021 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 2021. This CG Statement should also be read together with the Corporate Governance Report 2021 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 Board 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 mitigation 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) ensuring management develop and implement investor’s relations programme and shareholder’s communication policy for the Group.

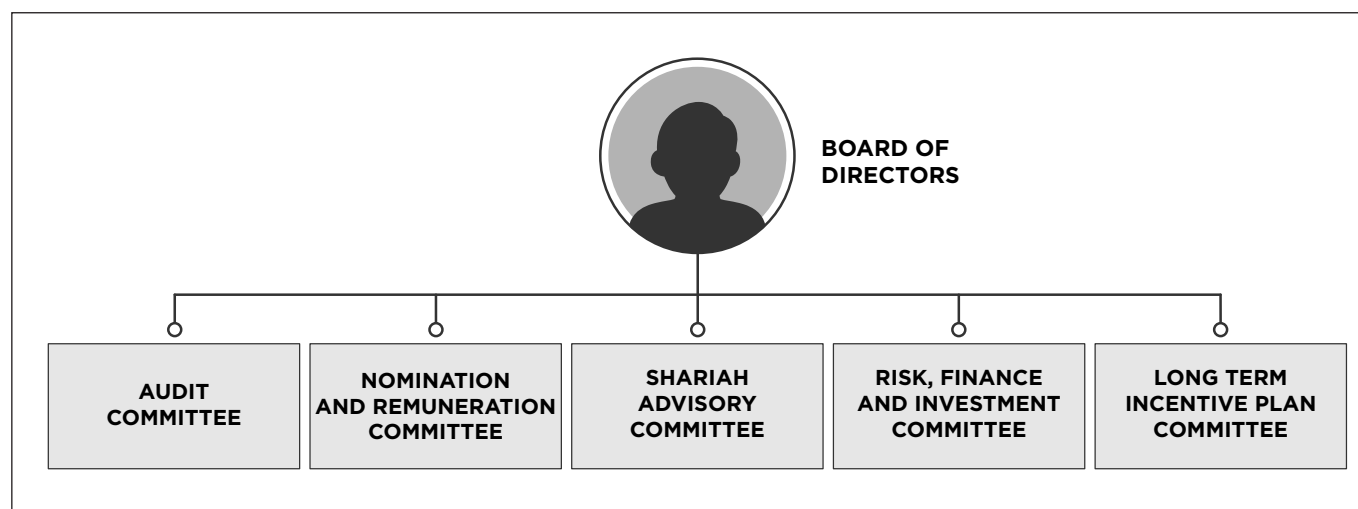
# Corporate Governance Overview Statement

(Continued)

Apart from the above, the Board has also identified the following key areas for further enhancement in the future:-

- (i) To further heighten the governance of Group entities for greater alignment of expectations and better flow of information between the boards of the Group and its subsidiaries;
- (ii) To facilitate and foster higher levels of engagement and trust between the boards of the Group and its subsidiaries via open and effective communication; and
- (iii) To improve the level of independence on the boards of the entities within the Group.

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 of the Company as below:-



## The Executive Chairman & President

YBhg. Tan Sri Dato' Sri (Dr.) Mohamad Norza Bin Zakaria was redesignated from the Executive Chairman to the Executive Chairman & President of the Company on 8 September 2021. The Board noted the combination of the positions of the Chairman and President is essential for the commercial environment that the Group is currently operating. Such combination of roles renders creditability and confidence to third party(ies) on the authority of the Chairman and President for successful conclusion of commercial deals/ transactions.

The Executive Chairman & President of the Company leads the Board by setting the tone at the top, and managing the Board effectiveness by focusing on strategy, governance and compliance.

As the alternate practice, the Board undertakes the following effort to ensure there is a balance of power and authority on the Board:-

- (a) The composition of the Board consists of majority of Independent Non-Executive Directors, whom, collectively, have the weightage in terms of Board's decision making and are free to exercise their independent judgement or act in the best interests of the Company, and to safeguard the interest of the minority shareholders.
- (b) The decision of the Board shall always be agreed upon by at least majority of the Directors present at the Meeting, therefore, no individual Director can dominate the decision-making of the Board.



# Corporate Governance Overview Statement

(Continued)

## **Chairman of the Board should not be a member of the Audit Committee, Nomination Committee and Remuneration Committee**

The Board took note on the recommendation Practice 1.4 of the MCCG 2021 which states that the Chairman of the Board should not be a member of the Audit Committee, Nomination Committee or Remuneration Committee.

YBhg. Tan Sri Dato' Sri (Dr.) Mohamad Norza Bin Zakaria, the Executive Chairman & President of the Company is also the Chairman of Risk, Finance and Investment Committee ("RFIC"). YBhg. Tan Sri Dato' Sri (Dr.) Mohamad Norza Bin Zakaria is conscious of his differing roles in the Board and in the RFIC. All issues before recommending to the Board are thoroughly deliberated at the committee level which involved the participation of one (1) Executive Vice Chairman and one (1) independent director. All recommendations by the RFIC to the Board have been arrived at unanimously and this would have eliminated the risk of self-review.

## **Qualified and Competent Company Secretary**

In compliance with Practice 1.5 of the MCCG 2021, 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 Committees 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.

## **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.

The Board has also identified the following key areas for further enhancement in the future:

- (i) To further heighten the governance of Group entities for greater alignment of expectations and better flow of information between the Board, Senior Management and its subsidiaries; and
- (ii) To facilitate and foster higher levels of engagement and trust between the Board of the Company and its subsidiaries via open and effective communication

## **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. The Board had on 13 April 2022 reviewed and approved the revised Board Charter of the Company.

## **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 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.

# Corporate Governance Overview Statement

(Continued)

## 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 Board ensures that the company's sustainability strategies, priorities and targets as well as performance against these targets are communicated to its internal and external stakeholders. Performance evaluations of the Board and Senior Management include a review of the performance of the Board and Senior Management in addressing the company's material sustainability risks and opportunities.

## Anti-Bribery and Corruption Policy and Procedure

With the enforcement of Section 17A of the Malaysian Anti-Corruption Commission Act 2009 (Amendment 2018) on 1 June 2020, the Group has adopted an Anti-Bribery and Corruption Policy and Procedure to deal with improper solicitation, bribery and other corrupt activities and issues that may arise in the course of business in order to prevent acts of bribery and corruption.

The Group will perform a continuous review of its anti-bribery and anti-corruption management system to assess the comprehensiveness of its systems, policies and procedures with a view towards enhancing and to address any shortcomings, so as to provide assurance to the Group that its system, policies and procedures are "reasonable and proportionate" to the nature and size of the Group and that they meet the requirements of the Guidelines on Adequate Procedures.

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

## Board Composition

The Board has nine (9) members comprising two (2) Executive Directors, five (5) Independent Non-Executive Directors and two (2) Non-Independent Non-Executive Directors 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 Practice 5.2 of the MCCG 2021 to have at least half of the board comprises independent directors.

# Corporate Governance Overview Statement

(Continued)

During the financial year under review, there were changes to the composition of the Board as below:

Date of change	Name of Directors	Details
25 August 2021	Encik Aimi Aizal Bin Nasharuddin	Appointed as an Independent Non-Executive Director (“INED”) of the Company.
8 September 2021	YBhg. Tan Sri Dato’ Sri (Dr.) Mohamad Norza Bin Zakaria	Redesignation from Executive Chairman to Executive Chairman & President of the Company.

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 of the Board being the Executive Chairman & President, the Board takes comfort in the presence of five (5) 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 Directors are set out in the Directors’ Profile section of this Annual Report.

## Tenure of Independent Directors

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. If the Board intends to retain the Independent Director beyond nine (9) years, the Board will seek annual shareholders’ approval through a two-tier voting process in accordance with Practice 5.3 of MCCG 2021.

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 based on 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 2021 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 and is embarking on Board Gender Diversity.

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.

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.

# Corporate Governance Overview Statement

(Continued)

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
<b>Number of Directors</b>	8	0	1	9	9	0	9

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

Age Group (Years)	21-30	51 - 60	61 - 70	Total
<b>Number of Directors</b>	1	4	4	9

## 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	Total	%
<b>Male</b>	171	43	14	103	331	81%
<b>Female</b>	54	22	3	0	79	19%

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	Total	%
<b>Male</b>	1	68	129	83	50	331	81%
<b>Female</b>	0	20	33	22	4	79	19%

## 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 Committees meetings and to provide their inputs and advices on relevant matters.

# Corporate Governance Overview Statement

(Continued)

The attendance record of individual Directors at the Board meetings for the financial year ended 31 December 2021 is detailed below:-

Name	Attendance
YBhg. Tan Sri Dato' Sri (Dr.) Mohamad Norza Bin Zakaria	6/6
YM Tengku Dato' Sri Uzir Bin Tengku Dato' Ubaidillah	6/6
YM Tengku Dato' Indera Zubir Bin Tengku Dato' Ubaidillah	5/6
Encik Ikhlas Bin Kamarudin	5/6
Encik Rosli Bin Shafiei	6/6
YBhg Datuk Idris Bin Haji Hashim J.P.	6/6
YBhg Dato' Syed Kamarulzaman Bin Dato' Syed Zainol Khodki Shahabudin	6/6
YBhg Dato' Mohan A/L C Sinnathamby	5/6
Encik Aimi Aizal Bin Nasharuddin (Appointed on 25 August 2021)	1/2

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.

## 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 and Remuneration Committee has in place an annual assessment of training needs of each Director. The Nomination and Remuneration 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
Tan Sri Dato' Sri (Dr.) Mohamad Norza Bin Zakaria	<ul style="list-style-type: none"> <li>• How to be an effective NED in a disruptive world by Institute of Corporate Directors Malaysia</li> <li>• Masterclass: Climate Governance from Risk Viewpoint by Institute of Corporate Directors Malaysia.</li> </ul>
YM Tengku Dato' Sri Uzir Bin Tengku Dato' Ubaidillah	<ul style="list-style-type: none"> <li>• Creating A Resilient Organisation: Crisis and Incident Readiness</li> </ul>
YM Tengku Dato' Indera Zubir Bin Tengku Dato' Ubaidillah	<ul style="list-style-type: none"> <li>• Creating A Resilient Organisation: Crisis and Incident Readiness</li> </ul>
Datuk Idris Bin Haji Hashim J.P.	<ul style="list-style-type: none"> <li>• Creating A Resilient Organisation: Crisis and Incident Readiness</li> </ul>
Dato' Syed Kamarulzaman Bin Dato' Syed Zainol Khodki Shahabudin	<ul style="list-style-type: none"> <li>• Webinar: ESG for FTSE4Good Bursa Malaysia Index</li> <li>• Shariah Investing Dialogue with Public Listed Companies 2021 - Session 1</li> <li>• Section 17A of the Malaysian Anti-Corruption Commission Act 2009 - Session 2</li> <li>• Anti-Corruption Plan Organisation (OACP) Briefing</li> <li>• Webinar: A year on since the Pandemic by Dr. Kishore Sengupta</li> <li>• Webinar: Beyond Numbers by Razak School of Government</li> </ul>
Encik Rosli Bin Shafiei	<ul style="list-style-type: none"> <li>• Securities Commission Malaysia's Audit Oversight Board Conversation with Audit Committees</li> <li>• Creating Resilient Organisation: Crisis and Incident Readiness</li> </ul>
Dato' Mohan A/L C Sinnathamby	<ul style="list-style-type: none"> <li>• Anti-Money Laundering and Financial Crime in the Age of Covid</li> </ul>
Encik Ikhlas Bin Kamarudin	<ul style="list-style-type: none"> <li>• An entire MBA in 1 course: Award Winning Business School Prof</li> </ul>
Encik Aimi Aizal Bin Nasharuddin	<ul style="list-style-type: none"> <li>• How to be an effective NED in a disruptive world by Institute of Corporate Directors Malaysia</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.

# Corporate Governance Overview Statement

(Continued)

## (a) Nomination and Remuneration Committee

The principal objective of the Nomination and Remuneration Committee (“NRC”) is to nominate and screen potential Board member candidates with the aim to establish an appropriate structure for succession and development including an effective process for director selection and tenure and to review and recommend to the Board the remuneration, compensation and benefits packages of the Executive Directors and Key Senior Management.

The roles and responsibilities, as well as activities of the NRC, are broadly categorised into the following:-

### Nomination matters

The NRC 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.

In discharging its responsibilities, the NRC performed the following activities during the financial year:-

- Reviewed the effectiveness and composition of the Board;
- Evaluated the performance of the Board and Board Committees and each of its members;
- Assessed the independence status of the Independent Non-Executive Directors;
- Recommended the re-election of Directors who retired pursuant to Clauses 117 and 118 of the Company’s Constitution;
- Review and deliberation on the findings and outcomes of the assessments of the Board, Board Committees and Directors’ self and peer evaluation;
- Review of the term of office, appointment and performance of the Audit Committee and each of its members; and
- Reviewed and recommended the appointment of a new Independent Non-Executive Director.

The NRC conducted an annual assessment of the Board’s effectiveness as a whole and the contribution of each individual Director. The Directors are provided with questionnaires to carry out the assessments with absolute anonymity and are based on their competences, capabilities, time commitments, integrities, participations and contributions to the Board and Board Committees. The results are then tabulated and presented to the NRC 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 and Board Committees include the required mix of skills and experience and the effectiveness of the Board and Board Committees.

### Remuneration matters

The NRC is to assist the Board in determining, developing and recommending an appropriate remuneration policy and remuneration package for Directors and Senior Management so as to attract, retain and motivate the Directors and Senior Management.

During the financial year under review, the NRC met and discharged the following duties on remuneration matters:-

- Reviewed and recommended the remuneration package of Executive Directors for the financial year ended 31 December 2021;
- Reviewed and recommended the Directors’ fees for Non-Executive Directors for the period from 1 February 2021 to 30 June 2022; and
- Reviewed and recommended the Directors’ benefits payable to Directors for the period from 1 February 2021 to 30 June 2022;
- Reviewed and recommended the Director’s fee for the appointment of new Independent Non-Executive Director; and
- Reviewed and recommended the remuneration package of the Executive Chairman & President and Senior Management.

# Corporate Governance Overview Statement

(Continued)

The composition of the NRC 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	3/3
YBhg Datuk Idris Bin Haji Hashim J. P.	Member	3/3
Encik Rosli Bin Shafiei	Member	3/3
YM Tengku Dato' Indera Zubir Bin Tengku Dato' Ubaidillah (Appointed on 25 May 2021)	Member	2/2

The terms of reference of the NRC and Directors and Senior Management's Remuneration Policy are available for reference on the Company's website at [www.wzs.my](http://www.wzs.my).

## (b) 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.

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

## (c) 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 Shariah decisions, opinions and views provided by them. The Shariah Advisory Committee shall ensure that decisions made comply with Shariah principles at all times.

Main duties of the Shariah Advisory Committee shall include:-

- Provide advice to the Board and Management including the subsidiaries.
- 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.
- 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.
- 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.
- 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 refers 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
Encik Ikhlas Bin Kamarudin	Member	2/2
Mr. Mahamahpoyi Hj Walah	Advisor	2/2
Mr. Chan Fook Kwong	Management Representative	1/1

#### (d) 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	1/1
Encik Rosli Bin Shafiei	Member	1/1
YBhg. Dato' Syed Kamarulzaman Bin Dato' Syed Zainol Khodki Shahabudin	Member	1/1

#### (e) Risk, Finance and Investment Committee

The Board had on 1 April 2021 resolved to re-designate the Investment Committee to Risk, Finance and Investment Committee (“**RFIC**”).

The principle objectives of the RFIC are as follows:

- (i) To assist the Board in their responsibilities to identify, assess and monitor key business risks to safeguard shareholders' investments and the Group's assets. The RFIC supports the Board by setting and overseeing the risk management framework and activities of WZ Satu Berhad and Group (“**Group**”), and regularly assessing the Group's risk management processes to ascertain their adequacy and effectiveness.

# Corporate Governance Overview Statement

(Continued)

- (ii) To review, approve and/or recommend to the Board:
- Discretionary capital expenditure in accordance with the prescribed limits set out in the Limit of Authority as proposed by companies within the Group;
  - all acquisitions, investments and divestment of companies in accordance with the prescribed limits as per the Limit of Authority and setting up of new material business (including joint ventures but excluding pre-bid joint venture and/or consortium agreements, non-binding Memorandums i.e. Memorandum of Business Exploration, Memorandum of Understanding etc.); and
  - the corporate strategy and planning and investment matters for the Group.
- (iii) Advise Management on suitable plans in respect of future investments.

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

The composition of the RFIC of the Company and details of attendance of the meeting during the financial year under review are as follows:-

Name	Designation	Attendance
YBhg. Tan Sri Dato' Sri (Dr.) Mohamad Norza Bin Zakaria	Chairman	1/1
YM Tengku Dato' Sri Uzir Bin Tengku Dato' Ubaidillah	Member	1/1
YBhg. Dato' Mohan A/L C Sinnathamby	Member	1/1
Encik Suhaimi Bin Badrul Jamil ( <i>Resigned on 1 December 2021</i> )	Member	1/1

## 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 NRC 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 NRC and Board annually.

# Corporate Governance Overview Statement

(Continued)

The details of the Directors' remuneration for the financial year ended 31 December 2021 are as follows:

Name of Directors	Company					Group				
	Fees ("RM")	Salaries & Bonus <sup>+</sup> ("RM")	Benefits in-kind ("RM")	Others <sup>#</sup> ("RM")	Total ("RM")	Fees ("RM")	Salaries & Bonus <sup>+</sup> ("RM")	Benefits in-kind ("RM")	Others <sup>#</sup> ("RM")	Total ("RM")
<b>Executive Directors</b>										
*Tan Sri Norza	-	755,803	7,200	-	763,003	-	755,803	7,200	-	763,003
Tengku Uzir	-	160,545	6,000	-	166,545	-	587,746	6,000	-	593,746
<b>Total</b>	-	916,348	13,200	-	929,548	-	1,343,549	13,200	-	1,356,749
<b>Non-Executive Directors</b>										
Tengku Zubir	60,000	-	-	4,000	64,000	60,000	-	-	4,000	64,000
En. Ikhlas	60,000	-	-	3,500	63,500	90,000	-	-	3,500	93,500
En. Rosli	72,000	-	-	9,500	81,500	72,000	-	-	9,500	81,500
Datuk Idris	60,000	-	-	9,000	69,000	60,000	-	-	9,000	69,000
Dato' Syed	60,000	-	-	10,000	70,000	60,000	-	-	10,000	70,000
Dato' Mohan	60,000	-	-	5,000	65,000	60,000	-	-	5,000	65,000
@En. Aimi	21,129	-	-	500	21,629	58,796	-	-	500	59,296
<b>Total</b>	393,129	-	-	41,500	434,629	460,796	-	-	41,500	502,296

Notes:

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

# Comprises meeting allowance.

\* Redesignated from Executive Chairman to Executive Chairman & President with effect from 8 September 2021.

@ Appointed as Independent Non-Executive Director on 25 August 2021.

The remuneration of the Key Senior Management for the financial year ended 31 December 2021 are disclosed in the Corporate Governance Report 2021 which is available at the Company's corporate website at [www.wzs.my](http://www.wzs.my).

# Corporate Governance Overview Statement

(Continued)

## PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

### Audit Committee

The Audit Committee of the Group comprises of four (4) 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 complies with Paragraphs 15.09 and 15.10 of the MMLR and the recommendation of Practice 9.4 of MCCG 2021 whereby all the four (4) 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.

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. The terms of reference of the Audit Committee is available for reference on the Company's 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 9.3 of the MCCG 2021, the Audit Committee has assessed the suitability, objectivity and independence of the External Auditor to safeguard the quality and reliability of Audited Financial Statements. 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 23 February 2021 and 16 November 2021 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 Annual General Meeting ("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.

# Corporate Governance Overview Statement

(Continued)

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.

With effect from 1 April 2021, the risk management was assumed and overseen by the RFIC which took over this function from the Audit Committee of the Company while the Audit Committee continues to oversee the internal control function. 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.

In January 2022, the Company has appointed an external consultant, Corporate Streets Sdn. Bhd. to provide consultancy and advisory services on Corporate Governance and Risk Management framework of the Company enhancing on its existing policies, procedures and work processes and practices as part of the Group's corporate governance framework.

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.

In line with the Company's commitment to sustainability, the Company encourages shareholders to receive information and communications from the Company and its share registrar electronically. Shareholders are encouraged to elect to receive electronic notification of releases of information by the Company and to receive the Annual Report, Notice of AGM and proxy form by email.

# Corporate Governance Overview Statement

(Continued)

## 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 is 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 AGM. 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 light of the Covid-19 pandemic, the Company will continue to conduct virtual general meetings through live streaming and using Remote Participation and Voting Facilities to enhance the quality of engagement with its shareholders and facilitate further participation by shareholders at the forthcoming AGM in accordance with the Company's Constitution. The shareholders who attended the AGM via Remote Participation could also submit their questions during the Meeting for the Board to respond.

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 Sixteenth 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.

The summary of key matters discussed at the 16<sup>th</sup> AGM held on 15 July 2021 was published at the Company's website at <http://www.wzs.my/shareholders-meeting/>

## KEY FOCUS AREAS AND FUTURE PRIORITIES

The Board has identified the following key focus areas and future priorities of the Company, moving forward:-

- To align the Group's business activities towards the achievement of its vision and objectives.
- Continue evaluating business diversification, mergers and acquisitions and exploring new business opportunities.
- Continue working towards promoting greater standards of corporate governance and instil a risk and governance awareness culture throughout the organisation.
- Continue to intensify its efforts encompassing areas such as risk management as well as anti-bribery and corruption compliance throughout the Group.

# Additional Compliance Information

The following information is provided in accordance with Paragraph 9.25 of the Main Market Listing Requirements as set out in Appendix 9C thereto.

## 1. Utilisation of Proceeds Raised from Corporate Proposals

### a) Private Placement

On 2 December 2021, the Company completed its private placement following the listing of and quotation for the 150,446,832 placement shares on the Main Market of Bursa Malaysia Securities Berhad ("**Bursa Securities**") raising gross proceeds of RM25.6 million.

As at the latest practical date, the status of the utilisation of proceeds is as 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
Additional investment in existing business	8,000	-	8,000	(8,000)	-	Within 12 months
General working capital	16,776	294	17,070	(4,134)	12,936	Within 12 months
*Estimated expenses	800	(294)	506	(506)	-	Within 2 months
<b>TOTAL</b>	<b>25,576</b>	<b>-</b>	<b>25,576</b>	<b>(12,640)</b>	<b>12,936</b>	

Remarks:

\* *The estimated expenses comprise professional fees, regulatory fees, placement fees and other incidental expenses incurred for the private placement. The surplus has been adjusted against the gross proceeds allocated for working capital of the Group.*

### b) Rights Issue of Irredeemable Convertible Preference Shares ("ICPS") together with free detachable warrants B ("Rights Issue")

On 10 May 2021, the Company completed the listing and quotation of 511,665,197 ICPS, 63,958,049 free detachable Warrants B and 51,800,538 additional Warrants 2014/2024 (Warrants A) on the Main Market of Bursa Securities raising gross proceeds of RM56.3 million.

On 8 September 2021, the Company announced to Bursa Securities the variation of utilisation proceeds of RM14 million from future projects to an existing project in line with the current business needs of the Group. The variation is not subject to approval of any authorities or shareholders of the Company as the variation is less than 25% of the total proceeds raised from the Rights Issue pursuant to Paragraph 8.22 of the Listing Requirements.

# Additional Compliance Information

(Continued)

As at the latest practical date, the status of the utilisation of proceeds is as below:-

Purpose	Proposed utilisation (RM'000)	Variation/ Transfer from/(to) (RM'000)	Revised proposed utilisation (RM'000)	Actual utilisation (RM'000)	Balance (RM'000)	Expected time frame For utilisation of proceeds
Funding for future construction and/or project/ business financing activities	54,883	(13,954)	40,929	-	40,929	Within 36 months
Working capital	700	-	700	(700)	-	Within 12 months
*Estimated expenses	700	(46)	654	(654)	-	Within 1 month
Existing project	-	14,000	14,000	(14,000)	-	Within 6 months
<b>TOTAL</b>	<b>56,283</b>	<b>-</b>	<b>56,283</b>	<b>(15,354)</b>	<b>40,929</b>	

Remarks:

\* *Estimated expenses is in relation to the above Rights Issue. The surplus has been adjusted against the portion earmarked for funding for future construction and/or project/business financing activities of our Group.*

## 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'000)	Company (RM'000)
Audit Fees	242	60
Non-Audit Fees	45	45
<b>Total Fees</b>	<b>287</b>	<b>105</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 entered into by the Group involving the interest of Directors, chief executive who is not a Director or major shareholder, either still subsisting as at the end of the financial year ended 31 December 2021 or, if not then subsisting, entered into since the end of the previous financial year except as disclosed in Note 33 of Notes To The Financial Statements under Proposed Acquisition. On 17 November 2021, the Company entered into a binding agreement with TIZA Global Sdn Bhd ("TGSB") (Formerly known as Citaglobal Sdn Bhd) to exclusively explore and negotiate further with TGSB on a proposed acquisition by WZ Satu Berhad of the entire equity interest in Citaglobal Engineering Services Sdn Bhd from TGSB for an indicative purchase consideration of RM140 million.

### 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 December 2021.

# 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 December 2021.

## 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.

With effect from 1 April 2021, the risk management function was undertaken by the Risk, Finance and Investment Committee.

## COMPOSITION AND ATTENDANCE OF MEETINGS

The Audit Committee comprises four (4) 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 2021 (“MCCG”) whereby all four (4) 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 majority of 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 December 2021, the Audit Committee conducted six (6) 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	6/6
YBhg. Dato' Syed Kamarulzaman Bin Dato' Syed Zainol Khodki Shahabudin	Member, Independent Non-Executive Director	6/6
YBhg. Datuk Idris Bin Haji Hashim J. P.	Member, Independent Non-Executive Director	6/6
YBhg. Dato' Mohan A/L C Sinnathamby (Appointed on 25 May 2021)	Member, Independent Non-Executive Director	3/3

# 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 entered during the financial year.
- (d) Reviewed and recommended the revised limits of authority of the Company and of the Group.

### 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.
- (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 December 2021 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 (MFRS) 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 had 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 internal 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 December 2021, the key process controls audited were as follows:-

- (a) Civil Engineering and Construction Segment
  - Project Management
- (b) Group level
  - Human Resource Management
- (c) Manufacturing Segment
  - Production Planning and Monitoring

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 systems of internal controls are 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 incurred for the financial year ended 31 December 2021 was RM27,750.

# 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 December 2021 (“**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.

During the financial year under review, the Board is assisted by the Audit Committee, the Risk, Finance and Investment Committee, the Internal Auditors and the Management to identify, approve, and implement policies and procedures on risk management and internal control. The Risk, Finance and Investment Committee assumes 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.

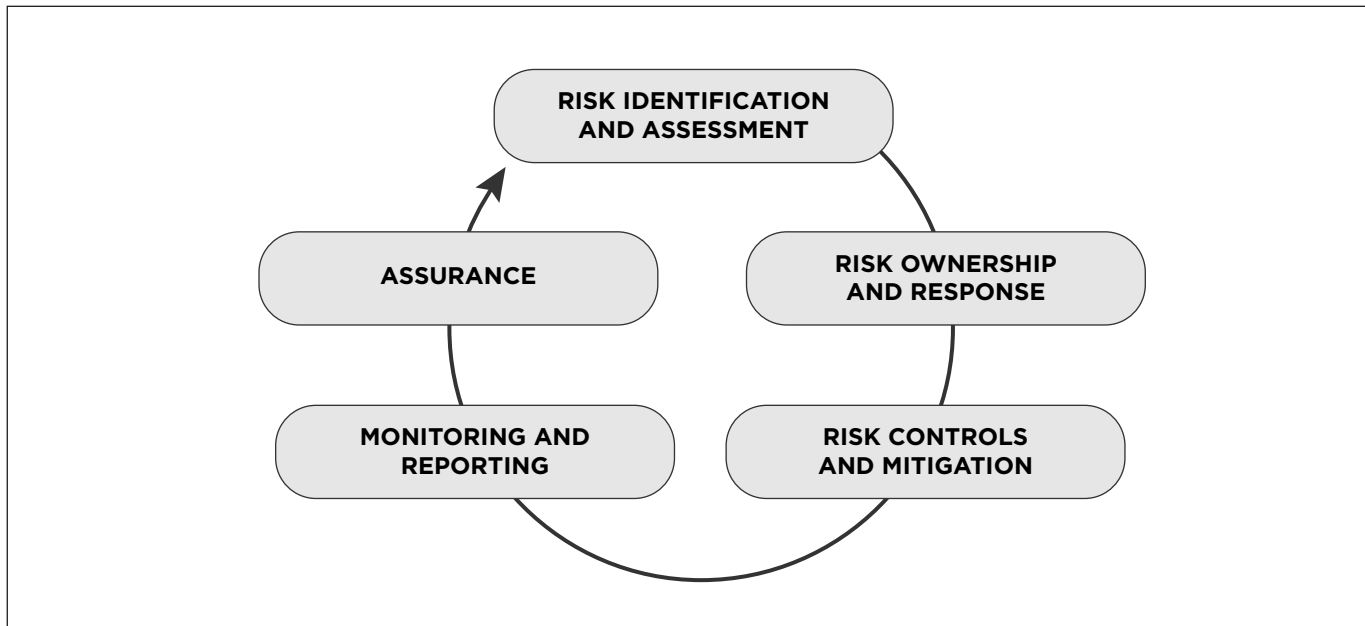
## RISK MANAGEMENT FRAMEWORK

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:-

- Organisation structure with well-defined delegation of responsibilities and accountabilities for the Group's operating units.
- Establishment of the Nomination and Remuneration, Long Term Incentive Plan, Shariah Advisory and Risk, Finance and Investment Committees, apart from the Audit Committee;
- Clearly defined and documented internal policies and procedures for certain key operational areas have been established and is subject to periodic review;
- Establishment of the limits of Management's approvals and authorities and the authority limit is to be reviewed from time to time;
- Periodic review of Group's management accounts and performance analysis by the Executive Directors and Management; and
- 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 systems of internal control, 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 this financial information to the shareholders, investors and public.

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:-

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

# Statement on Risk Management and Internal Control

(Continued)

The Board has received assurances from the Executive Chairman & President, the Group Chief Operating Officer, Designate and the 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 systems of internal control. 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 December 2021, the cost incurred for the internal audit function amounted to approximately RM27,750/-.

## 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 Whistle-Blowing 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 Whistle-Blowing Policy and Procedures of the Company are available for reference on the Company's website at [www.wzs.my](http://www.wzs.my).

## 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 systems of internal control are continuously improved in line with evolving business developments, it should also be noted that all the risk management systems and systems of internal control 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 namely 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.



# Statement on Risk Management and Internal Control

(Continued)

## REVIEW OF STATEMENT BY THE EXTERNAL AUDITORS

Pursuant to Paragraph 15.23 of the Bursa Securities' 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 December 2021. 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 December 2021, 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 December 2021.

---

# FINANCIAL

## STATEMENTS

---

Directors' Report	58
Statements of Financial Position	66
Statements of Comprehensive Income	68
Statements of Changes in Equity	70
Statements of Cash Flows	72
Notes to the Financial Statements	75
Statement by Directors	158
Statutory Declaration	159
Independent Auditors' Report to the Members of WZ Satu Berhad	160

---

# 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 December 2021.

## 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 9 to the financial statements.

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

## RESULTS

	Group RM'000	Company RM'000
Profit/(Loss) for the financial year	3,513	(5,761)
<hr/>		
Attributable to:		
Owners of the Company	3,692	(5,761)
Non-controlling interests	(179)	-
	3,513	(5,761)

## DIVIDENDS

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

The directors do not recommend the payment of any dividends in respect of the financial year ended 31 December 2021.

## 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 25 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, the total number of issued shares of the Company increased from 511,665,197 units to 1,020,780,500 units by way of the issuance of:

- (i) 358,668,471 new ordinary shares at an issue price of RM0.0894 per ordinary share from the conversion of Irredeemable Convertible Preference Shares (“ICPS”) for funding future projects and working capital purposes with the conversion ratio of 1 ICPS is convertible into 1 new ordinary share during the conversion period and no additional cash payment is required for the conversion of the ICPS by ICPS holders. The calculation of issue price per share is made up after taken into account the Warrants B reserves adjustments; and
- (ii) 150,446,832 new ordinary shares arising from the private placement at an issue price of RM0.17 each for additional investment in existing business and general working capital purposes.

The issued share capital of the Company increased from RM242,812,599 to RM300,452,620.

The new ordinary shares issued during the financial year ranked pari-passu in all respects with the existing ordinary shares of the Company.

The Company did not issue any debentures during the financial year.

## 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 A

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

The movement of Warrants A during the financial year ended 31 December 2021 are stated as below:

	← Number of Warrants ('000) →		
	At 1.1.2021	Issued	At 31.12.2021
Warrants A	131,441	51,800	183,241

The salient features of the Warrants A are as follows:

- (i) Each Warrant A 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 A entitlement is subject to adjustments under the terms and conditions as set out in the Deed Poll A 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;
- (iii) The holders of the Warrants A 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 A becomes a shareholder of the Company by exercising his Warrants A into new shares or unless otherwise resolved by the Company in general meeting; and

# Directors' Report

(Continued)

## WARRANTS A (CONTINUED)

The salient features of the Warrants A are as follows: (Continued)

- (iv) Pursuant to the Renounceable Rights Issue of 511,665,197 new Irredeemable Convertible Preference Shares (“ICPS”) together with 63,958,049 free detachable Warrants B, 51,800,538 additional Warrants A were issued and the exercise price of the outstanding Warrants A were revised from RM0.38 to RM0.28 arising from the adjustment made in relation to the Right Issue of ICPS with Warrants in accordance to the Deed Poll A and the Notice to Warrant Holders dated 16 April 2021.

As at the reporting date, 183,241,446 Warrants A remained unexercised.

## WARRANTS B AND IRREDEEMABLE CONVERTIBLE PREFERENCE SHARES (“ICPS”)

63,958,049 free detachable warrants (“Warrants B”) were issued to the entitled shareholders of the Company pursuant to the Renounceable Rights Issue of 511,665,197 ICPS on the basis of 1 warrant B for every 8 Rights ICPS subscribed.

The Warrants B issued on 6 May 2021 are constituted under a Deed Poll B dated 24 March 2021 executed by the Company. The Warrants B are listed on the Bursa Malaysia Securities Berhad.

The movement of Warrants B during the financial year ended 31 December 2021 are stated as below:

	← Number of Warrants ('000) →		
	At 1.1.2021	Issued	At 31.12.2021
Warrants B	-	63,958	63,958

The salient features and other details of the ICPS are disclosed in Note 16 to the financial statements.

The salient features of the Warrants B are as follows:

- (i) Each Warrant B entitles the registered holder/(s) at any time prior to 5 May 2031 to subscribe for one (1) new ordinary share at RM0.16 each. The Warrants B entitlement is subject to adjustments under the terms and conditions as set out in the Deed Poll B dated 24 March 2021;
- (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 B 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 B becomes a shareholder of the Company by exercising his Warrants B into new shares or unless otherwise resolved by the Company in general meeting.

As at the reporting date, 63,958,049 Warrants B 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:

YBhg Tan Sri Dato' Sri (Dr.) Mohamad Norza Bin Zakaria\*  
 YM Tengku Dato' Sri Uzir Bin Tengku Dato' Ubaidillah\*  
 YM Tengku Dato' Indera Zubir Bin Tengku Dato' Ubaidillah  
 Ikhlas Bin Kamarudin\*  
 Rosli Bin Shafiei  
 YBhg Datuk Idris Bin Haji Hashim J. P.  
 YBhg Dato' Syed Kamarulzaman Bin Dato' Syed Zainol Khodki Shahabudin  
 YBhg Dato' Mohan A/L C Sinnathamby  
 Aimi Aizal Bin Nasharuddin\*

(Appointed on 25 August 2021)

\* 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:

Azlan Shah Bin Mohd Yusoh  
 Chua Han Wen  
 Dominic James How Eng Li  
 Mohd Aris Bin Mohd Arif  
 Sak Swee Seong  
 Tan Chong Boon  
 YBhg Jen Tan Sri Dato' Sri Zulkiple Bin Haji Kassim  
 Suhaimi Bin Badrul Jamil

(Resigned on 29 December 2021)

## 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 December 2021 were as follows:

	← Number of Ordinary Shares →			
	At 1.1.2021	Bought and/or Converted	Sold	At 31.12.2021
<i>Direct Interest</i>				
YM Tengku Dato' Sri Uzir Bin Tengku Dato' Ubaidillah	53,604,846	6,660,000	(7,450,000)	52,814,846
YM Tengku Dato' Indera Zubir Bin Tengku Dato' Ubaidillah	3,474,160	999,200	(1,700,000)	2,773,360
<i>Indirect Interest</i>				
YBhg Tan Sri Dato' Sri (Dr.) Mohamad Norza Bin Zakaria*	71,888,300	103,401,300	-	175,289,600
Ikhlas Bin Kamarudin*	71,888,300	103,401,300	-	175,289,600



# Directors' Report

(Continued)

## DIRECTORS' INTERESTS (CONTINUED)

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 December 2021 were as follows: (Continued)

	← Number of ICPS →			
	At 1.1.2021	Allotted and/or Bought	Sold/ Converted	At 31.12.2021
<i>Direct Interest</i>				
YM Tengku Dato' Sri Uzir Bin Tengku Dato' Ubaidillah	-	49,636,625	-	49,636,625
YM Tengku Dato' Indera Zubir Bin Tengku Dato' Ubaidillah	-	4,473,360	(300,000)	4,173,360
<i>Indirect Interest</i>				
YBhg Tan Sri Dato' Sri (Dr.) Mohamad Norza Bin Zakaria*	-	99,097,800	(99,097,800)	-
Ikhlas Bin Kamarudin*	-	99,097,800	(99,097,800)	-
	← Number of Warrants A →			
	At 1.1.2021	Allotted and/or Bought	Sold	At 31.12.2021
<i>Direct Interest</i>				
YM Tengku Dato' Sri Uzir Bin Tengku Dato' Ubaidillah	46,581,956	19,482,078	-	66,064,034
YM Tengku Dato' Indera Zubir Bin Tengku Dato' Ubaidillah	547,080	1,079,946	-	1,627,026
	← Number of Warrants B →			
	At 1.1.2021	Allotted and/or Bought	Sold	At 31.12.2021
<i>Direct Interest</i>				
YM Tengku Dato' Sri Uzir Bin Tengku Dato' Ubaidillah	-	6,120,827	(2,206,000)	3,914,827
YM Tengku Dato' Indera Zubir Bin Tengku Dato' Ubaidillah	-	559,170	(145,000)	414,170
<i>Indirect Interest</i>				
YBhg Tan Sri Dato' Sri (Dr.) Mohamad Norza Bin Zakaria*	-	12,387,225	-	12,387,225
Ikhlas Bin Kamarudin*	-	12,387,225	-	12,387,225

\* Deemed interests pursuant to Section 8 of the Companies Act 2016.

By virtue of his interests in the ordinary shares of the Company, YBhg Tan Sri Dato' Sri (Dr.) Mohamad Norza Bin Zakaria, Ikhlas Bin Kamarudin and YM Tengku Dato' Sri Uzir Bin Tengku Dato' Ubaidillah, are 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 period, 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 26 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 29 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 insurance coverage and insurance premium paid for the directors and certain officers of the Company were RM10,000,000 and RM30,000 respectively.

## **SUBSIDIARIES**

The details of the Company's subsidiaries are disclosed in Note 9 to the financial statements.

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

## **SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR AND SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR**

The details of significant events during the financial year and significant events subsequent to the end of the financial year are disclosed in Note 33 to the financial statements.

## **AUDITORS' REMUNERATION**

The details of auditors' remuneration are disclosed in Note 25 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, 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.

.....  
**YBHG TAN SRI DATO' SRI (DR.) MOHAMAD  
NORZA BIN ZAKARIA**  
Director

.....  
**YM TENGKU DATO' SRI UZIR BIN  
TENGKU DATO' UBADILLAH**  
Director

Date: 31 March 2022

# Statements of Financial Position

As at 31 December 2021

	Note	Group		Company	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	5	44,816	42,728	443	418
Goodwill on consolidation	6	9,800	9,800	-	-
Right-of-use assets	7	16,908	20,059	1,355	1,901
Investment in associates	8	3,761	5,843	4,118	4,565
Investment in subsidiaries	9	-	-	135,166	123,019
Club memberships	10	205	205	-	-
Other receivables	11	-	-	33,983	12,751
<b>Total non-current assets</b>		<b>75,490</b>	<b>78,635</b>	<b>175,065</b>	<b>142,654</b>
<b>Current assets</b>					
Inventories	12	30,934	30,416	-	-
Trade and other receivables	11	104,577	83,934	4,752	5,137
Prepayments		3,047	2,785	118	82
Contract assets	13	32,506	31,672	-	-
Tax recoverable		1,349	1,099	596	-
Short term deposits, cash and bank balances	14	85,426	36,172	59,443	18,217
<b>Total current assets</b>		<b>257,839</b>	<b>186,078</b>	<b>64,909</b>	<b>23,436</b>
<b>TOTAL ASSETS</b>		<b>333,329</b>	<b>264,713</b>	<b>239,974</b>	<b>166,090</b>

# Statements of Financial Position

As at 31 December 2021 (Continued)

	Note	Group		Company	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
<b>EQUITY AND LIABILITIES</b>					
<b>Equity attributable to owners of the Company</b>					
Share capital	15	300,453	242,813	300,453	242,813
Irredeemable convertible preference shares ("ICPS")	16	13,677	-	13,677	-
Reserves	17	(144,518)	(158,080)	(85,186)	(89,313)
		169,612	84,733	228,944	153,500
Non-controlling interests		303	298	-	-
<b>TOTAL EQUITY</b>		<b>169,915</b>	<b>85,031</b>	<b>228,944</b>	<b>153,500</b>
<b>Non-current liabilities</b>					
Other payables	18	-	-	6,087	7,152
Deferred tax liabilities	19	5,697	5,559	-	-
Borrowings	20	10,701	7,422	-	-
Lease liabilities	7	2,836	2,944	683	1,375
<b>Total non-current liabilities</b>		<b>19,234</b>	<b>15,925</b>	<b>6,770</b>	<b>8,527</b>
<b>Current liabilities</b>					
Contract liabilities	13	25,897	33,946	-	-
Trade and other payables	18	65,134	56,119	3,511	3,529
Borrowings	20	50,753	65,535	-	-
Lease liabilities	7	1,892	3,477	749	526
Provision	21	504	4,680	-	-
Tax payables		-	-	-	8
<b>Total current liabilities</b>		<b>144,180</b>	<b>163,757</b>	<b>4,260</b>	<b>4,063</b>
<b>TOTAL LIABILITIES</b>		<b>163,414</b>	<b>179,682</b>	<b>11,030</b>	<b>12,590</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>333,329</b>	<b>264,713</b>	<b>239,974</b>	<b>166,090</b>

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

# Statements of Comprehensive Income

For the Financial Year Ended 31 December 2021

	Note	Group		Company	
		1.1.2021 to 31.12.2021 RM'000	1.9.2019 to 31.12.2020 RM'000	1.1.2021 to 31.12.2021 RM'000	1.9.2019 to 31.12.2020 RM'000
Revenue	22	247,382	303,276	1,523	1,833
Cost of sales	23	(204,879)	(274,549)	-	-
<b>Gross profit</b>		42,503	28,727	1,523	1,833
Other income		12,642	3,286	1,987	9,903
Distribution costs		(500)	(1,363)	-	-
Administrative expenses		(28,117)	(41,421)	(6,587)	(7,026)
(Net impairment losses)/Reversal of impairment losses on financial assets and contract assets		(272)	(9,899)	(60)	12,118
Other expenses		(14,729)	(28,226)	(2,174)	(42,968)
<b>Results from operating activities</b>		11,527	(48,896)	(5,311)	(26,140)
Finance costs	24	(4,684)	(8,832)	(650)	(820)
Share of results of associates, net of tax		(2,082)	(5,806)	-	-
<b>Profit/(Loss) before taxation</b>	25	4,761	(63,534)	(5,961)	(26,960)
Income tax (expense)/credit	27	(1,248)	(1,234)	200	(683)
<b>Profit/(Loss) for the financial year/period</b>		3,513	(64,768)	(5,761)	(27,643)
<b>Other comprehensive income, net of tax</b>					
<i>Items that will not be reclassified subsequently to profit or loss</i>					
Net surplus on revaluation of properties		-	351	-	-
<b>Total comprehensive income/(loss) for the financial year/period</b>		3,513	(64,417)	(5,761)	(27,643)

# Statements of Comprehensive Income

For the Financial Year Ended 31 December 2021 (Continued)

	Note	Group		Company	
		1.1.2021 to 31.12.2021 RM'000	1.9.2019 to 31.12.2020 RM'000	1.1.2021 to 31.12.2021 RM'000	1.9.2019 to 31.12.2020 RM'000
<b>Profit/(Loss) attributable to:</b>					
Owners of the Company		3,692	(63,689)	(5,761)	(27,643)
Non-controlling interests		(179)	(1,079)	-	-
<b>Profit/(Loss) for the financial year/period</b>		<b>3,513</b>	<b>(64,768)</b>	<b>(5,761)</b>	<b>(27,643)</b>
<b>Total comprehensive income/(loss) attributable to:</b>					
Owners of the Company		3,692	(63,338)	(5,761)	(27,643)
Non-controlling interests		(179)	(1,079)	-	-
<b>Total comprehensive income/(loss) for the financial year/period</b>		<b>3,513</b>	<b>(64,417)</b>	<b>(5,761)</b>	<b>(27,643)</b>
<b>Earnings/(Loss) per share attributable to owners of the Company</b>					
Basic earnings/(loss) per share (sen)	28	0.56	(12.55)		
Diluted earnings/(loss) per share (sen)	28	0.38	(12.55)		

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

# Statements of Changes In Equity

For the Financial Year Ended 31 December 2021

Group	← Attributable to owners of the Company						Non-Controlling Interests RM'000	Total RM'000
	Share Capital RM'000	ICPS RM'000	Warrant Reserve RM'000	Revaluation Reserve RM'000	Accumulated Losses RM'000	Sub-Total RM'000		
<b>At 1 January 2021</b>	242,813	-	-	16,725	(174,805)	84,733	298	85,031
Total comprehensive income/(loss) for the financial year	-	-	-	-	3,692	3,692	(179)	3,513
Changes in revaluation reserve	-	-	-	(200)	200	-	-	-
Right issue of ICPS with warrants	-	45,741	9,888	-	-	55,629	-	55,629
Conversion of ICPS to ordinary shares	32,064	(32,064)	-	-	-	-	-	-
Issuance of shares pursuant to the private placement	25,576	-	-	-	-	25,576	-	25,576
Subscription of shares in subsidiary	-	-	-	-	(18)	(18)	184	166
<b>Total transactions with owners of the Company</b>	57,640	13,677	9,888	(200)	182	81,187	184	81,371
<b>At 31 December 2021</b>	300,453	13,677	9,888	16,525	(170,931)	169,612	303	169,915
<b>At 1 September 2019</b>	232,583	-	-	16,627	(111,369)	137,841	1,377	139,218
Loss for the financial period	-	-	-	-	(63,689)	(63,689)	(1,079)	(64,768)
<b>Other comprehensive income</b>	-	-	-	351	-	351	-	351
Net surplus on revaluation of properties	-	-	-	351	-	351	-	351
<b>Total comprehensive income/(loss) for the financial period</b>	-	-	-	351	(63,689)	(63,338)	(1,079)	(64,417)
Changes in revaluation reserve	-	-	-	(253)	253	-	-	-
Issuance of shares pursuant to the private placement	10,230	-	-	-	-	10,230	-	10,230
<b>Total transactions with owners of the Company</b>	10,230	-	-	(253)	253	10,230	-	10,230
<b>At 31 December 2020</b>	242,813	-	-	16,725	(174,805)	84,733	298	85,031



# Statements of Changes In Equity

For the Financial Year Ended 31 December 2021 (Continued)

Company	← Attributable to owners of the Company →				Total RM'000
	Share Capital RM'000	ICPS RM'000	Warrant Reserve RM'000	Accumulated Losses RM'000	
<b>At 1 January 2021</b>	242,813	-	-	(89,313)	153,500
Total comprehensive loss for the financial year	-	-	-	(5,761)	(5,761)
Right issue of ICPS with warrants	-	45,741	9,888	-	55,629
Conversion of ICPS to ordinary shares	32,064	(32,064)	-	-	-
Issuance of shares pursuant to the private placement	25,576	-	-	-	25,576
<b>Total transactions with owners of the Company</b>	<b>57,640</b>	<b>13,677</b>	<b>9,888</b>	<b>-</b>	<b>81,205</b>
<b>At 31 December 2021</b>	<b>300,453</b>	<b>13,677</b>	<b>9,888</b>	<b>(95,074)</b>	<b>228,944</b>
<b>At 1 September 2019</b>	<b>232,583</b>	<b>-</b>	<b>-</b>	<b>(61,670)</b>	<b>170,913</b>
Total comprehensive loss for the financial period	-	-	-	(27,643)	(27,643)
Issuance of shares pursuant to the private placement	10,230	-	-	-	10,230
<b>Total transactions with owners of the Company</b>	<b>10,230</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10,230</b>
<b>At 31 December 2020</b>	<b>242,813</b>	<b>-</b>	<b>-</b>	<b>(89,313)</b>	<b>153,500</b>

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

# Statements of Cash Flows

For the Financial Year Ended 31 December 2021

	Group		Company	
	1.1.2021 to 31.12.2021	1.9.2019 to 31.12.2020	1.1.2021 to 31.12.2021	1.9.2019 to 31.12.2020
Note	RM'000	RM'000	RM'000	RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Profit/(Loss) before taxation	4,761	(63,534)	(5,961)	(26,960)
Adjustments for:				
Bad debts written off	-	35	-	-
Deposits written off	-	3	-	-
Depreciation of property, plant and equipment and right-of-use assets	7,559	14,004	739	798
Impairment loss on contract assets	-	9,880	-	-
Impairment loss on goodwill	-	3,200	-	-
Impairment loss on investment in associates	-	304	447	1,134
Impairment loss on investment in subsidiaries	-	-	186	39,478
Impairment loss on plant and equipment	915	3,192	-	-
Impairment loss on receivables	969	248	736	418
Interest expenses	4,684	8,832	650	820
Plant and equipment written off	15	259	15	-
Share of results of associates	2,082	5,806	-	-
Gain on disposal of plant and equipment and right-of-use assets	(971)	(593)	(38)	-
Interest income	(741)	(826)	(1,933)	(8,078)
Reversal of impairment loss on investment in subsidiaries	-	-	-	(1,797)
Reversal of impairment loss on receivables	(697)	(229)	(676)	(12,536)
Unrealised gain on foreign exchange	(1)	(49)	-	-
<b>Operating cash flows before changes in working capital</b>	<b>18,575</b>	<b>(19,468)</b>	<b>(5,835)</b>	<b>(6,723)</b>
Changes in working capital:				
Contract customers	(8,883)	35,989	-	-
Inventories	(518)	4,193	-	-
Payables	9,011	(66,112)	54	44
Provision	(4,176)	4,680	-	-
Receivables	(21,175)	75,549	291	410
<b>Net cash flows (used in)/generated from operations</b>	<b>(7,166)</b>	<b>34,831</b>	<b>(5,490)</b>	<b>(6,269)</b>
Interest paid	(4,684)	(8,832)	(650)	(820)
Interest received	741	826	1,933	8,078
Net taxes (paid)/refunded	(1,360)	1,273	(404)	(641)
<b>Net cash (used in)/generated from operating activities</b>	<b>(12,469)</b>	<b>28,098</b>	<b>(4,611)</b>	<b>348</b>

# Statements of Cash Flows

For the Financial Year Ended 31 December 2021 (Continued)

	Note	Group		Company	
		1.1.2021 to 31.12.2021 RM'000	1.9.2019 to 31.12.2020 RM'000	1.1.2021 to 31.12.2021 RM'000	1.9.2019 to 31.12.2020 RM'000
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Additional investment in associate		-	(600)	-	(600)
Advance to associates companies		-	-	(2)	(1)
Advance to subsidiaries		-	-	(22,369)	(8,633)
Proceeds from disposal of plant and equipment and right-of-use assets		1,652	4,250	70	-
Purchase of:					
plant and equipment		(5,854)	(1,809)	(199)	(73)
right-of-use assets		(78)	(1,198)	-	-
Changes in pledged deposits	14	(10,589)	1,009	(10,038)	-
Subscription of shares in subsidiary	9	-	-	(12,333)	-
<b>Net cash (used in)/generated from investing activities</b>		(14,869)	1,652	(44,871)	(9,307)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Payment of lease liabilities	(a)	(3,868)	(8,942)	(535)	(701)
Net proceeds from right issue of ICPS with warrants		55,629	-	55,629	-
Proceeds from private placement		25,576	10,230	25,576	10,230
Repayment of bank borrowings	(a)	(24,264)	(27,472)	-	-
Net proceeds from issuance of shares to non-controlling interest		166	-	-	-
New drawdown of term loans	(a)	1,959	-	-	-
<b>Net cash generated from/(used in) financing activities</b>		55,198	(26,184)	80,670	9,529
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>		27,860	3,566	31,188	570
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR/PERIOD</b>		28,032	24,467	18,217	17,647
Effect of the exchange rate fluctuations		3	(1)	-	-
<b>CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR/PERIOD</b>	14	55,895	28,032	49,405	18,217

# Statements of Cash Flows

For the Financial Year Ended 31 December 2021 (Continued)

(a) Reconciliation of liabilities arising from financing activities:

	At 1 January/ 1 September RM'000	Cash flows RM'000	Additions/ (Transfer) RM'000	At 31 December RM'000
<b>Group</b>				
<b>2021</b>				
Lease liabilities	6,421	(3,868)	2,175	4,728
Floating rate bank loan	8,653	(1,231)	-	7,422
Term loan	-	1,959	4,149	6,108
Trade financing	57,087	(23,033)	(4,149)	29,905
	72,161	(26,173)	2,175	48,163
<b>2020</b>				
Lease liabilities	10,367	(8,942)	4,996	6,421
Floating rate bank loan	9,561	(908)	-	8,653
Trade financing	83,651	(26,564)	-	57,087
	103,579	(36,414)	4,996	72,161
<b>Company</b>				
<b>2021</b>				
Lease liabilities	1,901	(535)	66	1,432
<b>2020</b>				
Lease liability	-	(701)	2,602	1,901

(b) Total cash outflow for leases

The Group and the Company had total cash outflows for leases of RM6,659,431 (2020: RM18,922,710) and RM593,878 (2020: RM700,880) respectively.

# 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 Damanela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan. The Company's principal place of business is at Level 9, Block 4, Menara TH Plaza Sentral, Jalan Stesen Sentral 5, KL Sentral, 50470 Kuala Lumpur, Wilayah Persekutuan.

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 9 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 31 March 2022.

## 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 amendments/improvements to MFRSs

The Group and the Company have adopted the following amendments/improvements to MFRSs for the current financial year:

#### Amendments/Improvements to MFRSs

MFRS 4	Insurance Contracts
MFRS 7	Financial Instruments: Disclosures
MFRS 9	Financial Instruments
MFRS 16	Leases
MFRS 139	Financial Instruments: Recognition and Measurement

The adoption of the above amendments/improvements to MFRSs 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.

### 2.6 New MFRS and amendments/improvements to MFRSs that have been issued, but yet to be effective

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

	<b>Effective for financial periods beginning on or after</b>
<u>New MFRS</u>	
MFRS 17 Insurance Contracts	1 January 2023
<u>Amendments/Improvements to MFRSs</u>	
MFRS 1 First-time Adoption of MFRSs	1 January 2022 <sup>^</sup> 1 January 2023 <sup>#</sup>
MFRS 3 Business Combinations	1 January 2022/ 1 January 2023 <sup>#</sup>
MFRS 5 Non-current Assets Held for Sale and Discontinued Operations	1 January 2023 <sup>#</sup>
MFRS 7 Financial Instruments: Disclosures	1 January 2023 <sup>#</sup>
MFRS 9 Financial Instruments	1 January 2022 <sup>^</sup> 1 January 2023 <sup>#</sup>
MFRS 10 Consolidated Financial Statements	Deferred
MFRS 15 Revenue from Contracts with Customers	1 January 2023 <sup>#</sup>
MFRS 16 Leases	1 April 2021/ 1 January 2022 <sup>^</sup>
MFRS 17 Insurance Contracts	1 January 2023
MFRS 101 Presentation of Financial Statements	1 January 2022/ 1 January 2023 <sup>#</sup>
MFRS 107 Statements of Cash Flows	1 January 2023 <sup>#</sup>
MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2023
MFRS 112 Income Taxes	1 January 2023
MFRS 116 Property, Plant and Equipment	1 January 2022/ 1 January 2023 <sup>#</sup>

# Notes to the Financial Statements

(Continued)

## 2. BASIS OF PREPARATION (CONTINUED)

### 2.6 New MFRS and amendments/improvements to MFRSs that have been issued, but yet to be effective (Continued)

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

<u>Amendments/Improvements to MFRSs (Continued)</u>		<b>Effective for financial periods beginning on or after</b>
MFRS 119	Employee Benefits	1 January 2023#
MFRS 128	Investments in Associates and Joint Ventures	Deferred/
		1 January 2023#
MFRS 132	Financial Instruments: Presentation	1 January 2023#
MFRS 136	Impairment of Assets	1 January 2023#
MFRS 137	Provision, Contingent Liabilities and Contingent Assets	1 January 2022/ 1 January 2023#
MFRS 138	Intangible Assets	1 January 2023#
MFRS 140	Investment Property	1 January 2023#
MFRS 141	Agriculture	1 January 2022^

<sup>^</sup> *The Annual Improvements to MFRS Standards 2018-2020*

<sup>#</sup> *Amendments as to the consequence of effective of MFRS 17 Insurance Contracts*

- (ii) The Group and the Company plan to adopt the above applicable new MFRS and amendments/improvements to MFRSs when they become effective. A brief discussion on the above significant new MFRS and amendments/improvements to MFRSs that may be applicable to the Group and the Company are summarised below.

#### ***Annual Improvements to MFRS Standards 2018–2020***

Annual Improvements to MFRS Standards 2018–2020 covers amendments to:

- MFRS 1 *First-time Adoption of Malaysian Financial Reporting Standards* – simplifies the application of MFRS 1 by a subsidiary that becomes a first-time adopter after its parent in relation to the measurement of cumulative translation differences.
- MFRS 9 Financial Instruments – clarifies the fees a company includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability.
- Illustrative Examples accompanying MFRS 16 Leases – deletes from Illustrative Example 13 the reimbursement relating to leasehold improvements in order to remove any potential confusion regarding the treatment of lease incentives.
- MFRS 141 Agriculture – removes a requirement to exclude cash flows from taxation when measuring fair value thereby aligning the fair value measurement requirements in MFRS 141 with those in other MFRS Standards.

#### ***Amendments to MFRS 3 Business Combinations***

The amendments update MFRS 3 by replacing a reference to an old version of the Conceptual Framework for Financial Reporting with a reference to the latest version which was issued by Malaysian Accounting Standards Board in April 2018.

# Notes to the Financial Statements

(Continued)

## 2. BASIS OF PREPARATION (CONTINUED)

### 2.6 New MFRS and amendments/improvements to MFRSs that have been issued, but yet to be effective (Continued)

- (ii) The Group and the Company plan to adopt the above applicable new MFRS and amendments/improvements to MFRSs when they become effective. A brief discussion on the above significant new MFRS and amendments/improvements to MFRSs that may be applicable to the Group and the Company are summarised below. (Continued)

#### ***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 101 Presentation of Financial Statements***

The amendments include specifying that an entity's right to defer settlement of a liability for at least twelve months after the reporting period must have substance and must exist at the end of the reporting period; clarifying that classification of liability is unaffected by the likelihood of the entity to exercise its right to defer settlement of the liability for at least twelve months after the reporting period; clarifying how lending conditions affect classification of a liability; and clarifying requirements for classifying liabilities an entity will or may settle by issuing its own equity instruments.

The amendments require an entity to disclose its material accounting policy information rather than significant accounting policies. The amendments, amongst others, also include examples of circumstances in which an entity is likely to consider an accounting policy information to be material to its financial statements. To support this amendments, MFRS Practice Statement 2 was also amended to provide guidance on how to apply the concept of materiality to accounting policy information disclosures. The guidance and examples provided in the MFRS Practice Statement 2 highlight the need to focus on entity-specific information and demonstrate how the four-step materiality process can address standardised (or boilerplate) information and duplication of requirements of MFRSs in the accounting policy information disclosures.

#### ***Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors***

The amendments revise the definition of accounting estimates to clarify how an entity should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important because the changes in accounting estimates are applied prospectively to transactions, other events, or conditions from the date of that change, but changes in accounting policies are generally also applied retrospectively to past transactions and other past events.

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

The amendments specify how an entity should account for deferred tax on transactions such as leases and decommissioning obligation.

In specified circumstances, MFRS 112 exempts an entity from recognising deferred tax when it recognises assets or liabilities for the first time. There had been some uncertainties about whether the exemption from recognising deferred tax applied to transactions such as leases and decommissioning obligations – transactions for which an entity recognises both an asset and a liability. The amendments clarify that the exemption does not apply and that entity is required to recognise deferred tax on such transactions.



# Notes to the Financial Statements

(Continued)

## 2. BASIS OF PREPARATION (CONTINUED)

### 2.6 New MFRS and amendments/improvements to MFRSs that have been issued, but yet to be effective (Continued)

- (ii) The Group and the Company plan to adopt the above applicable new MFRS and amendments/improvements to MFRSs when they become effective. A brief discussion on the above significant new MFRS and amendments/improvements to MFRSs that may be applicable to the Group and the Company are summarised below. (Continued)

#### ***Amendments to MFRS 116 Property, Plant and Equipment***

The amendments prohibit an entity from deducting from the cost of property, plant and equipment amounts received from selling items produced while the entity is preparing the asset for its intended use. Instead, an entity shall recognise such sales proceeds and related cost in profit or loss.

#### ***Amendments to MFRS 137 Provisions, Contingent Liabilities and Contingent Assets***

The amendments specify which costs an entity includes in determining the cost of fulfilling a contract for the purpose of assessing whether the contract is onerous.

- (iii) The Group and the Company are currently assessing the impact of initial application of the above applicable new MFRS and amendments/improvements to MFRSs. Nevertheless, the Group and the Company expect that the initial application is unlikely to have material financial impacts to the current year and prior period financial statements of the Group and of the Company.

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Unless otherwise stated, the following accounting policies have been applied consistently in 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.

#### **(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.

# 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)

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.

Upon the loss of control of a 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.

# Notes to the Financial Statements

(Continued)

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

### 3.1 Basis of consolidation (Continued)

#### (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.

#### (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.

# Notes to the Financial Statements

(Continued)

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

### 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.

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.

#### (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

# Notes to the Financial Statements

(Continued)

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

### 3.4 Financial instruments (Continued)

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

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

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

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 two 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)

#### (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)

#### (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.

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.

# Notes to the Financial Statements

(Continued)

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

### 3.4 Financial instruments (Continued)

#### (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.

### 3.5 Property, plant and equipment

#### (i) Recognition and measurement

Property, plant and equipment (other than freehold land and building, leasehold land (Right-of-use asset) 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(ii).

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 (Right-of-use asset) 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 (Right-of-use asset) 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.

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.

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.



# Notes to the Financial Statements

(Continued)

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

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

#### (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.

#### (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	28 years
Leasehold land (Right-of-use asset)	44 years
Leasehold building	44 years
Low cost apartments	32 - 47 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

#### (i) Definition of lease

At inception of a contract, the Group and the Company assess whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group and the Company assess whether:

- the contract involves the use of an identified asset;
- the Group and the Company have the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Group and the Company have the right to direct the use of the asset.

# Notes to the Financial Statements

(Continued)

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

### 3.6 Leases (Continued)

#### (ii) Lessee accounting

At the lease commencement date, the Group and the Company recognise a right-of-use asset and a lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets.

The Group and the Company present right-of-use assets and lease liabilities as separate lines in the statements of financial position.

#### Right-of-use asset

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

The right-of-use asset is subsequently measured at cost less accumulated depreciation and any accumulated impairment losses and adjust for any remeasurement of the lease liabilities. The right-of-use asset is depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. If the Group and the Company expect to exercise a purchase option, the right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts from the commencement date of the underlying asset. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.11 to the financial statements.

#### Lease liability

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

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option, if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability and by reducing the carrying amount to reflect the lease payments made.

# Notes to the Financial Statements

(Continued)

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

### 3.6 Leases (Continued)

#### (ii) Lessee accounting (Continued)

##### Lease liability (Continued)

The Group and the Company remeasure the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

Variable lease payments that do not depend on an index or a rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in “other expenses” in the statements of comprehensive income.

The Group and the Company have elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

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

The Group and the Company have elected not to recognise right-of-use assets and lease liabilities for short-term leases and lease of low value assets. The Group and the Company recognise the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

#### (iii) Lessor accounting

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.

When the Group is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease. If a head lease is a short-term lease to which the Group applies the exemption described in financial statements, then it classifies the sublease as an operating lease.

If an entity in the Group is a lessor in a finance lease, it derecognises the underlying asset and recognises a lease receivable at an amount equal to the net investment in the lease. Finance income is recognised in profit or loss based on a pattern reflecting a constant periodic rate of return on the lessor’s net investment in the finance lease.

# Notes to the Financial Statements

(Continued)

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

### 3.6 Leases (Continued)

#### (iii) Lessor accounting (Continued)

If an entity in the Group is a lessor in an operating lease, the underlying asset is not derecognised but is presented in the statement 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.

When a contract includes lease and non-lease components, the Group applies MFRS 15 to allocate the consideration under the contract to each component.

### 3.7 Goodwill and other intangible assets

#### (i) Goodwill

Goodwill arises 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

#### (i) 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.

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.

# Notes to the Financial Statements

(Continued)

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

### 3.11 Impairment of assets (Continued)

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

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)

#### (i) 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.

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

The carrying amounts of non-financial assets (except for inventories, contract assets 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.

# Notes to the Financial Statements

(Continued)

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

### 3.11 Impairment of assets (Continued)

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

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.

### 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) Preference shares

Preference shares are classified as equity if it is non-redeemable, or is redeemable but only at the Company's option, and any dividend payments are discretionary. Dividends thereon are recognised as distributions within equity.

Preference shares are classified as financial liability if it is redeemable on a specific date or at the option of the equity holders, or if dividend payments are not discretionary. Dividends thereon are recognised as interest expense in profit or loss as accrued.

#### (iii) 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/period where the employees have rendered their services to the Group and the Company.



# Notes to the Financial Statements

(Continued)

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

### 3.13 Employee benefits (Continued)

#### (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.

#### Warranties

Provision related to assurance-type warranty cost for expected warranty claim is recognised when the product is sold or service is provided to the customer. Initial recognition is based on historical experience of the level of repairs and returns within the warranty period.

### 3.15 Revenue

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.

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.

# Notes to the Financial Statements

(Continued)

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

### 3.15 Revenue (Continued)

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's obligation to repair and make goods of any defect, imperfection, shrinkage or any other fault which have become apparent within a period range from 12 months to 24 months after the date of practical completion of the construction works.

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.

#### (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 at a point in time when services are rendered with credit terms range from 30 to 60 days.

# Notes to the Financial Statements

(Continued)

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

### 3.15 Revenue (Continued)

#### (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 fees are recognised over time as and when services are rendered with credit term of 30 days.

### 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.

### 3.17 Income tax expense

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/period, 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.

# Notes to the Financial Statements

(Continued)

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

### 3.17 Income tax expense (Continued)

#### (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.

#### (iii) Sales and services tax

Revenue, expenses and assets are recognised net of the amount of sales and service tax except:

- where the sales and service tax incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the sales and service tax 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 sales and services tax included.

The net amount of sales and service tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

# Notes to the Financial Statements

(Continued)

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

### 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 Executive Chairman and President that make 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 is categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

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

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

### 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.

# Notes to the Financial Statements

(Continued)

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

### 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/period 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 economic uncertainties from COVID-19 pandemic may result in higher level of estimation uncertainty to the inputs and assumptions used in the value-in-use calculation.

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 to the financial statements.

### 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 economic uncertainties resulting from the COVID-19 pandemic have resulted in an even higher level of estimation uncertainty to the inputs and assumptions used in the estimation of total constructions revenue and expenses.

The carrying amounts of contract assets and contract liabilities are disclosed in Note 13 to the financial statements.

# 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/period 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. The management estimates include the possible impact of COVID-19 pandemic on sales, gross profit margin and other operating expenses. 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 9 to the financial statements.

### 4.4 Impairment of trade receivables and contract assets

The impairment provisions for trade receivables and contract assets 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 and contract assets. 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 forward looking estimates include the possible impact of COVID-19 pandemic on risk of default and expected loss rate of trade receivables.

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 and contract assets. 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 30.2(i) to the financial statements.

# Notes to the Financial Statements

(Continued)

## 5. PROPERTY, PLANT AND EQUIPMENT

Group	Properties # RM'000	Cost						Total RM'000
		Plant, machinery and equipment RM'000	Motor vehicles RM'000	Furniture, fittings and office equipment RM'000	Renovations RM'000	Container/ Cabin construction RM'000	Asset under construction RM'000	
<b>2021</b>								
<b>Cost/Valuation</b>								
At 1 January 2021	30,961	46,916	9,076	2,538	758	371	92	90,712
Additions	-	95	-	395	207	3	5,154	5,854
Disposal/written off	-	-	(2,817)	(97)	(26)	-	-	(2,940)
Transfer from/(to)	-	4,006	1,608	150	-	-	(150)	5,614
At 31 December 2021	30,961	51,017	7,867	2,986	939	374	5,096	99,240
<b>Accumulated depreciation and impairment</b>								
At 1 January 2021	5,813	32,523	7,996	1,299	219	134	-	47,984
Depreciation charge for the financial year	279	2,885	590	296	320	37	-	4,407
Disposal/written off	-	-	(2,556)	(97)	(10)	-	-	(2,663)
Impairment loss	-	915	-	-	-	-	-	915
Transfer from	-	2,173	1,608	-	-	-	-	3,781
At 31 December 2021	6,092	38,496	7,638	1,498	529	171	-	54,424
<b>Carrying amount</b>								
At 31 December 2021	24,869	12,521	229	1,488	410	203	5,096	44,816



# Notes to the Financial Statements

(Continued)

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

Group	Properties # RM'000	Cost					Total RM'000
		Plant, machinery and equipment RM'000	Motor vehicles RM'000	Furniture, fittings and office equipment RM'000	Renovations RM'000	Container/ Cabin construction RM'000	
<b>2020</b>							
<b>Cost/Valuation</b>							
At 1 September 2019	44,704	58,277	24,820	3,922	927	476	133,126
Effect of adoption of MFRS 16	(10,100)	(10,827)	(5,718)	-	-	-	(26,645)
Adjusted balance at 1 September 2019	34,604	47,450	19,102	3,922	927	476	106,481
Additions	-	925	19	375	338	60	1,809
Disposals/written off	(3,143)	(1,459)	(10,045)	(1,759)	(507)	(165)	(17,078)
Elimination of accumulated depreciation on revaluation	(861)	-	-	-	-	-	(861)
Revaluation surplus	361	-	-	-	-	-	361
At 31 December 2020	30,961	46,916	9,076	2,538	758	371	90,712
<b>Accumulated depreciation and impairment</b>							
At 1 September 2019	5,706	32,423	16,422	2,510	435	196	57,692
Effect of adoption of MFRS 16	(421)	(3,143)	(3,744)	-	-	-	(7,308)
Adjusted balance at 1 September 2019	5,285	29,280	12,678	2,510	435	196	50,384
Depreciation charge for the financial period	1,340	3,919	3,688	504	108	49	9,608
Disposals/written off	(3,143)	(676)	(8,370)	(1,715)	(324)	(111)	(14,339)
Elimination of accumulated depreciation on revaluation	(861)	-	-	-	-	-	(861)
Impairment loss	3,192	-	-	-	-	-	3,192
At 31 December 2020	5,813	32,523	7,996	1,299	219	134	47,984
<b>Carrying amount</b>							
At 31 December 2020	25,148	14,393	1,080	1,239	539	237	42,728

# 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 building RM'000	Low cost apartments RM'000	Fabrication yard RM'000		
<b>2021</b>							
<b>Cost/Valuation</b>							
At 1 January 2021/31 December 2021	15,400	5,100	4,300	373	5,788		30,961
<b>Accumulated depreciation and impairment</b>							
At 1 January 2021	-	-	-	25	5,788		5,813
Depreciation charge for the financial year	-	174	96	9	-		279
At 31 December 2021	-	174	96	34	5,788		6,092
<b>Carrying amount</b>							
At 31 December 2021	15,400	4,926	4,204	339	-		24,869

# Notes to the Financial Statements

(Continued)

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

# Properties consist of:

Group	Freehold		Valuation		Low cost		Cost		Total
	land	building	Leasehold land	Leasehold building	apartments	Fabrication yard	RM'000	RM'000	
<b>2020</b>									
<b>Cost/Valuation</b>									
At 1 September 2019	15,400	5,400	10,100	4,500	373	8,931			44,704
Effect of adoption of MFRS 16	-	-	(10,100)	-	-	-			(10,100)
Adjusted balance at 1 September 2019	15,400	5,400	-	4,500	373	8,931			34,604
Disposal/written off	-	-	-	-	-	(3,143)			(3,143)
Elimination of accumulated depreciation on revaluation	-	(548)	-	(313)	-	-			(861)
Revaluation surplus	-	248	-	113	-	-			361
At 31 December 2020	15,400	5,100	-	4,300	373	5,788			30,961
<b>Accumulated depreciation and impairment</b>									
At 1 September 2019	-	327	421	188	13	4,757			5,706
Effect of adoption of MFRS 16	-	-	(421)	-	-	-			(421)
Adjusted balance at 1 September 2019	-	327	-	188	13	4,757			5,285
Depreciation charge for the financial period	-	221	-	125	12	982			1,340
Disposal/written off	-	-	-	-	-	(3,143)			(3,143)
Elimination of accumulated depreciation on revaluation	-	(548)	-	(313)	-	-			(861)
Impairment loss	-	-	-	-	-	3,192			3,192
At 31 December 2020	-	-	-	-	25	5,788			5,813
<b>Carrying amount</b>									
At 31 December 2020	15,400	5,100	-	4,300	348	-			25,148

# 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>2021</b>				
<b>Cost</b>				
At 1 January 2021	734	463	24	1,221
Additions	-	104	95	199
Disposal/written off	(78)	-	(24)	(102)
At 31 December 2021	656	567	95	1,318
<b>Accumulated depreciation</b>				
At 1 January 2021	636	159	8	803
Depreciation charge for the financial year	67	51	9	127
Disposal/written off	(47)	-	(8)	(55)
At 31 December 2021	656	210	9	875
<b>Carrying amount</b>				
At 31 December 2021	-	357	86	443
<b>2020</b>				
<b>Cost</b>				
At 1 September 2019	734	390	24	1,148
Additions	-	73	-	73
At 31 December 2020	734	463	24	1,221
<b>Accumulated depreciation</b>				
At 1 September 2019	598	103	5	706
Depreciation charge for the financial period	38	56	3	97
At 31 December 2020	636	159	8	803
<b>Carrying amount</b>				
At 31 December 2020	98	304	16	418

# Notes to the Financial Statements

(Continued)

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

The carrying amount of property, plant and equipment and right-of-use asset pledged to financial institutions for banking facilities granted to the Group as mentioned in Note 20 are as follows:

	Group	
	2021 RM'000	2020 RM'000
Freehold land	15,400	15,400
Freehold building	4,926	5,100
Leasehold land (right-of-use asset)	9,287	9,500
Leasehold building	4,204	4,300
	<b>33,817</b>	<b>34,300</b>

The freehold and leasehold land and building are stated at valuation based on an independent professional valuation performed by Messrs Raine & Horne International Zaki + Partners Sdn Bhd and Knight Frank Malaysia Sdn Bhd using the market value basis in year 2020.

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 year 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	
	2021 RM'000	2020 RM'000
Freehold land	2,806	2,806
Freehold building	1,807	1,871
Leasehold land (right-of-use asset)	2,146	2,196
Leasehold building	2,127	2,176
Low cost apartments	278	284
	<b>9,164</b>	<b>9,333</b>

During the financial year, an impairment loss of RM914,982 was recognised in profit or loss under other expenses, representing the impairment of certain plant, machinery and equipment in the oil and gas segment to its recoverable amount.

In the previous financial period, an impairment loss of RM3,191,660 was recognised in profit or loss under other expenses, representing the impairment of fabrication yard in the oil and gas segment.

# Notes to the Financial Statements

(Continued)

## 6. GOODWILL ON CONSOLIDATION

The principal activities of the subsidiaries are disclosed in Note 9 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.

Goodwill	Group	
	2021 RM'000	2020 RM'000
<b>Cost</b>		
At 1 January/31 December/1 September	41,024	41,024
<b>Accumulated impairment losses</b>		
At 1 January/1 September	31,224	28,024
Impairment loss recognised for the financial year/period	-	3,200
At 31 December	31,224	31,224
<b>Carrying amount</b>		
At 31 December	9,800	9,800

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

CGU	Group	
	2021 RM'000	2020 RM'000
CGU	9,800	9,800

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.

In the previous financial period, the Group made an allowance for impairment loss on goodwill of RM3,200,000. The allowance was made after considering the measurable decrease in the estimated future cash flows noted in the subsidiaries. The impairment charge in the previous financial period is recorded as other expenses in the consolidated statements of comprehensive income.

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

CGU	Group	
	2021	2020
Discount rate	12%	12%

# 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 basis 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) 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. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

### 7.1 Right-of-use assets

The information about leases of the Group and the Company as lessee is presented below:

Group	Leasehold land RM'000	Building RM'000	Apartments RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Total RM'000
<b>2021</b>						
<b>Cost/Valuation</b>						
At 1 January 2021	10,009	2,335	90	10,561	7,169	30,164
Additions	923	896	17	-	417	2,253
Disposal/written off	-	(135)	(90)	(228)	(4,028)	(4,481)
Transfer to property, plant and equipment	-	-	-	(4,006)	(1,608)	(5,614)
At 31 December 2021	10,932	3,096	17	6,327	1,950	22,322
<b>Accumulated depreciation</b>						
At 1 January 2021	75	247	64	4,490	5,229	10,105
Depreciation charge for the financial year	425	997	40	1,046	644	3,152
Disposal/written off	-	(135)	(90)	(97)	(3,740)	(4,062)
Transfer to property, plant and equipment	-	-	-	(2,173)	(1,608)	(3,781)
At 31 December 2021	500	1,109	14	3,266	525	5,414
<b>Carrying amount</b>						
At 31 December 2021	10,432	1,987	3	3,061	1,425	16,908

# Notes to the Financial Statements

(Continued)

## 7. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (CONTINUED)

### 7.1 Right-of-use assets (Continued)

The information about leases of the Group and the Company as lessee is presented below: (Continued)

Group	Leasehold land RM'000	Building RM'000	Apartments RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Total RM'000
<b>2020</b>						
<b>Cost/Valuation</b>						
At 1 September 2019	-	-	-	-	-	-
Effect of adoption of MFRS 16	10,717	1,135	90	10,827	5,718	28,487
Adjusted balance at 1 September 2019	10,717	1,135	90	10,827	5,718	28,487
Additions	-	2,901	-	-	1,451	4,352
Disposal/written off	(108)	(1,701)	-	(266)	-	(2,075)
Elimination of accumulated depreciation on revaluation	(701)	-	-	-	-	(701)
Revaluation surplus	101	-	-	-	-	101
At 31 December 2020	10,009	2,335	90	10,561	7,169	30,164
<b>Accumulated depreciation</b>						
At 1 September 2019	-	-	-	-	-	-
Effect of adoption of MFRS 16	421	-	-	3,143	3,744	7,308
Adjusted balance at 1 September 2019	421	-	-	3,143	3,744	7,308
Depreciation charge for the financial period	463	957	64	1,427	1,485	4,396
Disposal/written off	(108)	(710)	-	(80)	-	(898)
Elimination of accumulated depreciation on revaluation	(701)	-	-	-	-	(701)
At 31 December 2020	75	247	64	4,490	5,229	10,105
<b>Carrying amount</b>						
At 31 December 2020	9,934	2,088	26	6,071	1,940	20,059



# Notes to the Financial Statements

(Continued)

## 7. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (CONTINUED)

### 7.1 Right-of-use assets (Continued)

The information about leases of the Group and the Company as lessee is presented below: (Continued)

Company	Building	
	2021 RM'000	2020 RM'000
<b>Cost</b>		
At 1 January/1 September	1,901	-
Effect of adoption of MFRS 16	-	701
Adjusted balance at 1 January/1 September	1,901	701
Additions	66	1,901
Disposal/written off	-	(701)
At 31 December	1,967	1,901
<b>Accumulated depreciation</b>		
At 1 January/1 September	-	-
Depreciation charge for the financial year/period	612	701
Disposal/written off	-	(701)
At 31 December	612	-
<b>Carrying amount</b>		
<b>At 31 December</b>	<b>1,355</b>	<b>1,901</b>

The Group and the Company lease land, office and apartments for their office space and operation site. The leases for land, office space and operation site generally have lease terms between 1 to 21 years.

The carrying amount of RM9,287,313 (2020: RM9,500,000) leasehold land is stated at valuation as mentioned in Note 5.

# Notes to the Financial Statements

(Continued)

## 7. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (CONTINUED)

### 7.2 Lease liabilities

Future minimum lease payments together with the present value of net minimum lease payments are as follows:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Minimum lease payment:				
Within one year	2,126	3,735	814	611
Later than one year but not later than five years	2,653	3,180	701	1,456
Later than five years	925	-	-	-
	5,704	6,915	1,515	2,067
Future interest charge	(976)	(494)	(83)	(166)
Present value of minimum lease payments	4,728	6,421	1,432	1,901

Represented by:

#### Non-current

Later than one year but not later than five years  
Later than five years

2,349	2,944	683	1,375
487	-	-	-
2,836	2,944	683	1,375

#### Current

On demand and within one year

1,892	3,477	749	526
4,728	6,421	1,432	1,901

The lease liabilities of the Group and the Company bear interest at rates ranging from 2.31% to 8.84% (2020: 2.31% to 8.00%) and 6.35% (2020: 6.35% to 7.60%) per annum respectively.

Set out below is the movement of lease liabilities during the financial year/period:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
At 1 January/1 September	6,421	10,367	1,901	-
Additions	2,175	4,996	66	2,602
Payments	(3,868)	(8,942)	(535)	(701)
At 31 December	4,728	6,421	1,432	1,901

# Notes to the Financial Statements

(Continued)

## 8. INVESTMENT IN ASSOCIATES

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Unquoted shares, at cost	9,960	9,960	9,960	9,960
Less: Accumulated impairment loss	(1,634)	(1,634)	(5,842)	(5,395)
Share of post-acquisition loss	(4,565)	(2,483)	-	-
	3,761	5,843	4,118	4,565

Details of the associates are as follows:

Name of Entities	Principal place of business/ country of incorporation	Group's Ownership Interest		Principal Activities
		2021	2020	
		%	%	
<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	32	32	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.

^ The financial year end of this associate is not coterminous with the Group. As such, for the purpose of applying equity method of accounting, the management financial statements of this associate for the financial period ended 31 December 2021 has been used.

+ In the previous financial period, the Company acquired additional 2.04% of equity interest in WZS Technologies Sdn Bhd for a total purchase consideration of RM600,000.

# Notes to the Financial Statements

(Continued)

## 8. INVESTMENT IN ASSOCIATES (CONTINUED)

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

2021	SSSB RM'000	SSPSB RM'000	WZST RM'000	Total RM'000
Non-current assets	21,737	-	4,345	26,082
Current assets	109	234	1,408	1,751
<b>Total assets</b>	<b>21,846</b>	<b>234</b>	<b>5,753</b>	<b>27,833</b>
Non-current liabilities	5,906	-	173	6,079
Current liabilities	9,726	5,606	2,527	17,859
<b>Total liabilities</b>	<b>15,632</b>	<b>5,606</b>	<b>2,700</b>	<b>23,938</b>
Non-controlling interests	534	-	-	534
<b>Year ended 31 December 2021</b>				
<b><i>Included in total comprehensive income is:</i></b>				
Revenue	2,809	6,481	2,430	11,720
Expenses including finance costs and tax expense	(6,218)	(8,903)	(3,674)	(18,795)
<b>Loss for the financial year</b>	<b>(3,409)</b>	<b>(2,422)</b>	<b>(1,244)</b>	<b>(7,075)</b>
<b><i>Loss attributable to:</i></b>				
Owners of the Company	(3,436)	(2,422)	(1,244)	(7,102)
Non-controlling interests	27	-	-	27
<b>Loss for the financial year</b>	<b>(3,409)</b>	<b>(2,422)</b>	<b>(1,244)</b>	<b>(7,075)</b>
<b>Reconciliation of net assets to carrying amount</b>				
Goodwill on acquisition	-	-	2,313	2,313
Share of net assets at the acquisition date	3,470	293	3,884	7,647
Cost of investment	3,470	293	6,197	9,960
Accumulated Impairment loss on investment	-	-	(1,634)	(1,634)
Share of post-acquisition loss	(687)	(293)	(3,585)	(4,565)
<b>Carrying amount in statement of financial position</b>	<b>2,783</b>	<b>-</b>	<b>978</b>	<b>3,761</b>
<b>Group's share of results</b>				
Group's share of loss	(1,684)	-	(398)	(2,082)
Group's share of other comprehensive income	-	-	-	-
<b>Group's share of total comprehensive loss</b>	<b>(1,684)</b>	<b>-</b>	<b>(398)</b>	<b>(2,082)</b>

# Notes to the Financial Statements

(Continued)

## 8. 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)

2020	SSSB RM'000	SSPSB RM'000	WZST RM'000	Total RM'000
Non-current assets	27,517	-	6,133	33,650
Current assets	524	3,688	756	4,968
<b>Total assets</b>	<b>28,041</b>	<b>3,688</b>	<b>6,889</b>	<b>38,618</b>
Non-current liabilities	6,066	-	348	6,414
Current liabilities	12,377	6,052	2,244	20,673
<b>Total liabilities</b>	<b>18,443</b>	<b>6,052</b>	<b>2,592</b>	<b>27,087</b>
Non-controlling interests	482	-	-	482
<b>Year ended 31 December 2020</b>				
<b><i>Included in total comprehensive income is:</i></b>				
Revenue	5,622	6,910	2,615	15,147
Expenses including finance costs and tax expense	(15,100)	(11,275)	(4,350)	(30,725)
<b>Loss for the financial period</b>	<b>(9,478)</b>	<b>(4,365)</b>	<b>(1,735)</b>	<b>(15,578)</b>
<b><i>Loss attributable to:</i></b>				
Owners of the Company	(9,502)	(4,365)	(1,735)	(15,602)
Non-controlling interests	24	-	-	24
<b>Loss for the financial period</b>	<b>(9,478)</b>	<b>(4,365)</b>	<b>(1,735)</b>	<b>(15,578)</b>
<b>Reconciliation of net assets to carrying amount</b>				
Goodwill on acquisition	-	-	2,313	2,313
Share of net assets at the acquisition date	3,470	293	3,884	7,647
Cost of investment	3,470	293	6,197	9,960
Accumulated Impairment loss on investment	-	-	(1,634)	(1,634)
Share of post-acquisition profit/(loss)	997	(293)	(3,187)	(2,483)
<b>Carrying amount in statement of financial position</b>	<b>4,467</b>	<b>-</b>	<b>1,376</b>	<b>5,843</b>
<b>Group's share of results</b>				
Group's share of loss	(4,656)	(601)	(549)	(5,806)
Group's share of other comprehensive income	-	-	-	-
<b>Group's share of total comprehensive loss</b>	<b>(4,656)</b>	<b>(601)</b>	<b>(549)</b>	<b>(5,806)</b>

# Notes to the Financial Statements

(Continued)

## 9. INVESTMENT IN SUBSIDIARIES

	Company	
	2021 RM'000	2020 RM'000
<b>Unquoted shares, at cost</b>		
At 1 January/1 September	252,466	176,966
Additions	12,333	75,500
	264,799	252,466
Less: Accumulated impairment loss	(129,633)	(129,447)
At 31 December	135,166	123,019

The movement in accumulated impairment loss is as follows:

	Company	
	2021 RM'000	2020 RM'000
At 1 January/1 September	129,447	91,766
Impairment loss during the year/period (Note 25)	186	39,478
Reversal of impairment loss (Note 25)	-	(1,797)
At 31 December	129,633	129,447

The additional impairment losses on investment in certain subsidiaries during the financial year/period based on recoverable amount of the subsidiaries.

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

Name of Entities	Principal place of business/ country of incorporation	Effective Ownership Interest/Voting Rights		Principal Activities
		2021	2020	
		%	%	
<b>Direct subsidiaries</b>				
WZS BinaRaya Sdn Bhd	Malaysia	100	100	Construction and civil engineering
WZS Misi Setia Sdn Bhd	Malaysia	100	100	Contractor, sub-contractor, fabrication, assembly and testing works, trading and after-sales service of products for oil and gas industries
WZS Industries Sdn Bhd	Malaysia	100	100	Manufacturing and processing of cold drawn bright steel products and related steel products

# Notes to the Financial Statements

(Continued)

## 9. INVESTMENT IN SUBSIDIARIES (CONTINUED)

### 9.1 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
		2021 %	2020 %	
<b>Direct subsidiaries (Continued)</b>				
WZS Powergen Sdn Bhd	Malaysia	61	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
WZS Prisma Sdn Bhd	Malaysia	100	100	Civil engineering and other related works to construction
WZS Water 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	Investment holding company
Sinergi Dayang Sdn Bhd**	Malaysia	100	100	Construction, property development and property investment
WZS Biogas Jerantut Sdn Bhd#^	Malaysia	61	60	Engage in the business to generate and deliver green electricity energy

\* Held indirectly through WZS BinaRaya Sdn Bhd

\*\* Held indirectly through Cekap Semenanjung Sdn Bhd

# Held indirectly through WZS Powergen Sdn Bhd

^ The financial year end of this subsidiary is not coterminous with the Group. As such management accounts had been used for the purpose of consolidation.

# Notes to the Financial Statements

(Continued)

## 9. INVESTMENT IN SUBSIDIARIES (CONTINUED)

### 9.2 Additional investment in subsidiaries

#### 2021

During the financial year, WZS BinaRaya Sdn Bhd increased its issued share capital from 106,500,000 ordinary shares to 118,500,000 ordinary shares. The Company had subscribed for an additional 12,000,000 ordinary shares fully paid amounting to RM12,000,000 in WZS BinaRaya Sdn Bhd.

During the financial year, WZS Powergen Sdn Bhd increased its issued share capital from 2,500,000 ordinary shares to 3,000,000 ordinary shares. The Company had subscribed for additional 333,333 ordinary shares fully paid amounting to RM333,333 in WZS Powergen Sdn Bhd. The Company's effective ownership in WZS Powergen Sdn Bhd and WZS Biogas Jerantut Sdn Bhd, an indirectly subsidiary held through WZS Powergen Sdn Bhd, increased from 60% to 61% as a result of the additional shares purchased.

#### 2020

In the previous financial period, WZS BinaRaya Sdn Bhd increased its issued share capital from 46,500,000 ordinary shares to 106,500,000 ordinary shares. The Company had subscribed for an additional 60,000,000 ordinary shares fully paid amounting to RM60,000,000 in WZS BinaRaya Sdn Bhd.

In the previous financial period, WZS Logistics Sdn Bhd increased its issued share capital from 4,500,000 ordinary shares to 20,000,000 ordinary shares. The Company had subscribed for an additional 15,500,000 ordinary shares fully paid amounting to RM15,500,000 in WZS Logistics Sdn Bhd.

## 10. CLUB MEMBERSHIPS

	Group	
	2021	2020
	RM'000	RM'000
Club memberships, at cost	205	205



# Notes to the Financial Statements

(Continued)

## 11. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
<b>Non-current</b>				
<b>Other receivables</b>				
Amount due from subsidiaries	-	-	34,401	13,169
Less: Allowance for impairment loss	-	-	(418)	(418)
Other receivables (non-current)	-	-	33,983	12,751
<b>Current</b>				
<b>Trade receivables</b>				
Trade receivables	37,832	45,341	-	-
Amount due from associate company	1	1	-	-
Retention sum	22,890	28,011	-	-
	60,723	73,353	-	-
Less: Allowance for impairment loss				
Trade receivables	(158)	(380)	-	-
Trade receivables, net	60,565	72,973	-	-
<b>Other receivables</b>				
Other receivables	50,117	16,930	11,948	12,321
Amount due from associate company	24	11	3	1
Deposits	1,642	1,498	309	263
	51,783	18,439	12,260	12,585
Less: Allowance for impairment loss				
Other receivables	(7,771)	(7,478)	(7,508)	(7,448)
Other receivables, net	44,012	10,961	4,752	5,137
Trade and other receivables (current)	104,577	83,934	4,752	5,137
<b>Total trade and other receivables (non-current and current)</b>	104,577	83,934	38,735	17,888

# Notes to the Financial Statements

(Continued)

## 11. TRADE AND OTHER RECEIVABLES (CONTINUED)

Trade receivables are non-interest bearing and are generally on 7 to 120 (2020: 7 to 180) days terms. They are recognised at their original amounts which represent their fair values on initial recognition.

Included in other receivables of the Group at the end of reporting period:

- (i) is an amount of RM30,346,980 (2020: RM nil) being advances for an engineering, procurement, construction, installation and commissioning (EPCIC) project recoverable from the proceeds of the project due to the consortium partner.
- (ii) is the marked-to-market value of the securities shares forfeited arising from the shortfall of the profit guarantee as specified in the Share Sales Agreement on the acquisition of WZS Misi Setia Sdn Bhd of RM3,981,176 (2020: RM3,642,352).
- (iii) is an advanced payment to supplier or sub-contractors of RM4,092,633 (2020: RM1,140,574) which are unsecured and interest free.
- (iv) is GST refundable amounted to RM1,292,883 (2020: RM1,475,810).

The amount due from subsidiaries are unsecured, bear interest at rate of 6.35% (2020: 6.35% to 7.60%) per annum.

### Receivables that are impaired

The Group's and the Company's receivables that are impaired at the reporting date and the reconciliation of movement in the impairment of receivables are as follows:

	Group	
	2021 RM'000	2020 RM'000
<b>Trade receivables</b>		
At 1 January/1 September	380	272
Charge for the financial year/period		
Individually	-	218
Reversal of impairment loss	(21)	(110)
Written off	(201)	-
At 31 December	158	380

	Company	
	2021 RM'000	2020 RM'000
<b>Amount due from subsidiaries</b>		
At 1 January/1 September	418	12,417
Charge for the financial year/period		
Individually	-	418
Reversal of impairment loss	-	(12,417)
At 31 December	418	418

# Notes to the Financial Statements

(Continued)

## 11. TRADE AND OTHER RECEIVABLES (CONTINUED)

### Receivables that are impaired (Continued)

The Group's and the Company'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	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
<b>Other receivables</b>				
At 1 January/1 September	7,478	7,575	7,448	7,567
Charge for the financial year/period				
Individually	969	30	736	-
Reversal of impairment loss	(676)	(119)	(676)	(119)
Written off	-	(8)	-	-
At 31 December	7,771	7,478	7,508	7,448

The trade receivables of the Group in the foreign currencies are as follows:

	Group	
	2021 RM'000	2020 RM'000
United States Dollar	220	-

The information about credit exposures are disclosed in Note 30.2(i).

## 12. INVENTORIES

	Group	
	2021 RM'000	2020 RM'000
<b>At cost</b>		
Raw materials	10,833	8,728
Work-in-progress	744	1,706
Finished goods	19,091	19,744
	30,668	30,178
<b>At net realisable value</b>		
Finished goods	266	238
	30,934	30,416

The cost of inventories of the Group recognised as expense in cost of sales during the financial year/period was RM51,211,448 (2020: RM79,747,502).

The cost of inventories of the Group recognised as income in cost of sales in respect of reversal of written down of inventories to net realisable value was RM91,399 (2020: RM63,507).

# Notes to the Financial Statements

(Continued)

## 13. CONTRACT ASSETS/(LIABILITIES)

	Group	
	2021 RM'000	2020 RM'000
Contract assets	32,506	31,672
Contract liabilities	(25,897)	(33,946)

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 from a customer or advance billings for construction contract, which revenue is recognised over time during the construction. The contract liabilities are expected to be recognised as revenue over a period of 90 days.

	Increase/(Decrease) in contract assets		(Increase)/Decrease in contract liabilities	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
<b>Group</b>				
Revenue recognised that was included in contract liabilities at the beginning of the financial year/period	-	-	31,370	3,306
Increases due to consideration received from customers but revenue not recognised	-	-	(23,321)	(11,736)
Transfer from contract assets recognised at the beginning of the period to receivables	(17,800)	(45,579)	-	-
Increases due to unbilled revenue recognised	18,764	18,020	-	-
Decreases as a result of changes in the measure of progress	(130)	-	-	-
Impairment loss on contract assets	-	(9,880)	-	-

## 14. SHORT TERM DEPOSITS, CASH AND BANK BALANCES

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Cash on hand and at banks	42,908	19,010	18,399	1,978
Deposits with licensed banks	42,518	17,162	41,044	16,239
Cash and bank balances	85,426	36,172	59,443	18,217
Less: Bank overdrafts (Note 20)	(18,019)	(7,217)	-	-
Less: Deposits pledged to licensed bank	67,407	28,955	59,443	18,217
	(11,512)	(923)	(10,038)	-
<b>Cash and cash equivalents</b>	<b>55,895</b>	<b>28,032</b>	<b>49,405</b>	<b>18,217</b>

# Notes to the Financial Statements

(Continued)

## 14. SHORT TERM DEPOSITS, CASH AND BANK BALANCES (CONTINUED)

The foreign currency exposure profile of cash and bank balances is as follows:

	Group	
	2021 RM'000	2020 RM'000
United States Dollar	236	383

## 15. SHARE CAPITAL

	Group and Company			
	2021 Number of shares Units('000)	2020 Units('000)	2021 Amount RM'000	2020 Amount RM'000
Issued and fully paid:				
At 1 January/1 September	511,665	465,165	242,813	232,583
Conversion of ICPS to ordinary shares	358,668	-	32,064	-
Issuance of shares pursuant to the private placement	150,447	46,500	25,576	10,230
At 31 December - ordinary shares with NO par value	1,020,780	511,665	300,453	242,813

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 financial year, the total number of issued shares of the Company increased from 511,665,197 units to 1,020,780,500 units by way of the issuance of:

- (i) 358,668,471 new ordinary shares at an issue price of RM0.0894 per ordinary share from the conversion of Irredeemable Convertible Preference Shares ("ICPS") for funding future projects and working capital purposes with the conversion ratio of 1 ICPS is convertible into 1 new ordinary share during the conversion period and no additional cash payment is required for the conversion of the ICPS by ICPS holders. The calculation of issue price per share is made up after taken into account the Warrants B reserves adjustments; and
- (ii) 150,446,832 new ordinary shares arising from the private placement at an issue price of RM0.17 each for additional investment in existing business and working capital purposes.

The issued share capital of the Company increased from RM242,812,599 to RM300,452,620.

The new ordinary shares issued during the financial year ranked pari-passu in all respects with the existing ordinary shares of the Company.

# Notes to the Financial Statements

(Continued)

## 15. SHARE CAPITAL (CONTINUED)

### Warrants A

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

The movement of Warrants A during the financial year ended 31 December 2021 are stated as below:

	← Number of Warrants ('000) →		
	At 1.1.2021	Issued	At 31.12.2021
Warrants A	131,441	51,800	183,241

The salient features of the Warrants A are as follows:

- (i) Each Warrant A 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 A entitlement is subject to adjustments under the terms and conditions as set out in the Deed Poll A 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;
- (iii) The holders of the Warrants A 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 A become a shareholder of the Company by exercising his Warrants A into new shares or unless otherwise resolved by the Company in general meeting; and
- (iv) Pursuant to the Renounceable Rights Issue of 511,665,197 new Irredeemable Convertible Preference Shares ("ICPS") together with 63,958,049 free detachable Warrants B, 51,800,538 additional Warrants A were issued and the exercise price of the outstanding Warrants A were revised from RM0.38 to RM0.28 arising from the adjustment made in relation to the Right Issue of ICPS with Warrants in accordance to the Deed Poll A and the Notice to Warrant Holders dated 16 April 2021.

### Warrants B

63,958,049 free detachable warrants ("Warrants B") were issued to the entitled shareholders of the Company pursuant to the Renounceable Rights Issue of 511,665,197 ICPS on the basis of 1 warrant B for every 8 Rights ICPS subscribed.

The Warrants B issued on 6 May 2021 are constituted under a Deed Poll B dated 24 March 2021 executed by the Company. The Warrants B are listed on the Bursa Malaysia Securities Berhad.

The movement of Warrants B during the financial year ended 31 December 2021 are stated as below:

	← Number of Warrants ('000) →		
	At 1.1.2021	Issued	At 31.12.2021
Warrants B	-	63,958	63,958

# Notes to the Financial Statements

(Continued)

## 15. SHARE CAPITAL (CONTINUED)

### Warrants B (Continued)

The salient features of the Warrants B are as follows:

- (i) Each Warrant B entitles the registered holder/(s) at any time prior to 5 May 2031 to subscribe for one (1) new ordinary share at RM0.16 each. The Warrants B entitlement is subject to adjustments under the terms and conditions as set out in the Deed Poll B dated 24 March 2021;
- (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 B 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 B become a shareholder of the Company by exercising his Warrants B into new shares or unless otherwise resolved by the Company in general meeting.

## 16. IRREDEEMABLE CONVERTIBLE PREFERENCE SHARES (“ICPS”)

2021	Group and Company	
	Number of shares Units('000)	Amount RM'000
<b>ICPS</b>		
Issued and fully paid up:		
At 1 January	-	-
Issued during the financial year	511,665	45,741
Conversion to ordinary shares	(358,668)	(32,064)
<b>At 31 December</b>	<b>152,997</b>	<b>13,677</b>

The salient features of ICPS are as follows:

- (i) Dividend rate: The Company shall at its discretion and subject to the availability of distributable profits, pay cumulative preferential dividend rate of 3.0% per annum calculated based on the issue price. The dividends, if declared, shall be payable annually in arrears, subject to availability of distributable profits. No dividend shall be paid on the Shares or any securities junior to the ICPS until after the Company has fully paid the dividends on the ICPS.
- (ii) Tenure: Ten (10) years commencing from and inclusive of the issue date of the ICPS on 6 May 2021.
- (iii) Maturity date: The last market day immediately preceding the date which is the tenth (10th) anniversary from the issue date of the ICPS.
- (iv) Conversion rights:
  - (a) Each ICPS carries the entitlement to convert into new ordinary shares at the Conversion ratio through the surrender of the ICPS at any time during the Conversion period.
  - (b) If the conversion results in a fractional entitlement to ordinary shares, such fractional entitlement shall be disregarded and no refund or credit, whether in the form of ICPS, cash or otherwise, shall be given in respect of the disregarded fractional entitlement.

# Notes to the Financial Statements

(Continued)

## 16. IRREDEEMABLE CONVERTIBLE PREFERENCE SHARES (“ICPS”) (CONTINUED)

The salient features of ICPS are as follows: (Continued)

- (v) Conversion period: The ICPS may be converted into new ordinary shares on any market day commencing on and including the issue date of the ICPS up to and including the maturity date. Any remaining ICPS that are not converted by the maturity date shall be mandatorily converted into new ordinary shares at the Conversion Ratio on the maturity date.
- (vi) Conversion Ratio and conversion price: The Conversion price of RM0.11 per ICPS. Each ICPS is convertible into one (1) new ordinary share. No additional cash payment is required for such conversion of the ICPS by the ICPS Holders.

## 17. RESERVES

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Warrant reserve	9,888	-	9,888	-
Revaluation reserve	16,525	16,725	-	-
Accumulated losses	(170,931)	(174,805)	(95,074)	(89,313)
	(144,518)	(158,080)	(85,186)	(89,313)

### Warrant reserve

The warrant reserve relates to the portion of proceeds from the rights issue of ICPS with warrants (“Warrants B”). As and when the Warrants B are exercised, the related balance in the warrant reserve will be transferred to the share capital account. Each Warrants B carries the right to subscribe for one (1) new ordinary share in the capital of the Company at an exercise price of RM0.16. The Warrants B will be expired on 5 May 2031. At the expiry of the Warrants B, the balance in the warrant reserve will be transferred to retained earnings.

### 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)

## 18. TRADE AND OTHER PAYABLES

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
<b>Non-current</b>				
<b>Other payables</b>				
Amount due to subsidiaries	-	-	6,087	7,152
Total other payables (non-current)	-	-	6,087	7,152
<b>Current</b>				
<b>Trade payables</b>				
Trade payables	18,265	11,124	-	-
Retention sums	23,764	21,598	-	-
Accrued costs	19,468	20,756	-	-
Total trade payables	61,497	53,478	-	-
<b>Other payables</b>				
Accruals	2,070	1,201	43	47
Other payables	1,566	1,123	192	134
Amount due to subsidiaries	-	-	3,276	3,348
Amount due to associate	1	-	-	-
Advance payment from contract customers	-	232	-	-
Refundable deposits	-	85	-	-
Total other payables	3,637	2,641	3,511	3,529
Total trade and other payables (Current)	65,134	56,119	3,511	3,529
<b>Total trade and other payables (non-current and current)</b>	<b>65,134</b>	<b>56,119</b>	<b>9,598</b>	<b>10,681</b>

The trade and other payables are non-interest bearing and are normally settled on 14 to 120 (2020: 7 to 120) days terms.

The amounts due to subsidiaries are unsecured, bear interest at rate of 6.35% (2020: 6.10% to 7.35%) per annum, repayable over a period of 1 to 5 (2020: 1 to 6) years and are expected to be settled in cash.

In the previous financial period, the advance payment received from contract customers are unsecured and interest free.

The foreign currency exposure profile of trade payables are as follows:

	Group	
	2021 RM'000	2020 RM'000
United States Dollar	907	1,466
Australian Dollar	389	-
Euro	324	16

# Notes to the Financial Statements

(Continued)

## 19. DEFERRED TAX ASSETS/(LIABILITIES)

Deferred tax liabilities relate to the following:

Group	At 1 January/ 1 September RM'000	Recognised in profit or loss RM'000	Recognised in other comprehensive income RM'000	At 31 December RM'000
<b>2021</b>				
Deferred tax liabilities:				
Temporary differences between net carrying amounts and the corresponding tax written down values of property, plant and equipment				
	(1,198)	(214)	-	(1,412)
Revaluation on properties				
	(4,312)	77	-	(4,235)
Other temporary differences				
	(49)	(1)	-	(50)
	(5,559)	(138)	-	(5,697)
<b>2020</b>				
Deferred tax liabilities:				
Temporary differences between net carrying amounts and the corresponding tax written down values of property, plant and equipment				
	(984)	(214)	-	(1,198)
Revaluation on properties				
	(4,300)	99	(111)	(4,312)
Other temporary differences				
	(41)	(8)	-	(49)
	(5,325)	(123)	(111)	(5,559)

The estimated amounts of temporary differences for which no deferred tax assets are recognised in the financial statements are as follows:

	Group	
	2021 RM'000	2020 RM'000
Deductible temporary differences	15,987	17,257
Unutilised tax losses	167,832	177,025
	183,819	194,282
Potential deferred tax assets not recognised at 24%	44,117	46,628

Pursuant to Section 8 of the Finance Act 2021 (Act 833), the amendment to Section 44(5F) of Income Tax Act 1967, the time limit on the carried forward unused tax losses has been extended to maximum 10 consecutive years. This amendment is deemed to have effect for the year of assessment 2019 and subsequent year of assessment.

Any unused tax losses brought forward from year of assessment 2018 can be carried forward for another 10 consecutive years of assessment.

# Notes to the Financial Statements

(Continued)

## 19. DEFERRED TAX ASSETS/(LIABILITIES) (CONTINUED)

The unused tax losses are available for offset against future taxable profits of the Group up to the following financial years:

	Group	
	2021 RM'000	2020 RM'000
<b>Years of assessment</b>		
2028	58,137	66,975
2029	65,652	65,652
2030	43,735	44,398
2031	308	-
	<hr/>	<hr/>
	167,832	177,025

## 20. BORROWINGS

	Group	
	2021 RM'000	2020 RM'000
<b>Non-current</b>		
<b>Secured</b>		
Floating rate bank loan	6,087	7,422
Term loan	4,614	-
	<hr/>	<hr/>
	10,701	7,422
<b>Current</b>		
<b>Secured</b>		
Floating rate bank loan	1,335	1,231
Term loan	1,494	-
Trade financing	7,849	9,484
<b>Unsecured</b>		
Bank overdrafts	18,019	7,217
Trade financing	22,056	47,603
	<hr/>	<hr/>
	50,753	65,535
<b>Total borrowings</b>	<hr/>	<hr/>
	61,454	72,957

# Notes to the Financial Statements

(Continued)

**20. BORROWINGS (CONTINUED)**

The maturities of the borrowings as at the end of financial year/period are as follows:

	Group	
	2021 RM'000	2020 RM'000
On demand and within one year	50,753	65,535
Later than one year but not later than two years	3,547	1,335
Later than two years but not later than five years	5,780	6,087
More than five years	1,374	-
	61,454	72,957

Floating rate bank loan of a subsidiary of RM7,421,970 (2020: RM8,652,871) bear interest at 6.10% (2020: 6.10% to 7.35%) per annum and is repayable by monthly instalments of RM149,365 (2020: RM149,365 to RM152,983) and shall be calculated monthly and repaid in arrears over 7 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.

Term loan 1 of a subsidiary of RM4,148,591 bear interest at 6.45% per annum and is repayable by monthly instalments of RM184,711 and shall be calculated monthly and repaid in arrears over 2 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.

Term loan 2 of a subsidiary of RM1,959,300 bear interest at 8.50% per annum and is repayable by monthly instalments of RM28,201 and shall be calculated monthly and repaid in arrears over 8 years commencing from 24 months from the date of first disbursement.

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	
	2021 %	2020 %
Bank overdrafts	4.71 to 6.81	5.45 to 7.76
Trade financing	2.85 to 6.45	2.65 to 7.70

# Notes to the Financial Statements

(Continued)

## 21. PROVISION

	Liquidated ascertained damages RM'000	Defect liability RM'000	Total RM'000
<b>Group</b>			
At 1 September 2019	-	-	-
Recognised in profit or loss	4,680	-	4,680
At 31 December 2020	4,680	-	4,680
Recognised in profit or loss	-	373	373
Utilised during the financial year	(4,549)	-	(4,549)
At 31 December 2021	131	373	504

### Provision of liquidated ascertained damages

The provision arises from the late delivery of construction projects undertaken by the Group based on the applicable terms and conditions stated in the sub-contract agreements up to the estimated completion date.

### Provision of defect liability

The provision of defect liability represents the probable outflow of future economic obligations related to rectification work on completed projects. The provision is recognised based on directors' best estimation and past experience.

## 22. REVENUE

	Group		Company	
	1.1.2021 to 31.12.2021 RM'000	1.9.2019 to 31.12.2020 RM'000	1.1.2021 to 31.12.2021 RM'000	1.9.2019 to 31.12.2020 RM'000
<b>Revenue from contract customers:</b>				
Construction contracts	172,837	191,386	-	-
Sale of goods	69,338	103,787	-	-
Services rendered	4,452	7,495	-	-
Management fees	8	16	1,523	1,833
	246,635	302,684	1,523	1,833
<b>Revenue from other sources:</b>				
Others	747	592	-	-
<b>Total revenue</b>	247,382	303,276	1,523	1,833

# Notes to the Financial Statements

(Continued)

**22. REVENUE (CONTINUED)**

Disaggregation of revenue

The Group and the Company report the following major segments: civil engineering and construction, oil and gas, manufacturing and others in accordance with MFRS 8 Operating Segments.

	<b>Construction contracts RM'000</b>	<b>Sale of goods RM'000</b>	<b>Services rendered RM'000</b>	<b>Management fees RM'000</b>	<b>Others RM'000</b>
<b>2021</b>					
<b>Group</b>					
<b>Goods and services</b>					
Civil engineering and construction	114,368	-	-	-	-
Oil and gas	57,652	15,126	3,398	-	-
Manufacturing	-	46,816	-	-	-
Others	817	7,396	1,054	8	747
	<b>172,837</b>	<b>69,338</b>	<b>4,452</b>	<b>8</b>	<b>747</b>
<b>Time of revenue recognition:</b>					
At point in time	-	69,338	4,452	-	747
Over time	172,837	-	-	8	-
	<b>172,837</b>	<b>69,338</b>	<b>4,452</b>	<b>8</b>	<b>747</b>
<b>Company</b>					
<b>Services</b>					
Management fees	-	-	-	1,523	-
<b>Time of revenue recognition:</b>					
Over time	-	-	-	1,523	-

# Notes to the Financial Statements

(Continued)

## 22. REVENUE (CONTINUED)

Disaggregation of revenue (Continued)

The Group and the Company report the following major segments: civil engineering and construction, oil and gas, manufacturing and others in accordance with MFRS 8 Operating Segments. (Continued)

	Construction contracts RM'000	Sale of goods RM'000	Services rendered RM'000	Management fees RM'000	Others RM'000
<b>2020</b>					
<b>Group</b>					
<b>Goods and services</b>					
Civil engineering and construction	153,592	-	-	-	-
Oil and gas	37,794	38,177	5,154	-	-
Manufacturing	-	60,515	-	-	-
Others	-	5,095	2,341	16	592
	191,386	103,787	7,495	16	592
<b>Time of revenue recognition:</b>					
At point in time	-	103,787	7,495	-	592
Over time	191,386	-	-	16	-
	191,386	103,787	7,495	16	592
<b>Company</b>					
<b>Services</b>					
Management fees	-	-	-	1,833	-
<b>Time of revenue recognition:</b>					
Over time	-	-	-	1,833	-

At the end of financial year/period, the aggregate amount of the transaction price allocated to the remaining performance obligation is RM584,222,151 (2020: RM728,756,784) and the Group will recognise this revenue as the construction are completed or services are performed, which is expected to occur over the next 5 years (2020: 6 years).

## 23. COST OF SALES

	Group	
	1.1.2021 to 31.12.2021 RM'000	1.9.2019 to 31.12.2020 RM'000
Construction costs	147,199	182,341
Cost of goods sold	53,689	84,477
Services rendered	3,991	7,731
	204,879	274,549

# Notes to the Financial Statements

(Continued)

**24. FINANCE COSTS**

	Group		Company	
	1.1.2021 to 31.12.2021 RM'000	1.9.2019 to 31.12.2020 RM'000	1.1.2021 to 31.12.2021 RM'000	1.9.2019 to 31.12.2020 RM'000
Interest expense on:				
Bank overdrafts	786	1,045	-	-
Floating rate bank loan	561	788	-	-
Lease liabilities	311	606	89	31
Loan from a subsidiary	-	-	561	789
Overdue interest	-	2	-	-
Trade financing	3,026	6,391	-	-
	4,684	8,832	650	820

**25. PROFIT/(LOSS) BEFORE TAXATION**

Profit/(Loss) before taxation has been arrived at:

	Group		Company	
	1.1.2021 to 31.12.2021 RM'000	1.9.2019 to 31.12.2020 RM'000	1.1.2021 to 31.12.2021 RM'000	1.9.2019 to 31.12.2020 RM'000
This is stated after charging:				
Auditors' remuneration				
current year/period	242	270	60	60
(over)/under provision in prior period/year	(40)	28	(5)	12
Bad debts written off	-	35	-	-
Deposit written off	-	3	-	-
Depreciation of property, plant and equipment and right-of-use assets	7,559	14,004	739	798
Directors' emoluments	1,385	1,960	958	1,419
Directors' fees	461	468	393	468
Expense relating to short term lease	2,791	9,982	59	-
Impairment loss on contract assets	-	9,880	-	-
Impairment loss on goodwill	-	3,200	-	-
Impairment loss on investment in associates	-	304	447	1,134
Impairment loss on investment in subsidiaries	-	-	186	39,478
Impairment loss on plant and equipment	915	3,192	-	-
Impairment loss on receivables	969	248	736	418
Plant and equipment written off	15	259	15	-
Staff costs (excluding directors)	26,077	41,116	4,184	3,692



# Notes to the Financial Statements

(Continued)

## 25. PROFIT/(LOSS) BEFORE TAXATION (CONTINUED)

Profit/(Loss) before taxation has been arrived at: (Continued)

	Group		Company	
	1.1.2021 to 31.12.2021 RM'000	1.9.2019 to 31.12.2020 RM'000	1.1.2021 to 31.12.2021 RM'000	1.9.2019 to 31.12.2020 RM'000
And crediting:				
Gain on disposal of plant and equipment and right-of-use assets	971	593	38	-
Gain on foreign exchange realised	150	387	-	-
unrealised	1	49	-	-
Interest income				
subsidiary companies	-	-	1,271	7,521
others	741	826	662	557
Insurance claims	4,087	-	-	-
Rental income from				
factory/office	1	26	1	10
others	13	11	-	-
Reversal of impairment loss on investment in subsidiaries	-	-	-	1,797
Reversal of impairment loss on receivables	697	229	676	12,536
<b>Staff costs (excluding directors)</b>				
Salaries and wages	21,976	35,341	3,658	3,181
Contributions to defined contribution plans	2,535	3,805	438	383
Social security contribution	188	300	16	16
Other benefits	1,378	1,670	72	112
	<b>26,077</b>	<b>41,116</b>	<b>4,184</b>	<b>3,692</b>

# Notes to the Financial Statements

(Continued)

## 26. DIRECTORS' REMUNERATION

The details of remuneration receivable by directors of the Group and of the Company during the financial year/period are as follows:

	Group		Company	
	1.1.2021 to 31.12.2021 RM'000	1.9.2019 to 31.12.2020 RM'000	1.1.2021 to 31.12.2021 RM'000	1.9.2019 to 31.12.2020 RM'000
Executive:				
Salaries and other emoluments	1,240	1,769	829	1,249
Defined contribution plans	103	145	87	124
<b>Total Executive Directors' remuneration</b>	<b>1,343</b>	<b>1,914</b>	<b>916</b>	<b>1,373</b>
Non-Executive:				
Fees	461	468	393	468
Other emoluments	42	46	42	46
<b>Total Non-Executive Directors' remuneration</b>	<b>503</b>	<b>514</b>	<b>435</b>	<b>514</b>
<b>Total Directors' remuneration</b>	<b>1,846</b>	<b>2,428</b>	<b>1,351</b>	<b>1,887</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 RM13,200 (2020: RM4,500) and RM13,200 (2020: RM4,500) respectively.

## 27. INCOME TAX EXPENSE/(CREDIT)

	Group		Company	
	1.1.2021 to 31.12.2021 RM'000	1.9.2019 to 31.12.2020 RM'000	1.1.2021 to 31.12.2021 RM'000	1.9.2019 to 31.12.2020 RM'000
Malaysian income tax expense:				
current year/period	1,385	1,122	-	604
(over)/under provision in prior period/year	(275)	(11)	(200)	79
	1,110	1,111	(200)	683
Deferred taxation (Note 19):				
current year/period	74	122	-	-
under provision in prior period/year	64	1	-	-
	138	123	-	-
<b>Income tax expense/(credit) recognised in profit or loss</b>	<b>1,248</b>	<b>1,234</b>	<b>(200)</b>	<b>683</b>

# Notes to the Financial Statements

(Continued)

## 27. INCOME TAX EXPENSE/(CREDIT) (CONTINUED)

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

	Group		Company	
	1.1.2021 to 31.12.2021 RM'000	1.9.2019 to 31.12.2020 RM'000	1.1.2021 to 31.12.2021 RM'000	1.9.2019 to 31.12.2020 RM'000
Profit/(Loss) before taxation	4,761	(63,534)	(5,961)	(26,960)
Tax at applicable tax rate of 24%	1,143	(15,248)	(1,431)	(6,470)
Tax effects arising from:				
Crystallisation of deferred tax liabilities arising from revaluation	(77)	(99)	-	-
Deferred tax assets not recognised	-	8,973	-	-
Non-deductible expenses	2,972	6,374	1,602	10,514
Non-taxable income	(568)	(149)	(171)	(3,440)
Share of results of associates	500	1,393	-	-
(Over)/Under provision in prior period/year				
income tax expense	(275)	(11)	(200)	79
deferred taxation	64	1	-	-
Utilisation of deferred tax assets previously not recognised	(2,511)	-	-	-
Income tax expense/(credit) for the financial year/period	1,248	1,234	(200)	683

## 28. EARNINGS/(LOSS) PER SHARE

### Basic Earnings/(Loss) Per Share

Basic earnings/(loss) per share is calculated by dividing the net profit/(loss) for the financial year/period attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year/period:

	Group	
	1.1.2021 to 31.12.2021 RM'000	1.9.2019 to 31.12.2020 RM'000
<b>Basic</b>		
Profit/(Loss) attributable to owners of the Company	3,692	(63,689)
Weighted average number of ordinary shares for basic earnings/(loss) per share (units)	663,948	507,377
Basic earnings/(loss) per ordinary share (sen)	0.56	(12.55)

# Notes to the Financial Statements

(Continued)

## 28. EARNINGS/(LOSS) PER SHARE (CONTINUED)

### Diluted Earnings/(Loss) Per Share

Diluted earnings/(loss) per share is calculated by dividing the net profit/(loss) for the financial year/period attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year/period plus the weighted average number of the ordinary shares that would be issued on conversion of the potential dilutive ordinary shares into ordinary shares, calculated as follows:

	Group	
	1.1.2021 to 31.12.2021 RM'000	1.9.2019 to 31.12.2020 RM'000
<b>Diluted</b>		
Profit/(Loss) attributable to owners of the Company	3,692	(63,689)
Weighted average number of ordinary shares for basic earnings/(loss) per share (units)	663,948	507,377
Effect of dilution from:		
Potential conversion of ICPS	300,127	-
Potential conversion of Warrants	7,107	-
Weighted average number of ordinary shares for dilutive earnings/(loss) per share (units)	971,182	507,377
Diluted earnings/(loss) per ordinary share (sen)	0.38	(12.55)

## 29. RELATED PARTIES

### 29.1 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)

## 29. RELATED PARTIES (CONTINUED)

### 29.2 Significant related party transactions

The significant related party transactions of the Group and of the Company are as follows:

	Group		Company	
	1.1.2021 to 31.12.2021 RM'000	1.9.2019 to 31.12.2020 RM'000	1.1.2021 to 31.12.2021 RM'000	1.9.2019 to 31.12.2020 RM'000
<b>Associates</b>				
Sales	-	4	-	-
Purchases	(12)	(38)	-	-
Management fees	8	16	8	16
Rental expenses	(10)	-	-	-
<b>Company in which certain directors have substantial interests</b>				
Rental expenses	(120)	(273)	-	-
<b>Subsidiaries</b>				
Management fees	-	-	1,515	1,817
Interest income	-	-	1,271	7,521
Interest expenses	-	-	(561)	(789)

The management fees were charged based on recovery of costs incurred on behalf of the subsidiaries and associates.

Significant outstanding balances with related parties at the end of the reporting period are as disclosed in Note 11 and 18.

### 29.3 Compensation of key management personnel

	Group		Company	
	1.1.2021 to 31.12.2021 RM'000	1.9.2019 to 31.12.2020 RM'000	1.1.2021 to 31.12.2021 RM'000	1.9.2019 to 31.12.2020 RM'000
Short-term employee benefits	5,131	8,299	3,318	3,531
Post-employment employee benefits	501	693	331	333
	5,632	8,992	3,649	3,864

# Notes to the Financial Statements

(Continued)

## 30. FINANCIAL INSTRUMENTS

### 30.1 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:

	Carrying amount RM'000	Amortised cost RM'000
<b>2021</b>		
<b>Group</b>		
<b>Financial assets</b>		
Trade and other receivables*	99,191	99,191
Short term deposits, cash and bank balances	85,426	85,426
	184,617	184,617
<b>Financial liabilities</b>		
Trade and other payables	65,134	65,134
Borrowings	61,454	61,454
	126,588	126,588
<b>Company</b>		
<b>Financial assets</b>		
Other receivables	38,735	38,735
Short term deposits, cash and bank balances	59,443	59,443
	98,178	98,178
<b>Financial liabilities</b>		
Other payables	9,598	9,598

# Notes to the Financial Statements

(Continued)

## 30. FINANCIAL INSTRUMENTS (CONTINUED)

### 30.1 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)

	Carrying amount RM'000	Amortised cost RM'000
<b>2020</b>		
<b>Group</b>		
<b>Financial assets</b>		
Trade and other receivables*	81,317	81,317
Short term deposits, cash and bank balances	36,172	36,172
	117,489	117,489
<b>Financial liabilities</b>		
Trade and other payables^	55,887	55,887
Borrowings	72,957	72,957
	128,844	128,844
<b>Company</b>		
<b>Financial assets</b>		
Other receivables	17,888	17,888
Short term deposits, cash and bank balances	18,217	18,217
	36,105	36,105
<b>Financial liabilities</b>		
Other payables	10,681	10,681

\* GST and advances excluded.

^ excluded advance payment from contract customers.

### 30.2 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.

# Notes to the Financial Statements

(Continued)

## 30. FINANCIAL INSTRUMENTS (CONTINUED)

### 30.2 Financial risk management (Continued)

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.

#### 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:

	Group			
	2021		2020	
	RM'000	%	RM'000	%
<b>Trade receivables</b>				
Civil engineering and construction	35,266	58%	44,636	61%
Oil and gas	8,686	14%	10,774	15%
Manufacturing	13,710	23%	16,117	22%
Others	2,903	5%	1,446	2%
	60,565	100%	72,973	100%
<b>Contract assets</b>				
Civil engineering and construction	24,564	76%	28,207	89%
Oil and gas	7,942	24%	3,465	11%
	32,506	100%	31,672	100%



# Notes to the Financial Statements

(Continued)

## 30. FINANCIAL INSTRUMENTS (CONTINUED)

### 30.2 Financial risk management (Continued)

#### (i) Credit risk (Continued)

##### Trade receivables and contract assets (Continued)

##### Credit risk concentration profile (Continued)

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.

The information about the credit risk exposure on the Group's trade receivables and contract assets are as follows:

	<b>Group</b>	
	<b>2021</b>	<b>2020</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Trade receivables</b>		
Neither past due nor impaired	45,846	52,492
1 - 30 days past due not impaired	7,421	4,599
31 - 60 days past due not impaired	2,451	3,088
61 - 90 days past due not impaired	1,170	10,990
More than 90 days past due not impaired	3,677	1,804
	14,719	20,481
Impaired		
Individually	158	380
<b>As at 31 December</b>	<b>60,723</b>	<b>73,353</b>
<b>Contract assets</b>		
Neither past due nor impaired	32,506	31,672
Impaired		
Individually	9,880	9,880
<b>As at 31 December</b>	<b>42,386</b>	<b>41,552</b>

# Notes to the Financial Statements

(Continued)

## 30. FINANCIAL INSTRUMENTS (CONTINUED)

### 30.2 Financial risk management (Continued)

#### (i) Credit risk (Continued)

##### 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.

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 11 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.

##### Financial guarantee contracts

The Company is exposed to credit risk in relation to financial guarantees given to banks in respect of loans granted to certain subsidiaries. The Company monitors the results of the subsidiaries and their repayment on an on-going basis. The maximum exposure to credit risks amounts to RM86,739,982 (2020: RM127,484,456) representing the maximum amount the Company could pay if the guarantee is called on as disclosed in Note 34. As at the reporting date, there was no loss allowance for impairment as determined by the Company for the financial guarantee.

The financial guarantees have not been recognised since the fair value on initial recognition was not material as the guarantee is provided as credit enhancement to subsidiaries' secured borrowings.

# Notes to the Financial Statements

(Continued)

## 30. FINANCIAL INSTRUMENTS (CONTINUED)

### 30.2 Financial risk management (Continued)

#### (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.

#### 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 cash flows 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 December 2021</b>					
Trade and other payables	65,134	65,134	65,134	-	-
Lease liabilities	4,728	5,704	2,126	2,653	925
Floating rate bank loan	7,422	8,663	1,792	6,871	-
Short term borrowings	47,924	48,390	48,390	-	-
Term loan	6,108	7,445	1,815	3,384	2,246
	131,316	135,336	119,257	12,908	3,171
<b>At 31 December 2020</b>					
Trade and other payables	55,887	55,887	55,887	-	-
Lease liabilities	6,421	6,915	3,735	3,180	-
Floating rate bank loan	8,653	10,456	1,792	7,170	1,494
Short term borrowings	64,304	65,205	65,205	-	-
	135,265	138,463	126,619	10,350	1,494
<b>Company</b>					
<b>At 31 December 2021</b>					
Other payables	9,598	10,840	3,969	6,871	-
Lease liabilities	1,432	1,515	814	701	-
Financial guarantee	-	86,740	86,740	-	-
	11,030	99,095	91,523	7,572	-
<b>At 31 December 2020</b>					
Other payables	10,681	12,484	3,821	7,169	1,494
Lease liabilities	1,901	2,067	611	1,456	-
Financial guarantee	-	127,484	127,484	-	-
	12,582	142,035	131,916	8,625	1,494

# Notes to the Financial Statements

(Continued)

## 30. FINANCIAL INSTRUMENTS (CONTINUED)

### 30.2 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/period, the material foreign currency denominated financial assets and liabilities which expose the Group to currency risk are disclosed below:

	United States Dollar RM'000	Australian Dollar RM'000	Euro RM'000
<b>At 31 December 2021</b>			
Trade receivables	220	-	-
Cash and bank balances	236	-	-
Trade payables	(907)	(389)	(324)
Net exposure	(451)	(389)	(324)
<b>At 31 December 2020</b>			
Cash and bank balances	383	-	-
Trade payables	(1,466)	-	(16)
Net exposure	(1,083)	-	(16)

#### Sensitivity analysis for foreign currency risk

The following demonstrates the sensitivity of the Group's profit/(loss) after tax to a reasonably possible change in the United States Dollar, Australian Dollar and Euro against the Ringgit Malaysia, with all other variables held constant.

		2021 RM'000	2020 RM'000
United States Dollar/RM	- strengthened 5%	(23)	(54)
	- weakened 5%	23	54
Australian Dollar/RM	- strengthened 5%	(19)	-
	- weakened 5%	19	-
Euro/RM	- strengthened 5%	(16)	(1)
	- weakened 5%	16	1

# Notes to the Financial Statements

(Continued)

## 30. FINANCIAL INSTRUMENTS (CONTINUED)

### 30.2 Financial risk management (Continued)

#### (iv) Interest rate risk

Interest rate risk arises on interest-bearing financial instruments recognised in the statements 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/period, if interest rates had been 25 basis points lower/higher, with all other variables held constant, the Group's profit/(loss) after tax would have been RM138,365 (2020: RM182,392) higher/lower (2020: 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, Level 2 and Level 3 during the financial year/period (2020: no transfer in either direction).

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 lease liabilities of the Group is categorised as Level 2.

# Notes to the Financial Statements

(Continued)

## 30. FINANCIAL INSTRUMENTS (CONTINUED)

### 30.2 Financial risk management (Continued)

#### (v) Fair value measurement (Continued)

The following table provides the fair value measurement hierarchy of the Group's and the Company's financial instruments:

	Carrying amount RM'000	Fair value of financial instruments not carried at fair value			Total RM'000
		Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	
<b>At 31 December 2021</b>					
<b>Group</b>					
<b>Financial liability</b>					
Borrowings	10,701	-	-	10,701	10,701
<b>Company</b>					
<b>Financial asset</b>					
Other receivables	33,983	-	-	33,983	33,983
<b>Financial liability</b>					
Other payables	6,087	-	-	6,087	6,087
<b>At 31 December 2020</b>					
<b>Group</b>					
<b>Financial liability</b>					
Borrowings	7,422	-	-	7,422	7,422
<b>Company</b>					
<b>Financial asset</b>					
Other receivables	12,751	-	-	12,751	12,751
<b>Financial liability</b>					
Other payables	7,152	-	-	7,152	7,152

#### Level 3 fair value

##### Fair value of financial instruments not carried at fair value

The fair value of other receivables, other payable and borrowings are determined using the discounted cash flows method based on discount rates that reflects the issuer's borrowing rate as at the end of the reporting period.

# Notes to the Financial Statements

(Continued)

## 31. 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 December 2021 and financial period ended 31 December 2020.

The debt-to-equity ratios at 31 December 2021 and 31 December 2020 are as follows:

	Group	
	2021 RM'000	2020 RM'000
Total loans and borrowings	66,182	79,378
Less : Cash and bank balances	(85,426)	(36,172)
Net (cash)/debt	(19,244)	43,206
Total equity	169,915	85,031
Debt-to-equity ratio	-	0.51

Certain subsidiaries of the Company are required to maintain level of capital requirements on gearing ratio and net worth in respect of their bank borrowings requirements.

## 32. 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 Executive Chairman and President for the purpose of making decisions about resource allocation and performance assessment.

The three reportable operating segments are as follows:

<u>Segments</u>	<u>Products and services</u>
Civil engineering and construction	Undertaking of construction contracts
Oil and gas	Contractor, sub-contractor, fabrication, assembly and testing works, trading and after-sales service of products for oil and gas industries
Manufacturing	Manufacturing of steel products

# Notes to the Financial Statements

(Continued)

## 32. SEGMENTAL REPORTING (CONTINUED)

Other non-reportable segments comprise investment holding 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 Executive Chairman and President 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 Executive Chairman and President.



# Notes to the Financial Statements

(Continued)

## 32. SEGMENTAL REPORTING (CONTINUED)

### 32.1 Operating Segment

The following table provides an analysis of the Group's revenue, results, assets, liabilities and other segment information by business segments:

	2021		Civil engineering and construction		Oil & gas	Manufacturing	Others	Adjustments and elimination	Consolidation
	Note	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Revenue</b>									
External sales		114,368	76,176	46,816	10,022	-	-	247,382	
Inter-segment sales	A	33,062	-	-	3,371	(36,433)	-	-	
<b>Total</b>		<b>147,430</b>	<b>76,176</b>	<b>46,816</b>	<b>13,393</b>	<b>(36,433)</b>	<b>(36,433)</b>	<b>247,382</b>	
<b>Results</b>									
Depreciation of property, plant and equipment and right-of-use assets		(1,555)	(2,565)	(1,382)	(2,057)	-	-	(7,559)	
Impairment loss on investment in associate		-	-	-	(447)	447	-	-	
Impairment loss on plant and equipment		-	(915)	-	-	-	-	(915)	
Impairment loss on receivables		-	(233)	-	(736)	-	-	(969)	
Interest expenses		(3,683)	(1,138)	(1,406)	(1,120)	2,663	-	(4,684)	
Plant and equipment written off		-	-	-	(15)	-	-	(15)	
Share of results of associates		-	-	-	-	(2,082)	-	(2,082)	
Gain on disposal of plant and equipment and right-of-use asset		74	217	51	629	-	-	971	
Interest income		836	25	609	1,934	(2,663)	-	741	
Rental income		-	65	99	11	(161)	-	14	
Reversal of impairment loss on receivables		15	-	6	676	-	-	697	
Unrealised (loss)/gain on foreign exchange		-	(16)	5	12	-	-	1	
<b>Results of segment profit/(loss)</b>	<b>B</b>	<b>6,390</b>	<b>3,060</b>	<b>5,386</b>	<b>(6,298)</b>	<b>(3,777)</b>	<b>(3,777)</b>	<b>4,761</b>	
Taxation		-	(62)	(1,386)	200	-	-	(1,248)	
<b>Profit/(Loss) for the financial year</b>	<b>B</b>	<b>6,390</b>	<b>2,998</b>	<b>4,000</b>	<b>(6,098)</b>	<b>(3,777)</b>	<b>(3,777)</b>	<b>3,513</b>	
<b>Other information</b>									
Segment assets	<b>C</b>	181,955	65,211	89,406	261,366	(268,370)	-	329,568	
Investment in associates		-	-	-	4,118	(357)	-	3,761	
Segment liabilities	<b>D</b>	164,802	48,666	30,527	30,338	(110,919)	-	163,414	
Capital expenditure		362	743	1,116	5,886	-	-	8,107	

# Notes to the Financial Statements

(Continued)

## 32. SEGMENTAL REPORTING (CONTINUED)

### 32.1 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)

2020	Note	Civil engineering and construction RM'000	Oil & gas RM'000	Manufacturing RM'000	Others RM'000	Adjustments and elimination RM'000	Consolidation RM'000
<b>Revenue</b>							
External sales	A	153,592	81,125	60,515	8,044	-	303,276
Inter-segment sales		19,675	-	-	1,820	(21,495)	-
<b>Total</b>		<b>173,267</b>	<b>81,125</b>	<b>60,515</b>	<b>9,864</b>	<b>(21,495)</b>	<b>303,276</b>
<b>Results</b>							
Bad debts written off		-	(35)	-	-	-	(35)
Deposit written off		-	(3)	-	-	-	(3)
Depreciation of property, plant and equipment and right-of-use assets		(3,017)	(4,562)	(1,581)	(4,844)	-	(14,004)
Impairment loss on contract assets		(4,151)	-	-	-	(5,729)	(9,880)
Impairment loss on goodwill		-	-	-	-	(3,200)	(3,200)
Impairment loss on investment in associate		-	-	-	(1,134)	830	(304)
Impairment loss on plant and equipment		-	(3,192)	-	-	-	(3,192)
Impairment loss on receivables		(246)	-	-	(420)	418	(248)
Interest expenses		(12,612)	(2,010)	(2,111)	(2,623)	10,524	(8,832)
Plant and equipment written off		(191)	(63)	-	(5)	-	(259)
Share of results of associates		-	-	-	-	(5,806)	(5,806)
Gain/(Loss) on disposal of plant and equipment		544	(116)	-	275	(110)	593
Interest income		2,248	161	862	8,079	(10,524)	826
Rental income		-	16	353	130	(462)	37
Reversal of impairment loss on receivables		-	54	38	12,554	(12,417)	229
Unrealised gain on foreign exchange		-	37	7	5	-	49
<b>Results of segment (loss)/profit</b>	<b>B</b>	<b>(41,824)</b>	<b>1,786</b>	<b>1,225</b>	<b>(35,594)</b>	<b>10,873</b>	<b>(63,534)</b>
Taxation		-	4	(578)	(660)	-	(1,234)
<b>(Loss)/Profit for the financial period</b>	<b>B</b>	<b>(41,824)</b>	<b>1,790</b>	<b>647</b>	<b>(36,254)</b>	<b>10,873</b>	<b>(64,768)</b>
<b>Other information</b>							
Segment assets	<b>C</b>	178,548	40,975	91,848	176,507	(229,008)	258,870
Investment in associates		-	-	-	4,565	1,278	5,843
Segment liabilities	<b>D</b>	179,785	27,428	36,969	22,532	(87,032)	179,682
Capital expenditure		1,403	382	611	3,765	-	6,161

# Notes to the Financial Statements

(Continued)

## 32. SEGMENTAL REPORTING (CONTINUED)

### 32.1 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

	2021 RM'000	2020 RM'000
Share of results of associates	(2,082)	(5,806)
Elimination of inter-segment transactions	(1,695)	16,679
	(3,777)	10,873
Less: Taxation	-	-
	(3,777)	10,873

#### C. Reconciliation of assets

	2021 RM'000	2020 RM'000
Investment in subsidiaries	(179,041)	(165,895)
Goodwill on consolidation	9,800	9,800
Inter-segment assets	(99,129)	(72,913)
	(268,370)	(229,008)

#### D. Reconciliation of liabilities

	2021 RM'000	2020 RM'000
Inter-segment liabilities	(110,919)	(87,032)

### 32.2 Information about major customer

For civil engineering and construction segment, revenue from 2 (2020: 2) customers represented approximately RM77,312,459 (2020: RM102,574,303) of the Group's total revenue.

For oil and gas segment, revenue from 1 (2020: nil) customer represented approximately RM29,903,822 (2020: RM nil) of the Group's total revenue.

### 32.3 Geographical information

The Group operates predominantly in Malaysia and hence, no geographical segment is presented.

# Notes to the Financial Statements

(Continued)

## 33. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR AND SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

### (i) Status of corporate proposal

#### **Irredeemable Convertible Preference Shares**

On 10 May 2021, the Company completed the listing and quotation of 511,665,197 Irredeemable Convertible Preference Shares, 63,958,049 free detachable warrants ("Warrants B") and 51,800,538 additional Warrants 2014/2024 ("Warrants A") on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities") raising gross proceeds of RM56.28 million.

On 8 September 2021, the Company announced to Bursa Securities the variation of utilisation proceeds of RM14 million from future projects to an existing project in line with the current business needs of the Group. The variation is not subject to approval of any authorities or shareholders of the Company as the variation is less than 25% of the total proceeds raised from the rights issue pursuant to Paragraph 8.22 of the Listing Requirements.

None of the directors and major shareholders of the Company and persons connected with them, have any interest, whether direct or indirect, in the Proposed Rights Issue of ICPS with Warrants, apart from their respective entitlements under the Proposed Rights Issue of ICPS with Warrants (including the right to apply for additional ICPS under excess ICPS application), to which all the Entitled Shareholders are similarly entitled to.

#### **Proposed acquisition**

On 17 November 2021, the Company entered into a binding agreement ("BA") with TIZA Global Sdn Bhd ("TGSB") (Formerly known as Citaglobal Sdn Bhd) to exclusively explore and negotiate further with TGSB on a proposed acquisition by WZ Satu Berhad ("WZ Satu") of the entire equity interest in Citaglobal Engineering Services Sdn Bhd ("CESSB") from TGSB for an indicative purchase consideration of RM140 million ("Proposed Acquisition"). CESSB, a Bumiputra private limited company incorporated in Malaysia, is principally engaged in engineering consultancy services and construction related services. The indicative purchase consideration of RM140 million for the Proposed Acquisition was arrived at on a willing-buyer willing seller basis after taking into consideration the track record and order book of CESSB and the profit guarantee to be provided by TGSB in respect of the actual aggregate audited (consolidated) profit after tax and minority interests of CESSB for the financial years ending 2022, 2023 and 2024 of not less than RM60 million collectively.

The purchase consideration of RM140 million is to be satisfied via the issuance of RM80 million new ordinary shares in WZ Satu ("WZ Satu Shares") at an issue price of RM0.19 per WZ Satu Shares and issuance of RM60 million new redeemable convertible preference shares in WZ Satu ("WZ Satu RCPS") at an issue price of RM0.19 per WZ Satu RCPS.

For avoidance of doubt, the BA will be subject to the signing of the relevant definitive agreement(s) between the Company and TGSB in respect of the Proposed Acquisition ("Definitive Agreements") on a later date which set out among others the detailed warranties, terms and conditions upon WZ Satu undertakes its due diligence review on CESSB and its wholly-owned subsidiary, Synoberry Realty Sdn Bhd, salient terms and conditions for the mode of settlement of the consideration and details of the profit guarantee. Both parties reserve the rights to have specific performance against each other upon the execution of the BA. Hence, the Proposed Acquisition is conditional upon the Company and TGSB entering into the Definitive Agreements and the condition precedents being obtained/fulfilled such as shareholders, financiers/creditors and regulatory authorities approvals. The Company and TGSB shall enter into the Definitive Agreements within 60 days following the date of the BA (being 17 November 2021), with an automatic extension of 30 days upon the expiry of such 60 days period, or such further extended date as the parties may mutually agree upon ("Expiry Date").

On 14 February 2022, the Company and TGSB have mutually agreed via a supplemental letter agreement dated 14 February 2022 to extend the Expiry Date for a period of 30 days from 15 February 2022 to 17 March 2022, with an automatic extension of an additional 30 days upon the expiry of such 30 days period to 16 April 2022 so as to provide the parties with additional time to negotiate, finalise and execute the Definitive Agreement.

# Notes to the Financial Statements

(Continued)

## 33. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR AND SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR (CONTINUED)

### (i) Status of corporate proposal (Continued)

#### **Private placement**

On 2 December 2021, the Company completed its private placement exercise following the listing of and quotation for the 150,446,832 placement shares on the Main Market of Bursa Securities raising gross proceeds of RM25.6 million.

### (ii) COVID-19 pandemic

On 11 March 2020, the World Health Organisation declared the COVID-19 outbreak as a pandemic in recognition of its rapid spread across the globe. Many countries including the Malaysian Government imposed the Movement Control Order ("MCO") to curb the spread of the COVID-19 pandemic. The COVID-19 pandemic also resulted in travel restriction, lockdown and other precautionary measures imposed in various countries. The emergence of the COVID-19 pandemic since early 2020 has brought significant economic uncertainties in Malaysia and markets in which the Group operate.

The Group and the Company have performed assessments on the overall impact of the situation on the Group's and the Company's operations and financial implications, including the recoverability of the carrying amount of assets and subsequent measurement of assets and liabilities, and concluded that there was no material adverse effect on the financial statements for the financial year ended 31 December 2021.

Given the fluidity of the situation, the Group and the Company are unable to reasonably estimate the complete financial impacts of COVID-19 pandemic for the financial year ending 31 December 2022 to be disclosed in the financial statements as impact assessment of the COVID-19 pandemic is a continuing process. The Group and the Company will continuously monitor any material changes to future economic conditions that will affect the Group and the Company.

## 34. FINANCIAL GUARANTEES

	Company	
	2021 RM'000	2020 RM'000
Guarantee given to financial institutions in respect of credit facilities granted to subsidiaries	303,790	299,274
Amount of banking facilities utilised by subsidiaries as at the end of financial year/period	86,740	127,484

## 35. CAPITAL COMMITMENTS

The Group has made commitments for the following capital expenditure:

	Group	
	2021 RM'000	2020 RM'000
Contracted and not provided for	11,013	473

# Notes to the Financial Statements

(Continued)

## 36. MATERIAL LITIGATION

Save as disclosed below, neither the Group is engaged in any material litigation, claims or arbitration either as plaintiff or defendant, which has a material effect on the business or condensed consolidated statements of 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 condensed consolidated statements of financial position of the Group.

- (a) 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 against WZ Satu Berhad ("WZ Satu" or "the Company").

Dato' Ir. William Tan Chee Keong and Mr. Choi Chee Ken claim against the Company for breaching the Share Sale Agreement ("SSA") in relation to the acquisition of 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, Dato' Ir. William Tan Chee Keong and Mr. Choi Chee Ken 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 Dato' Ir. William Tan Chee Keong and Mr. Choi Chee Ken and such other relief as determined by the Court.

- (b) A Writ of Summons and Statement of Claim was filed in High Court of Shah Alam by WZ Satu against Dato' Ir. William Tan Chee Keong, Mr. Choi Chee Ken and Pacific Trustees Berhad.

WZ Satu claims against Dato' Ir. William Tan Chee Keong, Mr. Choi Chee Ken and Pacific Trustees Berhad for failure to achieve or breach of the following terms in SSA and Stakeholder Agreement in relation to the acquisition of BinaRaya:

- (i) that the aggregate audited profit after tax and minority interest ("PATMI") of BinaRaya and its subsidiaries ("WZS BinaRaya Group") in respect of the 3 financial years ending 31 August 2015, 31 August 2016 and 31 August 2017 ("Guaranteed Period") shall collectively be not less than the total sum of RM17 million ("Guaranteed Profit");
- (ii) the shareholders' funds of WZS BinaRaya Group as at the last day of the Guaranteed Period shall be at least RM27.5 million ("Guaranteed Shareholders' Fund");
- (iii) in the event the Dato' Ir. William Tan Chee Keong and Mr. Choi Chee Ken fail to achieve the Guarantee Profit and Guaranteed Shareholders' Fund, Dato' Ir. William Tan Chee Keong and Mr. Choi Chee Ken need to pay the shortfall of Guaranteed Profit and Guaranteed Shareholders' Fund in cash to the Company ("Shortfall"); and
- (iv) in the event the Dato' Ir. William Tan Chee Keong and Mr. Choi Chee Ken fail to pay for the shortfall in cash to the Company on or before the payment date, the Stakeholder is authorised to disposed of the consideration shares which consist of 25,000,000 ordinary shares in WZ Satu ("Consideration Shares") held by Pacific Trustees Berhad as security for the Guaranteed Profit and Guaranteed Shareholders' Fund.

The Company's claims against Dato' Ir. William Tan Chee Keong and Mr. Choi Chee Ken, jointly and severally, the following:

- (a) A sum of RM59,208,664 being the shortfall due and owing to the Company;
- (b) Interest at the rate of 5% per annum on the sum of RM59,208,664 from the date of the Statement of Claim until the date of full realisation;
- (c) Costs on full indemnity basis; and
- (d) Such further and/or other reliefs that the Honourable Court deems fair and just.

# Notes to the Financial Statements

(Continued)

## 36. MATERIAL LITIGATION (CONTINUED)

Save as disclosed below, neither the Group is engaged in any material litigation, claims or arbitration either as plaintiff or defendant, which has a material effect on the business or condensed consolidated statements of 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 condensed consolidated statements of financial position of the Group. (Continued)

On 23 October 2020, the High Court has ordered that both suits be heard together with and disposed of by the same judge. The trial of both suits is on-going and the Court has fixed the next trial dates on 6 April 2022, 7 April 2022, 27 May 2022 and 31 May 2022.

The Management and the solicitor are of the view that the Group has a very good defence against the above claim.

## Statement by **Directors**

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

We, **YBHG TAN SRI DATO' SRI (DR.) MOHAMAD NORZA BIN ZAKARIA** and **YM TENGKU DATO' SRI UZIR BIN TENGKU DATO' UBADILLAH**, 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 66 to 157 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 the financial position of the Group and of the Company as at 31 December 2021 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:

.....  
**YBHG TAN SRI DATO' SRI (DR.) MOHAMAD  
NORZA BIN ZAKARIA**  
Director

.....  
**YM TENGKU DATO' SRI UZIR BIN  
TENGKU DATO' UBADILLAH**  
Director

Kuala Lumpur

Date: 31 March 2022



# 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 accompanying financial statements set out on pages 66 to 157 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 31 March 2022.

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 December 2021 of the Group and of the Company, and the statements of 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 66 to 157.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2021, 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### *Independence and Other Ethical Responsibilities*

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

### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current 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.

### Group

---

#### Goodwill (Note 4.1 and 6 to the financial statements)

---

The Group's goodwill amounted to RM9,800,000. The goodwill is tested for impairment annually. We focused on this area because the directors estimate 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 in determine the value-in-use of a cash generating unit. When value-in-use calculations are undertaken, the directors 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.

#### 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 budgets 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
- analysing the sensitivity of key assumptions by assessing the impact of these key assumptions and inputs that are expected to be most sensitive to the recoverable amount.

# Independent Auditors' Report to the Members of WZ Satu Berhad

(Incorporated in Malaysia) (Continued)

## Key Audit Matters (Continued)

### Group (Continued)

#### **Revenue recognition for construction business (Note 4.2 and 22 to the financial statements)**

We focused on this area because the amount of revenue recognised in the construction business require the directors to apply judgement and estimation. 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.

#### **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 budgets 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 and contract assets (Note 4.4, 11 and 13 to the financial statements)**

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. The assessment of the correlation between historical observed default rates, forward-looking estimates and expected credit losses is a significant estimate.

#### **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 and contract assets as at 31 December 2021;
- discussing the progress of the projects and expected outcome with the respective project directors;
- understanding of significant credit exposures which were significantly overdue or deemed to be in default through timelines stated in the construction contracts; and
- checking subsequent receipts, customer correspondences, and considering level of activity with the customer and management explanation on recoverability with significantly past due balances.

### Company

#### **Investment in subsidiaries (Note 4.3 and 9 to the financial statements)**

We focused on this area because judgement is required in determining factors which may indicate that the investment in subsidiaries are impaired. 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, the directors estimate 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, the directors estimate the expected future cash flows from the subsidiaries and choose a suitable discount rate in order to calculate the present value of those cash flows.

# Independent Auditors' Report to the Members of WZ Satu Berhad

(Incorporated in Malaysia) (Continued)

## Key Audit Matters (Continued)

### Company (Continued)

---

#### Investment in subsidiaries (Note 4.3 and 9 to the financial statements) (Continued)

---

##### **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 budgets to assess the performance of the business;
- comparing the Company'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
- analysing the sensitivity of key assumptions by assessing the impact of these key assumptions and inputs that are expected to be most sensitive to the recoverable amount.

#### **Information other than the Financial Statements and Auditors' Report Thereon**

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

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

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

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

#### **Responsibilities of the Directors for the Financial Statements**

The directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with 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.

# Independent Auditors' Report to the Members of WZ Satu Berhad

(Incorporated in Malaysia) (Continued)

## 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.

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.

# Independent Auditors' Report to the Members of WZ Satu Berhad

(Incorporated in Malaysia) (Continued)

## 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**  
201906000600 (LLP0019411-LCA) & AF 0117  
Chartered Accountants

**Heng Fu Joe**  
No. 02966/11/2022 J  
Chartered Accountant

Kuala Lumpur

Date: 31 March 2022

# Analysis of Shareholdings

As at 31 March 2022

## STATISTICS OF SHAREHOLDINGS

Number of Issued Share Capital	:	1,058,929,100 Ordinary Shares
Voting Rights	:	One (1) vote per Ordinary Share

## ANALYSIS OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 – 99	307	6.50	9,844	0.00
100 – 1,000	389	8.24	172,730	0.02
1,001 – 10,000	1,496	31.69	8,966,730	0.85
10,001 – 100,000	1,891	40.06	75,636,291	7.14
100,001 – 52,946,454 (*)	634	13.43	569,279,296	53.76
52,946,455 and above (**)	3	0.06	404,864,209	38.23
<b>TOTAL</b>	<b>4,720</b>	<b>100.00</b>	<b>1,058,929,100</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 31 March 2022 are as follows:-

Substantial Shareholders	Direct	No. of Shares		%
		%	Indirect	
Citaglobal Energy Resources Sdn. Bhd.	175,289,600	16.55	-	-
KDYMM YDP Agong XVI Al-Sultan Abdullah Ri'ayatuddin Al-Mustafa Billah Shah Ibni Almarhum Sultan Haji Ahmad Shah Al-Mustafa'in Billah	100,018,593	9.45	-	-
Chen Khai Voon	134,893,616	12.74	-	-
TIZA Global Sdn. Bhd. (formerly known as Citaglobal Sdn. Bhd.)	-	-	(1)175,289,600	16.55
Ikhlas Bin Kamarudin	-	-	(1)175,289,600	16.55
Tan Sri Dato' Sri (Dr.) Mohamad Norza Bin Zakaria	-	-	(2)175,289,600	16.55

Notes:

- (1) Deemed interested by virtue of its and/or his shareholding in Citaglobal Energy Resources Sdn. Bhd. pursuant to Section 8 of the Companies Act 2016.
- (2) Deemed interested by virtue of his shareholding in Citaglobal Energy Resources Sdn. Bhd. through TIZA Global Sdn. Bhd. (formerly known as Citaglobal Sdn. Bhd.) pursuant to Section 8 of the Companies Act 2016.

# Analysis of Shareholdings

As at 30 April 2022 (Continued)

## DIRECTORS' SHAREHOLDINGS

The Directors' Shareholdings based on the Register of Directors' Shareholdings of WZ Satu Berhad as at 31 March 2022 are as follows:-

Directors	Direct	No. of Shares Held		%
		%	Indirect	
Tan Sri Dato' Sri (Dr.) Mohamad Norza Bin Zakaria	-	-	<sup>(1)</sup> 175,289,600	16.55
Tengku Dato' Sri Uzir Bin Tengku Dato' Ubaidillah	44,051,846	4.16	-	-
Tengku Dato' Indera Zubir Bin Tengku Dato' Ubaidillah	2,773,360	0.26	-	-
Ikhlas Bin Kamarudin	-	-	<sup>(2)</sup> 175,289,600	16.55
Rosli Bin Shafiei	-	-	-	-
Datuk Idris Bin Haji Hashim J. P.	-	-	-	-
Dato' Syed Kamarulzaman Bin Dato' Syed Zainol Khodki Shahabudin	-	-	-	-
Dato' Mohan A/L C Sinnathamby	-	-	-	-
Aimi Aizal Bin Nasharuddin	-	-	-	-

Notes:

- (1) Deemed interested by virtue of his shareholding in Citaglobal Energy Resources Sdn. Bhd. through TIZA Global Sdn. Bhd. (formerly known as Citaglobal Sdn. Bhd.) pursuant to Section 8 of the Companies Act 2016.
- (2) 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 Tan Sri Dato' Sri (Dr.) Mohamad Norza Bin Zakaria and Ikhlas Bin Kamarudin interests in the ordinary shares of the Company, they are deemed to have an interest in the ordinary shares of all subsidiaries 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 31 March 2022.



# Analysis of Shareholdings

As at 31 March 2022 (Continued)

## THIRTY LARGEST SHAREHOLDERS BASED ON RECORD OF DEPOSITORS AS AT 31 MARCH 2022

(without aggregating securities from different securities accounts belonging to the same persons)

No.	Name	No. of Shares	%
1.	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR CITAGLOBAL ENERGY RESOURCES SDN. BHD.	175,289,600	16.55
2.	CHEN KHAI VOON	134,893,616	12.74
3.	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TENGKU ABDULLAH IBNI SULTAN HJ AHMAD SHAH	94,680,993	8.94
4.	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR ABDUL GHANI BIN ABDULLAH (PB)	40,001,000	3.78
5.	RAJA MUFIK AFFANDI BIN RAJA KHALID	37,611,708	3.55
6.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TENGKU UZIR BIN TENGKU UBAIDILLAH	24,597,825	2.32
7.	ONG LEE VENG @ ONG CHUAN HENG	22,800,000	2.15
8.	PACIFIC TRUSTEES BERHAD WILLIAM TAN CHEE KEONG	18,600,000	1.76
9.	PACIFIC TRUSTEES BERHAD CHOI CHEE KEN	18,600,000	1.76
10.	CIMSEC NOMINEES (ASING) SDN BHD CIMB FOR POLO INVESTMENTS LIMITED (PB)	16,945,076	1.60
11.	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TENGKU UZIR BIN TENGKU UBAIDILLAH	15,319,021	1.45
12.	UTUSAN MEWAH SDN. BHD.	9,633,133	0.91
13.	REGAL MINDS SDN BHD	9,455,300	0.89
14.	MALAYSIAN TRUSTEES BERHAD	8,732,548	0.82
15.	LIM KUAN GIN	7,948,900	0.75
16.	KAMARUDIN BIN MERANUN	6,700,000	0.63
17.	MALACCA EQUITY NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR THAM TOO KAM	6,690,000	0.63
18.	MALAYSIAN TRUSTEES BERHAD CHONG KIM THAM	5,596,768	0.53
19.	LIM LEONG HOCK	5,539,000	0.52
20.	KAF NOMINEES (TEMPATAN) SDN.BHD. PLEDGED SECURITIES ACCOUNT FOR TENGKU ABDULLAH IBNI SULTAN HJ AHMAD SHAH (TE1113)	5,337,600	0.50
21.	TAN HOCK LEONG	5,100,000	0.48
22.	SITI MUNAJAT BINTI MD GHAZALI	4,920,000	0.46
23.	TAN JING JIA	4,850,000	0.46
24.	TAN JING XIN	4,450,000	0.42
25.	KENANGA NOMINEES (TEMPATAN) SDN BHD RAKUTEN TRADE SDN BHD FOR LEE KOK YOONG	4,400,000	0.42
26.	TAN JING XIN	4,158,609	0.39
27.	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR PALANY ANDAVAR A/L PITCHAMUTHU	4,108,400	0.39
28.	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR DOH JEE MING (PB)	4,100,000	0.39
29.	SEOW KWEE CHOY	4,100,000	0.39
30.	LIM KONG JOO	4,000,000	0.38

# Analysis of ICPS Holdings

As at 31 March 2022

## STATISTICS OF IRREDEEMABLE CONVERTIBLE PREFERENCE SHARES (“ICPS”) HOLDINGS

Number of Outstanding ICPS Issued : 114,848,126

## ANALYSIS OF ICPS HOLDINGS

Size of ICPS Holdings	No. of ICPS Holders	%	No. of ICPS	%
1 – 99	10	2.29	487	0.00
100 – 1,000	41	9.40	24,306	0.02
1,001 – 10,000	146	33.49	760,913	0.66
10,001 – 100,000	177	40.60	6,614,044	5.76
100,001 – 5,742,405 (*)	56	12.84	23,694,651	20.63
5,742,406 and above (**)	6	1.38	83,753,725	72.93
<b>TOTAL</b>	<b>436</b>	<b>100.00</b>	<b>114,848,126</b>	<b>100.00</b>

Remarks: \* Less than 5% of issued ICPS  
\*\* 5% and above of issued ICPS

## DIRECTORS’ ICPS HOLDINGS

The Directors’ ICPS Holdings based on the Register of Directors’ Shareholdings of WZ Satu Berhad as at 31 March 2022 are as follows:-

Directors	Direct	No. of ICPS Held %	Indirect	%
Tan Sri Dato’ Sri (Dr.) Mohamad Norza Bin Zakaria	-	-	-	-
Tengku Dato’ Sri Uzir Bin Tengku Dato’ Ubaidillah	49,636,625	43.22	-	-
Tengku Dato’ Indera Zubir Bin Tengku Dato’ Ubaidillah	4,173,360	3.63	-	-
Ikhlas Bin Kamarudin	-	-	-	-
Rosli Bin Shafiei	-	-	-	-
Datuk Idris Bin Haji Hashim J. P.	-	-	-	-
Dato’ Syed Kamarulzaman Bin Dato’ Syed Zainol Khodki Shahabudin	-	-	-	-
Dato’ Mohan A/L C Sinnathamby	-	-	-	-
Aimi Aizal Bin Nasharuddin	-	-	-	-

# Analysis of ICPS Holdings

As at 31 March 2022 (Continued)

## THIRTY LARGEST ICPS HOLDERS BASED ON RECORD OF DEPOSITORS AS AT 31 MARCH 2022

(without aggregating securities from different securities accounts belonging to the same persons)

No.	Name	No. of ICPS	%
1.	TENGGU UZIR BIN TENGGU UBAIDILLAH	23,023,525	20.05
2.	ONG LEE VENG @ ONG CHUAN HENG	20,000,000	17.41
3.	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TENGGU UZIR BIN TENGGU UBAIDILLAH	13,730,200	11.96
4.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TENGGU UZIR BIN TENGGU UBAIDILLAH	12,000,000	10.45
5.	SITI MUNAJAT BINTI MD GHAZALI	7,900,000	6.88
6.	KAMARUDIN BIN MERANUN	7,100,000	6.18
7.	TENGGU ZUBIR BIN TENGGU UBAIDILLAH	3,533,360	3.08
8.	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR MOHAMMED AMIN BIN MAHMUD (MM1004)	2,186,400	1.90
9.	CHENG CHEE CHUNG	1,700,000	1.48
10.	SU MING YAW	1,631,866	1.42
11.	BONG LEE HUEY	978,000	0.85
12.	TENGGU UZIR BIN TENGGU UBAIDILLAH	882,900	0.77
13.	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR MOKHTAR BIN SAMAD (REM 130)	720,000	0.63
14.	UOB KAY HIAN NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR UOB KAY HIAN PTE LTD (A/C CLIENTS )	669,400	0.58
15.	TENGGU ZUBIR BIN TENGGU UBAIDILLAH	640,000	0.56
16.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PAULINE SEAH SEOW GEIK	505,100	0.44
17.	AZLY BIN ABDUL KADIR	500,000	0.44
18.	TAN JING JIA	500,000	0.44
19.	LEE FOO KEONG	393,333	0.34
20.	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TOO KOK LENG	350,000	0.58
21.	ZAINUL ABIDEEN BIN FAZLE ABBAS	349,400	0.30
22.	KOAY HIAN BENG	345,100	0.30
23.	CHOW OI OI	342,000	0.30
24.	HOH DING WEI	306,666	0.27
25.	HOH DING WEI	300,000	0.26
26.	LIM LEE PENG	300,000	0.26
27.	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR GAN SEONG LIAM	300,000	0.26
28.	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR NURRUL MARIA BINTI MOKHTAR (REM 130)	293,300	0.26
29.	TENG CHEK CHEONG	288,000	0.25
30.	CHIN KWAI MUI	272,000	0.24

# Analysis of Warrant A Holdings

As at 31 March 2022

## STATISTICS OF WARRANT A HOLDINGS

Number of Outstanding Warrants A Issued : 183,241,446

## ANALYSIS OF WARRANT A HOLDINGS

Size of Warrant A Holdings	No. of Warrant A Holders	%	No. of Warrants A	%
1 – 99	158	14.63	7,503	0.00
100 – 1,000	71	6.57	23,781	0.01
1,001 – 10,000	334	30.93	1,335,310	0.73
10,001 – 100,000	353	32.69	14,595,129	7.96
100,001 – 9,162,071 (*)	160	14.81	77,385,429	42.23
9,162,072 and above (**)	4	0.37	89,894,294	49.06
<b>TOTAL</b>	<b>1,080</b>	<b>100.00</b>	<b>183,241,446</b>	<b>100.00</b>

Remarks: \* Less than 5% of issued Warrants A

\*\* 5% and above of issued Warrants A

## DIRECTORS' WARRANT A HOLDINGS

The Directors' Warrant A Holdings based on the Register of Directors' Shareholdings of WZ Satu Berhad as at 31 March 2022 are as follows:-

Directors	Direct	No. of Warrants A Held %	Indirect	%
Tan Sri Dato' Sri (Dr.) Mohamad Norza Bin Zakaria	-	-	-	-
Tengku Dato' Sri Uzir Bin Tengku Dato' Ubaidillah	64,064,034	34.96	-	-
Tengku Dato' Indera Zubir Bin Tengku Dato' Ubaidillah	1,627,026	0.89	-	-
Ikhlas Bin Kamarudin	-	-	-	-
Rosli Bin Shafiei	-	-	-	-
Datuk Idris Bin Haji Hashim J. P.	-	-	-	-
Dato' Syed Kamarulzaman Bin Dato' Syed Zainol Khodki Shahabudin	-	-	-	-
Dato' Mohan A/L C Sinnathamby	-	-	-	-
Aimi Aizal Bin Nasharuddin	-	-	-	-

# Analysis of Warrant A Holdings

As at 31 March 2022 (Continued)

## THIRTY LARGEST WARRANT A HOLDERS BASED ON RECORD OF DEPOSITORS AS AT 31 MARCH 2022

(without aggregating securities from different securities accounts belonging to the same persons)

No.	Name	No. of Warrants A	%
1.	KENANGA NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR TENGKU UZIR BIN TENGKU UBAIDILLAH	47,966,402	26.18
2.	MAYBANK NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR TENGKU UZIR BIN TENGKU UBAIDILLAH	15,997,632	8.73
3.	PACIFIC TRUSTEES BERHAD WILLIAM TAN CHEE KEONG	12,965,130	7.08
4.	PACIFIC TRUSTEES BERHAD CHOI CHEE KEN	12,965,130	7.08
5.	TAN PANG HONG	7,123,804	3.89
6.	LOW CHANG CHOY	4,257,500	2.32
7.	YEE KONG SIONG	3,730,000	2.04
8.	LIM KENG CHUAN	3,486,783	1.90
9.	KENANGA NOMINEES (TEMPATAN) SDN. BHD. RAKUTEN TRADE SDN. BHD. FOR MUHAMMAD ALI BIN YAHYA	2,962,294	1.62
10.	KAF NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR TENGKU ABDULLAH IBNI SULTAN HJ AHMAD SHAH (TE1113)	1,860,287	1.02
11.	NG TIONG KOW	1,750,000	0.96
12.	TAN JING XIN	1,601,970	0.87
13.	CHENG CHEE CHUNG	1,500,000	0.82
14.	CHUA SHIA-TSAN	1,269,555	0.69
15.	TAN PANG HONG	1,193,664	0.65
16.	TENGKU ZUBIR BIN TENGKU UBAIDILLAH	1,180,914	0.64
17.	BONG LEE HUEY	1,165,002	0.64
18.	TANG WEI LIM	900,000	0.49
19.	PACIFIC TRUSTEES BERHAD HO KEK YEE	894,100	0.49
20.	NG LAY HOON	885,211	0.48
21.	NEOH SOON HIONG	869,918	0.47
22.	OON LEONG LYE @ KHOO LEONG LYE	850,431	0.46
23.	SITI NURBAYAH BTE KAMAL	843,020	0.46
24.	SUHAIMI BIN BADRUL JAMIL	838,000	0.46
25.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAM KIAN KWANG	827,583	0.45
26.	ONG LAI HOCK	800,000	0.44
27.	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LIM JIT SOON (E-KLC)	774,300	0.42
28.	HENRY CHUA AH JONG	720,000	0.39
29.	NG YEE LING	688,545	0.38
30.	MOHD ZAKI IKHTAR BIN ZAKARIA	677,900	0.37

# Analysis of Warrant B Holdings

As at 31 March 2022

## STATISTICS OF WARRANT B HOLDINGS

Number of Outstanding Warrants B Issued : 63,958,049

## ANALYSIS OF WARRANT B HOLDINGS

Size of Warrant B Holdings	No. of Warrant B Holders	%	No. of Warrants B	%
1 – 99	124	15.82	5,544	0.00
100 – 1,000	176	22.45	71,304	0.11
1,001 – 10,000	247	31.51	918,847	1.44
10,001 – 100,000	151	19.26	6,158,204	9.63
100,001 – 3,197,901 (*)	84	10.71	38,047,988	59.49
3,197,902 and above (**)	2	0.26	18,756,162	29.33
<b>TOTAL</b>	<b>784</b>	<b>100.00</b>	<b>63,958,049</b>	<b>100.00</b>

Remarks: \* Less than 5% of issued Warrants B  
\*\* 5% and above of issued Warrants B

## DIRECTORS' WARRANT B HOLDINGS

The Directors' Warrant B Holdings based on the Register of Directors' Shareholdings of WZ Satu Berhad as at 31 March 2022 are as follows:-

Directors	No. of Warrants B Held		%
	Direct	Indirect	
Tan Sri Dato' Sri (Dr.) Mohamad Norza Bin Zakaria	-	(1)12,387,225	19.37
Tengku Dato' Sri Uzir Bin Tengku Dato' Ubaidillah	3,914,827	6.12	-
Tengku Dato' Indera Zubir Bin Tengku Dato' Ubaidillah	414,170	0.65	-
Ikhlas Bin Kamarudin	-	(2)12,387,225	19.37
Rosli Bin Shafiei	-	-	-
Datuk Idris Bin Haji Hashim J. P.	-	-	-
Dato' Syed Kamarulzaman Bin Dato' Syed Zainol Khodki Shahabudin	-	-	-
Dato' Mohan A/L C Sinnathamby	-	-	-
Aimi Aizal Bin Nasharuddin	-	-	-

Notes:

- (1) Deemed interested by virtue of his shareholding in Citaglobal Energy Resources Sdn. Bhd. through TIZA Global Sdn. Bhd. (formerly known as Citaglobal Sdn. Bhd.) pursuant to Section 8 of the Companies Act 2016.
- (2) Deemed interested by virtue of his shareholding in Citaglobal Energy Resources Sdn. Bhd. pursuant to Section 8 of the Companies Act 2016.

# Analysis of Warrant B Holdings

As at 31 March 2022 (Continued)

## THIRTY LARGEST WARRANT B HOLDERS BASED ON RECORD OF DEPOSITORS AS AT 31 MARCH 2022

(without aggregating securities from different securities accounts belonging to the same persons)

No.	Name	No. of Warrants B	%
1.	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR CITAGLOBAL ENERGY RESOURCES SDN. BHD.	12,387,225	19.37
2.	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TENGKU ABDULLAH IBNI SULTAN HJ AHMAD SHAH	6,368,937	9.96
3.	TEE KENG HOON	2,405,000	3.76
4.	CIMSEC NOMINEES (ASING) SDN BHD CIMB FOR POLO INVESTMENTS LIMITED (PB)	2,118,134	3.31
5.	LOW CHANG CHOY	1,722,500	2.69
6.	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TENGKU UZIR BIN TENGKU UBAIDILLAH	1,716,275	2.68
7.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TENGKU UZIR BIN TENGKU UBAIDILLAH	1,644,853	2.57
8.	CHIA HANG KIAN	1,360,000	2.13
9.	EE SOO YIM	1,210,700	1.89
10.	UTUSAN MEWAH SDN. BHD.	1,139,162	1.78
11.	COLIN SOH CHENG HOE	1,000,000	1.56
12.	FOONG AI LIN	1,000,000	1.56
13.	KENANGA NOMINEES (TEMPATAN) SDN BHD NATASHA NG EU JERN (023)	821,000	1.28
14.	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR COLIN SOH CHENG HOE	760,100	1.19
15.	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHONG CHEW YENG (MY3114)	750,000	1.17
16.	LIM KENG JIN	703,200	1.10
17.	MAYBANK NOMINEES (TEMPATAN) SDN BHD TANG MUN PHUN	702,400	1.10
18.	TEE LIN SAY	647,200	1.01
19.	NG THOR KIOK	600,000	0.94
20.	TENGKU UZIR BIN TENGKU UBAIDILLAH	553,087	0.86
21.	SAK SWEE SEONG	525,200	0.82
22.	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR PALANY ANDAVAR A/L PITCHAMUTHU	507,300	0.79
23.	TAN JING XIN	503,662	0.79
24.	CHEW GUAT LOOI	500,000	0.78
25.	LIM REN EN	500,000	0.78
26.	PAUL IAN BROWN-KENYON	500,000	0.78
27.	TEE KHENG EAN @ TEE CHENG YAN	500,000	0.78
28.	SUBASHINY A/P PRABAKARAN	484,500	0.76
29.	LEE FOOK ON	450,000	0.70
30.	LIM SIOK HWA	450,000	0.70

# List of Properties

As at 31.12.2021

Location	Land area/ Built-up Tenure	Description Area (sq ft)	Net Book Value /Existing Use	Age of Acquisition (RM'000)	Date of Building /Revaluation	
1. Lot 1850 Jalan KPB 10 Kawasan Perindustrian Balakong 43300 Seri Kembangan Selangor Darul Ehsan	Freehold	102,154/ 79,759	Manufacturing Plant cum Warehouse	20,326	21 years	2020
2. Lot 1882 Jalan KPB 9 Kawasan Perindustrian Balakong 43300 Seri Kembangan Selangor Darul Ehsan	Leasehold	81,646/ (Expires 17.8.2065)	Warehouse 40,860	13,491	14 years	2020
3. B2-1 Block B Jalan Damai Perdana 2/8 Bandar Damai Perdana 56100 Kuala Lumpur	Freehold	650	Apartment / Staff Quarters	75	18 years	2017
4. B2-2 Block B Jalan Damai Perdana 2/8 Bandar Damai Perdana 56100 Kuala Lumpur	Freehold	650	Apartment / Staff Quarters	75	18 years	2017
5. B0-1 Block B Jalan Damai Perdana 2/8 Bandar Damai Perdana 56100 Kuala Lumpur	Freehold	650	Apartment / Staff Quarters	95	18 years	2019
6. B0-2 Block B Jalan Damai Perdana 2/8 Bandar Damai Perdana 56100 Kuala Lumpur	Freehold	650	Apartment / Staff Quarters	95	18 years	2019



# Notice of Annual General Meeting

**NOTICE IS HEREBY GIVEN** that the Seventeenth (17<sup>th</sup>) Annual General Meeting (“AGM”) of the Company will be held on a **fully virtual basis** vide the Online Meeting Platform hosted on Securities Services e-Portal at <https://sshbsb.net.my/> on Tuesday, 31 May 2022 at 10:00 a.m. for the following purposes:-

## AGENDA

- |    |  |  |
|----|--|--|
| 1. | To receive the Audited Financial Statements for the financial year ended 31 December 2021 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 RM600,000/- for the period from 1 July 2022 to 30 June 2023.  | (Resolution 1)                         |
| 3. | To approve the payment of benefits payable to the Directors up to an amount of RM100,000/- from 1 July 2022 to 30 June 2023.   | (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) YBhg. Tan Sri Dato’ Sri (Dr.) Mohamad Norza Bin Zakaria;   | (Resolution 3)                         |
|    | (b) Encik Ikhlas Bin Kamarudin; and  | (Resolution 4)                         |
|    | (c) YBhg. Dato’ Mohan A/L C Sinnathamby.   | (Resolution 5)                         |
| 5. | To re-elect Encik Aimi Aizal Bin Nasharuddin who is retiring in accordance with Clause 117 of the Company’s Constitution and being eligible, has offered himself for re-election.        | (Resolution 6)                         |
| 6. | To re-appoint 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 7)                         |

### As Special Business

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

- |    |   |                |
|----|---|----------------|
| 7. | <b>ORDINARY RESOLUTION<br/>AUTHORITY TO ISSUE SHARES PURSUANT TO THE COMPANIES ACT 2016</b> | (Resolution 8) |
|----|---|----------------|

“**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, the Directors of the Company be and are hereby empowered pursuant to the Act, to issue and allot shares in the capital of the Company from time to time at such price and upon such terms and conditions, for such purposes and to such person or persons whomsoever the Directors may in their absolute discretion deem fit provided always that the aggregate number of shares issued pursuant to this Resolution does not exceed ten percent (10%) of the total number of issued shares of the Company for the time being;

**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 the Main Market of 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 Annual General Meeting of the Company.”

- |    |  |  |
|----|--|--|
| 8. | To transact any other ordinary business of which due notice shall have been given. |  |
|----|--|--|

# Notice of Annual General Meeting

(Continued)

By Order of the Board

**CHUA SIEW CHUAN (MAICSA 0777689)(SSM PC NO. 201908002648)**  
**YAU JYE YEE (MAICSA 7059233)(SSM PC NO. 202008000733)**  
Company Secretaries

Kuala Lumpur  
Dated: 29 April 2022

## Explanatory Notes: -

### 1. Audited Financial Statements for financial year ended 31 December 2021

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, fees and benefits ( "Remuneration") payable to the Directors of the Company are required to be approved by the shareholders at a general meeting.

The proposed Resolution 1, if approved, will authorise the payment of the fees to Non-Executive Directors ("**NEDs**") for the period from 1 July 2022 to 30 June 2023 and to be payable on a monthly basis in arrears after each month of completed service of the Directors. This Resolution is to facilitate the payment of the 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 July 2022 to 30 June 2023 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 and other benefits in-kind payable to the NEDs.

In the event that the Directors' benefits payable proposed are insufficient due to enlarged Board size, approval will be sought at the next Annual General Meeting for additional Directors' benefits to meet the shortfall.

### 3. Re-election of Directors

Clause 118 of the Constitution of the Company states that one-third (1/3) of the Directors shall retire from office and shall be eligible for re-election at each AGM. All Directors shall retire from office at least once every three (3) years but shall be eligible for re-election.

Clause 117 of the Constitution of the Company states that any Director who is appointed either to fill a casual vacancy or as an addition to the existing Directors, shall hold office until the conclusion of the next AGM and shall be eligible for re-election but shall not be taken into account in determining the Directors or the number of Directors to retire by rotation at such meeting. In determining the eligibility of the Directors to stand for re-election at the forthcoming 17<sup>th</sup> AGM, the Nomination and Remuneration Committee ("**NRC**") has considered the following:-

- (i) Directors' self-assessment and peer-to-peer performance evaluation;
- (ii) Evaluation on the effectiveness of the Board as a whole and the Committees of the Board; and
- (iii) For Independent Non-Executive Directors ("**INEDs**") only, the level of independence demonstrated by the INEDs and their ability to act in the best interest of the Company.

The Board approved the NRC's recommendation for the retiring Directors pursuant to Clauses 117 and 118 of the Constitution of the Company. All the retiring Directors have consented to their re-election and abstained from deliberation as well as decision on their own eligibility to stand for re-election at the relevant NRC and Board meetings, where applicable.

# Notice of Annual General Meeting

(Continued)

#### 4. Re-appointment of Auditors

The Audit Committee had assessed the suitability and independence of the External Auditors and recommended the re-appointment of Baker Tilly Monteiro Heng PLT as External Auditors of the Company for the financial year ending 31 December 2022. The Board has in turn reviewed the recommendation of the Audit Committee and recommended the same to be tabled to the shareholders for approval at the forthcoming 17<sup>th</sup> AGM of the Company under Resolution 7.

#### 5. Authority to Issue Shares Pursuant to the Companies Act 2016

The Company wishes to renew the mandate on the authority to issue shares pursuant to the Act at the 17<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 16<sup>th</sup> AGM of the Company held on 15 July 2021 (hereinafter referred to as the “**Previous Mandate**”).

Pursuant to the Previous Mandate, the Company had undertaken a private placement exercise where 150,446,832 new ordinary shares have been issued on 30 November 2021 with a total gross proceeds of RM25.576 million.

Details of the total proceeds raised from the private placement and its utilisation are disclosed under the Additional Compliance Information section of the Annual Report.

The proposed Resolution 8 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).

#### Notes :-

- As part of the initiatives to curb the spread of COVID-19, the 17<sup>th</sup> AGM will be conducted on a fully virtual basis by way of live streaming and online remote voting via the Remote Participation and Voting (“**RPV**”) facilities to be provided by SS E Solutions Sdn. Bhd. via Securities Services e-Portal’s platform at <https://sshb.net.my/>. Please read carefully and follow the procedures provided in the Administrative Guide to register, participate and vote remotely via the RPV facilities.
- In respect of deposited securities, only members whose names appear in the Record of Depositors on 19 May 2022 (“**General Meeting Record of Depositors**”) shall be eligible to participate, speak and vote at the Meeting.
- A member entitled to participate and vote at the Meeting is entitled to appoint more than one (1) proxy to participate 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.
- A proxy may but does not need to be a member of the Company. Notwithstanding this, a member entitled to participate and vote at the Meeting is entitled to appoint any person as his proxy to participate 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 participate and vote at the Meeting shall have the same rights as the member to speak at the Meeting.

As guided by the Securities Commission Malaysia’s Guidance Note and Frequently Asked Questions on the Conduct of General Meetings for Listed Issuers as revised, the right to speak is not limited to verbal communication only but includes other modes of expression. Therefore, all members, proxies and/or corporate representatives shall communicate with the main venue of the 17<sup>th</sup> AGM via real time submission of typed texts through a text box within Securities Services e-Portal’s platform during the live streaming of the 17<sup>th</sup> AGM as the primary mode of communication. In the event of any technical glitch in this primary mode of communication, members, proxies or corporate representatives may email their questions to [eservices@sshb.com.my](mailto:eservices@sshb.com.my) during the 17<sup>th</sup> AGM. The questions and/or remarks submitted by the members, proxies and/or corporate representatives will be broadcasted and responded by the Chairman, Board of Directors and/or Management during the Meeting.

# Notice of Annual General Meeting

(Continued)

5. 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.
6. 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.
7. Appointment of proxy and registration for remote participation and voting

The instrument appointing a proxy and the power of attorney or other authority (if any), under which it is signed or a duly notarised certified copy of that power or authority, must be deposited not less than forty-eight (48) hours before the time for holding the meeting or adjournment thereof through either one of the following avenues:-

(i) In hard copy Form of Proxy

- (a) To be deposited at the office of the Share Registrar, Securities Services (Holdings) Sdn. Bhd. at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan; or
- (b) To be submitted via fax at +603 20949940 or +603 2095 0292 or email to [eservices@sshbs.com.my](mailto:eservices@sshbs.com.my).

(ii) By Electronic Form of Proxy

To be submitted electronically via Securities Services e-Portal at <https://sshbs.net.my/>. Please refer to the Administrative Notes available for download at <https://www.wzs.my/shareholders-meeting/> further details.

8. Should you wish to personally participate in the 17<sup>th</sup> AGM remotely, please register electronically via Securities Services e-Portal at <https://sshbs.net.my/> by the registration cut-off date and time. Please follow the procedures provided in the Administrative Guide for the 17<sup>th</sup> AGM to register, participate, speak and vote remotely.
9. If you have submitted your proxy form(s) and subsequently decide to appoint another person or wish to participate in the 17<sup>th</sup> AGM by yourself, please write in to [eservices@sshbs.com.my](mailto:eservices@sshbs.com.my) to revoke the earlier appointed proxy forty-eight (48) hours before this meeting.

### Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, participate, speak and vote at the 17<sup>th</sup> AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member’s personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the “Purposes”), (ii) warrants that where the member discloses the personal data of the member’s proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member’s breach of warranty.

# Form of Proxy

**WZ SATU BERHAD**  
 [Registration No. 200401027590 (666098-X)]  
 (Incorporated in Malaysia)



WZ SATU BERHAD  
 永成壹有限公司

<b>CDS Account No.</b>	
<b>Number of ordinary shares held</b>	

\*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 Seventeenth Annual General Meeting of the Company to be held on a **fully virtual basis** vide the Online Meeting Platform hosted on Securities Services e-Portal at <https://sshsb.net.my/> on Tuesday, 31 May 2022 at 10:00 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
1	To approve the payment of Directors’ fees of RM600,000/- for the period from 1 July 2022 to 30 June 2023.	
2	To approve the payment of benefits payable to the Directors up to an amount of RM100,000/- from 1 July 2022 to 30 June 2023.	
3	To re-elect YBhg. Tan Sri Dato’ Sri (Dr.) Mohamad Norza Bin Zakaria as Director of the Company in accordance with Clause 118 of the Company’s Constitution.	
4	To re-elect Encik Ikhlas Bin Kamarudin as Director of the Company in accordance with Clause 118 of the Company’s Constitution.	
5	To re-elect YBhg. Dato’ Mohan A/L C Sinnathamby as Director of the Company in accordance with Clause 118 of the Company’s Constitution.	
6	To re-elect Encik Aimi Aizal Bin Nasharuddin as Director of the Company in accordance with Clause 117 of the Company’s Constitution.	
7	To re-appoint Baker Tilly Monteiro Heng PLT as Auditors of the Company.	
<b>As Special Business</b>		
8	Authority to issue shares pursuant to the Companies Act 2016	

As witness my/our hand(s) this day \_\_\_\_\_ of \_\_\_\_\_ 2022.

\_\_\_\_\_  
 \*Signature of Member /Common Seal

\*Strike out whichever not applicable

**Notes :-**

1. As part of the initiatives to curb the spread of COVID-19, the 17<sup>th</sup> AGM will be conducted on a fully virtual basis by way of live streaming and online remote voting via the Remote Participation and Voting (“**RPV**”) facilities to be provided by SS E Solutions Sdn. Bhd. via Securities Services e-Portal’s platform at <https://sshsb.net.my/>. Please read carefully and follow the procedures provided in the Administrative Guide to register, participate and vote remotely via the RPV facilities.
2. In respect of deposited securities, only members whose names appear in the Record of Depositors on 19 May 2022 (General Meeting Record of Depositors) shall be eligible to participate, speak and vote at the Meeting.
3. A member entitled to participate and vote at the Meeting is entitled to appoint more than one (1) proxy to participate 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.
4. A proxy may but does not need to be a member of the Company. Notwithstanding this, a member entitled to participate and vote at the Meeting is entitled to appoint any person as his proxy to participate 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 participate and vote at the Meeting shall have the same rights as the member to speak at the Meeting.

As guided by the Securities Commission Malaysia’s Guidance Note and Frequently Asked Questions on the Conduct of General Meetings for Listed Issuers as revised, the right to speak is not limited to verbal communication only but includes other modes of expression. Therefore, all members, proxies and/or corporate representatives shall communicate with the main venue of the 17<sup>th</sup> AGM via real time submission of typed texts through a text box within Securities Services e-Portal’s platform during the live streaming of the 17<sup>th</sup> AGM as the primary mode of communication. In the event of any technical glitch in this primary mode of communication, members, proxies or corporate representatives may email their questions to [eservices@sshsb.com.my](mailto:eservices@sshsb.com.my) during the 17<sup>th</sup> AGM. The questions and/or remarks submitted by the members, proxies and/or corporate representatives will be broadcasted and responded by the Chairman, Board of Directors and/or Management during the Meeting.

5. 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.

1<sup>st</sup> Fold here

Affix  
Stamp

The Share Registrar

**WZ Satu Berhad** [Registration No. 200401027590 (666098-X)]  
Level 7, Menara Milenium,  
Jalan Damanlela,  
Pusat Bandar Damansara,  
Damansara Heights,  
50490 Kuala Lumpur.

Then fold here

6. 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.

7. Appointment of proxy and registration for remote participation and voting

The instrument appointing a proxy and the power of attorney or other authority (if any), under which it is signed or a duly notarised certified copy of that power or authority, must be deposited not less than forty-eight (48) hours before the time for holding the meeting or adjournment thereof through either one of the following avenues:-

(i) In hard copy Form of Proxy

(a) To be deposited at the office of the Share Registrar, Securities Services (Holdings) Sdn. Bhd. at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan; or

(b) To be submitted via fax at +603 20949940 or +603 2095 0292 or email to [eservices@sshsb.com.my](mailto:eservices@sshsb.com.my).

(ii) By Electronic Form of Proxy

To be submitted electronically via Securities Services e-Portal at <https://sshsb.net.my/>. Please refer to the Administrative Notes available for download at <https://www.wzs.my/shareholders-meeting/> further details.

8. Should you wish to personally participate at the 17<sup>th</sup> AGM remotely, please register electronically via Securities Services e-Portal at <https://www.sshsb.net.my/> by the registration cut-off date and time. Please follow the procedures provided in the Administrative Guide for the 17<sup>th</sup> AGM in order to register, participate, speak and vote remotely.

9. If you have submitted your proxy form(s) and subsequently decide to appoint another person or wish to participate in the 17<sup>th</sup> AGM by yourself, please write in to [eservices@sshsb.com.my](mailto:eservices@sshsb.com.my) to revoke the earlier appointed proxy forty-eight (48) hours before this meeting.

**Personal Data Privacy:**

By submitting an instrument appointing a proxy(ies) and /or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 29 April 2022.


w w w . w z s . m y


---

**WZ Satu Berhad**

[Registration No. 200401027590 (666098-X)]

Level 9, Block 4  
Menara TH Plaza Sentral  
Jalan Stesen Sentral 5  
KL Sentral  
50470 Wilayah Persekutuan  
Kuala Lumpur

 Tel : +603-2773 8800

 Fax : +603-2773 8878