CITAGLOBAL

Empowering The Future

2022 ANNUAL REPORT

NEW FEATURE IN THIS ANNUAL REPORT

Follow the steps below to scan the QR code reader in 3 easy steps:

01

Download the "QR Code Reader" on App Store or Google Play

02

Run the QR Code Reader app and point your camera to the QR Code

03

Get access to the soft copy of our reports and contact information

The digital version of Citaglobal Berhad Annual Report 2022 is available on our website.

Go to https://citaglobal.my/reports/# or scan the QR code with your smartphone.

A successful global conglomerate that is professionally managed

VISION MISSION

Fulfilling our stakeholders' expectations by:

- Delivering innovative and quality solutions
- Creating superior value
- Ensuring sustainable returns
- Establishing our international footprint

CORE VALUES

Pride
Citaglobal is a conglomerate that the employees and stakeholders are proud to be associated with

Commitment
We in Citaglobal are fully committed to deliver the best to our stakeholders

Integrity
We uphold the highest level of integrity and promote transparency

Innovation
We encourage innovation to enhance productivity, efficiency and profitability

Diversity
Diversity and inclusion must remain at the centre of what we do

18th Annual General Meeting

VENUE

State Room 2,
M Resort & Hotel
Kuala Lumpur,
Jalan Damansara,
Bukit Kiara, 60000
Kuala Lumpur

DATE

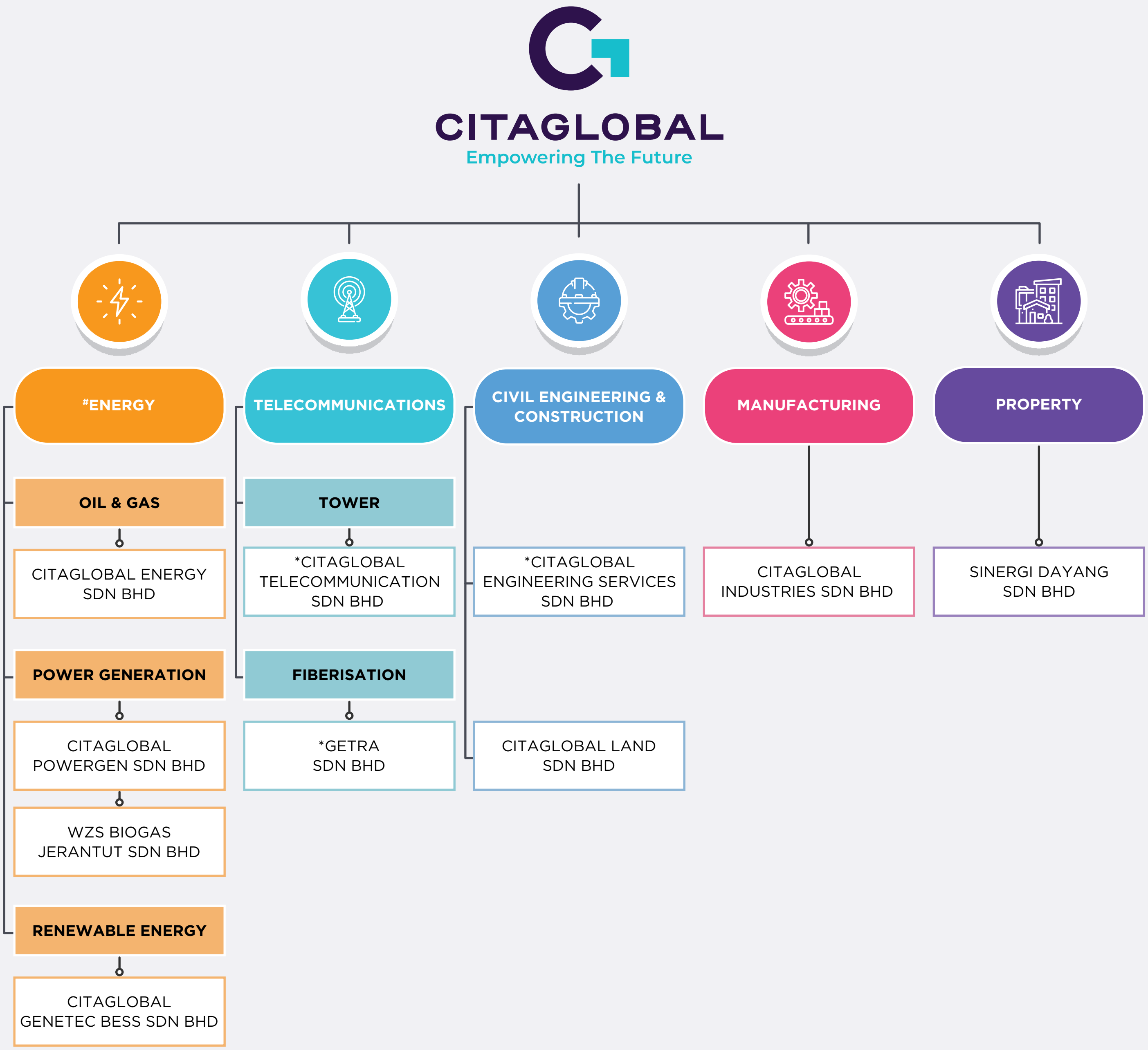
Tuesday,
30 May 2023

TIME

10:00 a.m.

TABLE OF **CONTENTS**

BUSINESS **STRUCTURE**



The Energy Segment consists of the (a) Oil & Gas (b) Power Generation and (c) Renewable Energy business divisions.
* Citaglobal Berhad completed the acquisition of the Citaglobal Enginering Services Sdn Bhd Group on 10 November 2022.

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

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

Encik Ikhlas Bin Kamarudin
Non-Independent Non-Executive Director

Encik Rosli Bin Shafiei
Independent Non-Executive Director

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

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

YBhg. Dato' Mohan A/L C Sinnathamby
Independent Non-Executive Director

Encik Aimi Aizal Bin Nasharuddin
Independent Non-Executive Director

YM Tengku Dato' Sri Uzir Bin Tengku Dato' Ubaidillah
Executive Vice Chairman
(Resigned on 20 September 2022)

YM Tengku Dato' Indera Zubir Bin Tengku Dato' Ubaidillah
Non-Independent Non-Executive Director
(Resigned on 20 September 2022)

AUDIT COMMITTEE

Encik Rosli Bin Shafiei (Chairman)

YBhg. Dato' Syed Kamarulzaman Bin Dato' Syed Zainol Khodki Shahabudin (Member)

YBhg. Datuk Idris Bin Haji Hashim J. P. (Member)

YBhg. Dato' Mohan A/L C Sinnathamby (Member)

NOMINATION AND REMUNERATION COMMITTEE

YBhg. Dato' Syed Kamarulzaman Bin Dato' Syed Zainol Khodki Shahabudin (Chairman)

YBhg. Datuk Idris Bin Haji Hashim J. P. (Member)

Encik Rosli Bin Shafiei (Member)

YM Tengku Dato' Indera Zubir Bin Tengku Dato' Ubaidillah (Member)
(Ceased on 20 September 2022)

LONG TERM INCENTIVE PLAN COMMITTEE

Encik Ikhlas Bin Kamarudin (Chairman)
(Appointed on 20 September 2022)

Encik Rosli Bin Shafiei (Member)

YBhg. Dato' Syed Kamarulzaman Bin Dato' Syed Zainol Khodki Shahabudin (Member)

YM Tengku Dato' Sri Uzir Bin Tengku Dato' Ubaidillah (Chairman)
(Ceased on 20 September 2022)

RISK, FINANCE AND INVESTMENT COMMITTEE

Encik Aimi Aizal Bin Nasharuddin (Chairman)
(Appointed on 20 September 2022)
(Redesignated from Member to Chairman on 28 February 2023)

YBhg. Tan Sri Dato' Sri (Dr.) Mohamad Norza Bin Zakaria
(Redesignated from Chairman to Member on 28 February 2023)

Encik Ikhlas Bin Kamarudin
(Appointed on 28 February 2023)

YM Tengku Dato' Sri Uzir Bin Tengku Dato' Ubaidillah
(Ceased on 20 September 2022)

YBhg. Dato' Mohan A/L C Sinnathamby
(Ceased on 28 February 2023)

CORPORATE INFORMATION
(Continued)

SHARIAH ADVISORY COMMITTEE

YBhg. Dato' Syed Kamarulzaman Bin Dato' Syed Zainol Khodki Shahabudin
(Chairman)

Encik Ikhlas Bin Kamarudin (Member)

Encik Mahamahpoyi Hj Walah (Advisor)

Mr. Chan Fook Kwong
(Management Representative)

GROUP KEY SENIOR MANAGEMENT

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

Encik Wan Shariman Bin Wan Mohamed
Group Chief Operating Officer
(Appointed on 1 August 2022)

Mr. Chan Fook Kwong
Chief Financial Officer

Encik Azly Bin Abdul Kadir
Head of Civil Engineering and Construction
(Appointed on 14 November 2022)

Dr. Sivakumar Suppremaniam
Head of Energy
(Appointed on 3 January 2023)

Mr. Tan Chong Boon
Head of Manufacturing

Encik Azlan Shah Bin Mohd Yusoh
Head of Property Development
(Appointed on 20 October 2022)

Encik Rodzi Ahmad
Head of Telecommunications
(Appointed on 2 February 2023)

COMPANY SECRETARIES

Chua Siew Chuan
(SSM PC NO. 201908002648)
(MAICSA 0777689)

Yau Jye Yee
(SSM PC NO. 202008000733)
(MAICSA 7059233)

AUDITORS

Messrs. 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	: CITAGLB
Stock Code	: 7245
Preference Stock Name	: CITAGLB-PA
Preference Stock Code	: 7245PA
Warrant Name	: CITAGLB-WA
Warrant Code	: 7245WA
Warrant Name	: CITAGLB-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.citaglobal.my

BOARD OF **DIRECTORS**

from left to right:

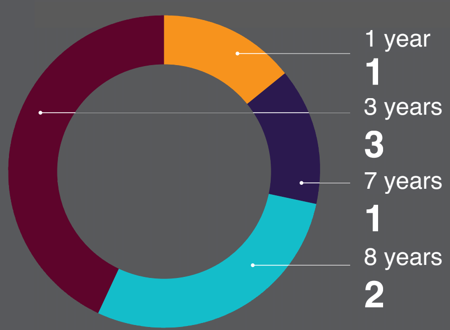
YBHG TAN SRI DATO' SRI (DR.) MOHAMAD NORZA BIN ZAKARIA
Executive Chairman & President

ENCIK IKHLAS BIN KAMARUDIN
Non-Independent Non-Executive Director

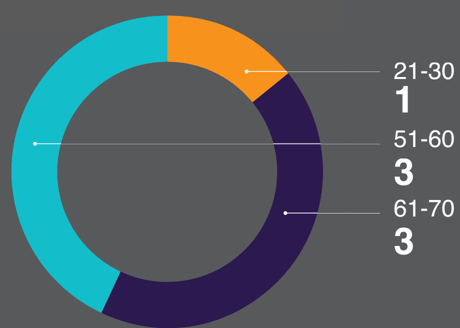
ENCIK ROSLI BIN SHAFIEI
Independent Non-Executive Director

YBHG DATUK IDRIS BIN HAJI HASHIM J. P.
Independent Non-Executive Director

Years of Service*



Age



* Years of service is calculated up to 31 December 2022.

BOARD OF DIRECTORS
(Continued)

YBHG DATO' SYED KAMARULZAMAN BIN DATO' SYED ZAINOL KHODKI SHAHABUDIN
Independent Non-Executive Director

YBHG DATO' MOHAN A/L C SINNATHAMBY
Independent Non-Executive Director

ENCIK AIMI AIZAL BIN NASHARUDDIN
Independent Non-Executive Director

Nationality

7

Malaysians

DIRECTORS' **PROFILE**

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

Executive Chairman & President

Age	Gender	Nationality
56	Male	Malaysian

Date of appointment :
13 December 2019

Board Committees membership(s):
- Risk, Finance and Investment Committee(Member) (Redesignation on 28 February 2023)

YBhg Tan Sri Dato' Sri (Dr.) Mohamad Norza bin Zakaria 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 & President of the Company.

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).

He began his career as a Senior Audit Assistant in Messrs. Arthur Andersen & Co. / Hanafiah, Raslan & Mohamad in 1988 before joining Bank Negara Malaysia as the Executive of Bank Regulation Department in 1990. Later, he joined PETRONAS as the Senior Executive 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.

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 & President of TIZA Global Sdn Bhd (*formerly known as Citaglobal Sdn Bhd*), a post he has held since April 2008.

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 is also the Road to Gold (RTG) committee Co-Chairman, which was formed by the Ministry of Youth and Sports to help Malaysian athletes achieve their first Olympic gold in the 2024 Paris Olympic Games.

In the past, he has held several prominent positions, including Chairperson of the Board of the National Sports Institute (NSI), Honorary Treasurer of the Football Association of Malaysia (FAM), President of the Kuala Lumpur Badminton Association (KLBA) and President of the Royal Malaysian Polo Association (RMPA). He is also the President of the Commonwealth Games Association of Malaysia (CGA Malaysia) and a Board Member & Audit Committee Chairman of the National Sports Council (NSC).

He is a major shareholder of the Company by virtue of his direct interest in TIZA Global Sdn Bhd (*formerly known as Citaglobal Sdn Bhd*) (TIZA Global) and indirect interest in Citaglobal Energy Resources Sdn Bhd held via TIZA Global pursuant to Section 8 of the Companies Act 2016.

He attended all 7 out of 7 Board of Director's Meetings held for the financial year ended 31 December 2022.

ENCIK IKHLAS BIN KAMARUDIN

Non-Independent Non-Executive Director

Age	Gender	Nationality
30	Male	Malaysian

Date of appointment :
30 October 2019

Board Committees membership(s):
- Long Tem Incentive Plan Committee (Chairman) (*Appointed on 20 September 2022*)
- Risk, Finance and Investment Committee (Member) (*Appointed on 28 February 2023*)
- Shariah Advisory Committee (Member)

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

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

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

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

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

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

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

He attended 4 out of 7 Board of Directors' Meetings held for the financial year ended 31 December 2022.

DIRECTORS' PROFILE

(Continued)

ENCIK ROSLI BIN SHAFIEI
Independent Non-Executive Director

Age	Gender	Nationality
70	Male	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)

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

He holds an Advanced Diploma in Accountancy from Universiti Teknologi Mara and is a member of the Malaysian Institute of Accountants.

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

He started his career with Malaysia Building Society Berhad, where he took on several postings, namely as loans administration officer, internal audit team leader and Branch Manager for its Klang branch and later Penang branch. He held several other positions from Credit Manager with SPK Bowring Marsh & McLennan Sdn. Bhd. Insurance Brokers and Consultant, and Accountant with Petfina Sdn. Bhd./Petmal Sdn. Bhd. which operated an oil blending plant. In 1989, he joined United Engineers Malaysia Bhd as Management Accountant and subsequently, he was transferred to its joint-venture company, PATI Sdn Bhd. that was involved in the construction of the Continuous Reinforced Concrete Pavement of the North-South Expressway. In 1998 he was appointed as General Manager, Finance of Crest Petroleum Berhad.

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

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

He attended all 7 out of 7 Board of Directors' Meetings held for the financial year ended 31 December 2022.

YBHG DATUK IDRIS BIN HAJI HASHIM J. P.
Independent Non-Executive Director

Age	Gender	Nationality
70	Male	Malaysian

Date of appointment :
20 November 2014

Board Committees membership(s):
- Nomination and Remuneration Committee (Member)
- Audit Committee (Member)

YBhg Datuk Idris Bin Haji Hashim J.P., was appointed as an Independent Non-Executive Director on 20 November 2014.

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.

After his graduation, he worked as Assistant Lecturer at UITM before leaving for America in 1976. Upon graduating from Illinois Institute of Technology, Chicago, he worked at Skidmore Owings and Merill and also at North Eastern Planning Commission. On returning to Malaysia, he worked as Lecturer at UITM.

He was also the former Chairman of Perbadanan Nasional Berhad from 2009 to 2015.

He was also the Chairman of Perbadanan Nasional Bhd from 2009 to 2015. He also sat on the Board of Focus Point Bhd.

He attended all 7 out of 7 Board of Directors' Meetings held for the financial year ended 31 December 2022.

DIRECTORS' PROFILE

(Continued)

YBHG DATO' SYED KAMARULZAMAN BIN DATO' SYED ZAINOL KHODKI SHAHABUDIN

Independent Non-Executive Director

Age	Gender	Nationality
58	Male	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)

YBhg Dato' Syed Kamarulzaman Bin Dato' Syed Zainol Khodki Shahabudin, was appointed as an Independent Non-Executive Director on 23 April 2015.

He is a holder of Master in Science Corporate Communication from School of Modern Languages & 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.

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.

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).

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.

He attended all 7 out of 7 Board of Directors' Meetings held for the financial year ended 31 December 2022.

YBHG DATO' MOHAN A/L C SINNATHAMBY

Independent Non-Executive Director

Age	Gender	Nationality
63	Male	Malaysian

Date of appointment :
18 February 2019

Board Committees membership(s):
- Risk, Finance and Investment Committee (Member) (Ceased on 28 February 2023)
- Audit Committee (Member)

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

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

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

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

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

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

He attended 6 out of 7 Board of Directors' Meetings held for the financial year ended 31 December 2022.

DIRECTORS' PROFILE
(Continued)

ENCIK AIMI AIZAL BIN NASHARUDDIN Independent Non-Executive Director	Age	Gender	Nationality
	56	Male	Malaysian

Encik Aimi Aizal Bin Nasharuddin, was appointed as an Independent Non-Executive Director on 25 August 2021.

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 Practicing Accountant (CPA) Australia from CPA Australia Ltd. and a Chartered Accountant (CA) from the Malaysian Institute of Accountants (MIA).

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 & 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.

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.

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.

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.

In 2020, he ventures into Zafa Group, an investment company that ventures into multi disciplinary businesses, among others, automotive, healthcare, education and fintech.

He attended all 7 out of 7 Board of Directors' Meetings held for the financial year ended 31 December 2022.

Date of appointment :
25 August 2021

Board Committees membership(s):
- Risk, Finance and Investment Committee (Chairman)
  (Appointed on 20 September 2022)
  (Redesignated from Member to Chairman on 28 February 2023)

Save as disclosed above, none of the Directors of Citaglobal Berhad (*formely know as WZ Satu Berhad*) 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.

GROUP KEY **SENIOR MANAGEMENT**

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

Executive Chairman & President

Age	Gender	Nationality
56	Male	Malaysian

He was appointed as the Non-Independent Non-Executive Deputy Chairman of the Company 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 direct interest in TIZA Global Sdn Bhd (*formerly know as Citaglobal Sdn Bhd*) ("TIZA Global") and indirect interest in Citaglobal Energy Resources Sdn Bhd held via TIZA Global pursuant to Section 8 of the Companies Act 2016.

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

WAN SHARIMAN WAN MOHAMED

Group Chief Operating Officer

Age	Gender	Nationality
56	Male	Malaysian

He was appointed as Group Chief Operating Officer of Citaglobal Berhad on 1 August 2022.

An alumnus of MRSM Kota Bharu, he is a Fellow of Chartered Institute of Management Accountants (FCMA) UK, and a Chartered Accountant (CA) of Malaysian Institute of Accountants. He also holds a Master in Business Administration (with Distinction) from Nottingham Trent University, UK.

He has extensive senior management experience gained from 30 years in multiple industries. He has held senior leadership roles overseeing various business units and Group at strategic and operational levels. Prior to joining Citaglobal Berhad, he was Director, Corporate Services, AZRB / Executive Director, AZ Land & Properties (AZRB's property arm). He was also previously Chief Operating Officer of MAJU Group, Vice President of Malaysian Resources Corporation Berhad (MRCB), and Financial Controller of APL-NOL Malaysia.

He was a non-independent, non-executive director of Ipmuda Berhad, a public-listed company on Bursa Main Board.

CHAN FOOK KWONG

Chief Financial Officer

Age	Gender	Nationality
54	Male	Malaysian

He was appointed as the Chief Financial Officer of Citaglobal 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 Citaglobal 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 another Malaysian company listed on the Main Board of Bursa Malaysia; a structural steel turnkey and power plant contractor undertaking many highly complex projects in the Asian and Middle Eastern regions. He spent 3 years working in its operations in UAE before returning to assist in the IPO exercise of the company in 2011. He served as the Head of Corporate Finance prior to his appointment as the Chief Financial Officer of the company in August 2015 before joining Citaglobal Group in November 2018.

GROUP KEY SENIOR MANAGEMENT
(Continued)

AZLY BIN ABDUL KADIR

Head of Civil Engineering and Construction

Age	Gender	Nationality
50	Male	Malaysian

He was appointed as the Chief Executive Officer of Citaglobal Land Sdn Bhd and Citaglobal Engineering Services Sdn Bhd on 14 November 2022.

An alumnus of Sekolah Alam Shah Kuala Lumpur, he holds a Bachelor of Science in Quantity Surveying from Glasgow Caledonian University, UK and is registered with the Board of Quantity Surveyors Malaysia.

He has over 25 years of extensive commercial, technical and management experience in the construction industry, locally and abroad. He started his career as a Quantity Surveyor at IBAI BINA Sdn Bhd in July 1996. He later moved to Peremba Construction Sdn Bhd as a Senior Quantity Surveyor and was involved in the various infrastructure projects in Putrajaya and Cyberjaya. He subsequently joined Muhibbah Engineering (M) Bhd in April 2000 where he excelled in his leadership role as the General Manager and served the company for 22 years. He was involved in the management and operations of the company including bidding, contracting, procurement and project management. He was later appointed as a Director for two subsidiaries of the Muhibbah Group until 2022.

DR SIVAKUMAR SUPPREMANIAM

Head of Energy

Age	Gender	Nationality
51	Male	Malaysian

He was appointed as the Chief Executive Officer of Citaglobal Energy Sdn Bhd on 3 January 2023. He oversees the Oil & Gas, Renewable Energy and Power Generation Divisions under the Energy Segment.

He holds a Doctorate in Business Administration and a Masters in Science Engineering.

He started his career at Petronas Carigali in 1991 and had served in different Project and Engineering roles. After leaving Petronas, he worked for various multinational companies such as Honeywell and ABB where he held senior positions and roles. He later moved onto Sapura Energy to take on multiple key leadership roles such as the Head of Engineering and Commissioning; the Head of Tender and Engineering which under his leadership successfully bid and won many key brownfield projects and the Head of Commercial Operations of which he successfully led the contract management to deliver key commercial numbers.

TAN CHONG BOON

Head of Manufacturing

Age	Gender	Nationality
57	Male	Malaysian

He was appointed as the Chief Executive Officer for Citaglobal Industries Sdn Bhd on 12 July 1994.

He graduated from Universiti Putra Malaysia (UPM) with an honour's degree in Civil Engineering.

He has experience in the areas of designing and building of civil and structural works. He commenced his career as a Design Engineer in a civil and structural consulting company. In 1995, he successfully established and spearheaded the Manufacturing Business Segment for Citglobal Berhad on cold drawn bright steel production plant. Over the years, due to his vast experience and strong networking with his counterparts within Malaysia and internationally, he spearheaded the venture into the production of Cold Drawn polished shafts for automotive parts, office automation, industrial machines, computer part of components, fasteners, home electrical appliances, furniture industry and etc.

GROUP KEY SENIOR MANAGEMENT

(Continued)

AZLAN SHAH BIN MOHD YUSOH

Head of Property Development

Age	Gender	Nationality
48	Male	Malaysian

He was appointed as the Chief Executive Officer of the Property Development Division on 20 October 2022.

He is an alumnus of MRSM Kerteh Terengganu and graduated from University of Newcastle upon Tyne, UK in BSc. Land Surveyor and Mapping Science.

He has more than 20 years of experience in property development, construction and palm oil activities and businesses. Prior to leading the Property Division, he headed the Civil Engineering and Construction Segment of the Citaglobal group. His largest achievement before joining the Group was heading the township development in Kuantan, Pahang where he led his team to convert 1,500 acres of oil palm plantation into a new township known as KotaSAS. He successfully included the new State of Pahang administration center and the ECRL station within the township.

RODZI AHMAD

Head of Telecommunications

Age	Gender	Nationality
55	Male	Malaysian

He was appointed as the Chief Executive Officer of Citaglobal Telecommunication Sdn Bhd on 2 February 2023.

He has a degree in Electronic System and Control Engineering from Sheffield Hallam University, UK.

He has more than 30 years of experience in the telecommunication industry, specialising in the development of fibre optic network in Malaysia. He was the CEO of Allo Technology Sdn Bhd, a fully owned subsidiary of TNB that was formerly known as Setia Haruman Technology, a technology arm of the master developer of Cyberjaya. His role was crucial for the development of the fiber network infrastructure for enterprise and homes along with substantial cellular tower fiberisation, data centre connectivity, and cross-border connectivity to the neighbouring nations; promoting the growth of international telco ad data centre business.

After that, he moved to Altel Holdings Sdn Bhd to oversee Altel Communication Sdn Bhd and net2one Sdn Bhd, which focused on the network rollout of private LTE and Mobile Virtual Network Operations (MVNO). Also, he put together the private LTE ecosystem and planned for the national rollout of the network for sectors that require high accuracy and low latency networks for IOT, cybersecurity, data analysis, cloud computing services and private LTE networks.

He is currently spearheading Citaglobal Group’s Telecommunications Division to rollout 5G telecommunication towers, fibre and fixed networks, as well as a private 5G enterprise solution.

Save as disclosed above, none of the members of Citaglobal 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,

The year 2022 marks an important period in the corporate history of Citaglobal Berhad ("Citaglobal" or "Group"). Not only did we undertake a rebranding exercise by changing our name from WZ Satu Berhad, we also secured several key business deals as part of our diversification plans and completed the injection of a new cash-generating subsidiary, Citaglobal Engineering Services Sdn Bhd ("CESSB"), into the Group. I am pleased to say that we have stepped into FY2023 on a stronger footing.

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

Executive Chairman & President

Had not for the RM47.9 million goodwill impairment made on the acquisition of CESSB, Citaglobal would have posted a profit before tax ("PBT") of RM8.8 million in FY2022. This represents a growth of almost 85% as compared to a PBT of RM4.8 million in FY2021. The impairment was a prudent measure by the Group based on the prevailing accounting standard of MFRS 3. I am positive that Citaglobal will be able to sustain its growth moving forward, on the back of our previously secured contracts and the future opportunities that the Group is aiming for.

Looking ahead, CESSB will be a key growth engine for Citaglobal, as it is on track to deliver the balance of the aggregate RM60 million profit guarantee over 2023 to 2024. The acquisition of the entire equity interest in CESSB was completed on 10 November 2022, and hence, full-year profit contribution from the new subsidiary will be recognised from FY2023 onwards. CESSB is principally engaged in engineering consultancy services and other related services.

We are in the midst of building Citaglobal into one of Malaysia's leading conglomerates, with extensive exposure in the facilities management, telecommunications, energy, infrastructure and technology sectors, both domestically and globally. The Energy Segment is now an enlarged segment consisting of Oil & Gas, Power Generation and Renewable Energy business divisions.

Throughout FY2022, Citaglobal has worked towards strengthening its existing businesses in the Civil Engineering and Construction ("CEC"), Energy and Manufacturing segments. Most importantly, the Group has also embarked on business opportunities in the renewable energy and telecommunication sectors.

Earlier in October 2022, the Group forged an exclusive collaboration with Genetec Technology Berhad ("Genetec") to develop battery energy storage systems ("BESS") to store and manage excess power during the generation of renewable energy. On 6 April 2023, Citaglobal and Genetec formalised the collaboration via a new joint venture company named "Citaglobal Genetec BESS Sdn Bhd" ("CG BESS") where parties mutually agreed to adopt the Terms of Reference of CG BESS to govern the roles and responsibilities of the Parties in respect of the Joint Venture.

Leveraging on this, in January 2023, Citaglobal signed a memorandum of understanding with Indonesian state-owned PT Industri Baterai Indonesia for the proposed development of a battery cell manufacturing plant and BESS.

On 21 December 2022, the consortium between Citaglobal and Reneuco Berhad ("Reneuco") received and accepted a letter of intent from Malaysia Rail Link Sdn Bhd on the development of an independent and renewable power producer project for the East Coast Rail Link (ECRL) network. Pursuant to this, we are pitching for the ECRL's power supply to be awarded exclusively to the consortium. If awarded, this would ensure the security of supply of power to the entire ECRL infrastructure, including for the accelerated demand that may arise from the development of industrial facilities along the ECRL line. The parties have entered into a Consortium agreement on 20 April 2023 to formalise the 60:40 partnership between Citaglobal and Reneuco.

CHAIRMAN'S STATEMENT

(Continued)

REVIEW OF FINANCIAL PERFORMANCE

In FY2022, Citaglobal posted a revenue of RM215.4 million as compared to RM247.4 million in the preceding financial year. The revenue was impacted by the reduced contributions from the CEC and Energy segments, arising from the fact that existing projects are nearing completion while new projects have yet to significantly commence. However, the lower revenues from both segments were partially offset by the higher revenues registered in the Manufacturing and remaining segments.

During the financial year under review, the Group registered a loss before taxation of RM39.1 million compared to a PBT of RM4.8 million in FY2021. The decrease in PBT was mainly due to the impairment of goodwill arising from the acquisition of CESSB. However, the Group would have registered a PBT of RM8.8 million, excluding the impairment of goodwill of RM47.9 million.

Citaglobal's balance sheet remain sturdy, with total assets as at 31 December 2022 recorded at RM479.1 million, while total liabilities was RM161.2 million. Meanwhile, the Group has short-term deposits, cash and bank balances of RM81.2 million as at 31 December 2022, against total borrowings of RM61.9 million.

LOOKING AHEAD

The outlook remains positive for Citaglobal, despite concerns about global economic slowdown in 2023. Going forward, the Group will embark on various opportunities to improve the profit contributions for the CEC and Energy segments. This will be achieved by instituting several initiatives including suitable acquisitions when the opportunity emerges. We are also actively tendering for projects with higher margins to further strengthen the financial performance of the Group. Citaglobal has a total outstanding order book of RM733 million as at end-2022.

Having completed the acquisition of CESSB on 10 November 2022, we are highly confident that the subsidiary will be a leading catalyst for the Group's growth momentum, moving forward. In March 2023, CESSB has secured a RM200mil Letter of Intent to undertake engineering, procurement and construction (EPC) works for the development of the Sanglang Integrated Jetty project in Perlis. This will be an important growth driver for us ahead.

Also via CESSB, we hope to accelerate our transition into the telecommunications sector and jump on the 5G bandwagon. With the Southeast-Asia region ramping up the deployment of its 5G infrastructure, CESSB is expected to secure a number of 5G-related projects, given the company's experience of almost five years in telecommunication tower development. This would help the Group to strengthen its recurring income base.

Citaglobal's exposure in the property development business via the construction of two phases of PR1MA D'Marina Recidency, Kuantan will also continue to support the Group ahead. The PR1MA Phase 2 Project has an estimated gross development value of RM373 million.

In addition to these businesses, Citaglobal's future performance will significantly depend on the actual commencement date of contracts and finalisation of the various joint venture agreements with various collaborative partners for the BESS venture and the ECRL independent power producer project. The Group will continue to explore new opportunities in the renewable energy sector and we are currently in talks with several prospective partners.

As we grow our business portfolio, Citaglobal is also actively looking at ways to improve our Environmental, Social and Governance ("ESG") practices in order to become a responsible corporate player and achieve long-term sustainability. On that note, we plan to move towards ESG Reporting in the coming years.

APPRECIATION

As we look to the future, I would like to take this opportunity to express my appreciation to the Citaglobal family, including the board members, senior management and the rest of our employees. Your excellent contributions have put the Group on the right trajectory towards sustainable growth. I would wish to express my gratitude to our other stakeholders such as our shareholders, business partners, financiers, customers and government agencies for the support in FY2022 and your continued vote of confidence.

The Board wishes to thank YM Tengku Dato' Sri Uzir Bin Tengku Dato' Ubaidillah and YM Tengku Dato' Indera Zubir Bin Tengku Dato' Ubaidillah for their invaluable contributions during their tenure as Executive Vice Chairman and Non-Independent Non-Executive Director, respectively.

While the year 2023 is expected to witness increased macroeconomic headwinds, I am confident that Citaglobal will remain resilient as we are actively looking for high-quality business opportunities. The Group is poised to become a leading corporate player in Malaysia, underpinned by the strategic decisions made by the Board and the management of Citaglobal. Together, we shall rise higher!

MANAGEMENT **DISCUSSION & ANALYSIS**

CITAGLOBAL BERHAD IS PRINCIPALLY INVOLVED IN CIVIL ENGINEERING AND CONSTRUCTION, ENERGY AND MANUFACTURING

This Management Discussion and Analysis ("MDA") of the Citaglobal Berhad ("the Company") ("Citaglobal") 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 2022 ("FY2022"). 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 FY2022 and the related notes thereto.

The Group is principally involved in Civil Engineering and Construction ("CEC"), Energy and Manufacturing. The CEC segment is primarily involved in infrastructure construction contracts. The Energy segment is principally engaged in onshore oil and gas downstream activities, renewable energy and power generation. The Manufacturing segment is the manufacturing of cold drawn bright steel products.

GROUP FINANCIAL PERFORMANCE

Revenue decreased year on year from RM247.4 million in the financial year ended 31 December 2021 ("FY2021") to RM215.4 million in the FY2022 by 13% or RM32.0 million. The lower revenue was due to the decrease in revenues of RM39.9 million and RM7.1 million registered by the Energy and CEC segments, respectively. This was offset by the higher revenues of RM3.3 million and RM11.7 million registered by the Manufacturing and remaining segments, respectively.

Profit before tax decreased year on year from a profit before tax of RM4.8 million in the FY2021 to a loss before tax of RM39.1 million in the FY2022 by 921% or RM43.9 million. The decrease in profit before tax was due to the weaker results of RM7.2 million, RM2.7 million and RM34.7 million registered in the Energy, Manufacturing and remaining segments. This was offset by the stronger result of RM0.7 million registered by the CEC segment.

The main reason for the significant loss from the remaining segment was due to the impairment of goodwill arising from the acquisition of Citaglobal Engineering Services Sdn Bhd ("CESSB") of RM47.9 million. On 15 June, the Company entered into a Share Purchase Agreement for the acquisition of CESSB via the issuance of 736,842,105 consideration shares (new Citaglobal ordinary shares) at a fixed issue price of 19 sen per consideration share. At the date of completion of the acquisition of CESSB on 10 November 2022, the

MANAGEMENT DISCUSSION & ANALYSIS

(Continued)

market price/fair value was 25.5 sen per consideration share. The appreciation of the Company's share price gave rise to an additional share value of 6.5 sen per consideration share. As a prudent measure and based on prevailing accounting standard MFRS 3, the Board has deliberated to fully impair the excess goodwill in the FY2022. If excluded the goodwill impairment of RM47.9 million, the Group would have registered a profit before tax of RM8.8 million in the FY2022.

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

Revenue decreased year on year from RM114.4 million in the FY2021 to RM107.3 million in the FY2022 by 6% or RM7.1 million. The lower revenue was due to the PR1MA Phase 1 Project is at its tail end at the end of the current financial year as compared to the preceding financial year where it contributed more than a third of the segment's revenue.

Profit before tax increased year on year from RM6.4 million in the FY2021 to RM7.1 million in the FY2022 by 11% or RM0.7 million. The higher profit before tax was due to the acquisition of Citaglobal Engineering Services Sdn Bhd ("CESSB") on 10 November 2022 which contributed to the segment's bottom line post-acquisition.

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 in engineering, procurement and construction.

Prospects

As at 31 December 2022, the segment had an accumulated order book of RM681.8 million to sustain operations for the next five financial years.

Other key potential project in the pipeline is Sanglang Integrated Jetty, Perlis where CESSB has accepted a Letter of Intent ("LOI") issued by the Client i.e. Mutiara Perlis Sdn Bhd for Phase 1A with an estimated value of RM200.0 million. In addition, Citaglobal Berhad together with Reneuco Berhad via a joint venture has accepted a LOI from Malaysia Rail Link Sdn Bhd to develop an independent power producer project for the East Coast Rail Link network. CESSB is pursuing to secure a significant amount of contract from the joint venture for the civil engineering and construction works.

REVENUE
RM**107.3**million

PROFIT BEFORE TAX
RM**7.1**million

ENERGY SEGMENT

Review

The segment consists of the Oil & Gas, the Renewable Energy and the Power Generation business divisions.

Revenue decreased from RM85.0 million in FY2021 to RM45.1 million in FY2022 by 47% or RM39.9 million. The reduction in revenue mainly from Oil & Gas division, due to reduction in Oil & Gas downstream development which had adversely impacted the new orders and revenue performance.

Profit before tax decreased year on year from a profit before tax of RM3.0 million in the FY2021 to a loss before tax of RM4.2 million in the FY2022, lower by 240% or RM7.2 million. The reduction in profit before tax mainly from Oil & Gas division. Despite operating expenses reduced with cost savings of RM0.8 million coupled with better gross margin performance (18.3% in FY2021 vs 28.9% in FY2022), the main contributor to profit reduction is because of lower revenue and higher financing costs.

Challenges

FY2023 Oil & Gas industry forecasted to be less active in greenfield projects but will see a series of busy tendering activities for brownfields and long-term services contracts. Competition remains stiff among contractors in Engineering, Procurement, Construction and Commissioning (EPCC) and Topside Major Maintenance (TMM) sectors which remain highly competitive. CITAGLOBAL ENERGY will need to also face the challenge of maintaining a right sized overhead cost in order to manage highly aggressive pricing by smaller sized competitors.

The Oil & Gas upstream sector will be focused on works related to maintenance and repairs, whereas the downstream sector is expected to start turnaround work. The industry tendering activities for major works are expected to pick up towards later of FY2023.

The renewable energy segment is expected to continue on positive trajectory. However, the unlocking of processes to enable ease of doing business in this segment remains a challenge and is expected to continue in FY2023. The technology and deployment of various renewable business initiatives such as BESS, Green Mobility and Hydrogen power continue to flourish in neighboring countries due to various initiatives and policies implemented thus the market capitalisation is fast being taken up creating an opportunity challenge.

Power generation is also in transition towards green initiatives, however the lack of interest and awareness are due to cheaper available fossil oil driven engines. The industry will need to be continuously educated and policies must be enforced to help the industry to move into reduced CO2 footprint platform.

Prospects

In FY2023 CITAGLOBAL ENERGY Management will focus on reducing operational costs, completing of active projects and collecting the progress claims diligently. At the same time CITAGLOBAL ENERGY Management is focused on enhancing our fabrication and services business divisions that will be a key element in projects coming to maturity of construction in FY2023. CITAGLOBAL ENERGY Management is also driving the transition from fossil energy sector to diversify into renewable energy development works (i.e. BESS, solar and hydro) via strategic collaborations with technical partners and strategic client engagements. This transition is expected to allow CITAGLOBAL ENERGY to expand its services portfolios into wider customer base. The inclusion of Power Generation and Renewable Gas Engines as part of the energy offering is expected to boost the supply and service range of products with Product Services being repositioned as part of Power Generation division.

With the new products such as BESS, Solar services offering, Biogas plants with green engines and wider new range of product sales, FY2023 is projected to show a stronger market venture that will be key foundation for stronger FY2024 business.

REVENUE
RM**45.1**million

LOSS BEFORE TAX
RM**4.2**million

MANAGEMENT DISCUSSION & ANALYSIS

(Continued)

MANUFACTURING

Review

Revenue of Citaglobal Industries Sdn Bhd (*formerly known as WZS Industries Sdn Bhd*) increased from RM46.8 million in FY2021 to RM50.1 million in FY2022 by 7% or RM3.3 million. The increase in revenue was due to the higher steel prices in FY2022 which translated into higher average revenue per metric tonne.

However, profit before tax decreased from RM5.4 million in the FY2021 to RM2.7 million in the FY2022 by 50% or RM2.7 million. The decrease in profit before tax was due to the lower profit margin because of the higher raw material costs and lower sales volume in tandem with the higher steel prices.

Challenges

The unstable and fluctuation of recent steel prices and the higher average cost of raw material has eroded the margin of the products. The Management will continue to focus on cost cutting measures to minimise its impact.

Prospects

The outlook of steel market is influenced by global high inflation, elevated energy prices and geopolitical conflicts, the Group will continue to be responsive to market conditions and optimise operational efficiencies.

REVENUE
RM**50.1**million

PROFIT BEFORE TAX
RM**2.7**million

GROUP

Total Assets And Liabilities

Total assets increased by RM145.8 million from RM333.3 million in 2021 to RM479.1 million in 2022. This is mainly contributed by the increase of goodwill on consolidation, property, plant and equipment ("PPE") and contract assets. Increase in goodwill on consolidation is attributable to the acquisition of CESSB. Increase in PPE is mainly due to the acquisition of a freehold agricultural land in Sungai Karang, Kuantan, Pahang for RM10.5 million. The increase in contract assets is due to the consolidation of CESSB Group's contract assets.

Total liabilities decreased by RM2.2 million from RM163.4 million to RM161.2 million mainly contributed by the decrease in contract liabilities and repayment of borrowings of RM14.9 million and RM4.3 million, respectively, that was offset by the increase in trade and other payables of RM15.5 million.

MANAGEMENT DISCUSSION & ANALYSIS
(Continued)

Shareholders' Fund

During the financial year, the Company acquired CESSB via the issuance of 736,842,105 consideration shares (new Citaglobal ordinary shares) at a market value of 25.5 sen per consideration share. This has led to a gross increase of RM187.9 million in the share capital of the Company before goodwill impairment. As at year end, the Group shareholders' fund of RM317.9 million and the short-term deposits, cash and bank balances of RM81.2 million, the Group is confident it has sufficient resources to be resilient and 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 2022.

Strategies

The Group is expected to stay its course and remain focus on the key areas of competency namely Civil Engineering and Construction, Energy and Manufacturing.

The Group is in a transition phase to focus on its renewable energy and telecommunication divisions to contribute positively to the Group.

The performance outlook of the Group will depend on the actual commencement date of contracts and the finalisation of joint venture agreements with various collaborative partners.

TOTAL ASSETS
RM**479.1**million

TOTAL LIABILITIES
RM**161.2**million

SUSTAINABILITY **STATEMENT**

DEFINITION OF ABBREVIATIONS

Except when the context otherwise requires, the following definition of abbreviations shall apply throughout this report:

ABBREVIATION	DESCRIPTION
The Group	Citaglobal Berhad (formerly known as WZ Satu Berhad)
CG Energy	Citaglobal Energy Sdn. Bhd. (formerly known as WZS Misi Setia Sdn Bhd)
CG Land	Citaglobal Land Sdn. Bhd. (formerly known as WZS Binaraya Sdn Bhd)
CG Industries	Citaglobal Industries Sdn. Bhd. (formerly known as WZS Industries Sdn Bhd)

INTRODUCTION

WZ Satu Berhad changed its name to Citaglobal Berhad in June 2022 to better portray the Group's intention to transform into a conglomerate that is involved in facilities management, telecommunications, energy, infrastructure and technology sectors. Citaglobal Berhad Group ("**the Group**") has continuously recognised and prioritised the importance of sustainability of the Group as we attempt to achieve continual financial performance and uninterrupted growth. The Group is cognisant of the need to grow its businesses in a sustainable and responsible manner. Although challenges brought upon by the COVID-19 pandemic remain 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 from 1 January 2022 to 31 December 2022 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 oversight 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 Heads of Business Divisions are responsible for identifying, evaluating, monitoring and managing EES risks and opportunities directly.

SUSTAINABILITY STATEMENT
(Continued)

STAKEHOLDERS ENGAGEMENT

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

STAKEHOLDERS	FORMS OF ENGAGEMENT
Customers	• Meetings • Feedbacks / Client Satisfaction Surveys • Marketing plans
Shareholders/ Investors	• Annual General Meeting • Notices / Circulars • Company's website
Suppliers	• Meetings • Evaluations / Feedbacks
Employees	• Annual Performance Management review based on KPI and Core Competencies • Employee Career Development through training • Succession Planning • Employee Engagement Sessions / Programs • Employee Satisfaction Survey • Town Hall Meetings / Meetings / Discussions
Regulatory and Statutory bodies	• Active engagement with respective regulating agencies and bodies • Inspection by local authority • Annual licence / certification renewal • Compliance to all Malaysian legislations
Principal Partners	• Principal engagement • Quarterly progress discussion
Government Agencies	• Participating in programmes held by government agencies: › Department of Occupational Safety and Health (“DOSH”); › National Institute of Occupational Safety & Health (“NIOSH”) › Construction Industry Development Board (“CIDB”)

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 feedback 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
Economic	• Financial Performance • Anti-bribery and Anti-corruption • Customer Engagement
Environmental	• Environmental Compliance
Social	• Employment Diversity and Equal Opportunity • Occupational Health and Safety • Training and Education • Community Investment

ECONOMIC

The Group is principally involved in the business of civil engineering and construction, energy and manufacturing. The Group's strong order book has created employment opportunities for many Malaysians. The Group aims to maintain sustainable businesses to continue its contribution to Malaysia's economic and social development. Indeed, we endeavor 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 FY2022, 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 2022, the Group has completed the acquisition of Citaglobal Engineering Services Sdn Bhd from TIZA Global Sdn Bhd, which enables the Group to focus in civil engineering & construction and telecommunication infrastructure.

Our Civil Engineering and Construction Segment (CG Land) has obtained Suruhanjaya Perkhidmatan Air Negara ("SPAN") Permit Pembetungan (C1 for Sewerage Work) for Water Services Industry work by SPAN, in carrying out construction, installation or modification work of any part of a sewerage system.

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

Anti-Bribery and Anti-Corruption

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

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.

Anti-Bribery and Anti-Corruption (Cont'd)

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 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 on the Company's website at **www.citaglobal.my.**

Customer Engagement

Customer engagement is one of the key factors to growing and sustaining 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 meeting and business performance review meeting.

Our Civil Engineering and Construction Segment (CG Land) and Oil and Gas Division (CG Energy) are certified to ISO 9001:2015, whereby this management system standard is a framework for improving and providing products and services that consistently meet the requirements and expectations of our customers and other relevant interested parties in the most efficient manner possible. In addition, this certification further evidences our commitment towards continual improvement that aims to reduce risks and increase effectiveness.

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

ENVIRONMENTAL

In the field of environmental stewardship, we continued to demonstrate our commitment to conservation through emphasis on managing our resources – reducing waste, practising energy efficiency and introducing initiatives to reduce emissions throughout our operations. We continue 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 Division, which states our commitment to minimise the environmental impact of our activities, comply to all applicable laws and regulations and communicate our commitment to our stakeholders.

In addition, we monitor our environmental performance by implementing self-regulation practices based on a set of environmental mainstreaming tools, introduced by the Department of Environment ("DoE") under the Guided Self-Regulation ("GSR") programme.

Environmental Compliance

Our Civil Engineering and Construction Segment (CG Land) has been involved principally in Malaysia on various civil engineering and infrastructural projects. This segment is supported by a strong and highly experienced management team comprising people with a wealth of technical experience in handling major projects combined with the technology to enable it to undertake complex projects. We are committed to contribute positively to the construction industry, providing innovative solutions and construction services in a safe and responsible manner via our environmental policy commitment.

SUSTAINABILITY STATEMENT
(Continued)

Environmental Compliance (Cont'd)

Our Oil and Gas Division (CG Energy) 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 with the related environmental requirements. We also periodically assess our management system based on the Guided Self-Regulation ("GSR") programme introduced by DoE.

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

In 2022, there was no incidence of non-compliance with laws and regulations and we endeavor 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. 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 about 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 well-trained to perform their duties with care and professionalism. To ensure sustainability, we will continue to provide employees with relevant trainings so as to ensure their excellent performance.

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 foster personal growth in the process.

Employment Diversity and Equal Opportunity

A diverse and inclusive workforce is 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.

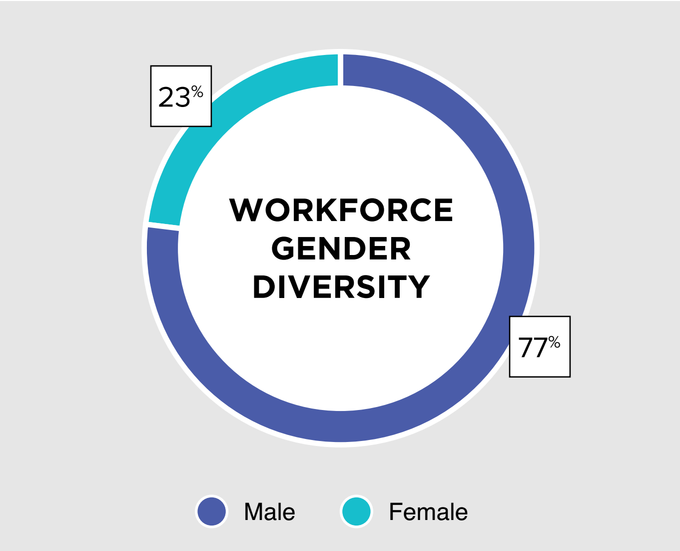
We strongly believe that innovative solutions are developed through interaction amongst employees from different background, knowledge and experience. Having a diverse workforce and ensuring equal opportunity can also help in our talent retention as this will boost staff's morale and lower talent churn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

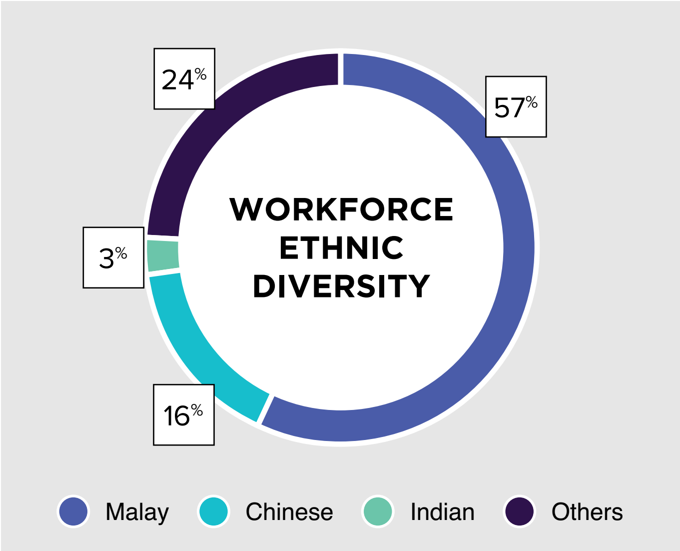
We value our employees as they are key to competitive success in the marketplace which is vital for business sustainability. As part of the Group hiring practice, we do not discriminate against any race, gender or minorities. Although we emphasise on equal employment opportunity, we also stress that candidates are only hired based on suitability and competency. As at 31 December 2022, our total workforce currently stands at 369.

Employment Diversity and Equal Opportunity (Cont'd)

Male employees accounted for 77% of our workforce. This is consistent with the Civil Engineering and Construction, Energy 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 also provided with adequate welfare benefits such as medical, hospitalisation and personal accident insurance coverage.





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 in 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 workplace 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).

Safety is always our number one priority. We leverage on health and safety best practices across our operations. Our wholly-owned subsidiaries, CG Land, CG Energy and CG Industries are certified to ISO 9001:2015. In addition, CG Energy is also certified to ISO 45001:2018 which means that our occupational health and safety 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 2022, our Oil and Gas Division (CG Energy) and Civil Engineering and Construction Segment (CG Land) achieved accumulated 17,286,669 manhours worked without LTI since 2006, and 7,776,888 manhours worked without LTI since 2018, respectively.

SUSTAINABILITY STATEMENT
(Continued)

Occupational Health and Safety (Cont'd)

Company	Manhours Worked Without Lost Time Injury	
	As at 31 December	
	2022	2021
CG Energy	17,286,669	16,993,689
CG Land	7,776,888	6,866,198

The Group believes in creating a strong safety culture and places employees' and workers' safety at the forefront. In 2022, we had achieved our target where there were no reported fatalities in our workplace. The Group aims to continue to achieve this target in the forthcoming year.

Target	Performance in 2022
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 & Gas Division (CG Energy), it is compulsory for every new site staff to attend the Oil & Gas Safety Passport ("OGSP") training programme hosted by the National Institute of Occupational Safety and Health ("NIOSH"). This is to enable all site staff to acquire the prerequisite health and safety knowledge required for their respective jobs.

In addition, during 2022, our Civil Engineering and Construction Segment (CG Land) had obtained multiple recognitions and certificates in respect of management system which covers safety aspects as follows:

Description of Recognition	Entity	Recognition by
3 stars rating for PR1MA P-QUICK (PR1MA Quality In-Construction Compliance Check)	CG Land	Perbadanan PR1MA Malaysia
3 stars rating for PR1MA P-WAS (PR1MA Workmanship Assessment System)	CG Land	Perbadanan PR1MA Malaysia
4 stars rating for PR1MA project P-EpSI (PR1MA-Environment plus Safety Inspection)	CG Land	Perbadanan PR1MA Malaysia
4 stars 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	CG Land	Construction Industry Development Board

SUSTAINABILITY STATEMENT
(Continued)

Learning & Development

We believe that an empowered learning and development team improves employee retention. The Group values the right employees as our assets and it 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 organisation. 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 organisational growth. Some of the Learning & Development programmes that the Company had focused on thus far relevant to the businesses are Malaysian Financial Reporting Standards (MFRS), Finance for Non-Finance Managers, Organisational Change and Enterprise Risk Management for Global Change, Green Building Index Standard for Sustainability, Leadership & Coaching Programmes and Effective Strategic Management.

Community Investment

During the year, the Company donated to the following causes:-

No	Name	Purpose
1	Tabung Kebajikan Sukan Dan Sosial Polis Kuala Lumpur	Kejohanan Golf Piala Ketua Polis Negara
2	Infiniti Indah Sdn Bhd	Sponsorship For Pesta Kuantan 88
3	Pasukan Hoki Veteran Sultan Ahmad Shah	Sponsorship For Masters Hockey World Cup 2022
4	Pertubuhan Kebajikan Serantau	Sponsorship For "Jamuan Rakyat" Programme In Kelantan
5	Universiti Pendidikan Sultan Idris	Sponsorship To Tabung Biasiswa Bitara UPSI

Moving Forward

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

CORPORATE GOVERNANCE **OVERVIEW STATEMENT**

The Board takes note of the updates on the Malaysian Code on Corporate Governance issued by the Securities Commission Malaysia with effect on 28 April 2021 ("**MCCG2021**"). MCCG 2021 introduces new practices and additional guidance to strengthen the corporate governance culture of public listed companies.

The Board of Directors of Citaglobal Berhad (formerly known as 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 to 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 to how the Group has applied and complied with 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 2022 of the Company which is available on the Company's corporate website at **www.citaglobal.my**

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

Board Responsibilities

It is the overall governance responsibility 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; implementing of a 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.

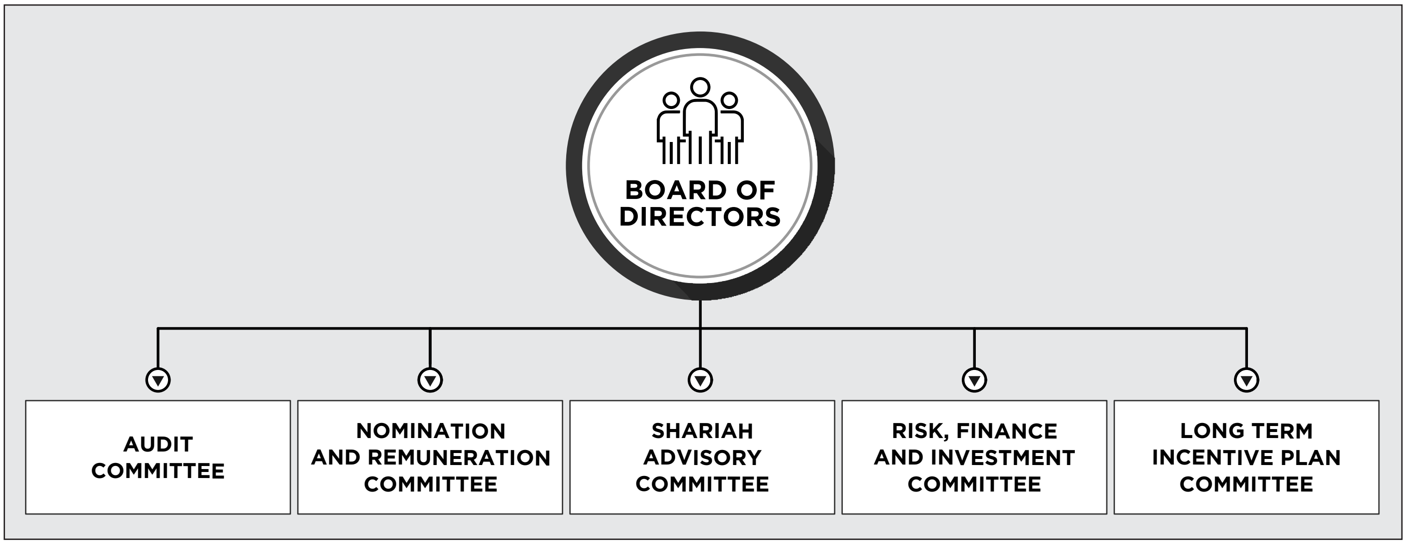
In line with the practice of good corporate governance, the Board has established and implemented various processes to assist members of the Board in the discharge of their roles and responsibilities. The Board's roles and responsibilities include the following:-

(a) reviewing and adopting strategic plans for the Group that enhance 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 develops and implements investor relations programme and shareholder communication policy for the Group.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(Continued)

To ensure effectiveness in discharging its responsibilities, the Board has established a governance model whereby specific powers of the Board are delegated to the relevant Board Committees of the Company as below:-



The Executive Chairman & President

YBhg. Tan Sri Dato' Sri (Dr.) Mohamad Norza Bin Zakaria is the Executive Chairman and President of the Company. 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 a combination of roles renders creditability and confidence to third party(ies) on the authority of the Chairman and President for the 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's 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 a majority of Independent Non-Executive Directors, who collectively have the weightage in terms of the 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 the majority of the Directors present at the Meeting, therefore, no individual Director can dominate the decision-making of the Board.

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

The Board took note of 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 a member of the Risk, Finance and Investment Committee ("**RFIC**"). YBhg. Tan Sri Dato' Sri (Dr.) Mohamad Norza Bin Zakaria is conscious of his differing roles on 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 two (2) Non-Executive Directors. All recommendations by the RFIC to the Board have been arrived at unanimously and this would have eliminated the risk of self-review.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(Continued)

Qualified and Competent Company Secretary

In compliance with Practice 1.5 of the MCCG 2021, the Board members have full access to the two (2) Company Secretaries who are members of the Malaysian Institute of Chartered Secretaries and Administrators (MAICSA) and are qualified to act as Company Secretaries under Section 235(2) of the Companies Act 2016.

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 for 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, have full and unrestricted access to the Management and Company Secretaries for all information pertaining to the businesses and corporate affairs of the Group. If the 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 Code of Ethics and Conduct sets out the general principles and standards of business conduct and ethical behaviour for the Directors and employees of the Group in the performance and exercise of their responsibilities or when representing the Group and includes the expectation of professionalism and trustworthiness from the Directors and employees of the Group.

Whistle-Blowing Policy and Procedures

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

Confidential reports can be channelled online via email to **whistle@citaglobal.my** or send by mail in a properly sealed envelope and indicated "Strictly Confidential – To Be Opened by Addressee Only" and address to:-

The Audit Committee Chairman
Citaglobal Berhad *(formerly known as WZ Satu Berhad)*
Level 9, Block 4, Menara TH Plaza Sentral, Jalan Stesen Sentral 5, KL Sentral,
50470 Kuala Lumpur, Wilayah Persekutuan

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 the working environment and business processes, together with 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 workforce which contributes to the 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 addressing 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 available on the Company's corporate website at **www.citaglobal.my**.

Board Composition

For the financial year ended 31 December 2022, the Board has seven (7) members comprising one (1) Executive Director, five (5) Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Director. 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.

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

Date of change	Name of Directors	Details
20 September 2022	YM Tengku Dato' Sri Uzir Bin Tengku Dato' Ubaidillah	Resigned as the Executive Vice Chairman of the Company.
20 September 2022	YM Tengku Dato' Indera Zubir Bin Tengku Dato' Ubaidillah	Resigned as a Non-Independent Non-Executive Director of the Company.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(Continued)

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.

All Independent Directors are independent of management and free from any relationship. The Board considers that its Independent Directors are able to provide an unbiased and independent and objective judgement to facilitate a balanced leadership in the Group as well as providing an effective check and balance to safeguard the interest of the minority shareholders and other stakeholders.

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, educational background or physical ability.

The Nomination and Remuneration Committee ("**NRC**") is delegated with the responsibility of assessing and considering suitable candidates for the appointment of new Board members. Prior to the appointment by the Board, the NRC evaluates the balance and composition including a mix of skills, independence, experience and diversity (including diversity in gender, ethnicity and age) of the Board.

On 19 January 2022, Bursa Malaysia Berhad announced the enhanced requirements in the Main and ACE Market Listing Requirements, aimed at further strengthening board independence, quality and diversity. One of the key enhancements is the requirement for listed issuers to appoint at least one woman director on their boards by 1 June 2023.

As at the date of this Annual Report, the Company has no women director, however, the Board had set its sights to meet the requirement of the MMLR to have at least one (1) female representation on the Board of the Company by 1 June 2023. The Company aims to continue promoting the representation of women in the composition of the Board and senior level of management in the long term.

The Board is also committed to providing 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
Number of Directors	6	0	1	7	7	0	7

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

Age Group (Years)	21 - 30	51 - 60	61 - 70	Total
Number of Directors	1	3	3	7

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	%
Male	153	38	8	86	285	77%
Female	58	22	3	1	84	23%

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	%
Male	1	53	106	73	52	285	77%
Female	0	19	30	28	7	84	23%

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 2022 is detailed below:-

Name	Attendance
YBhg. Tan Sri Dato' Sri (Dr.) Mohamad Norza Bin Zakaria	7/7
YM Tengku Dato' Sri Uzir Bin Tengku Dato' Ubaidillah (*Resigned on 20 September 2022*)	5/5
YM Tengku Dato' Indera Zubir Bin Tengku Dato' Ubaidillah (*Resigned on 20 September 2022*)	5/5
Encik Ikhlas Bin Kamarudin	4/7
Encik Rosli Bin Shafiei	7/7
YBhg Datuk Idris Bin Haji Hashim J.P.	7/7
YBhg Dato' Syed Kamarulzaman Bin Dato' Syed Zainol Khodki Shahabudin	7/7
YBhg Dato' Mohan A/L C Sinnathamby	6/7
Encik Aimi Aizal Bin Nasharuddin	7/7

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.

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	• Master class: Climate Governance from a Risk Viewpoint by Institute of Corporate Directors Malaysia (ICDM) • Corporate Governance and Enterprise Risk Management by Corporate Streets Sdn. Bhd.
Encik Ikhlas Bin Kamarudin	• Machine Learning, Data Science and Deep Learning with Python
Encik Rosli Bin Shafiei	• Tax Governance: It's Time To Embrace It by MICPA • MIA Town Hall Session 3 by Malaysian Institute of Accountants • Corporate Governance and Enterprise Risk Management • AOB Conversation with Audit Committees - Session 1 by Securities Commission Malaysia • Bursa Immersive Session : The Board "Agender" by Bursa Malaysia

Name	Training(s) Attended during the financial year under review
Datuk Idris Bin Haji Hashim J.P.	• Corporate Governance and Enterprise Risk Management by Corporate Streets Sdn. Bhd.
Dato' Syed Kamarulzaman Bin Dato' Syed Zainol Khodki Shahabudin	• Green Conference 2022 topic related to ESG and sustainable business model organised by MIDF • Sustainability Workshop in conjunction with meet in Malaysia @ Malaysia Business Events 2022 organised by Malaysia Convention and Exhibition Bureau • MIDF Conversation with Dato' Sri Amrin Awaluddin, Group Managing Director & CEO of Lembaga Tabung Haji • World Tourism Conference and big issue on sustainability, ESG and SDG
Dato' Mohan A/L C Sinnathamby	• Fundamentals of ESG Investing
Encik Aimi Aizal Bin Nasharuddin	• Corporate Governance and Enterprise Risk Management by Corporate Streets Sdn. Bhd.

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, the Board delegates specific responsibilities to the Board Committees.

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 by the Board, their recommendations would be deliberated by the Board for decisions.

(a) Nomination and Remuneration Committee

The principal objective of the NRC is to nominate and evaluate potential Board member candidates. The NCR reviews and recommends 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:-

<u>Nomination matters</u>

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 to the Board for approval;
- Reviewed and deliberated on the findings and outcomes of the assessments of the Board, Board Committees and Directors' self and peer evaluation;
- Reviewed of the term of office, appointment and performance of the Audit Committee and each of its members;
- Reviewed the curriculum vitae in line with the job description of the candidate for Key Senior Management and recommended to the Board for approval;

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(Continued)

(a) Nomination and Remuneration Committee (Cont'd)

Nomination matters (Cont'd)

In discharging its responsibilities, the NRC performed the following activities during the financial year (Cont'd):-

- Reviewed and recommended the appointment of a member of the Risk, Finance and Investment Committee to the Board for approval;
- Reviewed and recommended the appointment of the Independent Non-Executive Chairman of Citaglobal Industries Sdn. Bhd. (formerly known as WZS Industries Sdn. Bhd.), a subsidiary of the Company; and
- Reviewed and recommended the appointment of the Head of the Civil Engineering and Construction to the Board for approval.

The NRC conducted an annual assessment of the Board's effectiveness. 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 2022 to the Board for approval;
- Reviewed and recommended the Directors' fees for Non-Executive Directors for the period from 1 July 2022 to 30 June 2023 to the Board for approval; and
- Reviewed and recommended the Directors' benefits payable to Directors for the period from 1 July 2022 to 30 June 2023 to the Board for approval;
- Reviewed and recommended the renewal of contract of the Executive Vice Chairman of the Company to the Board for approval;
- Reviewed and recommended the remuneration package of the Executive Chairman & President and Senior Management;
- Reviewed the remuneration of the candidate for the appointment as the Group Chief Operating Officer and made its recommendation to the Board for approval;
- Reviewed the remuneration of the Independent Non-Executive Chairman of Citaglobal Industries Sdn. Bhd. (formerly known as WZS Industries Sdn. Bhd.), a subsidiary of the Company and made its recommendation to the Board for approval; and
- Reviewed and recommended the remuneration package of the candidate for the position of Head of the Civil Engineering and Construction to the Board for approval.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(Continued)

(a) Nomination and Remuneration Committee (Cont'd)

Other matters

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

- Reviewed and recommended the revised Board Charter which included the Fit and Proper Procedure to the Board for approval;
- Reviewed the meetings attendance of the Board and members of the Board Committees for the financial year ended 31 December 2021; and
- Reviewed the training programmes attended by the Board members for the financial year ended 31 December 2021 and the training needs of the Directors for the financial year ending 31 December 2022.

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	6/6
YBhg Datuk Idris Bin Haji Hashim J. P.	Member	6/6
Encik Rosli Bin Shafiei	Member	6/6
YM Tengku Dato' Indera Zubir Bin Tengku Dato' Ubaidillah *(Ceased on 20 September 2022)*	Member	5/5

The terms of reference of the NRC and the Directors' and Key Senior Management's Remuneration Policy are available for reference on the Company's corporate website at **www.citaglobal.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 from page 48 to 51.

The terms of reference of the Audit Committee is available for reference on the Company's website at **www.citaglobal.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 is responsible and accountable for all Shariah decisions, opinions and views. The Shariah Advisory Committee shall ensure that decisions made comply with Shariah principles at all times.

Main duties of the Shariah Advisory Committee include:-

- Provide advice to the Board and Management.
- Recommend Shariah Policies and Procedures for Board's endorsement.
- Assist related parties on Shariah matters upon request for advice.
- Provide written Shariah opinion.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(Continued)

(c) Shariah Advisory Committee (Cont'd)

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	1/2
Encik Mahamahpoyi Hj Walah	Advisor	2/2
Mr. Chan Fook Kwong	Management Representative	2/2

During the financial year under review, the Shariah Advisory Committee proposed the appointment of a new member and/or Qualified Shariah Advisor to the NRC for review and the same also be tabled to the Board for approval.

(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.citaglobal.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
Encik Ikhlas Bin Kamaruddin *(Appointed on 20 September 2022)*	Chairman	N/A
Encik Rosli Bin Shafiei	Member	1/1
YBhg. Dato' Syed Kamarulzaman Bin Dato' Syed Zainol Khodki Shahabudin	Member	1/1
YM Tengku Dato' Sri Uzir Bin Tengku Dato' Ubaidillah *(Ceased on 20 September 2022)*	Chairman	1/1

(e) 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 Citaglobal Berhad (formerly known as WZ Satu Berhad) and Group ("**Group**"), and regularly assessing the Group's risk management processes to ascertain their adequacy and effectiveness.

(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.

(e) Risk, Finance and Investment Committee ("RFIC") (Cont'd)

(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.citaglobal.my**.

The changes in the composition of the RFIC of the Company after the financial year ended 31 December 2022 and the details of attendance of the meeting during the financial year under review are as follows:-

Name	Designation	Attendance
Encik Aimi Aizal Bin Nasharuddin *(Appointed on 20 September 2022)* *(Redesignated from Member to Chairman on 28 February 2023)*	Chairman	N/A
YBhg. Tan Sri Dato' Sri (Dr.) Mohamad Norza Bin Zakaria *(Redesignated from Chairman to Member on 28 February 2023)*	Member	2/3
Encik Ikhlas Bin Kamarudin *(Appointed on 28 February 2023)*	Member	N/A
YM Tengku Dato' Sri Uzir Bin Tengku Dato' Ubaidillah *(Ceased on 20 September 2022)*	Member	3/3
YBhg. Dato' Mohan A/L C Sinnathamby *(Ceased on 28 February 2023)*	Member	3/3

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, their 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, group medical and life insurances. Allowances relating to business expenses (i.e. travel and accommodation) 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)

Remuneration (Cont'd)

The details of the Directors' remuneration for the financial year ended 31 December 2022 are as follows:

Name of Directors	Company					Group				
	Fees ("RM")	Salaries & Bonus+ ("RM")	Benefits in-kind ("RM")	Others# ("RM")	Total ("RM")	Fees ("RM")	Salaries & Bonus+ ("RM")	Benefits in-kind ("RM")	Others# ("RM")	Total ("RM")
Executive Directors										
Tan Sri Norza	-	923,882	19,436	-	943,318	-	923,882	19,436	-	943,318
Tengku Uzir	-	115,656	1,940	-	117,596	-	394,762	1,940	-	396,702
Total	**-**	**1,039,538**	**21,376**	**-**	**1,060,914**	**-**	**1,318,644**	**21,376**	**-**	**1,340,020**
Non-Executive Directors										
Tengku Zubir	43,333	-	-	6,000	49,333	43,333	-	-	6,000	49,333
En. Ikhlas	60,000	-	-	2,500	62,500	125,000	-	-	2,500	127,500
En. Rosli	72,000	-	-	13,000	85,000	72,000	-	-	13,000	85,000
Datuk Idris	60,000	-	-	15,000	75,000	60,000	-	-	15,000	75,000
Dato' Syed	60,000	-	-	14,500	74,500	60,000	-	-	14,500	74,500
Dato' Mohan	60,000	-	-	9,500	69,500	81,124	-	-	9,500	90,624
En. Aimi	60,000	-	-	3,000	63,000	180,000	-	-	3,000	183,000
Total	**415,333**	**-**	**-**	**63,500**	**478,833**	**621,457**	**-**	**-**	**63,500**	**684,957**

Notes:
+ The salaries and bonus are inclusive of statutory contributions and fixed allowance.
# Others comprise meeting allowance.

The Board is of the view that disclosure of the remuneration of the Key Senior Management would not be in the best interest of the Group due to confidentiality and the competitive nature of the industries in which the Group operates.

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 the Audit Committee collectively possesses 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 and governance which are guided by its terms of reference. The Board on 13 April 2022 adopted the revised terms of reference of the Audit Committee and it is available for reference on the Company's website at www.citaglobal.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 met with the External Auditors on 22 February 2022 and 22 November 2022 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.

The Audit Committee is 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(Continued)

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 the disclosure of information. The Company has established a comprehensive website at **www.citaglobal.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 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 Seventeenth (17th) 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 17th AGM held on 31 May 2022 was published at the Company's website at **www.citaglobal.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:-
- Continue 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.
- Enhancing and improving the Group's sustainability governance and disclosure.
- Measures to optimise costs of the Group under the cost rationalisation exercise.

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) 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 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 the 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.

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	(14,677)	26,252	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
TOTAL	**56,283**	**-**	**56,283**	**(30,031)**	**26,252**	

Remarks:

* *Estimated expenses are 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.*

b) Placement of 37,956,885 new ordinary shares in the Company

The Company had on 17 April 2023 announced a Proposed Placement of up to 37,956,885 new ordinary shares representing 10% of the total number of issued shares in the Company for a cash consideration of RM50,103,088,20.

That SJ Securities Sdn. Bhd. had on 17 April 2023 submitted the listing application to Bursa Securities and Bursa Securities approved the said application on 26 April 2023.

ADDITIONAL COMPLIANCE INFORMATION

(Continued)

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	279	60
Non-Audit Fees	100	100
Total Fees	379	160

3. Revaluation Policy on Landed Properties

The Group has adopted a policy to revalue its land and buildings 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 2022 or, if not then subsisting, entered into since the end of the previous financial year.

5. Long Term Incentive Plan ("LTIP")

There was no option allocated or granted by the Company under the LTIP approved by the shareholders on 28 January 2016 to any parties during the financial year ended 31 December 2022.

AUDIT COMMITTEE **REPORT**

The Board of Directors of the Company is pleased to present the Audit Committee Report for the financial year ended 31 December 2022.

ROLES OF AUDIT COMMITTEE

The Audit Committee assists 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 internal control environment;
(b) oversee financial reporting;
(c) evaluate the internal and external audit process; and
(d) review conflict of interest situations and related party transactions.

COMPOSITION AND ATTENDANCE OF MEETINGS

The Audit Committee comprises 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 recommendations of 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 the 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 at the invitation of the Audit Committee.

All deliberations during the Audit Committee meetings were duly minuted. Minutes of the Audit Committee meetings were tabled for confirmation at every succeeding Audit Committee meeting.

During the financial year ended 31 December 2022, the Audit Committee conducted seven (7) 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	7/7
YBhg. Dato’ Syed Kamarulzaman Bin Dato’ Syed Zainol Khodki Shahabudin	Member, Independent Non-Executive Director	7/7
YBhg. Datuk Idris Bin Haji Hashim J. P.	Member, Independent Non-Executive Director	7/7
YBhg. Dato’ Mohan A/L C Sinnathamby	Member, Independent Non-Executive Director	5/7

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 the financial reporting process and internal controls of the Group.

None of the members of the Audit Committee was former key audit partner 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.citaglobal.my**.

AUDIT COMMITTEE REPORT

(Continued)

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 transactions, 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) Engaged a consultant to review the existing policies, procedures, work process and practices and establish corporate governance and risk management framework for 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.

(f) Reviewed the audit and non-audit fees payable to the External Auditors for the financial year ended 31 December 2022 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 the 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.

AUDIT COMMITTEE REPORT

(Continued)

SUMMARY OF WORK OF THE AUDIT COMMITTEE (Cont'd)

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 timely 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) Reveiwed and approved the Internal Audit Charter for the newly internalized Internal Audit function.

(d) 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.

(e) Carried out private meetings with the Internal Auditors without the presence of the Executive Directors and Management of the Group.

Integrity and Anti-Corruption matters

The Audit Committee is also entrusted to oversee the following matters:

(a) Ensures that the whistleblowing process is reliable and trustworthy.

(b) Monitored and oversees the enforcement of Section 17A of the Malaysian Anti-Corruption Act 2009 and steps to be taken by the Company on the Corporate Liability Provisions of Section 17A to ensure adequate procedures and preventions are in place.

INTERNAL AUDIT FUNCTION

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

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

The internal audit approach was 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, as well as relevant laws and regulations; and

(d) provide reasonable assurance with regard to process effectiveness and efficiency, its integrity and improvement opportunities.

AUDIT COMMITTEE REPORT

(Continued)

For the financial year ended 31 December 2022, the key process controls audited were as follows:-

(a) Civil Engineering and Construction Segment
- Project and Contract Management
- Tender Management

(b) Group level
- Petty Cash Management

(c) Energy Segment
- Project Management (Oil & Gas Division)

(d) Property Segment
- Contract and Project Management

(e) Manufacturing Segment
- Production
- Sales and Receivables

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 intends to internalize the internal audit function by developing an in-house internal audit team. On 3 October 2022, Puan Zunaina Zaini joined the Company as Senior Manager, Internal Audit & Risk Management. She has a total of 17 years of internal audit and risk management experience. The internalised internal audit team will be strengthened with sufficient resources to enable the team to function effectively in providing an independent assurance on the adequacy and effectiveness of systems of risk management and internal controls based on the intricacies of the culture and working environment of the Group.

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 2022 was RM118,600.

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 2022 ("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.

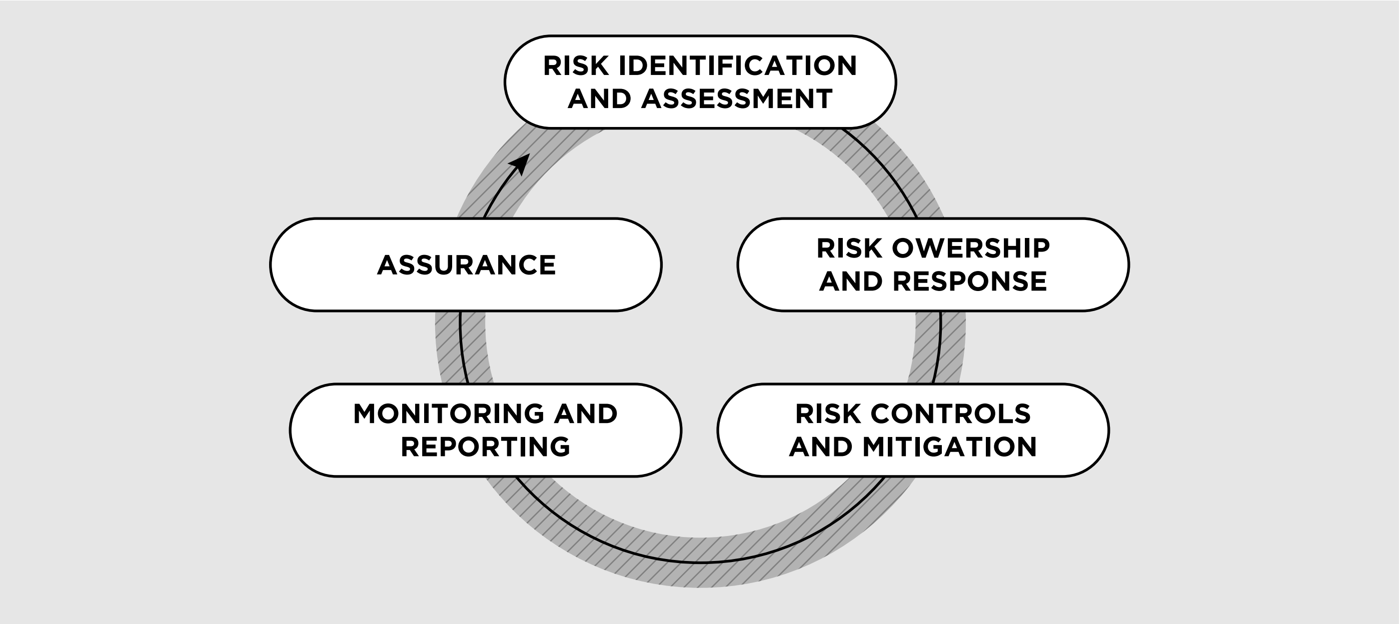
RISK MANAGEMENT FRAMEWORK

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:-

a) Organisation structure with well-defined delegation of responsibilities and accountabilities for the Group's operating units.
b) Establishment of the Nomination and Remuneration, Long Term Incentive Plan, Shariah Advisory and Risk, Finance and Investment Committees, apart from the Audit Committee;
c) Clearly defined and documented internal policies and procedures for key operational areas have been established and is subject to periodic review;
d) Establishment of the limits of Management's approvals and authorities and the authority limit is to be reviewed from time to time;
e) Group Management Committee, attended by the Executive Chairman & President, Group Chief Operating Officer and respective Head of Divisions, are held periodically to identify, discuss and report on operational performance, business strategy financial and key management issues for effective monitoring and facilitating informed management decision making;
f) Establishment of Tender & Business Development Committee and Contract & Agreement Committee at management level to review all proposals and contracts prior to participation in tender exercise and entering into contract agreement;
g) 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; and
h) The Risk, Finance and Investment Committee (RFIC) reviews the potential exposure of major investments made by the Group to ensure key business risks are identified, assessed and continuously monitored to safeguard shareholders' investments and the Group's assets.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

(Continued)

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

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

The Board has received assurances from the Executive Chairman & President, the Group Chief Operating Officer, the Chief Financial Officer and the Senior Manager, Internal Audit and Risk Management 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.

In view of the intricacies of the culture and working environment of the Group, the internal audit function will be internalised by developing an in-house internal audit team. The inhouse internal audit capabilities will continue to be strengthened and adequately resourced to provide an independent assurance on the adequacy and effectiveness of systems of risk management and internal controls. Puan Zunaina Zaini, Senior Manager, Internal Audit and Risk Management was brought-in in October 2022 to spearhead the internalisation of the function.

During the financial year ended 31 December 2022, the cost incurred for the internal audit function (internal and outsourced) amounted to approximately RM118,600/-.

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.citaglobal.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.

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 2022. 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 2022, 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 2022.

FINANCIAL
STATEMENTS

DIRECTORS' **REPORT**

The directors hereby submit their report together with the audited financial statements of Citaglobal Berhad *(formerly known as WZ Satu Berhad)* ("the Company") and its subsidiaries ("the Group") for the financial year ended 31 December 2022.

PRINCIPAL ACTIVITIES

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

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

CHANGE OF NAME

On 7 June 2022, the Company changed its name from WZ Satu Berhad to Citaglobal Berhad.

RESULTS

	Group RM'000	Company RM'000
Loss for the financial year	(41,495)	(86,062)
Attributable to:		
Owners of the Company	(40,916)	(86,062)
Non-controlling interests	(579)	-
	(41,495)	(86,062)

DIVIDENDS

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

The directors do not recommend the payment of any dividends in respect of the financial year ended 31 December 2022.

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.

DIRECTORS' REPORT

(Continued)

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.

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.

DIRECTORS' REPORT

(Continued)

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 24 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.

ISSUE OF SHARES AND DEBENTURES

During the financial year, the total number of issued shares of the Company increased from 1,020,780,500 units to 1,878,342,090 units by way of the issuance of:

(i) 120,719,485 new ordinary shares at an issue price of RM0.0894 per ordinary share from the conversion of Irredeemable Convertible Preference Shares ("ICPS") for the funding of future projects and working capital purposes with the conversion ratio of 1 ICPS 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 taking into account the Warrants B reserves adjustments; and

(ii) During the financial year, the Company issued 736,842,105 new ordinary shares at a price of RM0.19 per ordinary share as purchase consideration for the acquisition of a subsidiary pursuant to a share purchase agreement dated 15 June 2022. For the purpose of accounting for the shares consideration, the fair value of RM0.255 per ordinary share as at the date of completion was recorded instead of the issue price of RM0.19 per ordinary share. The issued share capital of RM186,740,407 is made up after deducting transaction costs of RM1,154,329 which represents incremental costs directly attributable to the equity transactions.

The issued share capital of the Company increased from RM300,452,620 to RM497,985,046.

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.

DIRECTORS' REPORT

(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 2022 are stated as below:

	← Number of Warrants ('000) →		
	At 1.1.2022	**Issued**	**At 31.12.2022**
Warrants A	183,241	-	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 RM0.28 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; and

(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.

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 2022 are stated as below:

	← Number of Warrants ('000) →		
	At 1.1.2022	**Issued**	**At 31.12.2022**
Warrants B	63,958	-	63,958

The salient features and other details of the ICPS are disclosed in Note 15 to the financial statements.

DIRECTORS' REPORT

(Continued)

WARRANTS B AND IRREDEEMABLE CONVERTIBLE PREFERENCE SHARES ("ICPS") (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 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

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*	
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*	
YM Tengku Dato' Sri Uzir Bin Tengku Dato' Ubaidillah*	(Resigned on 20 September 2022)
YM Tengku Dato' Indera Zubir Bin Tengku Dato' Ubaidillah	(Resigned on 20 September 2022)

* 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	
Md Hazarudin Bin Hassim	
Mohd Nor Adli Bin Zakaria	
Sarizal Yusman Bin Yusoff	
Tan Chong Boon	
YM Tengku Dato' Sri Uzir Bin Tengku Dato' Ubaidillah	
Wan Shariman Bin Wan Mohamed	(Appointed on 19 September 2022)
Mohd Aris Bin Mohd Arif	(Resigned on 4 November 2022)
Sak Swee Seong	(Resigned on 1 February 2023)
YBhg Jen Tan Sri Dato' Sri Zulkiple Bin Haji Kassim	(Resigned on 1 February 2023)

DIRECTORS' REPORT

(Continued)

DIRECTORS' INTERESTS

According to the Register of Directors' shareholdings kept by the Company under Section 59 of the Companies Act 2016 in Malaysia, the interests of those directors in office at the end of the financial year in shares and warrants in the Company and its related corporations during the financial year ended 31 December 2022 were as follows:

	Number of Ordinary Shares				
	At 1.1.2022	**Allotted**	**Bought and/or Converted**	**Sold**	**At 31.12.2022**
Indirect Interest					
YBhg Tan Sri Dato' Sri (Dr.) Mohamad Norza Bin Zakaria*	175,289,600	670,526,316	17,365^	-	845,833,281
Ikhlas Bin Kamarudin*	175,289,600	-	-	-	175,289,600
YBhg Dato' Mohan A/L C Sinnathamby**	-	-	10,000,000	-	10,000,000

	Number of Warrants B				
	At 1.1.2022	**Allotted**	**Bought and/or Converted**	**Sold**	**At 31.12.2022**
Indirect Interest					
YBhg Tan Sri Dato' Sri (Dr.) Mohamad Norza Bin Zakaria*	12,387,225	-	375#	-	12,387,600
Ikhlas Bin Kamarudin*	12,387,225	-	-	-	12,387,225

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

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

^ Acquisition of 17,365 Shares for which valid acceptances have been received pursuant to the mandatory take-over offer by TIZA Global Sdn Bhd.

Acquisition of 375 Warrants B for which valid acceptances have been received pursuant to the mandatory take-over offer by TIZA Global Sdn Bhd.

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 YBhg Dato' Mohan A/L C Sinnathamby, 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 year, no director of the Company has received or become entitled to receive any benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable, by the directors as shown below) 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 any deemed benefit which may arise from transactions as disclosed in Note 28 to the financial statements.

	Group RM'000	Company RM'000
Directors of the Company		
Executive:		
Salaries and other emoluments	1,205	936
Defined contribution plans	114	103
	1,319	1,039
Non-Executive:		
Fees	621	415
Other emoluments	64	64
	685	479
	2,004	1,518

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

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 RM34,500 respectively.

SUBSIDIARIES

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

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

AUDITORS

The auditors, Messrs Baker Tilly Monteiro Heng PLT, have expressed their willingness to continue in office.

The auditors' remuneration of the Group and the Company during the financial year were RM279,000 and RM60,000 respectively.

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

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

…………………………………………………………....
IKHLAS BIN KAMARUDIN
Director

Date: 30 March 2023

STATEMENTS OF **FINANCIAL POSITION**

As At 31 December 2022

		Group		Company	
	Note	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	5	74,871	61,724	1,136	1,798
Intangible assets	6	148,120	9,800	-	-
Investment in associates	7	1,978	3,761	-	4,118
Investment in subsidiaries	8	-	-	251,407	135,166
Club memberships	9	205	205	-	-
Trade and other receivables	10	300	-	32,369	33,983
Total non-current assets		225,474	75,490	284,912	175,065
Current assets					
Inventories	11	32,529	30,934	-	-
Trade and other receivables	10	91,560	104,577	6,751	4,752
Prepayments		2,770	3,047	127	118
Contract assets	12	45,488	32,506	-	-
Tax recoverable		-	1,349	799	596
Short term deposits, cash and bank balances	13	81,240	85,426	45,754	59,443
Total current assets		253,587	257,839	53,431	64,909
TOTAL ASSETS		479,061	333,329	338,343	239,974

STATEMENTS OF FINANCIAL POSITION

As At 31 December 2022 (Continued)

		Group		Company	
	Note	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share capital	14	497,985	300,453	497,985	300,453
Irredeemable convertible preference shares ("ICPS")	15	2,885	13,677	2,885	13,677
Reserves	16	(182,704)	(144,518)	(171,248)	(85,186)
		318,166	169,612	329,622	228,944
Non-controlling interests		(276)	303	-	-
TOTAL EQUITY		317,890	169,915	329,622	228,944
Non-current liabilities					
Other payables	17	-	-	4,728	6,087
Deferred tax liabilities	18	5,840	5,697	-	-
Loans and borrowings	19	14,982	13,537	-	683
Total non-current liabilities		20,822	19,234	4,728	6,770
Current liabilities					
Contract liabilities	12	10,979	25,897	-	-
Trade and other payables	17	80,606	65,134	3,310	3,511
Loans and borrowings	19	46,888	52,645	683	749
Provision	20	357	504	-	-
Tax payables		1,519	-	-	-
Total current liabilities		140,349	144,180	3,993	4,260
TOTAL LIABILITIES		161,171	163,414	8,721	11,030
TOTAL EQUITY AND LIABILITIES		479,061	333,329	338,343	239,974

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

STATEMENTS OF **COMPREHENSIVE INCOME**

For The Financial Year Ended 31 December 2022

		Group		Company	
		2022	2021	2022	2021
	Note	RM'000	RM'000	RM'000	RM'000
Revenue	21	215,436	247,382	2,333	1,523
Cost of sales	22	(172,779)	(204,879)	-	-
Gross profit		42,657	42,503	2,333	1,523
Other income		9,268	12,642	4,545	1,987
Distribution costs		(542)	(500)	-	-
Administrative expenses		(29,571)	(28,117)	(6,873)	(6,587)
Reversal of impairment losses/(Net impairment losses) on financial instruments and contract assets		6,059	(272)	1,282	(60)
Other expenses		(63,419)	(14,729)	(86,629)	(2,174)
Results from operating activities		(35,548)	11,527	(85,342)	(5,311)
Finance costs	23	(3,926)	(4,684)	(720)	(650)
Share of results of associates, net of tax		378	(2,082)	-	-
(Loss)/Profit before taxation	24	(39,096)	4,761	(86,062)	(5,961)
Income tax (expense)/credit	26	(2,399)	(1,248)	-	200
(Loss)/Profit for the financial year		(41,495)	3,513	(86,062)	(5,761)
Other comprehensive income, net of tax					
Items that will not be reclassified subsequently to profit or loss					
Net surplus on revaluation of properties		2,730	-	-	-
Total comprehensive (loss)/income for the financial year		(38,765)	3,513	(86,062)	(5,761)
(Loss)/Profit attributable to:					
Owners of the Company		(40,916)	3,692	(86,062)	(5,761)
Non-controlling interests		(579)	(179)	-	-
(Loss)/Profit for the financial year		(41,495)	3,513	(86,062)	(5,761)
Total comprehensive (loss)/income attributable to:					
Owners of the Company		(38,186)	3,692	(86,062)	(5,761)
Non-controlling interests		(579)	(179)	-	-
Total comprehensive (loss)/income for the financial year		(38,765)	3,513	(86,062)	(5,761)
(Loss)/Earnings per share attributable to owners of the Company					
Basic (loss)/earnings per share (sen)	27	(3.46)	0.56		
Diluted (loss)/earnings per share (sen)	27	(3.46)	0.38		

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

STATEMENTS OF **CHANGES IN EQUITY**

For The Financial Year Ended 31 December 2022

	Attributable to owners of the Company							
Group	**Share Capital RM'000**	**ICPS RM'000**	**Warrant Reserve RM'000**	**Revaluation Reserve RM'000**	**Accumulated Losses RM'000**	**Sub-Total RM'000**	**Non-Controlling Interests RM'000**	**Total RM'000**
At 1 January 2022	300,453	13,677	9,888	16,525	(170,931)	169,612	303	169,915
Loss for the financial year	-	-	-	-	(40,916)	(40,916)	(579)	(41,495)
Other comprehensive income								
Net surplus on revaluation of properties	-	-	-	2,730	-	2,730	-	2,730
Total comprehensive income/(loss) for the financial year	-	-	-	2,730	(40,916)	(38,186)	(579)	(38,765)
Changes in revaluation reserve	-	-	-	(200)	200	-	-	-
Conversion of ICPS to ordinary shares	10,792	(10,792)	-	-	-	-	-	-
Shares issued for acquisition of subsidiary	186,740	-	-	-	-	186,740	-	186,740
Total transactions with owners of the Company	197,532	(10,792)	-	(200)	200	186,740	-	186,740
At 31 December 2022	497,985	2,885	9,888	19,055	(211,647)	318,166	(276)	317,890
At 1 January 2021	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
Total transactions with owners of the Company	57,640	13,677	9,888	(200)	182	81,187	184	81,371
At 31 December 2021	300,453	13,677	9,888	16,525	(170,931)	169,612	303	169,915

STATEMENTS OF CHANGES IN EQUITY

For The Financial Year Ended 31 December 2022 (Continued)

	← Attributable to owners of the Company →				
Company	**Share Capital RM'000**	**ICPS RM'000**	**Warrant Reserve RM'000**	**Accumulated Losses RM'000**	**Total RM'000**
At 1 January 2022	300,453	13,677	9,888	(95,074)	228,944
Total comprehensive loss for the financial year	-	-	-	(86,062)	(86,062)
Conversion of ICPS to ordinary shares	10,792	(10,792)	-	-	-
Shares issued for acquisition of subsidiary	186,740	-	-	-	186,740
Total transactions with owners of the Company	197,532	(10,792)	-	-	186,740
At 31 December 2022	497,985	2,885	9,888	(181,136)	329,622
At 1 January 2021	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
Total transactions with owners of the Company	57,640	13,677	9,888	-	81,205
At 31 December 2021	300,453	13,677	9,888	(95,074)	228,944

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

STATEMENTS OF CASH FLOWS

For The Financial Year Ended 31 December 2022

	Note	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES					
(Loss)/Profit before taxation		(39,096)	4,761	(86,062)	(5,961)
Adjustments for:					
Corporate expenses for acquisition of a subsidiary company		(1,154)	-	-	-
Deposit written off		42	-	-	-
Depreciation of property, plant and equipment		6,753	7,559	803	739
Impairment loss on:					
goodwill		47,895	-	-	-
investment in associates		-	-	-	447
investment in subsidiaries		-	-	83,670	186
plant and equipment		-	915	-	-
receivables		4,122	969	170	736
Interest expenses		3,926	4,684	720	650
Plant and equipment written off		180	15	-	15
Share of results of associates		(378)	2,082	-	-
Gain on disposal of:					
associate		(1,656)	-	(1,319)	-
plant and equipment		(480)	(971)	(110)	(38)
Gain on lease modification		(28)	-	-	-
Interest income		(1,240)	(741)	(3,111)	(1,933)
Reversal of impairment loss on:					
contract assets		(8,721)	-	-	-
receivables		(1,459)	(697)	(1,452)	(676)
Reversal of provision for liabilities		(84)	-	-	-
Unrealised loss/(gain) on foreign exchange		17	(1)	-	-
Operating cash flows before changes in working capital		8,639	18,575	(6,691)	(5,835)
Changes in working capital:					
Contract customers		(15,676)	(8,883)	-	-
Inventories		(1,594)	(518)	-	-
Payables		5,746	9,011	(73)	54
Provision		(62)	(4,176)	-	-
Receivables		19,846	(21,175)	766	291
Net cash flows generated from/(used in) operations		16,899	(7,166)	(5,998)	(5,490)
Interest paid		(3,926)	(4,684)	(720)	(650)
Interest received		1,237	741	3,111	1,933
Net taxes paid		(2,020)	(1,360)	(203)	(404)
Net cash generated from/(used in) operating activities		12,190	(12,469)	(3,810)	(4,611)

STATEMENTS OF CASH FLOWS

For The Financial Year Ended 31 December 2022 (Continued)

		Group		Company	
	Note	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES					
Acquisition of subsidiaries, net of cash received		361	-	-	-
Advance to subsidiaries		-	-	(5)	(22,369)
Changes in pledged deposits		8,057	(10,589)	10,038	(10,038)
Proceeds from disposal of:					
associated companies		4,073	-	4,073	-
plant and equipment		1,402	1,652	110	70
Purchase of plant and equipment	(a)	(17,298)	(5,932)	(141)	(199)
Repayment from/(Advance to) associate company		-	-	3	(2)
Subscription of shares in subsidiary		-	-	(13,170)	(12,333)
Net cash (used in)/generated from investing activities		(3,405)	(14,869)	908	(44,871)
CASH FLOWS FROM FINANCING ACTIVITIES					
Drawdown of:					
term loans	(b)	6,080	1,959	-	-
trade financing		4,516	-	-	-
Net proceeds from:					
issuance of shares to non-controlling interest		-	166	-	-
right issue of ICPS with warrants		-	55,629	-	55,629
Payment of:					
hire purchase liabilities	(b)	(488)	(2,726)	-	-
lease liabilities	(b)	(1,418)	(1,142)	(749)	(535)
Proceeds from private placement		-	25,576	-	25,576
Repayment of bank borrowings	(b)	(2,752)	(24,264)	-	-
Net cash generated from/(used in) financing activities		5,938	55,198	(749)	80,670
NET CHANGE IN CASH AND CASH EQUIVALENTS		14,723	27,860	(3,651)	31,188
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		55,895	28,032	49,405	18,217
Effect of the exchange rate fluctuations		(8)	3	-	-
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	13	70,610	55,895	45,754	49,405

STATEMENTS OF CASH FLOWS

For The Financial Year Ended 31 December 2022 (Continued)

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

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Purchase of property, plant and equipment	17,731	8,107	141	265
Financed by way of lease arrangement	(433)	(2,175)	-	(66)
Cash payments on purchase of property, plant and equipment	17,298	5,932	141	199

(b) Reconciliation of liabilities arising from financing activities:

	At 1 January RM'000	Cash flows RM'000	Additions/ (Transfer) RM'000	Non-cash RM'000	At 31 December RM'000
Group					
2022					
Term loans	6,108	(1,491)	6,080	255	10,952
Floating rate bank loan	7,422	(1,261)	-	-	6,161
Hire purchase liabilities	1,462	(488)	-	189	1,163
Lease liabilities	3,266	(1,418)	433	(283)	1,998
Trade financing	29,905	4,516	-	-	34,421
	48,163	(142)	6,513	161	54,695
2021					
Term loans	-	1,959	4,149	-	6,108
Floating rate bank loan	8,653	(1,231)	-	-	7,422
Hire purchase liabilities	3,849	(2,726)	339	-	1,462
Lease liabilities	2,572	(1,142)	1,836	-	3,266
Trade financing	57,087	(23,033)	(4,149)	-	29,905
	72,161	(26,173)	2,175	-	48,163
Company					
2022					
Lease liabilities	1,432	(749)	-	-	683
2021					
Lease liabilities	1,901	(535)	66	-	1,432

(c) Total cash outflow for leases

The Group and the Company had total cash outflows for leases of RM3,720,970 (2021: RM6,659,431) and RM748,721 (2021: RM593,878) respectively.

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

NOTES TO THE **FINANCIAL STATEMENTS**

1. CORPORATE INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad. The Company's registered office is at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan. The Company's principal place of business is at 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 8 to the financial statements.

There have been no significant changes in the nature of these principal activities during the financial year other than the new companies acquired during the year as disclosed in Note 8 to the financial statements.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 30 March 2023.

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:

<u>Amendments/Improvements to MFRSs</u>	
MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards
MFRS 3	Business Combinations
MFRS 9	Financial Instruments
MFRS 16	Leases
MFRS 116	Property, Plant and Equipment
MFRS 137	Provisions, Contingent Liabilities and Contingent Assets
MFRS 141	Agriculture

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:

		Effective for financial periods beginning on or after
<u>New MFRS</u>		
MFRS 17	Insurance Contracts	1 January 2023
<u>Amendments/Improvements to MFRSs</u>		
MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards	1 January 2023#
MFRS 3	Business Combinations	1 January 2023#
MFRS 5	Non-current Assets Held for Sale and Discontinued Operations	1 January 2023#
MFRS 7	Financial Instruments: Disclosures	1 January 2023#
MFRS 9	Financial Instruments	1 January 2023#
MFRS 10	Consolidated Financial Statements	Deferred
MFRS 15	Revenue from Contracts with Customers	1 January 2023#
MFRS 16	Leases	1 January 2024
MFRS 17	Insurance Contracts	1 January 2023
MFRS 101	Presentation of Financial Statements	1 January 2023/ 1 January 2023#/ 1 January 2024
MFRS 107	Statements of Cash Flows	1 January 2023#
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 2023#

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)

		Effective for financial periods beginning on or after
<u>Amendments/Improvements to MFRSs (Continued)</u>		
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	Provisions, Contingent Liabilities and Contingent Assets	1 January 2023#
MFRS 138	Intangible Assets	1 January 2023#
MFRS 140	Investment Property	1 January 2023#

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.

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 16 Leases

The amendments clarify how an entity should subsequently measure the leaseback liability that arise in a sale and leaseback transaction. Although MFRS 16 includes requirements on how to account for a sale and leaseback at the date the transaction takes place, it has not specified how to measure the sale and leaseback transaction when reporting after that date.

The amendments add subsequent measurement requirements for the right-of-use assets and lease liability arising from a sale and leaseback transaction by clarifying that a seller-lessee in a sale and leaseback transaction shall apply paragraphs 29 to 35 to the right-of-use asset arising from the leaseback and paragraphs 36 to 46 to the lease liability arising from the leaseback. The amendments will not change the accounting for leases other than those arising in a sale and leaseback transaction.

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 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.

In another amendments, an entity is required 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.

The latest amendments to MFRS 101 clarify how conditions with which an entity must comply within 12 months after the reporting period affect the classification of a liability. As such, the amendments specify that covenants to be complied with after the reporting date do not affect the classification of debt as current or non-current at the reporting date. Instead, the amendments require an entity to disclose information about these covenants in the notes to the financial statements.

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.

(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 year financial statements of the Group and of the Company.

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

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.

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) to the financial statements.

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Basis of consolidation (Continued)

(i) Subsidiaries and business combination (Continued)

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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Basis of consolidation (Continued)

(iii) Associates (Continued)

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 to the financial statements.

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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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.

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)

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 to the financial statements. 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.

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) to the financial statements.

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 to the financial statements.

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 any 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.

	Useful lives
Freehold building	27 years
Leasehold land (Right-of-use asset)	43 years
Leasehold building	43 years
Low cost apartments	31 - 46 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.

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.

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 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.

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 Note 3.6(ii) to the 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.

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 to the financial statements.

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 when there is objective evidence of impairment.

(ii) Money lending license

Licenses acquired in a business combination are recognised at fair value at the acquisition date. Following initial acquisition, money lending license is carried at cost less any accumulated amortisation and any accumulated impairment losses. The useful life of license is assessed to be finite and is amortised on a straight line basis over 10 years. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.11 to the financial statements.

(iii) 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 to the financial statements.

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.

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 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.

<u>Warranties</u>

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.

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, 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.

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 intends 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.

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 include the following:

4.1 Business combination

The initial accounting for the business combination of Citaglobal Engineering Services Sdn Bhd in the financial statements of the Group involves judgement in identifying and determining the fair values to be assigned to Citaglobal Engineering Services Sdn Bhd's identifiable assets, liabilities and contingent liabilities and the cost of the combination. As at the date of the financial statements are authorised for issue, the fair value of Citaglobal Engineering Services Sdn Bhd's identifiable assets, liabilities and contingent liabilities can only be determined provisionally pending the completion of a purchase price allocation ("PPA") on Citaglobal Engineering Services Sdn Bhd's identifiable assets, liabilities and contingent liabilities. The business combination of Citaglobal Engineering Services Sdn Bhd has been accounted using provisional values.

The fair values of the acquired assets and liabilities assumed are disclosed in Note 8.2 to the financial statements.

4.2 Impairment of goodwill

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

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

4.3 Revenue recognition for contract customers

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

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

The carrying amounts of contract assets and contract liabilities are disclosed in Note 12 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 include the following: (Continued)

4.4 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 margins and other operating expenses based on past experience, current events and reasonably possible future developments. When value-in-use calculations are undertaken, management must estimate the expected future cash flows from the cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

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

4.5 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 depend on the number of days that a trade receivable is past due. The Group groups the receivables according to the customer segments that have similar loss patterns.

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

The assessment of the correlation between historical observed default rates, forward-looking estimates and expected credit losses is a significant estimate. The amount of expected credit losses is sensitive to changes in circumstances and of forecasted 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 29.2(i) to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

5. PROPERTY, PLANT AND EQUIPMENT

Group	Properties # RM'000	Plant, machinery and equipment RM'000 (Cost)	Motor vehicles RM'000 (Cost)	Furniture, fittings and office equipment RM'000 (Cost)	Renovations RM'000 (Cost)	Container/ Cabin RM'000 (Cost)	Asset under construction RM'000 (Cost)	Right-of-use assets ^ RM'000	Total RM'000
2022									
Cost/Valuation									
At 1 January 2022	30,961	57,344	9,817	2,986	939	374	5,096	14,045	121,562
Additions	10,516	646	-	460	7	494	5,175	433	17,731
Acquisition of subsidiary	-	242	330	87	39	-	-	-	698
Disposal/written off	(5,788)	(2,267)	(591)	(605)	-	(286)	-	(826)	(10,363)
Elimination of accumulated depreciation on revaluation	(390)	-	-	-	-	-	-	-	(390)
Revaluation surplus	2,971	-	-	-	-	-	-	-	2,971
At 31 December 2022	38,270	55,965	9,556	2,928	985	582	10,271	13,652	132,209
Accumulated depreciation and impairment									
At 1 January 2022	6,092	41,762	8,163	1,498	529	171	-	1,623	59,838
Depreciation charge for the financial year	279	3,688	613	326	190	27	-	1,630	6,753
Disposal/written off	(5,788)	(1,320)	(591)	(430)	-	(163)	-	(571)	(8,863)
Elimination of accumulated depreciation on revaluation	(390)	-	-	-	-	-	-	-	(390)
At 31 December 2022	193	44,130	8,185	1,394	719	35	-	2,682	57,338
Carrying amount At 31 December 2022	38,077	11,835	1,371	1,534	266	547	10,271	10,970	74,871

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group	Properties # RM'000	Plant, machinery and equipment RM'000	Motor vehicles RM'000	Furniture, fittings and office equipment RM'000	Renovations RM'000	Container/ Cabin RM'000	Asset under construction RM'000	Right-of-use assets ^ RM'000	Total RM'000
		← Cost					→		
2021									
Cost/Valuation									
At 1 January 2021	30,961	57,477	16,245	2,538	758	371	92	12,434	120,876
Additions	-	95	417	395	207	3	5,154	1,836	8,107
Disposal/written off	-	(228)	(6,845)	(97)	(26)	-	-	(225)	(7,421)
Transfer from/(to)	-	-	-	150	-	-	(150)	-	-
At 31 December 2021	30,961	57,344	9,817	2,986	939	374	5,096	14,045	121,562
Accumulated depreciation and impairment									
At 1 January 2021	5,813	37,013	13,225	1,299	219	134	-	386	58,089
Depreciation charge for the financial year	279	3,931	1,234	296	320	37	-	1,462	7,559
Disposal/written off	-	(97)	(6,296)	(97)	(10)	-	-	(225)	(6,725)
Impairment loss	-	915	-	-	-	-	-	-	915
At 31 December 2021	6,092	41,762	8,163	1,498	529	171	-	1,623	59,838
Carrying amount									
At 31 December 2021	24,869	15,582	1,654	1,488	410	203	5,096	12,422	61,724

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Properties consist of:

Group	Valuation Freehold land RM'000	Valuation Freehold building RM'000	Valuation Leasehold building RM'000	Valuation Low cost apartments RM'000	Cost Fabrication yard RM'000	Total RM'000
2022						
Cost/Valuation						
At 1 January 2022	15,400	5,100	4,300	373	5,788	30,961
Additions	10,516	-	-	-	-	10,516
Written off	-	-	-	-	(5,788)	(5,788)
Elimination of accumulated depreciation on revaluation	-	(349)	-	(41)	-	(390)
Revaluation surplus	2,484	399	-	88	-	2,971
At 31 December 2022	28,400	5,150	4,300	420	-	38,270
Accumulated depreciation and impairment						
At 1 January 2022	-	174	96	34	5,788	6,092
Depreciation charge for the financial year	-	175	97	7	-	279
Written off	-	-	-	-	(5,788)	(5,788)
Elimination of accumulated depreciation on revaluation	-	(349)	-	(41)	-	(390)
At 31 December 2022	-	-	193	-	-	193
Carrying amount						
At 31 December 2022	28,400	5,150	4,107	420	-	38,077
2021						
Cost/Valuation						
At 1 January 2021/31 December 2021	15,400	5,100	4,300	373	5,788	30,961
Accumulated depreciation and impairment						
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
Carrying amount						
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)

^ Right-of-use assets consist of:

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

Group	Valuation Leasehold land RM'000	Cost (Rental) Land RM'000	Buildings RM'000	Apartments RM'000	Total RM'000
2022					
Cost/Valuation					
At 1 January 2022	9,500	1,432	3,096	17	14,045
Additions	-	-	433	-	433
Lease modification	-	(510)	(299)	(17)	(826)
At 31 December 2022	9,500	922	3,230	-	13,652
Accumulated depreciation					
At 1 January 2022	213	287	1,109	14	1,623
Depreciation charge for the financial year	212	254	1,161	3	1,630
Lease modification	-	(255)	(299)	(17)	(571)
At 31 December 2022	425	286	1,971	-	2,682
Carrying amount					
At 31 December 2022	9,075	636	1,259	-	10,970
2021					
Cost/Valuation					
At 1 January 2021	9,500	509	2,335	90	12,434
Additions	-	923	896	17	1,836
Lease modification	-	-	(135)	(90)	(225)
At 31 December 2021	9,500	1,432	3,096	17	14,045
Accumulated depreciation					
At 1 January 2021	-	75	247	64	386
Depreciation charge for the financial year	213	212	997	40	1,462
Lease modification	-	-	(135)	(90)	(225)
At 31 December 2021	213	287	1,109	14	1,623
Carrying amount					
At 31 December 2021	9,287	1,145	1,987	3	12,422

The Group lease land, office buildings 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.

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	Right-of use assets Buildings RM'000	Total RM'000
2022					
Cost					
At 1 January 2022	656	567	95	1,967	3,285
Additions	-	141	-	-	141
Disposal	(591)	-	-	-	(591)
At 31 December 2022	65	708	95	1,967	2,835
Accumulated depreciation					
At 1 January 2022	656	210	9	612	1,487
Depreciation charge for the financial year	-	65	9	729	803
Disposal	(591)	-	-	-	(591)
At 31 December 2022	65	275	18	1,341	1,699
Carrying amount					
At 31 December 2022	-	433	77	626	1,136
2021					
Cost					
At 1 January 2021	734	463	24	1,901	3,122
Additions	-	104	95	66	265
Disposal/written off	(78)	-	(24)	-	(102)
At 31 December 2021	656	567	95	1,967	3,285
Accumulated depreciation					
At 1 January 2021	636	159	8	-	803
Depreciation charge for the financial year	67	51	9	612	739
Disposal/written off	(47)	-	(8)	-	(55)
At 31 December 2021	656	210	9	612	1,487
Carrying amount					
At 31 December 2021	-	357	86	1,355	1,798

The Company lease office buildings for its office space. The lease for office space generally has lease terms of 1 year.

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 19 to the financial statements are as follows:

	Group	
	2022 RM'000	**2021 RM'000**
Freehold land	17,400	15,400
Freehold building	5,150	4,926
Leasehold land (right-of-use asset)	9,075	9,287
Leasehold building	4,107	4,204
	35,732	33,817

The carrying amount of assets under hire purchase arrangements are as follows:

	Group	
	2022 RM'000	**2021 RM'000**
Plant and machinery	-	3,061
Motor vehicles	1,222	1,425
	1,222	4,486

The hire purchase assets are pledged as security for the related hire purchase liabilities as disclosed in Note 19(c) to the financial statements.

The freehold land and building and low cost apartments are stated at valuation based on an independent professional valuation performed by Messrs Raine & Horne International Zaki + Partners Sdn Bhd and Azmi & Co (Pahang) Sdn Bhd using the market value basis in year 2022.

The leasehold land and building 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 2020.

Level 2 fair values of freehold land and building, leasehold land and building and low cost apartments were revalued using the sales comparison approach. Sales prices of comparable land and buildings in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square foot of comparable land and buildings.

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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	
	2022 RM'000	**2021 RM'000**
Freehold land	13,322	2,806
Freehold building	1,743	1,807
Leasehold land (right-of-use asset)	2,097	2,146
Leasehold building	2,079	2,127
Low cost apartments	271	278
	19,512	9,164

In the previous 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 energy segment to its recoverable amount.

6. INTANGIBLE ASSETS

	Note	**Goodwill RM'000**	**Acquired license RM'000**	**Total RM'000**
Group				
2022				
Cost				
At 1 January 2022		41,024	-	41,024
Acquisition of subsidiaries	8.2 & 8.3	184,678	1,537	186,215
At 31 December 2022		225,702	1,537	227,239
Accumulated amortisation and impairment loss				
At 1 January 2022		31,224	-	31,224
Amortisation charge for the financial year		-	-	-
Impairment loss		47,895	-	47,895
At 31 December 2022		79,119	-	79,119
Carrying amount				
At 31 December 2022		146,583	1,537	148,120

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

6. INTANGIBLE ASSETS (CONTINUED)

	Goodwill RM'000
Group	
2021	
Cost	
At 1 January 2021/31 December 2021	41,024
Accumulated impairment loss	
At 1 January 2021/31 December 2021	31,224
Carrying amount	
At 31 December 2021	9,800

The carrying amount of the goodwill are allocated to Citaglobal Land Sdn Bhd *(formerly known as WZS BinaRaya Sdn Bhd)* and Citaglobal Engineering Services 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. The principal activities of the subsidiaries are disclosed in Note 8 to the financial statements.

6.1 Goodwill

The carrying amounts of goodwill allocated to the CGU are as follows:

	Group	
	2022 RM'000	2021 RM'000
Citaglobal Land Sdn Bhd *(formerly known as WZS BinaRaya Sdn Bhd)* ("CGU 1")	9,800	9,800
Citaglobal Engineering Services Sdn Bhd ("CGU 2")	136,783	-
	146,583	9,800

CGU 1

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 a three-year period. The same method has also been used in the previous financial year.

Based on the sensitivity analysis performed, management believes that there is no reasonably possible change in key assumptions that would cause the carrying values of the CGU to exceed its recoverable amount. The estimated recoverable amount of CGU 1 exceeds the carrying amount of CGU 1. As a result of the analysis, management did not identify an impairment for this CGU.

6. INTANGIBLE ASSETS (CONTINUED)

6.1 Goodwill (Continued)

CGU 2

The values of the goodwill related to CGU 2 have been provisionally determined in accordance with MFRS 3 *Business Combinations* pending the finalisation of the purchase price allocation exercise.

However, the provisional goodwill is tested for impairment when impairment indicators exist. The recoverable amount of the goodwill has been determined based on the valuation performed by an independent professional advisor.

During the financial year, the Group recognised an impairment loss of RM47,894,737 on the goodwill. The significant goodwill arising from the acquisition of Citaglobal Engineering Services Sdn Bhd is attributable to the positive market response to the acquisition, which resulted in a significant increase in Citaglobal Berhad's *(formerly known as WZ Satu Berhad)* share price from the offer price of RM0.19 per share to the share price at the date of completion of acquisition of RM0.255 per share.

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

	Group	
	2022	**2021**
CGU		
Discount rate	11%	12%

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 earnings are historical revenues and the remaining book orders.

(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 margins 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.

6.2 License

License represents money lending license arising from acquisition of Citaglobal Capital Sdn Bhd *(formerly known as Citaglobal Hospitality Sdn Bhd)*. The money lending business has commenced operations after the financial year end.

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

7. INVESTMENT IN ASSOCIATES

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Unquoted shares, at cost	1,913	9,960	293	9,960
Less: Accumulated impairment loss	-	(1,634)	(293)	(5,842)
Share of post-acquisition profit/(loss)	65	(4,565)	-	-
	1,978	3,761	-	4,118

Details of the associates are as follows:

Name of Entities	Principal place of business/ country of incorporation	Group's Ownership Interest 2022 %	Group's Ownership Interest 2021 %	Principal Activities
Held by the Company				
SE Satu Sdn Bhd # ("SSSB")	Malaysia	-	49.0	Mining operations and activities
SE Satu Pelangi Sdn Bhd # ("SSPSB")	Malaysia	30.0	30.0	Mining operations and activities
WZS Technologies Sdn Bhd # ^ ("WZST")	Malaysia	-	32.0	Engage in precision engineering
Held by SE Satu Sdn Bhd				
SE Sinaran Sdn Bhd #	Malaysia	-	39.2	Provision of port services
Held by Citaglobal Engineering Services Sdn Bhd				
THP Konsortium Sdn Bhd # ("THPK")	Malaysia	48.8	-	Property investment

\# 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 year ended 31 December 2022 has been used.

Disposal of associates

During the financial year, the Company disposed its 49% equity investments in SE Satu Sdn Bhd and 32% equity investments in WZS Technologies Sdn Bhd, for a consideration of RM4,796,205 and RM640,800 respectively.

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

7. INVESTMENT IN ASSOCIATES (CONTINUED)

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

2022	**SSSB RM'000**	**SSPSB RM'000**	**WZST RM'000**	**THPK RM'000**	**Total RM'000**
Non-current assets	-	-	-	2,467	2,467
Current assets	-	324	-	1,635	1,959
Total assets	-	324	-	4,102	4,426
Non-current liabilities	-	-	-	-	-
Current liabilities	-	6,717	-	48	6,765
Total liabilities	-	6,717	-	48	6,765
Year ended 31 December 2022					
Included in total comprehensive income is:					
Revenue	4,776	4,372	2,362	11,342	22,852
Expenses including finance costs and tax expense	(3,696)	(5,381)	(3,887)	(10,608)	(23,572)
Profit/(Loss) for the financial year	1,080	(1,009)	(1,525)	734	(720)
Profit/(Loss) attributable to:					
Owners of the Company	1,036	(1,009)	(1,525)	734	(764)
Non-controlling interests	44	-	-	-	44
Profit/(Loss) for the financial year	1,080	(1,009)	(1,525)	734	(720)
Reconciliation of net assets to carrying amount					
Goodwill on acquisition	-	-	-	1,620	1,620
Share of net assets at the acquisition date	-	293	-	-	293
Cost of investment	-	293	-	1,620	1,913
Share of post-acquisition (loss)/profit	-	(293)	-	358	65
Carrying amount in statement of financial position	-	-	-	1,978	1,978
Group's share of results					
Group's share of profit/(loss)	508	-	(488)	358	378
Group's share of other comprehensive income	-	-	-	-	-
Group's share of total comprehensive income/(loss)	508	-	(488)	358	378

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

7. INVESTMENT IN ASSOCIATES (CONTINUED)

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

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
Total assets	21,846	234	5,753	27,833
Non-current liabilities	5,906	-	173	6,079
Current liabilities	9,726	5,606	2,527	17,859
Total liabilities	15,632	5,606	2,700	23,938
Non-controlling interests	534	-	-	534
Year ended 31 December 2021				
Included in total comprehensive income is:				
Revenue	2,809	6,481	2,430	11,720
Expenses including finance costs and tax expense	(6,218)	(8,903)	(3,674)	(18,795)
Loss for the financial year	(3,409)	(2,422)	(1,244)	(7,075)
Loss attributable to:				
Owners of the Company	(3,436)	(2,422)	(1,244)	(7,102)
Non-controlling interests	27	-	-	27
Loss for the financial year	(3,409)	(2,422)	(1,244)	(7,075)
Reconciliation of net assets to carrying amount				
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)
Carrying amount in statement of financial position	2,783	-	978	3,761
Group's share of results				
Group's share of loss	(1,684)	-	(398)	(2,082)
Group's share of other comprehensive income	-	-	-	-
Group's share of total comprehensive loss	(1,684)	-	(398)	(2,082)

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

8. INVESTMENT IN SUBSIDIARIES

	Company 2022 RM'000	Company 2021 RM'000
Unquoted shares, at cost		
At 1 January	264,799	252,466
Additions	199,911	12,333
	464,710	264,799
Less: Accumulated impairment loss	(213,303)	(129,633)
At 31 December	251,407	135,166

The movement in accumulated impairment loss is as follows:

	Company 2022 RM'000	Company 2021 RM'000
At 1 January	129,633	129,447
Impairment loss during the year (Note 24)	83,670	186
At 31 December	213,303	129,633

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

8.1 Details of the subsidiaries are as follows:

Name of Entities	Principal place of business/ country of incorporation	Effective Ownership Interest/Voting Rights 2022 %	Effective Ownership Interest/Voting Rights 2021 %	Principal Activities
Direct subsidiaries				
Citaglobal Land Sdn Bhd *(formerly known as WZS BinaRaya Sdn Bhd)*	Malaysia	100	100	Construction and civil engineering
Citaglobal Energy Sdn Bhd *(formerly known as WZS Misi Setia Sdn Bhd)*	Malaysia	100	100	Contractor, sub-contractor and to carry on fabrication, assembly and testing works, trading and rendering other technical services in oil and gas industries
Citaglobal Industries Sdn Bhd *(formerly known as 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)

8. INVESTMENT IN SUBSIDIARIES (CONTINUED)

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

Name of Entities	Principal place of business/ country of incorporation	Effective Ownership Interest/Voting Rights 2022 %	2021 %	Principal Activities
Direct subsidiaries (Continued)				
Citaglobal Powergen Sdn Bhd *(formerly known as WZS Powergen Sdn Bhd)*	Malaysia	61	61	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	Providing corporate advisory services
Citaglobal Capital Sdn Bhd *(formerly known as Citaglobal Hospitality Sdn Bhd)*	Malaysia	100	-	Money Lending
Citaglobal Engineering Services Sdn Bhd+	Malaysia	100	-	Civil engineering and related works to construction
Indirect subsidiaries				
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	61	Engage in the business to generate and deliver green electricity energy

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

8. INVESTMENT IN SUBSIDIARIES (CONTINUED)

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

Name of Entities	Principal place of business/ country of incorporation	Effective Ownership Interest/Voting Rights 2022 %	2021 %	Principal Activities
Indirect subsidiaries (Continued)				
Getra Sdn Bhd^ +	Malaysia	100	-	Civil, cabling, building and electrical engineering contractor
Synoberry Realty Sdn Bhd^ +	Malaysia	100	-	Investment holding and property management
Citaglobal Telecommunication Sdn Bhd^ +	Malaysia	100	-	Telecommunication tower, fiberization and related telco business

* *Held indirectly through Citaglobal Land Sdn Bhd (formerly known as WZS BinaRaya Sdn Bhd)*
** *Held indirectly through Cekap Semenanjung Sdn Bhd*
\# *Held indirectly through Citaglobal Powergen Sdn Bhd (formerly known as WZS Powergen Sdn Bhd)*
^ *Held indirectly through Citaglobal Engineering Services Sdn Bhd*
\+ *Audited by firms other than Messrs Baker Tilly Monteiro Heng PLT*

8.2 Acquisition of Citaglobal Engineering Services Sdn Bhd

On 10 November 2022, the Company acquired 100% controlling interest in the equity shares of Citaglobal Engineering Services Sdn Bhd. Citaglobal Engineering Services Sdn Bhd operates in the civil engineering and construction related business.

The initial accounting for the business combination of Citaglobal Engineering Services Sdn Bhd in the financial statements of the Group involves identifying and determining the fair values to be assigned to Citaglobal Engineering Services Sdn Bhd's identifiable assets, liabilities and contingent liabilities and the cost of the combination. As at the date of the financial statements are authorised for issue, the fair value of Citaglobal Engineering Services Sdn Bhd's identifiable assets, liabilities and contingent liabilities can only be determined provisionally pending the completion of the purchase price allocation ("PPA") on Citaglobal Engineering Services Sdn Bhd's identifiable assets, liabilities and contingent liabilities. The business combination of Citaglobal Engineering Services Sdn Bhd has been accounted for using provisional values. The Group shall recognise any adjustment to this provisional value upon completion of the PPA exercise within 12 months from the acquisition date.

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

8. INVESTMENT IN SUBSIDIARIES (CONTINUED)

8.2 Acquisition of Citaglobal Engineering Services Sdn Bhd (Continued)

(i) Fair value of consideration transferred:

	2022 RM'000
736,842,105 ordinary shares of the Company	187,895

The fair value of the 736,842,105 ordinary shares issued as part of the consideration paid for Citaglobal Engineering Services Sdn Bhd was determined on the basis of the closing market price of the Company's ordinary shares of RM0.255 per ordinary share at the date of completion of acquisition.

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

	2022 RM'000
Assets	
Property, plant and equipment (Note 5)	698
Contract assets	5,277
Investment in associate	1,620
Trade and other receivables	7,820
Prepayments	156
Cash and cash equivalents	1,850
Total assets	17,421
Liabilities	
Contract liabilities	(1,774)
Deferred tax liability	(23)
Hire purchase liability	(189)
Tax payables	(2,349)
Term loan	(255)
Trade and other payables	(9,614)
Total liabilities	(14,204)
Total identifiable net assets acquired	3,217
Provisional goodwill arising on acquisition (Note 6)	184,678
Fair value of consideration transferred	187,895

Acquisition related cost of RM1,154,329 relating to share issue was charged directly to equity.

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

8. INVESTMENT IN SUBSIDIARIES (CONTINUED)

8.2 Acquisition of Citaglobal Engineering Services Sdn Bhd (Continued)

(iii) Effects of acquisition on cash flows:

	2022 RM'000
Fair value of consideration transferred	187,895
Less: Non cash consideration	(187,895)
Consideration paid in cash	-
Less: Cash and cash equivalents of a subsidiary acquired	(1,850)
Net cash inflows on acquisition	(1,850)

(iv) Effects of acquisition in statements of comprehensive income

From the date of acquisition, the subsidiary's contributed revenue and profit net of tax are as follows:

	2022 RM'000
Revenue	17,618
Profit for the financial year	3,944

If the acquisition had occurred on 1 January 2022, the consolidated results for the financial year ended 31 December 2022 would have been as follows:

	2022 RM'000
Revenue	38,187
Profit for the financial year	6,426

8.3 Acquisition of Citaglobal Capital Sdn Bhd *(formerly known as Citaglobal Hospitality Sdn Bhd)*

On 31 May 2022, the Company acquired 100% controlling interest in the equity shares of Citaglobal Capital Sdn Bhd. Citaglobal Capital Sdn Bhd operates in the business of money lending activities.

(i) Fair value of consideration transferred:

	2022 RM'000
Cash consideration	1,500

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

8. INVESTMENT IN SUBSIDIARIES (CONTINUED)

8.3 Acquisition of Citaglobal Capital Sdn Bhd *(formerly known as Citaglobal Hospitality Sdn Bhd)* (Continued)

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

	2022 RM'000
Assets	
Trade and other receivables	2
Cash and cash equivalents	11
Total assets	13
Liabilities	
Tax payables	(19)
Trade and other payables	(31)
Total liabilities	(50)
Total identifiable net assets acquired	(37)
Intangible asset arising on acquisition (Note 6)	1,537
Fair value of consideration transferred	1,500

(iii) Effects of acquisition on cash flows:

	2022 RM'000
Consideration paid in cash	1,500
Less: Cash and cash equivalents of a subsidiary acquired	(11)
Net cash outflows on acquisition	1,489

(iv) Effects of acquisition in statements of comprehensive income

From the date of acquisition, the subsidiary's contributed revenue and profit net of tax are as follows:

	2022 RM'000
Revenue	29
Loss for the financial year	(295)

8. INVESTMENT IN SUBSIDIARIES (CONTINUED)

8.3 Acquisition of Citaglobal Capital Sdn Bhd *(formerly known as Citaglobal Hospitality Sdn Bhd)* (Continued)

(iv) Effects of acquisition in statements of comprehensive income (Continued)

If the acquisition had occurred on 1 January 2022, the consolidated results for the financial year ended 31 December 2022 would have been as follows:

	2022 RM'000
Revenue	29
Loss for the financial year	(337)

8.4 Additional investment in subsidiaries

2022

During the financial year, Sinergi Dayang Sdn Bhd increased its issued share capital from 49,264,000 ordinary shares to 59,779,829 ordinary shares. The Company had subscribed for an additional 10,515,829 fully paid ordinary shares amounting to RM10,515,829 in Sinergi Dayang Sdn Bhd via the injection of Sg. Karang Land.

2021

In the previous financial year, Citaglobal Land Sdn Bhd *(formerly known as 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 fully paid ordinary shares amounting to RM12,000,000 in Citaglobal Land Sdn Bhd *(formerly known as WZS BinaRaya Sdn Bhd)*.

In the previous financial year, Citaglobal Powergen Sdn Bhd *(formerly known as 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 fully paid shares amounting to RM333,333 in Citaglobal Powergen Sdn Bhd *(formerly known as WZS Powergen Sdn Bhd)*. The Company's effective ownership in Citaglobal Powergen Sdn Bhd *(formerly known as WZS Powergen Sdn Bhd)* and WZS Biogas Jerantut Sdn Bhd, an indirectly subsidiary held through Citaglobal Powergen Sdn Bhd *(formerly known as WZS Powergen Sdn Bhd)*, increased from 60% to 61% as a result of the additional shares purchased.

9. CLUB MEMBERSHIPS

	Group	
	2022 RM'000	**2021 RM'000**
Club memberships, at cost	205	205

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

10. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2022 RM'000	**2021 RM'000**	**2022 RM'000**	**2021 RM'000**
Non-current				
Trade receivables				
Loan receivables	300	-	-	-
Other receivables				
Amount due from subsidiaries	-	-	32,919	34,401
Less: Impairment losses for other receivables (non-current)	-	-	(550)	(418)
Other receivables, net	-	-	32,369	33,983
Trade and other receivables (non-current)	300	-	32,369	33,983
Current				
Trade receivables				
Trade receivables	44,737	37,832	-	-
Amount due from associate company	-	1	-	-
Retention sum	27,732	22,890	-	-
	72,469	60,723	-	-
Less: Impairment losses for trade receivables (current)	(2,090)	(158)	-	-
Trade receivables, net	70,379	60,565	-	-
Other receivables				
Other receivables	27,497	50,117	12,536	11,948
Amount due from associate company	-	24	-	3
Finance lease receivable	300	-	-	-
Deposits	1,876	1,642	309	309
	29,673	51,783	12,845	12,260
Less: Impairment losses for other receivables (current)	(8,492)	(7,771)	(6,094)	(7,508)
Other receivables, net	21,181	44,012	6,751	4,752
Trade and other receivables (current)	91,560	104,577	6,751	4,752
Total trade and other receivables (non-current and current)	91,860	104,577	39,120	38,735

10. TRADE AND OTHER RECEIVABLES (CONTINUED)

Trade receivables are non-interest bearing and are generally on 7 to 120 (2021: 7 to 120) 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 RM3,690,901 (2021: RM30,346,980) 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 Citaglobal Energy Sdn Bhd *(formerly known as WZS Misi Setia Sdn Bhd)* of RM4,912,940 (2021: RM3,981,176).

(iii) is an advanced payment to supplier or sub-contractors of RM4,092,633 in the previous financial year which are unsecured and interest free.

(iv) is GST refundable amounted to RM5,346 (2021: RM1,292,883).

(v) Included in the Group's finance lease receivables are leases on certain items of machinery amounting to RM299,600 under finance lease expiring in one year. At the end of the lease term, the machinery is considered sold to the lessee.

The amount due from subsidiaries are unsecured, bear interest at rate of 6.60% to 7.10% (2021: 6.35%) per annum.

<u>Receivables that are impaired</u>

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	
	2022 RM'000	**2021 RM'000**
Trade receivables		
At 1 January	158	380
Charge for the financial year		
Individually	1,988	-
Reversal of impairment loss	(46)	(21)
Written off	(10)	(201)
At 31 December	2,090	158

	Company	
	2022 RM'000	**2021 RM'000**
Amount due from subsidiaries		
At 1 January	418	418
Charge for the financial year		
Individually	170	-
Reversal of impairment loss	(38)	-
At 31 December	550	418

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

10. 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	
	2022 RM'000	**2021 RM'000**	**2022 RM'000**	**2021 RM'000**
Other receivables				
At 1 January	7,771	7,478	7,508	7,448
Charge for the financial year				
Individually	2,134	969	-	736
Reversal of impairment loss	(1,413)	(676)	(1,414)	(676)
At 31 December	8,492	7,771	6,094	7,508

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

	Group	
	2022 RM'000	**2021 RM'000**
United States Dollar	1,071	220

The information about credit exposures is disclosed in Note 29.2(i) to the financial statements.

11. INVENTORIES

	Group	
	2022 RM'000	**2021 RM'000**
At cost		
Raw materials	14,008	10,833
Work-in-progress	999	744
Finished goods	17,143	19,091
	32,150	30,668
At net realisable value		
Finished goods	379	266
	32,529	30,934

The cost of inventories of the Group recognised as expense in cost of sales during the financial year was RM59,269,705 (2021: RM51,211,448).

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 RM34,905 (2021: RM91,399).

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

12. CONTRACT ASSETS/(LIABILITIES)

	Group	
	2022 RM'000	2021 RM'000
Contract assets	45,488	32,506
Contract liabilities	(10,979)	(25,897)

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	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Group				
Revenue recognised that was included in contract liabilities at the beginning of the financial year	-	-	23,280	31,370
Increases due to consideration received from customers but revenue not recognised	-	-	(8,362)	(23,321)
Transfer from contract assets recognised at the beginning of the period to receivables	(17,076)	(17,800)	-	-
Increases due to unbilled revenue recognised	32,021	18,764	-	-
Decreases as a result of changes in the measure of progress	(10,684)	(130)	-	-
Net reversal of impairment loss on contract assets	8,721	-	-	-

13. SHORT TERM DEPOSITS, CASH AND BANK BALANCES

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Cash on hand and at banks	37,994	42,908	5,963	18,399
Deposits with licensed banks	43,246	42,518	39,791	41,044
Cash and bank balances	81,240	85,426	45,754	59,443
Less: Bank overdrafts (Note 19)	(7,175)	(18,019)	-	-
	74,065	67,407	45,754	59,443
Less: Deposits pledged to licensed bank	(3,455)	(11,512)	-	(10,038)
Cash and cash equivalents	70,610	55,895	45,754	49,405

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

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

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

	Group	
	2022 RM'000	2021 RM'000
United States Dollar	65	236

14. SHARE CAPITAL

	Group and Company			
	2022	2021	2022	2021
	Number of shares		Amount	
	Units('000)	Units('000)	RM'000	RM'000
Issued and fully paid:				
At 1 January	1,020,780	511,665	300,453	242,813
Acquisition of subsidiary	736,842	-	186,740	-
Conversion of ICPS to ordinary shares	120,720	358,668	10,792	32,064
Issuance of shares pursuant to the private placement	-	150,447	-	25,576
At 31 December - ordinary shares with no par value	1,878,342	1,020,780	497,985	300,453

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 1,020,780,500 units to 1,878,342,090 units by way of the issuance of:

(i) 120,719,485 new ordinary shares at an issue price of RM0.0894 per ordinary share from the conversion of Irredeemable Convertible Preference Shares ("ICPS") for the funding of future projects and working capital purposes with the conversion ratio of 1 ICPS 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 taking into account the Warrants B reserves adjustments; and

(ii) During the financial year, the Company issued 736,842,105 new ordinary shares at a price of RM0.19 per ordinary share as purchase consideration for the acquisition of a subsidiary pursuant to a share purchase agreement dated 15 June 2022. For the purpose of accounting for the shares consideration, the fair value of RM0.255 per ordinary shares as at the date of completion was recorded instead of the issue price of RM0.19 per ordinary share. The issued share capital of RM186,740,407 is made up after deducting transaction costs of RM1,154,329 which represents incremental costs directly attributable to the equity transactions.

The issued share capital of the Company increased from RM300,452,620 to RM497,985,046.

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

14. 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 2022 are stated as below:

	← Number of Warrants ('000) →		
	At 1.1.2022	**Issued**	**At 31.12.2022**
Warrants A	183,241	-	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 RM0.28 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; and

(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.

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 2022 are stated as below:

	← Number of Warrants ('000) →		
	At 1.1.2022	**Issued**	**At 31.12.2022**
Warrants B	63,958	-	63,958

14. 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.

15. IRREDEEMABLE CONVERTIBLE PREFERENCE SHARES ("ICPS")

	Group and Company			
	2022	2021	2022	2021
	Number of shares		Amount	
	Units('000)	Units('000)	RM'000	RM'000
ICPS				
Issued and fully paid up:				
At 1 January	152,997	-	13,677	-
Issued during the financial year	-	511,665	-	45,741
Conversion to ordinary shares	(120,720)	(358,668)	(10,792)	(32,064)
At 31 December	32,277	152,997	2,885	13,677

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.

15. 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.

16. RESERVES

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Warrant reserve	9,888	9,888	9,888	9,888
Revaluation reserve	19,055	16,525	-	-
Accumulated losses	(211,647)	(170,931)	(181,136)	(95,074)
	(182,704)	(144,518)	(171,248)	(85,186)

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)

17. TRADE AND OTHER PAYABLES

	Group		Company	
	2022 RM'000	**2021 RM'000**	**2022 RM'000**	**2021 RM'000**
Non-current				
Other payables				
Amount due to subsidiaries	-	-	4,728	6,087
Total other payables (non-current)	-	-	4,728	6,087
Current				
Trade payables				
Trade payables	19,462	18,265	-	-
Retention sums	20,867	23,764	-	-
Accrued costs	35,530	19,468	-	-
Total trade payables	75,859	61,497	-	-
Other payables				
Accruals	2,622	2,070	38	43
Other payables	2,125	1,566	124	192
Amount due to subsidiaries	-	-	3,148	3,276
Amount due to associate	-	1	-	-
Total other payables	4,747	3,637	3,310	3,511
Total trade and other payables (Current)	80,606	65,134	3,310	3,511
Total trade and other payables (non-current and current)	80,606	65,134	8,038	9,598

The trade and other payables are non-interest bearing and are normally settled on 14 to 120 (2021: 14 to 120) days terms.

The amounts due to subsidiaries are unsecured, bear interest at rate of 6.60% to 7.10% (2021: 6.35%) per annum, repayable over a period of 1 to 4 (2021: 1 to 5) years and are expected to be settled in cash.

17. TRADE AND OTHER PAYABLES (CONTINUED)

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

	Group 2022 RM'000	Group 2021 RM'000
United States Dollar	727	907
Australian Dollar	-	389
Euro	-	324

For explanations on the Group's and the Company's liquidity risk management process, refer to Note 29.2(ii) to the financial statements.

18. DEFERRED TAX LIABILITIES

Deferred tax liabilities relate to the following:

Group	At 1 January RM'000	Acquisition of subsidiary RM'000	Recognised in profit or loss RM'000	Recognised in other comprehensive income RM'000	At 31 December RM'000
2022					
Deferred tax liabilities:					
Temporary differences between net carrying amounts and the corresponding tax written down values of property, plant and equipment	(1,412)	(23)	(6)	-	(1,441)
Revaluation on properties	(4,235)	-	77	(241)	(4,399)
Other temporary differences	(50)	-	50	-	-
	(5,697)	(23)	121	(241)	(5,840)
2021					
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)

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

18. DEFERRED TAX LIABILITIES (CONTINUED)

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

	Group 2022 RM'000	Group 2021 RM'000
Deductible temporary differences	22,618	20,781
Unutilised tax losses	166,347	166,757
	188,965	187,538
Potential deferred tax assets not recognised at 24%	45,352	45,009

The availability of unused tax losses for offsetting against future taxable profits of the respective subsidiaries in Malaysia are subject to requirements under the Income Tax Act, 1967 and guidelines issued by the tax authority.

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

	Group 2022 RM'000	Group 2021 RM'000
Years of assessment		
2028	33,579	33,598
2029	43,357	51,119
2030	62,787	63,294
2031	18,746	18,746
2032	7,878	-
	166,347	166,757

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

19. LOANS AND BORROWINGS

	Note	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
Non-current					
Secured					
Term loans	(a)	8,618	4,614	-	-
Floating rate bank loan	(b)	4,709	6,087	-	-
Hire purchase liabilities	(c)	802	979	-	-
Unsecured					
Lease liabilities	(d)	665	1,857	-	683
Term loan	(a)	188	-	-	-
		14,982	13,537	-	683
Current					
Secured					
Term loans	(a)	2,088	1,494	-	-
Floating rate bank loan	(b)	1,452	1,335	-	-
Hire purchase liabilities	(c)	361	483	-	-
Trade financing		7,924	7,849	-	-
Unsecured					
Bank overdrafts		7,175	18,019	-	-
Lease liabilities	(d)	1,333	1,409	683	749
Term loan	(a)	58	-	-	-
Trade financing		26,497	22,056	-	-
		46,888	52,645	683	749
		61,870	66,182	683	1,432

Total loans and borrowings:

	Note	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
Bank overdrafts		7,175	18,019	-	-
Term loans	(a)	10,952	6,108	-	-
Floating rate bank loan	(b)	6,161	7,422	-	-
Hire purchase liabilities	(c)	1,163	1,462	-	-
Lease liabilities	(d)	1,998	3,266	683	1,432
Trade financing		34,421	29,905	-	-
		61,870	66,182	683	1,432

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

19. LOANS AND BORROWINGS (CONTINUED)

(a) Term loans

Term loan 1 of a subsidiary of RM2,666,461 (2021: RM4,148,591) bear interest at 6.45% to 7.45% (2021: 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 RM8,039,807 (2021: RM1,959,300) bear interest at 8.50% (2021: 8.50%) per annum and is repayable by monthly instalments of RM153,000 (2021: RM28,201) and shall be calculated monthly and repaid in arrears over 8 years commencing from 24 months from the date of first disbursement.

Term loan 3 of a subsidiary of RM245,322 bear interest at 5.60% per annum and is repayable by monthly instalments of RM6,671 and shall be calculated monthly and repaid in arrears over 5 years commencing from 60 months from the date of first disbursement.

(b) Floating rate bank loan

Floating rate bank loan of a subsidiary of RM6,160,859 (2021: RM7,421,970) bear interest at 6.10% to 6.85% (2021: 6.10%) per annum and is repayable by monthly instalments of RM149,365 to RM151,773 (2021: RM149,365) 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.

(c) Hire purchase liabilities

Hire purchase payables of the Group of RM1,163,437 (2021: RM1,461,986) bears interest at rates ranging from 2.31% to 7.60% (2021: 2.31% to 7.60%) per annum and are secured by Group's motor vehicle and plant and machinery under hire purchase arrangements as disclosed in Note 5 to the financial statements.

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

	Group	
	2022	**2021**
	RM'000	**RM'000**
Minimum lease payments:		
Not later than one year	421	554
Later than one year and not later than five years	857	1,071
	1,278	1,625
Less: Future finance charges	(115)	(163)
Present value of minimum lease payments	1,163	1,462
Present value of minimum lease payments:		
Not later than one year	361	483
Later than one year and not later than five years	802	979
	1,163	1,462
Less: Amount due within twelve months	(361)	(483)
Amount due after twelve months	802	979

19. LOANS AND BORROWINGS (CONTINUED)

(d) Lease liabilities

The lease liabilities of the Group and the Company bear interest at rates ranging from 3.97% to 8.84% (2021: 3.97% to 8.84%) and 6.35% (2021: 6.35%) per annum respectively.

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

	Group		Company	
	2022 RM'000	**2021 RM'000**	**2022 RM'000**	**2021 RM'000**
Minimum lease payments:				
Not later than one year	1,421	1,572	701	814
Later than one year and not later than five years	361	1,582	-	701
Later than five years	872	925	-	-
	2,654	4,079	701	1,515
Less: Future finance charges	(656)	(813)	(18)	(83)
Present value of minimum lease payments	1,998	3,266	683	1,432
Present value of minimum lease payments:				
Not later than one year	1,333	1,409	683	749
Later than one year and not later than five years	665	1,370	-	683
Later than five years	-	487	-	-
	1,998	3,266	683	1,432
Less: Amount due within twelve months	(1,333)	(1,409)	(683)	(749)
Amount due after twelve months	665	1,857	-	683

The borrowings of the Group are secured by:

(i) Legal charges over the freehold land and building, leasehold land and building of a subsidiary as mentioned in Note 5 to the financial statements; and

(ii) Corporate guarantee by the Company.

Effective interest rates per annum:

	Group	
	2022 %	**2021 %**
Bank overdrafts	6.45 to 7.81	4.71 to 6.81
Trade financing	2.85 to 7.45	2.85 to 6.45

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

20. PROVISION

	Liquidated ascertained damages RM'000	Defect liability RM'000	Total RM'000
Group			
At 1 January 2021	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
Recognised in profit or loss	-	68	68
Reversal during the financial year	-	(84)	(84)
Utilised during the financial year	(131)	-	(131)
At 31 December 2022	-	357	357

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.

21. REVENUE

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Revenue from contract customers:				
Construction contracts	135,022	172,837	-	-
Sale of goods	75,593	69,338	-	-
Services rendered	3,808	4,452	-	-
Management fees	-	8	2,333	1,523
	214,423	246,635	2,333	1,523
Revenue from other sources:				
Others	1,013	747	-	-
Total revenue	215,436	247,382	2,333	1,523

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

21. REVENUE (CONTINUED)

Disaggregation of revenue

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

	Construction contracts RM'000	Sale of goods RM'000	Services rendered RM'000	Management fees RM'000	Others RM'000	Total RM'000
2022						
Group						
Goods and services						
Civil engineering and construction	105,658	-	1,419	-	270	107,347
Energy	16,453	25,524	2,369	-	738	45,084
Manufacturing	-	50,069	-	-	-	50,069
Others	12,911	-	20	-	5	12,936
	135,022	75,593	3,808	-	1,013	215,436
Timing of revenue recognition:						
At point in time	-	75,593	3,808	-	1,008	80,409
Over time	135,022	-	-	-	5	135,027
	135,022	75,593	3,808	-	1,013	215,436
Company						
Services						
Management fees	-	-	-	2,333	-	2,333
Timing of revenue recognition:						
Over time	-	-	-	2,333	-	2,333

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

21. REVENUE (CONTINUED)

Disaggregation of revenue (Continued)

The Group and the Company report the following major segments: civil engineering and construction, energy, 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	Total RM'000
2021						
Group						
Goods and services						
Civil engineering and construction	114,368	-	-	-	-	114,368
Energy	58,469	22,522	3,550	-	420	84,961
Manufacturing	-	46,816	-	-	-	46,816
Others	-	-	902	8	327	1,237
	172,837	69,338	4,452	8	747	247,382
Timing of revenue recognition:						
At point in time	-	69,338	4,452	-	747	74,537
Over time	172,837	-	-	8	-	172,845
	172,837	69,338	4,452	8	747	247,382
Company						
Services						
Management fees	-	-	-	1,523	-	1,523
Timing of revenue recognition:						
Over time	-	-	-	1,523	-	1,523

At the end of financial year, the aggregate amount of the transaction price allocated to the remaining performance obligation is RM733,036,071 (2021: RM584,222,151) 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 (2021: 5 years).

22. COST OF SALES

	Group 2022 RM'000	Group 2021 RM'000
Construction costs	106,005	147,199
Cost of goods sold	64,076	53,689
Services rendered	2,698	3,991
	172,779	204,879

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

23. FINANCE COSTS

	Group		Company	
	2022	**2021**	**2022**	**2021**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Interest expense on:				
Bank overdrafts	901	786	-	-
Bank loans	725	561	-	-
Hire purchase liabilities	74	130	-	-
Lease liabilities	162	181	65	89
Loan from a subsidiary	-	-	655	561
Overdue interest	14	-	-	-
Trade financing	2,050	3,026	-	-
	3,926	4,684	720	650

24. (LOSS)/PROFIT BEFORE TAXATION

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

	Group		Company	
	2022	**2021**	**2022**	**2021**
	RM'000	**RM'000**	**RM'000**	**RM'000**
This is stated after charging:				
Auditors' remuneration:				
current year	279	242	60	60
over provision in prior year	(14)	(40)	(5)	(5)
Deposit written off	42	-	-	-
Depreciation of property, plant and equipment	6,753	7,559	803	739
Directors' emoluments	1,383	1,385	1,103	958
Directors' fees	621	461	415	393
Expense relating to short term lease	1,815	2,791	-	59
Impairment loss on:				
goodwill	47,895	-	-	-
investment in associates	-	-	-	447
investment in subsidiaries	-	-	83,670	186
plant and equipment	-	915	-	-
receivables	4,122	969	170	736
Plant and equipment written off	180	15	-	15
Staff costs (excluding directors)	28,101	26,077	4,883	4,184
Unrealised loss on foreign exchange	17	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

24. (LOSS)/PROFIT BEFORE TAXATION (CONTINUED)

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

	Group		Company	
	2022 RM'000	**2021 RM'000**	**2022 RM'000**	**2021 RM'000**
And crediting:				
Gain on disposal of:				
associates	1,656	-	1,319	-
plant and equipment	480	971	110	38
Gain on foreign exchange:				
realised	171	150	-	-
unrealised	-	1	-	-
Gain on lease modification	28	-	-	-
Interest income:				
subsidiary companies	-	-	2,050	1,271
others	1,240	741	1,061	662
Insurance claims	-	4,087	-	-
Rental income from:				
factory/office	-	1	-	1
others	237	13	-	-
Reversal of impairment losses on:				
contract assets	8,721	-	-	-
receivables	1,459	697	1,452	676
Reversal of provision for liabilities	84	-	-	-

Staff costs (excluding directors)				
Salaries and wages	23,818	21,976	4,124	3,658
Contributions to defined contribution plans	2,546	2,535	467	438
Social security contribution	209	188	26	16
Other benefits	1,528	1,378	266	72
	28,101	26,077	4,883	4,184

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

25. DIRECTORS' REMUNERATION

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

	Group		Company	
	2022 RM'000	**2021 RM'000**	**2022 RM'000**	**2021 RM'000**
Executive:				
Salaries and other emoluments	1,205	1,240	936	829
Defined contribution plans	114	103	103	87
Total Executive Directors' remuneration	1,319	1,343	1,039	916
Non-Executive:				
Fees	621	461	415	393
Other emoluments	64	42	64	42
Total Non-Executive Directors' remuneration	685	503	479	435
Total Directors' remuneration	2,004	1,846	1,518	1,351

The estimated monetary value of benefits-in-kind received by the Directors otherwise than in cash from the Group and the Company amounted to RM21,376 (2021: RM13,200) and RM21,376 (2021: RM13,200) respectively.

26. INCOME TAX EXPENSE/(CREDIT)

	Group		Company	
	2022 RM'000	**2021 RM'000**	**2022 RM'000**	**2021 RM'000**
Malaysian income tax expense:				
current year	2,467	1,385	-	-
under/(over) provision in prior year	53	(275)	-	(200)
	2,520	1,110	-	(200)
Deferred taxation (Note 18):				
current year	(43)	74	-	-
(over)/under provision in prior year	(78)	64	-	-
	(121)	138	-	-
Income tax expense/(credit) recognised in profit or loss	2,399	1,248	-	(200

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

26. INCOME TAX EXPENSE/(CREDIT) (CONTINUED)

A reconciliation of income tax expense/(credit) applicable to (loss)/profit 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	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
(Loss)/Profit before taxation	(39,096)	4,761	(86,062)	(5,961)
Tax at applicable tax rate of 24%	(9,383)	1,143	(20,655)	(1,431)
Tax effects arising from:				
Crystallisation of deferred tax liabilities arising from revaluation	(77)	(77)	-	-
Deferred tax assets not recognised	343	-	-	-
Non-deductible expenses	13,912	2,972	21,346	1,602
Non-taxable income	(2,280)	(568)	(691)	(171)
Share of results of associates	(91)	500	-	-
Under/(Over) provision in prior year:				
income tax expense	53	(275)	-	(200)
deferred taxation	(78)	64	-	-
Utilisation of deferred tax assets previously not recognised	-	(2,511)	-	-
Income tax expense/(credit) for the financial year	2,399	1,248	-	(200)

27. (LOSS)/EARNINGS PER SHARE

Basic (Loss)/Earnings Per Share

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

	Group	
	2022 RM'000	2021 RM'000
Basic		
(Loss)/Profit attributable to owners of the Company	(40,916)	3,692
Weighted average number of ordinary shares for basic (loss)/earnings per share (units)	1,181,924	663,948
Basic (loss)/earnings per ordinary share (sen)	(3.46)	0.56

27. (LOSS)/EARNINGS PER SHARE (CONTINUED)

Diluted (Loss)/Earnings Per Share

Diluted (loss)/earnings per share is calculated by dividing the net (loss)/profit for the financial year attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year 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	
	2022 RM'000	2021 RM'000
Diluted		
(Loss)/Profit attributable to owners of the Company	(40,916)	3,692
Weighted average number of ordinary shares for basic earnings per share (units)	1,181,924	663,948
Effect of dilution from:		
Potential conversion of ICPS	-	300,127
Potential conversion of Warrants	-	7,107
Weighted average number of ordinary shares for dilutive (loss)/earnings per share (units)	1,181,924	971,182
Diluted (loss)/earnings per ordinary share (sen)	(3.46)	0.38

28. RELATED PARTIES

28.1 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)

28. RELATED PARTIES (CONTINUED)

28.2 Significant related party transactions

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

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Associates				
Sales	3	-	-	-
Purchases	(26)	(12)	-	-
Management fees	-	8	-	8
Rental expenses	(110)	(10)	-	-
Company in which certain directors have substantial interests				
Rental expenses	-	(120)	-	-
Subsidiaries				
Management fees	-	-	2,333	1,515
Interest income	-	-	2,050	1,271
Interest expenses	-	-	(655)	(561)

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 10 and 17 to the financial statements.

28.3 Compensation of key management personnel

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Short-term employee benefits	5,070	5,131	2,425	3,318
Post-employment employee benefits	472	501	220	331
	5,542	5,632	2,645	3,649

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

29. FINANCIAL INSTRUMENTS

29.1 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
2022		
Group		
Financial assets		
Trade and other receivables*	91,855	91,855
Short term deposits, cash and bank balances	81,240	81,240
	173,095	173,095
Financial liabilities		
Trade and other payables*	80,248	80,248
Borrowings#	59,872	59,872
	140,120	140,120
Company		
Financial assets		
Other receivables	39,120	39,120
Short term deposits, cash and bank balances	45,754	45,754
	84,874	84,874
Financial liabilities		
Other payables	8,038	8,038

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

29. FINANCIAL INSTRUMENTS (CONTINUED)

29.1 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
2021		
Group		
Financial assets		
Trade and other receivables*	99,191	99,191
Short term deposits, cash and bank balances	85,426	85,426
	184,617	184,617
Financial liabilities		
Trade and other payables	65,134	65,134
Borrowings#	62,916	62,916
	128,050	128,050
Company		
Financial assets		
Other receivables	38,735	38,735
Short term deposits, cash and bank balances	59,443	59,443
	98,178	98,178
Financial liabilities		
Other payables	9,598	9,598

* Excluded GST and advance payment to supplier
# Excluded Lease liabilities

29.2 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)

29. FINANCIAL INSTRUMENTS (CONTINUED)

29.2 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.

<u>Credit risk concentration profile</u>

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			
	2022		2021	
	RM'000	%	RM'000	%
Trade receivables				
Civil engineering and construction	37,979	54%	35,266	58%
Energy	17,460	25%	11,397	19%
Manufacturing	11,679	16%	13,710	23%
Others	3,561	5%	192	0%
	70,679	100%	60,565	100%
Contract assets				
Civil engineering and construction	30,041	66%	24,564	76%
Energy	3,898	9%	7,942	24%
Others	11,549	25%	-	0%
	45,488	100%	32,506	100%

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

29. FINANCIAL INSTRUMENTS (CONTINUED)

29.2 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:

	Group	
	2022 RM'000	**2021 RM'000**
Trade receivables		
Neither past due nor impaired	41,479	45,846
1 - 30 days past due not impaired	11,329	7,421
31 - 60 days past due not impaired	9,118	2,451
61 - 90 days past due not impaired	6,822	1,170
More than 90 days past due not impaired	1,931	3,677
	29,200	14,719
Impaired		
Individually	2,090	158
As at 31 December	72,769	60,723
Contract assets		
Neither past due nor impaired	45,488	32,506
Impaired		
Individually	1,159	9,880
As at 31 December	46,647	42,386

29. FINANCIAL INSTRUMENTS (CONTINUED)

29.2 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 10 to the financial statements.

Refer to Note 3.11 to the financial statements 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 RM87,962,618 (2021: RM86,739,982) representing the maximum amount the Company could pay if the guarantee is called on as disclosed in Note 32. 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)

29. FINANCIAL INSTRUMENTS (CONTINUED)

29.2 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 and not later than 5 years RM'000	More than 5 years RM'000
Group					
At 31 December 2022					
Trade and other payables	80,248	80,248	80,248	-	-
Hire purchase liabilities	1,163	1,278	421	857	-
Lease liabilities	1,998	2,654	1,421	361	872
Floating rate bank loan	6,161	6,981	1,821	5,160	-
Short term borrowings	41,596	42,167	42,167	-	-
Term loans	10,952	13,214	2,297	8,170	2,747
	142,118	146,542	128,375	14,548	3,619
Group					
At 31 December 2021					
Trade and other payables	65,134	65,134	65,134	-	-
Hire purchase liabilities	1,462	1,625	554	1,071	-
Lease liabilities	3,266	4,079	1,572	1,582	925
Floating rate bank loan	7,422	8,663	1,792	6,871	-
Short term borrowings	47,924	48,390	48,390	-	-
Term loans	6,108	7,445	1,815	3,384	2,246
	131,316	135,336	119,257	12,908	3,171

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

29. FINANCIAL INSTRUMENTS (CONTINUED)

29.2 Financial risk management (Continued)

(ii) Liquidity risk (Continued)

	Carrying amount RM'000	Contractual cash flows RM'000	On demand or less than 1 year RM'000	More than 1 year and not later than 5 years RM'000	More than 5 years RM'000
Company					
At 31 December 2022					
Other payables	8,038	8,859	3,708	5,151	-
Lease liabilities	683	701	701	-	-
Financial guarantee	-	87,963	87,963	-	-
	8,721	97,523	92,372	5,151	-
At 31 December 2021					
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	-

(iii) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk rates relates primarily to the Group's operating activities (when sales and purchases that are denominated in foreign currency).

Based on carrying amounts as at the end of the financial year, the material foreign currency denominated financial assets and liabilities which expose the Group to currency risk are disclosed below:

	United States Dollar RM'000	Australian Dollar RM'000	Euro RM'000
At 31 December 2022			
Trade receivables	1,071	-	-
Cash and bank balances	65	-	-
Trade payables	(727)	-	-
Net exposure	409	-	-

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

29. FINANCIAL INSTRUMENTS (CONTINUED)

29.2 Financial risk management (Continued)

(iii) Foreign currency risk (Continued)

Based on carrying amounts as at the end of the financial year, the material foreign currency denominated financial assets and liabilities which expose the Group to currency risk are disclosed below: (Continued)

	United States Dollar RM'000	Australian Dollar RM'000	Euro RM'000
At 31 December 2021			
Trade receivables	220	-	-
Cash and bank balances	236	-	-
Trade payables	(907)	(389)	(324)
Net exposure	(451)	(389)	(324)

Sensitivity analysis for foreign currency risk

The following demonstrates the sensitivity of the Group's (loss)/profit 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.

		2022 RM'000	2021 RM'000
United States Dollar/RM	- strengthened 5%	20	(23)
	- weakened 5%	(20)	23
Australian Dollar/RM	- strengthened 5%	-	(19)
	- weakened 5%	-	19
Euro/RM	- strengthened 5%	-	(16)
	- weakened 5%	-	16

29. FINANCIAL INSTRUMENTS (CONTINUED)

29.2 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, if interest rates had been 25 basis points lower/higher, with all other variables held constant, the Group's (loss)/profit after tax would have been RM119,393 (2021: RM138,365) lower/higher (2021: higher/lower), 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 (2021: 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)

29. FINANCIAL INSTRUMENTS (CONTINUED)

29.2 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 — Fair value — Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
At 31 December 2022					
Group					
Financial asset					
Loan receivables	300	-	-	300	300
Financial liability					
Borrowings	14,982	-	-	14,982	14,982
Company					
Financial asset					
Other receivables	32,369	-	-	32,369	32,369
Financial liability					
Other payables	4,728	-	-	4,728	4,728
At 31 December 2021					
Group					
Financial liability					
Borrowings	13,537	-	-	13,537	13,537
Company					
Financial asset					
Other receivables	33,983	-	-	33,983	33,983
Financial liability					
Other payables	6,087	-	-	6,087	6,087

Level 3 fair value

Fair value of financial instruments not carried at fair value

The fair value of loan receivables, 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.

30. 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 2022 and 31 December 2021.

The debt-to-equity ratios at 31 December 2022 and 31 December 2021 are as follows:

	Group	
	2022	**2021**
	RM'000	**RM'000**
Total loans and borrowings	61,870	66,182
Less : Cash and bank balances	(81,240)	(85,426)
Net cash	(19,370)	(19,244)
Total equity	317,890	169,915
Debt-to-equity ratio	-	-

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.

31. 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:

Segments	Products and services
Civil engineering and construction	Undertaking of construction contracts
Energy	Contractor, sub-contractor, fabrication, assembly, renewable energy, deliver green electricity and testing works, trading and after-sales service of products and power generation, power solution for oil and gas industries
Manufacturing	Manufacturing of steel products

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

31. SEGMENTAL REPORTING (CONTINUED)

Other non-reportable segments comprise investment holding, telecommunications and money lending 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.

<u>Segment profit</u>

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.

<u>Segment assets and liabilities</u>

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)

31. SEGMENTAL REPORTING (CONTINUED)

31.1 Operating Segment

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

2022	**Note**	**Civil engineering and construction RM'000**	**Energy RM'000**	**Manufacturing RM'000**	**Others RM'000**	**Adjustments and elimination RM'000**	**Consolidation RM'000**
Revenue							
External sales		107,344	45,085	50,069	12,938	-	215,436
Inter-segment sales	A	30,223	5,732	-	2,629	(38,584)	-
Total		137,567	50,817	50,069	15,567	(38,584)	215,436
Results							
Deposit written off		-	(42)	-	-	-	(42)
Depreciation of property, plant and equipment		(1,468)	(2,393)	(1,477)	(1,415)	-	(6,753)
Impairment loss on:							
goodwill		-	-	-	-	(47,895)	(47,895)
investment in subsidiaries		-	-	-	(83,670)	83,670	-
receivables		(1,703)	(2,419)	-	(170)	170	(4,122)
Interest expenses		(2,697)	(2,459)	(1,280)	(834)	3,344	(3,926)
Plant and equipment written off		-	(180)	-	-	-	(180)
Share of results of associates		-	-	-	-	378	378
Gain on disposal of:							
associate		-	-	-	1,319	337	1,656
plant and equipment		144	226	-	189	(79)	480
Gain on lease modification		-	28	-	-	-	28
Interest income		696	70	570	3,226	(3,322)	1,240
Rental income		40	13	311	-	(127)	237
Reversal of impairment losses on:							
contract assets		2,992	-	-	-	5,729	8,721
receivables		-	-	46	1,451	(38)	1,459
Reversal of provision for liabilities		-	84	-	-	-	84
Unrealised gain/(loss) on foreign exchange		-	13	(30)	-	-	(17)
Results of segment profit/(loss)	B	7,084	(4,190)	2,681	(84,291)	39,620	(39,096)
Taxation		(614)	(566)	(599)	(620)	-	(2,399)
Profit/(Loss) for the financial year	B	6,470	(4,756)	2,082	(84,911)	39,620	(41,495)
Other information							
Segment assets	C	203,112	70,097	92,287	366,494	(254,907)	477,083
Investment in associates		-	-	-	-	1,978	1,978
Segment liabilities	D	155,429	55,923	29,056	30,308	(109,545)	161,171
Capital expenditure		11,210	5,421	635	465	-	17,731

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

31. SEGMENTAL REPORTING (CONTINUED)

31.1 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)

2021	**Note**	**Civil engineering and construction RM'000**	**Energy RM'000**	**Manufacturing RM'000**	**Others RM'000**	**Adjustments and elimination RM'000**	**Consolidation RM'000**
Revenue							
External sales		114,368	84,961	46,816	1,237	-	247,382
Inter-segment sales	A	33,062	1,283	-	2,088	(36,433)	-
Total		147,430	86,244	46,816	3,325	(36,433)	247,382
Results							
Depreciation of property, plant and equipment		(1,555)	(3,019)	(1,382)	(1,603)	-	(7,559)
Impairment loss on:							
investment in associate		-	-	-	(447)	447	-
plant and equipment		-	(915)	-	-	-	(915)
receivables		-	(735)	-	(234)	-	(969)
Interest expenses		(3,683)	(1,530)	(1,406)	(728)	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		74	216	51	630	-	971
Interest income		836	26	609	1,933	(2,663)	741
Rental income		-	75	99	1	(161)	14
Reversal of impairment loss on receivables		15	-	6	676	-	697
Unrealised (loss)/gain on foreign exchange		-	(4)	5	-	-	1
Results of segment profit/(loss)	B	6,390	3,003	5,386	(6,241)	(3,777)	4,761
Taxation		-	(62)	(1,386)	200	-	(1,248)
Profit/(Loss) for the financial year	B	6,390	2,941	4,000	(6,041)	(3,777)	3,513
Other information							
Segment assets	C	181,955	85,348	89,406	241,229	(268,370)	329,568
Investment in associates		-	-	-	4,118	(357)	3,761
Segment liabilities	D	164,802	66,418	30,527	12,586	(110,919)	163,414
Capital expenditure		362	6,360	1,116	269	-	8,107

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

31. SEGMENTAL REPORTING (CONTINUED)

31.1 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

	2022 RM'000	2021 RM'000
Share of results of associates	378	(2,082)
Elimination of inter-segment transactions	39,242	(1,695)
	39,620	(3,777)
Less: Taxation	-	-
	39,620	(3,777)

C. Reconciliation of assets

	2022 RM'000	2021 RM'000
Investment in subsidiaries	(308,482)	(179,041)
Intangible assets	148,120	9,800
Inter-segment assets	(94,545)	(99,129)
	(254,907)	(268,370)

D. Reconciliation of liabilities

	2022 RM'000	2021 RM'000
Inter-segment liabilities	(109,545)	(110,919)

31.2 Information about major customer

For civil engineering and construction segment, revenue from 1 (2021: 2) customer represented approximately RM49,748,651 (2021: RM77,312,459) of the Group's total revenue.

31.3 Geographical information

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

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

32. FINANCIAL GUARANTEES

	Company	
	2022	**2021**
	RM'000	**RM'000**
Guarantee given to financial institutions in respect of credit facilities granted to subsidiaries	273,861	303,790
Amount of banking facilities utilised by subsidiaries as at the end of financial year	87,963	86,740

33. CAPITAL COMMITMENTS

The Group has made commitments for the following capital expenditure:

	Group	
	2022	**2021**
	RM'000	**RM'000**
Contracted and not provided for	5,057	11,013

34. MATERIAL LITIGATION

As at the date of this financial statements, there are no other material litigations against or taken by the Group other than the following:

Notice Of Adjudication Under The Construction Industry Payment & Adjudication Act 2012 By Proweld Engineering Sdn Bhd against Citaglobal Energy Sdn Bhd *(formerly known as WZS Misi Setia Sdn Bhd)*.

On 27 July 2022, the Company via its wholly-owned subsidiary Citaglobal Energy Sdn Bhd *(formerly known as WZS Misi Setia Sdn Bhd)* ("Citaglobal Energy") was served with a Notice of Adjudication dated 20 July 2022 by Proweld Engineering Sdn Bhd ("PESB") under Section 5 of the Construction Industry Payment & Adjudication Act 2012 in an amount of RM5,258,026.08 which Citaglobal Energy received via A.R. Post on 27 July 2022.

PESB is claiming for work and/or services in relation to the piping and mechanical works for M2020 ASPAC KANCIL PROJECT (Work order no. REQ: MSOG-M2020-M57-0008) located at Lot No. 197 II & 197 III Darul Ehsan, Jalan Pelabuhan Klang Utara, 42000, Port Klang, Selangor Darul Ehsan.

34. MATERIAL LITIGATION (CONTINUED)

As at the date of this financial statements, there are no other material litigations against or taken by the Group other than the following: (Continued)

Citaglobal Energy was on 5 December 2022 notified by its appointed solicitors that the Adjudicator had on 5 December 2022 determined and delivered the Adjudication Decisions as follows:

(i) The claimed amount being RM5,258,026.08 was duly adjudicated and the amount adjudicated to be payable by Citaglobal Energy to PESB is RM1,062,676.18.

(ii) Pursuant to Construction Industry Payment and Adjudication Act ("CIPAA") subsection 25(o), Citaglobal Energy shall pay to PESB interest on the adjudicated amount, calculated at 5% per annum up to 13 June 2022 amounting to RM44,882.03.

(iii) Pursuant to CIPAA subsection 25(o), Citaglobal Energy shall pay to PESB interest on the adjudicated amount, calculated at 5% per annum from 5 December 2022 and continuing until the adjudicated amount is completely paid.

(iv) Pursuant to CIPAA subsection 18(1), and in accordance with the principle that costs follow the event, Citaglobal Energy shall pay to PESB the costs of the adjudication proceeding, including the Adjudicator's fees and expenses and the Asian International Arbitration Centre (AIAC)'s fees and expenses in the total amount of RM81,289.00.

(v) The above amounts had been recognised in the book of Citaglobal Energy.

On the advice of the solicitors for Citaglobal Energy, on 20 January 2023, Citaglobal Energy had through its solicitors filed an application before the High Court of Shah Alam (Suit No.: BA-24C-9-01/2023) to apply for an Order that the Adjudication Decision dated 5 December 2022 be set aside and/or declared null and ("Setting Aside Application") on the grounds that the Adjudication Decision is wrong and defective and the Adjudicator has acted contrary to and in conflict with natural justice. The costs of these proceedings are to be borne by PESB. No payments pursuant to the Adjudication Decision has been made by Citaglobal Energy to PESB.

On 24 February 2023, Citaglobal Energy was served with an Originating Summons filed in the High Court of Shah Alam (Suit No.: BA-24C-16-02/2023) by PESB to register the Adjudication Decision dated 5 December 2022.

The Company is of the opinion that it has sufficient grounds to set aside the Adjudication Decision, which will have a material impact on PESB's Originating Summons to register the Adjudication Decision dated 5 December 2022. However, it is not expected to have any material financial and operational impact on the Group for the financial year ending 31 December 2022 and 31 December 2023.

None of the Directors and/or major shareholders of Citaglobal and/or persons connected to them has any interest, direct or indirect in the Adjudication proceedings.

Further announcements on the material developments of the above litigations will be made to Bursa Malaysia Securities Berhad from time to time.

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 **IKHLAS BIN KAMARUDIN**, being two of the directors of Citaglobal Berhad *(formerly known as WZ Satu Berhad)*, do hereby state that in the opinion of the directors, the accompanying financial statements set out on pages 66 to 159 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 2022 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

……………………………………………………...................
IKHLAS BIN KAMARUDIN
Director

Kuala Lumpur

Date: 30 March 2023

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 **CITAGLOBAL BERHAD** *(formerly known as 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 159 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 30 March 2023.

Before me,

……………………………………………………......................
HADINUR MOHD SYARIF W761
Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF CITAGLOBAL BERHAD

(*formerly known as WZ Satu Berhad*) (Incorporated in Malaysia)

Report on the Financial Statements

Opinion

We have audited the financial statements of **Citaglobal Berhad** *(formerly known as WZ Satu Berhad)*, which comprise the statements of financial position as at 31 December 2022 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 159.

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 2022, 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

Business Combination (Note 4.1 and 8 to the financial statements)

During the financial year ended 31 December 2022, the Group made a significant acquisition of Citaglobal Engineering Services Sdn Bhd. The initial accounting for the business combination of Citaglobal Engineering Services Sdn Bhd in the financial statements of the Group involves judgement in identifying and determining the fair values to be assigned to Citaglobal Engineering Services Sdn Bhd's identifiable assets, liabilities and contingent liabilities and the cost of the combination. As at the date of the financial statements are authorised for issue, the fair value of Citaglobal Engineering Services Sdn Bhd's identifiable assets, liabilities and contingent liabilities can only be determined provisionally pending the completion of a purchase price allocation ("PPA") on Citaglobal Engineering Services Sdn Bhd's identifiable assets, liabilities and contingent liabilities. The business combination of Citaglobal Engineering Services Sdn Bhd has been accounted using provisional values.

Our response:
Our audit procedures included, among others:
- reading the sales and purchase agreements and understanding the accounting treatment by management on the acquisition of Citaglobal Engineering Services Sdn Bhd;
- discussing the work performed by management's experts in respect of the valuation of provisional goodwill;
- discussing with management on the appropriateness of the related disclosures.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CITAGLOBAL BERHAD

(*formerly known as WZ Satu Berhad*) (Incorporated in Malaysia) (Continued)

Key Audit Matters (Continued)

Group (Continued)

Goodwill (Note 4.2 and 6 to the financial statements)

The Group has significant balances of goodwill attributable to acquisition of subsidiaries. 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 margins 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 units 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, if any, and discussing with the management the key assumptions to the projections;
- testing the mathematical accuracy of the impairment assessment; and
- analysing the sensitivity of key assumptions on the impact of these key assumptions and inputs that are expected to be most sensitive to the recoverable amount.

Revenue recognition for construction business (Note 4.3 and 21 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 the 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 4.5, 10 and 12 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 calculations, 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CITAGLOBAL BERHAD

(*formerly known as WZ Satu Berhad*) (Incorporated in Malaysia) (Continued)

Key Audit Matters (Continued)

<u>Group</u> (Continued)

Trade receivables and contract assets (Note 4.5, 10 and 12 to the financial statements) (Continued)

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 2022;
- 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 the levels of activity with the customer and management's explanation on recoverability of significantly past due balances.

Investment in subsidiaries (Note 4.4 and 8 to the financial statements)

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 margins 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.

Our response:
Our audit procedures focused on evaluating the cash flow projections and the Company'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 the reasonableness of their 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CITAGLOBAL BERHAD

(*formerly known as WZ Satu Berhad*) (Incorporated in Malaysia) (Continued)

Responsibilities of the Directors for the Financial Statements

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

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

The directors of the Company are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CITAGLOBAL BERHAD

(formerly known as WZ Satu Berhad) (Incorporated in Malaysia) (Continued)

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

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.

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. 02966/11/2024 J
Chartered Accountant

Kuala Lumpur

Date: 30 March 2023

ANALYSIS OF **SHAREHOLDINGS**

As at 31 March 2023

ANALYSIS OF SHAREHOLDINGS

Number of Issued Share Capital : 379,568,850 Ordinary Shares
Voting Rights : One (1) vote per Ordinary Share

ANALYSIS OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 – 99	612	10.53	14,874	0.00
100 – 1,000	1,063	18.29	600,425	0.16
1,001 – 10,000	2,653	45.65	11,569,656	3.05
10,001 – 100,000	1,251	21.52	39,868,941	10.50
100,001 – 18,978,441 (*)	228	3.92	145,434,206	38.32
18,978,442 and above (**)	5	0.09	182,080,748	47.97
TOTAL	**5,812**	**100.00**	**379,568,850**	**100.00**

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

SUBSTANTIAL SHAREHOLDERS

The substantial shareholders of Citaglobal Berhad (formerly known as WZ Satu Berhad) and their respective shareholdings based on the Register of Substantial Shareholders of Citaglobal Berhad (formerly known as WZ Satu Berhad) as at 31 March 2023 are as follows:-

	No. of Shares			
Substantial Shareholders	**Direct**	**%**	**Indirect**	**%**
Citaglobal Energy Resources Sdn. Bhd.	35,057,920	9.24	-	-
KDYMM SPB YDP Agong XVI Al-Sultan Abdullah Ri'ayatuddin Al-Mustafa Billah Shah Ibni Almarhum Sultan Haji Ahmad Shah Al-Mustafa'in Billah	26,423,718	6.96	-	-
TIZA Global Sdn. Bhd. (*formerly known as Citaglobal Sdn. Bhd.*)	133,666,630	35.22	(1)35,057,920	9.24
Ikhlas Bin Kamarudin	-	-	(1)35,057,920	9.24
Tan Sri Dato' Sri (Dr.) Mohamad Norza Bin Zakaria	-	-	(2)168,724,550	44.45

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 direct shareholding in TIZA Global Sdn. Bhd. (formerly known as Citaglobal Sdn. Bhd.) ("**TIZA Global**") and indirect shareholding in Citaglobal Energy Resources Sdn Bhd held via TIZA Global pursuant to Section 8 of the Companies Act 2016.

ANALYSIS OF SHAREHOLDINGS

As at 31 March 2023 (Continued)

DIRECTORS' SHAREHOLDINGS

The Directors' Shareholdings based on the Register of Directors' Shareholdings of Citaglobal Berhad (formerly known as WZ Satu Berhad) as at 31 March 2023 are as follows:-

	No. of Shares Held			
Directors	**Direct**	**%**	**Indirect**	**%**
Tan Sri Dato' Sri (Dr.) Mohamad Norza Bin Zakaria	-	-	(1) 168,724,550	44.45
Ikhlas Bin Kamarudin	-	-	(2) 35,057,920	9.24
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	-	-	(3) 1,500,000	0.40
Aimi Aizal Bin Nasharuddin	-	-	-	-

Notes:

(1) Deemed interested by virtue of his direct shareholding in TIZA Global Sdn. Bhd. (formerly known as Citaglobal Sdn. Bhd.) ("**TIZA Global**") and indirect shareholding in Citaglobal Energy Resources Sdn. Bhd. held via TIZA Global 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.

(3) Deemed interested by virtue of his spouse's shareholding in the Company pursuant to Section 59(11)(c) 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 2023.

ANALYSIS OF SHAREHOLDINGS

As at 31 March 2023 (Continued)

THIRTY LARGEST SHAREHOLDERS BASED ON RECORD OF DEPOSITORS AS AT 31 MARCH 2023
(without aggregating securities from different securities accounts belonging to the same persons)

No.	Name	No. of Shares	%
1.	MAYBANK NOMINEES (TEMPATAN) SDN BHD MTRUSTEE BERHAD FOR TIZA GLOBAL SDN. BHD. (444900)	76,631,578	20.19
2.	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR CITAGLOBAL ENERGY RESOURCES SDN. BHD.	35,057,920	9.24
3.	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR AL-SULTAN ABDULLAH IBNI SULTAN HAJI AHMAD SHAH	25,356,198	6.68
4.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TIZA GLOBAL SDN BHD	24,000,000	6.32
5.	TIZA GLOBAL SDN BHD	21,035,052	5.54
6.	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR TIZA GLOBAL SDN.BHD.	12,000,000	3.16
7.	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR ABDUL GHANI BIN ABDULLAH (PB)	10,475,940	2.76
8.	ONG LEE VENG @ ONG CHUAN HENG	8,560,000	2.26
9.	MAYBANK NOMINEES (TEMPATAN) SDN BHD MTRUSTEE BERHAD FOR METTIZ CAPITAL SDN BHD (444985)	7,578,947	2.00
10.	RAJA MUFIK AFFANDI BIN RAJA KHALID	7,522,341	1.98
11.	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR METTIZ CAPITAL SDN. BHD.	6,206,210	1.64
12.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TENGKU UZIR BIN TENGKU UBAIDILLAH	4,406,710	1.16
13.	KENANGA NOMINEES (ASING) SDN BHD EXEMPT AN FOR PHILLIP SECURITIES PTE LTD (CLIENT ACCOUNT)	3,853,000	1.02
14.	WILLIAM TAN CHEE KEONG	3,276,100	0.86
15.	REGAL MINDS SDN BHD	2,891,060	0.76
16.	PUBLIC INVEST NOMINEES (ASING) SDN BHD EXEMPT AN FOR PHILLIP SECURITIES PTE LTD (CLIENTS)	2,878,333	0.76
17.	TENGKU UZIR BIN TENGKU UBAIDILLAH	2,729,844	0.72
18.	KAMARUDIN BIN MERANUN	2,400,000	0.63
19.	CHOI CHEE KEN	2,054,800	0.54
20.	MALAYSIAN TRUSTEES BERHAD TEOH CHEE YOONG	1,746,509	0.46
21.	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR MARY ANNE WOON LAI KHENG	1,500,000	0.40
22.	SITI MUNAJAT BINTI MD GHAZALI	1,420,000	0.37
23.	AFFIN HWANG NOMINEES (ASING) SDN BHD PHILLIP SECURITIES PTE LTD FOR KOH JOON HOE (XU JUNHE)	1,260,000	0.33
24.	LIM LEONG HOCK	1,127,800	0.30
25.	MALAYSIAN TRUSTEES BERHAD CHONG KIM THAM	1,119,353	0.29
26.	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR CHIN KEM WENG (PB)	1,100,000	0.29
27.	TAN JING JIA	1,077,000	0.28
28.	KAF NOMINEES (TEMPATAN) SDN.BHD. PLEDGED SECURITIES ACCOUNT FOR TENGKU ABDULLAH IBNI SULTAN HJ AHMAD SHAH (TE1113)	1,067,520	0.28
29.	TAN HOCK LEONG	1,040,000	0.27
30.	SEOW KWEE CHOY	1,000,000	0.26

ANALYSIS OF **ICPS HOLDINGS**

As at 31 March 2023

ANALYSIS OF IRREDEEMABLE CONVERTIBLE PREFERENCE SHARES ("ICPS") HOLDINGS

Number of Outstanding ICPS Issued : 2,978,357

ANALYSIS OF ICPS HOLDINGS

Size of ICPS Holdings	No. of ICPS Holders	%	No. of ICPS	%
1 – 99	27	9.00	803	0.03
100 – 1,000	94	31.33	43,512	1.46
1,001 – 10,000	128	42.67	494,805	16.61
10,001 – 100,000	46	15.33	1,547,384	51.95
100,001 – 148,916 (*)	3	1.00	388,900	13.06
148,917 and above (**)	2	0.67	502,953	16.89
TOTAL	**300**	**100.00**	**2,978,357**	**100.00**

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 Citaglobal Berhad (formerly known as WZ Satu Berhad) as at 31 March 2023 are as follows:-

	No. of ICPS Held			
Directors	**Direct**	**%**	**Indirect**	**%**
Tan Sri Dato' Sri (Dr.) Mohamad Norza Bin Zakaria	-	-	-	-
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 2023 (Continued)

THIRTY LARGEST ICPS HOLDERS BASED ON RECORD OF DEPOSITORS AS AT 31 MARCH 2023
(without aggregating securities from different securities accounts belonging to the same persons)

No.	Name	No. of ICPS	%
1.	SU MING YAW	326,373	10.96
2.	TENGKU UZIR BIN TENGKU UBAIDILLAH	176,580	5.93
3.	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR MOKHTAR BIN SAMAD (REM 130)	144,000	4.83
4.	UOB KAY HIAN NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR UOB KAY HIAN PTE LTD (A/C CLIENTS)	133,880	4.50
5.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PAULINE SEAH SEOW GEIK	111,020	3.73
6.	AZLY BIN ABDUL KADIR	100,000	3.36
7.	TAN JING JIA	100,000	3.36
8.	LEE FOO KEONG	78,666	2.64
9.	KOAY HIAN BENG	69,020	2.32
10.	CHOW OI OI	68,400	2.30
11.	HOH DING WEI	61,333	2.06
12.	HOH DING WEI	60,000	2.01
13.	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR GAN SEONG LIAM	60,000	2.01
14.	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR NURRUL MARIA BINTI MOKHTAR (REM 130)	58,660	1.97
15.	TENG CHEK CHEONG	57,600	1.93
16.	CHIN KWAI MUI	54,400	1.83
17.	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR MOKHZANI BIN MOKHTAR (REM 130)	53,320	1.79
18.	MALACCA EQUITY NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR THAM TOO KAM	52,800	1.77
19.	MEENAMBAL A/P VIJAYAKUMAR	42,600	1.43
20.	LSQ & SONS SDN. BERHAD	40,000	1.34
21.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHEONG KAI FU	40,000	1.34
22.	CHOH KOK CHOY	34,000	1.14
23.	ONG KIAN TONG	32,800	1.10
24.	LEH YOK TEN	30,000	1.01
25.	ZULKEFLY BIN MOHD DAIM	30,000	1.01
26.	ONG CHIN HONG	23,280	0.78
27.	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SOH SAY KEONG	22,000	0.74
28.	CHIA SOO HOCK	20,666	0.69
29.	AHMAD ZAMRI BIN SAIHANI	20,000	0.67
30.	LAM AH CHOI	20,000	0.67

ANALYSIS OF **WARRANT A HOLDINGS**

As at 31 March 2023

ANALYSIS OF WARRANT A HOLDINGS

Number of Outstanding Warrants A Issued : 36,648,073

ANALYSIS OF WARRANT A HOLDINGS

Size of Warrant A Holdings	No. of Warrant A Holders	%	No. of Warrants A	%
1 – 99	290	28.46	4,809	0.01
100 – 1,000	228	22.37	94,301	0.26
1,001 – 10,000	253	24.83	1,005,629	2.74
10,001 – 100,000	191	18.74	6,552,856	17.88
100,001 – 1,832,402 (*)	55	5.40	17,070,172	46.58
1,832,403 and above (**)	2	0.20	11,920,306	32.53
TOTAL	**1,019**	**100.00**	**36,648,073**	**100.00**

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 Citaglobal Berhad (formerly known as WZ Satu Berhad) as at 31 March 2023 are as follows:-

	No. of Warrants A Held			
Directors	**Direct**	**%**	**Indirect**	**%**
Tan Sri Dato' Sri (Dr.) Mohamad Norza Bin Zakaria	-	-	-	-
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 2023 (Continued)

THIRTY LARGEST WARRANT A HOLDERS BASED ON RECORD OF DEPOSITORS AS AT 31 MARCH 2023
(without aggregating securities from different securities accounts belonging to the same persons)

No.	Name	No. of Warrants A	%
1.	TENGKU UZIR BIN TENGKU UBAIDILLAH	9,327,280	25.45
2.	WILLIAM TAN CHEE KEONG	2,593,026	7.08
3.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TENGKU UZIR BIN TENGKU UBAIDILLAH	1,770,126	4.83
4.	TAN PANG HONG	1,514,760	4.13
5.	CHOI CHEE KEN	1,226,666	3.35
6.	YEE KONG SIONG	1,000,000	2.73
7.	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KEVIN TAN CHEE MING (MY2091)	840,000	2.29
8.	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR GAN BOON GUAT (028)	643,000	1.75
9.	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR COLIN SOH CHENG HOE	507,360	1.38
10.	ONG ENG KHOON	442,240	1.21
11.	OON LEONG LYE @ KHOO LEONG LYE	412,766	1.13
12.	TEE LIN SAY	400,000	1.09
13.	LEE KIM-YIE	390,000	1.06
14.	KAF NOMINEES (TEMPATAN) SDN.BHD. PLEDGED SECURITIES ACCOUNT FOR TENGKU ABDULLAH IBNI SULTAN HJ AHMAD SHAH (TE1113)	372,057	1.02
15.	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHONG CHEW YENG (MY3114)	340,000	0.93
16.	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN BAN TATT	332,000	0.91
17.	TAN JING XIN	320,394	0.87
18.	ELVIN SIEW CHUN WAI	320,000	0.87
19.	CHEW GUAT LOOI	260,000	0.71
20.	MALACCA EQUITY NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR THAM TOO KAM	257,958	0.70
21.	TENGKU ZUBIR BIN TENGKU UBAIDILLAH	256,005	0.70
22.	TAN PANG HONG	238,732	0.65
23.	BONG LEE HUEY	233,000	0.64
24.	OON LEONG LYE @ KHOO LEONG LYE	219,664	0.60
25.	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KWONG MING KWEI (08KW032ZQ-008)	213,600	0.58
26.	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR FOONG AI LIN	200,000	0.55
27.	FOONG AI LIN	200,000	0.55
28.	LEE KIM-YIE	200,000	0.55
29.	TANG MUN PHUN	200,000	0.55
30.	WONG YOON CHEE	200,000	0.55

ANALYSIS OF **WARRANT B HOLDINGS**

As at 31 March 2023

ANALYSIS OF WARRANT B HOLDINGS

Number of Outstanding Warrants B Issued : 12,367,913

ANALYSIS OF WARRANT B HOLDINGS

Size of Warrant B Holdings	No. of Warrant B Holders	%	No. of Warrants B	%
1 – 99	278	41.06	6,262	0.05
100 – 1,000	166	24.52	64,526	0.52
1,001 – 10,000	127	18.76	542,054	4.38
10,001 – 100,000	82	12.11	2,963,093	23.96
100,001 – 618,394 (*)	22	3.25	5,040,746	40.76
618,395 and above (**)	2	0.30	3,751,232	30.33
TOTAL	**677**	**100.00**	**12,367,913**	**100.00**

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 Citaglobal Berhad (formerly known as WZ Satu Berhad) as at 31 March 2023 are as follows:-

	No. of Warrants B Held			
Directors	**Direct**	**%**	**Indirect**	**%**
Tan Sri Dato' Sri (Dr.) Mohamad Norza Bin Zakaria	-	-	(1)2,447,520	19.79
Ikhlas Bin Kamarudin	-	-	(2)2,447,445	19.79
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 direct shareholding in TIZA Global Sdn. Bhd. (formerly known as Citaglobal Sdn. Bhd.) ("**TIZA Global**") and indirect shareholding in Citaglobal Energy Resources Sdn. Bhd. held via TIZA Global 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 2023 (Continued)

THIRTY LARGEST WARRANT B HOLDERS BASED ON RECORD OF DEPOSITORS AS AT 31 MARCH 2023
(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.	2,477,445	20.03
2.	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR AL-SULTAN ABDULLAH IBNI SULTAN HAJI AHMAD SHAH	1,273,787	10.30
3.	TEE KENG HOON	600,000	4.85
4.	LOW CHANG CHOY	448,300	3.62
5.	TEE LIN SAY	400,000	3.23
6.	TENGKU UZIR BIN TENGKU UBAIDILLAH	343,255	2.78
7.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TENGKU UZIR BIN TENGKU UBAIDILLAH	328,970	2.66
8.	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KEVIN TAN CHEE MING (MY2091)	300,000	2.43
9.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR GAN HAI TOH	227,832	1.84
10.	CHEAH OON KEAN	200,000	1.62
11.	COLIN SOH CHENG HOE	200,000	1.62
12.	FOONG AI LIN	200,000	1.62
13.	CHONG CHEW YENG	190,000	1.54
14.	CHEW GUAT LOOI	180,000	1.46
15.	KENANGA NOMINEES (TEMPATAN) SDN BHD LIM KOK KHONG (AA0039387)	180,000	1.46
16.	LOW KOK BOON	180,000	1.46
17.	KENANGA NOMINEES (TEMPATAN) SDN BHD NATASHA NG EU JERN (023)	164,200	1.33
18.	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHONG CHEW YENG (MY3114)	160,400	1.30
19.	SUBASHINY A/P PRABAKARAN	146,300	1.18
20.	WONG KENG PUNG	140,200	1.13
21.	NG THOR KIOK	120,000	0.97
22.	LIM KENG JIN	119,940	0.97
23.	TENGKU UZIR BIN TENGKU UBAIDILLAH	110,617	0.89
24.	TAN JING XIN	100,732	0.81
25.	LIM REN EN	100,000	0.81
26.	PAUL IAN BROWN-KENYON	100,000	0.81
27.	TEE KHENG EAN @ TEE CHENG YAN	100,000	0.81
28.	TEO CHUNG WEE	100,000	0.81
29.	KNZ CAPITAL (KUALA LUMPUR) SDN BHD	95,220	0.77
30.	ONG POH GAIK	90,540	0.73

LIST OF **PROPERTIES**

As at 31.12.2022

Location	Tenure	Land area/ Built-up Area (sq ft)	Description /Existing Use	Net Book Value (RM'000)	Age of Building	Date of Acquisition /Revaluation
1. HSD 7625 for PT No. 3521, Mukim of Sungai Karang, District of Kuantan, State of Pahang Darul Makmur	Freehold	3,370,503	Agriculture	11,000	-	2022
2. Lot 1850 Jalan KPB 10 Kawasan Perindustrian Balakong 43300 Seri Kembangan Selangor Darul Ehsan	Freehold	102,154/ 79,759	Manufacturing Plant cum Warehouse	22,550	22 years	2022
3. Lot 1882 Jalan KPB 9 Kawasan Perindustrian Balakong 43300 Seri Kembangan Selangor Darul Ehsan	Leasehold (Expires 17.8.2065)	81,646/ 40,860	Warehouse	13,182	15 years	2020
4. B2-1 Block B Jalan Damai Perdana 2/8 Bandar Damai Perdana 56100 Kuala Lumpur	Freehold	650	Apartment / Staff Quarters	100	19 years	2022
5. B2-2 Block B Jalan Damai Perdana 2/8 Bandar Damai Perdana 56100 Kuala Lumpur	Freehold	650	Apartment / Staff Quarters	100	19 years	2022
6. B0-1 Block B Jalan Damai Perdana 2/8 Bandar Damai Perdana 56100 Kuala Lumpur	Freehold	650	Apartment / Staff Quarters	110	19 years	2022
7. B0-2 Block B Jalan Damai Perdana 2/8 Bandar Damai Perdana 56100 Kuala Lumpur	Freehold	650	Apartment / Staff Quarters	110	19 years	2022

NOTICE OF ANNUAL **GENERAL MEETING**

NOTICE IS HEREBY GIVEN that the Eighteenth (18th) Annual General Meeting ("**AGM**") of the Company will be held at State Room 2, M Resort & Hotel Kuala Lumpur, Jalan Damansara, Bukit Kiara, 60000 Kuala Lumpur on Tuesday, 30 May 2023 at 10:00 a.m. for the following purposes:-

AGENDA

1. To receive the Audited Financial Statements for the financial year ended 31 December 2022 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 to the Directors of the Company and its subsidiaries amounting to RM850,000 for the period from 1 July 2023 to 30 June 2024. (Resolution 1)

3. To approve the payment of benefits payable to the Directors up to an amount of RM120,000 for the period from 1 July 2023 to 30 June 2024. (Resolution 2)

4. To re-elect the following Directors who retire by rotation in accordance with Clause 118 of the Company's Constitution and being eligible, have offered themselves for re-election:-

   (a) Encik Rosli Bin Shafiei (Resolution 3)

   (b) Datuk Idris Bin Haji Hashim J.P. (Resolution 4)

5. 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 5)

   As Special Business

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

6. **ORDINARY RESOLUTION**
   AUTHORITY TO ISSUE SHARES PURSUANT TO THE COMPANIES ACT 2016 AND WAIVER OF PRE-EMPTIVE RIGHTS (Resolution 6)

   "**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 ("**General Mandate**");

   THAT approval be and is hereby given for the pre-emptive rights of the shareholders of the Company under Section 85 of the Act read together with Clause 14 of the Constitution, over all the new shares to be issued pursuant to and/or arising from the General Mandate ranking equally to the existing issued shares, being in proportion as nearly as the circumstances admit, to the amount of the existing shares held by the shareholders of the Company as at the date of issuance and allotment of such new shares ("**Pre-emptive Rights**"), be irrevocably and unconditionally waived ("**Waiver of Pre-emptive Rights**");

   AND THAT the Company be exempted from the obligation to offer such new shares to be issued and allotted pursuant to the General Mandate to the shareholders of the Company in accordance with the Pre-emptive Rights;

NOTICE OF ANNUAL GENERAL MEETING

(Continued)

AND THAT the Directors and/or the Company Secretaries be hereby authorised to take all steps as are necessary and expedient in order to implement, finalise and give full effect to the Waiver of Pre-emptive Rights for and on behalf of the Company;

AND THAT the Directors 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."

7. To transact any other ordinary business of which due notice shall have been given.

By Order of the Board

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

Kuala Lumpur
Dated: 28 April 2023

Notes:-

1. In respect of deposited securities, only members whose names appear in the Record of Depositors on **19 May 2023** ("**General Meeting Record of Depositors**") shall be eligible to participate, speak and vote at the Meeting.

2. 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.

3. 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 at the main venue of the 18th AGM. The questions and/or remarks submitted by the members, proxies and/or corporate representatives will be responded to by the Chairman, Board of Directors and/or Management during the Meeting and/or after the Meeting in writing.

4. In the case of a corporate member, the instrument appointing a proxy must be either under its common seal or under the hand of an officer or attorney duly authorised.

5. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("**omnibus account**"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

6. Appointment of proxy and registration for 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:-

NOTICE OF ANNUAL GENERAL MEETING

(Continued)

(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**.

7. If you have submitted your proxy form(s) and subsequently decide to appoint another person or wish to participate in the 18th AGM by yourself, please write to **eservices@sshsb.com.my** to revoke the earlier appointed proxy twenty-four (24) hours before this Meeting.

Explanatory Notes: -

1. Audited Financial Statements for the financial year ended 31 December 2022

This Agenda item is meant for discussion only, as the provision of Section 340(1)(a) of the Act does not require the formal approval of the shareholders for the Audited Financial Statements. Hence, this Agenda item is not put forward for voting.

2. Resolutions 1 and 2 - Directors' Fees and Benefits

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

The Nomination and Remuneration Committee ("**NRC**") recommended and the Board of Directors of the Company affirmed that the Directors' fees of RM850,000 to the Directors of the Company and its subsidiaries for the period from 1 July 2023 to 30 June 2024 be recommended to the shareholders for approval at the 18th AGM.

The proposed Resolution 1, if approved, will authorise the payment of the Directors'' fees to the Directors of the Company for the period from 1 July 2023 to 30 June 2024 and to be payable on a monthly basis in arrears after each month of completed service of the Directors.

The proposed Resolution 2, if approved, will authorise the payment of Directors' benefits to the Non-Executive Directors ("**NEDs**") of the Company. The Directors' benefits payable comprises meeting allowance based on the current Board size, the number of scheduled meetings and unscheduled meetings (when necessary) for the Board and Board Committees, the 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 the enlarged Board size, the Company will seek shareholders' approval at the next Annual General Meeting for additional Directors' benefits to meet the shortfall.

NOTICE OF ANNUAL GENERAL MEETING

(Continued)

3. Resolutions 3 and 4 - 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.

In determining the eligibility of the Directors to stand for re-election at the forthcoming 18th AGM, the NRC has considered the following:-

(i) Directors' self-assessment and peer-to-peer performance evaluation;
(ii) Evaluation of 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 Clause 118 of the Constitution of the Company. All the retiring Directors have consented to their re-election and abstained from deliberation as well as the decision on their own eligibility to stand for re-election at the relevant NRC and Board meetings, where applicable.

4. Resolution 5 - Re-appointment of Auditors

The Audit Committee assessed the suitability and independence of the External Auditors and recommended the re-appointment of Baker Tilly Monteiro Heng PLT as the External Auditors of the Company for the financial year ending 31 December 2023. 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 18th AGM of the Company under Resolution 5.

5. Resolution 6 - Authority to Issue Shares Pursuant to the Companies Act 2016 and waiver of pre-emptive rights

The proposed Resolution 6 is intended to renew the authority granted to the Directors of the Company at the Seventeenth (17th) AGM of the Company held on 31 May 2022 ("**Previous Mandate**") to issue and allot shares at any time to such persons in their absolute discretion without convening a general meeting provided that the aggregate number of the shares issued does not exceed 10% of the total number of issued shares of the Company for the time being (hereinafter referred to as the "**General Mandate**").

Pursuant to the Previous Mandate, the Company has undertaken a placement of 37,956,885 new ordinary shares at the subscription price of RM1.32 with a total gross proceed of RM50,103,088.20.

Details of the private placement are disclosed under the Additional Compliance Information section of the Annual Report.

The new General Mandate will enable the Directors to take swift action for the allotment of shares for any possible fundraising activities, including but not limited to further placing of shares, for the purpose of funding future investment project(s), working capital and/or acquisition(s) and to avoid delay and cost in convening general meetings to approve such issue of shares.

The proposed Resolution 6, if passed, the shareholders of the Company shall agree to waive their statutory pre-emptive rights and thus will allow the Directors to issue new shares to any person under general mandate without having to offer the new shares to all existing shareholders of the Company prior to issuance of the new shares.

Personal Data Privacy:
By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, participate, speak and vote at the 18th 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

CITAGLOBAL
Registration No. (200401027590) (666098-X)
(Incorporated in Malaysia)

CDS Account No.	
Number of ordinary shares held	

*I/We (full name), ____

bearing *NRIC No./Passport No./Company No. ____

of (full address) ____

____

being a *member/members of Citaglobal Berhad (*formerly known as 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 Eighteenth (18th) Annual General Meeting of the Company to be held at State Room 2, M Resort & Hotel Kuala Lumpur, Jalan Damansara, Bukit Kiara, 60000 Kuala Lumpur on Tuesday, 30 May 2023 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 cast. 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 to the Directors of the Company and its subsidiaries amounting to RM850,000 for the period from 1 July 2023 to 30 June 2024.	
2	To approve the payment of benefits payable to the Directors up to an amount of RM120,000 for the period from 1 July 2023 to 30 June 2024.	
3	To re-elect Encik Rosli Bin Shafiei as a Director of the Company.	
4	To re-elect Datuk Idris Bin Haji Hashim J.P. as a Director of the Company.	
5	To re-appoint Baker Tilly Monteiro Heng PLT as Auditors of the Company.	
As Special Business		
6	Authority to issue shares pursuant to the Companies Act 2016 and waiver of pre-emptive rights.	

As witness my/our hand(s) this day __________ of ____________________ 2023.

____
*Signature of Member /Common Seal

*Strike out whichever not applicable

Notes :-

1. In respect of deposited securities, only members whose names appear in the Record of Depositors on **19 May 2023** ("**General Meeting Record of Depositors**") shall be eligible to participate, speak and vote at the Meeting.

2. 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.

3. 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 at the main venue of the 18th AGM The questions and/or remarks submitted by the members, proxies and/or corporate representatives will be responded to by the Chairman, Board of Directors and/or Management during the Meeting and/or after the Meeting in writing.

4. In the case of a corporate member, the instrument appointing a proxy must be either under its common seal or under the hand of an officer or attorney duly authorised.

5. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("**omnibus account**"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

1st Fold here

Affix
Stamp

The Share Registrar

CITAGLOBAL BERHAD Registration No. (200401027590) (666098-X)
Level 7, Menara Milenium,
Jalan Damanlela,
Pusat Bandar Damansara,
Damansara Heights,
50490 Kuala Lumpur.

Then fold here

6. 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**.

7. If you have submitted your proxy form(s) and subsequently decide to appoint another person or wish to participate in the 18th AGM by yourself, please write to **eservices@sshsb.com.my** to revoke the earlier appointed proxy twenty-four (24) 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 18th Annual General Meeting dated 28 April 2023.

www.citaglobal.my

CITAGLOBAL BERHAD
(formerly known as WZ Satu Berhad)
Registration No. (200401027590) (666098-X)

Level 9, Block 4, Menara TH Plaza Sentral
Jalan Stesen Sentral 5, Kuala Lumpur Sentral
50470 Kuala Lumpur, Malaysia

Tel : +603-2773 8800
Fax : +603-2773 8878