WZ SATU BERHAD
永成壹 ساتو

TAKING ON CHALLENGES

annual report 2020

VISION

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

MISSION

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

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Corporate **Structure**

WZ SATU BERHAD
永成壹 ساتو

OIL AND GAS

100%
WZS MISI SETIA
SDN BHD

CIVIL ENGINEERING AND CONSTRUCTION

100%
WZS BINARAYA
SDN BHD

100%
CEKAP SEMENANJUNG
SDN BHD

100%
SINERGI DAYANG
SDN BHD

MINING

49%
SE SATU
SDN BHD

30%
SE SATU PELANGI
SDN BHD

MANUFACTURING

100%
WZS INDUSTRIES
SDN BHD

32%*
WZS TECHNOLOGIES
SDN BHD

OTHERS

60%
WZS POWERGEN
SDN BHD

60%
WZS BIOGAS JERANTUT
SDN BHD

Remark:
** Increased from 30% to 32% on 31 January 2020*

SOLID FOUNDATION

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

Corporate **Information**

BOARD OF DIRECTORS

EXECUTIVE DIRECTORS

YBhg Tan Sri Dato' Sri Mohamad Norza Bin Zakaria
Executive Chairman
(Appointed on 13 December 2019 as the Non-Independent Non-Executive Deputy Chairman and redesignated to the Executive Chairman on 14 May 2020)

YM Tengku Dato' Sri Uzir Bin Tengku Dato' Ubaidillah
Executive Vice Chairman
(Redesignated from the Executive Chairman to the Executive Vice Chairman on 14 May 2020)

NON-INDEPENDENT NON-EXECUTIVE DIRECTORS

YM Tengku Dato' Indera Zubir Bin Tengku Dato' Ubaidillah
Non-Independent Non-Executive Director
(Resigned on 18 August 2020 as the Managing Director/Group Chief Executive Officer and redesignated on the even date to a Non-Independent Non-Executive Director)

Encik Ikhlas Bin Kamarudin
Non-Independent Non-Executive Director

INDEPENDENT NON-EXECUTIVE DIRECTORS

Encik Rosli Bin Shafiei
Independent Non-Executive Director

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

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

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

GROUP KEY SENIOR MANAGEMENT

YBhg Tan Sri Dato' Sri Mohamad Norza Bin Zakaria
Executive Chairman

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

Encik Suhaimi Bin Badrul Jamil
Group Chief Executive Officer
(Appointed on 18 August 2020)

Mr Chan Fook Kwong
Chief Financial Officer

AUDIT COMMITTEE

Encik Rosli Bin Shafiei
(Chairman)

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

YBhg Datuk Idris Bin Haji Hashim J. P.

NOMINATION AND REMUNERATION COMMITTEE ("NRC")

YBhg Dato' Syed Kamarulzaman Bin Dato' Syed Zainol Khodki Shahabudin
(Redesignated from a Member of the Nomination Committee to the Chairman of NRC on 30 January 2020)

YBhg Datuk Idris Bin Haji Hashim J. P.
(Redesignated from the Chairman of the Nomination Committee to a Member of the NRC on 30 January 2020)

Encik Rosli Bin Shafiei
(Appointed on 30 January 2020)

Corporate Information

(Continued)

LONG TERM INCENTIVE PLAN COMMITTEE

YM Tengku Dato' Sri Uzir Bin Tengku Dato' Ubaidillah
(Chairman)
Encik Rosli Bin Shafiei
YBhg Dato' Syed Kamarulzaman Bin Dato' Syed Zainol Khodki Shahabudin

RISK, FINANCE AND INVESTMENT COMMITTEE ("RFIC")

(Formerly known as Investment Committee)

YBhg Tan Sri Dato' Sri Mohamad Norza Bin Zakaria
(Chairman)
(Appointed on 1 April 2021)
YM Tengku Dato' Sri Uzir Bin Tengku Dato' Ubaidillah
(Redesignated on 1 April 2021 from the Chairman of the Investment Committee to a Member of the RFIC)
YBhg Dato' Mohan A/L C Sinnathamby
(Appointed on 1 April 2021)
Encik Suhaimi Bin Badrul Jamil
(Appointed on 1 April 2021)

SHARIAH ADVISORY COMMITTEE

YBhg Dato' Syed Kamarulzaman Bin Dato' Syed Zainol Khodki Shahabudin
(Chairman)
Encik Ikhlas Bin Kamarudin
(Appointed on 10 June 2020)
Mahamahpoyi Hj Walah (Advisor)
Mr Chan Fook Kwong

COMPANY SECRETARIES

Chua Siew Chuan
(SSM PC NO. 201908002648)
(MAICSA 0777689)
Yau Jye Yee
(SSM PC NO. 202008000733)
(MAICSA 7059233)

AUDITORS

Baker Tilly Monteiro Heng PLT
[201906000600 (LLP0019411-LCA) & AF 0117]
Baker Tilly Tower
Level 10, Tower 1, Avenue 5
Bangsar South City
59200 Kuala Lumpur
Wilayah Persekutuan
Tel : 03-2297 1000
Fax : 03-2282 9980

PRINCIPAL BANKERS

United Overseas Bank (Malaysia) Berhad
[Registration No. 199301017069 (271809-K)]
OCBC Al-Amin Bank Berhad
[Registration No. 200801017151 (818444-T)]
AmBank Islamic Berhad
[Registration No. 199401009897 (295576-U)]

SHARE REGISTRAR

Securities Services (Holdings) Sdn Bhd
[Registration No. 197701005827 (36869-T)]
Level 7, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
Damansara Heights
50490 Kuala Lumpur
Wilayah Persekutuan
Tel : 03-2084 9000
Fax : 03-2094 9940

REGISTERED OFFICE

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

STOCK EXCHANGE

Main Market of Bursa Malaysia Securities Berhad

Stock Name : WZSATU
Stock Code : 7245

Preference Stock Name : WZSATU-PA
Preference Stock Code : 7245PA

Warrant Name : WZSATU-WA
Warrant Code : 7245WA
Warrant Name : WZSATU-WB
Warrant Code : 7245WB

PRINCIPAL PLACE OF BUSINESS

Level 9, Block 4, Menara TH Plaza Sentral
Jalan Stesen Sentral 5, KL Sentral
50470 Kuala Lumpur
Wilayah Persekutuan
Tel : 03-2773 8800
Fax : 03-2773 8878

CORPORATE WEBSITE

www.wzs.my

Directors' **Profile**

YBHG TAN SRI DATO' SRI MOHAMAD NORZA BIN ZAKARIA

Executive Chairman

Aged 55, Male, Malaysian

Date of Appointment:
13 December 2019

Board Committees membership(s):
- Risk, Finance and Investment Committee (Chairman) *(Appointed on 1 April 2021)*

YBhg Tan Sri Dato' Sri Mohamad Norza bin Zakaria was appointed on 13 December 2019 as the Non-Independent Non-Executive Deputy Chairman of the Company and was subsequently redesignated as the Executive Chairman on 14 May 2020.

He holds a Bachelor of Commerce (Major in Accounting), University of Wollongong, New South Wales, Australia. Qualified as a Fellow of CPA Australia (FCPA) from CPA Australia Ltd and a Chartered Accountant (CA) from the Malaysian Institute of Accountants (MIA).

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

He was the Chief Executive Officer (**CEO**) of Gabungan Strategik Sdn Bhd from 1998 until 2004. His notable contribution in the Government Sector was the Political Secretary to the Minister of Finance II from 2004 until 2008. He was appointed as the Chairman of the National Sports Institute from October 2013 until May 2017. He is currently the President and CEO of Citaglobal Sdn Bhd, a post he has held since April 2008.

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

He attended all 5 Board of Director's Meetings held for the financial period ended 31 December 2020 since his appointment to the Board on 13 December 2019.

YM TENGKU DATO' SRI UZIR BIN TENGKU DATO' UBAIDILLAH

Executive Vice Chairman

Aged 62, Male, Malaysian

Date of Appointment:
24 October 2013

Board Committees membership(s):
- Long Term Incentive Plan Committee (Chairman)
- Risk, Finance and Investment Committee (Member) *(Redesignated to a Member on 1 April 2021)*

YM Tengku Dato' Sri Uzir Bin Tengku Dato' Ubaidillah was appointed as the Executive Chairman cum Chief Executive Officer of the Company on 24 October 2013 and was subsequently re-designated as the Executive Chairman of the Company on 1 November 2017. On 14 May 2020, he was redesignated from Executive Chairman to Executive Vice Chairman of the Company.

He graduated from City University, United Kingdom, with a Bachelor of Science (Honours) Degree in Civil Engineering in 1983.

He started his career with Jabatan Kerja Raya as an engineer before joining the private sector. He was the Managing Director cum Chief Executive Officer of Sumatec Resources Berhad *(formerly known as Malaysian General Investment Corporation Berhad)* from years 1990 to 1993. He has also served on the Board of Road Builder (M) Holdings Berhad, Kurnia Setia Berhad and Project Penyelenggaran Lebuhraya Berhad, all of which were public listed companies. He was appointed as an Executive Director of Tanah Makmur Berhad in 2011 until he was re-designated as the Alternate Director in 2013 pursuant to his appointment as Executive Chairman and Chief Executive Officer of WZ Satu Berhad Group ("**WZS Group**") on 24 October 2013.

He has vast business experience in various industries, especially in civil engineering, construction, plantation and property development.

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

He attended 9 out of 9 Board of Directors' Meetings held for the financial period ended 31 December 2020.

Directors' Profile
(Continued)

YM TENGKU DATO' INDERA ZUBIR BIN TENGKU DATO' UBAIDILLAH

Non-Independent Non-Executive Director

Aged 59, Male, Malaysian

Date of Appointment:
25 September 2018

Board Committees membership(s):
N/A

YM Tengku Dato' Indera Zubir Bin Tengku Dato' Ubaidillah, graduated with a Bachelor of Science (Computer Science) from California State University, Chico, United States of America in 1986.

He was appointed as the Chief Executive Officer of WZS Group on 1 November 2017 and was subsequently appointed to the Board as the Managing Director/Group Chief Executive Officer on 25 September 2018. He resigned on 18 August 2020 as the Managing Director/Group Chief Executive Officer of WZS Group and was redesignated to a Non-Independent Non-Executive Director of the Company on the even date.

He started his career in year 1986 with Petroliam Nasional Berhad as an Information System Executive and subsequently promoted to the position of Head of Computer Operation. In year 1988, he joined the Road Builder (M) Holdings Berhad's ("**Road Builder**") group of companies as the Corporate Affairs Manager and was promoted to Group General Manager in year 1994. He left Road Builder in year 1998 to start his own private businesses in construction and trading activities until year 2004. He joined Kurnia Setia Berhad on 1 July 2005 as the General Manager of Corporate Development and subsequently promoted to the position of Chief Operating Officer. On 8 November 2008, he assumed the position of Managing Director of Kurnia Setia Berhad. Subsequent to the privatisation of Kurnia Setia Berhad in year 2010, he was transferred to Tanah Makmur Berhad as the Managing Director until his resignation in year 2017. He is currently a Director in Tanah Makmur Berhad and holds directorship in several private limited companies.

He is the brother of YM Tengku Dato' Sri Uzir Bin Tengku Dato' Ubaidillah, the Executive Vice Chairman and a major shareholder of the Company.

He attended 9 out of 9 Board of Directors' Meetings held for the financial period ended 31 December 2020.

ENCIK IKHLAS BIN KAMARUDIN

Non-Independent Non-Executive Director

Aged 29, Male, Malaysian

Date of Appointment:
30 October 2019

Board Committees membership(s):
- Shariah Advisory Committee (Member) *(Appointed on 10 June 2020)*

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

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

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

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

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

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

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

He attended all 8 Board of Directors' Meetings held for the financial period ended 31 December 2020 since his appointment to the Board on 30 October 2019.

Directors' **Profile**

(Continued)

ENCIK ROSLI BIN SHAFIEI

Independent Non-Executive Director

Aged 69, Male, Malaysian

Date of Appointment:
28 October 2014

Board Committees membership(s):
- Audit Committee (Chairman)
- Nomination and Remuneration Committee (Member) *(Appointed on 30 January 2020)*
- Long Term Incentive Plan Committee (Member)

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

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

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

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

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

He attended 9 out of 9 Board of Directors' Meetings held for the financial period ended 31 December 2020.

YBHG DATUK IDRIS BIN HAJI HASHIM J. P.

Independent Non-Executive Director

Aged 69, Male, Malaysian

Date of Appointment:
20 November 2014

Board Committees membership(s):
- Nomination and Remuneration Committee ("**NRC**") (Member) *(Redesignated from the Chairman of the Nomination Committee to a Member of the NRC on 30 January 2020)*
- Audit Committee (Member)

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

He graduated from Universiti Teknologi Mara (UiTM) with a Diploma in Town and Regional Planning in 1975. Later, he furthered his studies in United States of America and graduated with a postgraduate degree of Master of Science, City and Regional Planning from Illinois Institute of Technology, Chicago in 1978.

He started his career as an assistant town planner with Arkitek Bersekutu Malaysia in 1975, where he participated in projects such as Pusat Bandar Bukit Raden, Kompleks Perdagangan Kuantan in Pahang and Bangunan Sri Mara in Kuala Lumpur. Upon completing his postgraduate studies, he was attached to North-Eastern Illinois Planning Commission, Chicago as a Planner where he was involved in various large projects in the State of Illinois as well as the New Jeddah International Airport, King Abdul Aziz University and Automotive Centre for Sears Roebuck & Co. He was appointed as a lecturer in the School of Architecture, Planning and Surveying of UiTM in year 1980.

He attended 9 out of 9 Board of Directors' Meetings held for the financial period ended 31 December 2020.

Directors' **Profile**

(Continued)

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

Independent Non-Executive Director

Aged 56, Male, Malaysian

Date of Appointment:
23 April 2015

Board Committees membership(s):
- Nomination and Remuneration Committee (Chairman) *(Redesignated to the Chairman on 30 January 2020)*
- Shariah Advisory Committee (Chairman)
- Audit Committee (Member)
- Long Term Incentive Plan Committee (Member)

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

He is a holder of Master in Science and Corporate Communication from School of Modern Languages & Communication, Universiti Putra Malaysia (UPM), Bachelor in Business Administration from School of Business, Royal Melbourne Institute of Technology (RMIT) and Diploma in Business Studies from Mara Institute of Technology.

He was the Managing Director of Perbadanan Nasional Berhad (PNS) from year 2007 to year 2019. He was also a Non-Independent Non-Executive Director of Focus Point Holdings Berhad until his resignation in Year 2019.

He was previously the Managing Director of Yayasan Tekun Nasional and prior to that, he had accumulated over 21 years of experience in banking operations, corporate management, property and information technology with his last attachment at Bank Muamalat Malaysia Berhad as a Branch Manager. He had also served as a lecturer at Universiti Tenaga Nasional (UNITEN).

He is also the Vice Chairman of Association of Development Finance Institution of Malaysia (ADFIM) and the Vice President of Oxford Business Alumni KL Chapter. He has been appointed as the Chief Executive Officer of Rangkaian Hotel Sri Malaysia Sdn Bhd on 1 April 2021.

He attended 9 out of 9 Board of Directors' Meetings held for the financial period ended 31 December 2020.

YBHG DATO' MOHAN A/L C SINNATHAMBY

Independent Non-Executive Director

Aged 61, Male, Malaysian

Date of Appointment:
18 February 2019

Board Committees membership(s):
- Risk, Finance and Investment Committee (Member) *(Appointed on 1 April 2021)*

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

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

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

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

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

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

He attended 9 out of 9 Board of Directors' Meetings held for the financial period ended 31 December 2020.

Group Key
Senior Management

YBHG TAN SRI DATO' SRI MOHAMAD NORZA BIN ZAKARIA

Executive Chairman

Aged 55, Male, Malaysian

He was appointed as the Non-Independent Non-Executive Deputy Chairman of WZS Group on 13 December 2019 and was subsequently redesignated as the Executive Chairman on 14 May 2020.

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

YM TENGKU DATO' SRI UZIR BIN TENGKU DATO' UBAIDILLAH

Executive Vice Chairman

Aged 62, Male, Malaysian

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

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

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

SUHAIMI BIN BADRUL JAMIL

Group Chief Executive Officer

Aged 59, Male, Malaysian

He was appointed as the Group Chief Executive Officer of WZS Group on 18 August 2020.

He is a Chartered Accountant with the Malaysian Institute of Accountants and a Fellow of CPA Australia. He is a holder of Master in Business Administration from Deakin University, Australia, Bachelor in Economics (with specialisation in accounting) and a Postgraduate Diploma in Accounting from Australia National University and he is also a holder of a Postgraduate Diploma in Business Administration from University of Wales, Trinity St David.

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

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

En. Suhaimi is also currently an Independent Director of Protasco Berhad, a public listed company on Bursa Malaysia Securities Berhad. His shareholding in the Company is set out at the Chief Executives' Shareholdings in the Analysis of Shareholdings section of this Annual Report.

Group Key **Senior Management**

(Continued)

CHAN FOOK KWONG

Chief Financial Officer

Aged 53, Male, Malaysian

He was appointed as the Chief Financial Officer of WZS Group on 7 November 2018. He is a member of the Malaysian Institute of Accountants and an associate of the Chartered Institute of Management Accountants.

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

Prior to joining WZ Satu Berhad, he was the Chief Financial Officer for a Malaysian company listed on the Main Board of Singapore Exchange and subsequently the Chief Financial Officer for Eversendai Corporation Berhad ("**Eversendai**"), a Malaysian Structural Steel turnkey and power plant contractor undertaking many highly complex projects in the Asian and Middle Eastern regions. He joined Eversendai in September 2008 and spent 3 years working in its operations in Sharjah, UAE before returning to assist in the IPO exercise of Eversendai in 2011. He served as Head of Corporate Finance prior to his appointment as the Chief Financial Officer of Eversendai in August 2015.

His shareholding in the Company is set out at the Chief Executives' Shareholdings in the Analysis of Shareholdings section of this Annual Report.

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

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

Management Discussion & Analysis

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

This Management Discussion and Analysis ("**MDA**") of the WZ Satu Berhad ("the **Company**") and its subsidiaries ("the **Group**") is to provide the shareholders/ stakeholders with an overview, understanding and appreciation of the financial and operating performances of the Group for the financial period ended 31 December 2020 ("**FP 2020**"). Any information, assumptions, patterns and/or trends provided that is predictive or futuristic in nature should not be taken as absolute and/or construed to necessarily continue in the foreseeable future. This MDA should be read in conjunction with the Audited Financial Statements for the FP 2020 and the related notes thereto.

The Group is principally involved in civil engineering and construction ("the **CEC**") , oil and gas ("**OG**") and manufacturing. The CEC segment is principally engaged in carrying out infrastructure construction contracts. The OG segment is principally engaged in onshore oil and gas downstream activities while the manufacturing segment is principally engaged in manufacturing of cold drawn bright steel products.

GROUP FINANCIAL PERFORMANCE

The Group registered a revenue of RM303.3 million and loss before tax of RM63.5 million in the FP 2020 as compared to a revenue of RM388.4 million and loss before tax of RM95.2 million in the financial year ended 31 August 2019 ("**FY 2019**"), respectively.

The decrease in revenue of RM85.1 million in the FP 2020 as compared to FY 2019 despite the extended 16-month period in FP 2020 was mainly due to the weak result in the CEC segment which registered a lower revenue of RM81.9 million. This was followed by the OG segment which registered a lower revenue of RM3.3 million. However, the manufacturing segment registered a higher revenue of RM4.7 million but was offset by a lower revenue of RM4.6 million in the remaining segments.

The lower loss before tax of RM31.7 million in FP 2020 as compared to FY 2019 was mainly due to the comparatively stronger result in the CEC segment which registered a lower loss before tax of RM34.3 million. This was followed by the OG segment which registered a profit before tax of RM1.8 million in the FP 2020 as compared to a loss before tax of RM3.0 million in the FY 2019. The manufacturing segment registered a higher profit before tax of RM0.4 million. However, the gains in the foregoing segments were offset by the higher loss before tax of RM7.8 million in the remaining segments.

The main reasons for the higher loss before tax of RM7.8 million in the remaining segments were due to the impairment of a contract asset and the impairment of goodwill for the acquisition of a subsidiary in FP 2020 amounted to RM5.7 million and RM3.2 million, respectively. This was offset by the lower loss before tax of RM1.1 million after removing the effects of the foregoing impairments.

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

Management
Discussion & Analysis
(Continued)

REVENUE
(RM'000)
RM303.3 million

LOSS BEFORE TAX
(RM'000)
RM63.5 million

REVIEW OF OPERATING ACTIVITIES AND RISKS

THE CIVIL ENGINEERING AND CONSTRUCTION

Review

The CEC segment revenue decreased by 35% to RM153.6 million. The lower revenue in the CEC segment was mainly due to the major projects in FY 2019 at their tail end in FP 2020 and impacted by the Coronavirus Disease ("**COVID-19**") which slowed down the construction activities. The foregoing resulted in a significant decrease in revenue.

Loss before tax reduced from RM76.1 million in FY 2019 to RM41.8 million in the current FP 2020. The stronger result in spite of the lower revenue was mainly due to the heavy losses in FY 2019 arising from the dispute in the West Coast Expressway ("the **WCE**") project in FY 2019. However, the WCE project is at its tail end with most of the costs fully accrued and any subsequent favourable resolution of this project dispute would have a positive impact to the Group's bottom line.

Challenges

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

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

Prospect

This segment has accumulated an order book of RM625 million to last for the next two to three financial years. However, the uncertainty of the commencement date of a project may affect the result of this segment. Nevertheless, with the loss-making projects at their tail end and major impairments and provisioning in place, this segment is moving ahead in a cleaner slate.

Management **Discussion & Analysis**

(Continued)

OIL AND GAS

Review

The OG segment revenue decreased by 4% from RM84.4 million to RM81.1 million. However, the segment registered a profit before tax of RM1.8 million in FP 2020 as compared to a loss before tax of RM3.0 million in FY 2019. The stronger result was mainly due to the settlement of dispute resulting in the recovery of claims for the Refinery and Petrochemical Integrated Development ("the **RAPID**") project in the current financial period.

Challenges

Despite the improved outlook with the recovery in the oil and gas prices during the second half of the year, the oil and gas industry remains challenging and competitive with stiff competition among the service providers. In order to remain competitive, the Management will continue to improve its operational efficiency and at the same time, be vigilant and selective in prospecting for new projects to sustain business and increase the order book.

Arising from the aftermath of low oil and gas price environment in the earlier period, the oil majors had reduced their capital and operating expenditures and these reductions had affected the performance of the product and services ("the **PS**") division for FP 2020 compared to FY 2019. The PS division is diversifying its revenue stream to market products in emerging growth areas, unique products not easily imitated by our competitors, new technology and into other industries such as water and power industries to mitigate the impact of the challenging business environment.

Prospects

On 1 July 2020, WZS Misi Setia Sdn Bhd ("**Misi Setia**") representing the OG segment of the Group; as a wholly-owned subsidiary of WZ Satu Berhad and as the consortium leader together with the consortium partner UMD Energy Sdn Bhd, accepted a letter of award worth approximately RM120 million from Petronas Carigali Sdn Bhd for the Provision of Engineering, Procurement, Construction, Installation & Commissioning of PM 309 Gas Ledang Redev Segment 2 ("the Ledang S2) Development Project.

On 9 October 2020, Misi Setia received a purchase order amounting approximately RM16.5 million from AsPac Lubricants (Malaysia) Sdn Bhd, a member of the BP Group of Companies for the Mechanical, Electrical and Instrumentation Installation works for its lubricant blending plant.

On 13 April 2021 and subsequent to the financial period end, Misi Setia as the consortium partner together with the consortium leader HRSB Holdings Sdn Bhd, has accepted a letter of award from Malaysian Refining Company Sdn Bhd for the Provision of Engineering, Procurement, Construction and Commissioning of Effluent Management At Source Project with a contract value of RM243.4 million.

The Management is actively looking into the securing of both new projects with viable margins and orders from anticipated process plant improvement projects as well as plant revamp and rejuvenation activities. For the latter, the Management is bidding either through direct negotiations with potential clients or through smart partnerships with strategic partners.

This segment is moving ahead with an improved outlook due to the settlement of the RAPID project dispute in FP 2020 and the replenishment of existing order book with the recent new contracts won and some promising new deal flows.

Management **Discussion & Analysis**

(Continued)

MANUFACTURING

Review

The manufacturing segment revenue increased by 8% to RM60.5 million. Profit before tax increased to RM1.2 million due to the increase in revenue arising from the extended 16-month period in FP 2020 as compared to 12-month period in FY 2019.

Challenges

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

Prospects

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

STRATEGIES

On 11 March 2020, the World Health Organisation declared the COVID-19 outbreak as a pandemic as it continues to spread rapidly across the globe. On 16 March 2020, the Malaysian Government has imposed several levels of Movement Control Order (“MCO”) starting from 18 March 2020 to curb the spread of the COVID-19 outbreak in Malaysia. The MCO also resulted in travel restriction, lockdown, social distancing and other precautionary measures imposed in Malaysia.

The Group has performed assessments on the overall impact of the situation on the Group’s operations and financial implications, including the recoverability of the carrying amount of assets and subsequent measurement of assets and liabilities, and concluded that there is no material adverse effect on the financial statements for the financial period ended 31 December 2020.

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

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

Despite the temporary setback in performance in the FP 2020, the Group shareholders' funds of RM85.0 million and cash on hand of RM36.2 million as at 31 December 2020, the Group is confident it has sufficient resources to tide the Group over any major headwinds and be able to turnaround in the immediate future. Further, the Board on behalf of the Company, is currently undertaking the renounceable rights issue of up to 643,106,105 Irredeemable Convertible Preference Shares in WZ Satu Berhad together with up to 80,388,263 free detachable warrants which is expected to raise gross proceeds of between RM30.0 million to RM70.7 million when completed for the purpose of funding for future construction and/or project/business financing activities of the Group.

ACKNOWLEDGEMENT

This financial period under review witnessed some exciting developments at both the Board and the key management levels of the Group. At the Board level, Tan Sri Dato’ Sri Mohamad Norza Bin Zakaria has been redesignated to the position of Executive Chairman whilst Tengku Dato’ Sri Uzir Bin Tengku Dato’ Ubaidillah has been redesignated to the position of Executive Vice Chairman. In addition, Tengku Dato’ Indera Zubir Bin Tengku Dato’ Ubaidillah has been redesignated to the position of Non-Independent Non-Executive Director. At the key management level, the Board appointed Encik Suhaimi Bin Badrul Jamil as the Group Chief Executive Officer. The Board wishes to extend its congratulations to all the above-mentioned persons in their new roles and looks forward to their continued and/or future contributions to the success of the Group.

The Board would also like to thank the stakeholders whom comprise shareholders, bankers, customers and suppliers, for their support and confidence in the Group. Lastly, the Board wishes to express its sincere gratitude to the Directors, Management and staffs for their contributions, which are crucial to the Group in better positioning itself to the challenges ahead.

Sustainability **Statement**

INTRODUCTION

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

This Sustainability Statement is produced pursuant to Bursa Malaysia Securities Berhad ("**Bursa Securities**")'s Main Market Listing Requirements. It describes our performance on non-financial metrics for the period from 1 September 2019 to 31 December 2020 covering our initiatives on economic, environmental and social ("EES") related sustainability matters.

GOVERNANCE FRAMEWORK

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

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

STAKEHOLDERS ENGAGEMENT

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

Sustainability **Statement**

(Continued)

Stakeholders	Forms of Engagement
Customers	• Meetings • Feedbacks • Marketing plans
Shareholders/ Investors	• Annual General Meeting • Quarterly and statutory announcements to Bursa Securities • Notices / Circulars • Company's website • Meetings • Evaluations / Feedbacks
Suppliers	• Meetings • Evaluations / Feedbacks
Employees	• Annual Performance Management review based on KPI and Core Competencies • Employee Career Development through trainings • Succession Planning • Employee Engagement Sessions / Programmes • Employee Satisfaction Survey • Town Hall Meetings / Meetings / Discussions • Newsletter - WZS Bulletin
Regulatory and Statutory bodies	• Active engagement with respective regulating agencies and bodies • Inspection by local authority • Annual license renewal • Compliance to all Malaysian legislations
Principal Partners	• Principal engagement • Quarterly progress discussion
Government Agencies	• Participating in programmes held by government agencies : - Department of Occupational Safety and Health (“DOSH”); - National Institute of Occupational Safety & Health (“NIOSH”) - Construction Industry Development Board (“CIDB”)

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

Sustainability **Statement**

(Continued)

KEY SUSTAINABILITY MATTERS

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

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

ECONOMIC

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

Financial Performance

The sustainability of our subsidiaries' businesses is vital for growth and continuity. FP 2020 posed unprecedented challenges as the COVID-19 pandemic brought unexpected economic slowdown across the world. The Group strives to deliver the best of products, services and value to our stakeholders while creating positive economic impact and contribution to the community where we operate.

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

Anti-Bribery and Anti-Corruption

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

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

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

Sustainability **Statement**

(Continued)

The Group has established whistle-blowing policy with the aim of providing a structured mechanism for any person which including employees, directors, business associates, third parties and the general public to report any concerns on any suspected or wrongful activities and wrongdoings. These refer to any potential violations or concerns relating to any laws, rules, regulations, acts, ethics, integrity and business conduct, including any violation or concerns relating to malpractice, embezzlement, illegal, immoral or fraudulent activities, which will affect the business and image of the Group. The said policy has been communicated to all management and employees and could be found in the Company's website at **www.wzs.my**.

Customer Engagement

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

Our civil engineering and construction division ("WZS Binaraya Sdn Bhd") and oil and gas division ("WZS Misi Setia Sdn Bhd") are certified to ISO 9001:2015, whereby this management system standard is a framework for improving and providing products and services that consistently meet the requirements and expectations of our customers and other relevant interested parties in the most efficient manner possible. In addition, this certification further evidences our commitment towards continual improvement that aims to reduce risks and increase effectiveness.

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

ENVIRONMENTAL

In the field of environmental stewardship, we continued to demonstrate our commitment to conservation through emphasis on managing our resources - reducing waste, practising energy efficiency and introducing initiatives to reduce emissions throughout our operations. We continue to minimise the environmental impact of our activities by complying with all applicable environmental laws, regulations, as well as engaging with our customers in compliance to the related environmental requirements. Our top management also demonstrated their commitment through establishing a separate Environmental Policy for oil and gas division, which stated our commitment to minimise the environmental impact of our activities, comply to all applicable laws and regulations and communicate our commitment to our stakeholders.

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

Environmental Compliance

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

Our oil and gas division continues to minimise the environmental impact of our activities by complying with all applicable environmental laws, regulations, as well as engaging with our customers in compliance to the related environmental requirements. We also periodically assess our management system based on the Guided Self Regulation ("GSR") programme introduced by DoE.

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

In 2020, there was no incidence of non-compliance with laws and regulations and we endeavour to maintain this track record.

Sustainability **Statement**

(Continued)

SOCIAL

The Group's corporate social responsibility activities are continuously guided by its firm belief that it can contribute positively to society as a caring and responsible corporate entity. A sustainable business is one that enriches its people and the communities in which it operates in.

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

Employment Diversity and Equal Opportunity

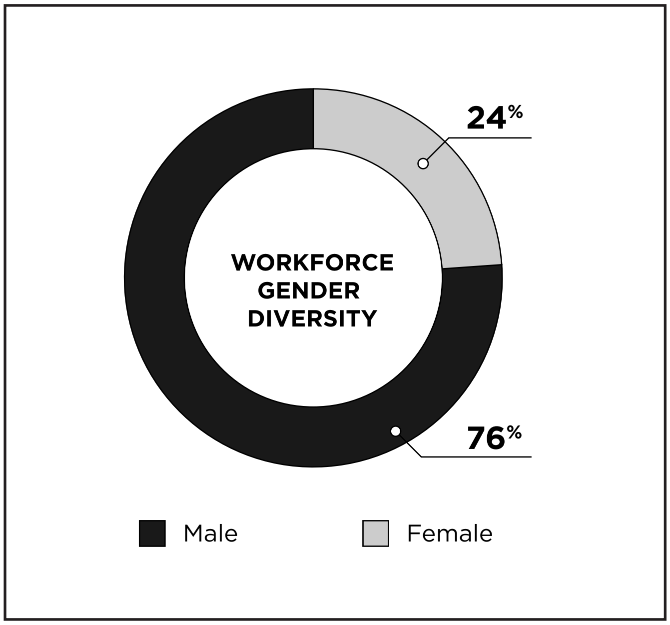
A diverse and inclusive workforce are always a concern for business growth and sustainability of the Group. To continue to achieve diverse workforce, the Group has built and retained talent with equal opportunity regardless of age, race and gender.

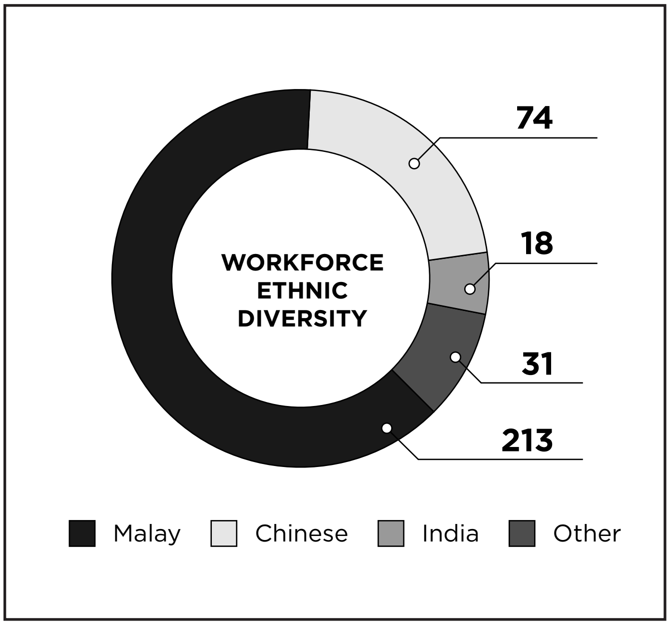
We strongly believe that innovative solutions are developed through interaction amongst employees from different background, knowledge and experiences. Having a diverse workforce and ensure equal opportunity can also help in our talent retention as this will boost staff's morale and lower talent churn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

We value our employees as they are key to competitive success in the marketplace which is vital for business sustainability. As part of the Group hiring practise, we do not discriminate against any race, gender or minorities. Although we emphasise on equal employment opportunity, we also stress that candidates are only hired based on suitability and competency. As at 31 December 2020, our total workforce currently stands at 336.

Male employees have accounted for 76% of our work force. This is consistent with the civil engineering and construction, oil and gas and manufacturing sectors that we are engaged in. We strive to achieve a balanced employee of men and women at all the levels of the organisation.

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





Sustainability **Statement**

(Continued)

Occupational Health and Safety

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

During this COVID-19 pandemic, we have carried out COVID-19 screening test not only for all of our employees, but also our business associates, cleaning contractors and security personnel. We have tested a total of 234 of our employees and all were tested negative. In addition to that, we also ensure compliance with the government's COVID-19 standard operating procedures by providing face masks and hand sanitisers to all employees on a daily basis to ensure their safety and well-being.

Safety is always our number one priority. We leverage health and safety best practices across our operations. Our wholly-owned subsidiary, WZS Misi Setia Sdn Bhd is certified to ISO 9001:2015 (since 2003) and had on November 2020 migrated our occupational safety & health management system from OHSAS 18001:2007 to ISO 45001:2018. By doing so, our occupational safety and health management system will not only focus on controlling hazards, but we are encouraging risk-based thinking as a more proactive, flexible and preventative approach.

As part of our sustainability initiative, we have tracked our manhours worked without Lost Time Injury ("LTI"), and have included the results in this Sustainability Statement. As at 31 December 2020, our oil and gas division has achieved accumulated 16,409,919 manhours worked without LTI since 2006.

Year	Manhours Worked Without Lost Time Injury
As at 31 December 2020 As at 31 August 2019	16,409,919 15,970,696

The Group believes in creating a strong safety culture and places employees' and workers' safety at the forefront. In 2020, we have achieved our target whereby there are no reported fatalities in our workplace. The Group aims to continue to achieve this target in the forthcoming year.

Target	Performance in 2020
Life Loss: Zero	Zero Fatality

Due to the nature of our operations, our employees are exposed to numerous types of hazards at the workplace and hence, it is our utmost responsibility in safeguarding our employee's health and safety.

For our oil and gas division, it is compulsory for every new site staff to attend the Oil & Gas Safety Passport ("OGSP") training programme hosted by the National Institute of Occupational Safety and Health ("NIOSH"). This is to ensure that all site staffs acquire the appropriate and necessary safety and health knowledge required for their job.

Sustainability **Statement**

(Continued)

In addition, during 2020, both our oil and gas division and civil engineering and construction division have obtained multiple recognitions in respect of management system which cover safety aspects as follows:

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

Training and Education

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

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

Community Investment

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

We continue to play our part as a responsible corporate citizen and discharging our social responsibilities through active participation in CSR programme whenever feasible.

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

Moving Forward

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

CARE & RESPONSIBILITY

On 27 October 2020, WZ Satu Berhad organised a CSR Program and this time round has not been the usual CSR programme that we used to organise such as visiting the old folks home, family day with orphanage, blood donation etc. The CSR initiative was in line with the Malaysian government's initiative in encouraging Malaysians and foreign workers to carry out Covid-19 screening in the country.

As the COVID-19 pandemic continues, our foremost contribution is in the fight against COVID-19. As a precautionary measure, instead of our employees seeking Covid-19 tests at the nearest clinics or labs or hospitals that may be packed and crowded and/or exposed to asymptomatic transmission, WZ Satu Berhad facilitated the Covid-19 screening for all WZS employees at their headquarter in Balakong. The type of screening done was RT-PCR and it was extended to our business associates, cleaning contractors and security personnel.

The current economic upheaval created by COVID-19 has put WZ Satu businesses into a very uncertain position and the pressures that we foresee on our revenue and cash flow. Despite this, we take grave concern on the well-being and welfare of our employees. Noting the worrying health situation, WZ Satu Berhad complies to the SOPs by the Government and provide face masks and hand sanitisers on a daily basis to all employees as WZ Satu Berhad places its employees' well-being as a top priority.

A total of 234 employees participated in the screening. The results obtained were all tested negative.

WZ Satu Berhad emphasise on its responsibility to do our part to curb the spread of Covid-19 virus and to stay calm with continuous practice of hygiene at all times and social distancing.

Corporate Governance **Overview Statement**

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

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

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

This CG Statement is prepared in compliance with the Main Market Listing Requirements ("**MMLR**") of Bursa Malaysia Securities Berhad ("**Bursa Securities**") and to provide an overview of the extent of compliance with the three (3) Principles as set out in the MCCG. This CG Statement should also be read together with the Corporate Governance Report 2020 of the Company which is available on the Company's corporate website at **www.wzs.my**.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

Board Responsibilities

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

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

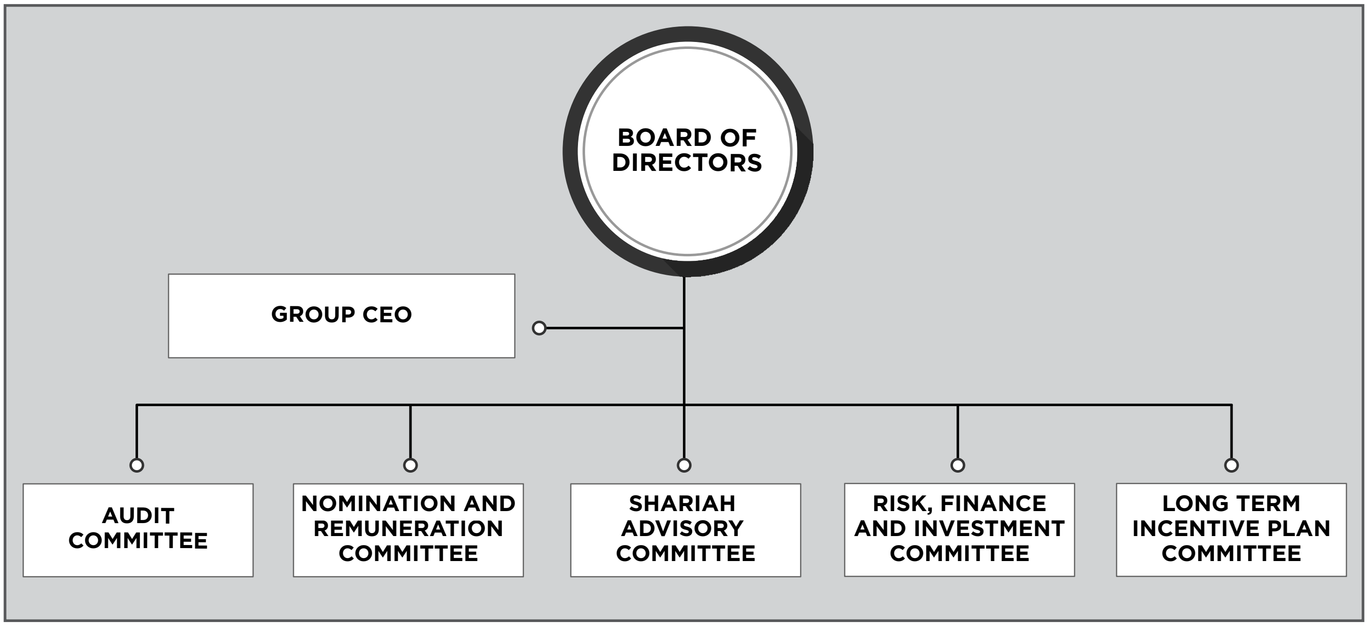
Key matters such as approval of interim and annual financial results, acquisitions and disposals, investments, as well as material agreements are reserved for the Board, while a capable and experienced Key Senior Management is put in charge to oversee the day-to-day operations of the Group.

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

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

Corporate Governance
Overview Statement
(Continued)

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



The Executive Chairman and Group CEO

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

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

YBhg. Tan Sri Dato' Sri Mohamad Norza Bin Zakaria is the Executive Chairman of the Company and Encik Suhaimi Bin Badrul Jamil is the Group CEO of the Company.

The Executive Chairman is responsible for ensuring Board effectiveness and conduct, leading the Board in the oversight of management. The Executive Chairman also oversees the controls of the business through compliance and audit and the direction of the Group business.

Whilst the Group CEO of the Company has overall responsibilities over the Company's operating units, organisational effectiveness and implementation of Board policies and decisions on a day-to-day basis.

Qualified and Competent Company Secretary

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

Corporate Governance **Overview Statement**

(Continued)

Access to Information and Advice

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

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

Board Charter

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

Code of Ethics and Conduct

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

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

Whistle-Blowing Policy and Procedures

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

Confidential reports can be channelled online via this email address: **whistle@wzs.my**.

Sustainability Policy

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

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

Corporate Governance **Overview Statement**

(Continued)

Anti-Bribery & Corruption Policy and Procedure

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

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

The Diversity Policy, Board Charter, Code of Ethics and Conduct, Whistle-Blowing Policy and Procedures, Sustainability Policy and Anti-Bribery & Corruption Policy and Procedure are published on the Company's corporate website at **www.wzs.my**.

Board Composition

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

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

Date of change	Name of Directors	Details
30 October 2019	Encik Ikhlas bin Kamarudin	Appointed as a Non-Independent Non-Executive Director ("**NINED**") of the Company.
13 December 2019	YBhg. Tan Sri Dato' Sri Mohamad Norza Bin Zakaria	Appointed as the Deputy Chairman of the Company/NINED.
14 May 2020	YBhg. Tan Sri Dato' Sri Mohamad Norza Bin Zakaria	Redesignation from Deputy Chairman to Executive Chairman of the Company.
14 May 2020	YM Tengku Dato' Sri Uzir Bin Tengku Dato' Ubaidillah	Redesignation from Executive Chairman to Executive Vice Chairman of the Company.
18 August 2020	YM Tengku Dato' Indera Zubir Bin Tengku Dato' Ubaidillah	Redesignation from Group Managing Director to NINED of the Company.

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

Despite the Chairman being an Executive Director, the Board takes comfort in the presence of four (4) Independent Non-Executive Directors with distinguished records and credentials to ensure that there are independent views and judgements. The Independent Non-Executive Directors vocalise their concerns whenever necessary to ensure proper checks and balances are in place in Board decisions and implementation of policies.

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

Corporate Governance **Overview Statement**

(Continued)

Tenure of Independent Directors

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

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

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

Board Diversity

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

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

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

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

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

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

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

Age Group (Years)	21-30	51 - 60	61 - 70	Total
Number of Directors	1	3	4	8

Corporate Governance **Overview Statement**

(Continued)

Workforce Diversity

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

Gender	Race/Ethnicity			
	Malay	Chinese	Indian	Other
Male	163	48	15	31
Female	50	26	3	0

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

Gender	Age Group (Years)				
	Below 21	21-30	31-40	41-50	Above 50
Male	3	57	91	58	48
Female	0	21	34	21	3

Board Meetings

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

The attendance record of individual Directors at the Board meetings for the financial period ended 31 December 2020 is detailed below:-

Name	Attendance
YBhg. Tan Sri Dato' Sri Mohamad Norza Bin Zakaria *(Appointed on 13 December 2019)*	5/5
YM Tengku Dato' Sri Uzir Bin Tengku Dato' Ubaidillah	9/9
YM Tengku Dato' Indera Zubir Bin Tengku Dato' Ubaidillah	9/9
Encik Ikhlas Bin Kamarudin *(Appointed on 30 October 2019)*	8/8
Encik Rosli Bin Shafiei	9/9
YBhg Datuk Idris Bin Haji Hashim J.P.	9/9
YBhg Dato' Syed Kamarulzaman Bin Dato' Syed Zainol Khodki Shahabudin	9/9
YBhg Dato' Mohan A/L C Sinnathamby	9/9

Corporate Governance **Overview Statement**

(Continued)

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

The minimum 50% attendance requirement as stipulated in the MMLR has been complied with.

Directors' Training

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

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

Name	Training(s) Attended during the financial period under review
Tan Sri Dato' Sri Mohamad Norza Bin Zakaria	• Corporate Liability Provision for Bribery and Corruption under Section 17A of the Malaysian Anti-Corruption Commission Act 2009 (MACC Act)
YM Tengku Dato' Sri Uzir Bin Tengku Dato' Ubaidillah	• Corporate Governance that Builds Value
YM Tengku Dato' Indera Zubir Bin Tengku Dato' Ubaidillah	• Corporate Governance that Builds Value
Encik Ikhlas Bin Kamarudin	• Mandatory Accreditation Programme
Encik Rosli Bin Shafiei	• Corporate Governance that Builds Value • Session on Corporate Governance & Anti-Corruption • Securities Commission Malaysia Audit Oversight Board Conversation with Audit Committees • Corporate Board Leadership Symposium 2020 • Anti-Bribery Management System in line with Section 17A of MACC Act (Amendment) 2018
Datuk Idris Bin Haji Hashim J.P.	• Corporate Governance that Builds Value • Securities Commission Malaysia Audit Oversight Board Conversation with Audit Committees • Anti-Bribery Management System in line with Section 17A of MACC Act (Amendment) 2018 • Corporate Board Leadership Symposium 2020
Dato' Syed Kamarulzaman Bin Dato' Syed Zainol Khodki Shahabudin	• Corporate Governance that Builds Value • Securities Commission Malaysia Audit Oversight Board Conversation with Audit Committees • Anti-Bribery Management System in line with Section 17A of MACC (Amendment) Act 2018
Dato' Mohan A/L C Sinnathamby	• Corporate Governance that Builds Value

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

Corporate Governance **Overview Statement**

(Continued)

Board Committees

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

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

(a) Nomination and Remuneration Committee

With effect from 30 January 2020, the Board has merged the Nomination Committee ("**NC**") and Remuneration Committee ("**RC**") into a single Board Committee known as Nomination and Remuneration Committee ("**NRC**"), which comprises exclusively Independent Non-Executive Directors.

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

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

<u>Nomination matters</u>

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

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

- Reviewed the effectiveness and composition of the Board;
- Evaluated the performance of the Board and Board Committees and each of its members;
- Assessed the independence status of the Independent Non-Executive Directors;
- Recommended the re-election of Directors who retired pursuant to Clause 118 of the Company's Constitution;
- Reviewed the Board's representation and the required mix of skills and experience and assessing the effectiveness of the Board as a whole;
- Reviewed the current size and composition of the Board;
- Reviewed and deliberated on the findings and outcomes of the assessments of the Board, Board Committees and Directors;
- Reviewed the term of office, appointment and performance of the Audit Committee and each of its members; and
- Reviewed the re-designation of Director from an Independent Non-Executive Director to the Executive Director;

The NRC conducted an annual assessment of the Board's effectiveness as a whole and the contribution of each individual Director. The Directors are provided with questionnaires to carry out the assessments with absolute anonymity and are based on their competences, capabilities, time commitments, integrities, participations and contributions to the Board and Committees. The results are then tabulated and presented to the NRC for its review and recommendation to the Board for notation. A summarised version of the results is circulated to each Director for their information. The criteria that are used in the assessments of the Board/Committees include the required mix of skills and experience and the effectiveness of the Board/Committees.

Corporate Governance **Overview Statement**

(Continued)

<u>Remuneration matters</u>

The NRC is primarily responsible for reviewing and recommending the appropriate level of remuneration for the Executive Directors and the Non-Executive Directors. The responsibilities of the NRC include the following:-

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

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

- Recommended the payment of Directors' fees;
- Recommended the payment of Directors' benefits to the Non-Executive Directors.

The composition of the NRC of the Company and the details of attendance of meetings during the financial period under review are as follows:-

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

<u>Notes:</u>

* *Upon the merger of the NC and RC into a single Board Committee known as "NRC", En. Rosli was appointed as the new member of the NRC on 30 January 2020.*

During the financial period under review, there was one (1) NC Meeting held on 30 October 2019 which was fully attended by Datuk Idris, Dato' Syed and Dato' Mohan. Upon the merger of NC and RC into NRC, Dato' Mohan has ceased to be member of NC and En. Rosli has been appointed as the member of NRC on 30 January 2020.

For the financial period under review, there were two (2) RC Meetings held on 30 October 2019 and 29 January 2020 respectively which both the meetings were fully attended by Dato' Syed, Datuk Idris and En. Rosli.

The Board had on 19 March 2021 adopted the revised terms of reference of the NRC which is available for reference on the Company's website at **www.wzs.my**.

(b) Audit Committee

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

(c) Shariah Advisory Committee

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

Main duties of the Shariah Advisory Committee shall include:-

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

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

Name	Designation	Attendance
YBhg. Dato' Syed Kamarulzaman Bin Dato' Syed Zainol Khodki Shahabudin	Chairman	2/2
Ikhlas Bin Kamarudin	Member	2/2
Mahamahpoyi Hj Walah	Advisor	2/2
Chan Fook Kwong	Management Representative	2/2

Corporate Governance **Overview Statement**

(Continued)

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

The LTIP Committee was established to implement and administer the Executive Share Option Scheme and Executive Share Grant Scheme. The terms of reference of the LTIP Committee is available at the Company's corporate website at **www.wzs.my**.

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

Name	Designation	Attendance
YM Tengku Dato' Sri Uzir Bin Tengku Dato' Ubaidillah	Chairman	1/1
Encik Rosli Bin Shafiei	Member	1/1
YBhg. Dato' Syed Kamarulzaman Bin Dato' Syed Zainol Khodki Shahabudin	Member	1/1

(e) Risk, Finance and Investment Committee

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

The principle objectives of the RFIC are as follows:

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

(ii) To review and recommend to the Board:

- Discretionary capital expenditure exceeding RM2.0 million as proposed by companies within the Group;
- all acquisitions, investments and divestment of companies exceeding RM2.0 million and setting up of new material business (including joint ventures but excluding pre-bid joint venture and/or consortium agreements, non-binding Memorandums i.e. Memorandum of Business Exploration, Memorandum of Understanding etc.); and
- the corporate strategy and planning, and investment matter for the Group.

(iii) Advise Management on suitable plans in respect of future investments.

The Board had on 1 April 2021 adopted the revised terms of reference of the RFIC which is available for reference on the Company's website at www.wzs.my.

The composition of the RFIC of the Company is as follows:-

Name	Designation
YBhg. Tan Sri Dato' Sri Mohamad Norza Bin Zakaria	Chairman
YM Tengku Dato' Sri Uzir Bin Tengku Dato' Ubaidillah	Member
Dato' Mohan A/L C Sinnathamby	Member
Encik Suhaimi Bin Badrul Jamil	Member

Corporate Governance **Overview Statement**

(Continued)

Remuneration

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

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

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

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

The details of the Directors' remuneration for the financial period ended 31 December 2020 are as follows:

Name of Directors	Company Fees					Group				
	Fees ("RM")	Salaries & Bonus+ ("RM")	Benefits in-kind ("RM")	Others# ("RM")	Total ("RM")	Fees ("RM")	Salaries & Bonus+ ("RM")	Benefits in-kind ("RM")	Others# ("RM")	Total ("RM")
Executive Directors										
*Tan Sri Norza	-	442,113	4,500	-	446,613	-	442,113	4,500	-	446,613
@Tengku Uzir	-	250,974	-	-	250,974	-	791,340	-	-	791,340
^Tengku Zubir	-	679,953	-	-	679,953	-	679,953	-	-	679,953
Total	**-**	**1,373,040**	**4,500**	**-**	**1,377,540**	**-**	**1,913,406**	**4,500**	**-**	**1,917,906**

Corporate Governance **Overview Statement**

(Continued)

Name of Directors	Company Fees					Group				
	Fees ("RM")	Salaries & Bonus+ ("RM")	Benefits in-kind ("RM")	Others# ("RM")	Total ("RM")	Fees ("RM")	Salaries & Bonus+ ("RM")	Benefits in-kind ("RM")	Others# ("RM")	Total ("RM")
Independent Non-Executive Directors										
*Tan Sri Norza	39,231	-	-	500	39,731	39,231	-	-	500	39,731
^Tengku Zubir	22,692	-	-	500	23,192	22,692	-	-	500	23,192
En. Ikhlas	70,385	-	-	4,000	74,385	70,385	-	-	4,000	74,385
En. Rosli	96,000	-	-	11,500	107,500	96,000	-	-	11,500	107,500
Datuk Idris	80,000	-	-	11,500	91,500	80,000	-	-	11,500	91,500
Dato' Syed	80,000	-	-	12,500	92,500	80,000	-	-	12,500	92,500
Dato' Mohan	80,000	-	-	5,000	85,000	80,000	-	-	5,000	85,000
Total	**468,308**	**-**	**-**	**45,500**	**513,808**	**468,308**	**-**	**-**	**45,500**	**513,808**

Notes:

+ *The salaries and bonus are inclusive of statutory contributions and fixed allowance.*
# *Comprises meeting allowance.*
* *Redesignated from Non-Independent Non-Executive Deputy Chairman to Executive Chairman with effect from 14 May 2020.*
@ *Redesignated from Executive Chairman to the Executive Vice Chairman with effect from 14 May 2020.*
^ *Redesignated from the Group Managing Director to a NINED with effect from 18 August 2020.*

The remuneration of the Key Senior Management for the financial period ended 31 December 2020 are disclosed in the Corporate Governance Report 2020 which is available at the Company's corporate website at **www.wzs.my**.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

Audit Committee

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

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

Corporate Governance **Overview Statement**

(Continued)

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

Under the financial period under review, the responsibilities of the Audit Committee are to oversee the financial reporting process, internal controls, risk management and governance which are guided by its terms of reference, which is available at the Company's corporate website at **www.wzs.my**.

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

Assessment of External Auditors

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

The Company's External Auditors are invited to attend the Audit Committee meetings when deemed necessary. During the financial period under review, the Audit Committee had met with the External Auditors on 30 October 2019 and 9 June 2020 respectively without the presence of the management to discuss the scope and adequacy of the audit process, the financial statements and their audit findings that may require the attention of the Audit Committee and the Board.

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

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

The Group has adopted a Policy on the Provision of Non-Audit Services by External Auditors which governs the circumstances under which contracts for the provision of non-audit services can be entered into and procedures that must be followed by the External Auditors. All engagements of the External Auditors to provide non-audit services that exceed 33% of the latest audited Group's audit fee are subject to the approval of the Audit Committee. The Audit Committee has ensured that the External Auditors are a suitable service provider of the non-audit services based on their skills and experience. The Audit Committee also considered the nature of the non-audit services and the related fee levels (both individually and in aggregate) relative to the audit fee to ensure independence of the External Auditors.

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

Corporate Governance **Overview Statement**

(Continued)

Risk Management and Internal Control Framework

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

The risk management and internal control functions were assumed and overseen by the Audit Committee of the Company. With effect from 1 April 2021, the risk management function was assumed and overseen by the Risk, Finance and Investment Committee.The Management is responsible for implementing Board approved policies and procedures on risk management by identifying and evaluating risks, and monitoring the risks vis-a-vis achievement of business objectives within the risk appetite parameters.

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

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

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

Communication with Stakeholders

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

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

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

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

Conduct of General Meetings

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

Corporate Governance **Overview Statement**

(Continued)

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

In light of the Covid-19 pandemic, the Company will also explore the use of technology to allow voting in absentia or remote shareholders' participation. The Company will assess the necessity and viability for such facility taking into consideration the number of shareholders, the reliability of the technology and cost-benefit to the Company. As part of the Company's precautionary measures, the Company will consider to leverage on technology by holding a fully virtual AGM i.e. through live streaming and using Remote Participation and Voting Facilities to enhance the quality of engagement with its shareholders and facilitate further participation by shareholders at the forthcoming AGM.

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

KEY FOCUS AREAS AND FUTURE PRIORITIES

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

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

Additional **Compliance Information**

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

1. **Utilisation of Proceeds Raised from Corporate Proposals**

(a) **Private Placement Exercise**

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

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

* The expenses for the Private Placement comprise professional fees, fees paid to authorities and other miscellaneous expenses. Surplus from the expenses for the Private Placement had been adjusted accordingly to the portion allocated for working capital.

(b) **Rights Issue**

At the Postponed Extraordinary General Meeting held on 4 August 2020, the shareholders of WZ Satu approved the issuance of 643,106,105 Irredeemable Convertible Preference Shares ("**Rights ICPS**") at an issue price of RM0.11 per Rights ICPS on the basis of 1 Rights ICPS for every 1 existing ordinary share together with up to 80,388,263 free detachable warrants ("**Warrants B**") on the basis of 1 Warrant B for every 8 Rights ICPS. The Rights Issue will be completed on 10 May 2021 and is expected to raise gross proceeds of between RM30.0 million to RM70.7 million.

2. **Audit and Non-Audit Fees**

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

Description	Group (RM)	Company (RM)
Audit Fees	270,000	60,000
Non-Audit Fees	50,000	50,000
Total Fees	**320,000**	**110,000**

Additional **Compliance Information**

(Continued)

3. Revaluation Policy on Landed Properties

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

4. Material Contracts

There were no material contracts involving the Directors', chief executives' (who is not a Director) and major shareholders' interests, either still subsisting at the end of the financial period ended 31 December 2020 or, if not then subsisting, entered into since the end of the previous financial year.

5. Long Term Incentive Plan ("LTIP")

There was no option allocated or granted by the Company under the LTIP approved by the shareholders on 28 January 2016 to any parties during the financial period ended 31 December 2020.

Audit Committee **Report**

The Board of Directors of WZ Satu Berhad is pleased to present the Audit Committee Report for the financial period ended 31 December 2020.

ROLES OF AUDIT COMMITTEE

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

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

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

COMPOSITION AND ATTENDANCE OF MEETINGS

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

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

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

During the financial period ended 31 December 2020, the Audit Committee conducted six (6) meetings. The details of attendance of the members of the Audit Committee are as follows:-

Name	Designation and Directorship	Meeting Attendance
Encik Rosli Bin Shafiei	Chairman, Independent Non-Executive Director	6/6
YBhg Dato' Syed Kamarulzaman Bin Dato' Syed Zainol Khodki Shahabudin	Member, Independent Non-Executive Director	6/6
YBhg Datuk Idris Bin Haji Hashim J. P.	Member, Independent Non-Executive Director	6/6

Audit Committee **Report**

(Continued)

TERMS OF REFERENCE

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

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

The terms of reference of the Audit Committee set out the authorities, roles and responsibilities of the Audit Committee which are consistent with the requirements of the MMLR and the recommendations of MCCG. The terms of reference of the Audit Committee are available on the Company's website at **www.wzs.my**.

SUMMARY OF WORK OF THE AUDIT COMMITTEE

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

Financial Reporting and other matters:

(a) Reviewed and discussed the quarterly and year-end financial statements, prior to recommendations to the Board. The key areas of focus are as follows:-
- change in accounting policies and practices;
- significant adjustments arising from the audit;
- going concern assumption;
- compliance with accounting standards and other legal requirements;
- significant matters highlighted in the financial statements;
- significant judgements made by the Management; and
- significant and unusual events or transaction, if any.

(b) Reviewed and recommended the Corporate Governance Overview Statement, Audit Committee Report and Statement on Risk Management and Internal Control to the Board for consideration and approval for inclusion in the Annual Report.

(c) Reviewed and recommended to the Board for approval on any material related party transactions and recurrent related party transactions arising during the financial period.

External Audit:

(a) Reviewed, discussed and approved the External Auditors' audit planning memorandum.

(b) Reviewed, discussed and approved the External Auditors' scope of works, key areas of audit emphasis, audit approach and timetable.

(c) Reviewed, discussed and assessed the problems and reservations arising from the interim and final audits together with corresponding action plans and recommendations made by the External Auditors.

(d) Reviewed, discussed and assessed the External Auditor's management letter and the adequacy and effectiveness of management's response; and

(e) Reviewed the performance, independence and effectiveness of the External Auditors and made recommendations to the Board on the re-appointment and remuneration of the External Auditors.

(f) Reviewed the audit and non-audit fees payable to the External Auditors for financial period ended 31 December 2020 to ensure the level of non-audit services rendered by the External Auditors would not impair their objectivity and independence as External Auditors of the Company.

Audit Committee **Report**

(Continued)

(g) Discussed with the Management and the External Auditors on developments in respect of the Malaysian Financial Reporting Standards (MFRS) applicable to the financial statements of the Group and of the Company and their judgement of the items that may affect the financial statements;

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

Internal Audit:

(a) Reviewed the internal audit reports, audit recommendations made and management response to those recommendations and reviewed the follow-up audits to ensure that appropriate actions were taken and recommendations of the Internal Auditors were implemented.

(b) Reviewed the Internal Audit Plan tabled by the Internal Auditors and agreed on the timing and frequency of the proposed audit areas.

(c) Reviewed the adequacy of the scope, functions, competency and resources of the internal audit functions and that it has the necessary authority to carry out its work.

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

INTERNAL AUDIT FUNCTION

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

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

The internal audit approach were as follows:-

(a) understand and evaluate business processes and related business controls from a risk perspective;

(b) identify control inadequacies within the Group and recommend viable solutions;

(c) ascertain the extent of compliance with established policies and procedures; and

(d) provide reasonable assurance in regards to process effectiveness and efficiency, i.e., not just in terms of integrity but also in terms of process improvement opportunities.

For the financial period ended 31 December 2020, the key process controls audited were as follows:-

(a) Civil Engineering and Construction Segment
- Procurement Management

(b) Oil and Gas Segment
- Project Cost Monitoring
- Procurement Management
- Debtor Management

Audit Committee **Report**

(Continued)

(c) Manufacturing Segment
- Sales to Receivables

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

(a) impairment of assets and long term contracts involving significant estimates of revenue and expenses;

(b) impairment loss on receivables;

(c) write-down of inventories;

(d) depreciation method/estimation of useful lives of property, plant and equipment;

(e) goodwill; and

(f) investment in subsidiaries and associates.

The Audit Committee is satisfied that the systems of internal controls are adequate and operating effectively. During the financial period under review, there was no material internal control failure that was reported that would have resulted in any significant loss to the Group. The total fees incurred for internal audit function incurred for the financial period ended 31 December 2020 was RM40,000/-.

Statement on Risk Management **and Internal Control**

INTRODUCTION

The Board of Directors ("**the Board**") is pleased to present its Statement on Risk Management and Internal Control for the financial period ended 31 December 2020 ("**Statement**"). This Statement is prepared pursuant to Paragraph 15.26(b) of the Bursa Malaysia Securities Berhad ("**Bursa Securities**")'s Main Market Listing Requirements ("**MMLR**").

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

BOARD'S RESPONSIBILITIES

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

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

Under the financial period under review, the Board is assisted by the Audit Committee, Internal Auditors and Management to identify, approve, and implement policies and procedures on risk management and internal control. With effect from 1 April 2021, the Risk, Finance and Investment Committee was set up by the Board to assume the oversight on the risk management matters. Management identifies and evaluates the risks faced, designs, implements and monitors an appropriate system of internal control in line with the policies approved by the Board.

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

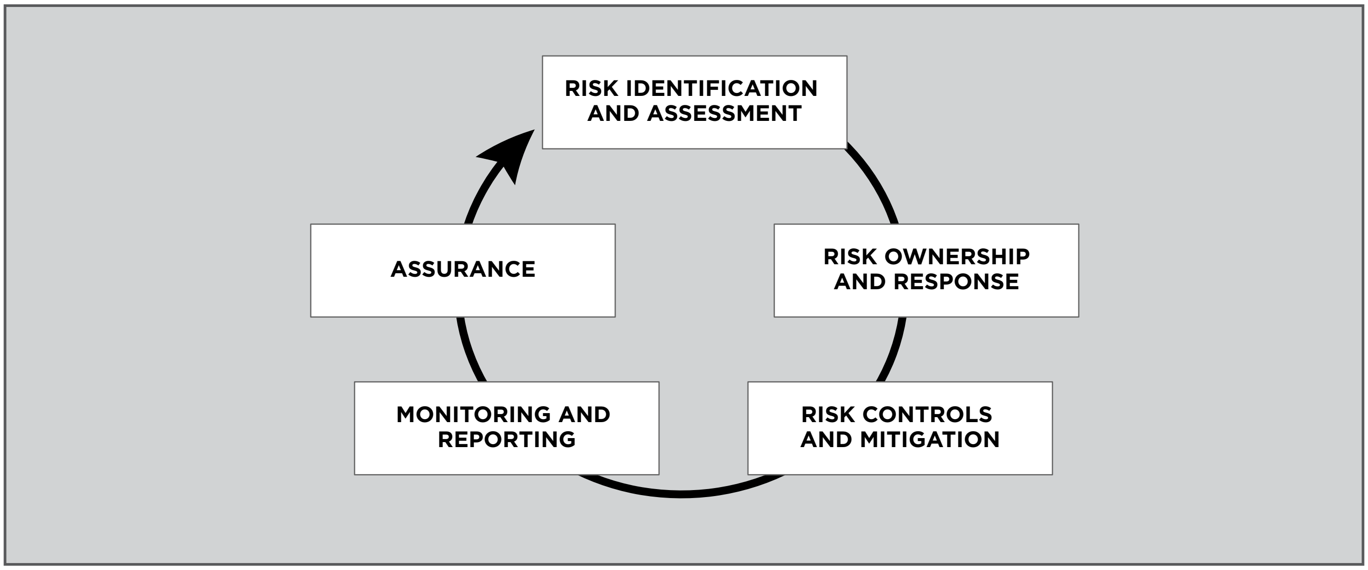
RISK MANAGEMENT FRAMEWORK

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

Statement on Risk Management **and Internal Control**

(Continued)

The key aspects of the risk management framework are:



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

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

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

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

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

Statement on Risk Management and Internal Control

(Continued)

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

INTERNAL AUDIT FUNCTION

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

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

During the financial period ended 31 December 2020, the cost incurred for the internal audit function amounted to approximately RM40,000/-.

OTHER RISK MITIGATION PROCESSES

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

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

The Board Charter, Code of Ethics and Conduct and Whistle-Blowing Policy and Procedures of the Company are available for reference on the Company's website at **www.wzs.my**.

BOARD ASSURANCE AND LIMITATION

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

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

Statement on Risk Management **and Internal Control**

(Continued)

REVIEW OF STATEMENT BY THE EXTERNAL AUDITORS

Pursuant to Paragraph 15.23 of the Bursa Securities' MMLR, the External Auditors have conducted a limited assurance engagement on this Statement for inclusion in the Annual Report for the financial period ended 31 December 2020. Their assurance engagement was performed pursuant to the scope set out in Audit and Assurance Practice Guide ("**AAPG**") 3: Guidance for Auditors on Engagements to Report on the Statement on Risk Management in accordance with ISAE 3000 (Revised 2015) and Internal Control issued by Malaysian Institute of Accountants.

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

BOARD'S CONCLUSION

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

Directors' **Responsibility Statement**

The Directors are responsible for ensuring that the annual financial statements of the Group and of the Company are drawn up in accordance with the applicable approved Malaysian Financial Reporting Standards (MFRS), International Financial Reporting Standards (IFRS) and the provisions of the Companies Act 2016 and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. The annual financial statements are prepared with reasonable accuracy from the accounting records of the Group and Company so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2020, and their financial performance and cash flows for the financial period then ended.

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

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

The Directors are also responsible for:-

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

The Directors confirmed that they have complied with the above requirements for the annual financial statements for the financial period ended 31 December 2020.

FINANCIAL STATEMENTS

Directors' **Report**

The directors hereby submit their report together with the audited financial statements of WZ Satu Berhad ("the Company") and its subsidiaries ("the Group") for the financial period ended 31 December 2020.

CHANGE OF FINANCIAL YEAR END

During the period, the Company changed its financial year end from 31 August to 31 December. The financial statements presented for the current financial period cover the period of 16 months from 1 September 2019 to 31 December 2020.

PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and the provision of management services to its subsidiaries. The principal activities of the subsidiaries are set out in Note 9 to the financial statements.

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

RESULTS

	Group RM'000	Company RM'000
Loss for the financial period	(64,768)	(27,643)
Attributable to:		
Owners of the Company	(63,689)	(27,643)
Non-controlling interests	(1,079)	-
	(64,768)	(27,643)

DIVIDENDS

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

The directors do not recommend the payment of any dividends in respect of the financial period ended 31 December 2020.

RESERVES AND PROVISIONS

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

Directors' Report
(Continued)

BAD AND DOUBTFUL DEBTS

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

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

CURRENT ASSETS

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

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

VALUATION METHODS

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

CONTINGENT AND OTHER LIABILITIES

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

(i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial period which secures the liabilities of any other person; or

(ii) any contingent liabilities in respect of the Group and of the Company that has arisen since the end of the financial period.

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

CHANGE OF CIRCUMSTANCES

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

ITEMS OF MATERIAL AND UNUSUAL NATURE

In the opinions of the directors, the results of the operations of the Group and of the Company during the financial period were not substantially affected by any item, transaction or event of a material and unusual nature other than as disclosed in Note 24 to the financial statements.

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

Directors' Report
(Continued)

ISSUE OF SHARES AND DEBENTURES

During the financial period, the total number of issued shares of the Company increased from 465,165,197 units to 511,665,197 units by way of the issuance of 46,500,000 new ordinary shares arising from the private placement at an issue price of RM0.22 each for working capital purposes. The issued share capital of the Company increased from RM232,582,599 to RM242,812,599.

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

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

OPTIONS GRANTED OVER UNISSUED SHARES

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

WARRANTS

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

The movement of Warrants during the financial period ended 31 December 2020 are stated as below:

	← Number of Warrants ('000) →		
	At 1.9.2019	**Exercised**	**At 31.12.2020**
Warrants	131,441	-	131,441

The salient features of the Warrants are as follows:

(i) Each Warrant entitles the registered holder/(s) at any time prior to 28 October 2024 to subscribe for one (1) new ordinary share at RM0.38 each. The Warrants entitlement is subject to adjustments under the terms and conditions set out in the Deed Poll dated 9 October 2014;

(ii) The exercise period is ten (10) years from the date of issuance until the maturity date. Upon the expiry of the exercise period, any unexercised rights will lapse and cease to be valid for any purposes; and

(iii) The holders of the Warrants are not entitled to vote in any general meetings or to participate in any dividends, rights, allotment and/or other forms of distribution other than on winding-up, compromise or arrangement of the Company unless and until the holders of the Warrants becomes a shareholder of the Company by exercising his Warrants into new shares or unless otherwise resolved by the Company in general meeting.

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

Directors' **Report**
(Continued)

DIRECTORS

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

YM Tengku Dato' Sri Uzir Bin Tengku Dato' Ubaidillah*	
YM Tengku Dato' Indera Zubir Bin Tengku Dato' Ubaidillah	
Datuk Idris Bin Haji Hashim J. P.	
Dato' Syed Kamarulzaman Bin Dato' Syed Zainol Khodki Shahabudin	
Rosli Bin Shafiei	
Dato' Mohan A/L C Sinnathamby	
Ikhlas Bin Kamarudin	(Appointed on 30 October 2019)
Tan Sri Dato' Sri Mohamad Norza Bin Zakaria*	(Appointed on 13 December 2019)

* Directors of the Company and certain subsidiaries

Directors of Subsidiaries

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

Azlan Shah Bin Mohd Yusoh	
Chua Han Wen	
Dominic James How Eng Li	
Mohd Aris Bin Mohd Arif	
Sak Swee Seong	
Tan Chong Boon	
YB Jen Tan Sri Dato' Sri Zulkiple Bin Haji Kassim	
Suhaimi Bin Badrul Jamil	(Appointed on 21 July 2020)
Chong Kim Tham	(Resigned on 1 March 2020)
Dato' Ahmad Sharifuddin Bin Abdul Kadir	(Resigned on 1 July 2020)
Teoh Chee Yoong	(Resigned on 1 July 2020)
Dato' Ir. Mohd Ghazali Bin Kamaruzaman	(Resigned on 22 July 2020)
Ho Kek Yee	(Resigned on 12 December 2020)

Directors' Report
(Continued)

DIRECTORS' INTERESTS

According to the Register of Directors' shareholdings kept by the Company under Section 59 of the Companies Act 2016 in Malaysia, the interests of those directors in office at the end of the financial period in shares and warrants in the Company and its related corporations during the financial period ended 31 December 2020 were as follows:

	Number of Ordinary Shares			
	At 1.9.2019/ Date of appointment	Bought	Sold	At 31.12.2020
Direct Interest				
YM Tengku Dato' Sri Uzir Bin Tengku Dato' Ubaidillah	95,128,846	3,782,000	(45,306,000)	53,604,846
YM Tengku Dato' Indera Zubir Bin Tengku Dato' Ubaidillah	2,694,160	780,000	-	3,474,160
Indirect Interest				
Tan Sri Dato' Sri Mohamad Norza Bin Zakaria*	56,000,000	15,888,300	-	71,888,300
Ikhlas Bin Kamarudin*	9,500,000	62,388,300	-	71,888,300
Dato' Mohan A/L C Sinnathamby**	749,066	300,000	(1,049,066)	-

	Number of Warrants			
	At 1.9.2019/ Date of appointment	Bought	Sold	At 31.12.2020
Direct Interest				
YM Tengku Dato' Sri Uzir Bin Tengku Dato' Ubaidillah	46,581,956	-	-	46,581,956
YM Tengku Dato' Indera Zubir Bin Tengku Dato' Ubaidillah	347,080	200,000	-	547,080

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

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

By virtue of his interests in the ordinary shares of the Company, YM Tengku Dato' Sri Uzir Bin Tengku Dato' Ubaidillah, Tan Sri Dato' Sri Mohamad Norza Bin Zakaria and Ikhlas Bin Kamarudin are deemed to have an interest in the ordinary shares of all subsidiaries to the extent that the Company has an interest.

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

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director of the Company has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors shown in Note 25 to the financial statements) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest other than those disclosed in Note 28 to the financial statements.

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

INDEMNITY TO DIRECTORS AND OFFICERS

During the financial period, the total amount of indemnity insurance coverage and insurance premium paid for the directors and certain officers of the Company were RM4,000,000 and RM14,000 respectively.

SUBSIDIARIES

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

SIGNIFICANT EVENTS DURING THE FINANCIAL PERIOD AND SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL PERIOD

The details of significant events during the financial period and significant events subsequent to the end of the financial period are disclosed in Note 32 to the financial statements.

AUDITORS' REMUNERATION

The details of auditors' remuneration are disclosed in Note 24 to the financial statements.

INDEMNITY TO AUDITORS

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

Directors' **Report**

(Continued)

AUDITORS

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

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

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TAN SRI DATO' SRI MOHAMAD
NORZA BIN ZAKARIA
Director

……………………………………………………………......

YM TENGKU DATO' SRI UZIR BIN
TENGKU DATO' UBAIDILLAH
Director

Date: 5 May 2021

Statements of Financial Position

As at 31 December 2020

	Note	Group 31.12.2020 RM'000	Group 31.8.2019 RM'000	Company 31.12.2020 RM'000	Company 31.8.2019 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	5	42,728	75,434	418	442
Goodwill on consolidation	6	9,800	13,000	-	-
Right-of-use assets	7	20,059	-	1,901	-
Investment in associates	8	5,843	11,353	4,565	5,099
Investment in subsidiaries	9	-	-	123,019	85,200
Club memberships	10	205	205	-	-
Other receivables	11	-	-	12,751	68,496
Total non-current assets		78,635	99,992	142,654	159,237
Current assets					
Inventories	12	30,416	34,609	-	-
Trade and other receivables	11	83,934	160,094	5,137	5,447
Prepayments		2,785	2,356	82	62
Contract assets	13	31,672	69,111	-	-
Tax recoverable		1,099	3,365	-	34
Short term deposits, cash and bank balances	14	36,172	42,282	18,217	17,647
Total current assets		186,078	311,817	23,436	23,190
TOTAL ASSETS		264,713	411,809	166,090	182,427

Statements of **Financial Position**

As at 31 December 2020 (Continued)

	Note	Group 31.12.2020 RM'000	Group 31.8.2019 RM'000	Company 31.12.2020 RM'000	Company 31.8.2019 RM'000
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share capital	15	242,813	232,583	242,813	232,583
Reserves	16	(158,080)	(94,742)	(89,313)	(61,670)
		84,733	137,841	153,500	170,913
Non-controlling interests		298	1,377	-	-
TOTAL EQUITY		85,031	139,218	153,500	170,913
Non-current liabilities					
Other payables	17	-	-	7,152	8,429
Deferred tax liabilities	18	5,559	5,325	-	-
Borrowings	19	7,422	8,430	-	-
Lease liabilities	7	2,944	4,913	1,375	-
Total non-current liabilities		15,925	18,668	8,527	8,429
Current liabilities					
Contract liabilities	13	33,946	25,516	-	-
Trade and other payables	17	56,119	122,288	3,529	3,085
Borrowings	19	65,535	100,665	-	-
Lease liabilities	7	3,477	5,454	526	-
Provision	20	4,680	-	-	-
Tax payables		-	-	8	-
Total current liabilities		163,757	253,923	4,063	3,085
TOTAL LIABILITIES		179,682	272,591	12,590	11,514
TOTAL EQUITY AND LIABILITIES		264,713	411,809	166,090	182,427

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

Statements of **Comprehensive Income**

For the Financial Period Ended 31 December 2020

		Group		Company	
	Note	1.9.2019 to 31.12.2020 RM'000	1.9.2018 to 31.8.2019 RM'000	1.9.2019 to 31.12.2020 RM'000	1.9.2018 to 31.8.2019 RM'000
Revenue	21	303,276	388,389	1,833	44
Cost of sales	22	(274,549)	(404,667)	-	-
Gross profit/(loss)		28,727	(16,278)	1,833	44
Other income		3,286	2,972	9,903	5,626
Distribution costs		(1,363)	(1,086)	-	-
Administrative expenses		(41,421)	(39,029)	(7,026)	(3,914)
(Net impairment losses)/Reversal of impairment losses on financial assets and contract assets		(9,899)	(3,593)	12,118	(7,942)
Other expenses		(28,226)	(25,890)	(42,968)	(33,155)
Results from operating activities		(48,896)	(82,904)	(26,140)	(39,341)
Finance costs	23	(8,832)	(8,668)	(820)	(328)
Share of results of associates, net of tax		(5,806)	(3,602)	-	-
Loss before taxation	24	(63,534)	(95,174)	(26,960)	(39,669)
Income tax expense	26	(1,234)	(719)	(683)	(317)
Loss for the financial period/year		(64,768)	(95,893)	(27,643)	(39,986)
Other comprehensive income, net of tax					
Items that will not be reclassified subsequently to profit or loss					
Net surplus on revaluation of properties		351	-	-	-
Total comprehensive loss for the financial period/year		(64,417)	(95,893)	(27,643)	(39,986)

Statements of Comprehensive Income

For the Financial Period Ended 31 December 2020 (Continued)

	Note	Group 1.9.2019 to 31.12.2020 RM'000	Group 1.9.2018 to 31.8.2019 RM'000	Company 1.9.2019 to 31.12.2020 RM'000	Company 1.9.2018 to 31.8.2019 RM'000
(Loss)/Profit attributable to:					
Owners of the Company		(63,689)	(96,170)	(27,643)	(39,986)
Non-controlling interests		(1,079)	277	-	-
Loss for the financial period/year		(64,768)	(95,893)	(27,643)	(39,986)
Total comprehensive (loss)/income attributable to:					
Owners of the Company		(63,338)	(96,170)	(27,643)	(39,986)
Non-controlling interests		(1,079)	277	-	-
Total comprehensive loss for the financial period/year		(64,417)	(95,893)	(27,643)	(39,986)
Loss per share attributable to owners of the Company					
Basic loss per share (sen)	27	(12.55)	(20.67)		
Diluted loss per share (sen)	27	(12.55)	(20.67)		

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

Statements of **Changes In Equity**

For the Financial Period Ended 31 December 2020

Group	Share Capital RM'000	Revaluation Reserve RM'000	Accumulated Losses RM'000	Sub-Total RM'000	Non-Controlling Interests RM'000	Total RM'000
	← Attributable to owners of the Company →					
At 1 September 2019	232,583	16,627	(111,369)	137,841	1,377	139,218
Loss for the financial period	-	-	(63,689)	(63,689)	(1,079)	(64,768)
Other comprehensive income						
Net surplus on revaluation of properties	-	351	-	351	-	351
Total comprehensive income/(loss) for the financial period	-	351	(63,689)	(63,338)	(1,079)	(64,417)
Changes in revaluation reserve	-	(253)	253	-	-	-
Issuance of shares pursuant to the private placement	10,230	-	-	10,230	-	10,230
Total transactions with owners of the Company	10,230	(253)	253	10,230	-	10,230
At 31 December 2020	242,813	16,725	(174,805)	84,733	298	85,031
At 1 September 2018	232,583	17,511	(15,454)	234,640	1,100	235,740
Total comprehensive (loss)/income for the financial year	-	-	(96,170)	(96,170)	277	(95,893)
Changes in revaluation reserve	-	(884)	255	(629)	-	(629)
Total transactions with owners of the Company	-	(884)	255	(629)	-	(629)
At 31 August 2019	232,583	16,627	(111,369)	137,841	1,377	139,218

Statements of **Changes In Equity**

For the Financial Period Ended 31 December 2020 (Continued)

Company	Attributable to owners of the Company Share Capital RM'000	Accumulated Losses RM'000	Total RM'000
At 1 September 2019	232,583	(61,670)	170,913
Total comprehensive loss for the financial period	-	(27,643)	(27,643)
Issuance of shares pursuant to the private placement	10,230	-	10,230
Total transactions with owners of the Company	10,230	-	10,230
At 31 December 2020	242,813	(89,313)	153,500
At 1 September 2018	232,583	(21,684)	210,899
Total comprehensive loss for the financial year	-	(39,986)	(39,986)
At 31 August 2019	232,583	(61,670)	170,913

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

Statements of Cash Flows

For the Financial Period Ended 31 December 2020

	Note	Group 1.9.2019 to 31.12.2020 RM'000	Group 1.9.2018 to 31.8.2019 RM'000	Company 1.9.2019 to 31.12.2020 RM'000	Company 1.9.2018 to 31.8.2019 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Loss before taxation		(63,534)	(95,174)	(26,960)	(39,669)
Adjustments for:					
Bad debts written off		35	-	-	-
Deposits written off		3	104	-	-
Depreciation of property, plant and equipment and right-of-use assets		14,004	11,503	798	188
Impairment loss on contract assets		9,880	80	-	-
Impairment loss on goodwill		3,200	2,900	-	-
Impairment loss on investment in associates		304	1,330	1,134	1,755
Impairment loss on investment in subsidiaries		-	-	39,478	30,278
Impairment loss on plant and equipment		3,192	-	-	-
Impairment loss on receivables		248	3,652	418	7,942
Interest expenses		8,832	8,668	820	328
Net fair value loss on derivatives		-	3	-	-
Plant and equipment written off		259	83	-	-
Share of results of associates		5,806	3,602	-	-
Gain on disposal of plant and equipment		(593)	(759)	-	-
Interest income		(826)	(780)	(8,078)	(5,626)
Reversal of impairment loss on investment in subsidiaries		-	-	(1,797)	-
Reversal of impairment loss on receivables		(229)	(139)	(12,536)	-
Unrealised gain on foreign exchange		(49)	(10)	-	-
Operating cash flows before changes in working capital		(19,468)	(64,937)	(6,723)	(4,804)
Changes in working capital:					
Contract customers		35,989	96,895	-	-
Inventories		4,193	(2,060)	-	-
Payables		(66,112)	(5,938)	44	(49)
Provision		4,680	-	-	-
Receivables		75,549	(16,425)	410	11,306
Net cash flows generated from/(used in) operations		34,831	7,535	(6,269)	6,453
Interest paid		(8,832)	(8,668)	(820)	(328)
Interest received		826	780	8,078	5,626
Net taxes refunded/(paid)		1,273	133	(641)	(294)
Net cash generated from/(used in) operating activities		28,098	(220)	348	11,457

Statements of **Cash Flows**

For the Financial Period Ended 31 December 2020 (Continued)

		Group		Company	
	Note	1.9.2019 to 31.12.2020 RM'000	1.9.2018 to 31.8.2019 RM'000	1.9.2019 to 31.12.2020 RM'000	1.9.2018 to 31.8.2019 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES					
Additional investment in associate		(600)	(2,500)	(600)	(2,500)
Advance to associates companies		-	-	(1)	-
Advance to subsidiaries		-	-	(8,633)	(15,756)
Proceeds from disposal of plant and equipment		4,250	1,746	-	-
Purchase of:					
property, plant and equipment		(1,809)	(1,106)	(73)	(9)
right-of-use assets		(1,198)	-	-	-
Changes in pledged deposits	14	1,009	(1,932)	-	-
Subscription of shares in subsidiary	9	-	-	-	(18,000)
Net cash generated from/(used in) investing activities		1,652	(3,792)	(9,307)	(36,265)
CASH FLOWS FROM FINANCING ACTIVITIES					
New loan drawndown	(a)	-	15,000	-	-
Payment of lease liabilities	(a)	(8,942)	(6,340)	(701)	-
Proceeds from private placement		10,230	-	10,230	-
Repayment of bank borrowings	(a)	(27,472)	(33,240)	-	-
Net cash (used in)/generated from financing activities		(26,184)	(24,580)	9,529	-
NET CHANGE IN CASH AND CASH EQUIVALENTS		3,566	(28,592)	570	(24,808)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD/YEAR		24,467	53,050	17,647	42,455
Effect of the exchange rate fluctuations		(1)	9	-	-
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD/YEAR	14	28,032	24,467	18,217	17,647

Statements of Cash Flows

For the Financial Period Ended 31 December 2020 (Continued)

(a) Reconciliation of liabilities arising from financing activities:

	At 1 September RM'000	Cash flows RM'000	Additions RM'000	At 31 December/ 31 August RM'000
Group				
31.12.2020				
Lease liabilities	10,367	(8,942)	4,996	6,421
Floating rate bank loan	9,561	(908)	-	8,653
Trade financing	83,651	(26,564)	-	57,087
	103,579	(36,414)	4,996	72,161
31.8.2019				
Lease liabilities	16,707	(6,340)	-	10,367
Floating rate bank loan	1,056	8,505	-	9,561
Trade financing	110,396	(26,745)	-	83,651
	128,159	(24,580)	-	103,579
Company				
31.12.2020				
Lease liability	-	(701)	2,602	1,901

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

Notes to the Financial Statements

1. CORPORATE INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad. The Company's registered office is at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan. The Company's principal place of business is at Level 9, Block 4, Menara TH Plaza Sentral, Jalan Stesen Sentral 5, KL Sentral, 50470 Kuala Lumpur, Wilayah Persekutuan.

The principal activities of the Company are investment holding and provision of management services to its subsidiaries. The principal activities of the subsidiaries are set out in Note 9 to the financial statements.

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

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 5 May 2021.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

2.2 Basis of measurement

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

2.3 Use of estimates and judgement

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

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

2.4 Functional and presentation currency

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

2. BASIS OF PREPARATION (CONTINUED)

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

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

<u>New MFRS</u>

MFRS 16	Leases

<u>Amendments/Improvements to MFRSs</u>

MFRS 3	Business Combinations
MFRS 9	Financial Instruments
MFRS 11	Joint Arrangements
MFRS 112	Income Taxes
MFRS 119	Employee Benefits
MFRS 123	Borrowing costs
MFRS 128	Investments in Associates and Joint Ventures

<u>New IC Int</u>

IC Int 23	Uncertainty over Income Tax Treatments

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

MFRS 16 Leases

Effective 1 January 2019, MFRS 16 has replaced MFRS 117 Leases and IC Int 4 Determining whether an Arrangement contains a Lease.

Under MFRS 117, leases are classified either as finance leases or operating leases. A lessee recognises on its statement of financial position assets and liabilities arising from finance leases. For operating leases, lease payments are recognised as an expense on a straight-line basis over the lease term unless another systematic basis is more representative of the time pattern of the user's benefit.

MFRS 16 eliminates the distinction between finance and operating leases for lessees. Instead, all leases are brought onto the statements of financial position except for short-term and low value asset leases.

The Group and the Company have applied MFRS 16 using the modified retrospective approach with any cumulative effect of initial application recognised as an adjustment to the opening balance of retained earnings at the date of initial application (i.e. 1 September 2019). As such, the comparative information was not restated and continues to be reported under MFRS 117 and IC Int 4.

Notes to the
Financial Statements
(Continued)

2. BASIS OF PREPARATION (CONTINUED)

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

MFRS 16 Leases (Continued)

Definition of a lease

MFRS 16 changes the definition of a lease mainly to the concept of control. MFRS 16 defines that a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

The Group and the Company have elected the practical expedient not to reassess whether a contract contains a lease at the date of initial application. Accordingly, the definition of a lease under MFRS 16 was applied only to contracts entered or changed on or after 1 September 2019. Existing lease contracts that are still effective on 1 September 2019 will be accounted for as lease contracts under MFRS 16.

Impact of the adoption of MFRS 16

The application of MFRS 16 resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements as at the date of initial application. Other than the enhanced new disclosures relating to leases, which the Group and the Company have complied with in the current financial period, the application of this standard does not have any significant effect on the financial statements of the Group and the Company, except for those as discussed below.

(i) Classification and measurement

As a lessee, the Group and the Company previously classified leases as operating or finance leases based on their assessment of whether the lease transferred significantly all the risks and rewards incidental to ownership of the underlying asset to the Group and to the Company.

On adoption of MFRS 16, for all their leases other than short-term and low value asset leases, the Group and the Company:

- recognised the right-of-use assets and lease liabilities in the statements of financial position as at the date of initial application;
- recognised depreciation of right-of-use assets and interest on lease liabilities in profit or loss for the current financial period; and
- separated the total amount of cash paid for leases into principal and interest portions (presented within financing activities) in the statements of cash flows for the current financial period.

For leases that were classified as operating lease under MFRS 117

The lease liabilities were measured at the present value of the remaining lease payments, discounted using the Group's and the Company's incremental borrowing rate at the date of initial application.

The right-of-use assets were measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments. The Group and the Company applied this approach to all other leases.

2. BASIS OF PREPARATION (CONTINUED)

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

MFRS 16 Leases (Continued)

Impact of the adoption of MFRS 16 (Continued)

(i) Classification and measurement (Continued)

For leases that were classified as operating lease under MFRS 117 (Continued)

The Group and the Company also applied the following practical expedients wherein they:

(a) applied a single discount rate to a portfolio of leases with similar characteristics;

(b) applied the exemption not to recognise right-of-use assets and liabilities for leases which the lease term ends within 12 months of the date of initial application;

(c) excluded initial direct costs from measuring the right-of-use assets at the date of initial application; and

(d) used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

(ii) Short-term lease

The Group and the Company have elected not to recognise right-of-use assets and lease liabilities for short-term leases of machinery and IT equipment that have a lease term of 12 months or less based on the value of the underlying asset when new, such as IT equipment. The Group and the Company recognise the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Notes to the
Financial Statements
(Continued)

2. BASIS OF PREPARATION (CONTINUED)

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

MFRS 16 Leases (Continued)

Impact of the adoption of MFRS 16 (Continued)

The effects of adoption of MFRS 16 as at 1 September 2019 are as follows:

	Adjustments	Group Increase/ (Decrease) RM'000	Company Increase/ (Decrease) RM'000
Assets			
Non-current assets			
Property, plant and equipment	2.5(i)	(19,337)	-
Right-of-use assets	2.5(i)	21,179	701
		1,842	701
Liabilities			
Non-current liabilities			
Finance leases liabilities	2.5(i)	(4,913)	-
Lease liabilities	2.5(i)	5,584	-
		671	-
Current liabilities			
Finance leases liabilities	2.5(i)	(5,454)	-
Lease liabilities	2.5(i)	6,625	701
		1,171	701
Total Liabilities		1,842	701

The incremental borrowing rate applied to lease liabilities recognised in the statements of financial position on 1 September 2019 are 2.31% to 8.00%.

Other than as disclosed above, the adoption of MFRS 16 did not have a material impact on the Group's and the Company's statements of comprehensive income, statements of changes in equity or the Group's and the Company's operating, investing and financing cash flows.

2. BASIS OF PREPARATION (CONTINUED)

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

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

		Effective for financial periods beginning on or after
<u>New MFRS</u>		
MFRS 17	Insurance Contracts	1 January 2023
<u>Amendments/Improvements to MFRSs</u>		
MFRS 1	First-time Adoption of MFRSs	1 January 2022^/ 1 January 2023#
MFRS 3	Business Combinations	1 January 2022/ 1 January 2023#
MFRS 4	Insurance Contracts	1 January 2021/ 1 January 2023
MFRS 5	Non-current Assets Held for Sale and Discontinued Operations	1 January 2023#
MFRS 7	Financial Instruments: Disclosures	1 January 2021/ 1 January 2023#
MFRS 9	Financial Instruments	1 January 2021/ 1 January 2022^/ 1 January 2023#
MFRS 10	Consolidated Financial Statements	Deferred
MFRS 15	Revenue from Contracts with Customers	1 January 2023#
MFRS 16	Leases	1 June 2020/ 1 January 2021/ 1 April 2021/ 1 January 2022^
MFRS 17	Insurance Contracts	1 January 2023
MFRS 101	Presentation of Financial Statements	1 January 2023/ 1 January 2023#
MFRS 107	Statements of Cash Flows	1 January 2023#
MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2023
MFRS 116	Property, Plant and Equipment	1 January 2022/ 1 January 2023#
MFRS 119	Employee Benefits	1 January 2023#
MFRS 128	Investments in Associates and Joint Ventures	Deferred/ 1 January 2023#
MFRS 132	Financial Instruments: Presentation	1 January 2023#
MFRS 136	Impairment of Assets	1 January 2023#
MFRS 137	Provision, Contingent Liabilities and Contingent Assets	1 January 2022/ January 2023#
MFRS 138	Intangible Assets	1 January 2023#
MFRS 139	Financial Instruments: Recognition and Measurement	1 January 2021
MFRS 140	Investment Property	1 January 2023#
MFRS 141	Agriculture	1 January 2022^

^ The Annual Improvements to MFRS Standards 2018-2020
 # Amendments as to the consequence of effective of MFRS 17 Insurance Contracts

Notes to the **Financial Statements**
(Continued)

2. BASIS OF PREPARATION (CONTINUED)

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

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

Annual Improvements to MFRS Standards 2018-2020

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

- MFRS 1 *First-time Adoption of Malaysian Financial Reporting Standards* - simplifies the application of MFRS 1 by a subsidiary that becomes a first-time adopter after its parent in relation to the measurement of cumulative translation differences.

- MFRS 9 *Financial Instruments* - clarifies the fees a company includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability.

- Illustrative Examples accompanying MFRS 16 *Leases* - deletes from Illustrative Example 13 the reimbursement relating to leasehold improvements in order to remove any potential confusion regarding the treatment of lease incentives.

- MFRS 141 *Agriculture* - removes a requirement to exclude cash flows from taxation when measuring fair value thereby aligning the fair value measurement requirements in MFRS 141 with those in other MFRS Standards.

Amendments to MFRS 3 Business Combinations

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

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

The *Interest Rate Benchmark Reform-Phase 2* amends some specific requirements in MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16, with respect to issues that affect financial reporting during the reform of an interest rate benchmark.

The amendments provides a practical expedient whereby an entity would not derecognise or adjust the carrying amount of financial instruments for modifications required by interest rate benchmark reform, but would instead update the effective interest rate to reflect the change in the interest rate benchmark. On hedging relationship, entities would be required to amend the formal designation of a hedging relationship to reflect the modifications and/or changes made to the hedged item and/or hedging instruments as a result of the reform. However, the modification does not constitute discontinuation of the hedging relationship nor the designation of a new hedging relationship.

2. BASIS OF PREPARATION (CONTINUED)

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

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

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

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

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

Amendments to MFRS 101 Presentation of Financial Statements

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

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

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

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

Amendments to MFRS 116 Property, Plant and Equipment

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

Amendments to MFRS 137 Provisions, Contingent Liabilities and Contingent Assets

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

Notes to the Financial Statements

(Continued)

2. BASIS OF PREPARATION (CONTINUED)

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Basis of consolidation

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

(i) Subsidiaries and business combination

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

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

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

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

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Basis of consolidation (Continued)

(i) Subsidiaries and business combination (Continued)

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

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

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

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

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

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

(ii) Non-controlling interests

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

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

Notes to the Financial Statements

(Continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Basis of consolidation (Continued)

(iii) Associates

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

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

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

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

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

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

(iv) Transactions eliminated on consolidation

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

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

3.2 Separate financial statements

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Foreign currency transactions and operations

Translation of foreign currency transactions

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

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

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

3.4 Financial instruments

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

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

(i) Subsequent measurement

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

(a) Financial assets

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

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

Notes to the Financial Statements
(Continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 Financial instruments (Continued)

(i) Subsequent measurement (Continued)

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

(a) Financial assets (Continued)

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

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

<u>Debt instruments</u>

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

- **Amortised cost**

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

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

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 Financial instruments (Continued)

(i) Subsequent measurement (Continued)

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

(b) Financial liabilities

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

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

Financial liabilities at fair value through profit or loss

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

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

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

Financial liabilities at amortised cost

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

(ii) Financial guarantee contracts

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

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

Notes to the Financial Statements
(Continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 Financial instruments (Continued)

(iii) Regular way purchase or sale of financial assets

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

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

Trade date accounting refers to:

(a) the recognition of an asset to be received and the liability to pay for it on the trade date; and

(b) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

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

(iv) Derecognition

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

(a) the contractual rights to receive cash flows from the financial asset expire, or

(b) the Group and the Company have transferred their rights to receive cash flows from the asset or have assumed an obligation to pay the received cash flows in full without material delay to a third party; and either

(1) the Group and the Company have transferred substantially all the risks and rewards of the asset, or

(2) the Group and the Company have neither transferred nor retained substantially all the risks and rewards of the asset, but have transferred control of the asset.

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

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 Financial instruments (Continued)

(iv) Derecognition (Continued)

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

(v) Offsetting of financial instruments

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

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

3.5 Property, plant and equipment

(i) Recognition and measurement

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

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

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

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

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

Notes to the
Financial Statements
(Continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.5 Property, plant and equipment (Continued)

(i) Recognition and measurement (Continued)

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

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

(ii) Subsequent costs

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

(iii) Depreciation

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

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

	Useful lives
Freehold building	351 months
Leasehold land	536 months
Leasehold building	536 months
Low cost apartments	397 - 572 months
Fabrication yard	11% - 35%
Plant, machinery and equipment	10% - 20%
Motor vehicles	20%
Furniture, fittings and office equipment	10% - 30%
Renovations	10%
Container/Cabin	10% - 20%

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

(iv) Derecognition

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.6 Leases

(i) Definition of lease

Accounting policies applied from 1 September 2019

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

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

Accounting policies applied until 31 August 2019

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

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

(ii) Lessee accounting

Accounting policies applied from 1 September 2019

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

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

Right-of-use asset

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

Notes to the Financial Statements

(Continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.6 Leases (Continued)

(ii) Lessee accounting (Continued)

Accounting policies applied from 1 September 2019 (Continued)

Right-of-use asset (Continued)

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

Lease liability

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

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

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

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

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.6 Leases (Continued)

(ii) Lessee accounting (Continued)

Accounting policies applied from 1 September 2019 (Continued)

Lease liability (Continued)

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

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

Short-term leases

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

Accounting policies applied until 31 August 2019

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

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

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

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

(iii) Lessor accounting

Accounting policies applied from 1 September 2019

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

When the Group is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease. If a head lease is a short-term lease to which the Group applies the exemption described in Note 3.6(ii) to the financial statements, then it classifies the sublease as an operating lease.

Notes to the Financial Statements

(Continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.6 Leases (Continued)

(iii) Lessor accounting (Continued)

Accounting policies applied from 1 September 2019 (Continued)

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

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

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

Accounting policies applied until 31 August 2019

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

3.7 Goodwill and other intangible assets

(i) Goodwill

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

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

(ii) Other intangible assets

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.7 Goodwill and other intangible assets (Continued)

(ii) Other intangible assets (Continued)

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

3.8 Inventories

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

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

(i) Raw materials

Purchase costs on weighted average cost basis.

(ii) Finished goods and work-in-progress

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

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

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

3.9 Contract assets/(liabilities)

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

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

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

3.10 Cash and cash equivalents

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

Notes to the
Financial Statements
(Continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.11 Impairment of assets

(i) Impairment of financial assets and contract assets

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

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

- debt securities that are determined to have low credit risk at the reporting date; and

- other debt securities and bank balances for which credit risk (i.e. risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

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

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

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

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

- the borrower is unable to pay its credit obligations to the Group and the Company in full, without taking into account any credit enhancements held by the Group and the Company; or

- the contractual payment of the financial asset is more than 90 days past due unless the Group and the Company have reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

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

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

The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group and the Company are exposed to credit risk.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.11 Impairment of assets (Continued)

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

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

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

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

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

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

(ii) Impairment of non-financial assets

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

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

Notes to the Financial Statements
(Continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.11 Impairment of assets (Continued)

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

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

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

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

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

3.12 Share capital

(i) Ordinary shares

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

(ii) Warrants

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

3.13 Employee benefits

(i) Short-term employee benefits

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.13 Employee benefits (Continued)

(ii) Post-employment benefits

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

3.14 Provisions

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

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

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

3.15 Revenue

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

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

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

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

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

Notes to the Financial Statements
(Continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.15 Revenue (Continued)

Financing components

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

(i) Construction contracts

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

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

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

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

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

(ii) Sale of goods

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

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

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

Notes to the **Financial Statements**

(Continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.15 Revenue (Continued)

(iii) Rendering of services

Revenue from a contract to provide services is recognised point in time when services are rendered with credit terms range from 30 to 60 days.

(iv) Rental income

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

(v) Interest income

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

(vi) Dividend income

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

(vii) Management fees

Management fees are recognised over time as and when services are rendered with credit terms of 30 days.

3.16 Borrowing costs

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

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

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

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

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

Notes to the Financial Statements
(Continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.17 Income tax expense

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

(i) Current tax

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

(ii) Deferred tax

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

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

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

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

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

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.17 Income tax expense (Continued)

(iii) Sales and services tax

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

- where the sales and service tax incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the sales and service tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- receivables and payables that are stated with the amount of sales and services tax included.

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

3.18 Operating segments

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

3.19 Fair value measurements

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

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

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

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

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

Notes to the
Financial Statements
(Continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.20 Contingencies

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

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

(i) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

(ii) the amount of the obligation cannot be measured with sufficient reliability.

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

3.21 Earnings per share

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

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

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

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

4.1 Impairment of goodwill

Goodwill is tested for impairment annually and at other times when such indicators exist. This requires an estimation of the value-in-use of the cash-generating units to which goodwill is allocated. In determining the value-in-use of a cash-generating unit, the management estimates the discounted cash flows using reasonable and supportable inputs about sales, gross profit margin and other operating expenses based on past experience, current events and reasonably possible future developments. When value-in-use calculations are undertaken, management must estimate the expected future cash flows from the cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows. The economic uncertainties from COVID-19 pandemic may result in higher level of estimation uncertainty to the inputs and assumptions used in the value-in-use calculation.

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

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

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

4.2 Revenue recognition for contract customers

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

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

The carrying amounts of contract assets and contract liabilities are disclosed in Note 13.

4.3 Impairment of investment in subsidiaries

The Company assesses whether there is any indication that the cost of investment in subsidiaries is impaired at the end of each reporting date. Impairment is measured by comparing the carrying amount of an asset with its recoverable amount. Recoverable amount is measured at the higher of the fair value less cost to sell for that asset and its value-in-use. In determining the value-in-use of the subsidiaries, management estimates the discounted cash flows using reasonable and supportable inputs about sales, gross profit margin and other operating expenses based on past experience, current events and reasonably possible future developments. The management estimates include the possible impact of COVID-19 pandemic on sales, gross profit margin and other operating expenses. When value-in-use calculations are undertaken, management must estimate the expected future cash flows from the cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

The carrying amount of investment in subsidiaries are disclosed in Note 9 to the financial statements.

4.4 Impairment of trade receivables and contract assets

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

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

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed. The looking forward estimates include the possible impact of COVID-19 pandemic on risk of default and expected loss rate of trade receivables.

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

The information about the impairment losses on the Group's trade receivables and contract assets are disclosed in Note 29.2(i).

5. PROPERTY, PLANT AND EQUIPMENT

Group	Cost							
	Properties # RM'000	Plant, machinery and equipment RM'000	Motor vehicles RM'000	Furniture, fittings and office equipment RM'000	Renovations RM'000	Container/ Cabin RM'000	Asset under construction RM'000	Total RM'000
31.12.2020								
Cost/Valuation								
At 1 September 2019	44,704	58,277	24,820	3,922	927	476	-	133,126
Effect of adoption of MFRS 16	(10,100)	(10,827)	(5,718)	-	-	-	-	(26,645)
Adjusted balance at 1 September 2019	34,604	47,450	19,102	3,922	927	476	-	106,481
Additions	-	925	19	375	338	60	92	1,809
Disposal/written off	(3,143)	(1,459)	(10,045)	(1,759)	(507)	(165)	-	(17,078)
Elimination of accumulated depreciation on revaluation	(861)	-	-	-	-	-	-	(861)
Revaluation surplus	361	-	-	-	-	-	-	361
At 31 December 2020	30,961	46,916	9,076	2,538	758	371	92	90,712
Accumulated depreciation								
At 1 September 2019	5,706	32,423	16,422	2,510	435	196	-	57,692
Effect of adoption of MFRS 16	(421)	(3,143)	(3,744)	-	-	-	-	(7,308)
Adjusted balance at 1 September 2019	5,285	29,280	12,678	2,510	435	196	-	50,384
Depreciation charge for the financial period	1,340	3,919	3,688	504	108	49	-	9,608
Disposal/written off	(3,143)	(676)	(8,370)	(1,715)	(324)	(111)	-	(14,339)
Elimination of accumulated depreciation on revaluation	(861)	-	-	-	-	-	-	(861)
Impairment loss	3,192	-	-	-	-	-	-	3,192
At 31 December 2020	5,813	32,523	7,996	1,299	219	134	-	47,984
Carrying amount								
At 31 December 2020	25,148	14,393	1,080	1,239	539	237	92	42,728

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group	Cost: Properties # RM'000	Plant, machinery and equipment RM'000	Motor vehicles RM'000	Furniture, fittings and office equipment RM'000	Renovations RM'000	Container/ Cabin RM'000	Asset under construction RM'000	Total RM'000
31.8.2019								
Cost/Valuation								
At 1 September 2018	44,400	58,719	26,855	3,743	927	471	9	135,124
Additions	304	506	-	291	-	5	-	1,106
Disposal/written off	-	(948)	(2,035)	(112)	-	-	(9)	(3,104)
At 31 August 2019	44,704	58,277	24,820	3,922	927	476	-	133,126
Accumulated depreciation								
At 1 September 2018	4,301	28,492	12,862	2,076	342	150	-	48,223
Depreciation charge for the financial year	1,405	4,354	5,085	520	93	46	-	11,503
Disposal/written off	-	(423)	(1,525)	(86)	-	-	-	(2,034)
At 31 August 2019	5,706	32,423	16,422	2,510	435	196	-	57,692
Carrying amount								
At 31 August 2019	38,998	25,854	8,398	1,412	492	280	-	75,434

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Properties consist of:

	Valuation					Cost	
Group	**Freehold land RM'000**	**Freehold building RM'000**	**Leasehold land RM'000**	**Leasehold building RM'000**	**Low cost apartments RM'000**	**Fabrication yard RM'000**	**Total RM'000**
31.12.2020							
Cost/Valuation							
At 1 September 2019	15,400	5,400	10,100	4,500	373	8,931	44,704
Effect of adoption of MFRS 16	-	-	(10,100)	-	-	-	(10,100)
Adjusted balance at 1 September 2019	15,400	5,400	-	4,500	373	8,931	34,604
Disposal/written off	-	-	-	-	-	(3,143)	(3,143)
Elimination of accumulated depreciation on revaluation	-	(548)	-	(313)	-	-	(861)
Revaluation surplus	-	248	-	113	-	-	361
At 31 December 2020	15,400	5,100	-	4,300	373	5,788	30,961
Accumulated depreciation							
At 1 September 2019	-	327	421	188	13	4,757	5,706
Effect of adoption of MFRS 16	-	-	(421)	-	-	-	(421)
Adjusted balance at 1 September 2019	-	327	-	188	13	4,757	5,285
Depreciation charge for the financial period	-	221	-	125	12	982	1,340
Disposal/written off	-	-	-	-	-	(3,143)	(3,143)
Elimination of accumulated depreciation on revaluation	-	(548)	-	(313)	-	-	(861)
Impairment loss	-	-	-	-	-	3,192	3,192
At 31 December 2020	-	-	-	-	25	5,788	5,813
Carrying amount							
At 31 December 2020	15,400	5,100	-	4,300	348	-	25,148

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

Properties consist of:

Group	Valuation Freehold land RM'000	Valuation Freehold building RM'000	Valuation Leasehold land RM'000	Valuation Leasehold building RM'000	Valuation Low cost apartments RM'000	Cost Fabrication yard RM'000	Total RM'000
31.8.2019							
Cost/Valuation							
At 1 September 2018	15,400	5,400	10,100	4,500	170	8,830	44,400
Additions	-	-	-	-	203	101	304
At 31 August 2019	15,400	5,400	10,100	4,500	373	8,931	44,704
Accumulated depreciation							
At 1 September 2018	-	161	210	94	5	3,831	4,301
Depreciation charge for the financial year	-	166	211	94	8	926	1,405
At 31 August 2019	-	327	421	188	13	4,757	5,706
Carrying amount							
At 31 August 2019	15,400	5,073	9,679	4,312	360	4,174	38,998

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5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Company	Motor vehicles RM'000	Furniture, fittings and office equipment RM'000	Renovations RM'000	Total RM'000
31.12.2020				
Cost				
At 1 September 2019	734	390	24	1,148
Additions	-	73	-	73
At 31 December 2020	734	463	24	1,221
Accumulated depreciation				
At 1 September 2019	598	103	5	706
Depreciation charge for the financial period	38	56	3	97
At 31 December 2020	636	159	8	803
Carrying amount				
At 31 December 2020	98	304	16	418
31.8.2019				
Cost				
At 1 September 2018	734	381	24	1,139
Additions	-	9	-	9
At 31 August 2019	734	390	24	1,148
Accumulated depreciation				
At 1 September 2018	451	64	3	518
Depreciation charge for the financial year	147	39	2	188
At 31 August 2019	598	103	5	706
Carrying amount				
At 31 August 2019	136	287	19	442

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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

	Group	
	31.12.2020	**31.8.2019**
	RM'000	**RM'000**
Plant and machinery	6,071	10,097
Motor vehicles	1,940	5,561
	8,011	15,658

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

	Group	
	31.12.2020	**31.8.2019**
	RM'000	**RM'000**
Freehold land	15,400	15,400
Freehold building	5,100	5,073
Leasehold land (Right-of-use-asset)	9,500	9,679
Leasehold building	4,300	4,312
	34,300	34,464

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

Low cost apartments are stated at valuation based on an independent professional valuation performed by Messrs Raine & Horne International Zaki + Partners Sdn Bhd using the market value basis in 2017.

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

	Group	
	31.12.2020	**31.8.2019**
	RM'000	**RM'000**
Freehold land	2,806	2,806
Freehold building	1,871	1,956
Leasehold land (Right-of-use-asset)	2,196	2,261
Leasehold building	2,176	2,241
Low cost apartments	284	294
	9,333	9,558

During the financial period, an impairment loss of RM3,191,660 was recognised in profit or loss under other expenses, representing the impairment of fabrication yard in the oil and gas segment after the fabrication yard has been dismantled.

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(Continued)

6. GOODWILL ON CONSOLIDATION

The principal activities of the subsidiaries are disclosed in Note 9 to the financial statements. The carrying amount of the goodwill is allocated to WZS BinaRaya Sdn Bhd (collectively known as cash generating units ("CGU")), which represent the lowest level within the Group at which the goodwill is monitored for internal management purposes.

	Group	
Goodwill	**31.12.2020 RM'000**	**31.8.2019 RM'000**
Cost		
At 1 September/31 December/31 August	41,024	41,024
Accumulated impairment losses		
At 1 September	28,024	25,124
Impairment loss recognised for the financial period/year	3,200	2,900
At 31 December/31 August	31,224	28,024
Carrying amount		
At 31 December/31 August	9,800	13,000

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

	Group	
	31.12.2020 RM'000	**31.8.2019 RM'000**
CGU	9,800	13,000

During the financial period, the Group made an allowance for impairment loss on goodwill of RM3,200,000 (31.8.2019: RM2,900,000). The allowance was made after considering the measurable decrease in the estimated future cash flows noted in the subsidiaries. The recoverable amount of the goodwill has been determined based on a value-in-use calculation using cash flow projections from financial budgets approved by management covering three-year period. The impairment charge is recorded as other expenses in the consolidated statement of profit or loss.

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

	Group	
CGU	**31.12.2020 %**	**31.8.2019 %**
Discount rate	12	11

6. GOODWILL ON CONSOLIDATION (CONTINUED)

Key assumptions used in the value-in-use calculations

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

(i) The bases used to determine the future potential earning are historical revenue and the remaining book order.

(ii) Gross margin is the forecasted margin as a percentage of revenue over the three-year projection period. These are based on the average gross margin of the existing projects.

(iii) Discount rate was estimated based on the industry weighted average cost of capital. The discount rate applied to the cash flow projections is pre-tax and reflects management's estimate of the risks specific to the CGU at the date of assessment.

7. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

7.1 Right-of-use assets

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

Group	Leasehold land RM'000	Building RM'000	Apartments RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Total RM'000
31.12.2020						
Cost/Valuation						
At 1 September 2019	-	-	-	-	-	-
Effect of adoption of MFRS 16	10,717	1,135	90	10,827	5,718	28,487
Adjusted balance at 1 September 2019	10,717	1,135	90	10,827	5,718	28,487
Additions	-	2,901	-	-	1,451	4,352
Disposal/written off	(108)	(1,701)	-	(266)	-	(2,075)
Elimination of accumulated depreciation on revaluation	(701)	-	-	-	-	(701)
Revaluation surplus	101	-	-	-	-	101
At 31 December 2020	10,009	2,335	90	10,561	7,169	30,164
Accumulated depreciation						
At 1 September 2019	-	-	-	-	-	-
Effect of adoption of MFRS 16	421	-	-	3,143	3,744	7,308
Adjusted balance at 1 September 2019	421	-	-	3,143	3,744	7,308
Depreciation charge for the financial period	463	957	64	1,427	1,485	4,396
Disposal/written off	(108)	(710)	-	(80)	-	(898)
Elimination of accumulated depreciation on revaluation	(701)	-	-	-	-	(701)
At 31 December 2020	75	247	64	4,490	5,229	10,105
Carrying amount						
At 31 December 2020	9,934	2,088	26	6,071	1,940	20,059

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

7.1 Right-of-use assets (Continued)

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

Company	**Building RM'000**
31.12.2020	
Cost	
At 1 September 2019	-
Effect of adoption of MFRS 16	701
Adjusted balance at 1 September 2019	701
Addition	1,901
Disposal/written off	(701)
At 31 December 2020	1,901
Accumulated depreciation	
At 1 September 2019	-
Effect of adoption of MFRS 16	-
Adjusted balance at 1 September 2019	-
Depreciation charge for the financial period	701
Disposal/written off	(701)
At 31 December 2020	-
Carrying amount	
At 31 December 2020	1,901

The Group and the Company lease land, office and apartments for their office space and operation site. The leases for office space and operation site generally have lease terms between 1 to 3 years.

The carrying amount of RM9,500,000 leasehold land is stated at valuation as mention in Note 5.

Notes to the Financial Statements
(Continued)

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

7.2 Lease liabilities

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

	Group		Company	
	31.12.2020 RM'000	31.8.2019* RM'000	31.12.2020 RM'000	31.8.2019 RM'000
Minimum lease payment:				
Within one year	3,735	5,887	611	-
Later than one year but not later than five years	3,180	5,082	1,456	-
	6,915	10,969	2,067	-
Future interest charge	(494)	(602)	(166)	-
Present value of minimum lease payments	6,421	10,367	1,901	-
Represented by:				
Current				
On demand and within one year	3,477	5,454	526	-
Non-current				
Later than one year but not later than five years	2,944	4,913	1,375	-
	6,421	10,367	1,901	-

*consists of finance lease liabilities in accordance with MFRS 117.

The lease liabilities of the Group and the Company bear interest at rates ranging from 2.31% to 8.00% (31.8.2019: 4.53% to 6.80%) and 6.35% to 7.60% (31.8.2019: nil) per annum respectively.

Certain lease liabilities are effectively secured on the rights of the assets under finance lease arrangement as disclosed in Note 5.

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

	Group RM'000	Company RM'000
At 1 September 2019		
As previously reported	10,367	-
Effect of adoption of MFRS 16	1,842	701
Adjusted balance at 1 September 2019	12,209	701
Additions	3,154	1,901
Payments	(8,942)	(701)
At 31 December 2020	6,421	1,901

8. INVESTMENT IN ASSOCIATES

	Group		Company	
	31.12.2020 RM'000	31.8.2019 RM'000	31.12.2020 RM'000	31.8.2019 RM'000
Unquoted shares, at cost	9,960	9,360	9,960	9,360
Less: Accumulated impairment loss	(1,634)	(1,330)	(5,395)	(4,261)
Share of post-acquisition (loss)/profit	(2,483)	3,323	-	-
	5,843	11,353	4,565	5,099

Details of the associates are as follows:

Name of Entities	Principal place of business/ country of incorporation	Group's Ownership Interest 31.12.2020 %	Group's Ownership Interest 31.8.2019 %	Principal Activities
Held by the Company				
SE Satu Sdn Bhd # ^ ("SSSB")	Malaysia	49	49	Mining operations and activities
SE Satu Pelangi Sdn Bhd # ^ ("SSPSB")	Malaysia	30	30	Mining operations and activities
WZS Technologies Sdn Bhd* + ("WZST")	Malaysia	32	30	Engage in precision engineering
Held by SE Satu Sdn Bhd				
SE Sinaran Sdn Bhd # ^	Malaysia	39	39	Provision of port services

\# Audited by firms other than Messrs Baker Tilly Monteiro Heng PLT.

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

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

\+ In current financial period, the financial year end of this associate is not coterminous with the Group. As such, for the purpose of applying equity method of accounting, the management financial statements of this associate for the financial period ended 31 December 2020 have been used.

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8. INVESTMENT IN ASSOCIATES (CONTINUED)

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

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

8. INVESTMENT IN ASSOCIATES (CONTINUED)

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

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

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9. INVESTMENT IN SUBSIDIARIES

	Company	
	31.12.2020	**31.8.2019**
	RM'000	**RM'000**
Unquoted shares, at cost		
At 1 September	176,966	158,966
Additions	75,500	18,000
	252,466	176,966
Less: Accumulated impairment loss	(129,447)	(91,766)
At 31 December/31 August	123,019	85,200

The movement in accumulated impairment loss is as follows:

	Company	
	31.12.2020	**31.8.2019**
	RM'000	**RM'000**
At 1 September	91,766	61,488
Impairment loss during the period/year (Note 24)	39,478	30,278
Reversal of impairment loss (Note 24)	(1,797)	-
At 31 December/31 August	129,447	91,766

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

9.1 Details of the subsidiaries are as follows:

Name of Entities	Principal place of business/ country of incorporation	Effective Ownership Interest/Voting Rights		Principal Activities
		31.12.2020	**31.8.2019**	
		%	**%**	
Direct subsidiaries				
WZS BinaRaya Sdn Bhd	Malaysia	100	100	Construction and civil engineering
WZS Misi Setia Sdn Bhd	Malaysia	100	100	Contractor, subcontractor and to carry on fabrication, assembly and testing works in oil & gas industries

9. INVESTMENT IN SUBSIDIARIES (CONTINUED)

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

Name of Entities	Principal place of business/ country of incorporation	Effective Ownership Interest/Voting Rights 31.12.2020 %	31.8.2019 %	Principal Activities
Direct subsidiaries (Continued)				
WZS Industries Sdn Bhd	Malaysia	100	100	Manufacturing and processing of cold drawn bright steel products and related steel products
WZS Powergen Sdn Bhd	Malaysia	60	60	Engage in the provision of power generation and power solutions to oil and gas industry and power sector
WZS Logistics Sdn Bhd	Malaysia	100	100	Transportation agent, trading in sand and quarry products
WZS Geoassets Sdn Bhd	Malaysia	75	75	Trading in mineral resources
WZS Prisma Sdn Bhd	Malaysia	100	100	Civil engineering and other related works to construction
WZS Water Sdn Bhd *(Formerly known as WZS Engineering Sdn Bhd)*	Malaysia	100	100	Dormant
WZ Satu Sysbuild Sdn Bhd	Malaysia	80	80	Dormant
WZS Land Sdn Bhd	Malaysia	100	100	Dormant
WZS Minerals Sdn Bhd	Malaysia	100	100	Dormant
WZS Capital Sdn Bhd	Malaysia	100	100	Dormant
Indirect subsidiaries				
WZS Niaga Sdn Bhd*	Malaysia	100	100	Dormant
Cekap Semenanjung Sdn Bhd*	Malaysia	100	100	Investment holding company
Sinergi Dayang Sdn Bhd**	Malaysia	100	100	Turnkey contractor
WZS Biogas Jerantut Sdn Bhd#^	Malaysia	60	60	Engage in the business to generate and deliver green electricity energy

* *Held indirectly through WZS BinaRaya Sdn Bhd*
** *Held indirectly through Cekap Semenanjung Sdn Bhd*
# *Held indirectly through WZS Powergen Sdn Bhd*
^ *The financial year end of this subsidiary is not coterminous with the Group. As such management accounts had been used for the purpose of consolidation.*

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9. INVESTMENT IN SUBSIDIARIES (CONTINUED)

9.2 Acquisition of subsidiary

31.8.2019

On 25 June 2019, WZS Powergen Sdn Bhd acquired 100% of equity interest in WZS Biogas Jerantut Sdn Bhd for a total purchase consideration of RM1.

9.3 Additional investment in subsidiaries

31.12.2020

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

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

31.8.2019

During the previous financial year, WZS Misi Setia Sdn Bhd increased its issued share capital from 22,000,000 ordinary shares to 40,000,000 ordinary shares. The Company had subscribed for an additional 18,000,000 ordinary shares fully paid amounting to RM18,000,000 in WZS Misi Setia Sdn Bhd.

10. CLUB MEMBERSHIPS

	Group	
	31.12.2020 RM'000	31.8.2019 RM'000
Club memberships, at cost	205	205

11. TRADE AND OTHER RECEIVABLES

	Group		Company	
	31.12.2020 RM'000	31.8.2019 RM'000	31.12.2020 RM'000	31.8.2019 RM'000
Non-current				
Other receivables				
Amount due from subsidiaries	-	-	13,169	80,913
Less: Allowance for impairment loss	-	-	(418)	(12,417)
Other receivables (non-current)	-	-	12,751	68,496
Current				
Trade receivables				
Trade receivables	45,341	105,337	-	-
Amount due from associate company	1	-	-	-
Retention sum	28,011	36,942	-	-
	73,353	142,279	-	-
Less: Allowance for impairment loss				
Trade receivables	(380)	(272)	-	-
Trade receivables, net	72,973	142,007	-	-
Other receivables				
Other receivables	16,930	21,976	12,321	12,005
Amount due from associate company	11	17	1	-
Deposits	1,498	3,669	263	1,009
	18,439	25,662	12,585	13,014
Less: Allowance for impairment loss				
Other receivables	(7,478)	(7,575)	(7,448)	(7,567)
Other receivables, net	10,961	18,087	5,137	5,447
Trade and other receivables (current)	83,934	160,094	5,137	5,447
Total trade and other receivables (non-current and current)	83,934	160,094	17,888	73,943

Included in other receivables of the Group is an amount owing by the Vendors pursuant to the Share Sales Agreement (“SSA”) on the acquisition of WZS Misi Setia Sdn Bhd of RM3,642,352 (31.8.2019: RM4,433,089). As part of the terms and conditions stated in the SSA on the acquisition of WZS Misi Setia Sdn Bhd, the respective vendors had irrevocably and unconditionally guarantee to the Company that the subsidiary will be able to meet the guarantee amount as specified in the SSA. In the event that the guarantee amount is not met, the Company is able to recover the shortfall pursuant to the SSA.

Included in other receivables of the Group is GST refundable amounted to RM1,475,810 (31.8.2019: RM2,618,916).

Trade receivables are non-interest bearing and are generally on 7 to 180 (31.8.2019: 7 to 120) days terms. They are recognised at their original amounts which represent their fair values on initial recognition.

The amount due from subsidiaries are unsecured, bear interest at rate of 6.35% to 7.60% (31.8.2019: 6.96% to 7.60%) per annum.

Notes to the
Financial Statements
(Continued)

11. TRADE AND OTHER RECEIVABLES (CONTINUED)

Receivables that are impaired

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

Group	31.12.2020 RM'000	31.8.2019 RM'000
Trade receivables		
At 1 September	272	334
Charge for the financial period/year		
Individually	218	50
Collectively	-	27
Reversal of impairment loss	(110)	(139)
At 31 December/31 August	380	272

Company	31.12.2020 RM'000	31.8.2019 RM'000
Amount due from subsidiaries		
At 1 September	12,417	8,042
Charge for the financial period/year		
Individually	418	4,375
Reversal of impairment loss	(12,417)	-
At 31 December/31 August	418	12,417

	Group		Company	
	31.12.2020 RM'000	31.8.2019 RM'000	31.12.2020 RM'000	31.8.2019 RM'000
Other receivables				
At 1 September	7,575	4,000	7,567	4,000
Charge for the financial period/year				
Individually	30	3,575	-	3,567
Reversal of impairment loss	(119)	-	(119)	-
Written off	(8)	-	-	-
At 31 December/31 August	7,478	7,575	7,448	7,567

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

Group	31.12.2020 RM'000	31.8.2019 RM'000
United States Dollar	-	4

The information about credit exposures are disclosed in Note 29.2(i).

12. INVENTORIES

	Group 31.12.2020 RM'000	Group 31.8.2019 RM'000
At cost		
Raw materials	8,728	14,071
Work-in-progress	1,706	913
Finished goods	19,744	19,426
	30,178	34,410
At net realisable value		
Finished goods	238	199
	30,416	34,609

The cost of inventories of the Group recognised as expense in cost of sales during the financial period/year was RM79,747,502 (31.8.2019: RM68,451,836).

The cost of inventories of the Group recognised as income in cost of sales in respect of reversal of written down of inventories to net realisable value was RM63,507 (31.8.2019: RM40,805).

13. CONTRACT ASSETS/(LIABILITIES)

	Group 31.12.2020 RM'000	Group 31.8.2019 RM'000
Contract assets	31,672	69,111
Contract liabilities	(33,946)	(25,516)

The contract assets primarily relate to the Company's rights to consideration for work completed on construction contracts but not yet billed at the reporting date. Typically, the amount will be billed within 30 days and payment is expected within 60 days.

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

Notes to the
Financial Statements
(Continued)

13. CONTRACT ASSETS/(LIABILITIES) (CONTINUED)

	Increase/(Decrease) in contract assets		(Increase)/Decrease in contract liabilities	
	31.12.2020 RM'000	31.8.2019 RM'000	31.12.2020 RM'000	31.8.2019 RM'000
Group				
Revenue recognised that was included in contract liabilities at the beginning of the financial period/year	-	-	3,306	12,106
Increases due to consideration received from customers but revenue not recognised	-	-	(11,736)	(25,669)
Transfer from contract assets recognised at the beginning of the period to receivables	(45,579)	(99,561)	-	-
Increases due to unbilled revenue recognised	18,020	16,178	-	-
Increase due to cash received, excluding amounts recognised as revenue during the period/year	-	51	-	-
Impairment loss on contract assets	(9,880)	(80)	-	-

14. SHORT TERM DEPOSITS, CASH AND BANK BALANCES

	Group		Company	
	31.12.2020 RM'000	31.8.2019 RM'000	31.12.2020 RM'000	31.8.2019 RM'000
Cash on hand and at banks	19,010	40,350	1,978	17,647
Deposits with licensed banks	17,162	1,932	16,239	-
Cash and bank balances	36,172	42,282	18,217	17,647
Less: Bank overdrafts (Note 19)	(7,217)	(15,883)	-	-
	28,955	26,399	18,217	17,647
Less: Deposits pledged to licensed bank	(923)	(1,932)	-	-
Cash and cash equivalents	28,032	24,467	18,217	17,647

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

	Group	
	31.12.2020 RM'000	31.8.2019 RM'000
United States Dollar	383	166

Notes to the Financial Statements
(Continued)

15. SHARE CAPITAL

	Group and Company			
	31.12.2020	31.8.2019	31.12.2020	31.8.2019
	Number of shares		Amount	
	Units('000)	Units('000)	RM'000	RM'000
Issued and fully paid:				
At 1 September	465,165	465,165	232,583	232,583
Issuance of ordinary shares pursuant to private placement	46,500	-	10,230	-
At 31 December/31 August - ordinary shares with NO par value	511,665	465,165	242,813	232,583

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

During the financial period, the total number of issued shares of the Company increased from 465,165,197 units to 511,665,197 units by way of the issuance of 46,500,000 new ordinary shares arising from the private placement at an issue price of RM0.22 each for working capital purposes. The issued share capital of the Company increased from RM232,582,599 to RM242,812,599.

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

Effective from 31 January 2017, the concept of authorised share capital and par value of share capital is abolished.

Warrants

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

The movement of Warrants during the financial period ended 31 December 2020 are stated as below:

	← Number of Warrants ('000) →		
	At 1.9.2019	Exercised	At 31.12.2020
Warrants	131,441	-	131,441

The salient features of the Warrants are as follows:

(i) Each Warrant entitles the registered holder/(s) at any time prior to 28 October 2024 to subscribe for one (1) new ordinary share at RM0.38 each. The Warrants entitlement is subject to adjustments under the terms and conditions as set out in the Deed Poll dated 9 October 2014;

(ii) The exercise period is ten (10) years from the date of issuance until the maturity date. Upon the expiry of the exercise period, any unexercised rights will lapse and cease to be valid for any purposes; and

(iii) The holders of the Warrants are not entitled to vote in any general meetings or to participate in any dividends, rights, allotment and/or other forms of distribution other than on winding-up, compromise or arrangement of the Company unless and until the holders of the Warrants become a shareholder of the Company by exercising his Warrants into new shares or unless otherwise resolved by the Company in general meeting.

Notes to the Financial Statements
(Continued)

16. RESERVES

	Group		Company	
	31.12.2020 RM'000	31.8.2019 RM'000	31.12.2020 RM'000	31.8.2019 RM'000
Revaluation reserve	16,725	16,627	-	-
Accumulated losses	(174,805)	(111,369)	(89,313)	(61,670)
	(158,080)	(94,742)	(89,313)	(61,670)

Revaluation reserve

The revaluation reserve represents increases in the fair value of freehold land and building, leasehold land and building and low cost apartments, net of tax, and decreases to the extent that such decrease relates to an increase on the same asset previously recognised in other comprehensive income.

17. TRADE AND OTHER PAYABLES

	Group		Company	
	31.12.2020 RM'000	31.8.2019 RM'000	31.12.2020 RM'000	31.8.2019 RM'000
Non-current				
Other payables				
Amount due to subsidiaries	-	-	7,152	8,429
Total other payables (non-current)	-	-	7,152	8,429
Current				
Trade payables				
Trade payables	30,242	95,466	-	-
Retention sums	21,598	19,562	-	-
Accrued costs	1,638	3,387	-	-
Total trade payables	53,478	118,415	-	-
Other payables				
Accruals	1,201	2,217	47	32
Other payables	1,123	1,361	134	105
Amount due to subsidiaries	-	-	3,348	2,948
Advance payment from contract customers	232	295	-	-
Refundable deposits	85	-	-	-
Total other payables	2,641	3,873	3,529	3,085
Total trade and other payables (current)	56,119	122,288	3,529	3,085
Total trade and other payables (non-current and current)	56,119	122,288	10,681	11,514

17. TRADE AND OTHER PAYABLES (CONTINUED)

The trade and other payables are non-interest bearing and are normally settled on 7 to 120 (31.8.2019: 30 to 120) days terms.

The amounts due to subsidiaries are unsecured, bear interest at rate of 6.10% to 7.35% (31.8.2019: 7.35%) per annum, repayable over a period of 1 to 6 (31.8.2019: 1 to 7) years and are expected to be settled in cash.

The advance payment received from contract customers are unsecured and interest free.

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

	Group	
	31.12.2020 RM'000	**31.8.2019 RM'000**
United States Dollar	1,466	2,265
Euro	16	31
New Taiwan Dollar	-	15

18. DEFERRED TAX ASSETS/(LIABILITIES)

Deferred tax liabilities relate to the following:

Group	**At 1 September RM'000**	**Recognised in profit or loss RM'000**	**Recognised in equity RM'000**	**Recognised in other comprehensive income RM'000**	**At 31 December/ 31 August RM'000**
31.12.2020					
Deferred tax liabilities:					
Temporary differences between net carrying amounts and the corresponding tax written down values of property, plant and equipment	(984)	(214)	-	-	(1,198)
Revaluation on properties	(4,300)	99	-	(111)	(4,312)
Other temporary differences	(41)	(8)	-	-	(49)
	(5,325)	(123)	-	(111)	(5,559)
31.8.2019					
Deferred tax liabilities:					
Temporary differences between net carrying amounts and the corresponding tax written down values of property, plant and equipment	(1,327)	343	-	-	(984)
Revaluation on properties	(3,745)	74	(629)	-	(4,300)
Other temporary differences	236	(277)	-	-	(41)
	(4,836)	140	(629)	-	(5,325)

Notes to the **Financial Statements**

(Continued)

18. DEFERRED TAX ASSETS/(LIABILITIES) (CONTINUED)

	Company	
	31.12.2020 RM'000	31.8.2019 RM'000
Plant and equipment		
At 1 September	-	(17)
Recognised in profit or loss	-	17
At 31 December/31 August	-	-

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

	Group	
	31.12.2020 RM'000	31.8.2019 RM'000
Deductible temporary differences	22,964	15,184
Unutilised tax losses	162,672	133,065
	185,636	148,249
Potential deferred tax assets not recognised at 24%	44,553	35,580

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

	Group	
	31.12.2020 RM'000	31.8.2019 RM'000
2025	56,833	67,406
2026	65,659	65,659
2027	40,180	-
	162,672	133,065

Notes to the **Financial Statements**

(Continued)

19. BORROWINGS

	Group	
	31.12.2020 RM'000	31.8.2019 RM'000
Current		
<u>Secured</u>		
Floating rate bank loan	1,231	1,131
Trade financing	9,484	10,390
<u>Unsecured</u>		
Bank overdrafts	7,217	15,883
Trade financing	47,603	73,261
	65,535	100,665
Non-current		
<u>Secured</u>		
Floating rate bank loan	7,422	8,430
Total borrowings	72,957	109,095

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

	Group	
	31.12.2020 RM'000	31.8.2019 RM'000
On demand and within one year	65,535	100,665
Later than one year but not later than two years	1,335	1,246
Later than two years but not later than five years	6,087	4,429
More than 5 years	-	2,755
	72,957	109,095

Floating rate bank loan of a subsidiary of RM8,652,871 (31.8.2019: RM9,560,879) bear interest at 6.10% to 7.35% (31.8.2019: 7.35% to 7.60%) per annum and is repayable by monthly instalments of RM149,365 to RM152,983 (31.8.2019: RM152,983 to RM153,877) and shall be calculated monthly and repaid in arrears over 7 years commencing from first day of the month following the month of full drawdown of the loan or the expiry of the availability period, whichever is earlier.

Notes to the **Financial Statements**

(Continued)

19. BORROWINGS (CONTINUED)

The borrowings of the Group are secured by:

(i) Legal charges over the freehold, leasehold land and building of a subsidiary as mentioned in Note 5 and Note 7; and

(ii) Corporate guarantee by the Company.

Effective interest rates per annum:

	Group	
	31.12.2020	**31.8.2019**
	%	**%**
Bank overdrafts	5.45 to 7.76	6.70 to 8.10
Trade financing	2.65 to 7.70	4.00 to 8.35

20. PROVISION

	Group	
	31.12.2020	**31.8.2019**
	RM'000	**RM'000**
Provision	4,680	-

Provision of liquidated ascertained damages

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

21. REVENUE

	Group		Company	
	1.9.2019 to 31.12.2020 RM'000	**1.9.2018 to 31.8.2019 RM'000**	**1.9.2019 to 31.12.2020 RM'000**	**1.9.2018 to 31.8.2019 RM'000**
Revenue from contract customers:				
Construction contracts	191,386	293,455	-	-
Sale of goods	103,787	86,702	-	-
Services rendered	7,495	7,900	-	-
Management fees	-	-	1,833	44
	302,668	388,057	1,833	44
Revenue from other sources:				
Others	608	332	-	-
Total revenue	303,276	388,389	1,833	44

21. REVENUE (CONTINUED)

Disaggregation of revenue

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

	Construction contracts RM'000	Sale of goods RM'000	Services rendered RM'000	Management fees RM'000	Others RM'000
31.12.2020					
Group					
Goods and services					
Civil engineering and construction contracts	153,592	-	-	-	-
Oil and gas	37,794	38,177	5,154	-	-
Manufacturing	-	60,515	-	-	-
Investment	-	-	-	16	-
Others	-	5,095	2,341	-	592
	191,386	103,787	7,495	16	592
Time of revenue recognition:					
At point in time	-	103,787	7,495	-	592
Over time	191,386	-	-	16	-
	191,386	103,787	7,495	16	592
Company					
Services					
Management fees	-	-	-	1,833	-
Time of revenue recognition:					
Over time	-	-	-	1,833	-

Notes to the **Financial Statements**

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21. REVENUE (CONTINUED)

Disaggregation of revenue (Continued)

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

	Construction contracts RM'000	Sale of goods RM'000	Services rendered RM'000	Management fees RM'000	Others RM'000
31.8.2019					
Group					
Goods and services					
Civil engineering and construction contracts	235,512	-	-	-	-
Oil and gas	57,943	22,937	3,509	-	-
Manufacturing	-	55,837	-	-	-
Investment	-	-	-	12	-
Others	-	7,928	4,391	-	320
	293,455	86,702	7,900	12	320
Time of revenue recognition:					
At point in time	-	86,702	7,900	-	320
Over time	293,455	-	-	12	-
	293,455	86,702	7,900	12	320
Company					
Services					
Management fees	-	-	-	44	-
Time of revenue recognition:					
Over time	-	-	-	44	-

At the end of financial period/year, the aggregate amount of the transaction price allocated to the remaining performance obligation is RM728,756,784 (31.8.2019: RM797,727,658) and the Group will recognise this revenue as the construction are completed or services are performed, which is expected to occur over the next 6 years (31.8.2019: 7 years).

Notes to the Financial Statements
(Continued)

22. COST OF SALES

	Group 1.9.2019 to 31.12.2020 RM'000	Group 1.9.2018 to 31.8.2019 RM'000
Construction costs	182,341	325,878
Cost of goods sold	84,477	69,578
Services rendered	7,731	9,211
	274,549	404,667

23. FINANCE COSTS

	Group		Company	
	1.9.2019 to 31.12.2020 RM'000	1.9.2018 to 31.8.2019 RM'000	1.9.2019 to 31.12.2020 RM'000	1.9.2018 to 31.8.2019 RM'000
Interest expense on:				
Bank overdrafts	1,045	1,338	-	-
Floating rate bank loan	788	343	-	-
Lease liabilities	606	778	31	-
Loan from a subsidiary	-	-	789	328
Overdue interest	2	-	-	-
Trade financing	6,391	6,209	-	-
	8,832	8,668	820	328

24. LOSS BEFORE TAXATION

Loss before taxation has been arrived at:

	Group		Company	
	1.9.2019 to 31.12.2020 RM'000	1.9.2018 to 31.8.2019 RM'000	1.9.2019 to 31.12.2020 RM'000	1.9.2018 to 31.8.2019 RM'000
This is stated after charging:				
Auditors' remuneration				
current period/year	270	235	60	43
under provision in prior year	28	29	12	27
Bad debts written off	35	-	-	-
Deposit written off	3	104	-	-
Depreciation of property, plant and equipment and right-of-use assets	14,004	11,503	798	188
Directors' emoluments	1,960	1,349	1,419	807
Directors' fees	468	278	468	278

Notes to the Financial Statements
(Continued)

24. LOSS BEFORE TAXATION (CONTINUED)

Loss before taxation has been arrived at: (Continued)

	Group		Company	
	1.9.2019 to 31.12.2020 RM'000	1.9.2018 to 31.8.2019 RM'000	1.9.2019 to 31.12.2020 RM'000	1.9.2018 to 31.8.2019 RM'000
This is stated after charging: (Continued)				
Expense relating to short term lease	9,982	-	-	-
Impairment loss on contract assets	9,880	80	-	-
Impairment loss on goodwill	3,200	2,900	-	-
Impairment loss on investment in associates	304	1,330	1,134	1,755
Impairment loss on investment in subsidiaries	-	-	39,478	30,278
Impairment loss on plant and equipment	3,192	-	-	-
Impairment loss on receivables	248	3,652	418	7,942
Net fair value loss on derivatives	-	3	-	-
Plant and equipment written off	259	83	-	-
Rental of heavy machineries	-	16,086	-	-
Rental of land	-	1,850	-	-
Rental of motor vehicles	-	87	-	-
Rental of office equipment	-	165	-	-
Rental of premises	-	1,118	-	51
Rental of store	-	34	-	-
Rental of others	-	310	-	-
Staff costs (excluding directors)	41,116	42,786	3,692	2,203
And crediting:				
Gain on disposal of plant and equipment	593	759	-	-
Gain on foreign exchange				
realised	387	256	-	-
unrealised	49	10	-	-
Interest income				
subsidiary companies	-	-	7,521	5,112
others	826	780	557	514
Rental income from				
factory/office	26	-	10	-
others	11	7	-	-
Reversal of impairment loss on investment in subsidiaries	-	-	1,797	-
Reversal of impairment loss on receivables	229	139	12,536	-

24. LOSS BEFORE TAXATION (CONTINUED)

Loss before taxation has been arrived at: (Continued)

	Group		Company	
	1.9.2019 to 31.12.2020 RM'000	1.9.2018 to 31.8.2019 RM'000	1.9.2019 to 31.12.2020 RM'000	1.9.2018 to 31.8.2019 RM'000
Staff costs (excluding directors)				
Salaries and wages	35,341	35,044	3,181	1,857
Contributions to defined contribution plans	3,805	3,783	383	220
Social security contribution	300	327	16	12
Other benefits	1,670	3,632	112	114
	41,116	42,786	3,692	2,203

25. DIRECTORS' REMUNERATION

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

	Group		Company	
	1.9.2019 to 31.12.2020 RM'000	1.9.2018 to 31.8.2019 RM'000	1.9.2019 to 31.12.2020 RM'000	1.9.2018 to 31.8.2019 RM'000
Executive:				
Salaries and other emoluments	1,769	1,182	1,249	695
Defined contribution plans	145	136	124	81
Total Executive Directors' remuneration	1,914	1,318	1,373	776
Non-Executive:				
Fees	468	278	468	278
Other emoluments	46	31	46	31
Total Non-Executive Directors' remuneration	514	309	514	309
Total Directors' remuneration	2,428	1,627	1,887	1,085

The estimated monetary value of benefits-in-kind received by the Directors otherwise than in cash from the Group and the Company amounted to RM4,500 (31.8.2019: RM4,200) and RM4,500 (31.8.2019: RM4,200) respectively.

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26. INCOME TAX EXPENSE

	Group		Company	
	1.9.2019 to 31.12.2020 RM'000	1.9.2018 to 31.8.2019 RM'000	1.9.2019 to 31.12.2020 RM'000	1.9.2018 to 31.8.2019 RM'000
Malaysian income tax expense:				
current period/year	1,122	824	604	334
(over)/under provision in prior years	(11)	35	79	-
	1,111	859	683	334
Deferred taxation (Note 18):				
current period/year	122	10	-	-
under/(over) provision in prior years	1	(150)	-	(17)
	123	(140)	-	(17)
Income tax expense recognised in profit or loss	1,234	719	683	317

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

	Group		Company	
	1.9.2019 to 31.12.2020 RM'000	1.9.2018 to 31.8.2019 RM'000	1.9.2019 to 31.12.2020 RM'000	1.9.2018 to 31.8.2019 RM'000
Loss before taxation	(63,534)	(95,174)	(26,960)	(39,669)
Tax at applicable tax rate of 24%	(15,248)	(22,842)	(6,470)	(9,521)
Tax effects arising from:				
Crystallisation of deferred tax liabilities arising from revaluation	(99)	(74)	-	-
Deferred tax assets not recognised	8,973	19,440	-	-
Non-deductible expenses	6,374	4,148	10,514	9,855
Non-taxable income	(149)	(703)	(3,440)	-
Share of results of associates	1,393	865	-	-
(Over)/Under provision in prior years				
income tax expense	(11)	35	79	-
deferred tax	1	(150)	-	(17)
Tax expense for the financial period/year	1,234	719	683	317

27. LOSS PER SHARE

Basic Loss Per Share

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

	Group	
	1.9.2019 to 31.12.2020 RM'000	**1.9.2018 to 31.8.2019 RM'000**
Basic		
Loss attributable to owners of the Company	(63,689)	(96,170)
Weighted average number of ordinary shares for basic loss per share (units)	507,377	465,165
Basic loss per ordinary share (sen)	(12.55)	(20.67)

Diluted Loss Per Share

There are no dilutive potential ordinary shares. As such, the diluted loss per share of the Group is equivalent to basic loss per share.

28. RELATED PARTIES

28.1 Identification of related parties

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operational decisions, or vice versa, or where the Group and the party are subject to common control. Related parties may be individuals or other entities.

Related parties of the Group include:

(i) subsidiaries;

(ii) associates;

(iii) joint operations;

(iv) related companies in which directors have substantial financial interest; and

(v) key management personnel of the Group's, comprise persons (including directors) having the authority and responsibility for planning, directing and controlling the activities directly or indirectly.

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Financial Statements

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28. RELATED PARTIES (CONTINUED)

28.2 Significant related party transactions

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

	Group		Company	
	1.9.2019 to 31.12.2020 RM'000	**1.9.2018 to 31.8.2019 RM'000**	**1.9.2019 to 31.12.2020 RM'000**	**1.9.2018 to 31.8.2019 RM'000**
Associates				
Sales	4	-	-	-
Purchases	(38)	(1)	-	-
Management fees	16	12	16	12
Proceed from disposal of plant and equipment	-	32	-	-
Company in which certain directors have substantial interests				
Rental expenses	(273)	(639)	-	(51)
Subsidiaries				
Management fees	-	-	1,817	32
Interest income	-	-	7,521	5,112
Interest expenses	-	-	(789)	(328)

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

Significant outstanding balances with related parties at the end of the reporting period are as disclosed in Note 11 and 17.

28.3 Compensation of key management personnel

	Group		Company	
	1.9.2019 to 31.12.2020 RM'000	**1.9.2018 to 31.8.2019 RM'000**	**1.9.2019 to 31.12.2020 RM'000**	**1.9.2018 to 31.8.2019 RM'000**
Short-term employee benefits	8,299	4,750	3,531	1,736
Post-employment employee benefits	693	518	333	166
	8,992	5,268	3,864	1,902

29. FINANCIAL INSTRUMENTS

29.1 Categories of financial instruments

The following table analyses the financial instruments in the statements of financial position by the classes of financial instruments to which they are assigned:

	Carrying amount RM'000	Amortised cost RM'000
At 31 December 2020		
Group		
Financial assets		
Trade and other receivables*	82,458	82,458
Short term deposits, cash and bank balances	36,172	36,172
	118,630	118,630
Financial liabilities		
Trade and other payables^	55,887	55,887
Borrowings	72,957	72,957
Lease liabilities	6,421	6,421
	135,265	135,265
Company		
Financial assets		
Other receivables	17,888	17,888
Short term deposits, cash and bank balances	18,217	18,217
	36,105	36,105
Financial liabilities		
Other payables	10,681	10,681
Lease liability	1,901	1,901
	12,582	12,582

Notes to the Financial Statements
(Continued)

29. FINANCIAL INSTRUMENTS (CONTINUED)

29.1 Categories of financial instruments (Continued)

The following table analyses the financial instruments in the statements of financial position by the classes of financial instruments to which they are assigned: (Continued)

	Carrying amount RM'000	Amortised cost RM'000
At 31 August 2019		
Group		
Financial assets		
Trade and other receivables*	157,475	157,475
Short term deposits, cash and bank balances	42,282	42,282
	199,757	199,757
Financial liabilities		
Trade and other payables^	121,993	121,993
Borrowings	109,095	109,095
Lease liabilities	10,367	10,367
	241,455	241,455
Company		
Financial assets		
Other receivables	73,943	73,943
Short term deposits, cash and bank balances	17,647	17,647
	91,590	91,590
Financial liability		
Other payables	11,514	11,514

* GST excluded.
^ excluded advance payment from contract customers.

29.2 Financial risk management

The Group's and the Company's activities are exposed to a variety of financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, foreign currency risk and interest rate risk. The Group's and the Company's overall financial risk management objective is to optimise value for their shareholders. The Group use derivative financial instruments, such as, foreign exchange contracts to hedge certain exposures. The Group and the Company do not trade in financial instruments.

29. FINANCIAL INSTRUMENTS (CONTINUED)

29.2 Financial risk management (Continued)

The Board of Directors reviews and agrees to policies and procedures for the management of these risks, which are executed by the Group's senior management. The audit committee provides independent oversight to the effectiveness of the risk management process.

(i) Credit risk

Credit risk is the risk of financial loss to the Group that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments. The Group has a credit policy in place and the exposure to credit risk is managed through the application of credit approvals, credit limits and monitoring procedures. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment.

Trade receivables and contract assets

As at the end of the reporting period, the maximum exposure to credit risk arising from trade receivables and contract assets is represented by the carrying amounts in the statements of financial position.

The carrying amount of trade receivables and contract assets are not secured by any collateral or supported by any other credit enhancements. In determining the recoverability of these receivables, the Group consider any change in the credit quality of the receivables from the date the credit was initially granted up to the reporting date. The Group has adopted a policy of dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults.

Credit risk concentration profile

The Group determine the credit risk concentration of its trade receivables and contract assets by industry sector profile on an ongoing basis. The credit risk concentration profile of the Group's trade receivables and contract assets at the reporting date are as follows:

	Group			
	31.12.2020		31.8.2019	
	RM'000	%	RM'000	%
Trade receivables				
Civil engineering and construction	44,636	61%	76,315	54%
Oil and gas	10,774	15%	45,051	32%
Manufacturing	16,117	22%	15,772	11%
Others	1,446	2%	4,869	3%
	72,973	100%	142,007	100%
Contract assets				
Civil engineering and construction	28,207	89%	62,218	90%
Oil and gas	3,465	11%	6,893	10%
	31,672	100%	69,111	100%

Notes to the **Financial Statements**

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29. FINANCIAL INSTRUMENTS (CONTINUED)

29.2 Financial risk management (Continued)

(i) Credit risk (Continued)

Trade receivables and contract assets (Continued)

Credit risk concentration profile (Continued)

The Group apply the simplified approach to providing for impairment losses prescribed by MFRS 9, which permits the use of the lifetime expected credit loss provision for all trade receivables and contract assets. To measure the impairment losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The impairment losses also incorporate forward looking information.

For construction contracts, as there are only a few customers, the Group assessed the risk of loss of each customer individually based on their financial information, past trend of payments and external credit ratings, where applicable.

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

	Group	
	31.12.2020 RM'000	**31.8.2019 RM'000**
Trade receivables		
Neither past due nor impaired	52,492	94,435
1 - 30 days past due not impaired	4,599	8,655
31 - 60 days past due not impaired	3,088	3,786
61 - 90 days past due not impaired	10,990	4,058
More than 90 days past due not impaired	1,804	31,073
	20,481	47,572
Impaired		
Individually	380	245
Collectively	-	27
As at 31 December/31 August	73,353	142,279
Contract assets		
Neither past due nor impaired	31,672	69,111
Impaired		
Individually	9,880	80
As at 31 December/31 August	41,552	69,191

29. FINANCIAL INSTRUMENTS (CONTINUED)

29.2 Financial risk management (Continued)

(i) Credit risk (Continued)

Other receivables and other financial assets

For other receivables and other financial assets (including investment securities, cash and cash equivalents and derivatives), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties. At the reporting date, the Group's and the Company's maximum exposure to credit risk arising from other receivables and other financial assets is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

The Group and the Company consider the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the Group and the Company compare the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forward-looking information.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 30 days past due in making a contractual payment.

Some intercompany loans between entities within the Group are repayable on demand. For loans that are repayable on demand, impairment losses are assessed based on the assumption that repayment of the loan is demanded at the reporting date. If the borrower does not have sufficient highly liquid resources when the loan is demanded, the Group and the Company will consider the expected manner of recovery and recovery period of the intercompany loan.

Other than the credit-impaired other receivables, the Group and the Company consider these financial assets to have low credit risk. As at the reporting date, the Group and the Company had recognised loss allowance for impairment for other receivables as disclosed in Note 11 to the financial statements.

Refer to Note 3.11 for the Group's and the Company's other accounting policies for impairment of financial assets.

Financial guarantee contracts

The Company is exposed to credit risk in relation to financial guarantees given to banks in respect of loans granted to certain subsidiaries and associate. The Company monitors the results of the subsidiaries and associate and their repayment on an on-going basis. The maximum exposure to credit risks amounts to RM127,484,456 (31.8.2019: RM147,637,203) representing the maximum amount the Company could pay if the guarantee is called on as disclosed in Note 33. As at the reporting date, there was no loss allowance for impairment as determined by the Company for the financial guarantee.

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

Notes to the Financial Statements

(Continued)

29. FINANCIAL INSTRUMENTS (CONTINUED)

29.2 Financial risk management (Continued)

(ii) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations when they fall due. The Group's and the Company's exposure to liquidity risk arise primarily from mismatches of the maturities between financial assets and liabilities. The Group's and the Company's exposure to liquidity risk arise principally from trade and other payables, loans and borrowings.

Maturity analysis

The maturity analysis of the Group's and the Company's financial liabilities by their relevant maturity at the reporting date are based on contractual undiscounted repayment obligation as follows:

	Carrying amount RM'000	Contractual cash flows RM'000	On demand or less than 1 year RM'000	More than 1 year but not later than 5 years RM'000	More than 5 years RM'000
Group					
At 31 December 2020					
Trade and other payables	55,887	55,887	55,887	-	-
Lease liabilities	6,421	6,915	3,735	3,180	-
Floating rate bank loan	8,653	10,456	1,792	7,170	1,494
Short term borrowings	64,304	65,205	65,205	-	-
	135,265	138,463	126,619	10,350	1,494
At 31 August 2019					
Trade and other payables	121,993	121,993	121,993	-	-
Lease liabilities	10,367	10,969	5,887	5,082	-
Floating rate bank loan	9,561	12,086	1,836	7,343	2,907
Short term borrowings	99,534	100,521	100,521	-	-
Financial guarantee	-	904	904	-	-
	241,455	246,473	231,141	12,425	2,907
Company					
At 31 December 2020					
Other payables	10,681	12,484	3,821	7,169	1,494
Lease liabilities	1,901	2,067	611	1,456	-
Financial guarantee	-	127,484	127,484	-	-
	12,582	142,035	131,916	8,625	1,494
At 31 August 2019					
Other payables	11,514	14,040	3,790	7,343	2,907
Financial guarantee	-	147,637	147,637	-	-
	11,514	161,677	151,427	7,343	2,907

29. FINANCIAL INSTRUMENTS (CONTINUED)

29.2 Financial risk management (Continued)

(iii) Foreign currency risk

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

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

	United States Dollar RM'000	Euro RM'000	New Taiwan Dollar RM'000
At 31 December 2020			
Cash and bank balances	383	-	-
Trade payables	(1,466)	(16)	-
Net exposure	(1,083)	(16)	-
At 31 August 2019			
Trade receivables	4	-	-
Cash and bank balances	166	-	-
Trade payables	(2,265)	(31)	(15)
Net exposure	(2,095)	(31)	(15)

Sensitivity analysis for foreign currency risk

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

		31.12.2020 RM'000	31.8.2019 RM'000
United States Dollar/RM	- strengthened 5%	(54)	(105)
	- weakened 5%	54	105
Euro/RM	- strengthened 5%	(1)	(2)
	- weakened 5%	1	2
New Taiwan Dollar/RM	- strengthened 5%	-	(1)
	- weakened 5%	-	1

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Financial Statements
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29. FINANCIAL INSTRUMENTS (CONTINUED)

29.2 Financial risk management (Continued)

(iv) Interest rate risk

Interest rate risk arises on interest-bearing financial instruments recognised in the statements of financial position. It will affect the Group's income or the value of its holdings of financial instruments.

The Group's exposures to interest rate risk for changes in interest rates mainly arise from its short term borrowings and term loans with floating interest rate. Interest rate risk is managed by the Group on an on-going basis with the primary objective of limiting the extent to which net interest expense could be affected by an adverse movement in interest rates.

Sensitivity analysis for interest rate risk

At the end of the financial period/year, if interest rates had been 25 basis points lower/higher, with all other variables held constant, the Group's loss after tax would have been RM182,392 (31.8.2019: RM272,737) lower/higher, arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings.

(v) Fair value measurement

The carrying amounts of the current portion of borrowings are reasonable approximations of fair values due to the insignificant impact of discounting.

The carrying amounts of cash and cash equivalents, receivables, payables and short term borrowings are reasonable approximation of fair values due to the relatively short term nature of these financial instruments.

There has been no transfer between Level 1, Level 2 and Level 3 during the financial period (31.8.2019: no transfer in either direction).

The Group classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair value of finance lease liabilities of the Group is categorised as Level 2.

29. FINANCIAL INSTRUMENTS (CONTINUED)

29.2 Financial risk management (Continued)

(v) Fair value measurement (Continued)

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

	Carrying amount RM'000	Fair value of financial instruments not carried at fair value — Fair value — Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
At 31 December 2020					
Group					
Financial liabilitiy					
Borrowing	7,422	-	-	7,422	7,422
Company					
Financial asset					
Other receivables	12,751	-	-	12,751	12,751
Financial liabilitiy					
Other payable	7,152	-	-	7,152	7,152
At 31 August 2019					
Group					
Financial liabilitiy					
Borrowing	8,430	-	-	8,430	8,430
Company					
Financial asset					
Other receivables	68,496	-	-	68,496	68,496
Financial liability					
Other payables	8,429	-	-	8,429	8,429

Level 3 fair value

Fair value of financial instruments not carried at fair value

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

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30. CAPITAL MANAGEMENT

The primary objective of the Group's and of the Company's capital management is to ensure that they maintain a strong credit rating and healthy capital ratio in order to support their business and maximise shareholder value. The Group and the Company manage their capital structure and make adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group and the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies and processes during the financial period ended 31 December 2020 and financial year ended 31 August 2019.

The debt-to-equity ratios at 31 December 2020 and 31 August 2019 are as follows:

	Group	
	31.12.2020	**31.8.2019**
	RM'000	**RM'000**
Total loans and borrowings	79,378	119,462
Less : Cash and bank balances	(36,172)	(42,282)
Net debt	43,206	77,180
Total equity	85,031	139,218
Debt-to-equity ratio	0.51	0.55

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

31. SEGMENTAL REPORTING

The Group prepared the following segment information in accordance with MFRS 8 Operating Segments based on the internal reports of the Group's strategic business units which are regularly reviewed by the Group's Chief Executive Officer for the purpose of making decisions about resource allocation and performance assessment.

The four reportable operating segments are as follows:

Segments	Products and services
Civil engineering and construction contracts	Carrying out construction contracts
Oil and gas	Contractor, sub-contractor, carry on fabrication & assembly and testing works, trading and after service of products for oil and gas industries
Manufacturing	Manufacturing of steel products
Investment	Investment holding

31. SEGMENTAL REPORTING (CONTINUED)

Other non-reportable segments comprise mining and power generation business which are below the quantitative thresholds for determining operating segments.

The inter-segment transactions have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

Segment profit

Segment performance is used to measure performance as the Group's Chief Executive Officer believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Performance is evaluated based on operating profit or loss which is measured differently from operating profit or loss in the consolidated financial statements.

Segment assets and liabilities

The total of segment assets and liabilities is measured based on all assets and liabilities (excluding investment in associates) of a segment, as included in the internal reports that are reviewed by the Group's Chief Executive Officer.

31. SEGMENTAL REPORTING (CONTINUED)

31.1 Operating Segment

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

31 December 2020	Note	Civil engineering and construction RM'000	Oil & gas RM'000	Manufacturing RM'000	Investment RM'000	Others RM'000	Adjustments and elimination RM'000	Consolidation RM'000
Revenue								
External sales		153,592	81,125	60,515	16	8,028	-	303,276
Inter-segment sales	A	19,675	-	-	1,817	3	(21,495)	-
Total		173,267	81,125	60,515	1,833	8,031	(21,495)	303,276
Results								
Bad debts written off		-	(35)	-	-	-	-	(35)
Deposit written off		-	(3)	-	-	-	-	(3)
Depreciation of property, plant and equipment and right-of-use assets		(3,017)	(4,562)	(1,581)	(798)	(4,046)	-	(14,004)
Impairment loss on contract assets		(4,151)	-	-	-	-	(5,729)	(9,880)
Impairment loss on goodwill		-	-	-	-	-	(3,200)	(3,200)
Impairment loss on investment in associate		-	-	-	(1,134)	-	830	(304)
Impairment loss on plant and equipment		-	(3,192)	-	-	-	-	(3,192)
Impairment loss on receivables		(246)	-	-	(418)	(2)	418	(248)
Interest expenses		(12,612)	(2,010)	(2,111)	(820)	(1,803)	10,524	(8,832)
Plant and equipment written off		(191)	(63)	-	-	(5)	-	(259)
Share of result of associates		-	-	-	-	-	(5,806)	(5,806)
Gain/(Loss) on disposal of plant and equipment		544	(116)	-	-	275	(110)	593
Interest income		2,248	161	862	8,078	1	(10,524)	826
Rental income		-	16	353	10	120	(462)	37
Reversal of impairment loss on receivables		-	54	38	12,536	18	(12,417)	229
Unrealised gain on foreign exchange		-	37	7	-	5	-	49
Results of segment (loss)/profit	B	(41,824)	1,786	1,225	(26,960)	(8,634)	10,873	(63,534)
Taxation		-	4	(578)	(683)	23	-	(1,234)
(Loss)/Profit for the financial period	B	(41,824)	1,790	647	(27,643)	(8,611)	10,873	(64,768)
Other information								
Segment assets	C	178,548	40,975	91,848	161,525	14,982	(229,008)	258,870
Investment in associates		-	-	-	4,565	-	1,278	5,843
Segment liabilities	D	179,785	27,428	36,969	12,590	9,942	(87,032)	179,682
Capital expenditure		1,403	382	611	1,974	1,791	-	6,161

31. SEGMENTAL REPORTING (CONTINUED)

31.1 Operating Segment (Continued)

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

31 August 2019	Note	Civil engineering and construction RM'000	Oil & gas RM'000	Manufacturing RM'000	Investment RM'000	Others RM'000	Adjustments and elimination RM'000	Consolidation RM'000
Revenue								
External sales		235,512	84,389	55,837	12	12,639	-	388,389
Inter-segment sales	A	6,183	448	-	32	6	(6,669)	-
Total		241,695	84,837	55,837	44	12,645	(6,669)	388,389
Results								
Deposit written off		-	(104)	-	-	-	-	(104)
Depreciation of property, plant and equipment		(2,961)	(3,717)	(1,389)	(188)	(3,248)	-	(11,503)
Impairment loss on contract assets		-	(80)	-	-	-	-	(80)
Impairment loss on goodwill		-	-	-	-	-	(2,900)	(2,900)
Impairment loss on investment in associate		-	-	-	(1,755)	-	425	(1,330)
Impairment loss on receivables		-	(62)	-	(7,942)	(23)	4,375	(3,652)
Interest expenses		(10,000)	(2,674)	(1,778)	(328)	(1,406)	7,518	(8,668)
Share of result of associates		-	-	-	-	-	(3,602)	(3,602)
Plant and equipment written off		-	(79)	-	-	(4)	-	(83)
Gain on disposal of plant and equipment		171	125	40	-	428	(5)	759
Interest income		2,110	146	415	5,626	1	(7,518)	780
Rental income		-	-	7	-	96	(96)	7
Reversal of impairment loss of receivables		-	-	137	-	2	-	139
Unrealised gain on foreign exchange		-	1	9	-	-	-	10
Results of segment (loss)/profit	B	(76,083)	(3,015)	808	(39,669)	(3,720)	26,505	(95,174)
Taxation		52	-	(289)	(317)	(165)	-	(719)
(Loss)/Profit for the financial year	B	(76,031)	(3,015)	519	(39,986)	(3,885)	26,505	(95,893)
Other information								
Segment assets	C	261,333	99,256	96,367	177,328	20,539	(254,367)	400,456
Investment in associates		-	-	-	5,099	-	6,254	11,353
Segment liabilities	D	280,746	87,499	42,487	11,514	22,888	(172,543)	272,591
Capital expenditure		218	633	211	9	35	-	1,106

Notes to the **Financial Statements**

(Continued)

31. SEGMENTAL REPORTING (CONTINUED)

31.1 Operating Segment (Continued)

Reconciliation of reportable segment revenue, profit or loss, assets and liabilities are as follows:

A. Inter-segment revenue

Inter-segment revenue is eliminated on consolidation.

B. Reconciliation of profit or loss

	31.12.2020 RM'000	31.8.2019 RM'000
Share of results of associates	(5,806)	(3,602)
Elimination of inter-segment transactions	16,679	30,107
	10,873	26,505
Less: Taxation	-	-
	10,873	26,505

C. Reconciliation of assets

	31.12.2020 RM'000	31.8.2019 RM'000
Investment in subsidiaries	(165,895)	(127,575)
Goodwill on consolidation	9,800	13,000
Inter-segment assets	(72,913)	(139,792)
	(229,008)	(254,367)

D. Reconciliation of liabilities

	31.12.2020 RM'000	31.8.2019 RM'000
Inter-segment liabilities	(87,032)	(172,543)

31.2 Information about major customer

For civil engineering and construction segment, revenue from 2 (31.8.2019: 2) customers represented approximately RM102,574,303 (31.8.2019: RM156,377,049) for the Group's total revenue.

31.3 Geographical information

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

Notes to the Financial Statements
(Continued)

32. SIGNIFICANT EVENTS DURING THE FINANCIAL PERIOD AND SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL PERIOD

(i) Status of corporate proposal

On 18 November 2019, the board of directors of WZ Satu Berhad (“WZ Satu” or “the Company”) announced to Bursa Malaysia Securities Berhad that WZ Satu proposes to undertake a renounceable rights issue of irredeemable convertible preference shares ("ICPS") in WZ Satu together with free detachable warrants in WZ Satu ("Warrants B") to raise minimum gross proceeds of about RM30.0 million and maximum gross proceeds of up to about RM72.3 million ("Proposed Rights Issue of ICPS with Warrants"). The gross proceeds to be raised will be used for funding for future construction and/or project financing activities, working capital and estimated expenses in relation to the Proposed Rights Issue of ICPS with Warrants.

On 4 August 2020, the shareholders of the Company duly passed all resolutions as set out in the Notice of the postponed Extraordinary General Meeting of the Company dated 13 July 2020.

On 24 August 2020, Bursa Malaysia Securities Berhad resolved to grant WZ Satu an extension of time until 18 February 2021 to complete the implementation of the Proposed Rights Issue of ICPS with Warrants. On 20 January 2021, Bursa Malaysia Securities Berhad granted the Company a further extension of time until 18 August 2021 to complete the implementation of the Proposed Rights Issue of ICPS with Warrants.

On 29 March 2021, WZ Satu had announced renounceable rights issue of up to 643,106,105 ICPS in WZ Satu at an issue price of RM0.11 per Rights ICPS on the basis of 1 Rights ICPS for every 1 existing ordinary share in WZ Satu held by the entitled shareholders as at 5.00 p.m. on 12 April 2021 together with up to 80,388,263 Warrants B on the basis of 1 Warrant B for every 8 Rights ICPS subscribed.

On 4 May 2021, WZ Satu had announced that as at the close of acceptances, excess applications and payments for the Rights Issues of ICPS with Warrants had received valid acceptances and Excess Rights ICPS Applications for a total of 949,941,997 ICPS. This represents an oversubscription of approximately 85.66% over the total number of Rights ICPS available for subscription under the Rights Issues of ICPS with Warrants.

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

(ii) COVID-19 pandemic

On 11 March 2020, the World Health Organisation declared the COVID-19 outbreak as a pandemic in recognition of its rapid spread across the globe. On 16 March 2020, the Malaysian Government has imposed several levels of Movement Control Order (“MCO”) starting from 18 March 2020 to curb the spread of the COVID-19 outbreak in Malaysia. The COVID-19 outbreak also resulted in travel restriction, lockdown, social distancing and other precautionary measures imposed in various countries.

The Group has accounted for the possible impacts of COVID-19 in their application of significant judgements and estimates for the financial period ended 31 December 2020 in determining the amounts recognised in the financial statements for the financial period ended 31 December 2020 as disclosed in Note 4 to the financial statements.

Given the fluidity of the situation, the Group is unable to reasonably estimate the complete financial impacts of COVID-19 pandemic for the financial year ending 31 December 2021 to be disclosed in the financial statements as impact assessment of the COVID-19 pandemic is a continuing process. The Group will continuously monitor any material changes to future economic conditions that will affect the Group.

Notes to the
Financial Statements
(Continued)

33. GUARANTEE

	Group		Company	
	31.12.2020 RM'000	31.8.2019 RM'000	31.12.2020 RM'000	31.8.2019 RM'000
Guarantee given to financial institution in respect of credit facilities granted to subsidiaries	-	-	299,274	426,038
Amount of banking facilities utilised by subsidiaries as at the end of financial period/year	-	-	127,484	146,733
Guarantee given to financial institution in respect of credit facilities granted to associate	-	4,855	-	4,855
Amount of banking facilities utilised by associate as at the end of financial year	-	904	-	904

34. CAPITAL AND OTHER COMMITMENTS

34.1 Capital commitments

The Group has made commitments for the following capital expenditure:

	Group	
	31.12.2020 RM'000	31.8.2019 RM'000
Contracted and not provided for	473	176

34.2 Operating lease commitment - as lessee

The Group leases a number of site office and equipment under operating leases.

Future minimum rental payable under the non-cancellable operating lease at the reporting date is as follows:

	Group	
	31.12.2020 RM'000	31.8.2019 RM'000
Not later than one year	308	1,658
More than one year but not later than five years	-	4,785
	308	6,443

35. MATERIAL LITIGATION

Save as disclosed below, neither the Group is engaged in any material litigation, claims or arbitration either as plaintiff or defendant, which has a material effect on the business or condensed consolidated statements of financial position of the Group, and the Board of Directors has no knowledge of any proceedings pending or threatened against the Group or of any fact likely to give rise to any proceedings which might materially and adversely affect the business or condensed consolidated statements of financial position of the Group.

(a) A Writ of Summon and Amended Statement of Claim was filed in High Court of Shah Alam by Dato' Ir. William Tan Chee Keong and Mr. Choi Chee Ken against WZ Satu Berhad ("WZ Satu" or "the Company").

Dato' Ir. William Tan Chee Keong and Mr. Choi Chee Ken claim against the Company for breaching the SSA in relation to the acquisition of WZS BinaRaya Sdn Bhd ("BinaRaya") to conduct a special audit in order to verify the final aggregate financial result of the BinaRaya for the Guarantee Period. Consequently, Dato' Ir. William Tan Chee Keong and Mr. Choi Chee Ken are seeking for RM34,084,500 representing the continuing loss of value of Security Shares, Bonus Shares and Warrants from 24 October 2019 until the date of the Order (if any), alternatively, the damages to be assessed by the Court; interest at the rate of 5% per annum, costs of the action to be paid to the Dato' Ir. William Tan Chee Keong and Mr. Choi Chee Ken and such other relief as determined by the Court.

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

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

(i) that the aggregate audited profit after tax and minority interest ("PATMI") of BinaRaya and its subsidiaries ("WZS BinaRaya Group") in respect of the 3 financial years ending 31 August 2015, 31 August 2016 and 31 August 2017 ("Guaranteed Period") shall collectively be not less than the total sum of RM17.0 million ("Guaranteed Profit");

(ii) the shareholders' funds of WZS BinaRaya Group as at the last day of the Guaranteed Period shall be at least RM27.5 million ("Guaranteed Shareholders' Fund");

(iii) in the event the Dato' Ir. William Tan Chee Keong and Mr. Choi Chee Ken fail to achieve the Guarantee Profit and Guaranteed Shareholders' Fund, Dato' Ir. William Tan Chee Keong and Mr. Choi Chee Ken need to pay the shortfall of Guaranteed Profit and Guaranteed Shareholders' Fund in cash to the Company ("Shortfall"); and

(iv) in the event the Dato' Ir. William Tan Chee Keong and Mr. Choi Chee Ken fail to pay for the shortfall in cash to the Company on or before the payment date, the Stakeholder is authorised to disposed of the consideration shares which consist of 25,000,000 ordinary shares in WZ Satu Berhad ("Consideration Shares") held by Pacific Trustees Berhad as security for the Guaranteed Profit and Guaranteed Shareholders' Fund.

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

(a) A sum of RM59,208,664 being the shortfall due and owing to the Company;

(b) Interest at the rate of 5% per annum on the sum of RM59,208,664 from the date of the Statement of Claim until the date of full realisation;

(c) Costs on full indemnity basis; and

(d) Such further and/or other reliefs that the Honourable Court deems fair and just.

On 23 October 2020, the High Court has ordered that both suits be heard together with and disposed of by the same judge.

The trial dates for both suits have been fixed on 15 April 2021, 16 April 2021, 30 April 2021, 19 May 2021, 20 May 2021 and 21 May 2021.

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

Statement by **Directors**

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

We, **TAN SRI DATO' SRI MOHAMAD NORZA BIN ZAKARIA** and **YM TENGKU DATO' SRI UZIR BIN TENGKU DATO' UBAIDILLAH**, being two of the directors of WZ Satu Berhad, do hereby state that in the opinion of the directors, the accompanying financial statements set out on pages 59 to 151 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2020 and of their financial performance and cash flows for the financial period then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the directors:

……………………………………………………..................

TAN SRI DATO' SRI MOHAMAD
NORZA BIN ZAKARIA
Director

……………………………………………………..................

YM TENGKU DATO' SRI UZIR BIN
TENGKU DATO' UBAIDILLAH
Director

Kuala Lumpur

Date: 5 May 2021

Statutory **Declaration**

Pursuant to Section 251(1) of the Companies Act 2016

I, **CHAN FOOK KWONG**, being the officer primarily responsible for the financial management of **WZ SATU BERHAD**, do solemnly and sincerely declare that to the best of my knowledge and belief, the accompanying financial statements set out on pages 59 to 151 are correct, and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

……………………………………………………...................

CHAN FOOK KWONG
MIA Membership No. 20046

Subscribed and solemnly declared by the abovenamed at Kuala Lumpur in the Federal Territory on 5 May 2021

Before me,

……………………………………………………...................

HADINUR MOHD SYARIF W761
Commissioner for Oaths

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

(Incorporated in Malaysia)

Report on the Financial Statements

Opinion

We have audited the financial statements of **WZ Satu Berhad**, which comprise the statements of financial position as at 31 December 2020 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial period then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 59 to 151.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2020, and of their financial performance and cash flows for the financial period then ended in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants* (including *International Independence Standards)* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

Goodwill and investment in subsidiaries (Note 4.1, 4.3, 6 and 9 to the financial statements)

We focused on this area because judgement is required in determining factors which may indicate that the investment in subsidiaries are impaired and goodwill is tested for annually. In addition, the impairment assessment requires the exercise of judgement by the Group and the Company on the discount rates applied in the recoverable amount calculation and assumptions supporting the underlying cash flow projections which include future sales, gross profit margin and operating expenses.

Our response:
Our audit procedures focused on evaluating the cash flow projections and the Group's forecasting procedures which included, among others:

- comparing the actual results with previous budget to assess the performance of the business;
- comparing the Group's assumptions to externally derived data as well as our assessments in relation to key assumptions to assess their reasonableness of the projections; and
- testing the mathematical accuracy of the impairment assessment.

Independent Auditors' Report
to the Members of WZ Satu Berhad (Continued)

(Incorporated in Malaysia)

Key Audit Matters (Continued)

Revenue recognition for construction business (Note 4.2 and 21 to the financial statements)

We focused on this area because the amount of revenue recognised in the construction business require the directors to apply judgement and estimation. The revenue recognised based on progress toward completion method. The progress toward completion method is determined by reference to costs incurred for work performed to date to the estimated total costs for each project. The estimated total revenue and costs are affected by a variety of uncertainties that depend on the outcome of future events.

Our response:
Our audit procedures on a sample of major projects included, among others:
- understanding the design and implementation of controls over the Group's process in recording project costs, preparing project budget and calculating the progress towards completion;
- discussing the progress of the projects and expected outcome with the respective project directors to obtain an understanding of the basis on which the estimates are made; and
- testing the mathematical computation of the recognised revenue and expenses during the financial period.

Trade receivables and contract assets (Note 4.4, 11 and 13 to the financial statements)

We focused on this area because the directors made subjective judgements over assumptions about risk of default and expected loss rate. In making the assumptions, the directors selected inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of the reporting period.

Our response:
Our audit procedures included, among others:
- understanding the design and implementation of controls associated with monitoring and assessing the expected credit losses of trade receivables and contract assets as at 31 December 2020;
- discussing the progress of the projects and expected outcome with the respective project directors;
- understanding of significant credit exposures which were significantly overdue or deemed to be in default through timeline stated in the trade receivables and construction contract; and
- checking subsequent receipts, customer correspondence, and considering level of activity with the customer and management explanation on recoverability with significantly past due balances.

Information other than the Financial Statements and Auditors' Report Thereon

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

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

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

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

Independent Auditors' Report **to the Members of WZ Satu Berhad (Continued)**

(Incorporated in Malaysia)

Responsibilities of the Directors for the Financial Statements

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

Independent Auditors' Report
to the Members of WZ Satu Berhad (Continued)

(Incorporated in Malaysia)

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

We 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 period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

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

Baker Tilly Monteiro Heng PLT
201906000600 (LLP0019411-LCA) & AF 0117
Chartered Accountants

Ong Teng Yan
No. 03076/07/2021 J
Chartered Accountant

Kuala Lumpur

Date: 5 May 2021

Analysis of **Shareholdings**

as at 30 April 2021

STATISTICS OF SHAREHOLDINGS

Number of Issued Share Capital	:	511,665,197 Ordinary Shares
Voting Rights	:	One (1) vote per Ordinary Share

ANALYSIS OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 – 99	290	7.66	9,236	0.00
100 – 1,000	357	9.43	160,190	0.03
1,001 – 10,000	1,395	36.85	8,083,923	1.58
10,001 – 100,000	1,407	37.16	51,233,520	10.01
100,001 – 25,583,258 (*)	333	8.80	293,530,610	57.37
25,583,259 and above (**)	4	0.11	158,647,718	31.01
TOTAL	**3,786**	**100.00**	**511,665,197**	**100.00**

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

SUBSTANTIAL SHAREHOLDERS

The substantial shareholders of WZ Satu Berhad and their respective shareholdings based on the Register of Substantial Shareholders of WZ Satu Berhad as at 30 April 2021 are as follows:-

	No. of Shares			
Substantial Shareholders	**Direct**	**%**	**Indirect**	**%**
CitaGlobal Energy Resources Sdn. Bhd.	71,888,300	14.05	-	-
KDYMM YDP Agong XVI Al-Sultan Abdullah Ri'ayatuddin Al-Mustafa Billah Shah Ibni Almarhum Sultan Haji Ahmad Shah Al-Mustafa'in Billah	46,398,293	9.07	-	-
Tengku Dato' Sri Uzir Bin Tengku Dato' Ubaidillah	46,214,846	9.03	-	-
Datuk Abdul Ghani Bin Abdullah	31,771,100	6.21	-	-
CitaGlobal Sdn. Bhd.	-	-	(1)71,888,300	14.05
Ikhlas Bin Kamarudin	-	-	(1)71,888,300	14.05
Tan Sri Dato' Sri Mohamad Norza Bin Zakaria	-	-	(2)71,888,300	14.05

Notes:

(1) Deemed interested pursuant to Section 8 of the Companies Act 2016 by virtue of its/his substantial shareholding in CitaGlobal Energy Resources Sdn. Bhd.

(2) Deemed interested pursuant to Section 8 of the Companies Act 2016 by virtue of his substantial shareholding in CitaGlobal Sdn. Bhd. which in turn is a substantial shareholder of CitaGlobal Energy Resources Sdn. Bhd.

Analysis of **Shareholdings**
as at 30 April 2021 (Continued)

DIRECTORS' SHAREHOLDINGS

The Directors' Shareholdings based on the Register of Directors' Shareholdings of WZ Satu Berhad as at 30 April 2021 are as follows:-

	No. of Shares Held			
Directors	**Direct**	**%**	**Indirect**	**%**
Tan Sri Dato' Sri Mohamad Norza Bin Zakaria	-	-	(1)71,888,300	14.05
Tengku Dato' Sri Uzir Bin Tengku Dato' Ubaidillah	46,214,846	9.03	-	-
Tengku Dato' Indera Zubir Bin Tengku Dato' Ubaidillah	4,473,360	0.87	-	-
Ikhlas Bin Kamarudin	-	-	(2)71,888,300	14.05
Rosli Bin Shafiei	-	-	-	-
Datuk Idris Bin Haji Hashim J. P.	-	-	-	-
Dato' Syed Kamarulzaman Bin Dato' Syed Zainol Khodki Shahabudin	-	-	-	-
Dato' Mohan A/L C Sinnathamby	-	-	-	-

Notes:

(1) Deemed interested pursuant to Section 8 of the Companies Act 2016 by virtue of his substantial shareholding in CitaGlobal Sdn. Bhd. which in turn is a substantial shareholder of CitaGlobal Energy Resources Sdn. Bhd.

(2) Deemed interested pursuant to Section 8 of the Companies Act 2016 by virtue of his substantial shareholding in CitaGlobal Energy Resources Sdn. Bhd.

By virtue of Tan Sri Dato' Sri Mohamd Norza Bin Zakaria, YM Tengku Dato' Sri Uzir Bin Tengku Dato' Ubaidillah and Ikhlas Bin Kamarudin interests in the ordinary shares of the Company, they are deemed to have an interest in the ordinary shares of all subsidiaries to the extent that the Company has an interest.

Other than as disclosed above, none of the other Directors in office has any interest in the ordinary shares of the Company and its related corporations as at 30 April 2021.

CHIEF EXECUTIVES' SHAREHOLDINGS

The Chief Executives' Shareholdings based on the Register of Directors' Shareholdings of WZ Satu Berhad as at 30 April 2021 are as follows:-

	No. of Shares Held			
Chief Executives	**Direct**	**%**	**Indirect**	**%**
Suhaimi Bin Badrul Jamil	400,000	0.08	-	-
Chan Fook Kwong	20,000	0.004	-	-

Analysis of **Shareholdings**

as at 30 April 2021 (Continued)

THIRTY LARGEST SHAREHOLDERS BASED ON RECORD OF DEPOSITORS AS AT 30 APRIL 2021
(without aggregating securities from different securities accounts belonging to the same persons)

No.	Name	No. of Shares	%
1.	TA NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR CITAGLOBAL ENERGY RESOURCES SDN. BHD.	52,548,300	10.27
2.	KENANGA NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR TENGKU ABDULLAH IBNI SULTAN HJ AHMAD SHAH	43,729,493	8.55
3.	CIMSEC NOMINEES (TEMPATAN) SDN. BHD. CIMB FOR ABDUL GHANI BIN ABDULLAH (PB)	31,771,100	6.21
4.	MAYBANK NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR TENGKU UZIR BIN TENGKU UBAIDILLAH	30,598,825	5.98
5.	LAVIN GROUP SDN. BHD.	24,413,400	4.77
6.	ONG LEE VENG @ ONG CHUAN HENG	22,800,000	4.46
7.	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR CITAGLOBAL ENERGY RESOURCES SDN. BHD.	19,340,000	3.78
8.	PACIFIC TRUSTEES BERHAD WILLIAM TAN CHEE KEONG	18,600,000	3.64
9.	PACIFIC TRUSTEES BERHAD CHOI CHEE KEN	18,600,000	3.64
10.	KENANGA NOMINEES (TEMPATAN) SDN. BHD. PLDEGED SECURITIES ACCOUNT FOR TENGKU UZIR BIN TENGKU UBAIDILLAH	11,774,021	2.30
11.	MALAYSIAN TRUSTEES BERHAD TEOH CHEE YOONG	8,732,548	1.71
12.	KAMARUDIN BIN MERANUN	6,700,000	1.31
13.	CGS-CIMB NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR BU YAW SENG (MY3086)	5,816,000	1.14
14.	MALAYSIAN TRUSTEES BERHAD CHONG KIM THAM	5,596,768	1.09
15.	TAN JING XIN	5,500,000	1.07
16.	SITI MUNAJAT BINTI MD GHAZALI	4,920,000	0.96
17.	TAN JING JIA	4,303,300	0.84
18.	TENGKU ZUBIR BIN TENGKU UBAIDILLAH	3,833,360	0.75
19.	TENGKU UZIR BIN TENGKU UBAIDILLAH	3,782,000	0.74
20.	CHIA KIM MENG	3,640,000	0.71
21.	MAYBANK NOMINEES (TEMPATAN) SDN. BHD. MAYBANK PRIVATE WEALTH MANAGEMENT FOR YEE KEE (PW-M00586)(418801)	3,500,000	0.68
22.	SOH SWEE KIM	3,000,000	0.59
23.	MALACCA EQUITY NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR THAM TOO KAM	2,767,333	0.54
24.	KAF NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR TENGKU ABDULLAH IBNI SULTAN HJ AHMAD SHAH (TE1113)	2,668,800	0.52
25.	TAN JING XIN	2,629,309	0.51
26.	MALAYSIAN TRUSTEES BERHAD MOHD ARIS BIN MOHD ARIF	2,611,858	0.51
27.	PACIFIC TRUSTEES BERHAD HO KEK YEE	2,000,000	0.39
28.	SJ SEC NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR LAU YAU YAN (SMT)	2,000,000	0.39
29.	DAVID A/L KATHAMUTHU @ ANTHONY	1,900,400	0.37
30.	NG LAY HOON	1,669,186	0.33

Statistics of **Warrant A Holdings**

as at 30 April 2021

STATISTICS OF WARRANT A HOLDINGS

Number of Outstanding Warrants A Issued : 131,440,908

ANALYSIS OF WARRANT A HOLDINGS

Size of Warrant A Holdings	No. of Warrant A Holders	%	No. of Warrants A	%
1 – 99	107	10.47	5,106	0.00
100 – 1,000	134	13.11	90,448	0.07
1,001 – 10,000	324	31.70	1,660,985	1.26
10,001 – 100,000	345	33.76	14,050,712	10.69
100,001 – 6,572,044 (*)	108	10.57	51,151,701	38.92
6,572,045 and above (**)	4	0.39	64,481,956	49.06
TOTAL	**1,022**	**100.00**	**131,440,908**	**100.00**

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

DIRECTORS' WARRANT A HOLDINGS

The Directors' Warrant A Holdings based on the Register of Directors' Shareholdings of WZ Satu Berhad as at 30 April 2021 are as follows:-

	No. of Warrants A Held			
Directors	**Direct**	**%**	**Indirect**	**%**
Tan Sri Dato' Sri Mohamad Norza Bin Zakaria	-	-	-	-
Tengku Dato' Sri Uzir Bin Tengku Dato' Ubaidillah	46,881,956	35.67	-	-
Tengku Dato' Indera Zubir Bin Tengku Dato' Ubaidillah	1,167,080	0.89	-	-
Ikhlas Bin Kamarudin	-	-	-	-
Rosli Bin Shafiei	-	-	-	-
Datuk Idris Bin Haji Hashim J. P.	-	-	-	-
Dato' Syed Kamarulzaman Bin Dato' Syed Zainol Khodki Shahabudin	-	-	-	-
Dato' Mohan A/L C Sinnathamby	-	-	-	-

CHIEF EXECUTIVES' WARRANT A HOLDINGS

	No. of Warrants A Held			
Chief Executives	**Direct**	**%**	**Indirect**	**%**
Suhaimi Bin Badrul Jamil	596,000	0.45	-	-
Chan Fook Kwong	-	-	-	-

Statistics of **Warrant A Holdings**

as at 30 April 2021 (Continued)

THIRTY LARGEST WARRANT A HOLDERS BASED ON RECORD OF DEPOSITORS AS AT 30 APRIL 2021
(without aggregating securities from different securities accounts belonging to the same persons)

No.	Name	No. of Warrants A	%
1.	KENANGA NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR TENGKU UZIR BIN TENGKU UBAIDILLAH	34,406,716	26.18
2.	MAYBANK NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR TENGKU UZIR BIN TENGKU UBAIDILLAH	11,475,240	8.73
3.	PACIFIC TRUSTEES BERHAD WILLIAM TAN CHEE KEONG	9,300,000	7.08
4.	PACIFIC TRUSTEES BERHAD CHOI CHEE KEN	9,300,000	7.08
5.	TAN PANG HONG	4,956,120	3.77
6.	YEE KONG SIONG	3,000,000	2.28
7.	LOW CHANG CHOY	2,860,000	2.18
8.	TAN JING XIN	2,679,800	2.04
9.	LIM KENG CHUAN	2,501,100	1.90
10.	KENANGA NOMINEES (TEMPATAN) SDN. BHD. RAKUTEN TRADE SDN. BHD. FOR MUHAMMAD ALI BIN YAHYA	1,855,100	1.41
11.	TAN JIN JAY	1,394,593	1.06
12.	KAF NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR TENGKU ABDULLAH IBNI SULTAN HJ AHMAD SHAH (TE1113)	1,334,400	1.02
13.	CHUA SHIA-TSAN	1,177,000	0.90
14.	PACIFIC TRUSTEES BERHAD HO KEK YEE	1,000,000	0.76
15.	CHENG CHEE CHUNG	986,100	0.75
16.	TAN JING XIN	922,954	0.70
17.	LIM KENG CHUAN	876,000	0.67
18.	TAN PANG HONG	856,226	0.65
19.	TENGKU ZUBIR BIN TENGKU UBAIDILLAH	847,080	0.64
20.	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR OOI CHIN SIN (M11)	759,200	0.58
21.	TENGKU UZIR BIN TENGKU UBAIDILLAH	700,000	0.53
22.	JOSEPH KAM KIM SWEE	651,000	0.50
23.	NEOH SOON HIONG	624,000	0.47
24.	THINAKARAN A/L SAMINATHEN	610,000	0.46
25.	HENG DING DING	600,000	0.46
26.	SUHAIMI BIN BADRUL JAMIL	596,000	0.45
27.	MAYBANK NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR TAM KIAN KWANG	593,633	0.45
28.	NG LAY HOON	521,893	0.40
29.	NG YEE LING	493,900	0.38
30.	BONG LEE HUEY	462,666	0.35

List of **Properties**

as at 31.12.2020

Location	Tenure	Land area/ Built-up Area (sq ft)	Description /Existing Use	Net Book Value (RM'000)	Age of Building	Date of Acquisition /Revaluation
Lot 1850 Jalan KPB 10 Kawasan Perindustrian Balakong 43300 Seri Kembangan Selangor Darul Ehsan	Freehold	102,154/ 79,759	Manufacturing Plant cum Warehouse	20,500	20 years	2020
Lot 1882 Jalan KPB 9 Kawasan Perindustrian Balakong 43300 Seri Kembangan Selangor Darul Ehsan	Leasehold (Expires 17.8.2065)	81,646/ 40,860	Warehouse	13,800	13 years	2020
B2-1 Block B Jalan Damai Perdana 2/8 Bandar Damai Perdana 56100 Kuala Lumpur	Freehold	650	Apartment / Staff Quarters	77	17 years	2017
B2-2 Block B Jalan Damai Perdana 2/8 Bandar Damai Perdana 56100 Kuala Lumpur	Freehold	650	Apartment / Staff Quarters	77	17 years	2017
B0-1 Block B Jalan Damai Perdana 2/8 Bandar Damai Perdana 56100 Kuala Lumpur	Freehold	650	Apartment / Staff Quarters	97	17 years	2019
B0-2 Block B Jalan Damai Perdana 2/8 Bandar Damai Perdana 56100 Kuala Lumpur	Freehold	650	Apartment / Staff Quarters	97	17 years	2019

Notice of Annual **General Meeting**

NOTICE IS HEREBY GIVEN that the Sixteenth (**16th**) Annual General Meeting ("**AGM**") of the Company will be conducted fully virtual at the broadcast venue at Meeting Room, Securities Services (Holdings) Sdn. Bhd., Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan on Thursday, 15 July 2021 at 10:00 a.m. for the following purposes: -

AGENDA

1. To receive the Audited Financial Statements for the financial period ended 31 December 2020 together with the Reports of the Directors and the Auditors thereon. [Please refer to Explanatory Note (1)]

2. To approve the payment of Directors' fees of RM680,000/- for the period from 1 February 2021 to 30 June 2022. (Resolution 1)

3. To approve the payment of benefits payable to the Directors up to an amount of RM100,000/- from 1 February 2021 to 30 June 2022. (Resolution 2)

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

   (a) YM Tengku Dato' Sri Uzir Bin Tengku Dato' Ubaidillah; (Resolution 3)

   (b) YM Tengku Dato' Indera Zubir Bin Tengku Dato' Ubaidillah; and (Resolution 4)

   (c) YBhg. Dato' Syed Kamarulzaman Bin Dato' Syed Zainol Khodki Shahabudin. (Resolution 5)

5. To re-appoint Baker Tilly Monteiro Heng PLT as Auditors of the Company until the conclusion of the next Annual General Meeting and to authorise the Directors to fix their remuneration. (Resolution 6)

   <u>As Special Business</u>

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

6. **ORDINARY RESOLUTION**
   AUTHORITY TO ISSUE SHARES PURSUANT TO THE COMPANIES ACT 2016 (Resolution 7)

   "**THAT** subject always to the Companies Act 2016 ("**the Act**"), the Constitution of the Company and the approvals from Bursa Malaysia Securities Berhad ("**Bursa Securities**") and any other relevant governmental and/or regulatory authorities, the Directors of the Company be and are hereby empowered pursuant to the Act, to issue and allot shares in the capital of the Company from time to time at such price and upon such terms and conditions, for such purposes and to such person or persons whomsoever the Directors may in their absolute discretion deem fit provided always that the aggregate number of shares issued pursuant to this resolution does not exceed twenty percent (20%) of the total number of issued shares of the Company for the time being to be utilised until 31 December 2021 as empowered by Bursa Securities pursuant to Bursa Malaysia Berhad's letter dated 16 April 2020 to grant additional temporary relief measures to listed issuers and thereafter ten percent (10%) of the total number of issued shares of the Company for the time being as stipulated under Paragraph 6.03(1) of the Bursa Securities Main Market Listing Requirements (hereinafter referred to as the "**General Mandate**");

   AND THAT the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Securities;

AND FURTHER THAT such authority shall commence immediately upon the passing of this resolution and continue to be in force until the conclusion of the next Annual General Meeting of the Company."

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

By Order of the Board

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

Kuala Lumpur
Dated: 31 May 2021

Explanatory Notes: -

1. **Audited Financial Statements for financial period ended 31 December 2020**

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

2. **Directors' Fees and Benefits**

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

   The proposed Resolution 1, if approved, will authorise the payment of Directors' fees to the Non-Executive Directors ("**NEDs**") by the Company for the period from 1 February 2021 to 30 June 2022 and to be payable on a monthly basis in arrears after each month of completed service of the Directors. This Resolution is to facilitate payment of Directors' fees on current financial year basis.

   The proposed Resolution 2, if approved, will authorise the payment of Directors' benefits to the NEDs by the Company. The Directors' benefits payable of RM100,000/- for the period from 1 February 2021 to 30 June 2022 are derived from the estimated meeting allowance based on the number of scheduled meetings and unscheduled meetings (when necessary) for the Board and Board Committees, number of NEDs involved in the meetings, other benefits in-kind payable to the NEDs.

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

3. **Authority to Issue Shares Pursuant to the Act**

   The Company wishes to renew the mandate on the authority to issue shares pursuant to the Act at the 16th AGM of the Company (hereinafter referred to as the "**General Mandate**").

   The Company had been granted a General Mandate by its shareholders at the 15th AGM of the Company held on 27 February 2020 (hereinafter referred to as the "**Previous Mandate**").

   The Previous Mandate granted by the shareholders had not been utilised and therefore no proceeds have been raised pursuant to the Previous Mandate.

Notice of Annual **General Meeting**

(Continued)

As part of the initiative from Bursa Securities to aid and facilitate listed issuers in sustaining their business or easing their compliance with Bursa Securities' rules, amid the unprecedented uncertainty surrounding the recovery of the coronavirus disease ("**COVID-19**") outbreak and Movement Control Order imposed by the Government, Bursa Securities has via its letter dated 16 April 2020 granted several additional relief measures to listed issuers, amongst others, listed issuers are allowed to seek a higher general mandate under Paragraph 6.03 of Main Market Listing Requirements of not more than 20% of the total number of issued shares (excluding treasury shares) for issue of new securities ("**20% General Mandate**").

This 20% General Mandate may be utilised by listed issuer to issue new securities until 31 December 2021 and thereafter, the 10% general mandate will be reinstated.

The Board believes that the Company requires a flexible and readily available method of raising capital, to allow the Company to capture suitable prospective investment opportunities in a timely manner.

The Board, having considered the current economic climate arising from the global COVID-19 pandemic and future financial needs of the Group to sustain the business, is of the opinion that this 20% General Mandate is in the best interests of the Company and its shareholders, on the following basis:-

- the proposed 20% General Mandate would provide the Group with financial flexibility to raise capital expeditiously for its operations, future expansion and business development.
- the proposed 20% General Mandate would allow the Company to raise equity capital promptly rather than the more costly and time-consuming process by obtaining shareholders' approval in a general meeting should the need for capital arise.
- other financing alternatives such as debt financing may incur interest burden to the Group.
- the proposed 20% General Mandate provides the Company with the capability to capture any capital raising and/or prospective investment opportunities if and when they are identified.

This 20% General Mandate, if passed, will provide flexibility for the Company and empower the Directors of the Company to issue and allot shares at any time to such persons in their absolute discretion. This authority unless revoked or varied by the Company in general meeting, will expire at the next AGM. The proceeds raised from the 20% General Mandate will provide flexibility to the Company for any possible fund-raising activities, including but not limited to further placing of shares, for purpose of funding future investment project(s), working capital and/or acquisitions.

Notice of Annual **General Meeting**

(Continued)

Notes :-

1. In respect of deposited securities, only members whose names appear in the Record of Depositors on 8 July 2021 (General Meeting Record of Depositors) shall be eligible to attend the Meeting.

2. A member entitled to attend and vote at the Meeting is entitled to appoint more than one (1) proxy to attend and vote in his stead. Where a member appoints more than one (1) proxy, the appointments shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.

3. A proxy may but does not need to be a member of the Company. Notwithstanding this, a member entitled to attend and vote at the Meeting is entitled to appoint any person as his proxy to attend and vote instead of the member at the Meeting. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at the Meeting shall have the same rights as the member to speak at the Meeting.

   As guided by the Securities Commission Malaysia's Guidance Note and Frequently Asked Questions on the Conduct of General Meetings for Listed Issuers as revised, the right to speak is not limited to verbal communication only but includes other modes of expression. Therefore, all members, proxies and/or corporate representatives shall communicate with the main venue of the 16th AGM via real time submission of typed texts through a text box within Securities Services e-Portal's platform during the live streaming of the 16th AGM as the primary mode of communication. In the event of any technical glitch in this primary mode of communication, members, proxies or corporate representatives may email their questions to **eservices@sshsb.com.my** during the 16th AGM. The questions and/or remarks submitted by the members, proxies and/or corporate representatives will be broadcasted and responded by the Chairman, Board of Directors and/or Management during the Meeting.

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

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

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

   The instrument appointing a proxy and the power of attorney or other authority (if any), under which it is signed or a duly notarised certified copy of that power or authority, shall be deposited at the office of the Share Registrar, Securities Services (Holdings) Sdn. Bhd. at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan or submitted via fax at 03-2094 9940 and/or 03-2095 0292 or emailed to **info@sshsb.com.my**, not less than forty-eight (48) hours before the time for holding the meeting or adjournment thereof. The proxy appointment may also be lodged electronically via Securities Services e-Portal at **https://www.sshsb.net.my/**. All resolutions set out in this notice of meeting are to be voted by poll.

   Should you wish to personally participate at the 16th AGM remotely, please register electronically via Securities Services e-Portal at **https://www.sshsb.net.my/** by the registration cut-off date and time.

   Please refer to the **Administrative Guide** on the Conduct of a fully virtual general meeting attached together with this Notice of 16th AGM for further details.

   If you have submitted your proxy form(s) and subsequently decide to appoint another person or wish to participate in our electronic 16th AGM by yourself, please write in to **eservices@sshsb.com.my** to revoke the earlier appointed proxy forty-eight (48) hours before this meeting.

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Form of Proxy

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

WZ SATU BERHAD
永成壹 سواتو

CDS Account No.	
Number of ordinary shares held	

*I/We (full name), ____
bearing *NRIC No./Passport No./Company No. ______________________________
of (full address) ____
____
being a *member/members of WZ Satu Berhad ("**the Company**") hereby appoint :-

First Proxy "A"

Full Name	NRIC/ Passport No.	Proportion of Shareholdings Represented	
		No. of Shares	%
Full Address			

and/or failing *him/her,
Second Proxy "B"

Full Name	NRIC/ Passport No.	Proportion of Shareholdings Represented	
		No. of Shares	%
Full Address			
			100%

or failing *him/her, the *Chairman of the Meeting as *my/our proxy to vote for *me/us and on *my/our behalf at the Sixteenth Annual General Meeting of the Company, to be conducted fully virtual at the broadcast venue at Meeting Room, Securities Services (Holdings) Sdn. Bhd., Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilyah Persekutuan on Thursday, 15 July 2021 at 10:00 a.m. and at any adjournment thereof.

Please indicate with an "X" in the spaces provided below as to how you wish your votes to be casted. If no specific direction as to voting is given, the proxy will vote or abstain from voting at *his/her discretion.

Resolution	Agenda	For	Against
1	To approve the payment of Directors' fees of RM680,000/- for the period from 1 February 2021 to 30 June 2022.		
2	To approve the payment of benefits payable to the Directors up to an amount of RM100,000/- from 1 February 2021 to 30 June 2022.		
3	To re-elect YM Tengku Dato' Sri Uzir Bin Tengku Dato' Ubaidillah as Director of the Company.		
4	To re-elect YM Tengku Dato' Indera Zubir Bin Tengku Dato' Ubaidillah as Director of the Company.		
5	To re-elect YBhg. Dato' Syed Kamarulzaman Bin Dato' Syed Zainol Khodki Shahabudin as Director of the Company.		
6	To re-appoint Baker Tilly Monteiro Heng PLT as Auditors of the Company.		
As Special Business			
7	Authority to issue shares pursuant to the Companies Act 2016		

As witness my/our hand(s) this day __________ of ____________________ 2021.

____
*Signature of Member /Common Seal

*Strike out whichever not applicable

Notes :-

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Affix
Stamp

The Company Secretaries

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

Then fold here

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

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www.wzs.my

WZ Satu Berhad
[Registration No. 200401027590 (666098-X)]

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