



ANNUAL REPORT

# 2021






## **VISION**

Creating a better environment for our communities by providing total engineering and facilities solutions



## **MISSION**

We aim to provide valuable and sustainable solutions to all that we serve by:

-  Developing and nurturing our people
-  Adopting the most appropriate systems and technologies
-  Delivering excellence in all that we do

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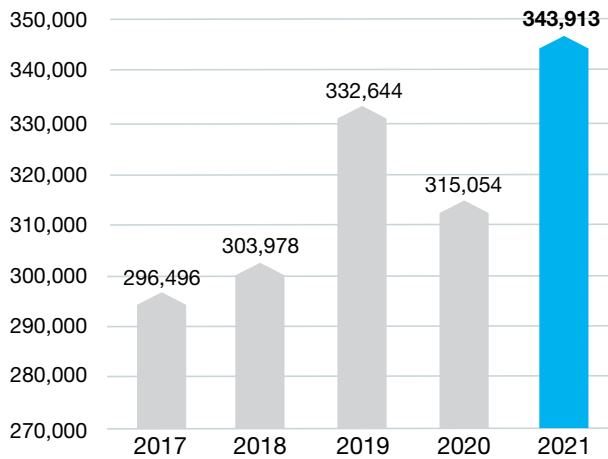
Proxy Form

# FINANCIAL HIGHLIGHTS

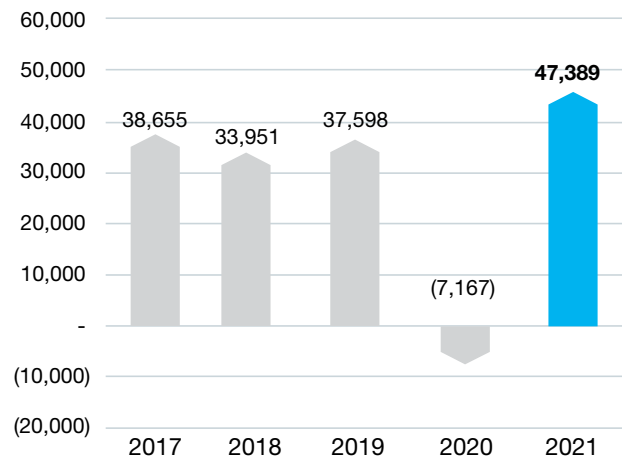
FINANCIAL YEAR ENDED 30 JUNE	CONSOLIDATED / GROUP				
	2017 RM'000	2018 RM'000	2019 RM'000	2020 RM'000	2021 RM'000
<b>Statement of Comprehensive Income Highlights:</b>					
Revenue	296,496	303,978	332,644	315,054	<b>343,913</b>
Profit/(Loss) From Operations	38,577	32,095	37,241	(6,792)	<b>47,796</b>
Profit/(Loss) Before Taxation and Zakat	38,655	33,951	37,598	(7,167)	<b>47,389</b>
Net Profit/ (Loss) For The Financial Year	30,902	27,028	29,067	(15,290)	<b>38,815</b>
Net Profit/ (Loss) Attributable to Owners of The Company	22,019	21,659	21,375	(18,769)	<b>26,066</b>
Earnings/ (Loss) Per Share (sen)					
- Basic	8.3	8.1	7.6	(6.4)	<b>8.3</b>
- Fully Diluted	7.9	7.9	7.5	(6.4)	<b>8.3</b>
Gross Dividend Per Share (sen)	2.0	0.5	1.0	1.5	<b>1.5</b>
<b>Statement of Financial Position Highlights:</b>					
Share Capital	91,115	98,841	110,847	112,264	<b>119,034</b>
Shareholders' Equity	141,246	163,706	198,339	176,427	<b>206,321</b>
Total Assets	292,417	276,109	379,228	354,177	<b>404,114</b>
Debt/Equity Ratio	0.03	0.07	0.20	0.17	<b>0.16</b>
Current Ratio	2.06	3.51	2.55	2.62	<b>2.55</b>
Net Assets Per Share (sen)	53.6	60.8	67.7	59.9	<b>65.2</b>

## Financial Highlights (cont'd)

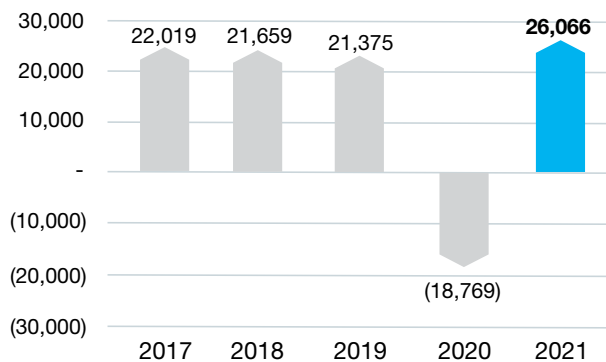
### REVENUE (RM'000)



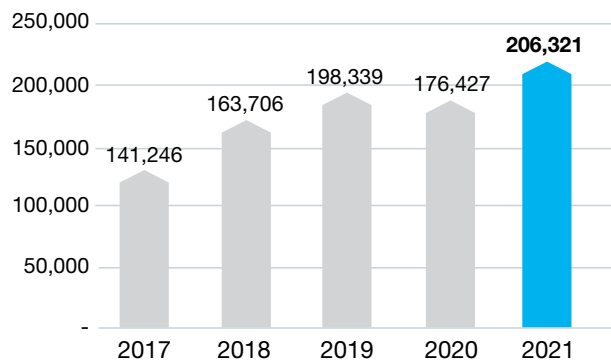
### PROFIT/(LOSS) BEFORE TAXATION AND ZAKAT (RM'000)



### NET PROFIT/(LOSS) ATTRIBUTABLE TO OWNERS OF THE COMPANY (RM'000)



### SHAREHOLDERS' EQUITY (RM'000)



**2021**  
**RM343,913**  
Revenue (RM'000)

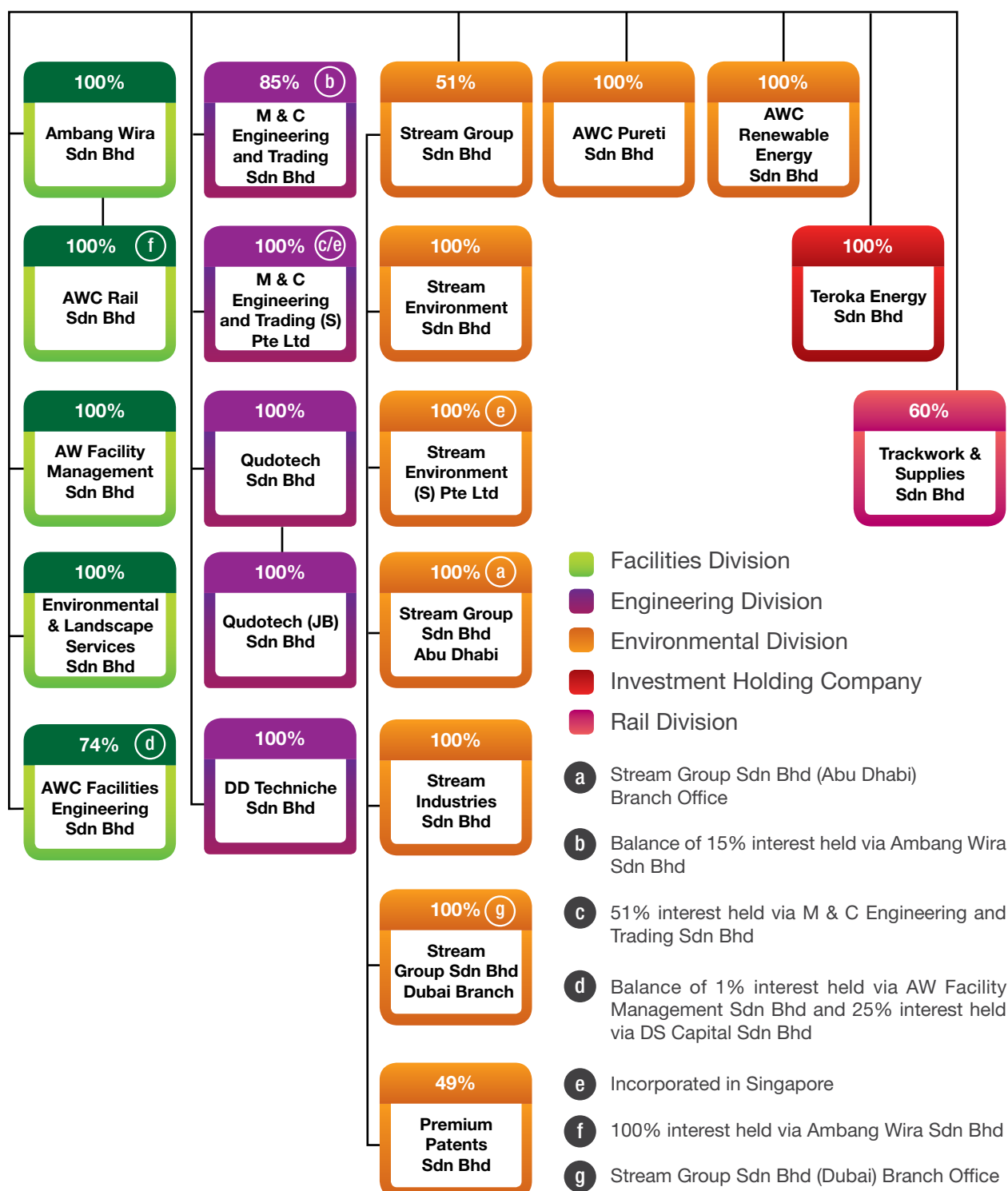
**RM47,389**  
Profit Before Taxation and  
Zakat (RM'000)

**RM26,066**  
Net Profit Attributable to Owners  
of The Company (RM'000)

**RM206,321**  
Shareholders' Equity (RM'000)

# GROUP STRUCTURE

As at 30 September 2021





# CORPORATE INFORMATION

## BOARD OF DIRECTORS

**Dato' Nik Mod Amin Bin Nik Abd Majid**

Independent Non-Executive Chairman

**Dato' Ahmad Kabeer Bin Mohamed Nagoor**

Group Chief Executive Officer/President

**Sureson A/L Krisnasamy**

Independent Non-Executive Director

**Yang Mulia Tunku Puan Sri Dato' Hajjah Noor Hayati Binti Tunku Abdul Rahman Putra Al-Haj**

Independent Non-Executive Director

## AUDIT AND RISK MANAGEMENT COMMITTEE

Sureson A/L Krisnasamy (Chairman)

Dato' Nik Mod Amin Bin Nik Abd Majid

Yang Mulia Tunku Puan Sri Dato' Hajjah Noor Hayati

Binti Tunku Abdul Rahman Putra Al-Haj

## PRINCIPAL OFFICE

20-2, Subang Business Centre

Jalan USJ 9/5T, 47620 UEP Subang Jaya

Selangor Darul Ehsan

Tel : 03-8024 4503/4/5

Fax : 03-8025 9343

Website : [www.awc.com.my](http://www.awc.com.my)

## NOMINATION AND REMUNERATION COMMITTEE

Yang Mulia Tunku Puan Sri Dato' Hajjah Noor Hayati  
Binti Tunku Abdul Rahman Putra Al-Haj (Chairperson)

Dato' Nik Mod Amin Bin Nik Abd Majid

Sureson A/L Krisnasamy

## SHARE REGISTRAR

Tricor Investor & Issuing House Services Sdn Bhd

Unit 32-01, Level 32, Tower A

Vertical Business Suite

Avenue 3, Bangsar South

No. 8, Jalan Kerinchi

59200 Kuala Lumpur

Tel : 03 - 2783 9299

Fax : 03 - 2783 9222

## EMPLOYEES' SHARE OPTION SCHEME COMMITTEE

Dato' Ahmad Kabeer Bin Mohamed Nagoor (Chairman)

Sureson A/L Krisnasamy

Richard Voon Siew Moon

## AUDITORS

Baker Tilly Monteiro Heng PLT

Chartered Accountants

LLP0019411-LCA & AF 0117

## COMPANY SECRETARY

Tea Sor Hua

(MACS 01324)

(SSM PC No.: 201908001272)

## PRINCIPAL BANKERS

AmBank (M) Berhad

Hong Leong Bank Berhad

HSBC Bank Malaysia Berhad

Malayan Banking Berhad

United Overseas Bank (Malaysia) Berhad

## REGISTERED OFFICE

Third Floor, No. 77, 79 & 81

Jalan SS21/60, Damansara Utama

47400 Petaling Jaya, Selangor Darul Ehsan

Tel : 03-7725 1777

Fax : 03-7722 3668

## STOCK EXCHANGE LISTING

Main Market of the Bursa Malaysia Securities Berhad

Stock Name : AWC

Stock Code : 7579

## BOARD OF DIRECTORS' PROFILE



**Dato' Nik Mod Amin Bin  
Nik Abd Majid**

Independent Non-Executive  
Chairman  
Malaysian | Male | Aged 68

Dato' Nik Mod Amin Bin Nik Abd Majid ("Dato' Nik"), a Malaysian, male, aged 68, was appointed to the Board on 1 September 2009 as an Independent Non-Executive Chairman. He is also a member of the Audit and Risk Management Committee and Nomination and Remuneration Committee of the Company. He attended all four (4) Board Meetings held during the financial year. Dato' Nik obtained his Bachelor's Degree in Economics from Universiti Malaya in 1976.

Dato' Nik is the Managing Director and founder of Fask Capital Sdn. Bhd. The Company's activities include the provision of services in the area of microcredit, micropayments, retail investments, debt management and financial consultancy. He is also the Chairman of FCA Capital Sdn. Bhd. (providing corporate advisory services) and the Chairman of Capital Investment Bank (Labuan) Ltd. (providing investment bank and corporate finance services in Labuan).

He has more than 26 years of banking experience with various financial institutions including Malayan Banking Berhad, Affin Bank Berhad and BSN Commercial Bank Berhad. His other experiences include Perbadanan Usahawan Nasional Berhad, Perwira Affin Bank Berhad and the Malaysian Franchise Association. He was previously a Board Member of Universiti Utara Malaysia, a position he stepped down from in the year 2015.



**Dato' Ahmad Kabeer Bin  
Mohamed Nagoor**

Group Chief Executive Officer/  
President  
Malaysian | Male | Aged 64

Dato' Ahmad Kabeer Bin Mohamed Nagoor ("Dato' Ahmad Kabeer"), a Malaysian, male, aged 64 was appointed to the Board as a Non-Independent Non-Executive Director on 2 February 2005. On 22 June 2007, he was re-designated as the Non-Independent Non-Executive Deputy Chairman of the Company and subsequently as the Executive Deputy Chairman on 1 March 2012. On 29 May 2013, Dato' Ahmad Kabeer assumed the position of Managing Director/Group Chief Executive Officer of the Company. On 1 December 2017, he assumed the position of Group Chief Executive Officer/President. He is also the Chairman of the Employee's Share Option Scheme ("ESOS") Committee of the Company. He is a major shareholder of the Company. He attended all four (4) Board Meetings held during the financial year.

Dato' Ahmad Kabeer graduated with a Master's Degree in Finance from University of St. Louis, Missouri, USA in 1986. He started his career with the Bank of Nova Scotia in 1986 in the Foreign Exchange Division before becoming a lecturer at the School of Management, Universiti Sains Malaysia from 1988 to 1994.



## Board of Directors' Profile (cont'd)



**Sureson A/L Krisnasamy**

Independent Non-Executive Director  
Malaysian | Male | Aged 46

Sureson A/ L Krisnasamy ("Mr. Sureson"), a Malaysian, male, aged 46 was appointed to the Board on 12 April 2017 as an Independent Non-Executive Director. He is also the Chairman of the Audit and Risk Management Committee and a member of the Nomination and Remuneration Committee and Employee's Share Option Scheme Committee of the Company. He attended all four (4) Board Meetings held during the financial year.

Mr. Sureson graduated with a Bachelor of Accountancy (Hons) from Universiti Putra Malaysia in 1999. He is currently registered as a Chartered Accountant with the Malaysian Institute of Accountants, since 2002.

Mr. Sureson started his career with Telekom Malaysia Berhad as an accountant where he was involved with finance, sales, corporate finance and investor relations. His other notable experiences with huge corporations include CLSA Securities, Bursa Malaysia Securities Berhad, CIMB Investment Bank, where he was responsible for initiating and spear heading cross-border South East Asia, India and Sri Lanka business opportunities, RHB Investment Bank and Bioven Ltd, UK.

He was previously the Independent Director of Perbadanan Tabungan Pendidikan Tinggi Nasional and a Director of Universiti Putra Malaysia from 2018 to 2019.

He is currently a Director of Institut Integriti Malaysia and UPM Holdings Sdn. Bhd.



**Yang Mulia Tunku Puan Sri Dato' Hajjah Noor Hayati Binti Tunku Abdul Rahman Putra Al-Haj**

Independent Non-Executive Director  
Malaysian | Female | Aged 54

Yang Mulia Tunku Puan Sri Dato' Hajjah Noor Hayati Binti Tunku Abdul Rahman Putra Al-Haj ("YM Tunku"), a Malaysian, female, aged 54, was appointed to the Board on 12 April 2017 as an Independent Non-Executive Director. She is also the Chairperson of the Nomination and Remuneration Committee and a member of the Audit and Risk Management Committee of the Company. She attended all four (4) Board Meetings held during the financial year.

YM Tunku graduated with a Bachelor of Law, LLB (Honours) from Queen Mary and Westfield College, University of London, United Kingdom in 1991. Later, she pursued a Diploma in Psychology Counselling from Universiti Kebangsaan Malaysia in 2006 and her Master's in Philosophy (MPhil) from Universiti Malaya in 2013.

As of 2018, YM Tunku holds the position as Executive Chairman of Selenggara Timur Sdn. Bhd., a road maintenance company.

Actively involved in social welfare activities, YM Tunku is one of the four Deputy President of Pertubuhan Kebajikan Islam Malaysia (PERKIM) Kebangsaan, having been appointed in 2013. She was also elected as the Head of Women Division, PERKIM Kebangsaan, a position she has held since 2010.

In 2014, YM Tunku founded a Non-Governmental Organisation (NGO), Yayasan Noor Al Syakur (YANAS) which is involved in various social welfare activities including the provision of aid to those in need and the revival of arts and culture in Kelantan.

YM Tunku was also instrumental in developing Behaviour Intervention Modules in Development and Training, between Universiti Malaya, School of Medicine, Centre of Excellence in Research of Infectious Disease and Addiction (CERIA), with the collaboration of University of Yale and University of Connecticut, United States of America (2010 until 2012).

YM Tunku also held directorship in LLC Berhad.

## Board of Directors' Profile (cont'd)



### In memory of the late Dato' Ahri Bin Hashim

Independent Non-Executive Director  
who passed away on 8th July 2021

Dato' Ahri Bin Hashim ("Dato' Ahri") was appointed as Independent Non-Executive Director on 12 April 2017. Among the Board Committees established, he was the Chairman of the Nomination and Remuneration Committee and a member of the Audit and Risk Management Committee.

During the financial year under review, he attended all four (4) Board meetings held.

Dato' Ahri graduated with a Bachelor of Science in Marketing and Computer Science from Tri-State University, Angola, Indiana in 1997 and went on to obtain his Master's in Business Administration (MBA) from Columbia University, New York, United States of America in 2001.

He began his career in 1989, as an Equity Analyst with Baring Securities Pte. Ltd. Later, he joined K&N Kenanga as an Institutional Securities Dealer and followed by Dresdner Kleinwort Benson, New York as an Institutional Dealer in charge of Far East Equity Sales.

His other ventures include the co-founding of AWZ Computer LLC, Angola, Indiana, Globex LLC, New York and The Datestone Group LLC, Palm Beach Florida which is a Shariah compliant private equity investment and financial advisory firm with global exposure including Liberia, Africa as well as Chile, South America.

He was a Board Member of Ministry of Finance Incorporated's Syarikat Perumahan Negara Berhad (SPNB), Chairman of SPNB Aspirasi Sdn. Bhd., Director of SPNB Edar Sdn. Bhd. and Director of SPNB Dana Sdn. Bhd. and a Mara Corp.

#### Notes:

1. None of the Directors have family relationship with any Directors and/or major shareholders of AWC Berhad except for Dato' Ahmad Kabeer Bin Mohamed Nagoor who is a Director and shareholder of K-Capital Sdn Bhd, a major shareholder of the Company.
2. None of the Directors have any conflict of interests with the Company.
3. None of the Directors have been convicted of any offences in the past five (5) years or been imposed on any public sanction or penalty by relevant regulatory bodies during the financial year ended 30 June 2021, other than for traffic offences.
4. Save as disclosed above, none of the Directors have any other directorship in public companies and listed issuers.

## KEY SENIOR MANAGEMENT PROFILE

### **Nik Adnan Bin Nik Mohd Salleh** (“En. Nik Adnan”)

Chief Executive Officer,  
Facilities Division,  
Ambang Wira Sdn Bhd  
Malaysian | Male | Aged 64

#### **Academic/Professional Qualifications:**

Bachelor of Science in Chemistry, Masters of Arts in Bio-Chemistry

En. Nik Adnan holds a Bachelor of Science Degree in Chemistry and a post-graduate degree Master’s of Arts in Bio-chemistry from Indiana State University, Terre Haute, Indiana U.S.A. He started his career in 1981 with Esso Malaysia Berhad where he held various positions in Marketing Technical Services, Sales, and Strategic Planning for the Industrial and Consumer Division. His other working experiences as senior management includes Alam Flora and PROPEL-Johnson Controls. He has over 40 years of experience in the oil & gas, facility, waste management and hospital support services.

Prior to joining AWC Berhad, En. Nik Adnan served as the Technical/Project Advisor for Saudi ASMA Environmental Solution in Jeddah, Kingdom of Saudi Arabia focusing on the Holy City of Makkah’s waste collection and public cleansing management.

En. Nik Adnan joined AWC on 1 November 2012 and is responsible for the day to day running of all three segments in the Division, i.e. Concession, Commercial and Healthcare. He is also responsible for strategic direction undertaken in the Facilities Division for the future.

### **Ir. Chee Kar Ming** (“Ir. Chee”)

Managing Director, Engineering  
Division, Qudotech Sdn Bhd  
Malaysian | Male | Aged 49

#### **Academic/Professional Qualifications:**

Degree in Mechanical Engineering

Ir. Chee was appointed as the Managing Director of Qudotech Sdn Bhd (“Qudotech”), a wholly owned subsidiary of AWC Berhad, on 15 January 2019.

He graduated from University Technology of Malaysia in 1996 with a Degree in Mechanical Engineering and later obtained a post-graduate degree Master of Business Administration from Charles Stuart University, Australia in 2000. Since 2001 he is a registered Professional Engineer with the Board of Engineers, Malaysia (BEM) and is a Member of the Institution of Engineers Malaysia (IEM).

Ir. Chee started his career as an Engineer in Artwright Technology Sdn Bhd in May 1996. Following that, he joined Qudotech in July 1996 as a Project Engineer specialising in Mechanical & Electrical Services.

He has extensive experience in management and construction of hospitals, hotels, iconic high-rise buildings and high-end condominiums. Among the mega projects he is involved in are Binjai on the Park, KLIA2, The Exchange 106, TRX Lifestyle Mall and Merdeka PNB 118.

## Key Senior Management Profile (cont'd)

### Ir. Chea Thean Teik (“Ir. Chea”)

Group Chief Executive Officer/  
Director, Environment Division,  
Stream Group Sdn. Bhd. (“Stream  
Group”)  
Malaysian | Male | Aged 49

#### **Academic/Professional Qualifications:**

Bachelors Degree in Mechanical Engineering, Member of the Institute of Engineers Malaysia (IEM).

Ir. Chea brings to the Group more than 24 years of experience specialising in the areas of Building M&E Services, Mechanical Handling Engineering, Project Management & Contract Administration, Central Vacuum Systems and Automated Waste Collection Systems.

He started his career in 1997 as an M&E engineer in an engineering consultancy firm Perunding Cekap and TWT Consultants Sdn. Bhd. in Johor Bahru.

Ir. Chea currently serves as the Group Chief Executive Officer of Stream Group. His key responsibilities include sales & marketing, project implementation, contract administration, finance and business development. He joined Stream Group on 16 September 2005 and was appointed as a Director on 16 April 2018.

### Ir. Chang Leong Hao (“Ir. Chang”)

Director and General Manager,  
DD Techniche Sdn Bhd (“DDT”)  
Malaysian | Male | Aged 62

#### **Academic/Professional Qualifications:**

Bachelor’s Degree in Mechanical Engineering, Professional Engineer with the Board of Engineers, Malaysia, Member of the Institution of Engineers Malaysia.

Ir. Chang started his career in Hong Leong Industries Bhd as an engineer back in 1983. Subsequently he was seconded to Hicom-Yamaha Manufacturing Sdn Bhd as an engineering manager. He has extensive experience in management and construction of factories and design of mass production equipment and assembly lines, including setting up of the factory and R&D of MODENAS.

In 2007, he joined Qudotech to manage plumbing projects at Q-cells factory, Hospital Kuala Lipis and KLIA2 airport terminals.

In 2009 he joined DDT, a wholly owned subsidiary of AWC Berhad. as a partner specialising on Rainwater Harvesting (RWHS) and Greywater Recycling systems. He then developed locally made storage tanks and RWH filter systems that suited the local market. By 2012, DDT has grown to becoming one of the leading RWHS supplier company in Malaysia and secured distribution rights from BWT (The No. 1 water treatment company in Europe) for water treatment products and 3P Technik, EVO-Aqua brands of Germany and JOBE Valves of New Zealand for RWHS components.

Ir. Chang was appointed as a Director of DDT on 8 October 2015 and currently serves as Director and General Manager of DDT.

## Key Senior Management Profile (cont'd)

### Kong Keat Voon (“Mr. Kong”)

Chief Executive Officer,  
Trackwork and Supplies Sdn Bhd  
("TWS")  
Malaysian | Male | Aged 51

#### Academic/Professional Qualifications:

Bachelor of Civil Engineering

Mr. Kong started his career with Jurutera Perunding Tegap Sdn Bhd as design engineer in 1994 where he was involved in structural and design works. Subsequently, he joined Greenwell Engineering Sdn Bhd, which specialises in oleochemical turnkey project as an Assistant Project Manager in 1995 where he was involved in planning, designing, controlling the cost of the project and project management for the construction of chemical plants.

He then joined Loh & Loh Constructions Sdn Bhd as a Project Engineer in 1997, where he managed heavy engineering constructions projects and was involved in project implementation, tendering for projects and business development. He was then tasked to lead, manage and develop the Railway Division and Turnkey Department in 2002.

Subsequently, he joined TWS as its Chief Executive Officer in February 2012, where he oversees administrative functions and is responsible for leading the development, planning, implementation and integration of the strategic direction of TWS.

### Richard Voon Siew Moon ("Richard")

Chief Financial Officer, AWC Berhad  
Malaysian | Male | Aged 52

#### Academic/Professional Qualifications:

Chartered Accountant (ACCA)

Richard joined the Group in January 2018 and currently holds the position of Chief Financial Officer ("CFO"). He is also a member of Employee's Share Option Scheme Committee of the Company.

Richard is a Chartered Accountant (ACCA) with more than 20 years' experience in various industries, holding senior financial positions in listed companies including FCW Holdings Berhad, Cuscap Berhad, KNM Group Berhad and more recently, prior to joining AWC Berhad, as Chief Financial Officer of Omesti Berhad, a position he held from March 2013 to September 2017.

## Key Senior Management Profile (cont'd)

### Tan Ai Lee

Chief Legal Officer, AWC Berhad  
Malaysian | Female | Aged 51

#### Academic/Professional Qualifications:

Degree in LLB

Tan Ai Lee joined AWC on 15 August 2017 as Chief Legal Officer. She graduated from Universiti of Malaya with LLB (Hons) Malaya and thereafter was in legal practice.

She has over 25 years legal experience. She was heading the legal department of Mahkota Technologies Sdn Bhd and group of companies before joining AWC to pioneer its legal department from 2009 to 2013. She then ventured into legal partnership.

#### Notes:

1. None of the key senior management personnel have any family relationship with any Directors and/or major shareholders of AWC Berhad.
2. None of the key senior management personnel have any conflict of interests with the Company.
3. None of the key senior management personnel have been convicted of any offences in the past five (5) years or been imposed on any public sanction or penalty by relevant regulatory bodies during the financial year ended 30 June 2021, other than for traffic offence.
4. Save as disclosed above, none of the key senior management personnel have any other directorship in public companies and listed issuers.



# CHAIRMAN'S STATEMENT

Dear Shareholders,

“

2020 proved to be an extremely impactful year with the pandemic reaching a critical level not seen before. Globally, we saw a resurgence of the virus in the form of the major second and third waves hitting the world severely in 2021. Despite the challenging conditions arising from the various Movement Control Orders (“MCO”) imposed by the Government of Malaysia, AWC Berhad (“AWC”, “the Company” or “the Group”) delivered its best results yet in the history of the Company with all our business divisions contributing positively to the performance of the Group during the year under review.

On behalf of the Board of Directors (“the Board”) of AWC, I am pleased to present to you the Annual Report and Audited Financial Statements of the Company and its subsidiaries for the financial year ended 30 June 2021 (“FYE 2021”). ”

## Chairman's Statement (cont'd)

### PERFORMANCE REVIEW

For FYE 2021, the Group posted a revenue of RM343.9 million as compared to RM315.1 million in the previous financial year owing to: (i) Stronger revenue from our Facilities Division with the full year contribution from the Hospital Support Services (HSS) contracts at Institut Kanser Negara (IKN) and the renewal of Hospital Shah Alam HSS Contract, (ii) Better progress of projects executions in Singapore and successful execution of new projects from Middle East under our Environment Division, (iii) Firmer revenue contribution from the major segments of our Engineering Division where the progress of jobs under our Specialized Plumbing and Rain water harvesting segment improved and massive uptake in sales trading under our air-conditioning segment in Singapore.

Our rail segment however recorded lower revenue for the year as restrictions imposed by the MCO hampered the progress of major projects and deliverables undertaken by the division.

The Group rebounded from a loss of RM18.8 million in FYE2020 (its first loss since FYE2008) to the best year ever, delivering record earnings of RM26.1 million despite the various challenges faced due to the prolonged effects of the Covid-19 pandemic. The record breaking achievement was mainly attributable to a number of factors: (i) Best ever Profit contribution from our Environment Division mainly on significant improvements in revenue and margins from Malaysia, Middle East and Singapore, (ii) Turnaround in the performance of our Engineering Division following the shuttering of the Malaysia air-conditioning segment, where all remaining active segments contributed to the profitability of the Division, and (iii) Firmer contribution from the Healthcare Segment of our Facilities Division.

In terms of Divisional Profits, the Environment Division contributed the lion's share of post-tax profits to the Group, recording a post-tax profit of approximately RM24.3 million followed by the Facilities, Rail and Engineering Divisions contributions in after-tax profits of RM13.0 million, RM2.3 million and RM0.5 million respectively.

On a per share basis, the Group recorded an Earnings Per Share ("EPS") of 8.3 sen in FYE2021 from a Loss Per Share ("LPS") of 6.4 sen in FYE2020. Consequently, Net Asset per share increased to 65.2 sen in FYE2021 from 59.9 sen in FYE2020. Our shareholders Equity as at 30 June 2021 crossed the RM200 million mark for the first time settling at RM206.3 million from RM176.4 million as at 30 June 2020.

In-depth Analysis of the Group's Performance across the Divisions can be found in our Management Discussion and Analysis ("MDNA") Section on pages 40 to 47 of this Annual Report.

### OPERATIONAL HIGHLIGHTS

#### Facilities Division

The Division reported its highest revenue yet, carrying through its strong performance from the previous year. The record revenue was made possible by several factors namely the revision of concession rates for the Concession with the Federal Government and strong contributions from the Healthcare segment chiefly IKN and Hospital Shah Alam. Profitability and margins in turn improved accordingly. New contracts and renewals successfully secured by the Division during the year under review include the 5-year HSS Contract for Hospital Shah Alam, Bintulu Port Authority Building, Herriot-Watt University and Galeria PJH in Putrajaya.



Herriot-Watt University, Malaysia



Institut Kanser Negara, Putrajaya



## Chairman's Statement (cont'd)

### Environment Division

STREAM Group Sdn Bhd marked its 30th Anniversary since its inception in 1991 with its best ever results yet, which propelled the Group's performance in FY2021. Strong orderbook replenishment coupled with the execution of new projects in the Middle east which saw a pick-up in development projects at the Al-Raha Beach Development in Abu Dhabi and improved project progress in Singapore contributed to the stellar performance of the Division. Higher revenue coupled with improved project margins from all the major geographical segments (Malaysia, Singapore, Middle East) enabled the record-breaking profits for the Division. Multiple projects secured during the year back home in Malaysia include Aspen VIVO, Trion 2, KNU Bangsar and a few of Mah Sing Group's Flagship high-rise developments namely M Adora, M Oscar, M Luna and M Arisa. Internationally, the Division strong track record in securing reputable projects continues with Singapore delivering a number of key projects: Hyll on Holland, Forett at Bukit Timah, Park Nova at Orchard Boulevard and Canninghill Piers, while Queen's Wharf Project in Brisbane Australia, Ganshu Province Women and Children Medical Centre in China and various signature projects in United Arab Emirates rounded up new job wins for the Division.



**Aspen VIVO1, Malaysia**



**M Adora, Malaysia**



**Hyll on Holland, Singapore**



**Park Nova, Singapore**

Chairman's Statement  
(cont'd)**Canninghill Piers, Singapore****Queen's Wharf, Brisbane, Australia****Ganshu Province Women and Children Medical Centre, China****Engineering Division**

The Division's performance improved markedly owing mainly to stronger revenue contributions across all major actively operating segments: Plumbing, rainwater harvesting and Singapore's air-conditioning unit. The streamlining and rationalization of the operational cost structure together with the shuttering of our Malaysia air-conditioning unit aided the Group further in overturning the losses reported in the previous year. Despite the impediments arising from the MCO, the main projects of the Division namely Merdeka PNB 118 and Lendlease Lifestyle Mall (TP24) are progressing well and are now expected to be completed in 2022. Projects completed and handed over during the year include Platinum Victory PV18 Residences and Matrix Concept Development in Sendayan while notable new jobs clinched during the year are Lendlease TRX hotel & office and Merdeka PNB 118 fit out job. Our subsidiary Qudotech Sdn Bhd was awarded the Construction Industry Trade Award (CITA) for the Year 2020 under the category of Water and Wastewater Contractor. The award is a recognition and testament to our Engineering unit's capabilities in undertaking and completing specialized plumbing and rainwater harvesting solutions in Malaysia.



## Chairman's Statement (cont'd)



**TRX Hotel & Offices @ TRX**



**Platinum Victory PV18 Residences**



**Winner of Construction Industry Trade Award (CITA),  
Water and Wastewater Contractor**

### Rail Division

The division was most impacted by the pandemic which had resulted in stop work orders for most of its major projects. This in turn dragged on revenue and profits. Several projects with better margins had enabled the Division to remain profitable and register a commendable performance overall. Projects completed during the year include grinding service for KVMRT 2 project, delivery of turnout system for LRT3 Project and fabrication of glued insulated rail joints for Gemas-JB Double Tracking Project. Various contracts were successfully tendered and secured by the division over the course of the year mainly from LRT3 Project and from major clients such as Rapid Rail and KTMB.



**Fabrication of Glued Insulated Rail Joints for  
Gemas-JB Double Tracking Project**



**Delivery of Turnout System, LRT3 Project**

Chairman's Statement  
(cont'd)

Track Grinding Services, KVMRT2 Project



Ground rails Grinding Service, KVMRT2 Project

**ECONOMIC REVIEW**

The global economy contracted 3.5% in 2020, with yet another lowest level in a decade, falling further from a decline of 2.3% in 2019 caused by the Covid-19 pandemic. In 2021, a growth of 5.6% to 6.0% is projected with a much slower and highly uneven pace of growth of 4.9% in 2022 anticipated. The eagerly anticipated vaccine-powered recovery in the second half of 2021, an uplift from additional fiscal support in a few large economies and continued adaptation of economic activity to subdued mobility are expected to bring the global economy back on the right track. (Source: World Bank and International Monetary Fund World Economic Outlook)

At the local front, Malaysia's economy declined 5.6% in 2020, from a growth of 4.3% in 2019. For 2021, Bank Negara Malaysia (BNM) had revised the nation's growth target to between 3.0% to 4.0% from the previous projected growth of between 6.0% to 7.5%. The downward revision was done after BNM took into account among others the latest global economic developments and the implementation of the first phase of the National Recovery Plan. A much higher economic growth is expected for Malaysia in 2022 by the World Bank, with a forecast growth of 5.8%. Downside risks to the sustained domestic and global recovery include inflationary pressures where the rapid surge in global oil and commodity prices is risking the steady and stable growth overall.

**OUTLOOK**

With the Covid-19 pandemic increasingly appearing to shift to an endemic, it's a reality the world needs to live with, adapting to the new normalcy that have been experienced over the past 1.5 years or so. Our diversified portfolio of businesses along with a strong and robust financial position has proven time and again to help us cushion against any external shockwaves in the economy, enabling the Group to deliver stable and sustainable performance overall. Echoing the global move and drive towards sustainable growth, our business solutions and offerings are plotted on the right trajectory with greater emphasis given on environmental and social wellbeing.

AWC Group is constantly taking the steps in the right direction to continue to achieve a sustained level of business operations and growth that is balanced with our beliefs of protecting the environment and capitalising on new green technologies allowing our business to achieve a sustainable competitive advantage.

In the upcoming year, we are optimistic in delivering what will be the World's 2nd Tallest Landmark in the Iconic Merdeka PNB 118 along with several major projects that are anticipated to be completed following delays resulting from the pandemic.



## Chairman's Statement (cont'd)



**Merdeka PNB 118**

### DIVIDEND

The Board of Directors had earlier declared first interim dividends amounting to 0.5 sen per ordinary share which was paid out to our shareholders in March 2021. A final dividend of 1.0 sen has been proposed and recommended by the Board, subject to shareholders' approval at the forthcoming Annual General Meeting. If approved by shareholders, the total pay-out for the year will be 1.5 sen per ordinary share or a total pay-out of approximately RM4.7 million, translating to a dividend pay-out ratio of approximately 18.0% against EPS.

### NOTE OF APPRECIATION

During the year 2021, we lost a board member to Covid-19. The late Dato' Ahri bin Hashim whom had passed on the 8th of July 2021 was a gem of a character. He had contributed immensely to the Independence of the Board by serving the AWC Board and shareholders for a period of slightly above 4 years prior to his demise. On behalf of the Board, my deepest condolences to his family and sincere appreciation for his contributions during his tenure on the board.

I would like to thank all our customers, suppliers, business associates and bankers for their continuous support, trust, and confidence in AWC throughout the year. In the same vein, I would like to extend my heartfelt gratitude to the Management and staffs who have worked tirelessly to achieve a record-breaking year in the history of AWC Group. I sincerely believe that our people are our most precious asset and play a pivotal role in ensuring the Group's future success.

To my fellow board members, thank you for your sound advice and keen guidance throughout the year. I look forward to another remarkable year together as we steer the Group to greater heights. I would also like to convey my heartfelt appreciation to the Federal Government and other authorities for their support and confidence in us.

Last but not least, my sincere appreciation to our shareholders for entrusting us with the stewardship of the Company as we lead the Group to continue to its next tier of growth. The best is yet to come for AWC Group.

**DATO' NIK MOD AMIN BIN NIK ABD MAJID**  
Independent Non-Executive Chairman

# SUSTAINABILITY STATEMENT

GRI 102-46, 102-50, 102-52, 102-53, 102-54

## Report Overview

In this Sustainability Statement, we will share measures taken to achieve AWC Berhad's primary aim of long-term development and value creation to our stakeholders. Through the Group's 4th annual reporting of our Economic, Environmental, Social (EES) performances, we evaluate on how we can take a step closer towards our vision of creating a better environment for our clients and communities.

As we continue to benchmark our sustainability performance against local Malaysian guidelines and frameworks such as the Bursa Malaysia Securities Berhad's ("Bursa Malaysia") Main Market Listing Requirements on Sustainability Reporting, we have also assessed our performance against global reporting standards such as the Global Reporting Initiative (GRI) Standards.

Additionally, we have identified the United Nations Sustainable Development Goals (SDGs) which are most relevant to our business and on which we can make a significant impact.

Through disclosing our sustainable practices, we aspire to support the implementation and delivery of our commitments for the long-term viability of our business.



### Reporting Period

1st July 2020 – 30th June 2021

## Scope & Boundary

The scope of this report extends to all our four divisions which are Facilities, Environment, Engineering and Rail. This includes the companies listed below, extending the boundary this year to include our offices in Malaysia, Singapore and the Middle East.

1. Ambang Wira Sdn Bhd
2. Stream Environment Sdn Bhd
3. Stream Group Sdn Bhd (Abu Dhabi)
4. DD Techniche Sdn Bhd
5. M & C Engineering and Trading (S) Pte Ltd
6. Qudotech Sdn Bhd
7. Trackwork & Supplies Sdn Bhd

## Guidelines & References

This report is prepared in accordance with the following guidelines, references and frameworks with the objective to measure, understand and communicate our economic, environmental and social performance to our stakeholders. In an effort to improve our sustainability reporting, we drew on the GRI and UN SDGs for guidance.



Bursa Malaysia Securities Berhad's  
Sustainability Reporting Guide (2nd Edition)

### Main Guideline



Global Reporting Initiative (GRI) Standards

### Supplementary Guideline



United Nations Sustainability Development Goals  
(UN SDGs)

### Accessibility & Framework

This report in PDF format is available to view or download at our corporate website at [www.awc.com.my/investor-relations/](http://www.awc.com.my/investor-relations/)

We encourage our stakeholders to provide their feedback and raise their concerns on our approach to sustainability. All inquiries and comments can be directed to:

Name: Nurhidayah Jamaludin

Email: [nurhidayah.jamaludin@awc.com.my](mailto:nurhidayah.jamaludin@awc.com.my)

## Sustainability Statement (cont'd)

### Group Profile

GRI 102-1, 102-2, 102-7, 102-12, 102-13

AWC Berhad (hereafter referred to as “AWC” or “the Group”) is a leading engineering service group in Malaysia, one of the region’s foremost provider of “one-stop” integrated facilities management services to building owners.

The Group is headquartered in Selangor, Malaysia and offers integrated facilities management, waste management system solutions, plumbing services, quality engineering service providers and constructions solutions for rails. The Group is engaged in providing engineering services through its four divisions: Facilities, Engineering, Rail, Environment.

### Key Business Units and Entities



#### Ambang Wira Sdn Bhd (AWSB)

100%\*

AWSB heads the Group’s Facilities Division which is also the Group’s largest division in terms of number of employees. Headquartered in Malaysia, AWSB is the Premier provider of “one stop” integrated facilities management services.



#### DD Techniche Sdn Bhd (DD Techniche)

100%\*

DD Techniche is one of the Group’s Engineering companies who specialises in designing and building Rainwater Harvesting (RWH), Greywater Harvesting and other water treatment systems.



#### Qudotech Sdn Bhd (Qudotech)

100%\*

Qudotech is one of the Group’s Engineering companies which offers specialised plumbing services. Qudotech has been awarded the winner of the Construction Industry Trade Awards (CITA) 2020 for Water and Waste Water category.



#### M & C Engineering and Trading (S) Pte Ltd (M & C)

100%\*

M&C is one of the Group’s Engineering companies. M&C offers trading of Valve & Control Products as well as other engineering services in Singapore.



#### Trackwork & Supplies (T&S) Sdn Bhd

60%\*

T&S heads the Group’s Rail Division which is also the Group’s youngest division. T&S offers services in various areas of the railway sector such as providing construction and maintenance for Track, Depots and Equipment.



#### Stream Group Sdn Bhd (STREAM)

51%\*

STREAM heads the Group’s Environment Division. Headquartered in Malaysia, its subsidiaries are located in other parts of Malaysia and Singapore as well as branch offices in Abu Dhabi and Dubai.

Note: \*AWC Ownership

### Membership of Associations

In order to be updated with the latest industry news, AWC participates in various related industry associations and is a member of:

1. Construction Industry Development Board (CIDB)
2. Pusat Khidmat Kontraktor (PKK)
3. Kementerian Kawangan
4. MyHijau
5. Malaysia Green Building Council (MGBC)
6. American Society of Heating, Refrigerating and Air-Conditioning Engineers (ASHRAE) Singapore
7. Singapore Business Federation (SBF)
8. Abu Dhabi Chamber of Commerce
9. Dubai Chamber of Commerce

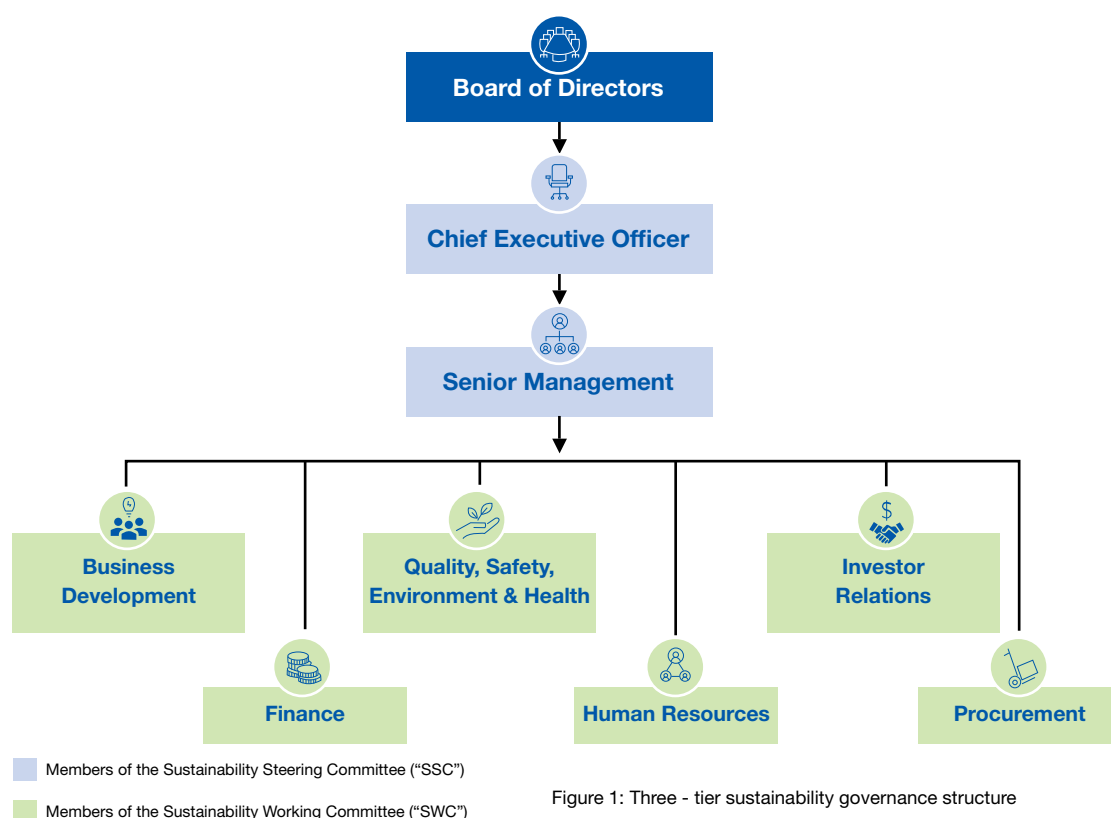
Sustainability Statement  
(cont'd)

## Governance Structure

GRI 102-18

AWC remains wholly committed to embedding sustainability into its operations. Established in 2018 and representing the start of its sustainability reporting journey, the Board of Directors (“BOD”) sits at the apex. Thus, the BOD holds ultimate responsibility and accountability for the Group’s sustainability performance as shown in Figure 1 below.

Following the BOD, we have the Sustainability Steering Committee (“SSC”) which is headed by the Group Chief Executive Officer (CEO) and supported by the Senior Management. They jointly administer the Group’s sustainability strategies and oversee the initiatives implemented by the Sustainability Working Committee (SWC). The SWC’s responsibility is to formulate and execute the necessary operations to ensure the Group’s sustainability goals are realised.



COMMITTEE	ROLES & RESPONSIBILITIES
Board of Directors	<ul style="list-style-type: none"> <li>Oversees the progress of the Company’s sustainability initiatives</li> <li>Gives final approval for all policies, strategies, initiatives presented by the SSC</li> </ul>
Sustainability Steering Committee	<ul style="list-style-type: none"> <li>Finalises material issues identified by the SWC</li> <li>Monitors and implements sustainability initiatives agreed by the Board</li> <li>Oversees the SWC’s efforts and measures in implementing sustainability initiatives</li> </ul>
Sustainability Working Committee	<ul style="list-style-type: none"> <li>Identifies and presents material issues relevant to the Company’s business operations</li> <li>Formulates appropriate sustainability initiatives that are in line with the Company’s business values and aspiration</li> </ul>




## Sustainability Statement (cont'd)

### Key Stakeholders Engagement

GRI 102-40, 102-42, 102-43, 102-44

AWC's stakeholders comprise all individuals or groups who are involved in, influenced by or interested in our activities. In order to understand our stakeholders' needs and expectations, we engage with them regularly throughout the year on their topics of interest.

By championing respect and trust among all of our stakeholders, we strive to cultivate and uphold strong relationships and incorporate the use of various platforms where our stakeholders are able to provide their suggestions and opinions, as shown in the table below.

STAKEHOLDER GROUP	Materiality Issues Topics of Interest	Engagement Approach	Frequency
Investors 	<ul style="list-style-type: none"> <li>Return on investment</li> <li>Transparent reporting with credible data</li> <li>Innovative supply chain solutions</li> <li>Orderbook replenishment rate</li> </ul>	Investor earnings conference	As and when required
		Investors/analyst briefings	Biannually
		Annual Report	Annually
		Corporate website	Per-announcement by Bursa/ Product/ R&D
		One-on-one meetings with investors	As and when required
		Virtual Annual General Meeting	Annually
Customers 	<ul style="list-style-type: none"> <li>Reliable service and on-time delivery</li> <li>Customer convenience</li> <li>Competitive pricing</li> <li>Operational efficiency</li> </ul>	Customer feedback and surveys	Ongoing
		Market research	As and when required
		Operational meetings	Ongoing
		Client social events	As per management decision
Employees 	<ul style="list-style-type: none"> <li>Competitive pay and benefits</li> <li>Clear communication</li> <li>Work-life balance</li> <li>Career growth and opportunities</li> </ul>	Training & talent development	Monthly
		Employee engagement survey	As and when required
		Town hall meetings	As and when required
		Internal audit on operations	Annually
		Employee performance evaluation	Annually

Sustainability Statement  
(cont'd)





STAKEHOLDER GROUP	Materiality Issues Topics of Interest	Engagement Approach	Frequency
Regulatory Authorities and Statutory Bodies 	<ul style="list-style-type: none"> <li>Regulatory compliance</li> <li>Corporate governance</li> <li>Standards and certifications</li> <li>Risk management</li> </ul>	DOSH inspection of elevators & escalators	Annually
		Jabatan Keselamatan dan Kesihatan Pekerja (JKKP) inspection on elevators and escalators	Annually
		Fire safety and building inspection by BOMBA	Annually
		Facility visits by a certified electrical engineer	Twice a month
		External Audit (DNV-GL) – Quality Management System	Annually
		External Audit (Sterling) – Finance, Operations and Procurement	Annually
		Construction Industry Development Board (CIDB) Malaysia	As and when renewal of CIDB cert, CIDB green card, etc.
		Safety incident reporting	As and when an accident occurs
Suppliers/ Subcontractors 	<ul style="list-style-type: none"> <li>Timely pay-outs</li> <li>Procurement practices</li> <li>Supplier Code of Conduct</li> <li>Quality of Products/ Materials</li> <li>Supplier support and performance</li> </ul>	Supplier/ Subcontractors assessment forms	During supplier screening or before registering into the Group system. Annually review the performance of supplier
		Supplier/ Subcontractors registration forms	As and when required during vendor registration for purchase-and-pay purposes
	<ul style="list-style-type: none"> <li>Transparent tender processes and accurate pricing</li> </ul>	Obtaining prices from 3 tenderers for comparative evaluation	Every new project
	<ul style="list-style-type: none"> <li>Post Project Evaluations</li> </ul>	Face-to-face/Virtual meetings and evaluation checklist	Annually
Local Community 	<ul style="list-style-type: none"> <li>Impact of operations on environment</li> <li>Economic opportunities</li> </ul>	Donation to Permata Kemas and Program Health Lifestyle Run and Ride	As per management decision
		Employment opportunities through local hiring	As and when required
Contractors 	<ul style="list-style-type: none"> <li>Reputation of Main Contractor</li> <li>Timely pay-outs and workmanship</li> <li>Type of projects involved</li> </ul>	CTOS	As and when tender for new projects

Table 1: Key Stakeholder Engagement Details



## Sustainability Statement (cont'd)

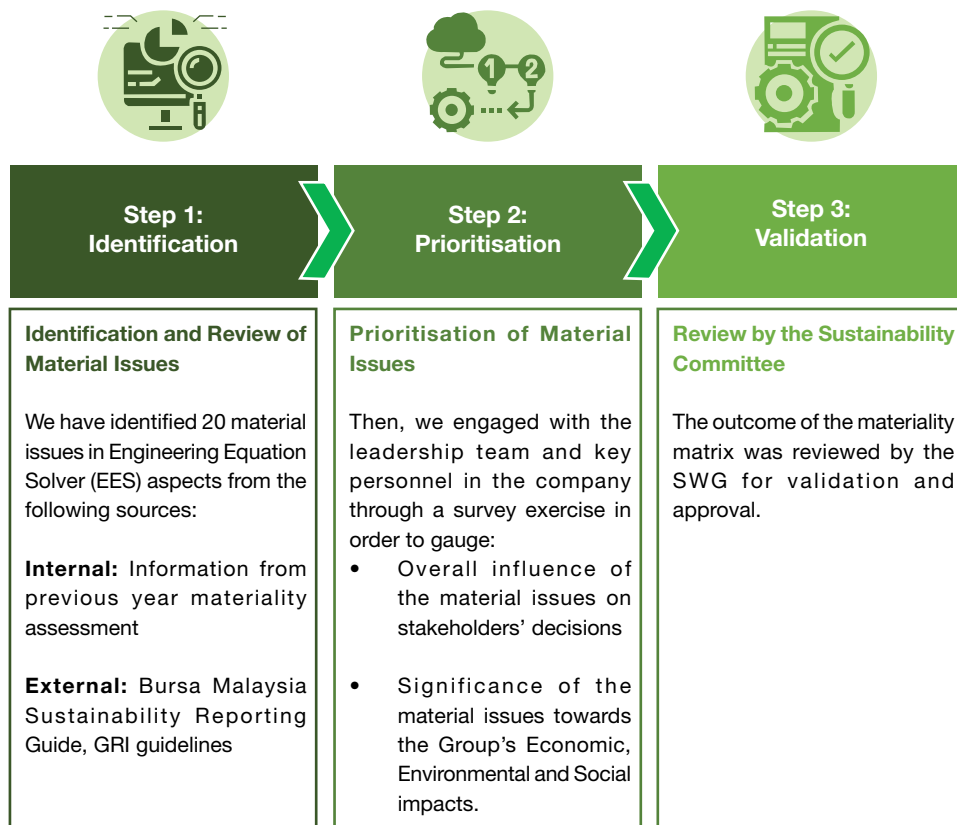
### Materiality Methodology & Analysis

GRI 102-42, 102-43, 102-44

In 2021, an exercise was conducted to review our material issues. The objective was to assess the relevance of our materiality matrix as well as to validate the prioritisation of material issues.

To ensure our commitment, weightages were assigned to the respective stakeholders corresponding to their level of influence on our business operations.

Collectively, there are twenty (20) total key material issues classified into four (4) categories, namely Governance, Economic, Environment and Social. We used a 3-step process to identify the key material issues:



AWC acknowledges that the material issues for this year are addressed through consultation of AWC's internal stakeholders. We will look into extending our data collection to external stakeholders in the future.

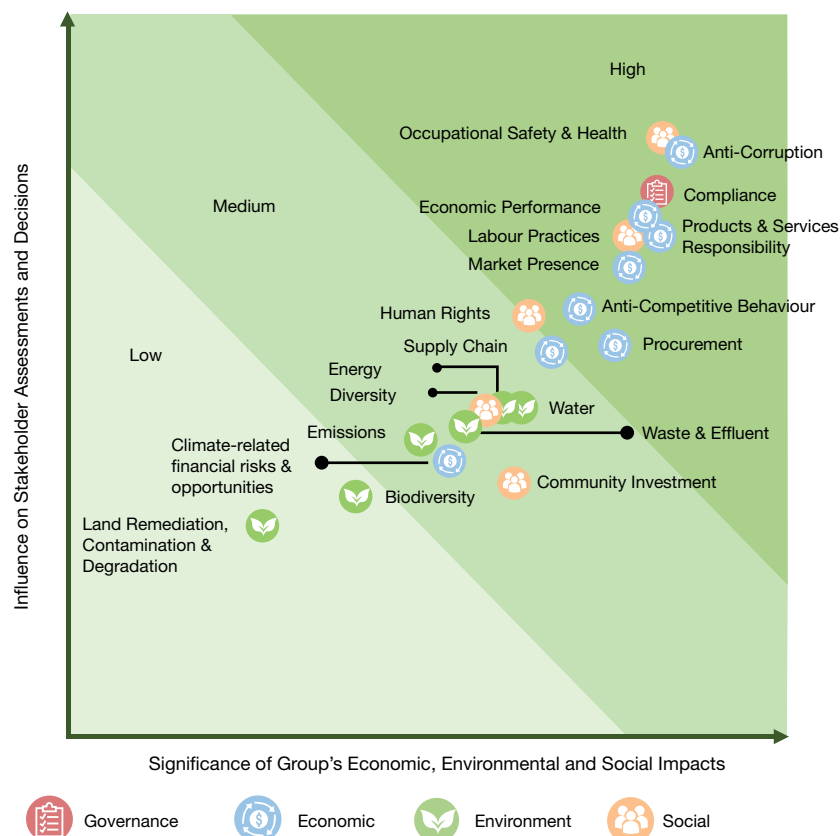
We evaluate the opportunities and risks for every key material issue listed in reflection of our stakeholders and company's interests, in alignment with the BURSA Malaysia Sustainability Reporting Guide, while drawing on other related sources such as the GRI and UN SDGs for guidance.

# Sustainability Statement (cont'd)

## Materiality Matrix

GRI 102-47, 102-48

AWC has recognised nine (9) material issues to be classified as “high priority”. These material issues are Occupational Health & Safety, Anti-Corruption, Compliance, Product & Services Responsibility, Labour Practices, Anti-Competitive Behaviour, Procurement as well as Market Presence and Economic Performance. Market Presence and Economic Performance have been reported together as these material issues are interconnected.









Anti-Corruption	Water	Occupational Health & Safety
Economic Performance	Energy	Labour Practices
Products & Services Responsibility	Waste & Effluent	Human Rights
Market Presence	Emissions	Diversity
Anti-Competitive Behaviour	Biodiversity	Community Investment
Procurement	Land Remediation, Contamination & Degradation	Compliance
Supply Chain		
Climate-related financial risks & opportunities		

## Sustainability Statement (cont'd)

### Ethics and Integrity

GRI 102-16

Our Group is committed to developing an organisational culture that consistently challenges the status quo to deliver long-term value to our stakeholders, communities and interested parties. We aim to fulfil this through adopting efficient operational practices, as well as instilling a business philosophy that promotes ethical values, integrity and transparency. To ensure this, we have set out the Group's standards and values through:

	Vision, Mission, Values		Employee Handbook
	Anti-Corruption and Anti-Bribery Policy		Code of Conduct
	Anti-Bribery Management System (ISO37001) ABMS		Whistleblower Policy

To ensure AWC's values are solidified across the Group, training on our Vision, Mission and Values are provided internally to our employees, including senior management, as well as externally to our other stakeholders via nationwide road shows and workshops. This practice started in January 2017 with our Heads of Departments and was later extended to all employees. The resulting organizational culture has been seen to be reflected in consequent material matters.

### CATEGORY 1: ECONOMIC

Anti-Corruption 	  
---	---

GRI 205-1

We understand that potential corruption could be detrimental to the sustainability of our business. AWC has undertaken the following actions to prevent and manage any potential acts of corruption or bribery:



Adoption of a **zero-tolerance policy** against all forms of bribery, fraud and corruption. This includes policies and guidelines that set out general conduct and behaviour in respect of Conflict of Interest, Gifts, Entertainment, Corporate Social Responsibility, Donations, Sponsorships, Political Contributions, etc.



**Protection of confidentiality** including **protection from detrimental action to whistle-blowers** who have disclosed any actual or perceived acts of bribery or corruptive conduct. This is to encourage openness and transparency in the organisation.



Commitment of obtaining **ISO37001:2016 Anti-Bribery Management Systems (ABMS)** is in progress. This certification helps companies establish, implement, maintain and improve an anti-bribery management system that has a universal standard. We are expecting to be certified by Quarter 2 of 2022.



Seminars of **anti-bribery** and **anti-corruption policies**. Every staff in attendance is required to sign a declaration on adhering to such policies. An **anti-bribery statement** is also expressed clearly in our purchase orders and delivery orders.

We have also established channels for whistle blowing reporting. This information is readily available to everyone through our website ([www.awc.com.my](http://www.awc.com.my)).

Sustainability Statement  
(cont'd)

## Economic Performance &amp; Market Presence

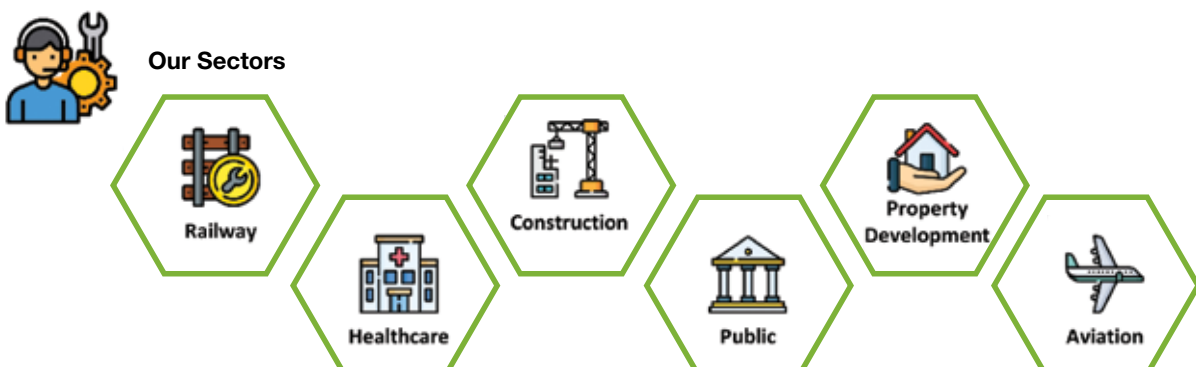


GRI 102-3, 102-4, 102-6, 102-7, 201-1

AWC Group has offices in Malaysia, Singapore, United Arab Emirates (UAE) with the headquarters located in Malaysia. We offer our products and services in 13 countries across the globe as displayed below:



Figure 3: AWC's key business operations



## Sustainability Statement (cont'd)

### Anti-Competitive Behaviour



GRI 206-1

AWC Group has put in place a procurement process that is transparent, not only to comply to the local laws and standards but also to ensure that the organisation's business growth is sustainable by ensuring that suppliers meet the quality that is set.

Our subsidiaries bid for jobs through fair tender processes set by prospective clients. We offer our best price based on the tender specifications and requirements. We will quote according to the technical specification in order to ensure fair competition.

Also, AWC Group has never monopolised any client-vendor relationships, be it as a vendor or as a client. While the subsidiaries maintain friendly relationships with their competitors, there has been no participation or engagement of anti-competitive behaviour.

### Products & Services Responsibility



GRI 416-1

AWC Group understands and acknowledges that due to the nature of the business, the outputs produced do contribute to environmental impacts, be it in the form of carbon emission, air and water pollution. These can occur during the transport, delivery, use, end-of-life treatment or final disposal of the product.

In order to reduce the environmental impacts, the group diligently adheres to the following:



Train workers to follow SOPs, followed by Quality Assurance & Quality Control to ensure standards are met.



Adhere to Material Safety Data Sheets (MSDS) to mitigate potential adverse environmental impacts during product life cycle stages.



Follow through with Government's act and suggestions.

As part of providing our products and services, we encourage our clients to:



Separate waste disposal so that recyclable waste are segregated for ease of recycling.



Reuse and recycle rainwater and wastewater by informing them of the benefits, including obtaining a Green Building Index (GBI)\* classification rating and awareness of various tax relief incentives.

There are also additional initiatives from specific division. For example, the Rail division takes into consideration the use of polymer composite railway sleepers. This is a better alternative to wooden or concrete sleepers because it is made from recycled material. Its 100% recyclable properties allows for re-use, re-purpose or even use as composite products.

The Rail division is also currently working on a long-term plan to set up manufacturing plants where the recycled material will be collected from local waste centres for production requirement.

\*Note: The GBI is Malaysia's industry recognised green rating tool for buildings to promote sustainability in the ecosystem and raise awareness among Developers, Architects, Engineers, Planners, Designers, Contractors and the Public about environmental issues and our responsibility to the future generations.

Sustainability Statement  
(cont'd)

## Products &amp; Services Responsibility (Cont'd)



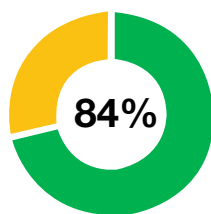
GRI 416-1

The Engineering division have also made the conscious choice of utilising low volatile organic compound (VOC) products, such as solvent cement and silicone sealant for all projects.

This will help in reducing our CO<sub>2</sub> footprint and support our corporate sustainability targets.

Customer satisfaction survey and data privacy policies are in place to help ensure that product and service quality standards are met.

Engineering Division (Qudotech) scored **84%** based on the customer satisfaction survey:



- A Rating
- B Rating

**Rating scale definition:**

0% – 20%: Poor (C Rating)  
 21% – 60%: Average (B Rating)  
 61% – 100%: Good (A Rating)

Figure 4: Customer Satisfaction Rating

## Procurement Practices



GRI 204-1

Procurement practices are of utmost importance to the Group as it dictates the quality, specification and design as well as cost factor of AWC Group's products and services. As we strive to deliver excellence by providing total engineering and facilities solutions, the Group's procurement practices ensures that goal is reached.

These are the methods in which AWC manages its procurement practices:



In FY2021, divisions focused on sourcing and spending their procurement budget on local suppliers which aligns with the Group's mission to develop and nurture local communities. Only when specific goods or services cannot be sourced locally, would the divisions obtain the goods or services from overseas. Both AWSB and Qudotech spent 100% on local suppliers, with the remaining subsidiaries spending 35% - 50%.

To determine our suppliers' ethical operations, the Group administers a background check before engaging with any supplier to ensure good governance.



In line with the Group's core value of "pursuing continuous improvement," our procurement practices are reviewed annually and on an ad hoc basis to amend and enhance current practices.



## Sustainability Statement (cont'd)

### Supply Chain



GRI 102-9, 102-10

At AWC, suppliers and sub-contractors are carefully selected to ensure an ethical and effective supply chain under our management. Due to our international presence, our suppliers are situated across the globe. We have suppliers from Europe, Asia and the Middle East.



**Total number of suppliers**

**3,553**



**Estimated monetary value of payments made to suppliers**

**RM22.15 million per month**

#### Type of Suppliers Engaged:



Manufacturers



Sub-Contractors



Hardware & Materials Suppliers



Importers

AWC Group has a fixed process on how suppliers are identified and selected to deliver quality services. The monitoring and auditing process that are present in the Request For Proposal / Quotation Exercise and Tender Exercise enable the group to benefit in terms of:



**Quality**



**Consistency**



**Sustainability**

### Climate-Related Financial Opportunities



GRI 201-2

Due to the escalating problem of climate-change, AWC used this opportunity to reassess how climate-related issues made an impact to the business. Ultimately, the findings revealed to be greatly opportunistic:



**Business Opportunities:  
Impact of Climate Change**

A large number of our subsidiaries have identified that there is minimal to no financial risk posed by climate change. Instead, AWC have determined a few financial opportunities.

For example, due to rising temperatures, city and town councils are, increasingly, approaching AWC for our Rainwater Harvesting (RWH) systems in order to mitigate the effects of flash flooding on local communities.



**Cost Reduction:  
Low-Carbon Economy**

A transition towards a low-carbon economy would also prove beneficial for AWC Group.

An example would be disposable waste. With a low-carbon economy comes about less waste, entailing less trucks needed to collect and dispose of waste. Accordingly, this reduces costs for AWC.

Sustainability Statement  
(cont'd)

## CATEGORY 2: ENVIRONMENT

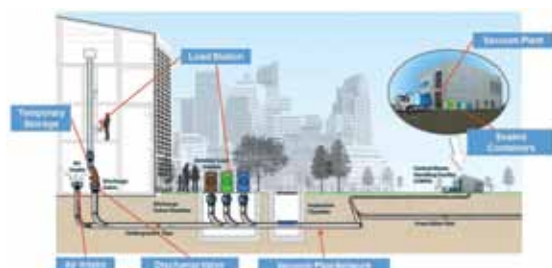
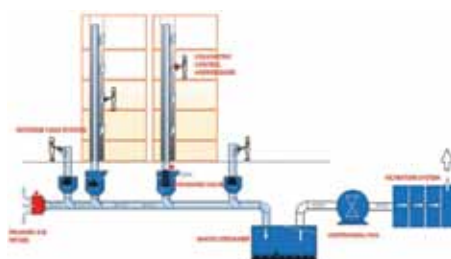
## Waste &amp; Effluent



GRI 306-2

As a group, AWC complies to the waste management requirements for any waste generated. Solid waste is transported to waste bins and materials such as steel are mostly recycled. The Group also provides services that deals with waste management, particularly:

- **Healthcare Waste Management Services** where it is crucial to handle biohazard waste properly in order to avoid contamination.
- **Sustainable Waste Management Systems Solutions** in accordance with industry-standard requirements as well as environmental health and safety regulations. AWC provides two unique solutions:

Automated Pneumatic Waste  
Collection Disposal SystemAutomated Gravity Vacuum  
Waste Management

## Energy



GRI 302-4

The Facilities Division manages the building for its clients, where the total energy consumption is dependent on the nature of the clients' business. The energy consumption and energy intensity can be seen as below:

Year	Energy Consumption (mkWh per month)	Energy Intensity: Building Energy Index (BEI) (kWh/M2/Year)
2019/2020	2.59	107.8
2020/2021	2.47	105.5

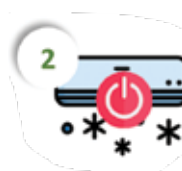
Table 2: Energy Metrics of the Facilities Division

As seen in the table above, this year's energy consumption has dropped by approximately 4% compared to the previous year and AWC has set the intention to further reduce energy consumption in the following year.

AWC deployed the following measures in order to conserve energy and ensure energy efficiency:



Use of Energy-Efficient LED lamps

Turning off air-conditioning in unused  
areas (for example, showrooms or  
conference room)



## Sustainability Statement (cont'd)

Energy



GRI 303-3

AWC Group understands that access to fresh water is essential for all and strives to minimize water consumption and prevent wastage in our daily operations. Additionally, as part of our solutions for clients, we provide the following services which have been designed to conserve daily water consumption and improve water quality:

	<p><b>Rainwater Harvesting</b></p> <p><i>To collect rainwater for reuse and conserve fresh water consumption.</i></p> <p><i>For example, the Rain Water Harvesting System in Heriot Watt University.</i></p>		<p><b>Water Treatment</b></p> <p><i>To improve water quality and increase access to cleaner water</i></p>
---	--	---	---

### DD 3 IN 1 RWHS



- Example of a new product, 3-in-1 Rain Water Harvesting System, released in the past year to revolutionise the rainwater harvesting experience of residential houses.

To increase the awareness towards Rainwater Harvesting and Greywater Reuse, AWC Group also shares and participates in talks organized by:

- The Institution of Engineers, Malaysia (IEM)
- Pertubuhan Akitek Malaysia (PAM)
- The Federation of Malaysian Manufacturers (FMM)



- Qudotech Sdn Bhd was the winning recipient and was awarded "Water & Waste Water Contractor," during the Construction Industry Trade Awards 2020.

# Sustainability Statement (cont'd)

## CATEGORY 3: SOCIAL

### Occupational Safety and Health



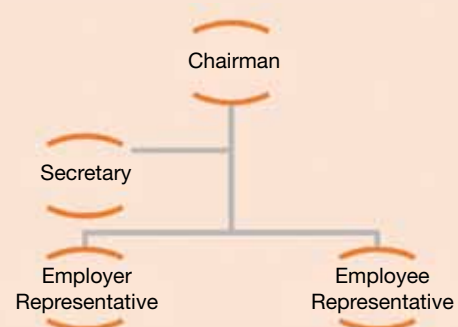
GRI 403-1

Occupational Safety & Health is one of the top two key material issues which will not only impact the organisation's sustainability but also affect the wellbeing and livelihood of our employees and stakeholders.

The number of staff that participate in Occupational Safety and Health Administration (OSHA) Training differs across industry and scope/role of work. On-site staff who completed their safety training by the Construction Industry Development Board (CIBD) was 6%.

In the past one year, there were 3 incidents with a Lost Time Injury Frequency Rate (LTIFR) of 1.69 while the other Divisions had only reported minor injury cases. With the COVID-19 cases on the rise, about 217 staff were under health surveillance.

That said, the Divisions have established a Health, Safety & Environment (HSE) Organisation Chart & Committee at relevant work sites, based on the requirements of the project. Each of the organization chart & committee has the following structure:



The HSE Committee is responsible to conduct workplace safety inspections to ensure all health and safety measures are in place or improved upon. The following images are examples of the improvements made due to a workplace safety inspection conducted in the production area:

**Before**



Walkway was blocked.

**After**



Walkway was cleared after housekeeping.

**Before**



Acetylene & Oxy-cut not secured with chain.

**After**



Acetylene & Oxy-cut have been fixed by chain.

## Sustainability Statement (cont'd)

### Occupational Safety and Health (Con't)



GRI 403-1

In light of the COVID-19 pandemic, AWC Group has also taken additional measures to protect our shareholders' from health threats:

#### Disinfection and Sanitisation Measures



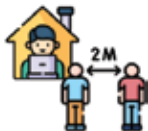
- Frequency of cleaning activities by cleaners increased.
- All staff were given basic cleaning tools in order to perform additional cleanup and sanitisation at their own work stations.
- Offices and work places were sanitised regularly, as often as 3 times a day.

#### Equipment and Tools Utilised



- All staff and visitors were required to wear a face mask before entering the work place and throughout their stay in the work place.
- Thermometers were used to check the temperature of the staff and visitor before entering the work place.
- Facilities Division had invested in and installed a system that can perform face recognition, temperature scanning and facemask identification, at the main entrance of the building.
- Staff involved in site activities were provided with Personal Protective Equipment (PPE) to preserve their health and safety.
- Mandatory Check-In with MySejahtera App or physical registration list.

#### Social Distancing Measures

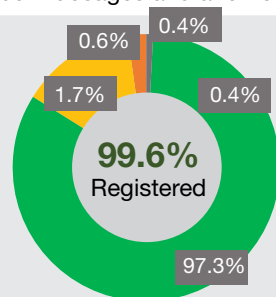


- Office staff were instructed to work from home during the Movement Control Order (MCO)
- If staff were required to come into the office or work at the sites, they were constantly reminded to maintain social distancing.
- Otherwise, employees were encouraged to replace physical meetings with virtual sessions, using platforms like Zoom or Microsoft Teams.

#### COVID-19 Screenings and Vaccination



- Polymerase chain reaction (PCR) test was performed regularly for high-risk staff who are involved in site activities. In Abu Dhabi particularly, it was mandatory for employees to take the PCR test every 14 days.
- COVID-19 tests are conducted on all workforce by using RTK Self-Test Kit fortnightly.
- 99.6% of the workforce registered for the vaccination, with 97.3% who had completed both dosages and another 1.7% who had completed the 1st dosage.



#### Vaccination Status\*

- Completed Both Dosages
- Completed 1st Dosage
- Registered for Vaccination
- Others

\*Statistic as of 4 October 2021

Figure 5: Vaccination status among AWC employees

Sustainability Statement  
(cont'd)

## Labour Practices &amp; Diversity



GRI 102-7, 102-8, 202-2, 401-2

People are the main driving force behind AWC Group's business growth. Hence, it is important for us to build practices that promote a sustainable and productive workforce.

Below are the details of our workforce:



The majority of our workforce is based in Malaysia, where most of our business operations are established. We also have smaller workforce in Singapore and Abu Dhabi under the Engineering Divisions, as shown above.

**EMPLOYMENT TYPE**

■ Permanent ■ Contract ■ Temporary

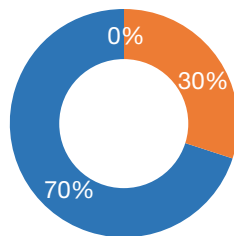


Figure 6: Employment type of current AWC employees

**GENDER**

■ Permanent ■ Male



Figure 7: Gender of current AWC employees

AWC Group supports a heavy labour-intensive work force which is project-based due to the nature of business. This is reflected in the heavier weightage towards contractual - based employment and male workers in the organisation.

In order to increase the economic benefit to our local community and enhance human capital development in each market, 94% of the Senior Management hired are local.

AWC Group provides employee benefits such as medical benefits, insurance coverage, annual leaves and also annual bonuses. On case by case basis, the subsidiaries provide training and lending/sponsoring of studies to its employees.

Employees' performance is reviewed objectively via a Performance Management System and achievement of their Key Performance Indicators.

During the lockdown, AWC group provided flexible work arrangements through use of video conferencing platforms, rotation schedules, provision of necessary facilities/equipment such as laptop, handphone, etc.



## Sustainability Statement (cont'd)

### Human Rights



GRI 403-1

We understand the importance of an organization's role in upholding the United Nations (UN) Guiding Principles on Business and Human Rights', endorsed by the UN Human Rights Council in 2011.

We respect human rights and have in place the following policies and processes to:

**1**

Avoid causing or contributing to adverse human rights impacts

**2**

Address such impacts when they occur

AWC Group's whistle-blowing policy provides protection and anonymity to any aggrieved parties/stakeholders, which includes employees, suppliers, customers and contractors.

Under this policy, they have the right to report any misconduct, unfair treatment and/or other acts of wrong doing. The whistle-blowing policy is accessible to all on the AWC Group's website at [www.awc.com.my/investor-relations/](http://www.awc.com.my/investor-relations/).

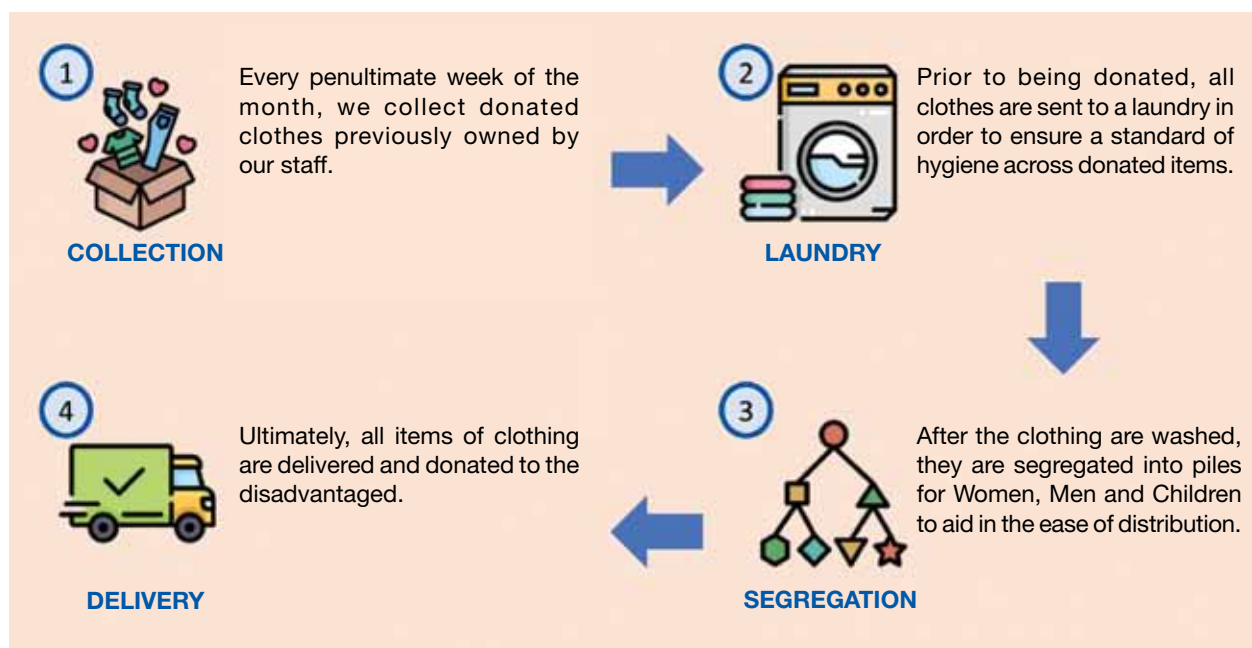
In terms of engagement of foreign labour, subsidiaries will comply to the wellbeing and rights requirements stated in the Construction Industry Development Board (CIBD) or the Ministry of Manpower (for foreign labour in Singapore). All foreign workers are protected by the local laws. If there are any foreign labour engaged through agents, we will ensure that they are legally employed (i.e., they possess valid passports and work permits).

### Community Investment



GRI 201-1

One of AWC Group's Community Investment projects is the SENYUM Project. "Senyum", which means smile in the Malay language, aims to put a smile on the faces of our communities by providing new clothes to those who need it. The process flow for the SENYUM Project are illustrated as such:





Sustainability Statement  
(cont'd)

## Community Investment (Cont'd)



GRI 201-1

Although, this project is an effort to encourage upcycling in our company, we also aim to create a socio-economic impact as well as an environmental impact.

Other community investments that the group has contributed to also includes:



Annual donation of RM10,000 to Kiwanis Malaysia in order to fund the education and food for children in need.



Partnership with COWAY to install the Rain Water Harvesting System (RWHS) as water supply for the indigenous people in the rural areas of Pahang.

## CATEGORY 4: GOVERNANCE

## Compliance



GRI 419-1

AWC Group upholds compliance to a high standard, understanding that it has a huge impact on the company's sustainability. To date, the Group has remained free from fines issued by the local authority due to adherence of local laws and regulations. Examples of regulatory compliance include:



Employment Act 1995



Minimum Wage Order 2020



Universal Building By-Laws



Construction Industry Development Board (CIDB)



Environmental Quality Act 1974



Environment Quality (Sewage) Regulations 2009



Environmental Quality (Scheduled Wastes) Regulations 2005)



Occupational Safety &amp; Health Act 1994



Factories &amp; Machineries Act 1967



Fire Services Act 1988

Currently, the compliance-related trainings or briefings are conducted based on needs basis and relevant information will be circulated through email or WhatsApp messaging.

# MANAGEMENT DISCUSSION & ANALYSIS

## OVERVIEW OF BUSINESS ACTIVITIES

AWC Berhad (“AWC” or “the Company”) is an investment holding company with three core activities undertaken by its subsidiaries (collectively, “the AWC Group” or “the Group”), providing Total Building Solutions in the following Divisions:-

NO.	DIVISION	CORE ACTIVITIES
1.	Facilities Division	<p>Provides integrated facilities management (“IFM”) services for the buildings and facilities maintained by the Division. This includes biomedical, facilities engineering maintenance services, security and cleaning services.</p> <p>This Division’s main source of income is derived from a Concession awarded by the Federal Government to provide IFM services to the Southern Zone (comprising states of Johor, Malacca and Negeri Sembilan) and Sarawak. In addition to the Concession, we have been contracted to undertake the Critical Asset Refurbishment Programme (“CARP”), whereby we will undertake repairs, refurbishments and replacements of critical assets as predetermined by the Federal Government in the buildings and facilities under the Concession. The tenure for both the Concession and CARP is for a ten-year period from 1 January 2016 till 31 December 2025.</p> <p>The Division also carries out IFM work for Commercial and Healthcare segments.</p> <p>The subsidiary companies operating under this Division are Ambang Wira Sdn Bhd, AW Facility Management Sdn Bhd and Environmental &amp; Landscape Services Sdn Bhd.</p>
2.	Environment Division	<p>This Division provides the design, supply, installation, testing and commissioning of automated pneumatic waste collection systems under the proprietary brand of ‘STREAM’ (“STREAM PWCS”) with on-going projects located in Malaysia, Singapore, Taiwan, Hong Kong, India and the Middle East.</p> <p>This Division also undertakes operations and maintenance (“O&amp;M”) services of its STREAM PWCS for its clientele, where required.</p> <p>The subsidiary companies operating under this Division are Stream Group Sdn Bhd (formerly known as Nexaldes Sdn Bhd), Stream Environment Sdn Bhd, Stream Environment (S) Pte Ltd, Stream Group Sdn Bhd, Nexaldes Sdn Bhd (Abu Dhabi), Stream Industries Sdn Bhd, Premium Patents Sdn Bhd and Stream Automated Waste W.L.L.</p>
3.	Engineering Division	<p>This Division is a distributor of several international brands of building controls and engineering components for heating, ventilation &amp; air conditioning (or commonly known as “HVAC”) systems and provider of building management systems in Malaysia and Singapore.</p> <p>The Division undertakes larger projects in the HVAC field as a contractor for the implementation of full air conditioning systems and other Mechanical and Electrical Engineering (“M&amp;E”) works for buildings and facilities.</p> <p>These activities are carried out via M&amp;C Engineering and Trading Sdn Bhd and M&amp;C Engineering and Trading (S) Pte Ltd.</p> <p>It also undertakes all types of plumbing related works including cold/hot water and sanitary plumbing, via Qudotech Sdn Bhd (“Qudotech”). Qudotech has been active in the field since 1995. Qudotech undertook previously and are currently implementing several significant projects. Another wholly-owned subsidiary, DD Tehniche Sdn Bhd (“DDT”) holds two exclusive dealerships for the distribution of Rainwater Harvesting Components and Products (“RHCP”) in Malaysia. DDT undertakes the design, supply and installation of RHCP for all new and refurbished buildings.</p> <p>The plumbing and RHCP businesses are carried out via Qudotech and DDT.</p>

## Management Discussion & Analysis (cont'd)

NO.	DIVISION	CORE ACTIVITIES
4.	Rail Division	<p>The Division provides railway construction and maintenance solutions by supplying and providing specialized services in the areas of the railway track, depot and rolling stock. This ranges from the manufacturing and trading of track materials, tools, equipment and machinery, supplying of depot equipment and tools, supplying rollingstock components and interior works, to providing track diagnostics and monitoring systems in Malaysia.</p> <p>It is also able to provide refurbishment works and maintenance activities for rolling stock, equipment and for machinery as well as specialized services such as design, engineering, technical support and supervision for track construction or maintenance activities.</p> <p>Additionally, this Division represents Principals from Europe, USA, Australia and China who manufacture and supply lifting equipment, precast polymer concrete crossing, track construction machinery, buffer stops, wheels, prestressed concrete sleepers, rail fastenings, turnouts, crossings and expansion joints.</p> <p>The Division's customers comprise all rail asset owners and operators in Malaysia.</p>

### OBJECTIVES & STRATEGIES

The Group's long-term objective is to be a leading, Malaysian-grown, engineering services group in Asia providing Total Building Solutions. Our objective is balanced with a commitment towards environmental conservation and protection in everything we do.

In line with our overall objectives, we have set out shorter-term goals for the Group and for each Division. These are defined in our business plans while annual targets and priorities are underlined in our annual budget. Our business plans include amongst others:-

- a) Analysis of current business environment together with commercial updates and unique challenges experienced by each Division. We analyse the outlook, challenges and prospects for the immediate future (i.e. the next two financial years), and prospects beyond that, both from an operational and financial point of view. With our assessment of the future in hand, we then strategize our way forward to best face the challenges and also to take advantage of opportunities that may present themselves.
- b) Divisional objectives together with the corresponding strategic directions and action plans to be embarked upon to:-
  - i. achieve the prescribed targets and goals.
  - ii. address the specific circumstances and challenges affecting each Division in achieving those targets and goals.
- c) An assessment of various risks associated with each Division and the overall Group, and also of controls in place or planned to address or mitigate these risks.
- d) Assessment and justification of requirements envisaged to undertake the business plan and towards achieving set objectives.
- e) Action plans to be undertaken to head in the appropriate direction or to achieve set objectives.
- f) Clearly defined management accountabilities and operational responsibilities.
- g) Proposed timeline for the implementation and achievement where relevant of each strategic direction and action plan.
- h) A framework for the control and monitoring of the progress of every strategic direction and action plan implemented. This would enable us to vary and/or re-strategize our action plans to take into account the situation on the ground.

## Management Discussion & Analysis (cont'd)

The annual budget exercise deals with the above matters but goes into more depth looking at contemporary business conditions and updates. We regularly review the Income Statement and Balance Sheet on a detailed basis for each Division and subsidiary. We cover revenue (current and projected), progress of projects, operational issues and costing related matters. In reviewing projected revenue, we constantly assess our order book and project pipeline (i.e. potential projects) and cross-selling opportunities within the Group. The Board is regularly updated at Board meetings regarding the financial performance of the Group and individual Divisions against the budget approved, as well as against the previous financial year.

Where necessary, our budget (and our business plan) would be revised to accommodate the latest social economic developments and business updates.

### REVIEW OF FINANCIAL RESULTS AND OPERATING ACTIVITIES

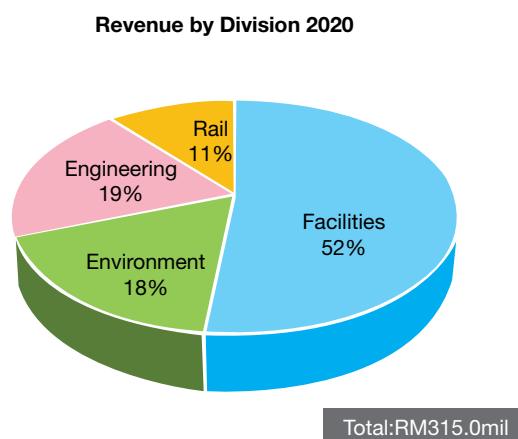
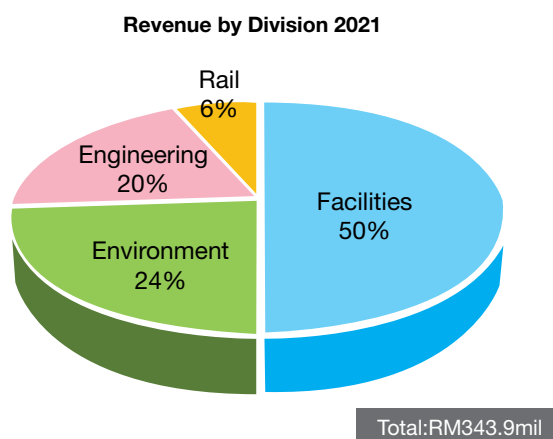
#### The Group

For the financial year under review, AWC reported revenue of RM343.9 million and the Group's best ever Profits of RM26.1 million. Despite the various setbacks stemming from the Covid-19 pandemic, the Group managed to overturn a loss in FYE2020 to a record-breaking Profit in FYE2021.

During FYE2021, the Group's revenue is contributed by four (4) divisions: facilities, environment, engineering, and rail. The Facilities division continued to be the largest contributor to Group revenue followed by the Environment, Engineering, and Rail divisions, respectively.

#### Revenue by Division

The Group reported RM343.9 million in revenue, an increase of 9.1% as compared to FYE2020 revenue of RM315.1 million. The higher revenue was made possible by stronger revenue reported across a majority of the business units namely Facilities Division, Environment Division and Engineering Division, while the Rail Division's revenue was impacted by slower projects progress due to various lockdowns and stop-work orders arising from MCO. Breakdown of each division's revenue contribution are depicted in the pie charts below:

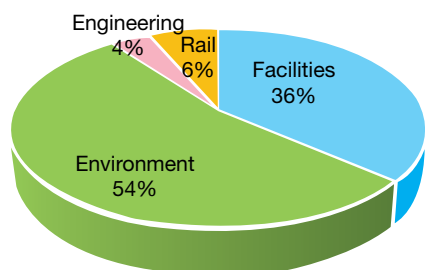


## Management Discussion & Analysis (cont'd)

### Profit/(Loss) Before Tax by Division

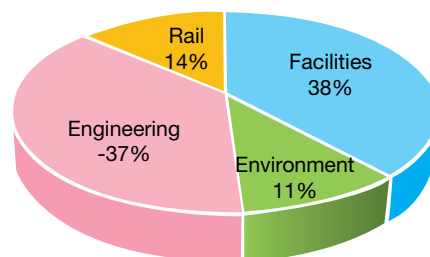
The Group's Profit Before Tax and Zakat for FYE2021 was at RM47.4 million, overturning the Loss before Tax and Zakat of RM7.2 million reported in FYE2020, an increase of  $\geq 100\%$ . The breakdown across all four (4) division of PBT is as shown in the pie charts below:

**PBT/(LBT) by Division 2021**



Total: RM47.4mil

**(LBT) /PBT by Division 2020**

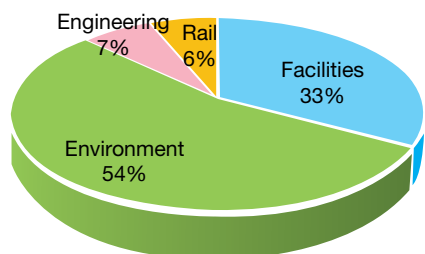


Total: -RM7.17mil

### PAT/(LAT) by Division

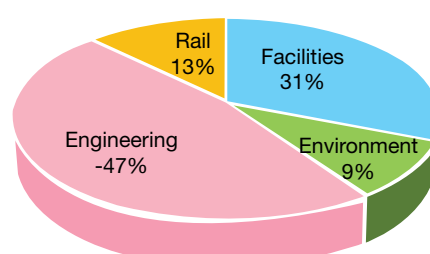
The Group's Profit After Tax amounted to RM38.9 million in FYE2021, representing an increase of  $\geq 100\%$  as compared to its corresponding year Loss of RM15.3 million. Pie charts below illustrates the breakdown across all four (4) divisions

**PAT by Division 2021**



Total: RM38.9mil

**(LAT) /PAT by Division 2020**

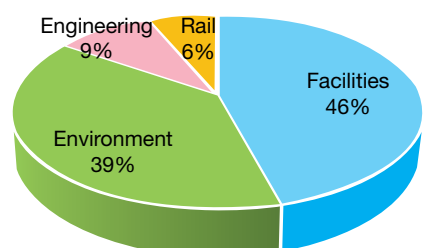


Total: -RM15.3mil

### PATAMI/(LATAMI) by Division

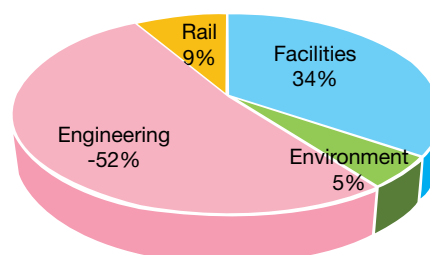
The Group's Profit After Tax and Minority Interest reported at RM26.1 million in FYE2021 against a Loss After Tax and Minority Interest of RM18.8 million in FYE 2020, with an increase of  $\geq 100\%$ . Below shows the contribution across each division.

**PATAMI/(LATAMI) by Division 2021**



Total: RM26.1mil

**(LATAMI)/ PATAMI by Division 2020**



Total: -RM18.8mil



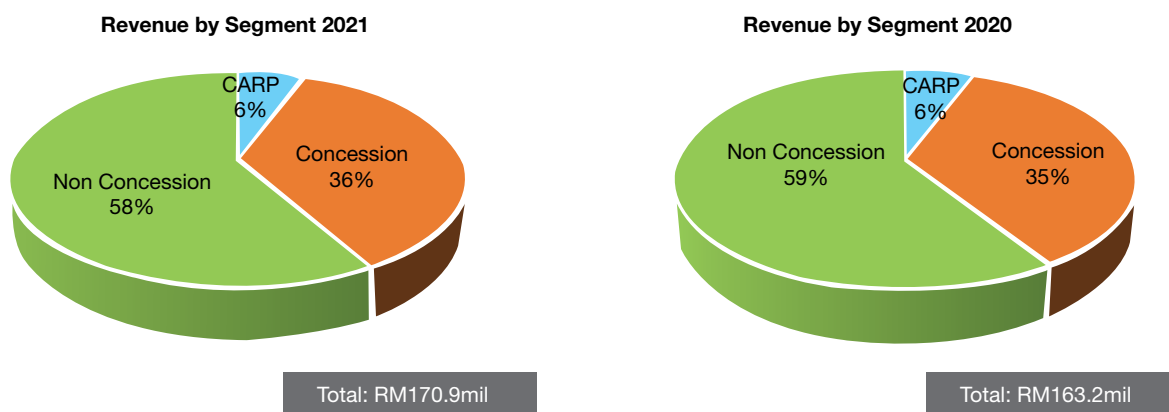
## Management Discussion & Analysis (cont'd)

### Facilities Division

The Facilities Division reported a revenue of RM170.9 million for FYE2021 which represents 49.7% of our total Group revenue, an increase of 4.7% against RM163.2 million from FYE2020 which was mainly attributable to:

- Full year contribution from Hospital Support Services (HSS) Contract of Institut Kanser Negara and new HSS contract secured for Hospital Shah Alam which contributed RM53.4mil in revenue.
- Contribution from the additional works under Jabatan Kerja Raya and IKN amounting RM8.9 million collectively.
- The Concession Agreement's rate increasing to RM59.0 million per annum from RM52.0 million with effect from 1 January 2021.

The businesses in the Facilities Division are broken into the Concession and Non-Concession segments. The Concession segment contributed approximately 41.5% to the total revenue of Facilities division in FYE2021 whilst the Non-Concession segment contributed 58.5%. Award of new contracts and renewals of existing contracts namely Hospital Shah Alam, Bintulu Port Authority Building in Sarawak and Herriot-Watt University and Galeria PJH in Putrajaya helped bolster the Division performance overall.



### Engineering Division

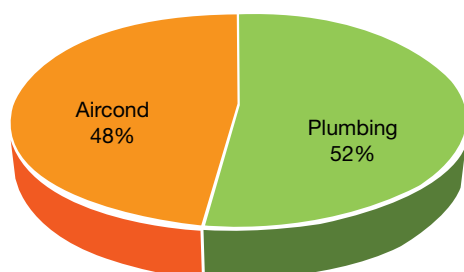
For FYE2021, the Engineering Division contributed 19.9% of the Group revenue or RM68.6 million vs RM60.8 million reported in FYE2020, representing an increase of 12.8%.

Overall, the improved performance was made possible mainly due to: (i) Reduction in losses from our Malaysia air-conditioning unit where Management successfully streamlined and rationalized the operational cost structure of this segment to be in line with serving out the existing projects which are now in Defect Liability Period, (ii) Surge in revenue recorded by our air-conditioning unit in Singapore where revenue doubled to RM32 million in FYE2021 from RM16 million in FYE2020 mainly due to significant uptake in trading sales, (iii) Collectively higher revenue recorded from Plumbing segment major projects namely Merdeka PNB 118 and Lendlease Lifestyle Mall (TP24) contributing a total of RM24.9 million to the Division's revenue. (iv) Higher revenue recorded by our rainwater harvesting unit and income of RM0.43 million from our JV with Techkem Group.

Progress for the Division's Major projects namely Merdeka PNB 118 project was at 58.3% as at end of FYE2021 vs 43.2% in FYE2020, the PNB 1194 was at 55.6% vs prior year progress of 41.4% while for the Lendlease Lifestyle Mall, the percentage of completion of the project was at 49.3% vs 23.2% as at end FYE2020.

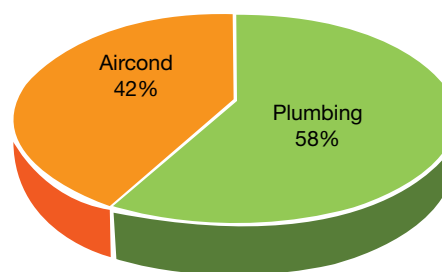
## Management Discussion & Analysis (cont'd)

Revenue by Segment 2021



Total: RM68.6mil

Revenue by Segment 2020



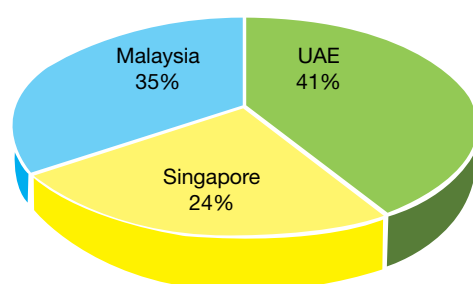
Total: RM60.8mil

### Environment Division

The Environment Division contributed approximately 23.8% to our total Group revenue with RM81.9 million in revenue for FYE2021, a jump of 47.3% as compared to RM55.6 million for FYE2020. The massive surge in revenue was mainly attributable to the execution of new projects from the Middle East brought about by strong pick-up in development projects at the Al-Raha Beach Development and further improvement in the progress of projects execution in Singapore. The ability of the Division to secure strong and steady replenishment over the course of the previous year and current year has immensely boosted the performance of the Group as a whole.

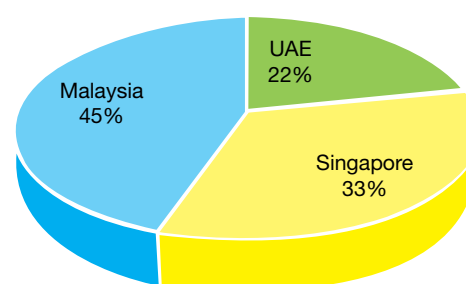
The achievement of final accounts on several local projects in Malaysia and the revision in Gross Profit margins significantly contributed to the profitability of the Division. Improvement in project margins were seen mainly from the Middle East and Malaysia. A reversal of provisioning of receivables and the provision for bonus of RM1.0 million and RM1.67 million respectively also contributed to the highest ever Profit after tax recorded by the STREAM Group in its 30 years of providing clean and intelligent solutions for waste collection. The profits would have been better had a prudent provisioning of RM1.2 million on receivables not been made. Projects successfully handed over during the year under review include Eaton Residences, Aspen Vertu and Suasana Utropolis in Malaysia, while completed jobs outside Malaysia amongst others are: Le Quest, Queens Peak, Artra Condo and Amber 45 in Singapore and more than 27 sub-plot developments in Abu Dhabi, United Arab Emirates.

Revenue by Geographical Segment 2021



Total: RM81.9mil

Revenue by Geographical Segment 2020



Total: RM55.6mil

### Rail Division

The Division reported a lower revenue of RM22.6 million, contributing 6.6% to the Group revenue in FYE2021 vs RM35.5 million in FYE2020. Lower revenue along with weaker profits of RM2.8 million was due to among others the impact of Covid-19 MCO lockdowns and stop-work orders which slowed down the progress of the division major projects such as the LRT3, MRT2 and Double tracking projects. Impairment on receivables amounting to RM2.6 million further weighed on the performance of the division.

New projects secured by the Division during the year such as the LRT3 Project and various other supply contracts domestically and internationally are expected to bring about better performance to the Group in the future.

## Management Discussion & Analysis (cont'd)

### FINANCIAL POSITION

As at 30 June 2021, the Group's balance sheet remains healthy, boasting a net cash position of RM56.4 million and a net cash per share of 0.47 sen.

Current assets and current liabilities stood at RM337.1 million and RM131.9 million respectively, translating to a current ratio of 2.6x. Our Group's receivables stand at about RM136.5 million while payables are at RM78.7 million.

Total net assets amounted to RM206.3 million, or 70.1 sen per share, an increase from RM176.4 million, or 59.8 sen per share in FYE2020.

Overall, our balance sheet remained on solid footing and has sufficient working capital to execute all the existing projects in our order book. The Group's businesses are capable of sustaining an asset light approach due to the nature of low capital expenditure ("CAPEX") requirement. As such, there are no plans to undertake any significant CAPEX in the foreseeable future.

We do not foresee that there will be any significant change to AWC's capital structure, except for the impact from new shares issued in line with the exercise of the ESOS by the Group's eligible employees.

### CORPORATE DEVELOPMENT

On 25 February 2021, the Group announced the payment of interim dividend amounting to 0.5 sen per share in respect of FYE2021.

On 27 September 2021, the Group announced the proposed payment of final dividend amounting to 1.0 sen per share in respect of FYE2021.

### KEY RISKS

The Group's risk exposure of reliance on contracts is mitigated by having a diversified portfolio to generate a steady stream of income. We also have a balanced portfolio of government and private contracts.

The Group is also exposed to foreign exchange risks due to its international operations, namely the Singapore Dollar, the United State Dollar and United Arab Emirates Dirham. The volatility of these foreign currency affects both our revenue and costs incurred, where contracts outside Malaysia are in the respective foreign currencies. Further information on currency exposure is set out in Note 34(b)(iii) to the financial statements.

Analysis of other key financial risks such as liquidity risk, credit risk as well as capital risk management are discussed in Note 34(b) to the financial statements.

### WAY FORWARD

Coming from a record-breaking year, we look forward to better our performance in the year ahead. With an all-time high replenishment of new jobs in excess of RM290 million, which brought the Group Orderbook to approximately RM862 million as of 30 June 2021, the Group aspires to achieve a steady and sustainable growth in the foreseeable future. The new contracts secured, and renewal of existing projects are expected to contribute positively to the future performance of the Group.

Facilities Division order book of approximately RM528 million consisting of RM313 million worth of projects under the Concession segment will continue to anchor the performance of the Group as a whole. The impact from stepped up Concession rate of RM59 million per annum for the remaining tenure of the concession until end 2025 will further boost the earnings of AWC Group. For the Non-Concession segment, RM215 million worth of jobs are expected to keep the Division busy within the next 4 to 5 years. The Group is hopeful of further expanding into the HSS segment under our Healthcare sub-segment and is on the lookout for more jobs in this segment following the successful award of the Hospital Shah Alam contract for a period of 5 years.

## Management Discussion & Analysis (cont'd)

The Environment Division outstanding orderbook of approximately RM180 million was at an all-time high following a slew of new projects secured during the year under review while the Engineering Division had an orderbook of RM108 million as of 30 June 2021. The jobs for the division will be fulfilled over the next 3 to 4 years. The Rail Division has an orderbook of approximately RM46 million which will be recognised over a period of 2 to 3 years.

Whilst our Environment Division are projected to gain further inroads into the healthcare segment for the automated waste and linen system in a number of major markets, we are cautiously optimistic that our Engineering Division will continue to improve on its performance via various initiatives that has been put in the place by the Management. Starting with our joint venture with Techkem Group (Techkem) which secured its second job worth RM20.9 million to design and build a compact water treatment plant in Jasin, Melaka, the Group is working hard on securing more jobs and are hopeful to extend and expand our offerings within this segment. Our rainwater harvesting segment's marketing and promotional efforts for the Best Water Technology (BWT) brand of water filters in Malaysia has been showing encouraging results with more project consultants specifying BWT filters as the preferred brand and sales volume have been increasing steadily over the years. The localisation of commercial rainwater harvesting filters was completed during the year with the prototype tested at National Hydraulic Research Institute of Malaysia (NAHRIM) demonstrating commendable results. Should the efforts be successful, the development of local filters would enable the company to bring about massive savings and reduce the reliance on imported filters, while promoting made in Malaysia local filters.

For our Rail division, beyond the supply of railway components for new lines and manufacturing of specific track components, we have set our sights on enhancing our human capital to expand the range of technical services for contractors and maintenance support for operators, including developing products locally to qualify ourselves as an equivalent equipment manufacturer.

With the National Recovery Plan and the re-opening of the economy gaining traction, barring unforeseen circumstances and minimal downside risk from the shockwaves in global economy, the Group is hopeful more jobs will be tendered out and awarded both by the public and private sectors. A strong orderbook and tender book would enable the Group to continue charting stronger performances in the years ahead. Our business divisions have a combined value in excess of RM1 billion from tendered jobs and remains optimistic of a decent replenishment rate in the year ahead. A recovery in the building and construction sectors in Malaysia would greatly benefit the Group.

### HUMAN RESOURCE CONSIDERATIONS

We continuously work towards securing the appropriate talent pool that will enable us to solidify our management team, both for the immediate and long term future. This is done throughout all our three Divisions.

AWC launched its Employee Share Option Scheme ("ESOS"), with the first offer to employees on 6 November 2015 and subsequent offers in the periods following the initial launch. With the continued improvement in AWC's share price since then, and with the strong order book in hand, we believe the ESOS is a good tool in garnering employee loyalty and commitment.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## INTRODUCTION

The Board of Directors (“the Board”) of AWC Berhad (“AWC” or “the Company”) recognises the importance of maintaining high standards of corporate governance for transparency, accountability, integrity and a well-managed company. The Board is committed towards ensuring good corporate governance practices are implemented and maintained throughout the Company and its subsidiaries (“the Group”) as a fundamental part of discharging its duties and responsibilities to enhance shareholders’ value, consistent with the principles and best practices as set out in the Malaysian Code on Corporate Governance (“MCCG” or “the Code”) and Main Market Listing Requirement (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”).

The Board is pleased to present this Corporate Governance (“CG”) Overview Statement to provide the shareholders and investors with an overview on the application of CG practices by the Group as set out in the MCCG for the financial year ended 30 June 2021 (“FYE 2021”).

This CG Overview Statement should be read together with the Company’s Corporate Governance Report for the FYE 2021 which is available on the Company’s website at [www.awc.com.my](http://www.awc.com.my) as well as via an announcement on the website of Bursa Securities.

## PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS

### PART I - BOARD RESPONSIBILITIES

#### 1. Board’s Leadership on Objective and Goals

- 1.1 The Board is responsible for the leadership, oversight and long-term success of the Company and the delivery of sustainable value to its stakeholders. The Board leads the performance of the Company, including practicing a high level of good governance. All Board members are expected to show good stewardship and act professionally as well as upholding the core values of the Company with due regard to their fiduciary duties and responsibilities.

In discharging its fiduciary duties and leadership functions, the Board is guided by the Board Charter, which outlines the duties and responsibilities of the Board, matters reserved for the Board as well as those which the Board may delegate to the Group Chief Executive Officer/President. For the effective function of the Board, the Board has established the following Board Committees to assist in the execution of its responsibilities:-

- a. Audit and Risk Management Committee (“ARMC”);
- b. Nomination and Remuneration Committee (“NRC”); and
- c. Employees’ Share Option Scheme Committee.

The Board committees operate in accordance with its respective Terms of Reference as reviewed and approved by the Board. The Board Committees’ Terms of Reference can be accessed via the Company’s website, [www.awc.com.my](http://www.awc.com.my).

The Board has reserved a formal schedule of matters for its decision making to ensure that it retains full and effective control of the Group’s strategic plans and direction. It has also exercised oversight on Management and set the appropriate tone at the top while providing thought leadership and championing good governance and ethical practices throughout the Group.



## Corporate Governance Overview Statement (cont'd)

### PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

#### PART I - BOARD RESPONSIBILITIES (CONT'D)

##### 1. Board's Leadership on Objective and Goals (Cont'd)

###### 1.1 (Cont'd)

To enable the Board to discharge its responsibilities in meeting the goals and objectives of the Group, the Board has, amongst others:-

- promoted good corporate governance culture within the Group which reinforces ethical, prudent and professional conduct;
- reviewed, challenged and decided on Management's proposals for the Group, and monitor its implementation;
- ensured that the strategic plan of the Group supports long-term value creation and includes strategies on economic, environmental and social considerations underpinning sustainability;
- assessed Management performance;
- ensured there is a sound framework for internal controls and risk management;
- recognised the principal risks of the Group's business and that business decisions involve the taking of appropriate risks;
- set the risk appetite within which the Board expects Management to operate and ensured that there is an appropriate risk management framework to identify, analyse, evaluate, manage and monitor significant financial and non-financial risks;
- ensured that Senior Management has the necessary skills and experience, and measures are in place to provide for the orderly succession of Board and senior management;
- ensured that the Group has in place procedures to enable effective communication with shareholders and stakeholders; and
- ensured the integrity of the Group's financial and non-financial reporting.

1.2 The Chairman of the Board, Dato' Nik Mod Amin Bin Nik Abd Majid, holds an Independent Non-Executive position and is responsible for leading the Board to ensure its effectiveness and integrity and the entrenchment of good corporate governance practices within the Group.

1.3 The position of the Chairman and Group Chief Executive Officer/President are held by two different individuals, and each has a clear accepted division of responsibilities to ensure there is a balance of power and authority to promote accountability.

The Chairman is responsible for instilling good corporate governance practices and leadership, and for ensuring Board effectiveness, while the Group Chief Executive Officer/President has overall responsibilities over the day-to-day management of the Group's business and implementation of the Board's policies and decisions.

1.4 The Board is supported by a qualified and competent Company Secretary. The Company Secretary is a member of the Malaysian Association of Company Secretaries and is holding a professional certificate as qualified Company Secretary under the Malaysian Companies Act 2016. The Company Secretary possesses over 28 years of experience in corporate secretarial practices and is supported by a team of competent company secretarial personnel.

The Company Secretary attended the necessary training programmes, conferences or seminars organised by the Companies Commission of Malaysia, Bursa Securities, Securities Commission Malaysia and/or other relevant professional bodies to keep herself abreast with the current regulatory changes in the laws and regulatory requirements that are relevant to her profession and to provide the necessary advisory role to the Board.

## Corporate Governance Overview Statement (cont'd)

### PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

#### PART I - BOARD RESPONSIBILITIES (CONT'D)

##### 1. Board's Leadership on Objective and Goals (Cont'd)

###### 1.4 (Cont'd)

The Board acknowledges that the Company Secretary plays an important role and will ensure that the Company Secretary fulfils the functions for which she has been appointed.

During the FYE 2021, all Board and Board Committees meetings were properly convened, and accurate and proper records of the proceedings and resolutions passed were taken and maintained in the statutory records of the Company.

Overall, the Board is satisfied with the service and support rendered by the Company Secretary and her team to the Board in the discharge of her duties and functions.

- 1.5 To facilitate the Directors' time planning, the meetings calendar was prepared in advance of each new year by the Company Secretary. The meetings calendar provides the Directors with scheduled dates for meetings of the Board and Board Committees as well as the Annual General Meeting ("AGM"). The closed periods for dealings in securities by Directors and principal officers based on the scheduled dates of meetings for making announcements of the Company's quarterly results were also provided therein.

The Notice of meetings of the Board and Board Committees are sent to the Directors via email at least five (5) business days prior to the meetings. Meeting materials are also circulated to Directors at least five (5) business days in advance of the Board and Board Committee meetings to ensure they have been given sufficient time to prepare for the meetings. Management and other advisers are invited to attend the meetings to report and brief on their respective areas of responsibility, if required.

The deliberations and decisions of matters discussed in the Board and Board Committees meetings are duly recorded in the minutes of meetings, including whether any Director abstains from voting or deliberating on a particular matter. The minutes of meetings are circulated to the respective Chairman of the Board and Board Committees in a timely manner for review before they are confirmed and adopted by members of the Board and Board Committee at their respective meetings. The Company Secretary also ensures that deliberations at Board and Board Committee meetings are well documented.

##### 2. Demarcation of Responsibilities between the Board, Board Committees and the Management

The Board has formalised and adopted a Board Charter which clearly sets out the roles and responsibilities, composition and balance, operation and processes of the Board. It serves as a reference point for Board activities and is designed to provide guidance and clarity to Directors and Management with regards to the respective roles and responsibilities of the Board, Board Committees, Chairman and Group Chief Executive Officer/President, as well as issues and decisions reserved for the Board, the Board's governance structure and authority. This is to ensure that all Board members acting on behalf of the Company are aware of their duties and responsibilities, and the legislations and regulations affecting their conduct.

The Board Charter would be reviewed and updated on a regular basis so as to be in line with the latest statutory and regulatory requirements. The Board Charter was last reviewed, updated and approved by the Board on 27 September 2021 and is published on the Company's website at [www.awc.com.my](http://www.awc.com.my).

## Corporate Governance Overview Statement (cont'd)

### PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

#### PART I - BOARD RESPONSIBILITIES (CONT'D)

##### 3. Good Business Conduct and Healthy Corporate Culture

- 3.1 The Board is committed to promoting and maintaining high standards of transparency, accountability and ethics in the conduct of its business and operations. The Board has formalised ethical standards by establishing a Code of Ethics and Conduct for all Directors and employees of the Group, and the core areas of conduct include observing a high standard of corporate governance, handling of conflict of interest, management of Group information and corporate disclosure, protection of legitimate business interests, and declaration of any personal or business interests.

The Code of Ethics and Conduct is incorporated in the Board Charter of the Company and published on the Company's website at [www.awc.com.my](http://www.awc.com.my).

The Code of Ethics and Conduct is to be observed by all Directors and employees of the Group and will be reviewed by the Board regularly to ensure that it continues to remain relevant and appropriate.

- 3.2 The Group is committed to the highest standard of integrity, openness and accountability in the conduct of its businesses and operations. The Group has established the Whistle Blowing Policy that provides a channel to enable employees and other stakeholders to report any suspected breaches of law or regulations or any illegal acts observed in the Group, including financial malpractice or fraud, non-compliance with regulatory requirements, danger to health, safety or the environment, criminal activity and corruption. It also helps to nurture a good organizational culture with the Group and develop a culture of openness, transparency, accountability and integrity, which ultimately formulates standards of corporate behavior creating an ethical corporate climate.

The Board will review and update the Whistle Blowing Policy as and when necessary to ensure that they continue to remain relevant and appropriate.

The Whistle Blowing Policy is published on the Company's website at [www.awc.com.my](http://www.awc.com.my).

#### PART II - BOARD COMPOSITION

##### 4. Board's Objectivity

- 4.1 Currently, the Board has four (4) members as set out in the table below, which comprises a majority of Independent Directors of the Board:-

No.	Names	Designation
1.	Dato' Nik Mod Amin Bin Nik Abd Majid	Independent Non-Executive Chairman
2.	Dato' Ahmad Kabeer Bin Mohamed Nagoor	Executive Director (Group Chief Executive Officer/President)
3.	Yang Mulia Tunku Puan Sri Dato' Hajjah Noor Hayati Binti Tunku Abdul Rahman Putra Al-Haj	Independent Non-Executive Director
4.	Sureson A/L Krisnasamy	Independent Non-Executive Director

The current Board composition is in line with the Practice 4.1 of the MCCG to have at least half of the Board comprises Independent Non-Executive Directors and complies with Paragraph 15.02 of the MMLR of Bursa Securities which requires at least two (2) Directors or one-third (1/3) of the Board, whichever is higher, are independent Directors.

## Corporate Governance Overview Statement (cont'd)

### PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

#### PART II - BOARD COMPOSITION (CONT'D)

##### 4. Board's Objectivity (Cont'd)

- 4.2 Presently, Dato' Nik Mod Amin Bin Nik Abd Majid is our Independent Non-Executive Chairman and he has served the Board for a cumulative term of more than twelve (12) years.

The NRC and the Board take cognizance that under the MCGG, if the Board wishes to retain Dato' Nik Mod Amin Bin Nik Abd Majid as an Independent Non-Executive Director of the Company, the Board should justify and seek shareholders' approval at the forthcoming Twentieth AGM ("20<sup>th</sup> AGM") to be held on 25 November 2021 through a two-tier voting process.

The NRC and the Board have assessed the independence of Dato' Nik Mod Amin Bin Nik Abd Majid and have recommended that he be retained as an Independent Non-Executive Director of the Company as he continues to devote sufficient time and attention to bring independent and objective judgement to Board deliberations and continues to meet the criteria for independence in discharging his roles and functions as an Independent Non-Executive Director of the Company pursuant to the MMLR.

The Board believes that with Dato' Nik Mod Amin Bin Nik Abd Majid's continued contribution, especially his invaluable knowledge of the Group gained through the years, will provide stability and benefits to the Board and the Company as a whole.

- 4.3 The Company has not adopted a policy that limits the tenure of its Independent Non-Executive Directors to nine (9) years. Notwithstanding that, the assessment of the independence of the Independent Directors was conducted annually via annual evaluation to ensure they are independent from any business or other relationship which could interfere with the interest of the Company.

The shareholders' approval was obtained at the Nineteenth AGM ("19<sup>th</sup> AGM") for the retention of Dato' Nik Mod Amin Bin Nik Abd Majid as an Independent Non-Executive Director.

- 4.4 The Board acknowledges the importance of Board and Senior Management composition diversity as recommended by the MCGG. In pursuing diversity agenda, the Directors and Senior Management are sourced from a diverse pool and recruited based on objective criteria, merit and with due regard for diversity in skills, knowledge, experience, age, cultural background, gender and contribution.

The NRC is responsible to consider and nominate new candidates for appointment and make the necessary recommendations to the Board for approval. In this respect, the role of the NRC is detailed in its Terms of Reference, which is accessible on the Company's website, [www.awc.com.my](http://www.awc.com.my).

The Board also via the NRC, reviews the correct mix of skills, business and professional experiences that should be added to the Board annually or as and when required.

The Company is an equal opportunity employer and does not practice discrimination of any form, whether based on age, gender, race and religion, throughout the organization.

- 4.5 In view of the gained attention of boardroom diversity as an important element of a well functioned organisation, the Board has established and adopted a Gender Diversity Policy which provides a framework for the Company to improve its gender diversity at Board and senior management level. The Gender Diversity Policy was last reviewed, updated and approved by the Board on 27 September 2021.

The objectives/principles and measures as set out in the Gender Diversity Policy are summarised and disclosed in the Corporate Governance Report for the FYE 2021.

Currently, there is a female Director on the Board, namely, Yang Mulia Tunku Puan Sri Dato' Hajjah Noor Hayati Binti Tunku Abdul Rahman Putra Al-Haj, and a female Senior Management, namely, Ms. Tan Ai Lee, the Chief Legal Officer.

## Corporate Governance Overview Statement (cont'd)

### PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

#### PART II - BOARD COMPOSITION (CONT'D)

##### 4. Board's Objectivity (Cont'd)

- 4.6 The members of the Board are to be appointed in a formal and transparent practice as endorsed by the MCCG. The NRC will scrutinise the candidates and recommend the same for the Board's approval. In discharging this duty, the NRC will undertake a thorough review of the candidate's criteria, amongst others, qualifications, skills, knowledge, expertise, experience, personal attributes, and the capability to devote the necessary time and commitment to the role.

In searching for suitable candidates for the appointment of Directors, the NRC may receive suggestions from existing Board members, Management, and major shareholders. The NRC is also open to referrals from external sources available, such as industry and professional associations, as well as independent search firms. The NRC is allowed to use a variety of approaches and sources to ensure that it is able to identify the most suitable candidates.

- 4.7 The NRC was previously chaired by the late Dato' Ahri Bin Hashim, who demised on 8 July 2021. During his tenure as the NRC Chairman, he has led the annual review of Board effectiveness, ensuring that the performance of each Director is independently assessed and lead the succession planning and appointment of future Board members. Subsequently, on 15 July 2021, Yang Mulia Tunku Puan Sri Dato' Hajjah Noor Hayati Binti Tunku Abdul Rahman Putra Al-Haj, an Independent Non-Executive Director of the Company, was re-designated from a member of NRC to assume the role of Chairperson of the NRC.

Currently, the NRC comprises the following members, all being Independent Non-Executive Directors as identified by the Board:-

Name of Directors	Designation
Yang Mulia Tunku Puan Sri Dato' Hajjah Noor Hayati Binti Tunku Abdul Rahman Putra Al-Haj (Chairperson)	Independent Non-Executive Director
Dato' Nik Mod Amin Bin Nik Abd Majid (Member)	Independent Non-Executive Chairman
Sureson A/L Krisnasamy (Member)	Independent Non-Executive Director

The activities undertaken by the NRC during the FYE 2021 are as follows:-

- (i) Carried out the assessment and rating of the performance of each Independent Non-Executive Director against the criteria as set out in the annual assessment form, amongst others, attendance at Board or Committee meetings, adequate preparation for Board and/or Committee meetings, regular contribution to Board or Committee meetings, personal input to the role and other contributions to the Board or Committees as a whole.
- (ii) Carried out the assessment and rating of the performance of the Executive Director (Group Chief Executive Officer/President) against diverse key performance indicators, amongst others, financial, strategic, operations management and business plans, product development, conformance and compliance, shareholders'/investors' relations, employee training and development, succession planning and personal input to the role.
- (iii) Assessed and evaluated the independence of the Independent Non-Executive Directors.
- (iv) Assessed the performance of the Audit and Risk Management Committee.
- (v) Considered and recommended to the Board for consideration, the re-election of Dato' Nik Amin Mod Bin Nik Abd Majid and the late Dato' Ahri Bin Hashim, who were due for retirement at the 19th AGM held on 25 November 2020.



## Corporate Governance Overview Statement (cont'd)

### PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

#### PART II - BOARD COMPOSITION (CONT'D)

#### 4. Board's Objectivity (Cont'd)

##### 4.7 (Cont'd)

The activities undertaken by the NRC during the FYE 2021 are as follows (Cont'd):-

- (vi) Reviewed and evaluated the Independence of Independent Director who has served the Board for a cumulative term of more than nine (9) years and recommended to the Board the retention of Dato' Nik Mod Amin Bin Nik Abd Majid as an Independent Non-Executive Director.
- (vii) Reviewed and recommended to the Board for consideration, the proposed bonus and remuneration package for the Group Chief Executive Officer/President of the Company.
- (viii) Reviewed the Directors' fees and benefits for the Independent Non-Executive Directors.

In accordance with the Company's Constitution, at least one-third (1/3) of the Directors are required to retire from office by rotation annually and shall be eligible for re-election at each AGM. All Directors appointed by the Board shall also be subject to re-election by the shareholders at the AGM following their appointment.

#### 5.0 Overall Effectiveness of the Board and Individual Directors

- 5.1 The Board has, through the NRC, conducted an annual evaluation to determine the effectiveness of the Board, its Board Committees and each individual Director in the FYE 2021. The process was carried out by sending the following customised assessment forms to Directors:-

- i. Performance of Group Chief Executive Officer/President;
- ii. Performance of Non-Executive Directors;
- iii. Independence of the Independent Directors;
- iv. Performance of the ARMC; and
- v. Effectiveness of the Board and Board Committees as a whole.

The assessment criteria based on the Key Performance Indicators cover the financial performance and business operations, strategic, operations management and business plans, product development, conformance and compliance, stakeholders' relation, succession planning, attendance, preparation and contribution to the committee meetings.

#### 5.2 Attendance of Board and Board Committees' Meetings

The Board schedules at least four (4) meetings in a financial year with additional meetings to be convened where necessary. During the FYE 2021, the Board had conducted four (4) Board meetings where they deliberated and approved various reports and matters, including the quarterly financial results of the Group for the announcement to Bursa Securities as well as discussed the business plans and strategies, major investments, strategic decisions as well as the Group's financial performance.

## Corporate Governance Overview Statement (cont'd)

### PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

#### PART II - BOARD COMPOSITION (CONT'D)

##### 5.0 Overall Effectiveness of the Board and Individual Directors (Cont'd)

##### 5.2 Attendance of Board and Board Committees' Meetings (Cont'd)

The number of meetings held and attended by each member of the Board and Board Committees during the FYE 2021 are as follows:

Type of Meetings Name of Directors	Board of Directors	ARMC	NRC
	No. of Meetings Attended		
Dato' Nik Mod Amin Bin Nik Abd Majid	4/4	4/4	1/1
Dato' Ahmad Kabeer Bin Mohamed Nagoor	4/4	–	–
Yang Mulia Tunku Puan Sri Dato' Hajjah Noor Hayati Binti Tunku Abdul Rahman Putra Al-Haj	4/4	–	1/1
The late Dato' Ahri Bin Hashim <sup>(1)</sup>	4/4	4/4	1/1
Sureson A/L Krisnasamy	4/4	4/4	1/1

Note:-

<sup>(1)</sup> The late Dato' Ahri Bin Hashim was demised on 8 July 2021.

##### 5.3 Directors' Training

The Directors are encouraged to attend relevant seminars and training programmes to equip themselves with the knowledge to effectively discharge their duties as Directors. The Board will assess the training needs of the Directors and ensure Directors have access to continuing education programmes to keep abreast of changes in both the regulatory and business environments as well as with new developments within the industry in which the Group operates.

During the FYE 2021, the Directors have attended the following training programmes in compliance with Paragraph 15.08 of the MMLR of Bursa Securities:-

Name of Directors	Title of Seminars/Training attended
Dato' Nik Mod Amin Bin Nik Abd Majid	<ul style="list-style-type: none"> <li>Updated Malaysian Code on Corporate Governance 2021</li> </ul>
Dato' Ahmad Kabeer Bin Mohamed Nagoor	<ul style="list-style-type: none"> <li>Updated Malaysian Code on Corporate Governance 2021</li> </ul>
Yang Mulia Tunku Puan Sri Dato' Hajjah Noor Hayati Binti Tunku Abdul Rahman Putra Al-Haj	<ul style="list-style-type: none"> <li>Awareness of ISO 37001:2016 (Anti Bribery Management System)</li> <li>Updated Malaysian Code on Corporate Governance 2021</li> </ul>
Sureson A/L Krisnasamy	<ul style="list-style-type: none"> <li>Forum Isu &amp; Cabaran Audit Dalam, Institut Integriti Malaysia</li> <li>ISO 9001: 2015</li> <li>Updated Malaysian Code on Corporate Governance 2021</li> </ul>

The Directors will continue to undergo annually other relevant training programmes, courses, talks, conferences and seminars to keep abreast of relevant changes in laws and regulations, development in the industry in order to further enhance their skills and knowledge.

## Corporate Governance Overview Statement (cont'd)

### PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

#### PART III – REMUNERATION

##### 6. Level and Composition of Remuneration

- 6.1 In view that fair remuneration is crucial to attract, retain and motivate Directors and Senior Management, the Remuneration Policy was established with the objective to guide the Group in attracting, retaining and motivating highly qualified individuals to serve on the Board and key senior management.

The Remuneration Policy is available for reference on the Company's website at [www.awc.com.my](http://www.awc.com.my).

The tables below set out the main components and operation of the remuneration structure packages of Directors and Senior Management of the Company:-

##### (I) Remuneration structure for the Senior Management and/or Directors who hold an Executive role in the Company

Component of pay	Particulars
Base Salary	A fixed salary will be paid for performing the scope of duties and responsibilities and will be reviewed based on the individual performance and achievements of the Company/the Group and comparable market rate within the industry.
Bonus	An annual bonus will be paid to reward, retain and motivate the individual and will depend on the performance of the Company/the Group and the personal contribution of the individual to the achievement of those results.
Other Benefits	Other benefits which include the contribution of EPF, SOCSO, medical fees, medical or health insurance, company car, handphone, travelling and entertainment claims, amongst others, shall be provided based on the Group's human resource policy in the context of market practices from time to time.

##### (II) Remuneration structure for the Directors who hold a Non-Executive role in the Company

Component of pay	Particulars
Fees	<p>A fixed retainer sum shall be paid for their contribution to the Board and the Company. The fixed fee is determined based on the following factors:</p> <ul style="list-style-type: none"> <li>• On par with the rest of the market;</li> <li>• Reflect the qualifications and contribution required in view of the Group's complexity;</li> <li>• The extent of the duty and responsibilities; and</li> <li>• The number of Board meetings and Board Committees' meetings</li> </ul>
Meeting allowance and other benefits	<p>A reasonable fixed meeting allowance will be paid on a per trip basis with the condition that attendance is a prerequisite for such remittance.</p> <p>Other benefits include flight tickets, accommodation, travelling expenses, amongst others, incurred in the course of performing his duties or other things required of him as a Director of the Company.</p>

The remuneration policy will be reviewed by the Board from time to time and the Board may make any necessary amendments to the policy to ensure it remains consistent and relevant with the Board's objectives, current laws and practices.

# Corporate Governance Overview Statement (cont'd)

## PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

### PART III – REMUNERATION (CONT'D)

#### 6. Level and Composition of Remuneration (Cont'd)

- 6.2 The Board, assisted by the NRC, implements the policy and procedures on the remuneration, which includes reviewing and recommending the proposed remuneration packages of the Directors of the Company. The NRC seeks to ensure that the remuneration packages are commensurate with the expected responsibility and contribution by the Directors and link to the strategic objectives of the Company.

The Terms of Reference of the NRC was revised on 27 September 2021 which incorporated the relevant practices recommended under the MCCG 2021.

The Terms of Reference of the NRC is accessible on the Company's website at [www.awc.com.my](http://www.awc.com.my).

#### 7.0 Remuneration of Directors and Senior Management

- 7.1 The Directors' fees and benefits of the Company are subject to the approval of shareholders of the Company. The remuneration of the individual Director of the Company for the FYE 2021 is as follows:-

##### The Company

Name of Directors	Fees RM	Salaries RM	Benefits in Kind RM	Meeting Allowance RM	Bonus RM	Other Emoluments RM
<b>Executive Director</b>						
Dato' Ahmad Kabeer Bin Mohamed Nagoor	-	-	-	-	-	-
<b>Non-Executive Directors</b>						
Dato' Nik Mod Amin Bin Nik Abd Majid	120,000	-	-	4,000	-	-
Yang Mulia Tunku Puan Sri Dato' Hajjah Noor Hayati Binti Tunku Abdul Rahman Putra Al-Haj	60,000	-	-	4,000	-	-
The late Dato' Ahri Bin Hashim (Demised on 8 July 2021)	60,000	-	-	4,000	-	-
Sureson A/L Krisnasamy	60,000	-	-	4,000	-	-
<b>Total</b>	<b>300,000</b>	<b>-</b>	<b>-</b>	<b>16,000</b>	<b>-</b>	<b>-</b>

## Corporate Governance Overview Statement (cont'd)

### PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

#### PART III – REMUNERATION (CONT'D)

##### 7.0 Remuneration of Directors and Senior Management (Cont'd)

###### The Group

Name of Directors	Fees RM	Salaries RM	Benefits in Kind RM	Meeting Allowance RM	Bonus RM	Other Emoluments RM
<b>Executive Director</b>						
Dato' Ahmad Kabeer Bin Mohamed Nagoor	–	1,980,000	46,167	–	900,000	460,800
<b>Non-Executive Directors</b>						
Dato' Nik Mod Amin Bin Nik Abd Majid	120,000	–	–	4,000	–	–
Yang Mulia Tunku Puan Sri Dato' Hajjah Noor Hayati Binti Tunku Abdul Rahman Putra Al-Haj	60,000	–	–	4,000	–	–
The late Dato' Ahri Bin Hashim (Demised on 8 July 2021)	60,000	–	–	4,000	–	–
Sureson A/L Krisnasamy	60,000	–	–	4,000	–	–
<b>Total</b>	<b>300,000</b>	<b>1,980,000</b>	<b>46,167</b>	<b>16,000</b>	<b>900,000</b>	<b>460,800</b>

The Board determines the fees and benefits of all Directors, including the Independent Non-Executive Directors. The Directors' fees are endorsed by the Board for approval by the shareholders of the Company at the AGM. Directors do not participate in the decisions regarding their own fees, benefits and/or remuneration packages.

##### 7.2 The remuneration of the Senior Management of the Company is as follows:-

Range of Remuneration*	No. of Senior Management Officer
RM200,001 to RM250,000	–
RM250,001 to RM300,000	2
RM300,001 to RM350,000	1
RM450,001 to RM500,000	1
RM500,001 to RM550,000	1
RM600,001 to RM650,000	1
RM650,001 to RM700,000	1
RM700,001 to RM750,000	–
RM750,001 to RM3,600,000	1

\* Successive bands of RM350,001 to RM450,000 and RM550,001 to RM600,000 are not shown entirely as they are not represented.



## Corporate Governance Overview Statement (cont'd)

### PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

#### PART III – REMUNERATION (CONT'D)

##### 7.0 Remuneration of Directors and Senior Management (Cont'd)

Due to confidentiality and sensitivity of the remuneration packages of Senior Management as well as security concerns, the Board opts not to disclose the Senior Management's remuneration components on a named basis in the bands of RM50,000.

The Board is of the view that the disclosure of the Senior Management's remuneration components will not be in the best interest of the Company given that the competitive human resources environment as such disclosure may give rise to recruitment and talent retention issues. The Board is of the opinion that the disclosure of Senior Management's aggregated remuneration on an unnamed basis in the bands of RM50,000 is adequate.

### PRINCIPLE B - EFFECTIVE AUDIT AND RISK MANAGEMENT

#### PART I - ARMC

##### 8.0 Effective and Independent ARMC

The ARMC is relied upon by the Board to, amongst others, provide advice in the areas of financial reporting, external audit, internal control environment and internal audit process, review of related party transactions as well as conflict of interest situations. The ARMC also undertakes to provide oversight on the risk management framework of the Group.

The ARMC is chaired by an Independent Non-Executive Director, namely Mr. Sureson A/L Krisnasamy ("Mr. Sureson") who is distinct from the Chairman of the Board. All members of the ARMC are financially literate and possess the necessary skills and knowledge to discharge their duties, whilst the Chairman of the ARMC is a member of the Malaysian Institute of Accountants. The term of office and performance of ARMC and its members are reviewed by the NRC annually to determine whether such ARMC and members have carried out their duties in accordance with the terms of reference.

Mr. Sureson is responsible to ensure the overall effectiveness and independence of the ARMC. Together with other members of the ARMC, Mr. Sureson has ensured amongst others that:-

- a. the ARMC is fully informed about significant matters related to the Group's audit and its financial statements and these matters are addressed;
- b. the ARMC appropriately communicates its insights, views and concerns about relevant transactions and events to Internal and External Auditors;
- c. the ARMC's concerns on matters that may affect the financial or audit of the Group are communicated to the External Auditors; and
- d. there is coordination between the Internal and External Auditors.

The ARMC will observe a cooling-off period of at least three (3) years in the event any potential candidate to be appointed as a member of the ARMC was a former key audit partner. Currently, none of the members of the ARMC is a former key audit partner.

## Corporate Governance Overview Statement (cont'd)

### PRINCIPLE B - EFFECTIVE AUDIT AND RISK MANAGEMENT (CONT'D)

#### PART I - ARMC (CONT'D)

##### 8.0 Effective and Independent ARMC (Cont'd)

The ARMC is empowered by the Board to review any matters concerning the appointment and re-appointment, resignations or dismissals of External Auditors and review and evaluate factors relating to the independence of the External Auditors. The Board has established the Internal and External Auditors Assessment Policy together with Annual Performance Evaluation Form respectively. The said Policy aims to outline the guidelines and procedures for ARMC to review, assess and monitor the performance, suitability and independence of the Internal and External Auditors respectively.

The Board, having considered the ARMC's recommendation and feedback, was satisfied with the suitability and independence of the External Auditors and has recommended their re-appointment to the shareholders for approval at the 20<sup>th</sup> AGM.

#### PART II - RISK MANAGEMENT AND INTERNAL CONTROL

##### 9. Risk Management and Internal Control Framework

The Board acknowledges its overall responsibility of maintaining a sound system of risk management and internal control, and of reviewing its adequacy and effectiveness. The Company has adopted a Registry of Risk and the Risk Management Handbook to identify, evaluate, control and monitor the principal business risks faced by the Group on an on-going basis in order to safeguard shareholders' investment and the Group's assets. The risk management and internal control are embedded in various work processes and procedures of the respective operational functions and management team.

The Board has delegated the responsibility of reviewing the adequacy and effectiveness of the risk management and internal control systems to the ARMC.

Further details on the features of the risk management and internal control framework, and the adequacy and effectiveness of the framework, are disclosed in the Statement on Risk Management and Internal Control in the Annual Report 2021.

##### 10. Effective Governance, Risk Management and Internal Control Framework

The internal audit function is outsourced to an independent professional service firm that assists the ARMC in managing the risks and establishment of the internal control system and processes of the Group by providing an independent assessment on the adequacy, efficiency and effectiveness of the Group's risk management and internal control system and processes. The Internal Auditors reports directly to the ARMC.

To ensure that the responsibilities of Internal Auditors are fully discharged, the ARMC evaluates the performance of the Internal Auditors for the FYE 2021 based on the following evaluation criteria as set out in the Internal Auditors' Annual Assessment Form:-

- a. Adequacy of resources and experience of the internal audit firm;
- b. Quality processes of the internal audit firm;
- c. Competency of the engagement team;
- d. Governance and independence;
- e. Internal audit fee, scope and planning; and
- f. Internal audit reports and communications.

## Corporate Governance Overview Statement (cont'd)

### PRINCIPLE B - EFFECTIVE AUDIT AND RISK MANAGEMENT (CONT'D)

#### PART II - RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

##### 10. Effective Governance, Risk Management and Internal Control Framework (Cont'd)

The ARMC concluded its assessment that the Internal Auditors have sufficient experience and resources to satisfy their terms of reference and adequately deliver quality services to the Group.

The Internal Auditors have and will continue to keep abreast with developments in the profession, relevant industry and regulations.

The internal audit function is independent of the operations of the Group and provides reasonable assurance that the Group's system of internal control is satisfactory and operating effectively.

Further details of the internal audit function and activities are set out in the Statement on Risk Management and Internal Control and the Audit and Risk Management Committee Report in the Annual Report 2021.

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

#### PART I – COMMUNICATION WITH STAKEHOLDERS

##### 11. Continuous Communication between Company and Stakeholders

The Board believes that a constructive and effective investor relationship is essential in enhancing shareholder value. The Board is committed to ensuring that timely, accurate and complete information about the Company is provided equally to its shareholders, stakeholders and the general investing public. Timely information is critical towards building and maintaining the Group's corporate credibility, market integrity and promotes investor confidence.

The Board is guided by Bursa Securities' Corporate Disclosure Guide as published by Bursa Securities in deciding on the necessary disclosures and announcements from time to time. The Company communicates regularly with the public by releasing its announcements, quarterly reports, annual reports and circulars at Bursa Securities' website at [www.bursamalaysia.com](http://www.bursamalaysia.com) or the Company's website at [www.awc.com.my](http://www.awc.com.my).

The Company's corporate website at [www.awc.com.my](http://www.awc.com.my) serves as one of the most convenient ways for shareholders and members of the public to gain access to corporate information, news, events and announcements to Bursa Securities relating to the Company. Shareholders may also communicate with the Company on investor relation matters by contacting the investor relation person-in-charge as stated on its website.

The Board has also put in place a Corporate Disclosure Policy to promote comprehensive, accurate and timely disclosure pertaining to the Group's matters to regulators, its shareholders and stakeholders.

## Corporate Governance Overview Statement (cont'd)

### **PRINCIPLE C - INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS (CONT'D)**

#### **PART II – CONDUCT OF GENERAL MEETINGS**

##### **12. Shareholders' Participation at General Meetings**

The Company's AGM remains a principal forum used by the Company for dialogue with its shareholders. The AGM provides an opportunity for the shareholders to seek and clarify any issues on the resolutions being proposed and also matters relating to the performance, developments within and the future direction of the Group. The Board, Senior Management and the External Auditors will be present to answer and provide appropriate clarifications to the shareholders at the AGM.

The notice of the 19<sup>th</sup> AGM of the Company was given to the shareholders at least twenty-eight (28) days before the AGM which gives shareholders sufficient time to prepare themselves to attend the AGM or to appoint a proxy to attend and vote on their behalf. The notice of the coming 20<sup>th</sup> AGM of the Company which is scheduled to be held on 25 November 2021 will be sent to the shareholders at least twenty-eight (28) days before the date of AGM this year as well.

During the proceedings of the 19<sup>th</sup> AGM, the Chairman ensures that shareholders are given the opportunity to comment or raise issues and questions whether pertaining to issues on the agenda, the annual report, Group's strategy or developments in the Group. All questions raised by the shareholders were answered and addressed accordingly.

All the Directors of the Company will always endeavor to attend all general meetings and the Chairman of the Board committees will provide a meaningful response to questions addressed to them.

The Company had its first fully virtual AGM and entirely via remote participation and voting at the broadcast venue last year and all the Directors at that point of time had attended the 19<sup>th</sup> AGM of the Company held on 25 November 2020.

#### **STATEMENT BY THE BOARD ON CORPORATE GOVERNANCE OVERVIEW STATEMENT**

The Company shall continue to strive for high standards of corporate governance throughout the Group, and the highest level of integrity and ethical standards in all of its business dealings.

The Company has in all material aspects satisfactory complied with the principles and practices set out in the Code, except for the departures set out in the Corporate Governance Report.

# AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

## A. OBJECTIVES

The Audit and Risk Management Committee (“ARMC” or “the Committee”) was established with the primary objective of providing additional assurance to the Board of Directors (“the Board”) in respect of all financial matters. This is done by giving an objective and independent review of financial, operational and administrative controls and procedures, including establishing and maintaining internal controls. This helps to reinforce the independence of the Company’s External Auditors, thereby ensuring that they have free reign in the audit process.

## B. MEMBERS

The current members of the ARMC are as follows:-

Members	Designation
Sureson A/L Krisnasamy (Chairman)	Independent Non-Executive Director
Dato’ Nik Mod Amin Bin Nik Abd Majid (Member)	Independent Non-Executive Chairman
Yang Mulia Tunku Puan Sri Dato’ Hajjah Noor Hayati Binti Tunku Abdul Rahman Putra Al-Haj (Member) <i>(Appointed on 15 July 2021)</i>	Independent Non-Executive Director

The Company has complied with Paragraph 15.09 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”), which requires all members of the Committee to be Non-Executive Directors with a majority of them being Independent Non-Executive Directors. As shown above, all members of the Committee are Independent Non-Executive Directors.

The Terms of Reference of the ARMC can be accessed from the corporate website of the Company at [www.awc.com.my](http://www.awc.com.my).

## C. SUMMARY OF WORKS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

During the financial year under review, the Committee held a total of four (4) meetings and the attendance of each of the Committee members at meetings are as follows:-

Committee Members	No. of Meetings Attended
Sureson A/L Krisnasamy, Chairman	4/4
Dato’ Nik Mod Amin Bin Nik Abd Majid, Member	4/4
The late Dato’ Ahri Bin Hashim, Member <i>(Demised on 8 July 2021)</i>	4/4
Yang Mulia Tunku Puan Sri Dato’ Hajjah Noor Hayati Binti Tunku Abdul Rahman Putra Al-Haj (Member) <i>(Appointed on 15 July 2021)</i>	–

The presence of the External Auditors and/or the Internal Auditors at the Committee meetings can be requested if required by the Committee. Other members of the Board and officers of the Company and the Group may attend the meeting (specific to the relevant meeting and the matters being discussed) upon the invitation of the Committee.



## Audit and Risk Management Committee Report (cont'd)

### C. SUMMARY OF WORKS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021 (CONT'D)

The summary of the works undertaken by the Committee for the financial year ended 30 June 2021, amongst others, included the following:-

- i. In overseeing the Company's financial reporting, reviewed the four (4) quarterly financial results and annual audited financial statements of the Group and the Company including the announcements pertaining thereto. The discussion focused particularly on any change in accounting policies and practices, significant adjustments arising from the audit and compliance with accounting standards and other legal requirements before recommending to the Board for approval and release of the announcements to Bursa Securities;
- ii. Reviewed with the External Auditors, the audit plan and scope of the statutory audit of the Company's financial statements for the financial year ended 30 June 2021 before the audit commenced to ensure that the scope of the external audit is comprehensive and discussed on the audit findings presented by the External Auditors;
- iii. Reviewed the annual audited financial statements of the Company and the Group and issues arising from the audit of the financial statements highlighted by the External Auditors;
- iv. Considered and recommended the re-appointment of Baker Tilly Monteiro Heng PLT as the External Auditors and their audit fee to the Board for consideration based on the competency, efficiency and transparency as demonstrated by the Auditors during their audit;
- v. Reviewed with the Internal Auditor, the internal audit plan to ensure the adequacy of the scope, functions and resources and that it has the necessary authority to carry out its work;
- vi. Reviewed with the Internal Auditor, on the Internal Audit function of the Company against the 'Key Observations of the Effectiveness of Internal Audit Function of Listed Issuers and findings of the Thematic Review and Key Takeaways' issued by Bursa Securities and Institute of Internal Auditors Malaysia;
- vii. Reviewed the reports for the internal audit function and considered the findings of internal audit investigations and management responses thereon, and ensure that appropriate actions are taken on the recommendations raised by the Internal Auditors;
- viii. Reviewed if there were any related party transactions and/or recurrent related party transactions that transpired within the Group to ensure that the transactions entered into were at arm's length basis and on normal commercial terms;
- ix. Reviewed the ARMC Report, Corporate Governance Overview Statement, Statement on Risk Management and Internal Control as well as Additional Compliance Information to ensure adherence to legal and regulatory reporting requirements before recommending to the Board for approval for inclusion in the Company's Annual Report;
- x. Self-appraised the performance of the Committee for the financial year ended 30 June 2021 and submit the evaluation to the Nomination and Remuneration Committee for assessment;
- xi. Evaluated the performance of the External and Internal Auditors for the financial year ended 30 June 2021;
- xii. Reviewed and recommended to the Board on the revised Terms of Reference of ARMC;
- xiii. Reviewed and discussed on the updated Enterprise Risk Management Register/Registry of Risk Report for the Group; and
- xiv. Reviewed the verification of the options granted under the Employees' Share Option Scheme of the Company for the financial year ended 30 June 2021.

## Audit and Risk Management Committee Report (cont'd)

### D. INTERNAL CONTROL REVIEW AND INTERNAL AUDIT ("IA") FUNCTION

#### i. Appointment

The Group has appointed an outsourced IA service provider to carry out the IA function, namely Sterling Business Alignment Consulting Sdn Bhd ("Sterling"). The outsourced Internal Auditors report directly to the Committee, providing the Board with a reasonable assurance of the adequacy of the scope, functions and resources of the Internal Audit function. The purpose of the IA function is to provide the Board, through the Committee, assurance of the effectiveness of the system of internal control of the designated entities of the Group.

#### ii. IA Activities

The IA reporting can broadly be segregated into three (3) main areas as follow:-

##### a. IA Plan for the Group

At the beginning of the financial year, the IA Plan for the Group is presented to the Committee by Sterling for discussion and approval. The Committee would then recommend the same to the Board of Directors for adoption.

##### b. Regular IA Reports

IA reports are reviewed and adopted by the Committee on a quarterly basis. During the financial year, Sterling has reviewed critical business processes, identifying risks and internal control gaps, assessed the effectiveness and adequacy of the existing state of internal control of the major subsidiaries and recommended possible improvements to the internal control process. This is to provide reasonable assurance that such systems continue to operate satisfactorily and effectively within the Group.

##### c. Follow-up Reports

In addition, the Internal Auditors followed-up on the implementation of recommendations from prior IA visits and updated the Committee on the status of Management-agreed action plans.

#### iii. Total Costs Incurred For The Financial Year

The total costs incurred for the IA function of the Group for the financial year ended 30 June 2021 was **RM55,255**.

#### iv. Review of IA Function

For the financial year ended 30 June 2021, the Committee noted that the IA function is independent and Sterling has performed their audit assignments with impartiality, proficiency and due professional care.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

## INTRODUCTION

The Board of Directors (“the Board”) of AWC Berhad (“the Company”) is pleased to present the Statement on Risk Management and Internal Control which outlines the nature and scope of risk management and the internal control systems of the Group for the financial year ended 30 June 2021 pursuant to Paragraph 15.26(b) of the Main Market Listing Requirements (“MMLR”) and Practice Note 9 of Bursa Malaysia Securities Berhad (“Bursa Securities”).

## BOARD RESPONSIBILITY

The Board affirms its responsibilities for maintaining a sound internal control system for the Group to safeguard shareholders’ investments and the Group’s assets, and to discharge their stewardship responsibilities in identifying risks and ensuring the implementation of appropriate systems to manage these risks in accordance with the best practices of the Malaysian Code on Corporate Governance.

However, due to the limitations that are inherent in any system of internal control, the Group’s system of internal control is designed to manage, rather than eliminate the risk of failure to achieve corporate and business objectives. Accordingly, the system can only provide reasonable but not absolute assurance against material misstatements, losses or fraud.

## RISK MANAGEMENT FRAMEWORK

The Board resolves that the management of core risks is an integral and critical part of the day-to-day operations of the Group. The experience, knowledge and expertise to identify and manage such risks throughout the financial year under review enables the Group to make cautious, mindful and well-informed decisions through formulation and implementation of requisite action plans and monitoring regime which are imperative in ensuring the accomplishment of the Group’s objectives.

The Board confirms that there is an on-going process of identifying, assessing and responding to risks for achieving the objectives of the Group for the financial year under review. The process is in place for the financial year under review and up to the date of issuance of the Statement on Risk Management and Internal Control.

As part of the risk management process, a Registry of Risk and a Risk Management Handbook were adopted. The Registry of Risk is maintained to identify principal business risks including Corporate Liabilities Risk and updated for on-going changes in the risk profile. The Risk Management Handbook summarises risk management methodology, approach and processes, roles and responsibilities, and various risk management concepts. The respective risk owners are accountable to identify risks and to ensure that adequate internal control systems are implemented to mitigate the risks faced by the Group. The process of identifying, evaluating, monitoring and managing risks is embedded in various work processes and procedures of the respective operational functions and management team.

## THE INTERNAL AUDIT FUNCTION

The internal audit function had been outsourced to Sterling Business Alignment Consulting Sdn Bhd (“the Internal Auditors”), a third-party professional internal audit service firm which is independent of the operations and activities of the Group. The Internal Auditors is also independent of the Board and management, and reports directly to the Audit & Risk Management Committee (“ARMC”). In discharging its obligations and duties pursuant to its appointment, the Internal Auditors undertakes rigorous, objective, independent and systematic reviews of the systems of internal control. Following the assessment, the Internal Auditors provide reasonable and continuous assurance on the satisfactory operations and effectiveness of the Group’s system of internal controls. The purpose of the comprehensive process is to identify existing shortcomings and potential pitfalls which would eventually be brought to the attention of the Board and rectification measures would be proposed and recommended.

## Statement on Risk Management and Internal Control (cont'd)

### THE INTERNAL AUDIT FUNCTION (CONT'D)

The Internal Auditors submits its reports to the ARMC every quarter and the findings are tabled at the corresponding quarterly meetings. Issues arising thereto and shortfalls in internal controls are reviewed, deliberated at length and acted upon by the ARMC for remedial action. Where necessary, affirmative steps and measures will be introduced and initiated to address, mitigate, manage and arrest identified risks. Current internal control measures will also be further strengthened with compensating controls and appropriate check and balance mechanism, if required. Internal audit schedule and timetable for subsequent periods are tabled in the ARMC, outlining the entities which will be subject to the next internal audit exercise and the framework of the internal audit plan. Core internal audit scope and critical areas are also emphasised while internal audit issues highlighted in the preceding internal audit reports together with the progress and updates of the corresponding follow up works are also considered at length.

For the financial year ended 30 June 2021, four (4) internal audit reviews and four (4) follow up reviews had been carried out by the Internal Auditors:-

Financial Reporting Quarter	Reporting Month	Name of Entity Audited	Audited Areas
1 <sup>st</sup> Quarter (July 2020 – Sept 2020)	Nov 2020	<ul style="list-style-type: none"> <li>• AWC Berhad</li> <li>• Ambang Wira Sdn Bhd</li> <li>• AW Facility Management Sdn Bhd</li> <li>• Environmental and Landscape Services Sdn Bhd</li> <li>• M &amp; C Engineering and Trading Sdn Bhd</li> </ul>	Internal Audit Review <ul style="list-style-type: none"> <li>• Group Human Resources (Facilities Division)</li> </ul> Follow-up actions on previously reported audit findings.
2 <sup>nd</sup> Quarter (Oct 2020 – Dec 2020)	Feb 2021	Ambang Wira Sdn Bhd	Internal Audit Review <ul style="list-style-type: none"> <li>• Operation (Concession Contract)</li> </ul> Follow-up actions on previously reported audit findings.
3 <sup>rd</sup> Quarter (Jan 2021 – March 2021)	May 2021	DD Techniche Sdn Bhd	Internal Audit Review <ul style="list-style-type: none"> <li>• Project Management</li> <li>• Purchasing</li> <li>• Accounts and Finance</li> </ul> Follow-up actions on previously reported audit findings.
4 <sup>th</sup> Quarter (Apr 2021 – June 2021)	Aug 2021	Stream Industries Sdn Bhd	Internal Audit Review <ul style="list-style-type: none"> <li>• Production</li> </ul> Follow-up actions on previously reported audit findings.

The associated company has not been dealt with as part of the Group per the purpose of this Statement. The Group's system of internal controls does not apply to associated company where the Group does not have any direct control over their operation. However, the Group's interest is served through representation on the board of the associated company and the Board meets to discuss and review the financial performance of this company when necessary.

## Statement on Risk Management and Internal Control (cont'd)

### OTHER KEY ELEMENTS OF THE GROUP'S INTERNAL CONTROLS

The following are the key elements of the Group's current internal controls:

- **Independence of the ARMC**

The ARMC comprises wholly of independent and non-executive directors from various backgrounds and qualifications who bring a vast amount of commercial experience, technical expertise, industry insight and business knowledge. The ARMC also enjoys full and unrestricted access to both the external and internal auditors. The ARMC assesses the adequacy and effectiveness of enacted internal control procedures during the financial year. The ARMC reviews the internal control issues identified and highlighted by the Internal Auditors, external auditors and occasionally by the management team in their quarterly reports. The internal audit reviews conducted revealed that none of the weaknesses or shortfall noted has resulted and/or give rise to any material losses, contingencies and/or uncertainties that would require a separate disclosure in this annual report. A detailed review of the activities of the ARMC over the course of the financial year is set out in the ARMC Report.

- **Clearly defined organisational structure**

The organisational structure of the Group is well-defined with appropriate terms of reference, job functions and description in place for the Group Chief Executive Officer/President, Executive Directors and other senior management staff of the Group. Organisational charts, job bands and reporting lines within the Group are clearly set out with regular feedback and formal communication between individual subsidiaries and senior management staff at the holding company.

In addition to the ARMC, the Board is also supported by several Board level committees in discharging its duties.

- **Clearly defined policies and procedures and authority limits**

The terms of references, responsibilities and authority limits of the various committees, the Group Chief Executive Officer/President, Executive Directors and other senior management staff of the Group are clearly defined to achieve an effective check and balance, promote accountability, transparency, responsibility, operational efficiency and good corporate governance.

These terms of references, responsibilities and authority limits are formally documented in official documents such as the Group Authority Manual, Procurement Manual, AWC Employee Handbook and various Standard Operating Procedures and Guidelines.

- **Performance review**

The Board emphasises on reporting of financial results and operational performance at timely intervals to ensure subsistence of managerial controls and consistent exercise of performance review processes. Systems are also in place within the Group to facilitate output of materially accurate and timely financial data. The systems also accommodate production of relevant reports for measurement of performance against prescribed targets and post-mortem reviews of key result areas as well as supporting benchmarking processes for upcoming years. Budgets and management reports of subsidiaries are reviewed by the senior management team and are thereafter tabled to the Board for consideration, comments, corrective inputs and adoption.

## Statement on Risk Management and Internal Control (cont'd)

### OTHER KEY ELEMENTS OF THE GROUP'S INTERNAL CONTROLS (CONT'D)

The following are the key elements of the Group's current internal controls (cont'd):

- **Reviews by External Auditors**

As required by Paragraph 15.23 of the MMLR of Bursa Securities, the external auditors have reviewed this Statement on Risk Management and Internal Control. Their review was performed under limited assurance engagement in accordance with Malaysian Approved Standard on Assurance Engagements, ISAE 3000 (Revised), *Assurance Engagements Other than Audits or Review of Historical Financial Information* and Audit and Assurance Practice Guide ("AAPG") 3 issued by the Malaysian Institute of Accountants. AAPG 3 does not require the external auditors to form an opinion on the adequacy and effectiveness of the risk management and internal control systems of the Group.

Based on the procedures performed, nothing had come to their attention that caused them to believe that the Statement on Risk Management and Internal Control set out above was not prepared, in all material respects, in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, nor was factually inaccurate.

### CONCLUSION

The Board is satisfied with the adequacy and effectiveness of the Group's risk management and internal control system. The Board has received assurance from the Group Chief Executive Officer/President and Chief Financial Officer that the Group's risk management and internal control system, in all material aspects, is operating adequately and effectively. For the financial year under review, there were no material control failures or adverse compliance events that have directly resulted in any material losses to the Group as a whole. The Group will continue to take measures to strengthen the internal control and risk management environment.

This Statement is made in accordance with the resolution of the Board of Directors dated 18 October 2021.



# STATEMENT OF DIRECTORS' RESPONSIBILITY

In connection with the preparation of the annual audited financial statements of the Company and of the Group, the Board of Directors of the Company ("Board") is required to ensure that the financial statements are drawn up in accordance with the provisions of the Companies Act 2016, Malaysia Financial Reporting Standards and International Financial Reporting Standards to give a true and fair view of the financial position of the Company and of the Group as at 30 June 2021 and of the financial performances and cash flows for the financial year then ended.

In preparing the financial statements for the financial year ended 30 June 2021, the Board has taken the following measures:-

- The Group and the Company have applied relevant and appropriate accounting policies consistently and in accordance with applicable approved accounting standards in Malaysia;
- made judgments and estimates that are prudent and reasonable; and
- used the going concern basis for the preparation of the financial statements.

The Directors are responsible for ensuring the adequacy of accounting records that disclose with reasonable accuracy at any time the financial position of the Company and the Group and to enable them to ensure that the financial statements comply with the Companies Act 2016. The Directors have general responsibilities for taking reasonable steps towards safeguarding the assets of the Group and to prevent and detect fraud and other irregularities.

# ADDITIONAL COMPLIANCE INFORMATION

## 1. UTILISATION OF PROCEEDS FROM CORPORATE EXERCISES

The Company did not raise funds through any corporate exercise during the financial year ended 30 June 2021 ("FYE 2021").

## 2. AUDIT AND NON-AUDIT FEES

The amount of audit and non-audit fees paid/payable to the External Auditors by the Company and the Group for the FYE 2021 are as follows:-

	Company RM	Group RM
Audit Fees	78,000	431,130
Non-Audit Fees	10,000	10,000

## 3. MATERIAL CONTRACTS INVOLVING DIRECTORS AND MAJOR SHAREHOLDERS' INTEREST

There was no material contract entered into by the Company and/or its subsidiaries, involving directors and/or major shareholders' interest during the financial year.

## 4. RECURRENT RELATED PARTY TRANSACTIONS

The list of recurrent related party transactions of a revenue or trading nature entered into by the Group is disclosed in Note 35 to the financial statements. For the FYE 2021, no shareholder mandate was required for the recurrent related party transactions of a revenue or trading nature entered into by the Group pursuant to Paragraph 10.09 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

## 5. EMPLOYEE SHARE OPTION SCHEME ("ESOS")

The ESOS of the Company for eligible Directors and employees of the Company and its subsidiaries (excluding dormant subsidiaries) ("Group") was approved by the shareholders of the Company at an Extraordinary General Meeting held on 1 October 2015. The ESOS is for a duration of five (5) years commencing from the date of implementation of the ESOS on 9 October 2015 and expiring on 8 October 2020. The Company had on 25 February 2020 announced to extend its existing ESOS which is expiring on 8 October 2020 for another five (5) years until 8 October 2025, in accordance with the terms of the ESOS By-Laws.

The aggregate maximum allocation of ESOS to Directors and Senior Management of the Group shall not exceed 70% of the total number of new ordinary shares in the Company to be issued under ESOS.

There were no new options granted under ESOS during the FYE 2021.

The actual allocation of ESOS to the Directors and Senior Management since the commencement of the ESOS is 44%.

## Additional Compliance Information (cont'd)

### 5. EMPLOYEE SHARE OPTION SCHEME ("ESOS") (CONT'D)

Details of the ESOS of the Company as at 30 June 2021 are as follows:-

	Total Granted to Eligible Employees and Directors	Directors
Total number of options granted at exercise price of		
-23.7 sen	4,185,000	1,050,000
-33.6 sen	23,442,100	4,700,000
-42.3 sen	5,709,000	–
-72.3 sen	5,367,000	–
-72.8 sen	480,000	–
-75.1 sen	900,000	900,000
Total number of options exercised at exercise price of		
-23.7 sen	1,110,000	350,000
-33.6 sen	17,180,586	4,420,000
-42.3 sen	3,360,312	–
-72.3 sen	450,150	–
-72.8 sen	–	–
-75.1 sen	100,000	100,000
Total number of options lapsed	8,009,820	120,000
Total number of options outstanding	9,872,232	1,660,000

There were no options under the ESOS granted to the Independent Non-Executive Directors of the Company during the FYE 2021. The numbers of options exercised by the Independent Non-Executive Directors of the Company during the FYE 2021 are as follows:-

Non-Executive Directors	Amount of options granted as at 1 July 2020	Amount of options exercised as at 30 June 2021
Dato' Nik Mod Amin Bin Nik Abd Majid	500,000	(400,000)
Yang Mulia Tunku Puan Sri Dato' Hajjah Noor Hayati Binti Tunku Abdul Rahman Putra Al-Haj	300,000	(100,000)
The late Dato' Ahri Bin Hashim (Demised on 8 July 2021)	300,000	–
Sureson A/L Krisnasamy	300,000	–

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# DIRECTORS' REPORT

The directors hereby submit their report together with the audited financial statements of the Group and of the Company for the financial year ended 30 June 2021.

## PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are disclosed in Note 9 to the financial statements.

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

## RESULTS

	Group RM	Company RM
Profit for the financial year, net of tax	38,815,176	7,559,050
Attributable to:		
Owners of the Company	26,065,879	7,559,050
Non-controlling interests	12,749,297	–
	38,815,176	7,559,050

## DIVIDENDS

The amounts of dividend declared and paid by the Company since the end of the previous financial year were as follows:

	RM
Single-tier interim dividend of 0.50 sen per ordinary share for the financial year ended 30 June 2021, paid on 25 March 2021	1,578,032

At the forthcoming Annual General Meeting, a single-tier final dividend of 1.0 sen per ordinary share, in respect of the financial year ended 30 June 2021, will be proposed for the shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 30 June 2022.

## RESERVES OR PROVISIONS

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

Directors' Report  
(cont'd)**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 had 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 so to realise.

At the date of this report, the directors are not aware of any circumstances which 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; and
- (ii) any contingent liabilities in respect of the Group or of the Company which has arisen since the end of the financial year.

In the opinion of the directors, no contingent or other liability of the Group or 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 or 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 (cont'd)

### ITEMS OF MATERIAL AND UNUSUAL NATURE

In the opinion of the directors,

- (i) the results of the operations of the Group and of the Company for the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and
- (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

### ISSUE OF SHARES AND DEBENTURES

During the financial year, the Company issued 1,740,700 new ordinary shares for cash pursuant to the exercise of the Company's Employees' Share Option Scheme ("ESOS") at exercise prices between RM0.237 to RM0.423 per ordinary share and 20,246,729 new ordinary shares at issue price of RM0.295 per ordinary share for the settlement of the final consideration of acquisition of a subsidiary.

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

During the financial year, no new issue of debentures was made by the Company.

### TREASURY SHARES

Treasury shares relate to ordinary shares of the Company that are repurchased and held by the Company in accordance with the requirements of Section 127 of the Companies Act 2016 in Malaysia.

As at 30 June 2021, the Company held 4,628,700 treasury shares out of its 321,072,050 issued and paid-up ordinary shares. Such treasury shares are held at a carrying amount of RM1,287,081. There was no resale, cancellation or distribution of treasury shares during the financial year.

### OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up the unissued shares of the Company during the financial year other than the issue of options pursuant to the Employees' Share Option Scheme ("ESOS") and warrants.

### ESOS

At an Extraordinary General Meeting held on 1 October 2015, the Company's shareholders approved the establishment of an ESOS for the granting of non-transferable options that are settled by physical delivery of the ordinary shares of the Company, to eligible directors and employees of the Group.

On 25 February 2020, the Company extended its existing ESOS which is expiring on 8 October 2020 for another five (5) years until 8 October 2025, in accordance with the terms of the ESOS By-Laws. The extension is not subject to the approval from Bursa Malaysia Securities Berhad, Securities Commission and shareholders of the Company.

The salient features and other details of the ESOS are disclosed in Note 21(d) to the financial statements.

Directors' Report  
(cont'd)**ESOS (CONT'D)**

The movements in the number of share options pursuant to the ESOS during the financial year are as follows:

Grant date	Exercise price	Number of options over ordinary shares				At 30 June 2021
		At 1 July 2020	Granted	Exercised	Lapsed	
2 November 2015	33.6 sen	2,831,494	–	(370,100)	(29,000)	2,432,394
15 April 2016	42.3 sen	1,388,188	–	(360,600)	(121,600)	905,988
26 February 2018	72.3 sen	2,804,850	–	–	(326,000)	2,478,850
22 March 2018	72.8 sen	180,000	–	–	–	180,000
26 September 2018	75.1 sen	800,000	–	–	–	800,000
31 March 2020	23.7 sen	4,085,000	–	(1,010,000)	–	3,075,000
		12,089,532	–	(1,740,700)	(476,600)	9,872,232

**WARRANTS**

On 2 January 2019, a total of 56,824,679 free warrants were allotted and listed on the Main Market of Bursa Securities under a deed poll dated 6 December 2018.

The salient terms of Warrants are disclosed in Note 21(e) to the financial statements.

The movement in the Company's warrants during the financial year is as follows:

	Number of warrants				At 30 June 2021
	At 1 July 2020	Allotment	Exercised	Lapsed	
<b>Warrants</b>	56,824,679	–	–	–	56,824,679

**DIRECTORS**

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

Dato' Nik Mod Amin bin Nik Abd Majid \*

Dato' Ahmad Kabeer bin Mohamed Nagoor \*

Yang Mulia Tunku Puan Sri Dato' Hajjah Noor Hayati

binti Tunku Abdul Rahman Putra Al-Haj \*

Dato' Ahri bin Hashim \*

(Deceased on 8 July 2021)

Sureson A/L Krisnasamy

\* Directors of the Company and certain subsidiaries

## Directors' Report (cont'd)

### DIRECTORS (CONT'D)

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 this report are:

Datuk Syed Hussian bin Syed Junid	
Datin Dr. Wahida binti Abdul Rahman	
Ahmad Nazim bin Ahmad Kabeer	
Chang Leong Hao	
Chea Thean Teik	(Director and also alternate director to Sri Skanda Rajah A/L S. Ratnam)
Chee Kar Ming	
Divesh Navinchandra Sheth	
Gan Geok Soon	
Goh Tse Woei	
Indralingam A/L Subramaniam	
Khathir Sulaiman bin Abdullah	
Koh Kwee Fook	(Alternate director to Gan Geok Soon)
Kong Keat Voon	
Md Ezaim Arif bin Md Eusofe	(Resigned on 22 September 2021)
Mohd Faizul Shazrin bin Shukor	
Mohd Hisham bin Haja Najmuddeen	
Muzamil Mirza bin Mahmood Mirza	
Nik Adnan bin Nik Mohd Salleh	
Nik Khairulanuar bin Nik Sin @ N.Hussein	
Noreen Khairani binti Ahmad Osmani	
Nurhidayah binti Jamaludin	
Sri Skanda Rajah A/L S. Ratnam	
Syed Mohd Nasri bin Syed Ahmad	(Appointed on 22 September 2021)
Tan Siew Kheng	
Voon Siew Moon	
Zuraini binti Aman	

### DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings required to be kept by the Company under Section 59 of the Companies Act 2016 in Malaysia, the interests of directors in office at the end of the financial year in shares in the Company and its related corporations during the financial year were as follows:

	At 1 July 2020	Number of ordinary shares		At 30 June 2021
		Exercise of ESOS/ Bought	Sold	
<b>Interest in the Company</b>				
<b>Direct interests:</b>				
Dato' Nik Mod Amin bin Nik Abd Majid	400,000	–	–	400,000
Dato' Ahmad Kabeer bin Mohamed Nagoor	18,675,000	3,298,300	–	21,973,300
Yang Mulia Tunku Puan Sri Dato' Hajjah Noor Hayati binti Tunku Abdul Rahman				
Putra Al-Haj	100,000	–	–	100,000
Sureson A/L Krisnasamy	65,000	–	–	65,000
<b>Indirect interest:</b>				
Dato' Ahmad Kabeer bin Mohamed Nagoor ^	84,300,000	–	–	84,300,000

^ Shares held through a company in which the director has substantial financial interests.

# Directors' Report (cont'd)

## DIRECTORS' INTERESTS (CONT'D)

According to the Register of Directors' Shareholdings required to be kept by the Company under Section 59 of the Companies Act 2016 in Malaysia, the interests of directors in office at the end of the financial year in shares in the Company and its related corporations during the financial year were as follows (cont'd):

	Number of options over ordinary shares under ESOS		
	At 1 July 2020	Granted	At 30 June 2021
<b>Interest in the Company</b>			
<b>Direct interests:</b>			
Dato' Nik Mod Amin bin Nik Abd Majid	100,000	–	100,000
Dato' Ahmad Kabeer bin Mohamed Nagoor	1,050,000	–	(350,000)
<b>Yang Mulia Tunku Puan Sri Dato' Hajjah</b>			
<b>Noor Hayati binti Tunku Abdul Rahman</b>			
Putra Al-Haj	200,000	–	200,000
Dato' Ahri bin Hashim	300,000	–	300,000
Sureson A/L Krisnasamy	300,000	–	300,000

	Number of Warrants Issued Pursuant To the Deed Poll dated 6 December 2018 exercisable at any time from 26.12.2021 to 25.12.2023		
	At 1 July 2020	Bought	At 30 June 2021
<b>The Company</b>			
<b>Direct interests:</b>			
Dato' Ahmad Kabeer bin Mohamed Nagoor	2,651,000	1,000,000	–
Dato' Nik Mod Amin bin Nik Abd Majid	80,000	–	–
<b>Yang Mulia Tunku Puan Sri Dato' Hajjah</b>			
<b>Noor Hayati binti Tunku Abdul Rahman</b>			
Putra Al-Haj	20,000	–	–
<b>Indirect interest:</b>			
Dato' Ahmad Kabeer bin Mohamed Nagoor	16,549,999	–	–

By virtue of his interests in the ordinary shares of the Company and pursuant to Section 8 of the Companies Act 2016 in Malaysia, Dato' Ahmad Kabeer bin Mohamed Nagoor is deemed to have an interest in the ordinary shares of the 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 interest in ordinary shares or debentures of the Company and its related corporations during the financial year.

## 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 disclosed in Note 29 and 30 to the financial statements) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

## Directors' Report (cont'd)

### DIRECTORS' BENEFITS (CONT'D)

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, other than those arising from the share options granted under the ESOS.

### INDEMNITY TO DIRECTORS AND OFFICERS

During the financial year, there were no indemnity given to or insurance effected for any director or officer of the Company.

### SUBSIDIARIES

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

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

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

Details of significant events during and subsequent to the financial year end are disclosed in Note 38 to the financial statements.

### AUDITORS

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

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

The details of the auditors' remuneration are disclosed in Note 29 to the financial statements.

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

.....  
**DATO' NIK MOD AMIN BIN NIK ABD MAJID**  
Director

.....  
**DATO' AHMAD KABEER BIN MOHAMED NAGOOR**  
Director

Date: 18 October 2021

# STATEMENTS OF FINANCIAL POSITION

As at 30 JUNE 2021

		Group		Company	
	Note	2021 RM	2020 RM	2021 RM	2020 RM
ASSETS					
Non-current assets					
Property, plant and equipment	5	13,322,717	12,234,504	48,688	66,339
Right-of-use assets	6	3,663,143	5,308,722	–	–
Investment properties	7	7,543,206	5,190,206	–	–
Intangible assets	8	39,574,467	41,710,741	–	–
Investment in subsidiaries	9	–	–	108,925,697	108,691,688
Investment in an associate	10	–	157,482	–	–
Deferred tax assets	11	3,045,513	2,773,964	–	–
Total non-current assets		67,149,046	67,375,619	108,974,385	108,758,027
Current assets					
Inventories	12	29,582,508	26,986,255	–	–
Current tax assets		3,719,983	4,224,421	–	–
Trade and other receivables	13	136,548,526	109,904,519	1,414,653	2,331,614
Contract assets	14	57,862,979	59,025,723	–	–
Amount due from subsidiaries	15	–	–	13,592,167	5,323,668
Amount due from an associate	16	128,005	–	–	–
Short-term investments	17	19,686,039	18,940,524	345,848	339,305
Cash and short-term deposits	18	89,436,903	67,720,267	2,704,868	560,316
Total current assets		336,964,943	286,801,709	18,057,536	8,554,903
TOTAL ASSETS		404,113,989	354,177,328	127,031,921	117,312,930



# Statements of Financial Position (cont'd)

		Group		Company	
	Note	2021 RM	2020 RM	2021 RM	2020 RM
<b>EQUITY AND LIABILITIES</b>					
<b>Equity attributable to owners of the Company</b>					
Share capital	19	119,033,525	112,264,362	119,033,525	112,264,362
Treasury shares	20	(1,287,081)	(1,287,081)	(1,287,081)	(1,287,081)
Other reserves	21	9,929,851	10,209,953	13,094,259	13,193,010
Retained earnings/ (Accumulated losses)		78,644,634	55,240,166	(20,374,532)	(26,448,068)
		206,320,929	176,427,400	110,466,171	97,722,223
<b>Non-controlling interests</b>		56,908,437	45,671,454	–	–
<b>TOTAL EQUITY</b>		263,229,366	222,098,854	110,466,171	97,722,223
<b>Non-current liabilities</b>					
Loans and borrowings	22	7,384,550	19,135,369	–	–
Lease liabilities	23	1,223,433	2,009,899	–	–
Trade and other payables	24	352,508	352,508	–	–
Deferred tax liabilities	11	7,407	982,434	–	–
<b>Total non-current liabilities</b>		8,967,898	22,480,210	–	–
<b>Current liabilities</b>					
Loans and borrowings	22	25,636,150	11,637,042	4,900,000	1,500,000
Lease liabilities	23	1,852,677	2,360,707	–	–
Current tax liabilities		3,015,304	1,293,412	119,854	195,203
Trade and other payables	24	78,311,987	80,691,025	677,275	6,621,045
Employee benefits	25	993,931	892,871	–	–
Contract liabilities	14	22,074,782	12,723,207	–	–
Amount due to subsidiaries	15	–	–	10,868,621	11,274,459
Amount due to directors	26	31,894	–	–	–
<b>Total current liabilities</b>		131,916,725	109,598,264	16,565,750	19,590,707
<b>TOTAL LIABILITIES</b>		140,884,623	132,078,474	16,565,750	19,590,707
<b>TOTAL EQUITY AND LIABILITIES</b>		404,113,989	354,177,328	127,031,921	117,312,930

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

# STATEMENTS OF COMPREHENSIVE INCOME

For the financial year ended 30 June 2021

		Group		Company	
	Note	2021 RM	2020 RM	2021 RM	2020 RM
Revenue	27	343,912,953	315,054,500	10,780,000	12,910,000
Cost of sales		(245,773,716)	(237,339,985)	–	–
<b>Gross profit</b>		<b>98,139,237</b>	<b>77,714,515</b>	<b>10,780,000</b>	<b>12,910,000</b>
Other income		3,238,039	2,030,140	–	–
Administrative expenses		(47,065,133)	(49,713,617)	(2,526,615)	(2,704,876)
Other expenses		(2,136,274)	(15,876,041)	–	(37,555,444)
Net allowance of impairment losses on receivables and contract assets		(4,379,446)	(20,946,865)	–	–
<b>Operating profit/(loss)</b>		<b>47,796,423</b>	<b>(6,791,868)</b>	<b>8,253,385</b>	<b>(27,350,320)</b>
Finance costs, net	28	(230,885)	(351,136)	(276,855)	(749,987)
Share of results of associate, net of tax		(176,128)	(24,023)	–	–
<b>Profit/(Loss) before tax</b>	29	<b>47,389,410</b>	<b>(7,167,027)</b>	<b>7,976,530</b>	<b>(28,100,307)</b>
Income tax expense	31	(8,574,234)	(8,122,820)	(417,480)	(414,266)
<b>Profit/(Loss) for the financial year</b>		<b>38,815,176</b>	<b>(15,289,847)</b>	<b>7,559,050</b>	<b>(28,514,573)</b>
<b>Other comprehensive income, net of tax</b>					
<i>Item that may be reclassified subsequently to profit or loss</i>					
Exchange differences on translation of foreign operations		419,562	585,475	–	–
<b>Other comprehensive income for the financial year</b>		<b>419,562</b>	<b>585,475</b>	<b>–</b>	<b>–</b>
<b>Total comprehensive income/(loss) for the financial year</b>		<b>39,234,738</b>	<b>(14,704,372)</b>	<b>7,559,050</b>	<b>(28,514,573)</b>

# Statements of Comprehensive Income (cont'd)

		Group		Company	
	Note	2021 RM	2020 RM	2021 RM	2020 RM
<b>Profit/(Loss) attributable to:</b>					
Owners of the Company		26,065,879	(18,768,920)	7,559,050	(28,514,573)
Non-controlling interests		12,749,297	3,479,073	–	–
		38,815,176	(15,289,847)	7,559,050	(28,514,573)
<b>Total comprehensive income/ (loss) attributable to:</b>					
Owners of the Company		26,723,652	(18,445,327)	7,559,050	(28,514,573)
Non-controlling interests		12,511,086	3,740,955	–	–
		39,234,738	(14,704,372)	7,559,050	(28,514,573)
<b>Earnings/(Loss) per share (sen):</b>					
Basic	32	8.26	(6.40)		
Diluted	32	8.26	(6.40)		

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

# STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 30 June 2021

Group	Note	Attributable to owners of the Company						Non-controlling interests RM	Total equity RM
		Share capital RM	Treasury shares RM	Other reserves RM	Retained earnings RM	Sub-total RM			
<b>At 1 July 2019</b>		110,847,394	(855,221)	10,287,707	78,059,101	198,338,981		47,050,499	245,389,480
<b>Total comprehensive income/(loss) for the financial year</b>									
(Loss)/Profit for the financial year		-	-	-	(18,768,920)	(18,768,920)		3,479,073	(15,289,847)
Other comprehensive income for the financial year		-	-	323,593	-	323,593		261,882	585,475
<b>Total comprehensive income/(loss)</b>		-	-	323,593	(18,768,920)	(18,445,327)		3,740,955	(14,704,372)
<b>Transactions with owners</b>									
Dividends paid on shares to:									
- Owners of the Company	33	-	-	-	(4,422,068)	(4,422,068)		-	(4,422,068)
- Non-controlling interest		-	-	-	-	-		(5,120,000)	(5,120,000)
Issuance of ordinary shares pursuant to:									
- Exercise of ESOS	19	1,416,968	-	(461,496)	-	955,472		-	955,472
Share options granted		-	-	432,202	-	432,202		-	432,202
Share options lapsed		-	-	(372,053)	372,053	-		-	-
Shares repurchased		-	(431,860)	-	-	(431,860)		-	(431,860)
<b>Total transactions with owners</b>		1,416,968	(431,860)	(401,347)	(4,050,015)	(3,466,254)		(5,120,000)	(8,586,254)
<b>At 30 June 2020</b>		112,264,362	(1,287,081)	10,209,953	55,240,166	176,427,400		45,671,454	222,098,854

# Statements of Changes in Equity (cont'd)

Group (Cont'd)	Note	Attributable to owners of the Company					
		Share capital RM	Treasury shares RM	Other reserves RM	Retained earnings RM	Sub-total RM	Non-controlling interests RM
At 1 July 2020		112,264,362	(1,287,081)	10,209,953	55,240,166	176,427,400	45,671,454
							222,098,854
<b>Total comprehensive (loss)/income for the financial year</b>							
Profit for the financial year		-	-	-	26,065,879	26,065,879	12,749,297
Other comprehensive loss for the financial year		-	-	(181,351)	-	(181,351)	(238,211)
							(419,562)
<b>Total comprehensive (loss)/income</b>		-	-	(181,351)	26,065,879	25,884,528	12,511,086
							38,395,614
<b>Transactions with owners</b>							
Dividends paid/payable on shares to:							
- Owners of the Company	33	-	-	-	(1,578,032)	(1,578,032)	-
- Non-controlling interest		-	-	-	-	-	(2,450,000)
Non-controlling interest arising from disposal of a subsidiary		-	-	-	(1,175,897)	(1,175,897)	1,175,897
Issuance of ordinary shares pursuant to:							-
- Final consideration for acquisition of a subsidiary	19	5,968,736	-	-	-	5,968,736	-
- Exercise of ESOS	19	800,427	-	(284,170)	-	516,257	-
Share options granted		-	-	277,937	-	277,937	-
Share options lapsed		-	-	(92,518)	92,518	-	-
<b>Total transactions with owners</b>		6,769,163	-	(98,751)	(2,661,411)	4,009,001	(1,274,103)
							2,734,898
<b>At 30 June 2021</b>		119,033,525	(1,287,081)	9,929,851	78,644,634	206,320,929	56,908,437
							263,229,366

# Statements of Changes in Equity (cont'd)

Company	Note	Attributable to owners of the Company				Total equity RM
		Share capital RM	Treasury shares RM	Other reserves RM	Retained earnings/ (Accumulated losses) RM	
<b>At 1 July 2019</b>		110,847,394	(855,221)	13,594,357	6,116,520	129,703,050
<b>Total comprehensive loss for the financial year</b>		–	–	–	(28,514,573)	(28,514,573)
<b>Transactions with owners</b>						
Dividends paid on shares	33	–	–	–	(4,422,068)	(4,422,068)
Issuance of ordinary shares pursuant to:						
- Exercise of ESOS	19	1,416,968	–	(461,496)	–	955,472
Share options granted		–	–	432,202	–	432,202
Share options lapsed		–	–	(372,053)	372,053	–
Shares repurchased		–	(431,860)	–	–	(431,860)
<b>Total transactions with owners</b>		<b>1,416,968</b>	<b>(431,860)</b>	<b>(401,347)</b>	<b>(4,050,015)</b>	<b>(3,466,254)</b>
<b>At 30 June 2020</b>		<b>112,264,362</b>	<b>(1,287,081)</b>	<b>13,193,010</b>	<b>(26,448,068)</b>	<b>97,722,223</b>
<b>At 1 July 2020</b>		<b>112,264,362</b>	<b>(1,287,081)</b>	<b>13,193,010</b>	<b>(26,448,068)</b>	<b>97,722,223</b>
<b>Total comprehensive income for the financial year</b>		–	–	–	7,559,050	7,559,050
<b>Transactions with owners</b>						
Dividends paid on shares	33	–	–	–	(1,578,032)	(1,578,032)
Issuance of ordinary shares pursuant to:						
- Exercise of ESOS	19	800,427	–	(284,170)	–	516,257
- Final consideration for acquisition of a subsidiary	19	5,968,736	–	–	–	5,968,736
Share options granted		–	–	277,937	–	277,937
Share options lapsed		–	–	(92,518)	92,518	–
<b>Total transactions with owners</b>		<b>6,769,163</b>	<b>–</b>	<b>(98,751)</b>	<b>(1,485,514)</b>	<b>5,184,898</b>
<b>At 30 June 2021</b>		<b>119,033,525</b>	<b>(1,287,081)</b>	<b>13,094,259</b>	<b>(20,374,532)</b>	<b>110,466,171</b>

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



# STATEMENTS OF CASH FLOWS

For the financial year ended 30 June 2021

		Group		Company
Note	2021 RM	2020 RM	2021 RM	2020 RM
<b>Cash flows from operating activities</b>				
Profit/(Loss) before tax	47,389,410	(7,167,027)	7,976,530	(28,100,307)
Adjustments for:				
Amortisation of intangible asset	–	1,043,828	–	–
Bad debt written off	229	73,185	–	–
Deposits written off	5,550	–	–	–
Depreciation of property, plant and equipment	1,786,183	1,709,660	17,651	18,832
Depreciation of right-of-use assets	2,586,546	2,789,029	–	–
Dividend income	–	–	(8,860,000)	(11,130,000)
Employee benefits	131,585	90,338	–	–
Fair value loss on consideration/ contingent consideration payable	–	1,080,831	–	1,080,831
Fair value loss on investment properties	733,000	–	–	–
Finance costs	1,355,870	2,117,908	615,631	870,291
Finance income	(1,124,985)	(1,766,772)	(338,776)	(120,304)
Gain on disposal of property, plant and equipment	(11,807)	(95,782)	–	–
Gain on disposal of right-of-use assets	(100,886)	(17,675)	–	–
Inventories written down to net realisable value	443,471	228,415	–	–
Net (reversal)/allowance of impairment losses on:				
- amount due from subsidiaries	–	–	32,684	35,449
- contract assets	(1,041,282)	1,662,638	–	–
- goodwill	2,136,274	13,751,382	–	–
- investment in subsidiaries	–	–	–	36,474,613
- trade receivables	5,335,563	19,284,227	–	–
- other receivables	85,165	–	–	–
Property, plant and equipment written off	26,936	5,185	–	–
Rent concession income	–	(18,150)	–	–
Right-of-use assets written off	–	61,779	–	–
Share of results of associate	176,128	24,023	–	–
Share options granted under ESOS	277,937	432,202	43,926	98,964
Unrealised gain on foreign exchange	(67,930)	(259,417)	–	–
<b>Operating profit/(loss) before changes in working capital, carried forward</b>	<b>60,122,957</b>	<b>35,029,807</b>	<b>(512,354)</b>	<b>(771,631)</b>

# Statements of Cash Flows (cont'd)

		Group		Company	
	Note	2021 RM	2020 RM	2021 RM	2020 RM
<b>Cash flows from operating activities (Cont'd)</b>					
<b>Operating profit/(loss) before changes in working capital, brought forward</b>		60,122,957	35,029,807	(512,354)	(771,631)
<u>Changes in working capital:</u>					
Inventories		(3,039,724)	(9,525,126)	–	–
Trade and other receivables/ Contract assets		(32,952,488)	7,787,934	916,961	1,106,800
Trade and other payables/ Contract liabilities		12,922,627	1,173,864	24,968	133,718
Cash generated from operations		37,053,372	34,466,479	429,575	468,887
Dividend received		–	–	8,860,000	11,130,000
Income tax paid		(9,103,377)	(9,229,193)	(492,829)	(310,791)
Income tax refunded		1,497,249	831,836	–	–
Interest paid		(1,355,870)	(2,117,908)	(615,631)	(870,291)
Net cash from operating activities		28,091,374	23,951,214	8,181,115	10,417,805
<b>Cash flows from investing activities</b>					
Advances to associate		(128,005)	–	–	–
Advances to subsidiaries		–	–	(9,394,126)	(2,935,738)
Finance income		572,980	1,040,112	55,434	1,920
Placement of deposits with tenure more than 3 months		(6,617,015)	–	–	–
Placement of short-term investments		(8,809,600)	(57,200,000)	–	(8,400,000)
Proceeds from disposal of property, plant and equipment		19,850	97,273	–	–
Proceeds from disposal of right-of-use assets		158,500	55,968	–	–
Proceeds from disposal of short-term investments		8,616,090	50,500,000	–	8,500,000
Purchase of property, plant and equipment	(a)	(2,203,515)	(1,184,977)	–	(57,611)
Repayment from subsidiaries		–	–	1,369,742	569,034
Net cash used in investing activities		(8,390,715)	(6,691,624)	(7,968,950)	(2,322,395)

# Statements of Cash Flows (cont'd)

		Group		Company	
	Note	2021 RM	2020 RM	2021 RM	2020 RM
<b>Cash flows from financing activities</b>	(b)				
Advances from directors		31,894	–	–	–
(Repayment to)/Advances from subsidiaries		–	–	(405,838)	10,341,973
Changes in pledged deposits		(1,424,039)	1,939,050	–	–
Dividend paid to:					
- Owners of the Company		(1,578,032)	(4,422,068)	(1,578,032)	(4,422,068)
- Non-controlling interests		(2,450,000)	(4,580,000)	–	–
Drawdown of revolving credits		5,500,000	1,500,000	4,400,000	–
Drawdown of term loans		–	11,000,000	–	–
Drawdown of trade loan		20,907,064	1,855,697	–	–
Payment of lease liabilities		(3,016,664)	(2,725,099)	–	–
Proceeds from exercise of ESOS		516,257	955,472	516,257	955,472
Purchase of treasury shares		–	(431,860)	–	(431,860)
Repayment of revolving credits		(1,000,000)	(15,975,000)	(1,000,000)	(15,500,000)
Repayment of term loans		(13,216,197)	(4,113,116)	–	–
Repayment of trade loan		(12,387,868)	–	–	–
Net cash (used in)/from financing activities		(8,117,585)	(14,996,924)	1,932,387	(9,056,483)
Net increase/(decrease) in cash and cash equivalents		11,583,074	2,262,666	2,144,552	(961,073)
<b>Cash and cash equivalents at the beginning of the financial year</b>		60,863,477	57,733,232	560,316	1,521,389
Effects of exchange rate changes on cash and cash equivalents		(352,782)	867,579	–	–
<b>Cash and cash equivalents at the end of the financial year</b>	18	72,093,769	60,863,477	2,704,868	560,316

# Statements of Cash Flows (cont'd)

## (a) Purchase of property, plant and equipment:

	<b>Group</b>		<b>Company</b>	
	<b>2021 RM</b>	<b>2020 RM</b>	<b>2021 RM</b>	<b>2020 RM</b>
Cash payments on purchase of property, plant and equipment	2,203,515	1,184,977	–	57,611

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

<b>Group</b>	<b>1 July 2020 RM</b>	<b>Cash flows RM</b>	<b>Non-cash Acquisition RM</b>	<b>30 June 2021 RM</b>
Revolving credits	3,000,000	4,500,000	–	7,500,000
Term loans	24,647,211	(13,216,197)	–	11,431,014
Trade loan	3,125,200	8,519,196	–	11,644,396
Lease liabilities	4,370,606	(3,016,664)	1,722,168	3,076,110
	35,143,017	(3,213,665)	1,722,168	33,651,520

<b>Group</b>	<b>1 July 2019 RM</b>	<b>Cash flows RM</b>	<b>Non-cash Acquisition RM</b>	<b>30 June 2020 RM</b>
Revolving credits	17,475,000	(14,475,000)	–	3,000,000
Term loans	17,760,327	6,886,884	–	24,647,211
Trade loan	1,269,503	1,855,697	–	3,125,200
Lease liabilities	5,673,293	(2,725,099)	1,422,412	4,370,606
	42,178,123	(8,457,518)	1,422,412	35,143,017

**Company**

Changes in liabilities arising from financing activities are changes arising from cash flows.

## (c) During the financial year, the total cash outflows of the Group for leases is RM4,355,448 (2020: RM4,293,287).

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

# NOTES TO THE FINANCIAL STATEMENTS

## 1. CORPORATE INFORMATION

AWC Berhad (“the Company”) is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad. The registered office of the Company is located at Third Floor, No. 77, 79 & 81, Jalan SS 21/60, Damansara Utama, 47400 Petaling Jaya, Selangor Darul Ehsan. The principal place of business of the Company is located at No. 20-2, Subang Business Centre, Jalan USJ 9/5T, 47620 UEP Subang Jaya, Selangor Darul Ehsan.

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are disclosed in Note 9 to the financial statements.

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

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 18 October 2021.

## 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 Malaysian Financial Reporting Standards (“MFRSs”), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

### 2.2 Adoption of amendments/improvements to MFRSs

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

#### Amendments/Improvements to MFRSs

MFRS 3	Business Combinations
MFRS 7	Financial Instruments: Disclosures
MFRS 9	Financial Instruments
MFRS 16	Leases*
MFRS 101	Presentation of Financial Statements
MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors
MFRS 139	Financial Instruments: Recognition and Measurement

\* Early adopted the amendment to MFRS 16 *Leases* issued by MASB on 6 April 2021.

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.

## Notes to the Financial Statements (cont'd)

### 2. BASIS OF PREPARATION (CONT'D)

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

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

		<b>Effective for financial periods beginning on or after</b>
<u>New MFRS</u>		
MFRS 17	Insurance Contracts	1 January 2023
<u>Amendments/Improvements to MFRSs</u>		
MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards	1 January 2022 <sup>^</sup> / 1 January 2023 <sup>#</sup>
MFRS 3	Business Combinations	1 January 2022/ 1 January 2023 <sup>#</sup>
MFRS 4	Insurance Contracts	1 January 2021
MFRS 5	Non-current Assets Held for Sale and Discontinued Operations	1 January 2023 <sup>#</sup>
MFRS 7	Financial Instruments: Disclosures	1 January 2021/ 1 January 2023 <sup>#</sup>
MFRS 9	Financial Instruments	1 January 2021/ 1 January 2022 <sup>^</sup> / 1 January 2023 <sup>#</sup>
MFRS 10	Consolidated Financial Statements	Deferred
MFRS 15	Revenue from Contracts with Customers	1 January 2023 <sup>#</sup>
MFRS 16	Leases	1 January 2021/ 1 January 2022 <sup>^</sup>
MFRS 17	Insurance Contracts	1 January 2023
MFRS 101	Presentation of Financial Statements	1 January 2023/ 1 January 2023 <sup>#</sup>
MFRS 107	Statements of Cash Flows	1 January 2023 <sup>#</sup>
MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2023
MFRS 112	Income Taxes	1 January 2023
MFRS 116	Property, Plant and Equipment	1 January 2022/ 1 January 2023 <sup>#</sup>
MFRS 119	Employee Benefits	1 January 2023 <sup>#</sup>
MFRS 128	Investments in Associates and Joint Ventures	Deferred/ 1 January 2023 <sup>#</sup>
MFRS 132	Financial Instruments: Presentation	1 January 2023 <sup>#</sup>
MFRS 136	Impairment of Assets	1 January 2023 <sup>#</sup>
MFRS 137	Provisions, Contingent Liabilities and Contingent Assets	1 January 2022/ 1 January 2023 <sup>#</sup>
MFRS 138	Intangible Assets	1 January 2023 <sup>#</sup>
MFRS 139	Financial Instruments: Recognition and Measurement	1 January 2021
MFRS 140	Investment Property	1 January 2023 <sup>#</sup>
MFRS 141	Agriculture	1 January 2022 <sup>^</sup>

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

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



## Notes to the Financial Statements (cont'd)

### 2. BASIS OF PREPARATION (CONT'D)

#### 2.3 New MFRS and amendments/improvements to MFRSs that have been issued, but yet to be effective (Cont'd)

- (b) 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 101 Presentation of Financial Statements***

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

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

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

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 116 Property, Plant and Equipment***

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

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

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

- (c) The Group and the Company are currently assessing the impact of initial application of the above applicable 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 period and prior period financial statements of the Group and of the Company.

## Notes to the Financial Statements (cont'd)

### 2. BASIS OF PREPARATION (CONT'D)

#### 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, unless otherwise stated.

#### 2.5 Basis of measurement

The financial statements of the Group and of the Company have been prepared on the historical cost basis, except as otherwise disclosed in Note 3 to the financial statements.

#### 2.6 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 reporting 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 that are significant to the Group's and the Company's financial statements are disclosed in Note 4 to the financial statements.

### 3. SIGNIFICANT ACCOUNTING POLICIES

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

#### 3.1 Basis of consolidation and economic entities

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. The financial statements of the subsidiaries and associate 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.

##### (a) Subsidiaries and business combination

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

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

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

## Notes to the Financial Statements (cont'd)

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 3.1 Basis of consolidation and economic entities (Cont'd)

##### (a) Subsidiaries and business combination (Cont'd)

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 (including contingent liabilities) assumed at the acquisition date.

The accounting policy for goodwill is set out in Note 3.8(a) 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.

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 would 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 gain or loss 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, a joint venture, an available-for-sale financial asset or a held for trading financial asset depending on the level of influence retained.

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

## Notes to the Financial Statements (cont'd)

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 3.1 Basis of consolidation and economic entities (Cont'd)

##### (b) 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.

##### (c) Associates

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

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

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

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

When the Group ceases to have significant influence over an associate, any retained interest in the former associate at the date when significant influence is lost is measured at fair value and this amount is regarded as the initial carrying amount of an available-for-sale financial asset or a held for trading 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.

##### (d) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intragroup 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.

## Notes to the Financial Statements (cont'd)

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 3.2 Separate financial statements

In the Company's statement of financial position, investment in subsidiaries is measured at cost less any accumulated 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 would be required for impairment of non-financial assets as disclosed in Note 3.12(b) to the financial statements.

Contributions to subsidiaries are amounts for which the settlement is neither planned nor likely to occur in the foreseeable future is, in substance, considered as part of the Company's investment in the subsidiaries.

#### 3.3 Foreign currency transactions and operations

##### (a) Translation of foreign currency 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 measured 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.

Foreign exchange differences arising on settlement or retranslation of monetary items are recognised in profit or loss except for monetary items that are designated as hedging instruments in either a cash flow hedge or a hedge of the Group's net investment of a foreign operation. When settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, exchange differences are recognised in profit or loss in the separate financial statements of the parent company or the individual financial statements of the foreign operation. In the consolidated financial statements, the exchange differences are considered to form part of a net investment in a foreign operation and are recognised initially in other comprehensive income until its disposal, at which time, the cumulative amount is reclassified to profit or loss.

The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e. translation differences on items whose fair value gain or loss is recognised in other comprehensive income or profit or loss are also recognised in other comprehensive income or profit or loss, respectively).

##### (b) Translation of foreign operations

The assets and liabilities of foreign operations denominated in the functional currency different from the presentation currency, including goodwill and fair value adjustments arising on acquisition, are translated into the presentation currency at exchange rates prevailing at the reporting date. The income and expenses of foreign operations are translated at exchange rates at the dates of the transactions.

Exchange differences arising on the translation are recognised in other comprehensive income. However, if the foreign operation is a non-wholly owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests.

When a foreign operation is disposed of such that control, significant influence is lost, the cumulative amount in foreign exchange translation reserves related to that foreign operation is reclassified to profit or loss. For a partial disposal not involving loss of control of a subsidiary that includes a foreign operation, the proportionate share of cumulative amount in foreign exchange translation reserve is reattributed to non-controlling interests. For partial disposals of associates that do not result in the Group losing significant influence, the proportionate share of the cumulative amount in foreign exchange translation reserve is reclassified to profit or loss.

## Notes to the Financial Statements (cont'd)

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 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 instruments.

##### (a) Initial recognition

Except for the trade receivables that do not contain a significant financing component, 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 or financial liability.

Transaction costs attributable to a financial asset or financial liability 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 where the Group and the Company expect the period between when the promised goods are transferred and when the customer pays will be one year or less, are measured at the transaction price determined under MFRS 15.

##### (b) Subsequent measurement

The Group and the Company categorise financial instruments as follows:

###### (i) Financial assets

- **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 3.12(a) to the financial statements. Gain 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 or at FVOCI, 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 (cont'd)

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 3.4 Financial instruments (Cont'd)

##### (b) Subsequent measurement (Cont'd)

###### (ii) Financial liabilities

The Group and the Company classify their financial liabilities as financial liabilities measured at amortised cost.

Financial liabilities are subsequently measured at amortised cost using effective interest rate ("EIR") method. Gains and losses are recognised in profit or loss when the financial liabilities are derecognised and through the EIR amortisation process.

##### (c) 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 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 using the general 3-stage approach as described in Note 3.12(a) to the financial statements and the amount initially recognised, and where appropriate, the cumulative amount of income recognised in accordance with the principles of MFRS 15.

##### (d) Derecognition

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

- (i) the contractual rights to receive cash flows from the financial asset expire, or
- (ii) 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:
  - (a) the Group and the Company have transferred substantially all the risks and rewards of the asset, or
  - (b) 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.

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

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

Notes to the Financial Statements  
(cont'd)**3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****3.4 Financial instruments (Cont'd)****(e) 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****(a) Recognition and measurement**

Property, plant and equipment (other than freehold buildings) are measured at cost less accumulated depreciation and any accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.12(b) to the financial statements.

Freehold buildings are measured at fair value, based on valuations by external independent valuers, less accumulated depreciation 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 buildings does 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 when the assets are derecognised.

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 3.17 to the financial statements.

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

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

## Notes to the Financial Statements (cont'd)

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 3.5 Property, plant and equipment (Cont'd)

##### (b) 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.

##### (c) Depreciation

All property, plant and equipment are depreciated on a straight-line basis by allocating their depreciable amounts over their remaining useful lives at the following annual rates:

Buildings	2%
Leasehold buildings	Over the lease period of 92 years
Computer equipment and software	10% to 50%
Machinery, equipment and motor vehicles	10% to 50%
Furniture, fittings and office equipment	8% to 20%
Electrical installation and renovation	10% to 33 1/3%

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

##### (d) 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

##### (a) 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.

##### (b) 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 that do not meet the definition of investment property in Note 6 to the financial statements and lease liabilities in Note 23 to the financial statements.

## Notes to the Financial Statements (cont'd)

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 3.6 Leases (Cont'd)

##### (b) Lessee accounting (Cont'd)

###### 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 adjusted 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 3.12(b) 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; and
- the exercise price of a purchase option, if the lessee is reasonably certain to exercise that option.

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 the line "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.

## Notes to the Financial Statements (cont'd)

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 3.6 Leases (Cont'd)

##### (b) Lessee accounting (Cont'd)

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

The Group and the Company have elected not to recognise right-of-use assets and lease liabilities for short-term leases and leases of low value assets. The Group and the Company recognise the lease payments 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.

##### (c) 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 and the Company are intermediate lessors, they account 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(b) to the financial statements, then it classifies the sub-lease 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.

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

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

#### 3.7 Investment properties

Investment properties are properties held to earn rental income or for capital appreciation or both.

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value. Gains and losses arising from changes in the fair values of investment properties are recognised in profit or loss for the period in which they arise.

Cost includes purchase price and any directly attributable costs incurred to bring the property to its present location and condition intended for use as an investment property. The cost of a self-constructed investment property includes the cost of material, direct labour and any other direct attributable costs. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs in Note 3.17 to the financial statements.

An investment property is derecognised on their disposal or when it is permanently withdrawn from use and no future economic benefits are expected from its disposals. Any gains and losses arising from derecognition of the asset is recognised in the profit or loss.

Notes to the Financial Statements  
(cont'd)**3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****3.7 Investment properties (Cont'd)**

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property carried at fair value to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. For a transfer from owner-occupied property to investment property, any difference arising on the date of change in use between the carrying amount of the item immediately prior to the transfer and its fair value is recognised directly in equity as a revaluation of property, plant and equipment.

**3.8 Intangible assets****(a) Goodwill on consolidation**

Goodwill arising from 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 any accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.12(b) 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.

**(b) Other intangible asset**

Intangible asset, other than goodwill, that are acquired by the Group, which have finite useful life, is measured at cost less accumulated amortisation and any accumulated impairment loss. Amortisation is recognised in profit or loss over the period of the customer contracts. Amortisation methods and useful life are reviewed at the end of each reporting period and adjusted, if appropriate.

**3.9 Inventories**

Inventories consist of raw materials and consumables, trading and installation goods, work in progress and finished goods.

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:

- Raw materials and consumables are determined using the first-in first-out basis.
- Trading and installation goods are assigned on a weighted average cost basis.
- Work in progress are assigned on a weighted average cost basis.
- Finished goods are assigned on a weighted average cost basis.

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.

## Notes to the Financial Statements (cont'd)

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 3.10 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 3.12(a) 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.

#### 3.11 Cash and cash equivalents

For the purpose of the statements of cash flows, cash and cash equivalents comprise cash in hand, bank balances and deposits and other short-term, highly liquid investments 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.

#### 3.12 Impairment of assets

##### (a) Impairment of financial assets and contract assets

Financial assets measured at amortised cost, contract assets and financial guarantee contracts are subject to the impairment requirement in MFRS 9 to account for expected credit losses. Expected credit loss ("ECL") 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 as follows:

- (i) General 3-stage approach for other receivables and cash and short-term deposits.

At each reporting date, the Group and the Company measure loss allowance at an amount equal to credit losses that result from default events that are possible within the next 12-months (12-month ECL") if credit risk on a financial instrument has not increased significantly since initial recognition.

For other financial instruments, a loss allowance at an amount equal to credit losses over the remaining life of the exposure ("lifetime ECL") is required.

- (ii) Simplified approach for trade receivables and contract assets.

The Group applies the simplified approach permitted by MFRS 9 to measure the loss allowance at an amount equal to lifetime ECL at each reporting date. The Group considers the ECL rates for trade receivables as a reasonable approximation of the loss rates for contract assets of the same customer or with similar risk characteristics.

When determining whether 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.

Generally, 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.



## Notes to the Financial Statements (cont'd)

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 3.12 Impairment of assets (Continued)

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

The Group and the Company consider a financial asset to be in default (or credit-impaired) when 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. Nevertheless, in other cases, the Group and the Company may also consider internal and external information that indicates that the Group and the Company are unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group and the Company. Those information includes instances where:

- the counterparty is in significant financial difficulty;
- the counterparty is in breach of financial covenants;
- the lender of the counterparty having granted to the counterparty a concession that the lender would not otherwise consider;
- it is becoming probable that the counterparty will enter bankruptcy or other financial reorganisation.

Impairment losses (or reversal) are recognised in profit or loss.

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 counterparty no longer have assets or a source of income that could generate sufficient cash flows to repay the amount owing.

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

The carrying amounts of non-financial assets (except for inventories, contract assets, deferred tax assets and investment properties measured at fair value) 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 the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other non-financial assets or cash-generating units ("CGUs").

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

Where the carrying amount of an asset exceeds 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 were previously revalued with the revaluation surplus recognised in other comprehensive income. In the latter case, the impairment is recognised in other comprehensive income up to the amount of any previous revaluation.

## Notes to the Financial Statements (cont'd)

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 3.12 Impairment of assets (Cont'd)

##### (b) Impairment of non-financial assets (Cont'd)

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.

#### 3.13 Share capital

##### (a) Ordinary shares

Ordinary shares are equity instruments. 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.

##### (b) Treasury shares

When share capital recognised as equity is repurchased, the amount of consideration paid is recognised directly in equity. Repurchased shares that have not been cancelled including any attributable transaction costs are classified as treasury shares and presented as a deduction from total equity.

When treasury shares are sold or reissued subsequently, the difference between the sales consideration and the carrying amount is presented as a movement in equity.

#### 3.14 Employee benefits

##### (a) 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.

##### (b) Defined contribution plans

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.

##### (c) Defined benefit plans

The Group operates defined benefit pension plans (funded) and provides a post-employment healthcare benefit (unfunded) plan to employees as provided in the employment agreements between the companies in the Group and their employees.

Notes to the Financial Statements  
(cont'd)**3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****3.14 Employee benefits (Cont'd)****(d) Employees' Share Option Scheme ("ESOS")**

Employees of the Group and of the Company receive remuneration in the form of share options as consideration for services rendered. The cost of these equity-settled transactions with employees is measured by reference to the fair value of the options at the date on which the options are granted. This cost is recognised in profit or loss, with a corresponding increase in the employees' share option reserve over the vesting period. The cumulative expense recognised at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's and the Company's best estimate of the number of options that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in cumulative expense recognised at the beginning and end of that period.

No expense is recognised for options that do not ultimately vest, except for options where vesting is conditional upon a market or non-vesting condition, which are treated as vested irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied. The employees' share option reserve is transferred to retained earnings upon expiry of the share options. When the options are exercised, the employees' share option reserve is transferred to share capital if new shares are issued, or to treasury shares if the options are satisfied by reissuance of treasury shares.

**3.15 Provisions**

Provisions are recognised when the Group and the Company have 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.

If the effect of the time value of money is material, provisions that are determined based on the expected future cash flows to settle the obligation are discounted using a current pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. When discounting is used, the increase in the provisions due to passage of time is recognised as finance costs.

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

**3.16 Revenue and other income**

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 (or related parties of the 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 expects to be entitled in exchange for transferring promised good or service to a customer, excluding amounts collected on behalf of third parties such as sales and services tax, adjusted for the effects of any variable consideration, constraining estimates of variable consideration, significant financing components, non-cash consideration and consideration payable to customer.

## Notes to the Financial Statements (cont'd)

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 3.16 Revenue and other income (Cont'd)

For contract with separate performance obligations, the transaction price is allocated to the separate performance obligations on the relative stand-alone selling price basis. If the standalone selling price is not directly observable, the Group estimates it by using the costs plus margin approach.

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

A contract modification is a change in the scope or price (or both) of a contract that is approved by the parties to the contract. A modification exists when the change either creates new or changes existing enforceable rights and obligations of the parties to the contract. The Group has 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. Any cumulative catch-up adjustments to revenue that affect the corresponding contract asset or contract liability is disclosed in the financial statements.

#### Financing components

The Group has applied the practical expedient for not to adjust the promised amount of consideration for the effects of a significant financing components if it expects 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.

#### **(a) Construction and engineering contracts**

The Group constructs facilities and performs engineering works under contracts with customers. Construction and engineering 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 facilities and engineering works is transferred over time as the Group creates or enhances 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 180 days, which is consistent with market practice, therefore, no element of financing is deemed present. The Group becomes entitled to invoice customers for construction of facilities and engineering works based on achieving a series of performance-related milestones.

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

Notes to the Financial Statements  
(cont'd)**3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****3.16 Revenue and other income (Cont'd)****(b) Design, manufacture and supply contracts**

The Group designs, manufacture and supply goods under contracts with customers.

Under the terms of the contracts, control of certain underlying goods in relation to the manufacture and supply contracts is transferred over time as:

- (i) the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- (ii) the Group's performance does not create an asset with alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

Revenue of such contracts 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 costs incurred for work performed to date bear to the estimated total costs (an input method).

Sales are made with credit term ranging from 30 to 180 days, therefore, no element of financing is deemed present. The Group becomes entitled to invoice customers based on achieving a series of performance-related milestones.

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

**(c) Sale of goods**

Revenue from sale of goods, unless control transfer over time, is recognised at a point in time when control of the goods is passed to the customer, which is the 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 180 days.

**(d) Rendering of services**

Revenue from a contract to provide services is recognised over time as the services are rendered because the customer receives and uses the benefits simultaneously. This is determined based on the time elapsed (output method), labour hours expended (input method) or costs incurred (input method). When the Group does not transfer control of the services over time, revenue is recognised at a point in time as the services are rendered.

Sales are made with a credit term of 30 to 180 days.

**(e) Commission income**

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

Sales are made with a credit term of 30 to 90 days.

**(f) Rental income**

Rental income from investment properties is recognised on a straight-line basis over the term of the lease.

## Notes to the Financial Statements (cont'd)

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 3.16 Revenue and other income (Cont'd)

##### (g) Dividend income

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

##### (h) Interest income

Interest income is recognised using the effective interest method.

#### 3.17 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 capitalised as part of 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.

#### 3.18 Income tax

Income tax expense in profit or loss 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.

##### (a) 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.

##### (b) Deferred tax

Deferred tax is recognised 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, unutilised 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 differences arise from the initial recognition of assets and liabilities in a transaction which 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.

## Notes to the Financial Statements (cont'd)

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 3.18 Income tax (Cont'd)

##### (b) Deferred tax (Cont'd)

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, branches and associates, except where the Group is able to control the reversal timing 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.

Where investment properties are carried at fair value in accordance with the accounting policy as disclosed in Note 3.7 to the financial statements, the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying value at the reporting date unless the property is depreciable and is held within the business model whose objective is to consume substantially all the economic benefits embodied in the property over time, rather than through sale.

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

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

##### (c) Sales and services tax

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

- where the sales and services tax incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the sales and services 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 services tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statements of financial position.



## Notes to the Financial Statements (cont'd)

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 3.19 Earnings per share

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

#### 3.20 Operating segments

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

#### 3.21 Fair value measurements

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

For a 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 and the Company use 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 and the Company 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.

The Group and the Company recognise transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

Notes to the Financial Statements  
(cont'd)**3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****3.22 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.

**3.23 Contract costs****(a) Recognition and measurement**

Contract costs include costs of obtaining and fulfilling a contract.

The incremental costs of obtaining a contract are those costs that the Group and the Company incur to obtain a contract with a customer which they would not have incurred if the contract had not been obtained. The incremental costs of obtaining a contract with a customer are recognised as part of contract costs when the Group and the Company expect those costs are recoverable.

The costs incurred in fulfilling a contract with a customer which are not within the scope of another MFRSs, such as MFRS 102 *Inventories*, MFRS 116 *Property, Plant and Equipment* or MFRS 138 *Intangible Assets*, are recognised as part of contract costs when all of the following criteria are met:

- (i) the costs relate directly to a contract or to an anticipated contract that can be specifically identified;
- (ii) the costs generate or enhance resources of the Group and the Company that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and
- (iii) the costs are expected to be recovered.

**(b) Amortisation**

The costs of obtaining and fulfilling a contract are amortised on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates, i.e. in accordance with the pattern of transfer of goods or services to which the asset relates. The amortisation shall be updated subsequently to reflect any significant change to the expected timing of transfer to the customer of the goods or services to which the asset relates in accordance with MFRS 108 *Accounting Policies, Changes in Accounting Estimate and Errors*.

## Notes to the Financial Statements (cont'd)

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 3.23 Contract costs (Cont'd)

##### (c) Impairment

Impairment loss are recognised in profit or loss to the extent that the carrying amount of the contract cost exceeds:

- (i) the remaining amount of consideration that the entity expects to receive in exchange for the goods or services to which the asset relates; less
- (ii) the costs that relate directly to providing those goods or services and that have not been recognised as expenses.

Before an impairment loss is recognised for contract costs, the Group and the Company shall recognise any impairment loss for assets related to the contract that are recognised in accordance with another MFRSs, such as MFRS 102, MFRS 116 and MFRS 138. The Group and the Company shall include the resulting carrying amount of the contract costs in the carrying amount of the cash-generating unit to which it belongs for the purpose of applying MFRS 136 *Impairment of Assets* to that cash-generating unit.

An impairment loss is reversed when the impairment conditions no longer exist or have improved. Such reversal is recognised in profit or loss.

The Group and the Company have applied the practical expedient to recognise the incremental costs of obtaining a contract as an expense when incurred if the amortisation period of the asset that the entity would have recognised is one year or less.

### 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 amounts recognised in the financial statements include the following:

#### 4.1 Impairment of goodwill on business combination

Goodwill is tested for impairment annually and at other times when such indicators exist. This requires an estimation of the value-in-use of the cash generating units to which goodwill is allocated. When value-in-use calculations are undertaken, the Group uses its judgement to decide the discount rates to be applied in the recoverable amount calculation and assumptions supporting the underlying cash flow projections, including near-term impact from Coronavirus ("COVID-19"), forecast growth rates and gross profit margin. The economic uncertainties from COVID-19 pandemic may result in higher level of estimation uncertainty to the inputs and assumptions used in the value-in-use calculation. Cash flows that are projected based on those inputs or assumptions may have a significant effect on the Group's financial position and results if the actual cash flows are less than the expected.

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 8.1 to the financial statements.

Notes to the Financial Statements  
(cont'd)**4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONT'D)**

Significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have significant effect in determining the amounts recognised in the financial statements include the following (cont'd):

**4.2 Impairment of financial assets and contract assets**

The impairment provisions for financial assets and contract assets are based on assumptions about risk of default and expected loss rate. The Group and the Company use judgement in making these assumptions and selecting inputs to the impairment calculation, based on the Group's and the Company's past history, existing market conditions as well as forward-looking estimates at the end of each reporting period. The forward-looking estimates include the possible impact of COVID-19 pandemic on risk of default of financial assets and contract assets.

The assessment of the correlation between historical observed default rates, forward-looking estimates and expected credit losses is a significant estimate. The amount of expected credit losses is sensitive to changes in circumstances and of forecast economic conditions over the expected lives of the financial assets 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 and the Company's financial assets and contract assets are disclosed in Note 34 to the financial statements.

**4.3 Construction and engineering revenue**

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

Significant judgement is required in determining the progress towards complete satisfaction of performance obligation, the extent of the construction costs incurred, the estimated total construction revenue and expenses, as well as the recoverability of the construction projects. In making the judgement, the Group evaluates 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 14 to the financial statements.

**4.4 Impairment of investment in subsidiaries**

The Company assesses its investment in subsidiaries at the end of the reporting period for any objective evidence that the investment may be impaired. For the purpose of assessing impairment, the Group determines its share of the present value of the estimated future cash flows expected to be generated by the subsidiaries. In estimating the present value of the estimated cash flows, the Group applies a suitable discount rate and make assumptions underlying the cash flow projections which include near-term impact of COVID-19 pandemic, future revenue, gross profit margin and operating expenses.

The carrying amounts of investment in subsidiaries are disclosed in Note 9 to the financial statements.

Notes to the Financial Statements  
(cont'd)

## 5. PROPERTY, PLANT AND EQUIPMENT

Group	At valuation	At cost				Total RM
		Buildings RM	Computer equipment and software RM	Machinery, equipment and motor vehicles RM	Furniture, fittings and office equipment RM	Electrical installation and renovation RM
<b>2021</b>						
<b>Valuation/Cost</b>						
At 1 July 2020	7,963,941	10,189,149	7,886,562	5,882,063	2,068,289	33,990,004
Additions	-	420,897	399,781	1,363,166	19,671	2,203,515
Disposals	-	(6,099)	(89,341)	(16,800)	-	(112,240)
Written off	-	(175,370)	(1,277)	(54,310)	(35,129)	(266,086)
Reclassification from right-of-use assets (Note 6)	-	-	1,614,179	-	-	1,614,179
Exchange differences	-	(15,341)	(9,581)	(1,396)	(326)	(26,644)
At 30 June 2021	7,963,941	10,413,236	9,800,323	7,172,723	2,052,505	37,402,728
<b>Accumulated depreciation</b>						
At 1 July 2020	385,221	8,996,775	5,979,702	4,710,332	1,683,470	21,755,500
Depreciation charge for the financial year	140,766	348,199	787,029	302,999	207,190	1,786,183
Disposals	-	(5,337)	(89,340)	(9,520)	-	(104,197)
Written off	-	(151,658)	(1,277)	(51,086)	(35,129)	(239,150)
Reclassification from right-of-use assets (Note 6)	-	-	880,236	-	-	880,236
Exchange differences	-	13,208	5,164	(16,697)	(236)	1,439
At 30 June 2021	525,987	9,201,187	7,561,514	4,936,028	1,855,295	24,080,011
<b>Net carrying amount</b>						
At 30 June 2021	7,437,954	1,212,049	2,238,809	2,236,695	197,210	13,322,717

Notes to the Financial Statements  
(cont'd)

## 5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Group (Cont'd)	At valuation		At cost				Total RM
	Buildings RM	Computer equipment and software RM	Machinery, equipment and motor vehicles RM	Furniture, fittings and office equipment RM	Electrical installation and renovation RM		
<b>2020</b>							
<b>Valuation/Cost</b>							
At 1 July 2019	7,963,941	9,973,864	7,664,982	5,582,240	2,015,834		33,200,861
Additions	-	197,871	594,295	344,982	47,829		1,184,977
Disposals	-	-	(389,369)	(44,677)	-		(434,046)
Written off	-	(4,139)	-	(9,094)	-		(13,233)
Exchange differences	-	21,553	16,654	8,612	4,626		51,445
At 30 June 2020	7,963,941	10,189,149	7,886,562	5,882,063	2,068,289		33,990,004
<b>Accumulated depreciation</b>							
At 1 July 2019	258,262	8,634,021	5,679,796	4,441,871	1,434,253		20,448,203
Depreciation charge for the financial year	126,959	346,015	683,921	307,931	244,834		1,709,660
Disposals	-	-	(389,368)	(43,187)	-		(432,555)
Written off	-	(3,843)	-	(4,205)	-		(8,048)
Exchange differences	-	20,582	5,353	7,922	4,383		38,240
At 30 June 2020	385,221	8,996,775	5,979,702	4,710,332	1,683,470		21,755,500
<b>Net carrying amount</b>							
At 30 June 2020	7,578,720	1,192,374	1,906,860	1,171,731	384,819		12,234,504

# Notes to the Financial Statements (cont'd)

## 5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Company	Computer equipment and software RM	Furniture, fittings and office equipment RM	Renovation RM	Total RM
<b>2021</b>				
<b>Cost</b>				
At 1 July 2020/30 June 2021	529,691	63,853	67,745	661,289
<b>Accumulated depreciation</b>				
At 1 July 2020	464,837	62,368	67,745	594,950
Depreciation charge for the financial year	16,451	1,200	–	17,651
At 30 June 2021	481,288	63,568	67,745	612,601
<b>Net carrying amount</b>				
At 30 June 2021	48,403	285	–	48,688
<b>2020</b>				
<b>Cost</b>				
At 1 July 2019	472,080	63,853	67,745	603,678
Additions	57,611	–	–	57,611
At 30 June 2020	529,691	63,853	67,745	661,289
<b>Accumulated depreciation</b>				
At 1 July 2019	447,806	60,567	67,745	576,118
Depreciation charge for the financial year	17,031	1,801	–	18,832
At 30 June 2020	464,837	62,368	67,745	594,950
<b>Net carrying amount</b>				
At 30 June 2020	64,854	1,485	–	66,339

### (a) Revaluation of freehold buildings

The properties were revalued by the directors based on the valuation carried out in June 2019 by an independent firm of professional valuer. The fair value of the freehold buildings of the Group is categorised as Level 2. The fair value was determined by using the market comparable approach that reflects recent transaction prices, adjusted for differences in the nature, location or condition of the buildings. In estimating the fair value of the properties, the highest and best use of the properties is their current use. The most significant input into this valuation approach is price per square foot of comparable properties.

Had the buildings been carried under the cost method, the net carrying amount of the revalued assets at cost less accumulated depreciation would have been RM2,995,411 (2020: RM3,089,811) as at the end of the financial year.



# Notes to the Financial Statements (cont'd)

## 5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

### (b) Assets pledged as security

Freehold buildings of the Group with a net carrying amount of RM5,451,610 (2020: RM5,549,868) have been pledged as security to secure term loans of the Group as disclosed in Note 22(a) to the financial statements.

## 6. RIGHT-OF-USE ASSETS

The Group leases several assets including land, buildings and motor vehicles.

Information about leases for which the Group is a lessee is presented below:

	Land RM	Buildings RM	Group Motor vehicles RM	Total RM
<b>2021</b>				
<b>Cost</b>				
At 1 July 2020	547,681	3,379,463	7,374,239	11,301,383
Additions	–	1,422,910	299,258	1,722,168
Derecognition upon expiration of lease	–	(1,506,123)	(308,800)	(1,814,923)
Reclassification to property, plant and equipment (Note 5)	–	–	(1,614,179)	(1,614,179)
Exchange difference	–	7,997	12,528	20,525
At 30 June 2021	547,681	3,304,247	5,763,046	9,614,974
<b>Accumulated depreciation</b>				
At 1 July 2020	52,084	1,521,636	4,418,941	5,992,661
Depreciation charge for the financial year	54,509	1,457,605	1,074,432	2,586,546
Derecognition upon expiration of lease	–	(1,506,123)	(251,186)	(1,757,309)
Reclassification to property, plant and equipment (Note 5)	–	–	(880,236)	(880,236)
Exchange difference	–	9,400	769	10,169
At 30 June 2021	106,593	1,482,518	4,362,720	5,951,831
<b>Net carrying amount</b>				
At 30 June 2021	441,088	1,821,729	1,400,326	3,663,143

## Notes to the Financial Statements (cont'd)

### 6. RIGHT-OF-USE ASSETS (CONT'D)

Information about leases for which the Group is a lessee is presented below (cont'd):

	Land RM	Buildings RM	Group Motor vehicles RM	Total RM
<b>2020</b>				
<b>Cost</b>				
At 1 July 2019	547,681	2,387,279	7,150,793	10,085,753
Additions	–	992,184	430,228	1,422,412
Disposals	–	–	(143,599)	(143,599)
Written off	–	–	(71,283)	(71,283)
Exchange difference	–	–	8,100	8,100
At 30 June 2020	547,681	3,379,463	7,374,239	11,301,383
<b>Accumulated depreciation</b>				
At 1 July 2019	10,044	–	3,294,020	3,304,064
Depreciation charge for the financial year	42,040	1,515,244	1,231,745	2,789,029
Disposals	–	–	(105,306)	(105,306)
Written off	–	–	(9,504)	(9,504)
Exchange difference	–	6,392	7,986	14,378
At 30 June 2020	52,084	1,521,636	4,418,941	5,992,661
<b>Net carrying amount</b>				
At 30 June 2020	495,597	1,857,827	2,955,298	5,308,722

The Group leases land and buildings for its operation site, warehouse and office space. The leases generally have lease terms of 1 to 5 years, including renewal period.

The Group also leases motor vehicles under hire purchase arrangements with lease terms of 4 to 5 years and has options to purchase the assets at the end of the contract term.

# Notes to the Financial Statements (cont'd)

## 7. INVESTMENT PROPERTIES

	2021 RM	Group 2020 RM
<b>At fair value:</b>		
At 1 July	5,190,206	4,590,206
Additions	3,086,000	600,000
Fair value loss (Note 29)	(733,000)	–
At 30 June	7,543,206	5,190,206

During the financial year, the additions of investment properties arose from debt settlement agreements entered into between subsidiaries and their debtors via contra of properties against the amounts owing to the subsidiaries.

The freehold buildings of the Group have been pledged as security to secure term loans of the Group as disclosed in Note 22(a) to the financial statements.

The following are recognised in profit or loss in respect of investment properties:

	2021 RM	Group 2020 RM
Rental income	140,985	227,080
Direct operating expenses on income generating investment properties	(31,114)	(32,318)

Fair value of investment properties are categorised as follows:

Group	Level 2 RM
<b>2021</b>	
Investment properties	7,543,206
<b>2020</b>	
Investment properties	5,190,206

There are no Level 1 or Level 3 investment properties or transfers between Level 1 and Level 2 during the financial year ended 30 June 2021 or 30 June 2020.

### Level 2 fair value

The fair value of freehold buildings were determined by an independent firm of professional valuers based on the market comparable approach that reflects recent transaction prices for similar properties, adjusted for differences in the nature, location or condition of the buildings. In estimating the fair value of the freehold buildings, the highest and best use of the freehold buildings is their current use. The most significant input into this valuation approach is price per square foot of comparable buildings.

## Notes to the Financial Statements (cont'd)

### 8. INTANGIBLE ASSETS

	2021 RM	Group 2020 RM
Goodwill (Note 8.1)	39,574,467	41,710,741
Other intangible asset (Note 8.2)	–	–
	39,574,467	41,710,741

#### 8.1 Goodwill

	2021 RM	Group 2020 RM
<b>Cost</b>		
At 1 July/30 June	55,462,123	55,462,123
<b>Accumulated impairment losses</b>		
At 1 July	13,751,382	–
Allowance of impairment loss (Note 29)	2,136,274	13,751,382
At 30 June	15,887,656	13,751,382
<b>Net carrying amount</b>		
At 30 June	39,574,467	41,710,741

#### Allocation of goodwill to cash-generating units (“CGUs”)

The Group's goodwill has been allocated to the respective CGUs, which operate in the Environment, Engineering and Rail segments, as follows:

	2021 RM	Group 2020 RM
Environment - SGSB and its subsidiaries	5,912,091	5,912,091
Engineering - QSB and its subsidiary	13,802,238	13,802,238
Engineering - DDT	1,777,890	3,368,314
Rail - TWS	18,082,248	18,628,098
	39,574,467	41,710,741

# Notes to the Financial Statements (cont'd)

## 8. INTANGIBLE ASSETS (CONT'D)

### 8.1 Goodwill (Cont'd)

#### Allocation of goodwill to cash-generating units ("CGUs") (Cont'd)

As at 30 June 2021, impairment losses of RM2,136,274 (2020: RM13,751,382) are recognised which are fully allocated to goodwill and are recorded within other expenses line in profit or loss of the Group. The impairment losses on goodwill are recognised for the following segment CGUs:

	2021 RM	Group 2020 RM
Engineering - DDT	1,590,424	5,061,760
Rail - TWS	545,850	8,689,622
	2,136,274	13,751,382

#### Key assumptions used in value-in-use computations

The recoverable amount for all CGUs has been determined based on value-in-use calculations using pre-tax cash flows projections based on financial budgets estimated by management covering a 4-year period and cash flows beyond the period are extrapolated with no growth rate assumed.

The values assigned to key assumptions are based on both external and internal sources of information. The following describes each key assumptions for which management has based its cash flows projections to undertake the impairment testing of goodwill:

	Gross margin	Revenue growth	Discount rate
<b>2021</b>			
Environment - SGSB and its subsidiaries	37%	6%	10%
Engineering - QSB and its subsidiary	17%	4%	12%
Engineering - DDT	37%	10%	15%
Rail - TWS	27%	16%	14%
<b>2020</b>			
Environment - SGSB and its subsidiaries	37%	11%	12%
Engineering - QSB and its subsidiary	14%	9%	13%
Engineering - DDT	33%	16%	15%
Rail - TWS	24%	21%	15%

## Notes to the Financial Statements (cont'd)

### 8. INTANGIBLE ASSETS (CONT'D)

#### 8.1 Goodwill (Cont'd)

##### (a) Gross margin

The basis used to determine the value assigned to the budgeted gross margins is based on historical achieved margins and assumes no significant changes in cost structure or input prices.

##### (b) Revenue growth

Revenue growth over the 4-year period is projected based on management's estimation taking into consideration secured orders, anticipated identified future projects/contracts, historical growth rates and market outlook over the next 4 years following possible near-term impact from COVID-19 pandemic.

##### (c) Discount rates

The discount rates used are pre-tax and take into consideration the industry risks associated with the relevant segments.

##### (d) Sensitivity to changes in assumptions

Other than CGUs with impairment loss and as disclosed below, management believes that no reasonably possible change in any of the above key assumptions would cause the carrying values of the units to materially exceed their recoverable amounts.

##### Engineering – QSB and its subsidiary

For this segment, its recoverable amount exceeded its carrying amount by approximately RM7.62 million (2020: RM3.48 million). Based on the sensitivity analysis performed, a decrease of revenue by two (2020: one) percent would cause this segment's recoverable amount to be equal to its carrying amount.

#### 8.2 Other intangible asset

	2021 RM	Group 2020 RM
<b>Cost</b>		
At 1 July/30 June	4,270,024	4,270,024
<b>Accumulated amortisation</b>		
At 1 July	4,270,024	3,226,196
Amortisation for the year (Note 29)	–	1,043,828
At 30 June	4,270,024	4,270,024
<b>Net carrying amount</b>		
At 30 June	–	–

Other intangible asset represents customer contracts arising from acquisition of Trackwork & Supplies Sdn. Bhd.

Notes to the Financial Statements  
(cont'd)

## 9. INVESTMENT IN SUBSIDIARIES

	2021 RM	Company 2020 RM
<b>Unquoted shares, at cost</b>		
At 1 July	165,587,910	165,587,910
ESOS granted to employees of subsidiaries	2,765,745	2,531,736
Less: Allowance for impairment loss	(59,427,958)	(59,427,958)
At 30 June	108,925,697	108,691,688

The movement in the impairment of investment in subsidiaries is as follows:

	2021 RM	Company 2020 RM
At 1 July	59,427,958	22,953,345
Allowance of impairment loss (Note 29)	–	36,474,613
At 30 June	59,427,958	59,427,958

In the previous financial year, the impairment of investment in certain subsidiaries had been recognised within other expenses line in profit or loss of the Company to write down the carrying amount to the recoverable amount of the subsidiaries in view of their financial performance. The recoverable amounts were determined using pre-tax discount rates ranging from 12% to 15%.

Details of the subsidiaries are as follows:

Name of company	Principal place of business/ Country of incorporation	Effective ownership and voting interest		Principal activities
		2021 %	2020 %	
Ambang Wira Sdn. Bhd. ("AWSB")	Malaysia	100	100	Comprehensive facility management services
AW Facility Management Sdn. Bhd. ("AWFM")	Malaysia	100	100	Comprehensive facility management services
AWC Renewable Energy Sdn. Bhd. ("AWCRE")	Malaysia	100	100	Building integrated photovoltaic projects
AWC Facilities Engineering Sdn. Bhd. ("AFESB")	Malaysia	75	75	Facility management
M & C Engineering and Trading Sdn. Bhd. ("M&C(M)")	Malaysia	100	100	Air-conditioning and building automation
Environmental & Landscape Services Sdn. Bhd. ("ELS")	Malaysia	100	100	Landscaping



## Notes to the Financial Statements (cont'd)

### 9. INVESTMENT IN SUBSIDIARIES (CONT'D)

Details of the subsidiaries are as follows (cont'd):

Name of company	Principal place of business/ Country of incorporation	Effective ownership and voting interest		Principal activities
		2021 %	2020 %	
Teroka Energy Sdn. Bhd. ("TESB")	Malaysia	100	100	Investment holding, property dealing and general trading
AWC Pureti Sdn. Bhd. ("AWCP")	Malaysia	100	100	Trading of Pureti and Vital Oxide products
Stream Group Sdn. Bhd. ("SGSB")**	Malaysia	51	51	General trading and installation of cleaning equipment and vacuum systems, automated vacuum waste collection system, pipe networks and specialised connections
Qudotech Sdn. Bhd. ("QSB")	Malaysia	100	100	Mechanical and electrical engineering works
DD Techniche Sdn. Bhd. ("DDT")	Malaysia	100	100	Contracting for mechanical engineering works and tradings of specialised water tanks and rainwater harvesting products
Trackwork & Supplies Sdn. Bhd. ("TWS")	Malaysia	60	60	Construction activities, acting as contractors and carrying on the business of general trading
<b>Subsidiaries of SGSB:</b>				
Stream Industries Sdn. Bhd. ("SISB")	Malaysia	51	51	Environmental engineering and general trading
Stream Environment (S) Pte. Ltd. ("SEPL")*	Singapore	51	51	Importers, dealers and contractors of industrial and domestic cleaning equipment and appliances
Stream Environment Sdn. Bhd. ("SESB")	Malaysia	51	51	Environmental engineering and general trading
<b>Subsidiary of QSB:</b>				
Qudotech (JB) Sdn. Bhd. ("QJB")	Malaysia	100	100	Mechanical and electrical engineering works

Notes to the Financial Statements  
(cont'd)**9. INVESTMENT IN SUBSIDIARIES (CONT'D)**

Details of the subsidiaries are as follows (cont'd):

Name of company	Principal place of business/ Country of incorporation	Effective ownership and voting interest		Principal activities
		2021 %	2020 %	
Subsidiary of M&C(M):				
M & C Engineering and Trading (S) Pte. Ltd. (“M&C(S)”)*	Singapore	100	100	Air-conditioning and building automation
Subsidiary of AWSB:				
AWC Rail Sdn. Bhd. (“AWCR”)	Malaysia	100	100	Manufacture of railway locomotives and rolling stock

\* Audited by auditors other than Baker Tilly Monteiro Heng PLT.

\*\* Branches in Abu Dhabi and Dubai audited by auditors other than Baker Tilly Monteiro Heng PLT.

**(a) Non-controlling interest in subsidiaries**

The effective ownership interest and voting interest of non-controlling interest are as follows:

Name of company	Principal place of business/Country of incorporation	Ownership interest	
		2021 %	2020 %
AWC Facilities Engineering Sdn. Bhd. ("AFESB")	Malaysia	25	25
Stream Group Sdn. Bhd. and its subsidiaries ("SGSB Group")	Malaysia	49	49
Trackwork & Supplies Sdn. Bhd. ("TWS")	Malaysia	40	40

The financial information of the Group's subsidiaries that have material non-controlling interests are as follows:

Carrying amount of material non-controlling interests:

Name of company	2021 RM	2020 RM
Stream Group Sdn. Bhd. and its subsidiaries ("SGSB Group")	46,820,164	36,420,082
Trackwork & Supplies Sdn. Bhd. ("TWS")	10,666,242	9,857,774

# Notes to the Financial Statements (cont'd)

## 9. INVESTMENT IN SUBSIDIARIES (CONT'D)

### (a) Non-controlling interest in subsidiaries (Cont'd)

Profit or loss allocated to material non-controlling interests:

Name of company	2021 RM	2020 RM
Stream Group Sdn. Bhd. and its subsidiaries ("SGSB Group")	11,912,397	1,641,881
Trackwork & Supplies Sdn. Bhd. ("TWS")	1,125,792	1,839,196

### (b) Summarised financial information of material non-controlling interest

The summarised financial information (before intra-group elimination) of the Group's subsidiaries that have material non-controlling interests are as follows:

Summarised financial information before intra-group elimination:

	Stream Group Sdn. Bhd. and its subsidiaries ("SGSB Group") RM	Trackwork and Supplies Sdn. Bhd. ("TWS") RM
<b>Summarised statement of financial position as at 30 June 2021</b>		
Non-current assets	8,506,203	2,200,941
Current assets	111,369,703	42,490,066
Current liabilities	(25,534,468)	(17,967,550)
Non-current liabilities	(438,091)	(71,182)
Net assets	93,903,347	26,652,275
<b>Summarised statement of comprehensive income for the financial year ended 30 June 2021</b>		
Revenue	81,878,492	22,606,348
Profit for the financial year	24,311,015	2,814,481
Total comprehensive income	24,311,015	2,814,481
<b>Summarised of cash flows information for the financial year ended 30 June 2021</b>		
Cash flows from/(used in) operating activities	18,538,328	(25,149)
Cash flows (used in)/from investing activities	(5,523,249)	96,850
Cash flows (used in)/from financing activities	(6,264,164)	7,946,033
Net increase in cash and cash equivalents	6,750,915	8,017,734
Dividends paid/payable to non-controlling interests	2,450,000	–

# Notes to the Financial Statements (cont'd)

## 9. INVESTMENT IN SUBSIDIARIES (CONT'D)

### (b) Summarised financial information of material non-controlling interest (Cont'd)

The summarised financial information (before intra-group elimination) of the Group's subsidiaries that have material non-controlling interests are as follows (cont'd):

#### Summarised financial information before intra-group elimination (cont'd):

	Stream Group Sdn. Bhd. and its subsidiaries ("SGSB Group") RM	Trackwork and Supplies Sdn. Bhd. ("TWS") RM
<b>Summarised statement of financial position as at 30 June 2020</b>		
Non-current assets	8,186,014	1,724,644
Current assets	86,145,879	34,927,652
Current liabilities	(18,228,795)	(109,946)
Non-current liabilities	(1,024,620)	(12,704,555)
Net assets	75,078,478	23,837,795
<b>Summarised statement of comprehensive income for the financial year ended 30 June 2020</b>		
Revenue	55,592,095	35,478,548
Profit for the financial year	3,350,778	4,597,991
Total comprehensive income	3,885,232	4,597,991
<b>Summarised of cash flows information for the financial year ended 30 June 2020</b>		
Cash flows from/(used in) operating activities	8,298,049	(797,438)
Cash flows from investing activities	463,144	217,876
Cash flows used in financing activities	(8,924,652)	(3,576,630)
Net decrease in cash and cash equivalents	(163,459)	(4,156,192)
Dividends paid/payable to non-controlling interests	3,920,000	1,200,000

## Notes to the Financial Statements (cont'd)

### 10. INVESTMENT IN AN ASSOCIATE

	2021 RM	Group 2020 RM
<b>Unquoted shares, at cost</b>		
At 1 July	157,482	181,505
Share of post acquisition results	(157,482)	(24,023)
At 30 June	–	157,482

Details of the associate which is incorporated in Malaysia, is as follows:

Name of company	Principal place of business/ Country of incorporation	Effective ownership and voting interest		Principal activities
		2021 %	2020 %	
Held by SGSB:				
Premium Patents Sdn. Bhd. ("PPSB")	Malaysia	24.99	24.99	Dormant

The Group does not have any material associate.

The Group has not recognised its share of losses of PPSB amounting to RM5,024 (2020: RM Nil) because the Group's cumulative share of losses has exceeded its interest in that associate and the Group has no obligation in respect of these losses. The Group's cumulative losses not recognised were RM5,024 (2020: RM Nil).

Notes to the Financial Statements  
(cont'd)

## 11. DEFERRED TAX ASSETS/(LIABILITIES)

Deferred tax assets/(liabilities) relate to the following:

Group	At 1 July 2019 RM	Recognised in profit or loss RM	Exchange differences RM	At 30 June 2020 RM	Recognised in profit or loss RM	Exchange differences RM	At 30 June 2021 RM
<b>Deferred tax assets</b>							
Impairment loss on receivables	311,092	1,030,229	-	1,341,321	949,317	-	2,290,638
Payables/Contract liabilities	3,951,326	(3,044,680)	-	906,646	483,872	-	1,390,518
Difference between the carrying amounts of property, plant and equipment and their tax base	-	61,672	-	61,672	(1,562,640)	-	(1,500,968)
Others	(345,596)	809,351	570	464,325	400,697	303	865,325
	3,916,822	(1,143,428)	570	2,773,964	271,246	303	3,045,513
<b>Deferred tax liabilities</b>							
Property, plant and equipment	(598,025)	(370,360)	(14)	(968,399)	960,992	-	(7,407)
Investment properties	94,600	(94,600)	-	-	-	-	-
Other intangible asset	(381,264)	381,264	-	-	-	-	-
Others	35,114	(49,149)	-	(14,035)	14,035	-	-
	(849,575)	(132,845)	(14)	(982,434)	975,027	-	(7,407)
	3,067,247	(1,276,273)	556	1,791,530	1,246,273	303	3,038,106

# Notes to the Financial Statements (cont'd)

## 11. DEFERRED TAX ASSETS/(LIABILITIES) (CONTD)

	2021 RM	Group 2020 RM
<b>Presented after appropriate offsetting as follows:</b>		
Deferred tax assets	3,045,513	2,773,964
Deferred tax liabilities	(7,407)	(982,434)
	<b>3,038,106</b>	<b>1,791,530</b>

### Unrecognised deferred tax assets

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

	2021 RM	Group 2020 RM
Unutilised tax losses	15,803,015	15,838,681
Unabsorbed capital allowances	197,101	2,088,336
Deductible temporary differences	16,313,777	12,544,448
	<b>32,313,893</b>	<b>30,471,465</b>

The availability of unutilised 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 unutilised tax losses which are available for offset against future taxable profits of the subsidiaries will expire in the following financial years:

	2021 RM	Group 2020 RM
2025	7,349,926	7,509,763
2026	2,503,460	2,503,460
2027	5,471,339	5,825,458
2028	478,290	–
	<b>15,803,015</b>	<b>15,838,681</b>



Notes to the Financial Statements  
(cont'd)

## 12. INVENTORIES

	2021 RM	Group 2020 RM
<b>At cost:</b>		
Consumables	3,122,072	2,574,462
Raw materials	2,278,640	2,517,833
Finished goods	5,598,073	4,903,094
Trading and installation goods	18,583,723	16,990,866
	29,582,508	26,986,255

- (a) The cost of inventories of the Group recognised as an expense in cost of sales during the financial year amounted to RM54,751,573 (2020: RM38,990,123).
- (b) The cost of inventories of the Group recognised as an expense in cost of sales during the financial year in respect of write-down of inventories to net realisable value amounted to RM443,471 (2020: RM228,415).
- (c) Included in inventories is a good with a carrying amount of RM3,036,800 (2020: RM Nil) repossessed from a trade receivable which will be sold in the ordinary course of business.

## 13. TRADE AND OTHER RECEIVABLES

	Note	2021 RM	Group 2020 RM	Company 2021 RM	2020 RM
<b>Current:</b>					
<b>Trade</b>					
Trade receivables	(a)				
- billed		108,485,795	91,796,668	-	-
- unbilled		22,225,678	10,147,453	-	-
Retention sum on contracts		17,178,720	21,654,715	-	-
		147,890,193	123,598,836	-	-
Less: Impairment losses		(27,496,604)	(22,235,643)	-	-
		120,393,589	101,363,193	-	-
<b>Non-trade</b>					
Other receivables	(b)	8,008,118	2,343,187	89,220	61,656
Dividend receivable		-	-	1,300,000	2,250,000
Staff loans		577,975	686,952	-	-
GST refundable		-	531,068	-	-
Deposits		1,807,714	1,543,629	-	-
Advances to suppliers		2,748,606	963,654	-	-
Prepayments		3,190,959	2,565,551	25,433	19,958
		16,333,372	8,634,041	1,414,653	2,331,614
Less: Impairment losses		(178,435)	(92,715)	-	-
		16,154,937	8,541,326	1,414,653	2,331,614
Total trade and other receivables		136,548,526	109,904,519	1,414,653	2,331,614

## Notes to the Financial Statements (cont'd)

### 13. TRADE AND OTHER RECEIVABLES (CONT'D)

#### (a) Trade receivables

Trade receivables are non-interest bearing and normal credit terms offered by the Group ranging from 30 to 180 days (2020: 30 to 180 days) from the date of invoices. Other credit terms are assessed and approved on a case-by-case basis. The retention sum is receivable upon the expiring of defect liability period as provided in the contracts with customers.

##### Receivables that are impaired

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

	2021 RM	Group 2020 RM
At 1 July	22,235,643	3,618,499
Charge for the financial year (Note 29)		
- Individually assessed	7,241,261	19,287,729
Reversal of impairment loss (Note 29)	(1,905,698)	(3,502)
Written off	(79,657)	(763,300)
Exchange differences	5,055	96,217
At 30 June	27,496,604	22,235,643

The information about the credit exposures are disclosed in Note 34(b)(i) to the financial statements.

#### (b) Other receivables

Included in other receivables of the Group are amounts of RM6,200,103 (2020: RM Nil) being advances provided for two projects pursuant to a joint venture agreement entered into with a joint venture partner which are to be settled on installment basis within a year.

##### Receivables that are impaired

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

	2021 RM	Group 2020 RM
At 1 July	92,715	92,715
Charge for the financial year (Note 29)		
- Individually assessed	85,165	-
Exchange differences	555	-
At 30 June	178,435	92,715

The information about the credit exposures are disclosed in Note 34(b)(i) to the financial statements.

# Notes to the Financial Statements (cont'd)

## 14. CONTRACT ASSETS/(LIABILITIES)

	2021 RM	Group 2020 RM
Contract assets relating to construction contracts	44,560,211	48,304,718
Contract assets relating to maintenance contracts	4,850,975	3,780,831
Contract assets relating to manufacture and supply contracts	8,451,793	6,940,174
<b>Total contract assets</b>	<b>57,862,979</b>	<b>59,025,723</b>
Contract liabilities relating to construction contracts	(19,926,142)	(11,623,028)
Contract liabilities relating to maintenance contracts	(393,300)	(240,955)
Contract liabilities relating to manufacture and supply contracts	(1,755,340)	(859,224)
<b>Total contract liabilities</b>	<b>(22,074,782)</b>	<b>(12,723,207)</b>

### (a) Significant changes in contract balances

Group	2021 Contract assets Increase/ (Decrease) RM	2021 Contract liabilities Increase/ (Decrease) RM	2020 Contract assets Increase/ (Decrease) RM	2020 Contract liabilities Increase/ (Decrease) RM
Revenue recognised that was included in contract liability at the beginning of the financial year	–	(7,030,618)	–	(14,096,287)
Increase due to progress billings and cash received, but revenue not recognised	–	16,411,328	–	10,762,861
Increase due to revenue recognised during the year, but no right to consideration	43,857,614	–	21,166,541	–
Transfer from contract assets recognised at the beginning of the year to receivables	(46,034,165)	–	(28,428,478)	–
Net reversal/(allowance) of impairment losses of contract assets	1,041,282	–	(1,662,638)	–
Exchange differences	(27,475)	(29,135)	–	–

## Notes to the Financial Statements (cont'd)

### 15. AMOUNT DUE FROM/(TO) SUBSIDIARIES

	2021 RM	Company 2020 RM
Amount due from subsidiaries	14,214,607	5,913,424
Less: Allowance for impairment loss	(622,440)	(589,756)
	13,592,167	5,323,668
Amount due to subsidiaries	(10,868,621)	(11,274,459)

- (a) The amount due from subsidiaries are non-trade in nature, unsecured, interest-free, repayable on demand and are expected to be settled in cash except for an amount of RM8,707,655 (2020: RM2,796,022) which bears effective interest at rates ranging from 4.74% to 5.00% (2020: 5.00%) per annum.
- (b) The amount due to subsidiaries are non-trade in nature, unsecured, interest-free, repayable on demand and are expected to be settled in cash except for an amount of RM10,000,000 (2020: RM11,000,000) which bears effective interest at a rate of 5.00% (2020: 5.00%) per annum.
- (c) The Company's amount due from subsidiaries that are impaired at the reporting date and the reconciliation of movement in the impairment of amounts due from subsidiaries is as follows:

	2021 RM	Company 2020 RM
At 1 July	589,756	554,307
Charge for the financial year (Note 29)	32,684	35,449
At 30 June	622,440	589,756

### 16. AMOUNT DUE FROM AN ASSOCIATE

The amount due from an associate are non-trade in nature, unsecured, interest-free, repayable on demand and is expected to be settled in cash.

### 17. SHORT-TERM INVESTMENTS

The short-term investments are in respect of investments in unit trust funds placed with fund management companies and are redeemable with one day notice.

# Notes to the Financial Statements (cont'd)

## 18. CASH AND SHORT-TERM DEPOSITS

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Cash and bank balances	51,627,356	44,731,923	2,704,868	560,316
Short-term deposits	37,809,547	22,988,344	–	–
	89,436,903	67,720,267	2,704,868	560,316

For the purpose of the statements of cash flows, cash and cash equivalents comprise the following:

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Short-term deposits	37,809,547	22,988,344	–	–
Less: Pledged deposits	(8,280,829)	(6,856,790)	–	–
Less: Deposits with tenure more than 3 months	(6,617,015)	–	–	–
	22,911,703	16,131,554	–	–
Cash and bank balances	51,627,356	44,731,923	2,704,868	560,316
Bank overdrafts (Note 22)	(2,445,290)	–	–	–
	72,093,769	60,863,477	2,704,868	560,316

The interest rate and maturity period of deposits are as follows:

	Group	
	2021	2020
Interest rate per annum (%)	0.04% to 3.05%	0.58% to 3.55%
Maturity period (days)	1 day to 365 days	1 day to 365 days

Included in deposits placed with licensed banks of the Group is an amount of RM8,280,829 (2020: RM6,856,790) which have been pledged to banks for credit facilities granted to certain subsidiaries as disclosed in Note 22(a) to the financial statements.

## 19. SHARE CAPITAL

	Group and Company			
	Number of ordinary shares		Amount	
	2021 Unit	2020 Unit	2021 RM	2020 RM
<b>Issued and fully paid up:</b>				
At 1 July	299,084,621	296,304,081	112,264,362	110,847,394
Issuance of shares pursuant to:				
- share options exercised	1,740,700	2,780,540	800,427	1,416,968
- acquisition of a subsidiary	20,246,729	–	5,968,736	–
At 30 June	321,072,050	299,084,621	119,033,525	112,264,362

## Notes to the Financial Statements (cont'd)

### 19. SHARE CAPITAL (CONT'D)

Effective from 31 January 2017, the Companies Act 2016 abolished the concept of authorised share capital and par value of share capital.

The holders of ordinary shares (except treasury 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 Company issued 1,740,700 new ordinary shares for cash pursuant to the exercise of the Company's Employees' Share Option Scheme ("ESOS") at exercise prices between RM0.237 to RM0.423 per ordinary share and 20,246,729 new ordinary shares at issue price of RM0.295 per ordinary share for the settlement of the final consideration of acquisition of a subsidiary.

In the previous financial year, the Company issued 2,780,540 new ordinary shares for cash pursuant to the exercise of the Company's Employees' Share Option Scheme ("ESOS") at exercise prices between RM0.237 to RM0.423 per ordinary share.

The new ordinary shares issued in the previous financial year rank pari passu in all respects with the existing ordinary shares of the Company.

### 20. TREASURY SHARES

Treasury shares relate to ordinary shares of the Company that are repurchased and held by the Company in accordance with the requirements of Section 127 of the Companies Act 2016 in Malaysia.

The directors of the Company are committed to enhance the value of the Company and its shareholders and believe that the share repurchase plan can be executed in the best interests of the Company and its shareholders.

In the previous financial year, the Company repurchased 1,301,900 of its issued ordinary shares from the open market on Bursa Malaysia Securities Berhad. The average price paid for the shares repurchased was approximately RM0.33 per share including transaction costs.

As at 30 June 2021, the Company held 4,628,700 (2020: 4,628,700) treasury shares out of its 321,072,050 issued and paid-up ordinary shares. Such treasury shares are held at a carrying amount of RM1,287,081. There was no resale, cancellation or distribution of treasury shares during the financial year.

### 21. OTHER RESERVES

		Group		Company	
	Note	2021 RM	2020 RM	2021 RM	2020 RM
Merger relief	(a)	–	–	12,522,542	12,522,542
Translation reserve	(b)	5,334,547	5,515,898	–	–
Revaluation reserve	(c)	4,023,587	4,023,587	–	–
Share option reserve	(d)	571,717	670,468	571,717	670,468
		9,929,851	10,209,953	13,094,259	13,193,010

Notes to the Financial Statements  
(cont'd)**21. OTHER RESERVES (CONT'D)****(a) Merger relief**

Merger relief relates to the excess of fair value of shares issued by the Company for the acquisition of the subsidiaries over the par value of these shares.

**(b) Translation reserve**

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

**(c) Revaluation reserve**

The revaluation reserve is used to record revaluation surplus from freehold buildings in property, plant and equipment, net of deferred tax. In the event of sale of any of the assets, the balance in the reserve in relation to that asset is transferred to retained earnings.

**(d) Share option reserve**

The share option reserve comprises the cumulative value of eligible directors and employee services received for the issue of share options. The reserve is recorded over the vesting period commencing from the grant date and is reduced by the expiry or exercise of the share options. When the option is exercised, the amount from the share option reserve is transferred to share capital. When the share options expire, the amount from the share option reserve is transferred to retained earnings.

On 1 October 2015, the shareholders approved the implementation of an ESOS, the main features of which are as follows:

- (i) The ESOS shall be in force for a period of five years from the date of implementation and may be extended or renewed (as the case may be) for a further period of five years at the sole and absolute discretion of the directors upon recommendation of the ESOS Committee provided that the initial period of five years and such extension made shall not in aggregate exceed a duration of ten years from the date of implementation.
- (ii) Natural persons who are eligible under the ESOS include executive and non- executive Directors and employees of the Group who are at least eighteen years of age whose employment with the Group has been confirmed in writing. For the case of non Malaysian citizens, participation in the ESOS shall be determined at the sole and absolute discretion of the ESOS Committee.
- (iii) The aggregate number of shares to be offered under the ESOS shall not exceed 15% of the issued and paid-up ordinary share capital of the Company (excluding treasury shares) at the date of offer or such other percentage of the issued and paid-up ordinary share capital of the Company (excluding treasury shares) as may be permitted by the relevant authorities from time to time during the duration of the ESOS.
- (iv) The subscription price for each share under the ESOS shall, subject always to the by-laws, be the higher of the volume weighted average market price of the shares for the five market days immediately preceding the date of offer, with a discount of not more than 10%, or any such other percentage of discounts as may be permitted by the authorities from time to time during the duration of the ESOS or the par value of the share at the date of offer.
- (v) The number of shares under option and the option price may be adjusted as a result of any alteration in the capital structure of the Company by way of a rights issue, bonus issue or other capitalisation issue, consolidation or subdivision of shares or reduction of capital or otherwise howsoever, if any, made by the Company while an option remains unexercised.



## Notes to the Financial Statements (cont'd)

### 21. OTHER RESERVES (CONT'D)

#### (d) Share option reserve (Cont'd)

On 1 October 2015, the shareholders approved the implementation of an ESOS, the main features of which are as follows (cont'd):

- (vi) Options granted under the ESOS can be exercised by the grantee by notice in writing to the Company during the option period in the prescribed form in multiples of one hundred shares or in any other denomination as prescribed by the authorities as a board lot.
- (vii) No person who is participating in the ESOS will be entitled to participate in more than one employee share options scheme currently implemented by any company within the Group.

#### Extension of ESOS

On 25 February 2020, the Company extended its existing ESOS which is expiring on 8 October 2020 for another five (5) years until 8 October 2025, in accordance with the terms of the ESOS By-Laws. The extension is not subject to the approval from Bursa Malaysia Securities Berhad, Securities Commission and shareholders of the Company.

#### Movement of share options during the financial year

The following table illustrates the number and weighted average exercise prices ("WAEP") of, and movement in, share options:

	Number 2021 RM	WAEP 2021 RM	Number 2020 RM	WAEP 2020 RM
<b>Group and Company</b>				
At 1 July	12,089,532	0.436	12,666,972	0.526
Granted	–	–	4,185,000	0.237
Exercised	(1,740,700)	0.297	(2,780,540)	0.344
Lapsed	(476,600)	0.623	(1,981,900)	0.600
At 30 June	9,872,232	0.451	12,089,532	0.436
Exercisable at the end of the financial year	9,872,232	0.451	12,089,532	0.436

The options outstanding at 30 June 2021 have exercise price ranging from RM0.237 to RM0.751 (2020: RM0.237 to RM0.751) and the weighted average remaining contractual life for the share options outstanding at 2021 was approximately 4.28 years (2020: 5.28 years).

The weighted average share price at the date of exercise of the options during the financial year was RM0.585 (2020: RM0.589).

# Notes to the Financial Statements (cont'd)

## 21. OTHER RESERVES (CONT'D)

### (d) Share option reserve (Cont'd)

The fair value of the share options granted in the previous financial year was determined using a binomial option pricing model, and the inputs were:

	<b>2020 Sixth grant</b>
Share price (RM)	0.29
Exercise price (RM)	0.24
Expected volatility (%)	48.35
Risk-free interest rate (%)	3.44
Expected dividend yield (%)	2.56
Expected option life (years)	5.52

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumptions that the historical volatility over a period similar to the life of the options is indicative of future trends, which may not necessarily be the actual outcome.

### (e) Warrants reserve

In the financial year ended 30 June 2018, the Company allotted and issued 56,824,679 free warrants in connection with the Bonus Issue of free warrants constituted under the deed poll dated 6 December 2018.

The salient features of the warrants are as follows:

- (i) entitles its registered holders to subscribe for one (1) new ordinary share at the exercise price during the exercise period;
- (ii) the exercise price is RM0.88 per share subject to adjustments in accordance with the provisions of the deed poll executed; and
- (iii) the warrants may be exercised at any time for a period of 2 years commencing on and including 26 December 2021 ("exercise period"). Warrants that are not exercised during the exercise period will thereafter lapse and cease to be valid for any purpose.

The movement of the warrants during the financial year is as follows:

	<b>At 1 July 2020</b>	<b>Number of warrants</b>			<b>At 30 June 2021</b>
		<b>Allotment</b>	<b>Exercised</b>	<b>Lapsed</b>	
<b>Warrants</b>	56,824,679	–	–	–	56,824,679

## Notes to the Financial Statements (cont'd)

### 22. LOANS AND BORROWINGS

			Group		Company
	Note	2021 RM	2020 RM	2021 RM	2020 RM
<b>Non-current:</b>					
Term loans	(a)	7,384,550	19,135,369	–	–
<b>Current:</b>					
Term loans	(a)	4,046,464	5,511,842	–	–
Revolving credits	(b)	7,500,000	3,000,000	4,900,000	1,500,000
Trade loan	(c)	11,644,396	3,125,200	–	–
Bank overdrafts	(d)	2,445,290	–	–	–
		25,636,150	11,637,042	4,900,000	1,500,000
<b>Total loans and borrowings:</b>					
Term loans	(a)	11,431,014	24,647,211	–	–
Revolving credits	(b)	7,500,000	3,000,000	4,900,000	1,500,000
Trade loan	(c)	11,644,396	3,125,200	–	–
Bank overdrafts	(d)	2,445,290	–	–	–
		33,020,700	30,772,411	4,900,000	1,500,000

#### (a) Term loans

The term loans bear interest at rates ranging from 3.46% to 7.31% (2020: 3.79% to 7.70%) per annum and are secured and supported as follows:

- (i) Legal Deed of Assignment of contract proceeds from certain projects awarded to a subsidiary by the Federal Government (represented by the Ministry of Works);
- (ii) Lien on the deposits with licensed banks and the accumulation of interest thereon as disclosed in Note 18 to the financial statements;
- (iii) Legal charge over the freehold buildings of a subsidiary as disclosed in Note 5 and Note 7 to the financial statements.
- (iv) Corporate guarantee by the Company;
- (v) Credit Guarantee Corporation (M) Bhd's ("CGC") guarantee under the Portfolio Guarantee Scheme; and
- (vi) Joint and several guarantees by a director of certain subsidiary and a third party.

The repayment period of term loans is as follows:

	Group
	2021 RM
	2020 RM
Not later than one year	4,046,464
Later than one year but not later than two years	4,045,001
Later than two years but not later than five years	3,339,549
	11,431,014
	24,647,211

## Notes to the Financial Statements (cont'd)

### 22. LOANS AND BORROWINGS (CONT'D)

#### (b) Revolving credits

Revolving credits bear interest at rates ranging from 3.65% to 4.66% (2020: 3.99% to 5.52%) per annum and are secured and supported as follows:

- (i) Corporate guarantee by the Company and certain subsidiaries;
- (ii) Letter of negative pledge by the Company; and
- (iii) Blanket Counter Indemnity from the Company and certain subsidiaries.

#### (c) Trade loan

Trade loan bears interest at rates ranging from 3.31% to 3.49% (2020: 3.00% to 4.01%) per annum and is secured by a corporate guarantee by the Company.

#### (d) Bank overdrafts

Bank overdrafts bear interest at rate of 3.00% (2020: Nil) per annum and is secured by a corporate guarantee by the Company.

### 23. LEASE LIABILITIES

	2021 RM	Group 2020 RM
<b>Non-current</b>		
Lease liabilities	1,223,433	2,009,899
<b>Current</b>		
Lease liabilities	1,852,677	2,360,707
	3,076,110	4,370,606

Certain motor vehicles of the Group as disclosed in Note 6 to the financial statements are pledged under finance lease or hire purchase arrangements. The range of interest rates implicit in the leases is from 2.34% to 5.81% (2020: 3.62% to 5.85%) per annum.

The weighted average incremental borrowing rate of the Group applied to other lease liabilities is 2.34% to 6.70% (2020: 5.02%) per annum.

## Notes to the Financial Statements (cont'd)

### 23. LEASE LIABILITIES (CONT'D)

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

	2021 RM	Group 2020 RM
Minimum lease payments:		
Not later than one year	1,964,143	2,527,988
Later than one year but not later than five years	1,273,011	2,081,358
Later than five years	–	44,797
	3,237,154	4,654,143
Less: Future finance charges	(161,044)	(283,537)
Present value of minimum lease payments	3,076,110	4,370,606
Present value of minimum lease payments payable:		
Not later than one year	1,843,223	2,360,707
Later than one year but not later than five years	1,232,887	1,966,930
Later than five years	–	42,969
	3,076,110	4,370,606
Less: Amount due within 12 months	(1,852,677)	(2,360,707)
Amount due after 12 months	1,223,433	2,009,899

# Notes to the Financial Statements (cont'd)

## 24. TRADE AND OTHER PAYABLES

		Group		Company	
	Note	2021 RM	2020 RM	2021 RM	2020 RM
<b>Non-current:</b>					
<b>Non-trade</b>					
Provision for retirement benefit obligation	(a)	352,508	352,508	–	–
		352,508	352,508	–	–
<b>Current:</b>					
<b>Trade</b>					
Trade payables	(b)	39,219,643	35,514,429	–	–
Retention sum on contracts		3,050,145	3,370,102	–	–
Project accruals		8,819,724	17,581,317	–	–
		51,089,512	56,465,848	–	–
<b>Non-trade</b>					
Other payables	(c)	3,095,789	1,362,873	14,855	14,623
GST payable		89,316	–	–	–
SST payable		3,302,501	3,024,832	–	–
Consideration/Contingent consideration payable		–	5,968,736	–	5,968,736
Deposits		1,373,684	–	–	–
Accruals		19,361,185	13,868,736	662,420	637,686
		27,222,475	24,225,177	677,275	6,621,045
		78,311,987	80,691,025	677,275	6,621,045
Total trade and other payables (non-current and current)		78,664,495	81,043,533	677,275	6,621,045

(a) The Group operates an unfunded, non-contributory defined benefit retirement scheme (“the Scheme”) for its eligible employees. Under the Scheme, eligible employees are entitled to retirement contribution at agreed basis for each completed year of service attainment of the retirement age of 60, without cessation of employment prior to age 65.

(b) Trade payables are non-interest bearing and are normally with credit period ranging from 30 to 90 days (2020: 30 to 90 days). The retention sum is payable upon the expiry of defect liability period.

## Notes to the Financial Statements (cont'd)

### 25. EMPLOYEE BENEFITS

	2021 RM	Group 2020 RM
At 1 July	892,871	772,800
Recognised in profit or loss (Note 29)	131,585	90,338
Exchange difference	(30,525)	29,733
At 30 June	993,931	892,871

Employee benefits represent the amounts required to cover end of service benefits at the reporting date. The amounts are computed pursuant to the applicable Labour Law in United Arab Emirates based on the employees' accumulated period of service and basic remuneration at the end of reporting period.

### 26. AMOUNT DUE TO DIRECTORS

The amount due to directors are non-trade in nature, unsecured, interest-free, repayable on demand and is expected to be settled in cash.

### 27. REVENUE

	2021 RM	Group 2020 RM	2021 RM	Company 2020 RM
<b>Revenue from contract with customers:</b>				
Construction and engineering contracts	116,148,827	80,294,676	–	–
Design, manufacture and supply contracts	9,112,504	12,941,937	–	–
Sale of goods	37,961,751	42,194,741	–	–
Rendering of services	179,654,077	178,174,152	–	–
Commission income	1,035,794	1,448,994	–	–
Management fees	–	–	1,920,000	1,780,000
	343,912,953	315,054,500	1,920,000	1,780,000
<b>Revenue from other source:</b>				
Dividend income	–	–	8,860,000	11,130,000
	343,912,953	315,054,500	10,780,000	12,910,000



# Notes to the Financial Statements (cont'd)

## 27. REVENUE (CONT'D)

### (a) Disaggregation of revenue

The Group reports the following major segments: facilities, engineering, environment, rail in accordance with MFRS 8 *Operating Segments*. For the purpose of disclosure for disaggregation of revenue, it disaggregates revenue into primary geographical markets, products or services and timing of revenue recognition (i.e. goods transferred at a point in time or services transferred over time).

	Facilities RM	Engineering RM	Environment RM	Rail RM	Total RM
<b>Group 2021</b>					
<b>Primary geographical markets:</b>					
Malaysia	170,876,679	36,510,309	28,144,363	22,606,348	258,137,699
Singapore	–	32,041,125	19,912,482	–	51,953,607
United Arab Emirates, Abu Dhabi	–	–	33,821,647	–	33,821,647
	170,876,679	68,551,434	81,878,492	22,606,348	343,912,953
<b>Products or services</b>					
Refurbishment services	9,409,650	–	–	–	9,409,650
Air-conditioning and building automation	–	7,252,363	–	–	7,252,363
Automated pneumatic waste collection system	–	–	65,196,493	–	65,196,493
Mechanical and electrical engineering works	–	34,584,437	–	–	34,584,437
Sale of goods	–	24,613,005	2,797,817	19,663,433	47,074,255
Maintenance services	161,467,029	2,101,629	13,884,182	1,907,121	179,359,961
Commission income	–	–	–	1,035,794	1,035,794
	170,876,679	68,551,434	81,878,492	22,606,348	343,912,953
<b>Timing of revenue recognition:</b>					
At a point in time	982,017	26,714,634	2,797,817	13,493,844	43,988,312
Over time	169,894,662	41,836,800	79,080,675	9,112,504	299,924,641
	170,876,679	68,551,434	81,878,492	22,606,348	343,912,953

## Notes to the Financial Statements (cont'd)

### 27. REVENUE (CONT'D)

#### (a) Disaggregation of revenue (cont'd)

	Facilities RM	Engineering RM	Environment RM	Rail RM	Total RM
<b>Group (cont'd)</b>					
<b>2020</b>					
<b>Primary geographical markets:</b>					
Malaysia	163,223,852	44,545,429	24,917,176	35,478,548	268,165,005
Singapore	–	16,214,576	18,538,631	–	34,753,207
United Arab Emirates, Abu Dhabi	–	–	12,136,288	–	12,136,288
	163,223,852	60,760,005	55,592,095	35,478,548	315,054,500
<b>Products or services</b>					
Refurbishment services	9,566,995	–	–	–	9,566,995
Air-conditioning and building automation	–	5,251,560	–	–	5,251,560
Automated pneumatic waste collection system	–	–	38,980,934	–	38,980,934
Mechanical and electrical engineering works	–	26,495,186	–	–	26,495,186
Sale of goods	–	13,251,610	9,618,889	32,266,179	55,136,678
Maintenance services	153,656,857	15,761,649	6,992,272	1,763,374	178,174,152
Commission income	–	–	–	1,448,995	1,448,995
	163,223,852	60,760,005	55,592,095	35,478,548	315,054,500
<b>Timing of revenue recognition:</b>					
At a point in time	–	13,251,610	9,618,889	22,536,611	45,407,110
Over time	163,223,852	47,508,395	45,973,206	12,941,937	269,647,390
	163,223,852	60,760,005	55,592,095	35,478,548	315,054,500

#### (b) Transaction price allocated to the remaining performance obligations

As of 30 June 2021, the aggregate amount of the transaction price allocated to the remaining performance obligation is RM827.24 million (2020: RM843.61 million) and the Group will recognise this revenue as the construction are completed or services are performed, which is expected to occur over the next 5 years (2020: 5 years).

The Group applies the practical expedient in paragraph 121(a) of MFRS 15 and do not disclose information about remaining performance obligations that have original expected durations of one year or less.

# Notes to the Financial Statements (cont'd)

## 28. FINANCE COSTS, NET

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Interest expenses on:				
- Amount due to a subsidiary	–	–	511,880	70,685
- Bank overdrafts	83,383	–	–	–
- Factoring charges	–	6,336	–	–
- Lease liabilities	184,134	266,412	–	–
- Revolving credits and trade loan	345,372	960,692	103,751	799,606
- Short-term investments	66,014	–	–	–
- Term loans	676,967	884,468	–	–
	1,355,870	2,117,908	615,631	870,291
Accretion of discount on trade receivables	(196,674)	–	–	–
Income from short-term investments	(546,418)	(726,660)	(6,543)	(26,411)
Interest income from advances to subsidiaries	–	–	(276,799)	(91,973)
Interest income from banks	(381,893)	(1,040,112)	(55,434)	(1,920)
Finance costs, net	230,885	351,136	276,855	749,987

## 29. PROFIT/(LOSS) BEFORE TAX

Other than disclosed elsewhere in the financial statements, the following items have been charged/(credited) in arriving at profit/(loss) before tax:

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Amortisation of intangible asset	–	1,043,828	–	–
Auditors' remuneration:				
- statutory audit:				
- current year	431,130	411,380	78,000	75,000
- prior year	38,040	10,705	3,000	–
- other services	10,000	10,000	10,000	10,000
Bad debt written off	229	73,185	–	–
Deposits written off	5,550	–	–	–
Depreciation of property, plant and equipment	1,786,183	1,709,660	17,651	18,832
Depreciation of right-of-use assets	2,586,546	2,789,029	–	–
Directors' fees	323,650	162,000	316,000	162,000
Employee benefits expense (Note 30)	75,063,868	78,738,657	1,500,439	1,505,110
Expenses relating to short-term leases	1,154,650	1,301,776	42,000	42,000
Fair value loss on investment properties	733,000	–	–	–
Fair value loss on consideration/contingent consideration payable	–	1,080,831	–	1,080,831

## Notes to the Financial Statements (cont'd)

### 29. PROFIT/(LOSS) BEFORE TAX (CONT'D)

Other than disclosed elsewhere in the financial statements, the following items have been charged/(credited) in arriving at profit/(loss) before tax (cont'd):

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Foreign exchange loss/(gain)				
- realised	85,856	318,427	-	-
- unrealised	(67,930)	(259,417)	-	-
Gain on disposal of property, plant and equipment	(11,807)	(95,782)	-	-
Gain on disposal of right-of-use assets	(100,886)	(17,675)	-	-
Impairment losses on:				
- amount due from subsidiaries	-	-	32,684	35,449
- contract assets	122,718	1,662,638	-	-
- goodwill	2,136,274	13,751,382	-	-
- investment in subsidiaries	-	-	-	36,474,613
- trade receivables	7,241,261	19,287,729	-	-
- other receivables	85,165	-	-	-
Inventories written down to net realisable value	443,471	228,415	-	-
Property, plant and equipment written off	26,936	5,185	-	-
Provision for employee benefits	131,585	90,338	-	-
Rent concession income	-	(18,150)	-	-
Right-of-use assets written off	-	61,779	-	-
Rental income from investment properties	(140,985)	(227,080)	-	-
Rental income from plant and machinery	(52,800)	(52,140)	-	-
Reversal of impairment losses on contract assets	(1,164,000)	-	-	-
Reversal of impairment losses on trade receivables	(1,905,698)	(3,502)	-	-

Notes to the Financial Statements  
(cont'd)**30. EMPLOYEE BENEFITS EXPENSE**

	<b>Group</b>		<b>Company</b>	
	<b>2021 RM</b>	<b>2020 RM</b>	<b>2021 RM</b>	<b>2020 RM</b>
Salaries, wages, bonus and allowances	65,607,295	69,078,176	1,065,704	1,080,298
Defined contribution plan	6,577,292	6,634,508	96,790	116,413
Social security costs	717,681	697,433	2,770	2,770
Employees' Share Option Scheme	277,937	432,202	43,926	98,964
Other staff related expenses	1,883,663	1,896,338	291,249	206,665
	<b>75,063,868</b>	<b>78,738,657</b>	<b>1,500,439</b>	<b>1,505,110</b>
Included in employee benefits expenses are:				
Directors' other emoluments	8,972,974	10,138,891	316,000	162,000

Remuneration in the form of benefits-in-kind for the Executive Director of the Group for the financial year amounted to RM86,667 (2020: RM194,404).

**31. INCOME TAX EXPENSE**

The major components of income tax expense for the financial years ended 30 June 2021 and 30 June 2020 are as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2021 RM</b>	<b>2020 RM</b>	<b>2021 RM</b>	<b>2020 RM</b>
<b>Current tax:</b>				
Current financial year	10,227,590	6,774,064	468,386	394,317
(Over)/Under provision in prior financial years	(407,083)	72,483	(50,906)	19,949
	<b>9,820,507</b>	<b>6,846,547</b>	<b>417,480</b>	<b>414,266</b>
<b>Deferred tax:</b>				
Origination of temporary differences	(988,829)	1,125,763	–	–
(Over)/Under provision in prior financial years	(257,444)	150,510	–	–
	<b>(1,246,273)</b>	<b>1,276,273</b>	<b>–</b>	<b>–</b>
	<b>8,574,234</b>	<b>8,122,820</b>	<b>417,480</b>	<b>414,266</b>

Domestic income tax is calculated at Malaysian statutory income tax rate of 24% (2020: 24%) of the estimated assessable profit for the financial year.

Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions whilst the income from operations in Abu Dhabi are exempted from tax. During the financial year, the income tax rate applicable to the subsidiaries in Singapore was 17% (2020: 17%).

## Notes to the Financial Statements (cont'd)

### 31. INCOME TAX EXPENSE (CONT'D)

The reconciliations from the tax amount at the statutory income tax rate to the Group's and the Company's tax expense are as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2021 RM</b>	<b>2020 RM</b>	<b>2021 RM</b>	<b>2020 RM</b>
Profit/(Loss) before tax	47,389,410	(7,167,027)	7,976,530	(28,100,307)
Tax at Malaysian statutory income tax rate of 24% (2020: 24%)	11,373,458	(1,720,086)	1,914,367	(6,744,074)
Different tax rates in other countries	(244,550)	(234,701)	–	–
Tax effects arising from:				
- non-taxable income/tax exempt	(4,699,098)	(351,770)	(2,127,970)	(2,677,539)
- non-deductible expenses	2,430,187	5,896,612	681,989	9,815,930
Tax effect of partial tax exemption	(63,419)	–	–	–
Deferred tax assets not recognised	974,820	4,309,772	–	–
Utilisation of previously unrecognised tax losses and other temporary differences	(532,637)	–	–	–
(Over)/Under provision in prior years				
- current tax	(407,083)	72,483	(50,906)	19,949
- deferred tax	(257,444)	150,510	–	–
Income tax expense	8,574,234	8,122,820	417,480	414,266

### 32. EARNINGS/(LOSS) PER SHARE

#### Basic earnings/(loss) per ordinary share

Basic earnings/(loss) per share are based on the profit/(loss) for the financial year attributable to owners of the Company and the weighted average number of ordinary shares outstanding (net of treasury shares) during the financial year, calculated as follows:

	<b>2021</b>	<b>2020</b>
Profit/(Loss) for the financial year attributable to owners of the Company (RM)	26,065,879	(18,768,920)
Weighted average number of ordinary shares for basic earnings per share (unit)	315,403,717	293,240,073
Basic earnings/(loss) per ordinary share (sen)	8.26	(6.40)

## Notes to the Financial Statements (cont'd)

### 32. EARNINGS/(LOSS) PER SHARE (CONT'D)

#### Diluted earnings/(loss) per ordinary share

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

	2021	2020
Profit/(Loss) for the financial year attributable to owners of the Company (RM)	26,065,879	(18,768,920)
Weighted average number of ordinary shares for basic earnings per share (unit)	315,403,717	293,240,073
Effect of dilution from:		
- Share options	#	#
- Warrants	#	#
Weighted average number of ordinary shares for diluted earnings per share (unit)	315,403,717	293,240,073
Diluted earnings/(loss) per ordinary share (sen)	8.26	(6.40)*

# The unexercised share options and warrants have no dilutive effect on the earnings/(loss) per share given the share options' and warrants' exercise price is higher than the market price per ordinary share.

\* The diluted loss per share of the Company is the same as the basic loss per ordinary share of the Company as the potential ordinary shares are anti-dilutive.

There have been no transactions involving ordinary shares or potential ordinary shares since the reporting date and before the authorisation of these financial statements.

### 33. DIVIDENDS

	Group/Company 2021 RM	2020 RM
<b>Dividend in respect of the financial year ended 30 June 2019</b>		
Final single-tier dividend of 1.0 sen per share on 294,417,100 ordinary shares	–	2,944,171
<b>Dividend in respect of the financial year ended 30 June 2020</b>		
Interim single-tier dividend of 0.5 sen per share on 295,579,400 ordinary shares	–	1,477,897
<b>Dividend in respect of the financial year ended 30 June 2021</b>		
Interim single-tier dividend of 0.5 sen per share on 315,606,400 ordinary shares	1,578,032	–
	1,578,032	4,422,068

## Notes to the Financial Statements (cont'd)

### 34. FINANCIAL INSTRUMENTS

#### (a) 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:

- (i) Amortised cost
- (ii) Fair value through profit or loss

	Carrying amount RM	Amortised cost RM	Fair value through profit or loss RM
<b>2021</b>			
<b>Financial assets</b>			
<b>Group</b>			
Trade and other receivables *	130,608,961	130,608,961	–
Short-term investments	19,686,039	–	19,686,039
Cash and short-term deposits	89,436,903	89,436,903	–
	239,731,903	220,045,864	19,686,039
<b>Company</b>			
Trade and other receivables *	1,389,220	1,389,220	–
Amount due from subsidiaries	13,592,167	13,592,167	–
Short-term investments	345,848	–	345,848
Cash and short-term deposits	2,704,868	2,704,868	–
	18,032,103	17,686,255	345,848
<b>2021</b>			
<b>Financial liabilities</b>			
<b>Group</b>			
Loans and borrowings	33,020,700	33,020,700	–
Trade and other payables #	74,920,170	74,920,170	–
	107,940,870	107,940,870	–
<b>Company</b>			
Loans and borrowings	4,900,000	4,900,000	–
Trade and other payables #	677,275	677,275	–
Amount due to subsidiaries	10,868,621	10,868,621	–
	16,445,896	16,445,896	–



# Notes to the Financial Statements (cont'd)

## 34. FINANCIAL INSTRUMENTS (CONT'D)

### (a) Categories of financial instruments (Cont'd)

The following table analyses the financial instruments in the statements of financial position by the classes of financial instruments to which they are assigned (cont'd):

	Carrying amount RM	Amortised cost RM	Fair value through profit or loss RM
<b>2020</b>			
<b>Financial assets</b>			
<b>Group</b>			
Trade and other receivables *	105,844,246	105,844,246	–
Short-term investments	18,940,524	–	18,940,524
Cash and short-term deposits	67,720,267	67,720,267	–
	192,505,037	173,564,513	18,940,524
<b>Company</b>			
Trade and other receivables *	2,311,656	2,311,656	–
Amount due from subsidiaries	5,323,668	5,323,668	–
Short-term investments	339,305	–	339,305
Cash and short-term deposits	560,316	560,316	–
	8,534,945	8,195,640	339,305
<b>2020</b>			
<b>Financial liabilities</b>			
<b>Group</b>			
Loans and borrowings	30,772,411	30,772,411	–
Trade and other payables #	77,666,193	77,666,193	–
	108,438,604	108,438,604	–
<b>Company</b>			
Loans and borrowings	1,500,000	1,500,000	–
Trade and other payables #	6,621,045	6,621,045	–
Amount due to subsidiaries	11,274,459	11,274,459	–
	19,395,504	19,395,504	–

\* Exclude GST refundable, advances to suppliers and prepayments

# Exclude GST and SST payable and provision for retirement benefit obligation

## Notes to the Financial Statements (cont'd)

### 34. FINANCIAL INSTRUMENTS (CONT'D)

#### (b) 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 and the Company may use derivative financial instruments, such as, forward foreign exchange contracts to hedge certain exposures. The Group and the Company do not trade in financial instruments.

The Board of Directors reviews and agrees to policies and procedures for the management of these risks, which are executed by the Group's senior management. The audit and risk management 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 and the Company that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group and the Company are exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions and other financial instruments. The Group and the Company have a credit policy in place and the exposure to credit risk is managed through the application of credit approvals, credit limits and monitoring procedures, and acceptability of specific classes of collateral or credit risk mitigation.

#### 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, without taking account of any collateral held or other credit enhancements.

The carrying amount of trade receivables and contract assets are not secured by any collateral or supported by any other credit enhancements, except for a trade receivable of RM2,941,488 (2020: RM5,978,288) arose from sale of equipment which the Group withheld the legal title until full settlement of the outstanding balance.

In determining the recoverability of these receivables, the Group considers 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. The Group uses ageing analysis to monitor the credit quality of trade receivables. In managing credit risks of trade receivables, the Group also takes appropriate actions (including but not limited to legal actions) to recover long past due balances.

The gross carrying amounts of credit impaired trade receivables are written off (either partially or full) when there is no realistic prospect of recovery. Nevertheless, trade receivables that are written off could still be subject to enforcement activities.

## Notes to the Financial Statements (cont'd)

### 34. FINANCIAL INSTRUMENTS (CONT'D)

#### (b) Financial risk management (Cont'd)

##### (i) Credit risk (Cont'd)

##### Trade receivables and contract assets (Cont'd)

##### Credit risk concentration profile

The Group determines the credit risk concentration of its trade receivables and contract assets by major segments 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:

##### Trade receivables:

	2021 RM	%	2020 RM	%
<b>Group</b>				
Facilities	36,423,646	30%	35,406,551	35%
Engineering	38,563,470	32%	24,400,747	24%
Environment	35,041,100	29%	25,748,681	25%
Rail	10,365,373	9%	15,807,214	16%
	120,393,589	100%	101,363,193	100%

##### Contract assets:

	2021 RM	%	2020 RM	%
<b>Group</b>				
Facilities	23,286,705	40%	30,536,838	52%
Engineering	9,395,868	16%	9,082,666	15%
Environment	16,728,613	29%	12,466,045	21%
Rail	8,451,793	15%	6,940,174	12%
	57,862,979	100%	59,025,723	100%

The Group applies the simplified approach to providing for impairment losses prescribed by MFRS 9, which permits the use of the lifetime expected credit loss ("ECL") allowance for all trade receivables and contract assets. The determination of ECL also incorporates economic conditions during the period of historical data, current conditions and forward-looking information on the economic conditions over the expected settlement period of the receivables. The Group believes that changes in economic conditions over these periods would not materially impact the impairment calculation of the receivables.

For services and construction contracts, as there are only a few customers, the Group assesses the risk of each customer individually based on their financial capability, past trend of payments and other external information relating to the customers that are publicly available.

# Notes to the Financial Statements (cont'd)

## 34. FINANCIAL INSTRUMENTS (CONT'D)

### (b) Financial risk management (Cont'd)

#### (i) Credit risk (Cont'd)

##### Trade receivables and contract assets (Cont'd)

##### Credit risk concentration profile (Cont'd)

The information about the credit risk exposure on the Group's trade receivables and contract assets as at 30 June 2021 and 30 June 2020 are as follows:

	Gross carrying amount RM	ECL allowance RM	Net balance RM
<b>Group</b>			
<b>At 30 June 2021</b>			
<b>Trade receivables</b>			
Current (not past due)	77,145,369	–	77,145,369
1 to 90 days past due	23,363,818	–	23,363,818
91 to 180 days past due	7,947,705	–	7,947,705
181 to 365 days past due	11,936,697	–	11,936,697
Credit impaired:			
- Individually assessed	27,496,604	(27,496,604)	–
<b>Contract assets</b>			
Current (not past due)	57,862,979	–	57,862,979
Credit impaired:			
- Individually assessed	122,718	(122,718)	–
	205,875,890	(27,619,322)	178,256,568
<b>At 30 June 2020</b>			
<b>Trade receivables</b>			
Current (not past due)	52,393,498	–	52,393,498
1 to 90 days past due	17,569,078	–	17,569,078
91 to 180 days past due	14,917,194	–	14,917,194
181 to 365 days past due	16,483,423	–	16,483,423
Credit impaired:			
- Individually assessed	22,235,643	(22,235,643)	–
<b>Contract assets</b>			
Current (not past due)	59,025,723	–	59,025,723
Credit impaired:			
- Individually assessed	1,662,638	(1,662,638)	–
	184,287,197	(23,898,281)	160,388,916

Notes to the Financial Statements  
(cont'd)**34. FINANCIAL INSTRUMENTS (CONT'D)****(b) Financial risk management (Cont'd)****(i) Credit risk (Cont'd)****Other receivables and other financial assets**

For other receivables and other financial assets (including short-term investments, cash and short-term deposits, amount due from subsidiaries and amount due from an associate), 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.

The Company provides advances to subsidiaries. The Company monitors the results of the subsidiaries in determining the recoverability of intercompany balances. The advances to subsidiaries are repayable on demand. For such advances, expected credit losses are assessed based on the assumption that repayment of the advances is demanded at the reporting date. If the subsidiaries do not have sufficient liquid reserves when the loan is demanded, the Company will consider the expected manner of recovery and recovery period of the advances.

Other than 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 did not recognise any loss allowance for impairment for other receivables and other financial assets, which if any, is negligible, other than those as disclosed in Notes 13 and 15 to the financial statements.

Refer to Note 3.12(a) to the financial statements for the Group's and the Company's other accounting policies for impairment of financial assets.

**Financial guarantees**

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 RM33,020,700 (2020: RM30,772,411) representing the maximum amount the Company could pay if the guarantees are called on as disclosed in Note 34(b)(ii) to the financial statements. As at the reporting date, there was no loss allowance for expected credit losses as determined by the Company for the financial guarantees.

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

## Notes to the Financial Statements (cont'd)

### 34. FINANCIAL INSTRUMENTS (CONT'D)

#### (b) Financial risk management (Cont'd)

##### (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, lease liabilities and loans and borrowings.

The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by facilities. The Group and the Company maintain sufficient liquidity and available funds to meet daily cash needs, while maintaining controls and security over cash movements. The Group and the Company use a series of processes to obtain maximum benefits from its flow of funds, such that they are efficiently managed to maximise income from investment and minimise cost on borrowed funds. The Group and the Company also ensure that there are sufficient unutilised stand-by facilities, funding and liquid assets available to meet both short-term and long-term funding requirements.

##### Maturity analysis

The maturity analysis of the Group's and the Company's financial liabilities by their relevant maturities at the reporting date are based on contractual undiscounted repayment obligations as follows:

	Carrying amount RM	Contractual cash flows			Total RM
		On demand or within one year RM	Between one to five years RM	More than five years RM	
<b>Group</b>					
<b>2021</b>					
Trade and other payables	74,920,170	74,920,170	–	–	74,920,170
Term loans	11,431,014	4,379,021	7,662,641	–	12,041,662
Revolving credits	7,500,000	7,500,000	–	–	7,500,000
Trade loan	11,644,396	11,644,396	–	–	11,644,396
Bank overdrafts	2,445,290	2,445,290	–	–	2,445,290
Lease liabilities	3,076,110	1,964,143	1,273,011	–	3,237,154
	111,016,980	102,853,020	8,935,652	–	111,788,672
<b>2020</b>					
Trade and other payables	77,666,193	77,666,193	–	–	77,666,193
Term loans	24,647,211	6,584,030	20,806,947	–	27,390,977
Revolving credits	3,000,000	3,000,000	–	–	3,000,000
Trade loan	3,125,200	3,125,200	–	–	3,125,200
Lease liabilities	4,370,606	2,521,180	2,078,571	54,392	4,654,143
	112,809,210	92,896,603	22,885,518	54,392	115,836,513

# Notes to the Financial Statements (cont'd)

## 34. FINANCIAL INSTRUMENTS (CONT'D)

### (b) Financial risk management (Cont'd)

#### (ii) Liquidity risk (Cont'd)

##### Maturity analysis (Cont'd)

The maturity analysis of the Group's and the Company's financial liabilities by their relevant maturities at the reporting date are based on contractual undiscounted repayment obligations as follows (cont'd):

	Carrying amount RM	Contractual cash flows		Total RM
		On demand or within one year RM	Between one to five years RM	
<b>Company</b>				
<b>2021</b>				
Trade and other payables	677,275	677,275	–	677,275
Amount due to subsidiaries	10,868,621	10,868,621	–	10,868,621
Revolving credits	4,900,000	4,900,000	–	4,900,000
Financial guarantee contracts	–	33,020,700	–	33,020,700
	16,445,896	49,466,596	–	49,466,596
<b>2020</b>				
Trade and other payables	6,621,045	6,621,045	–	6,621,045
Amount due to subsidiaries	11,274,459	11,274,459	–	11,274,459
Revolving credits	1,500,000	1,500,000	–	1,500,000
Financial guarantee contracts	–	30,772,411	–	30,772,411
	19,395,504	50,167,915	–	50,167,915

#### (iii) Foreign currency risk

Foreign currency risk is the risk of fluctuation in fair value or future cash flows of a financial instrument as a result of changes in foreign exchange rates. The Group's and the Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's and the Company's operating activities (when sales and purchases are denominated in a foreign currency) and the Group's net investments in foreign subsidiaries.

Management has set up a policy that requires all companies within the Group and the Company to manage their treasury activities and exposures. In addition, the Group and the Company also take advantage of any natural effects of its foreign currencies revenues and expenses by maintaining current accounts in foreign currencies.

Notes to the Financial Statements  
(cont'd)

## 34. FINANCIAL INSTRUMENTS (CONT'D)

## (b) Financial risk management (Cont'd)

## (iii) Foreign currency risk (Cont'd)

The Group's unhedged financial assets and liabilities of the Group that are not denominated in their functional currencies are as follows:

Group 2021	SGD RM	USD RM	AED RM	CNY RM	AUD RM	EURO RM	SEK RM	MYR RM	Total RM
<b>Financial assets</b>									
Trade and other receivables	23,736,908	50,810	18,547,703	-	1,348	491,581	-	87,780,611	130,608,961
Short-term investments	-	-	-	-	-	-	-	19,686,039	19,686,039
Cash and short-term deposits	7,418,251	444,757	3,010,863	1	9,333	2,627,643	-	75,926,055	89,436,903
	31,155,159	495,567	21,558,566	1	10,681	3,119,224	-	183,392,705	239,731,903
<b>Financial liabilities</b>									
Trade and other payables	7,361,611	239,295	2,449,915	1,607,201	699,447	6,950,909	-	58,914,293	78,222,671
Term loans	-	-	-	-	-	-	-	11,431,014	11,431,014
Revolving credits	-	-	-	-	-	-	-	7,500,000	7,500,000
Trade loan	2,373,870	-	-	-	-	1,113,808	-	8,156,718	11,644,396
Lease liabilities	859,478	-	-	-	-	-	-	2,216,632	3,076,110
	10,594,959	239,295	2,449,915	1,607,201	699,447	8,064,717	-	88,218,657	111,874,191
Net financial assets/(liabilities)	20,560,200	256,272	19,108,651	(1,607,200)	(688,766)	(4,945,493)	-	95,174,048	127,857,712
Less: Net financial assets denominated in the entity's functional currency	(20,560,200)	-	(19,108,651)	-	-	-	-	(95,174,048)	(134,842,899)
Currency exposure	-	256,272	-	(1,607,200)	(688,766)	(4,945,493)	-	-	(6,985,187)



Notes to the Financial Statements  
(cont'd)

## 34. FINANCIAL INSTRUMENTS (CONT'D)

## (b) Financial risk management (Cont'd)

## (iii) Foreign currency risk (Cont'd)

The Group's unhedged financial assets and liabilities of the Group that are not denominated in their functional currencies are as follows (cont'd):

Group 2020	SGD RM	USD RM	AED RM	CNY RM	AUD RM	EURO RM	SEK RM	MYR RM	Total RM
<b>Financial assets</b>									
Trade and other receivables	4,541,617	11,962	10,832,581	3,399	1,214,134	1,330,309	-	87,910,244	105,844,246
Short-term investments	-	-	-	-	-	-	-	18,940,524	18,940,524
Cash and short-term deposits	20,021,222	389,400	4,502,793	-	855	38,192	-	42,767,805	67,720,267
	24,562,839	401,362	15,335,374	3,399	1,214,989	1,368,501	-	149,618,573	192,505,037
<b>Financial liabilities</b>									
Trade and other payables	6,577,881	841,754	1,056,507	3,134,651	-	1,733,381	1,514,630	65,832,221	80,691,025
Term loans	-	-	-	-	-	-	-	24,647,211	24,647,211
Revolving credits	-	-	-	-	-	-	-	3,000,000	3,000,000
Trade loan	3,021,682	-	-	-	-	103,518	-	-	3,125,200
Lease liabilities	830,649	-	-	-	-	-	-	3,539,957	4,370,606
	10,430,212	841,754	1,056,507	3,134,651	-	1,836,899	1,514,630	97,019,389	115,834,042
<b>Net financial assets/(liabilities)</b>	14,132,627	(440,392)	14,278,867	(3,131,252)	1,214,989	(468,398)	(1,514,630)	52,599,184	76,670,995
Less: Net financial assets denominated in the entity's functional currency	(14,132,627)	-	(14,278,867)	-	-	-	-	(52,599,184)	(81,010,678)
Currency exposure	-	(440,392)	-	(3,131,252)	1,214,989	(468,398)	(1,514,630)	-	(4,339,683)

## Notes to the Financial Statements (cont'd)

### 34. FINANCIAL INSTRUMENTS (CONT'D)

#### (b) Financial risk management (Cont'd)

##### (iii) Foreign currency risk (Cont'd)

###### Sensitivity analysis for foreign currency risk

The Group's principal foreign currency exposure relates mainly to USD, CNY, AUD, EURO and SEK.

The following table demonstrates the sensitivity to a reasonably possible change in the USD, CNY, AUD, EURO and SEK, with all other variables held constant on the Group's total equity and profit/(loss) for the financial year.

	Change in rate %	Effect on profit/(loss) for the financial year RM	Effect on equity RM
<b>2021</b>			
- USD	+5%	(9,738)	(9,738)
	-5%	9,738	9,738
- CNY	+5%	61,074	61,074
	-5%	(61,074)	(61,074)
- AUD	+5%	26,173	26,173
	-5%	(26,173)	(26,173)
- EURO	+5%	187,929	187,929
	-5%	(187,929)	(187,929)
<b>2020</b>			
- USD	+5%	16,735	16,735
	-5%	(16,735)	(16,735)
- CNY	+5%	118,988	118,988
	-5%	(118,988)	(118,988)
- AUD	+5%	(46,170)	(46,170)
	-5%	46,170	46,170
- EURO	+5%	17,799	17,799
	-5%	(17,799)	(17,799)
- SEK	+5%	57,556	57,556
	-5%	(57,556)	(57,556)

## Notes to the Financial Statements (cont'd)

### 34. FINANCIAL INSTRUMENTS (CONT'D)

#### (b) Financial risk management (Cont'd)

##### (iv) Interest rate risk

Interest rate risk is the risk of fluctuation in fair value or future cash flows of the Group's and the Company's financial instruments as a result of changes in market interest rates. The Group's and the Company's exposure to interest rate risk arises primarily from their loans and borrowings with floating interest rates.

The Group and the Company actively review their debt portfolio, taking into account the investment holding period and nature of their assets.

##### Sensitivity analysis for interest rate risk

If the interest rate had been 50 (2020: 50) basis points higher/lower and all other variables held constant, the Group's and the Company's profit/(loss) for the year and equity would decrease/increase by RM125,479 (2020: RM116,935) and RM18,620 (2020: RM5,700) respectively as a result of exposure to floating rate loans and borrowings.

#### (c) Fair value measurement

The carrying amounts of cash and short-term deposits, short-term receivables and payables and short-term borrowings are reasonable approximation of their fair values due to the relatively short-term nature of these financial instruments.

The fair value of short-term investments is determined by reference to the redemption price at the reporting date.

The carrying amount of long-term floating rate loans are reasonable approximation of fair value as the loans will be re-priced to market interest rate on or near reporting date.

The carrying amounts of financial assets and liabilities recognised in the financial statements are reasonable approximation of their fair value.

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Level 1 to 3 based on the degree to which the fair value is observable:

- (i) Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- (ii) 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).
- (iii) Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

There have been no transfers between Level 1 and Level 2 during the financial year (2020: no transfer in either directions).

Notes to the Financial Statements  
(cont'd)

34. FINANCIAL INSTRUMENTS (CONT'D)

(c) Fair value measurement (Cont'd)

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

Group	Carrying amount RM	Fair value of financial instruments carried at fair value			Fair value of financial instruments not carried at fair value			Total RM
		Level 1 RM	Level 2 RM	Level 3 RM	Level 1 RM	Level 2 RM	Level 3 RM	
<b>2021</b>								
<b>Financial asset</b>								
Short-term investments	19,686,039	19,686,039	-	-	-	-	-	-
<b>2020</b>								
<b>Financial asset</b>								
Short-term investments	18,940,524	18,940,524	-	-	-	-	-	-
<b>Company</b>								
<b>2021</b>								
<b>Financial asset</b>								
Short-term investments	345,848	345,848	-	-	-	-	-	-
<b>2020</b>								
<b>Financial asset</b>								
Short-term investments	339,305	339,305	-	-	-	-	-	-

# Notes to the Financial Statements (cont'd)

## 35. RELATED PARTIES

### (a) Identity 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) Associate; and
- (iii) Key management personnel of the Group, comprise persons (including directors) having the authority and responsibility for planning, directing and controlling the activities directly or indirectly.

### (b) Significant related party transactions

Significant related party transactions other than disclosed elsewhere in the financial statements are as follows:

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
<b>Dividend income</b>				
Subsidiaries	–	–	(8,860,000)	(11,130,000)
<b>Management fee income</b>				
Subsidiaries	–	–	(1,920,000)	(1,780,000)
<b>Interest income</b>				
Subsidiaries	–	–	(276,799)	(91,973)
<b>Interest expense</b>				
Subsidiaries	–	–	511,880	70,685
<b>Rental expenses</b>				
Subsidiaries	–	–	42,000	42,000
Director of a subsidiary	–	69,465	–	–
	–	69,465	42,000	42,000

## Notes to the Financial Statements (cont'd)

### 35. RELATED PARTIES (CONT'D)

#### (c) Compensation of key management personnel

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Directors' fees	427,650	387,000	300,000	154,000
Short-term employee benefits	7,554,421	8,551,659	16,000	8,000
Post-employment employee benefits	904,236	1,005,828	–	–
Benefits-in-kind	86,667	194,404	–	–
	8,972,974	10,138,891	316,000	162,000

#### Directors' interest in Employees' Share Option Scheme

During the financial year, 350,000 (2020: 600,000) share options were exercised by a director of the Company.

At the reporting date, the total number of outstanding share options granted by the Company to certain directors under the ESOS plan amounted to 1,600,000 (2020: 1,950,000).

### 36. CAPITAL MANAGEMENT

The primary objective of the Group's and the Company's capital management is to ensure that they maintain healthy capital ratio in order to support their business and maximise shareholders 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 their 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 years ended 30 June 2021 and 30 June 2020.

The Group and the Company monitor capital using a gearing ratio. The gearing ratio is calculated as total loans and borrowings and lease liabilities divided by total equity.

The gearing ratio for the Group and for the Company as at 30 June 2021 and 30 June 2020 are as follows:

		Group		Company	
	Note	2021 RM	2020 RM	2021 RM	2020 RM
Loans and borrowings	22	33,020,700	30,772,411	4,900,000	1,500,000
Lease liabilities	23	3,076,110	4,370,606	–	–
<b>Total loans and borrowings</b>		<b>36,096,810</b>	<b>35,143,017</b>	<b>4,900,000</b>	<b>1,500,000</b>
<b>Total equity</b>		<b>263,229,366</b>	<b>222,098,854</b>	<b>110,466,171</b>	<b>97,722,223</b>
<b>Gearing ratio</b>		<b>14%</b>	<b>16%</b>	<b>4%</b>	<b>2%</b>

Notes to the Financial Statements  
(cont'd)**36. CAPITAL MANAGEMENT (CONT'D)**

The Group is required to comply with certain covenants in relation to the borrowings of its subsidiaries. The salient covenants include, amongst others:

- (a) The subsidiaries concerned are required to maintain a gearing ratio of not more than 2 times of its tangible net worth during the tenure of the borrowings; and
- (b) The Group is required to maintain a tangible net worth of not less than RM45,000,000 during the tenure of the borrowings.

The Group has complied with the above externally imposed capital requirements.

**37. MATERIAL LITIGATION**

On 25 January 2021, a subsidiary of the Company, M & C Engineering and Trading (S) Pte. Ltd. ("Plaintiff") had filed a Writ of Summons and Statement of Claim against Powstar Technology Pte. Ltd. ("Defendant") in the Singapore High Court.

During the performance of the sub-contractor works for the projects by the Defendant, the Plaintiff found out that the Defendant had been causing delays to the progress of the Sub-Contract Works, had not been carrying out the sub-contractor works at a pace to meet the Plaintiff's work schedule and had not been deploying sufficient manpower to carry out the sub-contractor works. The Plaintiff had accepted the Defendant's repudiation and terminated the contract with the Defendant by way of Notice of Termination.

On 23 February 2021, the Plaintiff had received the Defence and Counterclaim filed by the Defendant in High Court of Singapore for counterclaim amounting to RM1,756,830. The suit is currently at the discovery phase of the legal proceeding, the Group is of the view in consultation with the solicitors that the case is unlikely to have a material impact on the financial statements of the Group for the financial year ended 30 June 2021.

**38. SIGNIFICANT EVENTS DURING AND SUBSEQUENT TO THE FINANCIAL YEAR END**

Other than disclosed elsewhere in the financial statements, the significant events during and subsequent to end of the financial year are as follows:

**(a) Coronavirus outbreak**

On 11 March 2020, the World Health Organisation declared the Coronavirus ("COVID- 19") outbreak as a pandemic in recognition of its rapid spread across the globe. On 16 March 2020, the Malaysian Government has imposed the Movement Control Order ("MCO") starting from 18 March 2020 to curb the spread of the COVID-19 outbreak in Malaysia and subsequently various levels of MCO were put in place. The COVID-19 outbreak also resulted in the restriction of populace movement, international border restrictions and shutting down of vulnerable parts of industry.

The Group and the Company have considered the possible impacts of COVID-19 in their application of significant judgements and estimates for the financial year ended 30 June 2021 in determining the amounts recognised in the financial statements for the financial year ended 30 June 2021 as disclosed in Note 4 to the financial statements.

As the COVID-19 situation is still evolving, the Group and the Company are unable to reasonably estimate the complete financial impacts of COVID-19 pandemic for the financial year ending 30 June 2022 to be disclosed in the financial statements as impact assessment of the COVID-19 pandemic is a continuing process. The Group and the Company will continuously monitor the impact of COVID-19 and take appropriate and timely measures to minimise the impact of the outbreak on the Group's and the Company's operations.

## Notes to the Financial Statements (cont'd)

### 39. SEGMENT INFORMATION

The Group prepared the following segment information in accordance with MFRS 8 *Operating Segments* based on the internal reports of the Group's strategic business units which are regularly reviewed by the Group's Chief Executive Officer/President for the purpose of making decisions about resource allocation and performance assessment.

The five reportable operating segments are as follows:

<b>Segments</b>	<b>Products and services</b>
Investment holding	Provide group-level corporate services.
Facilities	Provision of an integrated range of maintenance services for office, commercial, industrial, residential and administrative buildings. These services include electrical, mechanical, civil, structural, energy and utility management and maintenance, vertical transport management, security and safety management and central monitoring systems, landscaping and ground care.
Engineering	Provision of various mechanical and electrical engineering services for the building industry. These include computerised Building Automation Systems (BAS), trading and installation of Heating, Ventilation and Air-Conditioning Systems (HVAC), integrated installation of electrical systems, energy saving and lift systems, trading of specialised water tanks and rainwater harvesting products, and installation of plumbing systems into building and facilities.
Environment	Provision of environmentally-friendly solutions to waste collection system management. These include general trading, design, development, installation and commissioning of cleaning equipment, central vacuum systems and STREAM Automated Pneumatic Waste Collection System.
Rail	Provision of railway infrastructure works. These include trading and rail welding works, ranging from the supplies of materials to the actual completion of rail works.



Notes to the Financial Statements  
(cont'd)

## 39. SEGMENT INFORMATION (CONT'D)

	Investment holding RM	Facilities RM	Engineering RM	Environment RM	Rail RM	Others RM	Note RM	Adjustments and eliminations RM	Total RM
<b>2021</b>									
<b>Revenue:</b>									
External revenue	-	170,876,679	68,551,434	81,878,492	22,606,348	-	-	-	343,912,953
Inter-segment revenue	10,780,000	14,471,200	7,421,681	-	-	-	(a)	(32,672,881)	-
	10,780,000	185,347,879	75,973,115	81,878,492	22,606,348	-	-	(32,672,881)	343,912,953
<b>Results:</b>									
Results before the following adjustments	8,263,318	17,455,179	7,178,127	29,362,281	6,373,572	(27,636)	(b)	(8,765,371)	59,839,470
Depreciation and amortisation	(17,651)	(1,429,913)	(927,956)	(1,563,920)	(430,269)	(3,020)	-	-	(4,372,729)
Net (allowance)/reversal of impairment losses on:									
- contract assets	-	-	-	1,041,282	-	-	-	-	1,041,282
- goodwill	-	-	(1,590,424)	-	(545,850)	-	-	-	(2,136,274)
- trade receivables	-	-	(1,725,794)	(968,180)	(2,641,589)	-	-	-	(5,335,563)
- other receivables	-	-	-	(85,165)	-	-	-	-	(85,165)
Other non-cash items	-	102,945	(811,647)	(512,303)	66,407	-	(e)	-	(1,154,598)
Share of result of an associate	-	-	-	(176,128)	-	-	-	-	(176,128)
Segment results	8,245,667	16,128,211	2,122,306	27,097,867	2,822,271	(30,656)	-	(8,765,371)	47,620,295
Net finance (costs)/income	(276,855)	347,168	(671,240)	500,811	(130,993)	-	-	224	(230,885)
Income tax expense	(417,480)	(3,477,668)	(968,775)	(3,287,664)	(422,647)	-	-	-	(8,574,234)
Profit for the financial year									38,815,176

Notes to the Financial Statements  
(cont'd)

39. SEGMENT INFORMATION (CONT'D)

2021	Investment holding RM	Facilities RM	Engineering RM	Environment RM	Rail RM	Others RM	Note	Adjustments and eliminations RM	Total RM
<b>Assets</b>									
Segment assets	127,227,977	155,504,551	100,578,133	124,089,935	62,221,014	10,041	(c)	(172,283,158)	397,348,493
Current tax assets	-	3,439,524	244,459	36,000	-	-		-	3,719,983
Deferred tax assets	-	481,728	349,481	1,662,063	552,241	-		-	3,045,513
Total assets	127,227,977	159,425,803	101,172,073	125,787,998	62,773,255	10,041		(172,283,158)	404,113,989
<b>Liabilities</b>									
Segment liabilities	16,816,946	86,203,789	59,415,233	23,723,847	17,540,684	530,704	(d)	(66,369,291)	137,861,912
Current tax liabilities	119,854	-	148,689	2,248,713	498,048	-		-	3,015,304
Deferred tax liabilities	-	7,407	-	-	-	-		-	7,407
Total liabilities	16,936,800	86,211,196	59,563,922	25,972,560	18,038,732	530,704		(66,369,291)	140,884,623
<b>Other segment items</b>									
Additions to non-current assets other than financial instruments	-	1,569,335	75,486	298,863	259,831	-		-	2,203,515
- property, plant and equipment	-	403,886	553,873	639,003	125,406	-		-	1,722,168
- right-of-use assets	-	-	1,922,000	1,164,000	-	-		-	3,086,000
- investment properties	-	-	-	-	-	-		-	-

Notes to the Financial Statements  
(cont'd)

## 39. SEGMENT INFORMATION (CONT'D)

	Investment holding RM	Facilities RM	Engineering RM	Environment RM	Rail RM	Others RM	Note RM	Adjustments and eliminations RM	Total RM
<b>2020</b>									
<b>Revenue:</b>									
External revenue	-	163,223,852	60,760,005	55,592,095	35,478,548	-	-	-	315,054,500
Inter-segment revenue	12,910,000	15,452,100	6,504,238	-	-	-	(a)	(34,866,338)	-
	12,910,000	178,675,952	67,264,243	55,592,095	35,478,548	-	-	(34,866,338)	315,054,500
<b>Results:</b>									
Results before the following adjustments	(27,339,522)	18,585,676	(871,235)	12,282,457	6,604,368	(27,604)	(b)	24,300,784	33,534,924
Depreciation and amortisation	(18,832)	(1,518,136)	(982,159)	(1,561,970)	(1,458,401)	(3,019)	-	-	(5,542,517)
Net allowance of impairment losses on:									
- contract assets	-	-	-	(1,662,638)	-	-	-	-	(1,662,638)
- goodwill	-	-	(5,061,760)	-	(8,689,622)	-	-	-	(13,751,382)
- trade receivables	-	(984,578)	(13,176,337)	(5,123,312)	-	-	-	-	(19,284,227)
Other non-cash items	-	-	(265,463)	(71,176)	250,611	-	(e)	-	(86,028)
Share of result of an associate	-	-	-	(24,023)	-	-	-	-	(24,023)
Segment results	(27,358,354)	16,082,962	(20,356,954)	3,839,338	(3,293,044)	(30,623)	-	24,300,784	(6,815,891)
Net finance (costs)/income	(749,987)	(271,654)	(242,025)	639,757	272,773	-	-	-	(351,136)
Income tax expense	(414,266)	(4,583,391)	(1,176,005)	(1,128,317)	(820,841)	-	-	-	(8,122,820)
Loss for the financial year									(15,289,847)

Notes to the Financial Statements  
(cont'd)

## 39. SEGMENT INFORMATION (CONT'D)

2020	Investment holding RM	Facilities RM	Engineering RM	Environment RM	Rail RM	Others RM	Note	Adjustments and eliminations RM	Total RM
<b>Assets</b>									
Segment assets	116,604,135	163,376,191	85,765,016	100,243,984	55,280,394	12,851	(c)	(174,103,628)	347,178,943
Current tax assets	-	3,727,415	111,642	358,238	27,126	-		-	4,224,421
Deferred tax assets	-	1,145,509	73,299	1,525,539	29,617	-		-	2,773,964
<b>Total assets</b>	<b>116,604,135</b>	<b>168,249,115</b>	<b>85,949,957</b>	<b>102,127,761</b>	<b>55,337,137</b>	<b>12,851</b>		<b>(174,103,628)</b>	<b>354,177,328</b>
<b>Liabilities</b>									
Segment liabilities	19,049,188	95,393,231	41,479,407	18,966,277	12,814,501	505,877	(d)	(58,405,854)	129,802,627
Current tax liabilities	195,202	-	157,984	940,227	-	-		-	1,293,413
Deferred tax liabilities	-	850,513	29,662	102,259	-	-		-	982,434
<b>Total liabilities</b>	<b>19,244,390</b>	<b>96,243,744</b>	<b>41,667,053</b>	<b>20,008,763</b>	<b>12,814,501</b>	<b>505,877</b>		<b>(58,405,854)</b>	<b>132,078,474</b>
<b>Other segment items</b>									
Additions to non-current assets other than financial instruments									
- property, plant and equipment	57,611	672,901	136,859	231,734	85,872	-		-	1,184,977
- right-of-use assets	-	542,668	153,590	726,154	-	-		-	1,422,412
- investment properties	-	-	-	600,000	-	-		-	600,000

## Notes to the Financial Statements (cont'd)

### 39. SEGMENT INFORMATION (CONT'D)

Nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements:

- (a) Inter-segment revenue are eliminated on consolidation;
- (b) Inter-segment transactions are eliminated on consolidation;
- (c) Inter-segment assets are eliminated on consolidation;
- (d) Inter-segment liabilities are eliminated on consolidation; and
- (e) Other non-cash items, other than depreciation and amortisation and net (allowance)/reversal of impairment losses on trade and other receivables, contract assets and goodwill consist of the following:

	<b>2021</b>	<b>Group</b>
	<b>RM</b>	<b>2020</b>
		<b>RM</b>
Bad debt written off	229	73,185
Fair value loss on investment properties	733,000	–
Gain on disposal of property, plant and equipment	(11,807)	(95,782)
Gain on disposal of right-of-use assets	(100,886)	(17,675)
Inventories written down to net realisable value	443,471	228,415
Property, plant and equipment written off	26,936	5,185
Provision for employee benefits	131,585	90,338
Right-of-use assets written off	–	61,779
Unrealised gain on foreign exchange	(67,930)	(259,417)
	<b>1,154,598</b>	<b>86,028</b>

#### Geographical information

Revenue and non-current assets (other than financial instruments and deferred tax assets) information based on the geographical location of customers are as follows:

	<b>Revenue</b>	<b>Non-current</b>
	<b>RM</b>	<b>assets</b>
		<b>RM</b>
<b>2021</b>		
Malaysia	258,137,699	62,011,972
Singapore	51,953,607	1,945,227
United Arab Emirates, Abu Dhabi	33,821,647	146,334
	<b>343,912,953</b>	<b>64,103,533</b>
<b>2020</b>		
Malaysia	268,165,005	63,647,760
Singapore	34,753,207	801,391
United Arab Emirates, Abu Dhabi	12,136,288	152,504
	<b>315,054,500</b>	<b>64,601,655</b>

# Notes to the Financial Statements (cont'd)

## 39. SEGMENT INFORMATION (CONT'D)

### Information about major customer

The major customer with revenue equal to or more than 10% of the Group revenue is as follows:

		<b>2021</b>	<b>Group</b>
	<b>Segment</b>	<b>RM</b>	<b>2020</b>
			<b>RM</b>
Customer A	Facilities	71,041,462	73,936,818

# STATEMENT BY DIRECTORS

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

We, **DATO' NIK MOD AMIN BIN NIK ABD MAJID** and **DATO' AHMAD KABEER BIN MOHAMED NAGOOR**, being two of the directors of **AWC BERHAD** do hereby state that in the opinion of the directors, the accompanying financial statements set out on pages 81 to 178 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2021 and of their financial performance and cash flows for the financial year then ended.

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

.....  
**DATO' NIK MOD AMIN BIN NIK ABD MAJID**  
Director

.....  
**DATO' AHMAD KABEER BIN MOHAMED NAGOOR**  
Director

Subang Jaya

Date: 18 October 2021

# STATUTORY DECLARATION

(Pursuant to Section 251(1) of the Companies Act 2016)

I, **VOON SIEW MOON**, being the officer primarily responsible for the financial management of **AWC BERHAD**, do solemnly and sincerely declare that to the best of my knowledge and belief, the accompanying financial statements set out on pages 81 to 178 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.

.....  
**VOON SIEW MOON**  
Officer

Subscribed and solemnly declared by the abovenamed at Subang Jaya in Selangor Darul Ehsan on 18 October 2021.

Before me,

**Siti Haidah Binti Ariffin**  
**(No. B 501)**  
Commissioner for Oaths

# INDEPENDENT AUDITORS' REPORT

To the members of AWC Berhad

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### Opinion

We have audited the financial statements of AWC Berhad, which comprise the statements of financial position as at 30 June 2021 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 81 to 178.

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 30 June 2021, and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

### Basis for Opinion

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

### Key Audit Matters

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

### Group

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#### Goodwill on business combination (Notes 4.1 and 8.1 to the financial statements)

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The Group has significant goodwill on business combination amounting to RM39,574,467 arising from the acquisition of four subsidiaries. Goodwill is tested for impairment annually. In performing the impairment assessment, the Group has identified environment, engineering and rail segments as the cash generating units to which the goodwill is allocated. During the financial year, the Group recognised impairment losses on goodwill amounting to RM2,136,274.

We focused on this area because the impairment assessment requires the exercise of significant judgement by the Group on the discount rates applied in the recoverable amount calculation and assumptions supporting the underlying cash flow projections which include future sales and gross profit margin.

#### Our response:

Our audit procedures included, among others:

- assessing the appropriateness of the valuation methodology adopted by the Group in accordance with the requirements of MFRS 136 Impairment of Assets;
- comparing the actual results with previous budget to assess the performance of the business;
- comparing the Group's assumptions to our assessments in relation to key assumptions to assess their reasonableness of the projections;
- testing the mathematical accuracy of the impairment assessment; and
- performing a sensitivity analysis around the key assumptions that are expected to be more sensitive to the recoverable amount, where applicable.



Independent Auditors' Report  
(cont'd)**REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)****Key Audit Matters (Cont'd)****Group (Cont'd)**

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**Trade receivables (Notes 4.2 and 13 to the financial statements)**

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As at 30 June 2021, trade receivables of the Group amounted to RM120,393,589. During the financial year, the Group recognised net impairment losses on trade receivables amounting to RM5,335,563. We focused on this area because the directors made significant judgements over assumptions about risk of default and expected loss rate. In making the assumptions, the directors selected inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward-looking estimates at the end of the reporting period.

**Our response:**

Our audit procedures included, among others:

- developing understanding of significant credit exposures which were significantly overdue or deemed to be in default through analysis of ageing reports and testing the reliability of the reports;
- obtaining confirmation of balances from selected samples of receivables;
- testing subsequent receipts after financial year end, customer correspondence and considering level of activity with the customer, consider customer's financial capability and past trend of payments and management explanation on recoverability with significantly past due balances; and
- reviewing the work papers of component auditors in assessing the recoverability of any significantly past due balances of subsidiaries not audited by us.

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**Revenue recognition for construction activities (Notes 4.3 and 27 to the financial statements)**

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The amount of revenue of the Group's construction activities is recognised over the period of contract by reference to the progress towards complete satisfaction of that performance obligation. The progress towards complete satisfaction of performance obligation is determined by reference to proportion of construction costs incurred for works performed to date bear to the estimated total costs for each project (input method). We focused on this area because significant directors' judgement is required, in particular with regards to determining the progress towards satisfaction of a performance obligation, the extent of the construction costs incurred, and the estimated total construction contracts revenue and costs, as well as the recoverability of the construction contracts projects. The estimated total revenue are affected by a variety of uncertainties that depend of the outcome of future events.

**Our response:**

Our audit procedures on a sample of projects included, among others:

- reading the terms and conditions of agreements with customers;
- understanding the Group's process in preparing or updating project budget and the calculation of the progress towards anticipated satisfaction of a performance obligation;
- comparing the Group's major assumptions to contractual terms, our understanding gathered from the analysis of changes in the assumptions from previous financial year and discussing with project managers;
- testing the mathematical computation of recognised revenue; and
- reviewing the work papers of component auditors in their assessment of the project total estimated revenue and costs as well as the revenue recognised during the financial year for subsidiaries not audited by us.

## Independent Auditors' Report (cont'd)

### REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

#### Key Audit Matters (Cont'd)

##### Company

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##### **Investment in subsidiaries (Notes 4.4 and 9 to the financial statements)**

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The Company has significant balance of investment in subsidiaries. At the end of the financial year, the Company determines whether there is any indication of impairment in investment in subsidiaries.

We focused on this area because the Company's assessment of the recoverable amount involved significant judgement. The recoverable amount of investment in subsidiaries were determined based on value-in-use which includes the discount rate applied in the recoverable amount calculation and the assumptions supporting the underlying cash flow projections which include future revenue, gross profit margin and operating expenses.

##### **Our response:**

Our audit procedures focus on evaluating the cash flow projections which included, among others:

- assessing the appropriateness of the valuation methodology adopted by the Company in accordance with the requirements of MFRS 136 Impairment of Assets;
- comparing the actual results with previous budget to assess the performance of the business;
- comparing the Company's assumptions to our assessments in relation to key assumptions to assess their reasonableness of the projections;
- testing the mathematical accuracy of the impairment assessment; and
- performing a sensitivity analysis around the key assumptions that are expected to be more sensitive to the recoverable amount, where applicable.

##### **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 (cont'd)

### 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 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 (cont'd)

### Auditors' Responsibilities for the Audit of the Financial Statements (Cont'd)

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.

### Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 9 to the financial statements.

### Other Matter

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 contents of this report.

**Baker Tilly Monteiro Heng PLT**  
201906000600 (LLP0019411-LCA) & AF 0117  
Chartered Accountants

**Lee Kong Weng**  
No: 02967/07/2023 J  
Chartered Accountant

Kuala Lumpur

Date: 18 October 2021

# SUMMARY OF GROUP PROPERTIES

As at 30 June 2021

No.	Owner	Location	Description	Existing use	Land area (Sq. ft.)	Built-up area (Sq. ft.)	Tenure	Approximate age of building	Audited net book value as at 30 June 2021 (RM)	Date of Acquisition/ Last Valuation
1.	Ambang Wira Sdn. Bhd. ("AWSB")	An intermediate shop lot and six intermediate office lots known as parcel Nos. S23A-1, Level 1, S23A-2, Level 2, S23A-3, Level 3, S23A-3A, Level 3A, S23A-5, Level 5, S23A-6, Level 6 and S23A-7, Level 7, respectively all in Block S23A in Subang Business Centre erected on part of the land held under Grant 54290, Lot 50530, Pekan Subang Jaya, District of Petaling, Selangor Darul Ehsan	Shop lot and office lots	Office	-	11,737	Freehold	25 years	4,898,400.48	22 June 2000/ 2 July 2021
2.	AWSB	An intermediate shop lot and six intermediate office lots known as parcel Nos. S25-1, Level 1, S25-2, Level 2, S25-3, Level 3, S25-3A, Level 3A, S25-5, Level 5, S25-6, Level 6 and S25-7, Level 7, respectively all in Block S25 in Subang Business Centre erected on part of the land held under Grant 54290, Lot 50530, Pekan Subang Jaya, District of Petaling, Selangor Darul Ehsan	Shop lot and office lots	Office	-	11,737	Freehold	25 years	4,898,400.48	29 November 2002/ 2 July 2021
3.	Qudotech Sdn. Bhd. ("Qudotech")	Unit No 2.016, Floor No. 2, Rhythm Avenue, USJ 19, HS (D) 108337, PT No. 3462, Mukim of Damansara, District of Petaling, State of Selangor	Shop Lot	Vacant	-	207	Freehold	21 years	125,775.72	31 October 2000/ 2 July 2021
4.	Qudotech	Unit No 2.017, Floor No. 2, Rhythm Avenue, USJ 19, HS (D) 108337, PT No. 3462, Mukim of Damansara, District of Petaling, State of Selangor	Shop Lot	Vacant	-	196	Freehold	21 years	119,237.76	31 October 2000/ 2 July 2021
5.	Stream Environment Sdn. Bhd. ("SESB")	No. 11, Jalan Sg Besi Indah 5/2, Taman Sg Besi Indah, 43300 Seri Kembangan, Selangor Darul Ehsan	Shop Lot	Office	1,905	7,464	99-year leasehold interest expiring on 28 July 2108	13 years	1,443,468.86	13 February 2017/ 15 July 2016

# Summary of Group Properties (cont'd)

No.	Owner	Location	Description	Existing use	Land area (Sq. ft.)	Built-up area (Sq. ft.)	Tenure	Approximate age of building	Audited net book value as at 30 June 2021 (RM)	Date of Acquisition/ Last Valuation
6.	SESB	C-07-01, Jalan PBS 14/2, Taman Bukit Serdang, Seksyen 13, 43300 Seri Kembangan, Selangor Darul Ehsan	Condo	Vacant	-	1,000	Freehold	4 years	500,000.00	20 Aug 2019/ 30 June 2021
7.	SESB	C-09-03, Jalan PBS 14/2, Taman Bukit Serdang, Seksyen 13, 43300 Seri Kembangan, Selangor Darul Ehsan	Condo	Vacant	-	1,000	Freehold	4 years	500,000.00	20 Aug 2019/ 30 June 2021
8.	SESB	C-18-02, Jalan PBS 14/2, Taman Bukit Serdang, Seksyen 13, 43300 Seri Kembangan, Selangor Darul Ehsan	Condo	Vacant	-	1,000	Freehold	4 years	500,000.00	20 Aug 2019/ 30 June 2021
9.	Trackwork & Supplies Sdn. Bhd.	No. 31-5, Level 5, Dataran Prima Block F2, Jalan PJU 1/42A, 47301 Petaling Jaya, Selangor Darul Ehsan	Office Lot	Office	-	1,927	Freehold	17 years	529,550.61	1 June 2016/ 30 July 2021
10.	M & C Engineering and Trading Sdn. Bhd. ("M&C(M)")	Unit FUG-092, Level UG, Capital City Mall Shopping Centre, Jalan Tampoi, 81200 Johor Bahru, Johor Darul Takzim.	Shop Lot	Vacant	-	366	Freehold	3 years	580,000.00	16 July 2020/ 30 June 2021
11.	M&C(M)	Unit FUG-115, Level UG, Capital City Mall Shopping Centre, Jalan Tampoi, 81200 Johor Bahru, Johor Darul Takzim.	Shop Lot	Vacant	-	377	Freehold	3 years	478,000.00	16 July 2020/ 30 June 2021
12.	M&C(M)	Unit FUG-162, Level UG, Capital City Mall Shopping Centre, Jalan Tampoi, 81200 Johor Bahru, Johor Darul Takzim.	Shop Lot	Vacant	-	312	Freehold	3 years	395,000.00	16 July 2020/ 30 June 2021
<b>TOTAL</b>										<b>14,967,833.91</b>

# ANALYSIS OF SHAREHOLDINGS

As at 30 September 2021

Total number of Issued Shares	:	321,072,050 Ordinary Shares
Treasury Shares	:	4,628,700 treasury shares held by the Company
Class of Equity Securities	:	Ordinary Shares ("shares")
Voting Right	:	One vote for every share held

## DISTRIBUTION SCHEDULE OF SHAREHOLDERS

Size of Shareholdings	No. of Holders	%	No. of Shares #	%
Less than 100	1,727	21.66	121,200	0.04
100 – 1,000	1,543	19.35	813,291	0.26
1,001 – 10,000	2,830	35.49	15,587,975	4.93
10,001 – 100,000	1,627	20.41	54,068,664	17.09
100,001 – less than 5 % of the issued shares	245	3.07	161,555,162	51.05
5% and above of the issued shares	1	0.01	84,297,058	26.64
<b>Total</b>	<b>7,973</b>	<b>100.00</b>	<b>316,443,350</b>	<b>100.00</b>

# Excluding a total of 4,628,700 shares bought back and retained as treasury shares.

## SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS AS AT 30 SEPTEMBER 2021

(As per the Register of Substantial Shareholders)

Name of Substantial Shareholders	Direct Interest	No. of Ordinary Shares		
		%*	Indirect Interest	%*
K-Capital Sdn Bhd	84,300,000	26.64	–	–
Dato' Ahmad Kabeer Bin Mohamed Nagoor	21,973,300	6.94	84,300,000 <sup>(a)</sup>	26.64

Note:

<sup>(a)</sup> Deemed interested by virtue of Section 8(4) of the Companies Act 2016 held through in K-Capital Sdn Bhd.

## DIRECTOR'S INTEREST AS AT 30 SEPTEMBER 2021

(As per the Register of Directors' Shareholdings)

Name of Director	Direct Interest	No. of Ordinary Shares		
		%*	Indirect Interest	%*
Dato' Ahmad Kabeer Bin Mohamed Nagoor	21,973,300	6.94	84,300,000 <sup>(a)</sup>	26.64
Yang Mulia Tunku Puan Sri Dato' Hajjah Noor Hayati Binti Tunku Abdul Rahman Putra Al-Haj	100,000	0.03	–	–
Dato' Nik Mod Amin Bin Nik Abd Majid	400,000	0.13	–	–
Sureson A/L Krisnasamy	65,000	0.02	–	–

Notes:

<sup>(a)</sup> Deemed interested by virtue of Section 8(4) of the Companies Act 2016 held through in K-Capital Sdn Bhd.

\* All percentage shareholding computations are based on the total number of issued shares less treasury shares account (4,628,700 shares) arising from the share buy-back exercise.

## Analysis of Shareholdings (cont'd)

### DIRECTOR'S INTEREST AS AT 30 SEPTEMBER 2021 (CONT'D)

Name of Directors	No. of Options granted under Employees' Share Option Scheme (ESOS)
Dato' Ahmad Kabeer Bin Mohamed Nagoor	4,050,000
Dato' Nik Mod Amin Bin Nik Abd Majid	500,000
Yang Mulia Tunku Puan Sri Dato' Hajjah Noor Hayati Binti Tunku Abdul Rahman Putra Al-Haj	300,000
The late Dato' Ahri Bin Hashim (Demised on 8 July 2021)	300,000
Sureson A/L Krisnasamy	300,000

### 30 LARGEST SECURITIES ACCOUNT HOLDERS AS AT 30 SEPTEMBER 2021

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

No.	Name	No. of Shares Held	%*
1.	K-CAPITAL SDN. BHD.	84,297,058	26.64
2.	AHMAD KABEER BIN MOHAMED NAGOOR	15,773,300	4.98
3.	TW QUEST SDN BHD	9,650,000	3.05
4.	MASTRACK SDN BHD	7,268,000	2.30
5.	KONG KEAT VOON	6,120,186	1.93
6.	UOBM NOMINEES (TEMPATAN) SDN BHD - PLEDGED SECURITIES ACCOUNT FOR AHMAD KABEER BIN MOHAMED NAGOOR	5,200,000	1.64
7.	GOH TSE WOEI	4,909,086	1.55
8.	ZAINAB BINTI ABDUL RAHMAN	4,880,000	1.54
9.	IGNATIUS LUKE JR TAN KENG HEE	4,389,900	1.39
10.	UNIVERSAL TRUSTEE (MALAYSIA) BERHAD - KAF CORE INCOME FUND	3,492,300	1.10
11.	CARTABAN NOMINEES (TEMPATAN) SDN BHD - RHB TRUSTEES BERHAD FOR KAF VISION FUND	3,000,000	0.95
12.	UNIVERSAL TRUSTEE (MALAYSIA) BERHAD - KAF TACTICAL FUND	3,000,000	0.95
13.	HO SHU KEONG	2,694,200	0.85
14.	GOH POEY HONG	2,478,552	0.78
15.	TAN KA LIAN	2,431,700	0.77
16.	SIM TZE YANG	2,322,000	0.73
17.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD - PLEDGED SECURITIES ACCOUNT FOR KONG KOK CHOY (8092812)	2,200,000	0.70
18.	CHAN AI SIM	2,064,800	0.65
19.	MAYBANK NOMINEES (TEMPATAN) SDN BHD - MAYBANK TRUSTEES BERHAD FOR DANA MAKMUR PHEIM (211901)	1,970,000	0.62
20.	SHAUL HAMID BIN MADAR	1,878,100	0.59



# Analysis of Shareholdings (cont'd)

## 30 LARGEST SECURITIES ACCOUNT HOLDERS AS AT 30 SEPTEMBER 2021

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

No.	Name	No. of Shares Held	%*
21.	MAYBANK NOMINEES (TEMPATAN) SDN BHD - PLEDGED SECURITIES ACCOUNT FOR CHENG WEI YEE	1,563,500	0.49
22.	MALACCA EQUITY NOMINEES (TEMPATAN) SDN BHD - EXEMPT AN FOR PHILLIP CAPITAL MANAGEMENT SDN BHD (EPF)	1,500,000	0.47
23.	TENGEN SUPPLIES SDN. BHD.	1,500,000	0.47
24.	TAN SIEW KHENG	1,488,500	0.47
25.	CHONG KIM LOONG	1,330,000	0.42
26.	KAF TRUSTEE BERHAD - KIFB FOR LAGMUIR HOLDINGS LTD	1,330,000	0.42
27.	DB (MALAYSIA) NOMINEE (ASING) SDN BHD - THE BANK OF NEW YORK MELLON FOR ENSIGN PEAK ADVISORS INC.	1,256,500	0.40
28.	KAF TRUSTEE BERHAD - KIFB FOR PERBADANAN KEMAJUAN NEGERI SELANGOR	1,216,300	0.38
29.	KHOO YOK KEE	1,146,400	0.36
30.	LOH JIA MIN	1,096,500	0.35

\* All percentage shareholding computations are based on the total number of issued shares less treasury shares account (4,628,700 shares) arising from the share buy-back exercise.

# ANALYSIS OF WARRANT HOLDINGS

As at 30 September 2021

Type of Securities	:	Warrants A ("Warrants")
No. of Warrants Issued	:	56,824,679
Exercise Price	:	RM0.88
Exercise Period	:	26 December 2021 to 25 December 2023

## DISTRIBUTION OF WARRANTS HOLDINGS

Size of Holdings	No. of Warrant Holders	No. of Warrants	%
Less than 100	2,603	62,034	0.11
100 - 1,000	1,633	773,973	1.36
1,001 - 10,000	994	3,523,840	6.20
10,001 - 100,000	259	9,413,948	16.57
100,001 – 2,841,233 ( * )	51	23,595,273	41.52
2,841,233 and above ( ** )	2	19,455,611	34.24
<b>Total</b>	<b>5,542</b>	<b>56,824,679</b>	<b>100.00</b>

Note:

- \* Less than 5% of Issued Warrants  
 \*\* 5% and above of Issued Warrants

## DIRECTORS' WARRANT HOLDINGS

(As per the Register of Directors' Warrant Holdings)

Name of Directors	Direct Interest		Indirect Interest	
	No. of Warrants	%	No. of Warrants	%
Dato' Ahmad Kabeer Bin Mohamed Nagoor	3,651,000	6.425	16,549,999 <sup>(a)</sup>	29.125
Yang Mulia Tunku Puan Sri Dato' Hajjah Noor Hayati Binti Tunku Abdul Rahman				
Putra Al-Haj	20,000	0.040	–	–
Dato' Nik Mod Amin Bin Nik Abd Majid	80,000	0.141	–	–

<sup>(a)</sup> Deemed interested by virtue of Section 8(4) of the Companies Act 2016 held through in K-Capital Sdn Bhd.

# Analysis of Warrant Holdings (cont'd)

## THIRTY LARGEST WARRANT HOLDERS AS AT 30 SEPTEMBER 2021

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

No.	Name	No. of Warrants Held	%
1.	K-CAPITAL SDN.BHD.	16,549,411	29.12
2.	TAN BOON SIONG	2,906,200	5.11
3.	TW QUEST SDN BHD	2,699,916	4.75
4.	AHMAD KABEER BIN MOHAMED NAGOOR	2,411,000	4.24
5.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD - PLEDGED SECURITIES ACCOUNT FOR KONG KOK CHOY (8092812)	1,800,000	3.17
6.	MAYBANK NOMINEES (TEMPATAN) SDN BHD - PLEDGED SECURITIES ACCOUNT FOR OOI KENG THYE	1,432,600	2.52
7.	NG CHAN HEE	1,233,600	2.17
8.	UOBM NOMINEES (TEMPATAN) SDN BHD - PLEDGED SECURITIES ACCOUNT FOR AHMAD KABEER BIN MOHAMED NAGOOR	1,040,000	1.83
9.	KENANGA NOMINEES (TEMPATAN) SDN BHD - PLEDGED SECURITIES ACCOUNT FOR CHEE KAR MING	953,365	1.68
10.	MOHD KHAIRUL IZWAN BIN ABDULLAH SANI	856,000	1.51
11.	LIEW TAT YANG	845,700	1.49
12.	TEO YU TEE	700,500	1.23
13.	RHB NOMINEES (TEMPATAN) SDN BHD - PLEDGED SECURITIES ACCOUNT FOR WONG HAN KEONG	700,000	1.23
14.	MASTRACK SDN BHD	672,084	1.18
15.	CHIA MOI LING	652,600	1.15
16.	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD - PLEDGED SECURITIES ACCOUNT FOR MUI KAR WAI (MY2323)	540,200	0.95
17.	LEE MENG KUI	400,000	0.70
18.	TAN BOON KIAT	400,000	0.70
19.	SHAUL HAMID BIN MADAR	375,620	0.66
20.	MAYBANK NOMINEES (TEMPATAN) SDN BHD - GOH KUN SENG	330,000	0.58
21.	CHAN AI SIM	329,040	0.58
22.	CHAI TIEN TECK	326,200	0.57
23.	TENGEN SUPPLIES SDN. BHD.	300,000	0.53
24.	CHONG KIM LOONG	275,000	0.48
25.	MAYBANK NOMINEES (TEMPATAN) SDN BHD - PLEDGED SECURITIES ACCOUNT FOR LEE MENG LOK	250,000	0.44
26.	AHMAD KABEER BIN MOHAMED NAGOOR	200,000	0.35
27.	G. PAKKIANATHAN A/L D. GOVINDASWAMY	188,000	0.33
28.	KOH MENG SENG	185,000	0.33
29.	CHEE HOOI BENG	181,000	0.32
30.	TAY BOON LYE	180,000	0.32

# NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the Twentieth Annual General Meeting (“20<sup>th</sup> AGM” or “Meeting”) of AWC BERHAD (“AWC” or “the Company”) will be conducted on fully virtual basis and entirely via remote participation and electronic voting through live streaming from the Broadcast venue at Tricor Boardroom, Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8 Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan on Thursday, 25 November 2021 at 10:00 a.m. or at any adjournment thereof, to transact the following businesses:-

## A G E N D A

### As Ordinary Business:

- |  |   |
|--|---|
| 1. To receive the Audited Financial Statements for the financial year ended 30 June 2021 together with the Reports of the Directors and Auditors thereon.  | <b>PLEASE REFER TO<br/>EXPLANATORY NOTE 1</b> |
| 2. To approve the distribution of a Final Single-Tier dividend of 1.0 sen per ordinary share for the financial year ended 30 June 2021.  | <b>ORDINARY RESOLUTION 1</b>                  |
| 3. To approve the payment of Directors’ fees and benefits of up to RM308,000 for the period commencing from the date immediately after this 20 <sup>th</sup> AGM until the date of the next Annual General Meeting of the Company. | <b>ORDINARY RESOLUTION 2</b>                  |
| 4. To re-elect Tunku Puan Sri Dato’ Hajjah Noor Hayati Binti Tunku Abdul Rahman Putra Al-Haj as Director who retires by rotation in accordance with Clause 85 of the Company’s Constitution.                                       | <b>ORDINARY RESOLUTION 3</b>                  |
| 5. To re-appoint Baker Tilly Monteiro Heng PLT as Auditors of the Company until the conclusion of the next Annual General Meeting of the Company and to authorise the Directors to fix their remuneration.                         | <b>ORDINARY RESOLUTION 4</b>                  |

### As Special Business:

To consider and if thought fit, pass with or without any modifications, the following resolutions:

- |  |                              |
|--|------------------------------|
| 6. <b>RETENTION OF AN INDEPENDENT NON-EXECUTIVE DIRECTOR</b>   | <b>ORDINARY RESOLUTION 5</b> |
| <p>“THAT Dato’ Nik Mod Amin Bin Nik Abd Majid who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than twelve (12) years, be and is hereby retained as an Independent Non-Executive Director of the Company.”</p>   |                              |
| 7. <b>GENERAL AUTHORITY FOR THE DIRECTORS TO ALLOT AND ISSUE SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016</b>   | <b>ORDINARY RESOLUTION 6</b> |
| <p>“THAT subject always to the Constitution of the Company, the Companies Act 2016 (“Act”), the Main Market Listing Requirements (“Listing Requirements”) of Bursa Malaysia Securities Berhad (“Bursa Securities”) and the approvals of the relevant governmental/ regulatory authorities, where required, the Directors of the Company, be and are hereby authorised and empowered pursuant to Sections 75 and 76 of the Act, to issue and allot shares in the Company to such persons, at any time, and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares to be issued does not exceed ten per centum (10%) of the total number of issued shares of the Company (excluding treasury shares) at any point of time AND THAT the Directors be and also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Securities AND THAT such authority shall continue in force until the conclusion of the next Annual General Meeting (“AGM”) of the Company held next after the approval was given or at the expiry of the period within which the next AGM is required to be held after the approval was given, whichever is the earlier.”</p> |                              |

## Notice of Annual General Meeting (cont'd)

### 8. PROPOSED AMENDMENTS TO THE CONSTITUTION OF THE COMPANY

### SPECIAL RESOLUTION

“THAT the proposed amendments to the Constitution of the Company as set out in the “Appendix A”, be approved and adopted with immediate effect AND THAT the Directors and/or Secretary of the Company be authorised to take all steps as are necessary and expedient in order to implement, finalise and give full effect to the said proposed amendments for and on behalf of the Company.”

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

### NOTICE OF DIVIDEND ENTITLEMENT

**NOTICE IS ALSO HEREBY GIVEN** that a Final Single-Tier dividend of 1.0 sen per ordinary share in respect of the financial year ended 30 June 2021, if approved by the shareholders at the 20th AGM of the Company, will be paid on 31 December 2021 to the shareholders whose names appear in the Record of Depositors of the Company at the close of business on 13 December 2021.

A depositor shall qualify for entitlement to the dividend only in respect of:-

- i) Shares transferred into the Depositor's Securities Account before 4.30 p.m. on 13 December 2021 in respect of ordinary transfers; and
- ii) Shares bought on the Bursa Malaysia Securities Berhad on a cum-entitlement basis according to the Rules of the Bursa Malaysia Securities Berhad.

By order of the Board

**TEA SOR HUA (MACS 01324) (SSM PC NO.: 201908001272)**  
Company Secretary

Petaling Jaya, Selangor Darul Ehsan  
26 October 2021

### Notes:

- i. A member who is entitled to attend and vote at the Meeting shall be entitled to appoint more than one (1) proxy to attend and vote at the Meeting. Where a member appoints more than one (1) proxy, the member shall specify the proportion of his shareholdings to be represented by each proxy.
- ii. A proxy may, but need not, be a member of the Company. A member may appoint any person to be his proxy. A proxy appointed to attend and vote at the Meeting shall have the same rights as the member to speak and vote at the Meeting.
- iii. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under the seal or under the hand of an officer or attorney duly authorised.
- iv. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
- v. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) 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. The appointment of multiple proxies shall not be valid unless the proportion of its shareholdings represented by each proxy is specified.

## Notice of Annual General Meeting (cont'd)

- vi. To be valid, the instrument appointing a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company not less than forty-eight (48) hours before the time for holding the Meeting or adjourned meeting:-
  - (a) In hard copy form  
In the case of an appointment made in hard copy form, the form of proxy must be deposited at the Share Registrar of the Company situated at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur.
  - (b) By Electronic Form  
The form of proxy can be electronically lodged via TIIH Online website at <https://tiih.online>. Please refer to the Administrative Details on the procedure for electronic lodgement of Form of Proxy via TIIH Online.
- vii. For the purpose of determining a member who shall be entitled to attend the Meeting, the Company will be requesting Bursa Malaysia Depository Sdn Bhd in accordance with Clause 63(b) of the Company's Constitution to issue a General Meeting Record of Depositors as at 17 November 2021. Only members whose name appears in the Record of Depositors as at 17 November 2021 shall be entitled to attend the Meeting and to speak and vote thereat.
- viii. All the resolutions set out in this Notice will be put to vote by poll.
- ix. The members are advised to refer to the Administrative Notes on the registration process for the Meeting.
- x. Given the constantly evolving COVID-19 situation in Malaysia, we may be required to change the arrangements of our 20<sup>th</sup> AGM at short notice. Kindly check Bursa Securities' website and Company's website at [www.awc.com.my](http://www.awc.com.my) for the latest updates on the status of the Meeting.

### EXPLANATORY NOTES TO ORDINARY/SPECIAL BUSINESS

#### 1. Item 1 of the Agenda – Audited Financial Statements for the financial year ended 30 June 2021

This Agenda is meant for discussion only as the provision of Section 340(1)(a) of the Act does not require the formal approval of members for the Audited Financial Statements. Hence, Agenda No. 1 will not be put forward for voting.

#### 2. Item 3 of the Agenda – Directors' Fees and Benefits

The estimated Directors' fees and benefits are calculated based on the current Board size and the number of scheduled Board and Committee meetings to be held. This resolution is to facilitate payment of Directors' fees and benefits for the period commencing from the date immediately after this 20<sup>th</sup> AGM until the date of the next AGM to be held in the year 2022. In the event the proposed amount is insufficient due to more meetings or enlarged Board size, approval will be sought at the next AGM for the shortfall.

#### 3. Item 6 of the Agenda – Retention of an Independent Non-Executive Director

The Nomination and Remuneration Committee of the Company has assessed the independence of Dato' Nik Mod Amin Bin Nik Abd Majid, who has served as Independent Non-Executive Director of the Company for a cumulative term of more than twelve (12) years, and recommended him to continue acting as Independent Non-Executive Director of the Company subject to the approval from the shareholders of the Company through a two-tier voting process pursuant to Practice 4.2 of the Malaysian Code on Corporate Governance. The justifications are stated in the Statement on Corporate Governance of the Annual Report for the financial year ended 30 June 2021.

## Notice of Annual General Meeting (cont'd)

### **4. Item 7 of the Agenda – General Authority for the Directors to Allot and Issue Shares pursuant to Sections 75 and 76 of the Companies Act 2016**

The Ordinary Resolution 6 proposed under item 7 of the Agenda, is to seek a general mandate for issuance and allotment of shares by the Company pursuant to Sections 75 and 76 of the Companies Act 2016. This Ordinary Resolution, if passed, is to empower the Directors to issue shares in the Company up to an amount not exceeding in total ten per centum (10%) of the total number of issued shares of the Company for such purposes as the Directors consider would be in the interest of the Company. This would avoid any delay and cost involved in convening at a general meeting to approve such an issue of shares. This authority, unless revoked or varied by the Company at a general meeting, will expire at the conclusion of the next AGM or the expiration of the period within which the next AGM is required by law to be held, whichever is earlier.

This general mandate will provide flexibility to the Company for issuance and allotment of shares for any possible fund raising 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).

The Company had at its Nineteenth AGM held on 25 November 2020 ("19<sup>th</sup> AGM"), obtained a general mandate pursuant to Sections 75 and 76 of the Act from its shareholders, to empower the Directors to issue and allot shares in the Company to such persons, at any time, and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares to be issued does not exceed 20% of the total number of issued shares of the Company (excluding treasury shares) at any point of time ("20% General Mandate"). This 20% General Mandate will expire at the conclusion of this 20<sup>th</sup> AGM.

As at the date of this Notice, no new shares in the Company were issued pursuant to the mandate granted to the Directors at the 19<sup>th</sup> AGM which will lapse at the conclusion of the 20<sup>th</sup> AGM.

### **5. Item 8 of the Agenda – Proposed Amendments to the Constitution of the Company**

The Special Resolution proposed under item 8 of the Agenda in relation to the proposed amendments to the existing Constitution of the Company ("Proposed Amendments"), are made mainly for the following purposes:

- (a) to align the Company's Constitution with the Companies (Amendment) Act 2019 which came into operation on 15 January 2020 in relation to the alteration of share capital; and
- (b) to enhance administrative efficiency.

The Proposed Amendments shall take effect once the special resolution has been passed by a majority of not less than seventy-five per centum (75%) of such members who are entitled to vote and do vote in person or by proxy at the Meeting.

# APPENDIX A

## PROPOSED AMENDMENTS TO THE CONSTITUTION OF AWC BERHAD ("THE COMPANY")

This is the Appendix A referred to in Agenda 8 of the Notice of Twentieth Annual General Meeting of the Company dated 26 October 2021.

Clause No.	Existing Clause	Proposed Clause
56.  Power to alter capital	<p>Subject to the provisions of this Constitution and the Act, the Company may by special resolution:</p> <ul style="list-style-type: none"> <li>(i) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;</li> <li>(ii) subdivide its share capital or any part thereof into shares of smaller amounts by subdivision of its existing shares or any of them subject nevertheless to the provisions of the Act;</li> <li>(iii) convert and/or re-classify any class of shares into any other class of shares; or</li> <li>(iv) cancel shares which at the date of the passing of the resolution in that behalf have not been taken or agreed to be taken by any person or which have been forfeited and diminish the amount of its share capital by the amount of the shares so cancelled.</li> </ul>	<p>Subject to the provisions of this Constitution and the Act, the Company may by <b>special ordinary</b> resolution:</p> <ul style="list-style-type: none"> <li>(i) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;</li> <li>(ii) subdivide its share capital or any part thereof into shares of smaller amounts by subdivision of its existing shares or any of them subject nevertheless to the provisions of the Act;</li> <li>(iii) convert and/or re-classify any class of shares into any other class of shares; or</li> <li>(iv) cancel shares which at the date of the passing of the resolution in that behalf have not been taken or agreed to be taken by any person or which have been forfeited and diminish the amount of its share capital by the amount of the shares so cancelled.</li> </ul>
61.  Meetings of members at two or more venues	<p>The meeting of its Members may be held by fully virtual or hybrid at more than one venue using any technology or method that allows the Members of the Company to participate and to exercise their rights to speak and vote at the meeting, and using any available technology to provide notice, conduct and record or facilitate voting at that meeting or any adjournment of that meeting of members subject to rules, regulations and laws prevailing. The main venue of the meeting shall be in Malaysia and subject to Clause 69, the Chairman shall be present at the main venue of the meeting. For fully virtual general meeting, the broadcast venue shall be the main venue of the meeting and all the provisions of this Constitution as to meetings of Members shall also apply to such fully virtual general meeting.</p>	<ul style="list-style-type: none"> <li>(a) The meeting of its Members may be held by fully virtual or hybrid at more than one venue using any technology or method that allows the Members of the Company to participate and to exercise their rights to speak and vote at the meeting, and using any available technology to provide notice, conduct and record or facilitate voting at that meeting or any adjournment of that meeting of members subject to rules, regulations and laws prevailing.</li> <li>(b) <b>For a hybrid general meeting</b>, the main venue of the meeting shall be in Malaysia and subject to Clause 69, the Chairman shall be present at the main venue of the meeting.</li> </ul>



Appendix A  
(cont'd)

Clause No.	Existing Clause	Proposed Clause
		<p>(c) For a fully virtual general meeting, the broadcast venue <b>or the online meeting platform which located in Malaysia</b> shall be <b>recognised as</b> the main venue of the meeting and all the provisions of this Constitution as to meetings of Members shall also apply to such fully virtual general meeting.</p> <p>(d) For a fully virtual general meeting, the main venue of the meeting shall be the broadcast venue which shall be located in Malaysia and the Chairman shall be present at the broadcast venue of the meeting; or the Uniform Resource Locator ("URL") address of the online meeting platform or the physical address of the Registrant shall be in Malaysia and the chairman who is present virtually at the meeting shall be deemed to be present at the main venue of the meeting.</p>
107 (b) Meeting of Directors	A member of the Board may participate in a meeting of the Board by means of a telephone conference or any other audio, or audio visual, communication means which allows all persons participating in the meeting to hear and speak with each other and such Director shall be regarded for all purposes as personally attending such a meeting and shall be counted in a quorum and be entitled to vote on the resolution tabled at a meeting of the Board.	The meeting of the Directors may be held by fully virtual or hybrid at more than one venue using any technology or method. A member of the Board or any invitees may participate in the meeting by means of a telephone conference, or any other audio, or audio visual, or communication means which allows all persons participating in the meeting to hear and speak with each other and such Director or person shall be regarded for all purposes as personally attended such a meeting and such Director shall be counted in a quorum and be entitled to vote on the resolutions tabled at the meeting.
107 (c) Meeting of Directors	Any meeting held in such manner shall be deemed to be held at such place as shall be agreed upon by the Directors attending the meeting PROVIDED that at least one (1) of the Directors present at the meeting was at such place for the duration of that meeting.	<b>-Deleted-</b>

Appendix A  
(cont'd)

Clause No.	Existing Clause	Proposed Clause
123(a) <i>Participation at Committee Meeting by way of telephone and video conference</i>	Notwithstanding any provisions to the contrary contained in this Constitution, any member of a committee may participate at a committee meeting by means of a telephone conference or any other audio, or audio visual, communication means which allows all persons participating in the meeting to hear and speak with each other and such committee member shall be regarded for all purposes as personally attending such a meeting and shall be counted in a quorum and be entitled to vote on the resolution tabled at a meeting of the committee.	<b>Notwithstanding any provisions to the contrary contained in this Constitution, the committee meetings may be held by fully virtual or hybrid at more than one venue using any technology or method. A committee member or any invitees may participate in the meeting by means of a telephone conference or any other audio, or audio visual, or communication means which allows all persons participating in the meeting to hear and speak with each other and such committee member or person shall be regarded for all purposes as personally attended such a meeting and such committee member shall be counted in a quorum and be entitled to vote on the resolutions tabled at the committee meeting.</b>
123(b) <i>Participation at Committee Meeting by way of telephone and video conference</i>	Any meeting held in such manner shall be deemed to be held at such place as shall be agreed upon by the committee members attending the meeting PROVIDED that at least one (1) of the members present at the meeting was at such place for the duration of that meeting.	<b>- Deleted -</b>
135(a) <i>Preparation, and circulation and publication of audited financial statements and reports of directors and auditors thereon</i>	The Directors shall cause to be prepared, sent to every Member and laid before the Company in its annual general meeting, the audited financial statements and the reports of directors and auditors thereon in accordance to the Act. The interval between the close of a financial year of the Company and the issue of such reports shall not exceed four (4) months or such other period as may be allowed by the Act and/or the provisions in the Listing Requirements.	The Directors shall cause to be prepared <b>and circulated, sent</b> to every Member and laid before the Company in its annual general meeting, the audited financial statements and the reports of directors and auditors thereon in accordance to the Act. The interval between the close of a financial year of the Company and the issue of such reports shall not exceed four (4) months or such other period as may be allowed by the Act and/or the provisions in the Listing Requirements.

Appendix A  
(cont'd)

Clause No.	Existing Clause	Proposed Clause
135(b)  <i>Preparation, and circulation <b>and publication</b> of audited financial statements and reports of directors and auditors thereon</i>	A copy of each the audited financial statements and reports of directors and auditors thereon in printed form or in CD-ROM form or in such other form of electronic media or means or any combination thereof as permitted under the Act and the Listing Requirements, shall not less than twenty-one (21) days before the date of the meeting (or such shorter period as may be agreed by all Members entitled to attend and vote at the meeting), be sent to every Member of, and to every holder of debentures of the Company, the auditors of the Company and every person who is entitled to receive notices of general meeting under the provision of the Act or of this Constitution, provided that this Clause shall not require a copy of these documents to be sent to any person of whose address the Company is not aware (or to the several persons entitled thereto in consequence of the death or bankruptcy of the holder or otherwise) and which does not appear on the Record of Depositors or the Register as the case may be, but any Member to whom a copy of these documents has not been sent shall be entitled to receive a copy, free of charge on application at the Office.	A copy of each the audited financial statements and reports of directors and auditors thereon in printed form or in CD-ROM form or in such other form of electronic media or means or any combination thereof as permitted under the Act and the Listing Requirements, shall not less than twenty-one (21) days before the date of the meeting (or such shorter period as may be agreed by all Members entitled to attend and vote at the meeting), be sent <b>or circulated</b> to every Member of <b>the Company</b> , and to every holder of debentures of the Company, the auditors of the Company and every person who is entitled to receive notices of general meeting under the provision of the Act or of this Constitution, provided that this Clause shall not require a copy of these documents to be sent to any person of whose address the Company is not aware (or to the several persons entitled thereto in consequence of the death or bankruptcy of the holder or otherwise) and which does not appear on the Record of Depositors or the Register as the case may be, but any Member to whom a copy of these documents has not been sent shall be entitled to receive a copy, free of charge on application at the Office.

# ADMINISTRATIVE NOTES

## FOR THE TWENTIETH ANNUAL GENERAL MEETING

("20<sup>th</sup> AGM" OR "MEETING") OF AWC BERHAD ("AWC" OR "THE COMPANY")

Meeting Day, Date : Thursday, 25 November 2021  
 Time : 10:00 a.m.  
 Broadcast Venue : Tricor Boardroom, Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8 Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan

### MODE OF MEETING

In line with the Government's directive and the revised Guidance Note and Frequently Asked Questions (FAQs) on the Conduct of General Meetings for Listed Issuers issued by the Securities Commission Malaysia on 16 July 2021 ("SC Guidance"), the 20<sup>th</sup> AGM of the Company will be conducted **a virtual basis and via remote participation and voting through live streaming from the Broadcast Venue and online remote voting.**

The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairman of the meeting to be present at the main venue of the meeting and in accordance with Clause 61 of the Company's Constitution. Shareholders or proxies or attorneys or authorised representatives **WILL NOT BE ALLOWED** to be physically present at the Broadcast Venue on the day of the meeting.

### REMOTE PARTICIPATION AND VOTING ("RPV") FACILITIES

Shareholders are to attend, speak (in the form of real time submission of typed texts) and vote (collectively, "participate") remotely at the 20<sup>th</sup> AGM using the RPV facilities provided by Tricor via its **TIIH Online** website at <https://tiih.online>.

A shareholder who has appointed a proxy or attorney or authorised representative to participate at this 20<sup>th</sup> AGM via RPV facilities must request his/her proxy or attorney or authorised representative to register himself/herself for RPV at TIIH Online website at <https://tiih.online>.

As the 20<sup>th</sup> AGM will be held as a fully virtual meeting, shareholders who are unable to participate in this 20<sup>th</sup> AGM via RPV facilities may appoint the Chairman of the Meeting as his/her proxy and indicate the voting instructions in the proxy form.

### PROCEDURES FOR THE RPV

Shareholder(s) or proxy(ies) or corporate representative(s) or attorney(s) who wish to participate remotely in the 20<sup>th</sup> AGM using the RPV facilities are advised to follow the requirements and procedures as indicated below:-

	Procedures	Actions
<b>BEFORE THE 20<sup>th</sup> AGM DAY</b>		
(a)	Register as a user with TIIH Online	<ul style="list-style-type: none"> <li>Using your computer, access the website at <a href="https://tiih.online">https://tiih.online</a> and register as a user under the "e-Services" select "Create Account by Individual Holders". Kindly refer to the tutorial guide posted on the homepage for assistance.</li> <li>Registration as a user will be approved within one (1) working day and you will be notified of the status of registration via email.</li> <li>If you are already a user with TIIH Online, you are not required to register again. You will receive an e-mail to notify you that remote participation is available for registration at TIIH Online.</li> </ul>

# Administrative Notes (cont'd)

	Procedures	Actions
<b>BEFORE THE 20<sup>th</sup> AGM DAY</b>		
(b)	Submit your registration for RPV	<ul style="list-style-type: none"> <li>Registration is open from Tuesday, 26 October 2021 until the day of 20<sup>th</sup> AGM on Thursday, 25 November 2021. Shareholder(s) or proxy(ies) or corporate representative(s) or attorney(s) are required to pre-register their attendance for the 20<sup>th</sup> AGM to ascertain their eligibility to participate in the 20<sup>th</sup> AGM using the RPV.</li> <li>Login with your user ID i.e. email address and password and select the corporate event: “<b>(REGISTRATION) AWC 20TH AGM</b>”.</li> <li>Read and agree to the Terms &amp; Conditions and confirm the Declaration.</li> <li>Select “Register for Remote Participation and Voting”.</li> <li>Review your registration and proceed to register.</li> <li>The system will send an e-mail to notify you that your registration for remote participation is received and will be verified.</li> <li>After verification of your registration against the General Meeting Record of Depositors dated 17 November 2021, the system will send you an e-mail after 23 November 2021 to approve or reject your registration for remote participation and the procedures to use the RPV are detailed therein. In the event your registration is not approved, you will also be notified via email.</li> </ul> <p><i>(Note: Please ensure to allow sufficient time required for the approval as a new user of TIIH Online as well as the registration for RPV in order for you to login to TIIH Online and to participate in the 20<sup>th</sup> AGM remotely).</i></p>
<b>ON THE DAY OF THE 20<sup>th</sup> AGM (THURSDAY, 25 NOVEMBER 2021)</b>		
(c)	Login to TIIH Online	<ul style="list-style-type: none"> <li>Login with your user ID and password for remote participation at the 20<sup>th</sup> AGM at any time from 9.00 a.m. i.e. 1 hour before the commencement of the 20<sup>th</sup> AGM on Thursday, 25 November 2021 at 10:00 a.m.</li> </ul>
(d)	Participate through Live Streaming	<ul style="list-style-type: none"> <li>Select the corporate event: “<b>(LIVE STREAM MEETING) AWC 20TH AGM</b>” to engage in the proceedings of the 20<sup>th</sup> AGM remotely.</li> <li>If you have any questions for the Chairman/Board, you may use the query box to transmit your question. The Chairman/Board will endeavour to respond to questions submitted by remote participant during the 20<sup>th</sup> AGM. If there is a time constraint, the responses will be e-mailed to you at the earliest possible, after the meeting.</li> </ul>
(e)	Online Remote Voting	<ul style="list-style-type: none"> <li>The voting session commences from 10:00 a.m. on Thursday, 25 November 2021 until a time when the Chairman announces the end of the session. Select the corporate event: “<b>(REMOTE VOTING) AWC 20TH AGM</b>” or if you are on the live stream meeting page, you can select the “<b>GO TO REMOTE VOTING PAGE</b>” button below the Query Box.</li> <li>Read and agree to the Terms &amp; Conditions and confirm the Declaration.</li> <li>Select the CDS account that represents your shareholdings.</li> <li>Indicate your votes for the resolutions that are tabled for voting.</li> <li>Confirm and submit your votes.</li> </ul>
(f)	End of remote participation	<ul style="list-style-type: none"> <li>Upon the announcement by the Chairman on the closure of the 20<sup>th</sup> AGM, the live streaming will end.</li> </ul>

## Administrative Notes (cont'd)

### Note to users of the RPV Facilities

1. Should your registration for RPV be approved we will make available to you the rights to join the live-streamed meeting and to vote remotely. Your login to TIIH Online on the day of the Meeting will indicate your presence at the virtual 20<sup>th</sup> AGM.
2. The quality of your connection to the live broadcast is dependent on the bandwidth and stability of the internet at your location and the device you use.
3. In the event you encounter any issues with logging in, connection to the live-streamed meeting or online voting on the Meeting day, kindly call Tricor Help Line at 011-40805616 / 011-40803168 / 011-40803169 / 011-40803170 or e-mail to [tiih.online@my.tricorglobal.com](mailto:tiih.online@my.tricorglobal.com) for assistance.

### ENTITLEMENT TO PARTICIPATE /GENERAL MEETING RECORD OF DEPOSITORS ("ROD")

Only a depositor whose name appears on the ROD as at 17 November 2021 shall be entitled to attend, speak and vote at the 20<sup>th</sup> AGM or appoint proxy(ies)/corporate representative(s)/attorney(s) to attend and/or vote on his/her behalf.

### APPOINTMENT OF PROXY OR ATTORNEY OR CORPORATE REPRESENTATIVE

Shareholders who appoint proxy(ies) to participate via RPV at the 20<sup>th</sup> AGM must ensure that the duly executed proxy forms are deposited in a hard copy form to Tricor no later than **Tuesday, 23 November 2021 at 10:00 a.m.**

The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner:-

(i) In hard copy form

By hand or post to the Share Registrar of the Company at Tricor's office at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia, not less than forty-eight (48) hours before the time appointed for holding the 20<sup>th</sup> AGM or any adjournment thereof, otherwise the Proxy Form shall not be treated as valid.

Any authority pursuant to which such an appointment is made by a power of attorney must be deposited with the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia not later than Tuesday, 23 November 2021 at 10:00 a.m. to participate via RPV in the 20<sup>th</sup> AGM. A copy of the power of attorney may be accepted provided that it is certified by notary and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.

For a corporate member who has appointed a representative, please deposit the ORIGINAL/DULY CERTIFIED certificate of appointment with the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia not later than Tuesday, 23 November 2021 at 10:00 a.m. to participate via RPV in the 20<sup>th</sup> AGM. The certificate of appointment should be executed in the following manner:-

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

## Administrative Notes (cont'd)

### (ii) By electronic form

All members can have the option to submit Proxy Form electronically via Tricor's TIIH Online and the steps to submit are summarised below:

	Procedures	Actions
<b>i. Steps for Individual Members</b>		
(a)	Register as a User with Tricor's TIIH Online website	<ul style="list-style-type: none"> <li>Using your computer, please access the website at <a href="https://tiih.online">https://tiih.online</a>. Register as a user under the "e-Services". Please do refer to the tutorial guide posted on the homepage for assistance.</li> <li>If you are already a user with TIIH Online, you are not required to register again.</li> </ul>
(b)	Proceed with submission of Proxy Form	<ul style="list-style-type: none"> <li>After the release of the Notice of Meeting by the Company, login with your user name (i.e. email address) and password.</li> <li>Select the corporate event: <b>"AWC 20TH AGM – Submission of Proxy Form"</b>.</li> <li>Read and agree to the Terms &amp; Conditions and confirm the Declaration.</li> <li>Insert your CDS account number and indicate the number of shares for your proxy(s) to vote on your behalf.</li> <li>Indicate your voting instructions – FOR or AGAINST, otherwise your proxy will decide your vote.</li> <li>Review and confirm your proxy(s) appointment.</li> <li>Print Form of Proxy for your record.</li> </ul>
<b>ii. Steps for Corporation or Institutional Members</b>		
(a)	Register as an User With Tricor's TIIH Online website	<ul style="list-style-type: none"> <li>Access TIIH online at <a href="https://tiih.online">https://tiih.online</a>.</li> <li>Under e-Services, the authorised or nominated representative of the corporation or institutional member selects <b>"Create Account by Representative of Corporate Holder"</b>.</li> <li>Complete the registration form and upload the required documents.</li> <li>Registration will be verified, and you will be notified by email within one (1) to two (2) working days.</li> <li>Proceed to activate your account with the temporary password given in the email and re-set your own password.</li> </ul> <p><i>(Note: The representative of a corporation or institutional member must register as a user in accordance with the above steps before he/she can subscribe to this corporate member electronic proxy submission. Please contact our Share Registrar if you need clarifications on the user registration.)</i></p>
(b)	Proceed with submission of Proxy Form	<ul style="list-style-type: none"> <li>Login to Tricor's TIIH Online website at <a href="https://tiih.online">https://tiih.online</a>.</li> <li>Select the corporate event: <b>"AWC 20TH AGM – Submission of Proxy Form"</b>.</li> <li>Read and agree to the Terms &amp; Conditions and confirm the Declaration.</li> <li>Proceed to download the file format for "Submission of Proxy Form" in accordance with the Guidance Note set therein.</li> <li>Prepare the file for the appointment of proxies by inserting the required data.</li> <li>Submit the proxy appointment file.</li> <li>Login to TIIH Online, select corporate exercise name: <b>"AWC 20TH AGM – Submission of Proxy Form"</b>.</li> <li>Proceed to upload the duly completed proxy appointment file.</li> <li>Select "Submit" to complete your submission.</li> <li>Print the confirmation report of your submission for your record.</li> </ul>

## Administrative Notes (cont'd)

### POLL VOTING

The voting at the 20<sup>th</sup> AGM will be conducted by poll in accordance with Paragraph 8.29A of Main Market Listing Requirements of Bursa Malaysia Securities Berhad. The Company has appointed Tricor as Poll Administrator to conduct the poll by way of electronic voting (e-voting).

Shareholders or proxy(ies) or corporate representative(s) or attorney(s) can proceed to vote on the resolutions at any time from **10:00 a.m. on Thursday, 25 November 2021** but before the end of the voting session which will be announced by the Chairman of the Meeting. Kindly refer to item (e) of the above Procedures for RPV facilities for guidance on how to vote remotely from TIH Online website at <https://tiah.online>.

Upon completion of the voting session for the 20<sup>th</sup> AGM, the Scrutineers will verify the poll results followed by the Chairman's declaration whether the resolutions are duly passed.

### PRE-MEETING SUBMISSION OF QUESTION TO THE BOARD OF DIRECTORS

Shareholders may submit questions to the Board in advance of the 20<sup>th</sup> AGM via Tricor's TIH Online website at <https://tiah.online> by selecting "e-Services" to login, pose questions and submit electronically no later than **Tuesday, 23 November 2021 at 10:00 a.m.** The Board will endeavor to answer the questions received at the 20<sup>th</sup> AGM.

### NO RECORDING OR PHOTOGRAPHY

By participating at the 20<sup>th</sup> AGM, you agree that no part of the 20<sup>th</sup> AGM proceedings may be recorded, photographed, stored in any retrieval systems, reproduced, transmitted or uploaded in any form, platform or social media or by any means whether it is mechanical, electronic, photocopying, recording or otherwise without the prior written consent of the Company. The Company reserves the right to take appropriate legal actions against anyone who violates this rule.

### ENQUIRY

If you have any enquiries on the above, please contact the following persons during office hours on Mondays to Fridays from 9:00 a.m. to 5:30 p.m. (except on public holidays):-

#### Tricor Investor & Issuing House Services Sdn. Bhd.

General Line	:	+603-2783 9299	
Fax Number	:	+603-2783 9222	
Email	:	<a href="mailto:is.enquiry@my.tricorglobal.com">is.enquiry@my.tricorglobal.com</a>	
Contact persons	:	Lim Lay Kiow	+603-27839232 (Lay.Kiow.Lim@my.tricorglobal.com)
	:	Siti Zalina	+603-27839247 (Siti.Zalina@my.tricorglobal.com)
	:	Lim Jia Jin	+603-27839246 (Jia.Jin.Lim@my.tricorglobal.com)



**PROXY FORM**

No. of shares held	
CDS Account No.	

I/We \* \_\_\_\_\_ NRIC/Passport/Registration No.\* \_\_\_\_\_  
(full name in capital letters)

of \_\_\_\_\_  
(full address)

with email address \_\_\_\_\_ mobile phone no. \_\_\_\_\_

being a member/members\* of **AWC BERHAD** ("the Company") hereby appoint(s):-

Full Name (in capital letters)	NRIC/Passport No.:	Proportion of Shareholdings	
		No. of Shares	%
Full Address (in capital letters)			
Contact No.:			
Email Address:			

and \*

Full Name (in capital letters)	NRIC/Passport No.:	Proportion of Shareholdings	
		No. of Shares	%
Full Address (in capital letters)			
Contact No.:			
Email Address:			

or failing him/her\*, the Chairman of the Meeting as my/our\* proxy to vote for me/us\* on my/our\* behalf at the Twentieth Annual General Meeting of the Company ("20<sup>th</sup> AGM" or "Meeting") to be conducted on fully virtual basis and entirely via remote participation and electronic voting through live streaming from the Broadcast Venue at Tricor Boardroom, Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8 Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan on Thursday, 25 November 2021 at 10:00 a.m. or at any adjournment thereof.

Please indicate with an "X" in the appropriate spaces how you wish your votes to be cast. If no specific direction as to vote is given, the Proxy will vote or abstain from voting at his/her\* discretion.

Resolutions	Particulars	For	Against
Ordinary Resolution 1	To approve the distribution of a Final Single-Tier dividend of 1.0 sen per ordinary share for the financial year ended 30 June 2021.		
Ordinary Resolution 2	To approve the payment of Directors' fees and benefits of up to RM308,000 for the period commencing from the date immediately after this 20 <sup>th</sup> AGM until the date of the next Annual General Meeting of the Company.		
Ordinary Resolution 3	To re-elect Tunku Puan Sri Dato' Hajjah Noor Hayati Binti Tunku Abdul Rahman Putra Al-Haj as Director.		
Ordinary Resolution 4	To re-appoint Baker Tilly Monterio Heng PLT as Auditors of the Company.		
Ordinary Resolution 5	To retain Dato' Nik Mod Amin Bin Nik Abd Majid as Independent Non-Executive Director.		
Ordinary Resolution 6	To approve the general authority for the Directors to allot and issue shares pursuant to Sections 75 and 76 of the Companies Act 2016.		
Special Resolution	To approve the Proposed Amendments to the Constitution of the Company.		

\* delete whichever not applicable

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2021

Signature/ Common Seal of Member(s)

**NOTES:**

- A member who is entitled to attend and vote at the Meeting shall be entitled to appoint more than one (1) proxy to attend and vote at the Meeting. Where a member appoints more than one (1) proxy, the member shall specify the proportion of his shareholdings to be represented by each proxy.
- A proxy may, but need not, be a member of the Company. A member may appoint any person to be his proxy. A proxy appointed to attend and vote at the Meeting shall have the same rights as the member to speak and vote at the Meeting.
- The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under the seal or under the hand of an officer or attorney duly authorised.
- Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
- Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) 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. The appointment of multiple proxies shall not be valid unless the proportion of its shareholdings represented by each proxy is specified.



- vi. To be valid, the instrument appointing a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company not less than forty-eight (48) hours before the time for holding the Meeting or adjourned meeting:-
- a) In hard copy form  
In the case of an appointment made in hard copy form, the form of proxy must be deposited at the Share Registrar of the Company situated at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur.
- b) By Electronic Form  
The form of proxy can be electronically lodged via TIIH Online website at <https://tiih.online>. Please refer to the Administrative Details on the procedure for electronic lodgement of Form of Proxy via TIIH Online.
- vii. For the purpose of determining a member who shall be entitled to attend the Meeting, the Company will be requesting Bursa Malaysia Depository Sdn Bhd in accordance with Clause 63(b) of the Company's Constitution to issue a General Meeting Record of Depositors as at 17 November 2021. Only members whose name appears in the Record of Depositors as at 17 November 2021 shall be entitled to attend the Meeting and to speak and vote thereat.
- viii. All the resolutions set out in this Notice will be put to vote by poll.
- ix. The members are advised to refer to the Administrative Notes on the registration process for the Meeting.
- x. Given the constantly evolving COVID-19 situation in Malaysia, we may be required to change the arrangements of our 20<sup>th</sup> AGM at short notice. Kindly check Bursa Securities' website and Company's website at [www.awc.com.my](http://www.awc.com.my) for the latest updates on the status of the Meeting.

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AFFIX  
STAMP

The Share Registrar of  
**AWC BERHAD**  
**200101014341 (550098-A)**  
Tricor Investor & Issuing House Services Sdn Bhd  
Unit 32-01, Level 32, Tower A,  
Vertical Business Suite,  
Avenue 3, No.8, Jalan Kerinchi,  
Bangsar South,  
59200 Kuala Lumpur

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[www.awc.com.my](http://www.awc.com.my)

**AWC BERHAD**

Company Registration No. 200101014341 (550098-A)

20-2, Subang Business Centre

Jalan USJ 9/5T, 47620 UEP Subang Jaya, Selangor Darul Ehsan, Malaysia

Tel No : +6 03 8024 4505/04/03    Fax No : +6 03 8025 9343