Wah Seong Corporation Berhad

Registration no. 199901020946 (495846-A)

ANNUAL REPORT 2022

WHAT'S INSIDE

MISSION

To accelerate the global energy transition while enhancing value for all our stakeholders.

VISION

To deliver reliable and competitive solutions to the energy industry with net zero carbon emissions by the year 2026.

CORE VALUES

PASSION
We will embrace our company's vision, energy and growth plans in a passionate manner.

PERFORMANCE BASED
Everyone in Wasco has the same opportunity to receive rewards, career and professional advancement based on their capabilities and achievement.

COMMITTED TO CUSTOMERS
We will meet customers' expectations and deliver on our commitments every time, all the time.

SOCIALLY RESPONSIBLE
We will treat everyone with respect and empathy. We put value on being charitable, caring for the environment and supporting our stakeholder communities.

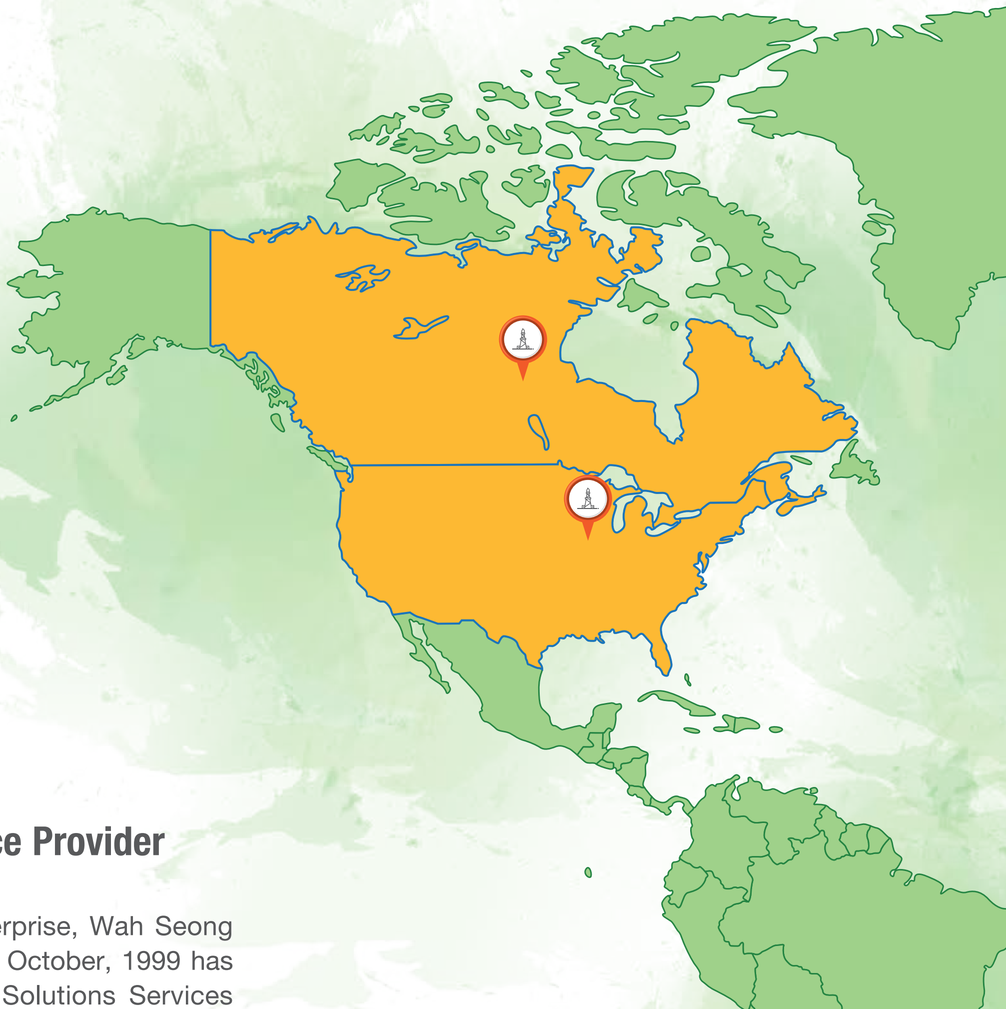
INTEGRITY
We will always act with integrity and will remain professional and accountable while operating in an open and transparent manner.

INTOLERANT TO WASTE
We are always aware and mindful of operating at our most efficient in terms of cost, time and opportunity.

SAFETY
We will conduct our operations in the safest manner possible, ensuring no harm to people and no damage to the environment.

"ONLY SUSTAINABLE PROFIT AND GROWTH WILL PERPETUATE OUR BUSINESS AND ENABLE ALL OF THE ABOVE"

CORPORATE PROFILE



A Rising Global Energy Service Provider

Once a medium-sized Malaysian enterprise, Wah Seong Corporation Berhad incorporated on 9 October, 1999 has evolved into an international Energy Solutions Services and Industrial Services group. Listed on the Main Market of Bursa Malaysia Securities Berhad, we have established footprints in almost 17 countries worldwide.

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

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

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

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

A Rising Global Energy Service Provider

ENERGY SOLUTIONS SERVICES

RENEWABLE ENERGY

INDUSTRIAL TRADING & SERVICES

OTHERS

WORLDWIDE OPERATION

CORPORATE INFORMATION

DIRECTORS

Dato' Seri Robert Tan Chung Meng
Non-Independent Non-Executive Chairman

Chan Cheu Leong
Managing Director/ Group Chief Executive Officer

Gian Carlo Maccagno
Deputy Managing Director

Halim Bin Haji Din
Independent Non-Executive Director

Tan Sri Professor Lin See Yan
Senior Independent Non-Executive Director

Tan Jian Hong, Aaron
Non-Independent Non-Executive Director

Tan Sri Saw Choo Boon
Independent Non-Executive Director

Datin Wan Daneena Liza Binti Wan Abdul Rahman
Independent Non-Executive Director
(Appointed on 7 April 2023)

Lily Rozita Binti Mohamad Khairi
Independent Non-Executive Director
(Appointed on 12 April 2023)

GROUP COMPANY SECRETARY

Woo Ying Pun
(MAICSA 7001280)
SSM Practicing Certificate
No. 201908002179

AUDITORS

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

SOLICITORS

Rahmat Lim & Partners

PRINCIPAL BANKERS

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

PRINCIPAL ADVISERS

CIMB Investment Bank Berhad
RHB Investment Bank Berhad

SHARE REGISTRAR

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

REGISTERED OFFICE ADDRESS

59-7, The Boulevard
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur
Malaysia
Tel : 603-2281 2222
Fax : 603- 2281 2265
Email : wsc.enquiry@wahseong.com
Website : www.wahseong.com

PRINCIPAL PLACE OF BUSINESS

Suite 19.01, Level 19
The Gardens North Tower
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur
Malaysia
Tel : 603-2685 6800
Fax : 603-2685 6999

STOCK EXCHANGE LISTING

Main Market of
Bursa Malaysia Securities Berhad

DATE OF LISTING

9 July 2002

CATEGORY

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

STOCK CODE

5142

STOCK NAME

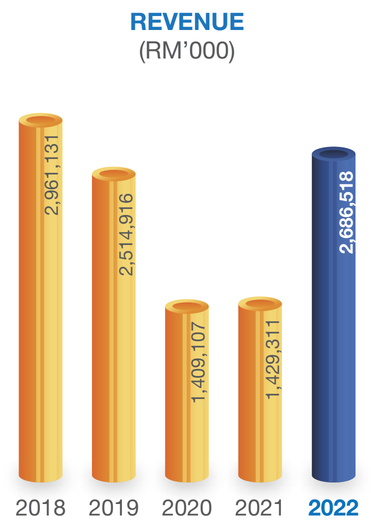
WASEONG

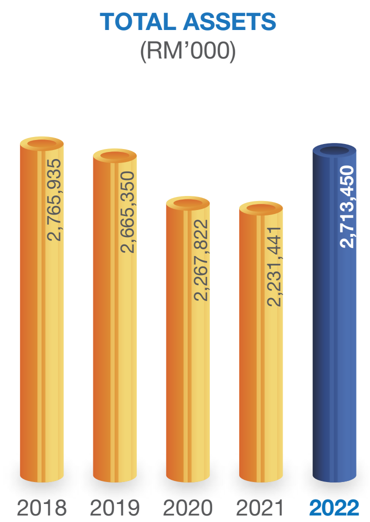
COMMITTEE	AUDIT COMMITTEE	NOMINATION COMMITTEE	REMUNERATION COMMITTEE
Chairman	Halim Bin Haji Din	Tan Sri Professor Lin See Yan	Tan Sri Saw Choo Boon
Member	Tan Sri Professor Lin See Yan	Halim Bin Haji Din	Halim Bin Haji Din
Member	Tan Jian Hong, Aaron	Tan Jian Hong, Aaron	Tan Sri Professor Lin See Yan
Member	Tan Sri Saw Choo Boon	Tan Sri Saw Choo Boon	

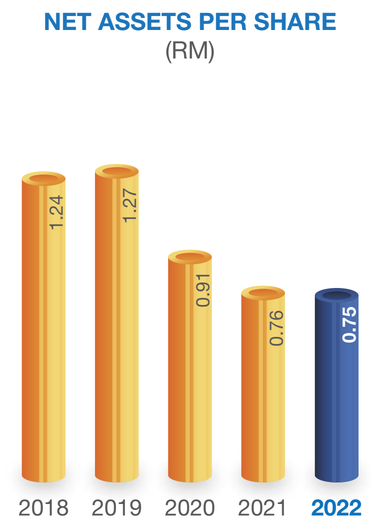
NOTE:
The composition of the respective Board Committees above are prior to the publication of this Annual Report and will be subject to changes thereto in due course.

FINANCIAL HIGHLIGHTS

		2018	2019	2020	2021	2022
OPERATING RESULTS						
Revenue	RM'000	2,961,131	2,514,916	1,409,107	1,429,311	**2,686,518**
EBITDA/(LBITDA)	RM'000	347,396	212,581	(118,078)	72,356	**216,531**
EBIT/(LBIT)	RM'000	139,341	55,222	(228,879)	(67,700)	**123,020**
Profit/(Loss) before tax	RM'000	107,088	5,562	(268,024)	(100,341)	**82,021**
Net profit/(loss)	RM'000	59,862	13,567	(306,702)	(111,949)	**43,130**
Net profit/(loss) attributable to owners of the Company	RM'000	64,797	24,136	(295,149)	(107,484)	**(6,300)**
KEY BALANCE SHEET DATA						
Total assets	RM'000	2,765,935	2,665,350	2,267,822	2,231,441	**2,713,450**
Paid-up capital	RM'000	547,690	547,690	547,690	547,690	**547,690**
Capital and reserves attributable to owners of the Company	RM'000	955,726	979,946	703,725	588,503	**579,994**
VALUATION						
Per share						
Basic earnings/(loss)	sen	8.39	3.13	(38.17)	(13.88)	**(0.81)**
Gross dividend						
- Cash dividend	sen	-	-	0.40	-	**-**
- Share dividend	sen	-	-	0.60	-	**-**
Net assets	RM	1.24	1.27	0.91	0.76	**0.75**
PROFITABILITY RATIOS						
Return on total assets	%	5	2	(10)	(3)	**5**
Return on capital employed	%	12	4	(26)	(9)	**12**
GEARING RATIO						
Net debt to capital and reserves attributable to owners of the Company	Times	0.64	0.82	0.91	0.87	**0.79**







CORPORATE CALENDAR

JANUARY

1 January

Wasco Engineering International Ltd ("WEIL"), an indirect wholly-owned subsidiary of WSC had commenced the operations and maintenance (O&M) for 8 compressor stations (30 compressor packages and process equipment) for Basrah Gas Company in Iraq. The scope includes O&M of the equipment, onsite training, support, repair, and upgrades with specific emphasis on hiring and training local talent.

30 January

PT. Wasco Engineering International ("PTWEI"), an indirect wholly-owned subsidiary of WSC had delivered another multi build substation project (4 substations) for a large industrial energy project that operates a terminal for the liquefaction, storage, and loading of liquefied natural gas (LNG) in the port of Kitimat, British Columbia, Canada.

FEBRUARY

18 February

WS Engineering & Fabrication Pte. Ltd. ("WSEF"), an indirect wholly owned subsidiary of WSC, was awarded the second call out order of EPC contract to supply 6 units of booster compressor packages to Thailand.

22 February

Wasco ISOAF S.R.L. and Wasco ISOAF TZ Limited, indirect subsidiaries of WSC was awarded US$254,098,391.09 (equivalent to approximately RM1,061,902,586) contract by East African Crude Oil Pipeline (EACOP) Ltd for the provision of line pipe thermal insulation services for the EACOP Project and Feeder Line located between the town of Kabaale in Uganda and the port of Tanga in Tanzania.

24 February

4QFY2021 Results Announcement.

MARCH

9 March

PTWEI was awarded the first project from the mining industry, an EPC contract to supply 6 substations to a new copper smelter plant in Gresik, East Jaya, Indonesia.

28 March

Syn Tai Hung Trading Sdn. Bhd., an indirect wholly-owned subsidiary of WSC has exercised the Put Option for the disposal of its 30% ordinary shareholdings in Spirolite (M) Sendirian Berhad to Lesso Malaysia Holdings Sdn. Bhd.

31 March

WEIL completed the delivery of SEPLAT's - SAPELE Integrated Gas Plant Projects (Supply of Pressure Vessels (10 Nos), Fuel Gas Skid, HM & Propane Fuel Gas Skid, Supply of Stabilized Condensate, Produced Water, High-Pressure and Low-Pressure Flare Knock Out Drum.

APRIL

29 April

Wasco Engineering Group Limited, an indirect wholly-owned subsidiary of WSC has entered into a Share Sale Agreement with MMA Offshore Asia Pte. Ltd. for the acquisition of 100% equity interests in WEGL Investments Pte. Ltd. (formerly known as MMA Offshore Holdings Pte. Ltd.) and WEGL Offshore Investments Pte. Ltd. (formerly known as MMA Offshore Investments Pte. Ltd.).

MAY

23 May

1QFY2022 Results Announcement.

26 May

WSC 22nd Annual General Meeting.

Jutasama Sdn. Bhd., a wholly-owned subsidiary of WSC has shipped out the world's largest oil splitting column from its private jetty in Teluk Panglima Garang. The splitter unit was delivered in two pieces and will be assembled on-site. This is one of the core process equipment pieces used in oleochemical plants to separate fatty acids and glycerine from oil.

JULY

7 July

WEIL completed the delivery, shipyard integration and pre-commissioning of BW Energy's Mobile Oil Production Unit, BWE MaBoMo. Wasco's scope included engineering, procurement and fabrication of top side process facility that was included in the overall conversion of a BW Energy's MODU to an Offshore Installation. The MOPU will accumulate and export hydrocarbon via a subsea insulated export pipeline to the FPSO Adolo for final processing, storage, and cargo offtake. Wasco would also undertake the commissioning, once the offshore drilling is completed.

WSC changed its Registered Address from 'Suite 19.01, Level 19, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur, Wilayah Persekutuan, Malaysia' to '59-7, The Boulevard, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur, Wilayah Persekutuan, Malaysia'.

AUGUST

25 August

2QFY2022 Results Announcement.

SEPTEMBER

16 September

WEIL delivered Gas Lift Reciprocating Compressor Module and VFD Package to BW Energy. This 270 tonne GLC with a capacity to process 8MMSCFD of gas will be installed on the Adolo FPSO with the objective of enhancing production of Ruche field in Gabon.

CORPORATE CALENDAR

OCTOBER

30 October

Wasco Coatings Middle East QFZ LLC, and indirect subsidiary of WSC had achieved 1,000,000 manhours without a Lost Time Incident.

NOVEMBER

21 November

MISB was awarded an EPCC job to supply, install, and integrate a 90-tonnes-per-hour gas-fired boiler into the existing process system of the largest sugar refinery plant in Malaysia. Once commissioned, the boiler will have one of the largest capacities among sugar refinery boilers in the region for its application.

23 November

3QFY2022 Results Announcement.

DECEMBER

1 December

Wasco Engineering Group Limited, an indirect wholly-owned subsidiary of WSC completed the acquisitions of the fabrication facilities with an upgraded load out capability of receiving ocean going vessels in Batam, Indonesia.

5 December

PTWEI celebrated exceptional safety performance with cumulative 30 million LTI free man-hours in Batam, Indonesia.

7 December

WSEF was awarded the US$127,089,115 (equivalent to RM557,654,328) contract by Yinson Azalea Production Pte. Ltd. for the supply of certain FPSO topside modules.

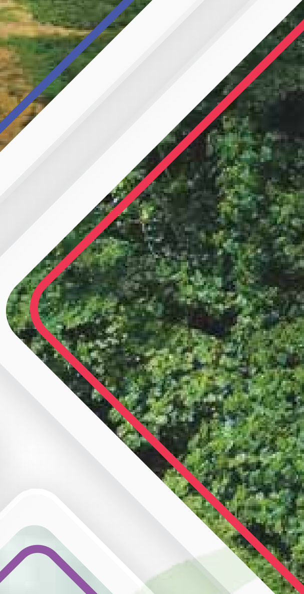
21 December

Wasco Pipeline services completed the Timi Project with 114,918 man-hours without LTI and was nominated for Shell Malaysia Safety Awards 2022.

Wasco Coatings UK Ltd, an indirect wholly-owned subsidiary of WSC had successfully completed the Porthos CCS Project for Gasunie in the Netherlands. The project is of notable importance as the first significant CCS project in North West Europe and cements Wasco's place as a one stop shop for anti-corrosion, insulation and concrete weight coating in Europe/UK.

31 December

Wasco Pipeline services completed the Barossa Gas Export Pipeline.



SUSTAINABILITY STATEMENT

ABOUT THIS STATEMENT

The Group recognises its responsibility to all stakeholders and is committed to reporting its social and environmental performance regularly and transparently.

This Sustainability Statement provides an overview of the Group's sustainability approach and 12-month performance from 1 January to 31 December 2022. It provides insight into how the Group manages its material sustainability risks, issues and opportunities to create economic, environmental and social value.

FRAMEWORK AND STANDARDS

This Sustainability Statement follows the Global Reporting Initiative ("GRI") Standards: Core Option. It is also closely aligned with the recommendations of other sustainability disclosure guidelines, including Bursa Malaysia's Sustainability Reporting Guide, FTSE4Good Bursa Malaysia ESG Index, the United Nations Sustainable Development Goals (UNSDGs) and the International Organization for Standardisation (ISO) 26000:2010 Guidance on Social Responsibility.

SUSTAINABILITY GOVERNANCE

Wah Seong Corporation Berhad ("WSC") has included Environmental, Social and Governance (ESG) factors as a strategic consideration in the decision-making process. Department heads are responsible for identifying, assessing and mitigating current and potential ESG risks.

The Board of Directors has the overall responsibility for sustainability and considers ESG matters in the Group's strategy development. ESG matters that affect value creation are included in the balanced scorecard, which helps set objectives, drive behaviours, measure performance and determine remuneration.

The Deputy Managing Director heads the Group's Sustainability Steering Committee with support from the Group Strategy Department and oversees the execution of WSC's sustainability strategy in day-to-day operations. The Chief Strategy Officer also sits on the Sustainability Steering Committee. Sustainability is on the agenda for these quarterly meetings.

REPORTING SCOPE AND BOUNDARIES

The scope of the Sustainability Statement for FY2022 covers the entire WSC organization and its subsidiaries.

WSC reports on an 'operational control' basis, focusing on subsidiaries, assets, offices and activities where WSC is the operator and has management control over policies and practices.

REPORTING APPROACH

This statement summarises the sustainability performance of WSC Group. In defining the content, WSC:

- Applied the GRI reporting principles of stakeholder inclusiveness, sustainability context, materiality and completeness; and
- Considered accuracy, balance, clarity, comparability, reliability and timeliness.

WSC developed the content according to defined material topics following a review of the overall sustainability risks and opportunities determined by macroeconomic analysis, sustainability trends, and senior management input. Stakeholders' views, concerns and key expectations also shaped the materiality assessment. This assessment helped the Group realign its sustainability strategy while ensuring the transparent coverage of critical topics.

Guided by the Malaysian Green Technology and Climate Change Corporation (MGTC), the GHG emission calculations and inventory framework include a boundary review, setting the baseline inventory and reviewing the GHG mitigation plan.

SUSTAINABILITY DATA AND DISCLOSURE

WSC has not externally assured the contents of this statement. However, the management and dedicated internal resources reviewed the completeness and accuracy of the data and information. The senior leadership team oversaw the statement's preparation, assembly, and drafting, complementing the significant data-collection resources to ensure accuracy.

SUSTAINABILITY STATEMENT FEEDBACK

WSC welcomes your feedback on this statement and how to improve our sustainability performance. Please send your comments or questions to Teoh Chuen Seng, Senior Manager ESG at chuenseng.teoh@wascoenergy.com.

SUSTAINABILITY ACROSS OUR OPERATIONS

WSC delivers sustainable value for all stakeholders safely, securely and in a socially responsible manner by:

- Reducing the environmental footprint through the life cycle developments; and
- Bringing social and economic benefits for people associated with business operations in line with WSC's shared values.

WSC integrates sustainability throughout the business on three levels.

In company operations
- running a safe, efficient and profitable business

For our customers
- meeting expectations and delivering our commitments

With communities
- sharing benefits wherever we operate and making positive contributions

SUSTAINABILITY POLICY

At WSC, sustainability is about delivering value for all our stakeholders in a responsible manner, balancing short and long-term interests that integrates economic, environment and social considerations into our business strategy. Wherever possible, we will implement and maintain accredited management systems for corporate sustainability to drive performance and improvement by focusing on our business processes, our culture, and our digital agenda – all underpinned by a strong governance structure.

To achieve these goals we will;

- Ensure that our safety values remain a top priority, ensuring that nobody gets hurt, no damage to property and no harm to the environment.
- Generate financial gains aligned to the needs of our stakeholders.
- Employ a diverse workforce and provide a work environment where everyone is treated fairly, with respect and can realise their full potential.
- Implement actions within our own business and other stakeholders to accelerate the transition to net-zero emissions.
- Manage our businesses efficiently through embracing digitalisation and innovation.
- Conduct our business in an ethical and transparent manner.
- Safeguard human rights within our sphere of influence.
- Contribute to the well-being of local communities wherever we operate.
- Periodically review our performance and implement appropriate actions for continuous improvement

In implementing this Policy, we will support and advance the United Nation's Sustainable Development Goals focusing our efforts on those that align with our aims in order to make the most impactful contribution.

We will engage with our employees, contractors, suppliers, customers, and business partners in sharing responsibility for meeting these goals.

OUR UNSDG ALIGNMENT

The 17 UNSDGs are at the core of the 2030 Agenda for Sustainable Development. The goals intend to end poverty, protect the planet and ensure prosperity for all. WSC is aligned with the UNSDGs and committed to contributing to their framework to enhance sustainable initiatives. The Group also calls on all its partners across the business to collaborate on achieving these goals.

While our activities touch on nine of the seventeen goals, we have identified four UNSDGs that impact our sustainability strategy where we can make the most contributions in these areas.

Goals	Our Commitment	Progress and Achievements
3 GOOD HEALTH AND WELL-BEING	• Provide a safe and healthy workplace for our employees and contractors by embracing internationally recognised HSE Management Systems, namely ISO 45001:2018 for Health & Safety and ISO 14001:2015 for the environment. • Achieve Zero Lost-time Incidents (LTI).	• All sites in the organisation either have been or are being certified with the ISO 45001:2018 for Health & Safety and ISO 14001:2015 for the Environment. • On-going implementation of i-Start initiative to enable a safety culture transformation. • Tracking leading and lagging KPIs and taking action for continuous improvement. • Performing periodic inspections, audits, and safety observations which addresses gaps and prevents incidents. • Launched Digital Care Card initiative, digitalising analysis of safety observations and providing insights on potential safety issues.
5 GENDER EQUALITY	• Establish policies to promote gender equality in recruitment, compensation, training, promotion and work-life balance. • Eliminate sexual harassment, violence, discrimination and other harmful practices against women in the workplace.	• 22% of Board of Directors are female.* • Clearly articulating statements on equal opportunity and non-discrimination in the Principles of Business Conduct and Human Rights Statement. ** Status as of April 2023.*
8 DECENT WORK AND ECONOMIC GROWTH	• Develop a high performing entrepreneurial culture (culture of curiosity) in the Company where all employees give their best. • Develop leaders at all levels of the Company and create a learning and coaching mindset amongst all employees.	• Talent development through periodic training and digital learning. • High retention of Senior Management. • Annual performance appraisals for compensation and promotion.
13 CLIMATE ACTION	• Reduce emissions by improving energy efficiency, transitioning to renewable energy such as solar power and offsetting residual emissions through in-house programmes such as tree planting.	• Tracking, analysis and reporting of Group greenhouse gas emissions (GHG) using digital dashboard developed internally. • Completed planting 160,000 trees as part of a carbon sequestration programme. • Subscribed to 500,000 kWH/month Green Energy Tariff by TNB.

STAKEHOLDER ENGAGEMENT

Long-term business success depends mainly on understanding and addressing stakeholders' expectations. WSC engages with various stakeholder groups, including employees, customers, shareholders and investors, regulators and authorities, vendors, suppliers and the media. We continually seek opportunities to speak with stakeholders, understand their viewpoints and talk transparently about the business. The table below summarises WSC's approach to stakeholder engagement.

Stakeholder	Engagement Platform	Areas of Interest	Our Commitment
Employees	• Workplace meetings and employee briefings • Intranet and bulletins • Townhall meetings • Employee surveys • MyGoals performance reviews	• Equal opportunities • Diversity • Career progression • Benefits and rewards	Our employees are key to our innovation-driven culture and we are committed to nurturing their talent.
Customers	• Quality Certification Audits • Regulatory Site Visits and Audits • Social Media • Official Website • Marketing Events • Customer Satisfaction Surveys	• Business growth • Risks and challenges • Customer privacy • Target, quality and delivery	We reinvent technology, create new approaches and conceive end-to-end solutions for greater efficiency and capabilities.
Shareholders & Investors	• Annual and Quarterly Reports • Annual and Quarterly Results Briefings • Annual General Meeting ("AGM") • Extraordinary General Meeting ("EGM") • Announcements on Bursa Malaysia • Investor relations section of the Company's website • Press release and coverage	• Long-term profitability • Sustainability matters • Company's performance • Compliance	We are committed to delivering economic value to our capital providers through a robust financial performance.
Regulators & Authorities	• Emails/letters • Dialogues with the authorities • Workshops and training organised by the relevant regulatory authorities	• Compliance • Reducing the impact on operations	We have established sustainability governance to manage risk, ensure compliance and always operate with integrity.
Vendors/ Suppliers	• Negotiations with vendors/suppliers • Supplier periodical performance evaluation • New vendor evaluation and registration	• Fair procurement • Sustainable supply chain management • Long-term relationships	We maintain two-way relationships with suppliers who follow our supplier code of conduct.
Media	• Ongoing engagement sessions and interviews • AGM and EGM • Press release and coverage • Press conference	• Company's performance and outlook • Business risks • Sustainability matters	We continue to make the greatest possible difference through transparent and active engagement with media partners and interest groups.

MATERIALITY

WSC commissioned an external consultant to conduct a materiality assessment. The Group appointed an impartial, external party to protect the anonymity of the respondents. This assessment is essential to the Group as it responds to the ESG issues, risks and opportunities seen in emerging global and local trends, fundamental stakeholder interest, industry best-practice and WSC's overall corporate context.

Stakeholder Groups Participating in the Survey

The survey asked stakeholder representatives to rate the importance they placed on 18 areas of sustainability.

We asked respondents to indicate how important each criterion was on a scale of 'very unimportant' (1) to 'very important' (5). We employed a 5-point Likert Symmetric Scale so respondents could specify their level of agreement with (3) being neutral.

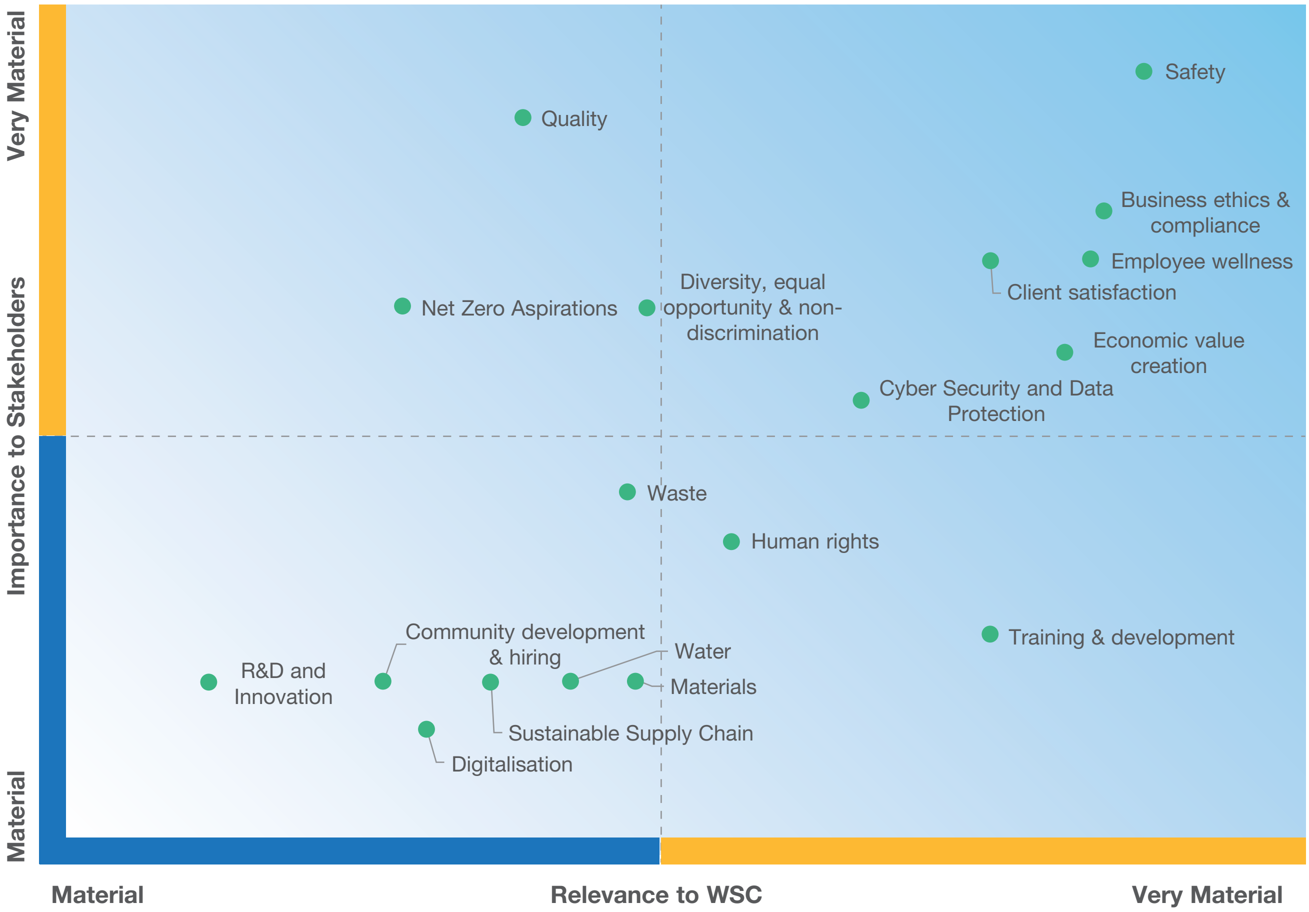
We discovered a natural skew in the results as each stakeholder group was not represented equally. Unsurprisingly, we received the most responses from our employees and the fewest from Regulators & Authorities and Media.

We calculated an average score for all areas within each stakeholder group to rectify the sample imbalance. An average rating from all eight stakeholder groups was then obtained.

We also asked eight members of our senior management team to complete the survey. Their views represented WSC.

The Results

Scores over 3 were considered of medium importance. Stakeholder scores ranged from 3.92 to 5.00; WSC's Management between 4.02 and 4.71, indicating that all issues were material to some degree. A material to very material scale was adopted as even the lowest scores fell into the important category. The matrix is presented in the following diagram.



ECONOMIC

At WSC, we take responsibility to power global and local economies seriously. We are a critical part of the world's energy infrastructure, and we believe in lowering barriers to clean, affordable energy for everyone, everywhere.

In 2022, our Group generated a direct economic value of RM2.69 Billion in revenue. Our economic impact also extends to our role as a global employer. At the end of 2022, we employed approximately 3,865 employees and offered fair and competitive wages and benefits. Developing a diverse global workforce helps bring innovative and sustainable solutions to the market, which is the future of the energy sector.

SUPPORTING SUSTAINABLE ECONOMIC GROWTH AND DEVELOPMENT THROUGH OUR OPERATIONS

The Group operates globally, providing comprehensive technical services primarily to the energy industry worldwide. Our operations also contribute to the advancement of other industries such as marine construction and agro industry.

Pipeline Services

- WSC is a global operator providing a full range of coating services for both onshore and offshore pipelines. Our capabilities in pipe manufacturing, pipe coating and offshore corrosion control stems from a collective expertise of our extensive global facilities spanning Asia, West Africa, the Middle East, Europe and the United States.

Engineering and Fabrication Services

- WSC provides an all-encompassing solution covering engineering design, procurement, packaging, general fabrication, installation, commissioning as well as operation and maintenance (O&M) services of offshore and onshore modules.

Renewable Energy

- WSC is a leading process and power generation solution provider with a strong track record servicing various industries across the world.

Industrial Trading & Services

- WSC is a supplier and service provider to regional infrastructure and construction sectors. Our core activities are the distribution of building materials and industrial equipment in Malaysia primarily, while present also in fast growing regional economies such as Myanmar and Cambodia.

PARTICIPATING IN INDUSTRY ORGANISATIONS

WSC proactively engages with other leading companies and organisations to help advance standards, share best practices, activate stakeholders, and create a sustainable economy. WSC continues to work with leading organisations, namely the Malaysian Oil & Gas Services Council (MOGSC), the largest national-level independent industry association promoted and driven by the services sector of the Malaysian Oil & Gas Industry.

RESPONSIBLE PROCUREMENT

We strive to improve our supply chain's social and ethical footprint and work with suppliers that share our values. We expect our suppliers to comply with all applicable laws and demonstrate that they have the attributes set out in our Principles of Business Conduct.

We recognise the opportunity to positively impact communities by making balanced choices about sourcing the required goods and services for business operations. Our responsible procurement plan focuses on four key areas:

- Upholding ethical treatment of workers
- Supporting local businesses
- Encouraging participation
- Assessing supply chain risk management

We conduct quantitative and qualitative assessments of Suppliers Approved Vendor List. Our selection is based on Major and Minor Vendors categories. We examine their performance to mitigate risks and drive improvement during the review. We notify poor performing suppliers and provide corrective action or improvements. The vendor may be suspended or removed from the Approved Vendor List if they do not take the requested action or make the necessary improvements.

INTEGRITY, COMPLIANCE, ASSURANCE AND REPORTING CONCERNS

Ensuring integrity and compliance is a foundational element of our culture and a business priority. We set high expectations outlined in our Principles of Business Conduct. One of the Company's values emphasises acting with integrity and remaining professional and accountable while operating openly and transparently.

Anti-Bribery and Corruption

Integrity is a fundamental business philosophy and is deeply rooted in the corporate culture. WSC adopted a zero-tolerance approach against all forms of bribery and corruption, such as fraud and illegal kickbacks. WSC's Anti-Bribery and Corruption Policy ("ABC Policy") communicates its comprehensive anti-corruption stand. The ABC Policy evidences a proactive commitment to addressing and mitigating corruption risks, including bribery, fraud, and other corrupt acts. WSC introduced the Anti-Bribery and Corruption Policy as part of its Anti-Bribery Management System ("ABMS"), which aligns with the requirements set out in ISO 37001:2016. Endorsed by the Board of Directors, the ABC fulfils the provisions in the Guidelines on Adequate Procedures to Section 17A (5) of the Malaysian Anti-Corruption Commission Act 2009 ("MACCA").

Coverage of ABC

Directors	**Employees**	**Vendors**	**Contractors**	**Sub-contractors**
Consultants	**Agents**	**Representatives**	**Tenants**	**Business associates** (including joint venture and consortium partners)

Other intermediaries performing works or services, for and on-behalf of WSC

All board members and employees have accepted the Company's ABC Policy. They have also completed anti-corruption education and training, including bribery. Employees found to have been involved in bribery are subject to disciplinary action that can lead to termination. Heads of departments and sections must ensure that all employees adhere to the ABC Policy.

The Board of Directors oversees our compliance with anti-corruption policies, including bribery. Every employee is responsible for preventing and reporting instances of corruption, bribery, suspicious activity or wrongdoing which may lead to bribery using our whistleblowing channels.

WSC received no penalties due to ethical conduct breaches such as corruption during the year.

A keen understanding of corruption risk exposure is the foundation of an effective anti-corruption compliance programme. Corruption risks, including bribery, are important elements in WSC's risk register. This keen understanding helps the Group design effective mitigation strategies and strategically deploy resources to combat potential bribery, corruption and fraud, especially for high-risk operations.

Communicating our firm position on anti-corruption and anti-bribery to all stakeholders

- Employees receive a copy of the Employee Handbook, which includes the ABC policy.
- Each employee must sign and return an acknowledgment form to confirm their understanding of the Company's ABC Policy.
- Employees are reminded of our firm opposition to corruption via Company communication and training via iLearn.
- The ABC policy is also communicated to suppliers, contractors, subcontractors, agents, joint venture companies and third parties.

All contractors, subcontractors and third parties are subject to corruption and bribery risk assessments and must declare they are not involved in any misconduct or corrupt, unethical and illegal behaviour. WSC communicates its anti-corruption policy clearly to these intermediaries. The Group also screens new and existing business partners for corruption and bribery, which is part of due diligence in WSC's compliance requirements.

Business books and records reflect all business dealings accurately and transparently. WSC introduced monitoring and enforcement procedures to ensure compliance with anti-corruption laws in Malaysia. WSC did not make any political contributions in 2022.

No major disciplinary cases were reported for corrupt practices that resulted in employees' dismissal. We have received zero fines and penalties from the authorities during the recent years and reporting period, which demonstrates the effectiveness of our stringent anti-corruption policies and practices.

WHISTLEBLOWING

WSC's whistleblowing policy applies to all employees and external parties who have business relationships with the Group. Our Whistleblowing Policy is aligned with the ISO37001:2016 Clause 8.9 Raising Concern. Individuals raising concerns or reporting possible violations of the Code of Conduct in good faith are:

- Protected from any forms of retaliation; and
- Treated with the utmost confidentiality.

Whistle-blowers are encouraged to raise their concerns with their immediate superior. If this is not possible or appropriate for any reason, they may write to WSC's Managing Director, Chan Cheu Leong or AC Chairman confidentially. Senior officers have been trained to handle these reports, corruption, bullying, harassment, bribery, financial irregularity and other offences.

SUSTAINABILITY STATEMENT

ENVIRONMENTAL

WSC's commitment to practising environmental sustainability is a continuous process. We align our environmental policy and practices with environmental laws and legislations, including strategies to prevent pollution, minimise waste and conserve natural resources where we operate. We received no environmental fines and penalties during the year.

WSC is committed to providing high-quality services that protect and improve the environment. 56% of our Environmental Management System is ISO14001 certified as of 2022.

The team works closely with clients, contractors, the community, industry, and the State and Federal Governments to establish procedures so employees can positively contribute to innovative and cost-effective environmental outcomes.

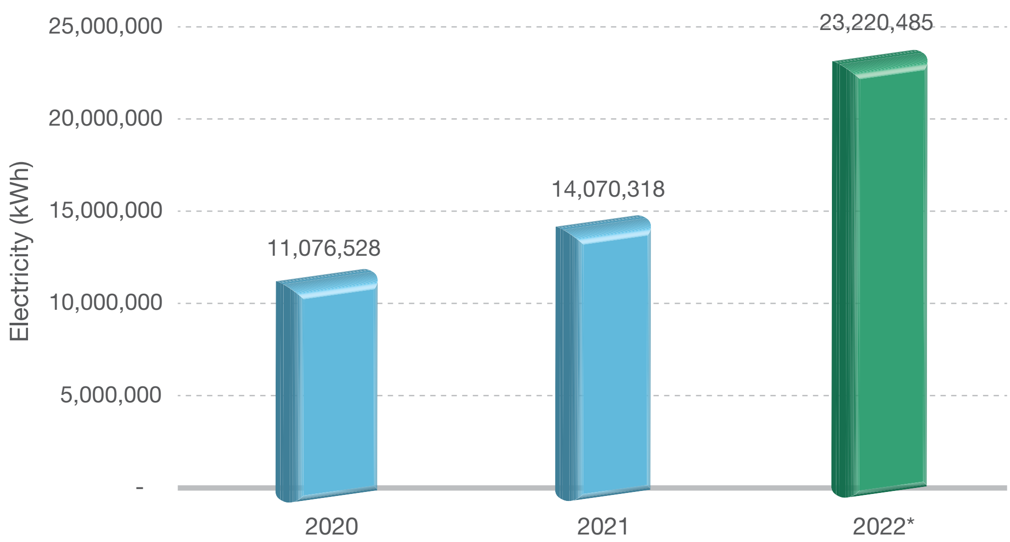
WSC's Environmental Commitment	Continually improve our awareness and management of environmental risks and avoid, reduce and control pollution from our operations
	Promote the open exchange of environmental information with our customers, suppliers and the community to improve environmental awareness and to obtain feedback on or environmental performance
	Identify and comply with environmental legislation, regulation and license standards for all our operations and environmentally relevant activities
	Promote waste minimisation, carbon reduction and energy management within our day-to-day operations

ENERGY MANAGEMENT

WSC is committed to addressing energy use and efficiency by:

- Adhering to relevant legislation and regulations concerning energy
- Training, improving and promoting energy efficiency by implementing effective energy management programmes throughout the organisation
- Communicating with employees, government agencies and the community on energy management
- Identifying, implementing and developing measurable targets for energy conservation projects
- Conserving energy resources through best practices and integrating energy management in business activities

Our Group-wide energy consumption for the past three years is presented below.



Note: Data for 2022 encompasses all entities in WSC. Data for 2020 and 2021 were scoped to WSC's Energy Solutions Services Division only.

GHG EMISSIONS MANAGEMENT

Climate change remains one of the most significant challenges facing society. As a leading service provider, embedding the climate transition in our strategy is key to delivering our mission.

We unequivocally support the United Nations Framework Convention on Climate Change and the Paris Agreement and measures to progressively reduce global emissions, including the aim to limit the world's temperature increase to 1.5°C above pre-industrial levels.

In an effort to reduce our emissions impact, we are currently updating our emissions reduction targets to be consistent with a 1.5°C pathway. We aim to achieve net-zero Scope 1 and Scope 2 emissions by 2026.

Scope	Principal Means of Emissions Reduction	Initiatives identified and implemented	Expected emissions reduction by 5%
Scope 1 **Coverage: entire Group (100%)** • **Stationary combustion** • **Company-owned vehicles** • **Refrigerant leakage** • **Fire suppression** • **Welding**	Reducing waste, improving energy efficiency and using lower-carbon fuels	• Using natural gas for all burners • Minimising the use of LPG • The "Benefit of Walking" Campaign encourages personnel to walk instead of using vehicles • Switching off vehicle engines when idle for more than 10 minutes • Optimising fuel use by periodically maintaining and servicing the plant and equipment • Discontinuing portable CO_2 fire extinguishers except for the IT server room, powder booth and internal paint booth • Using Euro 6 standard vehicles, which are energy efficient and limit harmful exhaust emissions • Phasing out use of diesel fuelled compressors and power generators in all operations • Using arc welding	5% per year for five years
Scope 2 **Coverage: entire Group (100%)** **- Purchased electricity**	Increasing energy efficiency and using electricity from renewable sources	• Energy Saving Awareness Campaign • Using hibernation features for all computers • Installing timers/sensors for lighting, air conditioners, hydraulic power packs and blowers • Replacing malfunctioning bulbs with LED lights • Installing solar power system	30%

Our Journey Towards Operational Net Zero Emissions

2012
- GHG Gas Emissions verified by Bureau Veritas

2013
- Capacity building, tracking and reporting of emissions

2014
- Inclusion of carbon footprint reduction commitment in the Corporate Sustainability Policy

2019
- Corporate Sustainability reiterates commitment on emissions reduction in line with Goal 13 of the UNSDG - Climate Action
- Implementation of the Group Emissions Reduction Plan

2021
- Launching of Operational Net Zero Emissions Plan with target set for 2026

2022
- Continued implementation of Group's Emissions Reduction Plan

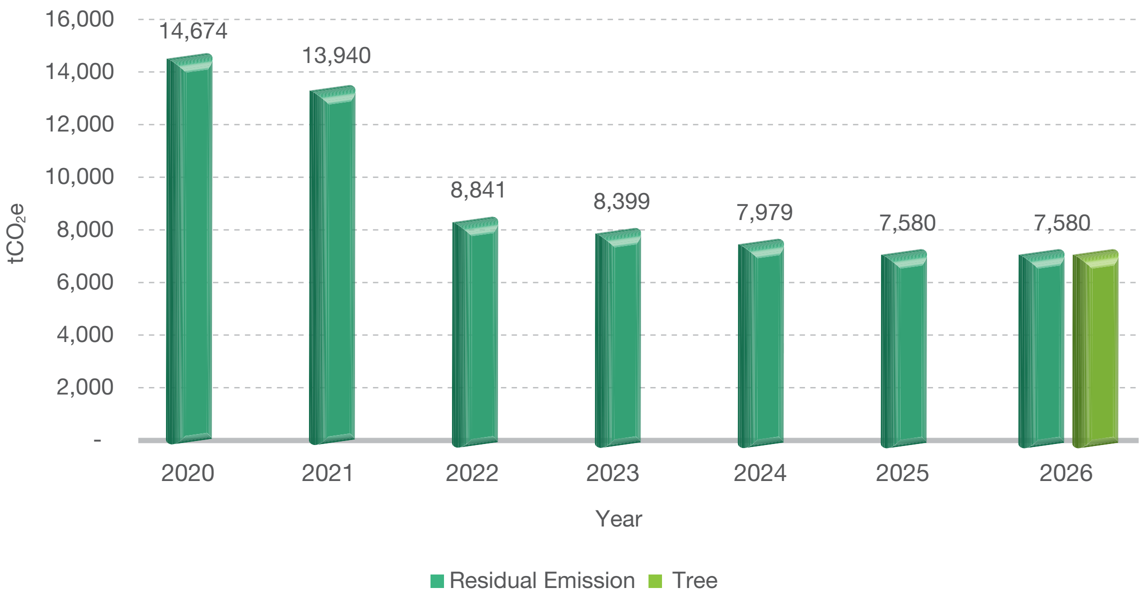
FORESTS CAN'T HANDLE CARBON ON THEIR OWN

Facts: *Nature has received significant attention for its ability to remove carbon dioxide from the atmosphere and store it in the biosphere, such as in soils, grasslands, trees and mangroves, via photosynthesis. It is also a source of carbon dioxide emissions through deforestation, land and ecosystem degradation and agricultural practices. However, the right changes to land management practices can reduce emissions and improve carbon storage.*

Solutions: *Net-zero emissions pledges to protect the climate are coming fast and furious. We rely heavily on planting trees as it is the most significant and cost-effective way to remove CO_2 from the atmosphere to tackle the climate crisis. Net-zero proposals count on finding ways for these trees to take up more carbon than they already absorb.*

In 2022, WSC completed our first tree planting programme which commenced in 2021. According to our calculations using 2020 emissions as baseline, we must plant approximately 113,700 trees to absorb 7,580 CO_2e tonnes of residual emissions to achieve operational net-zero emissions by 2026, based on the assumption of 15 trees absorbing one tonne of carbon dioxide.

Getting to Operational Net Zero Emissions



MANAGING CLIMATE CHANGE RISKS AND OPPORTUNITIES

WSC's commitment to producing in a way that helps protect people, the environment and the communities where it operates includes mitigating the risks of climate change. We recognise the devastating effects and associated short- and long-term business risks that climate change presents. WSC has a solid commitment to addressing these issues and avoiding the impact of climate change by improving the efficiency of operations. Our climate change strategy includes working with employees and supply chain partners on energy-saving processes and a complete climate change risk assessment.

Our management team, overseen by the Chief Strategy Officer, devises strategies to manage and minimise our environmental footprint. Progress reports and proposals on energy management, climate change and pollution reduction, supported by financial indicators and Return on Investment (ROI) calculations, are presented to the Sustainability Steering Committee.

In 2022, strategic topics included a deep dive on decarbonisation, emerging business models in the electricity transition and emerging climate-related risks. Climate change risk is reviewed explicitly by Senior Management.

Climate-related risks and opportunities are identified, assessed and managed using WSC's Risk Management Framework in the same way as all other risks. The Board and senior management consider, review and monitor climate-related risks and opportunities as part of our strategic planning process, investment decisions, and regular financial and operational performance reviews throughout the year.

Risk	Opportunities
Climate change related disclosures and regulations that could impact our regulatory reporting.	Effective management of climate change risks results in less wastages and contribute to overall cost savings for the Group.
Reallocation of capital to green investments by financial institutions impacts business funding.	Positive differentiation in the market for long-term value creation for the benefit of stakeholders.

WSC has integrated climate-related risk management into the company-wide risk scorecard. It is part of the foundation in formulating our business strategy, deciding on future R&D as well as technology investments. WSC's climate risk management process includes mitigation efforts to reduce greenhouse emissions from our operations, climate engineering and increasing knowledge of climate systems.

In 2022, we invested on:

- Mitigating climate change, including planting 130,000 trees in Maran, Pahang;
- Third party verification of our GHG Inventory; and
- Subscription to TNB's Green Electricity Tariff (GET) programme.

Inevitably, climate change impacts operating expenses (OPEX) and capital expenditure (CAPEX), which increases product prices. Climate change reduces efficiencies and increases OPEX. CAPEX is needed to retrofit existing assets to cope with new climatic conditions.

We are committed to addressing the issue of climate change and improving efficiency through adaptation by adopting new and green technology in developments and implementing fuel efficiency measures. Specifically, we have adopted a tracking system for emissions, energy use, water use and waste in our manufacturing.

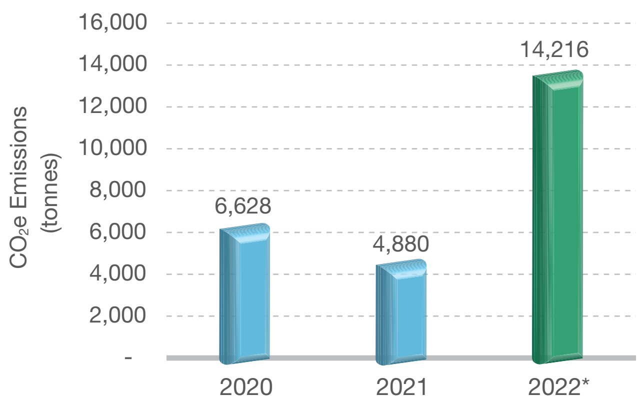
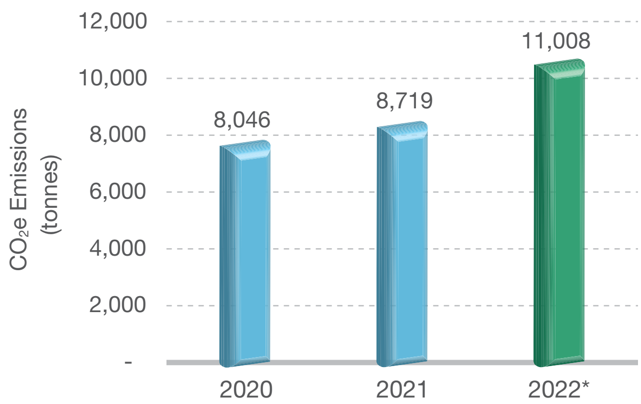
WSC is an active member of the Malaysian Oil & Gas Services Council (MOGSC) and continues to address climate-related issues, specifically how it affects the Energy sector. Our role and involvement in this membership include:

- Identifying pressing environmental issues in climate change, water and waste; and
- Collaborating on solutions that drive improvement within WSC and its supply chains.

We contribute to driving change management through knowledge and information sharing, especially public policy and regulation. The Council also examines various opportunities, such as hydrogen technology.

We continue to ensure consistency between our climate change policy and the position we advocate at trade associations of which we are members. When opinions contradict, we respond by identifying gaps and initiating a process that alerts the Group to new areas of good business practice.

Consolidation method in carbon footprint calculation	Operational
Organisational boundary in carbon footprint calculation	Accounts for 100% of GHG emissions where WSC has the authority to implement operational policies
Independent verification of operational GHG data	Our process in calculating and measuring GHG is guided and verified by the MGTC.

Scope 1 **Coverage: entire Group (100%)**	CO_2e emissions from the consumption of fuel were derived from the emission factor published by the IPCC Guidelines for National Greenhouse Gas Inventories.	
Scope 2 **Coverage: entire Group (100%)**	CO_2e emissions from electricity use: • Emissions were derived from specific emission factor published by the relevant national government bodies.	

Note: Data for 2022 encompasses all entities in WSC. Data for 2020 and 2021 were scoped to WSC's Energy Solutions Services Division only.

We have considered the effects of decarbonisation on the value of our assets over the short, medium and long term and recognise the importance of considering climate-related impacts and opportunities across our business. WSC's key strategic priority is the transition to a low-emissions energy sector.

We actively monitor the latest global climate change science published by leading international organisations to help assess potential risks and opportunities for our portfolio. We seek to manage our portfolio to be resilient to adapt to a fast-moving energy transition and the increasing expectations of our stakeholders.

We are continuously improving how we identify, assess, manage and govern climate-related risks and opportunities for our business.

Emissions Intensity

Total GHG emissions do not necessarily reflect efficiency as they do not consider changes in output. WSC expresses its emissions intensity as the tonnes of CO_2e produced by 1,000 man-hours.

Year	2022*	2021	2020
Total Emission (tCO_2e)	25,225	13,599	14,674
Total Man-hours	10,985,154	5,938,644	3,038,508
tCO_2e/Man-hours (1,000)	2.30	2.29	4.83

Note: Data for 2022 encompasses all entities in WSC. Data for 2020 and 2021 were scoped to WSC's Energy Solutions Services only.

POLLUTION PREVENTION AND CONTROL

WSC is committed to addressing pollution by taking the following measures to reduce and avoid pollution impacts. They include:

- Identifying resources and the generation of all types of waste;
- Avoiding their impact and improving efficiency;
- Examining our water and energy performance;
- Reducing or eliminating pollution at its source; and
- Modifying production, maintenance and facility processes, materials substitution, conservation, recycling and reusing materials where applicable.

PRESERVING BIODIVERSITY

We strive to operate responsibly and protect biodiversity where we work worldwide. As part of our commitment to the UNSDGs, we commit to net positive biodiversity impact by exploring our impacts on biodiversity, protected areas and areas of significant biological value at our operational sites. We are focused on minimising biodiversity impact and our environmental footprint, preserving natural habitats and protecting and restoring ecosystems through nature-based projects.

We conduct formal biodiversity risks assessment on existing operations and potential new operations and projects. Before commencing a project, we perform a detailed Environmental Impact Assessment (EIA) to study the potential impact of our operations on habitats and ecological functions. The EIA also helps the Company to formulate risk mitigation approaches. As example, biodiversity risks are continuously monitored at our new site in Tanzania.

WASTE

WSC is responsible for conducting business without any detrimental effects on the environment. We comply with all applicable and prevailing laws and industry standards on waste management, adopting products, systems, and work practices that minimise or reduce the impact of waste whilst improving efficiency by increasing the potential for reuse and recycling of resources.

The Group's Waste Management Procedure sets out the following expectations:

- Efficient resource use to minimise the impact of pollution.
- Waste generation should be minimised at its source whenever possible.
- Finding alternative means for waste disposal by adopting cleaner and sustainable technology.
- Meeting all legal requirements on waste handling and disposal.

Our waste handling process for every type of waste disposed from our operations is presented below.

Sewage and Greywater	• Sewage and greywater are collected in designated tanks, supplied and plumbed, and attached to ablution and lunchroom facilities. • Tanks are emptied regularly by an authorised contractor.
Scrap metal	• Scrap metal, including copper, is collected in a scrap metal skip. • Scrap metal is collected or replaced by a contractor as appropriate.
General Waste	• Scrap timber and large general waste items are collected in a general waste skip. • Smaller or lighter general waste items, waste paper and food waste are collected in local, lined bins. Waste is fully contained and tied with suitable garbage bags upon emptying before being placed in the general waste skip to prevent it from being blown by the wind. • The general waste skip is emptied by a contractor as appropriate.
Recyclable containers	• Aluminium cans and plastic bottles are deposited in a designated recycling bin for donation.
Waste paint	• Waste paint is fully hardened in its original container and disposed of as per SDS requirements, such as general waste or by an authorised contractor.
Oily rags	• Oily rags are stored in a designated oily rag receptacle. • Maintenance operations have processes to dispose of oily rags.
Hydrotest water	• Hydrotest water is collected. • The greywater system can dispose of untreated test water of fewer than 100 litres. Operations confirm greywater can handle the volume at the time of disposal. Third parties may dispose of it if the site cannot handle the additional volume.
Waste Condensate	• An authorised contractor collects condensate waste in suitable containers for transport and disposal. • We provide a bundled storage area for waste containers awaiting collection.
Waste Amine	• An authorised contractor collects amine waste in suitable containers for transport and disposal. • We provide a suitable, bundled storage area for waste containers awaiting collection.
Soil/spoil	• A civil contractor removes soil and spoil from the site, transporting them for disposal at an authorised facility.
Waste concrete	• A civil contractor removes waste concrete from the site, transporting them for disposal at an authorised facility.
Contaminate soil	• Contaminated soil, where it arises, is removed and stockpiled for disposal at a suitably licensed facility.

NOISE BOUNDARY MONITORING

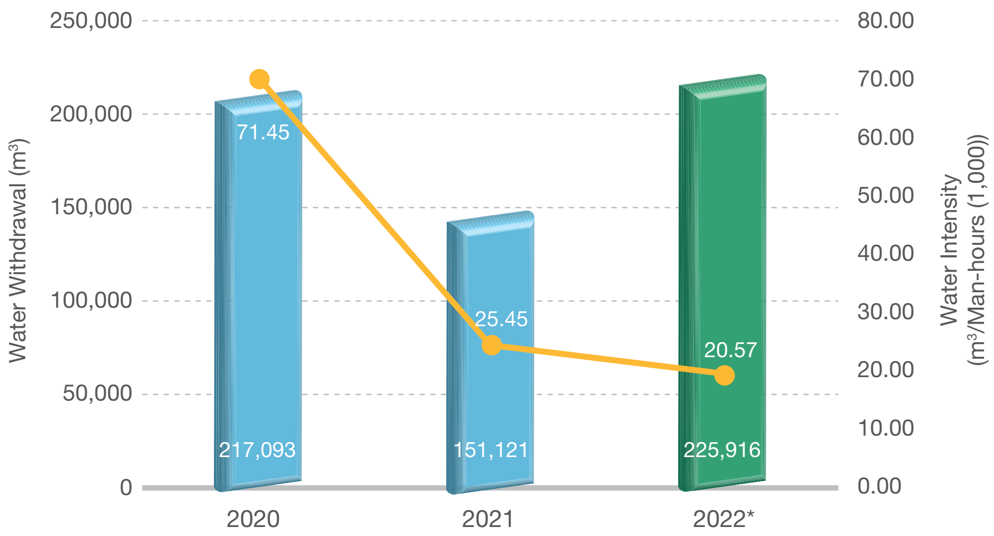
The noise produced during the construction, operations and decommissioning of large infrastructure projects can potentially impact nearby noise-sensitive receptors. The Group complies with the Environmental Quality Act 1974. We also conduct boundary noise monitoring at a few points along the perimeter of our operations to align with approval conditions of Environmental Impact Assessments (EIA). In 2022, all noise levels were within 65 dBA, the level stipulated by the Department of Environment.

CONSERVING WATER RESOURCES

We carefully manage the use of fresh water in our operations and the impact of our projects on water resources in the surrounding areas. We aim to use alternatives such as recycled water to reduce water use and improve its efficiency. We have a range of processes that evaluate and help us manage risks associated with our water use. These processes focus on considering water conservation and efficiency in critical decisions and striving to conserve, reuse and recycle. The Group is also working on establishing appropriate metrics to report water use. WSC has one operation in water-stressed regions. We make every effort to manage this resource efficiently and minimise water use at all sites.

In each site we have our HSE Management Plan, which includes a Water Management Procedure. This procedure outlines appropriate water control and monitoring measures for water management in the localities that we operate in, with reference to relevant local regulations and applicable legal requirements. Some examples of site level water reduction measures include water recycling, rainwater harvesting and reusing process water used in plant operation where possible. There has been no incidence of violations of water quality standards during this reporting period.

Water Withdrawal and Intensity (100% of Operations)



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SOCIETY

WSC's community investment principles are aligned with the focus area of building the well-being and development of local communities. Closer alignment of the business strategy and community investment produces better outcomes for the company and local communities. Community investment focuses on a well-defined purpose of achieving transformation for the better.

EDUCATIONAL ASSISTANCE

WSC is committed to providing long-term benefits by helping develop the community's reservoir of knowledge. WSC's Foundation, Yayasan Wah Seong, offers scholarships for full time first degree courses in Malaysian public universities. In 2022, Yayasan Wah Seong helped 5 scholars.

A PLACE FOR PEOPLE

We provide comprehensive compensation, benefits, tools and benefits to foster success and career growth for all employees. We align our labour standards with the International Labour Organisation (ILO) goal of promoting decent work.

Stringent yet fair employment standards and practices are stipulated in the Principles of Business Conduct. Our stance is communicated to all employees in English as it is the most commonly used business language. This document is translated into other languages such as Bahasa Malaysia where necessary.

Periodically, WSC participates in workshops or industry/topic-specific collaboration projects that provide industry solutions that improve labour standards in Malaysia. As part of our risk assessment procedure, we regularly review the labour standards of existing and potential business and supply chain partners as part of due diligence. All parties are familiarised with our Principles of Business Conduct from time to time. There were no instances of non-compliance with labour standards during this reporting period.

COMPETITIVE BENEFITS

Our competitive benefits packages provide comprehensive health and wellness resources consistent with the Employment Act 1955 and additional benefits at our discretion. WSC also provides leaves of absence for several quality-of-life needs, including personal, maternity and paternity leave.

We understand that the pandemic has brought many uncertainties and challenges to every individual. We kept our promise that there would be no layoffs or pay cuts resulting from the crisis.

LEARNING AND DEVELOPMENT

The Group invests in its people by enhancing their competencies and skills to improve work performance and results; and motivate and reward employees.

WSC encourages its people to upskill their knowledge by investing in training and development. Employees can apply for training and supervisors also identify training and development where necessary to improve the employees' skill and competence in accordance to established training matrix.

The Group also offers graduate placement and internship programmes to build future generation of leaders and address youth unemployment.

EMPLOYEE ENGAGEMENT

Employee engagement plays a vital role in boosting employees' motivation and morale. WSC engages in regular dialogue physically and virtually to update employees on group developments. Close group engagement activities at the departmental level strengthened team members' bonds and addressed human resource-related matters.

OCCUPATIONAL HEALTH AND SAFETY

WSC prioritizes a safe and healthy workplace for employees, contractors and other stakeholders while protecting the environment.

WSC's health and safety policy applies to all contractors and other stakeholders present on its premises. The management is committed to continuous improvement and compliance with OHSA 1994, FMA 1967, EQA 1974 and other applicable acts, legislations, orders, rules, codes of practices and other requirements to which WSC subscribes.

We are pleased to report no Lost Time Incidents (LTIs) or health & safety incidents that have led to fatalities recorded in 2022. We are committed to continuous improvement to providing a safe working environment and maintaining people's health and well-being. For FY2023, we continue to strive for ZERO injuries and fatalities at our operations.

Our Total Recordable Incident Frequency (TRIF) in 2022 was 0.58. This is 32% below the industry average as reported by the International Association of Oil & Gas Producers (IOGP) in their "IOGP Safety Performance Indicators – 2021 data".

WSC's commitment to health and safety:

- ✓ Increased awareness of health and safety among employees
- ✓ Reduced number of work accidents and their severity
- ✓ Zero occupational illnesses
- ✓ Reduced stress
- ✓ Enhanced well-being

2022 Highlights

- 58,738,291 Incident Free Man-hours Worked since the last LTI.
- Continued implementation of i-Start program to enable a safety culture transformation.
- Launched digital safety observation initiative, the Care Card Advance Analytics project.

Stringent health and safety standards help prevent hazards and incidents for all employees. As much of our work involves high-risk construction, we strictly follow the Safe Work Method Statement (SWMS), which clearly states measures to control the risks associated with our nature of work.

All employees are responsible for reporting incidents, near-misses, safety breaches and hazards. In 2022, WSC trained 1,702 employees on health and safety standards, including general safety.

We recorded 18,993 safety training hours in 2022. Training included HSE induction, forklift operation, rigging and slinging training, working at height, electrical safety, hand safety, grinding safety and confined space entry.

WSC's approved Health and Safety Policy formalises the Group's health and safety philosophy and approach. Safety initiatives, internal monitoring and internal safety audit include creating a robust set of safety protocols and delivering carefully developed safety orientation and ongoing training. This training is extended to all employees, contractors and subcontractors. Every employee must attend a safety briefing before starting their workday at a minimum.

EMERGENCY RESPONSE TEAM

WSC's Emergency Response Team is responsible for directing evacuation procedures with the aid of fire wardens, subcontractors, suppliers and emergency services.

ASSESSING SAFETY RISKS AND COMPLIANCE

Health hazard, accident and injury prevention are integral parts of the sustainable strategy and business risk management processes. WSC's due diligence includes a health and safety risk assessment for existing and potential new operations or projects. The Group benchmarks performance monitoring results and trends against its targets and industry standards.

HSE CERTIFICATION

63% of WSC operations is covered by ISO 45001.

SAFETY GOVERNANCE

WSC's Health, Safety and Enviroment (HSE) officers are responsible for:

- Coordinating and ensuring HSE programmes are implemented effectively;
- Checking that the Company's facilities and infrastructure comply with applicable HSE standards;
- Ensuring employees and every individual present at its premises meet all HSE requirements; and
- Inspecting the port facilities and infrastructure daily to ensure compliance with the Occupational Safety and Health Act 1994, Act 514 (OSHA 1994) and its safety guidelines.

SAFETY PERFORMANCE

Coverage 100%

Fatalities

Coverage	2020	2021	2022*
Employees	0	0	0
Contractors	0	0	0

Lost-time Incident* Rate

2020	2021	2022*
0	0	0

** Lost Time Injury (LTI) is an injury sustained on the job by an employee that results in the loss of productive work time.*

Note: Data for 2022 encompasses all entities in WSC. Data for 2020 and 2021 were scoped to WSC's Energy Solutions Services Division only.

HUMAN RIGHTS

- ✓ Conduct business ethically and sustainably
- ✓ Respect human rights throughout operations the extended value chain
- ✓ Abide by international human rights instruments, including the Universal Declaration of Human Rights
- ✓ Adhere to all applicable employment and human rights laws where operations are based
- ✓ Align human rights commitment with core values throughout all operations

WSC's Human Rights Practice is aligned with the United Nations Guiding Principles on Business and Human Rights. The day-to-day responsibilities and functions for monitoring human rights compliance have been allocated to various departments.

We respect human rights by:

- Proactively assessing our human rights impacts on an ongoing basis as part of the Group's core business processes.
- Evaluating the effects of the business and setting targets to drive continuous improvement.
- Avoiding, preventing and mitigating human rights issues.
- Communicating expectations to all stakeholders, including business partners.
- Implementing human rights screening, training and monitoring of internal operations and supply chain partners.

WSC adheres to all applicable employment and human rights regulations where its operations are based. Suppliers must do the same and abide by the Group's Principles of Business Conduct and Human Rights Statement as a minimum. To ensure that suppliers abide by the Group's Principles of Business Conduct and Human Rights Statement, it is included in our procurement process for vendors to sign our Corporate Social Responsibility (Labor) declaration.

WSC ensures compliance to all relevant labour laws and our internal Principles of Business Conduct covers human rights issues, including non-discrimination, freedom of association and collective bargaining, prevention of child labour, forced and compulsory labour.

Our Approach to the Human Rights Issues Affecting the Industry

Forced Labour	We do not tolerate forced labour and/or any forms of modern slavery, including bonded labour or human trafficking. Every employee willingly accepts the offer made by the Company.
Child labour	We strictly comply and adhere to international child labour laws and the minimum legal age to work in every country in which we operate.
Discrimination	We prohibit any form of discrimination based on race, creed, sex, social status, religion, nationality, age, sexual orientation, gender identity, physical and mental disability or any other grounds.
Harassment and inhumane treatment	Harassment is strictly not tolerated in any form, whether physical or mental, including sexual harassment or power harassment.
Working hours and wages	We monitor employee working hours, holidays and leaves of absence to comply with applicable laws and regulations.
Grievance	Transparency and respectful engagement are cornerstones of our sustainability performance, allowing our business to evolve successfully and respectfully. We consider a robust grievance mechanism essential to protecting the people, community and environments affected by our operations.

NON-DISCRIMINATION

WSC is committed to a workforce free of harassment and unlawful discrimination.

We treat all employees equally and fairly regardless of:	We protect all employees in:
• Race, colour, age, gender, sexual orientation, gender identity and expression, ethnicity or nationality, disability, pregnancy, religion, political affiliation or marital status.	• Hiring and employment practices through adequate living wages, promotions, rewards and access to training.

We uphold our stance of 'equal pay for equal work' and comply with all local laws. There were no reported discrimination cases related to equality and diversity in 2022.

EQUALITY IN RECRUITMENT

WSC adheres to local labour laws during recruitment, with a preference for hiring locally. Hiring from local communities enhances our ability to understand local needs and strengthens our capabilities on the ground. However, diverse talent and expertise are vital for a Group with an ever-expanding international customer base. WSC sources these talents and expertise internationally when unavailable locally.

WSC practises equal opportunity and non-discrimination in its hiring process; candidates are only assessed on their qualifications and job suitability. WSC does not discriminate in any stage of the hiring process, including recruiting from underprivileged groups, deprived backgrounds or the disabled. However, no of employees were disabled at the end of FY2022.

In 2022, WSC recorded an overall voluntary turnover rate of 1.73% during the year. Females represented 8% of the total workforce. Female representation at the Executive and Senior Manager levels remained stable.

SPEAK UP

WSC complies with laws by continuously monitoring and auditing internal processes, such as hiring and promotion. We actively encourage employees to speak up if they believe someone has violated the Principles of Business Conduct or labour laws. We take all reports seriously, investigate each rigorously and demand the same high standards from suppliers and other entities with which we conduct business.

WSC has a formal mechanism for individuals, employees and communities impacted by our business activities to raise their grievances, including human rights. An effective whistleblowing channel guarantees anonymity and is available to internal and external stakeholders. A remediation process helps address adverse human rights impacts that we have contributed to or caused. Our whistleblowing channel also allows employee representatives to engage with management. There were no instances of human rights violations during this reporting period.

SALIENT HUMAN RIGHTS ISSUES

WSC assessed potential adverse human rights impacts and salient human rights issues. Engaging with stakeholders helped identify potential human rights impacts affecting operations.

Right to:

- Freedom of association and engagement
- Enjoy just and favourable conditions of work
- An adequate standard of living
- Health
- Social security and social insurance

WSC supports the amendments to the Workers' Minimum Standards of Housing and Amenities Act 1990. All contractors working on our projects must provide worker facilities that follow the International Labour Organisation (ILO) guidelines.

Employees' wages comply with all applicable laws such as working hours, minimum living wages, overtime hours and legally mandated benefits. In compliance with applicable law, we compensate workers for overtime at pay rates above the stated regular hourly rates. Docking wages as a disciplinary measure is not permitted.

PRODUCT RESPONSIBILITY

Providing cutting-edge technical services and licensed technologies, WSC possesses the capabilities to deliver reliable and competitive products, premium solutions and unrivalled services.

PREMIUM SOLUTIONS, FLAWLESS DELIVERIES

WSC's quality management system ("QMS") employs a process approach, enabling WSC to plan its processes and interactions adequately. WSC is committed to enhancing customer satisfaction and providing products and services that meet applicable statutory and regulatory requirements.

This QMS aligns with the most current ISO 9001:2015 and ISO 45001. Our laboratories are also certified with ISO/IEC 17025, the general requirement for the competence of testing and calibration laboratories published by the ISO.

We ensure all company and project-level QMS processes run effectively to improve customer satisfaction as mandated in the Company's Quality Policy.

An example in our Pipeline Business was installing an Improved Pipe Tracking System enhanced quality delivery by tracking individual pipeline movement and status throughout the coating system. The system maintains pipes' current position, including repair and rejection, and improves tracking traceability. Utilising the powerful Welds Tracking System boosts efficiency and reduces wasted resources through effectively managing welders' status.

WSC encourages anonymous customer feedback and monitors the results regularly. Maintaining close customer engagement during various project stages helps us understand and achieve their expectations.

OUR DIGITAL TRANSFORMATION JOURNEY

WSC recognised that Digitalization is no longer a "good-to-have" function but a core competency for WSC to survive and thrive. In 2022, we continued delivering various workshops and discussions virtually and physically to raise awareness of digitalisation at management and operation levels. We delved deeply into the smart manufacturing context by embarking on an Industry 4.0 journey by understanding its generic definition, aligning it with business priorities and understanding the different levels of digital maturity before directly entering the project implementation phases.

WSC nurtures its in-house IT capabilities by investing heavily in its ERP system for several years. Developing different business applications in data reporting and process automation has supported our business divisions. In navigating the uncertain future of energy transition, we recognise the requirement for a new wave of digital transformation to equip our employees with the necessary skillsets, tools and platforms to embrace such dynamic changes. Our commitment to this goal is driven by our Digitalization pillar.

While digital technologies are the enablers for the next wave of transformation, Digitalization extends beyond the technology component; data-driven initiatives change how we think, work and collaborate. Digitalization value is unlocked when employees are empowered with digital and data, shifting their focus to a more people-centric model by providing higher-value and sustainable solutions to customers and partners.

Empowering stakeholders to do more with less can only be achieved by allowing employees and customers to work together with digital technologies in the same ecosystem. We have started the data and AI journey by converging digitalisation with safety, sustainability and other strategic pillars, strengthening their potential.

For FY2022, we continued our programme to empower HSE personnel with a digital platform, rolling out to newly established operation sites. This platform covers people, processes, and technology to address safety concerns raised in our plants and yards, promptly. We have also developed an Environmental Dashboard which provides valuable insights from the data gathered, enabling us to focus our efforts in combating climate change effectively. Technologically, we consider migrating to a greener Cloud data centre to support our sustainability agenda.

ESG PERFORMANCE DATA

ENVIRONMENTAL PERFORMANCE

Parameter	Units	2020	2021	2022*
Energy				
Electricity				
Total Electricity Consumption	MWh	11,077	14,070	23,861
Rooftop Solar PV Generation	MWh	0	0	640
Green Electricity Purchased via Green Electricity Tariff	MWh	0	0	5,000
Fuel				
Diesel Consumption	Liter	995,382	1,258,620	3,604,783
LPG Consumption	m^3	20,843	39,980	143,192
Petrol/Gasoline Consumption	Liter	44,732	51,683	95,112
Air Emissions				
NOX Emission	kg	24	30	85
SOX Emission	kg	Not Available		
Volatile Organic Compounds (VOC) Emission	kg	Not Available		
Water & Wastewater				
Water Withdrawal				
Municipal potable water	m^3	217,093	151,121	225,916
Harvested rainwater	m^3	0	0	0
Surface water from rivers, lakes, natural ponds	m^3	0	0	0
Groundwater from wells, boreholes	m^3	0	0	0
Used quarry water collected in the quarry	m^3	0	0	0
External wastewater	m^3	0	0	0
Sea water, water extracted from the sea or the ocean	m^3	0	0	0
Total water withdrawal	m^3	217,093	151,121	225,916
Wastewater/Effluent Discharge				
Discharge to Off-site Water Treatment Plant	m^3	4,535	4,316	10,744
Discharge to Ocean	m^3	0	0	0
Discharge as Surface Water	m^3	0	0	0
Discharge to Subsurface/Well	m^3	0	0	0
Others	m^3	0	0	0
Total wastewater/effluent discharge	m^3	4,535	4,316	10,744
Percentage of WSC sites located in water stressed area	%	0%	0%	6%
Water consumed in water stressed area	m^3	0	0	13,859
Cost associated with water-related risk	RM	0	0	0
Investment in water saving initiative	RM	0	0	0
Number of incidents related to non-compliance with water consumption related to local regulations	No. of Incidents	0	0	0

Note: Data for 2022 encompasses all entities in WSC. Data for 2020 and 2021 were scoped to WSC's Energy Solutions Services Division only.

Parameter	Units	2020	2021	2022*
Waste				
Waste Generation				
Total waste	tonnes	338	2,009	3,041
Hazardous	tonnes	167	1,387	1,070
Non-recycled	tonnes	153	621	1,876
Recycled	tonnes	18	0	951
Environmental Management & Compliance				
Environmental Fines/Penalties	RM	0	0	0
Greenhouse Gas and Climate Change				
Scope 1	tCO_2e	6,628	4,880	14,217
Scope 2	tCO_2e	8,046	8,719	11,008
Internal carbon price	RM/tCO_2e	Not Used		
Flaring emission from LPG storage tank	tCO_2e	0	0	0
Methane Emission	tonnes	0	0	0
Emission Intensity	tCO_2e/1,000 manhours worked	4.83	2.29	2.30

SOCIAL PERFORMANCE

Parameter	Units	2020	2021	2022*
Health and Safety				
Percentage of sites with ISO 45001:2018 certification	%	67%	67%	63%
Percentage of sites with ISO 14001:2015 Environmental Management System certification	%	50%	56%	56%
HSE Training				
Number of employees trained on safety	No. of employees	697	1,025	1,702
Lost Time Incident Rate (LTIR), including contractors	per 1,000 hours worked	0	0	0
Number of work-related fatalities for employees	No. of employees	0	0	0
Number of work-related fatalitites for contractor	No. of contractor	0	0	0
Communities				
Total Amount of donations or community investsments	RM	160,191	166,500	32,253
Labour Standards				
Total number of employees	No. of employees	1,896	2,312	3,865
Total number of contractors	No. of contractor	585	866	1,722
Full time employees voluntary turnover rates	%	n/a	3.35%	1.73%
Percentage of employees that are contractors or temporary employees	%	24%	27%	31%
Amount of time spent on employee development training to enhance knowledge or individual skills	hours per employee	2	2	5
Percentage of employees with a disability	%	0%	0%	0%
Percentage of women in the workforce (incl. contractors)	%	7%	6%	8%

Note: Data for 2022 encompasses all entities in WSC. Data for 2020 and 2021 were scoped to WSC's Energy Solutions Services Division only.

GOVERNANCE PERFORMANCE

Parameter	Units	2020	2021	2022*
Anti-Bribery and Anti-Corruption				
Total amount of political contributions made	RM	0	0	0
Number of employees disciplined or dismissed due to non-compliance related to Anti-Bribery/Anti-Corruption	No. of employees	0	0	0
Cost of fines, penalties or settlements in relation to corruption	RM	0	0	0
ESG Provisions				
Provisions for fines and settlements specified for ESG issues	RM	0	0	0

Note: Data for 2022 encompasses all entities in WSC. Data for 2020 and 2021 were scoped to WSC's Energy Solutions Services Division only.

MANAGEMENT DISCUSSION AND ANALYSIS

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

The first quarter of 2022 was marked by a turbulent start in global markets due to the war in Ukraine and rampant inflation, as economies around the world emerged from the pandemic. While the COVID-19 pandemic eased, it remained a global concern, and supply-chain issues continued to impact industries worldwide. Amidst these challenges, Brent crude oil temporarily reached USD$140 in early March as markets began to reject Russia's Urals oil, and several countries banned imports of Russian oil. Supply was already constrained before the war, as OPEC+ members eased supply curbs at a measured pace, and production in major non-OPEC+ countries increased slowly. Notably, Europe sought to reduce its dependence on Russian energy, and as a result, supply disruptions have been mitigated through globally coordinated releases of strategic petroleum reserves, while spare capacity has remained untapped. Despite these challenges, the industry continues to adapt and evolve in response to the dynamic global landscape.

In spite of these obstacles in the industry, the Group managed to generate a significant increase of 88% in revenue in 2022. Excluding one-off adjustments, mainly due to Associate and Joint Venture Companies, the Group delivered strong earnings with a healthy operating cash flow. The resilience of the Group in navigating the challenging business environment is evidenced by its performance. As the year 2022 progressed, we observed positive signs of recovery with a number of projects finally being awarded. These developments are positive to driving sustainable growth and profitability to our shareholders. This, together with the increasing new bid activity, contributed to the significant rise in the Group's order book of RM3.44 billion. We are pleased to report that the Group has ended the financial year of 2022 with one of its highest order book to date, which provides good visibility and outlook for the Group going forward.

MANAGEMENT DISCUSSION AND ANALYSIS

Discussion on Key Financial Performance

In 2022, the Group generated a revenue of RM2.69 billion, an increase of RM1.26 billion compared to previous year. The significant increase in revenue was mainly due to higher level of activity in 2022 at most of our locations worldwide. This has also contributed to an improvement in the Group's EBITDA of RM216.53 million, an increase of RM144.18 million compared to previous year. The Group has a current order book of RM3.44 billion compared with RM2.71 billion in the previous year, an increase of 26.94%. This comprises of RM2.98 billion in the Energy Solutions Services segment, RM419.14 million in the Renewable Energy segment, and RM40.08 million in the Industrial Trading & Services segment. In 2023-2024, the Group is also looking at securing close to RM2b- RM3b in job wins, a testament to the Group's robust business strategy and ability to secure projects in a competitive market.

In-line with the disclosure of business segments in the financial statements and the discussion and analysis presented in the previous years, factors affecting the Group's performance and risk will be deliberated by segments.

ENERGY SOLUTIONS SERVICES ('WASCO')

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

During the year, WASCO's earnings were driven by projects successfully delivered by the pipeline and engineering business units. In 2022, our operations for pipe coating, pipe manufacturing, and engineering fabrication yard showed remarkable progress as they approached the level of activities during the pre-pandemic levels with the opening up of new markets.

A notable highlight in 2022 for the Pipeline business unit, was the award of a contract by the East African Crude Oil Pipeline (EACOP) Limited for the provision of line pipe thermal insulation services for the East African crude oil pipeline project and feeder line, located between the town of Kabaale in Uganda and the port of Tanga in Tanzania. The project is progressing and is expected to be completed in 2024.

In July 2022, the Pipeline business unit also saw the restart of its Bayou-Wasco Insulation pipe coating plant in New Iberia, Louisiana. The Bayou-Wasco plant provides customers with both Glass Syntactic Polyurethane ("GSPU") and Glass Syntactic Polypropylene ("GSPP" or 5LPP) insulation services. The demand and changes in the competitive landscape for subsea flow assurance became a catalyst for the restarting of the plant that is expected to be ready to secure projects in FY2023.

The Engineering business unit began 2022 with a strong order backlog and completed ten projects throughout the year. All these projects were delivered to the highest quality standards, within budget, and on time, showcasing the strong execution capabilities of the division even amidst global supply chain disruptions.

In the face of global supply disruptions and China's stringent pandemic restrictions, coupled with challenges, the Engineering business unit has positioned itself as a dependable and sizeable fabricator with complete EPC capabilities. As a result, the Engineering business unit received a growing number of inquiries for its services and has secured a strong order pipeline of new projects in 2022.

During the year, the Engineering business unit also expanded its Batam operations yard capacity by more than double to 30 hectares due to the growing demand for its fabrication and EPC services. The new yard has a deep waterfront, capable of accommodating large ocean-going vessels. This strategic move is envisaged to strengthen its position in the market and will enable the fabrication of multiple large-scale projects simultaneously, setting a significant competitive advantage in the industry.

The Engineering business unit also delivered few of its many first milestone projects in 2022. Its Dubai facility in the United Arab Emirates successfully delivered its largest EPC fabrication project of a Mobile Offshore Production Unit (MOPU) MaBoMo. During the year, the Engineering business unit also delivered its first onshore substation for a solar farm in Taiwan, marking the debut and expansion of its customer base in the renewable energy industry.

WASCO Australia also recorded a significant milestone in 2022, with the execution of its hydrogen projects. During the year, work commenced for the South Australia Hydrogen and Bess Project. In addition, WASCO Australia also completed FEED for Lion Energy's first hydrogen and refueling station in SE Queensland. These projects are aligned with Wasco's vision to pivot towards sustainability related projects and become a solutions provider for this growing renewable and clean energy industry.

Discussion on Key Financial and Operational Indicators for the segment

In 2022, WASCO generated a revenue of RM1.70 billion and a profit before taxation of RM43.96 million. The result in the period was impacted by one-off adjustments. Excluding the one-off adjustments, the segment delivered a profit before tax of RM113.86 million for financial year ended 31 December 2022 from operations. This improvement in operational results arose from higher revenue contribution in the periods under review on the back of a strong order book. At present, the segment has an order book of approximately RM2.98 billion compared with RM2.36 billion which represents a 27% growth in the previous year. There has been a consistent growth in the order book for both the Pipeline and Engineering Business Units. This is expected to have a positive contribution to the segments results in 2023 and beyond.

To date, WASCO has recorded 56,276,184 Manhours without Loss Time Injury ('LTI'). WASCO's Health, Safety, and Environment (HSE) performance was commendable, with a Total Recordable Incident Frequency of 0.58, far below the industry average of 0.77. The Management commitment and discipline to HSE was further demonstrated through the active tracking of 14 leading and 18 lagging Key Performance Indicators (KPIs) across all sites. WASCO is committed to promoting a strong safety culture through various programs and initiatives that prioritize the well-being of employees and partners, environmental protection, and sustainable growth. These programs are further discussed in the Sustainability Statement section of the Annual Report on page 10.

ZERO LTI

WASCO recorded **56,276,184 Man-hours** without Loss Time Injury in 2022

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

The decrease in the demand for oil and gas poses a risk to WASCO's business as it directly affects its customers and could also impact our future projects. Nevertheless, the Group have adapted by expanding its services to cater to industries that are not reliant on fossil fuels, and have invested in enhancing its capabilities to serve these industries.

The pandemic and the war in Ukraine caused disruptions in the supply chain, leading to delays and increased costs for supplies and equipment. To address this challenge, the Management conducted a comprehensive risk assessment exercise by identifying critical suppliers and potential vulnerabilities. Close partnerships were established with suppliers to ensure they had robust business continuity plans in place, and their progress was closely monitored. Alternative sourcing options were also explored to diversify the supply chain and reduce reliance on high risk suppliers. Additionally, strong collaboration between suppliers and the sales teams were established to improve understanding on pricing trends and indices, which allowed for price adjustment formulas to be adopted and passing on the costs to customers.

As part of its business strategy, WASCO has also taken proactive measures to negotiate improved payment terms with both customers and suppliers with the goal to maintain a positive cash flow for all our projects. To ensure that WASCO is well positioned to capitalize on emerging opportunities, additional financing lines were secured and the Management continues to explore additional trade financing options. The additional financing solutions will also provide WASCO with the resources necessary to pursue strategic initiatives in a timely and agile manner. This flexibility will allow WASCO to drive long-term value for our stakeholders.

WASCO is dedicated to fostering a safety culture, protecting our workforce, and minimizing our environmental impact, and we will continue to pursue these goals as we grow and evolve as an organization. Since its launch in May 2021, the WASCO i-START program has continued to drive notable improvements in our safety culture. The program has yielded measurable gains, including heightened safety awareness, enhanced hazard recognition, increased risk sensitivity, and improved insights gleaned from safety observations. We are happy of the progress we have made thus far, and we remain steadfast in our commitment to promoting a safety-first culture and continuously enhancing our HSE performance.

Discussion on expectation of future results

The global shift towards low carbon and clean energy presents a significant opportunity for WASCO. With the increasing demand for natural gas as a cleaner alternative to coal and oil, WASCO's focus on gas development projects has positioned the company well to capitalize on this trend.

According to the International Energy Agency (IEA), natural gas demand is expected to continue to rise as it is viewed as a cleaner alternative to coal and oil. Additionally, with renewable energy accounting for nearly 90% of the total power capacity growth worldwide, the IEA predicts that this shift presents significant growth opportunities.

WASCO's expertise in gas development projects makes it well-suited to take advantage of the growing demand for clean energy solutions such as hydrogen. The IEA forecasts that hydrogen is expected to play a crucial role in the low carbon transition, with the global hydrogen demand projected to grow 3-fold by 2030. WASCO's experience in hydrogen energy in Australia provides a strong foundation expansion into other regions where hydrogen is expected to gain prominence.

Furthermore, with many oil and gas companies investing in renewable energy projects, WASCO's diversification into this area through its Engineering business unit and WASCO Australia provides the Group with significant growth opportunities. This diversification not only helps to expand this segment's business portfolio but also ensures that the company remains relevant and well-positioned in the low carbon and clean energy transition agenda championed by many of its customers.

RENEWABLE ENERGY ('RE')

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

In 2022, both units within the RE segment, Industrial Engineering ("IE") unit and Agro-based Industry ("AI") unit, achieved a record revenue of RM482.37 million and secured the highest contract value of RM610.8 million.

The IE business unit has been awarded various types of specialized process equipment using exotic steel materials, such as Inconel 625, high-pressure 250 bar(g) CrMo vessels for hydrogen service, and heavy wall 175mm thick cladded vessels. These acquisitions have expanded its capabilities and allowed it to offer a broader range of products to its customers. Additionally, AI has recently launched a new model of multistage steam turbine, the RB 8, with a capacity of up to 3.5MW per unit. The market response to the RB 8 has been positive, and several units have been sold within a short period of time.

In 2022, the IE business unit strengthened its position as a premium provider of process equipment and steam solutions by delivering the world's largest oleochemical splitter column to an end user in Indonesia and securing the largest gas-fired boiler for a sugar refinery in Malaysia. The AI business unit's investment in the latest technology and machinery has not only improved productivity but also mitigated the risk of manpower shortages.

The AI business unit is in the midst of setting up the sales office in Jakarta and a new branch in Jambi in FY2023, to cater for customers in Southern Sumatera. This is to complement, its upgraded Banjarbaru warehouse and expanded Medan workshop carried out during the year, to provide enhanced services with a quicker response time to customers in Kalimantan and Sumatera. The creation of a new oil palm plantation in Sulawesi, Indonesia has presented a new market opportunity for the AI business unit to sell its equipment and deepen its market penetration in the country.

The RE division continues to push ahead with its ESG objectives. As part of its net zero-carbon emission goal by 2030, the Group has finalized its plans to install an additional 340kWp Rooftop Solar system at its Teluk Panglima Garang yard by the second quarter of 2023, in addition to the current 400kW installed at its Shah Alam facility.

Discussion on Key Financial and Operational Indicators for the segment

During the year under review, the RE segment saw a significant increase in revenue, from RM281.96 million to RM482.37 million, as well as a better segment profit of RM55.16 million compared to RM28.23 million in the previous year. These improvements were due in part to a greater number of projects carried out by the IE unit, increased equipment sales, and higher profit margins from after-sales services provided by the AI business unit. As a result, the segment's EBITDA for the group was recorded at RM63.71 million, indicating a positive contribution to the overall financial performance.

The order book for the RE segment showed a 43% growth, increasing from RM292.46 million at the start to RM419.14 million, at the end of the period. This suggest a healthy backlog for its products and services in 2023.

MANAGEMENT DISCUSSION AND ANALYSIS

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

The RE segment operates in a competitive industry, facing challenges from both local and international players. Additionally, the segment is susceptible to supply chain disruptions caused by raw material shortages, transportation difficulties, or other factors that could impact its ability to meet customer demands. Furthermore, finding and retaining skilled professionals can be a challenge for the segment. As such, it is crucial for management to continually evaluate and address these risks to ensure the division's long-term viability and success.

The global volatility of commodity prices, particularly in the palm oil market, has affected the demand for our equipment such as boilers, steam turbines, and other oil room products. As a result, the management team is closely monitoring fluctuations in CPO prices and market demand to formulate appropriate responses to changes in the market.

The palm oil industry also faces increased scrutiny due to its negative environmental impact that has resulted to mounting pressures on the industry to adopt sustainable practices. To ensure relevance and business continuity, RE businesses must incorporate eco-friendly technologies as part of its strategy to supply equipment to the industry.

The RE segment faces multiple challenges, including exposure to fixed price contracts and fluctuations in the value of the Malaysian Ringgit relative to other currencies, which could impact overall profit margins. Disruptions in project execution and delays in fulfilling contract demands may lead to lower revenue and weaker earnings. However, the management team has taken significant steps to mitigate these risks. For instance, they have aggressively developed an internal pool of talent and equipped the production floor with the latest equipment and technology to enhance overall production efficiency and reduce equipment delivery times. Additionally, various efforts to broaden the customer base and diversify the product range have enabled RE to reduce reliance on specific sectors and customers.

Discussion on expectation of future results

Governments are promoting the adoption of cleaner energy by implementing policies such as renewable energy targets, tax incentives, and subsidies, which is contributing to the growing market for cleaner energy solutions.

Manufacturers of equipment for cleaner energy are benefiting from technological advancements that are increasing the efficiency and reducing the cost of cleaner energy solutions. RE's biomass boiler and steam turbines have provided the palm oil industry with renewable energy solutions for the past 20-30 years, reducing CO2 emissions. IE's co-generation solution is also highly energy efficient and cost-saving solution, providing power and secondary energy such as steam energy or chilled water from a single cleaner fuel source, natural gas.

The shift towards cleaner energy creates opportunities for innovation and collaboration among manufacturers, energy companies, utilities, and other stakeholders. This collaboration in developing new solutions and business models that can help accelerate the transition to a low-carbon economy.

The outlook for the segment remains positive, as the growing demand for clean energy solutions and the technological advancements driving their adoption are expected to continue in the future.

INDUSTRIAL TRADING & SERVICES ('ITS')

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

In 2022. ITS continues to exercise caution in controlling its trading volume and credit exposures due to the adverse economic conditions affecting the building materials industry in Malaysia. During the year, ITS focused on protecting gross margins and collection of receivables. Additionally, ITS also made good progress in optimizing its inventories and working capital requirements.

As part of its rationalization of its non-core assets, in 2022, ITS divested its remaining shareholding in Spirolite to Lesso China Group for a purchase consideration of RM30.8 million. This marks ITS full exit from the HDPE pipe manufacturing business.

During the year, ITS equipment distribution business profit margin was also impacted by higher importation cost resulting from the strengthening of USD and the weakening of MYR against major currencies. In counter-acting these challenges, the ITS equipment distribution business prioritized in growing its after-sales service and used easily available spare parts as part of its strategy to defend its margins.

Discussion on Key Financial and Operational Indicators for the segment

In the year under review, the ITS segment achieved revenue of RM320.44 million and recorded a segment profit of RM10.76 million, which included a gain of RM2.14 million from the disposal of an associate and a one-off gain of RM5.15 million from the disposal of property. The segment's EBITDA for the year was RM13.46 million, which also included the afore mentioned one-off gains.

At the beginning of 2021, the ITS segment had an order backlog of RM54.1 million, which decreased by approximately 26% to RM40.08 million at the end of the year.

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

The possibility of economic downturns poses a risk to business activities and may lead to a decrease in demand for its products, thereby reducing its trading revenue. The building material industry is fiercely competitive and faces stiff competition from local and international firms. As such, the management is adopting a prudent and cautious approach to control credit assessments and reduce trading volumes.

The weakening of MYR has resulted in higher imported equipment costs, which has had an adverse effect on profit margins and intensified price competition among industry players. Furthermore, increasing financing rates could lead to higher input costs, thereby causing cost escalation and lowering the net profit of the segment.

Dealership rights for equipment distribution are subject to renewal at the discretion of principals. To mitigate the risk of relying too heavily on one distributorship, the segment has diversified its product ranges over the years.

Discussion on expectation of future results

In 2023, the growth of Malaysia's macro-economy is expected to slow down due to a mild recession in the global economy caused by stagnation or recession in major advanced economies due to high inflation and resulting high interest rates.

To remain competitive in the building materials industry, companies need to keep up with the latest technological advancements, as the industry is constantly evolving. Additionally, building material trading companies are under pressure to adopt sustainable practices to reduce their environmental impact. This includes reducing greenhouse gas emissions, using recycled materials, and improving energy efficiency. Adopting sustainable practices, developing robust supply chains, and expanding market coverage can help ITS segment remain competitive and profitable in the industry.

PROFILE OF THE BOARD OF DIRECTORS

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

Dato' Seri Robert Tan, a Malaysian, male, aged 70, was appointed Chairman of Wah Seong Corporation Berhad ("WSC") on 22 May 2002.

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

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

Following the de-listing of IGB Corp from the Official List of Bursa Malaysia Securities Berhad, Dato' Seri Robert Tan was the Group Chief Executive Officer of IGB Berhad from 30 March 2018 until 31 December 2022 and he remains as a Non-Independent Non-Executive Director. He retains his position as Group Managing Director of IGB Corp, Managing Director of IGB REIT Management Sdn. Bhd. (the Manager of IGB Real Estate Investment Trust and IGB Commercial Real Estate Investment Trust), a Director of Tan & Tan Developments Berhad (a property division of IGB Corp), and a Trustee of Yayasan Tan Kim Yeow. He also sits on the Board of several private limited companies.

CHAN CHEU LEONG
Managing Director/Group Chief Executive Officer

Mr Chan, a Malaysian, male, aged 72, is the Managing Director and Group Chief Executive Officer of WSC. He was appointed to the Board of WSC on 22 May 2002. He is responsible for the overall business and management operations of the WSC Group.

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

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

PROFILE OF THE BOARD OF DIRECTORS

GIAN CARLO MACCAGNO
Deputy Managing Director

Mr Maccagno, an Italian, male, aged 59, was first appointed as an Executive Director of WSC on 1 June 2004 and subsequently promoted to be the Deputy Managing Director on 1 January 2007. Mr Maccagno is also the Chief Executive Officer of the Wasco Energy Group of Companies. He is responsible for the overall business and management operations of the Wasco Group.

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

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

HALIM BIN HAJI DIN
Independent Non-Executive Director

Encik Halim, a Malaysian, male, aged 76, was appointed to the Board of WSC on 22 May 2002.

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

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

He was a Council Member of the Malaysian Institute of Certified Public Accountants (MICPA) from 1994 to 2003. He previously served as an Independent and Non-Executive Director on the board of MMC Corporation Berhad (5 years), Takaful Ikhlas Berhad (10 years), Employees Provident Fund (4 years), Kwasa Land Sdn. Bhd. (3 years) and BNP Paribas Berhad (9 years). He is the fellow member of MICPA and Malaysian Institute of Accountants.

Encik Halim who has served on the Board of WSC for more than twenty (20) years as an Independent Non-Executive Director will be redesignated as a Non-Independent Non-Executive Director by 1 June 2023.

PROFILE OF THE BOARD OF DIRECTORS

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

Tan Sri Lin, a Malaysian, male, aged 83, was appointed to the Board of WSC on 20 July 2004.

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

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

Tan Sri Lin advises and sits on the Boards of a number of publicly listed and private businesses in Malaysia as well as ASEAN. He is also a Director of Sunway Berhad, IGB REIT Management Sdn. Bhd. as well as IGB Commercial REIT and Nylex (Malaysia) Berhad.

Tan Sri Lin who has served on the Board of WSC for more than eighteen (18) years as an Independent Non-Executive Director will be redesignated as a Non-Independent Non-Executive Director by 1 June 2023.

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

Mr Tan Jian Hong, Aaron, a Malaysian, male, aged 39, was appointed to the Board of WSC on 25 May 2015.

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

Mr Tan began his career as a Financial Advisor Associate with UBS Financial Services, Inc from 2008 to 2010. He was promoted to become a Branch Analyst, specializing in private wealth management in 2010. In 2011, he returned to Malaysia and joined Hong Leong Investment Bank as a Client Relationship Executive until 2013. In 2013, he moved on to join Wasco Energy Ltd Group, an international Oil and Gas and Industrial Services Group as Project and Operations Senior Manager. Mr Tan sat on the Board of Yi-Lai Berhad (YLB) from 2014 to 2020. He was responsible for the strategic business direction of the YLB Group and played an active role in the overall management.

In 2021, Mr Tan had taken up the investment advisory roles at Astrid Hill Asset Management Pte. Ltd. and K3 Ventures Pte. Ltd..

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

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

TAN SRI SAW CHOO BOON
Independent Non-Executive Director

Tan Sri Saw Choo Boon, a Malaysian, male, aged 76, was appointed to the Board of WSC on 6 April 2018.

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

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

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

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

He has served on many Boards including Shell Refining Berhad, Heineken Malaysia Berhad, Ranhill Utilities Berhad, RHB Bank Berhad, and Digi.Com Berhad.

Currently, Tan Sri Saw is the Chairman of Sentral REIT Management Sdn. Bhd. (formerly known as MRCB Quill Management Sdn. Bhd.). He is also a Board member of Socio-Economic Research Centre Sdn. Bhd. of Associated Chinese Chambers of Commerce and Industry Malaysia and a Council Member of the Federation of Malaysian Manufacturers.

DATIN WAN DANEENA LIZA BINTI WAN ABDUL RAHMAN
Independent Non-Executive Director

Datin Wan Daneena Liza Binti Wan Abdul Rahman, a Malaysian, female, aged 49, was appointed to the Board of WSC on 7 April 2023.

Datin Wan Daneena holds a Bachelor of Science in Economics and Accounting (1st Class Honours) from the University of Bristol, United Kingdom and is a Member of the Institute of Chartered Accountants in England and Wales ("ICAEW"), and a Member of the Malaysian Institute of Accountants ("MIA"). She was a senior partner in the Financial Services Assurance practice of Ernst & Young, Malaysia until September 2022.

After completing her undergraduate degree, she began her career as an auditor at KPMG London in September 1996, serving the Information, Communication and Entertainment industry ("ICE Group"). She qualified as a professional chartered accountant with ICAEW in December 1999 and returned to Malaysia in August 2002 as an Audit Manager in the Financial Services Assurance Group of Ernst & Young Kuala Lumpur. She became a partner of Ernst &Young in July 2008.

Datin Wan Daneena has more than 25 years of experience in providing various types of assurance and business advisory services to corporations including financial institutions and conglomerates, listed and private entities which include commercial, Islamic and investment banks, development financial institutions, asset management and stock broking companies, sovereign wealth funds, venture capital and private equity funds, unit and property trusts, investment holding companies, credit rating agency, government-linked investment companies ("GLICs"), statutory bodies and foundations.

PROFILE OF THE BOARD OF DIRECTORS

LILY ROZITA BINTI MOHAMAD KHAIRI
Independent Non-Executive Director

Ms Lily Rozita Binti Mohamad Khairi, a Malaysian, female, aged 52, was appointed to the Board of WSC on 12 April 2023.

Ms Lily holds a Bachelor of Law degree (LLB Honours) from Cardiff University, United Kingdom and a Diploma in Human Resource Management from the Management Institute of Personnel Management. She joined Shell Malaysia in 1994 and served in various roles including in Human Resources and Legal involving Upstream, Downstream and Integrated Gas and Power business.

She was appointed as the Head of Legal and Managing Counsel from 2011 to 2016, before embarking on a global role as the Ethics and Compliance Officer for Downstream in Shell Plc from 2016 to 2021.

She has held various leadership positions such as Deputy President of the Malaysian Corporate Counsel Association from 2006 to 2010 and President of Shell Women Action Network (SWAN) from 2010 to 2012.

Since 2021, she is the Ethics and Compliance Officer for Projects & Technology/Global Function in Shell Plc, providing leadership and advisory to businesses and functions worldwide on ethical leadership and culture, policy formulation, risk management and monitoring/implementation of compliance programmes across the leadership teams and businesses.

Ms Lily has more than 28 years of experience within the Shell organisation in a variety of roles inclusive of Legal, Ethics & Compliance and Human Resources management.

Notes:-

Family relationship with Directors and/or major shareholders

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

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

Conflict of interest

Ms Lily Rozita binti Mohamad Khairi is currently working in Shell Plc as the Ethics and Compliance Officer for Projects & Technology/Global Function. Due to the nature of Wah Seong Corporation Berhad's business, there may be prospects or future dealings between Shell and Wah Seong Corporation Berhad and its Group of Companies. Any potential or perceived conflict of interest has been registered with Shell and mitigations inclusive of recusal has been put in place.

Saved as disclosed herein, none of the Directors have any conflict of interest with WSC.

Convicted of offences

None of the Directors have been convicted for any offence within the past five (5) years other than possible traffic offences and have not been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year 2022.

PROFILE OF THE KEY SENIOR MANAGEMENT

ALAN LEW KOK CHEONG

Male

Malaysian

55 years of age

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

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

He began his career as a Senior Finance Manager in Wah Seong Corporation Berhad since 2005. He has assumed the current group treasury lead since 2008 in addition to various other support roles from Finance, Tax and Legal for the past 17 years.

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

ANDREW WONG YOKE SEONG

Male

Malaysian

40 years of age

Mr Andrew Wong is the Chief Executive Officer of the Agro-based Industrial Unit in Wah Seong Corporation Berhad since 1 April 2022.

He attained his Bachelor of Science in Biology (Biomedical emphasis) from Wichita State University, Wichita, Kansas, USA in 2006 and began his career with Deepwater Corrosion Services, Houston, USA as a trainee and was subsequently transferred to Wasco Lindung Sdn. Bhd. (formerly known as MPE Lindung Sdn. Bhd.) to handle the operations and project management from 2007 until 2010.

He assumed the role of Production Manager of PMT-Phoenix Industries Sdn. Bhd. in 2012 and has since held various operational roles prior to his current appointment.

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

ARIESZA NOOR

Female

Malaysian

46 years of age

Mdm Ariesza Noor is the Chief Strategy Officer of Wasco Energy Group of Companies since 13 March 2023. She joined Wah Seong Corporation Berhad as Manager, Investor Relations in 2008.

She is a CPA Australia and has a BCom Hons Degree in Accounting & Finance from Lincoln University, New Zealand. She began her career in 1999 with Tenaga Nasional Berhad, doing various financial and accounting roles. In 2012, she joined IHH Healthcare Berhad as their Vice President of Investor Relations and Corporate Communications where she played a pivotal role in its listing. She has also served as Chief Corporate Officer of KPJ Healthcare Berhad from 2021 until 2023.

Mdm Ariesza Noor rejoined Wasco in 2014 and has served as the Vice President, Group Strategy and Operations where she oversaw the Group's branding, marketing, strategic planning and M&A activities, apart from leading Wasco's major pipe coating operations in Malaysia.

BERNARD YEAP CHEW SOON

Male

Malaysian

68 years of age

Mr Yeap Chew Soon currently holds the position as Senior Director, Industrial Services Division since 13 January 2020.

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

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

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

PROFILE OF THE KEY SENIOR MANAGEMENT

BILLY OOI GIAP HWA

Male

Malaysian

50 years of age

Mr Billy Ooi is the Head of Finance, Industrial Services Division in Wah Seong Corporation Berhad since 1 January 2020.

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

Mr Billy Ooi has started his career in Wah Seong Corporation Berhad as Finance and Admin Manager back in 2003 and took up the role of Financial Controller, Renewable Energy Division in July 2007. In 2011, he took up additional responsibility as General Manager of Mackenzie Industries Sdn. Bhd., a subsidiary of Jutasama Sdn. Bhd. During his year of service from 2012 until July 2019, he was promoted from General Manager to Senior Vice President of Mackenzie Industries Sdn. Bhd. He is an indirect shareholder of Mackenzie Industries Sdn. Bhd. by virtue of him holding 9.74% in Tema Energy Ventures Sdn. Bhd. being a shareholder of Mackenzie Industries Sdn. Bhd..

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

CHRISTOPHER WORTHINGTON

Male

British

61 years of age

Mr Christopher Worthington is the Vice President, Operations (EMEA region) for the Pipeline Services Division since 14 August 2018. Previously for the Wasco Group of Companies, Mr Worthington has been the President/CEO of the Wasco Engineering Division, based in Singapore.

He attained his B.Sc. (Hons) in Mechanical Engineering from City University, London. Mr Worthington has over 30 years of experience in operations, of which the past 15 years have been in the oil and gas industry. He has filled various senior management positions in the Middle East, South East Asia and Europe.

DR. MARTYN WILMOTT

Male

British/Canadian

61 years of age

Dr. Wilmott is the Executive Director of Wasco Pipeline Services Group having rejoined the group in August of 2019. He was previously President of the Pipeline Services Division from 2008 until 2014.

From 2014 until 2019, he held the position of Vice President of Tubular Product Technology with EVRAZ, the leading Steel and Pipe Manufacturing company in North America. He brings more than 25 years of energy, infrastructure and manufacturing experience to his new role having also held leadership positions with a number of global companies. Dr. Wilmott is based in Herefordshire, in the United Kingdom.

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

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

ERIK NUGTEREN

Male

Dutch

52 years of age

Mr Erik Nugteren is the Project Director for the Pipeline Services Division since 2016. He was previously the General Manager for Pipeline Services Division for the European region.

He attained his B.A. in Industrial Engineering from the Rotterdam Institute of Technology. Mr Nugteren has over 30 years of experience in the oil and gas industry, during which he has filled various management, commercial and operational roles around the world including the Far East, Africa, Australia, South-America and Europe.

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

GOH ENG HOOI

Male

Malaysian

42 years of age

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

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

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

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

LEE YEE CHONG

Male

Malaysian

55 years of age

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

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

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

RAMANATHAN A/L P.R. SINGARAM

Male

Malaysian

55 years of age

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

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

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

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

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

PROFILE OF THE KEY SENIOR MANAGEMENT

SHAMUGAM KARUPIAH

Male

Malaysian

53 years of age

Mr Shan Karupiah is the Executive Vice President for the Engineering and Fabrication Division since 1 March 2016.

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

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

SIVARAMAYAH A/L SIVALINGAM

Male

Malaysian

51 years of age

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

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

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

WOO YING PUN, IRENE

Group Company Secretary

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

Notes:-

Directorship in public/public listed companies

None of the Key Senior Management ("KSM") members are holding any directorship in public/public listed companies.

Family relationship with Directors and/or major shareholders

None of the KSM members have any relationship with any Directors and/or major shareholders of WSC.

Conflict of interest

Saved as disclosed herein, none of the KSM members have any conflict of interest with WSC.

Convicted of offences

None of the KSM members have been convicted for any offence within the past five (5) years other than possible traffic offences and have not been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year 2022.

1. ROLE OF THE AUDIT COMMITTEE

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

- assess the Group's processes relating to its risks and control environment;
- oversee financial reporting;
- review the internal and external audit reports; and
- assess the suitability, objectivity and independence of the External Auditors.

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

The TOR was last reviewed by the Board on 23 November, 2022.

2. MEMBERS AND MEETINGS

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

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

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

Members and details of attendance of Directors at the AC Meetings of the Company for the financial year ended 31 December 2022 are as follows:-

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

3. SUMMARY OF ACTIVITIES

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

3.1 Financial Reporting

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

The Quarterly Financial Statements for the fourth quarter of 2021 and first, second and third quarters of 2022, which were prepared in compliance with the Malaysian Financial Reporting Standard 134 Interim Financial Reporting, International Accounting Standards 34 Interim Financial Reporting and paragraph 9.22, including Appendix 9B of Bursa Malaysia Securities Berhad's Main Market Listing Requirements, were reviewed by the AC at the AC meetings held on 24 February 2022, 23 May 2022, 25 August 2022 and 23 November 2022 respectively.

On 24 February 2022, the AC reviewed the key findings by the External Auditors, PricewaterhouseCoopers PLT ("PwC"), for the financial year ended 31 December 2021 and subsequently on 13 April 2022, the AC reviewed the Audit Committee Report in respect of the significant audit, accounting and control matters in respect of the audit for the financial year ended 31 December 2021 as presented by PwC together with the Audited Financial Statements of the Company and the Group for the financial year ended 31 December 2021.

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

3.2 Annual Report and Circular to Shareholders

a. To ensure compliance with Bursa Malaysia Securities Berhad's Main Market Listing Requirements, the AC reviewed and approved the WSC Annual Report 2021 in particular the Management Discussion and Analysis, Sustainability Statement, Audit Committee Report, Remuneration Committee Report, Nomination Committee Report, Corporate Governance Overview Statement, Additional Compliance Information, Statement on Risk Management and Internal Control, Statement of Directors' Responsibilities and Summary of Significant Recurrent Related Party Transactions on 13 April 2022 and the same were recommended to the Board for their approval.

b. On 6 April 2022, the AC had via its Circular Resolution of the AC duly approved the Company's draft Circular to Shareholders in relation to the proposed renewal of shareholders' mandate together with the proposed new shareholders' mandate for the new recurrent related party transactions for the provision of financial assistance and the same was submitted to Bursa Malaysia Securities Berhad on 6 April 2022 for their limited review and approval.

c. On 13 April 2022, the AC reviewed the Company's Circular to Shareholders pertaining to the following proposals prior to the Circular to Shareholders being printed and published on the Company's website:-

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

d. On 13 April 2022, the AC reviewed the Company's Share Buy-Back Statement and the proposed renewal of authority to buy-back its own shares by the Company and the same were recommended to the Board of Directors for their approval.

3.3 External Auditors

a. The AC at its meeting held on 24 February 2022, reviewed the annual assessment of the performance of PwC in respect of the financial year ended 31 December 2021 based on the following areas:-

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

Being satisfied with their performance, technical competency and audit independence, the AC recommended the re-appointment of PwC as the External Auditors of the Group for the financial year ended 31 December 2022 to the Board for approval accordingly.

The Board had since tabled the same to the Company's shareholders for their approval at the Annual General Meeting ("AGM") of the Company held on 26 May 2022.

b. The AC had two (2) private meetings with the External Auditors on 24 February 2022 and 25 August 2022 respectively, without the presence of the Group Chief Executive Officer, the Executive Directors, Senior Management and Internal Auditors.

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

c. On 25 August 2022, the AC reviewed the Audit Plan prepared by the External Auditors for the financial year ended 31 December 2022 outlining the detailed terms and responsibilities of PwC and PwC's affirmation of their independence as External Auditors, areas of audit emphasis based on significant risks, scope of audit, audit reporting timeline, use of specialist or experts integrated into PwC's audit team, Information Technology systems for Audit Support, and PwC's action plans on how to go about working efficiently and effectively and team work with the Management of the Group.

d. On 25 August 2022, the AC reviewed and deliberated on the audit and non-audit fees incurred for services provided by the External Auditors throughout their terms of engagement for the financial year under review.

e. On 23 November 2022, the AC reviewed the WSC Group Interim Audit Report presented by PwC for the financial year ended 31 December 2022 which covered the scope of audit involving the tests of controls over Management's processes surrounding revenue and receivables, purchases and payables, treasury, payroll and inventory cycles and test of details performed on certain subsidiaries within the Group.

f. The AC had obtained confirmation from the External Auditors confirming their independence and that they were not aware of any non-audit services that had compromised their independence as External Auditors of the Group throughout their terms of engagement for the financial year under review.

3.4 Recurrent Related Party Transactions

a. On 24 February 2022, 23 May 2022, 25 August 2022 and 23 November 2022 respectively, the AC reviewed all related party transactions and recurrent related party transactions to ensure that they were within the mandate obtained from the shareholders of the Company.

b. The AC at its meeting held on 13 April 2022 reviewed the following proposals of the Group for inclusion in the Circular to Shareholders pursuant to Bursa Malaysia Securities Berhad's Main Market Listing Requirements for the Board's approval:-

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

   - The proposed new shareholders' mandate for additional recurrent related party transactions for provision of financial assistance between the Company and/or its subsidiaries.

3.5 Risk Management

On 24 February 2022, 23 May 2022, 25 August 2022 and 23 November 2022 respectively, the AC reviewed and deliberated on the key and significant risks presented and discussed at the respective Risk Management Committee meetings held quarterly taking into consideration of the Group risks profile and risk appetite and the mitigation measures to be taken.

3.6 Internal Audit

a. On 24 February 2022, 23 May 2022, 25 August 2022 and 23 November 2022 respectively, the AC reviewed the major findings in the Internal Audit Reports prepared by the Group Internal Audit together with the recommendations and the Management's response to the findings.

b. On 23 November 2022, the AC reviewed the Group Internal Audit Plan for the financial year 2023 ("FY 2023") which encompassed the proposed audit engagements, proposed entities and processes with scope of audit, estimated man-days, proposed budget for FY 2023, proposed key performance indicators, organization chart of Group Internal Audit, confirmation of independence, quality assurance review, reliance of work on other assurance providers and subject matter experts and performance review for FY 2022.

3.7 Capital Expenditure

On 24 February 2022, 23 May 2022, 25 August 2022 and 23 November 2022 respectively, the AC reviewed the capital expenditures on a quarterly basis to monitor and ensure that the expenditures were within the approved budget for 2021 and the budget being approved for the first, second and third quarters of 2022 respectively.

3.8 Others

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

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

c. On 24 February 2022 and 23 November 2022, the AC reviewed and amended the Terms of Reference of the Audit Committee to be consistent with the amendments made to Bursa Malaysia Securities Berhad's Main Market Listing Requirements and the Malaysian Code on Corporate Governance 2021 and the same were recommended to the Board of Directors for their approval and adoption.

d. On 24 February 2022, the AC noted the PwC Malaysia Transparency Report 2021 as provided by PwC in accordance with the compulsory annual transparency reporting for audit firms registered with the Securities Commission Malaysia's Audit Oversight Board.

e. On 24 February 2022, the AC reviewed the Information Technology ("IT") audit findings and general control recommendations as presented by PwC.

f. On 25 August 2022, the AC reviewed the External Quality Assessment Report by the Institute of Internal Auditors Malaysia for the independent validation of the Group's Internal Audit Department.

4. INTERNAL AUDIT FUNCTION

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

The GIA had conducted risk-based audit engagements as stipulated in the annual Internal Audit Plan for financial year 2022 ("FY 2022"). Significant audit findings with regards to risk, control and governance covered various scope which had high risk and impact were discussed with senior management, of which also including the agreed action plans committed by the line management. The audit reports were presented quarterly to the AC for deliberation. Follow up review on the audit engagements were also conducted on every quarter to ensure proper and effective remedial actions have been taken by the line management to close control gaps, risk and governance related issues highlighted by the GIA. All the internal audit activities and processes were performed as guided by the Internal Audit Charter and the GIA Standard Operating Procedure. The GIA is in conformance with the International Standards for the Professional Practice of Internal Auditing.

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

a. completed 5 risk-based audit engagements and presented those reports to AC, of which focused on review of various scope including operations, support functions and business entities of the Group to ascertain the adequacy and effectiveness of risk, control and governance processes;

b. performed follow-up review on quarterly basis to assess the adequacy, effectiveness and timeliness of actions taken by the line management;

c. completed Self-Assessment with Independent external Validation (SAIV) by The Institute of Internal Auditors Malaysia;

d. tabled the Annual Audit Plan and budget for FY 2023 to AC for review and approval; and

e. presented the Internal Audit Charter to AC for annual review and approval.

The total costs incurred in FY 2022 for GIA amounted to RM876,415 (2021: RM696,414).

REMUNERATION COMMITTEE

1. MEMBERS AND MEETING

Members and details of attendance of Directors at the Remuneration Committee ("RC") Meeting of the Company for the financial year ended 31 December 2022 are as follows:-

Name of Director	Directorship	Date of Appointment	No. of Meeting Attended
Tan Sri Saw Choo Boon (Chairman)	Independent Non- Executive Director	25 February 2019	4/4
Halim Bin Haji Din (Member)	Independent Non-Executive Director	22 May 2002	4/4
Tan Sri Professor Lin See Yan (Member)	Senior Independent Non-Executive Director	25 August 2014	4/4

2. ROLE OF THE RC

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

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

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

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

d. that the levels of remuneration for Directors and Senior Management are based on the Company's performance in managing material sustainability risks and opportunities.

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

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

3. TERMS OF REFERENCE

i. Composition

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

The Chairman of the Board does not serve on the RC to ensure check and balance as well as objective review by the Board. The Chairman of the Board does not participate by way of invitation in the RC meetings.

ii. Quorum of Meetings

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

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

iii. RC Members

The RC Members are as disclosed above.

iv. Majority Decision

All decisions of the RC shall be decided on the votes of the simple majority of those Members present. However, no Executive Director shall participate in the discussion of his own remuneration.

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

v. Casting Vote

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

vi. Frequency of Meetings

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

vii. Notice of Meetings

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

viii. Secretary

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

ix. Minutes of Meetings

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

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

x. Functions of the RC

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

a. Review, recommend and advise on all forms of directors' remuneration e.g.:
   - Basic Salary
   - Profit-sharing schemes (if any)
   - Share options
   - Any other benefits;

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

c. To determine the appropriate level of remuneration for Board of Directors and Senior Management based on the Company's performance in managing material sustainability risks and opportunities;

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

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

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

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

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

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

i. To consider, the extent of the details of the Board of Directors and Key Senior Management's remuneration to be reported in the Company's Annual Report in compliance with the Malaysian Code on Corporate Governance 2021 and the Listing Requirements of Bursa Malaysia;

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

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

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

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

n. The Remuneration Policy and Procedures determines the remuneration of Directors and Senior Management which takes into account the demands, complexity and performance of the Company as well as the skills and experience required and which properly reflect the different roles and responsibilities of the Executive Directors, Non-Executive Directors and Senior Management accordingly;

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

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

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

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

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

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

xi. Variation

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

The Terms of Reference of RC was last reviewed by the Board of Directors on 23 February 2023 and is available on the Company's website at www.wahseong.com.

NOMINATION COMMITTEE

1. MEMBERS AND MEETING

Members and details of attendance of Directors at the Nomination Committee Meetings of the Company for the financial year ended 31 December 2022 are as follows:-

Name of Director	Directorship	Date of Appointment	No. of Meeting Attended
Tan Sri Professor Lin See Yan (Chairman)	Senior Independent Non-Executive Director	25 August 2014	3/3
Tan Jian Hong, Aaron (Member)	Non-Independent Non-Executive Director	1 June 2021	3/3
Halim Bin Haji Din (Member)	Independent Non-Executive Director	22 May 2002	3/3
Tan Sri Saw Choo Boon (Member)	Independent Non-Executive Director	25 February 2019	3/3

2. ROLE OF THE NOMINATION COMMITTEE

The Nomination Committee ("NC") is responsible for assessing and making recommendations on any new appointments to the Board and its various Board Committees as well as the Directors who are retiring by rotation to be put forward for re-election.

The NC shall set the policy framework and:-

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

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

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

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

d. Promote a diverse Board composition which includes at least one (1) women Director on the Board, as required under the Main Market Listing Requirements ("MMLR");

e. Review the participation of women in Senior Management to ensure there is healthy talent pipeline; and

f. Oversee the effective succession planning, talent management and human capital development for the Board and key officers.

3. TERMS OF REFERENCE

i. Composition

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

The Chairman of the Board does not serve on the NC to ensure check and balance as well as objective review by the Board. The Chairman of the Board shall not participate by way of invitation in the NC meetings.

ii. Quorum of Meetings

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

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

iii. NC Members

The existing NC Members are as disclosed above.

iv. Majority Decision

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

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

The Director(s) concerned should abstain from discussion on their own nomination.

v. Casting Vote

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

vi. Frequency of Meetings

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

vii. Notice of Meetings

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

viii. Secretary

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

ix. Minutes of Meetings

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

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

x. Directors' Fit and Proper Policy

The Directors' Fit and Proper Policy was established on 23 May 2022 to guide the NC, the Managing Director/ Group Chief Executive Officer and Deputy Managing Director in the appointment and re-appointment/ re-election of Directors, Chief Executive Officers and Chief Financial Officer of WSC Group based on a list of fit and proper criteria.

The terms of the Directors' Fit and Proper Policy are reviewed and updated from time to time to ensure that they are relevant and in line with the requirements of all relevant acts, rules and guidelines currently in force. The Directors' Fit and Proper Policy is available on the Company's website at www.wahseong.com.

xi. Roles of the Chairman of NC

The Chairman of the NC shall lead the succession planning and appointment of Directors and oversee the development of a diverse pipeline for board and management succession, including the future Chairman, Executive Directors and Chief Executive Officer. The Chairman shall also lead the annual review of board effectiveness, ensuring that the performance of each individual Director and Chairman of the Board Committee are independently assessed.

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

xii. Roles and Functions of the NC

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

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

b. To review and assess the skills, expertise, experience, gender, age, ethnicity, time commitment and independence of its Directors to ensure their relevance and the efficiencies and effectiveness of the Board as a whole including its effectiveness in promoting a diverse Board composition which includes appropriate number of woman Director(s), as required under the MMLR of Bursa Malaysia Securities Berhad ("Bursa Securities") and in addressing the Group's material sustainability risks and opportunity;

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

d. To assess the independency of the Independent Directors;

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

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

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

h. Consider utilizing independent sources in the event suitable candidates could not be sourced from recommendations;

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

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

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

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

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

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

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

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

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

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

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

s. To review the appointment, re-appointment/re-election and resignation of Directors on the Board of the Company and of its subsidiaries, where necessary;

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

u. To review the participation of women in Senior Management to ensure that there is a healthy talent pipeline; and

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

xiii. Independent Director

An Independent Director is defined in the MMLR and the Malaysian Code on Corporate Governance ("MCCG") as one who:-

(i) is not, and has not been within the last 3 years, an officer of the Company or its related corporation ("Corporation"). For this purpose, "officer" has the meaning given in Section 2 of the Companies Act 2016 and it includes any Director, Secretary or employee of the Corporation, but excludes a Director who has served as an Independent Director in any one or more of the Corporation for a cumulative period of less than 12 years as required by the MMLR effective on or after 1 June 2023;

(ii) is not a major shareholder of the Corporation;

(iii) is not a family member of any executive director, officer or major shareholder of the Corporation;

(iv) is not acting as a nominee or representative of any executive director or major shareholder of the Corporation;

(v) has not been engaged as an adviser by the Corporation, or is not presently a partner, Director (except as an Independent Director) or major shareholder, of a firm or corporation which provides professional advisory services to the Corporation, under such circumstances as may be prescribed and varied by Bursa Securities from time to time;

(vi) has not engaged in any transaction with the Corporation, or is not presently a partner, Director or major shareholder, of a firm or corporation (other than subsidiaries of the Company) which has engaged in any transaction with the Corporation, under such circumstances as may be prescribed and varied by Bursa Securities from time to time;

(vii) if the former audit partner of the external audit firm is proposed to be appointed as an Independent Director, he or she is required to observe a cooling-off period of at least three (3) years before being appointed as a member of the Audit Committee; or

(viii) has not served as an Independent Director in any one or more of the Corporations for a cumulative period of more than 12 years from the date of his first appointment as an Independent Director as required by the MMLR effective on or after 1 June 2023.

xiv. Succession Planning for Board and Key Officers

The NC shall develop an effective succession planning framework, talent management program, and human capital development process for the Board and the key officers of the Company.

The NC shall oversee the succession planning for the Board members and the key officers.

xv. Variation

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

The Terms of Reference of NC was last reviewed by the Board of Directors on 23 February 2023 and is available on the Company's website at www.wahseong.com.

4. BOARD DIVERSITY

The Diversity Policy was established on 27 November 2018, and was last reviewed by the Board on 23 November 2022 whereby the NC is tasked to review and assess the requirement of at least one (1) woman Director on the Board and the relevant updates ancillary thereto in order to streamline the Diversity Policy to be in line with the amendments to the MMLR of Bursa Securities as well as the MCCG 2021. The Diversity Policy is available on the Company's website at www.wahseong.com.

5. BOARD'S EFFECTIVENESS ASSESSMENT

The NC conducted an annual assessment of the Board's effectiveness as a whole and the contribution of each individual Director in respect of the financial year ended 31 December 2022 using a set of customised self-assessment questionnaires to be completed by the Directors. The results of the self-assessment by Directors and the Board's effectiveness as a whole as compiled by the Group Company Secretary were tabled to the Board for review and deliberation.

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

Assessment was also conducted on the Board Committees' effectiveness based on a set of questionnaires to be completed in respect of the financial year ended 31 December 2022 and the NC was pleased with the outcome of the said assessment.

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

6. INDEPENDENCE ASSESSMENT OF THE INDEPENDENT DIRECTORS

The NC had conducted an independence assessment of the Independent Directors in respect of the financial year ended 31 December 2022 and the NC was satisfied with the results whereby all the Independent Directors fulfilled the criteria for an Independent Director as prescribed under the MMLR of Bursa Securities.

The NC had recommended that the existing Independent Non-Executive Directors namely Tan Sri Professor Lin See Yan and Encik Halim Bin Haji Din be redesignated as Non-Independent Non-Executive Directors upon the appointment of two (2) new Independent Non-Executive Directors on the Board.

7. REVIEW OF THE AUDIT COMMITTEE

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

8. FINANCIAL LITERACY OF AUDIT COMMITTEE MEMBERS

Pursuant to Practice 9.5 of the MCCG 2021, the NC had conducted the financial literacy assessment for each of the Audit Committee members based on a set of questionnaires to be completed in respect of the financial year ended 31 December 2022 and the NC was pleased with the outcome of the assessment.

9. EXTENSION OF THE CONTRACT OF EMPLOYMENT OF THE COMPANY'S MANAGING DIRECTOR/GROUP CHIEF EXECUTIVE OFFICER

At the NC Meeting held on 23 November 2022, the Contract of Employment of Mr Chan Cheu Leong, the Company's Managing Director/Group Chief Executive Officer, was extended for six (6) months to be ended on 30 June 2023 based on the same existing terms of employment, and thereafter, Mr Gian Carlo Maccagno, the current Deputy Managing Director, shall assume the role of Managing Director/Group Chief Executive Officer of the Group with effect from 1 July 2023 and these were duly approved by the Board.

10. WOMAN DIRECTOR ON BOARD

The NC had at its meeting held on 27 March 2023 interviewed and recommended two (2) women candidates to be appointed as Independent Non-Executive Directors on the Board of the Company.

11. COMPLIANCE WITH THE MMLR

The new Board composition will fulfil the MMLR to have at least one (1) woman Director on Board and also all the existing Independent Non-Executive Directors whom have exceeded the twelve (12) years tenure to be redesignated as Non-Independent Directors.

The Board of Directors ("the Board") of Wah Seong Corporation Berhad ("WSC" or "the Company") recognises the importance of practising and upholding good corporate governance in discharging its duties and responsibilities towards enhancing business prosperity, corporate accountability, sustainability and realising and creating ongoing values for its shareholders and stakeholders. Hence, the Board is pleased to present an overview of the extent of the application and compliance of WSC and its Group with the relevant principles and practices of the Malaysian Code on Corporate Governance ("MCCG 2021") issued by the Securities Commission Malaysia ("SC") on 28 April 2021, the Guidelines on Conduct of Directors of Listed Corporations and Their Subsidiaries issued by SC on 30 July 2020 and revised on 12 April 2021 ("SC Guidelines on Conduct of Directors") as well as the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("MMLR").

1. BOARD OF DIRECTORS

1.1 Duties and Responsibilities of the Board

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

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

The Board exercises due care and diligence in discharging its fiduciary duties and responsibilities and in ensuring that high ethical standards are applied in practising and upholding good corporate governance and through the compliance with the relevant rules and regulations, directives and guidelines and the adoption of the relevant principles and practices of the MCCG 2021 and the SC Guidelines on Conduct of Directors in addition to acting in the best interest of the shareholders, stakeholders and the Group, taking into account diverse perspectives and insights.

The Board has established a Board Charter which sets out the Board's strategic intent and outlines the Board's roles and responsibilities including the key values, mission, principles and ethos of the Company. The Board Charter serves as a source of reference for Board members as well as a primary induction literature for new Board members in respect of their duties and responsibilities and the various legislations and regulations governing their conduct with the application of principles and practices of good corporate governance in their business conduct. The Board Charter would be reviewed and updated periodically as and when the need arises. The Board Charter is last reviewed by the Board on 23 February 2023.

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

- reviewing and adopting the strategic plans and direction of the Group;
- setting appropriate values and standards;
- reviewing the financial statements and forming a view on the information presented;
- overseeing the governance of sustainability and in setting the Group's sustainability strategies, priorities and targets which encompasses economics, environment, social and governance aspects;
- overseeing and evaluating the conduct of the Group's businesses;
- reviewing, challenging and deciding on Management's proposals and recommendations and monitor their implementation where appropriate;
- identifying principal risks and ensuring that appropriate internal control and risk management and mitigation measures are implemented to manage these risks;
- succession planning including the implementation of appropriate systems for recruitment, training, determining compensation benefits and replacement of Senior Management staff;
- developing and implementing an investor relations programme to enable effective communications with the shareholders and stakeholders;
- supervising and assessing Management's performance in managing the businesses of the WSC Group;
- reviewing the adequacy and integrity of the internal control systems, management information systems and risk management framework which includes sound system of reporting and in ensuring regulatory compliance with applicable laws, regulations, rules, directives and guidelines;
- ensuring proper accounting and other records are kept to enable the preparation of true and fair financial statements;

- ensuring an adequate group wide framework is in place to facilitate oversight and ensuring integrity of the group financial and non-financial performance and reporting, business strategy and priorities, risk management and corporate governance policies and practices of the Group; and
- ensuring the group wide framework is established on corporate governance to include code of conduct and ethics, policies and procedures on anti-corruption, whistleblowing, managing conflict of interest, managing material sustainability risks and board diversity including gender diversity.

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

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

As an effort to continuously observe high standard of ethical conducts, the Board has established the Company Directors' Code of Ethics on 27 November 2018 and it is last reviewed by the Board on 23 November 2022. The Company Directors' Code of Ethics is available on the Company's website at www.wahseong.com.

The Directors are guided by the SC Guidelines on Conduct of Directors in the discharge of their fiduciary duties towards the Company and the shareholders. The SC Guidelines on Conduct of Directors covers the Conduct Requirements for Directors, Maintaining Proper Records and Accounts and Group Governance in promoting corporate governance practices among the listed corporations in Malaysia.

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

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

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

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

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

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

1.2 Board Composition and Balance

During the period under review, the Board has appointed two (2) women Directors on the Board of the Company namely Datin Wan Daneena Liza Binti Wan Abdul Rahman and Puan Lily Rozita Binti Mohamad Khairi. These two (2) women Directors will be the new Independent Non-Executive Directors on the Board. Meanwhile, the existing Independent Non-Executive Directors namely Encik Halim Bin Haji Din and Tan Sri Professor Lin See Yan will be redesignated as Non-Independent Non-Executive Directors accordingly. Hence, the new Board composition is led by the Non-Executive Chairman, Dato' Seri Robert Tan Chung Meng and altogether, comprises of nine (9) members, which include two (2) Executive Directors, four (4) Non-Independent Non-Executive Directors (including the Non-Executive Chairman) and three (3) Independent Non-Executive Directors.

The new Board composition fulfilled the Bursa Malaysia Main Market Listing Requirements to have at least one (1) woman Director on Board and also all the existing Independent Non-Executive Directors whom have exceeded the twelve (12) years tenure to be re-designated as Non-Independent Directors.

The composition of the Board reveals their varied background as outlined on pages 44 to 48 of this Annual Report. The Board members are equipped with the relevant skills, knowledge and expertise required for the proper running of the Company's affairs. The effectiveness of the individual Directors and the Board as a whole are assessed annually by the Nomination Committee.

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

1.3 Board Independence

The number of Independent Directors on the Board complies with Paragraph 15.02, Chapter 15 of the MMLR, which states that at least two (2) Directors or one-third (1/3) of the Board, whichever is higher, shall comprise of Independent Directors. The newly appointed Independent Directors and the existing Independent Non-Executive Director fulfilled the criteria of independence as defined in the MMLR as follows:

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

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

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

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

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

All Independent Directors act independently of the Management and do not participate in any business dealings and are not involved in any other relationship with the WSC Group that may impair their independent judgement and decision-making. Their presence provides a check and balance in the discharge of the Board function and the Independent Directors' views carry significant weight in all Board deliberations and decision-making.

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

Practice 5.3 of the MCCG 2021 requires the tenure of an Independent Director to not exceed a cumulative term limit of nine (9) years. The Nomination Committee and the Board have duly assessed, determined and resolved that the existing Independent Non-Executive Directors of the Company namely Encik Halim Bin Haji Din and Tan Sri Professor Lin See Yan, who have served on the Board for more than nine (9) years, to be redesignated as Non-Independent Non-Executive Directors.

The Chairman of the Company and the Board is not an Independent Director. There are three (3) Independent Directors out of nine (9) Board members. The Board believes that its current Board composition provides the appropriate balance in terms of skills, knowledge and experience in creating, protecting and enhancing the interests and values of all shareholders and stakeholders and in overseeing the conduct of businesses and to properly run the WSC Group effectively. As the Chairman is also a shareholder who has substantial interest in the Company, he is well placed to act on behalf of shareholders and stakeholders and in their best interest and in providing Board leadership.

The Board believes in recognising and retaining high performance, talented and dedicated Board members, Senior Management and workforce regardless of gender, ethnicity and age with the required merits, knowledge, experience, expertise, competencies, professionalism, integrity and ability in discharging their responsibility and capability in contributing to the Board and the organisation. Hence, the Board has established a Diversity Policy which came into effect on 27 November 2018 and is last reviewed by the Board on 23 November 2022. The Diversity Policy is available on the Company's website at www.wahseong.com.

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

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

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

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

The Chairman of the Board does not serve on the Audit Committee, Nomination Committee or Remuneration Committee to ensure check and balance as well as objective review by the Board.

1.5 Senior Independent Non-Executive Director

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

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

1.6 Board Meetings

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

During the financial year ended 31 December 2022, the Board met four (4) times and the details of the attendance of the Board members are as follows:

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

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

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

1.7 Supply of Information

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

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

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

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

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

1.8 Group Company Secretary

Ms Irene Woo Ying Pun, the Group Company Secretary of the WSC Group, is a Fellow Member of the Malaysian Institute of Chartered Secretaries and Administrators (MAICSA) and also a former Council Member from June 2016 to June 2022 of MAICSA. She is a qualified Chartered Secretary and a Chartered Governance Professional. She heads the Group Corporate Secretarial Department of WSC and is a member of the key senior management team of the WSC Group. She was appointed to the position since 3 November 2008.

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

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

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

Ms Woo also assists in overseeing the Integrity function of WSC and the Industrial Services Division of the Group. She chairs the Integrity Committee meetings and assisted in the preparation of the Anti-Bribery and Corruption Policy and the Anti-Bribery and Corruption Framework and the establishment of the Anti-Bribery and Corruption Framework Handbook.

1.9 Appointments to the Board

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

In making these recommendations, due consideration is given to the composition, objective criteria, required mix of skills, expertise, knowledge, experience, professionalism and integrity that the proposed Directors shall bring to complement the Board. However, no person shall be appointed, re-appointed, elected or re-elected as a Director on the Board or continue to serve as a Director if the person is or becomes an active politician.

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

1.10 Re-election of Directors

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

1.11 Board Committees

The Board delegates specific responsibilities to the respective Board Committees of the Board, each of which has clearly defined terms of reference and its own functions, delegated roles, duties and responsibilities. The Board reviews the functions and terms of reference of Board Committees from time to time to ensure that they are relevant and updated in line with the MCCG 2021, the MMLR and other related policies or regulatory requirements.

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

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

The Board has established five (5) principal Board Committees namely, Audit Committee, Nomination Committee, Remuneration Committee, Integrity Committee and Sustainability Steering Committee. The Risk Management Committee is a subcommittee of the Audit Committee.

(a) Audit Committee

The composition of the Audit Committee comprises of Non-Executive Directors i.e. three (3) Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Director. The Terms of Reference is last reviewed by the Board on 23 November 2022. The Terms of Reference, including the duties and responsibilities of the Audit Committee are available on the Company's website at www.wahseong.com. A summary of activities of the Audit Committee in the discharge of its functions and duties for the financial year ended 31 December 2022 are set out separately in the Audit Committee Report as laid out on pages 53 to 57 of this Annual Report.

i. Risk Management Committee

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

The Risk Management Committee has been expanded to cover the areas of risks on sustainability of the WSC Group.

The Risk Management Committee plays an important role in developing the Company's sustainability strategies, plans, approach and integrating sustainability consideration in the day-to-day operations of the Group and to drive, implement and monitor to ensure effective implementation of the Company's sustainability risks, strategies, opportunities and plans and all these have since been relayed to the designated committee namely the Sustainability Steering Committee which is established and formalized by the Board of Directors on 22 November, 2022.

The Risk Management Committee reports to the Board on matters and updates pertaining to sustainability of the Group on a quarterly basis.

The Risk Management Committee has embedded bribery and corruption risk in the risk register and in the annual risk assessment of WSC Group.

(b) Nomination Committee

The Nomination Committee has been established comprising exclusively of four (4) Non-Executive Directors, a majority of whom are Independent Directors. The Terms of Reference is last reviewed by the Board on 23 February 2023. The Terms of Reference including the roles and responsibilities of the Nomination Committee are available on the Company's website at www.wahseong.com. The activities of the Nomination Committee in the discharge of its duties for the financial year ended 31 December 2022 are set out on pages 61 to 66 of this Annual Report.

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

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

(c) Remuneration Committee

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

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

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

The information on Remuneration Committee and its Terms of Reference including its functions are available on pages 58 to 60 of this Annual Report.

The Remuneration Policy and the Terms of Reference including the duties and responsibilities of the Remuneration Committee are last reviewed by the Board on 23 February 2023 and they are available on the Company's website at www.wahseong.com.

(d) Integrity Committee

The Integrity Committee is established with members comprising Heads of various Divisions selected by the Group Managing Director. The Integrity Committee oversees the areas of anti-corruption and corporate liability for corruption and in ensuring that adequate and appropriate policies and procedures on anti-corruption are in place and in ensuring the Company's approach to anti-bribery and anti-corruption is in compliance.

The Committee meets at least four (4) times a year to review the adequacy of anti-bribery and anti-corruption compliance with Section 17A of the Malaysian Anti-Corruption Commission Act 2009 (Amendment 2018) ("MACC Act") by the Group and to deliberate and manage any complaints and allegations of bribery and act of corruption reported to the Committee. The proceedings of each meeting shall be minuted and a copy of the minutes will be circulated to the Board for their attention.

The Chairman of the Committee shall update and report formally to the Board and make any necessary recommendations to the Board during the quarterly Board meetings or as and when the need arises.

The Committee has oversight of policy making, design and implementation of the Anti-Bribery Management System ("ABMS") and/or Anti-Bribery and Corruption Framework ("ABCF"), and practices for compliance with the MACC Act.

(e) Sustainability Steering Committee

The Sustainability Steering Committee is spearheaded by the Group's Deputy Managing Director which has been carrying out various initiatives on environment and climate change activities and projects under the purview of the Risk Management Committee. The Sustainability Steering Committee has been established and formalized by the Board of Directors on 22 November, 2022 and designated to support and assist the Board in the oversight of the responsibilities towards the Group's ongoing commitments and initiatives on its sustainability which encompasses the economics, environment, social and governance aspects to be in line with the Group's vision, mission and values.

The Committee meets at least four (4) times a year for the development, execution, oversight, monitoring and assessing of the Group's sustainability strategies, priorities, goals, targets, performances, adequacies and related systems, framework, charter and policies. The Chairman of the Committee shall update and report to the Governance and Compliance Committee/Board accordingly.

The Committee is responsible to ensure timely and efficient communication and reporting of its sustainability reports, sustainability related statements and disclosures to the relevant regulatory/ government authorities, stakeholders and shareholders as well as ensuring the quality, accuracy and completeness of the contents thereof.

1.12 Finance and Investment Committee

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

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

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

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

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

1.13 Directors' Training

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

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

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

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

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

Directors	Date of Course/ Name of Organiser	Title of Training/Courses Attended
Dato' Seri Robert Tan Chung Meng	27 April 2022 PricewaterhouseCoopers PLT	ESG and Real Estate: Towards Greater Value Creation
Tan Sri Professor Lin See Yan	22 March 2022 Ancom Berhad	Amendments to the Corporate Governance Guide
	7 April 2022 Audit Oversight Board of Securities Commission	Conversation with Audit Committees
	12 April 2022 Sunway University	Jeff Sachs Briefing
	20 April 2022 Sunway Group	National Solutions Forum 2022
	19 July 2022 TSJ Cheah Lecture Series	Lecture by Prof. Salamman and Prof. Becerra, HU
	9 August 2022 TSJ Cheah Lecture Series	Look East Policy in Review by Japanese Ambassador
	20 August 2022 Sunway Group	Education for a Sustainable Future
	27 - 28 August 2022 Jeffrey Cheah Institute	17th East Asian Economic Association Sustainable Convention
	19 October 2022 Harvard University	Harvard Global Health & Service Advisory, HMS, US
	23 October 2022 Sunway University	Asia Economic Panel, Seoul
	3 November 2022 Harvard University	QSAA Council
Chan Cheu Leong	-	-

Directors	Date of Course/ Name of Organiser	Title of Training/Courses Attended
Gian Carlo Maccagno	15 February 2022 DuPont Sustainable Solutions (DSS)	Leadership Coaching Session 4 with DSS
	16 February 2022 DuPont Sustainable Solutions	Leadership Coaching Session 5 with DSS
	16 August 2022 DuPont Sustainable Solutions	Leadership Coaching Session 6 with DSS
Halim Bin Haji Din	7 April 2022 Securities Commission Malaysia	Audit Oversight Board's Conversation with Audit Committees (AOB)
Tan Jian Hong, Aaron	27 and 28 April 2022 YPO Straits Tiger Chapter	Radical Collaboration Workshop by Jim Tamm
	28 April 2022 INSEAD	Driving Business Value through Digital Execution
	4 May 2022 UBS & Endowus	Investing in the future of China and emerging markets
	29 June 2022 Credit Suisse	Credit Suisse Market Outlook
Tan Sri Saw Choo Boon	24 March 2022 World Bank	Innovation-led Growth in Malaysia
	7 April 2022 World Bank	East Asia and Pacific Economic Update, April 2022: Braving the Storms
	21 April 2022 Permodalan Nasional Berhad	Knowledge Forum – ESG at the Forefront
	15 June 2022 World Bank	26th Malaysian Economic Monitor – Catching Up
	22 and 23 June 2022 SIDC	Sustainable And Responsible Investment 2022
	9 August 2022 Bursa Malaysia	Advocacy Sessions for Directors
	19 October 2022 SIDC	SIDC's Business Foresight Forum (BFF)

2. DIRECTORS' REMUNERATION

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

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

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

The details of the remuneration of the Directors of the Company (including the remuneration for services rendered to the Company as a Group) received from the Company and received on a group basis during the financial year ended 31 December 2022 are as follows:

Company

				Benefits in-kind	
	Directors' Fees (RM'000)	Salaries and Other Emoluments (RM'000)	Bonus (RM'000)	Leave Passage (RM'000)	Others* (RM'000)
Dato' Seri Robert Tan Chung Meng	100	12	-	-	11
Halim Bin Haji Din	90	48	-	-	-
Tan Sri Professor Lin See Yan	80	48	-	-	-
Tan Jian Hong, Aaron	60	36	-	-	-
Tan Sri Saw Choo Boon	80	48	-	-	-
Chan Cheu Leong	60	2,432	-	-	34
Gian Carlo Maccagno	60	12	-	-	-
	530	2,636	-	-	45

Group

				Benefits in-kind	
	Directors' Fees (RM'000)	Salaries and Other Emoluments (RM'000)	Bonus (RM'000)	Leave Passage (RM'000)	Others* (RM'000)
Dato' Seri Robert Tan Chung Meng	100	12	-	-	11
Halim Bin Haji Din	90	48	-	-	-
Tan Sri Professor Lin See Yan	80	48	-	-	-
Tan Jian Hong, Aaron	60	36	-	-	-
Tan Sri Saw Choo Boon	80	48	-	-	-
Chan Cheu Leong	60	2,432	-	-	34
Gian Carlo Maccagno	60	4,024	-	-	31
	530	6,648	-	-	76

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

In addition, the Group and the Company have made a provision of RM2,400,000 and RM1,080,000 respectively for amounts payable to Executive Directors at the end of their employment for their services rendered to the Group and the Company as part of their employment contract.

3. TOP FIVE KEY SENIOR MANAGEMENT'S REMUNERATION

Pursuant to Practice 8.2 of the MCCG 2021, the top five Key Senior Management's total remuneration inclusive of salary, bonus, benefits-in-kind and other emoluments in bands of RM50,000 are disclosed as follows:

	Total
RM500,000 to RM550,000	1
RM750,000 to RM800,000	1
RM800,000 to RM850,000	1
RM1,400,000 to RM1,450,000	1
RM2,300,000 to RM2,350,000	1
Total	**5**

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

4. SHAREHOLDERS AND INVESTORS

4.1 Effective Communications Policy

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

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

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

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

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

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

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

4.2 Dialogue between the Company and Investors

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

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

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

4.3 Annual General Meeting

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

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

The Board also ensures that any general meetings of the Company are conducted either fully virtually or hybrid in order to support meaningful engagements between the Board, Senior Management and the shareholders.

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

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

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

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

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

5. ACCOUNTABILITY AND AUDIT

5.1 Financial Reporting

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

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

The Statement of Directors' Responsibility in respect of the audited financial statements of the Company and the Group is set out on page 87 of this Annual Report.

5.2 Internal Control

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

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

Information on the Group's Internal Control is as set out in the Statement on Risk Management and Internal Control on pages 84 to 86 of this Annual Report.

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

5.3 Whistle Blowing Policy

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

The Board of Directors will ensure that the Whistle Blowing Policy are reviewed periodically, at least once every 3 years, to assess its effectiveness and to ensure its relevance. The Whistle Blowing Policy is last reviewed by the Board on 24 February, 2022.

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

5.4 Principles of Business Conduct

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

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

5.5 Relationship with Auditors

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

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

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

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

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

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

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

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

- size, sufficiency of the allocated resources and geographical coverage of the external audits being conducted;
- calibre, competency, requisite skills and expertise, including industry knowledge of the audit team to effectively audit the Company and the Group that meet the requirements;

- adequacy of audit scope and plan to address the accounting risks, audit risk and financial reporting risks faced by the Company and the Group;
- quality and effectiveness of the audit services provided by the External Auditors;
- the External Auditors met their performance targets as expected of them; and
- the information presented in the External Auditors' Annual Transparency Report.

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

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

Further information on the role of the Audit Committee with the External Auditors is stated in the Audit Committee Report on pages 53 to 57 of this Annual Report.

5.6 Internal Audit Function

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

The Board ensures that the Group has an effective governance, risk management and internal control framework.

For more information pertaining to the internal audit activities, please refer to the Audit Committee Report on pages 53 to 57 of this Annual Report.

6. CORPORATE RESPONSIBILITY

Throughout 2022, the Group has undertaken various initiatives to create a positive and momentous impact on the lives of others, within the community and the environment in which it operates, as set out in the Sustainability Statement on pages 10 to 36 of this Annual Report.

7. SUSTAINABILITY

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

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

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

A separate Statement on Sustainability is as set out on pages 10 to 36.

8. CORPORATE DISCLOSURE POLICIES AND PROCEDURES

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

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

9. GOVERNANCE MODEL DOCUMENT

The Governance Model Document is established and approved by the Board of Directors on 23 February 2021 as part of the Group wide framework for co-operation and communication between the Company and its subsidiaries, in compliance with the Group Governance under Chapter 5 of the SC Guidelines on Conduct of Directors.

The Governance Model Document is last reviewed by the Board on 24 February 2022. The Governance Model Document is available on the Company's website at www.wahseong.com.

10. ANTI-CORRUPTION MEASURES

The Company published the Anti-Bribery and Corruption Policy ("ABC Policy") on the Company's website in compliance with the MMLR which took effect from 1 June 2020. The Board of Directors has approved and adopted the Anti-Bribery and Corruption Framework ("ABC Framework") established for the Group based on the T.R.U.S.T. principles of the Guidelines on Adequate Procedures of the MACC Act. The ABC Framework Handbook serves to inform the Group's directors, employees and its business associates about the Group's core values and expectations, as well as the policies and procedures pertaining to the handling of bribery and corruption matters within the Group. The ABC Framework Handbook also serves as a preventive tool and guidance to assist the Group's directors, employees and business associates in recognizing, preventing and detecting potential corrupt practices.

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

The Board of Directors is assisted by the Integrity Committee in the oversight of policy-making, implementation of an effective regulatory framework and practices and to ensure that the approach of the Group on anti-bribery and anti-corruption is in compliance with the MACC Act while the Risk Management Committee captures such risks in the risk register and in the annual risk assessment of the WSC Group.

The Energy Division of the WSC Group under the championship of Wasco Management Services Sdn. Bhd., the indirect wholly-owned subsidiary of WSC is an ISO 37001:2016 SIRIM Certified company.

11. CORPORATE GOVERNANCE REPORT

Please refer to the Company's Corporate Governance Report on the extent of the Company and its Group's application and compliance with the MCCG 2021 and the relevant explanations for the deviations which can be downloaded from the Company's website at www.wahseong.com.

1. UTILISATION OF PROCEEDS RAISED FROM CORPORATE PROPOSALS

There are no proceeds raised from corporate proposals during the financial year ended 31 December 2022.

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

The details of significant recurrent related party transactions conducted during the financial year ended 31 December 2022 pursuant to the shareholders' mandate are disclosed in the Summary of Significant Recurrent Related Party Transactions as set out on pages 206 to 207 of this Annual Report.

3. MATERIAL CONTRACTS

There are no material contracts (not being contracts entered into in the ordinary course of business), entered into by the Company and its subsidiaries, involving the interests of the Directors, Chief Executive who is not a Director or major shareholders during the financial year ended 31 December 2022.

4. AUDIT AND NON-AUDIT FEES

(a) The amount of audit fees paid and payable to the Company's External Auditors i.e. PricewaterhouseCoopers PLT Malaysia ("PwC") for the services rendered to the Company and the Group for the financial year under review are RM93,000 and RM1,079,000 respectively. While the amount of audit fees paid and payable to PwC's affiliates for services rendered to the Group for the financial year under review are RM1,082,000.

(b) The amount of non-audit fees paid and payable to PwC and its affiliates for the services rendered to the Company and the Group for the financial year under review are RM13,000 and RM1,940,000 respectively.

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

	Company (RM)	**Group (RM)**
Audit Fees	93,000	2,161,000
Non-Audit Fees*	13,000	1,940,000
Total	**106,000**	**4,101,000**

* Included in fees for non-audit services are fees payable to PwC for the Company and the Group of RM13,000 and RM392,000 respectively.

* The non-audit fees incurred for the Company and the Group during the financial year under review amounted to RM1,940,000, constituting approximately 47% of the total amount of audit and non-audit fees of RM4,101,000 paid and payable to PwC and its affiliates for the services rendered to the Company and the Group. The non-audit services are mainly related to statutory tax compliance/advisory and project advisory.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

BOARD RESPONSIBILITY

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

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

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

The Board has received reports from the RMC that the Group's risk management and internal control system is operating adequately and effectively in all material aspects based on the existing risk management and internal control system of the Group in financial year 2022 ("FY 2022").

Based on the reports received from the RMC and the reports from various sources (including both internal and external auditors), the Board is of the view that the system of risk management and internal control are in place for FY 2022 and up to the date of approval of this statement is adequate and effective to safeguard shareholders' interest in the Group, interest of customers, regulators, employees and the Group's assets.

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

RISK MANAGEMENT COMMITTEE

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

The RMC is headed by the Deputy Managing Director and made up of the Senior Management Team of the Group's significant business divisions.

The principal responsibilities of the RMC include:-

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

KEY ELEMENTS AND PROCESSES ON RISK MANAGEMENT AND INTERNAL CONTROLS

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

RISK MANAGEMENT

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

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

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

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

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

INTERNAL AUDIT FUNCTION

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

The audit engagements were carried out based on the approved annual Internal Audit Plan. In FY 2022, the GIA had completed 5 risk-based audit engagements and presented the reports to the AC. They focused on review of various scope including project management, anti-bribery and business processes of the Group. High impact audit findings with regards to risk, control and governance with recommendation for further improvement were escalated to the attention and scrutiny of the senior management and subsequently tabled to the AC on a quarterly basis. Follow up review on audit engagements were also conducted to ensure proper and effective remedial actions have been taken by the line management to close control gaps highlighted by the GIA. All the internal audit activities and processes performed in FY 2022 were guided by the Internal Audit Charter and the GIA Standard Operating Procedure. The GIA is in conformance with the International Standards for the Professional Practice of Internal Auditing.

OTHER KEY ELEMENT ON INTERNAL CONTROL SYSTEM

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

- Clear organisational structure and financial authorisation limits are clearly defined;
- Group policies, including Principles of Business Conduct and Whistle Blowing Policy and Standard Operating Procedures to ensure compliance with internal controls, relevant laws and regulations;
- Annual business plans of all Business Units are reviewed and approved by the respective Divisional Executive Committee;
- Group budgets are reviewed and approved by the Board;
- Regular Executive Committee meetings at Business Units are held to review the operational and key performance indicators against the approved budget;
- Utilisation of contract tendering and evaluation process for large projects; and
- Weekly report on Group's cash position is monitored by Group Treasury.

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

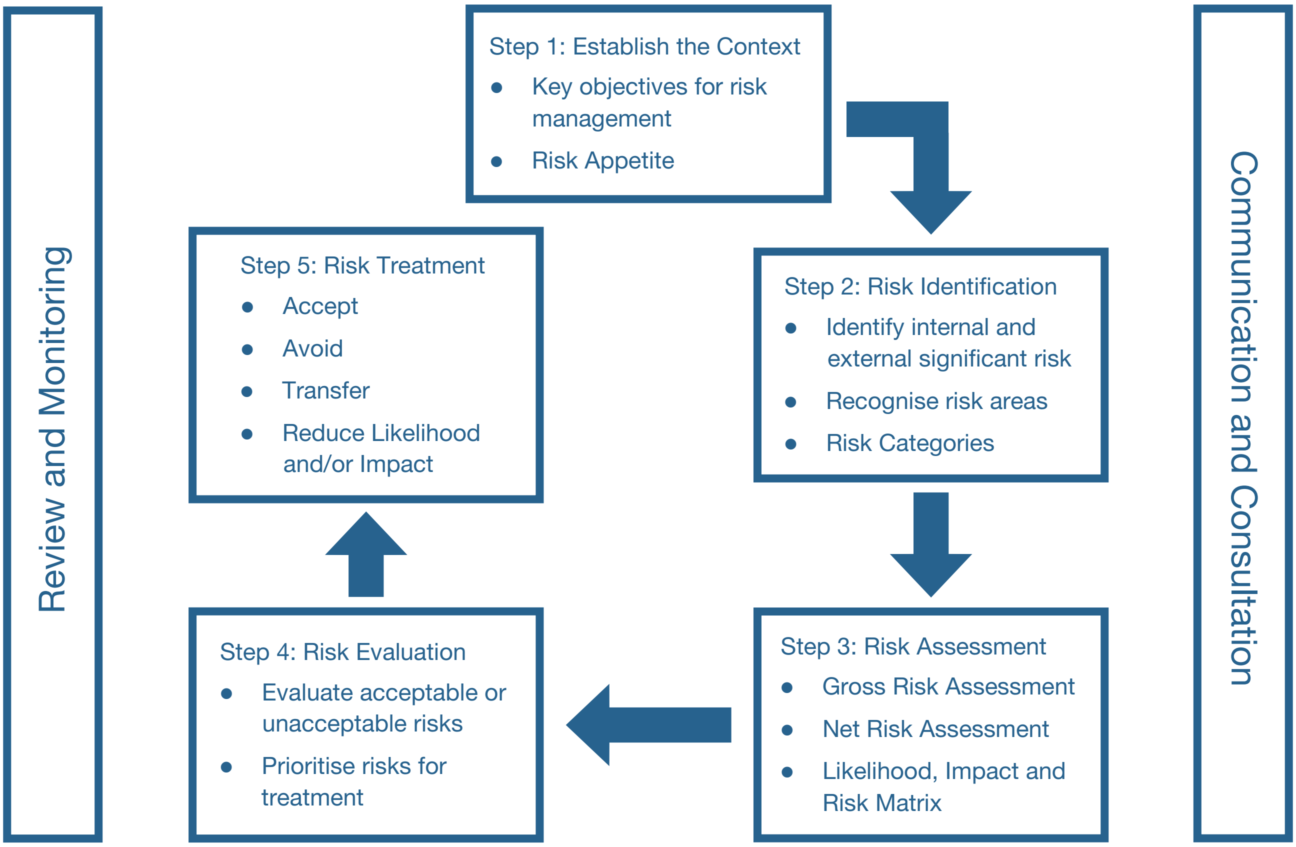
The Group's system of risk management and internal control applies principally to Wah Seong Corporation Berhad and its subsidiaries. Associate companies and joint ventures have been excluded because the Group does not have full management control and/or majority Board representation.

This statement is duly approved by the Board via a directors' circular resolution dated 13 April 2023.

RISK MANAGEMENT FRAMEWORK

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

Risk Management Process



REVIEW OF THIS STATEMENT

As required by Paragraph 15.23, Chapter 15 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the external auditors have reviewed this Statement on Risk Management and Internal Control. Their limited assurance review was performed in accordance with Audit and Assurance Practice Guides ("AAPG") 3 issued by the Malaysian Institute of Accountants. AAPG 3 does not require the external auditors to form an opinion on the adequacy and effectiveness of the risk management and internal control systems of the Group.

STATEMENT OF DIRECTORS' RESPONSIBILITY

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

The Directors are also responsible for ensuring that the annual audited financial statements of the Group and the Company are prepared with reasonable accuracy from the accounting records of the Group and the Company so as to give a true and fair view of the state of affairs of the Group and the Company as at 31 December 2022, and of the results of their operations and cash flows for the financial year ended on that date.

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

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

FINANCIAL STATEMENTS

DIRECTORS' REPORT

The Directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2022.

PRINCIPAL ACTIVITIES

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

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

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

FINANCIAL RESULTS

	Group RM'000	Company RM'000
Net (loss)/profit for the financial year attributable to:		
- Owners of the Company	(6,300)	4,248
- Non-controlling interests	49,430	-
Net profit for the financial year	43,130	4,248

DIVIDENDS

No dividends have been paid or declared by the Company since the end of the previous financial year.

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

RESERVES AND PROVISIONS

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

ISSUE OF SHARES AND DEBENTURES

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

TREASURY SHARES

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

As at 31 December 2022, the total number of treasury shares held by the Company was 577,054 shares.

Details of the treasury shares are set out in Note 25 to the financial statements.

DIRECTORS' REPORT

DIRECTORS

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

Dato' Seri Robert Tan Chung Meng
Chan Cheu Leong
Gian Carlo Maccagno
Halim Bin Haji Din
Tan Sri Professor Lin See Yan
Tan Jian Hong, Aaron
Tan Sri Saw Choo Boon
Datin Wan Daneena Liza Binti Wan Abdul Rahman (Appointed on 7 April 2023)
Lily Rozita Binti Mohamad Khairi (Appointed on 12 April 2023)

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

DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

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

	Number of ordinary shares			
	As at 1.1.2022	**Acquired**	**Disposed**	**As at 31.12.2022**
The Company				
Dato' Seri Robert Tan Chung Meng				
- direct interest	11,927,314	-	-	**11,927,314**
- deemed interest#	312,063,822	-	-	**312,063,822**
Chan Cheu Leong				
- direct interest	20,677,936	-	-	**20,677,936**
- deemed interest*	44,031,991	-	-	**44,031,991**
Giancarlo Maccagno				
- direct interest	2,459,353	300,500	-	**2,759,853**

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

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

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

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than the benefits shown under Directors' Remuneration in Note 41 and related party transactions in Note 39) by reason of a contract made by the Company or by a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

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

DIRECTORS' REMUNERATION

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

INDEMNITY GIVEN TO DIRECTORS AND OFFICERS

During the financial year, the total amount of indemnity coverage and insurance premium paid for the Directors and officer of the Group and the Company was RM147,774.

OTHER STATUTORY INFORMATION

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

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

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

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

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

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

   (iii) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

(c) At the date of this report:

   (i) there are no charges on the assets of the Group and of the Company which have arisen since the end of the financial year which secures the liabilities of any other person; and

   (ii) there are no contingent liabilities in the Group and in the Company which have arisen since the end of the financial year.

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

OTHER STATUTORY INFORMATION (CONTINUED)

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

(f) In the opinion of the Directors:

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

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

SUBSIDIARIES

Details of subsidiaries are set out in Note 9 to the financial statements.

AUDITORS' REMUNERATION

Auditors' remuneration is RM2,913,000 and is set out in Note 32 to the financial statements.

AUDITORS

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

This report was approved by the Board of Directors on 13 April 2023. Signed on behalf of the Board of Directors:

CHAN CHEU LEONG
DIRECTOR

HALIM BIN HAJI DIN
DIRECTOR

Kuala Lumpur

STATEMENT BY DIRECTORS

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

We, Chan Cheu Leong and Halim Bin Haji Din, two of the Directors of Wah Seong Corporation Berhad, do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 100 to 205 are drawn up so as to give a true and fair view of the financial position of the Group and the Company as at 31 December 2022 and financial performance of the Group and the Company for the financial year ended 31 December 2022 in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 13 April 2023.

CHAN CHEU LEONG
DIRECTOR

HALIM BIN HAJI DIN
DIRECTOR

Kuala Lumpur

STATUTORY DECLARATION

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

I, Ramanathan A/L P.R. Singaram, the officer primarily responsible for the financial management of Wah Seong Corporation Berhad, do solemnly and sincerely declare that, the financial statements set out on pages 100 to 205 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

RAMANATHAN A/L P.R. SINGARAM
CA16937

Subscribed and solemnly declared by the abovenamed at Kuala Lumpur in the Federal Territory on 13 April 2023.

Before me:

COMMISSIONER FOR OATHS

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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the financial statements of Wah Seong Corporation Berhad ("the Company") and its subsidiaries ("the Group") give a true and fair view of the financial position of the Group and of the Company as at 31 December 2022, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

What we have audited

We have audited the financial statements of the Group and of the Company, which comprise the statements of financial position as at 31 December 2022 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 100 to 205.

Basis for opinion

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

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

Independence and other ethical responsibilities

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

Our audit approach

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

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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters	How our audit addressed the key audit matters
1.0 Revenue recognition of line-pipe insulation services for the East African Crude Oil Pipeline (EACOP) project	
Refer to Note 2.22 for the accounting policy and Note 29 to the financial statements. During the financial year, the Group entered into a linepipe thermal insulation service contract for the East African Crude Oil Pipeline (EACOP) project. The total contract value is USD271 million (RM1,192.6 million). As at 31 December 2022, the Group recorded revenue from the EACOP project of RM286.5 million in the consolidated statement of comprehensive income. Management identified 2 performance obligations for this contract namely the construction and mobilisation of thermal insulation coatings plant and the provision of linepipe coating services. The performance obligations are satisfied over time, hence revenue is recognised over time using the percentage of completion ("POC") method. Under the POC method, the contract's progress over time was determined using the input method by comparing actual costs incurred to date, against total estimated project costs. Management estimated the project cost to completion including estimated material costs, equipments costs, labour costs and other costs based on past experience, as well as obtaining and benchmarking inputs to existing market data. We have given specific audit focus and attention to this area due to the size of the contract, and significant estimation and judgement used by management in determining project costs to completion.	Audit procedures performed over this key audit matter were as follows: • Evaluated management's assessment on the accounting treatment for the contract in accordance with the requirements of MFRS 15 "Revenue from Contracts with Customers"; • Understood and evaluated the design effectiveness of management's controls over the budgeting process for estimating total project costs to completion; • Assessed the reasonableness of key inputs used by management in estimating the project costs to completion by agreeing to supporting documents; • Recomputed revenue recognised for current financial year based on the respective POC and traced these to accounting records; and • Evaluated the adequacy of the Group's disclosures. Based on procedures performed, no material exception was noted.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Key audit matters (continued)

Key audit matters	How our audit addressed the key audit matters
2.0 Impairment assessment for goodwill of CGU A and CGU B Refer to Note 2.10(a) for the accounting policy, Note 3(a) and Note 7 to the financial statements. As at 31 December 2022, the Group's goodwill totalled RM152.8 million which is allocated to the following cash generating units ("CGU"): • Specialised Pipe Coating and Corrosion Protection Services (CGU A); and • EPC, Fabrication and Rental of Gas Compressors and Process Equipment (CGU B). We focused on this area due to the size of the goodwill and because the recoverable amounts of the CGUs are determined based on value in use ("VIU") calculations which involve significant judgements in determining key assumptions on the future cash flows generated.	Audit procedures performed over this key audit matter were as follows: • Involved our valuation specialist to assess the appropriateness of the valuation methodology used by management; • Tested mathematical accuracy of VIU calculations prepared by management; • Compared forecasted revenues to past performance records, market outlook and management's expectation of market developments; • Compared terminal growth rates to external macroeconomic sources of data and industry specific trends; • Compared costs to approved budgets and historical performance; • Involved our valuation specialist to evaluate the appropriateness of the discount rates used for CGU A and CGU B. This involved consideration of inputs from comparable industries and peer companies, adjusted for business risk and marketability; and • Assessed reasonableness of probabilities of occurrence assigned to base and worst case scenarios. We also considered the adequacy of disclosures in the financial statements of key assumptions and sensitivity analysis for respective CGUs. Based on procedures performed, no material exception was noted.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Key audit matters (continued)

Key audit matters	How our audit addressed the key audit matters
3.0 Impairment assessment on investment in associates and joint venture Refer to Note 2.5, Note 2.6 for accounting policies, Note 3(c), Note 10 and Note 11 to the financial statements. As at 31 December 2022, the carrying amounts of investments in associates, Petra Energy Berhad ("PEB") and Evraz Wasco Pipe Protection Corporation ("EWPPC"), were RM101.5 million and RM39.5 million respectively. The carrying amount of investment in a joint venture, ALAM-PE Holdings (L) Inc ("ALAM-PE") was RM32.3 million. Impairment indicators exist due to the following: • The fair value of quoted PEB shares was RM74.4 million, which was lower than the carrying value of the investment as at 31 December 2022; • EWPPC was in loss making position of RM26.1 million for financial year ended 31 December 2022; and • ALAM-PE was in loss making position of RM1.3 million for financial year ended 31 Dec 2022. In assessing the recoverable amounts of these investments, the value-in-use ("VIU") method was used. Subsequently, based on the VIUs performed, management reduced the carrying amount of investment in the joint venture, ALAM-PE by RM9.0 million. Similarly, a reduction of RM39.5 million was also made by management on the carrying amount of its investment in associate, EWPPC. We focused on this area due to the size of the investments and because the recoverable amounts of the investments are determined based on VIU calculations which involved significant judgements in determining key assumptions on future cash flows generated.	Audit procedures performed over this key audit matter were as follows: • Involved our valuation specialist to assess the appropriateness of the valuation methodology used by management; • Tested mathematical accuracy of VIU calculations prepared by management; • Compared forecasted revenues to past performance records, market outlook and management's expectation of market developments; • Compared current year profit margin to historical profit margins; • Compared terminal growth rates to external macroeconomic sources of data and industry specific trends; • Involved our valuation specialist to evaluate the appropriateness of the discount rates used. This involved consideration of inputs from comparable industries and peer companies; and • Assessed reasonableness of probabilities of occurrence assigned to base and worst case scenarios. We also considered the adequacy of disclosures in the financial statements of key assumptions and sensitivity analysis for respective investments. Based on the procedures performed, no material exception was noted.

We have determined that there are no key audit matters to report for the Company.

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 Directors' Report, Statement on Risk Management and Internal Control and other sections of Annual Report 2022, 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.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Information other than the financial statements and auditors' report thereon (continued)

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

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

Responsibilities of the Directors for the financial statements

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

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

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

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

(d) Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

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

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

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

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current financial year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 9 to the financial statements.

OTHER MATTERS

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

PRICEWATERHOUSECOOPERS PLT
LLP0014401-LCA & AF 1146
Chartered Accountants

TIANG WOON MENG
02927/05/2024 J
Chartered Accountant

Kuala Lumpur
13 April 2023

STATEMENTS OF
FINANCIAL POSITION
AS AT 31 DECEMBER 2022

	Note	Group		Company	
		2022	2021	2022	2021
		RM'000	RM'000	RM'000	RM'000
NON-CURRENT ASSETS					
Property, plant and equipment	4	**473,336**	434,774	**6,637**	1,766
Right-of-use assets	5(a)	**299,903**	262,891	**-**	-
Investment properties	6	**9,046**	5,600	**17,145**	22,245
Goodwill and other intangible assets	7	**153,132**	146,337	**-**	-
Deferred tax assets	8	**50,117**	37,447	**4,310**	3,942
Investment in subsidiaries	9	**-**	-	**737,424**	768,425
Investment in associates	10	**101,818**	181,598	**-**	-
Investment in joint ventures	11	**32,700**	53,938	**-**	-
Trade and other receivables	15	**3,451**	4,971	**-**	-
Amounts owing by associates	17	**-**	20,276	**-**	-
Amounts owing by joint ventures	18(a)	**31,606**	28,910	**-**	-
Contract assets	12	**14,266**	44,330	**-**	-
		1,169,375	1,221,072	**765,516**	796,378
CURRENT ASSETS					
Inventories	14	**223,395**	177,962	**-**	-
Contract assets	12	**381,548**	198,149	**-**	-
Trade and other receivables	15	**558,291**	340,803	**666**	699
Amounts owing by subsidiaries	16(a)	**-**	-	**18,497**	25,678
Amounts owing by associates	17	**124**	48	**-**	16
Amounts owing by joint ventures	18(a)	**205**	180	**-**	-
Tax recoverable		**10,590**	6,210	**196**	287
Derivative financial assets	19	**82**	135	**-**	-
Time deposits	20	**53,081**	105,920	**1,466**	7,453
Cash and bank balances	21	**275,929**	136,053	**1,801**	1,054
		1,503,245	965,460	**22,626**	35,187
Assets classified as held for sale	22	**16,171**	44,909	**-**	-
Assets of disposal group classified as held for sale	23	**24,659**	-	**-**	-
TOTAL ASSETS		**2,713,450**	2,231,441	**788,142**	831,565

	Note	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
EQUITY AND LIABILITIES					
CAPITAL AND RESERVES ATTRIBUTABLE TO OWNERS OF THE COMPANY					
Share capital	24	**547,690**	547,690	**547,690**	547,690
Treasury shares	25	**(624)**	(624)	**(624)**	(624)
Exchange translation reserves		**8,346**	10,555	**-**	-
Retained profits		**24,582**	30,882	**138,895**	134,647
		579,994	588,503	**685,961**	681,713
Non-controlling interests		**98,914**	49,658	**-**	-
TOTAL EQUITY		**678,908**	638,161	**685,961**	681,713
NON-CURRENT AND DEFERRED LIABILITIES					
Deferred tax liabilities	8	**8,267**	9,506	**-**	-
Lease liabilities	5(b)	**215,160**	223,142	**-**	-
Trade and other payables	26	**29,192**	25,065	**-**	-
Loans and borrowings	27	**81,885**	105,243	**-**	-
		334,504	362,956	**-**	-
CURRENT LIABILITIES					
Lease liabilities	5(b)	**21,447**	19,925	**-**	-
Contract liabilities	12	**314,049**	133,314	**-**	-
Trade and other payables	26	**533,671**	363,412	**20,057**	18,541
Provision for warranties	28	**22,687**	12,438	**-**	-
Amounts owing to subsidiaries	16(b)	**-**	-	**22,410**	29,148
Amounts owing to joint ventures	18(b)	**3,493**	1,610	**-**	-
Loans and borrowings	27	**708,081**	649,151	**59,714**	102,163
Dividend payable		**10,200**	19,875	**-**	-
Current tax liabilities		**64,824**	30,066	**-**	-
Derivative financial liabilities	19	**2,627**	533	**-**	-
		1,681,079	1,230,324	**102,181**	149,852
Liabilities of disposal group classified as held for sale	23	**18,959**	-	**-**	-
TOTAL LIABILITIES		**2,034,542**	1,593,280	**102,181**	149,852
TOTAL EQUITY AND LIABILITIES		**2,713,450**	2,231,441	**788,142**	831,565

STATEMENTS OF PROFIT OR LOSS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Note	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
Gross revenue	29	**2,686,518**	1,429,311	**30,208**	24,377
Cost of sales	30	**(2,274,941)**	(1,260,718)	**-**	-
Gross profit		**411,577**	168,593	**30,208**	24,377
Other operating income		**59,580**	63,012	**2,006**	1,136
Selling and distribution expenses		**(42,289)**	(33,642)	**-**	-
Administrative and general expenses		**(199,430)**	(153,273)	**(16,570)**	(13,990)
Impairment of non-financial assets		**-**	(7,788)	**(4,656)**	(8,124)
Impairment of financial assets		**(28,420)**	(7,291)	**(2,517)**	(237)
Other losses - net	31	**(2,144)**	(2,597)	**-**	-
Profit from operations	32	**198,874**	27,014	**8,471**	3,162
Finance costs	33	**(45,377)**	(36,148)	**(4,097)**	(4,470)
Share of results of associates		**(11,614)**	(49,027)	**-**	-
Share of results of joint ventures		**(11,336)**	(24,669)	**-**	-
Impairment of investment in associates	10	**(39,537)**	(14,511)	**-**	-
Impairment of investment in joint ventures	11	**(8,989)**	(3,000)	**-**	-
Profit/(loss) before tax		**82,021**	(100,341)	**4,374**	(1,308)
Tax (expense)/credit	34	**(38,891)**	(11,608)	**(126)**	524
Net profit/(loss) for the financial year		**43,130**	(111,949)	**4,248**	(784)
Net (loss)/profit for the financial year attributable to:					
Owners of the Company		**(6,300)**	(107,484)	**4,248**	(784)
Non-controlling interests		**49,430**	(4,465)	**-**	-
Net profit/(loss) for the financial year		**43,130**	(111,949)	**4,248**	(784)
Loss per share computed based on the net loss for the financial year attributable to the owners of the Company:					
- basic and diluted (sen)	35	**(0.81)**	(13.88)		

	Note	Group		Company	
		2022	**2021**	**2022**	**2021**
		RM'000	**RM'000**	**RM'000**	**RM'000**
Net profit/(loss) for the financial year		**43,130**	(111,949)	**4,248**	(784)
Other comprehensive (expense)/income:					
Items that may be subsequently reclassified to profit or loss:					
Foreign currency translation differences for foreign operations		**(3,233)**	(4,052)	**-**	-
Share of other comprehensive income of an associate, net of tax		**-**	139	**-**	-
Share of other comprehensive income of joint ventures, net of tax		**932**	361	**-**	-
Other comprehensive expense for the financial year, net of tax		**(2,301)**	(3,552)	**-**	-
Total comprehensive income/(expense) for the financial year		**40,829**	(115,501)	**4,248**	(784)
Total comprehensive (expense)/income for the financial year attributable to:					
Owners of the Company		**(8,509)**	(111,225)	**4,248**	(784)
Non-controlling interests		**49,338**	(4,276)	**-**	-
Total comprehensive income/(expense) for the financial year		**40,829**	(115,501)	**4,248**	(784)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

		Attributable to owners of the Company						
	Note	Share capital RM'000	Treasury shares RM'000	Exchange translation reserves RM'000	Retained profits RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
At 1 January 2022		**547,690**	**(624)**	**10,555**	**30,882**	**588,503**	**49,658**	**638,161**
Net (loss)/profit for the financial year		**-**	**-**	**-**	**(6,300)**	**(6,300)**	**49,430**	**43,130**
Other comprehensive expense for the financial year		**-**	**-**	**(2,209)**	**-**	**(2,209)**	**(92)**	**(2,301)**
Total comprehensive (expense)/income for the financial year		**-**	**-**	**(2,209)**	**(6,300)**	**(8,509)**	**49,338**	**40,829**
Dividend paid/payable to non-controlling interests		**-**	**-**	**-**	**-**	**-**	**(488)**	**(488)**
Total contributions by and distributions to owners		**-**	**-**	**-**	**-**	**-**	**(488)**	**(488)**
Acquisition of shares in existing subsidiary by non-controlling interests		**-**	**-**	**-**	**-**	**-**	**406**	**406**
Total changes in ownership interest in subsidiaries that did not result a loss of control		**-**	**-**	**-**	**-**	**-**	**406**	**406**
At 31 December 2022		**547,690**	**(624)**	**8,346**	**24,582**	**579,994**	**98,914**	**678,908**
At 1 January 2021		547,690	(624)	14,296	142,363	703,725	49,838	753,563
Net loss for the financial year		-	-	-	(107,484)	(107,484)	(4,465)	(111,949)
Other comprehensive (expense)/income for the financial year		-	-	(3,741)	-	(3,741)	189	(3,552)
Total comprehensive expense for the financial year		-	-	(3,741)	(107,484)	(111,225)	(4,276)	(115,501)
Incorporation of a subsidiary		-	-	-	-	-	99	99
Acquisition of shares in existing subsidiary from non-controlling interests		-	-	-	(3,997)	(3,997)	3,997	-
Total changes in ownership interest in subsidiaries that did not result a loss of control		-	-	-	(3,997)	(3,997)	4,096	99
At 31 December 2021		547,690	(624)	10,555	30,882	588,503	49,658	638,161

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Note	Share capital RM'000	Treasury shares RM'000	Retained profits RM'000	Total equity RM'000
At 1 January 2022		**547,690**	**(624)**	**134,647**	**681,713**
Total comprehensive income for the financial year		**-**	**-**	**4,248**	**4,248**
At 31 December 2022		**547,690**	**(624)**	**138,895**	**685,961**
At 1 January 2021		547,690	(624)	135,431	682,497
Total comprehensive expense for the financial year		-	-	(784)	(784)
At 31 December 2021		547,690	(624)	134,647	681,713

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Note	Group		Company	
		2022	2021	2022	2021
		RM'000	RM'000	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit/(loss) before tax		**82,021**	(100,341)	**4,374**	(1,308)
Adjustments for:					
Property, plant and equipment:					
- Depreciation charge		**41,783**	38,170	**156**	114
- Impairment charge		**-**	4,243	**-**	-
- Written off		**1,530**	333	**-**	-
- Net loss/(gain) on disposal		**497**	(259)	**-**	-
Investment properties:					
- Depreciation charge		**222**	223	**212**	274
- Impairment charge		**-**	3,545	**-**	-
Right-of-use assets:					
- Depreciation charge		**28,555**	27,967	**-**	-
Inventories:					
- Allowance for obsolescence		**2,877**	1,715	**-**	-
- Write back of allowance for obsolescence		**(369)**	(120)	**-**	-
- Written off		**473**	203	**-**	-
Net gain on disposal of:					
- assets classified as held for sale		**(5,150)**	(18,082)	**-**	-
- associate		**(2,142)**	-	**-**	-
Share of results of associates		**11,614**	49,027	**-**	-
Share of results of joint ventures		**11,336**	24,669	**-**	-
Trade and other receivables:					
- Net impairment/(reversal) charge		**7,150**	(95)	**-**	-
- Written off		**119**	19	**23**	-
Impairment loss/(reversal) on:					
- amounts owing by associate		**21,270**	7,386	**(43)**	5
- amount owing by a subsidiary		**-**	-	**2,560**	232
- investment in a subsidiary		**-**	-	**4,656**	8,124
- investment in an associate		**39,537**	14,511	**-**	-
- investment in a joint venture		**8,989**	3,000	**-**	-
Net provision for warranties		**9,784**	2,380	**-**	-
Net unrealised (gain)/loss on foreign exchange		**(11,269)**	(5,871)	**97**	337
Dividend income		**-**	-	**(22,440)**	(22,766)
Interest income		**(4,378)**	(3,507)	**(949)**	(910)
Interest expense		**45,377**	36,148	**4,097**	4,470
Fair value loss on:					
- derivative financial instruments	31	**2,144**	2,595	**-**	-
- investment in equity instruments	31	**-**	2	**-**	-
		291,970	87,861	**(7,257)**	(11,428)

	Note	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES (CONTINUED)					
Changes in working capital:					
Inventories		**(54,682)**	15,638	**-**	-
Receivables		**(364,581)**	(2,801)	**4,689**	2,421
Payables		**354,443**	168,245	**(3,363)**	(5,449)
Cash generated from/(used in) operations		**227,150**	268,943	**(5,931)**	(14,456)
Interest received		**4,378**	3,507	**949**	910
Interest paid		**(43,857)**	(34,453)	**(4,097)**	(4,470)
Tax paid		**(21,426)**	(17,880)	**(403)**	(1,067)
Net cash generated from/(used in) operating activities		**166,245**	220,117	**(9,482)**	(19,083)
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of property, plant and equipment		**(36,645)**	(96,108)	**(139)**	(20)
Purchase of intangible asset		**-**	(59)	**-**	-
Purchase of investment properties		**-**	(44)	**-**	-
Additional investment in an associate		**-**	(13,500)	**-**	-
Additional investment in a joint venture		**-**	(29)	**-**	-
Acquisition of a subsidiary, net of cash acquired	37	**(65,388)**	-	**-**	-
Subscription of shares in subsidiary by non-controlling interest		**406**	-	**-**	-
Proceeds from disposal of:					
- property, plant and equipment		**1,481**	1,952	**-**	21
- investment in equity instruments		**-**	3	**-**	-
- assets held for sale		**10,557**	45,061	**-**	-
- associate		**30,800**	-	**-**	-
Transfer from/(to) deposits and short term investment		**305**	185	**653**	(11)
Dividends received from:					
- subsidiaries		**-**	-	**22,440**	22,766
- a joint venture		**4,406**	360	**-**	-
- an associate		**1,817**	3,605	**-**	-
Net cash to disposal group	23	**(11,841)**	-	**-**	-
Advances to subsidiaries		**-**	-	**-**	(54,982)
Repayments from subsidiaries		**-**	-	**26,345**	58,017
Net repayment from joint ventures		**104**	-	**-**	-
Net advances from associates		**-**	(1,586)	**-**	-
Net cash (used in)/generated from investing activities		**(63,998)**	(60,160)	**49,299**	25,791

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Note	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES					
Drawdown from term loans		**-**	41,842	**-**	-
Repayments of term loans		**(89,970)**	(95,526)	**-**	-
Drawdown from other bank borrowings		**833,456**	501,993	**15,000**	30,000
Repayments of other bank borrowings		**(737,306)**	(589,952)	**(57,449)**	(54,916)
Advances from subsidiaries		**-**	-	**-**	38,060
Repayments to subsidiaries		**-**	-	**(1,858)**	(18,060)
Dividends paid to non-controlling interests		**(5,688)**	(2,500)	**-**	-
Lease repayment (principal portion)		**(16,610)**	(15,130)	**-**	-
Net cash used in financing activities		**(16,118)**	(159,273)	**(44,307)**	(4,916)
NET CHANGES IN CASH AND CASH EQUIVALENTS		**86,129**	684	**(4,490)**	1,792
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		**218,153**	215,526	**7,854**	6,078
EFFECTS OF EXCHANGE RATE CHANGES		**1,213**	1,943	**(97)**	(16)
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR		**305,495**	218,153	**3,267**	7,854
Represented by:					
TIME DEPOSITS	20	**53,081**	105,920	**1,466**	7,453
CASH AND BANK BALANCES	21	**275,929**	136,053	**1,801**	1,054
		329,010	241,973	**3,267**	8,507
LESS:					
TIME DEPOSITS WITH MATURITY MORE THAN 3 MONTHS	20	**(23,515)**	(23,167)	**-**	-
SHORT TERM INVESTMENTS	20	**-**	(653)	**-**	(653)
CASH AND CASH EQUIVALENTS		**305,495**	218,153	**3,267**	7,854

1 GENERAL INFORMATION

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

Registered office:
59-7, The Boulevard,
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur

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

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

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

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

These financial statements were authorised for issue by the Directors on 13 April 2023.

2 SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of preparation

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

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

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

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

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Changes in accounting policies and disclosures

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

The Group has applied the following amendments for the first time for the financial year beginning on 1 January 2022:

- Amendment to MFRS 16 'Covid-19-Related Rent Concessions beyond 30 June 2021'
- Amendments to MFRS 116 'Proceeds before Intended Use'
- Amendments to MFRS 137 'Onerous Contracts – Cost of Fulfilling a Contract'
- Annual Improvements to MFRS 9 'Fees in the '10 per cent' test for Derecognition of Financial Liabilities'
- Amendments to MFRS 3 'Reference to the Conceptual Framework'

The adoption of the revised amendments that are applicable from the financial year beginning on 1 January 2022 did not have any significant impact on the financial position and results of the Group and the Company.

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

- Amendments to MFRS 112 'Deferred Tax related to Assets and Liabilities arising from a Single Transaction' (effective 1 January 2023) clarify that the initial exemption rule does not apply to transactions where both an asset and a liability are recognised at the same time such as leases and decommissioning obligations. Accordingly, entities are required to recognise both deferred tax assets and liabilities for all deductible and taxable temporary differences arising from such transactions.

- Amendments to MFRS 101 'Classification of liabilities as current or non-current' clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the entity's expectations or events after the reporting date (e.g. the receipt of a waiver or a breach of covenant).

  The amendments are effective for the annual reporting periods beginning on or after 1 January 2024.

  The amendments shall be applied retrospectively.

The Group and the Company are in the process of assessing the full impact of the above amendments to published standards on the financial statements of the Group and the Company in the financial year of initial application.

2.3 Subsidiaries

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

In the Company's separate financial statements, investments in subsidiaries are stated at cost less accumulated impairment losses, if any. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. See accounting policy 2.13 on impairment of non-financial assets.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Subsidiaries (continued)

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

Other subsidiaries are consolidated using the acquisition method of accounting. Under the acquisition method of accounting, subsidiaries are fully consolidated from the date on which control is transferred to the Group and are de-consolidated from the date that control ceases. The cost of an acquisition is measured as the fair value of the assets given, equity interests issued and liabilities incurred or assumed at the date of exchange. Acquisition-related costs are expensed to profit or loss as and when incurred. The cost of acquisition includes the fair value of any asset or liability resulting from a contingent consideration. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, measured initially at their fair values at the date of acquisition. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired at the date of acquisition is reflected as goodwill in the statement of financial position – see accounting policy 2.10(a) on goodwill. If the cost of acquisition is less than the fair value of the Group's share of identifiable net assets of the subsidiary acquired, the difference is recognised directly in the profit or loss.

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

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

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

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

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

2.4 Transactions with non-controlling interests

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

2.5 Associates

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

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Associates (continued)

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

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

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

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

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

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

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

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

The Group determines at each reporting date whether there is any objective evidence that the investment in associates is impaired. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. See accounting policy 2.13 on impairment of non-financial assets.

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

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

2.6 Joint arrangements

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

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 Joint arrangements (continued)

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

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

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

The Group determines at each reporting date whether there is any objective evidence that the investment in joint ventures is impaired. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. See accounting policy 2.13 on impairment of non-financial assets.

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

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

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

2.7 Property, plant and equipment

(a) Measurement basis

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

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

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

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

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 Property, plant and equipment (continued)

(a) Measurement basis (continued)

At each reporting date, the Group and the Company assess whether there is any indication of impairment. Where an indication of impairment exists, the carrying value of the asset is assessed and written down immediately to its recoverable amount. See accounting policy 2.13 on impairment of non-financial assets.

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

(b) Depreciation

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

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

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

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

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

2.8 Leases

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

<u>Accounting as lessee</u>

(a) Lease term

The Group leases various offices, warehouses and motor vehicles. Rental contracts are typically made for fixed periods of 2 to 15 years (2021: 2 to 16 years), but may have extension options.

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

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

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Leases (continued)

Accounting as lessee (continued)

(a) Lease term (continued)

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

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

(b) Right-of-use assets

Right-of-use assets are initially measured at cost comprising the following:
- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentive received;
- any initial direct costs; and
- decommissioning or restoration costs.

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

Right-of-use assets are depreciated over the remaining period of the respective leases ranging from 1 to 93 years (2021:1 to 94) years.

(c) Lease liabilities

Lease liabilities are initially measured at the present value of the lease payments that are not paid at that date. The lease payments include the following:
- fixed payments (including in-substance fixed payments), less any lease incentive receivable;
- variable lease payments that are based on an index or rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase and extension options if the Group is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

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

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

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

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Leases (continued)

Accounting as lessee (continued)

(d) Reassessment of lease liabilities

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

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

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

Accounting as lessor

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

(a) Finance leases

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

When assets are leased out under a finance lease, the present value of the lease payments is recognised as a receivable. The receivable is subject to MFRS 9 impairment (See accounting policy 2.17(d) on impairment of financial assets). The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income.

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

(b) Operating leases

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

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

During the financial year, operating lease income from lease contracts in which the Group and the Company act as a lessor is RM7,814,000 (2021: RM18,794,000) and RM1,506,000 (2021: RM1,331,000) respectively.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Leases (continued)

Accounting as lessor (continued)

(b) Operating leases (continued)

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

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Not later than 1 year	**1,746**	3,548	**1,549**	1,582
Later than 1 year and not later than 2 years	**861**	909	**861**	909
Later than 2 years and not later than 5 years	**54**	714	**54**	714
	2,661	5,171	**2,464**	3,205

2.9 Investment properties

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

(a) Measurement basis

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

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

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

At each reporting date, the Group and the Company assess whether there is any indication of impairment. Where an indication of impairment exists, the carrying value of the investment property is assessed and written down immediately to its recoverable amount. See accounting policy 2.13 on impairment of non-financial assets.

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

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

(b) Depreciation

Freehold land is not depreciated. Freehold and leasehold buildings are depreciated over the shorter of their estimated useful lives of 50 years or lease term.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 Investment properties (continued)

(b) Depreciation (continued)

Depreciation is calculated to write off the depreciable amount of other investment properties on a straight line basis over their estimated useful lives. Depreciation amount is determined after deducting the residual value from the cost of the investment properties.

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

2.10 Intangible assets

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

Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. See accounting policy 2.13 on impairment of non-financial assets. The amortisation period and the amortisation method are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in profit or loss.

Intangible assets with indefinite useful lives or not yet available for use are tested for impairment annually, or more frequently if the events and circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. See accounting policy 2.13 on impairment of non-financial assets. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

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

(a) Goodwill

Goodwill represents the excess of the cost of acquisition of subsidiaries, joint ventures and associates over the fair value of the Group's share of the identifiable net assets at the date of acquisition.

Goodwill on acquisition of subsidiaries is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill on acquisition of subsidiaries is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the synergies of the business combination in which the goodwill arose.

Goodwill on acquisitions of joint ventures and associates is included in the carrying amounts of investments in joint ventures and associates respectively. Such goodwill is tested for impairment as part of the overall balance.

Where goodwill forms part of a cash-generating unit and part of the operation within that cash-generating unit is disposed off, the goodwill associated with the operation disposed off is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed off in this circumstance is measured based on the relative fair values of the operations disposed off and the portion of the cash-generating unit retained.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Intangible assets (continued)

(b) Trademarks

Separately acquired trademarks are shown at historical cost. Trademarks acquired in a business combination are recognised at fair value at the acquisition date. Trademarks have an infinite useful life and are carried at cost less accumulated impairment.

(c) Technical know-how

Separately acquired technical know-how is shown at historical costs. Technical know-how acquired in a business combination is recognised at fair value at the acquisition date. Technical know-how has a finite useful life and is carried at cost less accumulated amortisation. Amortisation is calculated using the straight line method to allocate the cost of technical know-how over its estimated useful lives of 5 years.

(d) Intellectual property

Expenditure on acquired intellectual property is capitalised and amortised using the straight line method over their estimated useful life, not exceeding a period of 20 years.

2.11 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first in, first out basis. In the case of finished goods and work in progress, cost comprises materials, direct labour, other direct charges and an appropriate proportion of factory overheads.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs to completion and selling expenses.

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

2.12 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, deposits held at call with financial institutions, other short term, highly liquid investments with original maturities of 3 months or less that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value. For the purpose of the statements of cash flows, cash and cash equivalents are presented net of bank overdrafts and exclude fixed deposits pledged to secure banking facilities.

2.13 Impairment of non-financial assets

Assets that have an indefinite useful life, for example goodwill or intangible assets not ready to use, are not subject to amortisation or depreciation and are tested annually for impairment. The Group also assesses goodwill, intangible assets with indefinite useful life and other assets that are subject to amortisation or depreciation for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value-in-use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date. Impairment losses are recognised in profit or loss within 'impairment of assets'.

2.14 Provision for warranties

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and a reliable estimate of the amount can be made. Provisions are not recognised for future operating losses.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.14 Provision for warranties (continued)

The Group recognises the estimated liability to repair or replace products when the underlying products or services are sold. The provision is calculated based on historical warranty data and specific circumstances related to products or services sold, after considering the various possible outcomes against their associated probabilities.

2.15 Share capital

(a) Issue of shares

Ordinary shares are classified as equity. Other shares are classified as equity and/or liability according to the economic substance of the particular instrument.

(b) Dividend distribution

Dividend distribution to owners of the Company is debited directly to equity and the corresponding liability is recognised in the period in which the dividends are approved.

Liability is recognised for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the Group, on or before the end of the reporting period but not distributed at the end of the reporting period.

(c) Treasury shares

When share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, is recognised as a deduction from equity. Repurchased shares that are not subsequently cancelled are classified as treasury shares and are presented as a deduction from equity attributable to owners of the Company. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of treasury shares. When treasury shares are reissued by resale, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to owners of the Company.

An amount equivalent to the original purchase cost of the treasury shares will be deducted from retained earnings upon the distribution of any treasury shares as share dividends.

2.16 Foreign currencies

(a) Functional and presentation currencies

The financial statements of each entity within the Group are measured using the currency of the primary economic environment in which the respective entity operates (“the functional currency”). The financial statements are presented in Ringgit Malaysia (“RM”), which is the Company’s functional and presentation currency.

(b) Transactions and balances

Transactions in foreign currencies are translated into the functional currency at the rate of exchange ruling at the dates of the transactions.

Monetary items denominated in foreign currencies at the reporting date are translated at the foreign currency exchange rates ruling at that date.

Non-monetary items which are measured in terms of historical costs denominated in foreign currencies are translated at the foreign currency exchange rates ruling at the date of the transaction.

Foreign exchange gains and losses arising on the settlement of monetary items and the translation of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss, except when deferred in other comprehensive income as qualifying cash flow hedges.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.16 Foreign currencies (continued)

(b) Transactions and balances (continued)

When a gain or loss on a non-monetary item is recognised in the profit or loss, any corresponding exchange gain or loss is recognised in profit or loss. When a gain or loss on a non-monetary item is recognised directly in other comprehensive income, any corresponding exchange gain or loss is recognised directly in other comprehensive income.

(c) Translation of foreign operations

On consolidation, all assets and liabilities of foreign operations that have a functional currency other than Ringgit Malaysia, including goodwill and fair value adjustments arising on acquisition, are translated at the exchange rates ruling at the reporting date.

Income and expense items are translated at average exchange rates.

All exchange differences arising from the translation of the financial statements of foreign operations are taken to other comprehensive income. Upon disposal of a foreign operation, the exchange translation differences relating to those foreign operations that were recorded within other comprehensive income are recognised in the profit or loss as part of the gain or loss on disposal.

In the case of a partial disposal that does not result in the Group losing control over a foreign operation, the proportionate share of accumulated exchange differences based on effective equity interest are re-attributed to non-controlling interests and are not recognised in profit or loss.

2.17 Financial assets

(a) Classification

The Group and the Company classify its financial assets in the following measurement categories: at fair value through profit or loss and at amortised cost. The classification depends on the nature of the entity's business model for managing the financial assets and the contractual terms of the cash flows.

The Group and the Company reclassify debt investments when and only when its business model for managing those assets changes.

(b) Recognition and initial measurement

Regular way purchases and sales of financial assets are recognised on the trade date. The trade date refers to the date on which the Group and the Company commit to purchase or sell the asset.

Financial assets are initially recognised at fair value plus transaction cost that are directly attributable to the acquisition of the financial assets except for financial assets at fair value through profit or loss. Transaction costs for financial assets measured at fair value through profit or loss are recognised immediately as expenses within profit or loss.

(c) Subsequent measurement

(i) Debt instruments at amortised cost

After initial recognition, financial assets that are held for collection of contractual cash flows where those cash flows represent solely payment of principal and interest are measured at amortised cost using the effective interest method. Any gain or loss arising on derecognition is recognised directly in profit or loss. Impairment losses are recognised in profit or loss within 'cost of sales' or 'administrative and general expenses'.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.17 Financial assets (continued)

(c) Subsequent measurement (continued)

(ii) Debt instruments at fair value through profit or loss

Subsequent to initial recognition, financial assets that do not meet the criteria for amortised cost or fair value through other comprehensive income are measured at fair value through profit or loss. Any gains or losses arising from changes in fair value are recognised in profit or loss within 'other gains/(losses) - net'. Exchange differences, interest and dividend income on financial assets at fair value through profit or loss are recognised separately in profit or loss.

(iii) Equity instruments

The Group and the Company subsequently measure all equity investments at fair value. Where the Group's and the Company's management have elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's and the Company's right to receive payments is established. Changes in the fair value of financial assets at fair value through profit or loss are recognised in profit or loss within 'other gains/(losses) - net'.

(d) Impairment of financial assets

The Group and the Company assess on a forward-looking basis the expected credit loss ("ECL") associated with the debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The financial assets of the Group and the Company that are subject to the ECL model are trade and other receivables, contract assets, lease receivables and loans to subsidiaries. While cash and cash equivalents are also subject to the impairment requirements of MFRS 9, the impairment loss is immaterial.

ECL represents a probability-weighted estimate of the difference between present value of cash flows according to contract and present value of cash flows the Group and the Company expect to receive, over the remaining life of the financial instrument.

The measurement of ECL reflects:
- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money; and
- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

(i) General 3-stage approach for other receivables, loans to subsidiaries and financial guarantee contracts

At each reporting date, the Group and the Company measure ECL through loss allowance at an amount equal to 12 month ECL if credit risk on a financial instrument or a group of financial instruments has not increased significantly since initial recognition. For all other financial instruments, a loss allowance at an amount equal to lifetime ECL is required.

The Group and the Company consider the probability of default upon initial recognition of financial asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group and the Company compare the risk of a default occurring on the financial asset as at the reporting date with the risk of default as at the date of initial recognition. Available, reasonable and supportable forward-looking information are also considered.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.17 Financial assets (continued)

(d) Impairment of financial assets (continued)

(i) General 3-stage approach for other receivables, loans to subsidiaries and financial guarantee contracts (continued)

The Group and the Company define a financial instrument as default, which is fully aligned with the definition of credit-impaired, when it meets one or more of the following criteria:
- when the counterparty fails to make contractual payment as they fall due
- the debtor is in breach of financial covenants
- concessions have been made by the lender relating to the debtor's financial difficulty
- it is becoming probable that the debtor will enter bankruptcy or other financial reorganisation
- the debtor is insolvent

Financial instruments have been grouped based on shared credit risk characteristics and the days past due in measuring ECL.

Financial instruments that are credit-impaired are assessed on individual basis.

(ii) Simplified approach for trade receivables, contract assets and lease receivables

The Group and the Company apply the MFRS 9 simplified approach to measure ECL which uses a lifetime ECL for all trade receivables, contract assets and lease receivables. Individual assessment is made to these financial assets which are in default or credit-impaired.

(e) Write-off

Financial assets are written off when the Group and the Company have exhausted all practical recovery efforts and have concluded that there is no reasonable expectation of recovery. Indicator of no reasonable expectation of recovery include failure of a debtor to engage in a repayment plan with the Group and the Company. The Group and the Company may write-off financial assets that are still subject to enforcement activity.

Impairment losses are presented as net impairment losses within 'impairment of financial assets'. Write-offs are recognised in profit or loss within 'administrative and general expenses'. Subsequent recoveries of amounts previously written off are credited against the same line item.

(f) De-recognition

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group and the Company have transferred substantially all the risks and rewards of ownership.

2.18 Financial liabilities

(a) Classification

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

(i) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities held for trading include derivatives entered into by the Group and the Company that do not meet the hedge accounting criteria. Liabilities in this category are classified within current liabilities if they are either held for trading or are expected to be settled within 12 months after the reporting date. Otherwise, they are classified as non-current.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.18 Financial liabilities (continued)

(a) Classification (continued)

(ii) Other financial liabilities

The Group's and the Company's other financial liabilities include trade payables, other payables, intercompany payables, dividend payable and loans and borrowings. Loans and borrowings are classified as current liabilities unless the Group and the Company have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

(b) Recognition and de-recognition

A financial liability is recognised when, and only when, the Group or the Company becomes a party to the contractual provisions of the financial instrument.

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

(c) Initial and subsequent measurement

Derivative financial liabilities are initially measured at fair value and subsequently stated at fair value, with any resulting gains or losses recognised in profit or loss. Net gains or losses on the derivatives include exchange differences.

Trade and other payables are recognised initially at fair value net off directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method.

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are de-recognised.

2.19 Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously. The legally enforceable rights must not be contingent on future events and must be enforceable in the normal cause of business and in the event of default, insolvency or bankruptcy.

2.20 Derivative financial instruments

A derivative financial instrument is initially recognised at its fair value on the date the contract is entered into and is subsequently carried at its fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. Gains or losses on derivatives that are not designated as a hedging instrument are recognised in profit or loss within 'other gains/(losses) - net'. The Group and the Company currently do not hedge any of its derivative financial instruments.

2.21 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.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.21 Financial guarantee contracts (continued)

The Company has issued corporate guarantees to banks for borrowings of certain subsidiaries. These guarantees are financial guarantees as they require the Company to reimburse the banks if the subsidiaries fail to make principal or interest payments when due in accordance with the terms of their borrowings.

Financial guarantee contracts are recognised initially as a liability at fair value. Subsequent to initial recognition, the liability is measured at the higher of the amount determined in accordance with the ECL model under MFRS 9 'Financial Instruments' and the amount initially recognised less cumulative amount of income recognised in accordance with the principles of MFRS 15 'Revenue from Contracts with Customers', where appropriate.

ECL is the difference between the expected payments to reimburse the holder of the guaranteed debt instruments less any amounts that the Company expects to receive from the holder, the debtor or any other party. See accounting policy 2.17(d) on impairment under ECL model.

2.22 Revenue recognition

(a) Revenue from contracts with customers

Revenue from contracts with customers is recognised by reference to each distinct performance obligation in the contract with customer. Revenue from contracts with customers is measured at its transaction price, being the amount of consideration which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, net of goods and service tax, returns, rebates and discounts. Transaction price is allocated to each performance obligation on the basis of the relative standalone selling prices of each distinct good or services promised in the contract. Depending on the substance of the contract, revenue is recognised when the performance obligation is satisfied, which may be at a point in time or over time.

Contract asset is the right to consideration for goods or services transferred to the customers. Where the cumulative revenue earned exceed progress billings, the balance is presented as 'contract assets' within current assets.

Contract liability is the obligation to transfer goods or services to customer for which the Group has received the consideration or has billed the customer. Where progress billings exceed the cumulative revenue earned, the balance is presented as 'contract liabilities' within current liabilities.

Specific revenue recognition criteria for each of the Group's activities are as described below:

(i) Contract revenue

Contract revenue with customers include contracts relating to pipe coating, manufacturing of boilers and steam turbines as well as engineering and fabrication services.

These contracts may include multiple performance obligations as they are not highly integrated. Hence, the transaction price will be allocated to each performance obligation based on the standalone selling price.

Where the contracts are highly integrated, they are recognised as a single performance obligation. Revenue is recognised progressively based on the progress towards complete satisfaction of the performance obligation.

Revenue are recognised over time when control of the asset is transferred over time when the Group's performance:
- creates and enhances an asset that the customer controls as the services are being performed; or
- does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.22 Revenue recognition (continued)

(a) Revenue from contracts with customers (continued)

(i) Contract revenue (continued)

The progress towards complete satisfaction of the performance obligation is measured based on one of the following methods that best reflect the Group's performance in satisfying the performance obligation:

- direct measurements of the value transferred by the Group to the customer (eg. surveys of performance completed to date); or
- the Group's efforts or inputs to the satisfaction of the performance obligation (eg. by reference to cost incurred up to the end of the reporting period as a percentage of total estimated costs for complete satisfaction of the contract).

(ii) Sales of goods

The Group manufactures and sells a range of pipes for industrial use. The Group is also involved in the business of selling building materials, construction equipment, and power generators.

Revenue from sales of goods are recognised at a point in time when control of the good is transferred to the customer upon delivery.

(iii) Management fee

Management fee is recognised on an accrual basis when service is rendered.

(b) Revenue from other sources

(i) Rental income

Rental income is recognised on a straight line basis over the lease term.

(ii) Dividend income

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

(iii) Interest income

Interest income is recognised on a time proportion basis, taking into account the principal outstanding and the effective interest rate applicable.

2.23 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions, if any.

Government grants related to income are recognised in profit or loss as 'other operating income' over the periods to match the related costs for which the grants are intended to compensate.

2.24 Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditure and borrowing costs are incurred. Capitalisation of borrowing costs is suspended or ceased when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.24 Borrowing costs (continued)

All other borrowing costs are recognised in profit or loss using the effective interest method in the period they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

2.25 Income taxes

(a) Current tax

Current tax expense is determined according to the tax laws of each jurisdiction in which the Group and the Company operate and include all taxes based upon the taxable profits after taking into consideration available tax incentives.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

(b) Deferred tax

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

Deferred tax is not recognised if the temporary difference arises from goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax is recognised on temporary differences arising on investments in subsidiaries, associates and joint ventures, except where the timing of the reversal of the temporary difference can be controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Generally the Group is unable to control the reversal of the temporary difference for associates. Only where there is an agreement in place that gives the Group the ability to control the reversal of the temporary difference, the deferred tax liability is not recognised.

Deferred tax assets on any unutilised portion of tax incentives are recognised to the extent that it is probable that future taxable profits will be available against which the unutilised tax incentives can be utilised.

The initial recognition exemption in MFRS 112 ‘Income Taxes’ is applied on the temporary differences related to the right-of-use asset and lease liability. The Group does not recognise any deferred tax asset or liability arising from a lease contract.

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

Deferred tax is recognised in the profit or loss, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly to equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill.

Deferred tax assets and liabilities are offset when the enterprise has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.26 Employee benefits

(a) Short term benefits

Salaries, wages, bonuses and social security contributions are recognised as an expense in the financial year in which the services are rendered by employees. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlements to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur. Non-monetary benefits such as medical care, housing and other staff related expenses are charged to the profit or loss as and when incurred.

(b) Post-employment benefits

The Group has post-employment benefit schemes in accordance with local conditions and practices in the countries in which it operates. These post-employment benefit schemes are defined contribution plans.

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee services in the current and prior periods.

As required by law, the Company and its subsidiaries in Malaysia make contributions to the Employees Provident Fund ("EPF") which is a defined contribution plan, whereas subsidiaries in other countries make their respective local contributions, if required by law.

Such contributions are recognised as an expense in the profit or loss in the financial year to which they relate.

2.27 Segment reporting

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

2.28 Assets classified as held for sale

Assets classified as held for sale are classified as assets/liabilities held for sale of the carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell. Property, plant and equipment, right-of-use assets and intangible assets once classified as held for sale are not depreciated or amortised.

An impairment loss is recognised for any initial or subsequent write-down of the asset to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset, but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset is recognised at the date of derecognition.

2.29 Contingent liabilities

The Group and the Company do not recognise a contingent liability but discloses its existence in the financial statements. A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group and the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in the extremely rare case where there is a liability that cannot be recognised because it cannot be measured reliably.

Contingent liability is not recognised on the statement of financial position of the Group, except for contingent liability assumed in a business combination that is a present obligation and which the fair values can be reliably determined.

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated by the Directors and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the current circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

(a) Impairment of goodwill

The Group tests goodwill for impairment annually in accordance with the accounting policy 2.10(a) and whenever events or changes in circumstances indicate that the goodwill may be impaired. For the purposes of assessing impairment, goodwill is allocated to cash-generating units that are expected to benefit from the synergies of the business combination in which the goodwill arose. The estimation of the present value of future cash flows generated by the cash-generating units or groups of cash-generating units are based on management's judgement of the developments in the market and the expected future performance, taking into account the impact of the uncertainty of the future economic condition.

These discounted cash flow calculations use five-year projections that are based on financial forecast. Cash flow projections take into account past experience and represent management's best estimate about future developments. Cash flows after the five-year period are extrapolated to perpetuity using terminal growth rates. Key assumptions on which management has based its determination of recoverable value include estimated revenue amount and weighted average cost of capital adjusted for specific risks associated with the cash-generating units. Due to the uncertainty of the future economic condition, management developed the base case and worst case scenario of cash flow projections. Probabilities of occurrence were assigned to each scenario to arrive at a single set of cash flow projection. The assumptions used in both scenarios and the probabilities of occurrence assigned required management's judgement.

Changes in assumptions could affect the results of the Group's test for impairment of goodwill. Further details of the carrying amount and the key assumptions applied in the impairment assessment of goodwill are given in Note 7.

(b) Carrying amount of non-financial assets

The Group assesses whether there is any indication that non-financial assets are impaired at the end of each reporting period. Impairment is measured by comparing the carrying amount of an asset with its recoverable amount. Recoverable amount is measured at the higher of the fair value less cost to sell for that asset and its value-in-use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units).

For certain plant and equipment, fair value less cost to sell is determined based on estimates prepared by an independent expert. The fair value is estimated based on comparison of market transacted price for similar plant and equipment, and where necessary, adjusted for age, usage and conditions of the plant and equipment and expectation of future market outlook of the industry due to the uncertainty of the future economic condition.

Details of the carrying amount and the key assumptions applied in the impairment assessment of property, plant and equipment and investment properties are in Notes 4 and 6 to the financial statements. There is no impairment charge to the property, plant and equipment and investment properties during the financial year. Refer to Notes 4 and 6 for further details.

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(c) Carrying amount of investments in associates and joint ventures

The carrying amount of investments in associates and joint ventures are compared to their recoverable amount. The recoverable amount was determined using their value-in-use. The value-in-use is the net present value of the projected future cash flows to be derived from that asset. Projected future cash flows are calculated based on historical sector and industry trends, general market and economic conditions, changes in technology and other available information. Due to the uncertainty of the future economic condition, management developed the base case and worst case scenario of cash flow projections. Probabilities of occurrence were assigned to each scenario to arrive at a single set of cash flow projection. The assumptions used in both scenarios and the probabilities of occurrence assigned required management's judgement.

During the financial year, the recoverable amount for the investments in associates resulted in the carrying amount to be reduced by RM39,537,000 (2021: RM14,511,000). The recoverable amount for the investments in joint ventures also saw a reduction to its carrying amount by RM8,989,000 (2021: RM3,000,000). Refer to Notes 10 and 11 for further details.

(d) Impairment of financial assets

The Group and the Company assess on a forward-looking basis the expected credit loss ("ECL") on financial assets at the end of each reporting period. The loss allowance for financial assets is determined using the ECL model which includes assumptions on forward-looking information and their associated impact on probability of default, loss given default and exposure at default. Management uses judgement in making these assumptions and selecting the inputs to the loss allowance calculation, based on the Group's and the Company's past history, existing market conditions as well as forward-looking estimates at the end of each reporting period. By varying the assumptions of the ECL model, multiple scenarios (a range of possible outcomes) were factored into the computation of the ECL model and the probabilities of occurrence were assigned to each scenario to arrive at a single loss allowance. The assumptions used in the multiple scenarios and the probabilities of occurrence assigned required management's judgement.

(e) Revenue recognised from customers on contracts

Revenue is recognised when or as the control of the asset is transferred to the customers and, depending on the terms of the contract and the applicable laws governing the contract, control of the asset may transfer over time or at a point in time. If control of the asset transfers over time, revenue is recognised over the period of the contract by reference to the progress, based on the extent of contract costs incurred.

Significant judgement is required in the estimation of the progress towards complete satisfaction of a performance obligation based on the extent of contract costs incurred over the estimated budget cost and the recoverability of the construction contracts. The estimated contract costs to completion is based on estimated and approved budgets, which require assessment and judgements to be made on changes in, for example, work scope, costs and costs to completion. In making these judgements, management relies on past experience.

(f) Deferred tax assets

Deferred tax assets are recognised for all unused tax losses, unabsorbed capital allowances and other deductible temporary differences to the extent that it is probable that taxable profit will be available against which the tax losses, capital allowances and other deductible temporary differences can be utilised. Significant judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits. Assumptions about generation of future taxable profits depend on the Group's estimate of projected future cash flows. These judgements and assumptions are subject to risks and uncertainty, hence there is a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets recognised in the statements of financial position and the amount of unused tax losses, unabsorbed capital allowances and unutilised temporary differences that remain unrecognised. Deferred tax assets is disclosed in Note 8.

4 PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land and buildings RM'000	Buildings RM'000	Plant, machinery, tools and equipment RM'000	Electrical installations, computer and office equipment, furniture and fittings RM'000	Motor vehicles RM'000	Renovation, yard development and store extension RM'000	Capital work in progress RM'000	Total RM'000
2022								
Cost								
At 1 January	143,586	207,035	1,099,857	90,083	16,229	68,795	124,119	1,749,704
Additions	50	21	13,908	5,895	475	7,742	8,554	36,645
Disposals	(700)	-	(14,288)	(359)	(726)	-	(31)	(16,104)
Write-offs	-	(9)	(1,743)	(979)	-	(245)	(39)	(3,015)
Reclassification	-	(7)	45,659	-	-	2,203	(47,855)	-
Transfer to investment properties	-	(5,567)	-	-	-	-	-	(5,567)
Transfer from/(to) inventories	-	-	7,554	-	-	-	(4,099)	3,455
Transfer from assets held for sale	-	52,416	966	11,394	-	-	-	64,776
Acquisition of subsidiary	-	-	-	6	-	-	-	6
Transfer to assets of disposal group classified as held for sale	-	-	(394)	(91)	(415)	-	-	(900)
Effect of exchange rate changes	40	6,865	33,309	2,620	186	1,127	6,861	51,008
At 31 December	142,976	260,754	1,184,828	108,569	15,749	79,622	87,510	1,880,008

4 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group	Freehold land and buildings RM'000	Buildings RM'000	Plant, machinery, tools and equipment RM'000	Electrical installations, computer and office equipment, furniture and fittings RM'000	Motor vehicles RM'000	Renovation, yard development and store extension RM'000	Capital work in progress RM'000	Total RM'000
2022								
Accumulated depreciation and impairment loss								
At 1 January	13,784	141,303	977,365	82,739	14,740	66,364	18,635	1,314,930
Depreciation charge for the financial year	1,723	335	32,954	4,696	669	1,406	-	41,783
Disposals	(102)	-	(12,995)	(303)	(726)	-	-	(14,126)
Write-offs	-	(2)	(300)	(968)	-	(215)	-	(1,485)
Transfer to investment properties	-	(1,899)	-	-	-	-	-	(1,899)
Transfer to inventories	-	-	(846)	-	-	-	-	(846)
Transfer from assets held for sale	-	17,838	574	8,246	-	-	-	26,658
Acquisition of subsidiary	-	-	-	5	-	-	-	5
Transfer to assets of disposal group classified as held for sale	-	-	(375)	(43)	(343)	-	-	(761)
Effect of exchange rate changes	-	6,259	31,429	2,394	193	1,056	1,082	42,413
At 31 December	15,405	163,834	1,027,806	96,766	14,533	68,611	19,717	1,406,672
Carrying amount at 31 December	127,571	96,920	157,022	11,803	1,216	11,011	67,793	473,336

4 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group	Freehold land and buildings RM'000	Buildings RM'000	Plant, machinery, tools and equipment RM'000	Electrical installations, computer and office equipment, furniture and fittings RM'000	Motor vehicles RM'000	Renovation, yard development and store extension RM'000	Capital work in progress RM'000	Total RM'000
2021								
Cost								
At 1 January	143,924	264,317	1,100,048	99,247	16,085	71,373	48,823	1,743,817
Additions	(262)	574	10,550	4,827	272	528	79,619	96,108
Disposals	-	-	(12,043)	(2,458)	(210)	(1,492)	(521)	(16,724)
Write-offs	-	(8)	(2,691)	(2,437)	(55)	(304)	-	(5,495)
Reclassification	-	-	5,336	132	-	(10)	(5,458)	-
Transfer (to)/from inventories	-	-	(11,271)	9	-	-	(382)	(11,644)
Transfer to assets held for sale	-	(57,226)	(911)	(10,736)	-	-	-	(68,873)
Transfer to right-of-use assets	-	(5,502)	-	-	-	-	-	(5,502)
Effect of exchange rate changes	(76)	4,880	10,839	1,499	137	(1,300)	2,038	18,017
At 31 December	143,586	207,035	1,099,857	90,083	16,229	68,795	124,119	1,749,704

4 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group	Freehold land and buildings RM'000	Buildings RM'000	Plant, machinery, tools and equipment RM'000	Electrical installations, computer and office equipment, furniture and fittings RM'000	Motor vehicles RM'000	Renovation, yard development and store extension RM'000	Capital work in progress RM'000	Total RM'000
2021								
Accumulated depreciation and impairment loss								
At 1 January	12,178	151,550	966,452	89,765	14,033	68,013	18,001	1,319,992
Depreciation charge for the financial year	1,606	4,035	26,441	3,874	757	1,457	-	38,170
Impairment charge for the financial year	-	4,243	-	-	-	-	-	4,243
Disposals	-	-	(11,031)	(2,410)	(126)	(1,464)	-	(15,031)
Write-offs	-	-	(2,404)	(2,400)	(55)	(303)	-	(5,162)
Reclassification	-	-	(72)	72	-	-	-	-
Transfer to inventories	-	-	(12,360)	-	-	-	-	(12,360)
Transfer to assets held for sale	-	(21,614)	(509)	(7,505)	-	-	-	(29,628)
Transfer to right-of-use assets	-	(362)	-	-	-	-	-	(362)
Effect of exchange rate changes	-	3,451	10,848	1,343	131	(1,339)	634	15,068
At 31 December	13,784	141,303	977,365	82,739	14,740	66,364	18,635	1,314,930
Carrying amount at 31 December	129,802	65,732	122,492	7,344	1,489	2,431	105,484	434,774

The carrying amount of the Group's property, plant and equipment amounting to RM261,000 (2021: RM26,091,000) are subject to operating leases as lessor and are classified under plant, machinery, tools and equipment.

4 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Company	Building RM'000	Computer and equipment RM'000	Renovations, office equipment, furniture and fittings RM'000	Motor vehicles RM'000	Total RM'000
2022					
Cost					
At 1 January	**1,850**	**828**	**820**	**708**	**4,206**
Additions	**-**	**49**	**90**	**-**	**139**
Reclassification	**-**	**(4)**	**4**	**-**	**-**
Transfer from investment properties	**5,438**	**-**	**-**	**-**	**5,438**
Write-offs	**-**	**(316)**	**(462)**	**-**	**(778)**
At 31 December	**7,288**	**557**	**452**	**708**	**9,005**
Accumulated depreciation					
At 1 January	**187**	**767**	**778**	**708**	**2,440**
Depreciation charge for the financial year	**81**	**54**	**21**	**-**	**156**
Reclassification	**-**	**(4)**	**4**	**-**	**-**
Transfer from investment properties	**550**	**-**	**-**	**-**	**550**
Write-offs	**-**	**(316)**	**(462)**	**-**	**(778)**
At 31 December	**818**	**501**	**341**	**708**	**2,368**
Carrying amount at 31 December	**6,470**	**56**	**111**	**-**	**6,637**
2021					
Cost					
At 1 January	1,850	850	816	708	4,224
Additions	-	16	4	-	20
Disposals	-	(34)	-	-	(34)
Write-offs	-	(4)	-	-	(4)
At 31 December	1,850	828	820	708	4,206
Accumulated depreciation					
At 1 January	167	711	757	708	2,343
Depreciation charge for the financial year	20	73	21	-	114
Disposals	-	(13)	-	-	(13)
Write-offs	-	(4)	-	-	(4)
At 31 December	187	767	778	708	2,440
Carrying amount at 31 December	1,663	61	42	-	1,766

5 LEASES

(a) Right-of-use assets

Group	Note	Land and buildings RM'000	Plant and machineries RM'000	Motor vehicles RM'000	Total RM'000
2022					
Cost					
At 1 January		334,195	1,765	2,143	338,103
Additions		22,223	-	-	22,223
Remeasurement		(1,048)	-	-	(1,048)
Transfer to assets held for sale	22	(16,301)	-	-	(16,301)
Derecognition		(36,533)	-	-	(36,533)
Acquisition of subsidiary	37	66,583	948	-	67,531
Effect of exchange rate changes		4,936	(9)	(14)	4,913
At 31 December		374,055	2,704	2,129	378,888
Accumulated depreciation					
At 1 January		73,555	354	1,303	75,212
Depreciation charge for the financial year		27,591	354	610	28,555
Transfer to assets held for sale	22	(3,661)	-	-	(3,661)
Derecognition		(22,742)	-	-	(22,742)
Effect of exchange rate changes		1,645	(7)	(17)	1,621
At 31 December		76,388	701	1,896	78,985
Carrying amount at 31 December		297,667	2,003	233	299,903

5 LEASES (CONTINUED)

(a) Right-of-use assets (continued)

Group	Note	Land and buildings RM'000	Plant and machineries RM'000	Motor vehicles RM'000	Total RM'000
2021					
Cost					
At 1 January		287,339	1,803	1,862	291,004
Additions		47,367	7	336	47,710
Transfer from property, plant and equipment	4	5,502	-	-	5,502
Transfer to assets held for sale	22	(6,919)	-	-	(6,919)
Derecognition		(467)	-	-	(467)
Effect of exchange rate changes		1,373	(45)	(55)	1,273
At 31 December		334,195	1,765	2,143	338,103
Accumulated depreciation					
At 1 January		47,444	32	624	48,100
Depreciation charge for the financial year		26,924	331	712	27,967
Transfer from property, plant and equipment	4	362	-	-	362
Transfer to assets held for sale	22	(1,511)	-	-	(1,511)
Derecognition		(240)	-	-	(240)
Effect of exchange rate changes		576	(9)	(33)	534
At 31 December		73,555	354	1,303	75,212
Carrying amount at 31 December		260,640	1,411	840	262,891

The title deeds to certain leasehold land of the Group with the carrying amount of approximately RM18,262,000 (2021: RM18,509,000) have yet to be issued by the relevant authorities.

(b) Lease liabilities

	Group 2022 RM'000	Group 2021 RM'000
Total cash outflow for leases for the financial year	**28,328**	27,030

6 INVESTMENT PROPERTIES

	Group		Company	
	2022	**2021**	**2022**	**2021**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Cost				
At 1 January	**12,340**	12,296	**24,750**	24,750
Additions	**-**	44	**-**	-
Transfer from/(to) property, plant and equipment	**5,567**	-	**(5,438)**	-
At 31 December	**17,907**	12,340	**19,312**	24,750
Accumulated depreciation and impairment loss				
At 1 January	**6,740**	2,972	**2,505**	2,231
Depreciation charge for the financial year	**222**	223	**212**	274
Impairment charge for the financial year	**-**	3,545	**-**	-
Transfer from/(to) property, plant and equipment	**1,899**	-	**(550)**	-
At 31 December	**8,861**	6,740	**2,167**	2,505
Carrying amount at 31 December	**9,046**	5,600	**17,145**	22,245
Fair value	**48,236**	48,413	**27,420**	35,402

The carrying amount of the Group's and the Company's investment properties amounting to RM4,939,000 and RM17,145,000 respectively (2021: RM5,073,000 and RM20,291,000) are subject to operating leases as lessor.

Fair value of investment properties is categorised as follows:

	Level 1	**Level 2**	**Level 3**	**Total**
Group	**RM'000**	**RM'000**	**RM'000**	**RM'000**
2022				
Land	**-**	**-**	**16,158**	**16,158**
Buildings	**-**	**-**	**32,078**	**32,078**
	-	**-**	**48,236**	**48,236**
2021				
Land	-	-	16,158	16,158
Buildings	-	-	32,255	32,255
	-	-	48,413	48,413
Company				
2022				
Buildings	**-**	**-**	**27,420**	**27,420**
2021				
Buildings	-	-	35,402	35,402

6 INVESTMENT PROPERTIES (CONTINUED)

Level 1 fair value is derived from quoted price in active markets for identical investment properties that the entity can access at the measurement date.

Level 2 fair value is estimated using inputs other than quoted price included within Level 1 that are observable for the investment properties, either directly or indirectly.

Level 3 fair value is estimated using unobservable inputs for the investment properties. The unobservable input relates to the price per square feet. The fair value of investment properties were estimated using the comparison method.

During the financial year, the Group and the Company carried out a review and noted there was no significant change to the fair value of these properties.

7 GOODWILL AND OTHER INTANGIBLE ASSETS

Group	Goodwill RM'000	Trademark RM'000	Technical know-how RM'000	Intellectual property RM'000	Total RM'000
2022					
Cost					
At 1 January	**146,062**	**275**	**112**	**3,380**	**149,829**
Effect of exchange rate changes	**6,779**	**16**	**-**	**188**	**6,983**
At 31 December	**152,841**	**291**	**112**	**3,568**	**156,812**
Accumulated amortisation and impairment loss					
At 1 January	**-**	**-**	**112**	**3,380**	**3,492**
Effect of exchange rate changes	**-**	**-**	**-**	**188**	**188**
At 31 December	**-**	**-**	**112**	**3,568**	**3,680**
Carrying amount at 31 December	**152,841**	**291**	**-**	**-**	**153,132**
2021					
Cost					
At 1 January	142,128	208	112	3,270	145,718
Addition	-	59	-	-	59
Effect of exchange rate changes	3,934	8	-	110	4,052
At 31 December	146,062	275	112	3,380	149,829
Accumulated amortisation and impairment loss					
At 1 January	-	-	112	3,270	3,382
Effect of exchange rate changes	-	-	-	110	110
At 31 December	-	-	112	3,380	3,492
Carrying amount at 31 December	146,062	275	-	-	146,337

7 GOODWILL AND OTHER INTANGIBLE ASSETS (CONTINUED)

Impairment testing of goodwill

Goodwill arising from business combinations has been allocated to the Group's cash-generating units ("CGU") identified according to operating divisions. The carrying amounts of goodwill allocated to the respective CGUs are as follows:

	Group	
	2022	**2021**
	RM'000	**RM'000**
Cash-generating units		
Specialised Pipe Coating and Corrosion Protection Services (CGU A)	**82,137**	78,700
EPC, Fabrication and Rental of Gas Compressors and Process Equipment (CGU B)	**70,704**	67,362
	152,841	146,062

The recoverable amounts of the CGUs are determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by management covering a period of 5 years (2021: 5 years) based on past performance and their expectations of the market development. Terminal value is estimated at the end of the 5-year period.

Value-in-use was determined by discounting the future cash flows generated from the CGUs based on the following key assumptions on the premise that there will be no material changes in the Group's principal activities. The discount rates used reflect the weighted average cost of capital adjusted for specific risks associated with the CGUs of the Group.

Due to the uncertainty of the future economic condition, management developed the base case and worst case scenarios of cash flow projections. Probabilities of occurrence were assigned to each scenario to arrive at a single set of cash flow projection. The assumptions used in both scenarios and the probabilities of occurrence assigned required management's judgement.

The key assumptions used in the cash flow projections for CGU A and CGU B under the base case and worst case scenarios are as follows:

CGU A

(a) The revenue forecast for CGU A is supported by management's forecasted projects, which is in line with past performance records, future market outlook and management's expectation of market developments. A reduction to the revenue forecast was applied for the worst case scenario;
(b) Pre-tax discount rate of 19.2% (2021: 16.1%) was applied for both scenarios, benchmarked against comparable companies at the date of assessment; and
(c) A terminal growth rate of 1.5% (2021: 1.5%) was applied to the base case scenario while no terminal growth was applied to the worst case scenario.

CGU B

(a) The revenue forecast for CGU B is supported by management's expected projects, which is in line with past performance records, future market outlook and management's expectation of market developments. A reduction to the revenue forecast was applied for the worst case scenario;
(b) Pre-tax discount rate of 19.8% (2021: 16.0%) was applied for both scenarios, benchmarked against comparable companies at the date of assessment; and
(c) No terminal growth rate was applied to both scenarios.

Sensitivity

CGU A and CGU B

As at 31 December 2022, an increase or decrease of 5% in pre-tax discount rate and terminal growth rate respectively, with all other inputs remaining constant, will not result in a material effect on the Group's impairment charge.

8 DEFERRED TAX ASSETS/(LIABILITIES)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same tax authority. The following amounts, determined after appropriate offsetting, are shown in the statements of financial position:

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Deferred tax assets	**50,117**	37,447	**4,310**	3,942
Deferred tax liabilities	**(8,267)**	(9,506)	**-**	-
	41,850	27,941	**4,310**	3,942
At 1 January	**27,941**	25,618	**3,942**	3,605
Credited/(Charged) to profit or loss (Note 34):				
- Unused tax losses	**10,482**	621	**-**	-
- Property, plant and equipment	**(7)**	(79)	**(36)**	43
- Provisions and accruals	**3,912**	1,463	**404**	294
- Unrealised foreign exchange	**385**	(447)	**-**	-
- Others	**(542)**	361	**-**	-
	14,230	1,919	**368**	337
Acquisition of subsidiaries	**(281)**	-	**-**	-
Effect of exchange rate changes	**(40)**	404	**-**	-
At 31 December	**41,850**	27,941	**4,310**	3,942
Subject to income tax				
Deferred tax assets (before offsetting)				
- Unused tax losses	**38,165**	27,729	**-**	-
- Property, plant and equipment	**258**	292	**-**	25
- Provisions and accruals	**16,683**	12,794	**4,321**	3,917
- Unrealised foreign exchange losses	**244**	46	**-**	-
- Others	**1,297**	1,374	**-**	-
	56,647	42,235	**4,321**	3,942
Offsetting	**(6,530)**	(4,788)	**(11)**	-
Deferred tax assets (after offsetting)	**50,117**	37,447	**4,310**	3,942
Deferred tax liabilities (before offsetting)				
- Property, plant and equipment	**(9,439)**	(9,465)	**(11)**	-
- Unrealised foreign exchange gains	**(150)**	(336)	**-**	-
- Others	**(5,208)**	(4,493)	**-**	-
	(14,797)	(14,294)	**(11)**	-
Offsetting	**6,530**	4,788	**11**	-
Deferred tax liabilities (after offsetting)	**(8,267)**	(9,506)	**-**	-

The Group concluded that the deferred tax assets will be recoverable using the estimated future taxable income of the subsidiaries of the Company. It is estimated that the secured project and unsecured project with high probabilities of successful award which will contribute to the future taxable income at the subsidiaries.

8 DEFERRED TAX ASSETS/(LIABILITIES) (CONTINUED)

The Group did not recognise deferred tax assets arising from the following temporary differences of certain subsidiaries as it is not probable that future taxable profit will be available against which the deferred tax assets can be utilised in these subsidiaries.

	Group	
	2022	**2021**
	RM'000	**RM'000**
Deductible temporary differences on:		
- Unused tax losses	**155,400**	245,134
- Unabsorbed capital allowances	**119,980**	139,873
- Provisions and accruals	**269**	8,766
- Others	**40,777**	43,872
	316,426	437,645
Deferred tax assets not recognised is based on respective countries tax rate	**63,278**	69,590

Under the Malaysia Finance Act 2021 gazetted on 31 December 2021, the Group's accumulated unused tax losses, for which no deferred tax assets were recognised on, can be carried forward for another 10 consecutive years (2021: 10 consecutive years) of assessment ("YA") effective from YA2018.

		Group	
	Expiring in	**2022**	**2021**
		RM'000	**RM'000**
Unused tax losses			
- YA2018	YA2028	**62,252**	63,312
- YA2019	YA2029	**38,459**	35,638
- YA2020	YA2030	**22,547**	27,187
- YA2021	YA2031	**6,761**	2,473
- YA2022	YA2032	**187**	-
		130,206	128,610

9 INVESTMENT IN SUBSIDIARIES

	Company	
	2022	**2021**
	RM'000	**RM'000**
Unquoted shares, at cost	**923,730**	923,730
Accumulated impairment losses	**(186,306)**	(181,650)
	737,424	742,080
Advances to subsidiaries (net investment)	**-**	26,345
	737,424	768,425

Advances to subsidiaries for long term working capital purposes represent an extension of capital to the subsidiaries and are as such net investment.

9 INVESTMENT IN SUBSIDIARIES (CONTINUED)

The movements in the allowance for impairment losses of investment in subsidiaries during the financial year are as follows:

	Company	
	2022	2021
	RM'000	RM'000
At 1 January	**181,650**	173,526
Impairment loss recognised	**4,656**	8,124
	186,306	181,650

For the financial year ended 31 December 2022, due to the uncertainty of the future economic condition, the investment in a subsidiary of the Company was not expected to be recovered. The recoverable amount was RM2,009,000 (2021: RM6,665,000), determined through the higher of value in use or fair value less cost to sell. As a result, an impairment loss of RM4,656,000 (2021: RM8,124,000) was recognised in the profit and loss.

Details of subsidiaries are as follows:

	Group's effective interest			
	2022 %	2021 %	Country of incorporation	Principal activities
Wasco Energy Ltd.	**100**	100	Bermuda	Investment holding
Wasco Management Services Sdn. Bhd.	**100**	100	Malaysia	Provision of management support services
Wasco Capital Pte. Limited	**-**[w]	100	Singapore	Investment and management of treasury activities
~ Wasco (Australia) Pty. Ltd.	**60**	60	Australia	Provision of construction services for the oil and gas industry
# Wasco Coatings Limited	**100**	100	Hong Kong, SAR	Investment holding
* Wasco Coatings UK Ltd.	**100**	100	England and Wales	Investment holding
~ Wasco Management Services S.R.L.	**-**	-[q]	Italy	Dormant (Dissolved)
* Wasco Coatings Singapore Pte. Ltd.	**100**	100	Singapore	Investment holding
~ Turn Key Pipeline Services B.V.	**100**	100	The Netherlands	Provision of engineering design, construction, installation services and supply of equipment for pipe coating plant and facilities for the oil and gas industry
Wasco Infra Services Sdn. Bhd.	**91**	91[s]	Malaysia	Engineering, procurement and construction of onshore and near shore of hydrocarbon, water and slurry pipelines and associated facilities

9 INVESTMENT IN SUBSIDIARIES (CONTINUED)

Details of subsidiaries are as follows (continued):

	Group's effective interest 2022 %	Group's effective interest 2021 %	Country of incorporation	Principal activities
* Eco Consortium Sdn. Bhd.	**86**[b]	86[s]	Malaysia	Dormant
* Wasco Coatings Middle East QFZ LLC	**60**	60	State of Qatar	Provision of anti-corrosion and concrete weight coating of pipelines to the oil and gas industry
Wasco Coatings Services Sdn. Bhd.	**100**	100	Malaysia	Provision of pipe coating and related services to the oil and gas industry
# Wasco Coatings Norway AS	**100**	100	Norway	Dormant
* Wasco Coatings Europe B.V.	**100**	100	The Netherlands	Provision of pipe coating and related services to the oil and gas industry
# Wasco Coatings Germany GmbH	**100**	100	Germany	Provision of pipe coating and related services to the oil & gas industry
# Wasco Coatings Germany (Plant and Equipment) GmbH	**100**	100	Germany	Dormant
# Wasco Coatings Finland Oy	**100**	100	Finland	Dormant
Wasco Coatings Finland (Plant and Equipment) Oy	**-**	-[r]	Finland	Dormant
# Wasco ISOAF S.R.L (formerly known as ISOAF S.R.L.)	**50**[x]	25	Italy	Provision of line pipe thermal insulation services
# Wasco ISOAF Tz Limited (formerly known as ISOAF Tz Limited)	**38**[x]	-	Tanzania	Carry on business of pipe coating, fuel, gas and gas cylinder
PPSC Industrial Holdings Sdn. Bhd.	**100**	100	Malaysia	Investment holding
Wasco Resources Sdn. Bhd.	**100**	100	Malaysia	Property investment holding
Wasco Coatings Malaysia Sdn. Bhd.	**70**	70	Malaysia	Coating of pipes for the oil and gas industry
Wasco Coatings Insulation Sdn. Bhd.	**-**	-[u]	Malaysia	Dormant (In Member's Voluntary Liquidation)
# Wasco Coatings HK Limited	**100**	100	Hong Kong, SAR	Investment holding, construction of coating plants, marketing and provision of pipe coating and related services to the oil and gas industry
~ Wasco Energy De Mexico S.A.DE C.V.	**-**	-[i]	Mexico	Dormant (Dissolved)

9 INVESTMENT IN SUBSIDIARIES (CONTINUED)

Details of subsidiaries are as follows (continued):

	Group's effective interest			
	2022 %	**2021 %**	**Country of incorporation**	**Principal activities**
~ Wasco Kanssen Limited	**100**	100	British Virgin Islands	Investment holding and provision of pipe coating services
* Jingzhou Wasco Kanssen Offshore Petroleum Engineering Co., Ltd.	**100**	100	People's Republic of China	Provision of pipe coating services and trading of goods
* Kanssen (Yadong) Coating Services (Jingzhou) Company Limited	**100**	100	People's Republic of China	Provision of pipe coating services and trading of goods
* PPSC China Limited	**100**	100	Hong Kong, SAR	Investment holding
Wasco Oil Technologies Sdn. Bhd.	**100**	100	Malaysia	Investment holding and provision of management services
Wasco Oilfield Services Sdn. Bhd.	**49[π]**	49[π]	Malaysia	Investment holding
Wasco Corrosion Services Sdn. Bhd.	**63**	63	Malaysia	Supply and installation of sacrificial anodes, provision of cathodic protection services and equipment, corrosion protection services, passive fire protection services, special paint coating services and provision of technical training services
Wasco Lindung Sdn. Bhd.	**48[π]**	48[π]	Malaysia	Manufacture, supply and installation of sacrificial anodes, provision of cathodic protection services and equipment, corrosion protection services, passive fire protection services, special paint coating services and provision of technical training services
Asiana Emas Sdn. Bhd.	**100**	100	Malaysia	Investment holding
Petro-Pipe (Sabah) Sdn. Bhd.	**70**	70	Malaysia	Manufacturing and sales of spiral welded pipes for the oil and gas industry
Wasco Engineering Group Limited	**100**	100	British Virgin Islands	Investment holding

9 INVESTMENT IN SUBSIDIARIES (CONTINUED)

Details of subsidiaries are as follows (continued):

	Group's effective interest 2022 %	Group's effective interest 2021 %	Country of incorporation	Principal activities
# Wasco Engineering International Ltd.	**100**	100	British Virgin Islands	Leasing of compressors and power generators, designing, engineering and fabrication and sale of gas processing and compression systems and gas based power generators; and servicing and selling parts of oil and gas processing and compression systems
* WEGL Services India Private Limited	**-[y]**	100	India	Dormant
* PT Wasco Engineering International	**100**	100	Indonesia	Dormant
* WS Engineering & Fabrication Pte. Ltd.	**100**	100	Singapore	Design, engineering and fabrication of oil and gas processing and compression systems and equipment
* WEGL Offshore Investments Pte. Ltd. (formerly known as MMA Offshore Holdings Pte. Ltd.)	**100[a]**	-	Singapore	Investment holding
* WEGL investments Pte. Ltd. (formerly known as MMA Offshore Investments Pte. Ltd.)	**100[a]**	-	Singapore	Investment holding
* PT Wasco Resources Indonesia (formerly known as PT Jaya Asiatic Shipyard)	**100[a]**	-	Indonesia	Investment and property holding
~ Wasco Engineering Australia Pty. Ltd.	**100**	100	Australia	Dormant
* WS Engineering Equipment Pte. Ltd.	**100**	100	Singapore	Leasing of equipment and provision of operation and maintenance, and other related services to the oil and gas industry
~ Mackenzie Hydrocarbons (Australia) Pty. Ltd.	**100**	100	Australia	Provision of engineering consultancy and fabrication services
* WS Engineering Technologies Pte. Ltd.	**92**	92	Singapore	Engineering and fabrication of oil and gas systems and equipment
# PT. Wasco Engineering Indonesia	**92**	92[t]	Indonesia	Provision of engineering, design, fabrication and construction services for oil and gas industry

9 INVESTMENT IN SUBSIDIARIES (CONTINUED)

Details of subsidiaries are as follows (continued):

	Group's effective interest 2022 %	Group's effective interest 2021 %	Country of incorporation	Principal activities
* Wasco E&P Services Limited	**100**	100	Hong Kong, SAR	Investment holding
* WSN Investments Limited	**-**	-[p]	Hong Kong, SAR	Dormant (Dissolved)
* Wasco China International Limited	**100**	100	Hong Kong, SAR	Investment holding
* Ashburn Offshore Oil & Gas Equipment & Engineering (Tianjin) Co. Ltd.	**65**	65	People's Republic of China	Design and manufacturing of products to the oil and gas industry
* Ashburn International Trade (Tianjin) Co. Ltd.	**65**	65	People's Republic of China	International trade, processing and assembling, storage of bonded goods and development of high technological products and consultancy services
Jutasama Sdn. Bhd.	**100**	100	Malaysia	Contracting of industrial engineering projects
Mackenzie Industries Sdn. Bhd.	**60**	60	Malaysia	Undertaking of steam boilers and energy system projects in both local and overseas markets
Jutasama Jaya Sdn. Bhd.	**100**	100	Malaysia	Dormant
PMT Industries Sdn. Bhd.	**100**	100	Malaysia	Manufacturing and supplying of spare parts, equipment and provision of maintenance services for palm oil and other agricultural industries
PMT Industries (Labuan) Ltd.	**100**	100	Federal Territory of Labuan, Malaysia	Supply of equipment for palm oil and other agricultural industries
PMT-Phoenix Industries Sdn. Bhd.	**-[c]**	-[c]	Malaysia	Dormant (In Member's Voluntary Winding Up)
PMT-Dong Yuan Industries Sdn. Bhd.	**100**	100	Malaysia	Fabrication, assembly and supply of machinery and equipment to palm oil industry
* PT. PMT Industri	**100**	100	Indonesia	Supply of spare parts, equipment, provision of maintenance services and engineering consultation for palm oil and other agricultural industries
Peakvest Sdn. Bhd.	**100**	100	Malaysia	Letting of properties

9 INVESTMENT IN SUBSIDIARIES (CONTINUED)

Details of subsidiaries are as follows (continued):

	Group's effective interest			
	2022 %	**2021 %**	**Country of incorporation**	**Principal activities**
PMT Saito Sdn. Bhd.	**51**	51	Malaysia	Manufacturing accessories and equipment under the brand of 'Saito', for disc bowl centrifuge for palm oil industry, manufacturing of decanters model SID550P and 580P for palm oil industry, and manufacturing and development of new products in any industry
Petro-Pipe Industrial Corporation Sdn. Bhd.	**100**	100	Malaysia	Investment holding
WS Integrasi Sdn. Bhd.	**100[z]**	-	Malaysia	Dormant
Petro-Pipe Industries (M) Sdn. Bhd.	**100**	100	Malaysia	Investment holding
PPI Industries Sdn. Bhd.	**100**	100	Malaysia	Supplying and trading of steel pipes and related products and services
Syn Tai Hung Trading Sdn. Bhd.	**100**	100	Malaysia	Trading and distribution of building materials
Stellar Marketing Sdn. Bhd.	**100**	100	Malaysia	Dormant
~ Syn Tai Hung (Cambodia) Co. Ltd	**100**	100	Kingdom of Cambodia	Trading and warehousing of building materials
Petro-Pipe Engineering Services Sdn. Bhd.	**100**	100	Malaysia	Trading and distribution parts and machineries and other ancillary materials and services
WDG Resources Sdn. Bhd.	**60**	60	Malaysia	Trading, distribution, wholesale and retail, renting, leasing and service of industry machinery, equipment and parts
Syn Tai Hung Marketing Sdn. Bhd.	**60**	60	Malaysia	Trading, distribution and service of industry machinery, equipment and spare parts; trading and distribution of building materials; marketing, distribution, service, maintenance and assembly of industrial and agricultural equipment
STH Edaran Sdn. Bhd.	**60**	60	Malaysia	Marketing, distribution, service, maintenance and assembly of industrial and agricultural equipment
Syn Tai Hung Borneo Sdn. Bhd.	**70**	70	Malaysia	Trading and distribution of building materials

9 INVESTMENT IN SUBSIDIARIES (CONTINUED)

Details of subsidiaries are as follows (continued):

	Group's effective interest 2022 %	Group's effective interest 2021 %	Country of incorporation	Principal activities
* Wah Seong International Pte Limited	**100**	100	Hong Kong, SAR	Investment holding
~ WSIPL Australia Pty. Ltd.	**100[d]**	100	Australia	Dormant
Wah Seong Industrial Holdings Sdn. Bhd.	**100**	100	Malaysia	Investment and property holding and provision of management services
Wah Seong Management Services Sdn. Bhd.	**100**	100	Malaysia	Provision of management support services and business management consultancy services
WSC Capital Sdn. Bhd.	**100**	100	Malaysia	Treasury management centre providing services to its related companies within Malaysia and overseas which includes cash financing, debt management, investment services and financial risk management
Maple Sunpark Sdn. Bhd.	**100**	100	Malaysia	Letting of properties
Triple Cash Sdn. Bhd.	**79**	79	Malaysia	Investment and property holding
Sunrise Green Sdn. Bhd.	**65**	65	Malaysia	Investment and property holding

* *Audited by a firm other than member firms of PricewaterhouseCoopers International Limited and PricewaterhouseCoopers PLT.*

\# *Audited by a member firm of PricewaterhouseCoopers International Limited which is a separate and independent legal entity from PricewaterhouseCoopers PLT.*

~ *Companies not required by their local laws to appoint statutory auditors.*

d *On 22 December 2022, WSIPL Australia Pty. Ltd. ("WSIPL Australia"), an indirect wholly-owned subsidiary of the Company had filed for voluntary deregistration with the Australian Securities & Investments Commission.*

Subsequently on 23 February 2023, WSIPL Australia was deregistered under section 601AA(4) of the Corporations Act 2011.

b *On 15 December 2022, Eco Consortium Sdn. Bhd., an indirect 86% owned subsidiary of the Company had filed an application for striking off with the Register of Companies Commission of Malaysia, pursuant to section 550 of the Companies Act 2016.*

9 INVESTMENT IN SUBSIDIARIES (CONTINUED)

Details of subsidiaries are as follows (continued):

a *On 29 April 2022, Wasco Engineering Group Limited ("WEGL"), an indirect wholly-owned subsidiary of the Company entered into a Share Sale Agreement ("SSA") with MMA Offshore Asia Pte. Ltd., for the acquisition of 100% equity interests in WEGL Investments Pte. Ltd. (formerly known as MMA Offshore Holdings Pte. Ltd.) ("WEGL Investments") and WEGL Offshore Investments Pte. Ltd. (formerly known as MMA Offshore Investments Pte. Ltd.) ("WEGL Offshore Investments") for a total consideration of USD15,000,000 (equivalent to approximately RM65,397,000) plus the Working Capital Amount ("Purchase price"), subject to the terms and conditions as stipulated in the SSA ("Sale Shares").*

Pursuant to the SSA, upon completion of the Sale Shares, PT Wasco Resources Indonesia (formerly known as PT Jaya Asiatic Shipyard) ("PTWRI"), a subsidiary of WEGL Investments and WEGL Offshore Investments shall become an indirect wholly-owned subsidiary of the Company.

On 1 December 2022, the acquisition is deemed achieved with the final instalment of the Purchase Price being paid in accordance to the terms of the SSA.

z *On 28 April 2022, Petro-pipe Industrial Corporation Sdn. Bhd. ("PPIC"), an indirect wholly-owned subsidiary of the Company acquired the entire equity interest held in the total issued share capital of WS Integrasi Sdn. Bhd. ("WSI") from the Company and Tengku Rozitatoria Binti Tengku Rostam, the existing shareholders of WSI for a total consideration of RM1,000.*

Upon completion of the WSI shares transfer exercise, WSI ceased to be a 49%-owned associate of the Company and became an indirect wholly-owned subsidiary of the Company, held through PPIC.

On 30 December 2022, WSI had at its Extraordinary General Meeting, inter-alia, approved the special resolution to wind up WSI by way of the Member's Voluntary Winding Up by its shareholder ("Member's Voluntary Winding Up").

y *On 25 March 2022, WEGL Services India Private Limited, an indirect wholly-owned subsidiary of the Company, has commenced voluntary liquidation in accordance with the Regulation of Insolvency and Bankruptcy Board of India. Subsequently, a notice dated 29 March 2022 was published and stakeholders were required to submit the claims within 30 days from the date of commencement of voluntary liquidation.*

x *On 10 February 2022, Wasco Coatings Europe B.V., an indirect wholly-owned subsidiary of the Company acquired additional 25.1% equity interest in the share capital of Wasco ISOAF S.R.L (formerly known as ISOAF S.R.L) ("ISOAF") from Isoplus Fernwärmetechnik Gesellschaft M.B.H for a total consideration of EUR6,275 (equivalent to approximately RM29,800).*

Upon the completion of the acquisition of ISOAF shares, ISOAF became an indirect 50.1% owned subsidiary of the Company and its subsidiary, Wasco ISOAF Tz Limited (formerly known as ISOAF Tz Limited) ("ISOAF Tz") became an indirect 37.6% owned subsidiary of the Company, held through ISOAF.

w *On 17 January 2022, Wasco Capital Pte. Limited ("WCPL"), an indirect wholly-owned subsidiary of the Company had completed the application for striking off with Accounting and Corporate Regulatory Authority, Singapore.*

Subsequently on 9 May 2022, WCPL has been struck off from the register.

v *On 13 January 2022, ISOAF, which was then an indirect 25% owned joint venture of the Company subscribed 750 ordinary shares, representing 75% equity interest in the issued and paid-up share capital of ISOAF Tz, a company incorporated in Tanzania for a total cash consideration of TZS15,000,000 (equivalent to approximately RM27,000). ISOAF Tz is involved in the business of pipe coating, fuel, gas and gas cylinder.*

Upon the completion of the subscription of ISOAF Tz shares, ISOAF Tz became a 75% owned subsidiary of ISOAF.

9 INVESTMENT IN SUBSIDIARIES (CONTINUED)

Details of subsidiaries are as follows (continued):

u *On 29 October 2021, the Company announced that Wasco Coatings Insulation Sdn. Bhd. ("WCI"), an indirect 70%-owned subsidiary of the Company had at its Extraordinary General Meeting held on 29 October 2021, approved the special resolution to wind up WCI by way of the Member's Voluntary Winding Up by its shareholder.*

t *On 8 October 2021, WS Engineering Technologies Pte. Ltd., an indirect 92% owned subsidiary of the Company subscribed an additional 181,633 ordinary shares in PT. Wasco Engineering Indonesia ("PTWEI") for a total consideration of IDR18,163,300,000 (equivalent to approximately RM5,289,000). Upon completion of the acquisition, PTWEI became an indirect 92% owned subsidiary of the Company.*

s *On 16 July 2021, Wasco Coatings Limited., an indirect wholly-owned subsidiary of the Company acquired additional 40% equity interest in Wasco Infra Services Sdn. Bhd. ("WIS"), (formerly known as Wasco CPM Sdn. Bhd.) from its minority interest, P.T. Citra Panji Manunggal which representing 200,000 ordinary shares for a consideration of RM1.00. Upon completion of the acquisition of WIS additional shares, WIS became an indirect 91% owned subsidiary of the Company. Accordingly, the subsidiary of WIS, Eco Consortium Sdn Bhd became an indirect 86% owned subsidiary of the Company.*

r *On 30 June 2021, Wasco Coatings Finland (Plant and Equipment) Oy ("WCFPE"), an indirect wholly-owned subsidiary of the Company completed merger with Wasco Coatings Finland ("WC Finland"). WCFPE was dissolved following the merger with WC Finland.*

i *On 19 June 2021, Wasco Energy De Mexico S.A. DE C.V. ("WEDM") which was in voluntary liquidation, completed its voluntary liquidation in accordance with the rules and regulations of the General Corporations Law of Mexico and was subsequently liquidated.*

q *On 16 March 2021, Wasco Management Services S.R.L. ("WMS SRL"), an indirect wholly-owned subsidiary of the Company completed the voluntary liquidation and was cancelled from the Chamber of Commerce of Milan Monza Brianza Lodi on 4 March 2021. The Certificate of Cancellation in accordance with the rules and regulations of the Companies Act in Italy dated 4 March 2021 issued by the Chamber of Commerce of Milan Monza Brianza Lodi was received on 16 March 2021.*

On 21 May 2020, WMS SRL had at its Shareholder Meeting, approved the resolution to voluntary liquidate and dissolve WMS SRL in accordance with the rules and regulations of the Companies Act in Italy. The liquidation certificate pertaining to the Member's Voluntary Liquidation of WMS SRL was received on 27 May 2020. As a result, the Group no longer controls the subsidiary and as such it was not consolidated.

p *On 23 February 2021, the Company announced that WSN Investments Limited, an indirect wholly-owned subsidiary of the Company, had been deregistered on 11 February 2021 pursuant to Section 751 of the Companies Ordinance in Hong Kong. The notice of dissolution was obtained by the Company from the Companies Registry of Hong Kong on 22 February 2021.*

c *On 15 December 2017, PMT-Phoenix Industries Sdn. Bhd. ("PMT-Phoenix"), an indirect wholly-owned subsidiary of the Company had at its Extraordinary General Meeting inter-alia, approved the special resolution to wind up PMT-Phoenix by way of Member's Voluntary Winding Up. As a result, the Group no longer controls the subsidiary and as such it was not consolidated.*

π *Although the Company does not own more than 50% of the equity shares of Wasco Oilfield Services Sdn. Bhd. ("WOS"), Wasco Lindung Sdn. Bhd. ("WL") and Wasco ISOAF Tz Limited ("ISOAF Tz") and consequently it does not control more than half of the voting power of those shares, it has the power to appoint and remove the majority of the Board of Directors of WOS, WL and ISOAF Tz. As such control of these entities is by the Company. Consequently, WOS, WL and ISOAF Tz are controlled by the Company and are consolidated in these financial statements (2021: WOS and WL).*

9 INVESTMENT IN SUBSIDIARIES (CONTINUED)

Subsequent to financial year end, the following are the changes to investment in subsidiaries:

(a) On 16 January 2023, Wasco Coatings Norway AS, an indirect wholly-owned subsidiary of the Company has been struck off from the Brønnøysund Register Centre, Norway upon the completion of application by the Company.

(b) On 15 February 2023, Wasco Coatings Finland Oy, an indirect wholly-owned subsidiary of the Company had completed the voluntary liquidation in accordance with the rules and regulations of the Finnish Trade Register.

(c) On 1 April 2023, Wasco Coatings Limited, an indirect wholly-owned subsidiary of the Company disposed 455,000 ordinary shares, representing 91% of the shares of Wasco Infra Services Sdn. Bhd. ("WIS"), an indirect 91% owned subsidiary of the Company for a total sale consideration of RM200,000.

Accordingly, WIS and its subsidiary, Eco Consortium Sdn. Bhd. ceased to be subsidiaries of the Company.

Non-controlling interests in subsidiaries

The Group's subsidiaries that have material non-controlling interests ("NCI") are as follows:

Group	Wasco ISOAF S.R.L. RM'000	Mackenzie Industries Sdn. Bhd. RM'000	Wasco Coatings Malaysia Sdn. Bhd. RM'000	Petro-Pipe (Sabah) Sdn. Bhd. RM'000	Other individually immaterial subsidiaries RM'000	Total RM'000
2022						
NCI percentage of ownership interest and voting interest	50%	40%	30%	30%		
Carrying amount of NCI	43,096	10,149	41,784	(1,369)	5,254	98,914
Net profit/(loss) allocated to NCI	42,110	2,888	2,814	(1,633)	3,251	49,430
Summarised financial information before intra-group elimination						
As at 31 December						
Non-current assets	-	3,919	242,175	62,976		
Current assets	299,766	82,740	162,258	86,608		
Non-current liabilities	-	-	(166,081)	-		
Current liabilities	(215,429)	(61,287)	(99,071)	(91,830)		
Net assets	84,337	25,372	139,281	57,754		
Financial year ended 31 December						
Revenue	286,459	133,907	128,699	64,165		
Net profit/(loss)	82,408	7,221	9,380	(5,442)		
Cash flows generated from/(used in) operating activities	106,340	13,530	27,596	(10,548)		
Cash flows (used in)/generated from investing activities	-	(23,530)	(28,532)	6,843		
Cash flows generated from/(used in) financing activities	463	(5,428)	1,659	6,190		
Net changes in cash and cash equivalents	106,803	(15,428)	723	2,485		
Dividend paid/payable to NCI	-	488	-	-		

9 INVESTMENT IN SUBSIDIARIES (CONTINUED)

Non-controlling interests in subsidiaries (continued)

The Group's subsidiaries that have material non-controlling interests ("NCI") are as follows (continued):

Group	Mackenzie Industries Sdn. Bhd. RM'000	Wasco Coatings Malaysia Sdn. Bhd. RM'000	Petro-Pipe (Sabah) Sdn. Bhd. RM'000	Other individually immaterial subsidiaries RM'000	Total RM'000
2021					
NCI percentage of ownership interest and voting interest	40%	30%	30%		
Carrying amount of NCI	7,748	38,970	263	2,677	49,658
Net profit/(loss) allocated to NCI	467	(2,806)	4,624	(6,750)	(4,465)
Summarised financial information before intra-group elimination					
As at 31 December					
Non-current assets	5,437	186,746	63,924		
Current assets	67,385	191,069	70,272		
Non-current liabilities	-	(170,575)	-		
Current liabilities	(53,451)	(77,341)	(101,796)		
Net assets	19,371	129,899	32,400		
Financial year ended 31 December					
Revenue	70,470	46,484	117,686		
Net profit/(loss)	1,168	(9,353)	15,413		
Cash flows generated from operating activities	30,059	20,863	7,653		
Cash flows (used in)/generated from investing activities	(214)	(21,992)	18,024		
Cash flows used in financing activities	(15,528)	(1,626)	(18,577)		
Net change in cash and cash equivalents	14,317	(2,755)	7,100		
Dividends paid/payable to NCI	-	-	-		

10 INVESTMENT IN ASSOCIATES

	Group	
	2022	2021
	RM'000	RM'000
Quoted shares in Malaysia	**130,114**	130,114
Unquoted shares	**90,790**	105,965
Share of post-acquisition results and reserves	**(63,953)**	(39,875)
	156,951	196,204
Less: Accumulated impairment loss	**(55,133)**	(14,606)
	101,818	181,598
Share of net assets of associates	**101,818**	181,598
Quoted shares in Malaysia at fair value	**74,433**	66,644

Quoted shares – Petra Energy Berhad

As at 31 December 2022 and 31 December 2021, the fair value of the Group's investment in quoted shares is based on Level 1 of the fair value hierarchy.

The market value of the Group's interest in quoted shares, representing its fair value as at 31 December 2022, was approximately RM74,433,000 (2021: RM66,644,000). This fair value is approximately RM27,087,000 (2021: RM37,208,000) below the carrying value, giving rise to an impairment indicator on the carrying value of the investment of RM101,520,000 (2021: RM103,852,000).

As the fair value less costs of disposal is lower than the value-in-use of the investment, the Group has determined the recoverable amount of the investment using discounted cash flows expected to be generated from the investment. The calculations use pre-tax cash flow projections based on financial budgets approved by the Group covering a period of 5 years (2021: 5 years) based on past performance and management's expectations of market development. Terminal value is estimated at the end of the 5-year period.

Due to the uncertainty of the future economic condition, management developed the base case and worst case scenario of cash flow projections. Probabilities of occurrence were assigned to each scenario to arrive at a single set of cash flow projection. The assumptions used in both scenarios and the probabilities of occurrence assigned required management's judgement.

The key assumptions used in the cash flow projections to determine the recoverable amount for the investment under the base case and worst case scenarios are as follows:

(a) The revenue forecast is supported by management's expected projects, which is in line with past performance records, future market outlook and management's expectation of market developments. A reduction to the revenue forecast was applied for the worst case scenario;
(b) Pre-tax discount rate of 16.3% (2021: 15.1%) was applied for both scenarios, benchmarked against comparable companies at the date of assessment; and
(c) A terminal growth rate of 1.0% (2021: 1.0%) was applied across both scenarios.

The value-in-use is above the carrying value of the Group's investment in quoted shares. As such, no impairment loss is deemed necessary to be recognised in the financial year ended 31 December 2022 and 31 December 2021.

10 INVESTMENT IN ASSOCIATES (CONTINUED)

Sensitivity

The recoverable amount of the investment would equal its carrying amount if the key assumptions were to change as follows:

	2022		2021	
	From	**To**	**From**	**To**
Pre-tax discount rate	**16.3%**	**17.5%**	15.1%	16.0%
Growth rate for terminal value	**1.0%**	**(0.6%)**	1.0%	(0.7%)

Unquoted shares – Evraz Wasco Pipe Protection Corporation ("EWPPC")

During the current financial year, due to imposition of international prohibitions on certain linked individuals, the Group recorded a reduction of USD8,986,000 (equivalent to approximately RM39,537,000) on the carrying amount of its investment in EWPPC. This will be written back when the international prohibitions are subsequently removed.

In the previous financial year, due to the uncertainty of the future economic condition, management developed the base case and worst case scenario of cash flow projections. Probabilities of occurrence were assigned to each scenario to arrive at a single set of cash flow projection. The assumptions used in both scenarios and the probabilities of occurrence assigned required management's judgement.

The key assumptions used in the cash flow projections to determine the recoverable amount for the investment under the base case and worst case scenarios are as follows:

(a) The revenue forecast is supported by management's expected projects, which is in line with past performance records, future market outlook and management's expectation of market developments. A reduction to the revenue forecast was applied for the worst case scenario;

(b) Discount rate of 14.7% was applied for both scenarios, benchmarked against comparable companies at the date of assessment; and

(c) No terminal growth rate was applied across both scenarios.

Based on the assessment performed by management in the previous financial year, the Group recognised an impairment loss of USD3,500,000 (equivalent to approximately RM14,511,000) on investment in EWPPC based on the recoverable amount.

Impairment of investment in associates

The movements for allowance for impairment losses on investment in associates during the financial year are as follows:

	Group	
	2022	**2021**
	RM'000	**RM'000**
At 1 January	**14,606**	-
Impairment loss recognised	**39,537**	14,511
Effect of exchange rate changes	**990**	95
At 31 December	**55,133**	14,606

10 INVESTMENT IN ASSOCIATES (CONTINUED)

Details of associates are as follows:

	Country of incorporation	Group's effective interest 2022 %	Group's effective interest 2021 %	Principal activities
WS Integrasi Sdn. Bhd.	Malaysia	-[b]	49	Trading, distribution, sales and marketing of the Group's product and services in the oil & gas, renewable energy, engineering, industrial and property (including land acquisitions) industries as well as undertaking other external business services opportunities
Petra Energy Berhad	Malaysia	**27**	27	Investment holding
Evraz Wasco Pipe Protection Corporation	Canada	**49**	49	Provision of pipe coating services
Syarikat Beka Sdn. Bhd.	Malaysia	**48**	48	Dormant
Wah Seong Boustead Company Limited	Myanmar	**50**	50	Property development, trading and provision of auxiliary services
Spirolite (M) Sendirian Berhad	Malaysia	-[a]	30	Manufacturing and trading of spiral pipes, straight pipes, tubes, tanks and containers

b *On 28 April 2022, Petro-pipe Industrial Corporation Sdn. Bhd. ("PPIC"), an indirect wholly-owned subsidiary of the Company acquired the entire equity interest held in the total issued share capital of WS Integrasi Sdn. Bhd. ("WSI") from the Company and Tengku Rozitatoria Binti Tengku Rostam, the existing shareholders of WSI for a total consideration of RM1,000.*

Upon completion of the WSI shares transfer exercise, WSI ceased to be a 49%-owned associate of the Company and became an indirect wholly-owned subsidiary of the Company, held through PPIC.

a *On 22 March 2022, Syn Tai Hung Trading Sdn. Bhd. ("STHT"), an indirect wholly-owned subsidiary of the Company exercised the Put Option granted under the Put Option Agreement for the disposal of 3,342,686 ordinary shares, representing 30% ordinary shareholdings in the issued and paid-up share capital of Spirolite (M) Sendirian Berhad ("Spirolite Malaysia") for a total cash sale consideration of RM30,800,000 subject to the terms and conditions of the Put Option Agreement.*

On 28 March 2022, the disposal has been completed in accordance to the terms of the Put Option Agreement. Upon the completion of the disposal, Spirolite Malaysia ceased to be 30%-owned associate of STHT and the Company.

10 INVESTMENT IN ASSOCIATES (CONTINUED)

The following table summarises the information of the Group's material associates and reconciles the information to the carrying amount of the Group's interest in the associates. The information has been adjusted to reflect the equity method of accounting, including fair value adjustments:

Group	Petra Energy Berhad RM'000	Evraz Wasco Pipe Protection Corporation RM'000	Other individually immaterial associates RM'000	Total RM'000
2022				
Summarised financial information				
As at 31 December				
Non-current assets	281,193	44,472		
Current assets	345,821	165,112		
Non-current liabilities	(35,107)	-		
Current liabilities	(214,510)	(97,067)		
Net assets	377,397	112,517		
Financial year ended 31 December				
Revenue	370,724	26,897		
Net profit/(loss)	4,201	(26,065)		
Total comprehensive income/(loss)	4,201	(26,065)		
Reconciliation of net assets to carrying amount				
As at 31 December				
Group's share of net assets	101,520	55,133	231	156,884
Goodwill	-	-	67	67
Less: Accumulated impairment loss	-	(55,133)	-	(55,133)
Carrying amount in statement of financial position	101,520	-	298	101,818
Group's share of results				
Financial year ended 31 December				
Group's share of profit/(loss)	1,130	(12,772)	28	(11,614)
Dividend receivable/received	3,462	-	85	3,547

10 INVESTMENT IN ASSOCIATES (CONTINUED)

The following table summarises the information of the Group's material associates and reconciles the information to the carrying amount of the Group's interest in the associates. The information has been adjusted to reflect the equity method of accounting, including fair value adjustments (continued):

Group	Petra Energy Berhad RM'000	Evraz Wasco Pipe Protection Corporation RM'000	Other individually immaterial associates RM'000	Total RM'000
2021				
Summarised financial information				
As at 31 December				
Non-current assets	242,944	53,584		
Current assets	307,220	113,461		
Non-current liabilities	(2,152)	-		
Current liabilities	(161,946)	(37,779)		
Net assets	386,066	129,266		
Financial year ended 31 December				
Revenue	322,342	24,203		
Impairment of property, plant and equipment	-	(127,810)*		
Net profit/(loss)	15,954	(110,091)		
Other comprehensive income	519	-		
Total comprehensive income/(loss)	16,473	(110,091)		
Reconciliation of net assets to carrying amount				
As at 31 December				
Group's share of net assets	103,852	63,340	19,606	186,798
Goodwill	-	-	9,328	9,328
Less: Accumulated impairment loss	-	(14,606)	-	(14,606)
Reclass to other payables	-	-	78	78
Carrying amount in statement of financial position	103,852	48,734	29,012	181,598
Group's share of results				
Financial year ended 31 December				
Group's share of profit/(loss)	4,292	(53,945)	626	(49,027)
Group's share of other comprehensive income	139	-	-	139
Dividend receivable/received	3,462	-	143	3,605

* In the previous financial year, there is an impairment indicator for property, plant and equipment in EWPPC due to the change in the market demand in the region that EWPPC operates in. EWPPC subsequently recognised an impairment loss of RM127,810,000 based on the recoverable amount which is the value-in-use of property, plant and equipment.

11 INVESTMENT IN JOINT VENTURES

	Group	
	2022	2021
	RM'000	RM'000
Unquoted shares	**167,977**	166,697
Share of post-acquisition results and reserves	**(113,619)**	(100,620)
	54,358	66,077
Less: Accumulated impairment loss	**(21,658)**	(12,139)
	32,700	53,938
Share of net assets of joint ventures	**32,700**	53,938

Unquoted shares – Alam-PE Holdings (L) Inc.

For the financial year ended 31 December 2022 and 2021, the Group reviewed the recoverable amount of its investment in a joint venture, Alam-PE Holdings (L) Inc. The Group has determined the recoverable amount of the investment using discounted cash flows expected to be generated from the investment. The discounted cash flows are derived using pre-tax cash flow projections based on financial budgets approved by the Group covering a period of 5 years (2021: 5 years) based on past performance and their expectations of the market development. Terminal value is estimated at the end of the 5-year period.

Due to the uncertainty of the future economic condition, management developed the base case and worst case scenario of cash flow projections. Probabilities of occurrence were assigned to each scenario to arrive at a single set of cash flow projection. The assumptions used in both scenarios and the probabilities of occurrence assigned required management's judgement.

The key assumptions used in the cash flow projections for the investment under the base case and worst case scenarios are as follows:

(a) An average vessel utilisation rate for 5 years of 51.0% (2021: 77.0%) was applied to the base case scenario while 51.0% (2021: 75.0%) average vessel utilisation rate for 5 years was applied to the worst case scenario. The average utilisation rate is affected by the timing of vessels completing their dry docking. Three vessels have completed their dry docking during the financial year ended 31 December 2022;
(b) Pre-tax discount rate of 12.1% (2021: 12.0%) was applied for both scenarios, benchmarked against comparable companies at the date of assessment; and
(c) In the current financial year, no terminal growth rate was applied to both scenarios. In the previous financial year, a terminal growth rate of 3.0% was applied to the base case scenario while 2.0% terminal growth rate was applied to the worst case scenario.

Based on management's value-in-use calculation, the Group recognised an impairment loss of RM8,989,000 (2021: RM3,000,000).

Sensitivity

The recoverable amount of the investment in a joint venture would equal its carrying amount if the key assumptions were to change as follows:

	2022		2021	
	From	To	From	To
Pre-tax discount rate	**12.1%**	**12.6%**	12.0%	11.6%
Growth rate for terminal value	-	-	2.0%	3.5%

11 INVESTMENT IN JOINT VENTURES (CONTINUED)

Sensitivity (continued)

Reasonably possible changes to the key assumptions would have increased the impairment loss of the investment in a joint venture as follows:

	Group	
	2022	2021
	RM'000	RM'000
Pre-tax discount rate (1% increase)	**577**	12
Growth rate for terminal value (1% decrease)	**-**	354

Impairment of investment in joint ventures

The movements for allowance for impairment loss on investment in joint ventures during the financial year are as follows:

	Group	
	2022	2021
	RM'000	RM'000
At 1 January	**12,139**	8,850
Impairment loss recognised	**8,989**	3,000
Effect of exchange rate changes	**530**	289
At 31 December	**21,658**	12,139

Details of joint ventures are as follows:

	Country of incorporation	Group's effective interest 2022 %	Group's effective interest 2021 %	Principal activities
Boustead Wah Seong Sdn. Bhd.	Malaysia	**50**	50	Investment holding activities and businesses in property development and management; provision of general fabrication, engineering and oil and gas services; trading and marketing activities and any other businesses or projects as shall be mutually agreed from time to time in Myanmar
Socotherm Shashi Pipe Coating Co. Ltd.	People's Republic of China	**50**	50	Dormant
Socotherm PPSC Ningbo (Daxie) Pipe Coating Co. Limited	People's Republic of China	**50**	50	Dormant
Sichuan Chuanshi Kanssen (Yadong) Coating Services Company Limited	People's Republic of China	**51**	51	Provision of pipe coating services
Shaanxi Yadong Anti-Corrosion Company Limited	People's Republic of China	**55**	55	Provision of pipe coating services

11 INVESTMENT IN JOINT VENTURES (CONTINUED)

Details of joint ventures are as follows: (continued)

	Country of incorporation	Group's effective interest 2022 %	Group's effective interest 2021 %	Principal activities
Bayou Wasco Insulation, LLC	United States of America	49	49	Provision of thermal insulation coating services to pipes or pipelines
PMT SHINKO Turbine Sdn. Bhd.	Malaysia	49	49	Assembly and supply of equipment for palm oil and other agricultural industries
Welspun Wasco Coatings Private Limited	India	49	49	Provision of pipe coating services
Alam-PE Holdings (L) Inc.	Federal Territory of Labuan, Malaysia	49	49	Investment holding
Wasco ISOAF S.R.L. (formerly known as ISOAF S.R.L.)	Italy	-[a]	25[a]	Provision of line pipe thermal insulation services

a On 15 July 2021, Wasco ISOAF S.R.L. (formerly known as ISOAF S.R.L.) ("ISOAF") was incorporated in Milan, Italy. ISOAF has an initial issued and paid-up share capital of EUR100,000 and EUR25,000 respectively divided into 100,000 and 25,000 shares of EUR1.00 each. ISOAF became an indirect 25% joint venture of the Company, held through Wasco Coatings Europe B.V., an indirect wholly-owned subsidiary of the Company. Subsequently on 10 February 2022, ISOAF became subsidiary of the Company. Refer to Note 9(x) on an event occurred during the financial year.

The following table summarises the information of the Group's material joint ventures and reconciles the information to the carrying amount of the Group's interest in the joint ventures. The information has been adjusted to reflect the equity method of accounting, including fair value adjustments:

Group	Alam-PE Holdings (L) Inc. RM'000	Bayou Wasco Insulation, LLC RM'000	Boustead Wah Seong Sdn. Bhd. RM'000	Welspun Wasco Coatings Private Limited RM'000	Other individually immaterial joint ventures RM'000	Total RM'000
2022						
Summarised financial information						
As at 31 December						
Non-current assets	45,107	65,392	1,359	4,872		
Current assets	8,157	40,188	7,145	17,412		
Cash and cash equivalents	2,491	15,844	20,538	3,434		
Non-current liabilities	-	(66,450)	-	(30,025)		
Current liabilities	(8,209)	(61,957)	(10,762)	(5,269)		
Non-controlling interest	-	-	(14,349)	-		
Net assets/(liabilities)	47,546	(6,983)	3,931	(9,576)		

11 INVESTMENT IN JOINT VENTURES (CONTINUED)

The following table summarises the information of the Group's material joint ventures and reconciles the information to the carrying amount of the Group's interest in the joint ventures. The information has been adjusted to reflect the equity method of accounting, including fair value adjustments (continued):

Group	Alam-PE Holdings (L) Inc. RM'000	Bayou Wasco Insulation, LLC RM'000	Boustead Wah Seong Sdn. Bhd. RM'000	Welspun Wasco Coatings Private Limited RM'000	Other individually immaterial joint ventures RM'000	Total RM'000
2022 (continued)						
Financial year ended 31 December						
Net loss	(1,250)	(9,411)	(10,291)	(3,405)		
Other comprehensive income	-	-	1,010	872		
Total comprehensive expense	(1,250)	(9,411)	(9,281)	(2,533)		
Included in the total comprehensive expense are:						
Revenue	14,361	92	5,397	19,708		
Interest income	-	-	335	118		
Depreciation and amortisation	(9,007)	(7,580)	(2,449)	(1,864)		
Interest expense	-	(1,113)	(981)	(3,284)		
Tax expense	-	-	(1,248)	(94)		
Reconciliation of net assets to carrying amount						
As at 31 December						
Group's share of net assets/ (liabilities)	23,297	(3,422)	1,966	(4,692)	15,324	32,473
Goodwill	11,989	-	-	-	1,782	13,771
Less: Accumulated impairment loss	(11,989)	-	-	-	(9,669)	(21,658)
Less: Elimination of unrealised profits	-	(1,264)	-	-	-	(1,264)
Reclass to other payables	-	4,686	-	4,692	-	9,378
Carrying amount in statement of financial position	23,297	-	1,966	-	7,437	32,700

The Group is committed to make good its share of losses of the investment in joint ventures. Accordingly, other payables related to the losses are recognised.

Group's share of results						
Financial year ended 31 December						
Group's share of (loss)/profit	(613)	(4,611)	(5,146)	(1,668)	702	(11,336)
Group's share of other comprehensive income	-	-	505	427	-	932
Dividend receivable/received	-	-	-	-	4,406	4,406

11 INVESTMENT IN JOINT VENTURES (CONTINUED)

The following table summarises the information of the Group's material joint ventures and reconciles the information to the carrying amount of the Group's interest in the joint ventures. The information has been adjusted to reflect the equity method of accounting, including fair value adjustments (continued):

Group	Alam-PE Holdings (L) Inc. RM'000	Bayou Wasco Insulation, LLC RM'000	Boustead Wah Seong Sdn. Bhd. RM'000	Welspun Wasco Coatings Private Limited RM'000	Other individually immaterial joint ventures RM'000	Total RM'000
2021						
Summarised financial information						
As at 31 December						
Non-current assets	48,607	68,990	13,197	22,035		
Current assets	8,201	56,273	2,191	2,658		
Cash and cash equivalents	7,079	5,912	22,987	8,247		
Non-current liabilities	-	(66,061)	(1,195)	(37,519)		
Current liabilities	(15,090)	(56,261)	(7,334)	(1,943)		
Non-controlling interest	-	-	(16,634)	-		
Net assets/(liabilities)	48,797	8,853	13,212	(6,522)		
Financial year ended 31 December						
Net (loss)/profit	(49,355)	6,630	(7,975)	(884)		
Other comprehensive income	-	-	509	219		
Total comprehensive (expense)/ income	(49,355)	6,630	(7,466)	(665)		
Included in the total comprehensive (expense)/income are:						
Revenue	7,795	88,009	6,168	16,574		
Interest income	186	-	186	118		
Depreciation and amortisation	(11,042)	(7,206)	(3,149)	(1,866)		
Interest expense	-	(1,048)	-	(2,538)		
Tax expense	-	-	(1,100)	(94)		
Reconciliation of net assets to carrying amount						
As at 31 December						
Group's share of net assets/ (liabilities)	23,911	4,338	6,606	(3,196)	18,837	50,496
Goodwill	11,989	-	-	-	1,591	13,580
Less: Accumulated impairment loss	(3,000)	-	-	-	(9,139)	(12,139)
Less: Elimination of unrealised profits	-	(1,195)	-	-	-	(1,195)
Reclass to other payables	-	-	-	3,196	-	3,196
Carrying amount in statement of financial position	32,900	3,143	6,606	-	11,289	53,938

The Group is committed to make good its share of losses of the investment in joint ventures. Accordingly, other payables related to the losses are recognised.

11 INVESTMENT IN JOINT VENTURES (CONTINUED)

The following table summarises the information of the Group's material joint ventures and reconciles the information to the carrying amount of the Group's interest in the joint ventures. The information has been adjusted to reflect the equity method of accounting, including fair value adjustments (continued):

Group	Alam-PE Holdings (L) Inc. RM'000	Bayou Wasco Insulation, LLC RM'000	Boustead Wah Seong Sdn. Bhd. RM'000	Welspun Wasco Coatings Private Limited RM'000	Other individually immaterial joint ventures RM'000	Total RM'000
2021						
Group's share of results						
Financial year ended 31 December						
Group's share of (loss)/profit	(24,184)	3,249	(3,988)	(433)	687	(24,669)
Group's share of other comprehensive income	-	-	254	107	-	361
Dividend receivable/received	-	-	-	-	360	360

12 CONTRACT ASSETS/(LIABILITIES)

Net carrying amount of contract assets/(liabilities) is analysed as follows:

	Group 2022 RM'000	Group 2021 RM'000
At 1 January		
- Contract assets	**242,479**	223,683
- Contract liabilities	**(133,314)**	(70,645)
	109,165	153,038
Over time		
Revenue recognised in the current financial year		
- that was included in the contract liabilities at 1 January	**103,561**	41,814
- from additional contract assets and contract liabilities during the financial year	**1,927,556**	707,108
Less: Billings during the financial year	**(2,082,052)**	(663,371)
	(50,935)	85,551

12 CONTRACT ASSETS/(LIABILITIES) (CONTINUED)

Net carrying amount of contract assets/(liabilities) is analysed as follows: (continued)

	Group	
	2022	2021
	RM'000	RM'000
Point in time		
Revenue recognised in the current financial year		
- that was included in the contract liabilities at 1 January	**16,811**	10,703
- from additional contract assets and contract liabilities during the financial year	**59,605**	76,353
Less: Billings during the financial year	**(74,755)**	(223,606)
	1,661	(136,550)
Effect of exchange rate changes	**21,874**	7,126
At 31 December	**81,765**	109,165
At 31 December		
- Contract assets	**395,814**	242,479
-Contract liabilities	**(314,049)**	(133,314)
	81,765	109,165

Revenue relating to performance obligations that are unsatisfied or partially unsatisfied as at 31 December 2022 amounting to RM3,437,000,000 (2021: RM1,650,000,000) are expected to be recognised within the next 12 to 24 months (2021: within the next 12 to 24 months).

25.6% (2021: 37.4%) of the contract asset balances are related to a single customer.

13 INVESTMENT IN EQUITY INSTRUMENTS

For the financial year ended 31 December 2021, the Group disposed the investment in equity instruments with a total disposal price of RM3,000.

Gains or losses arising from fair value changes of investment in equity instruments

The Group recognised a loss of RM2,000 in the profit or loss arising from fair value changes of its investment in equity instruments for the financial year ended 31 December 2021. The method and assumptions applied in determining the fair value of financial assets are disclosed in Note 46.

14 INVENTORIES

	Group	
	2022	2021
	RM'000	RM'000
Raw materials	**104,902**	74,386
Work-in-progress	**35,605**	22,633
Manufactured and trading goods	**62,297**	66,619
Consumables	**14,872**	10,820
Goods in transit	**5,719**	3,504
	223,395	177,962

15 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Current				
Gross trade receivables	**511,407**	291,753	**-**	-
Less: Allowance for impairment loss	**(33,100)**	(26,303)	**-**	-
	478,307	265,450	**-**	-
Gross other receivables	**69,932**	70,921	**13,615**	12,930
Less: Allowance for impairment loss	**(49,543)**	(48,235)	**(13,262)**	(12,534)
	20,389	22,686	**353**	396
Prepaid supplies	**35,250**	31,175	**-**	-
Deposits	**7,431**	5,716	**29**	72
Prepayments	**16,914**	15,776	**284**	231
	558,291	340,803	**666**	699
Non-current				
Deposits	**3,451**	4,971	**-**	-

Credit risk concentration profile

The Group determines concentration of credit risk by monitoring the business segment of its trade receivables on an ongoing basis. The credit risk concentration profile of the Group's trade receivables at the reporting date is as follows:

	Group	
	2022	2021
	RM'000	RM'000
Energy solutions services	**278,650**	115,531
Renewable Energy	**113,212**	70,647
Industrial Trading & Services	**86,445**	79,272
Total	**478,307**	265,450

Concentration of credit risk is low within the Energy Solutions Services segment which primarily trade with oil majors. However, the Group considers the risk of default by these oil majors to be minimal given their relative size and financial strength.

There is no concentration of credit risk within the Renewable Energy and Industrial Trading & Services segments as the balances are distributed over a large number of customers.

15 TRADE AND OTHER RECEIVABLES (CONTINUED)

Credit risk concentration profile (continued)

The following table contains an analysis of the credit risks exposure for which expected credit loss is recognised:

	Gross trade receivables RM'000	Expected credit loss RM'000	Net trade receivables RM'000
2022			
Not past due	**202,537**	**(21)**	**202,516**
1 to 30 days overdue	**160,764**	**(19)**	**160,745**
31 to 60 days overdue	**65,573**	**(67)**	**65,506**
61 to 90 days overdue	**18,097**	**(142)**	**17,955**
91 to 180 days overdue	**23,251**	**(672)**	**22,579**
181 to 365 days overdue	**7,711**	**(2,690)**	**5,021**
More than 365 days overdue	**33,474**	**(29,489)**	**3,985**
Total	**511,407**	**(33,100)**	**478,307**
2021			
Not past due	126,435	(80)	126,355
1 to 30 days overdue	65,574	(65)	65,509
31 to 60 days overdue	49,754	(52)	49,702
61 to 90 days overdue	4,663	(21)	4,642
91 to 180 days overdue	7,629	(665)	6,964
181 to 365 days overdue	6,780	(1,791)	4,989
More than 365 days overdue	30,918	(23,629)	7,289
Total	291,753	(26,303)	265,450

Trade receivables that are individually determined to be impaired at the reporting date relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral.

Receivables that are neither past due nor impaired

Trade and other receivables of the Group and the Company that are not impaired are in respect of creditworthy debtors with reliable payment records and have a low risk of default. Most of the Group's trade receivables arise from customers with more than 5 years of experience with the Group.

The movements in the allowance for impairment loss of trade receivables during the financial year are as follows:

	Group	
	2022 RM'000	2021 RM'000
At 1 January	**26,303**	28,421
Impairment loss recognised	**9,492**	2,327
Impairment loss reversed	**(2,643)**	(3,342)
Bad debts written off	**-**	(1,212)
Transfer to assets of disposal group classified as held for sale	**(422)**	-
Effect of exchange rate changes	**370**	109
At 31 December	**33,100**	26,303

15 TRADE AND OTHER RECEIVABLES (CONTINUED)

Receivables that are neither past due nor impaired (continued)

Trade receivables that are individually determined to be impaired at the reporting date relate to balances for which recoveries are doubtful. These receivables are not secured by any collateral.

The movements in the Group's and the Company's allowance for impairment loss of other receivables during the financial year are as follows:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
At 1 January	**48,235**	46,479	**12,534**	12,110
Impairment loss recognised	**301**	946	**-**	-
Impairment loss reversed	**-**	(26)	**-**	-
Bad debts written off	**(252)**	(613)	**-**	-
Effect of exchange rate changes	**1,259**	1,449	**728**	424
At 31 December	**49,543**	48,235	**13,262**	12,534

The Group's trade receivables exposure to foreign currency (a currency which is other than the functional currency of the Group entities) risk were:

	Group	
	2022 RM'000	2021 RM'000
Gross trade receivables		
- United States Dollar	**127,419**	33,375
- Indonesian Rupiah	**4,610**	15
- Singapore Dollar	**2,052**	1
- Japanese Yen	**705**	186
- Euro Dollar	**400**	627
	135,186	34,204

The Group's and the Company's other receivables, deposits and prepayments exposure to foreign currency (a currency which is other than the functional currency of the Group entities and the Company) risk were:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Gross other receivables, deposits and prepayments				
- United States Dollar	**34,875**	32,456	**13,247**	12,519
- Qatari Rial	**12,998**	6,256	**-**	-
- Indonesian Rupiah	**6,363**	4,391	**-**	-
- Euro Dollar	**2,461**	4,695	**-**	-
- Ringgit Malaysia	**2,259**	3,820	**-**	-
- Singapore Dollar	**1,245**	356	**-**	-
- British Pound	**12**	836	**-**	-
	60,213	52,810	**13,247**	12,519

16 AMOUNTS OWING BY/(TO) SUBSIDIARIES

(a) Amounts owing by subsidiaries

	Company	
	2022	2021
	RM'000	RM'000
Interest bearing loans (unsecured)	**9,668**	21,274
Interest free advances (unsecured)	**11,621**	4,636
	21,289	25,910
Less: Allowance for impairment loss	**(2,792)**	(232)
	18,497	25,678

The effective interest rate of interest bearing loans as at 31 December 2022 ranges between 3.94% to 6.15% (2021: 2.42% to 5.58%) per annum. The loans and advances are denominated in Ringgit Malaysia and are recoverable on demand.

The movements in the Company's allowance for impairment loss of amount owing by subsidiaries during the financial year are as follows:

	Company	
	2022	2021
	RM'000	RM'000
At 1 January	**232**	-
Impairment loss recognised	**2,560**	232
At 31 December	**2,792**	232

During the financial year ended 31 December 2022, the amounts owing by subsidiaries are considered performing except for certain interest bearing loans and interest free advances owing by subsidiaries of RM2,560,000 (2021: RM232,000) which are deemed not performing. Hence, RM2,560,000 (2021: RM232,000) was impaired during the financial year.

(b) Amounts owing to subsidiaries

	Company	
	2022	2021
	RM'000	RM'000
Interest bearing loans (unsecured)	**22,400**	24,258
Non-trade accounts	**10**	4,890
	22,410	29,148

The effective interest rate of interest bearing loans as at 31 December 2022 ranges between 2.11% to 4.55% (2021: 2.11% to 4.08%) per annum. The loans are denominated in Ringgit Malaysia and are repayable on demand.

Non-trade accounts are denominated in Ringgit Malaysia, unsecured, interest free and repayable on demand.

17 AMOUNTS OWING BY ASSOCIATES

	Group		Company	
	2022	**2021**	**2022**	**2021**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Current				
Advances	**3,409**	3,603	**-**	59
Less: Allowance for impairment loss	**(3,285)**	(3,555)	**-**	(43)
	124	48	**-**	16
Non-current				
Trade accounts	**25,677**	24,267	**-**	-
Less: Allowance for impairment loss	**(25,677)**	(3,991)	**-**	-
	-	20,276	**-**	-

Trade accounts are unsecured, interest free and recoverable within the normal credit period. The advances are unsecured, interest free and recoverable on demand.

The movements in the Group's and the Company's allowance for impairment loss of amount owing by associates during the financial year are as follows:

	Group		Company	
	2022	**2021**	**2022**	**2021**
	RM'000	**RM'000**	**RM'000**	**RM'000**
At 1 January	**7,546**	158	**43**	38
Impairment loss recognised	**21,378**	7,386	**-**	5
Impairment loss reversed	**(108)**	-	**(43)**	-
Bad debt written off	**-**	-	**-**	-
Effect of exchange rate changes	**146**	2	**-**	-
At 31 December	**28,962**	7,546	**-**	43

Amounts owing by associates are denominated in USD and MYR. The Group has no significant exposure to foreign currency risk for the amounts owing by associates.

18 AMOUNTS OWING BY/(TO) JOINT VENTURES

(a) Amounts owing by joint ventures

	Group	
	2022	**2021**
	RM'000	**RM'000**
Current		
Advances	**205**	180
Non-current		
Trade accounts	**2,369**	2,239
Interest bearing loans	**54,837**	47,308
Advances	**1,690**	6,060
	58,896	55,607
Less: Allowance for impairment loss	**(27,290)**	(26,697)
	31,606	28,910

During the financial year ended 31 December 2022, the amounts owing by joint ventures are considered performing. Hence, no ECL allowance was made in the current financial year.

Trade accounts are unsecured and interest free.

The Group's effective interest rate of interest bearing loans as at 31 December 2022 is between 3.26% to 3.75% (2021: 3.26% to 3.75%) per annum. The loans and advances are unsecured and recoverable on demand.

The movements in the allowance for impairment loss on the Group's amounts owing by joint ventures during the financial year are as follows:

	Group	
	2022	**2021**
	RM'000	**RM'000**
At 1 January	**26,697**	24,741
Effect of exchange rate changes	**593**	1,956
At 31 December	**27,290**	26,697

The Group has no significant exposure to foreign currency risk for the amounts owing by joint ventures except for an amount of RM18,876,000 (2021: RM16,878,000) denominated in United States Dollar.

18 AMOUNTS OWING BY/(TO) JOINT VENTURES (CONTINUED)

(b) Amounts owing to joint ventures

	Group	
	2022	**2021**
	RM'000	**RM'000**
Trade accounts	**3,247**	1,296
Non-trade accounts	**246**	314
	3,493	1,610

Trade accounts are unsecured, interest free and repayable within 30 to 90 days. Non-trade accounts are unsecured, interest free and repayable on demand.

The Group's amounts owing to joint ventures exposure to foreign currency (a currency which is other than the functional currency of the Group entities) risk were:

	Group	
	2022	**2021**
	RM'000	**RM'000**
- Japanese Yen	**2,887**	1,296
- China Reminbi	**605**	314

19 DERIVATIVE FINANCIAL ASSETS/(LIABILITIES)

Group	**Contract/ notional amount**	**Assets RM'000**	**Liabilities RM'000**
2022			
Current			
Non-hedging derivatives			
Financial instruments at fair value through profit or loss			
- Forward currency contracts	**RM 66,856,300**		
	USD 17,654,553		
	CNY 15,074,608		
	SGD 12,225,800		
	EUR 1,605,000	**82**	**(2,627)**
2021			
Current			
Non-hedging derivatives			
Financial instruments at fair value through profit or loss			
- Forward currency contracts	RM 33,817,461		
	USD 17,323,133		
	CNY 10,344,400		
	SGD 5,591,700		
	EUR 2,320,143	135	(533)

The Company did not hold any derivative financial instruments as at 31 December 2022 (2021: nil).

19 DERIVATIVE FINANCIAL ASSETS/(LIABILITIES) (CONTINUED)

Non-hedging derivatives

The Group uses forward currency contracts to manage some of the transaction exposures and limit its exposure to adverse fluctuation in foreign currency. These contracts are not designated as cash flow or fair value hedges.

Forward currency contracts

The Group enters into foreign currency forward contracts to protect the Group from movements in exchange rates by establishing the rate at which a foreign currency asset or liability will be settled. Forward currency contracts are mainly used to hedge certain trade receivables and trade payables denominated in United States Dollar, Singapore Dollar, Ringgit Malaysia, Euro Dollar and China Renminbi for which firm commitments existed at the reporting date, extending to September 2023.

Gains or losses arising from fair value changes of its financial assets and financial liabilities

During the financial year, the Group recognised a loss of RM2,144,000 (2021: RM2,595,000) in the profit or loss arising from fair value changes of its derivative financial assets and liabilities. The method and assumptions applied in determining the fair value of derivatives are disclosed in Note 46.

20 TIME DEPOSITS

	Group		Company	
	2022	**2021**	**2022**	**2021**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Time deposits placed with licensed banks in Malaysia	**29,566**	82,100	**1,466**	6,800
Time deposits with maturity more than 3 months	**23,515**	23,167	**-**	-
Short term investments	**-**	653	**-**	653
	53,081	105,920	**1,466**	7,453

As at 31 December 2022 and 31 December 2021, the Group and the Company have no exposure to foreign currency risk for time deposits and short term investments.

The effective interest rates of time deposits of the Group and the Company are as follows:

	Group		Company	
	2022	**2021**	**2022**	**2021**
	%	**%**	**%**	**%**
Time deposits	**1.00 – 2.70**	1.15 – 3.31	**1.00 – 2.00**	1.15 – 1.50

21 CASH AND BANK BALANCES

	Group		Company	
	2022	**2021**	**2022**	**2021**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Cash and bank balances	**275,929**	136,053	**1,801**	1,054

21 CASH AND BANK BALANCES (CONTINUED)

The Group's and the Company's cash and cash equivalents exposure to foreign currency (a currency which is other than the functional currency of the Group entities and the Company) risk were:

	Group		Company	
	2022	**2021**	**2022**	**2021**
	RM'000	**RM'000**	**RM'000**	**RM'000**
- United States Dollar	**120,640**	21,868	**367**	69
- Singapore Dollar	**7,482**	6,197	**122**	113
- Japanese Yen	**5,148**	1,844	**-**	-
- China Renminbi	**1,666**	1,488	**-**	-
- Euro Dollar	**1,603**	9,154	**-**	-
- British Pound	**959**	-	**-**	-
- Qatari Rial	**740**	-	**-**	-
- Indonesian Rupiah	**331**	1,867	**-**	-
	138,569	42,418	**489**	182

Cash and bank balances are deposits held at call with banks and earn no interest.

22 ASSETS CLASSIFIED AS HELD FOR SALE

(a) On 28 April 2022, the Company's wholly-owned subsidiary, Petro-Pipe Industries (M) Sdn. Bhd. entered into a sale and purchase agreement for the disposal of leasehold land for a consideration of RM26,528,000.

The completion of the disposal is subject to fulfilment of the condition precedent as stipulated in the sale and purchase agreement.

Pursuant to MFRS 5 'Non-current Assets Held for Sale and Discontinued Operations', the carrying amount of the leasehold land has been classified as assets held for sale and is presented as part of the Industrial Trading & Services segment in Note 43.

(b) On 11 November 2021, the Company's wholly-owned subsidiary, Petro-Pipe Industries (M) Sdn. Bhd. ("PPIM") entered into a sale and purchase agreement for the disposal of leasehold land for a consideration of RM11,565,000.

On 30 May 2022, PPIM completed the disposal of the said leasehold land by fulfilling condition precedent as stipulated in the sale and purchase agreement. Accordingly, the carrying amount of the said plant and machineries was derecognised as assets held for sale, resulting in a gain on disposal of RM5,150,000 being recognised in the statement of profit or loss.

(c) On 23 November 2021, the Company's indirect wholly-owned subsidiary, WS Engineering & Fabrication Pte Ltd ("WSEF") offered an Option to Purchase for the disposal of buildings for a total consideration of SGD13,000,000 (equivalent to approximately RM40,102,000).

On 2 September 2022, WSEF received from the purchaser a letter from National Environment Agency ("NEA") of Singapore dated 19 August 2022. The purchaser was unable to procure and obtain written approval from the Jurong Town Corporation following the rejection by the NEA of Singapore on the intended use of the buildings by the purchaser. Accordingly, the carrying amount of the buildings was derecognised as assets held for sale and classified as property, plant and equipment.

(d) On 23 December 2020, the Company's wholly-owned subsidiary, Petro-Pipe Industries (M) Sdn. Bhd. ("PPIM") entered into a sale and purchase agreement for the disposal of leasehold land for a consideration of RM27,791,000.

On 30 September 2021, PPIM completed the disposal of the said leasehold land by fulfilling condition precedent as stipulated in the sale and purchase agreement. Accordingly, the carrying amount of the said plant and machineries was derecognised as assets held for sale, resulting in a gain on disposal of RM7,473,000 being recognised in the statement of profit or loss.

22 ASSETS CLASSIFIED AS HELD FOR SALE (CONTINUED)

(e) On 26 February 2021, the Company's 70% owned subsidiary, Petro-Pipe (Sabah) Sdn. Bhd. ("PPS") entered into a sale and purchase agreement for the disposal of leasehold land for a consideration of RM21,562,000.

On 15 May 2021, PPS completed the disposal of the said leasehold land by fulfilling condition precedent as stipulated in the sale and purchase agreement. Accordingly, the carrying amount of the said plant and machineries was derecognised as assets held for sale, resulting in a gain on disposal of RM10,609,000 being recognised in the statement of profit or loss.

Details of the assets classified as held for sale are as follows:

	Group	
	2022	**2021**
	RM'000	**RM'000**
Property, plant and equipment	**3,531**	39,501
Right-of-use assets	**12,640**	5,408
	16,171	44,909

23 ASSETS AND LIABILITIES OF DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

On 10 October 2022, the Company's indirect wholly-owned subsidiary, Wasco China International Limited ("WCIL") entered into a sale and purchase agreement for the disposal of the Company's indirect 65% owned subsidiaries, Ashburn International Trade (Tianjin) Co. Ltd. and Ashburn Offshore Oil & Gas Equipment & Engineering (Tianjin) Co. Ltd. for a consideration of RMB8,500,000 (equivalent to approximately RM5,440,000).

The completion of the disposal is subject to fulfilment of the condition precedent as stipulated in the sale and purchase agreement.

Pursuant to MFRS 5 'Non-current Assets Held for Sale and Discontinued Operations', the carrying amount of the assets and liabilities of the subsidiaries has been classified as assets and liabilities of disposal group held for sale and assets of disposal group classified as held for sale is presented as part of the Energy Solutions Services segment in Note 43.

Details of the disposal group classified as held for sale are as follows:

	2022
Group	**RM'000**
Property, plant and equipment	**139**
Inventories	**1,473**
Trade and other receivables	**11,140**
Tax recoverable	**66**
Cash and bank balances	**11,841**
Total assets of disposal group classified as held for sale	**24,659**
Trade and other payables	**(14,589)**
Current tax liabilities	**(2)**
Dividend payable	**(4,368)**
Total liabilities of disposal group classified as held for sale	**(18,959)**

24 SHARE CAPITAL

	Group and Company			
	2022		2021	
	Number of shares '000	Carrying value RM'000	Number of shares '000	Carrying value RM'000
Issued and fully paid:				
Ordinary shares with no-par value at 1 January/31 December	**774,888**	**547,690**	774,888	547,690

The holders of ordinary shares (except treasury shares) are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share and rank equally with regard to the Company's residual assets.

25 TREASURY SHARES

	Group and Company			
	2022		2021	
	Number of shares '000	Amount RM'000	Number of shares '000	Amount RM'000
At 1 January/31 December	**577**	**624**	577	624

The shareholders of the Company had approved an ordinary resolution at the Twenty-Second Annual General Meeting held on 26 May 2022 for the Company to purchase its own ordinary shares of up to a maximum of 10% of the total number of issued shares of the Company. The Directors of the Company are committed to enhancing the value of the Company and believe that the purchase plan is being implemented in the best interest of the Company and its shareholders.

During the financial year, the Company had not purchased any of its issued ordinary shares from the open market on Bursa Malaysia. Pursuant to the provisions of Section 127 of the Companies Act, 2016 ("Act"), the Company may either retain the purchased shares as treasury shares or cancel the purchased shares or a combination of both. The Directors of the Company may treat the purchased shares held as treasury shares as follows pursuant to Section 127(7) of the Act:

(i) distribute the treasury shares as dividends to the shareholders, such dividend to be known as "share dividends";
(ii) resell the treasury shares or any of the treasury shares in accordance with the relevant rules of Bursa Securities;
(iii) transfer the treasury shares or any of the treasury shares for the purposes of or under an employees' share scheme;
(iv) transfer the treasury shares or any of the treasury shares as purchase consideration;
(v) cancel the treasury shares or any of the treasury shares; or
(vi) sell, transfer or otherwise use the treasury shares for such other purposes as the Minister (as defined in the Act) may by order prescribe.

As treasury shares, the rights attached as to voting, dividends and participation in other distribution, whether cash or otherwise, of the Company's assets including any distribution of assets upon winding up are suspended and the treasury shares shall not be taken into account in calculating the number or percentage of shares or of a class of shares for any purposes including substantial shareholdings, takeovers, notices, the requisitioning of meetings, the quorum for a meeting and the result of a vote on a resolution at a meeting.

26 TRADE AND OTHER PAYABLES

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Current				
Trade payables	**180,465**	126,225	**-**	-
Other payables and accruals	**293,243**	175,923	**7,337**	6,901
Deposit from customers	**47,243**	49,624	**-**	-
Provision for gratuity	**12,720**	11,640	**12,720**	11,640
	533,671	363,412	**20,057**	18,541
Non-current				
Provision for gratuity	**18,303**	16,414	**-**	-
Other liabilities	**10,889**	8,651	**-**	-
	29,192	25,065	**-**	-

Provision for gratuity relates to gratuity provision for key management personnel. The movement of the provision during the financial year is as follows:

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
At 1 January	**28,054**	29,075	**11,640**	10,560
Additions/(Reversal)	**2,519**	(1,238)	**1,080**	1,080
Effect of exchange rate changes	**450**	217	**-**	-
At 31 December	**31,023**	28,054	**12,720**	11,640

The Group's trade payables exposure to foreign currency (a currency which is other than the functional currency of the Group entities) risk were:

	Group	
	2022	2021
	RM'000	RM'000
- United States Dollar	**36,402**	4,647
- Qatari Rial	**13,521**	9,168
- Singapore Dollar	**8,859**	2,826
- Indonesian Rupiah	**7,392**	7,565
- Euro Dollar	**3,109**	1,092
- Japanese Yen	**2,079**	1,670
- British Pound	**449**	1,912
	71,811	28,880

26 TRADE AND OTHER PAYABLES (CONTINUED)

The Group's other payables exposure to foreign currency (a currency which is other than the functional currency of the Group entities) risk were:

	Group	
	2022	2021
	RM'000	RM'000
- United States Dollar	**59,913**	18,290
- Qatari Rial	**19,336**	4,350
- Indonesian Rupiah	**11,054**	1,065
- Singapore Dollar	**3,510**	10,287
- Euro Dollar	**1,937**	1,383
- Ringgit Malaysia	**173**	137
	95,923	35,512

Other payables and accruals balances of the Company are denominated in Ringgit Malaysia.

27 LOANS AND BORROWINGS

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Current				
Unsecured				
Revolving credits	**473,046**	438,736	**59,714**	102,163
Trade financing	**188,624**	104,972	**-**	-
Term loans	**25,543**	85,721	**-**	-
Fixed rate notes	**20,868**	19,722	**-**	-
	708,081	649,151	**59,714**	102,163
Non-current				
Unsecured				
Term loans	**81,885**	105,243	**-**	-
	789,966	754,394	**59,714**	102,163

27 LOANS AND BORROWINGS (CONTINUED)

The remaining maturities of the loans and borrowings are as follows:

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Within 1 year	**708,081**	649,151	**59,714**	102,163
More than 1 year and less than 2 years	**27,795**	28,263	**-**	-
More than 2 years and less than 5 years	**54,090**	76,036	**-**	-
More than 5 years	**-**	944	**-**	-
	789,966	754,394	**59,714**	102,163

As at 31 December 2022 and 31 December 2021, there were no secured loans and borrowings held by the Group.

The Group's and the Company's loans and borrowings exposure to foreign currency (a currency which is other than the functional currency of the Group entities and the Company) risk were:

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
- United States Dollar	**16,177**	85,016	**9,714**	52,163
- Singapore Dollar	**3,478**	-	**-**	-
- Euro Dollar	**389**	8,748	**-**	-
	20,044	93,764	**9,714**	52,163

The effective interest rates of loans and borrowings of the Group are as follows:

	Group		Company	
	2022	2021	2022	2021
	%	%	%	%
Revolving credits	**0.97 – 8.01**	1.26 – 4.41	**3.11 – 7.36**	2.33 – 3.69
Term loans	**2.37 – 8.47**	2.18 – 6.05	**-**	-
Trade financing	**1.77 – 6.60**	1.45 – 4.81	**-**	-
Fixed rate notes	**6.20**	2.95	**-**	-

27 LOANS AND BORROWINGS (CONTINUED)

The net exposure of loans and borrowings to cash flow risk and fair value risk in the periods in which they mature or reprice (whichever is earlier) are as follows:

	Total carrying amount	Fixed interest rate (Fair value risk)			Floating interest rate (Cash flow risk)		
		<1 year	1 – 2 years	2 – 5 years	<1 year	1 – 2 years	2 – 5 years
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2022							
Group							
Unsecured							
Revolving credits	**473,046**	**-**	**-**	**-**	**473,046**	**-**	**-**
Term loan	**107,428**	**-**	**7,600**	**15,644**	**25,543**	**20,195**	**38,446**
Trade financing	**188,624**	**-**	**-**	**-**	**188,624**	**-**	**-**
Fixed rate notes	**20,868**	**20,868**	**-**	**-**	**-**	**-**	**-**
	789,966	**20,868**	**7,600**	**15,644**	**687,213**	**20,195**	**38,446**
Company							
Unsecured							
Revolving credits	**59,714**	**-**	**-**	**-**	**59,714**	**-**	**-**

	Total carrying amount	Fixed interest rate (Fair value risk)	Floating interest rate (Cash flow risk)			
		<1 year	<1 year	1 – 2 years	2 – 5 years	>5 years
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2021						
Group						
Unsecured						
Revolving credits	438,736	-	438,736	-	-	-
Term loan	190,964	-	85,721	28,263	76,036	944
Trade financing	104,972	-	104,972	-	-	-
Fixed rate notes	19,722	19,722	-	-	-	-
	754,394	19,722	629,429	28,263	76,036	944
Company						
Unsecured						
Revolving credits	102,163	-	102,163	-	-	-

28 PROVISION FOR WARRANTIES

	Group	
	2022	2021
	RM'000	RM'000
At 1 January	**12,438**	9,844
Additions	**14,799**	6,776
Utilisation	**(676)**	(381)
Reversal	**(4,339)**	(4,015)
Effect of exchange rate changes	**465**	214
At 31 December	**22,687**	12,438

The Group recognises the estimated liability to repair or replace products when the underlying products or services are sold. It is expected that most of these costs will be incurred over the warranty period which extends up to 4 years (2021: 5 years).

29 GROSS REVENUE

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Revenue from contracts with customers				
Contract revenue	**2,029,384**	796,134	**-**	-
Sale of goods	**651,751**	615,136	**-**	-
Management fees	**8**	104	**6,819**	701
	2,681,143	1,411,374	**6,819**	701
Revenue from other sources				
Rental income	**5,375**	17,937	**-**	-
Dividend income	**-**	-	**22,440**	22,766
Interest income	**-**	-	**949**	910
	5,375	17,937	**23,389**	23,676
	2,686,518	1,429,311	**30,208**	24,377

Revenue from contracts with customers is represented by:

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Timing of revenue recognition				
- Over time	**2,022,203**	748,922	**6,819**	701
- At a point in time	**658,940**	662,452	**-**	-
	2,681,143	1,411,374	**6,819**	701

30 COST OF SALES

	Group	
	2022	2021
	RM'000	RM'000
Contract costs	**1,731,945**	716,308
Cost of goods sold	**541,971**	533,834
Direct operating costs relating to rental income	**1,025**	10,576
	2,274,941	1,260,718

31 OTHER LOSSES - NET

	Group	
	2022	2021
	RM'000	RM'000
Fair value losses arising from fair value changes of:		
- Derivative financial instruments - forward currency contracts	**2,144**	2,595
- Investment in equity instruments	**-**	2
	2,144	2,597

32 PROFIT FROM OPERATIONS

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Profit from operations is stated after charging:				
Raw materials consumed	**929,764**	467,417	**-**	-
Subcontracting cost	**233,709**	96,187	**-**	-
Cost of trading goods and services	**307,882**	320,084	**-**	-
Staff costs (Note 40)	**396,089**	271,514	**9,369**	7,055
Auditors' remuneration:				
Fees for statutory audits				
- PricewaterhouseCoopers PLT	**1,079**	962	**93**	83
- member firms of PricewaterhouseCoopers International Limited	**1,082**	595	**-**	-
- others	**752**	614	**-**	-
Fees for non-audit services				
- PricewaterhouseCoopers PLT*	**392**	650	**13**	12
- member firms of PricewaterhouseCoopers International Limited	**1,548**	264	**-**	-
Depreciation charge of				
- property, plant and equipment	**41,783**	38,170	**156**	114
- right-of-use assets	**28,555**	27,967	**-**	-

* *Included in fees for non-audit services are fees payable to PricewaterhouseCoopers PLT and its local affiliates for the Group and the Company of RM392,000 (2021: RM650,000) and RM13,000 (2021: RM12,000) respectively.*

32 PROFIT FROM OPERATIONS (CONTINUED)

	Group		Company	
	2022	2021	**2022**	2021
	RM'000	RM'000	**RM'000**	RM'000
Profit from operations is stated after charging: (continued)				
Impairment loss on:				
- property, plant and equipment	**-**	4,243	**-**	-
- investment properties	**-**	3,545	**-**	-
- trade receivables	**9,492**	2,327	**-**	-
- other receivables	**301**	946	**-**	-
- amounts owing by associates	**21,378**	7,386	**-**	5
- amount owing by a subsidiary	**-**	-	**2,560**	232
- investment in a subsidiary	**-**	-	**4,656**	8,124
- investment in an associate	**39,537**	14,511	**-**	-
- investment in a joint venture	**8,989**	3,000	**-**	-
Allowance on slow moving and obsolete inventories	**2,877**	1,715	**-**	-
Loss on disposal of property, plant and equipment	**690**	36	**-**	-
Loss on foreign currency exchange:				
- realised	**12,416**	5,671	**2,761**	2,786
- unrealised	**7,708**	3,934	**97**	337
and crediting:				
Gain on disposal of:				
- property, plant and equipment	**193**	295	**-**	-
- assets classified as held for sale	**5,150**	18,082	**-**	-
- associate	**2,142**	-	**-**	-
Gain on foreign exchange:				
- realised	**7,292**	8,674	**-**	-
- unrealised	**18,977**	9,805	**-**	-
Interest income	**4,378**	3,507	**949**	910
Reversal of impairment loss on:				
- trade receivables	**2,643**	3,342	**-**	-
- amounts owing by associates	**108**	-	**43**	-
Reversal of allowance on slow moving and obsolete inventories	**369**	120	**-**	-
Government grants relating to income**	**697**	2,814	**-**	-

** *Government grants were introduced by the local government in various countries of which the Group operates from. This is a government subsidy granted to assist corporations who are economically impacted by the Covid-19 pandemic, with certain criteria to be met.*

33 FINANCE COSTS

	Group		Company	
	2022	**2021**	**2022**	**2021**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Interest expense on:				
- loans and borrowings	**32,139**	22,553	**4,097**	4,470
- lease liabilities	**11,718**	11,900	**-**	-
- discounting factor on long term deposits	**1,520**	1,695	**-**	-
	45,377	36,148	**4,097**	4,470

34 TAX EXPENSE/(CREDIT)

	Group		Company	
	2022	**2021**	**2022**	**2021**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Current tax:				
- Malaysian income tax	**13,598**	8,615	**494**	(187)
- Foreign taxation	**39,523**	4,912	**-**	-
	53,121	13,527	**494**	(187)
Deferred taxation (Note 8)	**(14,230)**	(1,919)	**(368)**	(337)
	38,891	11,608	**126**	(524)
Current tax:				
- Current financial year	**47,889**	12,992	**539**	229
- Under/(Over) accrual in prior financial years	**5,232**	535	**(45)**	(416)
	53,121	13,527	**494**	(187)
Deferred taxation (Note 8)				
- Origination and reversal of temporary differences	**(14,230)**	(1,919)	**(368)**	(337)
Tax expense/(credit) recognised in profit or loss	**38,891**	11,608	**126**	(524)

34 TAX EXPENSE/(CREDIT) (CONTINUED)

The numerical reconciliation between the tax expense and the product of accounting profit multiplied by the statutory tax rate is as follows:

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Profit/(loss) before tax	**82,021**	(100,341)	**4,374**	(1,308)
Calculated at the Malaysian tax rate of 24% (2021: 24%)	**19,685**	(24,082)	**1,050**	(314)
Expenses not deductible for tax purposes	**33,063**	32,903	**4,507**	5,671
Income not subject to tax	**(7,199)**	(10,397)	**(5,386)**	(5,465)
Utilisation of previously unrecognised tax losses and unabsorbed capital allowances	**(17,898)**	(5,764)	**-**	-
Current financial year deferred tax assets not recognised	**3,881**	2,451	**-**	-
Recognition of previously unrecognised deferred tax assets	**(14,467)**	-	**-**	-
Reversal of previously recognised deferred tax assets	**-**	617	**-**	-
Utilisation of tax incentives	**(170)**	(1,053)	**-**	-
Effect of different tax rates in other countries	**9,904**	(600)	**-**	-
Under/(Over) provision in prior financial years	**5,232**	535	**(45)**	(416)
Share of associates and joint ventures results	**6,753**	16,881	**-**	-
Others	**107**	117	**-**	-
Tax expense/(credit) recognised in profit or loss	**38,891**	11,608	**126**	(524)

35 LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The basic earnings per share for the financial year has been calculated by dividing the Group's loss attributable to owners of the Company for the financial year of RM6,300,000 (2021: RM107,484,000) by the weighted average number of ordinary shares in issue, after adjusting on the effects of treasury shares during the financial year.

Weighted average number of shares

	Group	
	2022	2021
	'000	'000
Issued ordinary shares at 1 January	**774,888**	774,888
Effect of treasury shares	**(577)**	(577)
Weighted average number of ordinary shares in issue	**774,311**	774,311
Basic/diluted earnings per ordinary share (sen)	**(0.81)**	(13.88)

As there are no potential ordinary shares issued by the Company, thus there is no dilution in earnings per share.

36 DIVIDENDS

There were no dividends paid or declared in respect of the financial year ended 31 December 2022 and 31 December 2021.

37 ACQUISITION OF SUBSIDIARIES

Acquisitions of subsidiaries during the financial year

On 29 April 2022, Wasco Engineering Group Limited ("WEGL"), an indirect wholly-owned subsidiary of the Company entered into a Share Sale Agreement ("SSA") with MMA Offshore Asia Pte. Ltd., for the acquisition of 100% equity interests in MMA Offshore Holdings Pte. Ltd. ("MMA Offshore Holdings") and MMA Offshore Investments Pte. Ltd. ("MMA Offshore Investments") for a total consideration of USD15,000,000 (equivalent to approximately RM65,397,000) plus the Working Capital Amount ("Purchase price"), subject to the terms and conditions as stipulated in the SSA ("Sale Shares").

Pursuant to the SSA, upon completion of the Sale Shares, PT Jaya Asiatic Shipyard ("PT Jaya"), a subsidiary of MMA Offshore Holdings and MMA Offshore Investments shall become an indirect wholly-owned subsidiary of the Company through WEGL.

On 1 December 2022, the acquisition is deemed achieved with the final instalment of the Purchase Price being paid in accordance to the terms of the SSA.

Details of the acquisition and the net cash flow on acquisition are as follows:

	At the date of acquisition RM'000
Right-of-use assets	67,531
Inventories	2
Trade and other receivables	126
Cash and bank balances	6,099
	73,758
Trade and other payables	111
Current tax liabilities	603
Deferred tax liabilities	281
	995
Total identifiable net assets acquired	72,763
Less: Transaction costs	(1,276)
Net assets acquired	71,487
Total consideration paid	71,487
Less: Cash and cash equivalents of subsidiary acquired	(6,099)
Net cash outflow of the Group on acquisition	65,388

38 RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

Group	Lease liabilities RM'000	Term loans RM'000	Fixed rate notes RM'000	Other bank borrowings RM'000	Total liabilities from financing activities RM'000
2022					
At 1 January	**243,067**	**190,964**	**19,722**	**543,708**	**997,461**
Cash flows	**(28,328)**	**(89,970)**	**-**	**96,150**	**(22,148)**
Non-cash item	**18,460**	**396**	**-**	**-**	**18,856**
Effect of exchange rate changes	**3,408**	**6,038**	**1,146**	**21,812**	**32,404**
At 31 December	**236,607**	**107,428**	**20,868**	**661,670**	**1,026,573**
2021					
At 1 January	210,385	239,290	19,054	619,712	1,088,441
Cash flows	(27,030)	(53,684)	-	(87,959)	(168,673)
Non-cash item	59,177	498	-	-	59,675
Effect of exchange rate changes	535	4,860	668	11,955	18,018
At 31 December	243,067	190,964	19,722	543,708	997,461

Company	Net advances from subsidiaries RM'000	Other bank borrowings RM'000	Total liabilities from financing activities RM'000
2022			
At 1 January	**34,258**	**102,163**	**136,421**
Cash flows	**(1,858)**	**(42,449)**	**(44,307)**
At 31 December	**32,400**	**59,714**	**92,114**
2021			
At 1 January	14,258	126,759	141,017
Cash flows	20,000	(24,916)	(4,916)
Effect of exchange rate changes	-	320	320
At 31 December	34,258	102,163	136,421

39 SIGNIFICANT RELATED PARTY DISCLOSURES

For the purposes of these financial statements, parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly.

In addition to related party disclosures mentioned elsewhere in the financial statements, set out below are other significant related party transactions. The transactions described below were carried out on agreed terms.

	Group	
	2022	**2021**
	RM'000	**RM'000**
Significant transactions with companies in which a Director of the Company, Dato' Seri Robert Tan Chung Meng, has interest		
Rental of premises paid/payable	**867**	1,049
Significant transactions with an associate		
Lease rental income of equipment	**-**	9,159

	Company	
	2022	**2021**
	RM'000	**RM'000**
Significant transactions with subsidiaries		
Dividend income:		
- Jutasama Sdn. Bhd.	**17,691**	14,753
- Petro-Pipe Industrial Corporation Sdn. Bhd.	**4,749**	8,003
- Petro-Pipe Industries (M) Sdn. Bhd.	**-**	10
Interest income:		
- WDG Resources Sdn. Bhd.	**284**	457
- Wah Seong Management Services Sdn. Bhd.	**200**	194
- Triple Cash Sdn. Bhd.	**185**	154
- WSC Capital Sdn. Bhd.	**140**	3
- Sunrise Green Sdn. Bhd.	**4**	35

39 SIGNIFICANT RELATED PARTY DISCLOSURES (CONTINUED)

	Company	
	2022	2021
	RM'000	RM'000
Significant transactions with subsidiaries (continued)		
Management fees receivables:		
- Wasco Management Services Sdn. Bhd.	**2,486**	-
- Syn Tai Hung Trading Sdn. Bhd.	**1,352**	235
- Jutasama Sdn. Bhd.	**1,250**	162
- PMT Industries Sdn. Bhd.	**962**	271
- WDG Resources Sdn. Bhd.	**282**	-
- Mackenzie Industries Sdn. Bhd.	**327**	33
- Maple Sunpark Sdn. Bhd.	**76**	-
- Sunrise Green Sdn. Bhd.	**76**	-
Management fees payables:		
- Wasco Management Services Sdn. Bhd.	**2,050**	-
- Wah Seong Management Services Sdn. Bhd.	**-**	1,964
Advances to subsidiaries:		
- WSC Capital Sdn. Bhd.	**20,378**	52,240
- Sunrise Green Sdn. Bhd.	**80**	449
- Wah Seong Management Services Sdn. Bhd.	**-**	2,293
Repayments from subsidiaries:		
- WSC Capital Sdn. Bhd.	**(18,051)**	(52,240)
- WDG Resources Sdn. Bhd.	**(9,023)**	-
- Wah Seong Management Services Sdn. Bhd.	**(4,037)**	(5,777)
- Sunrise Green Sdn. Bhd.	**(953)**	-
Advances from subsidiaries:		
- WSC Capital Sdn. Bhd.	**(28,962)**	-
- PMT Industries Sdn. Bhd.	**(8,000)**	-
- Jutasama Sdn. Bhd.	**(7,000)**	-
- Petro-Pipe Industries (M) Sdn. Bhd.	**-**	(25,800)
- Syn Tai Hung Trading Sdn. Bhd.	**-**	(10,000)
- Petro-Pipe Engineering Services Sdn. Bhd.	**-**	(2,000)
- PPI Industries Sdn. Bhd.	**-**	(260)
Repayments to subsidiaries:		
- WSC Capital Sdn. Bhd.	**28,962**	-
- PMT Industries Sdn. Bhd.	**8,000**	-
- Jutasama Sdn. Bhd.	**7,000**	-
- Syn Tai Hung Trading Sdn. Bhd.	**1,858**	10,000
- Petro-Pipe Industries (M) Sdn. Bhd.	**-**	5,800
- Petro-Pipe Engineering Services Sdn. Bhd.	**-**	2,000
- PPI Industries Sdn. Bhd.	**-**	260

39 SIGNIFICANT RELATED PARTY DISCLOSURES (CONTINUED)

Significant outstanding balances with related parties at the financial year end are as follows:

	Company	
	2022	2021
	RM'000	RM'000
Amounts due from/(to) subsidiaries:		
- Jutasama Sdn. Bhd.	**7,823**	294
- Triple Cash Sdn. Bhd.	**5,574**	5,153
- WDG Resources Sdn. Bhd.	**2,605**	11,528
- Wah Seong Management Services Sdn. Bhd.	**2,469**	5,235
- WSC Capital Sdn. Bhd.	**2,354**	-
- Wasco Management Services Sdn. Bhd.	**179**	(4,919)
- PMT Industries Sdn. Bhd.	**181**	228
- Maple Sunpark Sdn. Bhd.	**-**	2,230
- Sunrise Green Sdn. Bhd.	**-**	954
- Petro-Pipe Industries (M) Sdn. Bhd.	**(20,000)**	(20,000)
- Syn Tai Hung Trading Sdn. Bhd.	**(2,409)**	(4,230)

Compensation of key management personnel are as follows:

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Key management personnel:				
- short-term employee benefits (including monetary value of benefits-in-kind)	**12,009**	11,519	**3,896**	4,087
- post-employment benefits	**932**	979	**454**	454

In addition to the amounts disclosed above, the Group and the Company have made a provision of RM2,519,000 and RM1,080,000 (2021: reversal of RM1,238,000 and a provision of RM1,080,000) respectively for amounts payable to key senior management at the end of their employment for their services to the Group and the Company as part of their employment contract. With this, the total compensation to key management personnel (including unpaid gratuity provision) amounted to RM15,460,000 and RM5,430,000 (2021: RM11,260,000 and RM5,621,000) for the Group and the Company respectively.

40 STAFF COSTS

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Salaries, wages and bonus	**380,313**	258,424	**8,441**	6,402
Defined contribution plan	**15,776**	13,090	**928**	653
	396,089	271,514	**9,369**	7,055

Included within staff costs are remuneration of Executive Directors of the Group and the Company (Note 41).

41 DIRECTORS' REMUNERATIONS

	Group		Company	
	2022	**2021**	**2022**	**2021**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Executive Directors				
Salaries, wages and bonus	**5,958**	5,962	**2,160**	2,160
Defined contribution plan	**474**	452	**260**	260
Directors' fees	**120**	120	**120**	120
Directors' allowances	**24**	24	**24**	24
	6,576	6,558	**2,564**	2,564
Non-Executive Directors				
Directors' fees	**410**	410	**410**	410
Directors' allowances	**192**	153	**192**	153
	602	563	**602**	563
	7,178	7,121	**3,166**	3,127

The estimated monetary value of benefits-in-kind received and receivable by Directors of the Group and the Company are RM76,000 (2021: RM90,000) and RM45,000 (2021: RM45,000) respectively.

In addition to the amounts disclosed above, the Group and the Company have made a provision of RM2,400,000 and RM1,080,000 (2021: reversal of RM1,275,000 and a provision of RM1,080,000) respectively for amounts payable to executive directors at the end of their employment for their services to the Group and the Company as part of their employment contract. With this, the total remuneration (including unpaid gratuity provision) amounted to RM9,578,000 and RM4,246,000 (2021: RM5,846,000 and RM4,207,000) for the Group and the Company respectively.

42 CAPITAL COMMITMENTS

Capital expenditure as at the reporting date is as follows:

	Group	
	2022	**2021**
	RM'000	**RM'000**
Commitment to acquire property, plant and equipment not provided for in the financial statements:		
Approved and contracted	**14,525**	33,891

43 SEGMENTAL ANALYSIS

For management purposes, the Group is organised into business units based on their products and services.

The Group's operating segments comprise:

(a) Energy solutions services division (formerly known as Oil & Gas division): Pipe coating, pipe manufacturing for the oil and gas industry, building and operating offshore/onshore field development facilities and the provision of highly specialised equipment and services to the power generation, oleochemical and petrochemical industries.

(b) Renewable energy division: Supplier and manufacturer of specialised equipment for biomass power plants; such as industrial fans, boilers and turbines that run primarily on biomass fuels.

(c) Industrial trading & services division: Trading and distribution of building materials and the manufacturing and trading of industrial pipes for the construction industry.

(d) Others: All other units within the Group that do not constitute a separately reportable segment.

43 SEGMENTAL ANALYSIS (CONTINUED)

Management monitors the operating results of its divisions separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on revenue and profitability measures as shown in the table below.

Transactions between segments were entered into in the normal course of business and were established on agreed terms. The effects of such inter-segmental transactions are eliminated on consolidation.

The assets are allocated based on the operations of the respective segments. The amounts provided to the Group Chief Executive Officer with respect to total assets are measured in a manner consistent with the disclosure of segment assets below.

	Energy Solutions Services RM'000	Renewable Energy RM'000	Industrial Trading & Services RM'000	Others RM'000	Total RM'000
RESULTS					
Financial year ended 31 December 2022					
Revenue	1,699,115	482,374	320,437	187,494	2,689,420
Less: Inter segment revenue	(2,476)	-	-	(426)	(2,902)
External revenue	1,696,639	482,374	320,437	187,068	2,686,518
Segment profits	62,237	54,712	10,727	4,826	132,502
Share of results of associates	(11,641)	-	29	(2)	(11,614)
Share of results of joint ventures	(6,637)	447	-	(5,146)	(11,336)
	43,959	55,159	10,756	(322)	109,552
Unallocated expenses relating to financing activities					(15,148)
Unallocated corporate expenses					(12,383)
Profit before tax					82,021
TOTAL ASSETS					
As at 31 December 2022					
Segment assets	1,795,687	456,461	112,993	76,369	2,441,510
Investment in associates	101,520	-	298	-	101,818
Investment in joint ventures	26,844	3,890	-	1,966	32,700
Assets classified as held for sale	-	-	16,171	-	16,171
Assets of disposal group classified as held for sale	24,659	-	-	-	24,659
	1,948,710	460,351	129,462	78,335	2,616,858
Unallocated corporate assets					
- Deferred tax assets					50,117
- Tax recoverable					10,590
- Cash and cash equivalents					11,432
- Others					24,453
Total assets					2,713,450

43 SEGMENTAL ANALYSIS (CONTINUED)

	Energy Solutions Services RM'000	Renewable Energy RM'000	Industrial Trading & Services RM'000	Others RM'000	Total RM'000
OTHER INFORMATION					
Financial year ended 31 December 2022					
Depreciation of:					
- Property, plant and equipment	34,538	4,956	680	1,609	41,783
- Investment properties	-	-	2	220	222
- Right-of-use assets	25,804	67	1,119	1,565	28,555
Additions of:					
- Property, plant and equipment	31,498	4,129	169	849	36,645
Impairment loss/(reversal of impairment loss) on:					
- Investment in an associate	39,537	-	-	-	39,537
- Investment in a joint venture	8,989	-	-	-	8,989
- Receivables	393	6,548	209	-	7,150
- Amounts owing by associates	21,313	-	-	(43)	21,270
Allowance/(reversal) on slow moving and obsolete inventories	227	2,382	(101)	-	2,508
Write-off on:					
- Property, plant and equipment	1,490	37	2	1	1,530
- Inventories	57	403	13	-	473
- Receivables	71	25	-	23	119
Interest income	(2,105)	(690)	(1,413)	(170)	(4,378)
Interest expense					
- Loans and borrowings	9,803	4,670	2,134	384	16,991
- Lease liabilities	11,430	-	90	198	11,718
Revenue comprise of:					
- Revenue from contracts with customers	1,692,143	482,374	319,584	187,042	2,681,143
- Revenue from other sources	4,496	-	853	26	5,375
	1,696,639	482,374	320,437	187,068	2,686,518
Revenue from contracts with customers is represented by:					
Timing of revenue recognition					
- Over time	1,533,639	336,608	6,808	145,148	2,022,203
- At a point in time	158,504	145,766	312,776	41,894	658,940
	1,692,143	482,374	319,584	187,042	2,681,143

43 SEGMENTAL ANALYSIS (CONTINUED)

	Energy Solutions Services RM'000	Renewable Energy RM'000	Industrial Trading & Services RM'000	Others RM'000	Total RM'000
RESULTS					
Financial year ended 31 December 2021					
Revenue	728,411	281,960	278,768	143,032	1,432,171
Less: Inter segment revenue	(2,425)	-	-	(435)	(2,860)
External revenue	725,986	281,960	278,768	142,597	1,429,311
Segment (losses)/profits	(21,551)	27,766	10,751	(18,063)	(1,097)
Share of results of associates	(49,653)	-	630	(4)	(49,027)
Share of results of joint ventures	(21,148)	467	-	(3,988)	(24,669)
	(92,352)	28,233	11,381	(22,055)	(74,793)
Unallocated expenses relating to financing activities					(11,371)
Unallocated corporate expenses					(14,177)
Loss before tax					(100,341)
TOTAL ASSETS					
As at 31 December 2021					
Segment assets	1,267,615	413,049	116,388	72,714	1,869,766
Investment in associates	152,586	-	29,012	-	181,598
Investment in joint ventures	40,459	6,873	-	6,606	53,938
Assets classified as held for sale	39,501	-	5,408	-	44,909
	1,500,161	419,922	150,808	79,320	2,150,211
Unallocated corporate assets					
- Deferred tax assets					37,447
- Tax recoverable					6,210
- Cash and cash equivalents					12,193
- Short term investment					654
- Others					24,726
Total assets					2,231,441

43 SEGMENTAL ANALYSIS (CONTINUED)

	Energy Solutions Services RM'000	Renewable Energy RM'000	Industrial Trading & Services RM'000	Others RM'000	Total RM'000
OTHER INFORMATION					
Financial year ended 31 December 2021					
Depreciation of:					
- Property, plant and equipment	30,219	5,226	1,077	1,648	38,170
- Investment properties	-	-	3	220	223
- Right-of-use assets	24,909	-	1,386	1,672	27,967
Additions of:					
- Property, plant and equipment	93,333	1,289	196	1,290	96,108
Impairment loss/(reversal of impairment loss) on:					
- Property, plant and equipment	4,243	-	-	-	4,243
- Investment properties	-	-	-	3,545	3,545
- Investment in an associate	14,511	-	-	-	14,511
- Investment in a joint venture	3,000	-	-	-	3,000
- Receivables	1,151	361	(1,607)	-	(95)
- Amounts owing by associates	6,612	-	-	774	7,386
Allowance on slow moving and obsolete inventories	1,203	199	193	-	1,595
Write-off on:					
- Property, plant and equipment	328	-	5	-	333
- Inventories	194	-	9	-	203
- Receivables	16	-	3	-	19
Interest income	(2,172)	(479)	(781)	(75)	(3,507)
Interest expense					
- Loans and borrowings	4,880	4,476	1,434	393	11,183
- Lease liabilities	11,617	-	119	164	11,900
Revenue comprise of:					
- Revenue from contracts with customers	708,774	281,960	278,067	142,573	1,411,374
- Revenue from other sources	17,212	-	701	24	17,937
	725,986	281,960	278,768	142,597	1,429,311
Revenue from contracts with customers is represented by:					
Timing of revenue recognition					
- Over time	501,100	174,041	-	73,781	748,922
- At a point in time	207,674	107,919	278,067	68,792	662,452
	708,774	281,960	278,067	142,573	1,411,374

43 SEGMENTAL ANALYSIS (CONTINUED)

Geographical information

Revenue and non-current assets information is based on the geographical location of customers and assets respectively as follows:

	Revenue		Non-current assets*	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Attributed to the country of domicile:				
Malaysia	**727,751**	542,253	**566,604**	630,968
Attributed to foreign countries:				
Africa	**488,599**	96,785	**-**	-
South East Asia excluding Malaysia	**399,497**	268,034	**199,994**	76,978
Middle East	**338,050**	61,198	**165,610**	196,136
Australia	**264,013**	130,919	**6,304**	8,192
Europe	**240,948**	95,317	**125,974**	142,056
United States of America	**107,896**	14,965	**29,712**	30,258
Canada	**38,663**	116,024	**18,959**	91,929
China	**35,681**	61,325	**3,894**	5,014
Latin America	**21,996**	8,810	**-**	-
India	**2,135**	1,615	**1,902**	1,804
East Asia	**528**	4,375	**-**	-
Others	**20,761**	27,691	**305**	290
	2,686,518	1,429,311	**1,119,258**	1,183,625

* *Non-current assets other than deferred tax assets.*

44 FINANCIAL INSTRUMENTS BY CATEGORY

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Financial assets				
Financial assets measured at fair value through profit or loss – designated upon initial recognition:				
- Derivatives financial assets	**82**	135	**-**	-
- Short term investments	**-**	653	**-**	653
Financial assets at amortised cost:				
- Trade and other receivables (excluding prepayments and value added tax receivables)	**529,998**	315,297	**382**	468
- Amounts owing by subsidiaries	**-**	-	**18,497**	25,678
- Amounts owing by associates	**124**	20,324	**-**	16
- Amounts owing by joint ventures	**31,811**	29,090	**-**	-
- Time deposits	**53,081**	105,267	**1,466**	6,800
- Cash and bank balances	**275,929**	136,053	**1,801**	1,054
	890,943	606,031	**22,146**	34,016
Total	**891,025**	606,819	**22,146**	34,669

44 FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Financial liabilities				
Financial liabilities measured at fair value through profit or loss – designated upon initial recognition:				
- Derivatives financial liabilities	**2,627**	533	**-**	-
Financial liabilities at amortised cost:				
- Trade and other payables (excluding employee benefits and value added tax payables)	**476,516**	319,674	**2,361**	2,528
- Amounts owing to subsidiaries	**-**	-	**22,410**	29,148
- Amounts owing to joint ventures	**3,493**	1,610	**-**	-
- Dividend payable	**10,200**	19,875	**-**	-
- Loans and borrowings	**789,966**	754,394	**59,714**	102,163
- Lease liabilities	**236,607**	243,067	**-**	-
	1,516,782	1,338,620	**84,485**	133,839
Total	**1,519,409**	1,339,153	**84,485**	133,839

45 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's and the Company's overall financial risk management objectives and policies are to ensure that the Group and the Company create value and maximise returns for its shareholders. Financial risk management is carried out through risk review, internal control systems, benchmarking to the industry's best practices and adherence to the Group's financial risk management policies.

The main risks arising from the financial instruments of the Group and the Company are credit risk, market risk, and liquidity risk. Management monitors the Group's and the Company's financial position closely with the objective to minimise potential adverse effects on the financial performance of the Group and of the Company.

The following sections provide details regarding the Group's and the Company's exposure to the above mentioned financial risks and the objectives, policies and processes for managing these risks.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group and the Company.

At the reporting date, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amounts of each class of financial assets recognised in the statements of financial position, including derivative financial instruments with positive fair values.

(a) Receivables

The Group's and the Company's exposure to credit risk is monitored on an ongoing basis. The Group and the Company have credit policies in place to manage the credit risk exposure. The risk is managed through the application of the Group's and the Company's credit management procedures which include the application of credit evaluations or approvals and follow up procedures.

The Group and the Company actively monitor the utilisation of credit limits to manage the risk of any material loss from the non-performance of its counterparties.

45 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Credit risk (continued)

(a) Receivables (continued)

Simplified approach for finance lease receivables, trade receivables and contract assets (including intercompany trade balances)

The Group and the Company apply simplified approach to providing for ECL prescribed by MFRS 9, which permits the use of the lifetime expected loss provision for all finance lease receivables, trade receivables and contract assets. The Group and the Company account for its credit risk by appropriately providing for ECL on timely basis. In calculating credit loss rate, the finance lease receivables, trade receivables and contract assets have been assessed based on credit risk categories and the days past due and adjust for forward-looking information.

Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group and the Company. The Group and the Company categorise a receivable for write off when a debtor fails to make contractual payments and the recoverability of the receivables is remote. Where receivables have been written off, the Group and the Company continue to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

General 3-stage approach for other debt instruments financial assets

ECL for other debt instruments financial assets at amortised costs, which include other receivables, non-trade intercompany balances including amounts owing by subsidiaries, amounts owing by associates and amounts owing by joint ventures, time deposits and cash and bank balances are measured using general 3-stage approach.

The Group and the Company use three categories to reflect their credit risk and how the loss allowance is determined for each of those categories. A summary of the assumptions underpinning the Group's and the Company's ECL model is as follows:

Category	Group's and Company's definition of category	Basis for recognising ECL
Performing	Debtors have a low risk of default and a strong capacity to meet contractual cash flows.	12 month ECL
Underperforming	Debtors for which there is a significant increase in credit risk or significant increase in credit risk is presumed if the forward-looking information and indicators available signify impairment to debtors' ability to repay.	Lifetime ECL
Not performing	Debtors' ability to repay or likelihood of repayment is determined as fully impaired when it meets one or more of the indicators in accounting policy 2.17(d).	Lifetime ECL (credit impaired)

Based on the above, loss allowance is measured on either 12 month ECL or lifetime ECL using a PD x LGD x EAD methodology as follows:

- PD ("probability of default") – the likelihood that the debtor would not be able to repay during the contractual period;
- LGD ("loss given default") – the percentage of contractual cash flows that will not be collected if default happens; and
- EAD ("exposure at default") – the outstanding amount that is exposed to default risk.

In deriving the PD and LGD, the Group and the Company consider available, reasonable and supportive forward-looking information, such as:

- significant changes in the expected performance and behaviour of the debtor, including changes in the payment status of debtor and changes in the business of the debtor; and
- debtor's past history and existing market conditions.

45 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Credit risk (continued)

(a) Receivables (continued)

General 3-stage approach for other debt instruments financial assets (continued)

Loss allowance is measured at a probability-weighted amount that reflects the possibility that a credit loss occurs and the possibility that no credit loss occurs. No significant changes to estimation techniques or assumptions were made during the reporting period.

There is no loss allowance for other financial asset at amortised cost as at 31 December 2022 and 31 December 2021, except for trade and other receivables, amounts owing by subsidiaries, amounts owing by associates and amounts owing by joint ventures.

For movement of allowance for impairment of trade and other receivables, amounts owing by subsidiaries, amounts owing by associates and amounts owing by joint ventures, refer to Note 15, 16(a), 17 and 18(a) respectively.

(b) Intercompany balances

The Company provides unsecured loans and advances to subsidiaries. The Company monitors the results of its subsidiaries regularly.

As at 31 December 2022 and 31 December 2021, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

Management has taken reasonable steps to ensure that intercompany receivables are stated at the realisable values. As at 31 December 2022 and 31 December 2021, the amounts owing by subsidiaries were considered performing, except for certain subsidiaries. For movement of allowance for impairment of amount owing by subsidiaries, refer to Note 16(a).

Advances to subsidiaries that are repayable on demand and interest-free are classified as amortised cost in the Company's financial statements because the Company's business model is to hold and collect the contractual cash flows and those cash flows represent solely payments of principal and interest. The Company applied the general 3-stage approach when determining ECL for these advances to subsidiaries.

There is no loss allowance recognised on these advances to subsidiaries as all strategies indicate that the Company could fully recover the outstanding balance of the advances to subsidiaries.

Advances to subsidiaries in the Company's separate financial statements are assessed on individual basis for ECL measurement, as credit risk information is obtained and monitored based on each advances to subsidiary.

(c) Derivative financial instruments

Transactions involving derivative financial instruments are with approved financial institutions and reputable banks.

As at the end of the reporting period, the maximum exposure to credit risk arising from derivatives financial assets is represented by the carrying amounts in the statement of financial position.

In view of the counterparties being reputable licensed financial institutions, management does not expect any of the counterparties to fail to meet their obligations.

45 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Credit risk (continued)

(d) Financial guarantees

The Company provides unsecured financial guarantees to banks in respect of banking facilities granted to certain subsidiaries. The Company monitors on an ongoing basis the results of the subsidiaries and repayment made by the subsidiaries.

The maximum exposure to credit risk amounts to RM317,053,000 (2021: RM293,885,000) representing banking facilities utilised by the subsidiaries as at the end of the financial year.

As at 31 December 2022 and 31 December 2021, there was no indication that any subsidiary would default on repayment.

Financial guarantees have not been recognised since the fair value on initial recognition was not material as the probability of the subsidiaries defaulting on its banking facilities is remote.

(e) Time deposits and cash and bank balances

Time deposits and cash and bank balances are placed with approved financial institutions and reputable banks. The likelihood of non-performance by these financial institutions is remote based on their high credit ratings.

Market risk

Market risk refers to the risk that changes in market prices, such as foreign exchange rates, interest rates and prices will affect the Group's and the Company's financial position and cash flows.

(a) Foreign currency risk

Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group has transactional currency exposures arising from sales and purchases that are denominated in a currency other than the functional currencies of the Group entities. The foreign currency in relation to these transactions is mainly denominated in United States Dollar.

The Group maintains a natural hedge, whenever possible, by maintaining receivables and payables in matching foreign currencies. Foreign exchange exposures in transactional currencies other than the functional currencies of the operating entities are kept to an acceptable level.

The Group also uses forward currency contracts to minimise exposure on currency fluctuations for which receipts or payments are anticipated more than one month after the Group has entered into a firm commitment for a sale or purchase. The forward currency contracts entered are in the same currency as the hedged item. It is the Group's policy to negotiate the terms of the forward currency contracts to match the terms of the hedged item to maximise its effectiveness.

At the reporting date, the Group is mainly exposed to fluctuation in the United States Dollar exchange rate against the respective functional currencies of the Group entities. The Group considers a 5% strengthening or weakening of the United States Dollar as a possible change.

A 5% strengthening or weakening of the United States Dollar would result in profit or loss after tax and equity being approximately RM9,466,000 and RM195,000 (2021: RM169,000 and RM1,979,000) higher or lower for the Group and the Company accordingly.

The Group and the Company consider that the foreign currency risk attributable to currencies other than the United States Dollar to be insignificant.

45 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Market risk (continued)

(b) Cash flow and fair value interest rate risks

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates.

The Group's and the Company's exposure to interest rate risks relates primarily to the Group's and the Company's time deposits and interest bearing borrowings.

Surplus funds are placed with licensed financial institutions to earn interest income based on prevailing market rates. The Group and the Company manage its interest rate risks by placing such funds on short tenures of 12 months or less.

The Group and the Company generally borrow principally on a floating rate basis and ensure that interest rates obtained are competitive.

The interest rate profile of the Group's and the Company's significant interest-bearing financial instrument have been presented in Note 16, 18, 20 and 27.

Fair value sensitivity for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Group does not designate derivatives as a fair value hedge. Therefore, a change in interest rates for these financial instruments at the end of the reporting period would not affect profit or loss.

Sensitivity analysis for variable rate instruments

At the reporting date, if interest rates had been 50 basis points lower/higher, with all other variables held constant, the Group's and the Company's profit or loss after tax and equity would have been approximately RM3,729,000 and RM299,000 (2021: RM3,673,000 and RM511,000) higher/lower, arising mainly as a result of lower/higher interest expense on floating rate borrowings. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

Liquidity risk

Liquidity risk is the risk that the Group or the Company will not be able to meet its financial obligations as they fall due. The Group's and the Company's exposure to liquidity risk arises principally from its trade and other payables and loans and borrowings. The Group and the Company maintain a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

As at 31 December 2022, there are sufficient facilities available that can be used to refinance borrowings, capital expenditure and general working capital requirements of the Group and the Company. Details of liquidity risk are disclosed in Note 27 to the financial statements.

45 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Liquidity risk (continued)

All financial liabilities of the Group and the Company that will be due and payable within the next 12 months are classified within current liabilities. The contractual cash flows of derivative financial liabilities and non-derivative financial liabilities are presented below:

Group	Within 1 year RM'000	More than 1 year and less than 2 years RM'000	More than 2 years and less than 5 years RM'000	More than 5 years RM'000	Total contractual undiscounted cash flows RM'000	Total carrying amount RM'000
2022						
Non-derivative financial liabilities						
Lease liabilities	33,357	28,926	66,207	199,852*	328,342	236,607
Trade and other payables	476,516	-	-	-	476,516	476,516
Amounts owing to joint ventures	3,493	-	-	-	3,493	3,493
Loans and borrowings	732,559	29,177	56,318	-	818,054	789,966
Dividend payable	10,200	-	-	-	10,200	10,200
	1,256,125	58,103	122,525	199,852	1,636,605	1,516,782
Derivative financial liabilities						
Forward currency contracts						
Gross settled						
- outflow	200,998	-	-	-	200,998	
- inflow	(198,371)	-	-	-	(198,371)	
	2,627	-	-	-	2,627	2,627
	1,258,752	58,103	122,525	199,852	1,639,232	1,519,409

* *Lease liabilities with maturity of more than 5 years comprise of lease terms up to 10 years.*

45 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Liquidity risk (continued)

Group	Within 1 year RM'000	More than 1 year and less than 2 years RM'000	More than 2 years and less than 5 years RM'000	More than 5 years RM'000	Total contractual undiscounted cash flows RM'000	Total carrying amount RM'000
2021						
Non-derivative financial liabilities						
Lease liabilities	29,660	28,761	61,539	219,975*	339,935	243,067
Trade and other payables	319,635	39	-	-	319,674	319,674
Amounts owing to joint ventures	1,610	-	-	-	1,610	1,610
Loans and borrowings	665,274	29,939	79,735	999	775,947	754,394
Dividend payable	19,875	-	-	-	19,875	19,875
	1,036,054	58,739	141,274	220,974	1,457,041	1,338,620
Derivative financial liabilities						
Forward currency contracts						
Gross settled						
- outflow	119,114	-	-	-	119,114	
- inflow	(118,581)	-	-	-	(118,581)	
	533	-	-	-	533	533
	1,036,587	58,739	141,274	220,974	1,457,574	1,339,153

* *Lease liabilities with maturity of more than 5 years comprise of lease terms up to 11 years.*

Company	Within 1 year RM'000	Total contractual undiscounted cash flows RM'000	Total carrying amount RM'000
2022			
Non-derivative financial liabilities			
Financial guarantees**	**317,053**	**317,053**	**-**
Other payables and accruals	**2,361**	**2,361**	**2,361**
Amounts owing to subsidiaries	**22,410**	**22,410**	**22,410**
Loans and borrowings	**62,840**	**62,840**	**59,714**
	404,664	**404,664**	**84,485**

** This represents the maximum exposure to the Company in the event that the financial guarantee contracts issued by the Company to its subsidiaries are called upon. These liabilities have been included in the consolidated statement of financial position of the Group and hence will not result in any additional liability to the Group.

45 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Liquidity risk (continued)

Company	Within 1 year RM'000	Total contractual undiscounted cash flows RM'000	Total carrying amount RM'000
2021			
Non-derivative financial liabilities			
Financial guarantees**	293,885	293,885	-
Other payables and accruals	2,528	2,528	2,528
Amounts owing to subsidiaries	29,148	29,148	29,148
Loans and borrowings	105,238	105,238	102,163
	430,799	430,799	133,839

** *This represents the maximum exposure to the Company in the event that the financial guarantee contracts issued by the Company to its subsidiaries are called upon. These liabilities have been included in the consolidated statement of financial position of the Group and hence will not result in any additional liability to the Group.*

46 FAIR VALUES OF FINANCIAL INSTRUMENTS

The carrying amounts of financial assets and liabilities classified within current assets and current liabilities respectively approximate their fair values due to the relatively short term nature of these financial instruments.

The fair values of forward exchange contracts are estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate.

Fair values of non-derivative financial liabilities are calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period.

The carrying amount of financial liabilities measured at amortised cost approximates their respective fair values.

Fair value hierarchy

The table below summarises all financial instruments carried at fair value as at 31 December 2022 and 31 December 2021, based on a hierarchy that reflects the significance of the inputs used in measuring its respective fair values. The levels are defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical financial assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the financial asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Inputs for the financial asset or liability that are not based on observable market data (unobservable inputs).

46 FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

Fair value hierarchy (continued)

Group	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
2022				
Financial assets/(liabilities)				
Derivative financial assets	**-**	**82**	**-**	**82**
Derivative financial liabilities	**-**	**(2,627)**	**-**	**(2,627)**
	-	**(2,545)**	**-**	**(2,545)**
2021				
Financial assets/(liabilities)				
Derivative financial assets	-	135	-	135
Derivative financial liabilities	-	(533)	-	(533)
Short term investments	-	653	-	653
	-	255	-	255
Company				
2022				
Financial assets				
Short term investments	**-**	**-**	**-**	**-**
2021				
Financial assets				
Short term investments	-	653	-	653

47 CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital structure in order to continue supporting its businesses, maximise shareholders' value and sustain future development of businesses within the Group. The Group strives to monitor and maintain an optimal gearing ratio. The gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as loans and borrowings less time deposits, cash and bank balances. Total capital includes paid-up share capital and reserves attributable to owners of the Company. The Group's net gearing ratio is 0.79 times (2021: 0.87 times).

SUMMARY OF SIGNIFICANT RECURRENT RELATED PARTY TRANSACTIONS

A. Group Financial and/or Treasury Management

<table>
<tr><th>Interested Related Party</th><th>Lender</th><th>Borrower</th><th>Actual Value Transacted for the Financial Year Ended 31 December 2022</th><th>Nature of Transaction</th></tr>
<tr><td rowspan="2">Chan Cheu Leong;
Chan Wei Keat;
Goh Eng Hooi</td><td>Syn Tai Hung Trading Sdn. Bhd.</td><td>WDG Resources Sdn. Bhd.</td><td>35,000,000</td><td>Guarantee granted to undertake outstanding amount owing by WDG Resources Sdn. Bhd. in the event that WDG Resources Sdn. Bhd. failed to settle any debts owing to the suppliers and/or banks</td></tr>
<tr><td colspan="4">Syn Tai Hung Trading Sdn. Bhd. (“STHT”) is the immediate holding company of WDG Resources Sdn. Bhd. (“WDG”).

Goh Eng Hooi is a Director of STHT.

Goh Eng Hooi is a Substantial Shareholder of 33.33% shareholding in Epilog Tegap Sdn. Bhd. (“ETSB”) via Go Hotels Sdn. Bhd. and in turn ETSB holds 40% shareholding in WDG.

Chan Wei Keat is a Director of WDG and holds 51,754 shares in Wah Seong Corporation Berhad (“WSC”). Chan Wei Keat is the son of Chan Cheu Leong.

Chan Wei Keat is a Director of ETSB and a Substantial Shareholder of 33.33% shareholding in ETSB via Midvest Asia Sdn. Bhd. (“MASB”) and in turn ETSB holds 40% shareholding in WDG.

Chan Cheu Leong is a Substantial Shareholder of 33.33% shareholding in ETSB via MASB and in turn ETSB holds 40% shareholding in WDG.

Chan Cheu Leong is the Managing Director/Group Chief Executive Officer and a Substantial Shareholder of 5.67% shareholding in WSC via MASB and Midvest Properties Sdn. Bhd. (“MPSB”). His direct shareholding in WSC is 2.67%. Chan Cheu Leong is the father of Chan Wei Keat.</td></tr>
<tr><td rowspan="2">Chan Cheu Leong;
Chan Wei Keat</td><td>Petro-Pipe Industrial Corporation Sdn. Bhd.</td><td>WDG Resources Sdn. Bhd.</td><td>9,046,810</td><td>Interest bearing advances for purpose of working capital requirement</td></tr>
<tr><td colspan="4">WDG is an indirect 60%-owned subsidiary of Petro-Pipe Industrial Corporation Sdn. Bhd.

Chan Wei Keat is a Director of WDG and holds 51,754 shares in WSC. Chan Wei Keat is the son of Chan Cheu Leong.

Chan Wei Keat is a Director of ETSB and a Substantial Shareholder of 33.33% shareholding in ETSB via MASB and in turn ETSB holds 40% shareholding in WDG.

Chan Cheu Leong is a Substantial Shareholder of 33.33% shareholding in ETSB via MASB and in turn ETSB holds 40% shareholding in WDG.

Chan Cheu Leong is the Managing Director/Group Chief Executive Officer and a Substantial Shareholder of 5.67% shareholding in WSC via MASB and MPSB. His direct shareholding in WSC is 2.67%. Chan Cheu Leong is the father of Chan Wei Keat.</td></tr>
</table>

B. Transactions of A Revenue or Trading in Nature

<table>
<tr><th>Interested Related Party</th><th>Provider of Products / Services</th><th>Recipient of Products / Services</th><th>Actual Value Transacted for the Financial Year Ended 31 December 2022</th><th>Nature of Transaction</th></tr>
<tr><td rowspan="2">Dato' Mohamed Nizam Bin Abdul Razak;
Mohd Azlan Bin Mohammed</td><td>Wasco Lindung Sdn. Bhd.</td><td>Wasco Coatings Malaysia Sdn. Bhd. and its subsidiaries</td><td>RM2,953,291.00</td><td>Sale/Purchase of sacrificial anodes and sub-contracting of anodes installation works and other related works</td></tr>
<tr><td colspan="4">Dato' Mohamed Nizam Bin Abdul Razak is a common Director of Wasco Coatings Malaysia Sdn. Bhd. ("WCM") and Wasco Lindung Sdn. Bhd. ("WL") and a Major Shareholder by virtue of him holding 19.81% shares in Wasco Oilfield Services Sdn. Bhd. ("WOS") (the intermediate holding company of WL).

Mohd Azlan Bin Mohammed is a common Director of WCM and WL and a Major Shareholder by virtue of him holding 31.67% shares in WOS (the intermediate holding company of WL) and 22.61% shares in WL respectively.</td></tr>
</table>

NOTE:

The Interested Related Party Relationships are as per the Circular to Shareholders on Proposed Renewal of Shareholders' Mandate for the Existing Recurrent Related Party Transactions of a Revenue or Trading Nature and Provision of Financial Assistance; and Proposed New Shareholders' Mandate for Additional Recurrent Related Party Transactions for Provision of Financial Assistance dated 26 April 2022 which was approved at the Annual General Meeting of Wah Seong Corporation Berhad held on 26 May 2022.

TOP 10 LIST
OF PROPERTIES
AS AT 31 DECEMBER 2022

Title/Location	Description/ existing use	Approximate age of the building	Approximate land/ built-up area	Tenure	Audited NBV as at 31.12.2022 RM'000
Lot No 512, 513, 514, 515, 1284 and 2347 Mukim Teluk Panglima Garang Daerah Kuala Langat Selangor Darul Ehsan	Factory/Jetty/ Buildings	9 years	24 acres	Freehold	90,397
PT 15926, Jalan Bandar Lama 42500 Teluk Panglima Garang Selangor Darul Ehsan	Factory and office building	3 – 6 years	8 acres		
No. 246/SPJ/KA-AT/XI/93, No. 13/PERJ-DDOPS/L/3/2009 and No.460/SPJ/KD- AT/L/VIII/2006 Brigjend Katamso St. Km. 6, Tanjung Uncang District, Batu Aji Sub-District, Batam City, Riau Islands Province, 29424	Industrial land with office and workshops	N/A	126,998 sqm 29,333 sqm 20,000 sqm	Leasehold 22 years expiring on 21 April 2043 Leasehold 25 years expiring on 28 February 2046 Leasehold 40 years expiring on 2 November 2048	66,822
KKIP Timor, Industrial Zone 13 General Industrial Zone Kota Kinabalu Industrial Park Mile 15 Jalan Telipok, Telipok Kota Kinabalu, Sabah	Industrial land with factory and office building	15 years	22 acres (Land) 21,642 sq m (Building)	Leasehold 99 years expiring on 31 December 2098	52,742
No 5 Pandan Road Singapore 609299	Office building	6 years	13,723 sq m	Leasehold 28 years expiring on 30 December 2037	39,587
Geran No 339016, 339017, 32544, 32546 and 32547 Lot No 126527, 15844, 1930, 1944 and 1945	Industrial land with office and factory building	15 – 16 years	18 acres (Land) 34,537 sq m (Building)	Freehold	38,103
Geran No 313567, Lot No 1943 Daerah & Mukim of Klang Selangor Darul Ehsan	Industrial land	N/A	4 acres (Land)		
PKNP Land Lot Fiz Kawasan Perindustrian Fiz Tg Gelang, Mukim Sg. Karang Kuantan, Pahang Darul Makmur	Industrial land	N/A	36 acres	Leasehold 85 years expiring on 19 December 2096	18,262

Title/Location	Description/ existing use	Approximate age of the building	Approximate land/ built-up area	Tenure	Audited NBV as at 31.12.2022 RM'000
PN 4460, 4461, 4462, 4463, 37309 Lot No 487, 488, 489, 490, 20041 Seksyen 90 Bandar Kuala Lumpur No 2, 4, 6, 8 Jalan 1/75 Off Jalan Kampong Pandan Kuala Lumpur	Commercial	32 years	3,167 sq m	Leasehold 99 years expiring on 14 October 2076	6,511
No 59, The Boulevard Mid Valley City Lingkaran Syed Putra 59200 Kuala Lumpur	Commercial	16 years	3,026 sq m	Leasehold 99 years expiring on 14 December 2100	4,805
CL075599469 & CLO75599478 Lot 3 & 4, Mile 9, Labuk Road, Sandakan	Semi-detached 1 storey open shed workshop cum 2 storey office	8 years	2,354 sq m (land) 557 sq m (buildings)	Leasehold 99 years expiring on 31 December 2113	2,916
Im Fahrhafen 20, Fahrhafen Sassnitz-Mukran, 18546 Sassnitz, Deutschland	Land	N/A	10 acres	Freehold	2,324

ANALYSIS OF SHAREHOLDINGS

Ordinary Shares

Share Capital as at 31 March 2023

Issued and Fully Paid-up Capital	:	RM547,690,147.00
Class of Equity Securities	:	Ordinary Shares
Stock Name	:	WASEONG
Voting Rights	:	On a poll - one (1) vote per ordinary share held
Total Shareholders	:	9,941

Distribution of Shareholders as at 31 March 2023

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
Less than 100	2,752	27.6833	86,180	0.0111
100 - 1,000	1,828	18.3885	615,579	0.0794
1,001 - 10,000	3,614	36.3545	13,875,887	1.7906
10,001 - 100,000	1,464	14.7269	39,354,296	5.0787
100,001 to less than 5% of total number of issued shares	280	2.8166	369,848,349	47.7292
5% and above of issued share capital	3	0.0302	351,108,003	45.3107
Total	9,941	100.0000	774,888,294	100.0000

List of Substantial Shareholders as at 31 March 2023

		No. of Ordinary Shares			
	Name of Substantial Shareholders	Direct Interest	% [(a)]	Deemed Interest	% [(a)]
1.	Wah Seong (Malaya) Trading Co. Sdn. Bhd.	255,438,739	32.9892	2,601,648[(b)]	0.3360
2.	Midvest Asia Sdn. Bhd.	41,645,829	5.3784	2,230,900[(h)]	0.2881
3.	Tan Kim Yeow Sendirian Berhad	54,023,435	6.9770	258,040,387[(c)]	33.3252
4.	Pauline Tan Suat Ming	-	-	314,230,683[(g)]	40.5820
5.	Tan Chin Nam Sendirian Berhad	-	-	258,040,387[(c)]	33.3252
6.	Tony Tan Choon Keat	-	-	312,063,822[(d)]	40.3021
7.	Dato' Seri Robert Tan Chung Meng	11,927,314	1.5404	312,063,822[(d)]	40.3021
8.	Chan Cheu Leong	20,677,936	2.6705	43,876,729[(e)]	5.6665

Directors' Shareholdings as at 31 March 2023

		No. of Ordinary Shares			
	Name of Directors	Direct Interest	% [(a)]	Deemed Interest	% [(a)]
1.	Dato' Seri Robert Tan Chung Meng	11,927,314	1.5404	312,063,822[(d)]	40.3021
2.	Chan Cheu Leong	20,677,936	2.6705	44,031,991[(f)]	5.6866
3.	Halim Bin Haji Din	-	-	-	-
4.	Gian Carlo Maccagno	2,759,853	0.3564	-	-
5.	Tan Sri Professor Lin See Yan	-	-	-	-
6.	Tan Jian Hong, Aaron	-	-	-	-
7.	Tan Sri Saw Choo Boon	-	-	-	-

Notes:

[(a)] *Based on 774,311,240 ordinary shares (Total number of issued shares of 774,888,294 ordinary shares less Treasury Shares of 577,054).*

[(b)] *Deemed interest held through Wah Seong Enterprises Sdn. Bhd. ("**WSE**") pursuant to Section 8 of the Companies Act, 2016 ("**the Act**") whereby Wah Seong (Malaya) Trading Co. Sdn. Bhd. ("**WST**") is the major shareholder of WSE.*

[(c)] *Deemed interest held through WSE and WST pursuant to Section 8 of the Act.*

[(d)] *Deemed interest held through WSE, WST and Tan Kim Yeow Sendirian Berhad ("**TKYSB**") pursuant to Section 8 of the Act.*

[(e)] *Deemed interest held through Midvest Asia Sdn. Bhd. ("**MASB**") and Midvest Properties Sdn. Bhd. ("**MPSB**") pursuant to Section 8 of the Act.*

[(f)] *Deemed interest held through MASB and MPSB pursuant to Section 8 of the Act and include interests of his spouse and children.*

[(g)] *Deemed interest held through WSE, WST, TKYSB and PTSM Holdings Sdn. Bhd. pursuant to Section 8 of the Act.*

[(h)] *Deemed interest held through MPSB pursuant to Section 8 of the Act.*

Note :

- *By virtue of his interests of more than 20% in the shares of the Company, Dato' Seri Robert Tan Chung Meng is also deemed to be interested in the shares of all its subsidiaries to the extent the Company has an interest.*
- *TKYSB and Tan Chin Nam Sendirian Berhad are the major shareholders of WST.*

Thirty (30) Largest Shareholders as at 31 March 2023

No.	Name	No. of Shares	%[(a)]
1.	Wah Seong (Malaya) Trading Co. Sdn. Bhd.	251,472,770	32.4770
2.	Midvest Asia Sdn. Bhd.	41,645,829	5.3784
3.	Tan Kim Yeow Sendirian Berhad	39,350,435	5.0820
4.	Amanahraya Trustees Berhad *Amanah Saham Bumiputera*	38,364,800	4.9547
5.	Lembaga Tabung Angkatan Tentera	28,961,327	3.7403
6.	Karya Insaf (M) Sdn. Bhd.	16,130,675	2.0832
7.	Tan Kim Yeow Sendirian Berhad	14,673,000	1.8950
8.	Amanahraya Trustees Berhad *Amanah Saham Bumiputera 2*	13,750,912	1.7759
9.	HSBC Nominees (Asing) Sdn. Bhd. *Exempt AN for Credit Suisse (SG BR-TST-ASING)*	13,365,481	1.7261
10.	HSBC Nominees (Tempatan) Sdn. Bhd. *HSBC (M) Trustee Bhd for Manulife Investment Shariah Progress Fund*	12,802,500	1.6534
11.	Maybank Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Chan Cheu Leong*	12,126,999	1.5662
12.	Robert Tan Chung Meng	11,020,134	1.4232

Thirty (30) Largest Shareholders as at 31 March 2023 (continued)

No.	Name	No. of Shares	%[(a)]
13.	Citigroup Nominees (Asing) Sdn. Bhd. *Exempt AN for Citibank New York (Norges Bank 14)*	9,130,700	1.1792
14.	Citigroup Nominees (Tempatan) Sdn. Bhd. *Employees Provident Fund Board (PHEIM)*	8,584,207	1.1086
15.	HSBC Nominees (Tempatan) Sdn. Bhd. *HSBC (M) Trustee Bhd for Manulife Investment Progress Fund (4082)*	7,898,000	1.0200
16.	HSBC Nominees (Tempatan) Sdn. Bhd. *HSBC (M) Trustee Bhd for Affin Hwang Aiiman Growth Fund (4207)*	7,429,757	0.9595
17.	Micasa Investments (S) Pte Ltd	7,279,564	0.9401
18.	HSBC Nominees (Tempatan) Sdn. Bhd. *HSBC (M) Trustee Bhd for Manulife Insurance Berhad (Equity Fund)*	5,384,500	0.6954
19.	CIMSEC Nominees (Tempatan) Sdn. Bhd. *CIMB for Chan Cheu Leong (PB)*	5,025,000	0.6490
20.	Ranjit Singh A/L Mahindar Singh	4,781,223	0.6175
21.	Amanahraya Trustees Berhad *Amanah Saham Nasional*	4,732,722	0.6112
22.	Affin Hwang Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Ranjit Singh A/L Mahindar Singh (M01)*	4,114,200	0.5313
23.	Wah Seong (Malaya) Trading Co. Sdn. Bhd.	3,965,969	0.5122
24.	HSBC Nominees (Asing) Sdn. Bhd. *J.P. Morgan Securities PLC*	3,726,150	0.4812
25.	Maybank Nominees (Tempatan) Sdn. Bhd. *Maybank Trustees Berhad for Dana Makmur PHEIM (211901)*	3,599,471	0.4649
26.	HSBC Nominees (Tempatan) Sdn. Bhd. *HSBC (M) Trustee Bhd for Manulife Investment Al-Faid (4389)*	3,540,200	0.4572
27.	CIMB Group Nominees (Tempatan) Sdn. Bhd. *Aiiman Asset Management Sdn. Bhd. for Tabung Warisan Negeri Selangor*	3,390,149	0.4378
28.	CIMSEC Nominees (Tempatan) Sdn. Bhd. *CIMB for Khoo Loon Im (PB)*	3,326,130	0.4296
29.	HSBC Nominees (Tempatan) Sdn. Bhd. *HSBC (M) Trustee Bhd for Manulife Insurance Berhad (Managed fund)*	3,103,900	0.4009
30.	HSBC Nominees (Asing) Sdn. Bhd. *Exempt AN for the Hongkong and Shanghai Banking Corporation Limited (HBAP-SGDIV-ACCL)*	3,031,750	0.3915
		585,708,454	75.6425

Note:

[(a)] *Based on 774,311,240 ordinary shares (Total number of issued shares of 774,888,294 ordinary shares less Treasury Shares of 577,054).*

NOTICE OF TWENTY-THIRD
ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Twenty-Third Annual General Meeting of WAH SEONG CORPORATION BERHAD ("the Company") will be conducted through live streaming and online remote participation using Remote Participation and Voting ("RPV") Facilities as a fully virtual general meeting at the Broadcasting Venue to be held at Matahari 3 & 4, Level 5, Cititel Mid Valley, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur, Wilayah Persekutuan, Malaysia on Tuesday, 30 May 2023 at 3.00 p.m. for the following purposes:

AGENDA

As Ordinary Business

1. To receive the Audited Financial Statements of the Company and the Group for the financial year ended 31 December 2022 and the Reports of the Directors and Auditors thereon.

2. To approve the Directors' Fees of RM530,000 and Directors' Meeting Allowances of RM216,000 payable for the financial year ended 31 December 2022. **Ordinary Resolution 1**

3. To approve the proposed increase in Directors' Fees of up to RM950,000 and Directors' Meeting Allowances of up to RM450,000 payable for the financial year ending 31 December 2023 and subsequent financial years. **Ordinary Resolution 2**

4. To re-elect the following Directors who retire pursuant to Clause 117 of the Company's Constitution:

   (i) Dato' Seri Robert Tan Chung Meng **Ordinary Resolution 3**
   (ii) Chan Cheu Leong **Ordinary Resolution 4**
   (iii) Tan Jian Hong, Aaron **Ordinary Resolution 5**

5. To re-elect the following Directors who retire pursuant to Clause 124 of the Company's Constitution:

   (i) Datin Wan Daneena Liza Binti Wan Abdul Rahman **Ordinary Resolution 6**
   (ii) Lily Rozita Binti Mohamad Khairi **Ordinary Resolution 7**

6. To re-appoint PricewaterhouseCoopers PLT as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration. **Ordinary Resolution 8**

As Special Business

To consider, and if thought fit, to pass the following Ordinary/Special Resolutions, with or without modifications thereto:

7. **Ordinary Resolution**
   Authority to Issue Shares by the Directors of the Company **Ordinary Resolution 9**

   "THAT, subject always to the Companies Act, 2016 ("the Act"), the Company's Constitution and approvals from the relevant governmental and/or regulatory bodies where such approvals shall be necessary, authority be and is hereby given to the Directors of the Company pursuant to Sections 75 and 76 of the Act, to issue and allot shares in the share capital of the Company from time to time upon such terms and conditions and for such purposes as may be determined by the Directors of the Company to be in the interest of the Company provided always that the aggregate number of shares to be issued pursuant to this resolution does not exceed 10% (ten per centum) of the total number of issued shares (excluding treasury shares) of the Company for the time being AND THAT the Directors of the Company be also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad AND FURTHER THAT such authority shall continue to be in forced until the conclusion of the next Annual General Meeting ("AGM") of the Company or the expiration of the period within which the next AGM is required by law to be held, whichever is the earlier; but an approval may be revoked or varied at any time by a resolution of the Company in general meeting."

8. **Ordinary Resolutions**
Proposed Renewal of Shareholders' Mandate for the Existing Recurrent Related Party Transactions and Provision of Financial Assistance

"THAT, subject to the provisions of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and/or its subsidiaries ("WSC Group") to enter into recurrent related party transactions of a revenue or trading nature and the provision of financial assistance as specified in Section 2.5 of Part A of the Circular to Shareholders dated 28 April 2023 which transactions are necessary for the day-to-day operations in the ordinary course of business of WSC Group on terms not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company as follows:

(i) Proposed renewal of shareholders' mandate for the existing recurrent related party transactions of a revenue or trading nature and the provision of financial assistance involving:-

(a) Dato' Seri Robert Tan Chung Meng, Madam Pauline Tan Suat Ming, Mr Tony Tan Choon Keat, Tan Chin Nam Sendirian Berhad, Tan Kim Yeow Sendirian Berhad and Wah Seong (Malaya) Trading Co. Sdn. Bhd. **Ordinary Resolution 10**
(b) Mr Chan Cheu Leong, Mr Chan Wei Keat and Mr Goh Eng Hooi **Ordinary Resolution 11**
(c) Dato' Mohamed Nizam Bin Abdul Razak and Encik Mohd Azlan Bin Mohammed **Ordinary Resolution 12**

(ii) Proposed renewal of shareholders' mandate for the existing recurrent related party transactions for the provision of financial assistance involving Mr Li Bao Guo and Mr Guo Jun **Ordinary Resolution 13**

The shareholders' mandate is subject to annual renewal and disclosure is made in the Annual Report of the aggregate value of transactions conducted pursuant to the shareholders' mandate during the financial year and that such approval shall continue to be in force until:

(i) the conclusion of the next Annual General Meeting ("AGM") of the Company, at which time the proposed shareholders' mandate will lapse, unless renewed by a resolution passed at the meeting;

(ii) the expiration of the period within which the next AGM of the Company after the date it is required to be held pursuant to Section 340(2) of the Companies Act, 2016 ("the Act") (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or

(iii) revoked or varied by resolution passed by the shareholders of the Company in a general meeting;

whichever is earlier.

AND THAT the Directors of the Company be and are hereby authorised to complete and to do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the transactions contemplated and/or authorised by this resolution."

9. **Ordinary Resolution**
Proposed Gratuity Payment to Managing Director/Group Chief Executive Officer **Ordinary Resolution 14**

"THAT approval be and is hereby given for the Company to pay the gratuity amounting to RM12,751,180.50 to Chan Cheu Leong, the Managing Director/Group Chief Executive Officer of the Company, in recognition and appreciation of his 29 years of service and contribution to the WSC Group.

AND THAT the Directors of the Company be and are hereby authorised to do all such acts and things (including executing all such documents as may be required) as they may consider necessary to give effect to this resolution."

10. **Special Resolution**
Proposed Change of Name from Wah Seong Corporation Berhad to Wasco Berhad **Special Resolution 1**

"THAT the name of the Company be hereby changed from Wah Seong Corporation Berhad to Wasco Berhad effective from the date of issuance of the Notice of Registration of New Name by the Companies Commission of Malaysia pursuant to Section 28(4) of the Companies Act, 2016 ("Proposed Change of Name").

THAT the Constitution of the Company be hereby amended accordingly, wherever the name of the Company appears.

AND THAT the Directors of the Company and/or the Company Secretary be and are hereby authorised and empowered to do all such acts and things (including executing all such documents as may be required) as they may consider necessary and/or expedient to give effect to the Proposed Change of Name."

11. To transact any other business that may be transacted at an Annual General Meeting of which due notice shall have been given in accordance with the Companies Act, 2016 and the Company's Constitution.

FURTHER NOTICE IS HEREBY GIVEN THAT for the purpose of determining a member who shall be entitled to attend this Twenty-Third Annual General Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd., in accordance with Clause 88 of the Company's Constitution and Section 34(1) of the Securities Industry (Central Depositories) Act, 1991, to issue a Record of Depositors as at 24 May 2023 ("General Meeting Record of Depositors"). Only a Depositor whose name appears on the General Meeting Record of Depositors shall be regarded as a member entitled to attend, speak and vote at the Twenty-Third Annual General Meeting or appoint proxies to attend, speak and vote on his/her behalf.

BY ORDER OF THE BOARD
WOO YING PUN (MAICSA 7001280)
SSM PC No. 201908002179
Group Company Secretary

Kuala Lumpur
Dated: 28 April 2023

Notes:

1. A proxy may but need not be a Member of the Company. If a Member appoints more than one proxy, the appointments shall be invalid unless the Member specifies the proportion of the Member's shareholdings to be represented by each proxy.

2. Where a Member of the Company is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991 ("SICDA") which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

3. Where a Member of the Company is an authorised nominee as defined under SICDA, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.

4. If the appointer is a corporation, the proxy form must be executed under the common seal or under the hand of its officer or attorney duly authorised in writing.

5. The Twenty-Third Annual General Meeting ("23rd AGM") will be conducted using RPV Facilities as a **fully virtual** general meeting by the Company's appointed agent, Tricor Investor & Issuing House Services Sdn. Bhd.. The registration, participation and voting procedures are as detailed in the Administrative Guide which is available on the Company's website at www.wahseong.com.

6. Pursuant to Section 327(2) of the Companies Act, 2016, the Chairman will be present at the Broadcasting Venue being the main venue of the 23rd AGM. Hence, **no shareholders/proxies/corporate representatives** from the public will be physically present.

7. A Member registered in the Record of Depositors as at 24 May 2023 who is entitled to attend and vote at the 23rd AGM may appoint the Chairman of the meeting as his/her proxy.

8. In accordance with Section 334(3) of the Companies Act, 2016, the instrument appointing a proxy and the power of attorney or other authority, if any, under which is signed or a notarially certified copy of that power or authority shall be deposited as follows, not less than forty-eight (48) hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote, or, in the case of a poll, not less than twenty-four (24) hours before the time appointed for the taking of the poll at the 23rd AGM. Pursuant to Paragraph 8.29A(1), Chapter 8 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in this notice are required to be voted by poll.

    (a) Deposit Hardcopy of Proxy Form

    To the Company's Registered Address at 59-7, The Boulevard, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur, Wilayah Persekutuan, Malaysia.

    (b) Deposit of Proxy Form Electronically

    To Tricor Investor & Issuing House Services Sdn. Bhd. via the TIIH Online website at https://tiih.online.

    (c) The above Proxy Forms must be deposited accordingly latest by Monday, 29 May 2023 by 3.00 p.m.

Explanatory Notes on Ordinary Business

1. Audited Financial Statements of the Company and the Group for the financial year ended 31 December 2022 and the Reports of the Directors and Auditors thereon

The Audited Financial Statements of the Company and the Group for the financial year ended 31 December 2022 are to be laid at the 23rd AGM in accordance with Section 340(1)(a) of the Companies Act, 2016 for discussion purpose only and do not require shareholders' approval.

2. Payment of Directors' Fees and Directors' Meeting Allowances for the financial year ended 31 December 2022

The proposed Ordinary Resolution 1 is to obtain shareholders' approval for the payment of Directors' Fees and Directors' Meeting Allowances in respect of the financial year ended 31 December 2022.

3. Proposed increase in Directors' Fees and Directors' Meeting Allowances for the financial year ending 31 December 2023 and subsequent financial years

The proposed Ordinary Resolution 2 is to obtain shareholders' approval for the increase in Directors' Fees and Directors' Meeting Allowances in respect of the financial year ending 31 December 2023 and subsequent financial years, due to the increased number of new Directors on Board and the expected increase in the number of Board and/or Committees' meetings scheduled during the financial year ending 31 December 2023 and the subsequent financial years.

4. Re-election of Dato' Seri Robert Tan Chung Meng, Chan Cheu Leong and Tan Jian Hong, Aaron who retire pursuant to Clause 117 of the Company's Constitution

Pursuant to Clause 117 of the Company's Constitution, one-third of the Directors for the time being or the number nearest to one-third, shall retire from office at the Annual General Meeting. PROVIDED ALWAYS that all Directors shall retire from office at least once in every three (3) years but shall be eligible for re-election.

Hence, Dato' Seri Robert Tan Chung Meng, Chan Cheu Leong and Tan Jian Hong, Aaron are due to retire at the 23rd AGM and being eligible, have offered themselves for re-election.

The Board supports the re-election of Dato' Seri Robert Tan Chung Meng, Chan Cheu Leong and Tan Jian Hong, Aaron who retire pursuant to Clause 117 of the Company's Constitution.

5. Re-election of Datin Wan Daneena Liza Binti Wan Abdul Rahman and Lily Rozita Binti Mohamad Khairi who retire pursuant to Clause 124 of the Company's Constitution

Pursuant to Clause 124 of the Company's Constitution, any Director appointed either to fill a casual vacancy or as an additional Director to the existing Directors, shall hold office only until the next Annual General Meeting, and shall then be eligible for re-election but shall not be taken into account in determining the number of Directors who are to retire by rotation at that meeting.

Hence, Datin Wan Daneena Liza Binti Wan Abdul Rahman and Lily Rozita Binti Mohamad Khairi, the newly appointed Directors of the Company are due to retire at the 23rd AGM and being eligible, have offered themselves for re-election.

The Board supports the re-election of Datin Wan Daneena Liza Binti Wan Abdul Rahman and Lily Rozita Binti Mohamad Khairi who retire pursuant to Clause 124 of the Company's Constitution.

Explanatory Notes on Special Business

1. Authority to Issue Shares by the Directors of the Company

The Ordinary Resolution 9, if passed, will give authority to the Directors of the Company to issue and allot shares from the unissued share capital of the Company for such purposes as the Directors of the Company in their absolute discretion consider to be in the interest of the Company without having to convene a general meeting. This authority shall continue to be in force until the conclusion of the next Annual General Meeting ("AGM") or the expiration of the period within which the next AGM is required by law to be held, whichever is the earlier; but any approval may be revoked or varied by a resolution of the Company in general meeting.

The Company has not issued any new shares pursuant to Sections 75 and 76 of the Companies Act, 2016 under the general mandate which was approved at the Twenty-Second AGM of the Company held on 26 May 2022 and which will lapse at the conclusion of the Twenty-Third AGM. Hence, a renewal of this authority is being sought at the Twenty-Third AGM.

The authority to issue shares pursuant to Sections 75 and 76 of the Companies Act, 2016 will provide flexibility and expediency to the Company for any possible fund raising involving the issuance or placement of shares to facilitate business expansion or strategic merger and acquisition opportunities involving equity deals or part equity or to fund future investment project(s) or for working capital and operational requirements, which the Directors of the Company consider to be in the best interest of the Company.

As such, any additional cost to be incurred or delay arising from the need to convene a general meeting to approve such issuance of shares could be eliminated.

2. **Proposed Renewal of Shareholders' Mandate for the Existing Recurrent Related Party Transactions and Provision of Financial Assistance**

   The Ordinary Resolutions 10, 11, 12 and 13, if passed, will allow the Company to enter into recurrent related party transactions of a revenue or trading nature with the related parties and the provision of financial assistance in the ordinary course of business which are necessary for the day-to-day operations based on terms which are not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company.

   Please refer to Part A of the Circular to Shareholders dated 28 April 2023, which is accessible online on the Company's website at www.wahseong.com, for information pertaining to Ordinary Resolutions 10, 11, 12 and 13.

3. **Proposed Gratuity Payment to Managing Director/Group Chief Executive Officer**

   The Ordinary Resolution 14, if passed, will allow the Company to pay the gratuity amounting to RM12,751,180.50 to Chan Cheu Leong, in recognition and appreciation of his service, dedication and contribution to the Company and the Group during his 29 years tenure in office as the Managing Director/Group Chief Executive Officer. He will retire from the position of Managing Director/Group Chief Executive Officer with effect from 1 July 2023 and will be redesignated as a Non-Independent Non-Executive Director of the Company.

4. **Special Resolution**
   Proposed Change of Name from Wah Seong Corporation Berhad to Wasco Berhad

   The Company recognizes that WASCO, the group of companies under the Company, has become a global driving force and has expanded to 16 locations globally, strengthening its brand equity and becoming widely recognized by international industry players. By changing the Company's name to Wasco Berhad, it will improve the Company's brand recognition at an international level, aligning with the Group's branding and focus with that of the Company's successful subsidiaries.

   The Proposed Change of Name will improve the Company's brand perception on the ESG front and signal the Group's commitment to sustainability and open up opportunities for a larger pool of investors who are looking at ESG investing.

   The Proposed Change of Name will strengthen the Company's position in the market, leveraging WASCO's successful international brand and reflecting the growth and evolution as a company.

   Please refer to Part B of the Circular to Shareholders dated 28 April 2023, which is accessible online on the Company's website at www.wahseong.com, for information pertaining to the Special Resolution.

STATEMENT ACCOMPANYING NOTICE OF TWENTY-THIRD ANNUAL GENERAL MEETING

1. Details of Individual who is standing for election as Director

No individual is seeking for election as a Director of the Company at the Twenty-Third Annual General Meeting of the Company.

2. There is a renewal of the general mandate for the issuance of securities to be sought in accordance with Paragraph 6.03(3) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, at the Twenty-Third Annual General Meeting of the Company

No proceeds was raised from the previous mandate as the Company has not issued any new shares pursuant to Sections 75 and 76 of the Companies Act, 2016 under the general mandate which was approved at the Twenty-Second Annual General Meeting of the Company held on 26 May 2022.

The purpose for the general mandate being sought to issue shares pursuant to Sections 75 and 76 of the Companies Act, 2016 will provide flexibility and expediency to the Company for any possible fund raising involving the issuance or placement of shares to facilitate business expansion or strategic merger and acquisition opportunities involving equity deals or part equity or to fund future investment project(s) or for working capital and operational requirements, which the Directors of the Company consider to be in the best interest of the Company.

As such, any additional cost to be incurred or delay arising from the need to convene a general meeting to approve such issuance of shares could be eliminated.

3. Date, Time and Broadcasting Venue of the Twenty-Third Annual General Meeting

Date	:	Tuesday, 30 May 2023
Time	:	3.00 p.m.
Broadcasting Venue	:	Matahari 3 & 4, Level 5, Cititel Mid Valley, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur, Wilayah Persekutuan, Malaysia

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PROXY FORM

WAH SEONG CORPORATION BERHAD
REGISTRATION NO. 199901020946 (495846-A)
(INCORPORATED IN MALAYSIA)

Number of Ordinary Shares held

I/We ____
(Full name in block letters)

NRIC or Company No.______________________ CDS Account No.______________________

of ____
(Full address)

being a *member/members of WAH SEONG CORPORATION BERHAD [Registration No. 199901020946 (495846-A)] hereby appoint

______________________________ NRIC No.______________________
(Full name in block letters)

of ____
(Full address)

or failing *him/her, ______________________________ NRIC No.______________________
(Full name in block letters)

of ____
(Full address)

or failing *him/her, the Chairman of the Meeting as *my/our proxy to vote for *me/us on *my/our behalf, at the Twenty-Third Annual General Meeting ("23rd AGM") of the Company to be conducted through live streaming and online remote participation using Remote Participation and Voting ("RPV") Facilities as a **fully virtual** general meeting at the Broadcasting Venue to be held at Matahari 3 & 4, Level 5, Cititel Mid Valley, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur, Wilayah Persekutuan, Malaysia on Tuesday, 30 May 2023 at 3.00 p.m. and at any adjournment thereof in the manner indicated below.

		FOR	AGAINST
Ordinary Resolution 1	To approve the Directors' Fees of RM530,000 and Directors' Meeting Allowances of RM216,000 payable for the financial year ended 31 December 2022.		
Ordinary Resolution 2	To approve the proposed increase in Directors' Fees of up to RM950,000 and Directors' Meeting Allowances of up to RM450,000 payable for the financial year ending 31 December 2023 and subsequent financial years.		
Ordinary Resolution 3	To re-elect Dato' Seri Robert Tan Chung Meng as Director who retires pursuant to Clause 117 of the Company's Constitution.		
Ordinary Resolution 4	To re-elect Chan Cheu Leong as Director who retires pursuant to Clause 117 of the Company's Constitution.		
Ordinary Resolution 5	To re-elect Tan Jian Hong, Aaron as Director who retires pursuant to Clause 117 of the Company's Constitution.		
Ordinary Resolution 6	To re-elect Datin Wan Daneena Liza Binti Wan Abdul Rahman as Director who retires pursuant to Clause 124 of the Company's Constitution.		
Ordinary Resolution 7	To re-elect Lily Rozita Binti Mohamad Khairi as Director who retires pursuant to Clause 124 of the Company's Constitution.		
Ordinary Resolution 8	To re-appoint PricewaterhouseCoopers PLT as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration.		
Ordinary Resolution 9	To authorise the issuance of shares by the Directors of the Company.		
Ordinary Resolution 10	Proposed Renewal of Shareholders' Mandate for the Existing Recurrent Related Party Transactions of a Revenue or Trading Nature ("RRPT") and Provision of Financial Assistance ("PFA") involving Dato' Seri Robert Tan Chung Meng, Madam Pauline Tan Suat Ming, Mr Tony Tan Choon Keat, Tan Chin Nam Sendirian Berhad, Tan Kim Yeow Sendirian Berhad and Wah Seong (Malaya) Trading Co. Sdn. Bhd.		
Ordinary Resolution 11	Proposed Renewal of Shareholders' Mandate for the Existing RRPT and PFA involving Mr Chan Cheu Leong, Mr Chan Wei Keat and Mr Goh Eng Hooi.		
Ordinary Resolution 12	Proposed Renewal of Shareholders' Mandate for the Existing RRPT and PFA involving Dato' Mohamed Nizam Bin Abdul Razak and Encik Mohd Azlan Bin Mohammed.		
Ordinary Resolution 13	Proposed Renewal of Shareholders' Mandate for the Existing RRPT for the PFA involving Mr Li Bao Guo and Mr Guo Jun.		
Ordinary Resolution 14	Proposed Gratuity Payment to Managing Director/Group Chief Executive Officer.		
Special Resolution 1	Proposed Change of Name from Wah Seong Corporation Berhad to Wasco Berhad.		

(Please indicate with an "x" in the space provided above as to how you wish to cast your vote. If no specific direction as to voting is given, the proxy will vote or abstain from voting at his/her discretion.)

* Strike out whichever not applicable

____
Signature of Member

____
Company Seal to be affixed here if Member is a Corporation

Signed this: __________ day of ____________________ 2023

Contact No.: ______________________________

Email Address: ______________________________

Fold this flap for sealing

Notes:

1. A proxy may but need not be a Member of the Company. If a Member appoints more than one proxy, the appointments shall be invalid unless the Member specifies the proportion of the Member's shareholdings to be represented by each proxy.
2. Where a Member of the Company is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991 ("SICDA") which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
3. Where a Member of the Company is an authorised nominee as defined under SICDA, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
4. If the appointer is a corporation, the proxy form must be executed under the common seal or under the hand of its officer or attorney duly authorised in writing.
5. The 23rd AGM will be conducted using RPV Facilities as a **fully virtual** general meeting by the Company's appointed agent, Tricor Investor & Issuing House Services Sdn. Bhd.. The registration, participation and voting procedures are as detailed in the Administrative Guide attached and which is also available on the Company's website at www.wahseong.com.
6. Pursuant to Section 327(2) of the Companies Act, 2016, the Chairman will be present at the Broadcasting Venue being the main venue of the 23rd AGM. Hence **no shareholders/proxies/corporate representatives** from the public will be physically present.
7. For the purpose of determining a member who shall be entitled to attend this 23rd AGM, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd., in accordance with Clause 88 of the Company's Constitution and Section 34(1) of SICDA, to issue a Record of Depositors as at 24 May 2023 ("General Meeting Record of Depositors"). A Member registered in the General Meeting Record of Depositors who is entitled to attend and vote at the 23rd AGM may appoint the Chairman of the meeting as his/her proxy.
8. In accordance with Section 334(3) of the Companies Act, 2016, the instrument appointing a proxy and the power of attorney or other authority, if any, under which is signed or a notarially certified copy of that power or authority shall be deposited as follows, not less than forty-eight (48) hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote, or, in the case of a poll, not less than twenty-four (24) hours before the time appointed for the taking of the poll at the 23rd AGM. Pursuant to Paragraph 8.29A(1), Chapter 8 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in this notice are required to be voted by poll.
   (a) Deposit Hardcopy of Proxy Form

   To the Company's Registered Address at 59-7, The Boulevard, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur, Wilayah Persekutuan, Malaysia.

   (b) Deposit of Proxy Form Electronically

   To Tricor Investor & Issuing House Services Sdn. Bhd. via the TIIH Online website at https://tiih.online.

   (c) The above Proxy Forms must be deposited accordingly latest by Monday, 29 May 2023 by 3.00 p.m.

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AFFIX
STAMP

THE COMPANY SECRETARY
WAH SEONG CORPORATION BERHAD
[REGISTRATION NO.: 199901020946 (495846-A)]

Registered Office:
59-7, The Boulevard
Mid Valley City, Lingkaran Syed Putra
59200 Kuala Lumpur, Wilayah Persekutuan
Malaysia

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www.wahseong.com

WAH SEONG CORPORATION BERHAD
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