Wah Seong Corporation Berhad

(495846-A)

PROGRESS

ANNUAL REPORT 2019

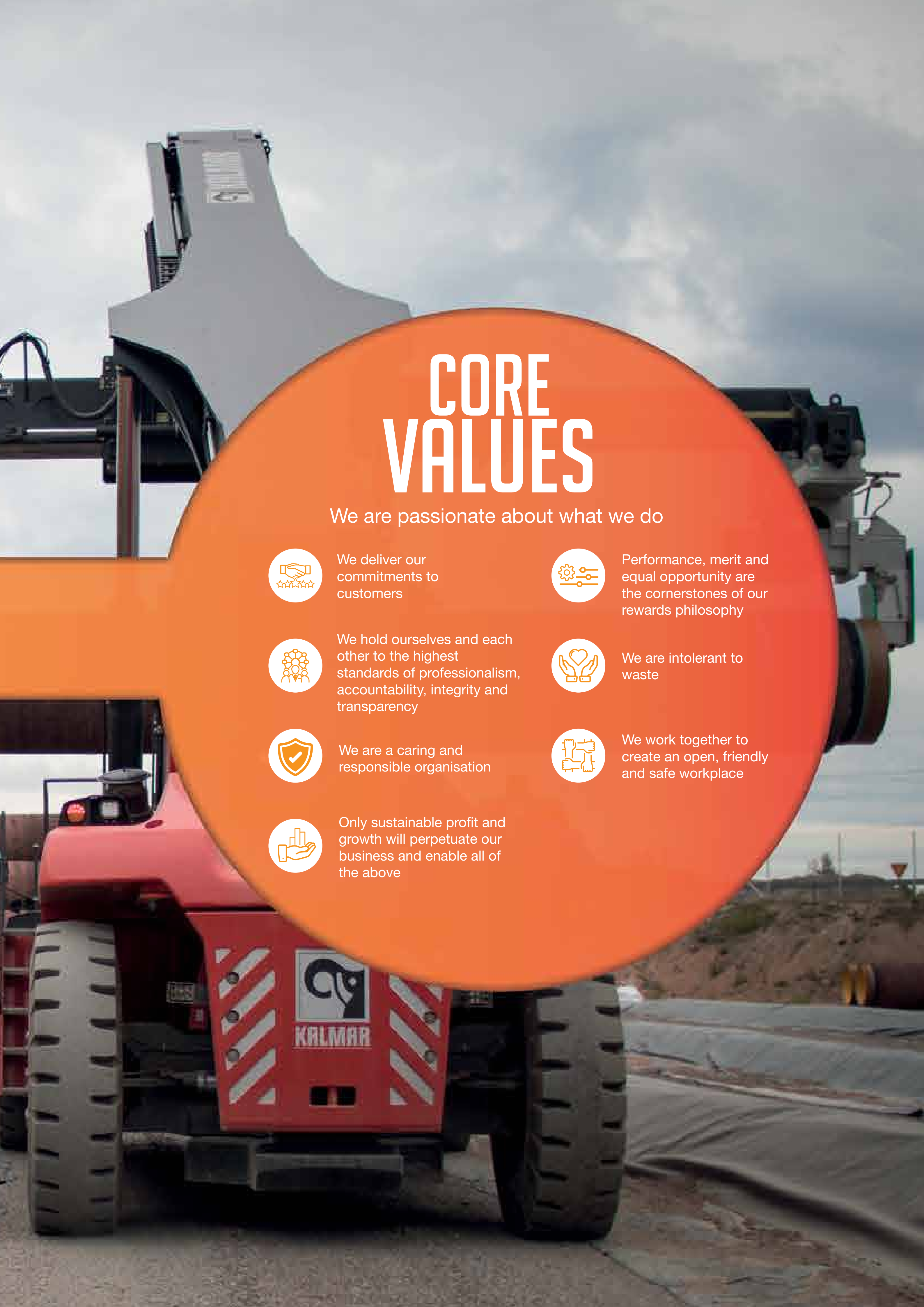
WHAT'S INSIDE

VISION

A global Oil & Gas and Industrial Services group that develops our portfolio of businesses into world class standards

MISSION

Be the preferred partner of our customers by providing quality services and reliable solutions, whilst delivering sustainable growth and values to our employees, shareholders, partners and stakeholders



CORE VALUES

We are passionate about what we do

- We deliver our commitments to customers
- We hold ourselves and each other to the highest standards of professionalism, accountability, integrity and transparency
- We are a caring and responsible organisation
- Only sustainable profit and growth will perpetuate our business and enable all of the above
- Performance, merit and equal opportunity are the cornerstones of our rewards philosophy
- We are intolerant to waste
- We work together to create an open, friendly and safe workplace

CORPORATE PROFILE

A Rising Global Energy Service Provider

Once a medium-sized Malaysian enterprise, Wah Seong Corporation Berhad incorporated on 9 October, 1999, has evolved into an international Oil & Gas and Industrial Services group. Listed on the Main Market of Bursa Malaysia Securities Berhad, we have established footprints in more than 14 countries worldwide.

As a globally integrated energy infrastructure group, we have positioned our Oil and Gas Division and Industrial Services Division to be our main strategic business pillars.

Our Oil & Gas Division provides world-class specialised pipe coating, corrosion protection services, EPC, fabrication and rental of gas compressors and process equipment, as well as various E&P products and services for the international oil and gas sector. Meanwhile, our Industrial Services Division is involved in renewable energy, agriculture development and infrastructure materials. Through this Division, we have grown to be one of the leading service providers of process equipment in Asia, serving the plantations, oleo-chemical, petrochemical and power generation industries. We are also one of the top distributors of infrastructure and building materials in Malaysia.

Seeing no limits to the future, we aim to grow through innovation and productivity to be a world class and profitable, integrated energy infrastructure Group. We endeavour to serve the needs of both our internal and external stakeholders by enhancing our corporate values that is driven by our uniqueness and capabilities.

Alongside this, we manage both our local and global operations with interests for health, safety and the environment. Fulfilling our corporate responsibility by according the highest priorities to these principles are prerequisites for the success of our business while also demonstrating our commitment to sustainable development and the communities which we serve.

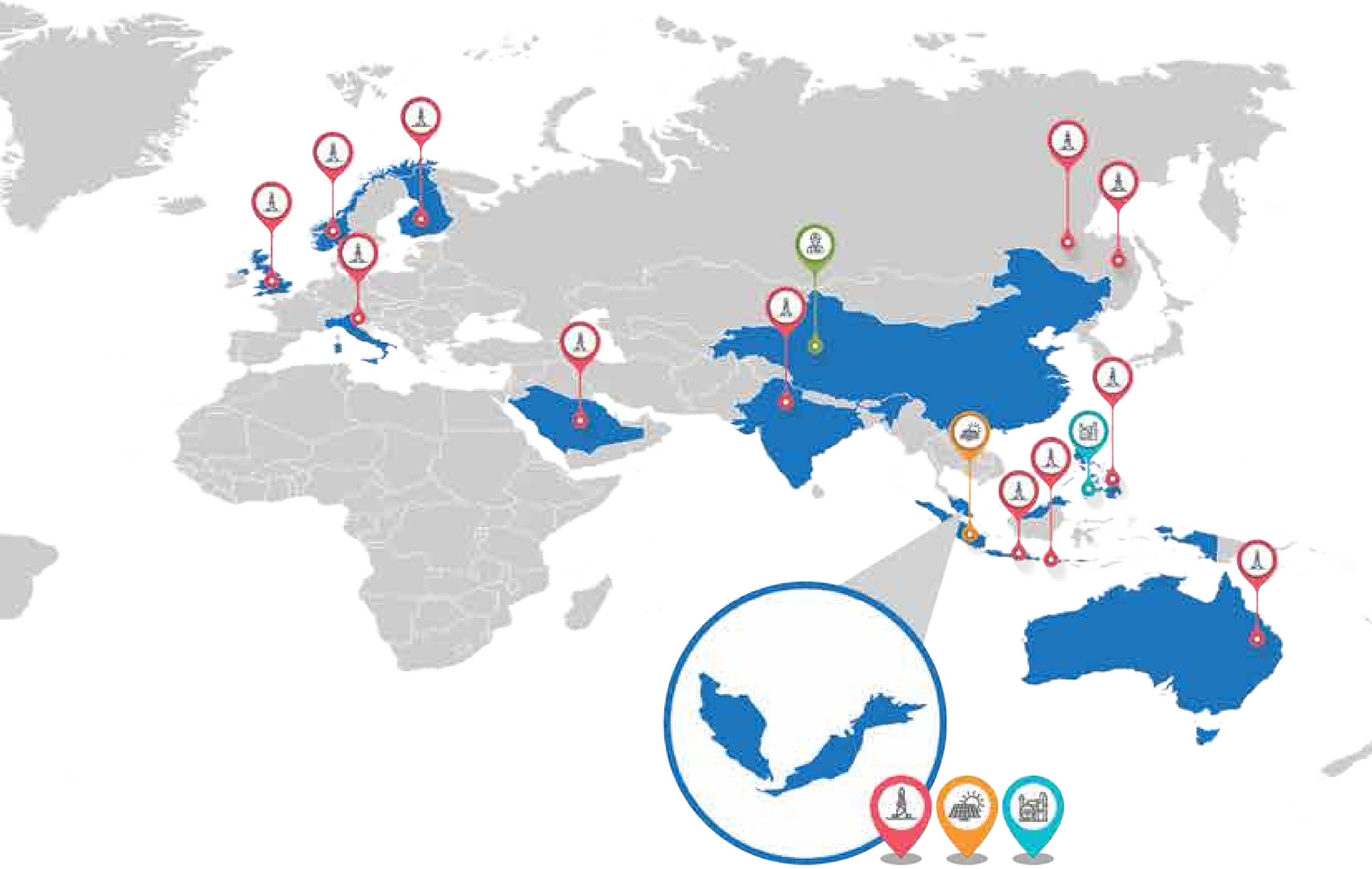
A Rising Global Energy Service Provider

OIL & GAS

RENEWABLE ENERGY

INDUSTRIAL TRADING & SERVICES

OTHERS



WORLDWIDE OPERATION

CORPORATE INFORMATION

DIRECTORS

DATO' SERI ROBERT TAN CHUNG MENG
Non-Independent Non-Executive Chairman

CHAN CHEU LEONG
Managing Director/Group Chief Executive Officer

GIANCARLO MACCAGNO
Deputy Managing Director

HALIM BIN HAJI DIN
Independent Non-Executive Director

PROFESSOR TAN SRI LIN SEE YAN
Senior Independent Non-Executive Director

TAN JIAN HONG, AARON
Non-Independent Non-Executive Director

TAN SRI SAW CHOO BOON
Independent Non-Executive Director

GROUP COMPANY SECRETARY
Woo Ying Pun
(MAICSA 7001280)

AUDITORS
PricewaterhouseCoopers PLT
(LLP0014401 – LCA & AF 1146)
Chartered Accountants
Level 10, 1 Sentral
Jalan Rakyat
Kuala Lumpur Sentral
50706 Kuala Lumpur
Malaysia

SOLICITORS
Jeyaratnam & Chong
Rahmat Lim & Partners
Raja Seelan & Associates

PRINCIPAL BANKERS
CIMB Group
HSBC Bank Group
Malayan Banking Berhad
OCBC Bank Group
RHB Bank Berhad

PRINCIPAL ADVISERS
CIMB Investment Bank Berhad
RHB Investment Bank Berhad

SHARE REGISTRAR
Agriteum Share Registration
Services Sdn Bhd
2nd Floor Wisma Penang Garden
42 Jalan Sultan Ahmad Shah
10050 Penang
Malaysia
Tel : 604-228 2321
Fax : 604-227 2391
Email : agriteumshareg@gmail.com

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS
Suite 19.01, Level 19
The Gardens North Tower
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur
Malaysia
Tel : 603-2685 6800
Fax : 603-2685 6999
Email : wsc.enquiry@wahseong.com
Website : www.wahseong.com

STOCK EXCHANGE LISTING
Main Market of
Bursa Malaysia Securities Berhad

DATE OF LISTING
9 July 2002

CATEGORY
Sector: Energy
Sub-Sector: Energy Infrastructure, Equipment & Services

STOCK CODE
5142

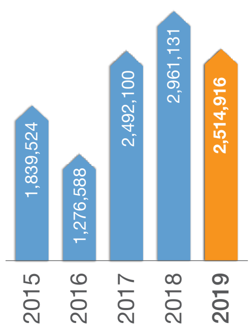
STOCK NAME
WASEONG

COMMITTEE	AUDIT COMMITTEE	NOMINATION COMMITTEE	REMUNERATION COMMITTEE
Chairman	Halim Bin Haji Din	Professor Tan Sri Lin See Yan	Tan Sri Saw Choo Boon
Member	Professor Tan Sri Lin See Yan	Dato' Seri Robert Tan Chung Meng	Halim Bin Haji Din
Member	Tan Jian Hong, Aaron	Halim Bin Haji Din	Professor Tan Sri Lin See Yan
Member	Tan Sri Saw Choo Boon	Tan Sri Saw Choo Boon	

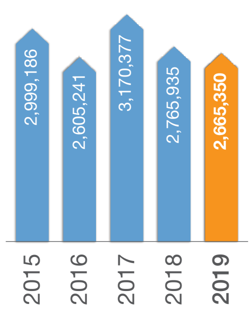
FINANCIAL HIGHLIGHTS

		2015	2016	2017	2018	2019
OPERATING RESULTS						
Revenue	RM'000	1,839,524	1,276,588	2,492,100	2,961,131	**2,514,916**
EBITDA/(LBITDA)	RM'000	121,419	(72,001)	298,286	347,396	**212,581**
EBIT/(LBIT)	RM'000	52,804	(204,913)	156,842	139,341	**55,222**
Profit/(Loss) before tax	RM'000	35,700	(225,864)	122,605	107,088	**5,562**
Net profit/(loss)	RM'000	(11,868)	(234,554)	114,643	59,862	**13,567**
Net profit/(loss) attributable to owners of the Company	RM'000	9,453	(228,302)	113,021	64,797	**24,136**
KEY BALANCE SHEET DATA						
Total assets	RM'000	2,999,186	2,605,241	3,170,377	2,765,935	**2,665,350**
Paid-up capital	RM'000	387,444	387,444	547,690	547,690	**547,690**
Capital and reserves attributable to owners of the Company	RM'000	1,121,918	775,891	894,161	955,726	**979,946**
VALUATION						
Per share						
Basic earnings/(loss)	sen	1.22	(29.54)	14.63	8.39	**3.13**
Gross dividend						
- Cash dividend	sen	3.00	0.50	-	-	**-**
- Share dividend	sen	-	-	-	-	**-**
Net assets	RM	1.45	1.00	1.16	1.24	**1.27**
PROFITABILITY RATIOS						
Return on total assets	%	2	(8)	5	5	**2**
Return on capital employed	%	3	(21)	9	12	**4**
GEARING RATIO						
Net debt to capital and reserves attributable to owners of the Company	Times	0.80	1.18	0.75	0.64	**0.82**

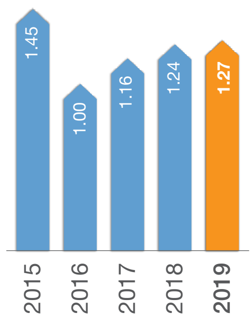
REVENUE
(RM'000)



TOTAL ASSETS
(RM'000)



NET ASSETS PER SHARE
(RM)



CORPORATE CALENDAR

JANUARY

2 January

PT. Wasco Engineering Indonesia, an indirect subsidiary of WSC was selected by BW Offshore Limited for the provision of complete design, engineering, fabrication and support for installation & commissioning of Inlet Riser Piping Module, Riser Porch and Pipe Rack Modules for Adolo FPSO Phase-2.

FEBRUARY

15 February

PT. Wasco Engineering Indonesia, an indirect subsidiary of WSC completed and loaded out the first of three 60m x 16m blast-rated High Voltage Substations for Siemens (France) project.

25 February

4QFY2018 Results Announcement.

MARCH

1 March

Wasco Energy Ltd, a wholly-owned subsidiary of WSC and Qatar Petroleum signed a Memorandum of Understanding (MoU) for the establishment of a facility in the State of Qatar.

22 March

WDG Resources Sdn. Bhd., an indirect subsidiary of WSC entered into a Distributorship Agreement with Doosan Infracore Co., Ltd.

27 March

Wasco Asset Integrity Solutions, in conjunction with Deepwater Corrosion Services had successfully completed Subsea Cathodic Protection Retrofit Projects for two (2) Major Operators within the Gulf of Thailand.

APRIL

1 April

WDG Resources Sdn. Bhd., an indirect subsidiary of WSC was appointed the Sole Authorised Dealer of Mitsubishi Generator Series (MGS), MGS-B, MGS-C, MGS-HV series in Malaysia by Mitsubishi Heavy Industries Engine System Asia Pte. Ltd.

3 April

Wasco Coatings Finland Oy, an indirect wholly-owned subsidiary of WSC concrete weight coating operations for the Nord Stream 2 project completed in Kotka.

MAY

13 May

1QFY2019 Results Announcement.

15 May

WSC 19th Annual General Meeting.

29 May

Wasco (Australia) Pty Ltd, an indirect subsidiary of WSC completed the Palm Valley 13 Flowline for Central Petroleum project.

JUNE

12 June

Wasco CPM Sdn. Bhd., an indirect subsidiary of WSC entered into a Share Sale Agreement with CPM Construction Sdn. Bhd. for the acquisition of 95% equity interest in Eco Consortium Sdn. Bhd. from CPM Construction Sdn. Bhd.

23 to 25 June

Wasco Energy Ltd, a wholly-owned subsidiary of WSC participated in the Asia Oil & Gas Conference (AOGC) 2019 at Kuala Lumpur Convention Centre.

JULY

23 July

Wasco (Australia) Pty Ltd, an indirect subsidiary of WSC completed construction of the Roma North Gas Processing Facility and Export Pipeline for Senex Energy project.

AUGUST

9 August

Pipe Coating business unit of WSC took its final load out of pipes for Nord Stream 2 Project (NS2) from Port of Karlshamn, Sweden.

19 August

Wasco Coatings Germany GmbH, an indirect wholly-owned subsidiary of WSC completed concrete weight coating operations for the Nord Stream 2 project in Mukran.

22 August

Pipe Coating business unit of WSC took its final load out of 1282 of 18 meters 3LPP coated pipes for Fenja Development project from Kuantan Port, Malaysia to Invergordon, Scotland.

30 August

2QFY2019 Results Announcement.

SEPTEMBER

11 September

Wasco Coatings Finland Oy, an indirect wholly-owned subsidiary of WSC completed its storage and logistic operations for Nord Stream 2 project at Port of HaminaKotka.

CORPORATE CALENDAR

OCTOBER

13 to 14 October

Wasco Energy Ltd, a wholly-owned subsidiary of WSC participated in the Petronas HSE Contractors Conference (PHCC) at Sultan Ahmad Shah Convention Centre in Kuantan, Pahang.

16 October

Wasco Coatings Limited, an indirect wholly-owned subsidiary of WSC entered into a Shareholders Agreement with Medgulf Construction Company W.L.L.

NOVEMBER

21 November

3QFY2019 Results Announcement.

DECEMBER

9 December

PT. Wasco Engineering Indonesia, an indirect subsidiary of WSC was selected by a Global electrification and automation OEM to design and build a Modular E-House for a floating, production, storage and offloading vessel (FPSO) that will operate off the east coast of Kakinada, India.

11 to 14 December

Wasco Energy Ltd, a wholly-owned subsidiary of WSC participated in the Abu Dhabi International Exhibition and Conference (ADIPEC) 2019 at Abu Dhabi National Exhibition Centre.

11 December

PT. Wasco Engineering Indonesia, an indirect subsidiary of WSC was awarded two contracts to design and build 15 Electrical Substations for the upcoming US$1.4 billion integrated manufacturing complex on Jurong Island, Singapore.

12 December

PT. Wasco Engineering Indonesia, an indirect subsidiary of WSC was awarded a contract for the project management, fabrication and supply of five skid based packages for a world leading water technology and solutions provider from Brunei Darussalam.

13 December

Wasco Engineering International Limited (Dubai Branch), an indirect wholly-owned subsidiary of WSC was awarded a contract to package 7 Power Generators by DGS Integrated Projects Limited (Nigeria) for the SAPELE Gas Plant Facility.

18 December

PT. Wasco Engineering Indonesia, an indirect subsidiary of WSC was awarded a contract to design and build a number of substations for an LNG export facility in Canada.

SUSTAINABILITY STATEMENT

Understanding that stakeholder expectations go beyond understanding the financial health of a company, ahead of the compulsory requirement of Bursa Malaysia for listed Company to deliberate on its sustainability practice, the Company decided to take a proactive step in 2017 to disclose its sustainable business model based on the Economic, Environmental, Social ("EES") platform. Whilst governance is also a key component of sustainability, governance will not be discussed in this section of the Annual Report but discussed separately on pages 51 to 66 as part of the disclosure requirements for corporate governance in the Listing requirements, as well as the Malaysian Code on Corporate Governance 2017 and the Corporate Governance Guide.

SUSTAINABILITY GOVERNANCE

The role of Sustainability Reporting in WSC has been consolidated under the Investor Relations, Corporate Communications and Sustainability Department ("IRCSD"). In 2017, the Head of IRCSD had been appointed as a member of the Risk Management Committee ("RMC") of WSC where the sustainability agenda is discussed and reported every quarter. The committee which reports directly to the Board of Directors of WSC has amended its charter to include sustainability as referenced on pages 10 to 22 of the Annual Report.

SUSTAINABILITY REPORTING SCOPE AND BOUNDARY

During the year, the committee has presented and have obtained the Board's approval to scope WSC's Sustainability Reporting for the reporting period of 1st January 2019 to 31st December 2019 to its oil and gas division "WASCO" being the single largest business segment of the Group. Due to the stringent requirement of the oil and gas industry, "WASCO" has adopted a sustainability framework much earlier compared to the other parts of the Group. Moving forward, the committee shall make its recommendations to the Board for the scoping of Sustainability Reporting to cover the entire organisation and its subsidiaries, which include quantitative and qualitative data relevant for sustainability reporting. The Group adopts the principle guidelines of Sustainability Reporting provided by Bursa Malaysia.

During the year, steps were also undertaken to further improve Sustainability Reporting by adopting UN's Sustainability Development Goals ("SDG") Framework.

SUSTAINABILITY POLICY

In our company, sustainability is about delivering value for all our stakeholders in a responsible manner, wherever we operate we will develop, implement and maintain management systems for corporate sustainability that drive continual improvement and will:

- Ensure our safety values remain a top priority, and seek ways to promote and improve the health of our workforce
- Identify, assess and manage risks to employees, contractors, the environment and our host communities
- Encourage a diverse workforce and provide a work environment in which everyone is treated fairly, with respect and can realise their full potential
- Take action within our businesses and other stakeholders to reduce our carbon footprint
- Manage our businesses efficiently by promoting the use of energy-efficient solutions and innovative technology as well as reducing and preventing waste
- Embrace leading industry practices and sound principles on business conduct and corporate governance
- Safeguard human rights within our sphere of influence
- Develop partnerships that foster the sustainable development of our host communities
- Regularly review our performance and adjust this policy according to results

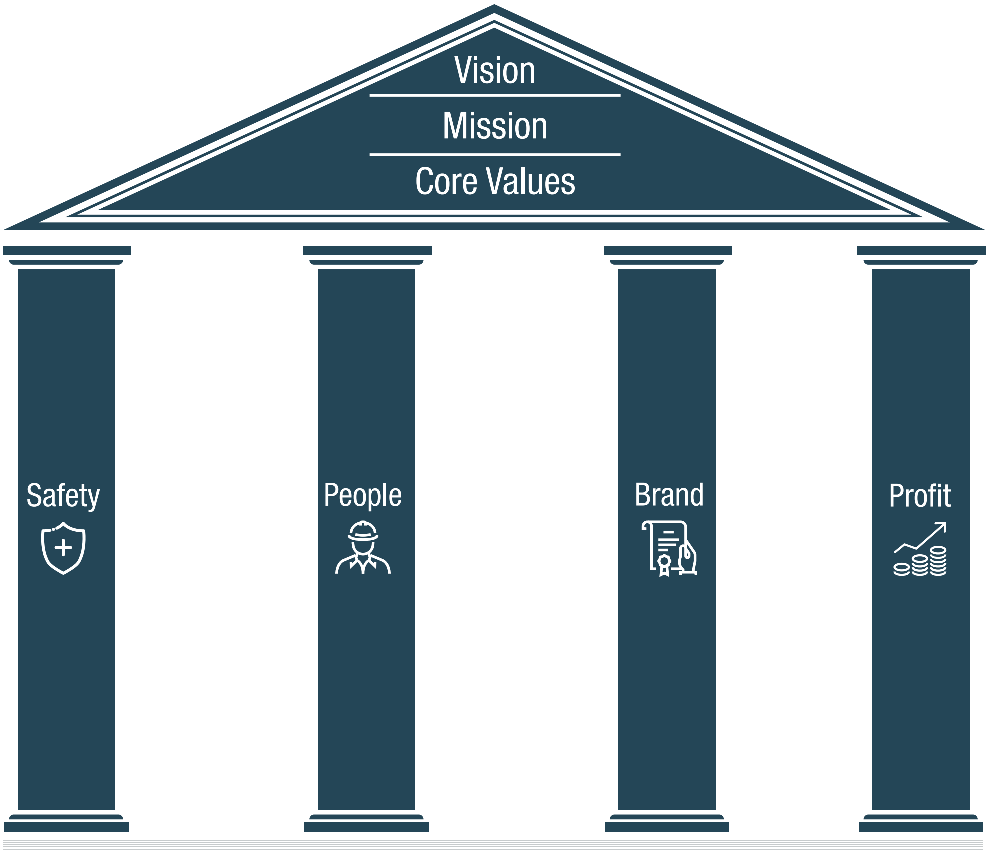
In implementing this policy, we aspire to achieve zero harm to people, our host communities and the environment. We will engage with and support our employees, contractors, suppliers, customers, and business partners in sharing responsibility for meeting our goals.

SUSTAINABILITY STATEMENT

SUSTAINABILITY APPROACH AT "WASCO"

While a formal policy has been in place since 2012, the sustainability practice has been apparent in the day to day operations of WASCO even prior to this date. The Chief Executive Officer of WASCO champions the sustainability agenda and takes on the responsibility of ensuring that each of WASCO's global operations abides by the policy and the implementation is formally tracked and measured for each operations via a robust MyGoals performance management system.

WASCO's identifies its materiality matters based on its strategic priorities as set out in the following diagram:



Based on the strategic pillars, material topic as an "EES" issues of critical importance both to stakeholders and the long term success of WASCO is identified and are aligned with internal governance processes and operational imperatives, and are therefore managed as part of internal processes and procedures that answer to both regulatory requirements and also internal Key Performance Indicator ("KPI").

SUSTAINABILITY STATEMENT

SAFETY PILLAR

Key issues:

- Safe Workplace
- Unsafe Condition
  Unsafe Act
- Resource Management

How we conduct engagement:

- Daily Tool Box Talk
- Grand Tool Box Talk
- Safety Bulletins
- Safety Days & Safety Campaigns
- Environmental Campaigns

PEOPLE PILLAR

Key issues:

- Health, Safety & Environment
- Remuneration & Benefits
- Diversity & Equal Opportunities
- Training & Personal Development

How we conduct engagement

- Workplace Meetings and Employee Briefing
- Intranet & Bulletins
- Annual CEO Town Hall
- MyGoals Performance Reviews

PROFIT PILLAR

Key issues:

- Financial and Operational Performance
- Balance Sheet and Access to Capital
- Risk Management
- Governance

How we conduct Engagement

- Quarterly Board Briefing
- Quarterly Risk Management Briefing
- Internal & External Audits Engagements

BRAND PILLAR

Key Issues:

- Quality of Products and Services
- Mandatory Compliance to Standards
- Mandatory Compliance to Regulations
- Compliance to Code of Business Conduct
- Compliance to Code of Ethical Conduct
- Corporate Social Obligations

How we conduct Engagement:

- Customer Satisfaction Surveys
- Certification Audits
- Regulatory Site Visits and Audits
- Supplier Engagements

SUSTAINABILITY STATEMENT

During the year, WASCO took a proactive step to evaluate its Sustainability approach to include the themes set out in the UN's Sustainability Development Goals ("SDG"). Based on the 17 SDG, through a series of workshop and brainstorming sessions, WASCO has identified the following four SDG to be the main areas of priority for the Group:

SDG	ASPIRATIONS	DELIVERABLES
3 GOOD HEALTH AND WELL-BEING	We will ensure our safety values remain a top priority and seek ways to promote and improve the health of our workforce	• Provide a safe and healthy workplace for our staff and contractors • Achieve zero LTI • Mandate remaining plants and facilities for ISO 45001:2018 certification
5 GENDER EQUALITY	We will provide women with equal access to employment, benefits, training and decent work and to positions of leadership and decision-making at all levels in the organisation	• Establish policies to promote gender equality in the areas of recruitment, compensation, training, promotion and work life balance • Eliminate sexual harassment, violence, discrimination and other harmful practices against women in the workplace
8 DECENT WORK AND ECONOMIC GROWTH	We will encourage a diverse workforce and provide a work environment in which everyone is treated fairly, with respect and can realise their full potential	• Develop a high performing entrepreneurial culture (culture of curiosity) in the company where all staff are driven to give their best • Develop leaders at all levels of the company and create a learning and coaching mind set amongst all staff
13 CLIMATE ACTION	We will take action within our own business and other stakeholders to reduce our carbon footprint	• Reduce the carbon footprint from our operations and aspire for net-zero emissions

Starting from next year's Sustainability Report, WASCO would be tracking and reporting on the progress of its deliverables identified above as part of its commitment to improving its Sustainability practice in the Group.

MATERIAL MATTERS

Health, Safety & Environment

An excellent Health, Safety, and Environment ("HSE") performance is central to the responsible delivery of WASCO's products and services.

Ensuring that everyone goes home safe from our workplace is our number one priority. We have "zero harm" to people, property, and environment goals in all of WASCO's operations. We strive to achieve the "zero harm" goals to people, property, and environment in all Wasco's operations, prevent any damage to our assets, and are continuously mindful of the impact of our activities on the environment.

We manage HSE risk across our global operations through clear standards, control, and compliance systems combined with a behavioural safety-focused culture.

Our Group standards and operating procedures define the controls and physical barriers we require to prevent incidents. We regularly inspect, test, and maintain these barriers to ensure they meet our standards. We also routinely prepare and practice our emergency response to potential incidents such as a chemical spill or a fire. Plus, we are also working closely with local services and regulatory agencies in testing our plans and procedures. These tests continually improve our readiness to respond. If an incident does occur, we investigate to identify the root cause, put in place controls to prevent recurrences, and share lessons learned across the Group. We also have procedures in place to reduce the impact on people and the environment. We continue to strengthen the safety culture among our employees and contractors. We are committed to workplace improvement and environmental safety, consistent with international best practices. HSE is deeply embedded within our business culture as we prioritise continuous improvement in HSE by reducing accidents, occupational injuries, and work-related illness rates.

We expect everyone working for us to intervene and stop work that may appear to be unsafe. In addition to our ongoing safety awareness programs, we hold annual safety days to give employees and contractors time to reflect on how to prevent incidents.

OIL & GAS DIVISION

SAFETY

The full list of HSE Statistics is provided as below for the WASCO operations:

- Wasco Coatings Malaysia Sdn. Bhd. (“WCM”)
- Wasco Lindung Sdn. Bhd. (“WLSB”)
- Petro-Pipe (Sabah) Sdn. Bhd. (“PPS”)
- WS Engineering & Fabrication Pte Ltd (“WSEF”)
- PT. Wasco Engineering Indonesia (“PT. WEI”)
- Wasco Engineering International Limited (“WEIL”)

GROUP HSE PERFORMANCE KPIs LAGGING INDICATORS
JANUARY – DECEMBER 2019

Business Unit	WCM	WLSB	PPS	WSEF	PT. WEI	WEIL
Man-hours Worked	234,584	34,976	353,400	83,258	1,253,335	320,072
Reportable Cases						
Fatality	0	0	0	0	0	0
Loss Time Injury (LTI)	0	0	0	0	0	0
Reportable Occupational Illness	0	0	0	0	0	0
Restricted Work Case (RWC)	0	0	0	0	0	0
Medical Treatment Case (MTC)	0	0	2	0	2	0
Total Reportable Cases	**0**	**0**	**2**	**0**	**2**	**0**
Other Cases (Recordable)						
First Aid Case (FAC)	1	0	1	0	3	0
Near Miss (NM)	1	0	2	0	3	0
Statutory Notice/Fine	0	0	0	0	0	0
Dangerous Occurrence	0	0	1	0	0	0
Fire/Explosion	0	0	0	0	1	0
Property Damage (PD)	2	0	2	0	1	0
Effluent Pollution	0	0	0	0	0	0
Spill Incident	2	0	0	0	1	0
HSE Performance						
Man-hours Lost	0	0	0	0	0	0
Man-days Lost	0	0	0	0	0	0
Lost Time Incident Frequency (LTIF)	0	0	0	0	0	0
Total Reportable Occupational Illness Frequency (TROIF)	0	0	0	0	0	0
Total Reportable Incident (TRIF)	0	0	5.6	0	1.59	0
Incident Free Man-hours Worked since last LTI	6,235,684	1,143,912	2,017,366	1,014,444	21,010,206	7,388,505

WASCO COATINGS MALAYSIA SDN. BHD. & WASCO LINDUNG SDN. BHD.

Energy Management

YEAR	2019	2018	2017	2016
All Plant (kw/h)	**3,001,028**	6,489,626	15,105,290	6,143,696
Total Man-hours	**234,584**	425,771	1,478,078	572,577
(kw/h)/Man-hours	**12.79**	15.24	10.22	10.73

Water Management

YEAR	2019	2018	2017	2016
All Plant (m^3)	**51,515**	148,481	237,677	176,604
Total Man-hours	**236,170**	425,771	1,478,078	572,577
(m^3)/Man-hours	**0.22**	0.35	0.16	0.31

PETRO-PIPE SABAH SDN. BHD.

Energy Management

YEAR	2019	2018	2017	2016
All Plant (kw/h)	**1,701,435**	992,081	1,456,034	1,723,400
Total Man-hours	**377,160**	386,857	453,774	521,526
(kw/h)/Man-hours	**4.51**	2.56	3.21	3.30

Water Management

YEAR	2019	2018	2017	2016
All Plant (m^3)	**17,188**	16,987	17,491	17,610
Total Man-hours	**377,160**	386,857	453,774	521,526
(m^3)/Man-hours	**0.046**	0.044	0.04	0.03

SUSTAINABILITY STATEMENT

WS ENGINEERING & FABRICATION PTE LTD

Energy Management

YEAR	2019	2018	2017	2016
All Plant (kw/h)	**261,990**	201,465	187,155	187,125
Total Man-hours	**83,258**	70,986	67,864	91,336
(kw/h)/Man-hours	**3.15**	2.84	2.76	2.05

Water Management

YEAR	2019	2018	2017	2016
All Plant (m^3)	**951**	1,563	1,128	1,848
Total Man-hours	**83,258**	70,986	67,864	91,336
(m^3)/Man-hours	**0.0114**	0.0220	0.0166	0.0202

PT. WASCO ENGINEERING INDONESIA

Energy Management

YEAR	2019	2018	2017	2016
All Plant (kw/h)	**1,991,640**	4,113,980	2,591,557	3,002,153
Total Man-hours	**1,253,335**	2,560,234	1,172,174	1,774,125
(kw/h)/Man-hours	**1.59**	1.61	2.21	1.69

Water Management

YEAR	2019	2018	2017	2016
All Plant (m^3)	**6,432**	10,779	8,647	14,786
Total Man-hours	**1,253,335**	2,560,234	1,172,174	1,774,125
(m^3)/Man-hours	**0.0051**	0.0042	0.0073	0.0083

WASCO ENGINEERING INTERNATIONAL LIMITED

Energy Management

YEAR	2019	2018	2017	2016
All Plant (kw/h)	**67,678**	76,224	66,289	47,975
Total Man-hours	**320,072**	480,934	105,331	106,856
(kw/h)/Man-hours	**0.21**	0.16	0.63	0.44

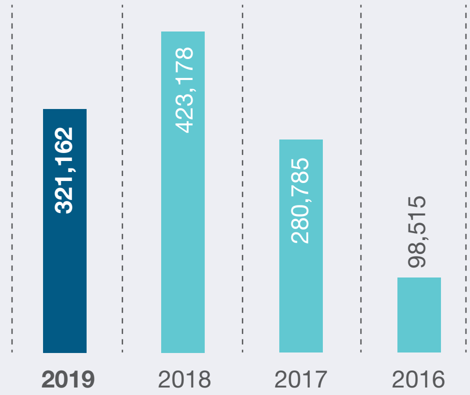
Water Management

YEAR	2019	2018	2017	2016
All Plant (m^3)	**335**	230	275	279
Total Man-hours	**320,072**	480,934	105,331	106,856
(m^3)/Man-hours	**0.0010**	0.0004	0.0026	0.0026

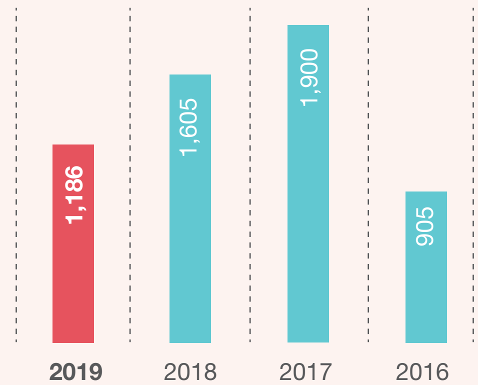
SUSTAINABILITY STATEMENT

PEOPLE

Salaries, Wages and Other Benefits
(in RM'000)

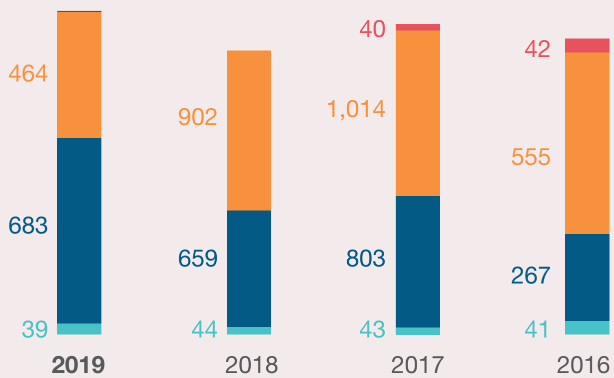


Total Headcount

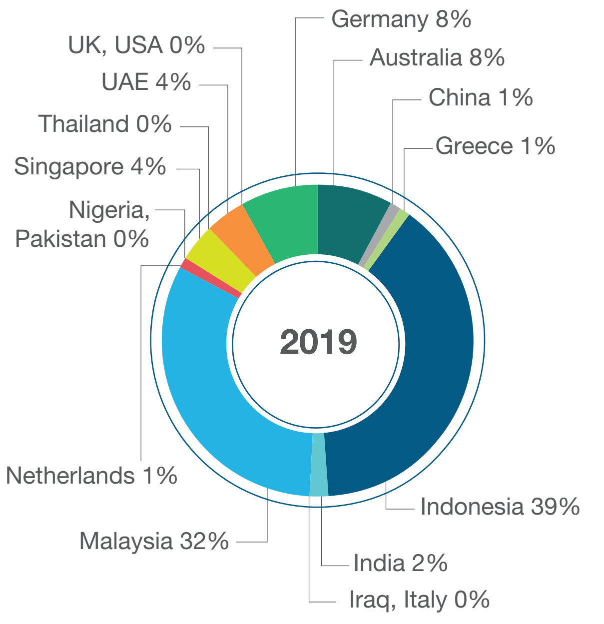


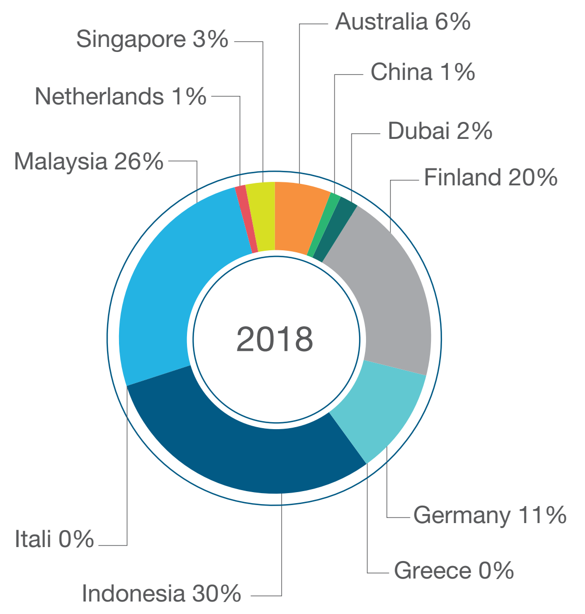
Total Headcount by Division

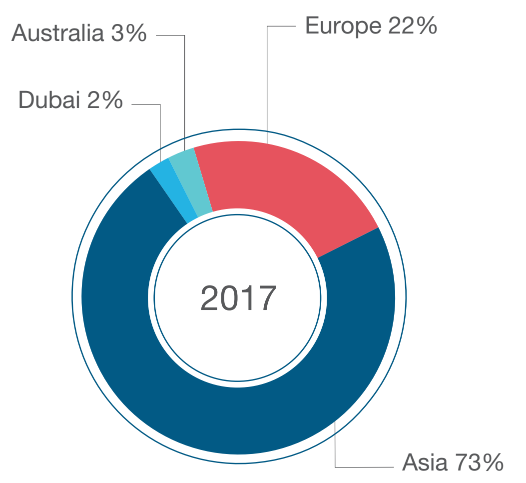
- Corporate Office
- Engineering
- Pipeline Services
- Energy Services

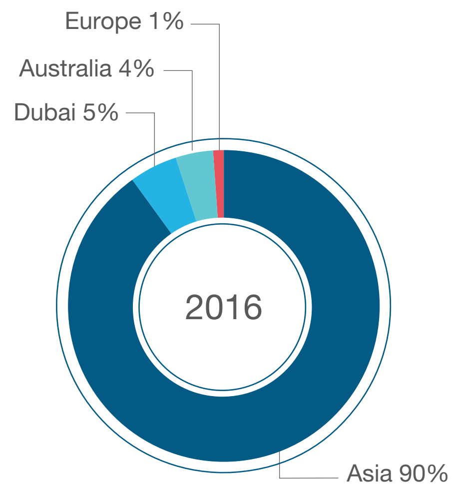


Total Headcount by Location









BRAND

CERTIFICATIONS

Wasco Coatings Malaysia Sdn. Bhd.	PT. Wasco Engineering Indonesia	Wasco Engineering International Limited (Dubai Branch)
• ISO 14001:2004 • OHSAS 18001:2007 • ISO 9001:2008 • ISO 9001:2015 • ISO 14001:2015 • ISO 45001:2018	• ISO 14001:2004 • OHSAS 18001:2007	• ISO 14001:2015 • OHSAS 18001:2007

AWARDS

WASCO COATINGS MALAYSIA SDN. BHD.

NO	YEAR	CLIENTS/ORGANISATIONS	AWARDS & RECOGNITIONS
1	2018	STATOIL	In recognition of the coating of 36,200 pipes and performing 1,601,164 Safe Man-hours without Lost Time Injury ("LTI")
2	2017	STATOIL	In recognition of completing 1,000,000 Safe Man-hours without LTI
3	2015	PCSB	Outstanding Vendor Award Project Development Category
4	2014	PCSB	In appreciation for hosting Q3 2014 Projects & Engineering PCSB HSE Contractors Conference
5	2014	PetroVietnam	In recognition for excellent performance in Pipeline Coating Application of Dai Hung Gas Gathering Project – Merit Award
6	2013	PCSB	Offshore Installation (DCI) Most Outstanding Unsafe Act (UAUC) reporting in 2013

WS ENGINEERING & FABRICATION PTE LTD

NO.	YEAR	CLIENTS/ORGANISATIONS	AWARDS & RECOGNITIONS
1	2019	TengizChevroil/Kazakh PJV/ Schneider Electric/Siemens	Achieved 3,000,000 Man-hours worked without Loss Time Injury ("LTI") in TCO Future Growth Project (TCO Area, TCO Gathering & TCO HV)
2	2018	Schneider Electric and Siemens	Achieved 2,000,000 Man-hours worked without LTI in TCO Future Growth Project (TCO Area, TCO Gathering & TCO HV)
3	2018	TengizChevroil/Kazakh PJV/ Schneider Electric/Siemens	Achieved more than 2,000,000 LTI free Man-hours in TCO Future Growth Project
4	2017	Schneider Electric	Achieved 500,000 LTI free Man-hours in TCO Future Growth Project
5	2016	Yinson/Kongsberg	PT. WEI received Construction of Excellence Certificate from Yinson for achieving 1,100,000 Man-hours without any LTI for Ghana OCTP FPSO Development Project in 2016
6	2016	Wartsila/Bumi Armada	Received Appreciation Certificate from Wartsila for achieving 2,000,000 Man-hours without any LTI in M70A/B Power Generation Packages, Armada Kraken Project
7	2016	Bumi Armada	1,000,000 Man-hours worked without LTI for M70A/B Power Generation Packages Armaden Kraken Project
8	2016	Total/Saipem	Achieved 1,000,000 Man-hours without LTI in Total E&P Angola Block 32 Kaombo Project

COMMUNITY OUTREACH PROGRAM CALENDAR

WASCO ENERGY LTD

5 October 2019

Keep Calm & Zumba

21 June 2019

Wasco Energy Ltd celebrated Hari Raya Aidilfitri with kids from Pertubuhan Rumah Saffiyah, homes for the abandoned

WASCO COATINGS MALAYSIA SDN. BHD.

23 December 2019

Wasco Coatings Malaysia Sdn. Bhd. built an Aquaponic Garden for Sekolah Menengah Kebangsaan Chengal Lempong, Kuantan and aims to promote this responsible sustainable practice to schools to increase environmental awareness and this is in line with the UN Sustainable Development Goals that the Group adopts

WASCO COATINGS GERMANY GmbH

9 February 2019

Wasco Coatings Germany GmbH sponsored a traditional top-class competition for The 20th International Shot Put Games at Dwasieden sports hall in Sassnitz, Germany

WASCO COATINGS FINLAND Oy

3 May 2019

Wasco Coatings Finland Oy hosted a friendly basketball match with KTP Unified disabled community at Kyminkartano School Kotka, Finland

PT. WASCO ENGINEERING INDONESIA

26 September 2019

PT. Wasco Engineering Indonesia jointly held a CSR event with its client and vendors to donate Microsoft licenses, office furniture, and stationeries. Wasco also contributed basketball and futsal goalposts to the school to promote sports as part of healthy living

YAYASAN WAH SEONG

18 January 2019

Yayasan Wah Seong visited IMC Special Needs Centre and donated 50 plastic chairs to the centre

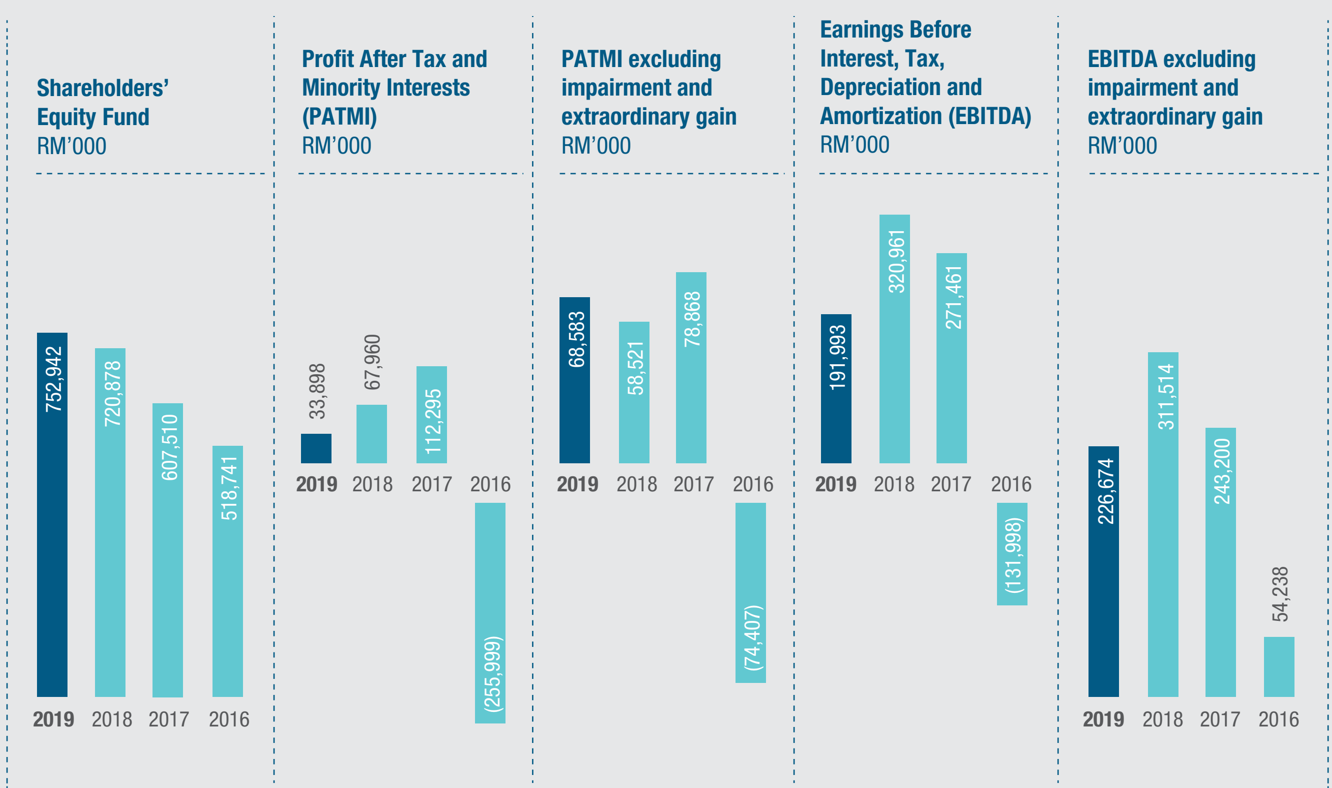
24 January 2019

Yayasan Wah Seong presented a cheque of RM 20,000 to the chairman of Ideas Academy, YAM Tunku Zain Al'-Abidin ibni Tuanku Muhriz

24 August 2019

Yayasan Wah Seong and Wah Seong Corporation Berhad organised a book Donation Campaign to donate to Agathians Shelter

PROFIT



MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW OF THE GROUP'S BUSINESS AND OPERATIONS, ITS OBJECTIVES AND STRATEGIES

Wah Seong Corporation Berhad ("WSC" or "the Company") is an investment holding company with business interest in three distinct business segments, namely, oil and gas, renewable energy and industrial trading and services (collectively referred to as the "Group").

Consistent with the disclosure of business segments in the financial statements and the discussion and analysis presented last year, discussion of factors affecting the Company's performance and risk will be deliberated by segments.

CHAN CHEU LEONG
Managing Director/Group Chief Executive Officer

OIL AND GAS ("WASCO")

Discussion of strategies, operational capabilities to achieve the desired business objectives and results

WASCO delivered another strong financial performance in 2019. The company is on track to meet its aspiration of being a world-class oil and gas services company.

Earlier in the year, the Group announced that it would be setting up a new coating facility in the Kingdom of Qatar after signing an MOU with Qatar Petroleum and Qatar Gas under the Tawteen Program. The joint venture Qatar facility is expected to come on stream in the second half of 2020 and it would be the Group's state of the art facility, equipped with high tech, intelligent machinery and equipment that is expected to boost efficiency and effectiveness in the application of anti-corrosion and concrete weight coating for oil and gas pipelines.

During the year, WASCO also established its regional European headquarters in Utrecht, Netherlands, as part of its globalisation initiative. Its research and development applications engineering center also reside in the Netherlands, with four coating sites across Europe, namely in Greece, Germany, Finland and Norway.

In 2019, the Group's earnings were driven by its European pipe coating operations. WASCO's pipe coating operations in Kotka, Finland and Mukran, Germany completed the entire scope of coatings for the Nord Stream 2 ("NS2") project at year-end. The NS2 project is the largest pipeline infrastructure project in the world today. The execution of the project took three years and it entailed the coating of 2,400km of pipelines and included the logistics of coated pipes to four storage sites. The successful completion of this project has led to WASCO's strong brand positioning as an international oil and gas services provider. During the year, Greece coatings operation also successfully delivered two projects, namely the MIDIA Gas Development Project and Tolmount Area Development Project, which contributed positively to the segment.

2019 remains challenging for WASCO's coating operations in Malaysia, a result of a lower volume of coatings projects available in the Asia and Asia Pacific region. Nonetheless, during the year, its pipe manufacturing plant in Sabah secured a project to supply and deliver coated steel piling pipes to Pengerang Deepwater Terminal, and local JKR Sarawak project to supply and deliver coated steel case for the Muara Lassa Bridge Project that contributed positively to the segment.

During the year under review, WASCO's Engineering Services fabrication business in Batam, Indonesia were busy with the execution of few notable contracts, namely Tengizchevroil (TCO) Project for Schneider, France. The seven substations were delivered in stages with the final load out in August 2019. During the course of the project, 3,000,000 Man-hours were recorded with impressive safety performance in line with Schneider's target of Zero Loss Time Incident, Zero Carry Over Work and Zero Punch List. During the year, WASCO's Engineering Fabrication yard in Batam also completed the RUCHE Field Development Gabon Project for West Africa. It's Dubai Operations also successfully delivered the NCS5 for Basrah Gas Company, a third award after the successful delivery of previous projects to the same client.

Discussion on Key Financial and Operational Indicators for the segment

For the year under review, the oil and gas segment recorded revenue of RM1.5 billion and segment profit of RM10.9 million which was mainly contributed by WASCO's Pipeline Services.

The oil and gas segment had an order backlog of RM774.2 million at the beginning of 2019, contributed mainly by NS2 contract worth RM3.3 billion secured in 2016. The order backlog at the end of 2019 dropped to RM576.6 million due to lower replenishment for order book and the smaller project awards available in 2019.

The oil and gas segment recorded 24,905,183 Man-hours without Loss Time Injury ("LTI") in 2019. WASCO recorded other positive indicators reflecting the effectiveness of the safety culture instituted by the Group. Discussions of Health, Safety and Environment ("HSE") are set out separately in the Sustainability Development section of the Annual Report on page 14.

Discussion of anticipated or known risks that may have a material effect on, among others, the sustainability of the group's results or operations, financial condition or liquidity

The COVID-19 outbreak which resulted in a lockdown of billions of people will have an unprecedented impact on the global economy triggering a recession. This largely remains beyond WASCO's control. Delays on project awards in final investment decision ("FID") and the lack of funding remain key risks for the industry. Industry players remained cautious and continue to assess the outlook prior to committing to further investments. WASCO's Pipeline Services and Engineering Services business are independent of each other and have different target markets in the oil and gas value chain. This, in itself, is a conscious strategic decision made by WASCO to mitigate the risk of being overly reliant on a specific market. The management team conducts strategy meetings and business strategies reviews during the year to ensure operational sustainability. WASCO continues to hold engagement sessions with customers and partners to identify new opportunities. Steps are also undertaken to pre-qualify WASCO in new markets to establish a competitive presence.

The risk related to the COVID-19 outbreak is also closely monitored at each business operations. WASCO has a pandemic preparedness plan as part of its business continuity. Apart from the HSE risk, the Group also recognise risk related to operational and supply disruption brought about by the COVID-19 outbreak. To date, WASCO has implemented several risk mitigation strategies that focus on split working teams and alternative sourcing strategies to minimise the impact of supply disruptions. Clients have also been duly notified should there be impacts on contractual terms for on-going secured projects.

WASCO places a strong emphasis on Health, Safety & Environment ("HSE"). Non-compliance to standards or a major HSE incident in its operations would affect the Group's business and its reputation. In mitigation of the risk, policies and procedures are established, communicated and implemented at all our operations. Audits and inspection are conducted periodically to ensure compliance. Awareness campaigns and on-going training are conducted and management does safety walkabout regularly at the sites. Target Key Performance Indicators ("KPI") are also set to create greater accountability.

WASCO today is operational in 19 offices and 12 plant/yard worldwide and the business of the Division could be exposed to the risk of litigation action by customers, vendors and other parties. Such litigation actions may have a material effect on the Company's result. To mitigate this risk, the Company has a robust system in place to review contracts and agreements to govern contractual obligations with all parties.

Discussion on expectations of future results

At the point of writing, the International Energy Agency (IEA) slashed its oil demand forecast to 910,000 barrels per day from 1.1 million barrels per day as the COVID-19 outbreak disrupts. This downward revision trend in demand has dimmed the outlook of the global oil and gas industry. Similarly, research analysts have also slashed their 2020 natural gas price forecast from USD2.50/MMBtu to USD2.20/MMBtu. Coupled with the price war between Saudi Arabia and Russia, which saw the oil price plunge by 30% to USD31 per barrel for futures benchmark, experts are predicting postponement of oil and gas projects worldwide.

RM1.5 Billion
Oil & Gas segment revenue 2019

RM399.6 Million
Renewable Energy segment revenue 2019

RM426.1 Million
Industrial Trading & Services segment revenue 2019

ZERO LTI

The Oil & Gas segment recorded 24,905,183 Man-hours without Loss Time Injury in 2019

Nonetheless, the Group remains bullish on the long term outlook of the business. The demand for energy will grow significantly, driven by the developing world economies. The world GDP is expected to more than double in 2040, driven by China, India and other parts of Asia and this will drive the demand for oil and gas. The Group also believes that the switch to cleaner energy for electricity generation will see the growth of demand for natural gas. The Middle East is a key source of energy, especially with an expansion of gas production in Qatar, and the Group believes that it is positioned strategically in that market to capture opportunities.

Last year, the market was robust with bidding and tendering activities. However, the results of the bids and tenders have experienced a delay, which would inevitably affect project execution. Nonetheless, the Group remains positive that few key awards would be made this year that would contribute positively to the segment post 2020. Amidst another challenging year in 2020, WASCO will continue to focus on cost and innovation to improve its product and service offerings while pushing for operational excellence. WASCO also looks at strengthening its balance sheet further by carrying out rationalisation initiatives, which would include the disposal of non-core assets.

RENEWABLE ENERGY ("RE")

Discussion of strategies, operational capabilities to achieve the desired business objectives and results

Despite a slow start at the beginning of 2019, the RE Group recorded solid earnings for both its agro-based business as well as its process packages business.

For the agro-based business, the market began to pick up towards the second half of the year, with an improving market outlook. During the year, the Group supplied one of its largest capacity turbines for a 10MW power plant in Indonesia and also secured a contract to supply a 7MW power plant for a project in Africa to one of the largest palm oil players in the country. In 2019, RE established two new workshops and service centers in Indonesia located in Medan and Banjarbaru. The facilities are expected to allow for shorter delivery lead time to the biggest RE key market, Indonesia.

The Joint Venture PMT Shinko Turbine manufactured close to 200 units of up to 2.0MW turbine in 2019. The Joint Venture has a strong pipeline of orders due to its competitive edge in terms of cost and delivery lead time.

The Joint Venture PMT Saito also progressed very well during the year with increased sales related to spare parts manufacturing, in line with the Group's vision of growing its recurring income stream to cushion the fluctuation of project-based earnings. The JV is also expected to introduce a new higher capacity decanter model to the market that would be launched in 2020, as part of its new product offering to this region.

Earlier this year, the Group also successfully delivered LPG Bullet Mounted Tank P29 INA to Petronas Chemicals, and had a successful year for its process equipment business delivering various packages to EPCC clients from its Waterfront Teluk Panglima Garang fabrication facility. The expansion of this fabrication facility in 2019 with the addition of $10,000m^2$ area has enabled RE to grow its process packages business. During the year, the Group recorded a 60% growth in its orders for process packages coming from the export market. During the year, the Group secured orders to supply process equipment packages from Honeywell UOP for the Calcasieu Pass LNG Export Project; and JGC Fluor for the LNG Canada Project.

Discussion on Key Financial and Operational Indicators for the segment

For the year under review, the RE segment recorded its highest revenue to date with RM399.6 million compared with RM335.8 million in the previous year. However, the RE segment recorded a lower segment profit of RM25.5 million against RM30.7 million in the previous year, mainly due to margin compression for the boiler equipment packages and the higher operational cost during the year.

As of 31st December 2019, the RE segment has a combined order book of RM309.3 million, which is higher than the order book position at the end of 2018. Its orders are mainly driven by the process equipment business and are primarily for the overseas market.

Discussion of anticipated or known risks that may have a material effect on, among others, the sustainability of the group's results or operations, financial condition or liquidity

RE's performance is driven mainly by project awards. Delay in project awards results in lower order intake and cause fluctuation to earnings. To mitigate this operational risk, RE has been actively building up its recurring income business stream to cushion the impact of project cycles. RE has broadened its customer base and diversified its products and services range across a few industries in order not to be overly reliant on a particular industry.

Risks related to the COVID-19 outbreak are closely monitored at each business operations. The Group also recognises risk related to supply disruption. To date, RE has implemented several risk mitigation strategies that focus on alternative sourcing strategies to minimise the impact of any disruptions. Clients have also been duly notified should there be impacts on contractual terms for on-going secured projects.

Discussion on expectations of future results

The outbreak of COVID-19 has resulted in the short term, lower demand for CPO from China leading to downward price pressures, with prices dropping to RM2,307 per tonne for the three-month benchmark for palm oil futures for May 2020 delivery, from its highest point at RM3,000 in January 2020.

However, RE Group remains bullish that Indonesia's B30 biodiesel mandate which stipulates its biodiesel will have 30% palm-based biofuel will cushion the softer demand from China and CPO prices. The Group anticipates that there will be strong demand for its products and services coming from the Indonesian market for its agro-business in 2020. Its recent operational expansion in Indonesia would position the Group's agro business favorably. In 2020, the Group expects to further strengthen and grow its position in Indonesia via a strategy of mergers and acquisition.

In the longer term, the demand for biofuels is expected to grow by around 4Mb/d to 6Mb/d by 2040, according to BP's Energy Outlook 2019 Edition. This supports RE Group's long term outlook for the agro-business.

The short term impact of COVID-19 on the oil and gas industry as well as the Saudi Arabia and Russia trade dispute will also impact the process equipment business for the RE Group. Nonetheless, with a healthy order backlog already secured at the end of 2019, the RE Group is bullish and expects its facilities with high utilisation rate in 2020.

INDUSTRIAL TRADING & SERVICES ("ITS")

Discussion of strategies, operational capabilities to achieve the desired business objectives and results

The ITS Group experienced a challenging year in 2019 on the back of lacklustre construction industry in Malaysia. The general theme of project shelving, cost reviews and renegotiations has led to margin compression amongst industry players that have dragged ITS profitability.

In 2019, ITS Group continued to focus on getting an exclusive distributorship agreement to focus on construction equipment and power generation. During the year, the Group won exclusive distributor for Mitsubishi Heavy Industries Engine System Asia Pte. Ltd., Japan and Doosan Infracore Co., Ltd, Korea for the whole of Malaysia. It also signed a new distributorship agreement with Lingong Group Jinan Heavy Machinery Co., Ltd. (China) and Sandvik Ltd, Sweden construction equipment brands preferred in the mining industry.

During the period under review, approximately 70% of ITS revenue was contributed from its construction equipment business, which included its Doosan product range. ITS was also successful in delivering products and services to the Pan Borneo Highway, Slum Key Dam, Tenom Pangi Dam, Bali Dam and West Coast Expressway Projects. The remaining 30% of revenue was contributed by its power systems business, where it delivered gensets to various projects such as South Key Mall, UOB Bank, NTT Data Center and Thomson Hospital, Singapore.

Demand for Spirolite HDPE products was also stronger in the second half of the year, driven by demand from East Malaysia. In 2019, the ITS Division HDPE business introduced a higher-margin product line to the market, which included its HDPE Tank and specialised engineering products. Positive response in the market could potentially improve the business product mix in the future. During the year, ITS also secured orders to supply building materials to amongst others South Key Mid Valley Mall development project, LRT train projects and the SUKE and DUKE Highway Concessions.

Discussion on Key Financial and Operational Indicators for the segment

For the year under review, ITS segment recorded revenue of RM426.1 million and a segment loss of RM2.1 million. Unfavorable economic conditions especially in the construction industry have resulted in lower revenue and negative contribution to the profit before taxation of the Group.

ITS enters 2020 with an order backlog of RM43.6million.

Discussion of anticipated or known risks that may have a material effect on, among others, the sustainability of the group's results or operations, financial condition or liquidity

The impact of the COVID-19 outbreak and credit risk continue to be significant for the ITS Group. To mitigate this risk, ITS has taken prudent measures in the extension of credit to its customers, and is satisfied that its portfolio of customers has sound and good financial track record.

Discussion of expectations of future results

According to the MOF's Economic Outlook Report 2020, the construction sector is expected to grow further by 3.7% on account of acceleration and revival of megaprojects as well as the building of affordable homes. The infrastructural housing projects would most likely be delayed due to the uncertainty shrouding the Malaysian political environment and the outbreak of COVID-19. Furthermore, in periods of uncertainty, investment decisions tends to be put on hold, which would impact the sector negatively as the construction industry needs a growth catalyst driven by private demand.

Faced with continuing uncertainties, the business outlook for 2020 will be challenging. The Group hopes that its recent exclusive distributorship agreement with strong brands, such as Mitsubishi Heavy Industries Engine System Asia Pte. Ltd., Japan and Doosan Infracore Co., Ltd, Korea, will add to its competitiveness, improving the Group's chances of securing pockets of opportunities for projects.

PROFILE OF THE BOARD OF DIRECTORS

DATO' SERI ROBERT TAN CHUNG MENG
Non-Independent Non-Executive Chairman

Dato' Seri Robert Tan, a Malaysian, male, aged 67, was appointed Chairman of Wah Seong Corporation Berhad ("WSC") on 22 May 2002.

Dato' Seri Robert Tan has vast experience in property development, hotel construction, retail design and development as well as corporate management with more than 30 years' experience in the property and hotel industries. After studying Business Administration in the United Kingdom, he was attached to a firm of Chartered Surveyor for a year. He had also developed a housing project in Central London before returning to Malaysia. His stint in the property industry began with IGB Corporation Berhad ("IGB Corp") in 1995 when he was appointed Joint Managing Director and subsequently Group Managing Director in 2001.

Dato' Seri Robert Tan was involved in various development projects carried out by IGB Group, in particular Mid Valley City. From inception to the realisation of Mid Valley Megamall ("MVM") and The Gardens Mall ("TGM"), he was actively involved in every stage of their developments. He is instrumental to the development and success of MVM and TGM, and more importantly, in retaining their positions as prime shopping hotspots in the Klang Valley.

Following the de-listing of IGB Corp from the Official List of Bursa Malaysia Securities Berhad, Dato' Seri Robert Tan was appointed as Group Chief Executive Officer of IGB Berhad on 30 March 2018 and retains his position as Group Managing Director of IGB Corp, Managing Director of IGB Reit Management Sdn. Bhd. (the Manager of IGB Real Estate Investment Trust), a Director of Tan & Tan Developments Berhad (a property division of IGB Corp), and a Trustee of Yayasan Tan Kim Yeow. He also sits on the Board of several private limited companies.

CHAN CHEU LEONG
Managing Director/Group Chief Executive Officer

Mr Chan, a Malaysian, male, aged 69, is the Managing Director and Group Chief Executive Officer of WSC. He was appointed to the Board of WSC on 22 May 2002. He is responsible for the overall business and management operations of the WSC Group.

Mr Chan attained a Bachelor of Science (Hon) Degree in Engineering Production in 1974 from the University of Birmingham under a Colombo Plan Award and began his career by joining the Singapore Administrative Service. He left the Ministry of Finance, Singapore in 1976 to pursue his Master in Business Administration from the London Business School.

Upon successful completion of the same, he joined ESSO Production Malaysia Incorporated as their Senior Financial Analyst before joining Tractors Malaysia Berhad as their Group Treasurer in 1981. Thereafter, he left to become the Group Executive Director for General Corporation Berhad from 1984 to 1990 before assuming the position of Managing Director of Tan & Tan Developments Berhad from 1990 to 1995. In 1994, he established Wah Seong Industrial Holdings Sdn. Bhd. and subsequently formed WSC, which was listed on the Main Market of Bursa Malaysia Securities Berhad on 9 July 2002. He has extensive experience in the property, manufacturing and financial fields. Mr Chan is a Trustee of Yayasan Wah Seong and former member of Sustainable Energy Development Authority (SEDA) Malaysia (retired on 31 January 2019). He is also a member of the Advisory Council of Federation of Malaysian Manufacturers (FMM). He also sits on the Board of several other private limited companies.

PROFILE OF THE BOARD OF DIRECTORS

GIANCARLO MACCAGNO
Deputy Managing Director

Mr Maccagno, an Italian, male, aged 56, was first appointed as an Executive Director of WSC on 1 June 2004 and subsequently promoted to be the Deputy Managing Director on 1 January 2007. Mr Maccagno is also the Chief Executive Officer of the Wasco Energy Group of Companies. He is responsible for the overall business and management operations of the Wasco Group.

Mr Maccagno attained his Bachelor in Business Administration from Tecnico Commerciale Maddalena Adria (RO) Italy in 1982, after which he worked with Socotherm S.R.L, Italy from 1984 to 1987 as a Trainee in Production and Project Management. He was appointed as Project Manager for Socotherm S.R.L in Nigeria from 1987 to 1990 and was briefly seconded to Petro-Pipe Industries (M) Sdn. Bhd. ("PPI") in 1990 to assist in the setting up of PPI's coating plant in Kuantan, Malaysia. After serving as Country Manager for Socotherm S.R.L in Taiwan from 1991 to 1992, he returned to Malaysia in 1993 to be the General Manager of Wasco Coatings Malaysia Sdn. Bhd. in Kuantan, Malaysia. He has vast experience in the global pipe coating business and the Oil and Gas business in general.

Mr Maccagno is a Director of Petra Energy Berhad. He also sits on the Board of several other private limited companies.

HALIM BIN HAJI DIN
Independent Non-Executive Director

Encik Halim, a Malaysian, male, aged 73, was appointed to the Board of WSC on 22 May 2002.

Encik Halim is a Chartered Accountant who spent more than thirty (30) years working for multinational corporations and international consulting firms. He accumulated eighteen (18) years of experience working in the Oil and Gas Industry - six (6) years of which as a Board member of Caltex/Chevron, responsible for financial management before engaging in the consulting business. Prior to his appointment as a Board member of Caltex Malaysia, Encik Halim served as Regional Financial Advisor for Caltex Petroleum Corporation Dallas, Texas overseeing the investment viability of the Corporation's Asian subsidiaries.

Encik Halim also had extensive experience in corporate recovery when he worked for Ernst & Whinney, London, United Kingdom in mid 1980's. He was appointed as Managing Partner of the Consulting Division of Ernst & Young Malaysia in 1995. He later became the Country Advisor of Cap Gemini Ernst & Young Consulting when Cap Gemini of France merged with Ernst & Young Consulting. In 2003, he with two (2) partners took over the consulting business of Cap Gemini Ernst & Young Malaysia through a management buyout and rebranded it as Innovation Associates, currently known as The IA Group, where he is currently the Chairman of the Group.

Encik Halim was also a Council member of the Malaysian Institute of Certified Public Accountants from 1994 to 2003.

Encik Halim also served as a Board member of Employees Provident Fund (KWSP) for four (4) years from April 2009 till May 2013.

Encik Halim is a Board member of BNP Paribas Malaysia Berhad, IGB REIT Management Sdn. Bhd. and Kwasa Land Sdn. Bhd.. Encik Halim has on 22 March 2020 retired from the Board of BNP Paribas Malaysia Berhad. He is also a Director of several other private limited companies.

PROFILE OF THE BOARD OF DIRECTORS

PROFESSOR TAN SRI LIN SEE YAN
Senior Independent Non-Executive Director

Professor Tan Sri Lin, a Malaysian, male, aged 80, was appointed to the Board of WSC on 20 July 2004.

Professor Tan Sri Lin, a British Chartered Scientist, is a Harvard educated economist. Qualified as Malaysia's first Chartered Statistician, he graduated from the University of Malaya in Singapore and Harvard University (where he received three (3) degrees, including a PhD in Economics). He is Pro-Chancellor, Universiti Teknologi Malaysia; Pro-Chancellor & Research Professor at Sunway University; Professor of Economics (Adjunct), Universiti Utara Malaysia; and an Eisenhower Fellow.

Prior to 1998, he was Chairman/President and Chief Executive Officer of Pacific Bank and for fourteen (14) years previously, Deputy Governor of Bank Negara Malaysia, having been a central banker for thirty four (34) years. Professor Tan Sri Lin continues to serve the public interest, including member of a number of key Committees at Ministry of Higher Education; Member, Asian Shadow Financial Regulatory Committee; Economic Advisor, Associated Chinese Chambers of Commerce and Industry of Malaysia; Governor, Asian Institute of Management, Manila; Board Director, Sunway University; and Chairman Emeritus, Harvard Graduate School Alumni Council at Harvard University in Cambridge (USA) as well as President, Harvard Club of Malaysia.

Professor Tan Sri Lin advises and sits on the Boards of a number of publicly listed and private businesses in Malaysia, Singapore and Indonesia. He is also a Director of Ancom Berhad, Genting Berhad, IGB REIT Management Sdn. Bhd., and Nylex Bhd.

TAN JIAN HONG, AARON
Non-Independent Non-Executive Director

Mr Tan Jian Hong, Aaron, a Malaysian, male, aged 36, was appointed to the Board of WSC on 25 May 2015.

Mr Tan holds a Bachelor of Arts in Economics from Johns Hopkins University, Baltimore, Maryland, USA.

Mr Tan began his career as a Financial Advisor Associate with UBS Financial Services, Inc from 2008 to 2010. He was promoted to become a Branch Analyst, specializing in private wealth management in 2010. In 2011, he returned to Malaysia and joined Hong Leong Investment Bank as a Client Relationship Executive until 2013. In 2013, he moved on to join Wasco Energy Ltd Group, an international Oil and Gas and Industrial Services Group as Project and Operations Senior Manager. Mr Tan was appointed as the Executive Director of Yi-Lai Berhad ("YLB") on 5 June 2014. He is a member of the Remuneration Committee of YLB and is presently responsible for the strategic business direction of the YLB Group and plays an active role in the overall management.

Mr Tan was appointed as an Alternate Director to Mr Tony Tan Choon Keat on the Board of IGB Corporation Berhad from November 2016 till April 2018.

He also sits on the Board of several private limited companies.

PROFILE OF THE BOARD OF DIRECTORS

TAN SRI SAW CHOO BOON

Independent Non-Executive Director

Tan Sri Saw Choo Boon, a Malaysian, male, aged 73, was appointed to the Board of WSC on 6 April 2018.

Tan Sri Saw holds a Bachelor of Science (Chemistry) Honours from the University of Malaya. He joined Shell Malaysia in 1970 and served in various capacities in Manufacturing, Supply, Trading and Planning in Malaysia, Singapore and Netherlands.

He was appointed Managing Director of Shell MDS (Middle Distillate Synthesis) Sdn. Bhd. in 1996. In 1998 he became the Managing Director of Shell Malaysia Trading Sdn. Bhd., Shell Timur Sdn. Bhd. and Shell Refining (FOM) Berhad, responsible for Shell Malaysia's Downstream business.

In 1999, with the globalisation of the Shell Oil Products business, he assumed the role of Vice-President of the Commercial business in the Asia-Pacific region and in 2005, he managed Shell's Marine Oil Products business globally.

He was appointed Chairman of Shell Malaysia in 2006 till his retirement in 2010 after 40 years of continuous service.

Currently, Tan Sri Saw is the Senior Non-Executive Independent Director of Digi.Com Berhad, Non-Executive Non-Independent Director of RHB Bank Berhad, and Chairman of RHB Insurance Bhd and MRCB Quill Management Sdn. Bhd. He is also a Board member of Socio-Economic Research Centre Sdn. Bhd. of Associated Chinese Chambers of Commerce and Industry Malaysia and a Council Member of the Federation of Malaysian Manufacturers.

Notes:-

Family relationship with Director and/or major shareholders

1. *Dato' Seri Robert Tan Chung Meng and Mr Tony Tan Choon Keat are siblings.*
2. *Mr Tan Jian Hong, Aaron is the son of Mr Tony Tan Choon Keat and nephew of Dato' Seri Robert Tan Chung Meng.*
3. *Dato' Seri Robert Tan Chung Meng and Mr Tony Tan Choon Keat are deemed major shareholders of WSC and their interest in the securities of WSC are set out in the Analysis of Shareholdings of this Annual Report.*

Saved as disclosed herein, none of the Directors have any family relationship with any Directors and/or major shareholders of WSC.

Conflict of interest

None of the Directors have any conflict of interest with WSC.

Convicted of offences

None of the Directors have been convicted for any offence within the past five (5) years other than possible traffic offences.

PROFILE OF THE KEY SENIOR MANAGEMENT

ALAN LEW KOK CHEONG
Male
Malaysian
52 years of age

Mr Lew Kok Cheong is the Head Group Treasury of Wah Seong Corporation Berhad since 1 June 2008. He assumed the role as the Head of Corporate Finance Industrial Services Division in Wah Seong Corporation Berhad with effect from 1 January 2016.

He attained his Bachelor of Economics from Monash Australia and has also read law holding a LLB (Honours) from the University of London. He is a fellow member of CPA Australia and a member of the Malaysian Institute of Accountants.

He began his career as a Senior Finance Manager in Wah Seong Corporation Berhad since 2005. He has assumed the current group treasury lead since 2008 in addition to various other support roles from Finance, Tax and Legal for the past 14 years.

Mr Lew also sits on the Board of a number of subsidiaries within the Group.

ARIESZA NOOR
Female
Malaysian
42 years of age

Mdm Ariesza Noor is the Vice President of Group Strategy for Wasco Energy Group of Companies and is also the Vice President of Malaysia Coatings Operations for Pipeline Services. She also heads up the role of Investor Relations and Corporate Communications for the holding company.

She is a CPA Australia and has a BCom Hons Degree in Accounting & Finance from Lincoln University, New Zealand. Being a full board scholar of Tenaga Nasional Berhad, she began her career in Tenaga Nasional Berhad since year 1999. She has assumed various financial and accounting roles within Tenaga Nasional Berhad before moving to Wah Seong Corporation Berhad as Manager, Investor Relations in 2008. She later took on the role of Vice President, Investor Relations and Corporate Communications for IHH Healthcare Berhad in 2012 during the listing of the private healthcare group and played a pivotal role in setting up the Company's Investor Relations and Corporate Communications function. She rejoined Wasco in 2014 and under her portfolio she heads the branding and marketing, strategic planning and M&A ventures portfolio for the Oil and Gas Division apart from her carrying out her roles at the holding company.

Mdm Ariesza Noor also sits on the Board member of subsidiaries and joint ventures for Wasco Energy Group of Companies.

BERNARD YEAP CHEW SOON
Male
Malaysian
65 years of age

Mr Yeap Chew Soon held the position as Head, Finance of Wah Seong Corporation Berhad till the expiry of his contract on 6 January 2020 overseeing the financial management, accounting and taxation matters of the listed company and the Industrial Services Division. Effective from 13 January 2020, he was appointed as Senior Director, Industrial Services Division.

During his tenor with the Group, he has also held various positions namely, the Group Financial Controller and Head, Risk Management. Prior to joining the Group, he served several years with Coopers & Lybrand (n.k.a PricewaterhouseCoopers). He has more than 30 years of post-qualifying experience in finance & accounting, taxation, management information systems and operational auditing in public listed and multi-national organisations, including companies such as, Island & Peninsular Berhad and Philips Group of Companies.

Mr Yeap holds a fellowship with the Chartered Association of Certified Accountants, United Kingdom and is a member of both the Malaysian Institute of Certified Public Accountants and the Malaysian Institute of Accountants.

Mr Yeap also sits on the Board of a number of subsidiaries within the Group.

PROFILE OF THE KEY SENIOR MANAGEMENT

BILLY OOI GIAP HWA
Male
Malaysian
47 years of age

Mr Billy Ooi is the Head of Finance, Industrial Services Division in Wah Seong Corporation Berhad since 1 January 2020. Previously he held the position of Deputy Head of Finance in the same Division.

In 2000, he attained his CPA (Certified Public Accountant) from The Malaysian Institute of Certified Public Accountants. He is also a member of both the Malaysian Institute of Certified Public Accountants and the Malaysian Institute of Accountants.

Mr Billy Ooi started his career in Wah Seong Corporation Berhad as Finance and Admin Manager back in 2003 and took up the role of Financial Controller, Renewable Energy Division in July 2007. In 2011, he took up additional responsibility as General Manager of Mackenzie Industries Sdn. Bhd., a subsidiary of Jutasama Sdn. Bhd. During his year of service from 2012 until July 2019, he was promoted from General Manager to Senior Vice President of Mackenzie Industries Sdn. Bhd.

Before starting his career with Wah Seong Corporation Berhad, he worked with Taliworks Corporation Berhad as Financial Accountant after 4 years professional articleship with an international accounting firm, BDO, of which he attained valuable technical and financial experience.

CHRIS WORTHINGTON
Male
Bristish
57 years of age

Mr Chris Worthington is the Vice President, Operations (EMEA region) for the Pipeline Services Division. Previously for the Wasco Group of Companies, Mr Worthington has been the President/CEO of the Wasco Engineering Division, based in Singapore.

He attained his B.Sc. (Hons) in Mechanical Engineering from City University, London. Mr Worthington has over 25 years of experience in operations, of which the past 10 years have been in the oil and gas industry. He has filled various senior management positions in the Middle East, South East Asia and Europe.

EDGAR LEWIS
Male
American
59 years of age

Mr Edgar Lewis is the Vice President of Business Development for the Pipeline Services Division. He was previously the Executive Vice President of the Energy Services Division, prior to its integration into Pipeline Services.

He attained his B.A. in International Relations from the University of Southern California, is a Stanford University Certified Project Manager (SCPM) and a NACE Certified Coating Inspector – Level 3. Mr Lewis has over thirty years of experience in the oil and gas industry, with more than twenty of those years in Asia Pacific.

He was previously the Managing Director of Asia Pacific for Corrpro Companies, Inc. (Aegion Corporation) and the Manager of Pipeline Integrity (Far East Asia Pacific) for TD Williamson, Inc.

PROFILE OF THE KEY SENIOR MANAGEMENT

ERIK NUGTEREN

Male
Dutch
49 years of age

Mr Erik Nugteren is the Project Director for the Nord Stream 2 project, executed by the Pipeline Services Division. This is the largest single project ever undertaken by the Wasco Group of Companies. He was previously the General Manager for Pipeline Services Division for the European region.

He attained his B.A. in Industrial Engineering from the Rotterdam Institute of Technology. Mr Nugteren has over 25 years of experience in the oil and gas industry, during which he has filled various management, commercial and operational roles around the world including the Far East, Africa, Australia, South-America and Europe.

Mr Nugteren also sits on the Board of a number of subsidiaries with the Group.

GOH ENG HOOI

Male
Malaysian
39 years of age

Mr Goh Eng Hooi is the Chief Executive Officer of the Industrial Trading & Services Division in Wah Seong Corporation Berhad since 1 May 2016.

He attained his Bachelor of Laws (Hons.) from the University of Melbourne, Australia in 2002. He has also completed the Stanford University NUS Executive Program (International Management) in 2012.

He began his career in Wah Seong Corporation Berhad in 2002 and undertook various responsibilities in corporate services, corporate communications, business development and investor relations before moving on to general management roles within the Group. He has also held operational roles within the Group and was appointed as Vice President Wasco Corrosion Services, Wasco Coatings Malaysia and Senior Vice President of PMT Group and subsequently as CEO of Syn Tai Hung Trading in 2013.

Mr Goh sits on the Board of a number of subsidiaries within the Group as well as other private companies.

HONG CHING KIANG

Male
Malaysian
66 years of age

Mr Hong Ching Kiang is the Chief Executive Officer of PMT Industries Sdn. Bhd. ("PMTI") who is in-charge of the overall operation of PMTI. He has over 38 years of working experience, specifically in the installation, commissioning, overhauling/repairing and troubleshooting of Steam Turbo Generator, Sludge Separator, Decanter, Pump and other palm oil mill equipment and Steam Turbine sales (encompassing the selection, advisory of Turbine used in mini-power plant of palm oil mill, wood-based industries and other agro based industries). He acquired his technical training at Technical Institute Penang.

Prior to joining PMTI, Mr Hong had previously worked in other companies including, Malaysia Shipyard and Engineering Sdn. Bhd., Salcon Engineering Sdn. Bhd. and Jebsen and Jessen Engineering (M) Sdn. Bhd.

He also received overseas training pertaining to Steam Turbine in Japan, USA & Germany.

Mr Hong also sits on the Board of a number of subsidiaries within the Group.

PROFILE OF THE KEY SENIOR MANAGEMENT

LEE YEE CHONG
Male
Malaysian
51 years of age

Mr Lee Yee Chong is the Chief Executive Officer for the Industrial Engineering Unit since 1 March 2019.

He attained his Bachelor in Mechanical Engineering from University of Malaya in 1993. He started his career as project and commissioning engineer with ABB Industrial Systems Sdn. Bhd. and subsequently joined Jutasama Sdn. Bhd. as project engineer in 1996.

Mr Lee also sits on the Board of a number of subsidiaries within the Group.

DR. MARTYN WILMOTT
Male
Bristish/Canadian
58 years of age

Dr. Wilmott is the Executive Director of Wasco Pipeline Services Group having rejoined the group in August of 2019. He was previously President of the Pipeline Services Division of the group from 2008 until 2014. From 2014 until 2019 he held the position of Vice President of Tubular Product Technology with EVRAZ the leading Steel and Pipe Manufacturing company in North America. Martyn brings more than 25 years of energy, infrastructure and manufacturing experience to his new role having also held leadership positions with a number of global companies. Dr. Wilmott is based in the Group's office in Utrecht, The Netherlands.

He attained BSc, MSc and PhD degrees in chemistry from the University of Newcastle upon Tyne, England. He also holds an MBA from The University of Manchester Alliance Manchester Business School, England.

He is the holder of 11 patents and has published over 70 technical articles related to pipeline coatings and corrosion.

RAMANATHAN A/L P.R. SINGARAM
Male
Malaysian
52 years of age

Mr Ramanathan P.R. Singaram is the Chief Financial Officer of Wasco Energy Group of Companies, Oil & Gas Division of Wah Seong Corporation Berhad since 1 July 2013.

He attained his ACCA from the Association of Chartered Certified Accountants, United Kingdom in 1994. He is a Fellow of Association of Chartered Certified Accountants, United Kingdom and a member of Malaysian Institute of Accountants.

He began his career in Wah Seong Corporation Berhad as a Head of Group Internal Audit in June 2006 and took up the role of Group Financial Controller, Oil & Gas Division in June 2008. In 2009, he also took up additional responsibility for the regulatory reporting of Wah Seong Corporation Berhad. Mr Rama assumed his current role in July 2013.

Previously he worked with PricewaterhouseCoopers ("PwC"), Malaysia between 1995 and 2006 and was an Audit Senior Manager at the time of leaving PwC.

Mr Rama also sits on the Board of a number of subsidiaries, associates and jointly controlled companies within the Group.

PROFILE OF THE KEY SENIOR MANAGEMENT

SHAMUGAM KARUPIAH

Male
Malaysian
50 years of age

Mr Shamugam Karupiah is the Executive Vice President for the Engineering Division since 1 March 2016.

He attained his Bachelor's Degree in Accounting from University of Utara Malaysia in 1991. Soon after that began a career as an Assistant Accountant with Hong Leong Group, Malaysia. He served at various companies within Hong Leong Group and left in 1998 while serving as Finance Manager. He joined Trox, a German MNC as Finance Director in 1999 and went on to hold the positions of General Manager and Managing Director for the Asia Pacific operations. He left Trox in 2004 and returned to Hong Leong Group to serve as Financial Controller at their listed affiliate, Southern Steel Berhad. He left Southern Steel Berhad in 2009 to join Wasco Energy as Senior Financial Controller for the Engineering Division. In 2014 he was promoted to the position of Vice President – Operations for the Division. He assumed his current role as Executive Vice President, Engineering Division in April 2016.

Mr Shan also sits on the Board of a number of subsidiaries within the Group.

SIVARAMAYAH A/L SIVALINGAM

Male
Malaysian
48 years of age

Mr Sivaramayah A/L Sivalingam is the Head of Group Internal Audit of Wah Seong Corporation Berhad since 1 August 2019. He reports functionally to the Audit Committee and administratively to the Managing Director/Group Chief Executive Officer and Deputy Managing Director in assisting Wah Seong Corporation Berhad to accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance.

He attained his Bachelor in Accountancy (Hons.) from the Universiti Utara Malaysia and Master in Business Administration from Universiti Kebangsaan Malaysia. He is a member of both the Institute of Internal Auditors Malaysia ("IIAM") and the Malaysian Institute of Accountants ("MIA").

Mr Siva has over 20 years of experience where he assumed various responsibilities in internal auditing, external auditing, risk management, quality management, cost accounting and compliance in public listed companies and other esteemed organisations with more than 15 years in senior position handling internal audit in the Oil and Gas industry including companies such as Sapura Energy Berhad and Sumatec Resources Berhad.

WOO YING PUN, IRENE

Group Company Secretary

(Please refer to her profile under Corporate Governance Overview Statement)

AUDIT COMMITTEE

1. ROLE OF THE AUDIT COMMITTEE

The primary function of the Audit Committee ("AC") is to assist the Board of Directors ("the Board") in fulfilling the following oversight objectives on the Group's activities:-

- assess the Group's processes relating to its risks and control environment;
- oversee financial reporting; and
- evaluate the internal and external audit processes.

The Terms of Reference, including the duties and responsibilities of the AC are available on the Company's website at www.wahseong.com.

2. MEMBERS AND MEETINGS

The AC meets regularly at least five (5) times annually, with due notice of issues to be discussed and its conclusions duly recorded in the minutes by the Group Company Secretary who is the Secretary of the AC in attendance towards discharging of its duties and responsibilities. In the event the Secretary is unable to attend any of the meetings, an assistant or deputy Secretary may be appointed for that specific meeting. Additional meetings may be held at the request of the Board, the AC, the Management and the External or Group Internal Auditors.

Nonetheless, the Chairman and the AC members have free and direct access to consult, communicate and enquire with any Senior Management of the Group as well as the External Auditors at any time.

The Chief Financial Officer of Oil and Gas Division, the Head, Finance, Industrial Services Division and the Head, Group Internal Audit attend such AC Meetings and the representative of the External Auditors are encouraged to attend whenever possible. Other Directors may be invited to attend such AC Meetings when necessary. The AC will meet the External Auditors at least twice a year without the presence of any executive Board members and the Management.

Members and details of attendance of Directors at the AC Meetings of the Company for the financial year ended 31 December 2019 are as follows:-

Name of Director	Directorship	Date of Appointment	No. of Meetings Attended
Halim Bin Haji Din (Chairman)	Independent Non-Executive Director	22 May 2002	5/5
Professor Tan Sri Lin See Yan (Member)	Senior Independent Non-Executive Director	20 July 2004	5/5
Tan Jian Hong, Aaron (Member)	Non-Independent Non-Executive Director	3 June 2015	5/5
Tan Sri Saw Choo Boon (Member)	Independent Non-Executive Director	30 August 2018	5/5

3. SUMMARY OF ACTIVITIES

During the financial year under review, the AC conducted its activities in line with the Terms of Reference, as follows:-

3.1 Financial Reporting

a. In overseeing the Group's financial reporting, the AC reviewed quarterly reports of the Group and the annual audited financial statements for the financial year ended 31 December 2018 before submission to the Board for consideration and approval.

The Quarterly Financial Statements for the fourth quarter of 2018 and first, second and third quarters of 2019, which were prepared in compliance with the Malaysian Financial Reporting Standard 134 Interim Financial Reporting, International Accounting Standards 34 Interim Financial Reporting and paragraph 9.22, including Appendix 9B of the Bursa Malaysia Securities Berhad's Main Market Listing Requirements, were reviewed by the AC at the AC meetings held on 25 February 2019, 10 May 2019, 30 August 2019 and 19 November 2019 respectively.

On 25 February 2019, the AC reviewed the key findings by the External Auditors, PricewaterhouseCoopers PLT ("PwC"), for the financial year ended 31 December 2018 and subsequently on 3 April 2019, the AC reviewed the Audit Committee Report in respect of the significant audit, accounting and control matters in respect of the audit for the financial year ended 31 December 2018 as presented by PwC together with the Audited Financial Statements of the Company and the Group for the financial year ended 31 December 2018.

The recommendations of the AC were presented to the Board for approval at the respective subsequent Board meetings.

b. The AC also reviewed the yearly group operating and capital expenditure budget prior to recommending the same to the Board for approval.

The Group Operating and Capital Expenditure Budget for the financial year 2019 were reviewed and deliberated by the AC at the AC meeting held on 25 February 2019 and were subsequently recommended to the Board for their approval.

3.2 Annual Report and Circular to Shareholders

a. To ensure compliance with Bursa Malaysia Securities Berhad's Main Market Listing Requirements, the AC reviewed and approved the WSC Annual Report 2018 in particular the Management Discussion and Analysis, Sustainability Statement, Audit Committee Report, Remuneration Committee Report, Nomination Committee Report, Corporate Governance Overview Statement, Additional Compliance Information, Statement on Risk Management and Internal Control, Statement of Directors' Responsibilities and Summary of Significant Recurrent Related Party Transactions on 3 April 2019 and the same were recommended to the Board for their approval.

b. On 3 April 2019, the AC reviewed the Company's Circulars to Shareholders pertaining to the following before submission to Bursa Malaysia Securities Berhad for their review and approval:-

- Proposed renewal of shareholders' mandate for the existing recurrent related party transactions of a revenue or trading nature and provision of financial assistance between the Company and/or its subsidiaries;
- Proposed new shareholders' mandate for additional recurrent related party transactions of a revenue or trading nature between the Company and/or its subsidiaries; and
- Proposed adoption of the Company's new Constitution for the purpose of streamlining the Company's existing Constitution to be in line with the Companies Act, 2016, amendments to Bursa Malaysia Securities Berhad's Main Market Listing Requirements and other prevailing statutory or regulatory requirements which have been revised and where relevant, to render consistency throughout.

c. On 3 April 2019, the AC reviewed the Company's Share Buy-Back Statement and the proposed renewal of authority to buy-back its own shares by the Company.

3.3 External Auditors

a. The AC at its meeting held on 25 February 2019, reviewed the annual assessment of the performance of PricewaterhouseCoopers PLT in respect of the financial year ended 31 December 2018 based on the following areas:-

- Caliber of External Auditors;
- Quality processes/performance;
- Audit team;
- Independence and objectivity;
- Audit scope and planning;
- Audit fees; and
- Audit communications.

Being satisfied with their performance, technical competency and audit independence, the AC recommended the re-appointment of PricewaterhouseCoopers PLT as the External Auditors of the Group for the financial year ended 31 December 2019 to the Board for approval accordingly.

The Board had since tabled the same to the Company's shareholders for their approval at the Annual General Meeting ("AGM") of the Company held on 15 May 2019.

b. The AC had two (2) private meetings with the External Auditors on 25 February 2019 and 30 August 2019 respectively, without the presence of the Group Chief Executive Officer, the Executive Directors, Senior Management and Internal Auditors.

There were no areas of concern raised by PricewaterhouseCoopers PLT that need to be escalated to the Board.

c. On 30 August 2019, the AC reviewed the Audit Plan prepared by the External Auditors for the financial year ended 31 December 2019 outlining the detailed terms and responsibilities of PwC and PwC's affirmation of their independence as External Auditors, scope of audit, areas of audit emphasis based on significant risks, audit reporting timeline, reliance and working with the Internal Auditors, Information Technology Risk Assurance Services, Audit Innovation Tools and PwC's action plans on how to go about working efficiently and effectively and team work with the Management of the Group.

d. On 30 August 2019, the AC reviewed and deliberated on the audit and non-audit fees incurred for services provided by the External Auditors throughout their terms of engagement for the financial year under review.

e. On 19 November 2019, the AC reviewed the WSC Group Interim Audit Report presented by PwC for the financial year ended 31 December 2019 which covered the scope of audit involving the tests of controls over Management's processes surrounding revenue and receivables, purchases and payables, treasury, payroll and inventory cycles and test of details performed on certain of the subsidiaries within the group and PwC's confirmation of their audit independence.

f. The AC had obtained confirmation from the External Auditors confirming their independence throughout their terms of engagement for the financial year under review.

3.4 Recurrent Related Party Transactions

a. On 25 February 2019, 10 May 2019, 30 August 2019 and 19 November 2019 respectively, the AC reviewed all related party transactions and recurrent related party transactions to ensure that they were within the mandate obtained from the shareholders of the Company.

b. The AC at its meeting held on 3 April 2019 reviewed the following proposals of the Group for inclusion in the Circular to the Shareholders pursuant to Bursa Malaysia Securities Berhad's Main Market Listing Requirements for the Board's approval:-

- The proposed renewal of shareholders' mandate for the existing recurrent related party transactions of a revenue or trading nature and provision of financial assistance between the Company and/or its subsidiaries; and

- The proposed new shareholders' mandate for additional recurrent related party transactions of a revenue or trading nature between the Company and/or its subsidiaries.

3.5 Risk Management

On 25 February 2019, 10 May 2019, 30 August 2019 and 19 November 2019 respectively, the AC reviewed and deliberated on the key and significant risks presented and discussed at the respective Risk Management Committee meetings held quarterly taking into consideration of the Group risks profile and risk appetite.

3.6 Internal Audit

a. On 25 February 2019, 10 May 2019, 30 August 2019 and 19 November 2019 respectively, the AC reviewed the major findings in the Internal Audit Reports prepared by the Group Internal Audit together with the recommendations and the Management's response to the findings.

b. On 19 November 2019, the AC reviewed the Group Internal Audit Plan for year 2020 encompassing the proposed financial year 2020 ("FY 2020") audit activities, risk assessment, key processes, Quality Assurance Review ("QAR"), manpower planning, proposed entities and processes with scope of audit for FY 2020, proposed FY 2020 Key Performance Indicators and the proposed budget for FY 2020, as well as the performance review for the financial year 2019.

3.7 Capital Expenditure

On 25 February 2019, 10 May 2019, 30 August 2019 and 19 November 2019 respectively, the AC reviewed the capital expenditures on a quarterly basis to monitor and ensure that the expenditures were within the budget being approved for 2019.

3.8 Others

a. The AC had been progressively reviewing the strategic investments of the WSC Group during the financial year under review and in making the necessary decisions.

b. The AC had been progressively reviewing the internal control issues of the WSC Group and the relevant improvements and recommendations as highlighted by both the External and Internal Auditors.

c. On 25 February 2019, the AC had reviewed and amended the Terms of Reference of the Audit Committee to be in line with the amendments made to Bursa Malaysia Securities Berhad's Main Market Listing Requirements and the Malaysian Code on Corporate Governance 2017 and the same was recommended to the Board of Directors for their approval and adoption.

d. The AC had reviewed and amended the Risk Management Committee Charter at the AC Meetings held on 25 February 2019 and 10 May 2019 to be in line with the amendments made to Bursa Malaysia Securities Berhad's Main Market Listing Requirements and the Malaysian Code on Corporate Governance 2017 and the same was endorsed and approved by the Board.

e. The AC had reviewed and amended the Risk Management Framework and Processes at the AC Meeting held on 25 February 2019 to be in line with the amendments made to Bursa Malaysia Securities Berhad's Main Market Listing Requirements and the Malaysian Code on Corporate Governance 2017 and the same was endorsed and approved by the Board.

f. The AC had reviewed the revised Internal Audit Charter of WSC Group at the AC Meeting held on 19 November 2019 and the same was recommended to the Board of Directors for their endorsement and approval.

g. The AC reviewed the Company's new Constitution at the AC Meeting held on 3 April, 2019 and the same was recommended to the Board of Directors for their review and approval for tabling at the AGM of the Company held on 15 May 2019.

4. INTERNAL AUDIT FUNCTION

The Audit Committee ("AC") is assisted by the Group Internal Audit ("GIA") in providing independent and objective assurance to the Group to accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance. The Head of GIA has functional reporting to the Audit Committee and administratively reports to the Managing Director/ Group Chief Executive Officer and the Deputy Managing Director.

The GIA had conducted risk-based audit engagements as stipulated in the Annual Audit Plan for financial year 2019 ("FY 2019"). Significant audit findings with regards to risk, control and governance covered various scope of review which had high impact were discussed with senior management, of which also including the agreed action plans committed by the line management. The audit reports were presented quarterly to the AC for deliberation. Follow up review on the audit engagements were also conducted particularly for findings with high impact to ensure proper and effective remedial actions have been taken by the line management to close control gaps highlighted by the GIA. All the internal audit activities and processes were performed as guided by the Internal Audit Charter and the GIA Standard Operating Procedure.

A summary of the Internal Audit activities performed during the financial year under review are as following:-

a. completed 9 risk-based audit engagements and presented those reports to AC, of which focused on review of various scope including operations, support functions, project and business entities of the Group to ascertain the adequacy and effectiveness of risk, control and governance processes;

b. performed follow-up review for findings with high impact to determine the adequacy, effectiveness and timeliness of actions taken by the line management;

c. tabled the Annual Audit Plan and budget for FY 2020 to AC for review and approval; and

d. presented the revised Internal Audit Charter to AC for review and approval.

The total costs incurred in FY 2019 for GIA amounted to RM526,709 (2018: RM710,850).

REMUNERATION COMMITTEE

1. MEMBERS AND MEETING

Members and details of attendance of Directors at the Remuneration Committee Meeting of the Company for the financial year ended 31 December 2019 are as follows:-

Name of Director	Directorship	Date of Appointment	No. of Meeting Attended
^ Tan Sri Saw Choo Boon (Chairman)	Independent Non-Executive Director	25 February 2019	-
* Halim Bin Haji Din (Member)	Independent Non-Executive Director	22 May 2002	1/1
Professor Tan Sri Lin See Yan (Member)	Senior Independent Non-Executive Director	25 August 2014	1/1
** Chan Cheu Leong (Member)	Managing Director/ Group Chief Executive Officer	22 May 2002	1/1

^ Appointed as chairman of Remuneration Committee with effect from 25 February 2019.
* Re-designated as member of Remuneration Committee with effect from 25 February 2019.
** Resigned as member of Remuneration Committee with effect from 25 February 2019.

2. ROLE OF THE REMUNERATION COMMITTEE

The Remuneration Committee ("RC") shall set the policies and procedures to determine the remuneration of the Company's Board of Directors and Senior Management, drawing from outside advise as necessary with the objective of ensuring:-

a. that the Company's Executive Directors are fairly rewarded for their individual contributions to the Company's overall performance;

b. that the levels of remuneration are sufficient to attract and retain the Directors needed to run the Company successfully; and

c. that the level and composition of remuneration of Senior Management take into account the Company's intention to attract and retain the right talents to drive the Company's long-term objectives.

The determination of remuneration packages of Non-Executive Directors, including Non-Executive Chairman should be a matter for the Board as a whole.

The individuals concerned should abstain from discussion of their own remuneration.

3. TERMS OF REFERENCE

i. Composition

The RC shall be headed by a Non-Executive Chairman and its members shall comprise exclusively of Non-Executive Directors, a majority of whom are independent.

ii. Quorum of Meetings

A minimum of two (2) RC Members present in person shall constitute the quorum.

Any other person(s) maybe invited or determined by the RC and/or the RC Chairman from time to time to attend the RC meeting.

iii. RC Members

The RC Members are as disclosed above.

iv. Majority Decision

All decisions of the RC shall be decided on the votes of the simple majority of those Members present.

Any decision or recommendation made at the RC shall be subject to the review and ultimate approval of the Company's Board of Directors.

v. Casting Vote

In the event there be an equality of votes, then the Chairman of the meeting shall have a casting vote.

vi. Frequency of Meetings

The RC shall meet at least annually or at such other frequency as the Chairman may determine.

vii. Notice of Meetings

Minimum seven (7) days or such shorter notice as the RC may deem fit depending on the nature and prevailing circumstances at hand.

viii. Secretary

The Group Company Secretary shall be the Secretary for the RC. In the event that the Company Secretary is unable to attend, an assistant or deputy Secretary may be appointed for that specific meeting.

ix. Minutes of Meetings

The Secretary (which expression shall include the assistant or deputy Secretary appointed under item (viii)) shall table the Minutes of each RC Meeting and shall circulate the same for each Member's record. The Chairman's confirmation of the Minutes shall be taken as a correct record of the proceedings thereat.

The Chairman shall report on the outcome of the discussion and decision of each meeting to the Board.

x. Functions of the RC

Without prejudice to the generality of the foregoing, the RC shall:-

a. Review, recommend and advise on all forms of Directors' remuneration e.g.:

- Basic Salary
- Profit-sharing schemes (if any)
- Share options
- Any other benefits;

b. To establish a fair, formal and transparent procedures for developing a policy for Board of Directors and Senior Management's remuneration and for fixing the remuneration packages of individual Directors and Senior Management;

c. To structure the component parts of the Executive Directors' remuneration so as to link rewards to corporate and individual performance; whereas, in the case of Non-Executive Directors, the level of remuneration should reflect the experience and level of responsibilities undertaken by the particular Non-Executive Director concerned;

d. Conduct continued assessment of individual Executive Directors to ensure that remuneration is directly related to performance over time.

In this regard, the review of Non-Executive Directors' fees may take place at a different time of the year from the review of Executive Directors' salaries;

e. To monitor and assess the suitability of such proposed performance related formula (e.g. whether the formula is based on individual performance, company profit performance, earnings per share, etc.) and to see that awards under the Company's share option schemes are consistent with the Company's overall performance and provide an additional incentive to Management;

f. To provide an objective and independent assessment of the benefits granted to Executive Directors;

g. To ensure that there are adequate pension arrangements for the Executive Directors;

h. To consider, the extent of the details of the Board of Directors and Key Senior Management's remuneration to be reported in the Company's Annual Report in compliance with the Malaysian Code on Corporate Governance 2017 and the Listing Requirements of Bursa Malaysia;

i. Introduce any regulation which would enable the smooth administration and effective discharge of the RC's duties and responsibilities;

j. To furnish a report to the Board of any findings of the RC;

k. Engage or appoint such other competent and professional advisers/consultants as may be deemed fit to assist the RC in the smooth discharge of its duties herein;

l. To establish a Remuneration Policy/Framework for the Board of Directors and Senior Management of the Group in order to attract and retain key personnel of requisite quality that increase productivity and profitability in the long run. The Remuneration Policy is available on the Company's website at www.wahseong.com;

m. To review and determine the appropriate remuneration package for the Board of Directors and Key Senior Management of the Group as follows:-

   - Head Office – Group Chief Executive Officer, Deputy Chief Executive Officer, Chief Financial Officer, Chief Operating Officer, Group Company Secretary;

n. To review the salary increment or adjustment in the event of promotion or re-designation of Key Senior Management of the Group, where necessary;

o. To review the annual increment and bonus payment for Key Senior Management of the Group basing on the performance of the Group and performance of the individuals, where necessary;

p. To establish schemes, options and remuneration and compensation plans for the Board of Directors and Key Senior Management of the Group, where appropriate; and

q. Generally, to decide and implement such other matters as may be delegated by WSC's Board of Directors from time to time.

xi. Variation

The above Terms of Reference may be determined and/or varied by the Board of Directors at any time and from time to time.

NOMINATION COMMITTEE

1. MEMBERS AND MEETING

Members and details of attendance of Directors at the Nomination Committee Meetings of the Company for the financial year ended 31 December 2019 are as follows:-

Name of Director	Directorship	Date of Appointment	No. of Meeting Attended
Professor Tan Sri Lin See Yan (Chairman)	Senior Independent Non-Executive Director	25 August 2014	2/2
Dato' Seri Robert Tan Chung Meng (Member)	Non-Independent Non-Executive Chairman	22 May 2002	2/2
Halim Bin Haji Din (Member)	Independent Non-Executive Director	22 May 2002	2/2
* Tan Sri Saw Choo Boon (Member)	Independent Non-Executive Director	25 February 2019	1/1

* Appointed as a Member of the Nomination Committee with effect from 25 February 2019.

2. ROLE OF THE NOMINATION COMMITTEE

The Nomination Committee ("NC") is responsible for assessing and making recommendations on any new appointments to the Board and its various Board Committees.

The NC shall set the policy framework and:-

a. Recommend to the Board, candidates for all directorships to be filled by the shareholders or the Board after considering the candidates:-

- skills, knowledge, expertise and experience;
- professionalism;
- integrity; and
- in the case of candidates for the position of Independent Non-Executive Directors, to evaluate the candidates' ability to discharge such responsibilities/functions as expected from the Independent Non-Executive Directors.

b. Consider, in making its recommendations, candidates for directorships proposed by the Chief Executive Officer and within the bounds of practicability, by any other senior executive or any director or shareholder; and

c. Recommend to the Board, directors to fill the seats on Board Committees.

The actual decision as to who shall be nominated shall be the responsibility of the full Board after considering the NC's recommendations.

The individuals concerned should abstain from discussion of their own nomination.

3. TERMS OF REFERENCE

i. Composition

The NC shall be headed by a Non-Executive Chairman and its members shall comprise exclusively of Non-Executive Directors, a majority of whom are independent.

ii. Quorum of Meetings

A minimum of two (2) NC Members present in person shall constitute the quorum.

Any other person(s) maybe invited by the NC and/or the NC Chairman from time to time to attend the NC meeting.

iii. NC Members

The existing NC Members are as disclosed above.

iv. Majority Decision

All decisions of the NC shall be decided on the votes of the simple majority of those Members present.

Any decision or recommendation made by the NC shall be subject to the review and ultimate approval of the Company's Board of Directors.

v. Casting Vote

In the event there be an equality of votes, then the Chairman of the meeting shall have a casting vote.

vi. Frequency of Meetings

The NC shall meet at least annually or at such other frequency as the Chairman may determine.

vii. Notice of Meetings

Minimum seven (7) days or such shorter notice as the NC may deem fit depending on the nature and prevailing circumstances at hand.

viii. Secretary

The Group Company Secretary shall be the Secretary for the NC. In the event that the Company Secretary is unable to attend, an assistant or deputy Secretary may be appointed for that specific meeting.

ix. Minutes of Meetings

The Secretary (which expression shall include the assistant or deputy Secretary appointed under item (viii)) shall table the Minutes of each NC Meeting and shall circulate the same for each Members' record. The Chairman's confirmation of the Minutes shall be taken as a correct record of the proceedings thereat.

The Chairman shall report on the outcome and decision of each meeting to the Board.

x. Roles of the Chairman of NC

The Chairman of the NC shall review the succession plans for key officers of the Group including the future Chairman and Chief Executive Officer.

The Chairman shall also assess the Board's effectiveness and the contribution of each individual Director independently in the discharge of their duties and responsibilities.

xi. Roles and Functions of the NC

Without prejudice to the generality of the foregoing, the NC shall:-

a. Determine the core competencies and skills required of Board members to best serve the business and operations of the Group as a whole and the optimum size of the Board to reflect the desired skills and competencies;

NOMINATION COMMITTEE

b. To review and assess the skills, expertise, experience, gender, age, ethnicity, time commitment and independence of its Directors to ensure their relevance and the efficiencies and effectiveness of the Board as a whole including its effectiveness in promoting a diverse Board composition which includes appropriate number of woman Director(s);

c. Review the size of Non-Executive participation, Board balance and determine if additional Board members are required and also to ensure that at least one-third (1/3) of the Board is independent;

d. To assess the independency of the Independent Directors;

e. Recommend to the Board on the appropriate number of Directors to compose the Board which should fairly reflect the investments of the minority shareholders in the Company, and whether the current Board representation satisfies this requirement;

f. Recommend to the Board, candidates for directorships to be filled by the shareholders or the Board;

g. Consider in making its recommendations, candidates for directorships proposed by the Chief Executive Officer and, within the bounds of practicability, by any other senior executive or any Director or shareholder;

h. Recommend to the Board, Directors to fill the seats on Board Committees;

i. Undertake an annual review of the required mix of skills and experience and other qualities of Directors, including core competencies which Non-Executive Directors should bring to the Board and to disclose this forthwith in every Annual Report;

j. Assist the Board to introduce a criteria and to formulate and implement a procedure to be carried out by the NC annually for assessing the effectiveness of the Board as a whole, the Board Committees and for assessing the contributions of each individual Director;

k. Introduce any regulation which would enable the smooth administration and effective discharge of the NC's duties and responsibilities;

l. To furnish a report to the Board of any findings of the NC;

m. To recommend to the Board for continuation or discontinuation in service of Directors as an Executive Director or Non-Executive Director;

n. To recommend Directors who are retiring by rotation to be put forward for re-election;

o. To recommend to the Board the employment of the services of such advisers as it deems necessary to fulfill the Board's responsibilities;

p. To review the term of office and performance of the Audit Committee and each of its member annually.

q. To review the appointment and termination of key officers of the Group as follows:-

   Head Office – Group Chief Executive Officer, Deputy Chief Executive Officer, Chief Financial Officer, Chief Operating Officer, Group Company Secretary;

r. To review the appointment and resignation of Directors on the Board of subsidiaries, where necessary;

s. To review the composition, quality, capacity, competencies and effectiveness of the Board of the subsidiaries, where necessary; and

t. Generally, to decide and implement such other matters as may be delegated by the Company's Board of Directors from time to time.

xii. Variation

The above Terms of Reference may be determined and/or varied by the Company's Board of Directors at any time and from time to time.

The Terms of Reference including the roles and functions of the NC are available on the Company's website at www.wahseong.com.

4. BOARD DIVERSITY

With the establishment of the Diversity Policy by the Board which came into effect on 27 November 2018, the NC was tasked to review and assess the skills, expertise, experience, gender, age, ethnicity, time commitment and independence of its Directors to ensure their relevance and the efficiencies and effectiveness of the Board as a whole on an annual basis or as and when the need arises including its effectiveness in promoting a diverse Board composition which includes an appropriate number of woman Director(s). The Diversity Policy is available on the Company's website at www.wahseong.com.

5. BOARD'S EFFECTIVENESS ASSESSMENT

The NC conducted an annual assessment of the Board's effectiveness as a whole and the contribution of each individual Director in respect of the financial year ended 31 December 2019 using a set of customised self-assessment questionnaires to be completed by the Directors. The results of the self-assessment by Directors and the Board's effectiveness as a whole as compiled by the Group Company Secretary were tabled to the Board for review and deliberation.

The Board was satisfied with the results of the annual assessment and that the current size and composition of the Board is appropriate and well-balanced with the right mix of skills with the Board composition comprising individuals of high calibre, credibility and with the necessary skills and qualifications to enable the Board to discharge its responsibility effectively.

Assessment was also conducted on the Board Committees' effectiveness based on a set of questionnaires to be completed in respect of the financial year ended 31 December 2019 and the NC was pleased with the outcome of the said assessment.

The NC was satisfied with the existing Board composition with regards to the mix of skills, experience, expertise and independence in meeting the required needs of the Company taking into consideration the gender diversity and ethnicity of the members of the Board. The Board is supported by the core Management team having the relevant and appropriate qualifications, experience and competencies in their respective roles and functions.

6. INDEPENDENCE ASSESSMENT OF THE INDEPENDENT DIRECTORS

In line with the Malaysian Code of Corporate Governance 2017 ("MCCG 2017"), the NC had conducted an independence assessment of the Independent Directors in respect of the financial year ended 31 December 2019 and the NC was satisfied with the results whereby all the Independent Directors fulfilled the criteria for an Independent Director as prescribed under the Main Market Listing Requirements of the Bursa Malaysia Securities Berhad.

In conjunction with the above assessment, the NC considered and recommended to the Board of Directors the following appointments of Directors at the forthcoming Twentieth Annual General Meeting of the Company:-

(i) Professor Tan Sri Lin See Yan
(ii) Encik Halim Bin Haji Din

All whom have served as Independent Non-Executive Directors of the Company for a cumulative terms of more than twelve (12) years, to continue to act as Independent Non-Executive Directors of the Company.

The NC and the Board taking cognisance of Practice 4.2 of the MCCG 2017 will continue to source for suitably qualified, credible and caliber candidates to assume the positions of the existing Independent Non-Executive Directors whom have exceeded the tenure of twelve (12) years. In the event that the NC and the Board failed to identify suitable candidates to assume the Independent Non-Executive Directorships, the Board will explain the departure from Practice 4.2 of the MCCG 2017 in the Corporate Governance Report which is required to be submitted to Bursa Malaysia Securities Berhad together with the Company's Annual Report.

7. REVIEW OF THE AUDIT COMMITTEE

Pursuant to Paragraph 15.20 of Chapter 15 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the NC had conducted a review of the terms of office and performance of the Audit Committee and each of the members annually and was of the opinion that the Audit Committee and each of the members have carried out their duties in accordance with their Terms of Reference.

8. FINANCIAL LITERACY OF AUDIT COMMITTEE MEMBERS

Pursuant to Practice 8.5 of the MCCG 2017, the NC had conducted the financial literacy assessment for each of the Audit Committee members based on a set of questionnaires to be completed in respect of the financial year ended 31 December 2019 and the NC was pleased with the outcome of the assessment.

9. APPOINTMENT OF NEW PRINCIPAL OFFICER

During the financial year under review the new Head Group Internal Audit of the Company, Mr Sivaramayah A/L Sivalingam who has access to price-sensitive information in the course of his work was nominated for appointment as a Principal Officer of the Company, pursuant to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad at the NC Meeting held on 19 November 2019 and was duly approved by the Board.

At the NC Meeting held on 18 February 2020, the new Head of Finance, Industrial Services Division of the Company, Mr Billy Ooi Giap Hwa who has access to price-sensitive information in the course of his work was nominated for appointment as a Principal Officer of the Company, pursuant to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and was duly approved by the Board.

10. REDESIGNATION OF THE EXISTING HEAD OF FINANCE, INDUSTRIAL SERVICES DIVISION

At the NC Meeting held on 18 February 2020, Mr Bernard Yeap Chew Soon, the existing Head of Finance, Industrial Services Division was redesignated as Senior Director, Industrial Services Division of the Company and was duly approved by the Board.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors ("the Board") of Wah Seong Corporation Berhad ("WSC" or "the Company") recognises the importance of practising and upholding good corporate governance in discharging its duties and responsibilities towards enhancing business prosperity, corporate accountability, sustainability and realising and creating ongoing values for its shareholders and stakeholders. Hence, the Board is pleased to present an overview of the extent of the application and compliance of WSC and its Group with the relevant principles and practices of the Malaysian Code on Corporate Governance ("MCCG 2017") issued by the Securities Commission in April, 2017 as well as the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("MMLR").

1. BOARD OF DIRECTORS

1.1 Duties and Responsibilities of the Board

The Board is responsible for the strategic planning, overseeing the proper utilisation and management of its resources and operational conduct, identifying and implementing appropriate systems to mitigate and manage principal risks, reviewing the adequacy and integrity of its internal control, risks management and management information systems and ensuring that a management succession plan, a dedicated investor relation and shareholders' communication policy are in place in meeting the Company's goals and objectives.

The Board together with the Managing Director/Group Chief Executive Officer and the respective Management team(s), where applicable, developed the Group's corporate goals, objectives and policies and setting the appropriate limits of empowerment of its respective Management/Committees' authority, duties and responsibilities.

The Board exercises due care and diligence in discharging its fiduciary duties and responsibilities and in ensuring that high ethical standards are applied in practising and upholding good corporate governance and through the compliance with the relevant rules and regulations, directives and guidelines and the adoption of the relevant principles and practices of the MCCG 2017 in addition to acting in the best interest of the shareholders, stakeholders and the Group, taking into account diverse perspectives and insights.

The Board has established a Board Charter which sets out the Board's strategic intent and outlines the Board's roles and responsibilities including the key values, mission, principles and ethos of the Company. The Board Charter serves as a source of reference for Board members as well as a primary induction literature for new Board members in respect of their duties and responsibilities and the various legislations and regulations governing their conduct with the application of principles and practices of good corporate governance in their business conduct. The Board Charter would be reviewed and updated periodically as and when the need arises. The Board Charter was last reviewed by the Board on 28 December 2018.

The Board Charter clearly spells out the following principal roles and responsibilities of the Board in enhancing Board's effectiveness in the pursuit of corporate goals and objectives:

- reviewing and adopting the strategic plans and direction of the Group;
- overseeing and evaluating the conduct of the Group's businesses;
- reviewing, challenging and deciding on Management's proposals and recommendations and monitor their implementation where appropriate;
- identifying principal risks and ensuring that appropriate internal control and risk management and mitigation measures are implemented to manage these risks;
- succession planning including the implementation of appropriate systems for recruitment, training, determining compensation benefits and replacement of Senior Management staff;
- developing and implementing an investor relations programme to enable effective communications with the shareholders and stakeholders;
- supervising and assessing Management's performance in managing the businesses of the WSC Group; and
- reviewing the adequacy and integrity of the internal control systems and management information systems which includes sound system of reporting and in ensuring regulatory compliance with applicable laws, regulations, rules, directive and guidelines.

The Board Charter is available on the Company's website at www.wahseong.com.

Apart from the aforesaid principal roles and responsibilities of the Board, the Board also delegates certain responsibilities to its Board Committees with clearly defined terms of reference to assist the Board in discharging its responsibilities. While the Board Committees have their own functions and delegated roles, duties and responsibilities, they will report to the Board with their decisions and/or recommendations. Hence, the ultimate responsibility and decision on all matters lies with the Board.

As an effort to continuously observe high standard of ethical conducts, the Board has established the Company Directors' Code of Ethics on 27 November 2018. The Company Directors' Code of Ethics is available on the Company's website at www.wahseong.com.

The Board of Directors has also established the Principles of Business Conduct as guidance for the conduct of the Group's business and on issues pertaining to conflict of interest and related parties which may affect any members of the Board.

The Principles of Business Conduct is available on the Company's website at www.wahseong.com.

The Board has devoted sufficient time in carrying out their duties and responsibilities. The schedule of meetings for the calendar year comprising Board meetings and other Committee meetings is prepared by the Group Company Secretary and sent to members of the Board three months prior to the commencement of the calendar year to notify the Board on the meetings scheduled ahead.

The Group Company Secretary besides overseeing the compliance matters and assisting the Chairman in overseeing the governance matters of the WSC Group, she also plays a pivotal advisory role to the Board and its Committees to ensure that they function effectively. The Group Company Secretary kept abreast with the latest amendments to the laws, acts, regulations, guidelines and codes by attending various relevant talks, seminars, conferences and workshops.

The Board also takes their own initiatives and liberty to regularly update their knowledge and enhance their skills by attending the relevant seminars and talks as listed under item 1.13 Directors' Training.

The members of the Board have maintained the number of other directorships comfortable and manageable by them in respect of time and commitment.

1.2 Board Composition and Balance

During the year under review, the Board is led by the Non-Executive Chairman, Dato' Seri Robert Tan Chung Meng and altogether, comprises of seven (7) members, which includes two (2) Executive Directors, two (2) Non-Independent Non-Executive Directors (including the Non-Executive Chairman) and three (3) Independent Non-Executive Directors.

The composition of the Board reveals their varied background as outlined on pages 29 to 32 of this Annual Report. The Board members are equipped with the relevant skills, knowledge and expertise required for the proper running of the Company's affairs. The effectiveness of the individual Directors and the Board as a whole are assessed annually by the Nomination Committee.

Generally, the Executive Directors along with the Management Team are responsible for making and implementing operational decisions. Non-Executive Directors play a key supporting role, contributing their skills, expertise and knowledge towards the formulation of the Group's strategic and corporate goals and objectives, policies and decisions. The Board collectively made decisions in the best interest of the Company.

1.3 Board Independence

The number of Independent Directors on the Board complies with Paragraph 15.02, Chapter 15 of the MMLR, which states that at least two (2) Directors or one-third (1/3) of the Board, whichever is higher shall comprise of Independent Directors. The Independent Directors also fulfilled the criteria of independence as defined in the MMLR. Their presence provides a check and balance in the discharge of the Board function and the Independent Directors' views carry significant weight in all Board deliberations and decision-making. All Independent Directors act independently of the Management and do not participate in any business dealings and are not involved in any other relationship with the WSC Group that may impair their independent judgement and decision-making.

Annual assessment on the independence of the Independent Directors is conducted annually.

Practice 4.2 of the MCCG 2017 requires the tenure of an Independent Director to not exceed a cumulative term limit of nine (9) years. However, the Nomination Committee and Board have duly assessed, determined and resolved that the Independent Non-Executive Directors of the Company namely Encik Halim Bin Haji Din and Professor Tan Sri Lin See Yan, who have served on the Board for more than twelve (12) years, to remain as Independent Directors based on the following justifications as well as contributions from Encik Halim Bin Haji Din and Professor Tan Sri Lin See Yan, as members of the Board and also members of the respective Board Committees:

(i) they have fulfilled the criteria of independence as per the definition set out under Chapter 1 of the MMLR;

(ii) they have the required skill sets, experience and expertise;

(iii) they understand the Company's industry well and are able to contribute to the effective over-sight of the Company's business activities while monitoring their independence;

(iv) they have performed their duties diligently and provided independent judgements and balanced assessments hence ensured effective check and balance in the proceedings of the Board and the respective Board Committees; and

(v) they have devoted sufficient time and attention to the duties and responsibilities as Independent Non-Executive Directors of the Company.

Hence, the Board would table the ordinary resolutions to the shareholders at the forthcoming Twentieth AGM to retain the aforesaid Independent Directors.

The Chairman of the Company and the Board is not an Independent Director. There are three (3) Independent Directors out of seven (7) Board members. The Board believes that its current Board composition provides the appropriate balance in terms of skills, knowledge and experience in creating, protecting and enhancing the interests and values of all shareholders and stakeholders and in overseeing the conduct of businesses and to properly run the WSC Group effectively. As the Chairman is also a shareholder who has substantial interest in the Company, he is well placed to act on behalf of shareholders and stakeholders and in their best interest and in providing Board leadership.

The Board believes in recognising and retaining high performance, talented and dedicated Board members, Senior Management and workforce regardless of gender, ethnicity and age with the required merits, knowledge, experience, expertise, competencies, professionalism, integrity and ability in discharging their responsibility and capability in contributing to the Board and the organisation. Hence, the Board has established a Diversity Policy which came into effect on 27 November 2018. The Diversity Policy is available on the Company's website at www.wahseong.com.

The Board through the Nomination Committee will continuously evaluate suitable candidates for Independent Directors to form at least half of the Board to comply with Practice 4.1 of the MCCG 2017. However, the process should be exercised with due care and careful assessment has to be made based on merits, skills, knowledge, appropriate experience and time commitment to ensure that the candidates would be able to contribute to the effectiveness of the Board.

Hence, the above process is also applicable in the selection and evaluation of suitable candidate for gender, ethnicity and age diversity on the Board.

1.4 Division of Roles and Responsibilities between the Chairman and the Managing Director/Chief Executive Officer

The Board is led by Dato' Seri Robert Tan Chung Meng as the Non-Independent Non-Executive Chairman and Mr Chan Cheu Leong as the Managing Director/Group Chief Executive Officer.

There is a clear separation between the Chairman's role and the Managing Director/Group Chief Executive Officer's role to ensure a division of responsibilities and a balance of control, power and authority.

The Chairman leads and manages the Board with a keen focus on governance and compliance. In turn, the Board monitors the functions of the Board Committees in accordance with their respective terms of reference, to ensure its own effectiveness, while the Managing Director/Group Chief Executive Officer manages the businesses and operations of the Group and implements and develops the Board's decisions, policies and strategies.

1.5 Senior Independent Non-Executive Director

The Board has identified Professor Tan Sri Lin See Yan as the Senior Independent Non-Executive Director of the Board, to whom concerns relating to the Group may be conveyed by shareholders and other stakeholders.

All concerns relating to the Group can be conveyed to him via his electronic mail address at seeyan.lin@wahseong.com.

1.6 Board Meetings

The Board meetings for each financial year are scheduled before the end of the preceding financial year, to enable the Directors to plan ahead and fit the year's meetings into their own schedules. The Board meets on a scheduled basis of at least four (4) times a year and has a formal schedule of matters specifically reserved for the Board to decide in order to ensure that the direction and control of the Company firmly rests in its hands, for example strategic financial and investment decisions. Additional or ad-hoc Board meetings can be convened as and when necessary.

During the financial year ended 31 December 2019, the Board met four (4) times and the details of the attendance of the Board members are as follows:

Director	Directorship	Total Meetings Attended
Dato' Seri Robert Tan Chung Meng	Non-Independent Non-Executive Chairman	4/4
Chan Cheu Leong	Managing Director/ Group Chief Executive Officer	4/4
Giancarlo Maccagno	Deputy Managing Director	4/4
Professor Tan Sri Lin See Yan	Senior Independent Non-Executive Director	4/4
Halim Bin Haji Din	Independent Non-Executive Director	4/4
Tan Jian Hong, Aaron	Non-Independent Non-Executive Director	4/4
Tan Sri Saw Choo Boon	Independent Non-Executive Director	4/4

To facilitate productive and meaningful deliberations, the proceedings of the Board meetings are conducted in accordance with a structured agenda with the supply of complete and timely information to enable the Board to discharge their responsibilities effectively and for them to make informed decisions. The Board reviews and deliberates on the Group's financial performance and results, business operations, budgets, reports of the various Board Committees, risks management, business plans, corporate exercises and strategic financials and investments decisions.

In the intervals between Board meetings, any matters requiring urgent Board decisions and/or approvals will be sought via circular resolutions which are supported with all the relevant information and explanations required for an informed decision to be made.

1.7 Supply of Information

The Board is briefed on a timely manner on all major financial, operational and corporate matters. In order to maintain confidentiality, meeting papers on issues or corporate proposals which are deemed highly confidential and sensitive, would only be distributed to the Directors at the Board meeting itself.

The Board stresses on having timely reports and has full access to quality information which is not just historical or bottom line and financial oriented but information that goes beyond assessing the quantitative performance of the Group and other performance factors e.g. customer satisfaction, product and service quality, market share, market reaction, environmental protection, etc.

The Directors have access to all information within the Company whether as a full Board or in their individual capacity, in furtherance of their duties. Through regular Board meetings, the Board receives updates, written reports and supporting/discussion documents on the development and business operations of the Group, as well as on potential corporate exercises, proposals, mergers and acquisitions. Minutes of the respective Board Committees' meetings are presented at Board meetings. The respective Board Committees' Chairman will brief the Board on major issues deliberated by each of the Board Committees.

The Board either collectively or individually is authorised to seek such independent professional advice as may be considered necessary in furtherance of their duties at the expense of the Company.

The Directors also have access to the advice and services of its qualified Group Company Secretary in the course of discharging their duties and responsibilities and in fulfilling their obligation to statutory requirements, the MMLR or other rules and regulations, either as a full Board or in their individual capacity.

1.8 Group Company Secretary

Ms. Irene Woo Ying Pun, the Group Company Secretary of WSC is a Fellow Member of the Malaysian Institute of Chartered Secretaries and Administrators (MAICSA) and also a Council Member of MAICSA. She is a qualified Chartered Secretary and a Chartered Governance Professional. She heads the Group Corporate Secretarial Department of WSC and is a member of the key senior management team of the WSC Group. She was appointed to the position since 3 November, 2008.

Ms. Woo has close to 30 years of extensive relevant working experience in the corporate secretarial practice both as the in-house Group Company Secretary for large public listed groups as well as in large professional consultancy firms. She obtained her initial training of more than six years in Signet & Co. Sdn. Bhd., the Corporate Secretarial arm of Messrs. Ernst & Young.

Ms. Woo does not hold any directorship and does not have any family relationship with any of the Directors or major shareholders of WSC and has no conflict of interest whatsoever with WSC.

She ensures that the Group complies with the Companies Act, 2016, MMLR, Capital Markets & Services Act, 2007 and all relevant acts, rules, regulations, codes and guidelines of the relevant authorities and governmental/regulatory bodies and their relevant updates and amendments from time to time. She assists the Board of Directors in overseeing and advising on the relevant aspects of the regulatory, compliance and corporate governance matters of the Group. She attends all meetings of the Board of Directors and all meetings of the Committees and Sub-Committees of the Board and captures all discussions and deliberations thereat comprehensively and accurately in her minutes. Her prompt and well written minutes and advices given to the members of the Board have so far assisted the Board of Directors in making informed decisions as well as for the Management to promptly act on decisions approved by the Board. The Board of Directors is satisfied with the competent performance and support rendered by the Group Company Secretary in the discharge of their duties and functions as members of the Board.

1.9 Appointments to the Board

The Nomination Committee is responsible for assessing and making recommendations on any new appointments to the Board and its various Board Committees.

In making these recommendations, due consideration is given to the composition, objective criteria, required mix of skills, expertise, knowledge, experience, professionalism and integrity that the proposed Directors shall bring to complement the Board.

The Directors would notify the Chairman of the Board before accepting any new directorships and the expected time to be spent on the new appointment.

1.10 Re-election of Directors

The Company's Constitution provides that all the Directors shall retire at least once (1) in every three (3) years and are eligible for re-election at each Annual General Meeting in compliance with the MMLR.

1.11 Board Committees

The Board delegates specific responsibilities to the respective Board Committees of the Board, each of which has clearly defined terms of reference and its own functions, delegated roles, duties and responsibilities. The Board reviews the functions and terms of reference of Board Committees from time to time to ensure that they are relevant and updated in line with the MCCG 2017, the MMLR and other related policies or regulatory requirements.

The Board Committees have the authority to examine specific issues and report to the Board with their proceedings, deliberations, findings and recommendations. The Board also reviews the minutes of the Board Committees' meetings presented at Board meetings.

During Board meetings, the Chairman of the various Committees provide summary reports of the decisions and recommendations made at the respective Board Committees' meetings, and highlight to the Board on any further deliberation and/or approval that is required at the Board level. The Board Committees shall deliberate and thereafter recommend their decisions to the Board for its approval. The relevant decisions and recommendations of the Board Committees are incorporated into the minutes of the Board meetings accordingly.

The Board has established three (3) principal Board Committees namely, Audit Committee, Nomination Committee and Remuneration Committee. The Risk Management Committee is a sub-committee of the Audit Committee.

(a) Audit Committee

The composition of the Audit Committee comprises of non-executive Directors i.e. three (3) Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Director. The Terms of Reference, including the duties and responsibilities of the Audit Committee are available on the Company's website at www.wahseong.com. A summary of activities of the Audit Committee in the discharge of its functions and duties for the financial year ended 31 December 2019 are set out separately in the Audit Committee Report as laid out on pages 38 to 42 of this Annual Report.

(i) Risk Management Committee

The Risk Management Committee comprised of the Executive Directors, Heads of Finance, Group Internal Audit Head and Heads of Business Units/Divisions. The Committee meets at least four (4) times a year to discuss, assess, manage and mitigate risks associated with the respective Business Units and Divisions and the Group as a whole. The Summarised Risk Registers compiled and confirmed by the respective Heads of the Business Unit/Division and based on which WSC Group's key risks are identified for monitoring. Potential new investments are tabled to the Risk Management Committee for comprehensive risks assessment review and deliberation on the risks associated with the proposed investment before the said proposed investment is tabled to the Finance and Investment Committee for review, evaluation and financing needs assessment before tabling to the Audit Committee for their review and then to the Board for approval.

The Risk Management Committee has been expanded to cover the areas on Sustainability of the WSC Group instead of having to establish a separate Sustainability Committee.

The Risk Management Committee also oversees the areas of anti-corruption and corporate liability for corruption and in ensuring that adequate and appropriate policies and procedures on anti-corruption are in place. The Risk Management Committee has also embedded corruption risk in the risk register and in the annual risk assessment of WSC Group.

(b) Nomination Committee

The Nomination Committee ("NC") has been established comprising exclusively of four (4) Non-Executive Directors, a majority of whom are Independent Directors. The Terms of Reference, including the roles and responsibilities of the Nomination Committee are available on the Company's website at www.wahseong.com. The activities of the Nomination Committee in the discharge of its duties for the financial year ended 31 December 2019 are set out on pages 46 to 50 of this Annual Report.

The Nomination Committee will conduct annual assessment of the Board's effectiveness as a whole and the contribution of each individual Director in every financial year using a set of customised self-assessment questionnaires to be completed by the Directors. The results of the self-assessment by Directors and the Board's effectiveness as a whole as compiled by the Group Company Secretary will be tabled to the Board for review and deliberation.

The Nomination Committee will also conduct the annual assessment on the Board Committees' effectiveness based on a set of questionnaires.

(c) Remuneration Committee

The Remuneration Committee has been established comprising solely of Independent Non-Executive Directors with the role of determining and recommending to the Board the remuneration of Executive Directors in all its forms, drawing from outside advice where necessary. The Executive Directors play no part in decisions on their own remuneration.

Determination of remuneration packages of Non-Executive Directors, including the Non-Executive Chairman is a matter of the Board as a whole. The individuals concerned will abstain from discussion of their own remuneration.

The Remuneration Committee also plays a role in determining the level and composition of remuneration of Senior Management taking into account the Company's intention to attract and retain the right talents to drive the Company's long term objectives.

The information on Remuneration Committee and its Terms of Reference including its functions are available on pages 43 to 45 of this Annual Report.

The Remuneration Policy is available on the Company's website at www.wahseong.com.

1.12 Finance Committee

The Finance and Investment Committee ("FIC") is chaired by the Managing Director/ Group Chief Executive Officer and comprised of the Executive Directors, Head of Group Treasury, Head of Finance of the Industrial Services Division and Chief Financial Officer of the Oil & Gas Division. The FIC meets quarterly or as and when required or at such frequency as the Chairman may deem appropriate.

The FIC undertakes periodic review of the overall Group's financial position with emphasis on group financial status and financing requirements, summary update on forward contracts position, group cash flows and receivables. The FIC also provides oversight of the investment functions of the Group to assist the Board of Directors in evaluating new investments, acquisitions, joint ventures, divestments and any other corporate proposals ("Investment Related Proposals") in which the Group engages as its business strategy from time to time. The respective business units/divisions strategic business activities and ventures are also updated at the FIC meetings.

Besides, the FIC also deliberates on the implication of the global economic sentiment and outlook on the Group's various business divisions and with this hindsight, actively reviews the overall business activities, capital expenditure requirements, financing requirements and forex strategies.

Both the Risk Management Committee and the FIC have the responsibility of assessing and reviewing all Investment Related Proposals.

Normally, the Risk Management Committee will perform the necessary risk assessment on the Investment Related Proposals and thereafter recommend the same to the FIC for their review. The FIC will then consider and evaluate the feasibility of the Investment Related Proposals by taking into account the comprehensive feasibility study, due diligence reports, valuation reports and/or other relevant reports in accordance with the standard operating procedures. A threshold limit of the value of the Investment Related Proposals is established to determine the relevant approvals required. The value of the Investment Related Proposals of up to RM5.0 million will be approved by the FIC and the Board of the investing company and thereafter to be endorsed by the Board of WSC. For value of the Investment Related Proposals of above RM5.0 million, the approval must be sought from the Board of WSC upon recommendation by the FIC.

1.13 Directors' Training

All members of the Board have attended the Mandatory Accreditation Programme as required under the MMLR.

The Directors do and will undergo such similar or continuing training and education programmes from time to time to equip and keep themselves abreast of the latest developments in order to discharge their duties and responsibilities more effectively.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

During the financial year under review, the Directors had participated in various programmes, courses and forums which they have individually or collectively considered as relevant and useful in contributing to the effective discharge of their duties as Directors.

The lists of training/courses attended by the respective Directors are tabled to the Board at the respective Board Meetings held every quarter for the Board's notation. Based on the results of the annual assessment of the individual Directors and the Board's effectiveness as a whole conducted by the Nomination Committee, the Board was satisfied with the training/courses attended by the respective Directors and that they are well equipped and updated on the industry knowledge and developments in enhancing their skills and in discharging their duties and responsibilities effectively.

A brief description of the type of training/courses attended by the Directors for the financial year under review is as set out below.

Directors	Date of Course/Name of Organiser	Title of Training/Courses Attended
Dato' Seri Robert Tan Chung Meng	23 July 2019 IGB Berhad	Corporate Liability on Corruption [under the Malaysian Anti-Corruption Commission (Amendment) Act 2018]
Professor Tan Sri Lin See Yan	19 – 21 January 2019 Sunway University	Asian Shadow Financial Regulatory Committee Meeting (ASFRC) on "Rising Debt and the Risk of a Financial Crisis in Asia"
	5 March 2019 Leadership Institute of Sarawak State Civil Service, Sarawak	Speaker at the Executive Talk Series on "Trying Times Amid Tumult and Trauma: What Are We To Do?"
	29 & 30 March 2019 Jeffrey Cheah Institute	Asian Economic Panel on "The Global Trade System in Disarray: Fixing Design Flaws and Adjusting to a Multi-Polar War"
	4 April 2019 The Perdana Leadership Foundation CEO Forum 2019	Innovating Financial Services in Malaysia
	17 April 2019 Asian Strategy & Leadership Institute (ASLI)	DNA23's Digital Dialogue Series: 'DDS#1 Funding Diversity'
	17 June 2019 Malaysian Economic Association	Malaysian Economic Convention
	5 & 6 July 2019 Banking University Ho Chi Minh	34th Asian Shadow Financial Regulatory Committee (ASFRC) Meeting on "Trade Wars and their effects on Asian Market Stability"
	23 July 2019 IGB Berhad	Corporate Liability on Corruption [under the Malaysian Anti-Corruption Commission (Amendment) Act 2018]
	3 August 2019 London School of Economic Students' Union Malaysia Club	Panel speaker at the Economic and Leadership Forum 2019 on "The Learning Curve: East Asia"
	5 August 2019 Inland Revenue Board of Malaysia & Chartered Tax Institute of Malaysia	Panel speaker at the National Tax Conference 2019
	8 August 2019 Intel Malaysia	Speaker at the Intel Malaysia Women Conference
	11 September 2019 Wah Seong Corporation Berhad	Half Day Talk on "Corporate Liability for Corruption"
	20 September 2019 Sunway Group	Sunway Leaders Conference 2019

Directors	Date of Course/Name of Organiser	Title of Training/Courses Attended
Professor Tan Sri Lin See Yan	24 September 2019 Universiti Teknologi Malaysia, Johor Bahru	Speaker at Universiti Teknologi Malaysia Leadership Talk Series on: "Malaysia's Economic Outlook Amid Markets in an Age of Anxiety"
	1 October 2019 Bank Negara Malaysia	Speaker at the Technical Insight Series Talk on: "Traits of a Central Banker"
	8 – 10 November 2019 Harvard Alumni Association (HAA)	HAA International Leadership Workshop
Chan Cheu Leong	22 January 2019 Bank of Singapore	Global Outlook Dinner
	26 July 2019 The Economist	Feeding the Future Summit
	11 September 2019 Wah Seong Corporation Berhad	Half Day Talk on "Corporate Liability for Corruption"
Giancarlo Maccagno	11 September 2019 Wah Seong Corporation Berhad	Half Day Talk on "Corporate Liability for Corruption"
	5 December 2019 Self Leadership International	Achieving your goals in a fast changing world
Halim Bin Haji Din	13 & 14 February 2019 INCEIF	Islamic Finance for Board of Directors Programme
	23 July 2019 IGB Berhad	Corporate Liability on Corruption [under the Malaysian Anti-Corruption Commission (Amendment) Act 2018]
Tan Jian Hong, Aaron	25 January 2019 Credit Suisse	Market Outlook Seminar
	17 April 2019 Bank Negara Malaysia	2018 Annual Report Roadshow: Johor Bahru
	17 July 2019 Deutsche Bank	Mid-Year Outlook 2019
	9 October 2019 Ernst & Young	EY 7 Drivers of Growth
Tan Sri Saw Choo Boon	13 – 14 February 2019 Financial Institutions Directors' Education (FIDE)/The Iclif Leadership and Governance Centre (ICLIF)	Islamic Finance for Boards
	14 March 2019 FIDE	Reading the Signs: The next financial crisis and its potential impact on Asia
	1 April 2019 RHB Bank Berhad (RHB)	"Economic Developments in the US" by Dr Mark Zandi, Chief Economist of Moody's Analytics US
	17 April 2019 Malaysian Rating Corporation (MARC)	Market Manipulation and Securities Fraud
	25 April 2019 CHK Consultancy	Industry 4.0 and It's Impact of Malaysian Capital Market
	18 June 2019 RHB	BNM's AML/CFT Policies and Guidelines
	27 June 2019 Bursa Malaysia/ICLIF	Independent Directors' Program – The Essence of Independence
	4 July 2019 Persatuan Insurans Am Malaysia (PIAM)	IT Risk Management for Insurance Boards

Directors	Date of Course/Name of Organiser	Title of Training/Courses Attended
Tan Sri Saw Choo Boon	9 July 2019 PricewaterhouseCoopers (PwC)	Transfer Pricing – Next Phase in Malaysia
	1 August 2019 FIDE/ICLIF	Understanding Fintech and its Implications for Banks
	5 September 2019 Institute of Corporate Directors Malaysia (ICDM)	Role of Board in Risk Management of Legal Issues of M&A
	11 September 2019 The Malaysian Institute of Accountants (MIA)	Integrated Accounting
	17 September 2019 Digi.Com	Sustainability by Design – Practical Steps for Malaysian Businesses
	19 September 2019 Securities Industry Development Corporation (SIDC)	BFF – New Business Directions 2025
	3 October 2019 RHB	Islamic Banking Case Studies on Court Decisions
	4 October 2019 FIDE	Digital To The Core
	31 October 2019 PwC	Implications of Acquisition and Restructuring
	8 November 2019 Securities Commission Malaysia	SCM Audit Oversight Board Conversation with Audit Committees
	25 November 2019 MIA	Regulatory Framework: Pre/Post Initial Public Offering (IPO)

2. DIRECTORS' REMUNERATION

The remuneration of the Board Members is broadly categorised into those paid to Executive Directors and Non-Executive Directors.

The Executive Directors are remunerated in cash and in kind by way of salary, performance bonus and other benefits and entitlements; taking into consideration their experience, responsibilities, length of service, their individual performance and contribution as well as the overall performance of the Group and the Company. Non-Executive Directors are paid fees based on their experience and level of responsibilities.

The Remuneration Committee is responsible to make any recommendation to the Board on the remuneration package and benefits extended to the Executive Directors; whereas, Non-Executive Directors' remuneration is a matter to be decided by the Board as a whole. The individual concerned must abstain from deliberations and voting on decisions in respect of his individual remuneration.

The details of the remuneration of the Directors of the Company (including the remuneration for services rendered to the Company as a Group) received from the Company and received on a group basis during the financial year ended 31 December 2019 are as follows:

Company

				Benefits-in-kind	
	Directors' Fees (RM'000)	Salaries and Other Emoluments (RM'000)	Bonus (RM'000)	Leave Passage (RM'000)	Others* (RM'000)
Dato' Seri Robert Tan Chung Meng	100	16	-	-	11
Halim Bin Haji Din	90	31	-	-	-
Professor Tan Sri Lin See Yan	80	31	-	-	-
Tan Jian Hong, Aaron	60	24	-	-	-
Tan Sri Saw Choo Boon	60	27	-	-	-
Chan Cheu Leong	60	2,571	1,150	31	68
Giancarlo Maccagno	60	11	-	-	-
	510	**2,711**	**1,150**	**31**	**79**

Group

				Benefits-in-kind	
	Directors' Fees (RM'000)	Salaries and Other Emoluments (RM'000)	Bonus (RM'000)	Leave Passage (RM'000)	Others* (RM'000)
Dato' Seri Robert Tan Chung Meng	100	16	-	-	11
Halim Bin Haji Din	90	31	-	-	-
Professor Tan Sri Lin See Yan	80	31	-	-	-
Tan Jian Hong, Aaron	60	24	-	-	-
Tan Sri Saw Choo Boon	60	27	-	-	-
Chan Cheu Leong	60	2,571	1,150	31	68
Giancarlo Maccagno	60	4,298	1,393	269	196
	510	**6,998**	**2,543**	**300**	**275**

* Others under benefits-in-kind include motor vehicles, club subscription, etc.

3. TOP FIVE KEY SENIOR MANAGEMENT'S REMUNERATION

Pursuant to Practice 7.2 of the MCCG 2017, the top five Key Senior Management's total remuneration inclusive of salary, bonus, benefits in-kind and other emoluments in bands of RM50,000 are disclosed as follows:

	Total
RM500,001 to RM550,000	1
RM750,001 to RM800,000	1
RM850,001 to RM900,000	1
RM1,200,001 to RM1,250,000	1
RM1,850,001 to RM1,900,000	1
Total	**5**

For purposes of security and to avoid poaching by other organisation, the names of the Top Five Key Senior Management are withheld and the detailed remuneration of each of the individuals are not presented because the Board of Directors is of the opinion that such information will not add significant value and understanding towards the evaluation of the Company's standard of Corporate Governance.

4. SHAREHOLDERS AND INVESTORS

4.1 Effective Communications Policy

Besides the various announcements and disclosures including information on the quarterly and annual results released to Bursa Malaysia Securities Berhad, the Board maintains an effective communications policy that enables the Board (in particular the Executive Board Members) to communicate effectively with its shareholders, stakeholders and the public in general.

As part of the Group's commitment towards having an effective investor relations and shareholders' communication policy, the following have been established:

a) an interactive and dedicated website for the Group which can be accessed by the public at large at www.wahseong.com.

b) the Company's Investor Relations and Communications Department attends to the Group's communication needs and whenever required, the services of an external public relations firm will be engaged to promote the Group's image and to create greater public awareness of the Group's products and services aside from fostering and maintaining closer relations with the press and other members of the media.

c) Internally, the Group Corporate Secretarial Department headed by the Group Company Secretary maintains most of the official correspondences with the various authorities.

d) the Annual General Meeting provides an additional forum for shareholders' interaction and feedback with the Company.

e) Media and Analyst Briefings are held by the Company to explain any major corporate exercises and/or to discuss the financial performance of the Group from time to time.

4.2 Dialogue between the Company and Investors

The Board values feedback and dialogues with its investors. The Company will hold open discussions with investors upon written request. Analyst Briefings are periodically held to introduce and update the investors on the Company's/the Group's undertakings and financial performance from time to time.

In this respect, the Board and the Company shall ensure that any information sought is disseminated in strict adherence to the disclosure requirements under the MMLR.

The Company's website at www.wahseong.com contains vital information concerning the Group. All investors are encouraged at all times to log on and visit the Company's website to be informed of the latest happenings and detailed information of the Group and all the announcements made to Bursa Malaysia Securities Berhad.

4.3 Annual General Meeting

The Annual General Meeting ("AGM") is one of the platforms for the Company's shareholders to meet and exchange views with the Board.

As part of the commitment to environmental sustainability and cost cutting initiative, the Company has leveraged on technology to enhance efficiency. Since year 2018, the Company has been uploading its Annual Report and Circular to Shareholders on its website at www.wahseong.com so that they could be accessible online.

An open Question and Answer Session will be held whereby any shareholder may seek further details and clarification regarding any proposed resolutions as well as matters relating to the Group's businesses and affairs.

The Chairman and the other members of the Board together with Management and the Company's External Auditors will be in attendance to provide explanations to all shareholders' queries.

Pursuant to Paragraph 8.29A(1), Chapter 8 of the MMLR, any resolution set out in the notice of any general meeting, or in any notice of resolution which may properly be moved and is intended to be moved at any general meeting, is required to be voted by poll.

At least one (1) scrutineer will be appointed to validate the votes cast at the general meeting. Such scrutineer must be independent of the person undertaking the polling process.

A summary of the key matters discussed at the AGM will be published on the Company's website as soon as practicable after the conclusion of the AGM.

5. ACCOUNTABILITY AND AUDIT

5.1 Financial Reporting

The Board aims to provide and present a balanced and meaningful assessment of the Group's financial position, performance and prospects at the end of the financial year primarily through the audited financial statements, annual report as well as the quarterly announcements of results to shareholders.

The Board is responsible for ensuring that the financial statements prepared are drawn up in accordance with the provisions of the Companies Act, 2016 and applicable approved accounting standards in Malaysia. In presenting the financial statements, the Company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates. The Board assisted by the Audit Committee, oversees the financial reporting processes and the quality of the financial reporting by the Group. The Audit Committee scrutinises information prior to their disclosure to ensure their timeliness, accuracy and adequacy. The quarterly financial results and audited financial statements were reviewed by the Audit Committee and approved by the Board before being released to Bursa Malaysia Securities Berhad.

The Statement of Directors' Responsibility in respect of the audited financial statements of the Company and the Group is set out on page 71 of this Annual Report.

5.2 Internal Control

The Board has overall responsibility for maintaining a sound system of internal control, which encompasses risk management, financial, organisational, operational and compliance controls necessary for the Group to achieve its objectives within an acceptable risk profile.

These controls can only provide reasonable but not absolute assurance against material misstatement, errors of judgment, loss or fraud.

Information on the Group's Internal Control is as set out in the Statement on Risk Management and Internal Control on pages 68 to 70 of this Annual Report.

The establishment of an Internal Audit Department since the Group first commenced operations followed by the formation of the Risk Management Committee in 2009 are testimony of the dedication and commitment that the Board and the Company have in identifying and mitigating potential risks which affect the Group.

5.3 Whistle-Blowing Policy

The Company has disseminated its Whistle Blowing Policy and Procedures by which an employee or stakeholder can report or disclose in good faith, through the established channel, genuine concerns about unethical behaviour, malpractice, illegal act or failure to comply with regulatory requirements.

The procedures of the Whistle Blowing Policy, in raising such genuine concerns to the established channels are available on the Company's website at www.wahseong.com.

5.4 Principles of Business Conduct

The Board is committed to achieving and maintaining high ethical standards with regards to behavior at work and hence the Principles of Business Conduct are established. The Principles of Business Conduct of the Group is a formal document which sets out the guiding principles and standards in which the employees and Directors shall adhere to in conducting the day to day duties and operations.

The Principles of Business Conduct is available on the Company's website at www.wahseong.com.

5.5 Relationship with Auditors

The Board has established a formal and transparent relationship with the External Auditors appointed by the Company and its subsidiaries within its fold.

The External Auditors are invited to attend the Audit Committee Meeting where the Group's annual financial results are considered, as well as at meetings to review and discuss the Group's audit findings, internal controls and accounting policies, whenever the need arises.

For the financial year under review, the Audit Committee had two (2) meetings with the External Auditors without the presence of Management, which has encouraged a greater exchange of independent, frank views and opinions/dialogue between both parties.

The Audit Committee obtains written confirmation from the External Auditors on their independence throughout their terms of engagement for the financial year in compliance with the requirements of the relevant professional and regulatory bodies and/or authorities.

The Board also reviews the External Auditors' annual audit plan and scope of work for each of the financial years and the External Auditors' audit review on the financial statements for each of the financial years together with their audit report.

The Annual Assessment Form for External Auditors is established to assess the annual performance of the External Auditors by the Audit Committee. During the financial year under review, the Audit Committee had reviewed the independence of the External Auditors' by taking into consideration among other factors, the following:-

- rotation of the External Audit Partner-in-charge once in every five years in accordance with the relevant laws and requirements; and
- the professionalism, openness in communication and interaction with the External Auditors through private discussions which had demonstrated their independence.

The Audit Committee also assessed the suitability of the External Auditors by taking into consideration among other factors, the following:-

- size, sufficiency of the allocated resources and geographical coverage of the external audits being conducted;
- calibre, competency, requisite skills and expertise, including industry knowledge of the audit team to effectively audit the Company and the Group that meet the requirements;
- adequacy of audit scope and plan to address the accounting risks, audit risk and financial reporting risks faced by the Company and the Group;
- quality and effectiveness of the audit services provided by the External Auditors; and
- the External Auditors met their performance targets as expected of them.

Based on the results of the annual assessment on External Auditors carried out during the financial year under review, the Audit Committee was satisfied with the independence and suitability of the External Auditors and hence had recommended the re-appointment of the External Auditors for the Board's consideration.

The Board, upon the recommendation of the Audit Committee, concurred on the suitability and independence of the External Auditors and had therefore agreed to table the resolution for the re-appointment of the External Auditors to the Shareholders at the forthcoming Twentieth AGM for their approval.

Further information on the role of the Audit Committee with the External Auditors is stated in the Audit Committee Report on pages 38 to 42 of this Annual Report.

5.6 Internal Audit Function

The internal audit function is performed by the Group Internal Audit ("GIA"), where their primary responsibility is to provide independent and objective assurance in assisting the Group to accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance. The Head of GIA has functional reporting to the Audit Committee and administratively reports to the Managing Director/ Group Chief Executive Officer and the Deputy Managing Director. All the internal audit activities and processes were performed as guided by the approved Internal Audit Charter and the GIA Standard Operating Procedure.

For more information pertaining to the internal audit activities, please refer to the Audit Committee Report on pages 38 to 42 of this Annual Report.

6. CORPORATE RESPONSIBILITY

Throughout 2019, the Group has undertaken various initiatives to create a positive and momentous impact on the lives of others, within the community and the environment in which it operates, as set out in the Sustainability Statement on pages 10 and 22 of this Annual Report.

7. SUSTAINABILITY

The Company has come a long way from a medium sized Malaysian enterprise to where the Group is today. It is through resilience and fortitude that the Group has been growing from strength to strength, meeting challenges along the way and succeeding in branching further aloft. As at today, the Group is a significant player in its core businesses and is sustaining growth on the global business landscape.

The Company develops, implements and maintains sound management systems for sustainable development and growth that drive continual improvement. While maintaining sustainable growth, the Company is committed to create an open, diverse, friendly and safe workplace which is part of the Group's core values. Besides, the Company places utmost priority and is fully committed to its Health, Safety and Environment policy and objectives with the aim of ensuring health and safety of our people as well as protection of the environment that the Group operates in by promoting and improving the health and welfare of the workforce, maintaining an accident-free work environment, eliminating occupational injuries, preventing pollutions by reducing carbon footprint, preventing wastages by promoting the efficient use of resources, recycling initiatives, optimising the use of natural resources and conserving energy.

The Group is dedicated in supporting the local communities within which it operates and through its corporate responsibility programmes, the Company will continue to implement initiatives to contribute back to the society and local communities.

A separate Statement on Sustainability is as set out on page 10 to 22.

8. CORPORATE DISCLOSURE POLICIES AND PROCEDURES

The Board has established a Corporate Disclosure Policies and Procedures aiming at effectively handling and disseminating the corporate information timely and accurately to its shareholders, stakeholders, potential investors and the public in general as required by Bursa Malaysia Securities Berhad.

The Corporate Disclosure Policies and Procedures are available on the Company's website at www.wahseong.com.

9. ANTI-CORRUPTION MEASURES

With effect from 1 June 2020, the Company is required to publish the Anti-Bribery and Corruption Policy ("ABC Policy") on the Company's website in compliance with the MMLR. The Board of Directors are committed to establish and maintain the policies and procedures on anti-corruption that are guided by the Guidelines and Adequate Procedures issued pursuant to Section 17A (5) of the Malaysian Anti-Corruption Commissions Act 2009 ("MACC Act").

The Board of Directors will ensure that the policies and procedures on anti-corruption are reviewed periodically, at least once every 3 years to assess on the effectiveness in addressing and mitigating corruption risks.

The Board of Directors has entrusted the task to the Risk Management Committee to establish the appropriate policies and procedures and to oversee the function of anti-corruption and corporate liability for corruption besides incorporating corruption risk in the risk register and in the annual risk assessment of the WSC Group.

The Oil and Gas Division of the WSC Group under the championship of Wasco Energy Ltd, the wholly-owned subsidiary of WSC has appointed Elite Consultants & Training Plt ("ECT") to provide advisory services for the establishment, development and implementation of the ISO 37001 Anti-Bribery Management Systems which would eventually lead to the ISO 37001:2016 Certification by SIRIM.

10. CORPORATE GOVERNANCE REPORT

Please refer to the Company's Corporate Governance Report on the extent of the Company and its Group's application and compliance with the MCCG 2017 and the relevant explanations for the deviations which can be downloaded from the Company's website at www.wahseong.com.

ADDITIONAL COMPLIANCE INFORMATION

1. UTILISATION OF PROCEEDS RAISED FROM CORPORATE PROPOSALS

There are no proceeds raised from corporate proposals during the financial year ended 31 December 2019.

2. RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE AND PROVISION OF FINANCIAL ASSISTANCE

The details of significant recurrent related party transactions conducted during the financial year ended 31 December 2019 pursuant to the shareholders' mandate are disclosed in the Summary of Significant Recurrent Related Party Transactions as set out on pages 188 to 189 of this Annual Report.

3. MATERIAL CONTRACTS

There are no material contracts (not being contracts entered into in the ordinary course of business), entered into by the Company and its subsidiaries, involving the interests of the Directors, Chief Executive who is not a Director or major shareholders during the financial year ended 31 December 2019.

4. AUDIT AND NON-AUDIT FEES

(a) The amount of audit fees paid and payable to the Company's External Auditors i.e. PricewaterhouseCoopers PLT Malaysia ("PwC") for the services rendered to the Company and the Group for the financial year under review are RM88,000 and RM1,064,000 respectively. While the amount of audit fees paid and payable to PwC's affiliates for services rendered to the Group for the financial year under review are RM1,962,000.

(b) The amount of non-audit fees paid and payable to PwC and its affiliates for the services rendered to the Company and the Group for the financial year under review are RM12,000 and RM2,951,000 respectively.

(c) The summary of the aforesaid audit and non-audit fees for the services rendered to the Company and the Group paid and payable to PwC and its affiliates for the financial year under review are as follows:-

	Company (RM)	Group (RM)
Audit Fees	88,000	3,026,000
Non-Audit Fees*	12,000	2,951,000
Total	100,000	5,977,000

* Included in fees for non-audit services are fees payable to PwC for the Company and the Group of RM12,000 and RM1,578,000 respectively.

* The non-audit fees incurred for the Company and the Group during the financial year under review amounted to RM2,951,000, constituting approximately 49.4% of the total amount of audit and non-audit fees of RM5,977,000 paid and payable to PwC and its affiliates for the services rendered to the Company and the Group.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

BOARD RESPONSIBILITY

The Board of Directors ("Board") recognizes the importance of sound risk management and internal control practices for good corporate governance. The Board affirms its responsibility for ensuring the Group's system is able to adequately and effectively manage significant risks.

The Group has in place an ongoing process for identifying, evaluating and managing significant risks through a framework which includes a reporting structure. This is supported through a Risk Management Committee ("RMC") that meets quarterly, receiving risk management updates and taking necessary actions to ensure that risks are managed within the acceptance levels of the company within which they reside.

The Group's system of internal control is designed to manage and mitigate risks appropriately, rather than eliminate the risk of failure to achieve business objective. Due to the inherent limitations in all control systems, these control systems can only provide reasonable and not absolute assurance.

The Board has received reports from the RMC that the Group's risk management and internal control system is operating adequately and effectively in all material aspects based on the existing risk management and internal control system of the Group in financial year 2019 ("FY 2019").

Based on the reports received from the RMC and the reports from various sources (including both internal and external auditors), the Board is of the view that the system of risk management and internal control are in place for FY 2019 and up to the date of approval of this statement is adequate and effective to safeguard shareholders' interest in the Group, interest of customers, regulators, employees and the Group's assets.

In addition, the Board also received assurance from the Group Chief Executive Officer, Chief Financial Officer of the Oil & Gas Division and Head of Finance from the Industrial Services Division that the Group's risk management and internal control system are operating adequately and effectively in all material aspects, based on the risk management model adopted by the Group.

RISK MANAGEMENT COMMITTEE

The RMC being the sub-committee of the Audit Committee was established by the Board towards ensuring a sound system of risk management and control framework is embedded into the culture, processes and structures of the Group. The RMC provides oversight on the effectiveness of the Group's policies and processes in identifying, evaluating and managing the Group's risks.

The RMC is headed by the Deputy Managing Director and made up of the Heads/CEOs of the Group's business divisions.

The principal responsibilities of the RMC include:-

- Reviewing the Group Risk Management Policy and Framework, as and when necessary, for approval by the Audit Committee and the Board;
- Ensuring that the processes to identify, assess, treat, monitor and report on all material business risks are functioning as designed;
- Maintaining and reviewing both the group top risk and divisional / business unit risk profiles with the assistance from the group risk management every quarter;
- Providing guidance and direction to the Business Units on the adequacy and effectiveness of internal control system for the identification and mitigation of material business risks; and
- Undertaking any other risk management tasks as may be delegated to the committee by the Board.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

KEY ELEMENTS AND PROCESSES ON RISK MANAGEMENT AND INTERNAL CONTROLS

The key elements and processes that have been established in reviewing the adequacy and effectiveness of the risk management and internal control system include the following:-

Risk Management

The Group Risk Management Framework, which is embedded in the management system of the Group, clearly defines the authority and accountability in implementing the risk management process and internal control system. The Management assisted the Board in implementing the process of identifying, evaluating and managing significant risks applicable to their respective areas of business and in formulating suitable internal controls to mitigate and control these risks.

The Group has adopted a Risk Management Guidelines, which are based on ISO 31000, the international guideline for managing risk, to ensure that risk management process is consistent across the Group. Risk owners across the business divisions of the Group defined, highlighted, reported and managed various risks, including business and operational risks anticipated by them.

All business divisions or major departments across the Group had conducted risk assessments to identify the risks relating to their areas of supervision, analyzed the likelihood of these risks occurring, the impact if they do occur, evaluated the risk level, as well as determined the existing control and actions to be taken to manage these risks to an acceptable level. The risk profiles measures determined from this process were documented in risk registers with each business or operations area having its respective risk register. The overall process was facilitated by the Group Risk Management which is dedicated to this role.

The risk assessment report was tabled to the Risk Management Committee every quarter. During the quarterly meeting, the significant risk of business units were presented to the RMC for their deliberation. The Risk Management Committee reports to the Audit Committee on any significant changes in the business and external environment, which affect key risks.

The Board has approved via the RMC, the Risk Management Framework which highlighted the governance arrangements as well as assigned responsibilities to the relevant levels of management and operations. The implementation of the Framework is ultimately the responsibility of the top management and members of the Wah Seong Group Management Committee. Evidence of implementation can be seen in the appropriate risk management practices integrated into the relevant business processes, which facilitated the decision making aimed at achieving the Group's objectives.

Internal Audit Function

The internal audit function is performed by the Group Internal Audit ("GIA"), where their primary responsibility is to provide independent and objective assurance in assisting the Group to accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance. The Head of GIA has functional reporting to the Audit Committee and administratively reports to the Managing Director/ Group Chief Executive Officer and the Deputy Managing Director.

The audit engagements were carried out based on the Annual Audit Plan. In FY 2019, the GIA had completed 9 risk-based audit engagements and presented those reports to AC. They focused on review of various scope including operations, support functions, project and business entities of the Group. High impact audit findings with regards to risk, control and governance coupled with recommendation for further improvement were escalated to the attention and scrutiny of the senior management and subsequently tabled to the Audit Committee on quarterly basis. Follow up review on audit engagements were also conducted for findings with high impact to ensure proper and effective remedial actions have been taken by the line management to close control gaps highlighted by the GIA. All the internal audit activities and processes performed in FY 2019 were guided by the Internal Audit Charter and the GIA Standard Operating Procedure.

OTHER KEY ELEMENT ON INTERNAL CONTROL SYSTEM

Internal control processes which are embedded for effective Group's operations includes:-

- Clear organisational structure and financial authorisation limits are clearly defined;
- Group policies, including Principles of Business Conduct and Whistle Blowing Policy and Standard Operating Procedures to ensure compliance with internal controls, relevant laws and regulations;
- Annual business plans of all Business Units are reviewed and approved by the respective Divisional Executive Committee;
- Group budgets are reviewed and approved by the Board;

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

- Regular Executive Committee meetings at Business Units are held to review the operational and key performance indicators against the approved budget;
- Utilisation of contract tendering and evaluation process for large projects; and
- Weekly report on Group's cash position is monitored by Group Treasury.

Periodic site visits to operating units are undertaken by the members of the Executive Committee and/or the members of the Board whenever deemed appropriate.

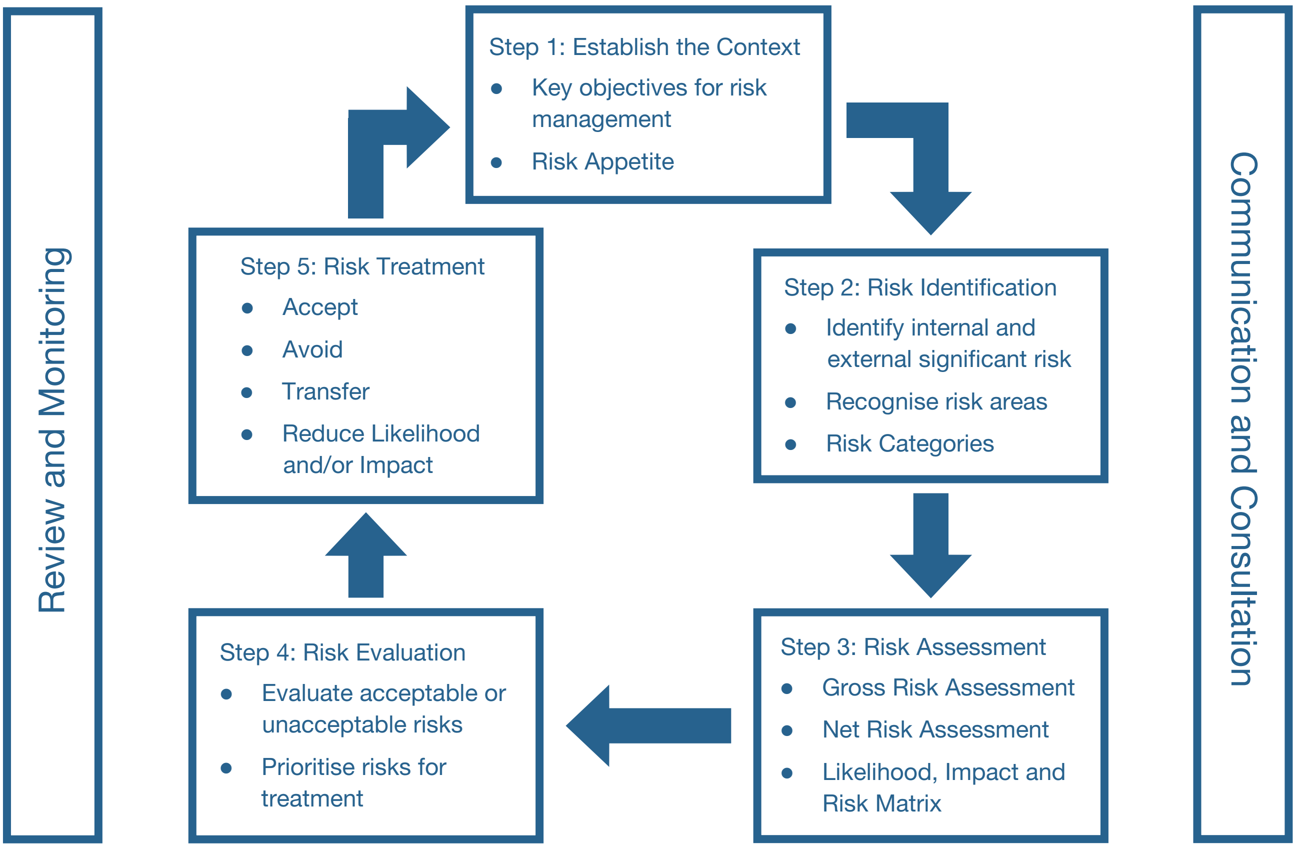
The Group's system of risk management and internal control applies principally to Wah Seong Corporation Berhad and its subsidiaries. Associate companies and joint ventures have been excluded because the Group does not have full management control and/or majority Board representation.

This statement is duly approved by the Board during the Board of Directors meeting held on 8 April 2020.

RISK MANAGEMENT FRAMEWORK

The RMC principally develops, executes and maintains the risk management system to ensure that the Group's corporate objectives and strategies are achieved within the acceptable risk appetite of the Group. Its reviews cover responses to significant risks identified including non-compliance with applicable laws, rules, regulations and guidelines, changes to internal controls and management information systems, and output from monitoring processes as well as continual review process of identified risks and effectiveness of mitigation strategies and controls.

Risk Management Framework Diagram



REVIEW OF THIS STATEMENT

As required by Paragraph 15.23, Chapter 15 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the external auditors have reviewed this Statement on Risk Management and Internal Control. Their limited assurance review was performed in accordance with Audit and Assurance Practice Guides ("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.

STATEMENT OF DIRECTORS' RESPONSIBILITY

The Directors are responsible for ensuring that the annual audited financial statements of the Group and the Company are drawn up in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards, the requirements of the Malaysian Companies Act, 2016 and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The Directors are also responsible for ensuring that the annual audited financial statements of the Group and the Company are prepared with reasonable accuracy from the accounting records of the Group and the Company so as to give a true and fair view of the state of affairs of the Group and the Company as at 31 December 2019, and of the results of their operations and cash flows for the financial year ended on that date.

In preparing the annual audited financial statements, the Directors have applied the appropriate and relevant accounting policies on a consistent basis; made judgements and estimates that are reasonable and prudent; and prepared the annual audited financial statements on a going concern basis.

The Directors are also responsible for taking reasonable steps to safeguard the assets of the Group and the Company to prevent and detect fraud and other irregularities.

FINANCIAL STATEMENT

DIRECTORS' REPORT

The Directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2019.

PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and provision of management services to its subsidiaries.

The principal activities of the Group consist of specialised pipe coating and corrosion protection services; Engineering, Procurement and Construction ("EPC") of gas compressors and process equipment; renewable energy and infrastructure materials and services.

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

FINANCIAL RESULTS

	Group RM'000	Company RM'000
Net profit/(loss) for the financial year attributable to:		
- Owners of the Company	24,136	(2,786)
- Non-controlling interests	(10,569)	-
Net profit/(loss) for the financial year	13,567	(2,786)

DIVIDENDS

The Directors did not recommend the payment of any final dividend in respect of the financial years ended 31 December 2018 and 31 December 2019.

On 18 February 2020, the Directors declared a first interim dividend of 1.00 sen per share in respect of the financial year ending 31 December 2020 comprising:

a) Single tier cash dividend of 0.40 sen per share amounting to RM3,081,845; and

b) Single tier share dividend of 3,849,884 treasury shares distributed to the shareholders of Wah Seong Corporation Berhad ("WSC") on the basis of one (1) WSC treasury share for every two hundred (200) existing WSC ordinary shares held at the entitlement date on 12 March 2020. Based on the share price of WSC shares of RM1.20 each as at 31 December 2019, the value of the share dividend per WSC share is equivalent to a gross cash dividend of 0.60 sen per share.

The first interim dividend was paid/credited into the entitled shareholders' securities accounts on 8 April 2020.

RESERVES AND PROVISIONS

All material transfers to or from reserves and provisions during the financial year are shown in the financial statements.

ISSUE OF SHARES AND DEBENTURES

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

TREASURY SHARES

During the financial year, the Company did not purchase any of its issued share capital from the open market on Bursa Malaysia Securities Berhad ("Bursa Malaysia").

As at 31 December 2019, the total number of treasury shares held by the Company was 4,426,938 shares.

On 18 February 2020, a total of 3,849,884 treasury shares were declared as single tier share dividend by the Directors, to be distributed to the shareholders of WSC in respect of the financial year ending 31 December 2020, on the basis of one (1) WSC treasury share for every two hundred (200) existing WSC ordinary shares held at the entitlement date on 12 March 2020.

Details of the treasury shares are set out in Note 26 to the financial statements.

DIRECTORS

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

Dato' Seri Robert Tan Chung Meng
Chan Cheu Leong
Giancarlo Maccagno
Halim Bin Haji Din
Professor Tan Sri Lin See Yan
Tan Jian Hong, Aaron
Tan Sri Saw Choo Boon

The names of Directors of subsidiaries are set out in the respective subsidiaries' statutory accounts and the said information is deemed incorporated herein by such reference and made part thereof.

DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings required to be kept under Section 59 of the Companies Act, 2016, none of the Directors who held office at the end of the financial year held any shares or debentures in the Company or its subsidiaries during the financial year except as follows:

	Number of ordinary shares			
	As at 1.1.2019	**Acquired**	**Disposed**	**As at 31.12.2019**
The Company				
Dato' Seri Robert Tan Chung Meng				
- direct interest	**11,761,308**	**-**	**-**	**11,761,308**
- deemed interest#	**310,511,267**	**-**	**-**	**310,511,267**
Chan Cheu Leong				
- direct interest	**20,200,651**	**374,411**	**-**	**20,575,062**
- deemed interest*	**41,080,327**	**2,602,800**	**-**	**43,683,127**
Giancarlo Maccagno				
- direct interest	**16,680,277**	**467,500**	**-**	**17,147,777**

By virtue of his interests of more than 20% in the shares of the Company, Dato' Seri Robert Tan Chung Meng is deemed to be interested in the shares of all the subsidiaries to the extent that the Company has an interest.

\# Deemed interest held through Wah Seong Enterprises Sdn. Bhd., Wah Seong (Malaya) Trading Co. Sdn. Bhd. and Tan Kim Yeow Sendirian Berhad pursuant to Section 8 of the Companies Act, 2016 ("the Act").

* Deemed interest held through Midvest Asia Sdn. Bhd. and Midvest Properties Sdn. Bhd. pursuant to Section 8 of the Act and includes interests of his spouse and children.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than the benefits shown under Directors' Remuneration in Note 41 and related party transaction in Note 39) by reason of a contract made by the Company or by 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.

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

DIRECTORS' REMUNERATION

Details of Directors' remuneration are set out in Note 41 to the financial statements.

INDEMNITY GIVEN TO DIRECTORS AND OFFICERS

During the financial year, the total amount of indemnity coverage and insurance premium paid for the Directors and officer of the Group and the Company was RM150,863.

OTHER STATUTORY INFORMATION

(a) Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:

 (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and

 (ii) to ensure that any current assets, which were unlikely to realise in the ordinary course of business including the values of current assets as shown in the accounting records of the Group and of the Company had been written down to an amount which the current assets might be expected so to realise.

(b) At the date of this report, the Directors are not aware of any circumstances:

 (i) which would render the amounts written off for bad debts or the amount of the allowance for doubtful debts inadequate to any substantial extent; or

 (ii) which would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading; or

 (iii) 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.

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

 (i) any charge on the assets of the Group and 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 liability of the Group and of the Company which has arisen since the end of the financial year.

(d) No contingent or other liability of any company in the Group has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may affect the ability of the Company and its subsidiaries to meet their obligations as and when they fall due.

(e) 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 respective financial statements misleading.

OTHER STATUTORY INFORMATION (CONTINUED)

(f) In the opinion of the Directors:

(i) the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and

(ii) except as disclosed in Note 48, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

SUBSIDIARIES

Details of subsidiaries are set out in Note 10 to the financial statements.

AUDITORS' REMUNERATION

Details of auditors' remuneration are set out in Note 33 to the financial statements.

AUDITORS

The auditors, PricewaterhouseCoopers PLT (LLP0014401-LCA & AF 1146), have expressed their willingness to accept re-appointment as auditors.

This report was approved by the Board of Directors on 14 May 2020. Signed on behalf of the Board of Directors:

CHAN CHEU LEONG
DIRECTOR

HALIM BIN HAJI DIN
DIRECTOR

Kuala Lumpur

STATEMENT BY DIRECTORS
PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT, 2016

We, Chan Cheu Leong and Halim Bin Haji Din, two of the Directors of Wah Seong Corporation Berhad, do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 83 to 187 are drawn up so as to give a true and fair view of the financial position of the Group and the Company as at 31 December 2019 and financial performance of the Group and the Company for the financial year ended 31 December 2019 in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 14 May 2020.

CHAN CHEU LEONG
DIRECTOR

HALIM BIN HAJI DIN
DIRECTOR

Kuala Lumpur

STATUTORY DECLARATION
PURSUANT TO SECTION 251(1) OF THE COMPANIES ACT, 2016

I, Ramanathan A/L P.R. Singaram, the officer primarily responsible for the financial management of Wah Seong Corporation Berhad, do solemnly and sincerely declare that, the financial statements set out on pages 83 to 187 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

RAMANATHAN A/L P.R. SINGARAM
CA16937

Subscribed and solemnly declared by the abovenamed at Kuala Lumpur in the Federal Territory on 14 May 2020.

Before me:

S. ARULSAMY (W.490)
COMMISSIONER FOR OATHS

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF WAH SEONG CORPORATION BERHAD

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the financial statements of Wah Seong Corporation Berhad ("the Company") and its subsidiaries ("the Group") give a true and fair view of the financial position of the Group and of the Company as at 31 December 2019, and of their financial performance and their 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.

What we have audited

We have audited the financial statements of the Group and of the Company, which comprise the statements of financial position as at 31 December 2019 of the Group and of the Company, and the statements of profit or loss, statements of other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 83 to 187.

Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the "Auditors' responsibilities for the audit of the financial statements" section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and other ethical responsibilities

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

Our audit approach

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements of the Group and of the Company. In particular, we considered where the Directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Group and of the Company, the accounting processes and controls, and the industry in which the Group and the Company operate.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

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.

Key audit matters	How our audit addressed the key audit matters
Impairment assessment for goodwill of CGU A and CGU B As at 31 December 2019, the Group's goodwill totalled RM143.8 million which is allocated to the following cash generating units ("CGU"): • Specialised Pipe Coating and Corrosion Protection Services (CGU A); and • EPC, Fabrication and Rental of Gas Compressors and Process Equipment (CGU B). We focused on this area due to the size of the goodwill and because the recoverable amounts of the CGUs are determined based on value in use ("VIU") calculations which involve estimates about the future cash flows generated and the appropriate discount and growth rates applied. The key assumptions of the VIU calculations are disclosed in Note 8 to the financial statements.	We performed the following audit procedures to evaluate management's methodology and assumptions used in the VIU for each CGU: • Compared forecasted revenues to approved budgets, past performance, current order books and potential contracts; • Compared revenue and terminal growth rates to historical track records and external market trends; and • Compared costs to approved budget and historical performance. We involved valuation specialists to evaluate the appropriateness of the methodology and the discount rates used for CGU A and CGU B. This involved consideration of inputs from comparable industries and peer companies, adjusted for business risk and marketability. We also considered the adequacy of the disclosures made in the financial statements on key assumptions and the sensitivity analysis for the respective CGU. We considered the sensitivity of the recoverable amounts of CGU A and B by varying the key assumptions within reasonably possible ranges. Based on the procedures performed, no material exception was noted.
Impairment assessment on investment in joint venture As at 31 December 2019, the Group holds investments in Alam-PE Holdings (L) Inc. ("Alam-PE") which is accounted for as a joint venture. Alam-PE is primarily operating in the offshore support vessels market. Management assessed the carrying amount of the above investment for impairment due to the loss making position of Alam-PE. We focused on this area due to the size of the investment totalling RM75.6 mil and because the recoverable amount of the investment is determined based on VIU calculation which involves estimates about the future cash flows generated and the appropriate discount and growth rates applied.	We performed the following audit procedures to evaluate management's methodology and assumptions used in the VIU for the investment: • Compared forecasted revenue to the secured contracts, historical performance and future market outlook; • Compared current year profit margin to historical profit margins; and • Compared terminal growth rates to external macroeconomic sources of data and industry specific trends. We involved PwC valuation specialists to evaluate the appropriateness of the methodology and discount rate used for Alam-PE. This involved independently assessing the cost of equity using comparable companies in the same territories.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Key audit matters (continued)

Key audit matters	How our audit addressed the key audit matters
	We also considered the adequacy of the disclosures made in the financial statements on key assumptions and the sensitivity analysis for the investment. We considered the sensitivity of the recoverable amount Alam-PE by varying the key assumptions within reasonably possible ranges. Based on the procedures performed, no material exception was noted.
Impairment assessment for property, plant and equipment in Europe The Group has RM226.2 million of property, plant and equipment in Germany and Finland related to a pipe coatings project which ends in year 2020. In view of this, management had performed impairment assessment to determine whether the recoverable amount is higher than the carrying amount using VIU computation. We focused on this area due to the size of the property, plant and equipment and because the recoverable amounts are determined based on VIU calculation which involves estimates about the future cash flows generated and the appropriate discount and growth rates applied.	We performed the following audit procedures to evaluate management's methodology and assumptions used in the VIU: • Compared forecasted revenues to approved budgets and current order books; • Compared revenue growth rate to historical track records and external market trends; and • Compared costs to approved budget and historical performance. We assessed the appropriateness of the discount rate used by management for the VIU. This involved consideration of inputs from comparable industries and peer companies. We also considered the adequacy of the disclosures made in the financial statements on key assumptions for the property, plant and equipment. Based on the procedures performed, no material exception was noted.
Expected credit loss on other receivables and amounts owing by joint ventures As at 31 December 2019, the gross amount of other receivables is RM117.7 million and the gross amounts owing by joint ventures is RM50.0 million. Impairment loss totalling RM18.3 million was recognised in the financial year ended 31 December 2019. We focused on this area because significant judgement and estimates were used in applying the expected credit loss model.	In assessing the expected credit loss model on other receivables and amounts owing by joint ventures, we performed the following audit procedures: • Discussed with management to understand the underlying assumptions used in the general 3-stage approach for other receivables and amounts owing by joint ventures; and • Tested key assumptions and checked mathematical accuracy of the expected credit loss model. Based on the procedures performed, no material exception was noted.

There are no key audit matters to report for the Company.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

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 Corporate Information, Sustainability Statement, Management Discussion & Analysis, Audit Committee report, Remuneration Committee report, Nomination Committee report, Corporate Governance Overview Statement, Additional Compliance Information, Statement on Risk Management and Internal Control, Statement of Directors' Responsibilities, and Directors' Report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

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

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

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

Responsibilities of the Directors for the financial statements

The Directors of the Company are responsible for the preparation of the 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.

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:

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

(b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and of the Company's internal control.

(c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Auditors' responsibilities for the audit of the financial statements (continued)

(d) Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or on 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.

(e) Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

(f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, 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 10 to the financial statements.

OTHER MATTERS

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

PRICEWATERHOUSECOOPERS PLT
LLP0014401-LCA & AF 1146
Chartered Accountants

GAN WEE FONG
03253/01/2021 J
Chartered Accountant

Kuala Lumpur
14 May 2020

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019

	Note	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
NON-CURRENT ASSETS					
Property, plant and equipment	4	**672,852**	831,587	**1,873**	1,890
Right-of-use assets	5(a)	**314,428**	-	**-**	-
Prepaid lease payments	6	**-**	89,256	**-**	-
Investment properties	7	**9,340**	16,621	**22,792**	23,065
Goodwill and other intangible assets	8	**144,014**	145,404	**-**	-
Deferred tax assets	9	**52,567**	43,344	**2,455**	2,423
Investment in subsidiaries	10	**-**	-	**763,597**	763,597
Investment in associates	11	**207,827**	182,029	**-**	-
Investment in joint ventures	12	**111,627**	126,368	**-**	-
Finance lease receivables	13	**5,474**	18,042	**-**	-
Contract assets	14	**88,738**	-	**-**	-
Amounts owing by a subsidiary	18(a)	**-**	-	**64,945**	-
Investment in equity instruments	15	**6**	6	**-**	-
		1,606,873	1,452,657	**855,662**	790,975
CURRENT ASSETS					
Inventories	16	**267,078**	324,666	**-**	-
Contract assets	14	**119,373**	95,869	**-**	-
Trade and other receivables	17	**439,848**	560,707	**6,069**	12,989
Amounts owing by subsidiaries	18(a)	**-**	-	**104,192**	163,851
Amounts owing by associates	19(a)	**20,386**	11,617	**26**	20
Amounts owing by joint ventures	20(a)	**47,803**	55,471	**-**	-
Finance lease receivables	13	**12,352**	14,380	**-**	-
Tax recoverable		**3,071**	15,479	**-**	303
Derivative financial assets	21	**1,101**	146	**-**	-
Time deposits	22	**52,765**	76,373	**5,323**	9,109
Cash and bank balances	23	**94,700**	156,363	**1,260**	854
		1,058,477	1,311,071	**116,870**	187,126
Assets classified as held for sale	24	**-**	2,207	**-**	-
TOTAL ASSETS		**2,665,350**	2,765,935	**972,532**	978,101

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019

	Note	Group		Company	
		2019	2018	2019	2018
		RM'000	RM'000	RM'000	RM'000
EQUITY AND LIABILITIES					
CAPITAL AND RESERVES ATTRIBUTABLE TO OWNERS OF THE COMPANY					
Share capital	25	**547,690**	547,690	**547,690**	547,690
Treasury shares	26	**(4,779)**	(4,779)	**(4,779)**	(4,779)
Exchange translation reserves		**(4,595)**	(4,679)	**-**	-
Retained profits		**441,630**	417,494	**241,338**	244,124
		979,946	955,726	**784,249**	787,035
Non-controlling interests		**61,252**	81,118	**-**	-
TOTAL EQUITY		**1,041,198**	1,036,844	**784,249**	787,035
NON-CURRENT AND DEFERRED LIABILITIES					
Deferred tax liabilities	9	**11,915**	13,804	**-**	-
Lease liabilities	5(b)	**220,717**	-	**-**	-
Trade and other payables	27	**7,674**	6,294	**-**	-
Loans and borrowings	28	**217,959**	129,410	**-**	-
		458,265	149,508	**-**	-
CURRENT LIABILITIES					
Lease liabilities	5(b)	**14,047**	-	**-**	-
Contract liabilities	14	**62,916**	52,792	**-**	-
Trade and other payables	27	**291,746**	726,350	**14,997**	14,258
Provision for warranties	29	**9,061**	8,895	**-**	-
Amounts owing to subsidiaries	18(b)	**-**	-	**20,592**	6,797
Amounts owing to associates	19(b)	**33**	-	**-**	-
Amounts owing to joint ventures	20(b)	**5,546**	3,959	**-**	-
Loans and borrowings	28	**730,136**	718,215	**152,217**	170,011
Dividend payable		**21,904**	14,004	**-**	-
Current tax liabilities		**28,638**	55,368	**477**	-
Derivative financial liabilities	21	**1,860**	-	**-**	-
		1,165,887	1,579,583	**188,283**	191,066
TOTAL LIABILITIES		**1,624,152**	1,729,091	**188,283**	191,066
TOTAL EQUITY AND LIABILITIES		**2,665,350**	2,765,935	**972,532**	978,101

STATEMENTS OF PROFIT OR LOSS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	Note	Group		Company	
		2019	2018	2019	2018
		RM'000	RM'000	RM'000	RM'000
Gross revenue	30	**2,514,916**	2,961,131	**20,939**	18,634
Cost of sales	31	**(2,206,858)**	(2,625,280)	**-**	-
Gross profit		**308,058**	335,851	**20,939**	18,634
Other operating income		**36,528**	57,952	**2,001**	3,760
Selling and distribution expenses		**(32,389)**	(27,314)	**-**	-
Administrative and general expenses		**(247,316)**	(202,215)	**(14,411)**	(15,368)
Other (losses)/gains - net	32	**(896)**	44	**-**	-
Profit from operations	33	**63,985**	164,318	**8,529**	7,026
Finance costs	34	**(54,652)**	(38,940)	**(9,070)**	(6,489)
Share of results of associates		**27,156**	1,170	**-**	-
Share of results of joint ventures		**(30,927)**	(19,460)	**-**	-
Profit before tax		**5,562**	107,088	**(541)**	537
Tax credit/(expense)	35	**8,005**	(47,226)	**(2,245)**	(849)
Net profit/(loss) for the financial year		**13,567**	59,862	**(2,786)**	(312)
Net profit/(loss) for the financial year attributable to:					
Owners of the Company		**24,136**	64,797	**(2,786)**	(312)
Non-controlling interests		**(10,569)**	(4,935)	**-**	-
Net profit/(loss) for the financial year		**13,567**	59,862	**(2,786)**	(312)
Earnings per share computed based on the net profit for the financial year attributable to the owners of the Company:					
- basic and diluted (sen)	36	**3.13**	8.39		

STATEMENTS OF OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	Note	Group		Company	
		2019	2018	2019	2018
		RM'000	RM'000	RM'000	RM'000
Net profit/(loss) for the financial year		**13,567**	59,862	**(2,786)**	(312)
Other comprehensive income/(expense):					
Items that may be subsequently reclassified to profit or loss:					
Foreign currency translation differences for foreign operations		**1,130**	1,329	**-**	-
Share of other comprehensive (expense)/income of an associate, net of tax		**(170)**	696	**-**	-
Share of other comprehensive (expense)/income of joint ventures, net of tax		**(854)**	83	**-**	-
Other comprehensive income for the financial year, net of tax		**106**	2,108	**-**	-
Total comprehensive income/(expense) for the financial year		**13,673**	61,970	**(2,786)**	(312)
Total comprehensive income/(expense) for the financial year attributable to:					
Owners of the Company		**24,220**	66,338	**(2,786)**	(312)
Non-controlling interests		**(10,547)**	(4,368)	**-**	-
Total comprehensive income/(expense) for the financial year		**13,673**	61,970	**(2,786)**	(312)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

		Attributable to owners of the Company							
	Note	Share capital RM'000	Treasury shares RM'000	Exchange translation reserves RM'000	Available-for-sale reserve RM'000	Retained profits RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
At 1 January 2019		547,690	(4,779)	(4,679)	-	417,494	955,726	81,118	1,036,844
Net profit/(loss) for the financial year		-	-	-	-	24,136	24,136	(10,569)	13,567
Other comprehensive income for the financial year		-	-	84	-	-	84	22	106
Total comprehensive income/(expense) for the financial year		-	-	84	-	24,136	24,220	(10,547)	13,673
Transactions with owners:									
Dividend paid/payable to non-controlling interests		-	-	-	-	-	-	(10,881)	(10,881)
Total contributions by and distributions to owners		-	-	-	-	-	-	(10,881)	(10,881)
Incorporation of a new subsidiary		-	-	-	-	-	-	247	247
Issuance of new shares to non-controlling interests of existing subsidiaries		-	-	-	-	-	-	1,690	1,690
Acquisition of shares in existing subsidiary from non-controlling interests		-	-	-	-	-	-	(1)	(1)
Liquidation of a subsidiary		-	-	-	-	-	-	(374)	(374)
Total changes in ownership interest in subsidiaries that did not result in a loss of control		-	-	-	-	-	-	1,562	1,562
Total transactions with owners		-	-	-	-	-	-	(9,319)	(9,319)
At 31 December 2019		547,690	(4,779)	(4,595)	-	441,630	979,946	61,252	1,041,198

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	Note	Attributable to owners of the Company							
		Share capital	Treasury shares	Exchange translation reserves	Available-for-sale reserve	Retained profits	Total	Non-controlling interests	Total equity
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2018									
- as previously stated		547,690	(2,331)	(6,220)	6	355,016	894,161	96,211	990,372
- effects of adoption of MFRS 9		-	-	-	(6)	(2,319)	(2,325)	-	(2,325)
- as restated		547,690	(2,331)	(6,220)	-	352,697	891,836	96,211	988,047
Net profit/(loss) for the financial year		-	-	-	-	64,797	64,797	(4,935)	59,862
Other comprehensive income for the financial year		-	-	1,541	-	-	1,541	567	2,108
Total comprehensive income/(expense) for the financial year		-	-	1,541	-	64,797	66,338	(4,368)	61,970
Transactions with owners:									
Shares repurchased (including transaction costs)	26	-	(2,448)	-	-	-	(2,448)	-	(2,448)
Dividend paid/payable to non-controlling interests		-	-	-	-	-	-	(10,725)	(10,725)
Total contributions by and distributions to owners		-	(2,448)	-	-	-	(2,448)	(10,725)	(13,173)
Total transactions with owners		-	(2,448)	-	-	-	(2,448)	(10,725)	(13,173)
At 31 December 2018		547,690	(4,779)	(4,679)	-	417,494	955,726	81,118	1,036,844

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	Note	Share capital RM'000	Treasury shares RM'000	Retained profits RM'000	Total equity RM'000
At 1 January 2019		**547,690**	**(4,779)**	**244,124**	**787,035**
Total comprehensive expense for the financial year		**-**	**-**	**(2,786)**	**(2,786)**
At 31 December 2019		**547,690**	**(4,779)**	**241,338**	**784,249**
At 1 January 2018		547,690	(2,331)	244,436	789,795
Total comprehensive expense for the financial year		-	-	(312)	(312)
Transactions with owners:					
Shares repurchased (including transaction costs)	26	-	(2,448)	-	(2,448)
Total contributions by and distributions to owners		-	(2,448)	-	(2,448)
At 31 December 2018		547,690	(4,779)	244,124	787,035

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	Note	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit/(Loss) before tax		**5,562**	107,088	**(541)**	537
Adjustments for:					
Property, plant and equipment:					
- Depreciation charge		**131,634**	188,091	**98**	100
- Impairment charge		**34,684**	48	**-**	-
- Reversal of impairment charge		**-**	(4,904)	**-**	-
- Written off		**22**	839	**-**	80
- Net loss/(gain) on disposal		**5,728**	(5,418)	**-**	(4)
Prepaid lease payments:					
- Amortisation charge		**-**	1,328	**-**	-
Investment properties:					
- Depreciation charge		**137**	346	**273**	273
- Net gain on disposal		**(6,961)**	-	**-**	-
Right-of-use assets					
- Depreciation charge		**21,817**	-	**-**	-
Inventories:					
- Allowance for obsolescence		**-**	880	**-**	-
- Write back of allowance for obsolescence		**(4,105)**	(727)	**-**	-
- Written off		**626**	1,862	**-**	-
Share of results of associates		**(27,156)**	(1,170)	**-**	-
Share of results of joint ventures		**30,927**	19,460	**-**	-
Gain on disposal of:					
- non-current asset held for sale		**-**	(4,534)	**-**	-
- an associate		**-**	(207)	**-**	-
Net impairment on trade and other receivables		**18,402**	3,421	**6,753**	209
Impairment loss on amount due by a joint venture		**2,200**	-	**-**	-
Net provision for warranties		**235**	1,880	**-**	-
Net unrealised loss/(gain) on foreign exchange		**3,950**	306	**128**	(2,338)
Dividend income		**-**	-	**(7,965)**	(9,094)
Interest income		**(4,992)**	(6,687)	**(12,274)**	(8,839)
Interest expense		**54,652**	38,940	**9,070**	6,489
Fair value loss/(gain) on:					
- derivative financial instruments	32	**896**	(48)	**-**	-
- investment in equity instruments	32	**-**	4	**-**	-
		268,258	340,798	**(4,458)**	(12,587)
Changes in working capital:					
Inventories		**63,531**	(4,281)	**-**	-
Receivables		**(29,591)**	(8,236)	**(6,107)**	(34,414)
Payables		**(35,356)**	(85,143)	**1,294**	4,196
Cash generated from/(used in) operations		**266,842**	243,138	**(9,271)**	(42,805)
Interest received		**4,992**	6,687	**12,274**	8,839
Interest paid		**(54,652)**	(38,940)	**(9,070)**	(6,489)
Tax paid		**(10,178)**	(13,994)	**(1,369)**	(1,654)
Net cash generated from/(used in) operating activities		**207,004**	196,891	**(7,436)**	(42,109)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	Note	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of property, plant and equipment		**(62,282)**	(98,207)	**(81)**	(81)
Purchase of other intangible assets		**-**	(11)	**-**	-
Purchase of investment properties		**-**	(7,216)	**-**	-
Proceeds from disposal of property, plant and equipment		**32,116**	65,433*	**-**	4
Proceeds from disposal of:					
- prepaid lease payments		**-**	87,110*	**-**	-
- non-current asset held for sale		**-**	46,286	**-**	-
- an associate		**-**	440	**-**	-
Transfer (to)/from deposits and short term investment		**(5,816)**	56,421	**(14)**	18,253
Dividends received from:					
- subsidiaries		**-**	-	**7,965**	9,094
- a joint venture		**21**	4,312	**-**	-
- an associate		**1,735**	257	**-**	-
Advances to subsidiaries		**-**	-	**(27,576)**	(128,917)
Repayments from subsidiaries		**-**	-	**27,979**	112,453
Net (advances to)/repayment from joint ventures		**(1,018)**	1,545	**-**	-
Net repayment from/(advances to) associates		**703**	(793)	**-**	-
Net cash (used in)/generated from investing activities		**(34,541)**	155,577	**8,273**	10,806
CASH FLOWS FROM FINANCING ACTIVITIES					
Purchase of treasury shares	26	**-**	(2,448)	**-**	(2,448)
Drawdown from term loans		**179,113**	124,217	**-**	-
Repayments of term loans		**(122,485)**	(110,677)	**-**	-
Drawdown of fixed rate notes		**19,583**	2,071	-	-
Repayments of fixed rate notes		**(9,027)**	(23,083)	**-**	-
Drawdown from other bank borrowings		**1,252,488**	1,271,640	**610,322**	831,887
Repayments of other bank borrowings		**(1,210,265)**	(1,399,674)	**(627,689)**	(796,966)
Advances from subsidiaries		**-**	-	**21,810**	4,453
Repayments to subsidiaries		**-**	-	**(8,700)**	(600)
Proceeds received from non-controlling interests on issuance of shares by subsidiaries		**1,690**	-	**-**	-
Dividends paid to non-controlling interests		**(2,980)**	(10,178)	**-**	-
Utilisation of advances from customer		**(357,464)**	(213,937)	**-**	-
Lease repayment (principal portion)		**(12,141)**	-	**-**	-
Net cash (used in)/generated from financing activities		**(261,488)**	(362,069)	**(4,257)**	36,326
NET CHANGES IN CASH AND CASH EQUIVALENTS		**(89,025)**	(9,601)	**(3,420)**	5,023
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		**215,259**	227,110	**9,354**	4,331
EFFECTS OF EXCHANGE RATE CHANGES		**(2,062)**	(2,250)	**26**	-
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR		**124,172**	215,259	**5,960**	9,354

		Group		Company	
	Note	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Represented by:					
TIME DEPOSITS	22	**52,765**	76,373	**5,323**	9,109
CASH AND BANK BALANCES	23	**94,700**	156,363	**1,260**	854
		147,465	232,736	**6,583**	9,963
LESS:					
TIME DEPOSITS WITH MATURITY MORE THAN 3 MONTHS	22	**(22,670)**	(16,868)	**-**	-
SHORT TERM INVESTMENTS	22	**(623)**	(609)	**(623)**	(609)
CASH AND CASH EQUIVALENTS		**124,172**	215,259	**5,960**	9,354

* Proceeds from disposal of property, plant and equipment and prepaid lease payments amounting to RM55,890,000 and RM87,110,000 respectively received in the financial year ended 31 December 2018 relates to the disposal in prior financial year.

1 GENERAL INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and listed on the Main Market of Bursa Malaysia Securities Berhad. The address of its registered office and principal place of business are as follows:

Registered office and principal place of business:
Suite 19.01, Level 19
The Gardens North Tower
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur

The principal activities of the Company are investment holding and provision of management services to its subsidiaries.

The principal activities of the Group consist of specialised pipe coating and corrosion protection services; Engineering, Procurement and Construction ("EPC") of gas compressors and process equipment; renewable energy and infrastructure materials and services.

The financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency. Unless otherwise indicated, the amounts in these financial statements have been rounded to the nearest thousand.

These financial statements were authorised for issue by the Directors on 14 May 2020.

2 SIGNIFICANT ACCOUNTING POLICIES

Unless otherwise stated, the following accounting policies have been applied consistently in dealing with items that are considered material in relation to the financial statements.

2.1 Basis of preparation

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

The financial statements have been prepared under the historical cost convention unless otherwise indicated in this summary of significant accounting policies.

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

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3 to the financial statements.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Changes in accounting policies and disclosures

(a) Standards, amendments to published standards and interpretations that are effective

The Group and the Company have applied the following amendments for the first time for the financial year beginning on 1 January 2019:

- MFRS 16 'Leases'

  The Group has applied MFRS 16 with the date of initial application of 1 January 2019. The Group has elected to use the simplified retrospective transition method and to apply a number of practical expedients as provided in MFRS 16. The Group has also elected not to reassess whether a contract is, or contains a lease at 1 January 2019. Instead, for contracts entered into before the transition date, the Group has relied on its assessment made applying MFRS 117 and IC Interpretation 4.

  The Group as a lessee

  Under the simplified retrospective transition method, comparative information for the financial year ended 31 December 2018 was not restated and continued to be reported under the previous accounting policies governed under MFRS 117 and IC Interpretation 4. There is no impact to the opening balance of retained earnings as at 1 January 2019.

  The Group has also applied the following practical expedients permitted by MFRS 16 to leases previously classified as operating leases under MFRS 117:

  (i) the use of a single discount rate to a portfolio of leases with reasonably similar characteristics;
  (ii) the accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases;
  (iii) the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

  The Group as a lessor

  As a lessor, the Group is not required to make any adjustment on transition.

- Amendments to MFRS 128 'Long-term Interests in Associates and Joint Ventures'

- IC Interpretation 23 'Uncertainty over Income Tax Treatments'

- Annual Improvements to MFRSs 2015 – 2017 Cycle

The adoption of the revised standards and amendments that are applicable from the financial year beginning on 1 January 2019 did not have any significant impact on the financial position and results of the Group and the Company, except as disclosed below.

Effects on adoption of MFRS 16

Group

Statements of financial position

As at 1 January 2019, the change in the accounting policy has increased the right-of-use assets by RM323,036,000 and lease liabilities by RM220,414,000.

Statements of changes in equity

There is no impact to the Group's retained earnings as at 1 January 2019.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Changes in accounting policies and disclosures (continued)

(a) Standards, amendments to published standards and interpretations that are effective (continued)

Effects on adoption of MFRS 16 (continued)

Group (continued)

Measurement of lease liabilities on 1 January 2019

The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 5% per annum.

The reconciliation between the operating lease commitments disclosed applying MFRS 117 as at 31 December 2018 to the lease liabilities recognised at 1 January 2019 is as follows:

	RM'000
Operating lease commitments disclosed as at 31 December 2018	259,937
Discounted using the lessee's incremental borrowing rate of at the date of initial application	(38,056)
Less:	
Short-term leases recognised on a straight line basis as expense	(915)
Low-value leases recognised on a straight line basis as expense	(552)
Lease liabilities recognised as at 1 January 2019	**220,414**
Of which are:	
Current lease liabilities	9,904
Non-current lease liabilities	210,510

(b) Standards, amendments to published standards and interpretations to existing standards that are applicable to the Group and Company but not yet effective

- The Conceptual Framework for Financial Reporting ("Framework") (effective from 1 January 2020) was revised with the primary purpose to assist the IASB to develop IFRS that are based on consistent concepts and enable preparers to develop consistent accounting policies where an issue is not addressed by an IFRS. The Framework is not an IFRS and does not override any IFRSs.

  Key changes to the Framework are as follows:

  (i) Objective of general purpose financial reporting – clarification that the objective of financial reporting is to provide useful information to the users of financial statements for resource allocation decisions and assessment of management's stewardship.
  (ii) Qualitative characteristics of useful financial information – reinstatement of the concepts prudence when making judgement of uncertain conditions and "substance over form" concept to ensure faithful representation of economic phenomenon.
  (iii) Clarification on reporting entity for financial reporting – introduction of new definition of a reporting entity, which might be a legal entity or a portion of a legal entity.
  (iv) Elements of financial statements – the definitions of an asset and a liability have been refined. Guidance in determining unit of account for assets and liabilities have been added, by considering the nature of executory contracts and substance of contracts.
  (v) Recognition and de-recognition – the probability threshold for asset or liability recognition have been removed. New guidance on de-recognition of asset and liability have been added.
  (vi) Measurement – explanation of factors to consider when selecting a measurement basis have been provided.
  (vii) Presentation and disclosure – clarification that statement of profit or loss ("P&L") is the primary source of information about an entity's financial performance for a reporting period. In principle, recycling of income or expense included in other comprehensive income to P&L is required if this results in more relevant information or a more faithful representation of P&L.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Changes in accounting policies and disclosures (continued)

(b) Standards, amendments to published standards and interpretations to existing standards that are applicable to the Group and Company but not yet effective (continued)

Amendments to References to the Conceptual Framework in MFRS Standards ("Amendments")

The MASB also issued the Amendments to update references and quotations to 14 Standards, so as to clarify the version of Conceptual Framework these Standards refer to, for which the effective date above applies.

The amendments will be applied retrospectively in accordance with MFRS 109 unless retrospective application would be impracticable or involve undue cost or effort.

- Amendments to the MFRS 101 and MFRS 108 (effective 1 January 2020) clarify the definition of materiality and use a consistent definition throughout MFRSs and the Conceptual Framework for Financial Reporting.

  The definition of 'material' has been revised as "Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity."

  The amendments also:

  (i) clarify that an entity assesses materiality in the context of the financial statements as a whole.
  (ii) explain the concept of obscuring information in the new definition. Information is obscured if it has the effect similar as omitting or misstating of that information. For example, material transaction is scattered throughout the financial statements, dissimilar items are inappropriately aggregated, or material information is hidden by immaterial information.
  (iii) clarify the meaning of "primary users of general purpose financial statements" to whom those financial statements are directed, by defining them as existing and potential investors, lenders and other creditors that must rely on general purpose financial statements for much of the financial information they need.

  The amendments will be applied prospectively.

- Amendments to the MFRS 3 'Definition of a Business' (effective 1 January 2020) revise the definition of a business. To be considered a business, an acquisition would have to include an input and a substantive process that together significantly contribute to the ability to create outputs.

  The amendments provide guidance to determine whether an input and a substantive process are present, including situation where an acquisition does not have outputs. To be a business without outputs, there will now need to be an organised workforce. It is also no longer necessary to assess whether market participants are capable of replacing missing elements or integrating the acquired activities and assets.

  In addition, the revised definition of the term 'outputs' is narrower, focusses on goods or services provided to customers, generating investment returns and other income but excludes returns in the form of cost savings.

  The amendments introduce an optional simplified assessment known as 'concentration test' that, if met, eliminates the need for further assessment. Under this concentration test, if substantially all of the fair value of gross assets acquired is concentrated in a single identifiable asset (or a group of similar assets), the assets acquired would not represent a business.

  The amendments will be applied prospectively.

The Group and the Company will apply these amendments from financial year beginning on 1 January 2020. It is not expected to result in any material impact on the financial position and results of the Group and the Company upon adoption of these amendments.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Changes in accounting policies and disclosures (continued)

(b) Standards, amendments to published standards and interpretations to existing standards that are applicable to the Group and Company but not yet effective (continued)

- Amendments to the MFRS 101 'Classification of liabilities as current or non-current' (effective 1 January 2022) clarify that a liability is classified as non-current if an entity has a substantive right at the end of the reporting period to defer settlement for at least 12 months after the reporting period. A liability is classified as current if a condition is breached at or before the reporting date and a waiver is obtained after the reporting date. A loan is classified as non-current if a covenant is breached after the reporting date.

  The amendments will be applied retrospectively.

The Group and the Company will apply these amendments from financial year beginning on 1 January 2022. It is not expected to result in any material impact on the financial position and results of the Group and the Company upon adoption of these amendments.

2.3 Subsidiaries

Subsidiaries are those corporations, partnerships or other entities (including special purpose entities) over which the Group has power to exercise control over variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Potential voting rights are considered when assessing control only when such rights are substantive.

In the Company's separate financial statements, investments in subsidiaries are stated at cost less accumulated impairment losses, if any. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. See accounting policy 2.14 on impairment of non-financial assets.

Subsidiaries acquired from other companies within Wah Seong Corporation Berhad Group as part of the restructuring scheme is accounted for under the "Predecessor Accounting" method as these were entities under common control. Under the predecessor method of accounting, the subsidiaries are consolidated as if the subsidiaries have always been part of Wah Seong Corporation Berhad Group. Assets and liabilities acquired are not restated to their respective fair values and are recognised as the carrying amounts. The difference between any consideration given and the aggregate carrying amounts of the assets and liabilities of the acquired entity is recognised as an adjustment to equity. No additional goodwill is recognised.

Other subsidiaries are consolidated using the acquisition method of accounting. Under the acquisition method of accounting, subsidiaries are fully consolidated from the date on which control is transferred to the Group and are de-consolidated from the date that control ceases. The cost of an acquisition is measured as the fair value of the assets given, equity interests issued and liabilities incurred or assumed at the date of exchange. Acquisition-related costs are expensed to profit or loss as and when incurred. The cost of acquisition includes the fair value of any asset or liability resulting from a contingent consideration. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, measured initially at their fair values at the date of acquisition. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired at the date of acquisition is reflected as goodwill in the statement of financial position – see accounting policy 2.11(a) on goodwill. If the cost of acquisition is less than the fair value of the Group's share of identifiable net assets of the subsidiary acquired, the difference is recognised directly in the profit or loss.

If a business combination achieved in stages, the previously held equity interest in the acquiree is remeasured to its fair value on the date it becomes a subsidiary and the resulting gain or loss is recognised in profit or loss.

All intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of impairment of the asset transferred. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Subsidiaries (continued)

Non-controlling interests represent that portion of the profit or loss, other comprehensive income and net assets of a subsidiary attributable to equity interests that are not owned, directly or indirectly through subsidiaries, by the Company. It is measured at the non-controlling's share of the fair value of the subsidiaries' identifiable assets and liabilities at the date of acquisition and the non-controlling's share of changes in the subsidiaries' equity since that date.

All earnings and losses of the subsidiary are attributed to the parent and non-controlling interest, even if the attribution of losses to the non-controlling interest results in a debit balance.

The gain or loss on disposal of a subsidiary, which is the difference between net disposal proceeds and the Group's share of its net assets as of the date of disposal, including the cumulative amount of any exchange differences that relate to the subsidiary, is recognised in the consolidated profit or loss.

2.4 Transactions with non-controlling interests

The Group applies a policy of treating transactions with non-controlling interests as transactions with equity owners of the Group. Effects of transactions with non-controlling interests are directly recognised in equity to the extent that there is no change in control. The difference between the fair value of any consideration paid/received and the carrying amount of the share of net assets acquired/sold are recorded in equity. Accordingly, such transactions will no longer result in goodwill or gains and losses upon disposal.

2.5 Associates

An associate is an entity in which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but not control or joint control over those policies.

Investment in associates is accounted for in the consolidated financial statements using the equity method of accounting. Under the equity method, investment in associates is initially recognised at cost and adjusted thereafter for post-acquisition changes in the Group's share of net assets of the associates.

The Group's share of the associate's post-acquisition profit or loss and other comprehensive income are recognised in the consolidated profit or loss and other comprehensive income respectively. The cumulative post-acquisition movements are adjusted against the carrying amounts of the investments. Dividends received or receivable from an associate are recognised as a reduction in the carrying amount of the investment.

An investment in an associate is accounted for using the equity method from the date on which the Group obtains significant influence until the date the Group ceases to have significant influence over the associate.

Goodwill relating to an associate is included in the carrying value of the investment and is not tested for impairment separately.

Any excess of the Group's share of the net fair value of the associate's identifiable assets, liabilities and contingent liabilities over the cost of the investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of the associate's profit or loss for the financial period in which the investment is acquired.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of impairment of the asset transferred. Where necessary, adjustments are made to the financial statements of associates to ensure consistency of accounting policies with those of the Group.

Equity accounting is discontinued when the carrying amount of the investment in an associate diminishes by virtue of losses to zero, unless the Group has incurred legal or constructive obligations or made payments on behalf of the associate. If the associate subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Associates (continued)

For incremental interest in an associate, the date of acquisition is the purchase date at each stage and goodwill is calculated at each purchase date based on the fair value of assets and liabilities identified. There is no “step up to fair value” of net assets of the previously acquired stake and the share of profits and equity movements for the previously acquired stake is recorded directly through equity.

The Group determines at each reporting date whether there is any objective evidence that the investment in associates is impaired. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. See accounting policy 2.14 on impairment of non-financial assets.

On disposal, the difference between the net disposal proceeds and the net carrying amount of the associate disposed is taken to the profit or loss.

In the Company’s separate financial statements, investment in associates is stated at cost less impairment loss.

2.6 Joint arrangements

A joint arrangement is an arrangement of which there is contractually agreed sharing of control by the Group with one or more parties, where decisions about the relevant activities relating to the joint arrangement require unanimous consent of the parties sharing control. The classification of a joint arrangement as a joint operation or a joint venture depends upon the rights and obligations of the parties to the arrangement. A joint venture is a joint arrangement whereby the joint venturers have rights to the net assets of the arrangement. A joint operation is a joint arrangement whereby the joint operators have rights to the assets and obligations for the liabilities, relating to the arrangement.

The Group has interests in joint venture, which are accounted for in the consolidated financial statements using the equity method of accounting after initially being recognised as cost. Equity accounting involves recognising the Group’s share of the post-acquisition profit or loss and other comprehensive income within consolidated profit or loss and other comprehensive income respectively. The cumulative post-acquisition movements are adjusted against the cost of investment and include goodwill on acquisition (net of accumulated impairment loss). Dividends received or receivable from a joint venture are recognised as a reduction in the carrying amount of the investment.

When the Group’s share of losses in a joint venture equals or exceeds its interest in the joint venture, including any long term interests that, in substance, form part of the Group’s net investment in the joint venture, the Group does not recognise further losses unless it has incurred legal or constructive obligations or made payments on behalf of the joint venture.

The Group recognises the portions of gains or losses on the sale of assets by the Group to the joint venture that is attributable to other venturers. The Group does not recognise its share of profits or losses from the joint venture that result from the purchase of assets by the Group from the joint venture until it resells the assets to an independent party. However, a loss on the transaction is recognised immediately if the loss provides evidence of a reduction in the net realisable value of assets or an impairment loss.

The Group determines at each reporting date whether there is any objective evidence that the investment in joint ventures is impaired. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. See accounting policy 2.14 on impairment of non-financial assets.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group’s interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of impairment of the asset transferred. Where necessary, adjustments are made to the financial statements of joint ventures to ensure consistency of accounting policies with those of the Group.

On disposal, the difference between the net disposal proceeds and the carrying amount of the joint venture disposed is included in the profit or loss.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 Joint arrangements (continued)

In the Company's separate financial statements, investment in joint ventures is stated at cost less accumulated impairment loss.

2.7 Property, plant and equipment

(a) Measurement basis

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

The cost of property, plant and equipment initially recognised includes purchase price, import duties, non-refundable purchase taxes and any expenditure that is directly attributable to the acquisition of the assets.

Cost also includes borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. See accounting policy 2.24 on borrowing costs. Items such as spare parts are recognised when they meet the definition of property, plant and equipment. Otherwise, such items are classified as inventory. Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the asset.

Subsequent costs are included in the asset's carrying amount when it is probable that future economic benefits associated with the asset will flow to the Group and the Company and the cost of the asset can be measured reliably. The carrying amount of the replaced part is derecognised. All other repair and maintenance costs are charged to the profit or loss during the financial year in which they are incurred.

At each reporting date, the Group and the Company assess whether there is any indication of impairment. Where an indication of impairment exists, the carrying value of the asset is assessed and written down immediately to its recoverable amount. See accounting policy 2.14 on impairment of non-financial assets.

Property, plant and equipment are derecognised upon disposal or when no future economic benefits are expected from their use. Gains and losses on disposals are determined by comparing proceeds with carrying amounts and are included in the profit or loss in the financial year the asset is derecognised.

(b) Depreciation

Freehold land is not depreciated as it has an indefinite life. Depreciation on capital work-in-progress commences when the assets are ready for their intended use.

Depreciation is calculated to write off the depreciable amount of other property, plant and equipment on a straight line basis over their estimated useful lives. The depreciable amount is determined after deducting residual value from cost. The estimated useful lives of the property, plant and equipment are as follows:

Buildings	10 – 50 years
Plant, machinery, tools and equipment	2 – 25 years
Electrical installations, computer and office equipment, furniture and fittings	3 – 10 years
Motor vehicles	3 – 5 years
Renovation, yard development and store extension	2 – 50 years

Assets under construction included in plant and equipment are not depreciated as these assets are yet to be available for use.

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at the end of each financial year.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Leases

Accounting policy applied from 1 January 2019 (MFRS 16)

The Group recognises leases as right-of-use asset and a corresponding liability at the date on which the leased asset is available for use (i.e. the commencement date).

Accounting as lessee

(a) Lease term

The Group leases various offices, warehouses and motor vehicles. Rental contracts are typically made for fixed periods of 2 to 40 years, but may have extension options.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Extension and termination options are included in a number of property leases across the Group. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor.

In determining the lease term, the Group considers all facts and circumstances that create an economic incentive on whether to exercise an extension option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not to be terminated).

The Group reassess the lease term upon the occurrence of a significant event or change in circumstances that is within the control of the Group and affects whether the Group is reasonably certain to exercise an option not previously included in the determination of lease term, or not to exercise an option previously included in the determination of lease term. A revision in lease term results in remeasurement of the lease liabilities – see accounting policy 2.8(d).

(b) Right-of-use assets

Right-of-use assets are initially measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentive received;
- any initial direct costs; and
- decommissioning or restoration costs.

Right-of-use assets are subsequently measured at cost, less accumulated depreciation and impairment loss. The right-of-use assets are depreciated over the shorter of the asset's useful life and the lease term on a straight line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. In addition, the right-of-use assets are adjusted for certain remeasurement of the lease liabilities.

Right-of-use assets are depreciated over the remaining period of the respective leases ranging from 1 to 96 years.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Leases (continued)

Accounting policy applied from 1 January 2019 (MFRS 16) (continued)

Accounting as lessee (continued)

(c) Lease liabilities

Lease liabilities are initially measured at the present value of the lease payments that are not paid at that date. The lease payments include the following:

- fixed payments (including in-substance fixed payments), less any lease incentive receivable;
- variable lease payments that are based on an index or rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase and extension options if the Group is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the lessee's incremental borrowing rate is used.

Lease payments are allocated between principal and interest expense. Interest expense is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The Group presents the lease liabilities as a separate line item in the statement of financial position. Interest expense on the lease liabilities is presented within the finance cost in profit or loss.

(d) Reassessment of lease liabilities

The Group is exposed to potential future increases in variable lease payments that depend on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is remeasured and adjusted against the right-of-use assets.

(e) Short-term leases and leases of low-value assets

Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture. Payments associated with short-term leases and leases of low-value assets are recognised on a straight line basis as an expense in profit or loss.

Accounting as lessor

As a lessor, the Group and the Company determine at lease inception whether each lease is a finance lease or an operating lease. To classify each lease, the Group and the Company make an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying assets to the lessee. As part of this assessment, the Group and the Company consider certain indicators such as whether the lease is for the major part of the economic life of the asset.

(a) Finance leases

The Group leases its compressors under finance leases to non-related parties, where the Group transfers substantially all the risks and rewards incidental to ownership.

When assets are leased out under a finance lease, the present value of the lease payments is recognised as a receivable. The receivable is subject to MFRS 9 impairment (See accounting policy 2.18(d) on impairment of financial assets). The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Leases (continued)

Accounting policy applied from 1 January 2019 (MFRS 16) (continued)

Accounting as lessor (continued)

(a) Finance leases (continued)

Lease income is recognised over the term of the lease using the net investment method so as to reflect a constant periodic rate of return. The Group revises the lease income allocation if there is a reduction in the estimated unguaranteed residual value.

(b) Operating leases

The Group and the Company lease its investment properties under operating leases to non-related parties. The Group also leases its plant and equipment under operating leases to an associate.

Leases of investment properties and equipment, where the Group and the Company retain substantially all risks and rewards incidental to ownership, are classified as operating leases. Rental income from operating leases is recognised in profit or loss on a straight line basis over the lease term. Contingent rents are recognised as revenue in the period in which they are earned.

During the financial year, operating lease income from lease contracts in which the Group and the Company act as a lessor is RM20,462,000 and RM1,629,000 respectively.

Minimum lease receivables on investment properties and equipment are as follows:

	Group 2019 RM'000	Company 2019 RM'000
Not later than 1 year	**10,476**	**1,529**
Later than 1 year and not later than 2 years	**9,613**	**602**
Later than 2 years and not later than 3 years	**12**	**12**
	20,101	**2,143**

Comparative information for the previous financial year is not required to be disclosed in accordance with MFRS 16.

Accounting policy applied until 31 December 2018 (MFRS 117)

A lease is an agreement whereby the lessor conveys to the lessee in return for a payment, or series of payments, the right to use an asset for an agreed period of time.

Accounting as lessee

(a) Finance leases

Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases.

Finance leases are capitalised at the lower of the fair value of the leased assets and the estimated present value of the minimum lease payments at the date of inception. The corresponding rental obligations, net of finance charges, are included in other short-term and long-term payables. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the lease principal outstanding. The interest element of the finance charge is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. Contingent rent, if any, are charged as expenses in the periods which they are incurred.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Leases (continued)

Accounting policy applied until 31 December 2018 (MFRS 117) (continued)

Accounting as lessee (continued)

(a) Finance leases (continued)

Property, plant and equipment acquired under finance lease contracts are depreciated over the shorter of the lease term and its useful life if there is no reasonable certainty that the Group will obtain ownership at the end of the lease term.

Initial direct costs incurred by the Group in negotiating and arranging finance leases are added to the carrying amount of the leased assets and recognised as an expense in profit or loss over the lease term on the same basis as the lease expense.

(b) Operating leases

Leases of assets where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the profit or loss on a straight line basis over the lease period.

Accounting as lessor

(a) Finance leases

The Group leases its compressors under finance leases to non-related party.

When assets are leased out under a finance lease, the present value of the lease payments is recognised as a receivable. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income.

Lease income is recognised over the term of the lease using the net investment method so as to reflect a constant periodic rate of return.

(b) Operating leases

The Group and the Company lease its investment properties under operating leases to non-related parties. The Group also leases its plant and equipment under operating leases to an associate.

Leases of investment properties and equipment, where the Group and the Company retain substantially all risks and rewards incidental to ownership, are classified as operating leases. Rental income from operating leases is recognised in profit or loss on a straight line basis over the lease term. Contingent rents are recognised as revenue in the period in which they are earned.

2.9 Prepaid lease payments

Leasehold land that has a definite economic life and title is not expected to pass to the lessee by the end of the lease term is treated as operating lease. Prepaid lease payments are carried at cost or surrogate carrying amount and are amortised on a straight line basis over the lease terms in accordance with the pattern of benefits provided.

At each reporting date, the Group assesses whether there is any indication of impairment. Where an indication of impairment exists, the carrying value of the prepaid lease asset is assessed and written down immediately to its recoverable amount. See accounting policy 2.14 on impairment of non-financial assets.

At 1 January 2019, upon adoption of MFRS 16, prepaid lease payments are reclassified as right-of-use assets and depreciated over the remaining period of the respective leases ranging from 61 to 96 years.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Investment properties

Investment properties are properties held to earn rental income or for capital appreciation or both rather than for use in the production or supply of goods and services or for administrative purposes, or sale in the ordinary course of business.

(a) Measurement basis

Investment properties are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

The cost of investment properties includes expenditure that is directly attributable to the acquisition of the asset.

Subsequent costs are included in the asset's carrying amount when it is probable that future economic benefits associated with the asset will flow to the Group and the Company and the cost of the asset can be measured reliably. All other repair and maintenance costs are charged to the profit or loss during the financial year in which they are incurred.

At each reporting date, the Group and the Company assess whether there is any indication of impairment. Where an indication of impairment exists, the carrying value of the investment property is assessed and written down immediately to its recoverable amount. See accounting policy 2.14 on impairment of non-financial assets.

Investment properties are derecognised upon disposal or when they are permanently withdrawn from use and no future economic benefits are expected from their disposal. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss.

Transfers are made to or from investment property only when there is a change in use. Transfers from investment property to owner-occupied property are made at the carrying amount as at the date of change in use. For a transfer from owner-occupied property to investment property, the property is accounted for in accordance with the accounting policy for property, plant and equipment as set out in accounting policy 2.7 up to the date of change in use.

(b) Depreciation

Freehold land is not depreciated. Freehold and leasehold buildings are depreciated over the shorter of their estimated useful lives of 50 years or lease term.

Depreciation is calculated to write off the depreciable amount of other investment properties on a straight line basis over their estimated useful lives. Depreciation amount is determined after deducting the residual value from the cost of the investment properties.

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at the end of each financial year.

2.11 Intangible assets

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

Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. See accounting policy 2.14 on impairment of non-financial assets. The amortisation period and the amortisation method are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in profit or loss.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.11 Intangible assets (continued)

Intangible assets with indefinite useful lives or not yet available for use are tested for impairment annually, or more frequently if the events and circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. See accounting policy 2.14 on impairment of non-financial assets. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

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

(a) Goodwill

Goodwill represents the excess of the cost of acquisition of subsidiaries, joint ventures and associates over the fair value of the Group's share of the identifiable net assets at the date of acquisition.

Goodwill on acquisition of subsidiaries is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill on acquisition of subsidiaries is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the synergies of the business combination in which the goodwill arose.

Goodwill on acquisitions of joint ventures and associates is included in the carrying amounts of investments in joint ventures and associates respectively. Such goodwill is tested for impairment as part of the overall balance.

Where goodwill forms part of a cash-generating unit and part of the operation within that cash-generating unit is disposed off, the goodwill associated with the operation disposed off is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed off in this circumstance is measured based on the relative fair values of the operations disposed off and the portion of the cash-generating unit retained.

(b) Trademarks

Separately acquired trademarks are shown at historical cost. Trademarks acquired in a business combination are recognised at fair value at the acquisition date. Trademarks have an infinite useful life and are carried at cost less accumulated impairment.

(c) Technical know-how

Separately acquired technical know-how is shown at historical costs. Technical know-how acquired in a business combination is recognised at fair value at the acquisition date. Technical know-how has a finite useful life and is carried at cost less accumulated amortisation. Amortisation is calculated using the straight line method to allocate the cost of technical know-how over its estimated useful lives of 5 years.

(d) Intellectual property

Expenditure on acquired intellectual property is capitalised and amortised using the straight line method over their estimated useful life, not exceeding a period of 20 years.

2.12 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first in, first out basis. In the case of finished goods and work in progress, cost comprises materials, direct labour, other direct charges and an appropriate proportion of factory overheads.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.12 Inventories (continued)

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs to completion and selling expenses.

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

2.13 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, deposits held at call with financial institutions, other short term, highly liquid investments with original maturities of 3 months or less that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value. For the purpose of the statements of cash flows, cash and cash equivalents are presented net of bank overdrafts and exclude fixed deposits pledged to secure banking facilities.

2.14 Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation or depreciation and are tested annually for impairment. Assets that are subject to amortisation or depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value-in-use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date. Impairment losses are recognised in profit or loss within 'administrative and general expenses'.

2.15 Provision for warranties

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and a reliable estimate of the amount can be made. Provisions are not recognised for future operating losses.

The Group recognises the estimated liability to repair or replace products when the underlying products or services are sold. The provision is calculated based on historical warranty data and specific circumstances related to products or services sold, after considering the various possible outcomes against their associated probabilities.

2.16 Share capital

(a) Issue of shares

Ordinary shares are classified as equity. Other shares are classified as equity and/or liability according to the economic substance of the particular instrument.

(b) Dividend distribution

Dividend distribution to owners of the Company is debited directly to equity and the corresponding liability is recognised in the period in which the dividends are approved.

Liability is recognised for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the Group, on or before the end of the reporting period but not distributed at the end of the reporting period.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.16 Share capital (continued)

(c) Treasury shares

When share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, is recognised as a deduction from equity. Repurchased shares that are not subsequently cancelled are classified as treasury shares and are presented as a deduction from equity attributable to owners of the Company. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of treasury shares. When treasury shares are reissued by resale, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to owners of the Company.

An amount equivalent to the original purchase cost of the treasury shares will be deducted from retained earnings upon the distribution of any treasury shares as share dividends.

2.17 Foreign currencies

(a) Functional and presentation currencies

The financial statements of each entity within the Group are measured using the currency of the primary economic environment in which the respective entity operates (“the functional currency”). The financial statements are presented in Ringgit Malaysia (“RM”), which is the Company’s functional and presentation currency.

(b) Transactions and balances

Transactions in foreign currencies are translated into the functional currency at the rate of exchange ruling at the dates of the transactions.

Monetary items denominated in foreign currencies at the reporting date are translated at the foreign currency exchange rates ruling at that date.

Non-monetary items which are measured in terms of historical costs denominated in foreign currencies are translated at the foreign currency exchange rates ruling at the date of the transaction.

Foreign exchange gains and losses arising on the settlement of monetary items and the translation of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss, except when deferred in other comprehensive income as qualifying cash flow hedges.

When a gain or loss on a non-monetary item is recognised in the profit or loss, any corresponding exchange gain or loss is recognised in profit or loss. When a gain or loss on a non-monetary item is recognised directly in other comprehensive income, any corresponding exchange gain or loss is recognised directly in other comprehensive income.

(c) Translation of foreign operations

On consolidation, all assets and liabilities of foreign operations that have a functional currency other than Ringgit Malaysia, including goodwill and fair value adjustments arising on acquisition, are translated at the exchange rates ruling at the reporting date.

Income and expense items are translated at average exchange rates.

All exchange differences arising from the translation of the financial statements of foreign operations are taken to other comprehensive income. Upon disposal of a foreign operation, the exchange translation differences relating to those foreign operations that were recorded within other comprehensive income are recognised in the profit or loss as part of the gain or loss on disposal.

In the case of a partial disposal that does not result in the Group losing control over a foreign operation, the proportionate share of accumulated exchange differences based on effective equity interest are re-attributed to non-controlling interests and are not recognised in profit or loss.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.18 Financial assets

(a) Classification

The Group and the Company classify its financial assets in the following measurement categories: at fair value through profit or loss and at amortised cost. The classification depends on the nature of the entity's business model for managing the financial assets and the contractual terms of the cash flows.

The Group and the Company reclassify debt investments when and only when its business model for managing those assets changes.

(b) Recognition and initial measurement

Regular way purchases and sales of financial assets are recognised on the trade date. The trade date refers to the date on which the Group and the Company commit to purchase or sell the asset.

Financial assets are initially recognised at fair value plus transaction cost that are directly attributable to the acquisition of the financial assets except for financial assets at fair value through profit or loss. Transaction costs for financial assets measured at fair value through profit or loss are recognised immediately as expenses within profit or loss.

(c) Subsequent measurement

(i) Debt instruments at amortised cost

After initial recognition, financial assets that are held for collection of contractual cash flows where those cash flows represent solely payment of principal and interest are measured at amortised cost using the effective interest method. Any gain or loss arising on derecognition is recognised directly in profit or loss. Impairment losses are recognised in profit or loss within 'cost of sales' or 'administrative and general expenses'.

(ii) Debt instruments at fair value through profit or loss

Subsequent to initial recognition, financial assets that do not meet the criteria for amortised cost or fair value through other comprehensive income are measured at fair value through profit or loss. Any gains or losses arising from changes in fair value are recognised in profit or loss within 'other gains/(losses) - net'. Exchange differences, interest and dividend income on financial assets at fair value through profit or loss are recognised separately in profit or loss.

(iii) Equity instruments

The Group and the Company subsequently measure all equity investments at fair value. Where the Group's and the Company's management have elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's and the Company's right to receive payments is established. Changes in the fair value of financial assets at fair value through profit or loss are recognised in profit or loss within 'other gains/ (losses) - net'.

(d) Impairment of financial assets

The Group and the Company assess on a forward-looking basis the expected credit loss ("ECL") associated with the debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The financial assets of the Group and the Company that are subject to the ECL model are trade and other receivables, contract assets, lease receivables and loans to subsidiaries. While cash and cash equivalents are also subject to the impairment requirements of MFRS 9, the impairment loss is immaterial.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.18 Financial assets (continued)

(d) Impairment of financial assets (continued)

ECL represent a probability-weighted estimate of the difference between present value of cash flows according to contract and present value of cash flows the Group and the Company expect to receive, over the remaining life of the financial instrument.

The measurement of ECL reflects:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money; and
- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

(i) General 3-stage approach for other receivables, loans to subsidiaries and financial guarantee contracts

At each reporting date, the Group and the Company measure ECL through loss allowance at an amount equal to 12 month ECL if credit risk on a financial instrument or a group of financial instruments has not increased significantly since initial recognition. For all other financial instruments, a loss allowance at an amount equal to lifetime ECL is required.

The Group and the Company consider the probability of default upon initial recognition of financial 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 financial asset as at the reporting date with the risk of default as at the date of initial recognition. Available, reasonable and supportable forward-looking information are also considered.

The Group and the Company define a financial instrument as default, which is fully aligned with the definition of credit-impaired, when it meets one or more of the following criteria:

- when the counterparty fails to make contractual payment as they fall due
- the debtor is in breach of financial covenants
- concessions have been made by the lender relating to the debtor's financial difficulty
- it is becoming probable that the debtor will enter bankruptcy or other financial reorganisation
- the debtor is insolvent

Financial instruments that are credit-impaired are assessed on individual basis.

(ii) Simplified approach for trade receivables, contract assets and lease receivables

The Group and the Company apply the MFRS 9 simplified approach to measure ECL which uses a lifetime ECL for all trade receivables, contract assets and lease receivables. Individual assessment is made to these financial assets which are in default or credit-impaired.

(e) Write-off

Financial assets are written off when the Group and the Company have exhausted all practical recovery efforts and have concluded that there is no reasonable expectation of recovery. Indicator of no reasonable expectation of recovery include failure of a debtor to engage in a repayment plan with the Group and the Company. The Group and the Company may write-off financial assets that are still subject to enforcement activity.

Impairment losses are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.18 Financial assets (continued)

(f) De-recognition

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group and the Company have transferred substantially all the risks and rewards of ownership.

2.19 Financial liabilities

(a) Classification

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

(i) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities held for trading include derivatives entered into by the Group and the Company that do not meet the hedge accounting criteria. Liabilities in this category are classified within current liabilities if they are either held for trading or are expected to be settled within 12 months after the reporting date. Otherwise, they are classified as non-current.

(ii) Other financial liabilities

The Group's and the Company's other financial liabilities include trade payables, other payables, intercompany payables, dividend payable and loans and borrowings. Loans and borrowings are classified as current liabilities unless the Group and the Company have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

(b) Recognition and de-recognition

A financial liability is recognised when, and only when, the Group or the Company becomes a party to the contractual provisions of the financial instrument.

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

(c) Initial and subsequent measurement

Derivative financial liabilities are initially measured at fair value and subsequently stated at fair value, with any resulting gains or losses recognised in profit or loss. Net gains or losses on the derivatives include exchange differences.

Trade and other payables are recognised initially at fair value net off directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method.

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are de-recognised.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.20 Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously. The legally enforceable rights must not be contingent on future events and must be enforceable in the normal cause of business and in the event of default, insolvency or bankruptcy.

2.21 Derivative financial instruments

A derivative financial instrument is initially recognised at its fair value on the date the contract is entered into and is subsequently carried at its fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. Gains or losses on derivatives that are not designated as a hedging instrument are recognised in profit or loss within 'other gains/(losses) - net'. The Group currently does not hedge any of its derivative financial instruments.

2.22 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.

The Company has issued corporate guarantees to banks for borrowings of certain subsidiaries. These guarantees are financial guarantees as they require the Company to reimburse the banks if the subsidiaries fail to make principal or interest payments when due in accordance with the terms of their borrowings.

Financial guarantee contracts are recognised initially as a liability at fair value. Subsequent to initial recognition, the liability is measured at the higher of the amount determined in accordance with the ECL model under MFRS 9 'Financial Instruments' and the amount initially recognised less cumulative amount of income recognised in accordance with the principles of MFRS 15 'Revenue from Contracts with Customers', where appropriate.

ECL is the difference between the expected payments to reimburse the holder of the guaranteed debt instruments less any amounts that the Company expects to receive from the holder, the debtor or any other party. See accounting policy 2.18(d) on impairment under ECL model.

2.23 Revenue recognition

(a) Revenue from contracts with customers

Revenue from contracts with customers is recognised by reference to each distinct performance obligation in the contract with customer. Revenue from contracts with customers is measured at its transaction price, being the amount of consideration which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, net of goods and service tax, returns, rebates and discounts. Transaction price is allocated to each performance obligation on the basis of the relative standalone selling prices of each distinct good or services promised in the contract. Depending on the substance of the contract, revenue is recognised when the performance obligation is satisfied, which may be at a point in time or over time.

Contract asset is the right to consideration for goods or services transferred to the customers. Where the cumulative revenue earned exceed progress billings, the balance is presented as 'contract assets' within current assets.

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. Where progress billings exceed the cumulative revenue earned, the balance is presented as 'contract liabilities' within current liabilities.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.23 Revenue recognition (continued)

(a) Revenue from contracts with customers (continued)

Specific revenue recognition criteria for each of the Group's activities are as described below:

(i) Contract revenue

Contract revenue with customers include contracts relating to pipe coating, manufacturing of boilers and steam turbines as well as engineering and fabrication services.

These contracts may include multiple performance obligations as they are not highly integrated. Hence, the transaction price will be allocated to each performance obligation based on the standalone selling price.

Where the contracts are highly integrated, they are recognised as a single performance obligation. Revenue is recognised progressively based on the progress towards complete satisfaction of the performance obligation.

Revenue are recognised over time when control of the asset is transferred over time when the Group's performance:

- creates and enhances an asset that the customer controls as the services are being performed; or
- does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

The progress towards complete satisfaction of the performance obligation is measured based on one of the following methods that best reflect the Group's performance in satisfying the performance obligation:

- direct measurements of the value transferred by the Group to the customer (eg. surveys of performance completed to date); or
- the Group's efforts or inputs to the satisfaction of the performance obligation (eg. by reference to cost incurred up to the end of the reporting period as a percentage of total estimated costs for complete satisfaction of the contract).

(ii) Sales of goods

The Group manufactures and sells a range of pipes for industrial use. The Group is also involved in the business of selling building materials, construction equipment, and power generators.

Revenue from sales of goods are recognised at a point in time when control of the good is transferred to the customer upon delivery.

(iii) Management fee

Management fee is recognised on an accrual basis when service is rendered.

(b) Revenue from other sources

(i) Rental income

Rental income is recognised on a straight line basis over the lease term.

(ii) Dividend income

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

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.23 Revenue recognition (continued)

(b) Revenue from other sources (continued)

(iii) Interest income

Interest income is recognised on a time proportion basis, taking into account the principal outstanding and the effective interest rate applicable.

2.24 Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditure and borrowing costs are incurred. Capitalisation of borrowing costs is suspended or ceased when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

All other borrowing costs are recognised in profit or loss using the effective interest method in the period they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

2.25 Income taxes

(a) Current tax

Current tax expense is determined according to the tax laws of each jurisdiction in which the Group and the Company operate and include all taxes based upon the taxable profits after taking into consideration available tax incentives.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

(b) Deferred tax

Deferred tax is recognised in full, 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 financial statements. Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which the deductible temporary differences or unused tax losses can be utilised.

Deferred tax is not recognised if the temporary difference arises from goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax is recognised on temporary differences arising on investments in subsidiaries, associates and joint ventures, except where the timing of the reversal of the temporary difference can be controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Generally the Group is unable to control the reversal of the temporary difference for associates. Only where there is an agreement in place that gives the Group the ability to control the reversal of the temporary difference, the deferred tax liability is not recognised.

Deferred tax assets on any unutilised portion of tax incentives are recognised to the extent that it is probable that future taxable profits will be available against which the unutilised tax incentives can be utilised.

The initial recognition exemption in MFRS 112 ‘Income Taxes’ is applied on the temporary differences related to the right-of-use asset and lease liability. The Group does not recognise any deferred tax asset or liability arising from a lease contract.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.25 Income taxes (continued)

(b) Deferred tax (continued)

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

Deferred tax is recognised in the profit or loss, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly to equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill.

Deferred tax assets and liabilities are offset when the enterprise has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

2.26 Employee benefits

(a) Short term benefits

Salaries, wages, bonuses and social security contributions are recognised as an expense in the financial year in which the services are rendered by employees. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlements to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur. Non-monetary benefits such as medical care, housing and other staff related expenses are charged to the profit or loss as and when incurred.

(b) Post-employment benefits

The Group has post-employment benefit schemes in accordance with local conditions and practices in the countries in which it operates. These post-employment benefit schemes are defined contribution plans.

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee services in the current and prior periods.

As required by law, the Company and its subsidiaries in Malaysia make contributions to the Employees Provident Fund ("EPF") which is a defined contribution plan, whereas subsidiaries in other countries make their respective local contributions, if required by law.

Such contributions are recognised as an expense in the profit or loss in the financial year to which they relate.

2.27 Segment reporting

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

2.28 Assets classified as held for sale

Assets classified as held for sale are classified as assets/liabilities held for sale of the carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell. Property, plant and equipment, prepaid lease payments and intangible assets once classified as held for sale are not depreciated or amortised.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.28 Assets classified as held for sale (continued)

An impairment loss is recognised for any initial or subsequent write-down of the asset to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset, but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset is recognised at the date of derecognition.

2.29 Contingent liabilities

The Group and the Company do not recognise a contingent liability but discloses its existence in the financial statements. A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group and the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in the extremely rare case where there is a liability that cannot be recognised because it cannot be measured reliably.

Contingent liability is not recognised on the statement of financial position of the Group, except for contingent liability assumed in a business combination that is a present obligation and which the fair values can be reliably determined.

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated by the Directors and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the current circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

(a) Impairment of goodwill

The Group tests goodwill for impairment annually in accordance with the accounting policy 2.11(a) and whenever events or changes in circumstances indicate that the goodwill may be impaired. For the purposes of assessing impairment, goodwill is allocated to cash-generating units that are expected to benefit from the synergies of the business combination in which the goodwill arose. Judgement is required in the estimation of the present value of future cash flows generated by the cash-generating units or groups of cash-generating units. These discounted cash flow calculations use five-year projections that are based on financial forecast. Cash flow projections take into account past experience and represent management's best estimate about future developments. Cash flows after the planning period are extrapolated using terminal growth rates. Key assumptions on which management has based its determination of recoverable value include estimated revenue growth rates and weighted average cost of capital adjusted for specific risks associated with the cash-generating units. Changes in assumptions could affect the results of the Group's test for impairment of goodwill. Further details of the carrying amount and the key assumptions applied in the impairment assessment of goodwill are given in Note 8.

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(b) Impairment of non-financial assets

The Group assesses whether there is any indication that non-financial assets are impaired at the end of each reporting period. Impairment is measured by comparing the carrying amount of an asset with its recoverable amount. Recoverable amount is measured at the higher of the fair value less cost to sell for that asset and its value-in-use. The value-in-use is the net present value of the projected future cash flows to be derived from that asset. Projected future cash flows are calculated based on historical sector and industry trends, general market and economic conditions, changes in technology and other available information. Changes to any of these assumptions would affect the amount of impairment. Details of the carrying amount and the key assumptions applied in the impairment assessment of property, plant and equipment, investments in associates and joint ventures are given in Note 4, Note 11 and Note 12. There is no significant impairment or reversal of impairment in respect of other non-financial assets during the financial year.

(c) Revenue recognised from customers on contracts

Revenue is recognised when or as the control of the asset is transferred to the customers and, depending on the terms of the contract and the applicable laws governing the contract, control of the asset may transfer over time or at a point in time. If control of the asset transfers over time, revenue is recognised over the period of the contract by reference to the progress, based on the certified work-to-date.

Significant judgement is required in the estimation of the progress based on the estimation of budget cost, the extent of contract costs incurred and the recoverability of the construction contracts. The Group evaluates the estimates made using past experience.

(d) Impairment of financial assets

The Group and the Company assess on a forward-looking basis the expected credit loss (“ECL”) on financial assets at the end of each reporting period. The loss allowance for financial assets are based on assumptions about risk of default and expected loss rates. The Group and the Company use judgement in making these assumptions and selecting the 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.

4 PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land and buildings RM'000	Buildings RM'000	Plant, machinery, tools and equipment RM'000	Electrical installations, computer and office equipment, furniture and fittings RM'000	Motor vehicles RM'000	Renovation, yard development and store extension RM'000	Capital work in progress RM'000	Total RM'000
2019								
Cost								
At 1 January	122,367	314,407	1,338,804	109,929	15,487	69,994	27,474	1,998,462
Additions	11,954	1,175	36,351	3,291	1,123	2,288	6,100	62,282
Disposals	-	-	(56,764)	(409)	(497)	-	-	(57,670)
Write-offs	-	(6)	(34,463)	(158)	-	(587)	-	(35,214)
Reclassification	-	-	19,960	(15,590)	-	-	(4,370)	-
Transfer to inventories	-	-	(5,089)	-	-	-	(179)	(5,268)
Effect of exchange rate changes	(79)	(3,860)	(20,721)	(818)	(53)	(1,558)	(297)	(27,386)
At 31 December	134,242	311,716	1,278,078	96,245	16,060	70,137	28,728	1,935,206
Accumulated depreciation and impairment loss								
At 1 January	9,335	142,318	830,340	93,214	13,272	59,917	18,479	1,166,875
Depreciation charge for the financial year	1,351	12,015	105,298	5,720	946	6,304	-	131,634
Impairment charge for the financial year	-	22,893	11,791	-	-	-	-	34,684
Disposals	-	-	(18,933)	(396)	(497)	-	-	(19,826)
Write-offs	-	(6)	(34,463)	(136)	-	(587)	-	(35,192)
Reclassification	-	-	11,692	(11,692)	-	-	-	-
Transfer to inventories	-	-	(120)	-	-	-	-	(120)
Effect of exchange rate changes	-	(2,073)	(11,219)	(593)	(55)	(1,540)	(221)	(15,701)
At 31 December	10,686	175,147	894,386	86,117	13,666	64,094	18,258	1,262,354
Carrying amount at 31 December	123,556	136,569	383,692	10,128	2,394	6,043	10,470	672,852

4 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group	Note	Freehold land and buildings RM'000	Buildings RM'000	Plant, machinery, tools and equipment RM'000	Electrical installations, computer and office equipment, furniture and fittings RM'000	Motor vehicles RM'000	Renovation, yard development and store extension RM'000	Capital work in progress RM'000	Total RM'000
2018									
Cost									
At 1 January		117,676	305,669	1,370,760	97,089	55,304	70,742	31,954	2,049,194
Additions		4,333	903	78,516	1,287	1,149	318	11,701	98,207
Disposals		(1,040)	(6,897)	(49,753)	(218)	(1,232)	-	-	(59,140)
Write-offs		(15)	-	(18,097)	(364)	-	(127)	-	(18,603)
Reclassification		1,413	8,806	31,884	12,339	(39,025)	(2)	(15,415)	-
Transfer to investment properties	7	-	(702)	-	-	-	-	-	(702)
Transfer to inventories		-	-	(54,632)	-	-	-	-	(54,632)
Transfer to assets held for sale	24	-	-	(19,505)	(817)	-	-	-	(20,322)
Effect of exchange rate changes		-	6,628	(369)	613	(709)	(937)	(766)	4,460
At 31 December		122,367	314,407	1,338,804	109,929	15,487	69,994	27,474	1,998,462
Accumulated depreciation and impairment loss									
At 1 January		8,192	130,754	807,052	76,671	13,533	29,741	18,155	1,084,098
Depreciation charge for the financial year		1,154	12,218	135,432	7,458	1,302	30,527	-	188,091
Impairment charge for the financial year		-	-	48	-	-	-	-	48
Reversal of impairment charge for the financial year		-	-	(4,904)	-	-	-	-	(4,904)
Disposals		(11)	(6,243)	(47,080)	(195)	(988)	-	-	(54,517)
Write-offs		-	-	(17,359)	(321)	-	(84)	-	(17,764)
Reclassification		-	2,707	(11,492)	9,512	(727)	-	-	-
Transfer to investment properties	7	-	(291)	-	-	-	-	-	(291)
Transfer to inventories		-	-	(20,905)	-	-	-	-	(20,905)
Transfer to assets held for sale	24	-	-	(17,497)	(618)	-	-	-	(18,115)
Effect of exchange rate changes		-	3,173	7,045	707	152	(267)	324	11,134
At 31 December		9,335	142,318	830,340	93,214	13,272	59,917	18,479	1,166,875
Carrying amount at 31 December		113,032	172,089	508,464	16,715	2,215	10,077	8,995	831,587

4 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Company	Note	Building RM'000	Computer and equipment RM'000	Renovations, office equipment, furniture and fittings RM'000	Motor vehicles RM'000	Total RM'000
2019						
Cost						
At 1 January		**1,850**	**677**	**767**	**708**	**4,002**
Additions		**-**	**78**	**3**	**-**	**81**
Write-offs		**-**	**(20)**	**(1)**	**-**	**(21)**
At 31 December		**1,850**	**735**	**769**	**708**	**4,062**
Accumulated depreciation						
At 1 January		**126**	**629**	**649**	**708**	**2,112**
Depreciation charge for the financial year		**20**	**41**	**37**	**-**	**98**
Write-offs		**-**	**(20)**	**(1)**	**-**	**(21)**
At 31 December		**146**	**650**	**685**	**708**	**2,189**
Carrying amount at 31 December		**1,704**	**85**	**84**	**-**	**1,873**
2018						
Cost						
At 1 January		4,025	664	898	708	6,295
Additions		-	55	26	-	81
Disposals		-	-	(24)	-	(24)
Write-offs		-	(42)	(133)	-	(175)
Transfer to investment properties	7	(2,175)	-	-	-	(2,175)
At 31 December		1,850	677	767	708	4,002
Accumulated depreciation						
At 1 January		230	636	681	708	2,255
Depreciation charge for the financial year		20	35	45	-	100
Disposals		-	-	(24)	-	(24)
Write-offs		-	(42)	(53)	-	(95)
Transfer to investment properties	7	(124)	-	-	-	(124)
At 31 December		126	629	649	708	2,112
Carrying amount at 31 December		1,724	48	118	-	1,890

Impairment of building, plant and equipment

For the financial year ended 31 December 2019, the market conditions for the oil and gas sector saw decreased demand which affected the utilisation of the Group's property, plant and equipment. Given this impairment indicator, management carried out an impairment assessment. Based on the recoverable amount which was estimated using fair value less costs of disposal, an impairment charge amounting to RM34,684,000 (2018: nil) was made on certain building, plant and equipment that were idle and were also not forecast to generate sufficient future economic benefits in the financial year ended 31 December 2019. The fair value less costs of disposal was determined based on selling prices agreed with willing buyers amounting to EUR9,650,000 (equivalent to RM44,249,000). The fair value less costs of disposal is classified as Level 3 in the fair value hierarchy.

4 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Assets pledged as security

The net book value of the Group's property, plant and equipment amounting to RM226,152,000 (2018: RM359,153,000) are pledged as security for a pipe coatings project.

Subsequent event

On 14 February 2020, the Company's wholly-owned subsidiary, Wasco Coatings Germany GmbH ("WCG") entered into a sale and purchase agreement for the disposal of plant and machineries for a consideration of EUR6,950,000 (equivalent to approximately RM31,869,000), resulting in a no gain, no loss on disposal being recognised in the statement of profit or loss.

The completion of the disposal is subject to fulfilment of the condition precedent as stipulated in the sales and purchase agreement.

The assets are reported within the Oil & Gas segment in Note 43.

5 LEASES

(a) Right-of-use assets

Group	Land and buildings RM'000	Motor vehicles RM'000	Total RM'000
2019			
Cost			
At 1 January	**323,036**	**-**	**323,036**
Additions	**25,940**	**1,159**	**27,099**
Effect of exchange rate changes	**(638)**	**(5)**	**(643)**
At 31 December	**348,338**	**1,154**	**349,492**
Accumulated depreciation			
At 1 January	**13,366**	**-**	**13,366**
Depreciation charge for the financial year	**21,737**	**80**	**21,817**
Effect of exchange rate changes	**(118)**	**(1)**	**(119)**
At 31 December	**34,985**	**79**	**35,064**
Carrying amount at 31 December	**313,353**	**1,075**	**314,428**

The title deeds to certain leasehold land of the Group stated at a total carrying amount of approximately RM28,692,000 (2018: RM29,062,000) have yet to be issued by the relevant authorities.

(b) Lease liabilities

	Group 2019 RM'000
Total cash outflow for leases for the financial year	**23,893**

Comparative information for the previous financial year is not required to be disclosed in accordance with MFRS 16.

6 PREPAID LEASE PAYMENTS

	Group	
	2019	**2018**
	RM'000	**RM'000**
Unexpired period 50 years and above		
Cost		
At 1 January/31 December	**-**	102,622
Accumulated amortisation		
At 1 January	**-**	12,038
Amortisation for the financial year	**-**	1,328
At 31 December	**-**	13,366
Carrying amount at 31 December	**-**	89,256

The carrying amount of prepaid lease payments is reclassified to right-of-use assets on 1 January 2019 upon adoption of MFRS 16.

7 INVESTMENT PROPERTIES

		Group		Company	
	Note	**2019**	**2018**	**2019**	**2018**
		RM'000	**RM'000**	**RM'000**	**RM'000**
Cost					
At 1 January		**19,478**	11,560	**24,750**	22,575
Additions		**-**	7,216	**-**	-
Transfer from property, plant and equipment	4	**-**	702	**-**	2,175
Disposals		**(7,299)**	-	**-**	-
At 31 December		**12,179**	19,478	**24,750**	24,750
Accumulated depreciation and impairment loss					
At 1 January		**2,857**	2,220	**1,685**	1,288
Depreciation charge for the financial year		**137**	346	**273**	273
Transfer from property, plant and equipment	4	**-**	291	**-**	124
Disposals		**(155)**	-	**-**	-
At 31 December		**2,839**	2,857	**1,958**	1,685
Carrying amount at 31 December		**9,340**	16,621	**22,792**	23,065
Fair value		**49,419**	68,964	**37,172**	39,827

Proceeds from disposals during the financial year amounting to RM14,105,000 are included in Note 17 within 'gross other receivables'.

7 INVESTMENT PROPERTIES (CONTINUED)

Fair value of investment properties is categorised as follows:

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Group				
2019				
Land	**-**	**-**	**16,158**	**16,158**
Buildings	**-**	**-**	**33,261**	**33,261**
	-	**-**	**49,419**	**49,419**
2018				
Land	-	-	40,008	40,008
Buildings	-	-	28,956	28,956
	-	-	68,964	68,964
Company				
2019				
Buildings	**-**	**-**	**37,172**	**37,172**
2018				
Buildings	-	-	39,827	39,827

Level 1 fair value is derived from quoted price in active markets for identical investment properties that the entity can access at the measurement date.

Level 2 fair value is estimated using inputs other than quoted price included within Level 1 that are observable for the investment properties, either directly or indirectly.

Level 3 fair value is estimated using unobservable inputs for the investment properties. The unobservable input relates to the price per square feet. The fair value of investment properties were estimated using the comparison method.

During the financial year, the Group and the Company carried out a review and noted there was no significant change to the fair value of these properties.

8 GOODWILL AND OTHER INTANGIBLE ASSETS

Group	Goodwill RM'000	Trademark RM'000	Technical know-how RM'000	Intellectual property RM'000	Total RM'000
2019					
Cost					
At 1 January	**145,191**	**213**	**112**	**3,353**	**148,869**
Effect of exchange rate changes	**(1,388)**	**(2)**	**-**	**(39)**	**(1,429)**
At 31 December	**143,803**	**211**	**112**	**3,314**	**147,440**
Accumulated amortisation and impairment loss					
At 1 January	**-**	**-**	**112**	**3,353**	**3,465**
Effect of exchange rate changes	**-**	**-**	**-**	**(39)**	**(39)**
At 31 December	**-**	**-**	**112**	**3,314**	**3,426**
Carrying amount at 31 December	**143,803**	**211**	**-**	**-**	**144,014**
2018					
Cost					
At 1 January	143,192	198	112	3,800	147,302
Additions	-	11	-	-	11
Written off	-	-	-	(499)	(499)
Effect of exchange rate changes	1,999	4	-	52	2,055
At 31 December	145,191	213	112	3,353	148,869
Accumulated amortisation and impairment loss					
At 1 January	-	-	112	3,800	3,912
Written off	-	-	-	(499)	(499)
Effect of exchange rate changes	-	-	-	52	52
At 31 December	-	-	112	3,353	3,465
Carrying amount at 31 December	145,191	213	-	-	145,404

8 GOODWILL AND OTHER INTANGIBLE ASSETS (CONTINUED)

Impairment testing of goodwill

Goodwill arising from business combination has been allocated to the Group's cash-generating units ("CGU") identified according to operating divisions. The carrying amounts of goodwill allocated to the respective CGUs are as follows:

	Group	
	2019	**2018**
	RM'000	**RM'000**
Cash-generating units		
Specialised Pipe Coating and Corrosion Protection Services (CGU A)	**77,483**	78,199
EPC, Fabrication and Rental of Gas Compressors and Process Equipment (CGU B)	**66,320**	66,992
	143,803	145,191

The recoverable amounts of the CGU are determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by management covering a period of 5 years (2018: 5 years) based on past performance and their expectations of the market development. Terminal value is estimated at the end of the 5-year period.

Value-in-use was determined by discounting the future cash flows generated from the CGUs based on the following key assumptions on the premise that there will be no material changes in the Group's principal activities.

	2019		2018	
	Revenue growth rate	**Pre-tax discount rate**	**Revenue growth rate**	**Pre-tax discount rate**
CGU A	**<0%* – 7.1%**	**17.9%**	<0%* – 13.5%	21.7%
CGU B	**5.0%**	**19.1%**	<0%* – 7.0%	21.1%

* Negative growth is due to end of ongoing project.

The key assumptions used in calculating the value-in-use are described below:

(i) Terminal growth rate

Terminal growth rates of 1.5% for both CGU A & CGU B (2018: 2.0% for CGU A and 1.5% for CGU B) were used to determine the terminal values beyond the 5-year period cash flows.

(ii) Discount rate

The discount rates used reflect the weighted average cost of capital adjusted for specific risks associated with the CGUs of the Group with a premium representing the business risk of the respective CGUs.

8 GOODWILL AND OTHER INTANGIBLE ASSETS (CONTINUED)

Sensitivity

The recoverable amounts of CGU A and CGU B are estimated to exceed the carrying amounts at 31 December 2019 and 31 December 2018. The recoverable amounts of CGU A would equal its carrying amount if the key assumptions were to change as disclosed below.

	2019		2018	
	From	**To**	**From**	**To**
CGU A				
Revenue growth rate for 5 years	**7.1%**	**6.5%**	13.5%	12.8%
Pre-tax discount rate	**17.9%**	**18.2%**	21.7%	22.0%
Growth rate for terminal value	**1.5%**	**<0%**	2.0%	1.6%

Reasonably possible changes to the key assumptions would have decreased the carrying amounts of CGU A as follows:

	Group RM'000
2019	
Revenue growth rate (1% decrease)	**12,012**
Pre-tax discount rate (0.5% increase)	**11,594**

There are no reasonably possible changes in the terminal growth rate that would have changed the carrying amounts of CGU A.

In the prior financial year, there were no reasonably possible changes in any of the key assumptions that would have changed the carrying amounts of CGU A.

CGU B

As at 31 December 2019, the recoverable amount of CGU B is not sensitive to the changes in the key assumptions.

9 DEFERRED TAX ASSETS/(LIABILITIES)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same tax authority. The following amounts, determined after appropriate offsetting, are shown in the statements of financial position:

	Group		Company	
	2019 RM'000	**2018 RM'000**	**2019 RM'000**	**2018 RM'000**
Deferred tax assets	**52,567**	43,344	**2,455**	2,423
Deferred tax liabilities	**(11,915)**	(13,804)	**-**	-
	40,652	29,540	**2,455**	2,423

9 DEFERRED TAX ASSETS/(LIABILITIES) (CONTINUED)

	Group		Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
At 1 January	29,540	28,596	2,423	2,062
Credited/(Charged to) to profit or loss (Note 35):				
- Unused tax losses	14,833	6,461	-	-
- Property, plant and equipment	(3,223)	(4,835)	127	25
- Provisions and accruals	583	1,089	(95)	336
- Unrealised foreign exchange	(12)	(198)	-	-
- Others	(845)	(1,593)	-	-
	11,336	924	32	361
Effect of exchange rate changes	(224)	20	-	-
At 31 December	40,652	29,540	2,455	2,423
Subject to income tax				
Deferred tax assets (before offsetting)				
- Unused tax losses	42,069	27,388	-	-
- Property, plant and equipment	6,783	10,951	120	-
- Provisions and accruals	7,659	7,076	2,335	2,430
- Unrealised foreign exchange losses	198	499	-	-
- Others	704	866	-	-
	57,413	46,780	2,455	2,430
Offsetting	(4,846)	(3,436)	-	(7)
Deferred tax assets (after offsetting)	52,567	43,344	2,455	2,423
Deferred tax liabilities (before offsetting)				
- Property, plant and equipment	(12,648)	(13,517)	-	(7)
- Unrealised foreign exchange gains	(612)	(901)	-	-
- Others	(3,501)	(2,822)	-	-
	(16,761)	(17,240)	-	(7)
Offsetting	4,846	3,436	-	7
Deferred tax liabilities (after offsetting)	(11,915)	(13,804)	-	-

The Group has concluded that the deferred tax assets will be recoverable using the estimated future taxable income based on the approved business plans and budgets for the subsidiaries. The subsidiaries are expected to generate taxable income from year 2020 onwards.

9 DEFERRED TAX ASSETS/(LIABILITIES) (CONTINUED)

The Group did not recognise deferred tax assets arising from the following temporary differences of certain subsidiaries as it is not probable that future taxable profit will be available against which the deferred tax assets can be utilised in these subsidiaries.

	Group	
	2019	**2018**
	RM'000	**RM'000**
Deductible temporary differences on:		
- Unused tax losses	**217,199**	220,618
- Unabsorbed capital allowances	**115,494**	118,406
- Provisions and accruals	**6,306**	5,412
- Others	**40,411**	40,411
	379,410	384,847
Deferred tax assets not recognised is based on respective countries tax rate	**61,986**	65,048

Under the Malaysia Finance Act 2018, the Group's unused tax losses are imposed with a time limit of utilisation. Any accumulated unutilised tax losses can be carried forward for another 7 consecutive years of assessment (YA) as follows:

	YA 2018 (expiring in YA 2025)	**YA 2019 (expiring in YA 2026)**
	RM'000	**RM'000**
Unused tax losses	63,656	**2,579**

10 INVESTMENT IN SUBSIDIARIES

	Company	
	2019	**2018**
	RM'000	**RM'000**
Unquoted shares, at cost	**858,730**	858,730
Accumulated impairment losses	**(127,526)**	(127,526)
	731,204	731,204
Advances to subsidiaries (net investment)	**32,393**	32,393
	763,597	763,597

Advances to subsidiaries for long term working capital purposes represent an extension of capital to the subsidiaries and are as such net investment.

10 INVESTMENT IN SUBSIDIARIES (CONTINUED)

Details of subsidiaries are as follows:

		Group's effective interest			
		2019 %	2018 %	Country of incorporation	Principal activities
	Wasco Energy Ltd.	**100**	100	Bermuda	Investment holding
	Wasco Management Services Sdn. Bhd.	**100**	100	Malaysia	Provision of management support services
*	Wasco Capital Pte. Limited	**100**	100	Singapore	Investment and management of treasury activities
~	Wasco (Australia) Pty. Ltd.	**60**	60	Australia	Provision of construction services for the oil and gas industry
#	Wasco Coatings Limited	**100**	100	Hong Kong, SAR	Investment holding
*	Wasco Coatings UK Ltd.	**100**	100	England and Wales	Dormant
*	Wasco Management Services S.R.L.	**100**	100	Italy	Dormant
*	Wasco Coatings Singapore Pte. Ltd.	**100**	100	Singapore	Investment holding
~	Turn Key Pipeline Services B.V.	**100**	100	The Netherlands	Provision of engineering design, construction, installation services and supply of equipment for pipe coating plant and facilities for the oil and gas industry
	Wasco CPM Sdn. Bhd.	**51**	51[g]	Malaysia	Engineering, procurement and construction of onshore and near shore of hydrocarbon, water and slurry pipelines and associated facilities
	Eco Consortium Sdn. Bhd.	**48[n]**	-	Malaysia	Dormant
	Wasco Coatings Middle East QFZ LLC	**60[t]**	-	State of Qatar	Provision of anti-corrosion and concrete weight coating of pipelines to the oil and gas industry
	Wasco Coatings Services Sdn. Bhd.	**100**	100	Malaysia	Provision of pipe coating and related services to the oil and gas industry
#	Wasco Coatings Norway AS	**100**	100	Norway	Provision of pipe coating and related services to the oil and gas industry
~	Wasco Coatings Europe B.V.	**100**	100	The Netherlands	Provision of pipe coating and related services to the oil and gas industry
~	Wasco-PAP Services Ghana Limited	**-[s]**	70	The Republic of Ghana	Provision of services for the oil and gas sector

10 INVESTMENT IN SUBSIDIARIES (CONTINUED)

Details of subsidiaries are as follows (continued):

		Group's effective interest 2019 %	Group's effective interest 2018 %	Country of incorporation	Principal activities
#	Wasco Coatings Germany GmbH	**100**	100	Germany	Provision of pipe coating and related services to the oil & gas industry
#	Wasco Coatings Germany (Plant and Equipment) GmbH	**100**	100	Germany	Provision of pipe coating and related services to the oil & gas industry and the leasing of land, building and coating equipment
#	Wasco Coatings Finland Oy	**100**	100	Finland	Provision of pipe coating and related services to the oil & gas industry
#	Wasco Coatings Finland (Plant and Equipment) Oy	**100**	100	Finland	Provision of pipe coating and related services to the oil & gas industry and the leasing of land, building and coating equipment
	PPSC Industrial Holdings Sdn. Bhd.	**100**	100	Malaysia	Investment holding
	Wasco Resources Sdn. Bhd.	**100**	100	Malaysia	Property investment holding
	Wasco Coatings Malaysia Sdn. Bhd.	**70**	70	Malaysia	Coating of pipes for the oil and gas industry
	Wasco Coatings Insulation Sdn. Bhd.	**70**	70	Malaysia	Coating of pipes for the oil and gas industry
#	Wasco Coatings HK Limited	**100**	100	Hong Kong, SAR	Investment holding, construction of coating plants, marketing and provision of pipe coating and related services to the oil and gas industry
~	Wasco Energy De Mexico S.A.DE C.V.	**-r**	100	Mexico	Dormant (In Member's Voluntary Liquidation)
~	Wasco Kanssen Limited	**100**	100	British Virgin Islands	Investment holding and provision of pipe coating services
*	Jingzhou Wasco Kanssen Offshore Petroleum Engineering Co., Ltd.	**100**	100	People's Republic of China	Provision of pipe coating services
*	Kanssen (Yadong) Coating Services (Jingzhou) Company Limited	**100**	100	People's Republic of China	Provision of pipe coating services
*	PPSC China Limited	**100**	100	Hong Kong, SAR	Investment holding
	Wasco Oil Technologies Sdn. Bhd.	**100**	100	Malaysia	Investment holding and provision of management services

10 INVESTMENT IN SUBSIDIARIES (CONTINUED)

Details of subsidiaries are as follows (continued):

		Group's effective interest			
		2019 %	2018 %	Country of incorporation	Principal activities
	Wasco Oilfield Services Sdn. Bhd.	**49**[π]	49[π]	Malaysia	Investment holding
	Wasco Corrosion Services Sdn. Bhd.	**63**	63	Malaysia	Supply and installation of sacrificial anodes, provision of cathodic protection services and equipment, corrosion protection services, passive fire protection services, special paint coating services and provision of technical training services
	Wasco Lindung Sdn. Bhd.	**48**[π]	48[π]	Malaysia	Manufacture, supply and installation of sacrificial anodes, provision of cathodic protection services and equipment, corrosion protection services, passive fire protection services, special paint coating services and provision of technical training services
*	PT. MPE Deepwater	**-**[a]	-[a]	Indonesia	Dormant (In Member's Voluntary Liquidation)
	Asiana Emas Sdn. Bhd.	**100**	100	Malaysia	Investment holding
	Petro-Pipe (Sabah) Sdn. Bhd.	**70**[m]	60	Malaysia	Manufacturing and sales of spiral welded pipes for the oil and gas industry
	Wasco Engineering Group Limited	**100**	100	British Virgin Islands	Investment holding
#	Wasco Engineering International Ltd.	**100**	100	British Virgin Islands	Leasing of compressors and power generators, designing, engineering and fabrication and sale of gas processing and compression systems and gas based power generators; and servicing and selling parts of oil and gas processing and compression systems
*	WEGL Services India Private Limited	**100**[q]	-	India	Support services in respect of the Engineering, Procurement and Construction contracts
*	PT Wasco Engineering International	**100**	100	Indonesia	Consulting services, rental, repair and maintenance of natural gas industry equipment
*	WS Engineering & Fabrication Pte. Ltd.	**100**	100	Singapore	Design, engineering and fabrication of oil and gas processing and compression systems and equipment

10 INVESTMENT IN SUBSIDIARIES (CONTINUED)

Details of subsidiaries are as follows (continued):

	Group's effective interest 2019 %	Group's effective interest 2018 %	Country of incorporation	Principal activities
~ Wasco Engineering Australia Pty. Ltd.	**100**	100	Australia	Dormant
* WS Engineering Equipment Pte. Ltd.	**100**	100	Singapore	Leasing of equipment and provision of operation and maintenance, and other related services to the oil and gas industry
~ Mackenzie Hydrocarbons (Australia) Pty. Ltd.	**100**	100	Australia	Provision of engineering consultancy and fabrication services
* WS Engineering Technologies Pte. Ltd.	**92**	92	Singapore	Engineering and fabrication of oil and gas systems and equipment
# PT. Wasco Engineering Indonesia	**87**	87	Indonesia	Provision of engineering, design, fabrication and construction services for oil and gas industry
Wasco Engineering & Technology Inc.	**-/**	65	British Virgin Islands	Dormant (Liquidated)
* Wasco E&P Services Limited	**100**	100	Hong Kong, SAR	Investment holding
* WSN Investments Limited	**100**	100	Hong Kong, SAR	Dormant
* Wasco China International Limited	**100**	100	Hong Kong, SAR	Investment holding
* Ashburn Offshore Oil & Gas Equipment & Engineering (Tianjin) Co. Ltd.	**65**	65	People's Republic of China	Design and manufacturing of products to the oil and gas industry
* Ashburn International Trade (Tianjin) Co. Ltd.	**65**	65	People's Republic of China	International trade, processing and assembling, storage of bonded goods and development of high technological products and consultancy services
Jutasama Sdn. Bhd.	**100**	100	Malaysia	Contracting of industrial engineering projects
Mackenzie Industries Sdn. Bhd.	**60**	60	Malaysia	Undertaking of steam boilers and energy system projects in both local and overseas markets
Jutasama Jaya Sdn. Bhd.	**100**	100	Malaysia	Dormant
VI Energy Ltd (formerly known as PMT Energy (Labuan) Ltd.)	**100**	100	Federal Territory of Labuan, Malaysia	Dormant
PMT Energy Sdn. Bhd.	**-p**	100	Malaysia	Dormant (In Member's Voluntary Winding Up)
~ P.M.T.I. Energy (Cambodia) Co. Ltd.	**75**	75	Kingdom of Cambodia	Dormant

10 INVESTMENT IN SUBSIDIARIES (CONTINUED)

Details of subsidiaries are as follows (continued):

		Group's effective interest 2019 %	Group's effective interest 2018 %	Country of incorporation	Principal activities
	PMT Industries Sdn. Bhd.	**100**	100	Malaysia	Manufacturing and supplying of spare parts, equipment and provision of maintenance services for palm oil and other agricultural industries
	PMT Industries (Labuan) Ltd.	**100**	100	Federal Territory of Labuan, Malaysia	Supply of equipment for palm oil and other agricultural industries
	PMT-Phoenix Industries Sdn. Bhd.	**-** [f]	- [f]	Malaysia	Dormant (In Member's Voluntary Winding Up)
	PMT-Dong Yuan Industries Sdn. Bhd.	**100**	100	Malaysia	Fabrication, assembly and supply of machinery and equipment to palm oil industry
*	PT. PMT Industri	**100**	100	Indonesia	Supply of spare parts, equipment, provision of maintenance services and engineering consultation for palm oil and other agricultural industries
	Peakvest Sdn. Bhd.	**100**	100 [j]	Malaysia	Letting of properties
	PMT Saito Sdn. Bhd.	**51**	51 [h]	Malaysia	Manufacturing accessories and equipment under the brand of 'Saito', for disc bowl centrifuge for palm oil industry, manufacturing of decanters model SID550P and 580P for palm oil industry, and manufacturing and development of new products in any industry
	Petro-Pipe Industrial Corporation Sdn. Bhd.	**100**	100	Malaysia	Investment holding
	Petro-Pipe Industries (M) Sdn. Bhd.	**100**	100	Malaysia	Investment holding
	PPI Industries Sdn. Bhd.	**100**	100	Malaysia	Supplying and trading of steel pipes and related products and services
	Syn Tai Hung Trading Sdn. Bhd.	**100**	100	Malaysia	Trading and distribution of building materials
	Stellar Marketing Sdn. Bhd.	**100**	100	Malaysia	Dormant
~	Syn Tai Hung (Cambodia) Co. Ltd	**100** [o]	80	Kingdom of Cambodia	Trading and warehousing of building materials

10 INVESTMENT IN SUBSIDIARIES (CONTINUED)

Details of subsidiaries are as follows (continued):

	Group's effective interest			
	2019 %	**2018 %**	**Country of incorporation**	**Principal activities**
Petro-Pipe Engineering Services Sdn. Bhd.	**100**	100	Malaysia	Trading and distribution parts and machineries and other ancillary materials and services
WDG Resources Sdn. Bhd.	**60**	60	Malaysia	Trading, distribution, wholesale and retail, renting, leasing and service of industry machinery, equipment and parts
Syn Tai Hung Marketing Sdn. Bhd.	**60**	60[k]	Malaysia	Trading, distribution and service of industry machinery, equipment and spare parts; trading and distribution of building materials
Spirolite (M) Sendirian Berhad	**100**	100	Malaysia	Manufacturing and trading of spiral pipes, straight pipes, tubes, tanks and containers
Spirolite Marketing Sdn. Bhd.	**-[i]**	-[i]	Malaysia	Dormant (In Member's Voluntary Winding Up)
* Spirolite (Myanmar) Company Limited	**100**	100	The Republic of the Union of Myanmar	Manufacturing and marketing of polyethylene pipes, fittings and tanks for related fluid conveyance products
Syn Tai Hung Borneo Sdn. Bhd.	**70**	70	Malaysia	Trading and distribution of building materials
* Wah Seong International Pte Limited	**100**	100	Hong Kong, SAR	Investment holding
~ WSIPL Australia Pty. Ltd.	**100**	100	Australia	Dormant
Wah Seong Industrial Holdings Sdn. Bhd.	**100**	100	Malaysia	Investment and property holding and provision of management services
Syn Tai Hung Corporation Sdn. Bhd.	**-[b]**	-[b]	Malaysia	Dormant (In Member's Voluntary Winding Up)
Wah Seong Ventures Sdn. Bhd.	**-[d]**	-[d]	Malaysia	Dormant (Dissolved)
E-Green Technology Sdn. Bhd.	**-[c]**	-[c]	Malaysia	Dormant (Dissolved)
Wah Seong Management Services Sdn. Bhd.	**100**	100	Malaysia	Provision of management support services and business management consultancy services

10 INVESTMENT IN SUBSIDIARIES (CONTINUED)

Details of subsidiaries are as follows (continued):

	Group's effective interest			
	2019 %	2018 %	Country of incorporation	Principal activities
WSC Capital Sdn. Bhd.	**100**	100	Malaysia	Treasury management centre providing services to its related companies within Malaysia and overseas which includes cash financing, debt management, investment services and financial risk management
Maple Sunpark Sdn. Bhd.	**100**	100	Malaysia	Letting of properties
Triple Cash Sdn. Bhd.	**79**	79	Malaysia	Investment and property holding
Sunrise Green Sdn. Bhd.	**65**	65	Malaysia	Investment and property holding
WSC Capital (Labuan) Limited	**-[e]**	-[e]	Federal Territory of Labuan, Malaysia	Dormant (Dissolved)

* *Audited by a firm other than member firms of PricewaterhouseCoopers International Limited and PricewaterhouseCoopers PLT.*

\# *Audited by a member firm of PricewaterhouseCoopers International Limited which is a separate and independent legal entity from PricewaterhouseCoopers PLT.*

~ *Companies not required by their local laws to appoint statutory auditors.*

t *On 28 November 2019, Wasco Coatings Middle East QFZ LLC ("WC Middle East") was incorporated in the State of Qatar. WC Middle East has an initial issued and paid-up share capital of QR200,000 divided into 2,000 shares of QR100 each. WC Middle East became an indirect 60% owned subsidiary of the Company, held through Wasco Coatings Limited, an indirect wholly-owned subsidiary of the Company and Medgulf Construction Company W.L.L., with equity interest of 60% and 40% respectively.*

s *On 22 November 2019, Wasco Coatings Europe B.V., an indirect wholly-owned subsidiary of the Company, had disposed of 770,000 ordinary shares in the issued and paid-up share capital of Wasco-PAP Services Ghana Limited ("WPSG"), representing 70% equity interest in WPSG to PAP Energy Limited, the existing shareholder of WPSG, for a total cash consideration of EUR1,000.*

As a result of the disposal, WPSG ceased to be an indirect subsidiary of the Company.

r *On 22 October 2019, Wasco Energy De Mexico S.A. DE C.V. ("WEDM"), an indirect wholly-owned subsidiary of the Company, had at its General Extraordinary Shareholders' Meeting, approved the resolution to voluntary liquidate WEDM in accordance with the rules and regulations of the General Corporations Law of Mexico. As a result, the Group no longer controls the subsidiary and as such it was not consolidated.*

q *On 9 July 2019, WEGL Services India Private Limited ("WEGL Services India") was incorporated in India. WEGL Services India has an initial issued share capital of INR14,000,000 divided into 1,400,000 equity shares of INR10 each. WEGL Services India became an indirect wholly-owned subsidiary of the Company, held through Wasco Engineering Group Limited and Wasco Engineering International Ltd, both are an indirect wholly-owned subsidiaries of the Company, with equity interest of 99% and 1% respectively.*

p *On 8 July 2019, PMT Energy Sdn. Bhd. ("PMT Energy"), an indirect wholly-owned subsidiary of the Company, had at its Extraordinary General Meeting inter-alia, approved the special resolution to wind up PMT Energy by way of Member's Voluntary Winding Up. As a result, the Group no longer controls the subsidiary and as such it was not consolidated.*

10 INVESTMENT IN SUBSIDIARIES (CONTINUED)

o *On 24 June 2019, Syn Tai Hung Trading Sdn. Bhd. ("STHT"), an indirect wholly-owned subsidiary of the Company, had acquired 30,000 and 60,000 ordinary shares, representing 10% and 20% equity interest respectively in the issued and paid-up share capital of Syn Tai Hung (Cambodia) Co., Ltd. ("STH Cambodia") from Petro-Pipe Engineering Services Sdn. Bhd., an indirect wholly-owned subsidiary of the Company and Mr Okhna Ing Veasna for a total nominal consideration of USD100 and USD200 respectively.*

Upon completion of the acquisition of STH Cambodia shares, STH Cambodia became an indirect wholly-owned subsidiary of the Company, held through STHT.

n *On 12 June 2019, Wasco CPM Sdn. Bhd. ("Wasco CPM"), an indirect 51% owned subsidiary of the Company, had acquired 9,500 ordinary shares, representing 95% of equity interest in the total number of issued and paid-up share capital of Eco Consortium Sdn. Bhd. ("ECSB"), for a total consideration of RM1. Upon completion of the acquisition of ECSB shares, ECSB became an indirect 48% owned subsidiary of the Company, held through Wasco CPM.*

Although the Company does not own more than 50% of the equity shares of ECSB and consequently it does not control more than half of the voting power of those shares, it has the power to appoint and remove the majority of the Board of Directors of ECSB as such control of these entities is by the Company. Consequently, ECSB is controlled by the Company and is consolidated in these financial statements.

m *On 28 February 2019, Asiana Emas Sdn. Bhd. ("AESB"), an indirect wholly-owned subsidiary of the Company, had increased its equity interest in Petro-Pipe (Sabah) Sdn. Bhd. ("PPS") from 60% to 70% following the Renounceable Rights Issue Exercise undertaken by PPS of 10,000,000 ordinary shares issued at RM2.00 each. The Renounceable Rights Issue shares was issued and allotted proportionately to PPS's existing shareholders, namely AESB and Sabah Energy Corporation Sdn. Bhd. ("SEC") which SEC had renounced in totality.*

l *On 5 December 2018, Wasco Engineering & Technology Inc. ("WETI"), an indirect 65% owned subsidiary of the Company, had at its Shareholders' Meeting inter-alia, approved the resolution to voluntary wind up WETI in accordance with the rules and regulations of the BVI Business Companies Act, 2014. The application for the appointment of Voluntary Liquidator was duly filed and approved by the Financial Services Commission of British Virgin Islands on 4 January 2019. As a result, the Group no longer controls the subsidiary and as such it was not consolidated.*

On 17 April 2019, WETI had completed the voluntary liquidation.

k *On 27 December 2018, Syn Tai Hung Trading Sdn. Bhd. ("STHT"), an indirect wholly-owned subsidiary of the Company, had transferred 1,000,000 ordinary shares, representing 100% equity interest in the issued and paid-up share capital of Syn Tai Hung Marketing Sdn. Bhd. ("STHM") to WDG Resources Sdn. Bhd. ("WDG"), a 60% owned subsidiary of the Company, for a total cash consideration of RM163,233.*

As a result, STHM became a wholly-owned subsidiary of WDG and an indirect 60% owned subsidiary of the Company, held through WDG.

j *On 20 December 2018, the Company had disposed of 50,000 ordinary shares, representing 100% equity interest in the issued and paid-up share capital of Peakvest Sdn. Bhd. ("PSB") to Jutasama Sdn. Bhd. ("JSB"), a wholly-owned subsidiary of the Company, for a total cash consideration of RM50,000. As a result, PSB ceased to be a direct wholly-owned subsidiary of the Company and became an indirect wholly-owned subsidiary of the Company, held through JSB.*

i *On 12 December 2018, Spirolite Marketing Sdn. Bhd. ("Spirolite Marketing"), an indirect wholly-owned subsidiary of the Company, had at its Extraordinary General Meeting inter-alia, approved the special resolution to wind up Spirolite Marketing by way of Member's Voluntary Winding Up. As a result, the Group no longer controls the subsidiary and as such it was not consolidated.*

h *On 6 September 2018, PMT Saito Sdn. Bhd. ("PMTS") was incorporated in Malaysia. PMTS has an initial issued and paid-up share capital of RM1,000 divided into 1,000 ordinary shares. PMTS became an indirect 51% owned subsidiary of the Company, held through PMT Industries Sdn. Bhd., an indirect wholly-owned subsidiary, and Saito Separator Limited, with equity interest of 51% and 49% respectively.*

10 INVESTMENT IN SUBSIDIARIES (CONTINUED)

g *On 16 August 2018, Wasco CPM Sdn. Bhd. ("WCPM") was incorporated in Malaysia. WCPM has an initial issued and paid-up share capital of RM1,000 divided into 1,000 ordinary shares. WCPM became an indirect 51% owned subsidiary of the Company, held through Wasco Coatings Limited, an indirect wholly-owned subsidiary, PT Citra Panji Manunggal and Mr Keith Potter, with equity interest of 51%, 40% and 9% respectively.*

f *On 15 December 2017, PMT-Phoenix Industries Sdn. Bhd. ("PMT-Phoenix"), an indirect wholly-owned subsidiary of the Company had at its Extraordinary General Meeting inter-alia, approved the special resolution to wind up PMT-Phoenix by way of Member's Voluntary Winding Up. As a result, the Group no longer controls the subsidiary and as such it was not consolidated.*

e *On 27 December 2016, WSC Capital (Labuan) Limited ("WSCCL"), a wholly-owned subsidiary of the Company, had at its Extraordinary General Meeting inter-alia, approved the special resolution to wind up WSCCL by way of Member's Voluntary Winding Up. As a result, the Group no longer controls the subsidiary and as such it was not consolidated.*

On 31 December 2018, WSCCL had held its final meeting for the Member's Voluntary Winding Up and will be fully dissolved after the expiration of three months from the date of lodgement of the Return by Liquidator relating to the Final Meeting with the Labuan Financial Services Authority and Official Receiver.

d *On 30 December 2015, Wah Seong Ventures Sdn. Bhd. ("WSV"), an indirect wholly-owned subsidiary of the Company, had at its Extraordinary General Meeting inter-alia, approved the special resolution to wind up WSV by way of Member's Voluntary Winding Up. As a result, the Group no longer controls the subsidiary and as such it was not consolidated.*

On 28 August 2019, WSV had held its final meeting for the Member's Voluntary Winding Up and will be fully dissolved after the expiration of three months from the date of lodgement of the Return by Liquidator relating to the Final Meeting with the Companies Commission of Malaysia and Official Receiver.

c *On 21 December 2015, E-Green Technology Sdn. Bhd. ("EGTSB"), an indirect wholly-owned subsidiary of the Company, had at its Extraordinary General Meeting inter-alia, approved the special resolution to wind up EGTSB by way of Member's Voluntary Winding Up. As a result, the Group no longer controls the subsidiary and as such it was not consolidated.*

On 22 March 2019, EGTSB had held its final meeting for the Member's Voluntary Winding Up and will be fully dissolved after the expiration of three months from the date of lodgement of the Return by Liquidator relating to the Final Meeting with the Companies Commission of Malaysia and Official Receiver.

b *On 18 November 2015, Syn Tai Hung Corporation Sdn. Bhd. ("STHC"), an indirect wholly-owned subsidiary of the Company, had at its Extraordinary General Meeting inter-alia, approved the special resolution to wind up STHC by way of Member's Voluntary Winding Up. As a result, the Group no longer controls the subsidiary and as such it was not consolidated.*

a *On 7 March 2012, PT MPE Deepwater, an indirect subsidiary of the Company, had at its Extraordinary General Meeting, inter-alia, approved the special resolutions to wind up the company by way of Member's Voluntary Winding Up. As a result, the Group no longer controls the subsidiary and as such it was not consolidated.*

π *Although the Company does not own more than 50% of the equity shares of Wasco Oilfield Services Sdn. Bhd. ("WOS") and Wasco Lindung Sdn. Bhd. ("WL"), and consequently it does not control more than half of the voting power of those shares, it has the power to appoint and remove the majority of the Board of Directors of WOS and WL as such control of these entities is by the Company. Consequently, WOS and WL are controlled by the Company and is consolidated in these financial statements.*

10 INVESTMENT IN SUBSIDIARIES (CONTINUED)

Non-controlling interests in subsidiaries

The Group's subsidiaries that have material non-controlling interests ("NCI") are as follows:

Group	Mackenzie Industries Sdn. Bhd. RM'000	Wasco Coatings Malaysia Sdn. Bhd. RM'000	Petro-Pipe (Sabah) Sdn. Bhd. RM'000	Other individually immaterial subsidiaries RM'000	Total RM'000
2019					
NCI percentage of ownership interest and voting interest	40%	30%	30%		
Carrying amount of NCI	7,779	53,399	(5,394)	5,468	61,252
Net (loss)/profit allocated to NCI	(2,882)	(8,776)	(1,284)	2,373	(10,569)
Summarised financial information before intra-group elimination					
As at 31 December					
Non-current assets	6,229	213,418	75,810		
Current assets	78,127	230,930	92,371		
Non-current liabilities	-	(178,745)	-		
Current liabilities	(64,909)	(87,606)	(155,742)		
Net assets	19,447	177,997	12,439		
Financial year ended 31 December					
Revenue	109,814	5,553	84,167		
Net (loss)/profit	(7,204)	(29,253)	2,714		
Cash flows used in operating activities	(3,266)	(28,036)	(56,463)		
Cash flows generated from/(used in) investing activities	8,671	25,202	(677)		
Cash flows (used in)/generated from financing activities	(3,197)	3,178	65,666		
Net change in cash and cash equivalents	2,208	344	8,526		
Dividends paid/payable to NCI	480	10,200	-		

10 INVESTMENT IN SUBSIDIARIES (CONTINUED)

Non-controlling interests in subsidiaries (continued)

The Group's subsidiaries that have material non-controlling interests ("NCI") are as follows (continued):

Group	Mackenzie Industries Sdn. Bhd. RM'000	Wasco Coatings Malaysia Sdn. Bhd. RM'000	Petro-Pipe (Sabah) Sdn. Bhd. RM'000	Other individually immaterial subsidiaries RM'000	Total RM'000
2018					
NCI percentage of ownership interest and voting interest	40%	30%	40%		
Carrying amount of NCI	11,141	72,375	(4,110)	1,712	81,118
Net profit/(loss) allocated to NCI	1,208	(7,500)	(2,112)	3,469	(4,935)
Summarised financial information before intra-group elimination					
As at 31 December					
Non-current assets	5,043	31,635	78,042		
Current assets	94,316	262,065	14,481		
Current liabilities	(71,507)	(52,450)	(102,798)		
Net assets/(liabilities)	27,852	241,250	(10,275)		
Financial year ended 31 December					
Revenue	109,412	94,275	41,285		
Net profit/(loss)	3,019	(24,999)	(5,280)		
Cash flows (used in)/generated from operating activities	(18,578)	113,680	24,829		
Cash flows generated from/(used in) investing activities	8,096	(95,664)	(1,001)		
Cash flows (used in)/generated from financing activities	(3,668)	(37,148)	(24,445)		
Net change in cash and cash equivalents	(14,150)	(19,132)	(617)		
Dividends paid/payable to NCI	-	10,200	-		

11 INVESTMENT IN ASSOCIATES

	Group	
	2019	**2018**
	RM'000	**RM'000**
Quoted shares in Malaysia	**130,114**	130,114
Unquoted shares	**84,076**	85,095
Share of post-acquisition results and reserves	**(6,363)**	(33,180)
	207,827	182,029
Share of net assets of associates	**207,827**	182,029
Quoted shares in Malaysia at fair value	**117,708**	35,053

Quoted shares – Petra Energy Berhad

As at 31 December 2019 and 31 December 2018, the fair value of the Group's investment in quoted shares is based on Level 1 of the fair value hierarchy.

The market value of the Group's interest in quoted shares, representing its fair value as at 31 December 2019, was approximately RM117,708,000 (2018: RM35,053,000). This fair value is approximately RM15,027,000 above the carrying value, with no impairment indicator.

As at 31 December 2018, the fair value of the quoted shares is approximately RM52,892,000 below the carrying value, giving rise to an impairment indicator. Therefore, the recoverable amount is determined using value-in-use calculations. These calculations are based on the discounted cash flows expected to be generated from the investment. Financial budgets approved by management covering a period of 5 years and the terminal period are based on past performance and management's expectation of the future market developments.

The value-in-use calculations are mainly driven by the revenue growth rate, terminal value growth rate and discount rate. The discount rate reflects the current market assessment of the risks specific to the industry and is based on the cost of equity expected of the investment. The revenue growth rate takes into consideration the secured contracts as at 31 December 2018 and the historical performance. The growth rate assumed for terminal value considers external macroeconomic sources of data and industry specific trends.

The following table presents the key assumptions used for the value-in-use calculations.

	2018
Revenue growth rate for 5 years	<0%* – 3.0%
Discount rate	12.5%
Growth rate for terminal value	2.0%

* Negative growth is due to end of ongoing project.

The value-in-use is above the carrying value of the Group's investment in quoted shares. As such, no impairment loss is deemed necessary to be recognised in the financial year ended 31 December 2018.

11 INVESTMENT IN ASSOCIATES (CONTINUED)

Sensitivity

The recoverable amount of the investment in quoted shares would equal its carrying amount if the key assumptions were to change as follows:

	2018	
	From	**To**
Revenue growth rate for 5 years	3.0%	(2.9%)
Discount rate	12.5%	15.9%
Growth rate for terminal value	2.0%	(3.3%)

Details of associates are as follows:

	Country of incorporation	**Group's effective interest**		**Principal activities**
		2019 %	**2018 %**	
WS Integrasi Sdn. Bhd.	Malaysia	**49**	49	Trading, distribution, sales and marketing of the Group's product and services in the oil & gas, renewable energy, engineering, industrial and property (including land acquisitions) as well as undertaking other external business services opportunities
Petra Energy Berhad	Malaysia	**27**	27	Investment holding
Evraz Wasco Pipe Protection Corporation	Canada	**49**	49	Provision of pipe coating services
Syarikat Beka Sdn. Bhd.	Malaysia	**48**	48	Dormant
Lesso Home Syn Tai Hung Sdn. Bhd.	Malaysia	**-**	-[a]	Trading and distribution of home furnishing goods, building materials, household hardware, builders hardware, sanitary wares and others
Wah Seong Boustead Company Limited	Myanmar	**50**	50	Property development, trading and provision of auxiliary services

a *On 3 August 2018, Syn Tai Hung Trading Sdn. Bhd., an indirect wholly-owned subsidiary of the Company had disposed of 490,000 ordinary shares in the issued and paid-up share capital of Lesso Home Syn Tai Hung Sdn. Bhd. ("LHSTH"), representing 49% equity interest in LHSTH to Lesso Home Services Holdings Limited ("LHSH"), the existing shareholder of LHSTH, for a total cash consideration of RM440,000.*

As a result of the disposal, LHSTH ceased to be an indirect associate of the Company.

11 INVESTMENT IN ASSOCIATES (CONTINUED)

The following table summarises the information of the Group's material associates and reconciles the information to the carrying amount of the Group's interest in the associates. The information has been adjusted to reflect the equity method of accounting, including fair value adjustments:

Group	Petra Energy Berhad RM'000	Evraz Wasco Pipe Protection Corporation RM'000	Other individually immaterial associates RM'000	Total RM'000
2019				
Summarised financial information				
As at 31 December				
Non-current assets	283,384	203,124		
Current assets	345,434	46,736		
Non-current liabilities	(4,425)	-		
Current liabilities	(242,680)	(35,726)		
Net assets	381,713	214,134		
Financial year ended 31 December				
Revenue	584,276	79,954		
Net profit	68,271	17,838		
Other comprehensive expense	(632)	-		
Total comprehensive income	67,639	17,838		
Reconciliation of net assets to carrying amount				
As at 31 December				
Group's share of net assets	102,681	104,926	152	207,759
Goodwill	-	-	68	68
Carrying amount in statement of financial position	102,681	104,926	220	207,827
Group's share of results				
Financial year ended 31 December				
Group's share of profit	18,365	8,741	50	27,156
Group's share of other comprehensive expense	(170)	-	-	(170)
Dividend receivable/received	3,462	-	-	3,462

11 INVESTMENT IN ASSOCIATES (CONTINUED)

The following table summarises the information of the Group's material associates and reconciles the information to the carrying amount of the Group's interest in the associates. The information has been adjusted to reflect the equity method of accounting, including fair value adjustments (continued):

Group	Petra Energy Berhad RM'000	Evraz Wasco Pipe Protection Corporation RM'000	Other individually immaterial associates RM'000	Total RM'000
2018				
Summarised financial information				
As at 31 December				
Non-current assets	315,565	175,867		
Current assets	320,674	46,678		
Non-current liabilities	(19,383)	-		
Current liabilities	(289,922)	(30,874)		
Net assets	326,934	191,671		
Financial year ended 31 December				
Revenue	467,424	122,451		
Net (loss)/profit	(26,277)	17,381		
Other comprehensive income	2,587	-		
Total comprehensive (expense)/income	(23,690)	17,381		
Reconciliation of net assets to carrying amount				
As at 31 December				
Group's share of net assets	87,945	93,919	27	181,891
Goodwill	-	-	68	68
Reclass to other payables	-	-	70	70
Carrying amount in statement of financial position	87,945	93,919	165	182,029
Group's share of results				
Financial year ended 31 December				
Group's share of (loss)/profit	(7,069)	8,517	(278)	1,170
Group's share of other comprehensive income	696	-	-	696
Dividend receivable/received	-	-	257	257

12 INVESTMENT IN JOINT VENTURES

	Group 2019 RM'000	Group 2018 RM'000
Unquoted shares	**165,429**	159,358
Share of post-acquisition results and reserves	**(44,843)**	(24,060)
	120,586	135,298
Less: Accumulated impairment loss	**(8,959)**	(8,930)
	111,627	126,368
Share of net assets of joint ventures	**111,627**	126,368

During the financial year, an addition of RM6,177,000 in unquoted shares is in relation to non-cash transaction.

Unquoted shares – Alam-PE Holdings (L) Inc.

During the financial year, the Group reviewed the recoverable amount of its investment in a joint venture, Alam-PE Holdings (L) Inc. The recoverable amount was determined using value-in-use calculations. The calculations are based on discounted cash flows expected to be generated from the investment based on past performance and management's business plan.

The value-in-use calculations are mainly driven by the revenue growth rate, terminal value growth rate and discount rate, supported with sufficient maintenance capital expenditure. The discount rate reflects the current market assessment of the risks specific to the industry and is based on the cost of equity. The revenue growth rate takes into consideration the secured contracts as at 31 December 2019 and historical performance. The growth rate assumed for terminal value considers external macroeconomic sources of data and industry specific trends.

The following table presents the key assumptions used to determine the value-in-use.

	2019	2018
Average utilisation rate for 5 years	**61.0%**	81.0%
Pre-tax discount rate	**12.7%**	11.0%
Growth rate for terminal value	**2.0%**	3.0%

Based on management's value-in-use calculation, no impairment loss is deemed necessary to be recognised during the financial year.

Sensitivity

The recoverable amount of the investment in a joint venture would equal its carrying amount if the key assumptions were to change as follows:

	2019		2018	
	From	To	From	To
Average utilisation rate for 5 years	**61.0%**	**60.2%**	81.0%	75.2%
Pre-tax discount rate	**12.7%**	**12.8%**	11.0%	11.7%
Growth rate for terminal value	**2.0%**	**1.9%**	3.0%	2.2%

12 INVESTMENT IN JOINT VENTURES (CONTINUED)

Sensitivity (continued)

Reasonably possible changes to the key assumptions would have decreased the carrying amount of the investment in a joint venture as follows:

	Group RM'000
2019	
Utilisation rate (5% decrease)	**3,800**
Pre-tax discount rate (1% increase)	**7,400**
Terminal growth rate (1% decrease)	**5,300**

In the prior financial year, there were no reasonably possible changes in any of the key assumptions that would have changed the recoverable amount of the investment in a joint venture.

Impairment of investment in joint ventures

The movements for allowance for impairment loss on investment in joint ventures during the financial year are as follows:

	Group	
	2019 RM'000	**2018 RM'000**
At 1 January	**8,930**	8,780
Effect of exchange rate changes	**29**	150
At 31 December	**8,959**	8,930

Details of joint ventures are as follows:

	Country of incorporation	Group's effective interest		Principal activities
		2019 %	**2018 %**	
Boustead Wah Seong Sdn. Bhd.	Malaysia	**50**	50	Investment holding activities and businesses in property development and management; provision of general fabrication, engineering and oil and gas services; trading and marketing activities and any other businesses or projects as shall be mutually agreed from time to time in Myanmar
Socotherm Shashi Pipe Coating Co. Ltd.	People's Republic of China	**50**	50	Provision of pipe coating services
Socotherm PPSC Ningbo (Daxie) Pipe Coating Co. Limited	People's Republic of China	**50**	50	Marketing and provision of pipe coating services to the oil and gas industry
Sichuan Chuanshi Kanssen (Yadong) Coating Services Company Limited	People's Republic of China	**51**	51	Provision of pipe coating services

12 INVESTMENT IN JOINT VENTURES (CONTINUED)

Details of joint ventures are as follows (continued):

	Country of incorporation	Group's effective interest 2019 %	Group's effective interest 2018 %	Principal activities
Shaanxi Yadong Anti-Corrosion Company Limited	People's Republic of China	**55**	55	Provision of pipe coating services
Bayou Wasco Insulation, LLC	United States of America	**49**	49	Provision of thermal insulation coating services to pipes or pipelines
PMT SHINKO Turbine Sdn. Bhd.	Malaysia	**49**	49	Assembly and supply of equipment for palm oil and other agricultural industries
Welspun Wasco Coatings Private Limited	India	**49**	49	Provision of pipe coating services
Alam-PE Holdings (L) Inc.	Federal Territory of Labuan, Malaysia	**49**	49	Investment holding

The following table summarises the information of the Group's material joint ventures and reconciles the information to the carrying amount of the Group's interest in the joint ventures. The information has been adjusted to reflect the equity method of accounting, including fair value adjustments:

Group	Alam-PE Holdings (L) Inc. RM'000	Bayou Wasco Insulation, LLC RM'000	Boustead Wah Seong Sdn. Bhd. RM'000	Welspun Wasco Coatings Private Limited RM'000	Other individually immaterial joint ventures RM'000	Total RM'000
2019						
Summarised financial information						
As at 31 December						
Non-current assets	**103,935**	**78,990**	**32,454**	**36,359**		
Current assets	**32,132**	**11,992**	**44,564**	**2,835**		
Cash and cash equivalents	**1,401**	**10,674**	**12,694**	**4,486**		
Non-current liabilities	**-**	**(69,782)**	**(3,257)**	**(34,497)**		
Current liabilities	**(7,689)**	**(17,715)**	**(16,151)**	**(3,249)**		
Non-controlling interest	**-**	**-**	**(35,088)**	**-**		
	129,779	**14,159**	**35,216**	**5,934**		

12 INVESTMENT IN JOINT VENTURES (CONTINUED)

The following table summarises the information of the Group's material joint ventures and reconciles the information to the carrying amount of the Group's interest in the joint ventures. The information has been adjusted to reflect the equity method of accounting, including fair value adjustments (continued):

Group	Alam-PE Holdings (L) Inc. RM'000	Bayou Wasco Insulation, LLC RM'000	Boustead Wah Seong Sdn. Bhd. RM'000	Welspun Wasco Coatings Private Limited RM'000	Other individually immaterial joint ventures RM'000	Total RM'000
2019 (continued)						
Financial year ended 31 December						
Net loss	(46,656)	(7,663)	(3,032)	(6,413)		
Other comprehensive expense	-	(414)	(865)	(998)		
Total comprehensive expense	(46,656)	(8,077)	(3,897)	(7,411)		
Included in the total comprehensive expense are:						
Revenue	14,698	44,220	9,010	6,233		
Interest income	-	-	137	319		
Depreciation and amortisation	(11,066)	(7,138)	(7,108)	(3,307)		
Interest expense	-	(1,057)	-	(2,596)		
Tax (expense)/credit	(96)	-	1,512	-		
Reconciliation of net assets to carrying amount						
As at 31 December						
Group's share of net assets	63,592	6,938	17,608	2,908	16,300	107,346
Goodwill	11,989	-	-	-	1,251	13,240
Less: Accumulated impairment loss	-	-	-	-	(8,959)	(8,959)
Carrying amount in statement of financial position	75,581	6,938	17,608	2,908	8,592	111,627
Group's share of results						
Financial year ended 31 December						
Group's share of loss	(22,861)	(3,755)	(702)	(3,142)	(467)	(30,927)
Group's share of other comprehensive (expense)/ income	-	(203)	(220)	(489)	58	(854)
Group's share of total comprehensive expense	(22,861)	(3,958)	(922)	(3,631)	(409)	(31,781)
Dividend receivable/received	-	-	-	-	21	21

12 INVESTMENT IN JOINT VENTURES (CONTINUED)

The following table summarises the information of the Group's material joint ventures and reconciles the information to the carrying amount of the Group's interest in the joint ventures. The information has been adjusted to reflect the equity method of accounting, including fair value adjustments (continued):

Group	Alam-PE Holdings (L) Inc. RM'000	Bayou Wasco Insulation, LLC RM'000	Boustead Wah Seong Sdn. Bhd. RM'000	Welspun Wasco Coatings Private Limited RM'000	Other individually immaterial joint ventures RM'000	Total RM'000
2018						
Summarised financial information						
As at 31 December						
Non-current assets	151,364	79,346	39,788	38,302		
Current assets	28,791	9,100	27,043	2,804		
Cash and cash equivalents	4,021	726	29,823	8,523		
Non-current liabilities	-	(53,776)	(4,311)	(46,340)		
Current liabilities	(7,740)	(12,758)	(17,903)	(3,122)		
Non-controlling interest	-	-	(37,379)	-		
	176,436	22,638	37,061	167		
Financial year ended 31 December						
Net (loss)/profit	(32,596)	(2,859)	3,034	(8,708)		
Other comprehensive income/ (expense)	-	998	1,361	(636)		
Total comprehensive (expense)/ income	(32,596)	(1,861)	4,395	(9,344)		
Included in the total comprehensive income/ (expense) are:						
Revenue	18,329	55,813	19,391	2,509		
Interest income	-	-	169	-		
Depreciation and amortisation	(11,628)	(2,891)	(6,930)	(4,044)		
Interest expense	-	(1,721)	-	(3,289)		
Tax expense	(102)	-	177	-		
Reconciliation of net assets to carrying amount						
As at 31 December						
Group's share of net assets	86,454	11,093	18,531	82	16,949	133,109
Goodwill	11,989	-	-	-	1,148	13,137
Less: Elimination of unrealised profits	-	(10,948)	-	-	-	(10,948)
Less: Accumulated impairment loss	-	-	-	-	(8,930)	(8,930)
Carrying amount in statement of financial position	98,443	145	18,531	82	9,167	126,368

12 INVESTMENT IN JOINT VENTURES (CONTINUED)

The following table summarises the information of the Group's material joint ventures and reconciles the information to the carrying amount of the Group's interest in the joint ventures. The information has been adjusted to reflect the equity method of accounting, including fair value adjustments (continued):

Group	Alam-PE Holdings (L) Inc. RM'000	Bayou Wasco Insulation, LLC RM'000	Boustead Wah Seong Sdn. Bhd. RM'000	Welspun Wasco Coatings Private Limited RM'000	Other individually immaterial joint ventures RM'000	Total RM'000
2018 (continued)						
Group's share of results						
Financial year ended 31 December						
Group's share of (loss)/profit	(15,972)	(1,401)	753	(4,267)	1,427	(19,460)
Group's share of other comprehensive income/ (expense)	-	489	347	(312)	(441)	83
Group's share of total comprehensive (expense)/ income	(15,972)	(912)	1,100	(4,579)	986	(19,377)
Dividend receivable/received	-	-	-	-	412	412

13 FINANCE LEASE RECEIVABLES

	Group 2019 RM'000	Group 2018 RM'000
Minimum lease receivables:		
Not later than 1 year	**12,942**	15,648
Later than 1 year and not later than 2 years	**5,550**	13,099
Later than 2 years and not later than 5 years	**-**	5,617
	18,492	34,364
Less: Future finance income	**(666)**	(1,942)
Present value of finance lease assets	**17,826**	32,422
Present value of finance lease receivables:		
Not later than 1 year	**12,352**	14,380
Later than 1 year and not later than 2 years	**5,474**	12,502
Later than 2 years and not later than 5 years	**-**	5,540
Present value of finance lease assets	**17,826**	32,422

13 FINANCE LEASE RECEIVABLES (CONTINUED)

The effective interest rate of the Group's finance lease receivables is 5.08% (2018: 5.08%).

	Group
	2019
	RM'000
At 1 January	32,422
Finance lease income recognised	1,270
Lease payments received	(15,668)
Effect of exchange rate changes	(198)
At 31 December	17,826

Comparative information for the previous financial year is not required to be disclosed in accordance with MFRS 16.

14 CONTRACT ASSETS/(LIABILITIES)

Net carrying amount of contract assets/(liabilities) is analysed as follows:

	Group	
	2019	2018
	RM'000	RM'000
At 1 January		
- Contract assets	95,869	82,290
- Contract liabilities	(52,792)	(64,563)
	43,077	17,727
Over time		
Revenue recognised in the current financial year		
- that was included in the contract liabilities at 1 January	23,996	32,720
- from additional contract assets and contract liabilities during the financial year	563,732	536,107
Less: Billings during the financial year	(609,828)	(553,951)
	(22,100)	14,876
Point in time		
Revenue recognised in the current financial year		
- that was included in the contract liabilities at 1 January	18,200	26,275
- from additional contract assets and contract liabilities during the financial year	217,649	137,627
Less: Billings during the financial year	(115,942)	(153,324)
	119,907	10,578
Effect of exchange rate changes	4,311	(104)
At 31 December	145,195	43,077
At 31 December		
- Contract assets	208,111	95,869
- Contract liabilities	(62,916)	(52,792)
	145,195	43,077

Revenue relating to performance obligations that are unsatisfied or partially unsatisfied as at 31 December 2019 amounting to RM929,587,000 (2018: RM1,111,953,000) are expected to be recognised between the next 12 to 24 months (2018: in the next 12 months).

15 INVESTMENT IN EQUITY INSTRUMENTS

Investment in equity instruments is in relation to quoted shares in Malaysia held by the Group.

Gains or losses arising from fair value changes of investment in equity instruments

During the financial year, the Group recognised a loss of nil (2018: RM4,000) in the profit or loss arising from fair value changes of its investment in equity instruments. The method and assumptions applied in determining the fair value of financial assets are disclosed in Note 46.

16 INVENTORIES

	Group	
	2019	2018
	RM'000	RM'000
Raw materials	**100,498**	148,422
Work-in-progress	**67,702**	96,659
Manufactured and trading goods	**63,171**	52,192
Consumables	**29,780**	24,792
Goods in transit	**5,927**	2,601
	267,078	324,666

17 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Gross trade receivables	**333,912**	277,826	**-**	-
Less: Allowance for impairment loss	**(21,386)**	(23,546)	**-**	-
	312,526	254,280	**-**	-
Gross other receivables	**117,732**	216,017	**13,724**	13,876
Less: Allowance for impairment loss	**(32,881)**	(16,845)	**(7,862)**	(1,109)
	84,851	199,172	**5,862**	12,767
Deposits	**12,571**	13,022	**48**	48
Prepayments	**29,900**	94,233	**159**	174
Total net receivables	**439,848**	560,707	**6,069**	12,989

Value added tax receivables amounting to RM15,885,000 (2018: RM109,008,000) are included within 'gross other receivables'.

The other receivables are considered performing except of amount of RM32,745,000 which is deemed underperforming and hence an ECL allowance of RM16,117,000 was made during the financial year.

17 TRADE AND OTHER RECEIVABLES (CONTINUED)

Credit risk concentration profile

The Group determines concentration of credit risk by monitoring the business segment of its trade receivables on an ongoing basis. The credit risk concentration profile of the Group's trade receivables at the reporting date is as follows:

	Group	
	2019	**2018**
	RM'000	**RM'000**
Oil & Gas	**81,531**	36,789
Renewable Energy	**113,434**	85,418
Industrial Trading & Services	**117,561**	132,073
Total	**312,526**	254,280

Concentration of credit risk exists within the Oil & Gas segment which primarily trades with oil majors. However, the Group considers the risk of default by these oil majors to be negligible given their relative size and financial strength.

There is no concentration of credit risk within the Renewable Energy and Industrial Trading & Services segments as the balances are distributed over a large number of customers.

The following table contains an analysis of the credit risks exposure for which expected credit loss is recognised:

	Gross trade receivables	Expected credit loss	Net trade receivables
	RM'000	**RM'000**	**RM'000**
2019			
Not past due	**131,707**	**-**	**131,707**
1 to 30 days overdue	**77,830**	**(153)**	**77,677**
31 to 60 days overdue	**36,815**	**(157)**	**36,658**
61 to 90 days overdue	**18,732**	**(162)**	**18,570**
91 to 180 days overdue	**30,717**	**(479)**	**30,238**
181 to 365 days overdue	**6,227**	**(750)**	**5,477**
More than 365 days overdue	**31,884**	**(19,685)**	**12,199**
Total	**333,912**	**(21,386)**	**312,526**
2018			
Not past due	65,611	-	65,611
1 to 30 days overdue	58,526	(197)	58,329
31 to 60 days overdue	52,317	(211)	52,106
61 to 90 days overdue	23,451	(342)	23,109
91 to 180 days overdue	24,952	(316)	24,636
181 to 365 days overdue	20,794	(2,618)	18,176
More than 365 days overdue	32,175	(19,862)	12,313
Total	277,826	(23,546)	254,280

Trade receivables that are individually determined to be impaired at the reporting date relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral.

17 TRADE AND OTHER RECEIVABLES (CONTINUED)

Receivables that are neither past due nor impaired

Trade and other receivables of the Group and the Company that are not impaired are in respect of creditworthy debtors with reliable payment records and have a low risk of default. Most of the Group's trade receivables arise from customers with more than 5 years of experience with the Group.

None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

The movements in the allowance for impairment loss of trade receivables during the financial year are as follows:

	Group	
	2019	**2018**
	RM'000	**RM'000**
At 1 January	**23,546**	20,758
Impairment loss recognised	**5,122**	4,397
Impairment loss reversed	**(3,213)**	(1,405)
Bad debts written off	**(4,073)**	(343)
Effect of exchange rate changes	**4**	139
At 31 December	**21,386**	23,546

Trade receivables that are individually determined to be impaired at the reporting date relate to balances for which recoveries are doubtful. These receivables are not secured by any collateral.

The movements in the Group's and the Company's allowance for impairment loss of other receivables during the financial year are as follows:

	Group		Company	
	2019	**2018**	**2019**	**2018**
	RM'000	**RM'000**	**RM'000**	**RM'000**
At 1 January	**16,845**	17,075	**1,109**	900
Impairment loss recognised	**16,117**	498	**6,753**	209
Impairment loss reversed	**-**	(234)	**-**	-
Bad debts written off	**(33)**	(523)	**-**	-
Effect of exchange rate changes	**(48)**	29	**-**	-
At 31 December	**32,881**	16,845	**7,862**	1,109

The Group's trade receivables exposure to foreign currency (a currency which is other than the functional currency of the Group entities) risk were:

	Group	
	2019	**2018**
	RM'000	**RM'000**
Gross trade receivables		
- United States Dollar	**62,750**	37,269
- Euro Dollar	**4,712**	5,081
- Japanese Yen	**1,895**	742
- Singapore Dollar	**551**	432
- Indonesian Rupiah	**15**	578
	69,923	44,102

17 TRADE AND OTHER RECEIVABLES (CONTINUED)

The Group's and the Company's other receivables, deposits and prepayments exposure to foreign currency (a currency which is other than the functional currency of the Group entities and the Company) risk were:

	Group		Company	
	2019	**2018**	**2019**	**2018**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Gross other receivables, deposits and prepayments				
- United States Dollar	**40,019**	34,360	**12,266**	12,415
- British Pound	**2,338**	-	**-**	-
- Ringgit Malaysia	**1,801**	-	**-**	-
- Singapore Dollar	**1,353**	552	**-**	-
- China Renminbi	**710**	-	**-**	-
- Euro Dollar	**593**	12,615	**-**	-
- Norwegian Kroner	**376**	405	**-**	-
- Indonesian Rupiah	**341**	1,882	**-**	-
	47,531	49,814	**12,266**	12,415

18 AMOUNTS OWING BY/(TO) SUBSIDIARIES

(a) Amounts owing by subsidiaries

	Company	
	2019	**2018**
	RM'000	**RM'000**
Interest bearing loans (unsecured)	**201,864**	202,702
Interest free advances (unsecured)	**10,379**	4,255
	212,243	206,957
Less: Allowance for impairment loss	**(43,106)**	(43,106)
	169,137	163,851

The effective interest rate of interest bearing loans as at 31 December 2019 ranges between 4.25% to 8.85% (2018: 4.80% to 8.85%) per annum. The loans and advances are recoverable on demand.

There is no impairment of amounts owing by subsidiaries as the rate of default and expected loss rate is low.

The Company's amounts owing by subsidiaries exposure to foreign currency (a currency which is other than the functional currency of the Company) risk were:

	Company	
	2019	**2018**
	RM'000	**RM'000**
- United States Dollar	**52,745**	119,657

18 AMOUNTS OWING BY/(TO) SUBSIDIARIES (CONTINUED)

(b) Amounts owing to subsidiaries

	Company	
	2019	2018
	RM'000	RM'000
Interest bearing loans (unsecured)	**16,963**	3,853
Non-trade accounts	**3,629**	2,944
	20,592	6,797

The effective interest rate of interest bearing loans as at 31 December 2019 ranges between 4.75% to 4.77% (2018: 4.75%) per annum. The loans are denominated in Ringgit Malaysia and are repayable on demand.

Non-trade accounts are denominated in Ringgit Malaysia, unsecured, interest free and repayable on demand.

19 AMOUNTS OWING BY/(TO) ASSOCIATES

(a) Amounts owing by associates

	Group		Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Trade accounts	**16,848**	7,396	**-**	-
Advances	**3,538**	4,221	**26**	20
	20,386	11,617	**26**	20

Trade accounts are unsecured, interest free and recoverable within the normal credit period. The advances are unsecured, interest free and recoverable on demand.

There is no impairment of amounts owing by associates as the rate of default and expected loss rate is low.

The Group has no significant exposure to foreign currency risk for the amounts owing by associates.

The Company's amounts owing by associates is non-trade in nature, unsecured, interest free and recoverable on demand. As at 31 December 2019 and 31 December 2018, the Company has no exposure to foreign currency risk for the amounts owing by associates.

(b) Amounts owing to associates

The Group's amounts owing to associates is non-trade in nature, unsecured, interest free and repayable on demand.

The Group has no significant exposure to foreign currency risk for the amounts owing to associates.

20 AMOUNTS OWING BY/(TO) JOINT VENTURES

(a) Amounts owing by joint ventures

	Group	
	2019	2018
	RM'000	RM'000
Trade accounts	1,990	1,784
Interest bearing loans	46,074	53,082
Advances	1,939	605
	50,003	55,471
Less: Allowance for impairment loss	(2,200)	-
	47,803	55,471

The amounts owing by joint ventures are considered performing except of certain interest bearing loan owing by a joint venture of RM31,439,000 which is deemed underperforming and hence an ECL allowance of RM2,200,000 was made during the financial year.

Trade accounts are unsecured, interest free and recoverable within 30 days.

The Group's effective interest rate of interest bearing loans as at 31 December 2019 is between 3.26% to 3.75% (2018: 3.26% to 3.75%) per annum. The loans and advances are unsecured and recoverable on demand.

The movements in the allowance for impairment loss on the Group's amounts owing by joint ventures during the financial year are as follows:

	Group	
	2019	2018
	RM'000	RM'000
At 1 January	-	425
Impairment loss recognised	2,200	-
Written off	-	(421)
Effect of exchange rate changes	-	(4)
At 31 December	2,200	-

The Group has no significant exposure to foreign currency risk for the amounts owing by joint ventures except for an amount of RM33,131,000 (2018: RM32,496,000) denominated in United States Dollar.

(b) Amounts owing to joint ventures

	Group	
	2019	2018
	RM'000	RM'000
Trade accounts	5,311	3,757
Non-trade accounts	235	202
	5,546	3,959

Trade accounts are unsecured, interest free and repayable within 30 to 90 days. Non-trade accounts are unsecured, interest free and repayable on demand.

20 AMOUNTS OWING BY/(TO) JOINT VENTURES (CONTINUED)

(b) Amounts owing to joint ventures (continued)

The Group's amounts owing to joint ventures exposure to foreign currency (a currency which is other than the functional currency of the Group entities) risk were:

	Group	
	2019	2018
	RM'000	RM'000
- Japanese Yen	**5,311**	3,757
- China Renminbi	**235**	202
	5,546	3,959

21 DERIVATIVE FINANCIAL ASSETS/(LIABILITIES)

Group	Contract/ notional amount	Assets RM'000	Liabilities RM'000
2019			
Current			
Non-hedging derivatives			
Financial instruments at fair value through profit or loss			
- Forward currency contracts	**USD35,623,440**	**1,101**	**(1,860)**
2018			
Current			
Non-hedging derivatives			
Financial assets at fair value through profit or loss			
- Forward currency contracts	USD4,721,589	146	-

The Company did not hold any derivative financial instruments as at 31 December 2019 (2018: nil).

Non-hedging derivatives

The Group uses forward currency contracts to manage some of the transaction exposures and limit its exposure to adverse fluctuation in foreign currency. These contracts are not designated as cash flow or fair value hedges.

Forward currency contracts

The Group enters into foreign currency forward contracts to protect the Group from movements in exchange rates by establishing the rate at which a foreign currency asset or liability will be settled. Forward currency contracts are mainly used to hedge certain trade receivables and trade payables denominated in United States Dollar (2018: United States Dollar) for which firm commitments existed at the reporting date, extending to December 2020 (2018: June 2019).

21 DERIVATIVE FINANCIAL ASSETS/(LIABILITIES) (CONTINUED)

Gains or losses arising from fair value changes of its financial assets and financial liabilities

During the financial year, the Group recognised a loss of RM896,000 (2018: gain of RM48,000) in the profit or loss arising from fair value changes of its derivative financial assets and liabilities. The method and assumptions applied in determining the fair value of derivatives are disclosed in Note 46.

22 TIME DEPOSITS

	Group		Company	
	2019	**2018**	**2019**	**2018**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Time deposits placed with:				
- licensed banks in Malaysia	**29,472**	30,172	**4,700**	8,500
- licensed overseas banks	**-**	28,724	**-**	-
	29,472	58,896	**4,700**	8,500
Time deposits with maturity more than 3 months	**22,670**	16,868	**-**	-
Short term investments	**623**	609	**623**	609
	52,765	76,373	**5,323**	9,109

Short term investments are liquid investments held for investment purposes.

As at 31 December 2019 and 31 December 2018, the Group and the Company have no exposure to foreign currency risk for time deposits and short term investments.

The effective interest rates of time deposits of the Group and the Company are as follows:

	Group		Company	
	2019	**2018**	**2019**	**2018**
	%	**%**	**%**	**%**
Time deposits	**2.40 – 3.31**	1.65 – 3.31	**2.50**	2.70

23 CASH AND BANK BALANCES

	Group		Company	
	2019	**2018**	**2019**	**2018**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Cash and bank balances	**94,700**	156,363	**1,260**	854

23 CASH AND BANK BALANCES (CONTINUED)

The Group's and the Company's cash and cash equivalents exposure to foreign currency (a currency which is other than the functional currency of the Group entities and the Company) risk were:

	Group		Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
- United States Dollar	**10,328**	10,082	**194**	241
- Singapore Dollar	**3,659**	3,834	**111**	110
- Japanese Yen	**2,356**	1,243	**-**	-
- Euro Dollar	**2,043**	4,573	**-**	-
- Indonesian Rupiah	**693**	1,593	**-**	-
- China Renminbi	**285**	310	**-**	-
- Ringgit Malaysia	**107**	-	**-**	-
- Norwegian Kroner	**36**	650	**-**	-
- Australian Dollar	**20**	20	**20**	20
	19,527	22,305	**325**	371

Cash and bank balances are deposits held at call with banks and earn no interest.

24 ASSETS CLASSIFIED AS HELD FOR SALE

On 22 June 2018, the Company's 70% owned subsidiary, Wasco Coatings Insulation Sdn. Bhd. ("WCI") entered into a sale and purchase agreement for the disposal of plant and machineries for a consideration of RM2,207,000.

On 1 June 2019, WCI completed the disposal of the said plant and machineries by fulfilling condition precedent as stipulated in the sales and purchase agreement. Accordingly, the carrying amount of the said plant and machineries was derecognised as asset held for sale, resulting in a no gain, no loss on disposal being recognised in the statement of profit or loss.

Details of the assets classified as held for sale are as follows:

	Group	
	2019	2018
	RM'000	RM'000
Property, plant and equipment	**-**	2,207

25 SHARE CAPITAL

	Group and Company			
	2019		2018	
	Number of shares	Carrying value	Number of shares	Carrying value
	'000	RM'000	'000	RM'000
Issued and fully paid:				
Ordinary shares with no-par value at 1 January/31 December	**774,888**	**547,690**	774,888	547,690

The holders of ordinary shares (except treasury shares) are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share and rank equally with regard to the Company's residual assets.

26 TREASURY SHARES

	Group and Company			
	2019		2018	
	Number of shares '000	Amount RM'000	Number of shares '000	Amount RM'000
At 1 January	**4,427**	**4,779**	2,097	2,331
Shares repurchased	**-**	**-**	2,330	2,448
At 31 December	**4,427**	**4,779**	4,427	4,779

The shareholders of the Company had approved an ordinary resolution at the Nineteenth Annual General Meeting held on 15 May 2019 for the Company to purchase its own ordinary shares of up to a maximum of 10% of the total number of issued shares of the Company. The Directors of the Company are committed to enhancing the value of the Company and believe that the purchase plan is being implemented in the best interest of the Company and its shareholders.

During the financial year, the Company had not purchased any of its issued ordinary shares from the open market on Bursa Malaysia. Pursuant to the provisions of Section 127 of the Companies Act, 2016 ("Act"), the Company may either retain the purchased shares as treasury shares or cancel the purchased shares or a combination of both. The Directors of the Company may treat the purchased shares held as treasury shares as follows pursuant to Section 127(7) of the Act:

(i) distribute the treasury shares as dividends to the shareholders, such dividend to be known as "share dividends";
(ii) resell the treasury shares or any of the treasury shares in accordance with the relevant rules of Bursa Securities;
(iii) transfer the treasury shares or any of the treasury shares for the purposes of or under an employees' share scheme;
(iv) transfer the treasury shares or any of the treasury shares as purchase consideration;
(v) cancel the treasury shares or any of the treasury shares; or
(vi) sell, transfer or otherwise use the treasury shares for such other purposes as the Minister (as defined in the Act) may by order prescribe.

As treasury shares, the rights attached as to voting, dividends and participation in other distribution, whether cash or otherwise, of the Company's assets including any distribution of assets upon winding up are suspended and the treasury shares shall not be taken into account in calculating the number or percentage of shares or of a class of shares for any purposes including substantial shareholdings, takeovers, notices, the requisitioning of meetings, the quorum for a meeting and the result of a vote on a resolution at a meeting.

Subsequent event

On 8 April 2020, a total of 3,849,884 treasury shares were distributed to the shareholders on the basis of one (1) WSC treasury share for every two hundred (200) existing WSC ordinary shares held at the entitlement date on 12 March 2020 as single tier share dividend, being part of the first interim dividend in respect of the financial year ending 31 December 2020.

27 TRADE AND OTHER PAYABLES

	Group		Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Current				
Trade payables	**162,633**	190,472	**-**	-
Advances from customer*	**-**	357,464	**-**	-
Other payables and accruals	**129,113**	178,414	**14,997**	14,258
	291,746	726,350	**14,997**	14,258
Non-current				
Other liabilities	**7,674**	6,294	**-**	-
	7,674	6,294	**-**	-

* Revenue recognised during the financial year that would have been included in the contract liabilities as at 1 January 2019 and from additional contract liabilities during the financial year are RM357,464,000 and RM624,095,000 (2018: RM567,433,000 and RM890,209,000) respectively.

Value added tax payables amounting to RM2,122,000 (2018: RM2,798,000) are included within 'other payables and accruals'.

The Group's trade payables exposure to foreign currency (a currency which is other than the functional currency of the Group entities) risk were:

	Group	
	2019	2018
	RM'000	RM'000
- United States Dollar	**19,949**	28,477
- Swedish Krona	**4,822**	-
- Singapore Dollar	**2,534**	2,010
- Indonesian Rupiah	**1,730**	2,809
- Euro Dollar	**1,337**	1,628
- Japanese Yen	**1,192**	994
- British Pound	**210**	424
- Australian Dollar	**145**	112
- Ringgit Malaysia	**-**	187
- China Renminbi	**-**	1,038
- United Arab Emirates Dirham	**-**	5,014
	31,919	42,693

27 TRADE AND OTHER PAYABLES (CONTINUED)

The Group's other payables exposure to foreign currency (a currency which is other than the functional currency of the Group entities) risk were:

	Group	
	2019 RM'000	2018 RM'000
- United States Dollar	**1,905**	2,589
- Singapore Dollar	**1,468**	1,424
- Indonesian Rupiah	**667**	524
- Ringgit Malaysia	**570**	107
- Euro Dollar	**548**	17,528
- China Renminbi	**68**	416
- Japanese Yen	**-**	10
	5,226	22,598

Other payables and accruals balances of the Company are denominated in Ringgit Malaysia.

28 LOANS AND BORROWINGS

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Current				
Unsecured:				
Revolving credits	**468,219**	511,118	**152,217**	170,011
Trade financing	**167,458**	87,190	**-**	-
Term loans	**75,135**	110,892	**-**	-
Fixed rate notes	**19,324**	9,015	**-**	-
	730,136	718,215	**152,217**	170,011
Non-current				
Unsecured:				
Term loans	**217,959**	129,410	**-**	-
	948,095	847,625	**152,217**	170,011

The remaining maturities of the loans and borrowings are as follows:

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Within 1 year	**730,136**	718,215	**152,217**	170,011
More than 1 year and less than 2 years	**75,332**	51,550	**-**	-
More than 2 years and less than 5 years	**120,427**	37,660	**-**	-
More than 5 years	**22,200**	40,200	**-**	-
	948,095	847,625	**152,217**	170,011

As at 31 December 2019 and 31 December 2018, there were no secured loans and borrowings held by the Group.

28 LOANS AND BORROWINGS (CONTINUED)

The Group's and the Company's loans and borrowings exposure to foreign currency (a currency which is other than the functional currency of the Group entities and the Company) risk were:

	Group		Company	
	2019	**2018**	**2019**	**2018**
	RM'000	**RM'000**	**RM'000**	**RM'000**
- United States Dollar	**173,525**	153,415	**102,217**	120,011
- Euro Dollar	**13,297**	23,344	**-**	-
- British Pound	**-**	3,963	**-**	-
	186,822	180,722	**102,217**	120,011

The effective interest rates of loans and borrowings of the Group are as follows:

	Group		Company	
	2019	**2018**	**2019**	**2018**
	%	**%**	**%**	**%**
Revolving credits	**1.19 – 5.04**	2.79 – 6.46	**3.94 – 4.91**	3.20 – 6.46
Term loans	**4.01 – 6.05**	3.16 – 6.57	**-**	-
Trade financing	**1.45 – 4.81**	2.28 – 4.69	**-**	-
Fixed rate notes	**4.25**	3.44 – 4.55	**-**	-

The net exposure of loans and borrowings to cash flow risk and fair value risk in the periods in which they mature or reprice (whichever is earlier) are as follows:

	Total carrying amount	**Fixed interest rate (Fair value risk) <1 year**	**Floating interest rate (Cash flow risk)**			
			<1 year	**1 – 2 years**	**2 – 5 years**	**>5 years**
2019	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Group						
Unsecured						
Revolving credits	**468,219**	**-**	**468,219**	**-**	**-**	**-**
Term loan	**293,094**	**-**	**75,135**	**75,332**	**120,427**	**22,200**
Trade financing	**167,458**	**-**	**167,458**	**-**	**-**	**-**
Fixed rate notes	**19,324**	**19,324**	**-**	**-**	**-**	**-**
	948,095	**19,324**	**710,812**	**75,332**	**120,427**	**22,200**
Company						
Unsecured						
Revolving credits	**152,217**	**-**	**152,217**	**-**	**-**	**-**

28 LOANS AND BORROWINGS (CONTINUED)

The net exposure of loans and borrowings to cash flow risk and fair value risk in the periods in which they mature or reprice (whichever is earlier) are as follows (continued):

2018	Total carrying amount RM'000	Fixed interest rate (Fair value risk) <1 year RM'000	Floating interest rate (Cash flow risk) <1 year RM'000	1 – 2 years RM'000	2 – 5 years RM'000	>5 years RM'000
Group						
Unsecured						
Revolving credits	511,118	-	511,118	-	-	-
Term loan	240,302	-	110,892	51,550	37,660	40,200
Trade financing	87,190	-	87,190	-	-	-
Fixed rate notes	9,015	9,015	-	-	-	-
	847,625	9,015	709,200	51,550	37,660	40,200
Company						
Unsecured						
Revolving credits	170,011	-	170,011	-	-	-

29 PROVISION FOR WARRANTIES

	Group 2019 RM'000	Group 2018 RM'000
At 1 January	**8,895**	6,929
Additions	**5,207**	4,501
Utilisation	**(22)**	-
Reversal	**(4,950)**	(2,621)
Effect of exchange rate changes	**(69)**	86
At 31 December	**9,061**	8,895

The Group recognises the estimated liability to repair or replace products when the underlying products or services are sold. It is expected that most of these costs will be incurred over the warranty period which extends up to 4 years.

30 GROSS REVENUE

	Group		Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Revenue from contracts with customers				
Contract revenue	**1,726,343**	2,174,661	**-**	-
Sale of goods	**767,824**	721,925	**-**	-
Management fees	**-**	-	**700**	701
	2,494,167	2,896,586	**700**	701
Revenue from other sources				
Rental income	**20,462**	64,545	**-**	-
Dividend income	**-**	-	**7,965**	9,094
Interest income	**287**	-	**12,274**	8,839
	20,749	64,545	**20,239**	17,933
	2,514,916	2,961,131	**20,939**	18,634

Revenue from contracts with customers is represented by:

	Group		Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Timing of revenue recognition				
- Over time	**1,573,114**	2,026,469	**700**	701
- At a point in time	**921,053**	870,117	**-**	-
	2,494,167	2,896,586	**700**	701

31 COST OF SALES

	Group	
	2019	2018
	RM'000	RM'000
Contract costs	**1,516,461**	1,930,280
Cost of goods sold	**673,089**	646,980
Direct operating costs relating to rental income	**17,308**	48,020
	2,206,858	2,625,280

32 OTHER (LOSSES)/GAINS - NET

	Group	
	2019	2018
	RM'000	RM'000
Fair value (losses)/gains arising from fair value changes of:		
- Derivative financial instruments - Forward currency contracts	**(896)**	48
- Investment in equity instruments	**-**	(4)
	(896)	44

33 PROFIT FROM OPERATIONS

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Profit from operations is stated after charging:				
Raw materials consumed	**763,422**	734,555	**-**	-
Subcontracting cost	**354,284**	413,958	**-**	-
Cost of trading goods and services	**385,228**	467,029	**-**	-
Staff costs (Note 40)	**389,044**	494,370	**5,981**	6,848
Auditors' remuneration:				
Fees for statutory audits				
- PricewaterhouseCoopers PLT	**1,064**	1,068	**88**	88
- member firms of PricewaterhouseCoopers International Limited	**1,962**	2,176	**-**	-
- others	**573**	629	**-**	-
Fees for non-audit services*				
- PricewaterhouseCoopers PLT	**1,578**	692	**12**	14
- member firms of PricewaterhouseCoopers International Limited	**1,373**	2,082	**-**	-
Depreciation charge of				
- property, plant and equipment	**131,634**	188,091	**98**	100
- right-of-use assets	**21,817**	-	**-**	-
Impairment loss on:				
- property, plant and equipment	**34,684**	48	**-**	-
- trade receivables	**5,449**	4,397	**-**	-
- other receivables	**16,117**	498	**6,753**	209
- amount owing by joint ventures	**2,200**	-	**-**	-
Loss on disposal of property, plant and equipment	**6,701**	22	**-**	-
Loss on foreign currency exchange:				
- realised	**2,134**	14,058	**-**	4,619
- unrealised	**9,145**	11,392	**128**	-
and crediting:				
Gain on disposal of:				
- property, plant and equipment	**973**	5,439	**-**	3
- investment properties	**6,961**	-	**-**	-
- non-current asset held for sale	**-**	4,534	**-**	-
Gain on foreign exchange:				
- realised	**3,844**	6,604	**574**	-
- unrealised	**5,195**	11,086	**-**	2,338
Interest income	**4,992**	6,687	**12,274**	8,839
Reversal of impairment loss on:				
- trade receivables	**3,213**	-	**-**	-
- property, plant and equipment	**-**	4,904	**-**	-

* Included in fees for non-audit services are fees payable to PricewaterhouseCoopers PLT and its local affiliates for the Group and the Company of RM1,578,000 (2018: RM692,000) and RM12,000 (2018: RM14,000) respectively.

34 FINANCE COSTS

	Group		Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Interest expense on:				
- loans and borrowings	**42,900**	38,940	**9,070**	6,489
- lease liabilities	**11,752**	-	**-**	-
	54,652	38,940	**9,070**	6,489

35 TAX (CREDIT)/EXPENSE

	Group		Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Current tax:				
- Malaysian income tax	**12,066**	8,665	**2,277**	1,210
- Foreign taxation	**(8,735)**	39,485	**-**	-
	3,331	48,150	**2,277**	1,210
Deferred taxation (Note 9)	**(11,336)**	(924)	**(32)**	(361)
	(8,005)	47,226	**2,245**	849
Current tax:				
- Current financial year	**39,631**	48,290	**2,172**	1,100
- (Over)/Under accrual in prior financial years	**(36,300)**	(140)	**105**	110
	3,331	48,150	**2,277**	1,210
Deferred taxation (Note 9)				
- Origination and reversal of temporary differences	**(11,336)**	(924)	**(32)**	(361)
Tax (credit)/expense recognised in profit or loss	**(8,005)**	47,226	**2,245**	849

The over provision of foreign tax in prior financial year includes reversal of tax provision following a re-estimation of certain tax position based on current information, in the current financial year.

35 TAX (CREDIT)/EXPENSE (CONTINUED)

The numerical reconciliation between the tax expense and the product of accounting profit multiplied by the statutory tax rate is as follows:

	Group		Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Profit/(Loss) before tax	**5,562**	107,088	**(541)**	537
Calculated at the Malaysian tax rate of 24% (2018: 24%) on profit before tax	**1,335**	25,701	**(130)**	129
Expenses not deductible for tax purposes	**27,579**	27,554	**2,432**	654
Income not subject to tax	**(10,009)**	(22,464)	**(162)**	(44)
Utilisation of previously unrecognised tax losses and unabsorbed capital allowances	**(4,433)**	(1,334)	**-**	-
Current financial year deferred tax assets not recognised	**3,369**	4,262	**-**	-
Reversal of previously recognised deferred tax assets	**1,310**	3,532	**-**	-
Utilisation of tax incentives	**(218)**	(1,268)	**-**	-
Effect of different tax rates in other countries	**8,117**	6,195	**-**	-
(Over)/Under provision in prior financial years	**(36,300)**	(140)	**105**	110
Share of associates and joint ventures results	**1,079**	4,603	**-**	-
Others	**166**	585	**-**	-
Tax (credit)/expense recognised in profit or loss	**(8,005)**	47,226	**2,245**	849

36 EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The basic earnings per share for the financial year has been calculated by dividing the Group's profit attributable to owners of the Company for the financial year of RM24,136,000 (2018: RM64,797,000) by the weighted average number of ordinary shares in issue, after adjusting for movements in treasury shares during the financial year.

Weighted average number of shares

	Group	
	2019	2018
	'000	'000
Issued ordinary shares at 1 January	**774,888**	774,888
Effect of shares repurchased	**(4,427)**	(2,786)
Weighted average number of ordinary shares in issue	**770,461**	772,102
Basic earnings per ordinary share (sen)	**3.13**	8.39

As there are no potential ordinary shares issued by the Company, thus there is no dilution in earnings per share.

37 DIVIDENDS

There were no dividends paid or declared in respect of the financial years ended 31 December 2018 and 31 December 2019.

Subsequent event

On 18 February 2020, the Directors declared a first interim dividend of 1.00 sen per share in respect of the financial year ending 31 December 2020 comprising:

a) Single tier cash dividend of 0.40 sen per share amounting to RM3,081,845; and

b) Single tier share dividend of 3,849,884 treasury shares distributed to the shareholders of WSC on the basis of one (1) WSC treasury share for every two hundred (200) existing WSC ordinary shares held at the entitlement date on 12 March 2020. Based on the share price of WSC shares of RM1.20 each as at 31 December 2019, the value of the share dividend per WSC share is equivalent to a gross cash dividend of 0.60 sen per share.

The first interim dividend was paid/credited into the entitled shareholders' securities accounts on 8 April 2020.

38 RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

Group	Lease liabilities RM'000	Term loans RM'000	Fixed rate notes RM'000	Other bank borrowings RM'000	Total liabilities from financing activities RM'000
2019					
At 1 January	**220,414**	**240,302**	**9,015**	**598,308**	**1,068,039**
Cash flows	**(23,893)**	**56,628**	**10,556**	**42,223**	**85,514**
Non-cash item	**39,171**	**(1,368)**	**-**	**-**	**37,803**
Effect of exchange rate changes	**(928)**	**(2,468)**	**(247)**	**(4,854)**	**(8,497)**
At 31 December	**234,764**	**293,094**	**19,324**	**635,677**	**1,182,859**
2018					
At 1 January	-	224,595	30,017	721,911	976,523
Cash flows	-	13,540	(21,012)	(128,034)	(135,506)
Effect of exchange rate changes	-	2,167	10	4,431	6,608
At 31 December	-	240,302	9,015	598,308	847,625

38 RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES (CONTINUED)

Company	Net advances from subsidiaries RM'000	Other bank borrowings RM'000	Total liabilities from financing activities RM'000
2019			
At 1 January	**3,853**	**170,011**	**173,864**
Cash flows	**13,110**	**(17,367)**	**(4,257)**
Effect of exchange rate changes	**-**	**(427)**	**(427)**
At 31 December	**16,963**	**152,217**	**169,180**
2018			
At 1 January	-	134,167	134,167
Cash flows	3,853	34,921	38,774
Effect of exchange rate changes	-	923	923
At 31 December	3,853	170,011	173,864

39 SIGNIFICANT RELATED PARTY DISCLOSURES

For the purposes of these financial statements, parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly.

In addition to related party disclosures mentioned elsewhere in the financial statements, set out below are other significant related party transactions. The transactions described below were carried out on agreed terms.

	Group	
	2019 RM'000	2018 RM'000
Significant transactions with companies in which a Director of the Company, Dato' Seri Robert Tan Chung Meng, has interest		
Rental of premises paid/payable	**1,041**	1,031
Significant transactions with an associate		
Lease rental income of equipment	**10,094**	10,307

39 SIGNIFICANT RELATED PARTY DISCLOSURES (CONTINUED)

	Company	
	2019	2018
	RM'000	RM'000
Significant transactions with subsidiaries		
Dividend income:		
- Jutasama Sdn. Bhd.	**7,965**	7,985
- Petro-Pipe Industrial Corporation Sdn. Bhd.	**-**	1,109
Interest income:		
- WSC Capital Sdn. Bhd.	**6,204**	6,158
- Maple Sunpark Sdn. Bhd.	**3,906**	112
- Sunrise Green Sdn. Bhd.	**1,002**	853
- WDG Resources Sdn. Bhd.	**590**	70
- Triple Cash Sdn. Bhd.	**231**	230
- Wah Seong Management Services Sdn. Bhd.	**231**	149
- Peakvest Sdn. Bhd.	**-**	988
- Petro-Pipe Industries (M) Sdn. Bhd.	**-**	5
Management fees receivables:		
- PMT Industries Sdn. Bhd.	**270**	271
- Syn Tai Hung Trading Sdn. Bhd.	**235**	235
- Jutasama Sdn. Bhd.	**162**	162
- Mackenzie Industries Sdn. Bhd.	**33**	33
Advances to subsidiaries:		
- WDG Resources Sdn. Bhd.	**19,600**	4,200
- WSC Capital Sdn. Bhd.	**6,300**	50,214
- Wah Seong Management Services Sdn. Bhd.	**1,538**	2,264
- Sunrise Green Sdn. Bhd.	**138**	7,132
- Maple Sunpark Sdn. Bhd.	**-**	65,107
Repayments from subsidiaries:		
- WSC Capital Sdn. Bhd.	**(19,216)**	(89,920)
- WDG Resources Sdn. Bhd.	**(8,177)**	(4,200)
- Wah Seong Management Services Sdn. Bhd.	**(586)**	(935)
- Peakvest Sdn. Bhd.	**-**	(16,866)
- Petro-Pipe Industries (M) Sdn. Bhd.	**-**	(532)
Advances from subsidiaries:		
- Syn Tai Hung Trading Sdn. Bhd.	**(18,800)**	-
- PPI Industries Sdn. Bhd.	**(3,010)**	(3,268)
- PMT Industries Sdn. Bhd.	**-**	(600)
- Petro-Pipe Industries (M) Sdn. Bhd.	**-**	(585)
Repayments to subsidiaries:		
- Syn Tai Hung Trading Sdn. Bhd.	**8,700**	-
- PMT Industries Sdn. Bhd.	**-**	600

39 SIGNIFICANT RELATED PARTY DISCLOSURES (CONTINUED)

Significant outstanding balances with related parties at the financial year end are as follows:

	Company	
	2019	2018
	RM'000	RM'000
Amounts due from/(to) subsidiaries:		
- Maple Sunpark Sdn. Bhd.	**67,011**	65,219
- WSC Capital Sdn. Bhd.	**64,945**	76,551
- Sunrise Green Sdn. Bhd.	**14,092**	12,939
- WDG Resources Sdn. Bhd.	**11,536**	-
- Triple Cash Sdn. Bhd.	**5,039**	4,804
- Wah Seong Management Services Sdn. Bhd.	**4,737**	3,438
- Jutasama Sdn. Bhd.	**1,652**	435
- Syn Tai Hung Trading Sdn. Bhd.	**(10,460)**	280
- PPI Industries Sdn. Bhd.	**(6,610)**	(3,356)
- Wasco Management Services Sdn. Bhd.	**(2,909)**	(2,878)
- Petro-Pipe Industries (M) Sdn. Bhd.	**(613)**	(585)

Compensation of key management personnel are as follows:

	Group		Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Key management personnel:				
- short-term employee benefits (including monetary value of benefits-in kind)	**14,735**	14,997	**4,847**	4,611
- post-employment benefits	**1,120**	1,116	**570**	540

40 STAFF COSTS

	Group		Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Salaries, wages and bonus	**369,377**	470,014	**5,403**	6,243
Defined contribution plan	**19,667**	24,356	**578**	605
	389,044	494,370	**5,981**	6,848

Included within staff costs are remuneration of Executive Directors of the Group and the Company (Note 41).

41 DIRECTORS' REMUNERATIONS

	Group		Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Executive Directors				
Salaries, wages and bonus	**8,714**	8,984	**3,310**	3,030
Defined contribution plan	**674**	674	**398**	364
Directors' fees	**120**	80	**120**	80
Directors' allowances	**24**	18	**24**	18
	9,532	9,756	**3,852**	3,492
Non-Executive Directors				
Directors' fees	**390**	250	**390**	250
Directors' allowances	**129**	80	**129**	78
	519	330	**519**	328
	10,051	10,086	**4,371**	3,820

The estimated monetary value of benefits-in-kind received and receivable by Directors of the Group and the Company are RM545,000 (2018: RM442,000) and RM79,000 (2018: RM155,000) respectively.

42 COMMITMENTS

(a) Capital commitments

Capital expenditure as at the reporting date is as follows:

	Group	
	2019	2018
	RM'000	RM'000
Commitment to acquire property, plant and equipment not provided for in the financial statements:		
Approved and contracted	**6,325**	606

(b) Operating lease commitments - The Group as lessee

As at 31 December 2018

In addition to the prepaid lease payments disclosed in Note 6, the Group has entered into commercial leases of land and operating equipment. These leases have an average tenure between 1 and 5 years with no renewal option or contingent rent provision included in the contracts.

Future minimum rental payable under non-cancellable operating leases (excluding prepaid lease payments) at the reporting date are as follows:

	Group
	2018
	RM'000
Payable not later than one year	21,565
Payable later than one year but not later than five years	64,505
Payable later than five years	173,867
	259,937

43 SEGMENTAL ANALYSIS

For management purposes, the Group is organised into business units based on their products and services.

The Group's operating segments comprise:

(a) Oil & gas division: Pipe coating, pipe manufacturing for the oil and gas industry, building and operating offshore/onshore field development facilities and the provision of highly specialised equipment and services to the power generation, oleochemical and petrochemical industries.

(b) Renewable energy division: Supplier and manufacturer of specialised equipment for biomass power plants; such as industrial fans, boilers and turbines that run primarily on biomass fuels.

(c) Industrial trading & services division: Trading and distribution of building materials and the manufacturing and trading of industrial pipes for the construction industry.

(d) Others: All other units within the Group that do not constitute a separately reportable segment.

Management monitors the operating results of its divisions separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on revenue and profitability measures as shown in the table below.

Transactions between segments were entered into in the normal course of business and were established on agreed terms. The effects of such inter-segmental transactions are eliminated on consolidation.

The assets are allocated based on the operations of the respective segments. The amounts provided to the Group Chief Executive Officer with respect to total assets are measured in a manner consistent with the disclosure of segment assets below.

	Oil & Gas	Renewable Energy	Industrial Trading & Services	Others	Total
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**
RESULTS					
Financial year ended 31 December 2019					
Revenue	**1,489,366**	**399,550**	**426,123**	**203,364**	**2,518,403**
Less: Inter segment revenue	**(3,085)**	**-**	**-**	**(402)**	**(3,487)**
External revenue	**1,486,281**	**399,550**	**426,123**	**202,962**	**2,514,916**
Segment profits/(losses)	**15,619**	**23,962**	**(2,133)**	**9,693**	**47,141**
Share of results of associates	**27,105**	**-**	**56**	**(5)**	**27,156**
Share of results of joint ventures	**(31,790)**	**1,565**	**-**	**(702)**	**(30,927)**
	10,934	**25,527**	**(2,077)**	**8,986**	**43,370**
Unallocated expenses relating to financing activities					**(19,880)**
Unallocated corporate expenses					**(17,928)**
Profit before tax					**5,562**

43 SEGMENTAL ANALYSIS (CONTINUED)

	Oil & Gas RM'000	Renewable Energy RM'000	Industrial Trading & Services RM'000	Others RM'000	Total RM'000
TOTAL ASSETS					
As at 31 December 2019					
Segment assets	1,473,305	450,822	254,587	72,169	2,250,883
Investment in associates	207,607	-	220	-	207,827
Investment in joint ventures	88,723	5,296	-	17,608	111,627
	1,769,635	456,118	254,807	89,777	2,570,337
Unallocated corporate assets					
- Deferred tax assets					52,567
- Tax recoverable					3,071
- Cash and cash equivalents					7,986
- Short term investment					623
- Others					30,766
Total assets					2,665,350
OTHER INFORMATION					
Financial year ended 31 December 2019					
Depreciation of:					
- Property, plant and equipment	123,457	4,724	2,120	1,333	131,634
- Investment properties	-	-	3	134	137
- Right-of-use assets	19,508	-	1,736	573	21,817
Additions of:					
- Property, plant and equipment	36,723	18,527	5,556	1,476	62,282
Impairment loss/(reversal of impairment loss) on:					
- Receivables	(16)	(10)	4,923	13,505	18,402
- Property, plant and equipment	34,684	-	-	-	34,684
- Inventories	(164)	(3,184)	(131)		(3,479)
- Amount owing by a joint venture	2,200	-	-	-	2,200
Interest income	(2,657)	(870)	(1,320)	(145)	(4,992)
Interest expense					
- Loans and borrowings	11,060	8,088	3,437	435	23,020
- Lease liabilities	11,474	-	192	86	11,752

43 SEGMENTAL ANALYSIS (CONTINUED)

	Oil & Gas RM'000	Renewable Energy RM'000	Industrial Trading & Services RM'000	Others RM'000	Total RM'000
OTHER INFORMATION (CONTINUED)					
Financial year ended 31 December 2019					
Revenue comprise of:					
- Revenue from contracts with customers	**1,466,752**	**399,550**	**425,216**	**202,649**	**2,494,167**
- Revenue from other sources	**19,529**	**-**	**907**	**313**	**20,749**
	1,486,281	**399,550**	**426,123**	**202,962**	**2,514,916**
Revenue from contracts with customers is represented by:					
Timing of revenue recognition					
- Overtime	**1,183,630**	**223,847**	**-**	**165,637**	**1,573,114**
- At a point in time	**283,122**	**175,703**	**425,216**	**37,012**	**921,053**
	1,466,752	**399,550**	**425,216**	**202,649**	**2,494,167**
RESULTS					
Financial year ended 31 December 2018					
Revenue	1,981,234	335,845	481,679	165,505	2,964,263
Less: Inter segment revenue	(2,711)	-	-	(421)	(3,132)
External revenue	1,978,523	335,845	481,679	165,084	2,961,131
Segment profits/(losses)	132,420	29,231	7,279	(5,722)	163,208
Share of results of associates	1,448	-	(208)	(70)	1,170
Share of results of joint ventures	(21,719)	1,506	-	753	(19,460)
	112,149	30,737	7,071	(5,039)	144,918
Unallocated expenses relating to financing activities					(20,253)
Unallocated corporate expenses					(17,577)
Profit before tax					107,088

43 SEGMENTAL ANALYSIS (CONTINUED)

	Oil & Gas RM'000	Renewable Energy RM'000	Industrial Trading & Services RM'000	Others RM'000	Total RM'000
TOTAL ASSETS					
As at 31 December 2018					
Segment assets	1,597,998	411,187	257,920	72,258	2,339,363
Investment in associates	181,864	-	165	-	182,029
Investment in joint ventures	104,107	3,731	-	18,530	126,368
	1,883,969	414,918	258,085	90,788	2,647,760
Assets held for sale					2,207
Unallocated corporate assets					
- Deferred tax assets					43,344
- Tax recoverable					15,479
- Cash and cash equivalents					18,566
- Short term investment					609
- Others					37,970
Total assets					2,765,935
OTHER INFORMATION					
Financial year ended 31 December 2018					
Depreciation of:					
- Property, plant and equipment	180,206	4,676	1,886	1,323	188,091
- Investment properties	-	-	4	342	346
Amortisation of:					
- Prepaid lease payments	508	-	820	-	1,328
Additions of:					
- Property, plant and equipment	91,141	5,265	353	1,448	98,207
- Investment properties	-	-	-	7,216	7,216
Impairment loss/(reversal of impairment loss) on:					
- Receivables	205	1,471	1,536	209	3,421
- Property, plant and equipment	(4,904)	-	48	-	(4,856)
- Inventories	2,120	481	(586)	-	2,015
Interest income	(4,582)	(791)	(949)	(365)	(6,687)
Interest expense	11,580	2,521	3,284	1,302	18,687

43 SEGMENTAL ANALYSIS (CONTINUED)

	Oil & Gas RM'000	Renewable Energy RM'000	Industrial Trading & Services RM'000	Others RM'000	Total RM'000
OTHER INFORMATION (CONTINUED)					
Financial year ended 31 December 2018					
Revenue comprise of:					
- Revenue from contracts with customers	1,915,134	335,845	480,549	165,058	2,896,586
- Revenue from other sources	63,389	-	1,130	26	64,545
	1,978,523	335,845	481,679	165,084	2,961,131
Revenue from contracts with customers is represented by:					
Timing of revenue recognition					
- Overtime	1,819,433	180,759	-	26,277	2,026,469
- At a point in time	95,701	155,086	480,549	138,781	870,117
	1,915,134	335,845	480,549	165,058	2,896,586

Geographical information

Revenue and non-current assets information is based on the geographical location of customers and assets respectively as follows:

	Revenue		Non-current assets*	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Attributed to the country of domicile:				
Malaysia	**669,929**	679,975	**728,553**	554,080
Attributed to foreign countries:				
Europe	**1,113,851**	1,743,402	**413,751**	548,731
South East Asia excluding Malaysia	**221,513**	175,226	**137,216**	122,962
Australia	**178,014**	159,485	**17,331**	16,797
Middle East	**159,327**	74,532	**104,003**	22,881
China	**34,380**	26,681	**5,111**	8,081
Africa	**30,106**	6,582	**-**	-
East Asia	**16,015**	28,183	**-**	-
Canada	**11,708**	11,550	**137,654**	132,306
Latin America	**10,634**	16,371	**-**	-
India	**4,158**	2,624	**3,140**	82
Others	**65,281**	36,520	**7,541**	3,387
	2,514,916	2,961,131	**1,554,300**	1,409,307

* Non-current assets other than investment in equity instruments and deferred tax assets.

44 FINANCIAL INSTRUMENTS BY CATEGORY

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Financial assets				
Financial assets measured at fair value through profit or loss – designated upon initial recognition:				
- Derivatives financial assets	**1,101**	146	**-**	-
- Short term investments	**623**	609	**623**	609
- Investment in equity instruments	**6**	6	**-**	-
Financial assets at amortised cost:				
- Trade and other receivables (excluding prepayments and value added tax receivables)	**394,063**	357,466	**5,910**	12,815
- Amounts owing by subsidiaries	**-**	-	**169,137**	163,851
- Amounts owing by associates	**20,386**	11,617	**26**	20
- Amounts owing by joint ventures	**47,803**	55,471	**-**	-
- Finance lease receivables	**17,826**	32,422	**-**	-
- Time deposits	**52,142**	75,764	**4,700**	8,500
- Cash and bank balances	**94,700**	156,363	**1,260**	854
	626,920	689,103	**181,033**	186,040
Total	**628,650**	689,864	**181,656**	186,649
Financial liabilities				
Financial liabilities measured at fair value through profit or loss – designated upon initial recognition:				
- Derivatives financial liabilities	**1,860**	-	**-**	-
Financial liabilities at amortised cost:				
- Trade and other payables (excluding employee benefits and value added tax payables)	**258,513**	340,421	**12,921**	12,372
- Amounts owing to subsidiaries	**-**	-	**20,592**	6,797
- Amounts owing to associates	**33**	-	**-**	-
- Amounts owing to joint ventures	**5,546**	3,959	**-**	-
- Dividend payable	**21,904**	14,004	**-**	-
- Loans and borrowings	**948,095**	847,625	**152,217**	170,011
- Lease liabilities	**234,764**	-	**-**	-
	1,468,855	1,206,009	**185,730**	189,180
Total	**1,470,715**	1,206,009	**185,730**	189,180

45 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's and the Company's overall financial risk management objectives and policies are to ensure that the Group and the Company create value and maximise returns for its shareholders. Financial risk management is carried out through risk review, internal control systems, benchmarking to the industry's best practices and adherence to the Group's financial risk management policies.

The main risks arising from the financial instruments of the Group and the Company are credit risk, market risk, and liquidity risk. Management monitors the Group's and the Company's financial position closely with the objective to minimise potential adverse effects on the financial performance of the Group and of the Company.

45 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

The following sections provide details regarding the Group's and the Company's exposure to the above mentioned financial risks and the objectives, policies and processes for managing these risks.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group and the Company.

At the reporting date, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amounts of each class of financial assets recognised in the statements of financial position, including derivative financial instruments with positive fair values.

(a) Receivables

The Group's and the Company's exposure to credit risk is monitored on an ongoing basis. The Group and the Company have credit policies in place to manage the credit risk exposure. The risk is managed through the application of the Group's and the Company's credit management procedures which include the application of credit evaluations or approvals and follow up procedures.

The Group and the Company actively monitor the utilisation of credit limits to manage the risk of any material loss from the non-performance of its counterparties.

Simplified approach for finance lease receivables, trade receivables and contract assets (including intercompany trade balances)

The Group and the Company apply simplified approach to providing for ECL prescribed by MFRS 9, which permits the use of the lifetime expected loss provision for all finance lease receivables, trade receivables and contract assets. The Group and the Company account for its credit risk by appropriately providing for ECL on timely basis. In calculating credit loss rate, the finance lease receivables, trade receivables and contract assets have been assessed based on credit risk categories and the days past due and adjust for forward-looking information.

Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group and the Company. The Group and the Company categorise a receivable for write off when a debtor fails to make contractual payments and the recoverability of the receivables is remote. Where receivables have been written off, the Group and the Company continue to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

General 3-stage approach for other debt instruments financial assets

ECL for other debt instruments financial assets at amortised costs, which include other receivables, non-trade intercompany balances, time deposits and cash and bank balances are measured using general 3-stage approach.

The Group and the Company use three categories to reflect their credit risk and how the loss allowance is determined for each of those categories. A summary of the assumptions underpinning the Group's and the Company's ECL model is as follows:

Category	Group's and Company's definition of category	Basis for recognising ECL
Performing	Debtors have a low risk of default and a strong capacity to meet contractual cash flows.	12 month ECL
Underperforming	Debtors for which there is a significant increase in credit risk or significant increase in credit risk is presumed if the forward-looking information and indicators available signify impairment to debtors' ability to repay.	Lifetime ECL
Not performing	Debtors' ability to repay or likelihood of repayment is determined as fully impaired when it meets one or more of the indicators in accounting policy 2.18(d).	Lifetime ECL (credit impaired)

45 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Credit risk (continued)

(a) Receivables (continued)

General 3-stage approach for other debt instruments financial assets (continued)

Based on the above, loss allowance is measured on either 12 month ECL or lifetime ECL using a PD x LGD x EAD methodology as follows:

- PD ("probability of default") – the likelihood that the debtor would not be able to repay during the contractual period;
- LGD ("loss given default") – the percentage of contractual cash flows that will not be collected if default happens; and
- EAD ("exposure at default") – the outstanding amount that is exposed to default risk.

In deriving the PD and LGD, the Group and the Company consider available, reasonable and supportive forward-looking information, such as:

- significant changes in the expected performance and behaviour of the debtor, including changes in the payment status of debtor and changes in the business of the debtor;
- debtor's past history and existing market conditions.

Loss allowance is measured at a probability-weighted amount that reflects the possibility that a credit loss occurs and the possibility that no credit loss occurs. No significant changes to estimation techniques or assumptions were made during the reporting period.

There is no loss allowance provision for other financial asset at amortised cost as at 31 December 2019, except for other receivables and amount owing by joint ventures.

For movement of allowance for impairment of trade and other receivables and amount owing by joint ventures, refer to Note 17 and 20(a) respectively.

(b) Intercompany balances

The Company provides unsecured loans and advances to subsidiaries. The Company monitors the results of its subsidiaries regularly.

As at 31 December 2019 and 31 December 2018, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

Management has taken reasonable steps to ensure that intercompany receivables are stated at the realisable values. As at 31 December 2019 and 31 December 2018, there was no indication that the loans and advances extended to the subsidiaries are not recoverable.

Advances to subsidiaries

Advances to subsidiaries that are repayable on demand and interest-free are classified as amortised cost in the Company's financial statements because the Company's business model is to hold and collect the contractual cash flows and those cash flows represent solely payments of principal and interest. The Company applied the general 3-stage approach when determining ECL for these advances to subsidiaries.

No additional loss allowance is recognised on these advances to subsidiaries as all strategies indicate that the Company could fully recover the outstanding balance of the advances to subsidiaries.

Advances to subsidiaries in the Company's separate financial statements are assessed on individual basis for ECL measurement, as credit risk information is obtained and monitored based on each advances to subsidiary.

45 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Credit risk (continued)

(c) Derivative financial instruments

Transactions involving derivative financial instruments are with approved financial institutions and reputable banks.

As at the end of the reporting period, the maximum exposure to credit risk arising from derivatives financial assets is represented by the carrying amounts in the statement of financial position.

In view of the counterparties being reputable licensed financial institutions, management does not expect any of the counterparties to fail to meet their obligations.

(d) Financial guarantees

The Company provides unsecured financial guarantees to banks in respect of banking facilities granted to certain subsidiaries. The Company monitors on an ongoing basis the results of the subsidiaries and repayment made by the subsidiaries.

The maximum exposure to credit risk amounts to RM208,483,000 (2018: RM208,717,000) representing banking facilities utilised by the subsidiaries as at the end of the financial year.

As at 31 December 2019 and 31 December 2018, there was no indication that any subsidiary would default on repayment.

Financial guarantees have not been recognised since the fair value on initial recognition was not material as the probability of the subsidiaries defaulting on its banking facilities is remote.

(e) Time deposits and cash and bank balances

Time deposits and cash and bank balances are placed with approved financial institutions and reputable banks. The likelihood of non-performance by these financial institutions is remote based on their high credit ratings.

Market risk

Market risk refers to the risk that changes in market prices, such as foreign exchange rates, interest rates and prices will affect the Group's and the Company's financial position and cash flows.

(a) Foreign currency risk

Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group has transactional currency exposures arising from sales and purchases that are denominated in a currency other than the functional currencies of the Group entities. The foreign currency in relation to these transactions is mainly denominated in United States Dollar.

The Group maintains a natural hedge, whenever possible, by maintaining receivables and payables in matching foreign currencies. Foreign exchange exposures in transactional currencies other than the functional currencies of the operating entities are kept to an acceptable level.

The Group also uses forward currency contracts to minimise exposure on currency fluctuations for which receipts or payments are anticipated more than one month after the Group has entered into a firm commitment for a sale or purchase. The forward currency contracts entered are in the same currency as the hedged item. It is the Group's policy to negotiate the terms of the forward currency contracts to match the terms of the hedged item to maximise its effectiveness.

At the reporting date, the Group is mainly exposed to fluctuation in the United States Dollar exchange rate against the respective functional currencies of the Group entities. The Group considers a 5% strengthening or weakening of the United States Dollar as a possible change.

45 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Market risk (continued)

(a) Foreign currency risk (continued)

A 5% strengthening or weakening of the United States Dollar would result in profit or loss after tax and equity being approximately RM2,455,000 (2018: RM3,511,000) lower or higher for the Group. A 5% strengthening or weakening of the United States Dollar would result in profit or loss after tax and equity being approximately RM3,276,000 (2018: RM1,540,000) lower or higher for the Company.

The Group and the Company consider that the foreign currency risk attributable to currencies other than the United States Dollar to be insignificant.

(b) Cash flow and fair value interest rate risks

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates.

The Group's and the Company's exposure to interest rate risks relates primarily to the Group's and the Company's time deposits and interest bearing borrowings.

Surplus funds are placed with licensed financial institutions to earn interest income based on prevailing market rates. The Group and the Company manage its interest rate risks by placing such funds on short tenures of 12 months or less.

The Group and the Company generally borrow principally on a floating rate basis and ensure that interest rates obtained are competitive.

The interest rate profile of the Group's and the Company's significant interest-bearing financial instrument have been presented in Notes 18, 20, 22 and 28.

Fair value sensitivity for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Group does not designate derivatives as a fair value hedge. Therefore, a change in interest rates for these financial instruments at the end of the reporting period would not affect profit or loss.

Sensitivity analysis for variable rate instruments

At the reporting date, if interest rates had been 50 basis points lower/higher, with all other variables held constant, the Group's and the Company's profit or loss after tax and equity would have been approximately RM4,644,000 and RM761,000 (2018: RM4,193,000 and RM850,000) higher/lower, arising mainly as a result of lower/higher interest expense on floating rate borrowings. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

Liquidity risk

Liquidity risk is the risk that the Group or the Company will not be able to meet its financial obligations as they fall due. The Group's and the Company's exposure to liquidity risk arises principally from its payables and borrowings. The Group and the Company maintain a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

As at 31 December 2019, there are facilities available together with new facility which the Group and the Company are pursuing, that can be used to part refinance borrowings, capital expenditure and general working capital requirements of the Group and the Company.

45 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Liquidity risk (continued)

All financial liabilities of the Group and the Company that will be due and payable within the next 12 months are classified within current liabilities. The contractual cash flows of derivative financial liabilities and non-derivative financial liabilities are presented below:

Group	Within 1 year RM'000	More than 1 year and less than 2 years RM'000	More than 2 years and less than 5 years RM'000	More than 5 years RM'000	Total contractual undiscounted cash flows RM'000	Total carrying amount RM'000
2019						
Non-derivative financial liabilities						
Lease liabilities	25,308	20,162	51,596	275,398*	372,464	234,764
Trade and other payables	258,426	63	24	-	258,513	258,513
Amounts owing to associates	33	-	-	-	33	33
Amounts owing to joint ventures	5,546	-	-	-	5,546	5,546
Loans and borrowings	758,077	73,687	127,622	29,631	989,017	948,095
Dividend payable	21,904	-	-	-	21,904	21,904
	1,069,294	93,912	179,242	305,029	1,647,477	1,468,855
Derivative financial liabilities						
Forward currency contracts						
Gross settled						
- outflow	80,037	-	-	-	80,037	
- inflow	(78,177)	-	-	-	(78,177)	
	1,860	-	-	-	1,860	1,860
	1,071,154	93,912	179,242	305,029	1,649,337	1,470,715

* Lease liabilities with maturity of more than 5 years comprise of lease terms up to 39 years.

45 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Liquidity risk (continued)

Group	Within 1 year RM'000	More than 1 year and less than 2 years RM'000	More than 2 years and less than 5 years RM'000	More than 5 years RM'000	Total contractual undiscounted cash flows RM'000	Total carrying amount RM'000
2018						
Non-derivative financial liabilities						
Trade and other payables	340,271	63	87	-	340,421	340,421
Amounts owing to joint ventures	3,959	-	-	-	3,959	3,959
Loans and borrowings	751,123	58,380	48,507	43,398	901,408	847,625
Dividend payable	14,004	-	-	-	14,004	14,004
	1,109,357	58,443	48,594	43,398	1,259,792	1,206,009

There were no derivative financial liabilities as at 31 December 2018.

Company	Within 1 year RM'000	More than 1 year and less than 2 years RM'000	More than 2 years and less than 5 years RM'000	Total contractual undiscounted cash flows RM'000	Total carrying amount RM'000
2019					
Non-derivative financial liabilities					
Financial guarantees*	**208,483**	**-**	**-**	**208,483**	**-**
Other payables and accruals	**12,921**	**-**	**-**	**12,921**	**12,921**
Amounts owing to subsidiaries	**20,592**	**-**	**-**	**20,592**	**20,592**
Loans and borrowings	**159,251**	**-**	**-**	**159,251**	**152,217**
	401,247	**-**	**-**	**401,247**	**185,730**
2018					
Non-derivative financial liabilities					
Financial guarantees*	208,717	-	-	208,717	-
Other payables and accruals	12,372	-	-	12,372	12,372
Amounts owing to subsidiaries	6,797	-	-	6,797	6,797
Loans and borrowings	178,218	-	-	178,218	170,011
	406,104	-	-	406,104	189,180

* This represents the maximum exposure to the Company in the event that the financial guarantee contracts issued by the Company to its subsidiaries are called upon. These liabilities have been included in the consolidated statement of financial position of the Group and hence not result in any additional liability to the Group.

46 FAIR VALUES OF FINANCIAL INSTRUMENTS

The carrying amounts of financial assets and liabilities classified within current assets and current liabilities respectively approximate their fair values due to the relatively short term nature of these financial instruments.

Fair value of quoted equity instruments and debts securities are determined by reference to their respective published market bid price as at 31 December 2019.

The fair values of forward exchange contracts are estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate.

Fair values of non-derivative financial liabilities are calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period.

The carrying amount of financial liabilities measured at amortised cost approximates their respective fair values.

Fair value hierarchy

The table below summarises all financial instruments carried at fair value as at 31 December 2019 and 31 December 2018, based on a hierarchy that reflects the significance of the inputs used in measuring its respective fair values. The levels are defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical financial assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the financial asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Inputs for the financial asset or liability that are not based on observable market data (unobservable inputs).

Group	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
2019				
Financial assets/(liabilities)				
Investment in equity instruments	**6**	**-**	**-**	**6**
Derivative financial assets	**-**	**1,101**	**-**	**1,101**
Derivative financial liabilities	**-**	**(1,860)**	**-**	**(1,860)**
Short term investments	**-**	**623**	**-**	**623**
	6	**(136)**	**-**	**(130)**
2018				
Financial assets				
Investment in equity instruments	6	-	-	6
Derivative financial assets	-	146	-	146
Short term investments	-	609	-	609
	6	755	-	761

46 FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

Fair value hierarchy (continued)

Company	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
2019				
Financial assets				
Short term investments	-	**623**	-	**623**
2018				
Financial assets				
Short term investments	-	609	-	609

47 CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital structure in order to continue supporting its businesses, maximise shareholders' value and sustain future development of businesses within the Group. The gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as loans and borrowings less time deposits, cash and bank balances. Total capital includes paid-up share capital and reserves attributable to owners of the Company. The Group's net gearing ratio is 0.82 times (2018: 0.64 times). The Group has also complied to all externally imposed debt covenants.

48 SUBSEQUENT EVENT

Due to a significant worsening of the macroeconomic outlook as a result of Covid-19 and sharp decline in crude oil prices, both domestically and globally, the Group and the Company, based on preliminary assessment, expect that the current situation if prolonged, will have adverse financial impact to the Group's and the Company's results for the financial year ending 31 December 2020. This is mainly due to:

- Disruptions to business operations resulting from quarantines of employees, customers and suppliers in areas affected by the outbreak and closures of operational plants and facilities;
- Decrease in sales in the near term due to reduced economic activities and delayed fulfilment;
- Increase in expected credit losses due to delays in payments by certain trade and other debtors and amount owing by joint ventures; and
- Some impairment of non-current assets (for example, goodwill, property, plant and equipment, right-of-use assets and investment in associates and joint ventures) due to idle capacity and negative market outlook

The Group and the Company expect that they have sufficient funds from operations and/or drawdown of funds from available credit facilities for the next 12 months.

The Group and the Company are formulating and implementing various strategies and measures including but not limited to drastic cost reduction and rationalisation programmes to counter the adverse financial impact arising from the extremely challenging economic and business environment. The Directors believe such measures will enable the Group and the Company to weather through this turbulent time.

The Directors are monitoring the situation closely and will continue to assess the impact on the Group's and the Company's operations and performance as the situation develops and take appropriate action to mitigate the impact as much as possible.

SUMMARY OF SIGNIFICANT RECURRENT RELATED PARTY TRANSACTIONS

A. Transactions of A Revenue or Trading in Nature

<table>
<tr><th>Interested Related Party</th><th>Provider of Products/ Services</th><th>Recipient of Products/ Services</th><th>Actual Value Transacted for the Financial Year Ended 31 December 2019</th><th>Nature of Transaction</th></tr>
<tr><td rowspan="2">Dato' Seri Robert Tan Chung Meng; Pauline Tan Suat Ming; Tony Tan Choon Keat; Tan Chin Nam Sendirian Berhad; Tan Kim Yeow Sendirian Berhad; Wah Seong (Malaya) Trading Co. Sdn. Bhd.</td><td>IGB Berhad Group of Companies</td><td>Wasco Management Services Sdn. Bhd.</td><td>RM1,126,543.00</td><td>Rental of premise and related facilities</td></tr>
<tr><td colspan="4">Dato' Seri Robert Tan Chung Meng is the Group Chief Executive Officer and Director of IGB Berhad Group. He is also a Director of Wah Seong Corporation Berhad Group. He is a common indirect Major Shareholder of Wah Seong Corporation Berhad and IGB Berhad. His total direct and indirect shareholdings in Wah Seong Corporation Berhad are 1.53% and 40.30% respectively. His total direct and indirect shareholdings in IGB Berhad are 0.23% and 28.57% respectively.

Pauline Tan Suat Ming is a common indirect Major Shareholder of Wah Seong Corporation Berhad and IGB Berhad. Her indirect shareholding in Wah Seong Corporation Berhad is 40.58%. Her total direct and indirect shareholdings in IGB Berhad are 0.05% and 28.57% respectively.

Tony Tan Choon Keat is a common indirect Major Shareholder of Wah Seong Corporation Berhad and IGB Berhad. His indirect shareholding in Wah Seong Corporation Berhad is 40.30%. His indirect shareholding in IGB Berhad is 28.57%. Tony Tan Choon Keat is the father of Tan Jian Hong, Aaron, a Director of Wah Seong Corporation Berhad.

Tan Chin Nam Sendirian Berhad, Tan Kim Yeow Sendirian Berhad and Wah Seong (Malaya) Trading Co. Sdn. Bhd. are common Major Shareholders of Wah Seong Corporation Berhad and IGB Berhad.

Tan Chin Nam Sendirian Berhad's total direct and indirect shareholdings in Wah Seong Corporation Berhad are 0.04% and 33.33% respectively. Tan Kim Yeow Sendirian Berhad's total direct and indirect shareholdings in Wah Seong Corporation Berhad are 6.98% and 33.33% respectively. Wah Seong (Malaya) Trading Co. Sdn. Bhd.'s total direct and indirect shareholdings in Wah Seong Corporation Berhad are 32.98% and 0.34% respectively.

Tan Chin Nam Sendirian Berhad's total direct and indirect shareholdings in IGB Berhad are 23.81% and 20.19% respectively. Tan Kim Yeow Sendirian Berhad's total direct and indirect shareholdings in IGB Berhad are 9.75% and 18.82% respectively. Wah Seong (Malaya) Trading Co. Sdn. Bhd.'s total direct and indirect shareholdings in IGB Berhad are 15.17% and 3.65% respectively.</td></tr>
</table>

SUMMARY OF SIGNIFICANT RECURRENT RELATED PARTY TRANSACTIONS

B. Group Financial and/or Treasury Management

<table>
<tr><th>Interested Related Party</th><th>Lender</th><th>Borrower</th><th>Actual Value Transacted for the Financial Year Ended 31 December 2019</th><th>Nature of Transaction</th></tr>
<tr><td rowspan="2">Chan Cheu Leong;
Chan Wei Keat</td><td>Wah Seong Corporation Berhad</td><td>WDG Resources Sdn. Bhd.</td><td>RM11,490,167</td><td>Interest bearing advances for purpose of working capital requirement</td></tr>
<tr><td colspan="4">WDG is an indirect subsidiary of Wah Seong Corporation Berhad.

Chan Wei Keat is a Director of WDG Resources Sdn. Bhd. and holds 51,497 shares in Wah Seong Corporation Berhad. Chan Wei Keat is the son of Chan Cheu Leong.

Chan Wei Kiat is a Substantial Shareholder of 33.33% shareholding in Epilog Tegap Sdn. Bhd. via Midvest Asia Sdn. Bhd. and in turn Epilog Tegap Sdn. Bhd. holds 40% shareholding in WDG Resources Sdn. Bhd.

Chan Cheu Leong is a Substantial Shareholder of 33.33% shareholding in Epilog Tegap Sdn. Bhd. via Midvest Asia Sdn. Bhd. and in turn Epilog Tegap Sdn. Bhd. holds 40% shareholding in WDG Resources Sdn. Bhd.

Chan Cheu Leong is the Managing Director/Group Chief Executive Officer and a Substantial Shareholder of 5.65% shareholding in Wah Seong Corporation Berhad via Midvest Asia Sdn. Bhd. and Midvest Properties Sdn. Bhd.. His direct shareholding in Wah Seong Corporation Berhad is 2.67%. Chan Cheu Leong is the father of Chan Wei Keat.</td></tr>
<tr><td rowspan="2">Chan Cheu Leong;
Chan Wei Keat</td><td>Syn Tai Hung Trading Sdn. Bhd.</td><td>WDG Resources Sdn. Bhd.</td><td>RM8,063,500</td><td>Utilisation of Syn Tai Hung Trading Sdn. Bhd.'s banking facilities obtained from the bank(s) by WDG Resources Sdn. Bhd.</td></tr>
<tr><td colspan="4">Syn Tai Hung Trading Sdn. Bhd. is the immediate holding company of WDG Resources Sdn. Bhd.

Chan Wei Keat is a Director of WDG Resources Sdn. Bhd. and holds 51,497 shares in Wah Seong Corporation Berhad. Chan Wei Keat is the son of Chan Cheu Leong.

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</table>

NOTE:

The Interested Related Party Relationships are as per Circular to Shareholders on Proposed Renewal of Shareholders' Mandate for the Existing Recurrent Related Party Transactions of a Revenue or Trading Nature and Provision of Financial Assistance; and Proposed New Shareholders' Mandate for Additional Recurrent Related Party Transactions of a Revenue or Trading Nature dated 16 April 2019 which was approved at the Annual General Meeting of Wah Seong Corporation Berhad held on 15 May 2019.

TOP 10 LIST OF PROPERTIES
AS AT 31 DECEMBER 2019

Title/Location	Description/ existing use	Approximate age of the building	Approximate land/ built-up area	Tenure	Audited NBV as at 31.12.2019 RM'000
Geran Mukim 2327, 2805, 2806, 2315, 2328 and 2323 Lot No 512, 513, 514, 515, 1284 and 2347 Mukim Teluk Panglima Garang Daerah Kuala Langat Selangor Darul Ehsan	Agricultural land	N/A	24 acres	Freehold	84,075
PT 15926, Jalan Bandar Lama 42500 Teluk Panglima Garang Selangor Darul Ehsan	Factory and office building	1 – 3 years	7 acres		
KKIP Timor, Industrial Zone 13 General Industrial Zone Kota Kinabalu Industrial Park Mile 15 Jalan Telipok, Telipok Kota Kinabalu, Sabah	Industrial land with factory and office building	12 years	22 acres (Land) 232,956 sq ft (Building)	Leasehold 99 years expiring on 31 December 2098	56,699
No 5 Pandan Road Singapore 609299	Office buildings	3 years	13,723 sq m	Leasehold 28 years expiring on 30 December 2037	44,097
HS(D) Nos 62345, 62346 and 62347 PT No 18, 19 and 1554 Mukim 1, Seberang Perai Tengah, Pulau Pinang	Industrial land with office and factory building	15 – 32 years	97,500 sq m (Land) 24,009 sq m (Building)	Leasehold 99 years expiring on 15 March 2115	40,513
Geran No 32543, 32544, 32546 and 32547 Lot No 1929, 1930, 1944 and 1945	Industrial land with office and factory building	12 – 13 years	18 acres (Land) 43,995 sq m (Building)	Freehold	40,026
Geran No 32545, Lot No 1943 Daerah & Mukim of Klang Selangor Darul Ehsan	Industrial land	N/A	4 acres (Land)		
Rompintie 182, 48310 Kotka, Finland	Industrial building	10 years	27,150 sq m	Leasehold 50 years expiring 31 May 2058	12,381

TOP 10 LIST OF PROPERTIES
AS AT 31 DECEMBER 2019

Title/Location	Description/ existing use	Approximate age of the building	Approximate land/ built-up area	Tenure	Audited NBV as at 31.12.2019 RM'000
PKNP Land Lot Fiz Kawasan Perindustrian Fiz Tg Gelang, Mukim Sg. Karang Kuantan, Pahang Darul Makmur	Industrial land	N/A	36 acres	Leasehold 85 years expiring on 19 December 2096	19,004
PN 4460, 4461, 4462, 4463, 37309 Lot No 487, 488, 489, 490, 476 Seksyen 90 Bandar Kuala Lumpur No 2 Jalan 1/75 Off Jalan Kampong Pandan Kuala Lumpur	Commercial	29 years	3,167 sq m	Leasehold 99 years expiring on 14 October 2076	10,149
P.T. No.11443 held under title H.S. (M) 9613 Section 13 Mukim of Kajang District of Hulu Langat Lot 4 Jalan P/2A Seksyen 13 Kawasan Perindustrian Bangi 43650 Bandar Baru Bangi Selangor Darul Ehsan	Factory building	31 years	16,828 sq m	Leasehold 99 years expiring on 29 September 2086	13,681
KKIP Timur, Industrial Zone 10 General Industrial Zone Kota Kinabalu Industrial Park Mile 15 Jalan Telipok, Telipok Kota Kinabalu, Sabah	Industrial land	N/A	15 acres	Leasehold 99 years expiring on 31 December 2096	9,737

ANALYSIS OF SHAREHOLDINGS

Ordinary Shares

Share Capital as at 30 April 2020

Issued and Fully Paid-up Capital	:	RM547,690,147.00
Class of Equity Securities	:	Ordinary Shares
Stock Name	:	WASEONG
Voting Rights	:	On a poll - one (1) vote per ordinary share held
Total Shareholders	:	10,309

Distribution of Shareholders as at 30 April 2020

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
Less than 100	2,541	24.6484	80,361	0.0103
100 - 1,000	1,870	18.1395	608,727	0.0785
1,001 - 10,000	3,951	38.3257	14,905,704	1.9235
10,001 - 100,000	1,673	16.2285	41,472,850	5.3521
100,001 to less than 5% of total number of issued shares	271	2.6288	366,712,649	47.3245
5% and above of issued share capital	3	0.0291	351,108,003	45.3107
Total	**10,309**	**100.0000**	**774,888,294**	**100.0000**

List of Substantial Shareholders as at 30 April 2020

		No. of Ordinary Shares			
	Name of Substantial Shareholders	Direct Interest	%[a]	Deemed Interest	%[a]
1.	Wah Seong (Malaya) Trading Co. Sdn. Bhd.	255,438,739	32.9892	2,601,648[b]	0.3360
2.	Midvest Asia Sdn. Bhd.	41,645,829	5.3784	2,230,900[h]	0.2881
3.	Tan Kim Yeow Sendirian Berhad	54,023,435	6.9770	258,040,387[c]	33.3252
4.	Pauline Tan Suat Ming	-	-	314,230,683[g]	40.5820
5.	Tan Chin Nam Sendirian Berhad	941,757	0.1216	258,040,387[c]	33.3252
6.	Tony Tan Choon Keat	-	-	312,063,822[d]	40.3021
7.	Dato' Seri Robert Tan Chung Meng	11,927,314	1.5404	312,063,822[d]	40.3021
8.	Chan Cheu Leong	20,677,936	2.6705	43,876,729[e]	5.6665

Directors' Shareholdings as at 30 April 2020

		No. of Ordinary Shares			
	Name of Directors	Direct Interest	%[a]	Deemed Interest	%[a]
1.	Dato' Seri Robert Tan Chung Meng	11,927,314	1.5404	312,063,822[d]	40.3021
2.	Chan Cheu Leong	20,677,936	2.6705	44,031,991[f]	5.6866
3.	Halim Bin Haji Din	-	-	-	-
4.	Giancarlo Maccagno	2,159,353	0.2789	-	-
5.	Professor Tan Sri Lin See Yan	-	-	-	-
6.	Tan Jian Hong, Aaron	-	-	-	-
7.	Tan Sri Saw Choo Boon	-	-	-	-

ANALYSIS OF SHAREHOLDINGS

Notes:

(a) Based on 774,311,240 ordinary shares (Total number of issued shares of 774,888,294 ordinary shares less Treasury Shares of 577,054).

(b) Deemed interest held through Wah Seong Enterprises Sdn. Bhd. ("**WSE**") pursuant to Section 8 of the Companies Act, 2016 ("**the Act**") whereby Wah Seong (Malaya) Trading Co. Sdn. Bhd. ("**WST**") is the major shareholder of WSE.

(c) Deemed interest held through WSE and WST pursuant to Section 8 of the Act.

(d) Deemed interest held through WSE, WST and Tan Kim Yeow Sendirian Berhad ("**TKYSB**") pursuant to Section 8 of the Act.

(e) Deemed interest held through Midvest Asia Sdn. Bhd. ("**MASB**") and Midvest Properties Sdn. Bhd. ("**MPSB**") pursuant to Section 8 of the Act.

(f) Deemed interest held through MASB and MPSB pursuant to Section 8 of the Act and include interests of his spouse and children.

(g) Deemed interest held through WSE, WST, TKYSB and PTSM Holdings Sdn. Bhd. pursuant to Section 8 of the Act.

(h) Deemed interest held through MPSB pursuant to Section 8 of the Act.

Note:

- By virtue of his interests of more than 20% in the shares of the Company, Dato' Seri Robert Tan Chung Meng is also deemed to be interested in the shares of all its subsidiaries to the extent the Company has an interest.
- TKYSB and Tan Chin Nam Sendirian Berhad are the major shareholders of WST.

Thirty (30) Largest Shareholders as at 30 April 2020

No.	Name	No. of Shares	%[(a)]
1.	Wah Seong (Malaya) Trading Co. Sdn. Bhd.	251,472,770	32.4770
2.	Midvest Asia Sdn. Bhd.	41,645,829	5.3784
3.	Tan Kim Yeow Sendirian Berhad	39,350,435	5.0820
4.	Lembaga Tabung Angkatan Tentera	34,858,413	4.5019
5.	Amanahraya Trustees Berhad Amanah Saham Bumiputera	24,120,000	3.1150
6.	Karya Insaf (M) Sdn. Bhd.	16,130,675	2.0832
7.	Tan Kim Yeow Sendirian Berhad	14,673,000	1.8950
8.	HSBC Nominees (Asing) Sdn. Bhd. Exempt AN for Credit Suisse (SG BR-TST-ASING)	14,426,076	1.8631
9.	Amanahraya Trustees Berhad Amanah Saham Bumiputera 2	13,750,912	1.7759
10.	Maybank Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Chan Cheu Leong	12,126,999	1.5662
11.	Robert Tan Chung Meng	11,020,134	1.4232
12.	Maybank Nominees (Tempatan) Sdn. Bhd. Mtrustee Berhad for Principal Dali Equity Growth Fund (UT-CIMB-DALI) (419455)	7,375,393	0.9525
13.	Amanahraya Trustees Berhad Amanah Saham Nasional	7,320,922	0.9455

ANALYSIS OF SHAREHOLDINGS

Thirty (30) Largest Shareholders as at 30 April 2020 (continued)

No.	Name	No. of Shares	%[(a)]
14.	Micasa Investments (S) Pte Ltd	7,179,564	0.9272
15.	Cartaban Nominees (Tempatan) Sdn. Bhd. RHB Trustees Berhad for Manulife Investment Shariah Progressfund	6,708,676	0.8664
16.	Amanahraya Trustees Berhad ASN Umbrella for ASN Sara (Mixed Asset Conservative) 1	5,788,800	0.7476
17.	Amanahraya Trustees Berhad ASN Umbrella for ASN Imbang (Mixed Asset Balanced) 2	5,716,440	0.7383
18.	HSBC Nominees (Tempatan) Sdn. Bhd. HSBC (M) Trustee Bhd for Allianz Life Insurance Malaysia Berhad (MEF)	5,094,847	0.6580
19.	HSBC Nominees (Tempatan) Sdn. Bhd. HSBC (M) Trustee Bhd for Maybank Malaysia Value Fund	5,066,205	0.6543
20.	CIMSEC Nominees (Tempatan) Sdn. Bhd. CIMB Bank for Chan Cheu Leong (PBCL-0G0598)	5,025,000	0.6490
21.	Maybank Nominees (Tempatan) Sdn. Bhd. National Trust Fund (IFM Maybank)	5,000,000	0.6457
22.	Citigroup Nominees (Tempatan) Sdn. Bhd. Employees Provident Fund Board	4,814,215	0.6217
23.	Citigroup Nominees (Tempatan) Sdn. Bhd. Employees Provident Fund Board (PHEIM)	4,332,407	0.5595
24.	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad Deutsche Trustees Malaysia Berhad for Hong Leong Strategic Fund	4,050,000	0.5230
25.	Amanahraya Trustees Berhad PMB Shariah Growth Fund	3,978,895	0.5139
26.	Wah Seong (Malaya) Trading Co. Sdn. Bhd.	3,965,969	0.5122
27.	HSBC Nominees (Tempatan) Sdn. Bhd. HSBC (M) Trustee Bhd for Affin Hwang AIIMAN Growth Fund (4207)	3,880,457	0.5011
28.	Maybank Nominees (Tempatan) Sdn. Bhd. Maybank Trustees Berhad for Dana Makmur PHEIM (211901)	3,876,471	0.5006
29.	Ranjit Singh A/L Mahindar Singh	3,489,123	0.4506
30.	CIMB Group Nominees (Tempatan) Sdn. Bhd. AIIMAN Asset Management Sdn Bhd for Lembaga Tabung Haji	3,316,600	0.4283
		569,555,227	73.5564

Note:

(a) Based on 774,311,240 ordinary shares (Total number of issued shares of 774,888,294 ordinary shares less Treasury Shares of 577,054).

NOTICE OF TWENTIETH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Twentieth Annual General Meeting of WAH SEONG CORPORATION BERHAD ("the Company") will be conducted through live streaming and online remote participation using Remote Participation and Voting ("RPV") Facilities as a fully virtual general meeting at the Broadcasting Venue to be held at Boardroom, Suite 19.01, Level 19, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur, Wilayah Persekutuan, Malaysia on Tuesday, 23 June 2020 at 3.00 p.m. for the following purposes:

AGENDA

As Ordinary Business

1. To receive and adopt the Audited Financial Statements of the Company and the Group for the financial year ended 31 December 2019 and the Reports of the Directors and Auditors thereon. **Ordinary Resolution 1**

2. To approve the Directors' Fees of RM530,000 and Directors' Meeting Allowances of RM153,000 payable for the financial year ended 31 December 2019. **Ordinary Resolution 2**

3. To re-elect the following Directors who retire pursuant to Clause 116 of the Company's Constitution:

   (i) Dato' Seri Robert Tan Chung Meng **Ordinary Resolution 3**
   (ii) Halim Bin Haji Din **Ordinary Resolution 4**

4. To re-appoint PricewaterhouseCoopers PLT as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration. **Ordinary Resolution 5**

As Special Business

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

5. **Ordinary Resolution**
   Authority to Issue Shares Pursuant to Sections 75 and 76 of the Companies Act, 2016 **Ordinary Resolution 6**

   "THAT, subject always to the Companies Act, 2016 ("the Act"), the Company's Constitution and approvals from the relevant governmental and/or regulatory bodies where such approvals shall be necessary, authority be and is hereby given to the Directors of the Company pursuant to Sections 75 and 76 of the Act, to issue and allot shares in the share capital of the Company from time to time upon such terms and conditions and for such purposes as may be determined by the Directors of the Company to be in the interest of the Company provided always that the aggregate number of shares to be issued pursuant to this resolution does not exceed ten per centum (10%) of the total number of issued shares (excluding treasury shares) of the Company for the time being AND THAT the Directors of the Company be also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad AND THAT such authority shall continue to be in forced until the conclusion of the next Annual General Meeting ("AGM") of the Company or the expiration of the period within which the next AGM is required by law to be held, whichever is the earlier; but an approval may be revoked or varied at any time by a resolution of the Company in general meeting."

6. **Ordinary Resolution**
Proposed Renewal of Authority to Buy-Back its Own Shares by the Company **Ordinary Resolution 7**

"THAT, subject to the provisions of the Companies Act, 2016 ("the Act"), the Company's Constitution, the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities") and any other applicable laws, rules, orders, requirements, regulations and guidelines for the time being in force, the Directors of the Company be hereby unconditionally and generally authorised to purchase the Company's own ordinary shares ("WSC Shares") in the Company's total number of issued shares through Bursa Securities at any time and upon such terms and conditions and for such purposes as the Directors of the Company may, in their discretion deem fit, subject to the following:

(i) the maximum number of WSC Shares which may be purchased and/or held by the Company shall be ten per centum (10%) of the total number of issued shares of the Company for the time being;

(ii) the maximum fund to be allocated by the Company for the purpose of purchasing the WSC Shares shall not exceed the retained profits of the Company as at 31 December 2019 otherwise available for distribution as dividends;

(iii) the authority conferred by this resolution will be effective immediately upon the passing of this resolution and will continue in force until:

(a) the conclusion of the next Annual General Meeting ("AGM") of the Company, at which time the authority shall lapse, unless by ordinary resolution passed at the meeting, the authority is renewed, either unconditionally or subject to conditions;

(b) the expiration of the period within which the next AGM after that date is required by law to be held; or

(c) revoked or varied by an ordinary resolution passed by the shareholders in a general meeting;

whichever is earlier but not so as to prejudice the completion of the purchase(s) made by the Company before the aforesaid expiry date and, in any event, in accordance with the provisions of the MMLR of Bursa Securities or any other relevant authorities;

(iv) upon completion of the purchase(s) of the WSC Shares by the Company, the Directors of the Company be hereby authorised to deal with the WSC Shares in accordance with the MMLR and the Companies Act, 2016.

AND THAT the Directors of the Company be and are hereby authorised to take all such steps that are necessary or expedient and/or appropriate to implement, finalise and to give full effect to the purchase(s) of WSC Shares with full power to assent to any conditions, variations, and/or amendments that may be imposed by the relevant authorities."

7. **Ordinary Resolution**
   Proposed Renewal of Shareholders' Mandate for the Existing Recurrent Related Party Transactions and Provision of Financial Assistance **Ordinary Resolution 8**

   "THAT, subject to the provisions of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and/or its subsidiaries ("WSC Group") to enter into recurrent related party transactions of a revenue or trading nature and the provision of financial assistance as specified in Section 2.5 of Part B of the Circular to Shareholders dated 18 May 2020 which transactions are necessary for the day-to-day operations in the ordinary course of business of WSC Group on terms not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company and the shareholders' mandate is subject to annual renewal and disclosure is made in the Annual Report of the aggregate value of transactions conducted pursuant to the shareholders' mandate during the financial year and that such approval shall continue to be in force until:

   (i) the conclusion of the next Annual General Meeting ("AGM") of the Company, at which time the proposed shareholders' mandate will lapse, unless renewed by a resolution passed at the meeting;

   (ii) the expiration of the period within which the next AGM of the Company after the date it is required to be held pursuant to Section 340(2) of the Companies Act, 2016 ("the Act") (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or

   (iii) revoked or varied by resolution passed by the shareholders of the Company in a general meeting;

   whichever is earlier.

   AND THAT the Directors of the Company be and are hereby authorised to complete and to do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the transactions contemplated and/or authorised by this resolution."

8. **Ordinary Resolution**
   Proposed New Shareholders' Mandate for Additional Recurrent Related Party Transactions and Provision of Financial Assistance **Ordinary Resolution 9**

   "THAT, subject to the provisions of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and/or its subsidiaries ("WSC Group") to enter into new/additional recurrent related party transactions of a revenue or trading nature and the provision of financial assistance as specified in Section 2.5 of Part B of the Circular to Shareholders dated 18 May 2020 which transactions are necessary for the day-to-day operations in the ordinary course of business of WSC Group on terms not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company and the shareholders' mandate is subject to annual renewal and disclosure shall be made in the Annual Report of the aggregate value of transactions conducted pursuant to the shareholders' mandate during the financial year and that such approval shall continue to be in force until:-

   (i) the conclusion of the next Annual General Meeting ("AGM") of the Company, at which time the proposed new shareholders' mandate will lapse, unless renewed by a resolution passed at the meeting;

(ii) the expiration of the period within which the next AGM of the Company after the date it is required to be held pursuant to Section 340(2) of the Companies Act, 2016 ("the Act") (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or

(iii) revoked or varied by resolution passed by the shareholders of the Company in a general meeting;

whichever is earlier.

AND THAT the Directors of the Company be and are hereby authorised to complete and to do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the transactions contemplated and/or authorised by this resolution."

9. **Ordinary Resolutions**
Retention of Independent Non-Executive Directors

(i) "THAT subject to the passing of Ordinary Resolution 4 above, approval be and is hereby given to Halim Bin Haji Din who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than seventeenth (17) years, to continue to act as an Independent Non-Executive Director of the Company in accordance with the Malaysian Code on Corporate Governance 2017." **Ordinary Resolution 10**

(ii) "THAT approval be and is hereby given to Professor Tan Sri Lin See Yan who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than fifteenth (15) years, to continue to act as an Independent Non-Executive Director of the Company in accordance with the Malaysian Code on Corporate Governance 2017." **Ordinary Resolution 11**

10. **Special Resolution**
Proposed Amendment to the Company's Constitution **Special Resolution 1**

"THAT the existing Clause 89 be deleted in its entirety and be replaced with the following new Clause 89 ("Proposed Amendment to the Constitution"):-

New Clause 89

All business that is transacted at any Extraordinary General Meeting and an Annual General Meeting shall be deemed special, with the exception of the tabling of the profit and loss account, the balance sheet and group account (if any) of the Company and the reports of the Directors and Auditors and other documents required to be annexed to the balance sheet; the declaration of dividends; the election of Directors and other officers in the place of those retiring and the appointment of new Director(s); the fixing of remuneration of Directors such as the Directors' Fees and Meeting Allowances; and the re-appointment of the Auditors and the fixing of their remuneration.

AND THAT the Directors of the Company be and are hereby authorised to give effect to the Proposed Amendment to the Constitution with full power to assent to any conditions, modifications, variations and/or amendments (if any) as may be imposed by any relevant authorities and to take all such steps as they may deem necessary or expedient in order to implement, finalise and give full effect to the Proposed Amendment to the Constitution."

11. To transact any other business that may be transacted at an Annual General Meeting of which due notice shall have been given in accordance with the Companies Act, 2016 and the Company's Constitution.

NOTICE OF TWENTIETH ANNUAL GENERAL MEETING

FURTHER NOTICE IS HEREBY GIVEN THAT for the purpose of determining a member who shall be entitled to attend this Twentieth Annual General Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd., in accordance with Clause 88 of the Company's Constitution and Section 34(1) of the Securities Industry (Central Depositories) Act, 1991, to issue a Record of Depositors as at 16 June 2020 ("General Meeting Record of Depositors"). Only a Depositor whose name appears on the General Meeting Record of Depositors shall be regarded as a member entitled to attend, speak and vote at the Twentieth Annual General Meeting or appoint proxies to attend, speak and vote on his/her behalf.

BY ORDER OF THE BOARD
WOO YING PUN (MAICSA 7001280)
Group Company Secretary

Kuala Lumpur
Dated: 18 May 2020

Notes:

1. A proxy may but need not be a Member of the Company. If a Member appoints more than one proxy, the appointments shall be invalid unless the Member specifies the proportion of the Member's shareholdings to be represented by each proxy.

2. Where a Member of the Company is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991 ("SICDA") which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

3. Where a Member of the Company is an authorised nominee as defined under SICDA, it may appoint at least 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.

4. If the appointer is a corporation, the proxy form must be executed under the common seal or under the hand of its officer or attorney duly authorised in writing.

5. The Twentieth Annual General Meeting ("20th AGM") will be conducted using RPV Facilities as a **fully virtual** general meeting by the Company's appointed agent, Tricor Investor & Issuing House Services Sdn. Bhd.. The registration, participation and voting procedures are as detailed in the Administrative Guide attached and which is also available on the Company's website at www.wahseong.com.

6. Pursuant to Section 327(2) of the Companies Act, 2016, the Chairman will be present at the Broadcasting Venue being the main venue of the 20th AGM. Hence, **no shareholders/proxies/corporate representatives** from the public will be physically present.

7. A Member registered in the Record of Depositors as at 16 June 2020 who is entitled to attend and vote at the 20th AGM may appoint the Chairman of the meeting as his/her proxy.

8. In accordance with Section 334(3) of the Companies Act, 2016, the instrument appointing a proxy and the power of attorney or other authority, if any, under which is signed or a notarially certified copy of that power or authority shall be deposited as follows, not less than forty-eight (48) hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote, or, in the case of a poll, not less than twenty-four (24) hours before the time appointed for the taking of the poll at the 20th AGM. Pursuant to Paragraph 8.29A(1), Chapter 8 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in this notice are required to be voted by poll.

    (a) Deposit Hardcopy of Proxy Form

    To the Company's Registered Address at Suite 19.01, Level 19, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur, Wilayah Persekutuan, Malaysia.

(b) Deposit of Proxy Form Electronically

To Tricor Investor & Issuing House Services Sdn. Bhd. ("TIIH Online") at https://tiih.online.

(c) The above Proxy Forms must be deposited accordingly latest by Monday, 22 June, 2020 by 3.00 p.m.

Explanatory Notes on Ordinary Business

1. Payment of Directors' Fees and Directors' Meeting Allowances for the financial year ended 31 December 2019

The proposed Ordinary Resolution 2, is to obtain shareholders' approval for the payment of Directors' Fees and Directors' Meeting Allowances in respect of the financial year ended 31 December 2019.

Explanatory Notes on Special Business

1. Authority to Issue Shares Pursuant to Sections 75 and 76 of the Companies Act, 2016

The Ordinary Resolution 6, if passed, will give authority to the Directors of the Company to issue and allot shares from the unissued share capital of the Company for such purposes as the Directors of the Company in their absolute discretion consider to be in the interest of the Company without having to convene a general meeting. This authority shall continue to be in force until the conclusion of the next Annual General Meeting ("AGM") or the expiration of the period within which the next AGM is required by law to be held, whichever is the earlier; but any approval may be previously revoked or varied by a resolution of the Company in general meeting.

The Company has not issued any new shares pursuant to Sections 75 and 76 of the Companies Act, 2016 under the general mandate which was approved at the Nineteenth AGM of the Company held on 15 May 2019 and which will lapse at the conclusion of the Twentieth AGM. A renewal of this authority is being sought at the Twentieth AGM.

The authority to issue shares pursuant to Sections 75 and 76 of the Companies Act, 2016 will provide flexibility and expediency to the Company for any possible fund raising involving the issuance or placement of shares to facilitate business expansion or strategic merger and acquisition opportunities involving equity deals or part equity or to fund future investment project(s) or for working capital requirements, which the Directors of the Company consider to be in the best interest of the Company.

As such, any additional cost to be incurred or delay arising from the need to convene a general meeting to approve such issuance of shares could be eliminated.

2. Proposed Renewal of Authority to Buy-Back its Own Shares by the Company

The Ordinary Resolution 7, if passed, will allow the Directors of the Company to exercise the power of the Company to purchase and/or hold not more than ten per centum (10%) of the total number of issued shares of the Company for the time being. This authority will expire at the conclusion of the next Annual General Meeting unless earlier revoked or varied by ordinary resolution passed by shareholders at a general meeting.

Please refer to Part A of the Share Buy-Back Statement dated 18 May 2020, which is accessible online on the Company's website at www.wahseong.com, for information pertaining to Ordinary Resolution 7.

3. Proposed Renewal of Shareholders' Mandate for the Existing Recurrent Related Party Transactions and Provision of Financial Assistance

Proposed New Shareholders' Mandate for Additional Recurrent Related Party Transactions and Provision of Financial Assistance

The Ordinary Resolutions 8 & 9, if passed, will allow the Company and/or its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature with the related parties and the provision of financial assistance in the ordinary course of business which are necessary for the day-to-day operations based on terms which are not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company.

Please refer to Part B of the Circular to Shareholders dated 18 May 2020, which is accessible online on the Company's website at www.wahseong.com, for information pertaining to Ordinary Resolutions 8 & 9.

4. Retention of Independent Non-Executive Directors of the Company in accordance with the Malaysian Code on Corporate Governance 2017

(i) Halim Bin Haji Din

The Board has assessed the independence of Halim Bin Haji Din, who has served the Company for more than seventeenth (17) years, and recommended that he continues to act as an Independent Non-Executive Director of the Company based on the following justification:

(a) He has met the criteria of an Independent Director as defined in Chapter 1 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.
(b) He has performed his duties diligently and in the best interest of the Company and has provided independent judgement, broader views and balanced assessments to the proposals from the Management with his diverse experience and expertise.
(c) His vast experience in the accounting, finance, corporate recovery and audit enables him to provide the Board with a diverse set of experience, expertise and independent judgement.
(d) He understands the Company's industry well and is able to contribute to the effective over-sight of the Company's business activities.
(e) He consistently challenges the Management in an effective and constructive manner.
(f) He maintains his independence where management over-sight and monitoring are concerned in the execution of the Company's strategic plans.

(ii) Professor Tan Sri Lin See Yan

The Board has assessed the independence of Professor Tan Sri Lin See Yan, who has served the Company for more than fifteenth (15) years, and recommended that he continues to act as an Independent Non-Executive Director of the Company based on the following justification:

(a) He has met the criteria of an Independent Director as defined in Chapter 1 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.
(b) He has performed his duties diligently and in the best interest of the Company and has provided independent judgement, broader views and balanced assessments to the proposals from the Management with his diverse experience and expertise.
(c) His vast experience in the banking and finance industry coupled with his economics and corporate background enables him to provide the Board with a diverse set of experience, expertise and independent judgement.
(d) He understands the Company's industry well and is able to contribute to the effective over-sight of the Company's business activities.
(e) He consistently challenges the Management in an effective and constructive manner.
(f) He maintains his independence where management over-sight and monitoring are concerned in the execution of the Company's strategic plans.

5. Special Resolution
Proposed Amendment to the Company's Constitution

The existing Clause 89 be deleted in its entirety and be replaced with the following new Clause 89:-

Existing Clause 89

All business that is transacted at any Extraordinary General Meeting and an Annual General Meeting shall be deemed special, with the exception of the receipts, consideration and adoption of the profit and loss account, the balance sheet and group account (if any) of the Company and the reports of the Directors and Auditors and other documents required to be annexed to the balance sheet, the declaration of dividends, the election of Directors and other officers in the place of those retiring and the appointment of, the fixing of remuneration of Directors fees and the re-appointment of the Auditors and the fixing of their remuneration.

New Clause 89

All business that is transacted at any Extraordinary General Meeting and an Annual General Meeting shall be deemed special, with the exception of the tabling of the profit and loss account, the balance sheet and group account (if any) of the Company and the reports of the Directors and Auditors and other documents required to be annexed to the balance sheet; the declaration of dividends; the election of Directors and other officers in the place of those retiring and the appointment of new Director(s); the fixing of remuneration of Directors such as the Directors' Fees and Meeting Allowances; and the re-appointment of the Auditors and the fixing of their remuneration.

The Proposed Amendment to the Company's Constitution are to be in line with the Companies Act, 2016.

STATEMENT ACCOMPANYING NOTICE OF TWENTIETH ANNUAL GENERAL MEETING

1. **Details of Individual who is standing for election as Director.**

   No individual is seeking for election as a Director of the Company at the Twentieth Annual General Meeting of the Company.

2. **There is a renewal of the general mandate for the issuance of securities to be sought in accordance with Paragraph 6.03(3) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, at the Twentieth Annual General Meeting of the Company.**

   No proceeds was raised from the previous mandate as the Company has not issued any new shares pursuant to Sections 75 and 76 of the Companies Act, 2016 under the general mandate which was approved at the Nineteenth Annual General Meeting of the Company held on 15 May 2019.

   The purpose for the general mandate being sought to issue shares pursuant to Sections 75 and 76 of the Companies Act, 2016 is to provide flexibility and expediency to the Company for any possible fund raising involving the issuance or placement of shares to facilitate business expansion or strategic merger and acquisition opportunities involving equity deals or part equity or to fund future investment project(s) or for working capital requirements, which the Directors of the Company consider to be in the best interest of the Company.

   As such, any additional cost to be incurred or delay arising from the need to convene a general meeting to approve such issuance of shares could be eliminated.

3. **Date, Time and Broadcasting Venue of the Twentieth Annual General Meeting**

Date	:	Tuesday, 23 June 2020
Time	:	3.00 p.m.
Broadcasting Venue	:	Boardroom, Suite 19.01, Level 19, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur, Wilayah Persekutuan, Malaysia

PROXY FORM

WAH SEONG CORPORATION BERHAD
(COMPANY NO.: 495846-A)
(INCORPORATED IN MALAYSIA)

Number of Ordinary Shares held

I/We ____
(Full name in block letters)

NRIC or Company No.______________________ CDS Account No.______________

of ____
(Full address)

being a *member/members of WAH SEONG CORPORATION BERHAD (Company No. 495846-A) hereby appoint ______________

______________________________ NRIC No.______________
(Full name in block letters)

of ____
(Full address)

or failing *him/her, ______________________________ NRIC No.______________
(Full name in block letters)

of ____
(Full 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 ("20th AGM") of the Company to be conducted through live streaming and online remote participation using Remote Participation and Voting ("RPV") Facilities as a **fully virtual** general meeting at the Broadcasting Venue to be held at Boardroom, Suite 19.01, Level 19, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur, Wilayah Persekutuan, Malaysia on Tuesday, 23 June 2020 at 3.00 p.m. and at any adjournment thereof in the manner indicated below.

		FOR	AGAINST
Ordinary Resolution 1	To receive and adopt the Audited Financial Statements of the Company and the Group for the financial year ended 31 December 2019 and the Reports of the Directors and Auditors thereon.		
Ordinary Resolution 2	To approve the Directors' Fees of RM530,000 and Directors' Meeting Allowances of RM153,000 payable for the financial year ended 31 December 2019.		
Ordinary Resolution 3	To re-elect Dato' Seri Robert Tan Chung Meng as Director who retires pursuant to Clause 116 of the Company's Constitution.		
Ordinary Resolution 4	To re-elect Halim Bin Haji Din as Director who retires pursuant to Clause 116 of the Company's Constitution.		
Ordinary Resolution 5	To re-appoint PricewaterhouseCoopers PLT as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration.		
Ordinary Resolution 6	To authorise the Directors to issue and allot shares pursuant to Sections 75 and 76 of the Companies Act, 2016.		
Ordinary Resolution 7	Proposed Renewal of Authority to Buy-Back its Own Shares by the Company.		
Ordinary Resolution 8	Proposed Renewal of Shareholders' Mandate for the Existing Recurrent Related Party Transactions and Provision of Financial Assistance.		
Ordinary Resolution 9	Proposed New Shareholders' Mandate for Additional Recurrent Related Party Transactions and Provision of Financial Assistance.		
Ordinary Resolution 10	To retain Halim Bin Haji Din as an Independent Non-Executive Director.		
Ordinary Resolution 11	To retain Professor Tan Sri Lin See Yan as an Independent Non-Executive Director.		
Special Resolution 1	Proposed Amendment to the Company's Constitution.		

(Please indicate with an "x" in the space provided above as to how you wish to cast your vote. If no specific direction as to voting is given, the proxy will vote or abstain from voting at his/her discretion.)

* *Strike out whichever not applicable*

____
Signature of Member

____
Company Seal to be affixed here if Member is a Corporation

Signed this: __________ day of ______________________ 2020

Contact No.: ______________________________

Email Address: ______________________________

Notes:

1. A proxy may but need not be a Member of the Company. If a Member appoints more than one proxy, the appointments shall be invalid unless the Member specifies the proportion of the Member's shareholdings to be represented by each proxy.
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   (b) Deposit of Proxy Form Electronically

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   (c) The above Proxy Forms must be deposited accordingly latest by Monday, 22 June, 2020 by 3.00 p.m.

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AFFIX
STAMP

THE COMPANY SECRETARY
WAH SEONG CORPORATION BERHAD
(COMPANY NO.: 495846-A)

Registered Office:
Suite 19.01, Level 19, The Gardens North Tower
Mid Valley City, Lingkaran Syed Putra
59200 Kuala Lumpur, Wilayah Persekutuan
Malaysia

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WAH SEONG CORPORATION BERHAD (495846-A)

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Mid Valley City
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Fax: +603-2685 6999

Website: www.wahseong.com