Navigating the Transition

Integrated Annual Report 2023

About Our Report

In line with the theme of "Navigating the Transition," Wasco has evolved into a dynamic integrated energy group, evolving to focus on energy infrastructure and catering to a diverse range of industries. Our comprehensive array of offerings, spanning pipe coating, fabrication, and biomass energy, supports various facets of the industry continuum, actively promoting sustainability and aiding others in expediting their energy transition agendas.

The cover of our Annual Report this year features an infinity symbol within our Wasco ecosystem, symbolising our enduring commitment to aligning industry advancements with sustainable practices. It serves as a gateway for stakeholders to gain insight into our thoughtful and strategic approach to energy solutions.

This design encapsulates Wasco's dedication to navigating the dynamic energy landscape with strategic prowess. Beyond visual representation, it embodies our boundless initiatives, adaptability, and substantial contributions to the broader energy transition. Through this theme, our annual report aims to highlight Wasco's pivotal role in empowering not only our organisation but also driving positive change within the energy sector.

Sustainable profit and growth serve as the foundation of our business, enabling us to fulfil our promise of providing world-class solutions to clients. We pride ourselves by pushing boundaries, challenging norms, and integrating cutting-edge technologies and innovation across all our operations. This commitment establishes Wasco as a leading global Energy Solutions Company.

Online Version: This report and additional information on Wasco Berhad ("Wasco" or "Group" or "Company") is available online at our corporate website, wascoenergy.com

Feedback: We look forward to receiving and responding to any feedback on this report from our stakeholders. Please channel your feedback or query to:

Chief Strategy Officer:
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Tel: +603-2685 6800 Fax: +603-2685 6999
E-mail: enquiry.investorrelations@wascoenergy.com

Scope and Boundary

This Integrated Annual Report covers the reporting period of 1 January 2023 to 31 December 2023, unless otherwise stated. Information presented relates to the activities of the Group comprising our subsidiaries, joint operations, joint ventures and associates.

Forward-Looking Statements

This report contains certain forward-looking statements relating to future performance. These statements and forecasts are based on current assumptions and circumstances, which could change, hence involve uncertainty. Various factors could cause actual results to differ materially from those expressed or implied by these forward-looking statements.

Our Targeted Readers

This is our primary report to stakeholders and is intended to address the information requirements of long-term investors (our equity and preference shareholders and prospective investors). We also present information relevant to the way we create value for other key stakeholders, including our employees, clients, business partners, regulators and communities.

Materiality

The information presented in this report addresses matters that are most material to our business and stakeholder value. We identify, prioritise and validate our material matters via a three-step materiality assessment.

Independent Combined Assurance Statement

The credibility of this report is supported by strong governance practices. Assurance for this report is provided by our Board of Directors, supported by external verification by PricewaterhouseCoopers PLT, our auditors for financial information and providers of limited assurance on selected non-financial information.

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Overview of Wasco Berhad

Wasco's Cultural Beliefs

Within Wasco, our values of partnership and commitment are deeply ingrained. These principles are integral to our vision, mission, and operational standards, reflecting the core essence of Wasco Berhad.

Our core values are pivotal, shaping our identity within the industries we serve and laying the cultural groundwork that reflects our beliefs, philosophies, and priorities.

As part of the Company's ongoing cultural transformation efforts, designed to align with the next phase of growth in the dynamic landscape of the global energy market, our set of values signifies our pivotal role in crafting a comprehensive and inclusive identity for our people.

Simultaneously, these values propel our commitment to delivering value-added solutions for our stakeholders.

In response to the evolving energy landscape, our cultural beliefs echo a resolute dedication to the energy transition, seamlessly woven into the fabric of our values. This commitment guides us on the transformative journey towards sustainable energy solutions. As we adapt to the ever-changing dynamics of the global market, our shared values not only reflect past achievements but also chart a course for a future deeply rooted in the principles of partnership, commitment, and proactive engagement in the energy transition.

Our Vision

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

Guided by our vision, we are dedicated to delivering reliable energy solutions and achieving

NET-ZERO CARBON EMISSIONS FOR SCOPES 1 AND 2 BY 2026.

Our Mission

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

Our mission is a resounding call to action, going beyond the typical company role to lead the way in accelerating the global energy transition, creating value for all stakeholders.

Wasco's values of partnership and commitment are ingrained in our identity, guiding our vision, mission, and operations. As we transform culturally to align with the global energy market's dynamic landscape, these values shape our inclusive identity and underscore our pivotal role in delivering value-added solutions.

Aligned with the evolving energy landscape, our values propel us on a transformative journey toward sustainable energy solutions, reflecting our commitment to adapt to the ever-changing dynamics of the global market.

Our 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.

Who We Are

An Emerging Global Energy Solutions Provider

Since its inception in 1999, Wasco Berhad has emerged as a leading global energy solutions provider, listed on the Main Market of Bursa Malaysia Securities Berhad since 2002. With a diverse workforce exceeding 5,000 employees representing over 40 nationalities, our operations span across 17 countries worldwide.

Focused on two strategic business divisions – Energy Solutions Services and Bioenergy Solutions Services – we specialise in delivering tailored services including pipe coating, corrosion protection, Engineering, Procurement, and Construction (EPC), fabrication, and rental of gas compressors and process equipment. Serving the global oil and gas sector, our Bioenergy Solutions Division is committed to renewable energy, agriculture development, and infrastructure materials, catering to industries ranging from plantations to power generation.

Beyond financial success, Wasco is driven by a commitment to innovation and productivity, aiming to become a world-class integrated energy infrastructure group. Upholding corporate values rooted in uniqueness and capabilities, we prioritise health, safety, and environmental sustainability in all facets of our operations, demonstrating unwavering dedication to sustainable development and community welfare.

Our Path to a Sustainable Future

At the forefront of the industry, Wasco is dedicated to significantly reducing operational carbon emissions, with a target of achieving net-zero emissions by 2026. Guided by the United Nations' Sustainable Development Goals (UNSDGs), we are actively pursuing targeted initiatives to minimise our carbon footprint, ensuring a sustainable future for generations to come.

In 2021, we introduced the "Wasco Forest" reforestation programme, a cornerstone of our sustainability efforts aimed at conserving endangered and critically endangered rainforest tree species while contributing to the restoration of forests in Pahang. Targeting species such as Merawan and Meranti, alongside other endangered varieties listed in the 2000 Red List (IUCN 2001), this initiative seamlessly aligns with the UNSDGs, particularly SDG 13 (Climate Action) and SDG 15 (Life on Land), by directly addressing the climate crisis and emphasising the preservation and sustainable use of terrestrial ecosystems.

Committed to a Community-Centric Approach

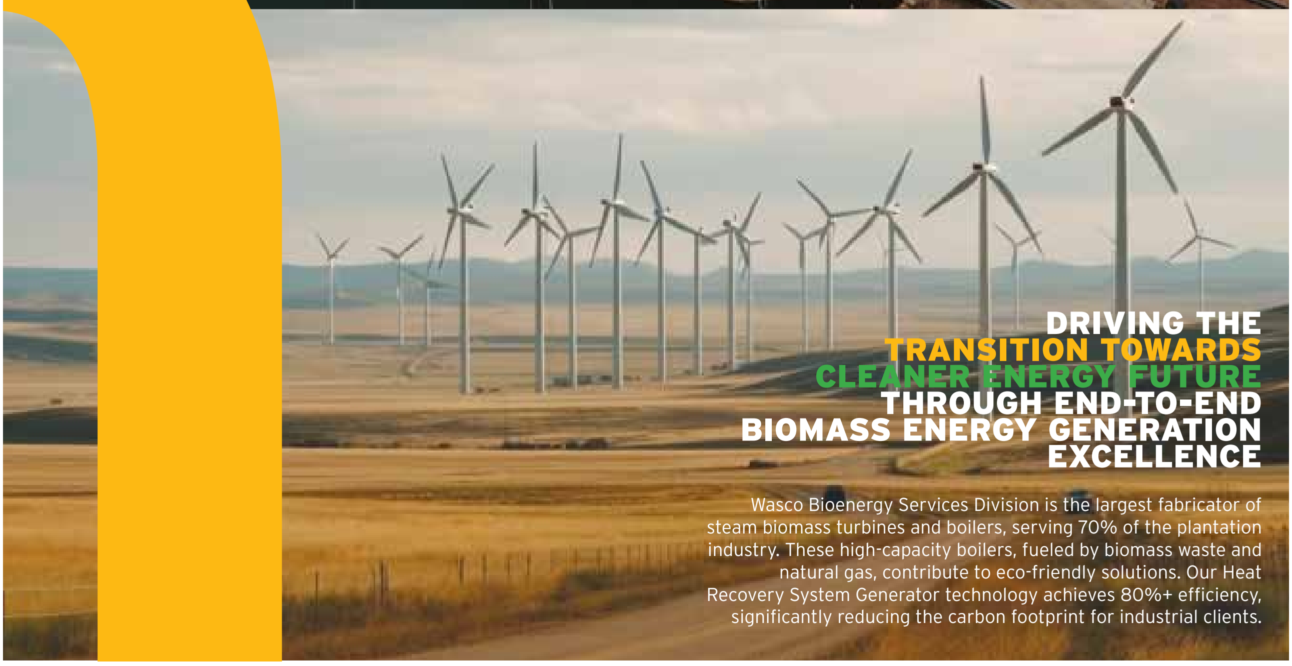
In addition to environmental impact, our sustainability initiatives prioritise community-focused efforts, supporting SDG 1 (No Poverty) and SDG 10 (Reduced Inequalities). By enhancing livelihoods and creating sustainable economic opportunities within the communities we serve, we aim to reduce inequalities and uplift the lives of those involved in our reforestation efforts.

OUR EXPERTISE IN COATING MORE THAN 22,000 KM OF PIPELINES OVER 4 CONTINENTS ACROSS 25 COUNTRIES

wasco's Pipeline Services Division is renowned for its expertise in pipe coating, pipe manufacturing and corrosion protection solutions.

DELIVERING WORLD-CLASS ENGINEERING & FABRICATION SERVICES FOR THE ENERGY INDUSTRY

Comprehensive solutions covering engineering design, procurement, packaging, general fabrication, installation, commissioning, operation and maintenance (O&M) services.



DRIVING THE TRANSITION TOWARDS CLEANER ENERGY FUTURE THROUGH END-TO-END BIOMASS ENERGY GENERATION EXCELLENCE

Wasco Bioenergy Services Division is the largest fabricator of steam biomass turbines and boilers, serving 70% of the plantation industry. These high-capacity boilers, fueled by biomass waste and natural gas, contribute to eco-friendly solutions. Our Heat Recovery System Generator technology achieves 80%+ efficiency, significantly reducing the carbon footprint for industrial clients.

Our Global Footprint

With a strong presence in Malaysia, we have successfully expanded our footprint globally across **17 countries worldwide.**

Malaysia
KUALA LUMPUR (HQ) I PAHANG I SELANGOR I SABAH

United Kingdom HARTLEPOOL
Netherlands ENSCHEDE
Germany LIETZOW
Italy PADOVA
Greece THISVI
USA LOUISIANA
Canada REGINA
Dubai JAFZA

Qatar DOHA
Tanzania DAR ES SALAAM | SOJO
India GUJERAT
China
Australia BRISBANE
Singapore
Indonesia BATAM | MEDAN
Myanmar

Our Corporate Information

DIRECTORS

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

Gian Carlo Maccagno
Managing Director/Group Chief Executive Officer

Tan Sri Saw Choo Boon
Senior Independent Non-Executive Director

Datin Wan Daneena Liza Binti Wan Abdul Rahman
Independent Non-Executive Director

Lily Rozita Binti Mohamad Khairi
Independent Non-Executive Director

Chan Cheu Leong
Non-Independent Non-Executive Director

Halim Bin Haji Din
Non-Independent Non-Executive Director

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

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

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

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

PRINCIPAL ADVISERS

Maybank Investment Bank Berhad
RHB Investment Bank Berhad

Our Corporate Information

SHARE REGISTRAR

Tricor Investor & Issuing House Services Sdn. Bhd.
Unit 32-01, Level 32, Tower A
Vertical Business Suite, Avenue 3, Bangsar South
No. 8, Jalan Kerinchi, 59200 Kuala Lumpur
Malaysia
Tel : 603-2783 9299
Fax : 603-2783 9222
Email : is.enquiry@my.tricorglobal.com

REGISTERED OFFICE ADDRESS

Suite 19.01, Level 19, The Gardens North Tower
Mid Valley City, Lingkaran Syed Putra
59200 Kuala Lumpur
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Tel : 603-2685 6800
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Email : enquiry@wascoenergy.com
Website : www.wascoenergy.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

WASCO

The respective Board Committees as stated in the last Annual Report 2022 have since been restructured with effect from 23 May 2023 and the new Committees and their compositions are as detailed below:

COMMITTEE	AUDIT COMMITTEE	NOMINATION & REMUNERATION COMMITTEE	GOVERNANCE, COMPLIANCE & RISK COMMITTEE
Chairman	Datin Wan Daneena Liza Binti Wan Abdul Rahman	Tan Sri Saw Choo Boon	Lily Rozita Binti Mohamad Khairi
Member	Halim Bin Haji Din	Tan Sri Professor Lin See Yan	Tan Sri Professor Lin See Yan
Member	Tan Sri Saw Choo Boon	Lily Rozita Binti Mohamad Khairi	Datin Wan Daneena Liza Binti Wan Abdul Rahman

Our Value Creation Model

Our Six Capital Inputs

Business Activities

Capital	Inputs
Financial Capital Securing funding from capital providers is instrumental in supporting our business operations, augmenting the cash flow derived from both operational and investment sources	• Market Capitalisation: **USD$1.07 billion** • Revenue: **RM2,606 million** • Profit After Tax & Minority Interest: **RM108 million** • Order Book: **RM3,144 million**
Human Capital Wasco's unwavering commitment to nurturing a highly skilled regional workforce underscores our dedication to harnessing human capital as a pivotal asset in achieving our corporate objectives	• **Over 4000** employees globally • Workforce comprises **more than 36 nationalities**
Manufactured Capital Our state-of-the-art facilities, strategically positioned around the world, highlight our global reach and expertise	• Pipe coating and manufacturing facilities • Strategically located fabrication facilities in **SEA and MEA**
Intellectual Capital Our competitive edge in the energy industry is driven by our strong Intellectual capital which encompasses team's expertise and innovation in niche market allowing us to adapt swiftly and lead in the sector	• Expertise in pipe coating manufacturing, spiral welded steel pipes, offshore corrosion control • EPC and fabrication solutions for the energy industry • **Leading** biomass energy generation technology
Social & Relationship Capital Our commitment transcends stakeholders, encompassing the communities where we operate, fostering collaboration, shared success, and responsible engagement	• Community investment projects • Focus on social well-being of stakeholders
Natural Capital Our commitment to preserving capital drives sustainability. We minimise environmental impact, protect biodiversity, and manage resources responsibly for a sustainable future	• Commitment to carbon neutrality • Environmental stewardship initiatives • Renewable energy mix and tree planting projects

Our Materiality Matters

1. Economic Value Creation
2. GHG Emissions
3. Energy Management
4. Water & Wastewater Management
5. Waste & Hazardous Materials Management
6. Human Rights & Community Relations
7. Product Quality
8. Labour Practices
9. Employee Health & Safety
10. Employee Engagement, Diversity & Inclusion
11. Training & Development
12. Product Design & Lifecycle Management
13. Business Model Resilience
14. Supply Chain Management
15. Materials Sourcing & Efficiency
16. Physical Impacts of Climate Change
17. Business Ethics
18. Risk Management

Our North Star

Our Vision

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

Our Mission

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

Services

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

Engineering and Fabrication
- EPC and fabrication solutions for the energy industry
- Transitioning expertise to renewable energy sector

Bioenergy
- Biomass energy generation
- Fabrication of steam biomass turbines and boilers

4 Pillar Objectives

Profit	Sustainability
Safety	People

Our Value Creation Model

Outcomes — SDG

Output

- Sustained profitability with a PATMI of RM108 million
- Strong order book valued at RM3,144 million reflecting future revenue potential
- Development and empowerment of a diverse workforce, leveraging over 4000 employees from more than 36 nationalities to drive innovation and business growth
- State-of-the-art facilities and equipment that enable the leading manufacturing of spiral welded steel pipes and provision of EPC and fabrication solutions
- Proprietary technologies in biomass energy generation and efficient energy systems like High Recovery Steam Generators (HRSG)
- Continuous innovation in operational processes and product offerings
- Enhanced stakeholder relationships
- Increased diversity and representation in leadership roles
- Reducing emissions, increasing renewables, tree planting for carbon offset, and using recycled water sources for sustainability

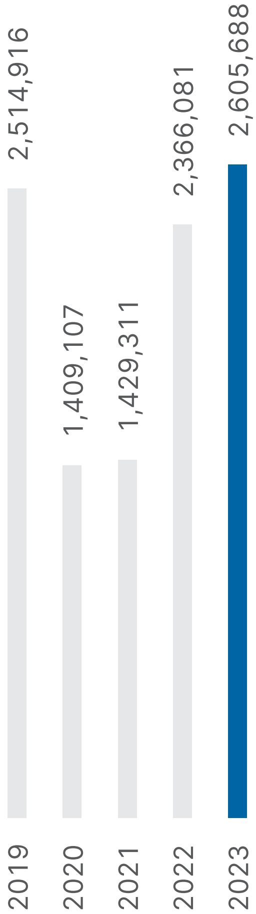
Outcomes	Stakeholders	SDG
Delivering Long-Term Value Achieving net-zero carbon emissions by 2026 to enhance shareholder value and contribute to global energy transition	Shareholder, Investors & Analysts Suppliers & Business Partners Employees, Management & Board Regulators & Governments	3, 4, 5, 6, 7, 8, 9, 12, 13
Operational Excellence and Safety Maintaining the highest safety standards and focusing on operational excellence for efficient, reliable project execution	Employees, Management & Board Suppliers & Business Partners	3, 4, 5, 8
Obtain Competitive Advantage Ensuring consistently high-quality products, cost-effective production, customisation options, and scalability	Customers Suppliers & Business Partners Employees, Management & Board	6, 7, 8, 9, 12, 13
Environmental Responsibility • Implementing energy-efficient practices and cleaner technologies to mitigate climate change risks • Increasing the renewable energy mix to reduce carbon footprint	Customers Suppliers & Business Partners Shareholders, Investors & Analysts	7, 9, 12, 13
Community Engagement and Development • Investing in community development initiatives and generating socio-economic opportunities for sustainable and inclusive growth	Customers Communities & NGOs Media	3, 5, 12
Stewardship of Natural Resources • Promoting carbon emission mitigation through tree planting • Conserving natural resources and increasing the use of recycled and harvested water sources	Regulators & Governments Communities & NGOs Media	6, 7, 9, 12, 13

02

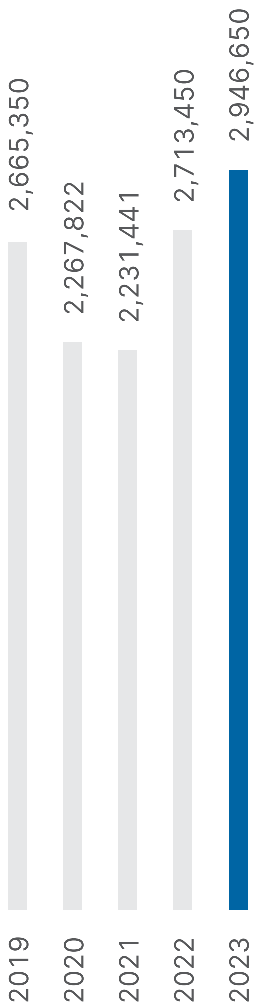
2023 Key Highlights

Financial Highlights

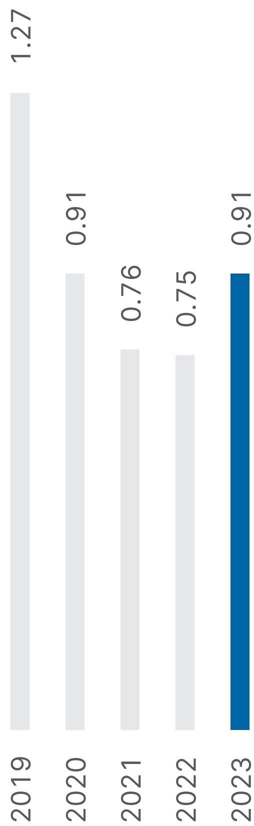
		2019	2020	2021	2022 (Re-presented)	2023
OPERATING RESULTS						
Revenue	RM'000	2,514,916	1,409,107	1,429,311	2,366,081	**2,605,688**
EBITDA/(LBITDA)	RM'000	212,581	(118,078)	72,356	205,720	**350,037**
Profit/(Loss) before tax	RM'000	5,562	(268,024)	(100,341)	74,883	**218,256**
Net profit/(loss)	RM'000	13,567	(306,702)	(111,949)	43,130	**154,828**
Net profit/(loss) attributable to owners of the Company	RM'000	24,136	(295,149)	(107,484)	(6,300)	**108,402**
Basic earnings/(loss) per share	sen	3.13	(38.17)	(13.88)	(0.81)	**14.00**
Gross dividend per share	sen	-	1.00	-	-	**-**
KEY BALANCE SHEET DATA						
Total assets	RM'000	2,665,350	2,267,822	2,231,441	2,713,450	**2,946,650**
Capital and reserves attributable to owners of the Company	RM'000	979,946	703,725	588,503	579,994	**704,806**
Net assets per share	RM	1.27	0.91	0.76	0.75	**0.91**
PROFITABILITY RATIOS						
Return on total assets	%	2	(10)	(3)	4	**9**
Return on capital employed	%	4	(26)	(9)	11	**24**
GEARING RATIO						
Net debt to capital and reserves attributable to owners of the Company	Times	0.82	0.91	0.87	0.79	**0.48**



Revenue (RM'000)



Total Assets (RM'000)



Net Assets Per Share (RM)

Business Highlights

January

29 January

Wasco Coatings Middle East QFZ LLC was awarded a major contract encompassing two development phases: North Field East ("NFE") and North Field South ("NFS"). This project aims to significantly increase Qatar's LNG production capacity. Wasco Coatings Middle East QFZ LLC will provide FBE anti-corrosion coating and concrete weight coating for over 300 km of pipes, ranging in size from 6 inches to 28 inches, including 38-inch pipes coated entirely in Qatar. The project is expected to be completed by December 2024, bolstering Qatar's position as a global energy leader.

February

10 February

Wasco had successfully secured a medium scaled offshore contract to provide >160km pipe coating services to Shell Australia. The Crux project involves the development of the Crux gas field, located in commonwealth marine waters in the northern Browse basin approximately 190km offshore north-west Australia. The project had commenced in October 2023 and coating process is expected to complete by August 2024 and loadout process in March 2025.

15 February

Disposal of Leasehold Land by Petro-Pipe Industries (M) Sdn. Bhd. completed.

23 February

4QFY2022 Financial Results Announcement & Analyst Briefing.

March

13 March

Wasco had successfully secured a multi-million-dollar contract to provide >200km pipe coating services for Sarawak Shell Berhad in Bintulu, Sarawak. The Rosmari-Marjoram project includes a remote offshore platform, onshore gas plant, and an extensive 200+ km sour wet gas offshore pipeline. Phase 1 of the project had commenced in September 2023 and expected to complete by June 2024.

21 March

WSIPL Australia Pty Ltd ("WSIPL Australia") was deregistered on 23 February 2023, as per regulations of the Australian Securities & Investments Commission. WSIPL Australia, incorporated on 10 May 1976, was wholly-owned by Wah Seong International Pte Limited.

April

7 April

Appointment of Datin Wan Daneena Liza Binti Wan Abdul Rahman as Wasco Berhad's Independent Non-Executive Director.

12 April

Appointment of Ms Lily Rozita Binti Mohamad Khairi as Wasco Berhad's Independent Non-Executive Director.

May

9 May

Wasco's >20km pipe coating services for carbon capture storage project (Porthos) for Nederlandse Gasunie ("NG"). The project is designed to capture carbon dioxide from industrial sites in the port of Rotterdam and transport it to abandoned gas field offshore for storage. The project commenced in November 2023 and coating process is expected to complete by June 2024.

23 May

1QFY2023 Financial Results Announcement and Analyst Briefing.

23 May

Establishment of the Governance, Compliance, and Risk Committee, and merger of the Nomination Committee and Remuneration Committee into the Nomination and Remuneration Committee.

Redesignation of Encik Halim Bin Haji Din as Wasco Berhad's Non-Independent Non-Executive Director.

Redesignation of Tan Sri Professor Lin See Yan as Wasco Berhad's Non-Independent Non-Executive Director.

Appointment of Tan Sri Saw Choo Boon as Wasco Berhad's Senior Independent Non-Executive Director.

30 May

Wasco Berhad (formerly known as Wah Seong Corporation Berhad) 23rd Annual General Meeting; proposed name change from Wah Seong Corporation Berhad to Wasco Berhad.

31 May

Notice of Registration of New Name issued by the Companies Commission of Malaysia, changing the Company's name to "Wasco Berhad" with effect from 31 May 2023.

June

1 June

Appointment of Mr Ramanathan A/L P.R. Singaram as Chief Financial Officer.

July

1 July

Retirement of Mr Chan Cheu Leong from the position of Managing Director/Group CEO and remains as a Non-Independent Non-Executive Director; Mr Gian Carlo Maccagno succeeded the role as Managing Director/Group CEO of Wasco Berhad.

August

8 August

Wasco Thermal Sdn. Bhd. (formerly known as Mackenzie Industries Sdn. Bhd.) was awarded the MUDA paper project which successfully obtained the complete package of an EFB-burning biomass boiler, rated at 50T, along with its fuel feeding system and flue gas emission treatment system. Testing and commissioning concluded in August 2023.

24 August

2QFY2023 Financial Results Announcement & Analyst Briefing.

September

29 September

Wasco Process Engineering Sdn. Bhd. (formerly known as Jutasama Sdn. Bhd.) delivered reactor weight of 150 ton each, with the thickness of 149mm SA387 Gr.22 CL2 material. The thickest shell plate under Cr-Mo category being fabricated.

October

12 October

Wasco AgroTech Sdn. Bhd. (formerly known as PMT Industries Sdn. Bhd.) has entered into a Sale and Purchase Agreement with Array Metal (M) Sdn Bhd for the disposal of a piece of freehold land in the District of Klang, Selangor measuring approximately 18,363 square meters under the category of "Perusahaan" together with the office building, factory and structures erected thereon for a total consideration of RM40 million.

24 October

WS Engineering & Fabrication Pte. Ltd. ("WSEF"), has been awarded a contract by Schneider Electric France, valued at USD33,889,973 (equivalent to RM161,861,900 based on the exchange rate of USD1.00 to RM4.7761) for the supply of pre-fabricated buildings for a project in Africa ("Contract"). The scope of work of the Contract involves engineering, procurement and construction of pre-fabricated buildings. The work and services of the Contract are expected to be completed within 17 months.

November

2 November

Wasco Process Engineering Sdn. Bhd. completed and delivered 46 units of PV and HEX to the United States America. Consisting of 14 units oversized equipment which delivered with 2 barges via WPE jetty to Port Klang. The whole fabrication process completed within 8 months.

Business Highlights

14 November

Wasco demonstrated its commitment to community welfare and sustainable development by contributing its inaugural Zakat funds to the Federal Territory Islamic Religious Council's Zakat Collection Centre. The ceremony, held at the National Palace, featured Dato' Mohamed Nizam Bin Abdul Razak, Chairman of Yayasan Wasco, representing the Group in presenting the Zakat contribution to His Majesty, the Yang di-Pertuan Agong, Sultan Abdullah Sultan Ahmad Shah.

15 November

Wasco was awarded the Rosebank Surf Project (Equinor) project to coat 43.8km of 3LPE & 3LPP coating job in the United Kingdom. Project is expected to commence in July and completed in August 2024.

Successful delivery of the M40 E-House Module for an FPSO destined for the Bonaparte Basin in the Timor Sea, offshore Australia. Construction commenced on 25 April 2022, with the first steel cut. This DNV certified E-House includes three distinctive Switchgear rooms, one Transformer Room, one Battery Room, and a rooftop HVAC system (622kW - 2 × 100%). The construction involved extensive ducting routes and integrating an Inergen Package as part of the Fire Suppression System. This comprehensive setup underscores the commitment to precision and excellence in ensuring functionality, safety, and compliance.

28 November

3QFY2023 Financial Results Announcement & Analyst Briefing.

December

4 December

Wasco AgroTech Sdn. Bhd. first unit RB8 Commissioning for PT Archipelago Timur Abadi.

9 December

Wasco AgroTech Sdn. Bhd. second unit RB8 Commissioning for PT PalmaAgrindo Mandiri.

13 December

Wasco was awarded the Bindu Project (ExxonMobil) project to coat 63km of 3LPE, 3LPP, and CWC coatings for offshore pipelines in Terengganu. This project is expected to complete by July 2024.

19 December

Wasco Thermal Sdn. Bhd. custom-designed a 40T EFB burning biomass boiler, complete with fuel delivery system and flue gas emission control system to suit the business requirement. The successful commissioning of this EPPOR pack project took place in December 2023.

29 December

Maple Sunpark Sdn. Bhd. has entered into the Sale and Purchase Agreements with Wasco Thermal Sdn. Bhd. for the sale of properties at a total consideration of RM64.89 million. The sale of properties include two pieces of industrial land in the District of Klang, Selangor, measuring about 18,211 square metres (sq m) and 18,186 sq m in area, respectively, together with a detached factory/warehouse and office building erected thereon.

Event and Conference Highlights

In 2023, we actively participated in both local and international events. These gatherings provided valuable platforms for exchanging insights and ideas for the progression of our industry. Furthermore, these engagements enhanced our comprehension of effectively addressing future energy demands, thereby broadening our capacity to unlock our full potential.

22-24 June
The PD&T and Partners HSE Conference in Kota Kinabalu, Sabah, centered on the theme of "Harnessing the Power of Collaboration" with a focus on sustainability, culture, and technology. Co-hosted and exhibited by Wasco, the event featured Ariesza Noor, Chief Strategy Officer, as a panel speaker, discussing "Survivability or Left Behind –Transformation in an Exponential Era." Additionally, Vice President, Group HSE, Iqbal Abdullah, and Senior Manager ESG, Teoh Chuen Seng, represented the organisation, contributing to insightful discussions and networking opportunities, aimed at advancing HSE practices and sustainability initiatives.

26-28 June
Energy Asia Charting Pathways for a Sustainable Asia held at Kuala Lumpur Convention Center. We participated as a Bronze sponsor of the event and were represented by Chief Financial Officer, Ramanathan Singaram, and Chief Strategy Officer, Ariesza Noor.

4-7 July
"One Vision, Infinite Possibilities" series of town halls was held at Wasco's subsidiaries offices for the Managing Director/Group CEO, Gian Carlo Maccagno to share his vision of a unified Wasco and his 100 days plans.

Event and Conference Highlights

4-6 October
Palmex Indonesia is the only specialised Palm Oil event in Asia that brings together an international congregation of both upstream and downstream palm oil companies. The 12th edition was held in Medan, Indonesia, with Chief Executive Officer, Andrew Wong of Wasco AgroTech and the team.

7-9 November
MPOB International Palm Oil Congress and Exhibition (PIPOC) 2023 held at Kuala Lumpur Convention Center. We were exhibitors at the event and Managing Director / Group Chief Executive Officer, Gian Carlo Maccagno and Chief Strategy Officer, Ariesza Noor, Wasco Berhad were present together with Chief Executive Officer, Andrew Wong and Senior Vice President, Chia Kim Har of Wasco AgroTech. PIPOC 2023 brings together the best leaders in all aspects related to the palm oil industry, including planting, processing, managing, and trading, to contribute insights and enrich the discussion for a better, more sustainable future.

Event and Conference Highlights

20-21 November
We supported the Malaysia Upstream Project Excellence Conference (UPEC) as a Gold Sponsor and were represented by Vice President, Communications & Branding, Juliana Jamaluddin, Vice President Commercial, Raymond Tan and Vice President, Sales, Mak Wing Tak. The two-day conference, held at the Kuala Lumpur Convention Center, serves as the epicentre for connecting, collaboration, and innovation.

6-7 December
Annual Group Conference with the theme "Pioneering Progress: Forging a Future of Success." A gathering of the Group's top executives to discuss achievements and future strategies. Day 1 focused on progress, while Day 2 featured a panel discussion on "Charting the Green Path: Success through Sustainable Strategies," moderated by Gian Carlo Maccagno, Wasco Berhad's MD/Group CEO, with industry leaders -- Lily Rozita Mohamad Khairi (Shell Plc), Datuk Md Arif Mahmood (former Petronas EVP Downstream), and Dr. Renard Siew (Yinson Holdings Berhad). The conference concluded with insights on navigating sustainable success, emphasising resilience and innovation. Wasco is committed to translating these insights into action, fostering collaboration, and pioneering progress in the energy industry with sustainability and innovation at its core.

15 November
Wasco showcased its commitment to environmental stewardship at the Pahang State Department of Forestry's International Forest Day 2023 Exhibition. Against the backdrop of this celebration and the Official Launch of the Rompin District Forest Office by His Majesty, the Yang di-Pertuan Agong, Sultan Abdullah Sultan Ahmad Shah, Wasco highlighted its sustainability efforts, with a focus on the 'Wasco Forest' project, marking significant progress with the planting of 160,000 trees towards the net-zero emissions goal.

03

Key Messages

Chairman & Managing Director/
Group Chief Executive Officer's Statement

Chief Financial Officer's Review

Chairman and Managing Director/ Group CEO's Statement

10.1%
year-on-year

Revenue
RM2.6 billion

100%
year-on-year
(more than tripled)

Profit After Tax
RM154.8 million

100%
year-on-year

Profit Before Tax
RM218.3 million

Gian Carlo Maccagno

Dato' Seri Robert Tan Chung Meng

Navigating the Transition

Our Valued Stakeholders,

In the dynamic landscape of the energy sector, we, as leaders of Wasco Berhad ("Wasco" or "Group" or "Company"), recognise the significant paradigm shift facing companies in the energy industry. The global transition towards sustainable energy sources, alongside escalating environmental concerns and regulatory standards, mandates a strategic re-evaluation of conventional business models. To thrive in this transformative era, we must champion innovation, flexibility, and forward-thinking strategies to adeptly navigate the energy transition.

Chairman and Managing Director/ Group CEO's Statement

Aligned with Wasco's visionary goal of delivering reliable and competitive solutions to the energy sector with net-zero carbon emissions by 2026 for our Scope 1 and Scope 2 emissions, we proudly stand at the forefront of this energy revolution. This strategic narrative delineates key actions and strategies for us to deftly navigate the energy shift towards sustainability while fostering innovation and propelling growth.

With a steadfast commitment to our shared vision, bolstered by the support of our dedicated team and the expertise of our Board of Directors, we have successfully integrated, consolidated, and optimised our operations to achieve promising outcomes. By setting clear objectives and fostering collaborative efforts, we have accomplished our first-year milestones as planned.

Guided by four fundamental pillars that underpin our corporate philosophy and strategic vision, namely Safety, People, Sustainability, and Profit, we reaffirm our commitment to excellence, innovation, and responsibility in all facets of our business operations. These pillars serve as the cornerstone of Wasco's vision for the future, encapsulating core values that drive our decisions, actions, and aspirations as an organisation.

Last year, we announced the retirement of Chan Cheu Leong and the appointment of Gian Carlo Maccagno as the new Managing Director/Group CEO. This transition in leadership and accompanied by the roll-out of a comprehensive transformation plan marked the beginning of a transformative journey.

Significant progress has been achieved across all areas of growth, driven by strategic initiatives aimed at strengthening our core operations, exploring new market opportunities, and enhancing our overall competitiveness.

Chairman and Managing Director/ Group CEO's Statement

Creating a Cohesive Wasco

As part of our transformation journey, we have realigned and restructured our business into two main segments - energy and bioenergy. This strategic decision aims to enhance focus, streamline operations, and capitalise on emerging opportunities in these sectors. Additionally, we have strategically taken a decision to exit the trading business as it no longer aligned with the aspirations of the group going forward. Moreover, we have disposed non-core assets to optimise our portfolio and strengthen our financial position.

Following the name change to Wasco Berhad on 31 May 2023, we intensified efforts to foster unity across our organisation at operational, personnel, and cultural levels. In line with the consolidation rationale, we streamlined support functions such as finance, procurement, contract management, IT, and human resources. Concurrently, we harnessed cross-functional synergies by leveraging our combined resources and cross-selling services while enhancing efficiencies through the sharing of best practices.

Crucially, we fostered a new identity among our employees, accompanied by a shared vision, mission, and values. Various initiatives, including brand champion workshops, training sessions, and enhanced onboarding programmes, were undertaken to garner employee buy-in. These efforts were complemented by initiatives aimed at fostering unity, such as the establishment of common communication platforms, internal portals, virtual libraries, and town hall sessions.

Chairman and Managing Director/ Group CEO's Statement

Solid Financial Performance

Operationally, 2023 was commendable for us, reflected in a notable financial performance. We achieved a commendable 10.1% growth in revenue to RM2.6 billion and more than tripled profit after tax ("PAT") to RM154.8 million.

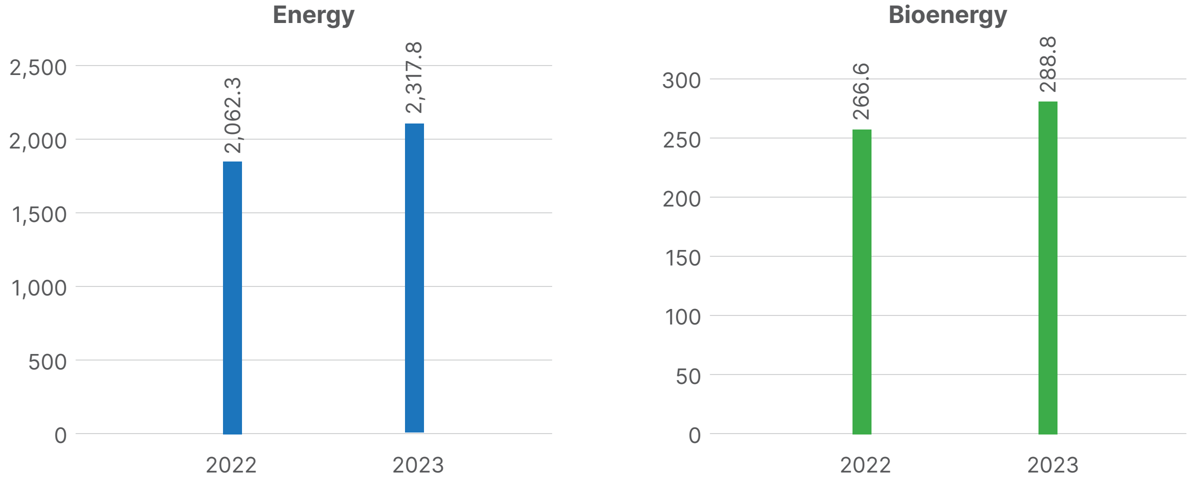
Our Energy Services achieved remarkable growth, with a 12.4% year-on-year increase in full-year revenue to RM2.3 billion. This significant expansion was primarily driven by successful contract executions, coupled with commendable financial performance, with profit before tax ("PBT") surging to RM217.3 million, marking more than 100% increase over the previous year.

Our Bioenergy Services recorded respectable performance, with an 8.4% year-on-year increase in revenue to RM288.8 million and a 31.9% increase in PBT to RM48.4 million, despite operating environment challenges. This performance was attributed to increased revenue from biomass energy boiler projects, enhanced industrial boiler sales, and growing demand for steam turbines and agro-tech equipment.

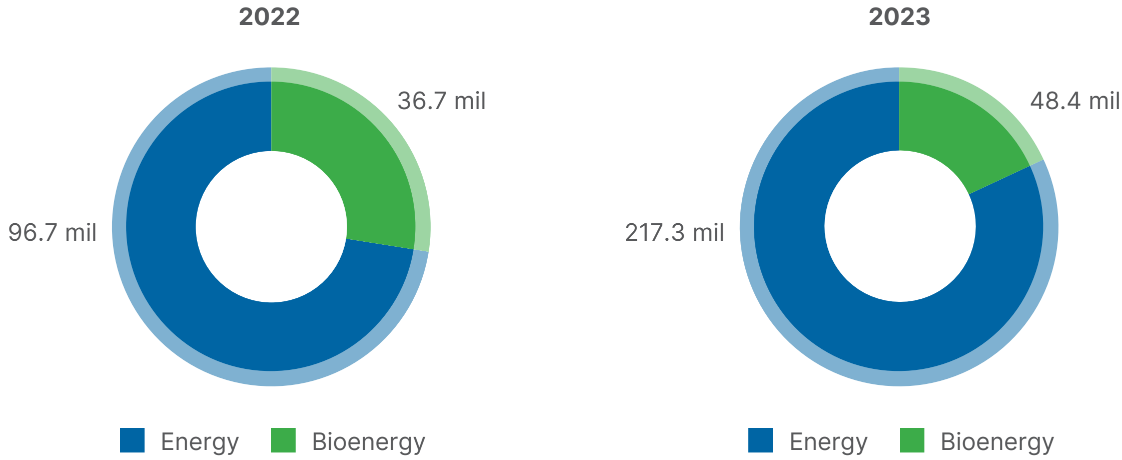
Wasco's solid financial standing was further underscored by a reduction in net gearing to below 0.5 times, positioning the Group in a net cash positive position and significantly improving return on equity to 15%.

A more detailed review of our Financial Management Strategy and Performance would be discussed separately in the CFO's Review on pages 40 to 43 of this Integrated Annual Report.

Year-on-Year Revenue by Service Division
RM million



PBT Breakdown by Service Division
RM million



Chairman and Managing Director/ Group CEO's Statement

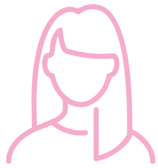
Our Commitment to Environmental, Social, and Governance Excellence

We are proud to highlight the remarkable progress our organisation has made in advancing sustainability initiatives over the past year. Guided by our unwavering commitment to economic resilience, environmental stewardship, social equity, and governance we have achieved significant milestones.

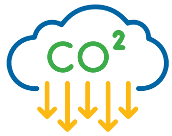
- Our efforts have resulted in a notable 20% reduction in greenhouse gas emission intensity compared to 2022 figures, demonstrating our dedication to mitigating climate change.

- Our commitment to diversity, equity, and inclusion is reflected in the attainment of 15% female representation within our Senior Management team, showcasing our commitment to fostering an inclusive workplace.

- Our dedication to proactive community engagement through education initiatives and infrastructure projects, we made and continue to make a positive impact in the communities we serve. Above achievements among others has resulted in remarkable improvement in our sustainability disclosure scores, underscoring our commitment to transparency and accountability, achieving a score of 4 out of 5 for Bursa Malaysia's FSTE4Good.



15%
Female



20%

As we chart our course forward, we remain steadfast in our commitment to sustainability, recognising its integral role in shaping a brighter and more resilient future for generations to come. For a more detailed explanation on our Sustainability Report refer to pages 44 to 91 of this Integrated Annual Report.

Operations Review

With a focused approach towards navigating the energy transition, we have strategically realigned our business lines while strengthening core capabilities to offer comprehensive and integrated solutions to our customers. In our pursuit to ascend the value chain, investments in research and development ("R&D") are prioritised to enhance technological capabilities and expand product offerings.

Chairman and Managing Director/ Group CEO's Statement

Energy Services

Our Energy Services segment, led by the Pipe Coatings and Engineering & Fabrication Divisions, plays a pivotal role in our operations, boasting a strong presence in Malaysia and a network spanning across 16 countries across five continents. Past global challenges, our focus has been on enhancing operational efficiencies and fostering collaboration among our various country operations. This strategic restructuring aims to fortify our foundations, positioning us to capitalise on economic recoveries within our markets.

In 2023, our Energy Services demonstrated robust performance, achieving a revenue milestone of RM2.6 billion. A notable achievement during this period was our successful bid on our first Carbon Capture Pipeline Coating Project. This landmark win signifies a significant leap forward for us, positioning our company to take advantage of industry advancements while actively contributing to a sustainable future. This project underscores our commitment to leading environmental sustainability initiatives within the oil and gas sector, aligning with global efforts to reduce carbon emissions and combat climate change.

In 2023, we expanded our offerings to include the supply of pre-fabricated buildings to new markets. Contract wins in this area, such as supplying pre-fabricated buildings for our client Schneider, highlight our commitment to diversification and global outreach, with a strong emphasis on sustainability. These pre-fabricated buildings offer an environmentally friendly alternative, reducing the carbon footprint associated with traditional construction methods. This strategic expansion aligns perfectly with our dedication to environmental sustainability within the oil and gas sector, further reinforcing our company's commitment to reducing carbon emissions and addressing climate change challenges.

Our expertise and market leadership were reaffirmed by other notable contract wins, including pipeline coating projects such as Rosmari-Marjoram and Crux Pipeline during the year. These successes have significantly contributed to our order book of RM2.9 billion, which is set to be executed in the next six to twelve months. These achievements underscore our reputation for delivering high-quality solutions and our ability to establish partnerships with industry leaders, solidifying our position as a trusted and reliable partner in the oil and gas infrastructure services sector.

Operationally, 2023 marked significant progress in the mobilisation of our new coating plant for the East African Crude Oil Pipeline Project ("EACOP Project"), laying a solid foundation for operations to commence in the second quarter of 2024. Additionally, our exemplary performance in the pipe coating project for Qatar's North Field Production Sustainability ("NFPS") underscored our commitment to delivering exceptional quality and efficiency, further cementing our reputation as a reliable industry partner.

Chairman and Managing Director/ Group CEO's Statement

Another notable achievement in 2023 was the successful execution of our inaugural coating project related to Carbon Capture and Storage ("CCS"), the Porthos Project. This milestone highlights our unwavering dedication to environmental sustainability and innovative solutions. By actively participating in projects geared towards CCS initiatives, we demonstrate a proactive stance in addressing the challenges of climate change while leveraging our expertise in coatings technology.

During the year, progress on executing Yinson's Agogo floating production storage and offloading ("FPSO") contract remained steady, staying on track for completion in 2024, showcasing our steadfast commitment to meeting project timelines. Simultaneously, our fabrication yard in Batam adeptly managed nine projects concurrently, even amidst undergoing upgrades. Notably, these projects included delivering 13 units of booster compressors for Thai Nippon Steel and Schlumberger's Monoethylene glycol ("MEG") PAR ("Pre-Assembled Rack") and PAU ("Pre-Assembled Unit's"). This highlights our operational efficiency and capacity for seamless project management.

We are pleased to report no health and safety incidents resulting in fatalities during the year for our Energy Services. Our dedication to continuous improvement drives us to prioritise the safety and well-being of our workforce above all else. We achieve this by implementing stringent safety protocols and fostering a culture of safety awareness throughout our organisation. By doing so, we ensure that all our employees are not only protected but also empowered to perform their duties responsibly.

For a comprehensive overview of our management of health, safety, and the environment, stakeholders are encouraged to refer to the Sustainability Report included in the Integrated Annual Report on pages 44 to 91.

Outlook for Energy Services

As leaders in the energy services sector, we recognise the dynamic nature of the global energy industry, which continually evolve in response to various factors, including technological advancements and sustainability imperatives. Within this landscape, businesses specialising in pipeline coating and engineering and fabrication are pivotal players, driving growth and adaptation to industry changes.

Pipeline Coating Market Dynamics

The Global Process Pipe Coating Market, currently valued at USD 7.5 billion, is projected to reach USD 10.6 billion by 2032, reflecting a steady growth trajectory. This expansion is fuelled by several key factors, including increased investments in infrastructure development, stringent regulatory standards mandating high-performance coatings for environmental protection, and the growing emphasis on sustainability. The rise of CCS projects further amplifies the demand for specialised coatings capable of withstanding corrosive properties, contributing to the overall growth of the pipeline coating market. Moreover, advancements in coating technologies, such as the development of environmentally friendly coatings, are expected to drive innovation and market expansion in the coming years.

Engineering and Fabrication Market Scope

Our energy services division operates within a growing global market, with the oil and gas infrastructure market valued at USD 714.4 billion in 2023 and is projected to grow at over 6.7% CAGR from 2024 to 2032. This significant growth trajectory is underpinned by various factors, including increasing demand for energy, exploration and production activities in emerging markets, and the need for infrastructure upgrades to support evolving industry requirements. Additionally, the emergence of digitalisation and data analytics is revolutionising engineering and fabrication processes, enabling greater efficiency, cost-effectiveness, and predictive maintenance capabilities. As the industry embraces these technological advancements, opportunities abound for our division to leverage our expertise in engineering design, modular fabrication, and project management to meet the evolving needs of our clients across the globe.

Chairman and Managing Director/ Group CEO's Statement

Global Oil and Gas Production and Consumption

Despite the industry's transition towards renewable energy sources, global oil production remains robust, with major producers such as the United States, Saudi Arabia, and Russia maintaining significant output levels. This underscores the ongoing importance of traditional oil and gas operations alongside emerging energy trends. Furthermore, while there is a growing focus on renewable energy sources, such as wind, solar, and biofuels, oil and gas continue to play a vital role in meeting global energy demand, particularly in sectors such as transportation, petrochemicals, and power generation. As such, our businesses remains well-positioned to capitalise on opportunities arising from both conventional and renewable energy segments, ensuring a diversified portfolio and sustained growth trajectory.

Investment and Financial Outlook of the Industry

The industry's investment landscape remains positive, with the upstream sector expected to sustain its USD 528.0 billion investment level from 2023. Additionally, total revenues for oil and gas drilling reached approximately USD 4.3 trillion in 2023, indicating a favorable financial outlook. Despite economic uncertainties and fluctuations in commodity prices, strategic investments in exploration and production activities, technology adoption, and sustainability initiatives are expected to drive long-term growth and resilience in the industry. Our energy services division is poised to benefit from these investment trends, with opportunities for project partnerships, capacity expansion, and market diversification on the horizon.

Conclusion

The outlook for our business is promising, driven by favorable market dynamics marked by a surging demand for pipeline coating solutions and engineering and fabrication services. Leveraging our extensive expertise, we are strategically positioned to capitalise on the industry's ongoing evolution while actively contributing to its sustainable future.

In line with these advancements, our coating facilities have undergone significant upgrades to further augment their capabilities and offerings. In Qatar, our coating facility has successfully commissioned an anti-corrosion plant, significantly enhancing our capacity to provide top-tier corrosion protection solutions to our esteemed clients. Similarly, our United Kingdom ("UK") facility has embarked on an expansion journey, modernising its equipment to better cater to our clients' diverse requirements. As part of this expansion initiative, we are excited to announce our additional offering of concrete coating services in the UK following the installation of a concrete wrap plant. Anticipated to be fully operational by the second quarter of 2024, this new addition will enable us to broaden our portfolio of coating solutions, allowing us to better address the evolving needs of our valued clients.

Our Batam yard, acquired at the end of 2022, has undergone extensive refurbishment to bolster its infrastructure and operational capacities significantly. Key upgrades include the refurbishment of existing buildings within the yard and the expansion of workshop capacities for structural work, non-destructive testing ("NDT"), and painting services. Additionally, the yard upgrade features a newly constructed jetty boasting a 300-meter Jetty Quay Length and an impressive loadout capacity of 10,000 tons. This state-of-the-art jetty is poised to facilitate efficient module loadout and transportation via oceangoing vessels, ensuring seamless operations and optimising logistics management.

Chairman and Managing Director/ Group CEO's Statement

In parallel, we installed a cutting-edge thick wall plate rolling machine at our Teluk Panglima Garang yard. This addition solidifies our position as a premier provider of regional thick wall process equipment. With this advanced machinery now integrated into our operations, our primary objective is to substantially reduce production time and streamline our operational processes, positioning us to effectively capture the burgeoning market demand.

Bioenergy Services

Our Bioenergy Services, headquartered in Malaysia and with a significant presence in Indonesia, stands as a leading force in the renewable energy and agro-industry sectors, with a strong emphasis on biomass energy generation. Operating across regions and in South America, our segment plays a crucial role in advancing sustainable energy solutions and promoting responsible agricultural practices. Despite navigating global challenges, we have remained steadfast in our commitment to enhancing operational efficiencies and fostering collaboration among our diverse operations worldwide. This strategic restructuring aims to fortify our foundations, positioning us to capitalise on economic recoveries within our markets.

In 2023, Bioenergy Services showcased commendable performance, achieving a revenue milestone of RM288.8 million, marking an 8.4% year-on-year increase, with a corresponding PBT of RM48.4 million, reflecting robust growth of 31.9%. This impressive performance was primarily driven by a surge in biomass energy projects, buoyant boiler sales, and heightened demand for agro-tech equipment.

During the year, we proudly introduced our cutting-edge empty fruit brunches ("EFB") CoGen boiler, meticulously engineered for biomass energy generation. This state-of-the-art boiler boasts exceptional efficiency, capable of seamlessly burning a substantial percentage of challenging EFB in a continuous operational cycle, thus ensuring an uninterrupted power supply crucial for industrial operations. The successful completion of two EFB CoGen projects, coupled with positive feedback from our industrial clients, has not only solidified our reputation but also led to another repeat order for 2024. This significant achievement not only underscores our commitment to innovation and excellence but also opens up new avenues for us to expand our market reach. By showcasing the superior performance of our boiler offerings, we are poised to penetrate a broader industrial sector, aligning perfectly with our strategic focus on delivering higher value offerings beyond traditional palm oil mil ("POM") boilers.

Despite being slightly lower than the previous year's record of 113 units sold, the sale of 105 steam turbines this year highlights the sustained and robust demand for our offerings in biomass energy generation. This consistent demand not only underscores the reliability and effectiveness of our products but also ensures visibility of recurring income from operations and maintenance ("O&M") services. Consequently, it fortifies the division's financial stability and augments its long-term growth prospects.

Operationally, we continued to expand our reach through our service centres, field personnel, and installations, emphasising Wasco's dedication to service excellence and customer satisfaction in the biomass energy sector.

In 2023, three Lost Time Incidents ("LTIs") were recorded in our Bioenergy Services operations. The team will continue to focus on enhancing Bioenergy's Health, Safety, and Environment ("HSE") management practices to align more closely with the Group's safety objectives. For further insights into Wasco's commitment to health, safety, and the environment, stakeholders are encouraged to refer to the Sustainability Report included in the Integrated Annual Report on pages 44 to 91. Through transparent reporting and accountability, we reaffirm our commitment to sustainability and responsible corporate citizenship.

Outlook for Bioenergy Services

Biomass Waste Energy Generation

In recent years, the outlook on biomass waste energy generation has become increasingly optimistic, buoyed by technological advancements, policy support, and a growing recognition of the importance of sustainable and renewable energy sources. Biomass energy, derived from organic materials like wood, agricultural residues, and organic waste, holds immense promise in diversifying energy sources and fostering a greener and more sustainable energy landscape.

Technological Advancements and Innovations

Biomass power plants are embracing cutting-edge conversion technologies such as gasification and pyrolysis, aimed at enhancing energy efficiency and reducing emissions. Integration of biomass power generation into waste-to-energy projects is gaining traction, enabling the conversion of organic waste materials into electricity and heat, thereby addressing waste management challenges while generating energy.

Biogas produced from organic waste materials in anaerobic digesters is emerging as a significant source of biomass energy, offering a sustainable means of energy production while mitigating waste.

Policy Support and Government Initiatives

Governments worldwide are rolling out incentives and policies to promote biomass power generation as part of their renewable energy agendas. These initiatives are pivotal for fostering the growth and expansion of biomass energy projects.

For instance, the Malaysian government's Low Carbon Nation Aspiration 2040 ("LCNA") aims to significantly increase bioenergy production from 1 million tonnes of oil equivalent ("Mtoe") in 2018 to 4.7 Mtoe by 2040, demonstrating Malaysia's commitment to renewable energy.

In Indonesia, the government's decision to increase its biodiesel mandate from B30 to B35 in 2023, with plans for further increments to B40 in the near future, underscores the nation's strong commitment to expanding its biofuel production. This initiative not only boosts domestic demand for biodiesel but also enhances the country's position as a key player in the global bioenergy market.

Similarly, countries like Mexico, Colombia, and Ecuador are actively promoting biofuel production through the adoption of biofuel mandates, recognising biofuels as a viable and sustainable alternative to conventional fuels. These policy measures not only stimulate biofuel demand but also create new opportunities for investment and growth in the bioenergy sector on an international scale.

Chairman and Managing Director/ Group CEO's Statement

Market Growth and Economic Factors

Heightened global efforts to combat climate change and the escalating demand for clean energy sources are driving interest in biomass power generation as a viable renewable energy solution. Malaysia's renewable energy sector, beyond just transitioning to renewable energy, could represent opportunities worth up to RM1 trillion, showcasing the vast potential for investment and development.

The biomass power generation market is witnessing a shift towards more efficient and cleaner energy production methods. There is a notable trend towards smaller, decentralised biomass power plants, particularly in rural areas, aiming to minimise transmission losses and enhance energy accessibility.

Conclusion

The future of biomass waste energy generation appears brighter than ever, propelled by a convergence of favorable factors and a global shift towards sustainable energy solutions. As pioneers in this field, we stand at the forefront of innovation and progress, poised to capitalise on the burgeoning opportunities presented by the evolving energy landscape.

Our extensive experience and proven track record in installing biomass waste power plants in Malaysia and Indonesia uniquely position us to lead the charge towards a greener and more sustainable energy future. With a steadfast commitment to technological advancements, we continue to push the boundaries of what is possible in biomass energy generation, driving efficiency, reducing emissions, and maximising output.

Moreover, our strategic partnerships and collaborations further bolster our capabilities and expand our reach, enabling us to tap into new markets and leverage emerging trends. By embracing innovation, sustainability, and responsible business practices, we not only contribute to the growth of the bioenergy sector but also play a pivotal role in mitigating climate change and fostering environmental stewardship.

As we look ahead, we remain dedicated to our mission of providing cutting-edge solutions that not only meet the needs of today but also anticipate the challenges of tomorrow. With a steadfast commitment to excellence and a vision for a cleaner, brighter future, we are confident in our ability to drive positive change and make a meaningful impact on the world.

Chairman and Managing Director/ Group CEO's Statement

End Note

Looking ahead, we are poised to capitalise on emerging opportunities within the global energy landscape, leveraging our expertise, resources, and partnerships to drive sustainable growth and value creation. With a focus on innovation and sustainability, we aim to position Wasco as a leader in the transition towards cleaner, more efficient energy solutions.

In recognition of our strong financial performance and cash flow generation, we are considering the possibility of distributing dividends to our shareholders. This reflects our confidence in the long-term prospects of the company and our commitment to return some cash to our investors.

We will continue to invest strategically in our core businesses to ensure sustainable growth and maximise shareholder value. We remain dedicated to maintaining a balanced approach to capital allocation, prioritising investments that drive future growth while rewarding our shareholders for their ongoing support and confidence in Wasco.

In conclusion, barring unforeseen circumstances, the future is promising for us as we embrace the challenges and opportunities of a rapidly evolving energy landscape. With a clear vision, a dedicated team, and a relentless pursuit of excellence, we are cautiously confident in our ability to deliver long-term value for our shareholders, customers, and communities.

Thank you for your continued support as we embark on this exciting journey together.

Dato' Seri Robert Tan Chung Meng
Chairman
Wasco Berhad

and

Gian Carlo Maccagno
Managing Director/GCEO
Wasco Berhad

Chief Financial Officer's Review

Ramanathan Singaram

Net Cash Position
RM386.7 mil
26.6%

Gross Net Gearing Ratio
0.5 times

PATMI
RM108.4 mil
>100%

Cost of Sales
RM2,159.8 mil
9.3%

Return on Equity
15%
>100%

EBITDA
RM350.0 mil
70.2%

Empowering Growth through Resilience, Innovation, and Strategic Transformation

Dear Esteemed Stakeholders,

I am honoured to address you as we reflect on the remarkable journey of Wasco amidst the transformative landscape of the energy sector. As stewards of your investments, we are dedicated to delivering sustained value and fostering growth through resilience, innovation, and strategic foresight.

Navigating Transformation with Purpose and Adaptability

The energy industry is undergoing unprecedented transformation, driven by evolving client preferences, regulatory mandates, and technological advancements. At Wasco we view these shifts as opportunities to redefine our strategic direction and accelerate our journey towards sustainable growth and profitability.

Financial Strength and Operational Excellence

Key Highlights

I am pleased to report that financial year 2023 witnessed robust financial performance and operational achievements, highlighting our resilience and strong execution.

Despite global uncertainties, we achieved a commendable 10.1% growth in revenue, reaching RM2.6 billion, driven primarily by our Energy Services segment.

Chief Financial Officer's Review

Our Energy Services segment demonstrated significant growth, with a 12.4% increase in revenue to RM2.3 billion, fuelled by successful project executions. Noteworthy achievements include securing landmark contracts such as the Rosmari-Marjoram Pipeline Coating Project, Crux Pipeline Pipe Coating Project and a fabrication contract for Schneider of Pre-Fabricated Building an energy project in Africa, bolstering our order book to RM2.9 billion, providing a clear revenue visibility for the coming year.

Similarly, our Bioenergy Services segment recorded a respectable 8.4% revenue growth to RM288.8 million, underpinned by increased demand for biomass energy projects as well as agro-tech equipment for the industries we serve. Our commitment to innovation and sustainability was further evidenced by the successful introduction of the biomass-fired cogeneration boiler, showcasing our leadership in renewable energy solutions.

Maximising Shareholder Value Through Efficient Capital Allocation

Central to our financial strategy is the efficient allocation of capital, aimed at optimising returns and enhancing shareholder value. In pursuit of this objective, we have undertaken the strategic initiative to divest non-core assets, including our trading business. This decision reflects our dedication to refining our portfolio to focus on core competencies and high-growth opportunities within the energy and bioenergy sector.

The rationale behind the decision to divest non-core assets is grounded in several strategic considerations:

Focus on Core Competencies: By divesting non-core assets, we can concentrate our resources and efforts on core business segments where we possess distinct expertise and competitive advantages. This strategic focus enables us to enhance operational efficiency and drive sustainable growth in areas aligned with our long-term objectives.

Value Optimisation: The divestment of non-core assets allows us to unlock value and reallocate capital to strategic initiatives with higher growth potential and returns. By streamlining our portfolio, we aim to maximise shareholder value and strengthen the overall financial performance of Wasco Berhad.

During the year, we have also successfully disposed parcels of land in Bukit Kemuning, Shah Alam and in Seberang Perai, Pulau Pinang, thus unlocking value for the Group and generating net proceeds of approximately RM46.2 million.

Centralised Treasury Operations: Enhancing Efficiency and Control

In line with our commitment to operational excellence, Wasco Berhad has embarked on a journey to centralise treasury operations, streamlining processes, enhancing efficiency, and strengthening control over financial activities. By consolidating cash management, liquidity planning, and risk management functions, we aim to optimise cash flows, mitigate financial risks, and ensure compliance with regulatory requirements more effectively.

This centralised approach enables us to leverage synergies across business units, optimise banking relationships, thereby supporting our strategic objectives and driving long-term value creation. By fostering a culture of accountability and transparency, we aim to instil confidence among our stakeholders and fortify our position as a trusted custodian of capital.

Our weighted average cost of capital ("WACC") is currently at 7.4% which is below the sector average of 8.2%. We have proactively managed our debt levels and costs to ensure that the company is in a healthy financial position. In financial year 2023, we have used part of the proceeds from the divestment of non-core assets to reduce our net debt levels, further strengthening our balance sheet and providing us with the flexibility to pursue strategic growth initiatives.

As at end 2023, our cash and cash equivalent balance is RM 386.7 million, and our net gearing stood at 0.5 times.

Chief Financial Officer's Review

Engagement with Shareholders: Fostering Transparency and Collaboration

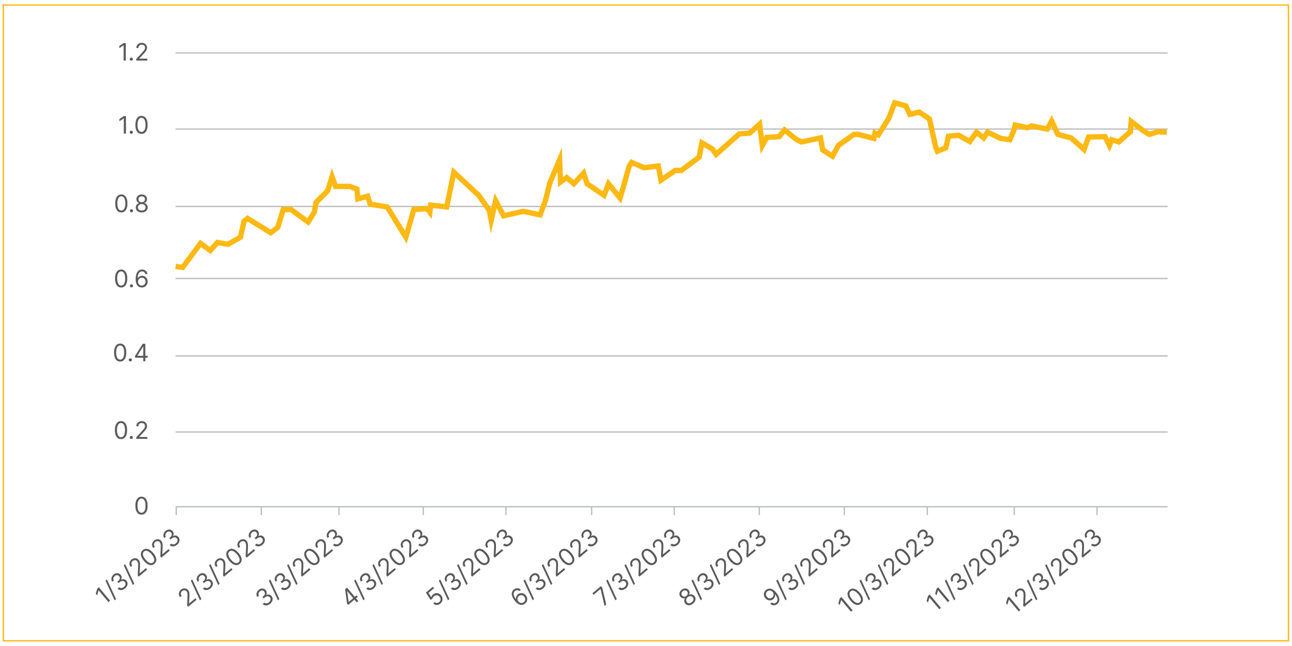
Analyst Consensus

No. of Research Coverage*	Analyst Call on Wasco*	Average Target Price*
6	BUY – 100%	RM1.49

Note:
** As at 28 February 2024*

> We actively monitor analyst consensus and share price movements to ensure they are aligned with our strategic objectives. As of December 2023, all analysts covering Wasco have expressed positive assessments

Wasco Share Price Movement



Chief Financial Officer's Review

At Wasco, we prioritise transparency, collaboration, and open communication with our shareholders. We understand the importance of keeping our investors informed about our strategic direction, financial performance, and key developments shaping our business landscape. To facilitate this, we maintain a proactive approach to engagement, ensuring regular interaction and accessibility for the investment community.

One of the cornerstone initiatives in our engagement strategy is the quarterly analyst briefings. These briefings serve as a platform for sharing comprehensive updates on our financial results, operational achievements, and strategic initiatives. Through these sessions, we provide analysts and investors with deeper insights into our performance drivers, market dynamics, and future outlook.

In addition to our quarterly analyst briefings, we actively participate in investor conferences and maintain open channels for shareholders to engage with our management team. These conferences are excellent platforms for direct interaction, allowing us to share insights, address inquiries, and cultivate relationships with our investors.

We understand that fostering transparency and collaboration goes beyond scheduled events, which is why we keep access open for investors to connect with us, ensuring continuous dialogue and alignment of interests. We encourage active participation, welcoming questions, feedback, and constructive dialogue to foster a better understanding of our business and investment thesis.

Driving Sustainable Growth and Value Creation

As we chart our course forward, our strategic priorities remain centered on driving sustainable growth, fostering innovation, and delivering value for our shareholders. Through prudent financial management, operational excellence, and a steadfast commitment to our core values, we are confident in our ability to navigate the complexities of the energy transition and emerge as a stronger, more resilient organization.

As we continue to navigate the evolving landscape of the energy sector, we remain committed to upholding the highest standards of corporate governance, disclosure, and shareholder engagement. Together with our investors, we are determined to seize opportunities, overcome challenges, and create enduring value for all stakeholders.

Together, we are poised to embrace the opportunities of tomorrow, drive positive change, and create lasting value for all stakeholders.

Thank you for your continued trust and partnership.

Ramanathan Singaram
Chief Financial Officer
Wasco Berhad

04

Our Sustainability Journey

Sustainability Report

Year In Review/ Sustainability Highlights

FTSE4Good

4.0
FTSE Russell ESG Score

Top
25%
by ESG Ratings amongst 237 PLCs in FBM EMAS that have been assessed by FTSE Russell.

22%
Women Board of Directors

15%
Women in Senior Leadership Team

20%
Group emission intensity reduction in FY2023 compared to FY2022

9.0mm
Average diameter of trees at Wasco Forest at present, indicating good growth rate

6,665 MWh
Electricity save through renewable energy

Ariesza Noor

Chief Strategy Officer's Statement

Nurturing a Sustainable Future

Dear Valued Stakeholders,

In this pivotal era where sustainability is no longer an option but a necessity, Wasco stands as a beacon of visionary leadership and unwavering commitment.

As Chief Strategy Officer, I am honored to share our journey in this Sustainability Report—a journey defined by ambition, action, and an unyielding dedication to our core principles, all fortified by robust governance.

Guided by Our Principles

At the heart of our sustainability journey lies a set of guiding principles that steer our actions:

Economic Resilience: We believe that sustainability is synonymous with resilience. We pursue strategies that enhance long-term economic viability while mitigating risks.

Environmental Responsibility: We recognise our duty as custodians of the environment, going beyond mere compliance to actively reduce our ecological impact and safeguard the planet for future generations.

Social Equity: Sustainability extends beyond environmental concerns; it encompasses people too. We champion social equity, diversity, and inclusion within our workforce and the communities we serve.

Governance: Integrity, transparency, and accountability form the bedrock of our governance framework. Ethical practices, rigorous risk management, and stakeholder engagement are central to our operations, fostering trust and collaboration.

Our Transformative Journey

This year, our journey has been transformative:

Pioneering Environmental Leadership:

We have achieved a 20% reduction in GHG emissions intensity and expanded the Wasco Forest, demonstrating our commitment to biodiversity and global conservation efforts.

Empowering Through Diversity and Inclusion:

Elevating female representation to 15% in Senior Leadership Team and engaging in comprehensive community development programmes underscore our dedication to social equity.

Innovating for Economic Sustainability:

We are integrating sustainability into our economic framework, setting new industry standards for resilience.

Governance Excellence:

Our governance model ensures the highest integrity across operations, with rigorous risk management and transparent stakeholder engagement.

Enhanced Disclosures:

Our commitment to transparency and reporting sustainability indicators has not only strengthened stakeholder trust but has also resulted in improved scores for our FTSE4Good ESG rating in 2023. Furthermore, believing in continual improvement, we have voluntarily conducted internal audit assurance for selected scope of our Sustainability KPI disclosure.

Looking Forward

Our vision for the future is ambitious and purpose-driven:

Accelerating Renewable Energy Integration:

We aim for a 30% reliance on renewable energy by 2024, reducing our carbon footprint and leading sustainable energy practices.

Fostering Gender Diversity, Equity, and Inclusion:

We aspire for women to hold at least 30% of leadership positions, recognising the value of diverse perspectives in driving innovation and sustainable growth.

Championing the Circular Economy:

We are committed to waste reduction and recycling, embodying our dedication to sustainable growth.

Enhancing Biodiversity and Ecosystem Restoration:

Our efforts in biodiversity conservation reflect our commitment to preserving natural habitats and contributing to global biodiversity.

Sustainability Report

An Invitation to Join Our Legacy

We invite you to join us on this transformative journey towards a sustainable, resilient, and equitable future. Together, supported by strong governance and stakeholder collaboration, we can make a meaningful impact.

Our dedication to continuous improvement and transparency remains steadfast, ensuring that the insights and achievements shared in this report are reflective of our most current efforts up to 2023. We pledge to uphold this standard of openness and accountability as we advance in our sustainability journey.

Thank you for your continued trust and partnership.

Ariesza Noor
Chief Strategy Officer
Wasco Berhad

Note: The information provided in this report is based on data available up to 2023. We remain committed to continuous improvement and transparency.

Sustainability Report

About This Report

Wasco Berhad ("Wasco or the Group") recognises its responsibility to all stakeholders and is committed to reporting its environmental, social and governance performance regularly and transparently.

This Sustainability Report ("SR") communicates material sustainability information and performance across Wasco's business operations as a whole.

This Report covers the reporting period for the financial year 1 January to 31 December 2023. It provides an insight into how the Group manages its material sustainability risks, issues and opportunities to create economic, environmental and social value.

The SR is published annually as part of the Annual Report, with this Report published in April 2024. Our last SR was published in April 2023.

Policy documents mentioned in this report are available on the Company's website at www.wascoenergy.com.

Framework and Standards

This Report and its content have been prepared with reference to and guided by recognised global and local sustainability reporting frameworks, standards and guidelines as follows:

- Bursa Malaysia Main Market Listing Requirements on sustainability reporting
- Bursa Malaysia Sustainability Reporting Guide (3rd edition)
- Global Reporting Initiative ("GRI") Universal Standards 2021
- United Nations ("UN") Sustainable Development Goals ("SDGs")
- Greenhouse Gas ("GHG") Protocol
- UN Global Compact's ("UNGC") 10 Principles

In addition, our disclosures were guided by relevant performance indicators from FTSE4Good Bursa Malaysia.

Sustainability Report

Reporting Scope and Boundaries

The scope of the SR for FY2023 covers the entire Wasco organisation and its subsidiaries. One notable inclusion for this reporting period is our new project site in Tanzania.

Wasco reports on an 'operational control' basis, focusing on assets, offices and activities where Wasco is the operator and has management control over policies and practices. We note that our Business Units' ("BUs") operating environment may vary from one market to the next, but we have nevertheless made the attempt to harmonise general reporting areas, as well as highlighting the achievements of our specific BUs throughout the disclosure.

This SR excludes our Joint Venture ("JV") companies and discontinued operations Syn Tai Hung Trading Sdn Bhd and WDG Resources Sdn Bhd.

Reporting Principles

This statement summarises the sustainability performance of Wasco's strategic businesses. In defining the content, the following GRI Standards Reporting Principles have been applied in this Report to ensure high-quality disclosure.

- **Accuracy**: Reporting information that is correct and sufficiently detailed to allow an assessment of the organisation's impacts
- **Balance**: Reporting information in an unbiased way and provide a fair representation of the organisation's negative and positive impacts
- **Clarity**: Presenting information in a way that is accessible and understandable
- **Comparability**: Selecting, compiling, and reporting information consistently to enable an analysis of changes in the organisation's impacts over time and an analysis of these impacts relative to those of other organisations
- **Completeness**: Providing sufficient information to enable an assessment of the organisation's impacts during the reporting period
- **Sustainability Context**: Reporting information about its impacts in the wider context of sustainable development
- **Timeliness**: Reporting information on a regular schedule and making it available in time for information users to make decisions
- **Verifiability**: Gathering, recording, compiling, and analysing information in such a way that the information can be examined to establish its quality

Wasco 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 Board realign the Group's sustainability strategy while ensuring the transparent coverage of critical topics.

Forward-Looking Statements

Certain statements in this SR may constitute forward-looking statements concerning our financial and non-financial position, future priorities, strategies, and growth opportunities. They are formed based on reasonable assumptions and are not intended to guarantee future results. Actual results could differ materially from those projected in any forward-looking statements throughout this SR due to various events, risks, uncertainties, and other factors.

Sustainability Data and Disclosure

Wasco's 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 internal and data-collection resources to ensure accuracy.

Assurance

Wasco's Group Internal Audit provided an independent limited assurance for three key Environmental, Social and Governance ("ESG") indicators as below:

- GRI 205: Business Ethics and Compliance – Anti Bribery and Corruption and Whistleblowing
- GRI 404: Training and Development
- GRI 405 & 406: Diversity, Equal Opportunity, and Non-Discrimination

For more information on the subject matter and scope of assurance, please refer to the Statement of Assurance on page 91.

Sustainability Report Feedback

Feedback from our stakeholders is vital for us to continually improve our reporting and sustainability practices. We welcome all feedback and views from our stakeholders on this Report or any aspect of our sustainability performance.

Please address all feedback to Group Sustainability: sustainability@wascoenergy.com

Sustainability Report

Sustainability Across Our Operations

Wasco delivers sustainable value for all stakeholders safely, securely and in an environmentally and 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 Wasco's shared values.

Wasco 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 Wasco, 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, avoid excessive working hours, given the right to a minimum wage and can realise their full potential.
- Implement actions within our own business and other stakeholders to accelerate the transition to net-zero emissions to reduce the impact of climate change.
- 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, opposing all forms of child labour and forced labour.
- Support employment of underprivileged groups and youth.
- 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.

ESG considerations are integrated into our corporate strategy and sustainability approach to ensure long-term value creation and sustainable business growth. We periodically review our approach to sustainability and priorities to meet stakeholders' growing expectations and incorporate value creation.

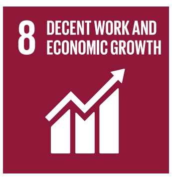
Our Sustainability Framework supports our commitment to making sustainability core to our business and managing what matters where it matters most. This is in line with the increasing demand for corporate organisations to play a more active role by focusing their business on ESG and thinking beyond short-term profits.

Guided by our purpose, the Sustainability Framework was developed by taking into consideration the different levels of maturities across the Group and global push for ESG. The process included assessing existing sustainability programmes and initiatives, considering changes in regulatory requirements and defining targets and goals to measure impacts.

The following factors were taken into consideration:

1. Wasco's material matters founded through materiality assessment conducted with our Board of Directors, Senior Leadership Team members and stakeholders.
2. Regular engagement with Business Units on pertinent sustainability issues.
3. Internal assessment and benchmarking against industry peers.
4. Monitoring and tracking of key performance indicators.

Additionally, our Framework takes into consideration the global agenda to achieve a better and more sustainable future for all through the UN Sustainable Development Goals ("UN SDGs"), which aim to leave no one behind.



Sustainability Report

Our United Nations Sustainable Development ("UN SDGs") Alignment

The United Nations Sustainable Development ("UN SDGs") are a set of 17 global goals established by the UN General Assembly in 2015 to make the world a better place by 2030. The goals intend to end poverty, protect the planet and ensure prosperity for all. Wasco 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 staff 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 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.	• 15% of Senior Leadership Team are female. • Clearly articulating statements on equal opportunity and non-discrimination in the Principles of Business Conduct and Human Rights Statement.
8 DECENT WORK AND ECONOMIC GROWTH	• Develop a high performing entrepreneurial culture (culture of curiosity) in the Company where all staff give their best. • Develop leaders at all levels of the Company and create a learning and coaching mindset amongst all staff.	• Quarterly reviews for performance assessment and coaching. • Talent development through regular training and digital learning platform. • 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, analysing and reporting of Group greenhouse gas emissions ("GHG") using digital dashboard developed internally. • Completed planting 160,000 trees and on-going maintenance of our reforestation programme as part of our effort to mitigate climate change. • Subscribed to 500,000 kWH/month Green Energy Tariff by TNB. • Solar panels at various sites generated 698MWh of renewable energy for our operation's use.

Sustainability Governance & Accountability

Sustainability Governance

To effectively implement sustainability strategies and initiatives across our organisation, we focused on building close collaborations between Management and Business Units. We will continue to regularly review and enhance, where necessary, the roles and responsibilities of the relevant Wasco functions to support a holistic approach towards managing our sustainability performance and the credibility of our programmes and activities.

Board Level

- Overall Strategic responsibility and oversight

Management Level

- Overall management responsibility and alignment across the Group

Working Level

- Operational responsibility and strategic implementation

WASCO GROUP

- Board of directors
- Governance, Compliance and Risk Committee ("GCRC")
- Wasco Sustainability Steering Committee ("SSC")
- Group Sustainability ("GS")
- Business Unit

Economic

- Operational Excellence

Environment

- Environmental stewardship
- Circular economy
- Climate change management

Social

- People & Social Performance
- Occupational Health & Safety

Governance

- Risk Management
- Business Continuity Management

Roles & Responsibilities

Governance, Compliance and Risk Committee ("GCRC")

Provides direction and reviews all decisions pertaining to sustainability

Quarterly Reporting

Board of Directors

Provide oversight of the integration of ESG matters in corporate strategy with the aim of balancing stakeholder interests, create long term value

Quarterly Reporting

Wasco Sustainability Steering Committee ("SSC")

Formulate sustainability strategy and monitor objectives and action plans

Quarterly Reporting

Group Sustainability ("GS")

- Consolidate, monitor and analyse sustainability reporting
- Lead formulation of sustainability strategy, objectives and action plans
- Coordinate cross-department sustainability initiatives
- Report sustainability performance

Monthly Reporting

Business Unit

- Reporting of sustainability-related KPIs
- Managing sustainability-related risks and opportunities

Sustainability Report

Board Level

Wasco's Board holds ultimate responsibility of the Group's sustainability agenda and provides oversight of the integration of ESG matters in Wasco's corporate strategy with the aim of balancing stakeholder interests while ensuring that we grow responsibly and create long-term value.

Governance, Compliance and Risk Committee ("GCRC")

The Governance, Compliance and Risk Committee ("GCRC") was introduced in 2023 to provide enhanced Board oversight on Sustainability issues across Wasco Group. This change underlines our top-down approach and our commitment to embracing sustainability as a Group-wide agenda. The GCRC also has oversight of climate-related matters, including climate risks and opportunities.

The members of GCRC comprises of a Non-Independent Non-Executive Director and two Independent Non-Executive Director. The GCRC is chaired by an Independent Non-Executive Director.

The GCRC met two times in the year under review and among the matters discussed were:

- Reviewing Wasco's sustainability performance and activities.
- Sustainability Report enhancement recommendation.
- TCFD adoption recommendation.

Management Level

The overall management responsibility and oversight of sustainability-related matters lies with our Managing Director/Group CEO. The Managing Director/Group CEO is supported by the Group Chief Strategy Officer, who oversees Group Sustainability, and other senior management within their areas of responsibility.

For accountability, sustainability-related KPIs are included in our Managing Director/Group CEO as well as Business Unit's Senior Leadership Teams ("SLTs") annual remuneration-linked KPIs. All Business Units CEOs are also authorised to sign off on sustainability-related governance as part of internal control assurance.

Working Level

Wasco Sustainability Steering Committee ("SSC")

Chaired by the Managing Director/Group CEO, the SSC consists of representatives from Group Sustainability ("GS") and selected Heads or nominees from key Group corporate functions. The SSC is responsible for supporting the management of ESG matters and ensuring collaboration to streamline the approach within the Group and promote sharing.

Group Sustainability ("GS")

GS leads the development of overall strategy and framework to drive sustainability initiatives and programmes across the Group in a structured and cohesive way. Their responsibilities include monitoring and managing business sustainability practices and targets, keeping abreast of the sustainability development landscape and ensuring management of the Group's Environmental, Social and Governance ("ESG") risks and opportunities are assessed and evaluated. The team also provides advisory support and capacity building for the sustainability teams in all Business Units and receives sustainability progress updates.

Stakeholder Engagement

Long-term business success depends mainly on understanding and addressing stakeholders' expectations. Wasco 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 Wasco'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 Announcements • 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 of 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.

Stakeholder	Engagement Platform	Areas of Interest	Our Commitment
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 Assessment

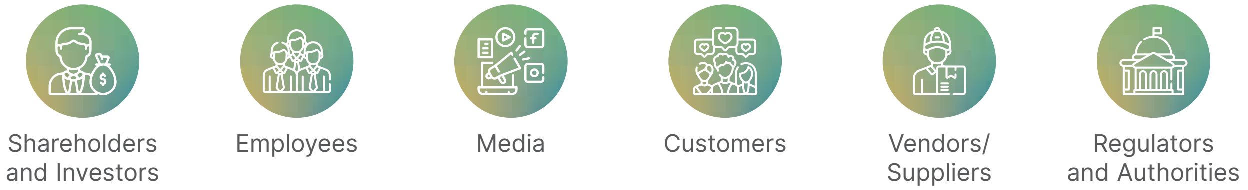
Materiality assessments are integral to our sustainability journey, as they enable us to evaluate the Environmental, Social and Governance ("ESG") issues that affect our business and our stakeholders. We conduct a materiality assessment once every two years to ensure that the ESG issues and material matters we look into remain relevant and aligned with current sustainability trends, industry developments and regulatory shifts. It also allows us to identify opportunities and mitigate risks posed by each material matter.

In 2023, we re-evaluated our ESG material issues following the consolidation of Business Units under Wasco Berhad. Our material matters represent key sustainability issues that will affect our business strategy and stakeholder value creation in the short and long term.

The following infographic explain the steps taken in our materiality assessment process.

PHASE 1	PHASE 2	PHASE 3	PHASE 4	PHASE 5
Review Material Matters	Stakeholder Engagement	Sustainability Impact Assessment	Calibration of Stakeholder Engagement and Impact Assessment	Review and Approvals
Existing material matters were reviewed against SASB Standards' Common Material Matters for the industry we operate in and Wasco's business strategies and operations to ensure relevance to our business and stakeholders.	Inputs from stakeholders' perspective were reviewed and assessed (based on engagement conducted in FY2023).	A sustainability impact assessment was conducted to assess and prioritise the material matters.	The results of stakeholder engagement and the sustainability impact assessment were consolidated into a materiality matrix. From this matrix, we identified the top material matters.	After completing the materiality assessment exercise, we presented the materiality matrix to Wasco's Management Team and the Board for approval.

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 members of our Senior Leadership Team and Board to complete the survey. Their views represented Wasco.

Materiality Matrix

Scores over 3 were considered of medium importance. Stakeholder scores ranged from 4.06 to 4.74; Wasco's between 3.69 and 4.77, 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.

Health, Safety and Environment remained as the top material matter to Wasco, as well as to stakeholders. Apart from that, our stakeholders placed Product Quality, Labour Practice, Human Rights, Waste Management, Training & Development and Diversity, Equity and Inclusion as top material matters that the Group will need to prioritise.

Integrity, Compliance, Assurance and Reporting Concerns

Wasco's commitment in ensuring that integrity and compliance are observed in the day-to- day business operations, are pillars to a sustainable foundation of our culture and a business priority. We set high expectations to all our employees as outlined in our Principles of Business Conduct. These vital values of integrity and compliance are the fundamentals to good governance.

Anti-Bribery and Corruption

Wasco's Anti-Bribery and Corruption Policy ("ABC Policy") and Anti-Bribery and Corruption Management System ("ABMS") together with its 24 Standard Operating Procedures ("24 SOPs") established on 1 June 2020 and 1 December 2020 respectively are testimony of the Company's initiatives and commitment towards an organisation that are integrity and compliant oriented. These fundamentals have been deeply rooted into the business perspective and in its corporate culture. Wasco adopted a zero-tolerance approach against all forms of bribery and corruption, such as fraud and illegal kickbacks. Wasco's ABC Policy sets the tone and standards on anti-bribery and corruption across the Group while the ABMS together with its 24 SOPs communicate its comprehensive approaches and processes in deterring, mitigating and addressing corruption risks including bribery, fraud and corrupt acts. Wasco's ABMS and its 24 SOPS are aligned to SIRIM ISO 37001:2016 standards and are the best practices as prescribed under Section 17A of the Malaysian Anti-Corruption Commission Act 2009 (Amendment 2018) ("MACC Act"). Wasco's ABC Policy fulfils the provisions of the Guidelines on Adequate Procedures pursuant to Section 17A (5) of the MACC Act.

Coverage of ABC

- Directors
- Employees
- Vendors
- Contractors
- Sub-contractors
- Consultants
- Clients
- Customers
- Representatives
- Business associates (including joint venture and consortium partners)
- Other intermediaries performing works or services, for and on-behalf of Wasco

The ABC Policy applies to the Board of Directors and employees within Wasco. They have all completed the necessary initial training on anti-bribery and corruption as well as yearly refresher trainings pertaining to the same.

The Board of Directors oversees our compliance with ABC Policy and the ABMS together with its 24 SOPS via the Governance, Compliance and Risk Committee and the Integrity Committee accordingly. Every employee is responsible for preventing and reporting instances of corruption, bribery, suspicious activity or wrongdoing which may lead to bribery and corruption using our established whistleblowing channels.

Wasco recorded zero case related to bribery and corruption and received no (RM0) penalties due to ethical conduct breaches such as corruption during the year under review.

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 the Business Units' risk register. This keen understanding helps the Company design effective mitigation strategies and strategically deploy resources to combat potential bribery, corruption and fraud, especially for high-risk operations.

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. Wasco communicates its anti-corruption policy clearly to these intermediaries.

Communicating our Company's position on anti-bribery and corruption to all stakeholders

- Employees are given an introduction to our anti-bribery and corruption policy upon joining the Company.
- Each employee must sign the ABC Personnel Declaration and return to the Human Resources Department.
- Employees are reminded of our Company's opposition to corruption during regular engagement sessions and training via iLearn
- The anti-corruption policy is also communicated to suppliers, contractors, subcontractors, agents, joint venture companies and third parties.

The Group also screens new and existing business partners for corruption and bribery, which is part of due diligence in Wasco's compliance requirements.

Business books and records reflect all business dealings accurately and transparently. Wasco introduced monitoring and enforcement procedures to ensure compliance with anti-corruption laws in Malaysia. Wasco did not make any political contributions in 2023 (RM0).

No major disciplinary cases were reported for corrupt practices that resulted in employees' dismissal. There were no instances of corruption-related violations with our business associates. 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

Wasco's whistleblowing policy applies to all employees and external parties who have business relationships with the Group. Our Whistleblowing Policy is aligned with the ISO 37001:2016 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 and report to the Group Chief Executive Officer, Gian Carlo Maccagno or to the Chairman of Audit Committee, Datin Wan Daneena Liza Binti Wan Abdul Rahman, confidentially. Senior officers have been trained to handle these reports, corruption, harassment, bribery, financial irregularity and other offences.

Sustainability Report

Economic

As a global leading integrated energy group, 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 2023, our Company generated a direct economic value of RM 2.606 Billion in revenue. Our economic impact also extends to our role as a global employer. At the end of 2023, we employed approximately 5,752 employees and offered fair and competitive wages and benefits. Developing a diverse global workforce helps bring innovative and sustainable solutions to the market, contributing towards the future of energy transition.

Supporting Sustainable Economic Growth and Development Through Our Operations

Wasco has been a leading integrated energy group that operates globally, providing comprehensive technical services primarily to the oil and gas sectors worldwide. Increasingly, we leverage on our expertise to contribute to the advancement of other industries such as carbon capture and storage pipelines, wind-offshore, data centers and renewable energy.

Pipeline Services

Wasco is a recognised market leader in pipe coating, manufacturing spiral welded steel pipes and providing offshore corrosion control system. We have a global operations strategically serving the energy industry and have coated over 22,000km of pipelines across 25 countries.

Engineering and Fabrication Services

Wasco provides an all-encompassing solution covering Engineering, Procurement and Construction ("EPC") project delivery and offering modular fabrication solutions for the global energy industry. Our fabrication facilities are strategically located in Southeast Asia and the Middle East & Africa. We invested in world-class facilities featuring fully concreted waterfront fabrication base in the Southeast Asia FT zone, spanning over 34 hectares and equipped with a dedicated jetty for loading modules up to 10,000 tonnes. This enables us to adapt our expertise to fabricate for renewables.

Bioenergy Services

Wasco is the largest fabricator of steam biomas turbines and boilers, serving 70% of the agro industry. Our high-capacity boilers run on clean energy, including biomass and natural gas, contributing to eco-friendly solutions. In addition, our Heat Recovery System Generator technology achieves 80%+ efficiency, reducing carbon footprint for industrial clients.

Participating in Industry Organisations

Wasco proactively engages with other leading companies and organisations to help advance standards, share best practices, activate stakeholders, and create a sustainable economy. Wasco 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. In addition, we are an active member of Energy Industries Council ("EIC"), one of the world's largest energy trade associations for companies that supply goods and services to the energy industries worldwide.

Responsible Procurement

Our supply chain includes the supply of goods and services. 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 Supplier Code.

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 all suppliers on our Approved Vendor List every year. 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. Wasco updates the Supplier Audit Matrix following the yearly assessment.

Sustainability Report

Environmental & Climate Change

Wasco'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.

Wasco is committed to providing high-quality services that protect and improve the environment. 54% of our Environmental Management System is ISO14001 certified as of 2023.

Our Approach

Environmental Assessment	Conduct a comprehensive assessment of environmental issues directly related to our operations. This evaluation will identify key areas where our activities impact the environment, such as resource consumption, emissions, water consumption and waste generation.
Data-Driven Tracking and Monitoring	Establish robust tracking and monitoring routines to collect relevant data. This information will serve as the foundation for developing measurable targets. By tracking our environmental performance consistently, we can make informed decisions and measure progress effectively.
Strategic Planning for Impact Reduction	Develop data-driven strategies and action plans aimed at minimising our environmental footprint. These strategies address critical aspects like energy efficiency, emission reduction waste reduction, and sustainable sourcing. By aligning our efforts with empirical data, we can achieve maximum impact in our sustainability initiatives.
Transparent Reporting to Leadership	Regularly report our progress to senior management and the Board. These reports highlights the implementation of our strategies, their effectiveness, and any adjustments made based on data insights. Transparency ensures accountability and encourages continuous improvement.

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

Wasco's Environmental Commitment

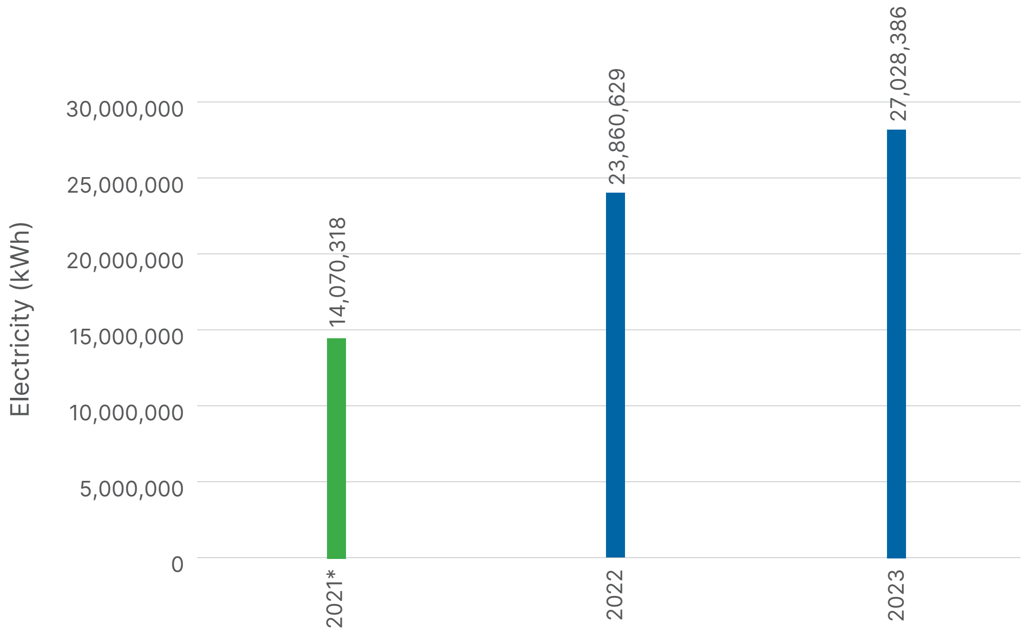
- Continually improve our awareness and management of environmental risks to avoid, reduce and control pollution from our operations
- Promote the open exchange of environmental information with our customers, suppliers and the community to improve environmental awareness and to obtain feedback on or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

Energy Management

Wasco is committed to addressing energy use and efficiency by:

- Adhering to relevant legislation and regulations concerning energy
- 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 and 2023 encompasses all entities in Wasco. Data for 2021 were scoped to Wasco's Energy Division only.

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 UNSDGs - Climate Action
- Implementation of the Group Emissions Reduction Plan

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

2023
- Continue implementation of Group's Emissions Reduction Plan.

Sustainability Report

Greenhouse Gas Emissions Management

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

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	Targets
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	• Phasing out use of diesel fuelled air compressors and power generators in all operations. • Mobile tower light powered by solar and battery instead of diesel. • Using natural gas for all burners • Minimising the use of LPG • The "Benefit of Walking" Campaign encourages personnel to walk instead of using vehicles • Optimising fuel use by periodically maintaining and servicing the plant and equipment • Using Euro 6 standard vehicles, which are energy efficient and limit harmful exhaust emissions • Using arc welding	Target to reduce emission intensity from stationary combustion by 5%. **Achieved 12% reduction in emission intensity from stationary combustion.**
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 at production facilities.	Target 25% of Group's energy mix from renewable sources. **Achieved target of 25%.**

Forests Alone Cannot Handle Carbon: Balancing Nature's Role in Climate Change

Facts: *Nature has garnered significant attention for its remarkable ability to remove carbon dioxide ("CO_2") from the atmosphere and sequester it within the biosphere. This natural process occurs through photosynthesis, involving soils, grasslands, trees, and mangroves. However, nature is not only a carbon sink; it also contributes to carbon dioxide emissions due to deforestation, land degradation, ecosystem disruption, and agricultural practices. Fortunately, strategic changes in land management practices can mitigate emissions and enhance carbon storage.*

Solutions: *The urgency of achieving net-zero emissions to safeguard our climate is undeniable. A pivotal strategy relies on tree planting—the most impactful and cost-effective method to extract CO_2 from the atmosphere. Net-zero initiatives hinge on maximising the carbon uptake capacity of these trees beyond their existing absorption rates.*

During this past year, we continued maintenance activities for the 160,000 trees planted in Wasco Forest phase one. Third party consultants were engaged to track and monitor the growth of Wasco Forest. We are pleased to share that our forest is healthy and growing well. This sentiment is shared by Pahang Forestry Department, who has granted an additional 670 hectares of land in Maran for us to continue our reforestation efforts.

Managing Climate Change Risks and Opportunities

Wasco'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. Wasco is committed to addressing this issue and to avoid the impact of climate change by improving the efficiency of our operations. Our climate change strategy includes working with employees and supply chain partners on energy-saving processes and a complete climate change risk assessment.

The Group's greenhouse gas ("GHG") inventory is tracked on a monthly basis via a dashboard that we developed internally. From the dashboard, metrics such as emission intensity, top GHG emission source and more are analysed and inform our GHG reduction strategies. Through the Sustainability Steering Committee, our management team devises strategies to manage and minimise our environmental footprint. The senior management team, along with the respective Heads of Business Units ("BUs"), regularly review GHG emission data on a monthly basis and effectively execute GHG reduction plans. Additionally, the Board receives quarterly updates on the Group's progress in this regard.

Climate-related risks and opportunities are identified, assessed and managed using Wasco'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.

Risks	Opportunities
Regulatory and Policy Risks • Changes in environmental regulations and policies can impact operations, compliance costs, and market access. • Climate change related disclosures and regulations that could impact our regulatory reporting.	**Energy Transition Services** • Diversify by offering services related to renewable energy, carbon capture, and energy efficiency. • Support clients in transitioning to cleaner technologies.
Market Risks • As the world shifts toward cleaner energy sources, demand for oil and gas services may decline. • Fluctuations in oil and gas prices can affect project viability and revenue.	**Market Opportunities** • Positive differentiation in the market for long-term value creation for the benefit of stakeholders.
Operational Risks • Extreme weather events (e.g., floods, extreme heat) can disrupt operations, damage infrastructure, and lead to downtime.	**Innovation and Technology** • Develop and provide innovative solutions for emissions reduction, digitalisation, and sustainable practices. • Effective management of climate change risks results in less wastages and contribute to overall cost savings for the Group.

In 2023, we invested RM1,574,500 on:

- Solar power system for manufacturing plant at Wasco Process Engineering Sdn Bhd in Telok Panglima Garang, Selangor; and
- Subscription to TNB's Green Electricity Tariff ("GET") programme for Wasco Coatings Malaysia Sdn Bhd in Kuantan, Pahang.

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.

Wasco is an active member of the Malaysian Oil & Gas Services Council ("MOGSC") 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 Wasco 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. In FY2023, key industry events we participated in were:

- Invited as panel speaker at Petronas' PD&T and Partners HSE Conference held in Kota Kinabalu to share our experience regarding our sustainability efforts.
- Participated in TNB's The Energy Transition Conference in Kuala Lumpur.

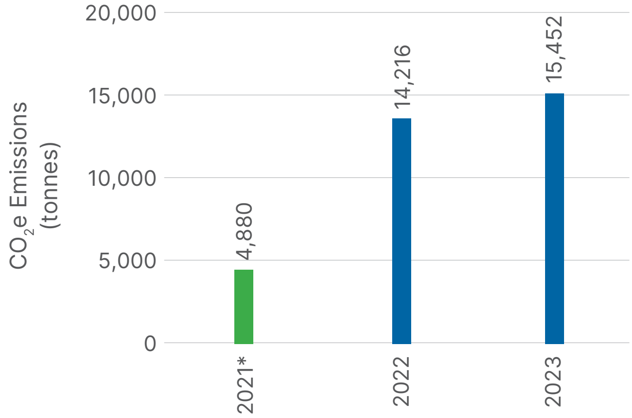
Sustainability Report

Consolidation method in carbon footprint calculation	Operational
Organisational boundary in carbon footprint calculation	Accounts for 100% of GHG emissions where Wasco 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_2 emissions from the consumption of fuel were derived from the emission factor published by the IPCC Guidelines for National Greenhouse Gas Inventories.

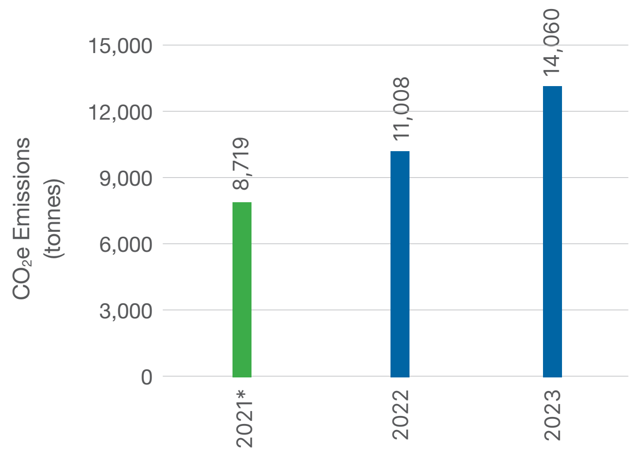


Scope 2

Coverage:
entire Group (100%)

CO_2 emissions from electricity use:

- Emissions were derived from specific emission factor published by the relevant national government bodies.



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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. Wasco's key strategic priority is to accelerate the global energy transition agenda.

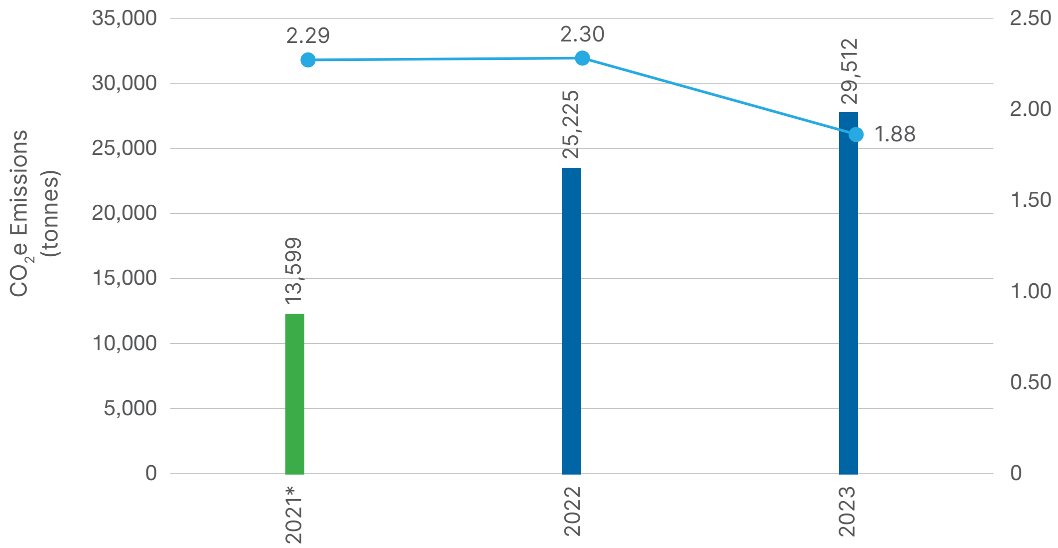
We actively monitor the latest global climate change science published by leading international organisations to help assess potential risks and opportunities for our portfolio. We seek to manage our portfolio to be resilient to adapt to a fast-moving energy transition and the increasing expectations 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. Wasco expresses its emissions intensity as the tonnes of carbon dioxide equivalent produced by 1,000 man-hours.

Year	2021*	2022	2023
Total Emission (tCO_2e)	13,599	25,225	29,512
Total Man-hours	5,938,644	10,985,154	15,704,670
tCO_2e/Man-hours (1,000)	2.29	2.30	1.88



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Pollution Prevention and Control

Wasco 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;
- Reducing or eliminating pollution at its source; and
- Modifying production, maintenance and facility processes, materials substitution, conservation, recycling and reusing materials where applicable.

Sustainability Report

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

Wasco 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 of 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 within 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.
- Clients' maintenance operations should have an existing process for disposing 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.
- The client provides a bundled storage area for waste containers awaiting collection.

Waste Amine

- An authorised contractor collects amine waste in suitable containers for transport and disposal.
- The client provides 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

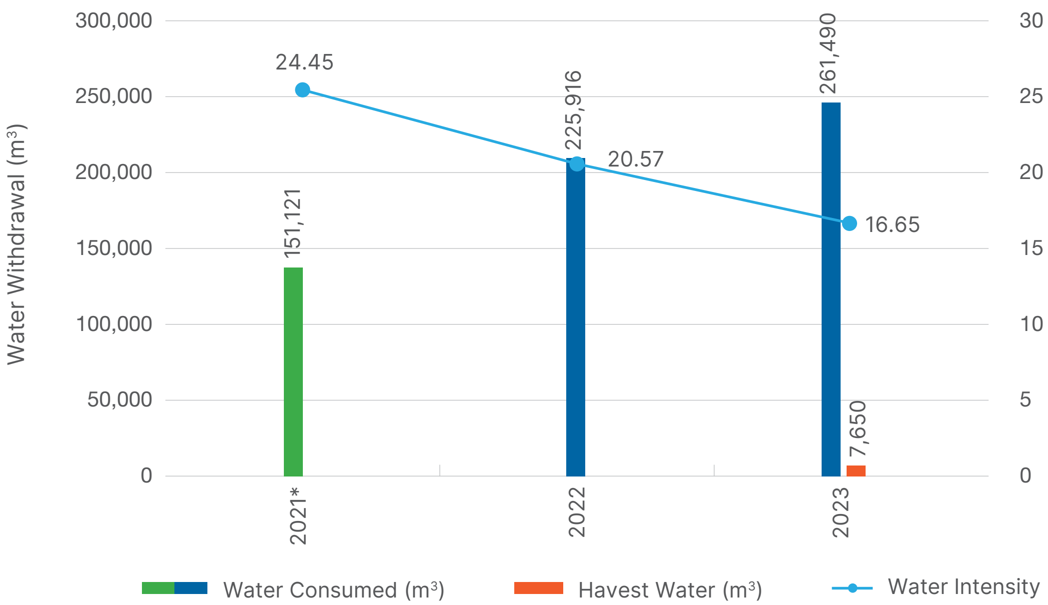
We carefully manage the use of fresh water in our operations and the impact of our projects on water resources in the surrounding areas. We aim to use alternatives such as recycled water to reduce water use and improve its efficiency. We have a range of processes that evaluate and help us manage risks associated with our water use. These processes focus on considering water conservation and efficiency in critical decisions and striving to conserve, reuse and recycle. Wasco 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 Consumption and Intensity (100% of Operations)

Wasco expresses its water intensity as total water consumed measured in cubic metres by 1,000 man-hours.

Year	2021*	2022	2023
Total Water Consumed (m^3)	151,121	225,916	261,490
Total Water Harvested (m^3)	0	0	7,650
Total Man-hours	5,938,644	10,985,154	15,704,670
m^3/Man-hours (1,000)	25.45	20.57	16.65



Note: Data for 2022 and 2023 encompasses all entities in Wasco. Data for 2021 were scoped to Wasco's Energy Division only.

Social

Wasco's community investment principles are closely aligned with the goal of enhancing the well-being and development of local communities. By strategically aligning business objectives with community investment, the Group can achieve more favourable outcomes for both itself and the local communities it serves. The focus of community investment centers around a clearly defined purpose: to drive positive transformation.

Corporate Social Responsibility

Wasco is committed to providing long-term benefits to the community where we operate. In FY2023, we carried out a series of corporate social responsibility ("CSR") projects at our operations across the globe.

CSR Programmes for 2023

Volunteer at Casa Harapan – Wasco Coatings Malaysia Sdn Bhd, Kuantan

Wasco demonstrates its commitment to social responsibility through its volunteer efforts at Casa Harapan, a shelter home managed by the Drugs Intervention Centre Malaysia. Wasco staff actively engage in various tasks aimed at improving the living conditions of the residents.

Volunteer activities include cleaning, repairs, and installations such as ceiling fans, piping, doors, and LED lamps. By providing essential maintenance and upgrades to the facility, Wasco contributes to creating a safer and more comfortable environment for the residents of Casa Harapan. This hands-on involvement reflects Wasco's dedication to supporting local communities and making a positive impact on society.

Maendeleo Programme – Wasco ISOAF, Tanzania

Wasco had taken on a culturally conscious and intentional approach by investing in the living cultural heritage of vilagers in Sojo and Igusule in Tanzania, through functional, artisanal craft. Wasco took initiative to commission, collaborate and procure locally made furniture complete with decorative trimmings from makers in the villages. Traditional craftsmanship's key advantage lies in its utilisation of natural materials and waste minimization, as artisans efficiently employ every part of the material, in stark contrast as mass production, which Traditional craftsmanship practices not only minimise energy consumption but eliminate harmful emissions, resulting environmental benefits and a reduction in our Carbon footprint.

In addition to supporting local artisans, Wasco has initiated a Bicycle Safety Campaign. This campaign aims to enhance road safety by equipping 1000 cyclists with essential safety gear, including side mirrors, dynamo lights, and reflectors.

School Facilities Upgrade – PT Wasco Engineering Indonesia, Batam

A flagship programme involving the upgrading of school infrastructure, aiming to cultivate secure and enriching learning environment for the children. The infrastructure enhancement including constructing an art studio stage, concreting school yards, building new restrooms, renovating existing facilities, repairing classroom ceilings and providing essential furniture for the schools.

Through these efforts, Wasco aims to empower local schools and contribute to the holistic development of the community, ultimately enhancing educational opportunities and outcomes for children in Batam.

Clean-up Day at Aiyki Beach – Wasco Greece, Thisvi

Wasco Staff participated in collecting litter, sorting materials for responsible disposal, ensuring a cleaner beach and promoting responsible waste management.

Wasco Christmas Wish Project – Wasco HQ, Kuala Lumpur

The project went beyond fulfilling the wishes of 30 children, embracing the spirit of generosity with gift ranging from anime-themed clothing to essential items. In collaboration with Aeon BIG, goody bags and electrical goods enhancing home's facility were contributed.

Titiwangsa Park Clean-Up – Wasco HQ, Kuala Lumpur

On the designated park clean-up day, Wasco HQ staff and family members gathered at the expansive lakeside area of Taman Titiwangsa early in the morning. Their collective efforts promoted community social responsibility and fostered a spirit of togetherness.

A Place for People

Employees power the work of our company. We provide comprehensive compensation, benefits, tools and benefits to foster success and career growth for all employees, alligning 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 when necessary.

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. Wasco also provides leaves of absence for several quality-of-life needs, including personal, maternity and paternity leave.

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.

Wasco 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 competencies in accordance to established training matrix. Wasco also provides a suite of training material through our iLearn e-learning platform which is accessible to all employees assigned with an email. As a Group, we recorded a total of 69,565 training hours, equivalent to an average of 14.35 training hours per employee in 2023.

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. Wasco engages in regular staff 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

Operating in the energy industry, Wasco's prime objective is to establish a safe and healthy workplace for employees, contractors and other stakeholders while protecting the environment. Health, Safety and Environment ("HSE") is paramount and prioritised throughout the Group.

Wasco's HSE 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 Wasco subscribes.

We are pleased to report no health & safety incidents that have led to fatalities recorded in 2023. We recorded three Lost Time Incidents ("LTIs") in the same period. We are committed to continuous improvement to providing a safe working environment and maintaining people's health and well-being. For FY2024, we continue to strive for ZERO injuries and fatalities at our operations.

Our Total Recordable Incident Frequency ("TRIF") in 2023 was 1.5, compared to the industry average of 0.9 as reported by the International Association of Oil & Gas Producers ("IOGP") in their "IOGP Safety Performance Indicators – 2022 data".

Wasco'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

2023 Highlights

- 71,106,642 Incident Free Man-hours Worked since the last LTI.
- Continued implementation of i-Start programme to enable a safety culture transformation.
- Digital safety observation initiative, the Care Card Advance Analytics project.

Safety starts with the individual; all individuals must protect their health, safety and well-being. 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 2023, Wasco trained 5,352 employees on health and safety standards, including general safety. Training included HSE induction, forklift operation, rigging and slinging training, working at height, electrical safety, hand safety, grinding safety and confined space entry.

Wasco's Board-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

Wasco'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. Wasco'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

ISO 45001:2018 certification covers 69% of Wasco's operations, ensuring compliance with Occupational Health and Safety Management System standards.

Safety Governance

Wasco's Group HSE Committee is responsible for improving working conditions and provides employees and management with a forum to solve health and safety problems. The HSE Committee is a participative initiative comprising a chairman and management representatives. Led by Managing Director/Group CEO Mr Gian Carlo Maccagno, the committee reviews safety concerns, performance and risks and reports the Group's safety performance to the Board.

Wasco's HSE managers and 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	2021*	2022	2023
Employees	0	0	0
Contractors	0	0	0

Lost-time Incident* Rate

2021*	2022	2023
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 and 2023 encompasses all entities in Wasco. Data for 2021 were scoped to Wasco's Energy 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

Wasco summarised its human rights policy in our Human Rights Statement. All staff receive training on this policy. All associates review and receive annual awareness briefings on the statement as part of their human rights policy training. These documents are available in English and Bahasa Malaysia.

Wasco aligns its conduct 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

Wasco adheres to all applicable employment and human rights regulations where 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 (Labour) declaration.

Wasco 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

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

We treat all employees equally and fairly regardless of:

- Race, colour, age, gender, sexual orientation, gender identity and expression, ethnicity or nationality, disability, pregnancy, religion, political affiliation or marital status.

We protect all employees in:

- Hiring and employment practices through adequate living wages, promotions, rewards and access to training.

We uphold our stand of ‘equal pay for equal work’ and comply with all local laws. There were no reported discrimination cases related to equality and diversity in 2023.

Equality in Recruitment

Wasco 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. Wasco sources these talents and expertise internationally when unavailable locally.

Wasco practises equal opportunity and non-discrimination in its hiring process; candidates are only assessed on their qualifications and job suitability. Wasco does not discriminate in any stage of the hiring process, including recruiting from underprivileged groups, deprived backgrounds or people with disablity. However, we employed 0% employees with disability at the end of FY2023.

In 2023, Wasco recorded an overall voluntary turnover rate of 10.91% during the year. Females represented 8% of the total workforce. Female representation at the Senior Leadership Team level remained stable at 15%.

Speak Up

Wasco complies with laws by continuously monitoring 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.

Wasco 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. 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

Wasco 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

Wasco 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 Malaysian laws such as working hours, minimum living wages, overtime hours and legally mandated benefits. In compliance with Malaysian law, we compensate workers for overtime at pay rates above the stated regular hourly rates. Docking wages as a disciplinary measure is not permitted. We also aim to eliminate excessive working hours by limiting them.

Product Responsibility

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

Premium Solutions, Flawless Deliveries

Wasco's quality management system ("QMS") employs a process approach, enabling Wasco to plan its processes and interactions adequately. Wasco 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 Group's Quality Policy.

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.

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

Sustainability Report

Our Digital Transformation Journey

Wasco recognised that Digitalisation is a core competency for Wasco to survive and thrive. In 2023, we continued delivering various workshops and discussions virtually and physically to raise awareness of digitalisation at management and operation levels. We continued our journey in 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.

Wasco 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.

While digital technologies are the enablers for the next wave of transformation, Digitalisation extends beyond the technology component; data-driven initiatives change how we think, work and collaborate. Digitalisation 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 FY2023, 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. The Environmental Dashboard continues to provide valuable insights on the Group's GHG emission from the data gathered, enabling us to focus our efforts in combating climate change effectively. In 2023, the Governance Dashboard was developed, providing a digital platform for our Risk Management process. We will expand this further in FY2024 to track key performance indicators related to the Social aspect of ESG.

ESG Performance Data

Environmental Performance

Parameter	Units	2021*	2022	2023
Energy				
Electricity				
Total Electricity Consumption	MWh	14,070	23,861	27,028
Rooftop Solar PV Generation	MWh	0	640	664
Green Electricity Purchased via Green Electricity Tariff	MWh	0	5,000	6,000
Fuel				
Diesel Consumption	Liter	1,258,620	3,604,783	4,225,355
LPG Consumption	m^3	39,980	143,192	308,875
Petrol/Gasoline Consumption	Liter	51,683	95,112	107,513
Air Emissions				
NOX Emission	kg	30	85	99
SOX Emission	kg	0	0	0
Volatile Organic Compounds (VOC) Emission	kg	0	0	0
Water & Wastewater				
Water Withdrawal				
Municipal potable water	m^3	151,121	225,916	261,490
Harvested rainwater	m^3	0	0	7,650
Surface water from rivers, lakes, natural ponds	m^3	0	0	0
Groundwater from wells, boreholes	m^3	0	0	2
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	151,121	225,916	258,046
Wastewater/Effluent Discharge				
Discharge to Off-site Water Treatment Plant	m^3	4,316	10,744	1,310
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	4,316	10,744	1,310
Percentage of WSC sites located in water stressed area	%	0%	6%	5%
Water consumed in water stressed area	m^3	0	13,859	6,848
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

Sustainability Report

Parameter	Units	2021*	2022	2023
Waste				
Waste Generation				
Total waste	tonnes	2,009	3,041	5,373
Hazardous	tonnes	1,387	1,070	549
Non-recycled	tonnes	621	1,876	3,132
Recycled	tonnes	0	951	1,692
Environmental Management & Compliance				
Environmental Fines/Penalties	RM	0	0	0
Greenhouse Gas and Climate Change				
Scope 1	tCO_2e	4,880	14,217	15,452
Scope 2	tCO_2e	8,719	11,008	14,060
Internal carbon price	RM/tCO_2e		Not Used	
Flaring emission from LPG storage tank	tCO_2e	0	0	0
Methane Emission	tonnes	0	0	1
Emission Intensity	tCO_2e/1,000 manhours worked	2.29	2.30	1.88

Note: Data for 2022 and 2023 encompasses all entities in Wasco. Data for 2021 were scoped to Wasco's Energy Division only.

Social Performance

Parameter	Units	2021*	2022	2023
Health and Safety				
Percentage of sites with ISO 45001:2018 certification	%	67%	63%	69%
Percentage of sites with ISO 14001:2015 Environmental Management System certification	%	56%	56%	54%
H&S Training				
Number of staff trained on safety	No. of staff	1025	1702	5352
Lost Time Incident Rate (LTIR), including contractors	per 1,000 hours worked	0	0	0.2
Number of work-related fatalities for staff	No. of staff	0	0	0
Number of work-related fatalitites for contractor	No. of contractor	0	0	0
Communities				
Total Amount of donations or community investments	RM	166,500	32,253	875,433

Parameter	Units	2021*	2022	2023
Labour Standards				
Total number of staff	No. of staff	2312	3865	5,752
Total number of contractors	No. of contractor	866	1722	4,660
Full time staff voluntary turnover rates	%	3.35%	1.73%	11%
Percentage of employees that are contractors or temporary staff	%	27%	31%	81%
Amount of time spent on employee development training to enhance knowledge or individual skills	hours per employee	2	5	14
Percentage of staff with a disability	%	0%	0%	0%
Percentage of women in the workforce (incl. contractors)	%	6%	8%	8%

Note: Data for 2022 and 2023 encompasses all entities in Wasco. Data for 2021 were scoped to Wasco's Energy Division only.

Governance Performance

Parameter	Units	2021*	2022	2023
Anti-Bribery and Anti-Corruption				
Total amount of political contributions made	RM	0	0	0
Number of staff disciplined or dismissed due to non-compliance related to Anti-Bribery/Anti-Corruption	No. of Staff	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 and 2023 encompasses all entities in Wasco. Data for 2021 were scoped to Wasco's Energy Division only.

Bursa Malaysia Sustainability Reporting Data

Indicator	Measurement Unit	2023
Anti-corruption		
Percentage of employees who have received training on anti-corruption by employee category		
Leadership Team	Percentage	100%
Managers	Percentage	100%
Executives	Percentage	100%
Non-Executives	Percentage	100%
Percentage of operations assessed for corruption-related risks	Percentage	0
Confirmed incidents of corruption and action taken	Number	0
Percentage of employees that the organisation's anti-corruption policies and procedures have been communicated to		
Leadership Team	Percentage	100%
Managers	Percentage	100%
Executives	Percentage	100%
Non-Executives	Percentage	100%
Community/Society		
Total amount invested in the community where the target beneficiaries are external to the listed issuer	RM	875,433
Total number of beneficiaries of the investment in communities	Number	7,759
Diversity		
Percentage of employees by gender and age group, for each employee category		
Age Group by Employee Category		
Leadership Team Under 30	Percentage	0%
Leadership Team Between 30-50	Percentage	38%
Leadership Team Above 50	Percentage	62%
Manager Under 30	Percentage	1%
Manager Between 30-50	Percentage	76%
Manager Above 50	Percentage	24%
Executive Under 30	Percentage	23%
Executive Between 30-50	Percentage	67%
Executive Staff Above 50	Percentage	10%
Non-Executive Under 30	Percentage	26%
Non-Executive Between 30-50	Percentage	68%
Non-Executive Above 50	Percentage	6%

Indicator	Measurement Unit	2023
Gender Group by Employee Category		
Leadership Team Male	Percentage	85%
Leadership Team Female	Percentage	15%
Manager Male	Percentage	77%
Manager Female	Percentage	23%
Executive Male	Percentage	78%
Executive Female	Percentage	22%
Non-Executive Male	Percentage	97%
Non-ExecutiveFemale	Percentage	3%
Percentage of directors by gender and age group		
Male	Percentage	22%
Female	Percentage	78%
Under 30	Percentage	0%
Between 30-50	Percentage	22%
Above 50	Percentage	78%
Total Employee by category		5,752
Leadership Team	Number	53
Managers	Number	305
Executives	Number	1,138
Non-Executives	Number	4,256
Energy management		
Total energy consumption	Megawatt	26,749
Health and safety		
Number of work-related fatalities	Number	0
Lost time incident rate ("LTIR")	Rate	0
Number of employees trained on health and safety standards	Number	5,352
Labour practices and standards		
Total hours of training by employee category		
Leadership Team	Hours	Information unavailable*
Manager	Hours	Information unavailable*
Executive	Hours	Information unavailable*
Non-Executive	Hours	Information unavailable*
Percentage of employees that are contractors or temporary staff	Percentage	81%

Indicator	Measurement Unit	2023
Total number of employee turnover by employee category		
Leadership Team	Number	6
Manager	Number	37
Executive	Number	177
Non-Executive	Number	321
Number of substantiated complaints concerning human rights violations	Number	0
Supply chain management		
Proportion of spending on local suppliers	Percentage	62%
Data privacy and security		
Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Number	0
Water		
Total volume of water used	Megalitres	258

** In FY2023, training data were tracked without the necessary granularity. However, a plan is now in place to enhance the granularity of this information starting from January 2024. Wasco will identify employees responsible for collecting and managing the required data. Additionally, a standardised reporting template will be established, and regular meetings will be scheduled to review the data.*

Statement of Assurance

In strengthening the credibility of the Sustainability Statement, selected aspects of this Sustainability Statement have been subjected to an internal review by the company's internal auditors and has been approved by Audit Committee of Wasco Berhad.

Subject Matter

The subject matter covered by the internal review focused on the common material sustainability matters of the selected aspects as below and included the following common indicators:

a. Business Ethics and Compliance – Anti Bribery and Corruption and Whistleblowing

- ➢ Percentage (%) of employees who have received training on anti-bribery by employee category.
- ➢ Percentage (%) of operations assessed for bribery related risks.
- ➢ Confirmed incidents of corruption and action taken.

b. Diversity, Equal Opportunity, and Non-Discrimination

- ➢ Percentage (%) of employees by gender and age group, for each employee category.
- ➢ Percentage (%) of directors by gender and age group.
- ➢ Confirmed incidents of inequality in giving opportunities, discrimination and action taken.

c. Training and Development

- ➢ Total hours of training by employee category.

Scope

The boundary of the internal audit review are operations of Wasco Berhad in Malaysia, of which comprised four (4) legal entities as stated below:

- ➢ Wasco Process Engineering Sdn. Bhd. (formerly known as Jutasama Sdn. Bhd.)
- ➢ Wasco Thermal Sdn. Bhd. (formerly known as Mackenzie Industries Sdn. Bhd.)
- ➢ Wasco AgroTech Sdn. Bhd. (formerly known as PMT Industries Sdn. Bhd.)
- ➢ Wasco Coatings Malaysia Sdn. Bhd.

05

Commitment to Governance

Profile of Board of Directors

Profile of Key Senior Management Team

Corporate Governance at Wasco

- Audit Committee
- Nomination and Remuneration Committee
- Governance, Compliance and Risk Committee
- Corporate Governance Overview Statement
- Additional Compliance Information
- Statement on Risk Management and Internal Control
- Statement of Directors' Responsibility

Profile of Board of Directors

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

Dato' Seri Robert Tan, a Malaysian, male, aged 71, was appointed Chairman of Wasco Berhad (formerly known as Wah Seong Corporation Berhad) ("WB") 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 from 2001 until 2022.

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 thereafter he remains as a Non-Independent Non-Executive Director. He is the Chairman of IGB REIT Management Sdn. Bhd. (the Manager of IGB Real Estate Investment Trust and IGB Commercial Real Estate Investment Trust).

Dato' Seri Robert Tan is a Trustee of Yayasan Tan Kim Yeow and he also sits on the Board of several other private limited companies.

Gian Carlo Maccagno
Managing Director/Group Chief Executive Officer

Mr Maccagno, an Italian, male, aged 60, was first appointed as an Executive Director of WB on 1 June 2004 and subsequently promoted to be the Deputy Managing Director on 1 January 2007. Mr Maccagno succeeded the role as Managing Director/Group Chief Executive Officer of WB following the retirement of Mr Chan Cheu Leong from the position with effect from 1 July 2023. He is responsible for the overall business and management operations of the WB 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.

Profile of Board of Directors

Tan Sri Saw Choo Boon
Senior Independent Non-Executive Director

Tan Sri Saw Choo Boon, a Malaysian, male, aged 77, was appointed to the Board of WB on 6 April 2018 as an Independent Non-Executive Director. Tan Sri Saw was then appointed as the Senior Independent Non-Executive Director of WB with effect from 23 May 2023.

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 50, was appointed to the Board of WB 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.

Datin Wan Daneena also sits on the Board of PLUS Malaysia Berhad and S P Setia Berhad.

Profile of Board of Directors

Lily Rozita Binti Mohamad Khairi
Independent Non-Executive Director

Ms Lily Rozita Binti Mohamad Khairi, a Malaysian, female, aged 53, was appointed to the Board of WB 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 29 years of experience within the Shell organisation in a variety of roles inclusive of Legal, Ethics & Compliance and Human Resources management.

Chan Cheu Leong
Non-Independent Non-Executive Director

Mr Chan Cheu Leong, a Malaysian, male, aged 73, was appointed to the Board of WB on 22 May 2002 as the Managing Director/Group Chief Executive Officer. He retired from the position of Managing Director/Group Chief Executive Officer on 1 July 2023 and was instrumental in the consolidation and listing of WB Group in year 2002. He remains as a Non-Independent Non-Executive Director of WB.

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 WB, 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 former member of Sustainable Energy Development Authority (SEDA) Malaysia and a former member of the Advisory Council of Federation of Malaysian Manufacturers (FMM).

Profile of Board of Directors

Halim Bin Haji Din
Non-Independent Non-Executive Director

Encik Halim bin Haji Din, a Malaysian, male, aged 77, was appointed to the Board of WB on 22 May 2002 as an Independent Non-Executive Director. He was redesignated as a Non-Independent Non-Executive Director of WB with effect from 23 May 2023.

Encik Halim 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.

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

Tan Sri Prof. Lin See Yan, a Malaysian, male, aged 84, was appointed to the Board of WB on 20 July 2004 as an Independent Non-Executive Director. He was redesignated as a Non-Independent Non-Executive Director of WB with effect from 23 May 2023.

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. 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 was a Director of Sunway Berhad and IGB REIT Management Sdn. Bhd. (the Manager of IGB Real Estate Investment Trust and IGB Commercial Real Estate Investment Trust). He currently advises and sit on the Board of Nylex (Malaysia) Berhad and other private businesses in Malaysia as well as ASEAN.

Profile of Board of Directors

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

Mr Tan Jian Hong, Aaron, a Malaysian, male, aged 40, was appointed to the Board of WB 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.

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.

In 2021, Mr Tan had taken up the investment advisory roles at Astrid Hill Asset Management Pte. Ltd. and K3 Ventures Pte. Ltd.. He also sits on the Board of several other private limited companies.

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 WB and their interest in the securities of WB 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 WB.

Conflict of interest

1. *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 Wasco Berhad's business, there may be prospects or future dealings between Shell and Wasco Berhad and its Group of Companies ("Wasco Group"). Any potential or perceived conflict of interest has been registered with Shell and mitigations inclusive of recusal has been put in place.*
2. *Datin Wan Daneena's husband is currently the President & Group Chief Executive Officer of Affin Bank Berhad, one of the financial institutions from which Wasco Group has borrowings. Datin Wan Daneena shall abstain from all discussions and decisions of Wasco Group involving Affin Bank Berhad.*

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

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 2023.

Profile of Key Senior Management Team

Ramanathan P.R. Singaram

Chief Financial Officer

56 years of age | Male | Malaysian | Appointed 1 July 2013

Mr Ramanathan P.R. Singaram is the Chief Financial Officer ("CFO") of Wasco Berhad (formerly known as Wah Seong Corporation Berhad) ("WB") since 1 July 2023. Previously, he served as CFO of the Energy Division within Wasco Energy Group from 1 July 2013. He was formally appointed as CFO of Wasco Berhad on 1 May 2023.

He earned his ACCA qualification from the Association of Chartered Certified Accountants United Kingdom, in 1994, and is a recognised Fellow. Additionally, he is a member of the Malaysian Institute of Accountants.

Mr Ramanathan joined Wasco in June 2006 as Head of Group Internal Audit, advancing to Group Financial Controller for the Energy Division in June 2008. Prior to WB, he worked for 11 years at PricewaterhouseCoopers ("PwC"), Malaysia, until 2006.

Ariesza Noor

Chief Strategy Officer

47 years of age | Female | Malaysian | Appointed 1 March 2023

Ms Ariesza Noor, is the Chief Strategy Officer at WB since 1 March 2023. She joined WB as Manager, Investor Relations in 2008.

She holds a Bachelor of Commerce ("Honors") in Accounting & Finance from Lincoln University, New Zealand, and is a Fellow of Certified Practising Accountant ("CPA") Australia.

She began her career in 1999 with Tenaga Nasional Berhad, where she held 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. Ms Ariesza rejoined WB 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 WB's major pipe coating operations in Malaysia. She has also served as Chief Corporate Officer of KPJ Healthcare Berhad from 2021 until 2023.

Tay Hin Mian, Vivian

Chief Human Resources Officer

50 years of age | Female | Singaporean | Appointed 1 April 2023

Ms Vivian Tay assumed the role of Chief Human Resources Officer ("CHRO") at WB on April 1, 2023, after serving as Vice President of Group Human Resources since September 2012.

She holds a Bachelor of Business in Human Resource Management from Nanyang Technological University Singapore and is a Fellow of The Association of Certified Chartered Accountant United Kingdom.

In 2005, Ms Tay commenced her journey with WB in Finance before assuming the role of Finance Manager, Asia Pacific with Emerson Process Management in 2008. She rejoined WB as Senior Finance Manager in 2010 and was appointed regional Human Resource Business Partner in 2011.

Profile of Key Senior Management Team

Iqbal Gopalsamy Abdullah

Vice President, Group Health, Safety and Environment

71 years of age | Male | Malaysian | Appointed 1 June 2015

Encik Iqbal Abdullah is the Vice President of Group Health, Safety and Environment ("HSE") of WB since 1 June 2015.

He attained his Bachelor of Economics ("Honours") from the University of Malaya in 1975.

Encik Iqbal's extensive career began in 1976 as Management Trainee in PETRONAS, where he held various leadership roles in procurement, management development, corporate planning, business development, risk management and safety management. Prior to joining WB in 2012, he also held a senior management position in customer relationship management at MISC Berhad.

Dr. Martyn Wilmott

Chief Executive Officer, Pipeline Services Division

63 years of age | Male | British/Canadian | Appointed in 2008

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

From 2014 until 2019, Dr. Wilmott held the position of Vice President of Tubular Product Technology with EVRAZ, the leading Steel and Pipe Manufacturing Company in North America. Dr. Wilmott brings more than 30 years of energy, infrastructure and manufacturing experience to his role having also held leadership positions with a number of global companies. Dr. Wilmott is based in Dubai in the UAE.

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

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

Shamugam Karupiah

Chief Executive Officer, Engineering & Fabrication Services Division

54 years of age | Male | Malaysian | Appointed 1 March 2016

Mr Shamugam Karupiah, has held the role of Executive Vice President for the Engineering and Fabrication Division since 1 March 2016.

He attained his Bachelor's Degree in Accounting from University Utara Malaysia in 1991, and commenced his career as an Assistant Accountant with Hong Leong Group, Malaysia. Progressing within the group, he served as Finance Manager until 1998. Mr Karupiah joined Trox, a German MNC, in 1999 as Finance Director, he later held positions including General Manager and Managing Director for their Asia Pacific operations. Returning to Hong Leong Group in 2004, he served as Financial Controller at their listed affiliate, Southern Steel Berhad. Transitioning to Wasco Energy in 2009 as Senior Financial Controller for the Engineering and Fabrication Division, he was promoted to Vice President – Operations in 2014 before assuming his current role.

Profile of Key Senior Management Team

Lee Yee Chong

Chief Executive Officer, Bioenergy Services Division (Industrial Engineering Unit)

56 years of age | Male | Malaysian | Appointed 1 March 2019

Mr Lee Yee Chong, has been the Chief Executive Officer for the Industrial Engineering Unit (Wasco Thermal Sdn. Bhd. & Wasco Process Engineering Sdn. Bhd.) since 1 March 2019.

Mr Lee attained his Bachelor in Mechanical Engineering from University of Malaya in 1993. Mr Lee started his career as project and commissioning engineer with ABB Industrial Systems Sdn. Bhd. and subsequently joined Wasco Process Engineering Sdn. Bhd. (formerly known as Jutasama Sdn. Bhd.) as project engineer in 1996.

Andrew Wong

Chief Executive Officer, Bioenergy Services Division (Agro-based Industrial Unit)

41 years of age | Male | Malaysian | Appointed 1 April 2022

Mr Andrew Wong, has been the Chief Executive Officer of the Agro-based Industrial Unit (Wasco AgroTech Sdn. Bhd.) since 1 April 2022.

Mr Wong 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. to handle the operations and project management from 2007 until 2010.

Mr Wong 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.

Sivaramayah Sivalingam

Head, Group Internal Audit

52 years of age | Male | Malaysian | Appointed 1 August 2019

Mr Sivaramayah A/L Sivalingam is the Head of Group Internal Audit of WB since 1 August 2019. He reports to the Audit Committee and the Managing Director/Group CEO of WB. His roles focus on evaluating and improving the effectiveness of risk management, control and governance processes.

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

With over 20 years of experience, he has held senior roles in internal auditing, external auditing, risk management, quality management, cost accounting and compliance. Over 15 years were spent in senior positions in internal audit in the Oil and Gas industry, including Sapura Energy Berhad and Sumatec Resources Berhad.

Profile of Key Senior Management Team

Lew Kok Cheong
Head, Group Treasury
56 years of age | Male | Malaysian | Appointed 1 June 2008

Mr Lew Kok Cheong is the Head Group Treasury of WB since 1 June 2008.

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 since 2005. He assumed the current Group Treasury lead since 2008 in addition to various other support roles from Finance, Tax and Legal for the past 18 years.

Ooi Giap Hwa, Billy
Senior Vice President, Operation Finance
51 years of age | Male | Malaysian | Appointed 1 June 2023

Mr Billy Ooi has served as Senior Vice President, Operation Finance of WB since 1 June 2023. He previously holds the position of Head of Finance, Industrial Services Division within the Wasco Group.

He holds a CPA from The Malaysian Institute of Certified Public Accountants and is a member of both the Malaysian Institute of Certified Public Accountants and the Malaysian Institute of Accountants.

Commencing his career as a Finance and Admin Manager in 2003, Mr Ooi progressed to roles such as Financial Controller, Renewable Energy Division, and General Manager of Wasco Thermal Sdn. Bhd. Prior to WB, he worked at Taliworks Corporation Berhad as a Financial Accountant, following four years of articleship at BDO, gaining valuable technical and financial expertise.

He is an indirect shareholder of Wasco Thermal Sdn. Bhd. by virtue of him holding 9.74% in Tema Energy Ventures Sdn. Bhd., and in turn Tema Energy Ventures Sdn. Bhd. holds 40% shareholding in Wasco Thermal Sdn. Bhd. He also sits on the Board of a number of subsidiaries within the Group. Hence, Mr Ooi shall abstain from all decision making for any transactions that could potentially trigger conflict of interest with the Group.

Woo Ying Pun, Irene
Company Secretary

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

Notes:-

<u>Directorship in public/public listed companies</u>

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

<u>Family relationship with Directors and/or major shareholders</u>

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

<u>Conflict of interest</u>

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

<u>Convicted of offences</u>

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 2023.

Audit Committee

1. ROLE OF THE AUDIT COMMITTEE

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

- assess the Group's processes relating to its risks and control environment;
- oversee financial reporting;
- review the internal and external audit reports;
- assess the suitability, objectivity and independence of the External Auditors; and
- review any conflict of interest situation that arise, persist or may arise within the Company and the Group and the measures taken to resolve, eliminate or mitigate such conflicts.

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

The TOR was last reviewed by the Board on 27 February, 2024.

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 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.

The members and details of attendance of Directors at the AC Meetings of the Company for the financial year ended 31 December 2023 are as follows: -

Name of Director	Directorship	Date of Appointment	No. of Meetings Attended
[a] Datin Wan Daneena Liza Binti Wan Abdul Rahman (Chairman)	Independent Non-Executive Director	23 May 2023	2/2
[b] Halim Bin Haji Din (Member)	Non-Independent Non-Executive Director*	22 May 2002	4/5
Tan Sri Saw Choo Boon (Member)	Senior Independent Non-Executive Director**	30 August 2018	5/5
[c] Tan Sri Professor Lin See Yan (Member)	Non-Independent Non-Executive Director*	20 July 2004	3/3
[c] Tan Jian Hong, Aaron (Member)	Non-Independent Non-Executive Director	3 June 2015	3/3

* *Redesignated as Non-Independent Non-Executive Director with effect from 23 May 2023.*
** *Appointed as Senior Independent Non-Executive Director with effect from 23 May 2023.*
a *Appointed as Chairman of AC with effect from 23 May 2023.*
b *Redesignated from Chairman to member of AC with effect from 23 May 2023.*
c *Resigned as member of AC with effect from 23 May 2023.*

3. SUMMARY OF ACTIVITIES

During the financial year under review and up to the date of approval of this statement, 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 2022 and first, second, third and fourth quarters of 2023, 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 ("Bursa Malaysia") Main Market Listing Requirements ("MMLR"), were reviewed by the AC at the AC meetings held on 23 February 2023, 23 May 2023, 21 August 2023, 28 November 2023 and 27 February 2024 respectively.

On 23 February 2023 and 27 February 2024 respectively, the AC reviewed the key findings by the External Auditors, PricewaterhouseCoopers PLT ("PwC"), for the financial years ended 31 December 2022 and 31 December 2023. Subsequently on 13 April 2023 and 16 April 2024 respectively, the AC reviewed the AC Report in respect of the significant audit, accounting and control matters in respect of the audit for the financial years ended 31 December 2022 and 31 December 2023 as presented by PwC together with the Audited Financial Statements of the Company and the Group for the financial years ended 31 December 2022 and 31 December 2023.

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's MMLR, the AC reviewed and approved Wasco Berhad's ("WB") Annual Report 2022 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 2023 and the same were recommended to the Board for their approval.

b. On 13 April 2023, 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 change of name from Wah Seong Corporation Berhad to Wasco Berhad.

c. The AC at the meeting held on 16 April 2024 reviewed and approved WB's Annual Report 2023 in particular the Statement from the Chairman and the Managing Director/ Group Chief Executive Officer, Statement from the Group Chief Executive Officer, Sustainability Report, Nomination and Remuneration Committee Report, Governance, Compliance and Risk Committee Report, Corporate Governance Overview Statement, Additional Compliance Information, Statement on Risk Management and Internal Control, Statement of Directors' Responsibility and Summary of Significant Recurrent Related Party Transactions and the same were recommended to the Board of Directors for their approval.

d. On 16 April 2024, the AC reviewed the Company's Circular to Shareholders pertaining to the following proposal 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.

e. On 16 April 2024, the AC reviewed the Company's Share Buy-Back Statement and the proposed authority to buy-back its own shares by the Company.

3.3 External Auditors

a. The AC at its meetings held on 23 February 2023 and 27 February 2023 respectively reviewed the annual assessment of the performance of PwC in respect of the financial years ended 31 December 2022 and 31 December 2023 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 Company and 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 30 May 2023.

The AC further recommended the re-appointment of PwC as the External Auditors of the Company and the Group for the financial year ended 31 December 2023 to the Board of Directors for approval accordingly.

b. The AC had private meetings with the External Auditors on 23 February 2023, 21 August 2023 and 27 February 2024 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 21 August 2023, the AC reviewed the Audit Plan prepared by the External Auditors for the financial year ended 31 December 2023 outlining the detailed terms and responsibilities of PwC and PwC's affirmation of their independence as External Auditors, areas of audit emphasis identified in response to changes within the Group's business and the reporting requirements during the financial year, on the ways PwC would continue to deliver an audit that is efficient and effective while also keeping pace with the Group's changes and in what way PwC intended to work with the team from the Group.

d. On 23 February 2023, the AC acknowledged that PwC would communicate and obtain concurrence from the AC on any engagement to be provided to WB, its parent company(s) and/or its subsidiary(s) for the financial year 2022 and onwards. PwC would also report fee-related matters at the year-end AC Meeting each year for the AC's review.

e. On 23 February 2023 and 16 April 2024 respectively, the AC noted the PwC Malaysia Transparency Report 2022 and the PwC Malaysia Transparency Report 2023 as tabled by PwC in accordance with the compulsory annual transparency reporting for audit firms registered with the Securities Commission's Audit Oversight Board.

f. On 23 May 2023, the AC reviewed and approved the Non-Assurance Services ("NAS") Concurrence Policy ("NAS Policy") of WB Group outlining the list of permissible NAS to be provided by PwC. Any services not listed in the NAS Policy would be reviewed by the Chief Financial Officer and relayed to the AC Chairman for concurrence.

g. On 21 August 2023 and 28 November 2023 respectively, the AC reviewed the list of approved NAS provided by PwC for the financial year 2022 and 2023.

h. On 28 November 2023, the AC reviewed the WB Group Interim Audit Report presented by PwC for the financial year ended 31 December 2023 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.

i. 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 23 February 2023, 23 May 2023, 21 August 2023, 28 November 2023 and 27 February 2024 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 meetings held on 13 April 2023 and 16 April 2024 respectively reviewed 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 for inclusion in the Circular to Shareholders pursuant to Bursa Malaysia's MMLR for the Board's approval.

3.5 Risk Management

On 23 February 2023 and 23 May 2023 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.

On 23 May 2023, the AC proposed for oversight of the Risk Management Committee to be delegated to the new Governance, Compliance and Risk Committee to be established to increase the focus on risk-related matters.

3.6 Internal Audit

a. On 23 February 2023, 23 May 2023, 21 August 2023, 28 November 2023 and 27 February 2024 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 28 November 2023, the AC reviewed the Group Internal Audit Plan for the financial year 2024 ("FY 2024") which encompassed the proposed audit engagements, proposed entities and processes with scope of audit, estimated Audit Man-days, proposed budget for FY 2024, proposed key performance indicators, organisation 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 the financial year 2023.

3.7 Capital Expenditure

On 23 February 2023 and 27 February 2024 respectively, the AC reviewed the total capital expenditure incurred by WB Group for the financial years ended 31 December 2022 and 31 December 2023.

On 23 May 2023 and 21 August 2023 respectively, the AC reviewed the capital expenditures incurred during the financial year 2023 on a quarterly basis to ensure that the expenditures were within the approved budget for the financial year under review.

On 28 November 2023, the AC reviewed the proposed annual capital expenditures and annual budget of the Group for FY 2024 before tabling to the Board for discussion and approval.

3.8 Conflict of Interest

The Conflict of Interest Policy was established on 27 February 2024 to ensure that actual, potential and perceived conflict of interest ("COI") are identified and managed effectively as it provides guidance on how to deal with COI situations as they arise and protect the Group's interest, while assisting the Directors and employees to perform with high integrity and ethical standards.

A Conflict of Interest Declaration Form was circulated to all Directors and Key Senior Management for them to disclose and declare their nature and extent of COI (if any) based on actual, potential and perceived COI. The compiled forms were tabled to and reviewed by the AC to determine the COI disclosed and the measure required to be taken to resolve, eliminate or mitigate the conflicts (if any) before the details of the COI are reported to the Board.

The Directors and Key Senior Management would inform the Company immediately should their circumstances change in any way that affects their COI declaration.

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 AC and administratively to the Managing Director/Group Chief Executive Officer.

The GIA had conducted risk-based audit engagements as stipulated in the annual Internal Audit Plan for financial year 2023 ("FY 2023"). 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 existing 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 follows:-

a. completed 8 risk-based audit engagements and special audit reviews that were presented to the AC. The review primarily focused on operations, 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 internal Self-Assessment on Quality Assurance and Improvement Programme (QAIP);

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 2023 for GIA amounted to RM1,006,176 (2022: RM876,415).

Nomination and Remuneration Committee

The Nomination Committee and Remuneration Committee of the Company have been merged into a new Board Committee known as the Nomination and Remuneration Committee with effect from 23 May 2023.

1. MEMBERS AND MEETING

The members and details of attendance of Directors at the Nomination Committee ("NC"), Remuneration Committee ("RC") and Nomination and Remuneration Committee ("NRC") Meetings of the Company for the financial year ended 31 December 2023 are as follows:-

1.1 Nomination Committee (prior to merging with RC on 23 May 2023)

Name of Director	Directorship	Date of Appointment	No. of Meetings Attended
[a] Tan Sri Professor Lin See Yan (Chairman)	Non-Independent Non-Executive Director*	25 August 2014	2/2
[b] Tan Sri Saw Choo Boon (Member)	Senior Independent Non-Executive Director**	25 February 2019	2/2
[c] Halim Bin Haji Din (Member)	Non-Independent Non-Executive Director*	22 May 2002	2/2
[d] Tan Jian Hong, Aaron (Member)	Non-Independent Non-Executive Director	1 June 2021	2/2

1.2 Remuneration Committee (prior to merging with NC on 23 May 2023)

Name of Director	Directorship	Date of Appointment	No. of Meetings Attended
[b] Tan Sri Saw Choo Boon (Chairman)	Senior Independent Non-Executive Director**	25 February 2019	2/2
[a] Tan Sri Professor Lin See Yan (Member)	Non-Independent Non-Executive Director*	25 August 2014	2/2
[c] Halim Bin Haji Din (Member)	Non-Independent Non-Executive Director*	22 May 2002	2/2

1.3 Nomination and Remuneration Committee

Name of Director	Directorship	Date of Appointment	No. of Meetings Attended
[b] Tan Sri Saw Choo Boon (Chairman)	Senior Independent Non-Executive Director**	23 May 2023	1/1
[a] Tan Sri Professor Lin See Yan (Member)	Non-Independent Non-Executive Director*	23 May 2023	1/1
[e] Lily Rozita Binti Mohamad Khairi (Member)	Independent Non-Executive Director	23 May 2023	1/1

* *Redesignated from Independent Non-Executive Director to Non-Independent Non-Executive Director with effect from 23 May 2023*

** *Appointed as Senior Independent Non-Executive Director with effect from 23 May 2023.*

a *Redesignated as a member of NRC with effect from 23 May 2023.*

b *Appointed as Chairman of NRC with effect from 23 May 2023.*

c *Resigned as member of NC and RC respectively with effect from 23 May 2023.*

d *Resigned as member of NC with effect from 23 May 2023.*

e *Appointed as member of NRC with effect from 23 May 2023.*

2. ROLE OF THE NOMINATION AND REMUNERATION COMMITTEE

The NRC 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 NRC 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.

The NRC shall also set the policies and procedures to determine the remuneration of Wasco Berhad's ("**WB**") Board of Directors and Senior Management, drawing from outside advice 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 should be 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.

Nomination and Remuneration Committee

3. TERMS OF REFERENCE

i. Composition

The NRC 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 NRC 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 NRC meetings.

ii. Quorum of Meetings

A minimum of two (2) NRC Members present physically or virtually shall constitute the quorum.

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

iii. NRC Members

The existing NRC Members are as disclosed above.

iv. Majority Decision

All decisions of the NRC shall be decided on the votes of the simple majority of those Members present physically or virtually.

Any decision or recommendation made by the NRC 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 remuneration and/or 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 NRC 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 NRC may deem fit depending on the nature and prevailing circumstances at hand.

viii. Secretary

The Group Company Secretary shall be the Secretary for the NRC. In the event that the Group 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 NRC Meeting and shall circulate the same for each Member's record. The Chairman's confirmation of the Minutes shall be taken as a correct record of the proceedings thereat.

The Chairman of the NRC 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 NRC, 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 Officers of the WB Group based on a list of fit and proper criteria.

During the financial year under review, the NRC reviewed and assessed candidates for new Board members prior to their appointment and the existing Board members who are due for retirement by rotation and are eligible for re-election, based on the fit and proper criteria stated in the Directors' Fit and Proper Policy. The NRC was satisfied with the outcome of the assessments and duly recommended the respective appointments/re-elections of the Board candidates/members to the Board of Directors for approval.

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.wascoenergy.com.

xi. Diversity Policy

The Diversity Policy was established on 27 November 2018 to promote diversity in the Company and Group's Board of Directors, Senior Management and workforce whereby gender diversity is essential to attain effective strategic objectives of the Group, to enhance sustainable growth and development, and to promote better corporate governance.

The terms of the Diversity 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 Diversity Policy is available on the Company's website at www.wascoenergy.com.

xii. Roles of the Chairman of NRC

The Chairman of the NRC 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.

xiii. Functions of the NRC

Without prejudice to the generality of the foregoing, the NRC 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 Malaysia") and addressing the Group's material sustainability risks and opportunities;

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 criteria and to formulate and implement a procedure to be carried out by the NRC 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 NRC's duties and responsibilities;

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

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 members 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;

Nomination and Remuneration Committee

v. Review, recommend and advise on all forms of directors' remuneration e.g.

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

w. To establish 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;

x. 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;

y. 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;

z. 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;

aa. 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;

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

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

dd. 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 ("MCCG 2021") and the MMLR of Bursa Malaysia;

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

ff. To furnish a report to the Board of any findings of the NRC;

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

hh. 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 increases productivity and profitability in the long run. The Remuneration Policy is available on the Company's website at www.wascoenergy.com;

ii. 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;

jj. 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;

kk. To review the salary increment or adjustment in the event of promotion or redesignation of Key Senior Management of the Group, where necessary;

ll. 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;

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

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

xiv. Independent Director

The definition and requirements of an "Independent Director" are in accordance with Chapter 1 and Practice Note 13 of the MMLR of Bursa Malaysia, and includes the recommended best practices in corporate governance as provided in the MCCG 2021.

xv. Succession Planning for Board and Key Officers

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

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

xvi. Review of the Terms of Reference

The NRC shall review the Terms of Reference from time to time to ensure its relevance and to consider any amendment/improvement(s) thereto as and when the NRC deems necessary. Any variation/amendment(s) to the Terms of Reference shall be recommended to the Board of Directors for endorsement and adoption.

The Terms of Reference of NRC was established by the Board of Directors on 23 May 2023 and is available on the Company's website at www.wascoenergy.com.

4. BOARD'S EFFECTIVENESS ASSESSMENT

The NRC 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 2023 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 2023 and the NRC was pleased with the outcome of the said assessment.

The NRC 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.

5. INDEPENDENCE ASSESSMENT OF THE INDEPENDENT DIRECTORS

The NRC had conducted an independence assessment of the Independent Directors in respect of the financial year ended 31 December 2023 and the NRC was satisfied with the results whereby all the Independent Directors fulfilled the criteria for an Independent Director as prescribed under the MMLR of Bursa Malaysia.

6. REVIEW OF THE AUDIT COMMITTEE

Pursuant to Paragraph 15.20 of Chapter 15 of the MMLR of Bursa Malaysia, the NRC 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.

7. FINANCIAL LITERACY OF AUDIT COMMITTEE MEMBERS

Pursuant to Practice 9.5 of the MCCG 2021, the NRC 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 2023 and the NRC was pleased with the outcome of the assessment.

8. WOMAN DIRECTOR ON BOARD

The Board had on 7 April 2023 and 12 April 2023 respectively appointed a total of two (2) women Directors on the Board of Wasco Berhad as recommended by the NRC.

9. CONFLICT OF INTEREST

The Conflict of Interest Policy is established and approved by the Board of Directors on 27 February 2024. All Directors and Key Senior Management have completed the Conflict of Interest Declaration Form to disclose and declare their nature and extent of conflict of interest (“COI”) (if any) based on actual, potential and perceived COI. These forms are compiled and tabled to the Audit Committee to determine the COI disclosed and the measures required to be taken to resolve, eliminate or mitigate the conflicts (if any). The details of the COI are then reported to the Board.

All COI declarations made by the Directors and Key Senior Management and the measures taken to resolve, eliminate or mitigate the conflicts (if any) are recorded, maintained and properly documented. The Directors and Key Senior Management would also update the Company immediately should circumstances change in any way that affect their earlier COI declared.

The COI declared by the Directors and Key Senior Management and the measures taken to resolve, eliminate or mitigate such conflicts (if any) are disclosed in the Profile of Board of Directors on page 94 and the Profile of Key Senior Management Team on page 99 of this Annual Report respectively.

10. COMPLIANCE WITH THE MMLR

The new Board composition as at 12 April 2023 fulfilled the MMLR requirements to have at least one (1) woman Director on Board. Two (2) Independent Non-Executive Directors who had exceeded the twelve (12) years tenure had been redesignated as Non-Independent Non-Executive Directors with effect from 23 May 2023. One third of the Board of Directors are Independent Non-Executive Directors.

Governance, Compliance and Risk Committee

The Governance, Compliance and Risk Committee of the Company is established on 23 May 2023.

1. MEMBERS AND MEETING

The members and details of attendance of Directors at the Governance, Compliance and Risk Committee ("GCRC") Meetings of the Company for the financial year ended 31 December 2023 are as follows:-

Name of Director	Directorship	Date of Appointment	No. of Meetings Attended
Lily Rozita Binti Mohamad Khairi (Chairman)	Independent Non-Executive Director	23 May 2023	2/2
Tan Sri Professor Lin See Yan (Member)	Non-Independent Non-Executive Director*	23 May 2023	2/2
Datin Wan Daneena Liza Binti Wan Abdul Rahman (Member)	Independent Non-Executive Director	23 May 2023	2/2

* *Redesignated as Non-Independent Non-Executive Director with effect from 23 May 2023.*

2. ROLE OF THE GOVERNANCE, COMPLIANCE AND RISK COMMITTEE

The GCRC assists the Board in fulfilling its corporate governance and oversight responsibilities in relation to the relevant Acts, Laws, Requirements, Codes, Regulations and Policies governing the Company and oversees the development and implementation of the Group's sustainability-related framework, anti-bribery and corruption compliance, risk management framework and its related policies.

The GCRC investigates any matters within its terms of reference and as authorised by the Board, including seeking any information from any parties and to obtain outside legal or other independent professional advice at the Company's expense if the GCRC considers necessary.

The GCRC reports and updates the Board on matters and findings by the GCRC and makes the necessary recommendations to the Board within its terms of reference or as authorised by the Board.

3. TERMS OF REFERENCE

i. Composition

The GCRC 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 GCRC 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 GCRC meetings.

The GCRC comprises of three (3) sub-committees, namely: -

(i) Sustainability Steering Committee;
(ii) Integrity Committee; and
(iii) Risk Management Committee.

Governance, Compliance and Risk Committee

ii. Quorum of Meetings

The contemporaneous linking together by electronic telecommunication media or audio-visual communication or wireless application protocol ("WAP") of a minimum of two (2) GCRC members shall be deemed to constitute a meeting of the members wherever in the world they are on the day and time at which (using Malaysia time) the conference is held, as long as:

(a) The quorum of members is met;

(b) At the commencement of the meeting, each member acknowledges the presence of all the other members taking part and such participation shall be deemed to be presence in person;

(c) Each of the member taking part is able to be heard and hear each of the subject as hereinafter mentioned throughout the meeting;

(d) None of the members present at the commencement of the meeting leaves the meeting by disconnecting the electronic communication media, but the meeting shall be deemed to have been conducted validly notwithstanding that the electronic communication media or WAP used by any one or more of the members is accidentally disconnected during the meeting and provided that a quorum of members continues to be present and acts throughout during the period of disconnection. If at any time, a quorum of members is no longer present, the Chairman of the meeting shall declare that the meeting is adjourned but only after having given ample time for the relevant member(s) to re-join the meeting; and

(e) All information and documents are made equally available to all participants prior to or during the meeting.

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

iii. GCRC Members

The existing GCRC members are as disclosed above.

iv. Majority Decision

All decisions of the GCRC shall be decided on the votes of simple majority of the members present physically or virtually.

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

v. Casting Vote

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

vi. Frequency of Meetings

The GCRC shall meet at least twice (2) a year or at such other frequency as the Chairman may determine.

vii. Notice of Meetings

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

viii. Secretary

The Group Company Secretary shall be the Secretary for the GCRC. In the event that the Group 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 GCRC Meeting and shall circulate the same for each Member's record. The GCRC Chairman's confirmation of the Minutes shall be taken as a correct record of the proceedings thereat.

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

x. Resolution in Writing

A resolution in writing, signed or assented to by a majority of the members who are sufficient to form a quorum, shall be valid and effectual as if it had been passed at a meeting of the committee duly convened.

Any such resolution may consist of several documents, in similar form and each document shall be signed or assented to by one or more members including via electronic mail or any of electronic approval or electronic signature via software, electronic devices or other means of communication apparatus or devices.

A copy of any such resolutions shall be forwarded or otherwise delivered to the Company Secretary and shall be recorded by the Company Secretary in the minutes book.

xi. Responsibilities and Duties of the GCRC

The GCRC undertakes oversight of the following: -

A. Corporate Governance, Compliance, Regulatory, Tax and all relevant compliance matters of the Company

(a) Evaluate and monitor the Company's compliance with the relevant Acts, Laws, Requirements, Codes, Regulations and Policies governing the Company;

(b) Review the assessment of the alignment to the relevant regulatory standards in the Company's systems, controls and conduct of business;

(c) Receive and consider reports of non-compliance by the Company from the external service providers i.e. the auditors, legal advisors, agents, consultants and external parties with any relevant Acts, Laws, Requirements, Codes, Regulations and Policies governing the Company;

(d) Ensure the Company's tax matters are managed in line with the relevant tax legislations and the Company's overall approach to governance and transparency while ensuring stakeholders interest are protected;

(e) Review new legal, regulatory, tax and compliance requirements and standards;

(f) Ensure the Board is informed of upcoming changes in corporate governance, regulations or compliance requirements and the needful plans are put in place to ensure that the Company is ready for the needful changes;

(g) Provide oversight of the Company's relationships with its regulators; and

(h) Assess and ensure that the Board and the Board Committees have adequate time, updated information and resources to fulfil their fiduciary duties towards the Company.

B. Anti-bribery and Corruption Compliance

(a) oversight of development and implementation of the Group's Principles of Business Conduct, Anti-Bribery and Corruption Policy ("ABC Policy"), Anti-Bribery Management System ("ABMS"), Whistle Blowing Policy in relation to anti-bribery and corruption, whistle blowing and non-financial risks;

(b) advise the Board and the Management on the anti-bribery and corruption, legislative and regulatory landscape to ensure compliance;

(c) introduce any regulation which would enable the smooth administration and effective discharge of the Integrity Committee's duties and responsibilities;

(d) review the adequacy of compliance programme of the Group and the implementation of the relevant anti-bribery and corruption control measures, including but not limited to, due diligence process, compliance checks and monitoring, as well as the authorities' raid procedures, to ensure ongoing awareness programme, communication, training and education on compliance disseminated to all employees, consultants, associates, suppliers and stakeholders of the Group;

(e) review the ABMS from time to time to ensure that the Group is in compliance with the Malaysian Anti-Corruption Commission Act 2009, the Companies Act 2016, the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Malaysia") and other legislative and reporting requirement;

(f) identify the bribery and corruption risks which the Group might reasonably anticipate and furnish the bribery risk assessment and the report to the Board of any findings by the GCRC;

(g) inquire into any allegation of bribery or act of corruption and ensure appropriate actions are taken;

(h) supervise, monitor and manage the complaints received pertaining to bribery, corruption, abuse of power, malpractice and violation of business conduct within the Group;

(i) monitor and review the development and implementation of the anti-bribery and corruption, legislative and regulatory landscape by the Integrity Committee. The GCRC to ensure that they are appropriate, effective, adequately enforced and conformance to the requirements of ISO37001:2016 standard; and

(j) perform any other activities relating to anti-bribery and corruption, as authorised by the Board.

C. Risk Management and Internal Control

(a) oversee, review and monitor the duties and responsibilities of the Risk Management Committee ("RMC");

(b) assess the scope and effectiveness of the systems and processes established by the RMC;

(c) identify, assess, manage and monitor areas of material business risks of the Group, financial and non-financial risks;

(d) develop and ensure the systems and processes in identifying, assessing, treating, monitoring and reporting the business risks are continuously improved;

(e) oversee the conduct, and review the results of the Group's risk assessment including the identification and reporting of critical risks;

(f) conduct annual review and periodic testing of the Company's internal control and risk management framework;

(g) advise the Board on the Group's current risk exposures and futures risk strategy based on its overall risk appetite;

(h) recommend the risk policy including the setting of risk management authorities, limits and escalation procedures to the Board;

(i) provide guidance and strategic direction to the business units on the adequacy and effectiveness of internal control systems for identification and mitigation of material business risks;

(j) establish procedures in conjunction with the respective business units to ensure identification of and compliance with relevant laws, licensing and regulatory requirement;

(k) liaise where necessary with the Legal and Internal Audit functions of the Group; and

(l) undertake any other risk management tasks as may be delegated by the Board to the Committee.

D. Sustainability

(a) oversee, review and monitor the duties and responsibilities of the Sustainability Steering Committee ("SSC");

(b) oversee the formulation of the Group's overall sustainability framework and strategies, including principles and policies which are aligned with related regulations and standards;

(c) monitor the implementation of the Group's overall sustainability framework, principles, policies, initiatives, activities, strategies, and plan undertaken or implemented;

(d) review and recommend to the Board the development and implementation of the Company's sustainability-related strategies, goals, initiatives, business plans and major action plans;

(e) oversee the Group's responsibilities, on-going commitments and initiatives on its sustainability which encompasses the Economics, Environmental, Social and Governance ("EESG") to be in line with the Group's vision, mission and values;

(f) review the relevant compliance with the regulatory and public commitments on sustainability matters and monitor the effectiveness of the risk management framework related to sustainability and EESG matters including risk appetites and risk policies;

(g) review and consider other sustainability and EESG related matters referred by the Board;

(h) ensure the EESG risks identified are incorporated into the risk register and the oversight of each significant risk is the responsibility of the Board;

(i) consider and determine the Group's position on relevant emerging sustainability issues, and consider and recommend proposals, targets and commitments in connection thereto;

(j) oversee and assess the Group's contribution to, impact on and role in environmental, climate change and society in countries where it operates;

(k) facilitate the necessary sustainability reporting and disclosures as required by the relevant regulatory and government authorities including the Annual Report of the Company; and

(l) perform any other duties relating to the sustainability as may be required or authorised by the Board.

Governance, Compliance and Risk Committee

xii. Authority

In executing and discharging its duties, the Committee has unlimited access to the Senior Management of the Group for assistance, information and advice as well as the following: -

- to seek any information, as may be required from any employees within the Group and external parties.
- To invite any employees or external parties to attend the Committee meeting as and when required.
- To obtain, at the Company's expense, outside legal or otherwise professional advice on any matters within its terms of reference where the Committee deems necessary or as and when required.

xiii. Review of the Terms of Reference

The GCRC shall review the Terms of Reference from time to time to ensure its relevance and to consider any amendment/improvement(s) thereto as and when the GCRC deems necessary. Any variation/amendment(s) to the Terms of Reference shall be recommended to the Board of Directors for endorsement and adoption.

The Terms of Reference of the GCRC was last reviewed by the Board on 24 August 2023 and is available on the Company's website at www.wascoenergy.com.

Corporate Governance Overview Statement

The Board of Directors ("the Board") of Wasco Berhad ("WB" 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 WB 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 ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Malaysia").

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 27 February 2024.

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 WB 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 strategies 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.wascoenergy.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.wascoenergy.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.wascoenergy.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 WB 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 1.12 Directors' Training.

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

1.2 Board Composition and Balance

During the year under review, the Board is led by the Non-Executive Chairman, Dato' Seri Robert Tan Chung Meng and altogether, the Board of WB comprises of nine (9) members, which includes one (1) Executive Director, five (5) Non-Independent Non-Executive Directors (including the Non-Executive Chairman) and three (3) Independent Non-Executive Directors.

The Board composition fulfilled the Bursa Malaysia's MMLR to have at least one-third (1/3) of Independent Directors and one (1) woman Director on Board.

The composition of the Board reveals their varied background as outlined on pages 94 to 98 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 and Remuneration Committee.

Generally, the Executive Director along with the Management Team are responsible for making and implementing operational decisions. The 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 and at least one (1) woman Director on the Board of the Company. The existing Independent Directors 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 WB 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.

The Independent Directors of the Company have not exceeded the cumulative term limit of nine (9) years in compliance with Practice 5.3 of the MCCG 2021 which requires the tenure of an Independent Director to not exceed a cumulative term limit of nine (9) years.

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 has reviewed and will continue to assess the Board composition and effectiveness on an annual basis. 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 WB 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.wascoenergy.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 Gian Carlo Maccagno as the Managing Director/Group Chief Executive Officer ("CEO").

There is a clear separation between the Chairman's role and the Managing Director/Group CEO'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 CEO 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 and Remuneration Committee and Governance, Compliance and Risk 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 Saw Choo Boon 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 sawchooboon@gmail.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 2023, 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
Gian Carlo Maccagno	Managing Director/ Group Chief Executive Officer [a]	4/4
Chan Cheu Leong	Non-Independent Non-Executive Director [b]	4/4
Tan Sri Professor Lin See Yan	Non-Independent Non-Executive Director [c]	4/4
Halim Bin Haji Din	Non-Independent Non-Executive Director [c]	3/4
Tan Sri Saw Choo Boon	Senior Independent Non-Executive Director [d]	4/4
Tan Jian Hong, Aaron	Non-Independent Non-Executive Director	4/4
Datin Wan Daneena Liza Binti Wan Abdul Rahman	Independent Non-Executive Director	3/3
Lily Rozita Binti Mohamad Khairi	Independent Non-Executive Director	3/3

a *Succeeded the role of Managing Director/Group Chief Executive Officer with effect from 1 July 2023.*
b *Retired from the role of Managing Director/Group Chief Executive Officer and redesignated as Non-Independent Non-Executive Director with effect from 1 July 2023.*
c *Redesignated as Non-Independent Non-Executive Director with effect from 23 May 2023.*
d *Appointed as Senior Independent Non-Executive Director with effect from 23 May 2023.*

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 WB 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 WB and is a member of the key senior management team of the WB 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 holds directorship in certain subsidiaries within the Wasco Berhad Group, however she does not have any family relationship with any of the Directors or major shareholders of WB and has no conflict of interest whatsoever with WB.

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 WB. She chairs the Integrity Committee meetings and assisted in the preparation of the Anti-Bribery and Corruption Policy and in the review of the Anti-Bribery Management System Manual and its twenty-four (24) Standard Operating Procedures ("SOP").

1.9 Appointments to the Board

The Nomination and Remuneration 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 and/or regulatory requirements.

The Board Committees have the authority to examine specific issues and report to the Board on outcome of 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 respective 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.

During the financial year under review, the Board has revamped the Board Committees in accordance with their respective roles, functions and responsibilities. There are three (3) established principal Board Committees namely, Audit Committee, Nomination and Remuneration Committee and the Governance, Compliance and Risk Committee. While the sub-committees of the Board are the Risk Management Committee, Integrity Committee and the Sustainability Steering Committee and these committees report to the Governance, Compliance and Risk Committee and for certain matters that fall under the purview of the Audit Committee, they will be tabled to the Audit Committee for review and recommendation.

(a) Audit Committee

The composition of the Audit Committee ("AC") comprises of Non-Executive Directors i.e. two (2) Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Director. The Terms of Reference is last reviewed by the Board on 27 February 2024. The Terms of Reference, including the duties and responsibilities of the AC are available on the Company's website at www.wascoenergy.com. This included AC's new responsibility to review the actual, potential and/or perceived conflict of interest declared by Directors and Key Senior Management to determine the conflict of interest disclosed and the measure(s) required to be taken to resolve, eliminate or mitigate the conflicts (if any) before the details of the conflict of interest are reported to the Board.

A summary of activities of the AC in the discharge of its functions and duties for the financial year ended 31 December 2023 are set out separately in the AC Report as laid out on pages 103 to 107 of this Annual Report.

(b) Nomination and Remuneration Committee

The Nomination and Remuneration Committee ("NRC") is a merger of the Nomination Committee and the Remuneration Committee and with the merging of both the committees, it enables a holistic approach in the discussion and decision making.

The NRC comprised of three (3) Non-Executive Directors and a majority of whom are Independent Directors. The activities of the NRC in the discharge of its duties for the financial year ended 31 December 2023 are set out on pages 108 to 115 of this Annual Report.

The NRC oversees the appointment of Directors and succession planning and development of a diverse pipeline for Board and Management succession. The NRC also assess the Board's effectiveness and the contribution of each individual Directors independently in the discharge of their duties and responsibilities by conducting annual assessment of the Board's effectiveness as a whole and the contribution of each individual Director 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 are compiled by the Group Company Secretary and will be tabled to the Board for review and deliberation.

The NRC also conducts the annual assessment on the Board Committees' effectiveness based on a set of questionnaires.

The NRC determines the remuneration packages of the Directors and Senior Management to ensure that they are sufficient to attract and retain them to run the Company successfully and to drive the Company's long-term objectives. The remuneration packages will then be recommended to the Board for discussion and approval. The individuals concerned will abstain from discussion involving their own remuneration.

The information on the NRC and its Terms of Reference including its functions are available on pages 108 to 115 of this Annual Report.

The Terms of Reference including the roles and responsibilities of the NRC are last reviewed by the Board on 23 May 2023 and they are available on the Company's website at www.wascoenergy.com.

(c) Governance, Compliance and Risk Committee

The Governance, Compliance and Risk Committee ("GCRC") is a newly established Committee of the Board. The GCRC comprised of three (3) sub-committees namely:-

- Risk Management Committee
- Integrity Committee
- Sustainability Steering Committee

The GCRC assists the Board in fulfilling its corporate governance and oversight responsibilities in relation to the relevant Acts, Laws, Requirements, Codes, Regulations and Policies governing the Company. The GCRC oversees the development and implementation of the Group's sustainability-related framework, anti-bribery and corruption compliance, risk management and their related policies.

The GCRC reports and updates the Board on matters and findings of the GCRC and makes the necessary recommendations to the Board within its terms of reference or as authorised by the Board.

The GCRC comprised exclusively of Non-Executive Directors and majority of whom are independent. The Chairman of the GCRC is an Independent Director.

The Terms of Reference and duties and responsibilities of the GCRC are last reviewed by the Board on 24 August 2023 and they are available on the Company's website at www.wascoenergy.com.

i. **Risk Management Committee**

The Risk Management Committee ("RMC") comprised of the Chief Financial Officer, 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 WB Group's key risks are identified for monitoring. The threshold limits of the value of the investment related proposals are established to determine the relevant approvals required. As for new investments related proposals with value of the investment of less than RM10.0 million or USD2.0 million equivalent will be reviewed by the Chief Financial Officer and thereafter to be recommended for approval by the Group CEO/Managing Director. While for new investments related proposals with value of the investment more than RM10.0 million or more than USD2.0 million equivalent, both the Group CEO/Managing Director and Chief Financial Officer will review and recommend the proposed new investments or divestments to the AC and/or the GCRC where applicable for their review and recommendation and thereafter the appropriate recommendation will be tabled to the Board of WB for approval.

Potential new investments or divestments are tabled to the RMC for comprehensive risks assessment review and deliberation on the risks associated with the proposed investment before the said proposed investment is tabled to the AC and/or GCRC for review and evaluation before tabling to the Board for approval.

The AC and/or the GCRC will 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. With the threshold limits of the value of the investment related proposals being established to determine the relevant approvals required hence, the Finance and Investment Committee has since been made redundant and abolished during the year under review.

The RMC has been expanded to cover the areas of risks on sustainability of the WB Group.

The RMC reports to the GCRC on matters and updates pertaining to sustainability of the Group on a quarterly basis.

The RMC has embedded bribery and corruption risk in the risk register and in the annual risk assessment of WB Group.

ii. **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 GCRC/Board and make any necessary recommendations to the GCRC/Board during the quarterly GCRC/Board meetings or as and when the need arises.

The Committee has oversight of policy making, review and improvisation of the Anti-Bribery Management System ("ABMS") and its twenty-four (24) SOPs and practices for compliance with the MACC Act.

iii. Sustainability Steering Committee

The Sustainability Steering Committee ("SSC") is spearheaded by the Group CEO/Managing Director and has been carrying out various initiatives on environment and climate change activities and projects under the purview of the RMC. The SSC 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 SSC 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 strategies, opportunities and plans.

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 report the necessary updates to the GCRC/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 Directors' Training

All members of the Board have attended the Mandatory Accreditation Programme Part I 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 have 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 NRC, the Board is 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	22 – 23 August 2023 Institute of Corporate Directors Malaysia	Mandatory Accreditation Programme Part II: Leading for Impact (LIP)
Tan Sri Professor Lin See Yan	21 July 2023 Sustainable Development Solutions Network	ASEAN Workshop on Sustainable Development – Exclusive Seminar by Jeffrey Sachs to Senior Government Officials
Chan Cheu Leong	19 April 2023 CGS-CIMB	Market Talks - The Balancing Act: Navigating US Recession Risks Through a Resilient Singapore Market
Gian Carlo Maccagno	17 January 2023 UBS Bank (UBS)	UBS Year Ahead 2023 – A Year of Inflections
Halim Bin Haji Din	19 September 2023 Bursa Malaysia	Advocacy Sessions for Directors and CEOs of Main Market Listed Issuers
Tan Jian Hong, Aaron	24 – 25 May 2023 Young Presidents' Organisation	Global Leadership Conference
	9 July 2023 Young President Organisation	AI Empowerment for CEOs
	6 October 2023 Microsoft	Hyperinflation and AI with Fernando Lopez Iverasi
Tan Sri Saw Choo Boon	9 February 2023 World Bank	Malaysia Economic Monitor: "Expanding Malaysia's Digital Frontier"
	7 March 2023 PricewaterhouseCoopers PLT	Leading People Through Transformation
	18 May 2023 National Chamber of Commerce and Industry of Malaysia	National Economic Forum 2023
	21 – 22 June 2023 Security Industry Development Corporation	Sustainable and Responsible Investment (SRI) Conference 2023
	30 June 2023 Climate Governance Malaysia	Chairperson Masterclass Series 2023 - Scaling Up the Circular Economy
	6 July 2023 Ministry of International Trade & Industry	New Industrial Master Plan (NIMP) 2023 Open Day
	5 September 2023 Bursa Malaysia Academy	Conflict of Interest and Governance of Conflict of Interest
	13 September 2023 Security Industry Development Corporation	Business Foresight Forum (BFF) 2023 - Convergence of Transformative Innovation with Revolutionary Impact
	3 October 2023 Bursa Malaysia Academy	Management of Cyber Risk by Ernst & Young
	6 – 7 November 2023 Institute of Corporate Directors Malaysia	Mandatory Accreditation Programme Part II: Leading for Impact (LIP)

Directors	Date of Course/ Name of Organiser	Title of Training/Courses Attended
Datin Wan Daneena Liza Binti Wan Abdul Rahman	31 May – 2 June 2023 Institute of Corporate Directors Malaysia	Mandatory Accreditation Programme Part I
	28 June 2023 Wasco Berhad	Induction Programme for New Directors
	21 August 2023 PLUS Malaysia Berhad	On-boarding Briefing Session for New Directors
	23 August 2023 S P Setia Berhad	Director Onboarding
	2 – 3 October 2023 Khazanah Nasional Berhad	Khazanah Megatrends Forum
	6 October 2023 Permodalan Nasional Berhad (PNB)	Engagement session on PNB ESG Commitments
	11 October 2023 S P Setia Berhad	In-house Directors' Training: Decarbonisation Workshop
	17 November 2023 S P Setia Berhad	Setia Governance, Risk and Audit Forum 2023
	27 November 2023 Securities Commission	The Securities Commission Malaysia's Audit Oversight Board Conversation with Audit Committees
	15 December 2023 S P Setia Berhad/Asia School of Business	In-house Directors' Training: Conflicts of Interest
Lily Rozita Binti Mohamad Khairi	31 May – 2 June 2023 Institute of Corporate Directors Malaysia	Mandatory Accreditation Programme Part I
	28 June 2023 Wasco Berhad	Induction Programme for New Directors

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 Nomination and 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.

Corporate Governance Overview Statement

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 2023 are as follows:

Company

				Benefits in-kind	
	Directors' Fees Paid 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	10	-	-	11
Halim Bin Haji Din	90	31	-	-	-
Tan Sri Saw Choo Boon	80	37	-	-	-
Tan Sri Professor Lin See Yan	80	35	-	-	-
Chan Cheu Leong	60	14,082	900	-	16
Gian Carlo Maccagno	60	6	-	-	-
Tan Jian Hong, Aaron	60	25	-	-	-
Lily Rozita Binti Mohamad Khairi	-	11	-	-	-
Datin Wan Daneena Liza Binti Wan Abdul Rahman	-	13	-	-	-
	530	**14,250**	**900**	**-**	**27**

Group

				Benefits in-kind	
	Directors' Fees Paid 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	10	-	-	11
Halim Bin Haji Din	90	31	-	-	-
Tan Sri Saw Choo Boon	80	37	-	-	-
Tan Sri Professor Lin See Yan	80	35	-	-	-
Chan Cheu Leong	60	14,082	900	-	16
Gian Carlo Maccagno	60	4,764	1,328	241	21
Tan Jian Hong, Aaron	60	25	-	-	-
Lily Rozita Binti Mohamad Khairi	-	11	-	-	-
Datin Wan Daneena Liza Binti Wan Abdul Rahman	-	13	-	-	-
	530	**19,008**	**2,228**	**241**	**48**

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

In addition, the Group and the Company have made a provision of RM3,899,000 and RM Nil, 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
RM650,000 to RM700,000	1
RM850,000 to RM900,000	1
RM1,250,000 to RM1,300,000	1
RM1,550,000 to RM1,600,000	1
RM2,850,000 to RM2,900,000	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, the Board maintains an effective communication 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.wascoenergy.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.wascoenergy.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.

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.wascoenergy.com so that they could be accessible online.

The Board also ensures that any general meetings of the Company are conducted either 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 AC, oversees the financial reporting processes and the quality of the financial reporting by the Group. The AC 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 AC and approved by the Board before being released to Bursa Malaysia.

The Statement of Directors' Responsibility in respect of the audited financial statements of the Company and the Group is set out on page 145 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 142 to 144 of this Annual Report.

The establishment of an Internal Audit Department since the Group first commenced operations followed by the formation of the RMC 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 is 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 23 May 2023.

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.wascoenergy.com.

5.4 Conflict of Interest Policy

The Conflict of Interest Policy is established and approved by the Board of Directors on 27 February 2024 in line with the Bursa Malaysia focus on enhancing the MMLR to address issues associated with conflict of interest involving Directors and key senior management of the Company and its subsidiaries.

The purpose of the policy is to ensure that actual, potential and perceived conflicts of interest are identified and managed effectively as it provides guidance on how to deal with conflict of interest situations as they arise and protect the Group's interest, while assisting the Directors and employees to perform with high integrity and ethical standards.

The policy applies to all Directors and employees of the WB Group (including employees on contract terms, temporary staff and those on internship). The policy applies when an individual recognises, or should reasonably recognise, that a conflict of interest may arise from their current or future activities. The policy guides the individual on how to identify and declare all conflict of interest, how to develop, implement and monitor actions to appropriately manage the conflict, and how to deal with breaches of the policy. The scope of the policy is relatively wide in coverage of the activities that may give rise to conflicts of interest.

The Conflict of Interest Policy is available on the Company's website at www.wascoenergy.com.

5.5 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 is 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.wascoenergy.com.

5.6 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 AC 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 AC 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 AC 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 AC. During the financial year under review, the AC 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 AC 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 AC 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 AC, 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-Fourth AGM for their approval.

Further information on the role of the AC with the External Auditors is stated in the AC Report on pages 103 to 107 of this Annual Report.

5.7 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 AC and administratively reports to the Managing Director/Group Chief Executive Officer. All the internal audit activities and processes are performed as guided by the approved 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.

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 AC Report on pages 103 to 107 of this Annual Report.

6. CORPORATE RESPONSIBILITY

Throughout 2023, 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 46 to 91 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 Report on Sustainability is as set out on pages 46 to 91.

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.

The Corporate Disclosure Policies and Procedures are available on the Company's website at www.wascoenergy.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 23 May 2023. The Governance Model Document is available on the Company's website at www.wascoenergy.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 Group's Anti-Bribery and Corruption Management System Manual ("ABMS Manual") and its twenty four (24) Standard Operating Procedures ("SOPs") were established on 1 December 2020 in accordance with SIRIM ISO 37001: 20l6 and Section 17A of the MACC 2009 (Amendment 2018). The ABMS Manual together with its 24 SOPs serves as a comprehensive preventive tool and guidance to the Directors, employees and business associates of the Company and the Group in recognizing the Group's core values, principles and expectations, as well as the policies and procedures in preventing, detecting and handling of potential bribery and corruption matters.

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 their effectiveness in addressing and mitigating corruption risks.

The Board of Directors is assisted by the GCRC and its sub-committee, 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 SIRIM ISO 37001:2016 and Section 17A of the MACC Act (Amendment 2018) while the Risk Manager captures such risks in the risk register and in the annual risk assessment of the WB Group for the review by the Risk Management Committee. The Internal Auditors have embedded bribery risks and anti-bribery and corruption in their scope of audit.

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.wascoenergy.com.

Additional Compliance Information

1. UTILISATION OF PROCEEDS RAISED FROM CORPORATE PROPOSALS

There are no proceeds raised from corporate proposals during the financial year ended 31 December 2023.

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 2023 pursuant to the shareholders' mandate are disclosed in the Summary of Significant Recurrent Related Party Transactions as set out on pages 287 to 288 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 2023.

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 RM985,000 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 RM922,000.

(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 RM1,652,000 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	1,907,000
Non-Audit Fees*	13,000	1,652,000
Total	**106,000**	**3,559,000**

* Included in fees for non-audit services are fees payable to PwC for the Company and the Group of RM13,000 and RM362,000 respectively.

* The non-audit fees incurred for the Company and the Group during the financial year under review amounted to RM1,652,000, constituting approximately 46% of the total amount of audit and non-audit fees of RM3,559,000 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") recognises 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 via the Governance, Compliance and Risk Committee ("**GCRC**") 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 2023 ("FY 2023").

Based on the reports received from the RMC via GCRC 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 2023 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 and Group Chief Financial Officer 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 GCRC 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 chaired by the Group Chief Financial Officer and made up of the Senior Management Team of the Group's significant business segments.

The principal responsibilities of the RMC include:-

- Reviewing the Group Risk Management Framework, as and when necessary, for approval by the GCRC 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 segmental / 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:-

Statement on Risk Management and Internal Control

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 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 segments 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 risks of business units were presented to the RMC for their deliberation. The RMC reports to the GCRC 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 Wasco Berhad 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 reports to the Managing Director/ Group Chief Executive Officer.

The audit engagements were carried out based on the approved annual Internal Audit Plan. In FY 2023, the GIA had completed 8 risk-based audits and special reviews which were presented to the AC. They focused on review of various scopes including project management, anti-bribery, industrial trading, heavy machinery distributors, special review and other 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 every quarter. Follow up review on audit engagements was also conducted quarterly 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 2023 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 management committee;
- Group budgets are reviewed and approved by the Board;

Statement on Risk Management and Internal Control

- Regular divisional management 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 divisional management committee and/or the members of the Board whenever deemed appropriate.

The Group's system of risk management and internal control applies principally to Wasco Berhad (formerly known as 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 16 April 2024.

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

Communication and Consultation

Step 1: Establish the context
- Key objective for risk management
- Risk Appetite

Step 2: Risk Identification
- Identify the risks
- Risk Categories

Step 3: Risk Assessment
- Gross Risk Assessment
- Net Risk Assessment
- Identify likelihood, Impact and Risk Matrix

Step 4: Risk Evaluation
- Evaluate risk
- Determine acceptability

Step 5: Risk Treatment
- Accept
- Avoid
- Transfer
- Reduce (likelihood and/or Impact)

Review and Monitoring

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 2023, 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.

06

Financial Statements and Other Information

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 2023.

CHANGE OF NAME

The Company changed its name from Wah Seong Corporation Berhad to Wasco Berhad with effect from 31 May 2023, following the conclusion of the Annual General Meeting held on 30 May 2023 and Notice of Registration of the new name issued by the Companies Commission of Malaysia on 1 June 2023, pursuant to Section 28 of the Companies Act 2016.

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 and provision of bioenergy services. See Notes 9 and 43 to the financial statements for further details.

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

FINANCIAL RESULTS

	Group RM'000	Company RM'000
Net profit for the financial year attributable to:		
- Owners of the Company	108,402	12,490
- Non-controlling interests	46,426	-
Net profit for the financial year	154,828	12,490

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 2023.

RESERVES AND PROVISIONS

There have been no material transfers to or from reserves and provisions during the financial year.

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 2023, the total number of treasury shares held by the Company was 577,054 shares.

Details of the treasury shares are set out in Note 24 to the financial statements.

DIRECTORS

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

Dato' Seri Robert Tan Chung Meng
Chan Cheu Leong
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
Lily Rozita Binti Mohamad Khairi

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 1.1.2023	**Acquired**	**Disposed**	**As at 31.12.2023**
The Company				
Dato' Seri Robert Tan Chung Meng				
- direct interest	11,927,314	-	-	**11,927,314**
- deemed interest#	312,063,822	22,931,490	(16,000,000)	**318,995,312**
Chan Cheu Leong				
- direct interest	20,677,936	-	-	**20,677,936**
- deemed interest*	44,031,991	-	-	**44,031,991**
Gian Carlo Maccagno				
- direct interest	2,759,853	1,349,202	-	**4,109,055**

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., Karya Insaf (M) 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

Total directors' remuneration incurred by the Group and the Company for the financial year ended 31 December 2023 is RM6,793,000 and RM708,000 respectively as 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 RM200,699.

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.

AUDITORS' REMUNERATION

Auditors' remuneration for the statutory audit of the Group and the Company totalled for the financial year ended 31 December 2023 is RM2,857,000 and RM93,000 and is set out in Note 31 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 16 April 2024. Signed on behalf of the Board of Directors:

GIAN CARLO MACCAGNO
DIRECTOR

DATIN WAN DANEENA LIZA BINTI WAN ABDUL RAHMAN
DIRECTOR

Kuala Lumpur

Statement by Directors

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

We, Gian Carlo Maccagno and Datin Wan Daneena Liza Binti Wan Abdul Rahman, two of the Directors of Wasco Berhad (formerly known as Wah Seong Corporation Berhad), do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 159 to 286 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 2023 and financial performance of the Group and the Company for the financial year ended 31 December 2023 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 16 April 2024.

GIAN CARLO MACCAGNO
DIRECTOR

DATIN WAN DANEENA LIZA BINTI WAN ABDUL RAHMAN
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 Wasco Berhad (formerly known as Wah Seong Corporation Berhad), do solemnly and sincerely declare that, the financial statements set out on pages 159 to 286 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 16 April 2024.

Before me:

COMMISSIONER FOR OATHS

Independent Auditors' Report

TO THE MEMBERS OF WASCO BERHAD
(formerly known as Wah Seong Corporation Berhad)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the financial statements of Wasco Berhad ("the Company") (formerly known as Wah Seong Corporation Berhad) 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 2023, 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 2023 of the Group and of the Company, and the statements of profit or loss, 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 material accounting policies, as set out on pages 159 to 286.

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 Impairment assessment for goodwill of CGU A and CGU B	
Refer to Note 2.10(a) Goodwill for the accounting policy, Note 3(a) – Impairment of goodwill and Note 7 - Goodwill and Intangible Assets to the financial statements. As at 31 December 2023, the Group's goodwill totalled RM157.8 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") calculation which involve significant judgement in determining the 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 revenue to past performance records, market outlook and management's expectation and 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; • Assessed reasonableness of probabilities of occurrence assigned to best, base and worst case scenarios for CGU A; and • Assessed reasonableness of probabilities of occurrence assigned to base and worst case scenarios for CGU B. We also considered the adequacy of disclosures in the financial statements of key assumptions and sensitivity analysis for the 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
2.0 Impairment assessment on investment in joint venture	
Refer to Note 2.6 – Joint arrangement for accounting policies, Note 3(c) – Impairment of investments in associates and joint ventures and Note 11 – Investment in joint ventures to the financial statements. As at 31 December 2023, the carrying amounts of investments in joint venture, Alam-PE Holdings (L) Inc ("Alam-PE") was RM11.4 million. Impairment indicators exist due to: • ALAM-PE's low vessel utilisation (the identified impairment indicator) in the current financial year resulted in ALAM-PE continuing to incur losses; and • The significant shortfall of its actual loss and the budgeted profits for the current financial year indicated that the investment may be impaired. Subsequently, management of Alam-PE performed an impairment assessment which resulted in an impairment charge of RM20 million on its vessels for the current financial year. Alam-PE reported a net loss of RM24.3 million for the financial year ended 31 December 2023 for which the Group recognised its share of loss in the joint venture totalling RM11.9 million, resulting in the carrying amount of RM11.4 million as at 31 December 2023. We focused on this area because the recoverable amounts of the investment are determined based on higher of fair value less cost to sell and VIU calculations which involved significant judgements in determining key assumptions on future cash flows generated.	Audit procedures over this key audit matter were as follows: • Ascertain the independence and competencies of the component auditor's team members, ensuring that they have the necessary experience and expertise to undertake the audit on ALAM-PE; • Reviewed the component auditor's planning procedures, discussed the key audit risks and the audit approach adopted by the component auditor on ALAM-PE; • Set out and communicated the relevant group reporting protocol, setting out the deliverables and timelines required to be reported by the component auditor to us; • Reviewed the deliverables provided by the component auditor and discussed the results of their audit work as well as reviewed their audit working papers; • Involved our valuation specialist to assess the appropriateness of the valuation methodology used by management; • Involved our valuation specialist to evaluate the appropriateness of discount rates used. This involved consideration of inputs from comparable industries; • 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 EBITDA margin to historical EBITDA margins;

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 on investment in joint venture (continued)	
	• Evaluated the independence, competence, capabilities and objectivity of the external valuers; and • Reviewed the methodology, input and assumptions adopted by the independent valuers in estimating the fair value of the vessels. We also considered the adequacy of disclosures in the financial statements of the key assumptions and sensitivity analysis for the investment. 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 2023, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

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

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

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

Responsibilities of the Directors for the financial statements

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

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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

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.

(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.

Independent Auditors’ Report

TO THE MEMBERS OF WASCO BERHAD
(formerly known as Wah Seong Corporation Berhad)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

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

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
16 April 2024

Statements of Financial Position

AS AT 31 DECEMBER 2023

	Note	Group 2023 RM'000	Group 2022 RM'000	Company 2023 RM'000	Company 2022 RM'000
NON-CURRENT ASSETS					
Property, plant and equipment	4	**563,420**	473,336	**146**	6,637
Right-of-use assets	5(a)	**276,834**	299,903	**-**	-
Investment properties	6	**6,412**	9,046	**-**	17,145
Goodwill and other intangible assets	7	**158,083**	153,132	**-**	-
Deferred tax assets	8	**26,719**	50,117	**-**	4,310
Investment in subsidiaries	9	**-**	-	**736,095**	737,424
Investment in associates	10	**112,742**	101,818	**-**	-
Investment in joint ventures	11	**20,180**	32,700	**-**	-
Trade and other receivables	14	**3,603**	3,451	**-**	-
Amounts owing by joint ventures	17(a)	**23,849**	31,606	**-**	-
Contract assets	12	**-**	14,266	**-**	-
		1,191,842	1,169,375	**736,241**	765,516
CURRENT ASSETS					
Inventories	13	**186,324**	223,395	**-**	-
Contract assets	12	**446,339**	381,548	**-**	-
Trade and other receivables	14	**563,572**	558,291	**515**	666
Amounts owing by subsidiaries	15(a)	**-**	-	**16,121**	18,497
Amounts owing by associates	16	**180**	124	**-**	-
Amounts owing by joint ventures	17(a)	**146**	205	**-**	-
Tax recoverable		**15,478**	10,590	**248**	196
Derivative financial assets	18	**154**	82	**-**	-
Time deposits	19	**103,181**	53,081	**684**	1,466
Cash and bank balances	20	**307,163**	275,929	**2,915**	1,801
		1,622,537	1,503,245	**20,483**	22,626
Assets classified as held for sale	21	**12,090**	16,171	**23,322**	-
Assets of disposal group classified as held for sale	22	**120,181**	24,659	**-**	-
TOTAL ASSETS		**2,946,650**	2,713,450	**780,046**	788,142

Statements of Financial Position

AS AT 31 DECEMBER 2023

	Note	Group 2023 RM'000	Group 2022 RM'000	Company 2023 RM'000	Company 2022 RM'000
EQUITY AND LIABILITIES					
CAPITAL AND RESERVES ATTRIBUTABLE TO OWNERS OF THE COMPANY					
Share capital	23	**547,690**	547,690	**547,690**	547,690
Treasury shares	24	**(624)**	(624)	**(624)**	(624)
Exchange translation reserves		**13,566**	8,346	**-**	-
Retained profits		**144,174**	24,582	**151,385**	138,895
		704,806	579,994	**698,451**	685,961
Non-controlling interests		**115,584**	98,914	**-**	-
TOTAL EQUITY		**820,390**	678,908	**698,451**	685,961
NON-CURRENT AND DEFERRED LIABILITIES					
Deferred tax liabilities	8	**8,957**	8,267	**14**	-
Lease liabilities		**206,527**	215,160	**-**	-
Trade and other payables	25	**50,525**	29,192	**-**	-
Loans and borrowings	26	**50,916**	81,885	**-**	-
		316,925	334,504	**14**	-
CURRENT LIABILITIES					
Lease liabilities		**20,348**	21,447	**-**	-
Contract liabilities	12	**319,826**	314,049	**-**	-
Trade and other payables	25	**595,612**	533,671	**1,148**	20,057
Provision for warranties	27	**35,510**	22,687	**-**	-
Amounts owing to subsidiaries	15(b)	**-**	-	**35,433**	22,410
Amounts owing to joint ventures	17(b)	**7,573**	3,493	**-**	-
Loans and borrowings	26	**652,046**	708,081	**45,000**	59,714
Dividend payable		**4,450**	10,200	**-**	-
Current tax liabilities		**68,294**	64,824	**-**	-
Derivative financial liabilities	18	**4,100**	2,627	**-**	-
		1,707,759	1,681,079	**81,581**	102,181
Liabilities of disposal group classified as held for sale	22	**101,576**	18,959	**-**	-
TOTAL LIABILITIES		**2,126,260**	2,034,542	**81,595**	102,181
TOTAL EQUITY AND LIABILITIES		**2,946,650**	2,713,450	**780,046**	788,142

Statements of Profit or Loss

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Note	Group		Company	
		2023	**2022**	**2023**	**2022**
		RM'000	**RM'000**	**RM'000**	**RM'000**
			(Re-presented)		
Gross revenue	28	**2,605,688**	2,366,081	**26,598**	30,208
Cost of sales	29	**(2,159,848)**	(1,977,103)	**-**	-
Gross profit		**445,840**	388,978	**26,598**	30,208
Other operating income		**64,549**	52,565	**3,206**	2,006
Selling and distribution expenses		**(26,876)**	(36,684)	**-**	-
Administrative and general expenses		**(215,744)**	(184,572)	**(7,490)**	(16,570)
Loss of impairment on non-financial assets		**(1,866)**	-	**(3,789)**	(4,656)
Reversal/(Loss) of impairment on financial assets		**7,926**	(28,211)	**2,442**	(2,517)
Other losses - net	30	**(1,374)**	(2,422)	**-**	-
Profit from operations	31	**272,455**	189,654	**20,967**	8,471
Finance costs	32	**(58,737)**	(43,295)	**(3,812)**	(4,097)
Share of results of associates		**16,307**	(11,614)	**-**	-
Share of results of joint ventures		**(11,769)**	(11,336)	**-**	-
Impairment of investment in associates	10	**-**	(39,537)	**-**	-
Impairment of investment in joint ventures	11	**-**	(8,989)	**-**	-
Profit before tax		**218,256**	74,883	**17,155**	4,374
Tax expense	33	**(68,133)**	(38,924)	**(4,665)**	(126)
Profit from continuing operations		**150,123**	35,959	**12,490**	4,248
Profit from discontinued operation	22	**4,705**	7,171	**-**	-
Net profit for the financial year		**154,828**	43,130	**12,490**	4,248
Net profit/(loss) for the financial year attributable to:					
Owners of the Company		**108,402**	(6,300)	**12,490**	4,248
Non-controlling interests		**46,426**	49,430	**-**	-
Net profit for the financial year		**154,828**	43,130	**12,490**	4,248
Earnings/(Loss) per share computed based on the net profit/(loss) for the financial year attributable to the owners of the Company:					
- basic and diluted (sen)	34	**14.00**	(0.81)		

Statements of Other Comprehensive Income

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Note	Group		Company	
		2023	**2022**	**2023**	**2022**
		RM'000	**RM'000**	**RM'000**	**RM'000**
			(Re-presented)		
Net profit for the financial year		**154,828**	43,130	**12,490**	4,248
Other comprehensive income/(expense):					
Items that may be subsequently reclassified to profit or loss:					
Foreign currency translation differences for foreign operations		**3,202**	(3,233)	**-**	-
Share of other comprehensive income of joint ventures, net of tax		**3,507**	932	**-**	-
Other comprehensive income/(expense) for the financial year, net of tax		**6,709**	(2,301)	**-**	-
Total comprehensive income for the financial year		**161,537**	40,829	**12,490**	4,248
Total comprehensive income/(expense) for the financial year attributable to:					
Owners of the Company		**113,404**	(8,509)	**12,490**	4,248
Non-controlling interests		**48,133**	49,338	**-**	-
Total comprehensive income for the financial year		**161,537**	40,829	**12,490**	4,248
Total comprehensive income/(expense) attributable to owners of the Company arises from:					
Continuing operations		**108,920**	(14,983)	**12,490**	4,248
Discontinued operations		**4,484**	6,474	**-**	-
Total comprehensive income/(expense) for the financial year		**113,404**	(8,509)	**12,490**	4,248

Consolidated Statement of Changes in Equity

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Note	Attributable to owners of the Company						
		Share capital	Treasury shares	Exchange translation reserves	Retained profits	Total	Non-controlling interests	Total equity
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2023		547,690	(624)	8,346	24,582	579,994	98,914	678,908
Net profit for the financial year		-	-	-	108,402	108,402	46,426	154,828
Other comprehensive income for the financial year		-	-	5,002	-	5,002	1,707	6,709
Total comprehensive income for the financial year		-	-	5,002	108,402	113,404	48,133	161,537
Transactions with owners:								
Dividend paid/payable to non-controlling interests		-	-	-	-	-	(1,088)	(1,088)
Acquisition of shares in existing subsidiary from non-controlling interests		-	-	-	11,190	11,190	(26,864)	(15,674)
Disposal of subsidiaries		-	-	218	-	218	(3,511)	(3,293)
Total transactions with owners		-	-	218	11,190	11,408	(31,463)	(20,055)
At 31 December 2023		547,690	(624)	13,566	144,174	704,806	115,584	820,390

Consolidated Statement of Changes in Equity

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Note	Attributable to owners of the Company						
		Share capital	Treasury shares	Exchange translation reserves	Retained profits	Total	Non-controlling interests	Total equity
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	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
Transactions with owners:								
Dividend paid/payable to non-controlling interests		-	-	-	-	-	(488)	(488)
Acquisition of shares in existing subsidiary by non-controlling interests		-	-	-	-	-	406	406
Total transactions with owners		-	-	-	-	-	(82)	(82)
At 31 December 2022		547,690	(624)	8,346	24,582	579,994	98,914	678,908

Company Statement of Changes in Equity

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Note	Share capital RM'000	Treasury shares RM'000	Retained profits RM'000	Total equity RM'000
At 1 January 2023		**547,690**	**(624)**	**138,895**	**685,961**
Total comprehensive income for the financial year		**-**	**-**	**12,490**	**12,490**
At 31 December 2023		**547,690**	**(624)**	**151,385**	**698,451**
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

Statements of Cash Flows

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

		Group		Company	
	Note	2023	2022	2023	2022
		RM'000	RM'000	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before tax					
Continuing operations		**218,256**	74,883	**17,155**	4,374
Discontinued operation		**6,145**	7,138	**-**	-
		224,401	82,021	**17,155**	4,374
Adjustments for:					
Property, plant and equipment:					
- Depreciation charge		**56,195**	41,783	**138**	156
- Impairment charge		**1,847**	-	**-**	-
- Written off		**137**	1,530	**88**	-
- Net (gain)/loss on disposal		**(238)**	497	**(56)**	-
Investment properties:					
- Depreciation charge		**195**	222	**213**	212
- Impairment charge		**19**	-	**-**	-
Right-of-use assets:					
- Depreciation charge		**26,583**	28,555	**-**	-
Inventories:					
- Allowance for obsolescence		**788**	2,877	**-**	-
- Write back of allowance for obsolescence		**(1,777)**	(369)	**-**	-
- Written off		**1,306**	473	**-**	-
Net (gain)/loss on disposal of:					
- assets classified as held for sale		**(23,095)**	(5,150)	**-**	-
- associate		**-**	(2,142)	**-**	-
- subsidiary		**305**	-	**-**	-
Share of results of associates		**(16,307)**	11,614	**-**	-
Share of results of joint ventures		**11,769**	11,336	**-**	-
Trade and other receivables:					
- Net (reversal)/impairment charge		**(5,463)**	7,150	**-**	-
- (Recovered)/Written off		**(352)**	119	**-**	23

Statements of Cash Flows

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Note	Group		Company	
		2023	2022	2023	2022
		RM'000	RM'000	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES (CONTINUED)					
Adjustments for: (continued)					
(Reversal)/Impairment loss on:					
- amounts owing by associate		**(10,216)**	21,270	**-**	(43)
- amounts owing by joint ventures		**8,065**	-	**-**	-
- amounts owing by subsidiaries		**-**	-	**(2,442)**	2,560
- investment in subsidiaries		**-**	-	**3,789**	4,656
- investment in an associate		**-**	39,537	**-**	-
- investment in a joint venture		**-**	8,989	**-**	-
Net provision for warranties		**12,117**	9,784	**-**	-
Net unrealised (gain)/loss on foreign exchange		**(4,294)**	(11,269)	**-**	97
Dividend income		**-**	-	**(21,302)**	(22,440)
Interest income		**(5,466)**	(4,378)	**(1,323)**	(949)
Interest expense		**62,510**	45,377	**3,812**	4,097
Fair value loss on:					
- derivative financial instruments		**976**	2,145	**-**	-
		340,005	291,971	**72**	(7,257)
Changes in working capital:					
Inventories		**3,869**	(54,682)	**-**	-
Receivables		**(100,292)**	(364,582)	**4,070**	4,689
Payables		**95,723**	354,443	**(6,373)**	(3,363)
Cash generated from/(used in) operations		**339,305**	227,150	**(2,231)**	(5,931)
Interest received		**5,466**	4,378	**1,323**	949
Interest paid		**(62,508)**	(43,857)	**(3,812)**	(4,097)
Tax paid		**(42,589)**	(21,426)	**(393)**	(403)
Net cash generated from/(used in) operating activities		**239,674**	166,245	**(5,113)**	(9,482)

Statements of Cash Flows

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Note	Group 2023 RM'000	Group 2022 RM'000	Company 2023 RM'000	Company 2022 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of property, plant and equipment		**(127,533)**	(36,645)	**(129)**	(139)
Additional investment in subsidiaries		**(2,075)**	-	**(2,560)**	-
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		**2,772**	1,481	**60**	-
- assets held for sale		**46,227**	10,557	**-**	-
- associate		**-**	30,800	**-**	-
- subsidiaries		**4,128**	-	**-**	-
Transfer from deposits and short term investment		**158**	305	**-**	653
Dividends received from:					
- subsidiaries		**-**	-	**21,302**	22,440
- a joint venture		**1,070**	4,406	**-**	-
- an associate		**2,787**	1,817	**-**	-
Net cash of disposal group	22	**(13,856)**	(11,841)	**-**	-
Redemption of NCRPS in a subsidiary		**-**	-	**1,000**	-
Repayments from subsidiaries		**-**	-	**-**	26,345
Net repayment from joint ventures		**-**	104	**-**	-
Net cash (used in)/generated from investing activities		**(86,322)**	(63,998)	**19,673**	49,299

Statements of Cash Flows

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Note	Group		Company	
		2023	2022	2023	2022
		RM'000	RM'000	RM'000	RM'000
CASH FLOWS FROM FINANCING ACTIVITIES					
Repayments of term loans		**(25,832)**	(89,970)	**-**	-
Drawdown from other bank borrowings		**1,064,743**	833,456	**10,000**	15,000
Repayments of other bank borrowings		**(1,084,438)**	(737,306)	**(24,766)**	(57,449)
Repayment of fixed rate notes		**(1,396)**	-	**-**	-
Net advances/(repayments) to subsidiaries		**-**	-	**488**	(1,858)
Dividends paid to non-controlling interests		**(6,838)**	(5,688)	**-**	-
Lease payment (principal portion)		**(22,006)**	(16,610)	**-**	-
Net cash used in financing activities		**(75,767)**	(16,118)	**(14,278)**	(44,307)
NET CHANGES IN CASH AND CASH EQUIVALENTS		**77,585**	86,129	**282**	(4,490)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		**305,495**	218,153	**3,267**	7,854
EFFECTS OF EXCHANGE RATE CHANGES		**3,596**	1,213	**50**	(97)
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR		**386,676**	305,495	**3,599**	3,267
Represented by:					
TIME DEPOSITS	19	**103,181**	53,081	**684**	1,466
CASH AND BANK BALANCES	20	**307,163**	275,929	**2,915**	1,801
		410,344	329,010	**3,599**	3,267
LESS:					
TIME DEPOSITS WITH MATURITY MORE THAN 3 MONTHS	19	**(23,668)**	(23,515)	**-**	-
CASH AND CASH EQUIVALENTS		**386,676**	305,495	**3,599**	3,267

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

1 GENERAL INFORMATION

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

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

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

The principal activities of the Group consist of specialised pipe coating and corrosion protection services; Engineering, Procurement and Construction ("EPC") of gas compressors and process equipment and provision of bioenergy services. See Notes 9 and 43 to the financial statements for further details.

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 16 April 2024.

2 MATERIAL 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 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.2 Changes in accounting policies and disclosures

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 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).

- Amendments to MFRS 101 'Non-current Liabilities with Covenants' specify that covenants of loan arrangements which an entity must comply with only after the reporting date would not affect classification of a liability as current or non-current at the reporting date. However, those covenants that an entity is required to comply with on or before the reporting date would affect classification of a liability as current or non-current, even if the covenant is only assessed after the reporting date.

Both amendments are effective for the annual reporting periods beginning on or after 1 January 2024.

The amendments shall be applied retrospectively.

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.

Subsidiaries acquired from other companies within Wasco Berhad (formerly known as Wah Seong Corporation Berhad) Group as part of Group Reorganisation 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 Wasco Berhad (formerly known as 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.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.3 Subsidiaries (continued)

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.

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.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.5 Associates (continued)

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.

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.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.6 Joint arrangements (continued)

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.

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.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.7 Property, plant and equipment (continued)

(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).

Accounting as lessee

(a) Lease term

The Group leases various offices, warehouses and motor vehicles. Rental contracts are typically made for fixed periods of 2 to 14 years (2022: 2 to 15 years), but may have extension options.

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

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

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

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

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.8 Leases (continued)

Accounting as lessee (continued)

(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 91 years (2022:1 to 92) 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.

(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.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.8 Leases (continued)

Accounting as lessee (continued)

(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 RM23,761,000 (2022: RM7,814,000) and RM1,592,000 (2022: RM1,506,000) respectively.

2 MATERIAL 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	
	2023	**2022**	**2023**	**2022**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Not later than 1 year	**12,757**	1,746	**1,328**	1,549
Later than 1 year and not later than 2 years	**11,787**	861	**187**	861
Later than 2 years and not later than 5 years	**10,133**	54	**-**	54
	34,677	2,661	**1,515**	2,464

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.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.9 Investment properties (continued)

(b) Depreciation

Freehold land is not depreciated. Freehold and leasehold buildings are depreciated over the shorter of their estimated useful lives of 50 years or lease term.

Depreciation is calculated to write off the depreciable amount of other investment properties on a straight line basis over their estimated useful lives. Depreciation amount is determined after deducting the residual value from the cost of the investment properties.

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

2.10 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.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.10 Intangible assets (continued)

(a) Goodwill (continued)

Where goodwill forms part of a cash-generating unit and part of the operation within that cash-generating unit is disposed off, the goodwill associated with the operation disposed off is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed off in this circumstance is measured based on the relative fair values of the operations disposed off and the portion of the cash-generating unit retained.

(b) Trademarks

Separately acquired trademarks are shown at historical cost. Trademarks acquired in a business combination are recognised at fair value at the acquisition date. Trademarks have an infinite useful life and are carried at cost less accumulated impairment.

(c) Technical know-how

Separately acquired technical know-how is shown at historical costs. Technical know-how acquired in a business combination is recognised at fair value at the acquisition date. Technical know-how has a finite useful life and is carried at cost less accumulated amortisation. Amortisation is calculated using the straight line method to allocate the cost of technical know-how over its estimated useful lives of 5 years.

(d) Intellectual property

Expenditure on acquired intellectual property is capitalised and amortised using the straight line method over their estimated useful life, not exceeding a period of 20 years.

2.11 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 MATERIAL ACCOUNTING POLICIES (CONTINUED)

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.

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.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.16 Foreign currencies (continued)

(b) Transactions and balances (continued)

Non-monetary items which are measured in terms of historical costs denominated in foreign currencies are translated at the foreign currency exchange rates ruling at the date of the transaction.

Foreign exchange gains and losses arising on the settlement of monetary items and the translation of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss, except when deferred in other comprehensive income as qualifying cash flow hedges.

When a gain or loss on a non-monetary item is recognised in the profit or loss, any corresponding exchange gain or loss is recognised in profit or loss. When a gain or loss on a non-monetary item is recognised directly in other comprehensive income, any corresponding exchange gain or loss is recognised directly in other comprehensive income.

(c) Translation of foreign operations

On consolidation, all assets and liabilities of foreign operations that have a functional currency other than Ringgit Malaysia, including goodwill and fair value adjustments arising on acquisition, are translated at the exchange rates ruling at the reporting date.

Income and expense items are translated at average exchange rates.

All exchange differences arising from the translation of the financial statements of foreign operations are taken to other comprehensive income. Upon disposal of a foreign operation, the exchange translation differences relating to those foreign operations that were recorded within other comprehensive income are recognised in the profit or loss as part of the gain or loss on disposal.

In the case of a partial disposal that does not result in the Group losing control over a foreign operation, the proportionate share of accumulated exchange differences based on effective equity interest are re-attributed to non-controlling interests and are not recognised in profit or loss.

2.17 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.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.17 Financial assets (continued)

(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.

(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, loans to subsidiaries and amounts owing from associates and joint ventures. 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.

2 MATERIAL 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

At each reporting date, the Group and the Company measure ECL through loss allowance at an amount equal to 12 month ECL if credit risk on a financial instrument or a group of financial instruments has not increased significantly since initial recognition. For all other financial instruments, a loss allowance at an amount equal to lifetime ECL is required.

The Group and the Company consider the probability of default upon initial recognition of financial asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group and the Company compare the risk of a default occurring on the financial asset as at the reporting date with the risk of default as at the date of initial recognition. Available, reasonable and supportable forward-looking information are also considered.

The Group and the Company define a financial instrument as default, which is fully aligned with the definition of credit-impaired, when it meets one or more of the following criteria:

- when the counterparty fails to make contractual payment as they fall due
- the debtor is in breach of financial covenants
- concessions have been made by the lender relating to the debtor's financial difficulty
- it is becoming probable that the debtor will enter bankruptcy or other financial reorganisation
- the debtor is insolvent

Financial instruments 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 MATERIAL ACCOUNTING POLICIES (CONTINUED)

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.

(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 MATERIAL ACCOUNTING POLICIES (CONTINUED)

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'. Whilst the derivatives are used for hedging activities, the Group and the Company do not apply hedge accounting.

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.

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.

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.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.22 Revenue recognition (continued)

(a) Revenue from contracts with customers (continued)

Specific revenue recognition criteria for each of the Group's activities are as described below:

(i) Contract revenue

Contract revenue with customers include contracts relating to pipe coating, manufacturing of boilers and steam turbines as well as engineering and fabrication services.

These contracts may include multiple performance obligations as they are not highly integrated. Hence, the transaction price will be allocated to each performance obligation based on the standalone selling price.

Where the contracts are highly integrated, they are recognised as a single performance obligation. Revenue is recognised progressively based on the progress towards complete satisfaction of the performance obligation.

Revenue are recognised over time when control of the asset is transferred over time when the Group's performance:

- creates and enhances an asset that the customer controls as the services are being performed; or
- does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

The progress towards complete satisfaction of the performance obligation is measured based on one of the following methods that best reflect the Group's performance in satisfying the performance obligation:

- direct measurements of the value transferred by the Group to the customer (eg. surveys of performance completed to date); or
- the Group's efforts or inputs to the satisfaction of the performance obligation (eg. by reference to cost incurred up to the end of the reporting period as a percentage of total estimated costs for complete satisfaction of the contract).

(ii) Sales of goods

The Group manufactures and sells a range of pipes for industrial use. The Group is also involved in the business of selling building materials, construction equipment, and power generators.

Revenue from sales of goods are recognised at a point in time when control of the good is transferred to the customer upon delivery.

(iii) Management fee

Management fee is recognised on an accrual basis when service is rendered.

(b) Revenue from other sources

(i) Rental income

Rental income is recognised on a straight line basis over the lease term.

(ii) Dividend income

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

(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 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.23 Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditure and borrowing costs are incurred. Capitalisation of borrowing costs is suspended or ceased when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

All other borrowing costs are recognised in profit or loss using the effective interest method in the period they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

2.24 Income taxes

(a) Current tax

Current tax expense is determined according to the tax laws of each jurisdiction in which the Group and the Company operate and include all taxes based upon the taxable profits after taking into consideration available tax incentives.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

(b) Deferred tax

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

Deferred tax is not recognised if the temporary difference arises from goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax is recognised on temporary differences arising on investments in subsidiaries, associates and joint ventures, except where the timing of the reversal of the temporary difference can be controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Generally the Group is unable to control the reversal of the temporary difference for associates. Only where there is an agreement in place that gives the Group the ability to control the reversal of the temporary difference, the deferred tax liability is not recognised.

Deferred tax assets on any unutilised portion of tax incentives are recognised to the extent that it is probable that future taxable profits will be available against which the unutilised tax incentives can be utilised.

The initial recognition exemption in MFRS 112 'Income Taxes' is applied on the temporary differences related to the right-of-use asset and lease liability. The Group does not recognise any deferred tax asset or liability arising from a lease contract.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.24 Income taxes (continued)

(b) Deferred tax (continued)

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

Deferred tax is recognised in the profit or loss, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly to equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill.

Deferred tax assets and liabilities are offset when the enterprise has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

2.25 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.

2.26 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 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.27 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.

2.28 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.

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(a) Impairment of goodwill (continued)

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) Impairment of non-financial assets

The Group assesses whether there is any indication that non-financial assets are impaired at the end of each reporting period. Impairment is measured by comparing the carrying amount of an asset with its recoverable amount. Recoverable amount is measured at the higher of the fair value less cost to sell for that asset and its value-in-use. 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. During the financial year, impairment charge of RM1,847,000 and RM19,000 (2022: RM Nil) was provided to the property, plant and equipment and investment properties respectively. Refer to Notes 4 and 6 for further details.

(c) Impairment 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, impairment charge of RM Nil (2022: RM39,537,000) and RM Nil (2022: RM 8,989,000) was provided to the investment in associate and joint venture respectively. Refer to Notes 10 and 11 for further details.

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(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
2023								
Cost								
At 1 January	142,976	260,754	1,184,828	108,569	15,749	79,622	87,510	1,880,008
Additions	344	-	51,357	9,904	1,172	32,604	32,152	127,533
Disposals	(2,426)	-	(9,539)	(144)	(1,320)	-	-	(13,429)
Write-offs	-	-	(620)	(4,015)	-	(446)	(20,370)	(25,451)
Reclassification	169	-	(3,858)	6,157	-	-	(2,468)	-
Transfer from right-of-use assets	-	12,684	982	-	-	-	-	13,846
Transfer from inventories	-	-	14,005	-	-	-	-	14,005
Transfer to assets held for sale	(15,695)	(4,108)	-	-	-	-	-	(19,803)
Disposal of subsidiary	-	-	-	(138)	-	-	-	(138)
Transfer to assets of disposal group classified as held for sale	-	-	(376)	(2,504)	(1,909)	(1,111)	-	(5,900)
Effect of exchange rate changes	135	8,829	46,162	3,000	176	4,897	3,571	66,770
At 31 December	125,503	278,339	1,282,941	120,829	13,868	115,566	100,395	2,037,441

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
2023								
Accumulated depreciation and impairment loss								
At 1 January	15,405	163,834	1,027,806	96,766	14,533	68,611	19,717	1,406,672
Depreciation charge for the financial year	1,666	5,834	38,488	7,692	607	1,908	-	56,195
Impairment loss for the financial year	-	-	1,847	-	-	-	-	1,847
Disposals	-	-	(9,454)	(122)	(1,319)	-	-	(10,895)
Write-offs	-	-	(614)	(3,934)	-	(396)	(20,370)	25,314
Reclassification	-	-	(72)	72	-	-	-	-
Transfer from right-of-use assets	-	50	16	-	-	-	-	66
Transfer to inventories	-	-	(582)	-	-	-	-	(582)
Transfer to assets held for sale	(1,435)	(1,894)	-	-	-	-	-	(3,329)
Disposal of subsidiary	-	-	-	(66)	-	-	-	(66)
Transfer to assets of disposal group classified as held for sale	-	-	(224)	(2,213)	(1,720)	(1,041)	-	(5,198)
Effect of exchange rate changes	-	6,770	40,291	2,590	179	4,142	653	54,625
At 31 December	15,636	174,594	1,097,502	100,785	12,280	73,224	-	1,474,021
Carrying amount at 31 December	109,867	103,745	185,439	20,044	1,588	42,342	100,395	563,420

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								
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

The carrying amount of the Group's property, plant and equipment amounting to RM14,231,000 (2022: RM261,000) 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
2023					
Cost					
At 1 January	7,288	557	452	708	9,005
Additions	-	91	38	-	129
Disposals	-	(1)	(45)	(708)	(754)
Write-offs	-	(257)	(395)	-	(652)
Transfer to assets held for sale	(7,288)	-	-	-	(7,288)
At 31 December	-	390	50	-	440
Accumulated depreciation					
At 1 January	818	501	341	708	2,368
Depreciation charge for the financial year	80	37	21	-	138
Disposals	-	(1)	(41)	(708)	(750)
Write-offs	-	(257)	(307)	-	(564)
Transfer to assets held for sale	(898)	-	-	-	(898)
At 31 December	-	280	14	-	294
Carrying amount at 31 December	-	110	36	-	146

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

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
2023					
Cost					
At 1 January		374,055	2,704	2,129	378,888
Additions		7,863	4,860	787	13,510
Transfer to property, plant and equipment	4	(12,864)	(982)	-	(13,846)
Transfer to assets of disposal group classified as held for sale	22	(4,983)	-	-	(4,983)
Derecognition		(3,702)	(982)	-	(3,702)
Effect of exchange rate changes		5,832	261	110	6,203
At 31 December		366,201	6,843	3,026	376,070
Accumulated depreciation					
At 1 January		76,388	701	1,896	78,985
Depreciation charge for the financial year		25,219	1,158	206	26,583
Transfer to property, plant and equipment	4	(50)	(16)	-	(66)
Transfer to assets of disposal group classified as held for sale	22	(4,111)	-	-	(4,111)
Derecognition		(3,464)	-	-	(3,464)
Effect of exchange rate changes		1,161	93	55	1,309
At 31 December		95,143	1,936	2,157	99,236
Carrying amount at 31 December		271,058	4,907	869	276,834

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
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	21	(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	21	(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

The title deeds to certain leasehold land of the Group with the carrying amount of approximately RM18,015,000 (2022: RM18,262,000) have yet to be issued by the relevant authorities.

(b) Lease liabilities

	Group 2023 RM'000	Group 2022 RM'000
Total cash outflow for leases for the financial year	**33,637**	28,328

6 INVESTMENT PROPERTIES

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Cost				
At 1 January	**17,907**	12,340	**19,312**	24,750
Transfer from/(to) property, plant and equipment	**-**	5,567	**-**	(5,438)
Transfer to assets held for sale	**(4,479)**	-	**(19,312)**	-
At 31 December	**13,428**	17,907	**-**	19,312
Accumulated depreciation and impairment loss				
At 1 January	**8,861**	6,740	**2,167**	2,505
Depreciation charge for the financial year	**195**	222	**213**	212
Impairment charge for the financial year	**19**	-	**-**	-
Transfer from/(to) property, plant and equipment	**-**	1,899	**-**	(550)
Transfer to assets held for sale	**(2,059)**	-	**(2,380)**	-
At 31 December	**7,016**	8,861	**-**	2,167
Carrying amount at 31 December	**6,412**	9,046	**-**	17,145
Fair value	**25,000**	48,236	**-**	27,420

The carrying amount of the Group's and the Company's investment properties amounting to RM2,386,000 and RM Nil respectively (2022: RM4,939,000 and RM17,145,000) are subject to operating leases as lessor.

6 INVESTMENT PROPERTIES (CONTINUED)

Fair value of investment properties is categorised as follows:

	Group			
	Level 1	**Level 2**	**Level 3**	**Total**
	RM'000	**RM'000**	**RM'000**	**RM'000**
2023				
Land	**-**	**-**	**14,164**	**14,164**
Buildings	**-**	**-**	**10,836**	**10,836**
	-	**-**	**25,000**	**25,000**
2022				
Land	-	-	16,158	16,158
Buildings	-	-	32,078	32,078
	-	-	48,236	48,236

	Company			
	Level 1	**Level 2**	**Level 3**	**Total**
	RM'000	**RM'000**	**RM'000**	**RM'000**
2022				
Buildings	-	-	27,420	27,420

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.

The fair values of the investment properties above were estimated based on valuation by independent qualified valuers. The basis of the valuation adopted is based on market approach which derived from market evidence of transacted prices per square feet for similar properties in which the values have been adjusted for key attributes such as property size, location and date of transaction. During the financial year, based on the valuation, 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
2023					
Cost					
At 1 January	**152,841**	**291**	**112**	**3,568**	**156,812**
Effect of exchange rate changes	**4,939**	**12**	**-**	**134**	**5,085**
At 31 December	**157,780**	**303**	**112**	**3,702**	**161,897**
Accumulated amortisation and impairment loss					
At 1 January	**-**	**-**	**112**	**3,568**	**3,680**
Effect of exchange rate changes	**-**	**-**	**-**	**134**	**134**
At 31 December	**-**	**-**	**112**	**3,702**	**3,814**
Carrying amount at 31 December	**157,780**	**303**	**-**	**-**	**158,083**
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

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	
	2023	**2022**
	RM'000	**RM'000**
Cash-generating units		
Specialised Pipe Coating and Corrosion Protection Services (CGU A)	**84,612**	82,137
EPC, Fabrication and Rental of Gas Compressors and Process Equipment (CGU B)	**73,168**	70,704
	157,780	152,841

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 (2022: 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 under the best, base and worst case scenarios and CGU B under the base 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 all three scenario;
(b) Pre-tax discount rate of 14.8% (2022: 19.2%) was applied for all three scenarios, benchmarked against comparable companies at the date of assessment; and
(c) A terminal growth rate of 1.5% (2022: 1.5%) was applied to the best and base case scenario (2022: 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 17.5% (2022: 19.8%) 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.

7 GOODWILL AND OTHER INTANGIBLE ASSETS (CONTINUED)

Sensitivity

CGU A and CGU B

As at 31 December 2023, an increase or decrease of 5% of pre-tax discount rate, 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	
	2023	**2022**	**2023**	**2022**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Deferred tax assets	**26,719**	50,117	**-**	4,310
Deferred tax liabilities	**(8,957)**	(8,267)	**(14)**	-
	17,762	41,850	**(14)**	4,310
At 1 January	**41,850**	27,941	**4,310**	3,942
Credited/(Charged) to profit or loss:				
- Unused tax losses	**(19,935)**	10,482	**-**	-
- Property, plant and equipment	**(233)**	(7)	**(3)**	(36)
- Provisions and accruals	**(1,025)**	3,912	**(4,321)**	404
- Unrealised foreign exchange	**(1,090)**	385	**-**	-
- Others	**(2,773)**	(542)	**-**	-
	(25,056)	14,230	**(4,324)**	368
Acquisition of subsidiaries	**-**	(281)	**-**	-
Effect of exchange rate changes	**968**	(40)	**-**	-
At 31 December	**17,762**	41,850	**(14)**	4,310

8 DEFERRED TAX ASSETS/(LIABILITIES) (CONTINUED)

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Subject to income tax				
Deferred tax assets (before offsetting)				
- Unused tax losses	**19,212**	38,165	**-**	-
- Property, plant and equipment	**250**	258	**-**	-
- Provisions and accruals	**15,757**	16,683	**-**	4,321
- Unrealised foreign exchange losses	**128**	244	**-**	-
- Others	**10**	1,297	**-**	-
	35,357	56,647	**-**	4,321
Offsetting	**(8,638)**	(6,530)	**-**	(11)
Deferred tax assets (after offsetting)	**26,719**	50,117	**-**	4,310
Deferred tax liabilities (before offsetting)				
- Property, plant and equipment	**(10,047)**	(9,439)	**(14)**	(11)
- Unrealised foreign exchange gains	**(1,102)**	(150)	**-**	-
- Others	**(6,446)**	(5,208)	**-**	-
	(17,595)	(14,797)	**(14)**	(11)
Offsetting	**8,638**	6,530	**-**	11
Deferred tax liabilities (after offsetting)	**(8,957)**	(8,267)	**(14)**	-

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.

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	
	2023	2022
	RM'000	RM'000
Deductible temporary differences on:		
- Unused tax losses	**95,040**	125,995
- Unabsorbed capital allowances	**106,609**	107,039
- Provisions and accruals	**24,490**	15,980
- Others	**52,387**	45,685
	278,526	294,699
Deferred tax assets not recognised is based on respective countries tax rate	**62,319**	66,802

8 DEFERRED TAX ASSETS/(LIABILITIES) (CONTINUED)

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 (2022: 10 consecutive years) of assessment ("YA") effective from YA2018.

		Group	
	Expiring in	2023	2022
		RM'000	RM'000
Unused tax losses			
- YA2018	YA2028	**46,003**	50,136
- YA2019	YA2029	**8,611**	21,192
- YA2020	YA2030	**4,341**	19,803
- YA2021	YA2031	**146**	5,496
- YA2022	YA2032	**8**	8
- YA2023	YA2033	**9,333**	-
		68,442	96,635

9 INVESTMENT IN SUBSIDIARIES

	Company	
	2023	2022
	RM'000	RM'000
Unquoted shares, at cost	**926,190**	923,730
Accumulated impairment losses	**(190,095)**	(186,306)
	736,095	737,424

The movements in the allowance for impairment losses of investment in subsidiaries during the financial year are as follows:

	Company	
	2023	2022
	RM'000	RM'000
At 1 January	**186,306**	181,650
Impairment loss recognised	**3,789**	4,656
	190,095	186,306

For the financial year ended 31 December 2023, due to the uncertainty of the future economic condition, the investment in certain subsidiaries of the Company was not expected to be recovered. The recoverable amount was RM771,000 (2022: RM2,009,000), determined through the higher of value in use or fair value less cost to sell. As a result, an impairment loss of RM3,789,000 (2022: RM4,656,000) was recognised in the profit and loss.

9 INVESTMENT IN SUBSIDIARIES (CONTINUED)

Details of subsidiaries are as follows:

	Group's effective interest 2023 %	Group's effective interest 2022 %	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	**-**	-[c]	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 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.	**-**[i]	91	Malaysia	Engineering, procurement and construction of onshore and near shore of hydrocarbon, water and slurry pipelines and associated facilities
* Eco Consortium Sdn. Bhd.	**-**[i]	86	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	**-**[g]	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

9 INVESTMENT IN SUBSIDIARIES (CONTINUED)

Details of subsidiaries are as follows (continued):

	Group's effective interest 2023 %	Group's effective interest 2022 %	Country of incorporation	Principal activities
# Wasco Coatings Germany GmbH	**100**	100	Germany	Provision of pipe coating and related services to the oil & gas industry
# Wasco Coatings Germany (Plant and Equipment) GmbH	**100**	100	Germany	Dormant
# Wasco Coatings Finland Oy	**-[h]**	100	Finland	Dormant
# Wasco ISOAF S.R.L	**75[p]**	50[p]	Italy	Provision of line pipe thermal insulation services
# Wasco ISOAF Tz Limited	**56[p]**	38[p, p]	Tanzania	Provision 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	Provision of pipe coating and related services to the oil and gas industry
Wasco Coatings Insulation Sdn. Bhd.	**-[b]**	-[b]	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 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

9 INVESTMENT IN SUBSIDIARIES (CONTINUED)

Details of subsidiaries are as follows (continued):

	Group's effective interest			
	2023 %	2022 %	Country of incorporation	Principal activities
Wasco Oil Technologies Sdn. Bhd.	**100**	100	Malaysia	Investment holding
Wasco Oilfield Services Sdn. Bhd.	**49[p]**	49[p]	Malaysia	Investment holding
Wasco Corrosion Services Sdn. Bhd.	**63**	63	Malaysia	Dormant
Wasco Lindung Sdn. Bhd.	**48[p]**	48[p]	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
Wasco Pipe (Sabah) Sdn. Bhd. (formerly known as 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
# 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	**-[l]**	-[l]	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

9 INVESTMENT IN SUBSIDIARIES (CONTINUED)

Details of subsidiaries are as follows (continued):

	Group's effective interest 2023 %	Group's effective interest 2022 %	Country of incorporation	Principal activities
* WEGL Offshore Investments Pte. Ltd.	**100**	100[e]	Singapore	Investment holding
* WEGL Investments Pte. Ltd.	**100**	100[e]	Singapore	Investment holding
* PT Wasco Resources Indonesia	**100**	100[e]	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.	**100[j]**	92	Singapore	Engineering and fabrication of oil and gas systems and equipment
# PT. Wasco Engineering Indonesia	**100[j]**	92	Indonesia	Provision of engineering, design, fabrication and construction services for oil and gas industry
* Wasco E&P Services Limited	**100**	100	Hong Kong, SAR	Investment holding
* Wasco China International Limited	**100**	100	Hong Kong, SAR	Investment holding
* Ashburn Offshore Oil & Gas Equipment & Engineering (Tianjin) Co. Ltd.	**-[q]**	65	People's Republic of China	Design and manufacturing of products to the oil and gas industry
* Ashburn International Trade (Tianjin) Co. Ltd.	**-[q]**	65	People's Republic of China	International trade, processing and assembling, storage of bonded goods and development of high technological products and consultancy services
Wasco Process Engineering Sdn. Bhd. (formerly known as Jutasama Sdn. Bhd.)	**100**	100	Malaysia	Contracting of industrial engineering projects

9 INVESTMENT IN SUBSIDIARIES (CONTINUED)

Details of subsidiaries are as follows (continued):

	Group's effective interest			
	2023 %	**2022 %**	**Country of incorporation**	**Principal activities**
Peakvest Sdn. Bhd.	**100**	100	Malaysia	Letting of properties
Jutasama Jaya Sdn. Bhd.	**-**[m]	100	Malaysia	Dormant (In Member's Voluntary Winding Up)
Wasco Greenergy Sdn. Bhd.	**100**[n]	-	Malaysia	Investment and property holding
Wasco Thermal Sdn. Bhd. (formerly known as Mackenzie Industries Sdn. Bhd.)	**60**	60	Malaysia	Undertaking of steam boilers and energy system projects in both local and overseas markets
Wasco AgroTech Sdn. Bhd. (formerly known as 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.	**-**	-[a]	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. Wasco AgroTech Indonesia (formerly known as 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
Wasco Saito Sdn. Bhd. (formerly known as 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

9 INVESTMENT IN SUBSIDIARIES (CONTINUED)

Details of subsidiaries are as follows (continued):

	Group's effective interest 2023 %	Group's effective interest 2022 %	Country of incorporation	Principal activities
Petro-Pipe Industries (M) Sdn. Bhd.	**100**[k]	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
~ Syn Tai Hung (Cambodia) Co. Ltd	**100**	100	Kingdom of Cambodia	Trading and warehousing of building materials
Syn Tai Hung Borneo Sdn. Bhd.	**70**	70	Malaysia	Trading and distribution of building materials
Stellar Marketing Sdn. Bhd.	**100**	100	Malaysia	Dormant
Petro-Pipe Engineering Services Sdn. Bhd.	**100**	100	Malaysia	Trading and distribution parts and machineries and other ancillary materials and services
WS Integrasi Sdn. Bhd.	**-**	100[d]	Malaysia	Dormant (In Member's Voluntary Winding Up)
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
* Wah Seong International Pte Limited	**100**	100	Hong Kong, SAR	Investment holding

9 INVESTMENT IN SUBSIDIARIES (CONTINUED)

Details of subsidiaries are as follows (continued):

	Group's effective interest			
	2023 %	**2022 %**	**Country of incorporation**	**Principal activities**
~ WSIPL Australia Pty. Ltd.	**-[f]**	100[f]	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.	**-[o]**	100	Malaysia	Dormant (In Member's Voluntary Winding Up)
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.*

q *On 21 December 2023, Wasco China International Limited ("WCIL"), an indirect wholly-owned subsidiary of the Company surrendered 260,000 ordinary shares, representing 65% equity interest in the total issued share capital of Ashburn International Trade (Tianjin) Co. Ltd. ("Ashburn International") and 552,500 ordinary shares, representing 65% equity interest in the total issued share capital of Ashburn Offshore Oil & Gas Equipment & Engineering (Tianjin) Co. Ltd. ("Ashburn Offshore"), respectively.*

In consideration for the surrendering of Ashburn Shares, Ashburn International and Ashburn Offshore shall repay the entire capital contribution by WCIL totalling RMB5,010,000 (equivalent to approximately RM3,360,000) and RMB3,490,000 (equivalent to approximately RM2,340,000) respectively, collectively amounting to RMB8,500,000 (equivalent to approximately RM5,700,000).

Upon completion of the surrendering of Ashburn Shares, Ashburn International and Ashburn Offshore both ceased to be indirect 65% owned subsidiaries of the Company.

9 INVESTMENT IN SUBSIDIARIES (CONTINUED)

Details of subsidiaries are as follows (continued):

p *On 13 January 2022, Wasco ISOAF S.r.L ("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 Wasco ISOAF Tz Limited ("ISOAF Tz"), a company incorporated in Tanzania for a total cash consideration of TZS15,000,000 (equivalent to approximately RM27,000).*

Upon completion of the subscription of ISOAF Tz shares, ISOAF Tz became a 75% owned subsidiary of ISOAF.

Subsequently on 10 February 2022, Wasco Coatings Europe B.V. ("WCEu"), an indirect wholly-owned subsidiary of the Company acquired additional 25.1% equity interest in the share capital of ISOAF for a total consideration of EUR6,275 (equivalent to approximately RM29,800).

Upon completion of the acquisition of ISOAF shares, ISOAF became an indirect 50.1% owned subsidiary of the Company and its subsidiary, ISOAF Tz became an indirect 37.6% owned subsidiary of the Company, held through ISOAF.

On 19 December 2023, WCEu further acquired a 24.9% equity interest in the share capital of ISOAF for a total consideration of EUR1,000,000 (equivalent to approximately RM4,931,000).

Upon completion of the acquisition of ISOAF shares, ISOAF became an indirect 75% owned subsidiary of the Company and ISOAF Tz became an indirect 56% owned subsidiary of the Company, held through ISOAF.

o *On 27 September 2023, Wah Seong Management Services Sdn. Bhd. ("WSMS"), a direct wholly-owned subsidiary of the Company, via its Member's Written Resolution, issued and allotted 2,550,000 new ordinary shares at an issue price of RM1.00 each to the Company for a total consideration of RM2,550,000, credited as fully paid-up in the share capital of WSMS, by way of capitalising RM2,550,000 from the amount due by WSMS to the Company.*

Subsequently on 12 December 2023, WSMS, had at its Extraordinary General Meeting, approved the special resolution to wind up WSMS by way of the Member's Voluntary Winding Up by its shareholder.

n *On 5 December 2023, Wasco Greenergy Sdn. Bhd. ("WGreenergy") was incorporated in Malaysia. WGreenergy has an initial issued and paid-up share capital of RM10,000 divided into 10,000 ordinary shares which were fully subscribed and paid-up by the Company.*

m *On 30 October 2023, Jutasama Jaya Sdn Bhd ("JJSB") an indirect wholly-owned subsidiary of the Company, had at its Extraordinary General Meeting, approved the special resolution to wind up JJSB by way of the Member's Voluntary Winding Up by its shareholder.*

l *On 25 March 2022, WEGL Services India Private Limited ("WEGL India"), 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.*

Subsequently on 12 September 2023, an order was pronounced under Section 59(8) of the Insolvency and Bankruptcy Code, 2016, that the affairs of WEGL India have been completely wound up and the assets have been completely liquidated and as such, WEGL India shall be dissolved.

k *On 27 June 2023, Petro-pipe Industries (M) Sdn. Bhd. ("PPIM"), an indirect wholly-owned subsidiary of the Company, had via its Directors' Circular Resolution proposed to the full redemption of 1,000,000 fully paid-up Non-Cumulative Redeemable Preference Shares ("NCRPS") of RM0.10 each. The redemption shall be out of the profit of PPIM at a redemption sum of RM1,000,000 pursuant to Section 72 of the Companies Act, 2016 and Article 12 of PPIM's Constitution.*

9 INVESTMENT IN SUBSIDIARIES (CONTINUED)

Details of subsidiaries are as follows (continued):

j *On 15 June 2023, the Company's indirect wholly-owned subsidiary Wasco Engineering Group Limited ("WEGL"), entered into a Share Sale Agreements ("SSA") for the acquisition of 415,557 ordinary shares, equivalent to 8.01% equity interest in the issued and paid-up share capital of WS Engineering Technologies Pte. Ltd. ("WSET") for a total consideration of SGD600,000 (equivalent to approximately RM2,001,000).*

With the acquisitions of WSET shares, WSET and its subsidiary PT. Wasco Engineering Indonesia became an indirect wholly-owned subsidiary of the Company, held through WEGL.

i *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.

h *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.*

g *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.*

f *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.

e *On 29 April 2022, Wasco Engineering Group Limited ("WEGL"), an indirect wholly-owned subsidiary of the Company entered into a Share Sale Agreement ("SSA") 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.*

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, PT Wasco Resources Indonesia (formerly known as PT Jaya Asiatic Shipyard), a subsidiary of WEGL Investments and WEGL Offshore Investments became an indirect wholly-owned subsidiary of the Company.

d *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") 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, approved the special resolution to wind up WSI by way of the Member's Voluntary Winding Up by its shareholder.

9 INVESTMENT IN SUBSIDIARIES (CONTINUED)

Details of subsidiaries are as follows (continued):

c *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.

b *On 29 October 2021, Wasco Coatings Insulation Sdn. Bhd. ("WCI"), an indirect 70%-owned subsidiary of the Company had at its Extraordinary General Meeting, approved the special resolution to wind up WCI by way of the Member's Voluntary Winding Up by its shareholder. As a result, the Group no longer controls the subsidiary and as such it was not consolidated.*

a *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, 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.*

Subsequently on 29 February 2024, PMT-Phoenix had held its final meeting for the Member's Voluntary Winding Up. PMT-Phoenix will be fully dissolved after the expiration of three months from the date of lodgement of the Return by Liquidator relating to the Final Meeting with the Companies Commission of Malaysia and Official Receiver.

p *Although the Company does not own more than 50% of the equity shares of Wasco Oilfield Services Sdn. Bhd. ("WOS") and Wasco Lindung Sdn. Bhd. ("WL") and consequently it does not control more than half of the voting power of those shares, it has the power to appoint and remove the majority of the Board of Directors of WOS and WL. Consequently, WOS and WL are controlled by the Company and are consolidated in these financial statements (2022: WOS, WL and ISOAF Tz).*

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.	**Wasco Thermal Sdn. Bhd.***	**Wasco Coatings Malaysia Sdn. Bhd.**	**Wasco Pipe (Sabah) Sdn. Bhd.~**	**Other individually immaterial subsidiaries**	**Total**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
2023						
NCI percentage of ownership interest and voting interest	**27%**	**40%**	**30%**	**30%**		
Carrying amount of NCI	**34,680**	**14,329**	**61,551**	**(1,060)**	**6,084**	**115,584**
Net profit allocated to NCI	**19,488**	**5,268**	**19,768**	**310**	**1,592**	**46,426**

* *Wasco Thermal Sdn. Bhd. formerly known as Mackenzie Industries Sdn. Bhd.*
~ *Wasco Pipe (Sabah) Sdn. Bhd. formerly known as Petro-Pipe (Sabah) Sdn. Bhd.*

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			
	Wasco ISOAF S.R.L. RM'000	Wasco Thermal Sdn. Bhd.* RM'000	Wasco Coatings Malaysia Sdn. Bhd. RM'000	Wasco Pipe (Sabah) Sdn. Bhd. ~ RM'000
2023				
Summarised financial information before intra-group elimination				
As at 31 December				
Non-current assets	-	68,868	252,676	61,288
Current assets	326,903	69,975	280,504	74,914
Non-current liabilities	-	-	(160,137)	-
Current liabilities	(197,210)	(103,020)	(167,872)	(108,212)
Net assets	129,693	35,823	205,171	27,990
Financial year ended 31 December				
Revenue	225,703	135,095	264,919	130,677
Net profit	38,136	13,171	65,894	1,032
Cash flows (used in)/generated from operating activities	(66,402)	57,551	67,314	12,420
Cash flows used in investing activities	-	(47,527)	(52,801)	(15,357)
Cash flows (used in)/generated from financing activities	-	(2,720)	43,513	(337)
Net changes in cash and cash equivalents	(66,402)	7,304	58,026	(3,274)
Dividend paid/payable to NCI	-	1,088	-	-

** Wasco Thermal Sdn. Bhd. formerly known as Mackenzie Industries Sdn. Bhd.*
~ Wasco Pipe (Sabah) Sdn. Bhd. formerly known as Petro-Pipe (Sabah) Sdn. Bhd.

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					
	Wasco ISOAF S.R.L.	Wasco Thermal Sdn. Bhd.*	Wasco Coatings Malaysia Sdn. Bhd.	Wasco Pipe (Sabah) Sdn. Bhd. ~	Other individually immaterial subsidiaries	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	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	-	-		

* *Wasco Thermal Sdn. Bhd. formerly known as Mackenzie Industries Sdn. Bhd.*

~ *Wasco Pipe (Sabah) Sdn. Bhd. formerly known as Petro-Pipe (Sabah) Sdn. Bhd.*

10 INVESTMENT IN ASSOCIATES

	Note	Group 2023 RM'000	Group 2022 RM'000
Quoted shares in Malaysia	(a)	**130,114**	130,114
Unquoted shares	(b)	**94,527**	90,790
Share of post-acquisition results and reserves		**(54,494)**	(63,953)
		170,147	156,951
Less: Accumulated impairment loss		**(57,405)**	(55,133)
		112,742	101,818
Share of net assets of associates		**112,742**	101,818
Quoted shares in Malaysia at fair value		**82,223**	74,433

(a) Quoted shares – Petra Energy Berhad

As at 31 December 2023 and 31 December 2022, 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 2023, was approximately RM82,223,000 (2022: RM74,433,000). This fair value is approximately RM30,331,000 (2022: RM27,087,000) below the carrying value, giving rise to an impairment indicator on the carrying value of the investment of RM112,554,000 (2022: RM101,520,000).

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 (2022: 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 best, 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 all three 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 best, base case and worst case scenarios are as follows:

(i) 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 all three scenarios;
(ii) Pre-tax discount rate of 18.5% (2022: 16.3%) was applied for all three scenarios, benchmarked against comparable companies at the date of assessment; and
(iii) A terminal growth rate of Nil (2022: 1.0%) was applied across all three 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 2023 and 31 December 2022.

10 INVESTMENT IN ASSOCIATES (CONTINUED)

(a) Quoted shares – Petra Energy Berhad (continued)

Sensitivity

As at 31 December 2023, an increase of 1% in pre-tax discount rate, with all other inputs remaining constant, will not result in a material effect on the Group's impairment charge.

(b) Unquoted shares – Evraz Wasco Pipe Protection Corporation ("EWPPC")

In the previous 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.

Impairment of investment in associates

The movements for allowance for impairment losses on investment in associates during the financial year are as follows:

	Group	
	2023	**2022**
	RM'000	**RM'000**
At 1 January	**55,133**	14,606
Impairment loss recognised	**-**	39,537
Effect of exchange rate changes	**2,272**	990
At 31 December	**57,405**	55,133

10 INVESTMENT IN ASSOCIATES (CONTINUED)

Details of associates are as follows:

	Country of incorporation	Group's effective interest 2023 %	Group's effective interest 2022 %	Principal activities
WS Integrasi Sdn. Bhd.	Malaysia	**-**	-[b]	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]	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") 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	Evraz Wasco Pipe Protection Corporation	Other individually immaterial associates	Total
2023	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Summarised financial information				
As at 31 December				
Non-current assets	**274,722**	**46,304**		
Current assets	**399,252**	**171,917**		
Non-current liabilities	**(5,397)**	**-**		
Current liabilities	**(250,161)**	**(101,067)**		
Net assets	**418,416**	**117,154**		
Financial year ended 31 December				
Revenue	**553,315**	**-**		
Net profit	**60,325**	**-**		
Total comprehensive income	**60,325**	**-**		
Reconciliation of net assets to carrying amount				
As at 31 December				
Group's share of net assets	**112,554**	**57,405**	**121**	**170,080**
Goodwill	**-**	**-**	**67**	**67**
Less: Accumulated impairment loss	**-**	**(57,405)**	**-**	**(57,405)**
Carrying amount in statement of financial position	**112,554**	**-**	**188**	**112,742**
Group's share of results				
Financial year ended 31 December				
Group's share of profit	**16,227**	**-***	**80**	**16,307**
Dividend receivable/received	**5,193**	**-**	**190**	**5,383**

* *During the current financial year, the Group no longer share the profit of its investment in EWPPC as the carrying amount of the investment in EWPPC was reduced to nil.*

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	Evraz Wasco Pipe Protection Corporation	Other individually immaterial associates	Total
2022	**RM'000**	**RM'000**	**RM'000**	**RM'000**
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

11 INVESTMENT IN JOINT VENTURES

	Group	
	2023	**2022**
	RM'000	**RM'000**
Unquoted shares	**170,625**	167,977
Share of post-acquisition results and reserves	**(128,393)**	(113,619)
	42,232	54,358
Less: Accumulated impairment loss	**(22,052)**	(21,658)
	20,180	32,700
Share of net assets of joint ventures	**20,180**	32,700

Unquoted shares – Alam-PE Holdings (L) Inc.

For the financial year ended 31 December 2023 and 2022, the Group reviewed the recoverable amount of its investment in a joint venture, Alam-PE Holdings (L) Inc. as impairment indicator exist due to ALAM-PE's low vessel utilisation in the current financial year resulted in ALAM-PE continuing to incur losses and the significant shortfall of its actual loss and the budgeted profits for the current financial year indicated that the investment may be impaired.

The Group has determined the recoverable amount of the investment by assessing the individual vessels, each of which is a single CGU by itself. The recoverable amount of each vessel are ascertained by using higher of respective fair value less cost to sell and value-in-use.

The fair values of the vessels were based on the valuation report issued by an independent professional valuer on the basis that the vessels are in sound sea-going condition and have undergone the required regular dry dock. Due to the time approximation to the next dry dock, the fair valuation of the vessels were reduced by the estimated dry docking cost the buyer will need to dry dock the vessels within a year after purchase.

As value-in-use was determined by using the discounted cash flows derived from pre-tax cash flow projections based on financial budgets approved by the Group covering a period of 3 years (2022: 5 years) based on past performance of each vessel and expectations of the market development. 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 are as follows:

(a) (i) An average vessel utilisation rate for 3 years of 23% in current financial year;
(ii) An average vessel utilisation rate for 5 years of 51% was applied to both the base case and worst case scenario in previous financial year. The average utilisation rate is affected by the timing of vessels completing their dry docking;
(b) Pre-tax discount rate of 14% (2022: 12.1%) was applied, benchmarked against comparable companies at the date of assessment; and
(c) No terminal growth rate was applied in the current and previous financial year.

Based on management's impairment assessment, no impairment loss is deemed necessary to be recognised for the financial year ended 31 December 2023. The Group had recognised an impairment loss of RM8,989,000 for the financial year ended 31 December 2022.

11 INVESTMENT IN JOINT VENTURES (CONTINUED)

Sensitivity

As at 31 December 2023, an increase of 1% of pre-tax discount rate and 5% average vessel utilisation rate will not result in a material effect on the Group's impairment charges.

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	
	2023	**2022**
	RM'000	**RM'000**
At 1 January	**21,658**	12,139
Impairment loss recognised	**-**	8,989
Effect of exchange rate changes	**394**	530
At 31 December	**22,052**	21,658

11 INVESTMENT IN JOINT VENTURES (CONTINUED)

Details of joint ventures are as follows:

	Country of incorporation	Group's effective interest 2023 %	Group's effective interest 2022 %	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
Bayou Wasco Insulation, LLC	United States of America	**49**	49	Provision of thermal insulation coating services to pipes or pipelines
Shinko Wasco Turbine Sdn. Bhd. (formerly known as 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

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:

	Group		
	Alam-PE Holdings (L) Inc.	Bayou Wasco Insulation, LLC	Boustead Wah Seong Sdn. Bhd.
	RM'000	RM'000	RM'000
2023			
Summarised financial information			
As at 31 December			
Non-current assets	16,775	60,668	-
Current assets	14,131	110,201	3,008
Cash and cash equivalents	4,201	287	23,997
Non-current liabilities	-	(72,780)	-
Current liabilities	(11,843)	(97,196)	(12,065)
Non-controlling interest	-	-	(13,456)
Net assets	23,264	1,180	1,484
Financial year ended 31 December			
Net (loss)/profit	(24,283)	1,211	(3,050)
Other comprehensive income	-	6,542	602
Total comprehensive (expense)/income	(24,283)	7,753	(2,448)
Included in the total comprehensive (expense)/income are:			
Revenue	20,920	73,562	1,197
Interest income	-	-	227
Depreciation and amortisation	(9,820)	(7,368)	(102)
Interest expense	-	(1,157)	(1,120)
Tax expense	-	-	368

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.	Bayou Wasco Insulation, LLC	Boustead Wah Seong Sdn. Bhd.	Other individually immaterial joint ventures	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
2023					
Reconciliation of net assets to carrying amount					
As at 31 December					
Group's share of net assets	**11,399**	**578**	**742**	**12,706**	**25,425**
Goodwill	**11,989**	**-**	**-**	**-**	**11,989**
Less: Accumulated impairment loss	**(11,989)**	**-**	**-**	**(10,063)**	**(22,052)**
Reclass to other payables*	**-**	**-**	**-**	**4,818**	**4,818**
Carrying amount in statement of financial position	**11,399**	**578**	**742**	**7,461**	**20,180**
Group's share of results					
Financial year ended 31 December					
Group's share of (loss)/profit	**(11,898)**	**593**	**(1,525)**	**1,061**	**(11,769)**
Group's share of other comprehensive income	**-**	**3,206**	**301**	**-**	**3,507**
Dividend receivable/received	**-**	**-**	**-**	**1,070**	**1,070**

* *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.	Bayou Wasco Insulation, LLC	Boustead Wah Seong Sdn. Bhd.
	RM'000	RM'000	RM'000
2022			
Summarised financial information			
As at 31 December			
Non-current assets	45,107	65,392	1,359
Current assets	8,157	40,188	7,145
Cash and cash equivalents	2,491	15,844	20,538
Non-current liabilities	-	(66,450)	-
Current liabilities	(8,209)	(61,957)	(10,762)
Non-controlling interest	-	-	(14,349)
Net assets/(liabilities)	47,546	(6,983)	3,931
Financial year ended 31 December			
Net loss	(1,250)	(9,411)	(10,291)
Other comprehensive income	-	-	1,010
Total comprehensive expense	(1,250)	(9,411)	(9,281)
Included in the total comprehensive expense are:			
Revenue	14,361	92	5,397
Interest income	-	-	335
Depreciation and amortisation	(9,007)	(7,580)	(2,449)
Interest expense	-	(1,113)	(981)
Tax expense	-	-	(1,248)

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.	**Bayou Wasco Insulation, LLC**	**Boustead Wah Seong Sdn. Bhd.**	**Other individually immaterial joint ventures**	**Total**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**
2022					
Reconciliation of net assets to carrying amount					
As at 31 December					
Group's share of net assets/ (liabilities)	23,297	(3,422)	1,966	10,632	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
Group's share of results					
Financial year ended 31 December					
Group's share of loss	(613)	(4,611)	(5,146)	(966)	(11,336)
Group's share of other comprehensive income	-	-	505	427	932
Dividend receivable/received	-	-	-	4,406	4,406

* *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.*

12 CONTRACT ASSETS/(LIABILITIES)

Net carrying amount of contract assets/(liabilities) is analysed as follows:

	Group	
	2023	**2022**
	RM'000	**RM'000**
At 1 January		
- Contract assets	**395,814**	242,479
- Contract liabilities	**(314,049)**	(133,314)
	81,765	109,165
Over time		
Revenue recognised in the current financial year		
- that was included in the contract liabilities at 1 January	**232,936**	103,561
- from additional contract assets and contract liabilities during the financial year	**1,675,432**	1,927,556
Less: Billings during the financial year	**(1,877,084)**	(2,082,052)
	31,284	(50,935)
Point in time		
Revenue recognised in the current financial year		
- that was included in the contract liabilities at 1 January	**14,063**	16,811
- from additional contract assets and contract liabilities during the financial year	**120,132**	59,605
Less: Billings during the financial year	**(136,779)**	(74,755)
	(2,584)	1,661
Transfer to assets/liabilities of disposal group classified as held for sale	**1,895**	-
Effect of exchange rate changes	**14,153**	21,874
At 31 December	**126,513**	81,765
At 31 December		
- Contract assets	**446,339**	395,814
- Contract liabilities	**(319,826)**	(314,049)
	126,513	81,765

Revenue relating to performance obligations that are unsatisfied or partially unsatisfied as at 31 December 2023 amounting to RM3,144,000,000 (2022: RM3,437,000,000) are expected to be recognised within the next 12 to 24 months (2022: within the next 12 to 24 months).

35.5% (2022: 25.6%) of the contract asset balances are related to a single customer.

13 INVENTORIES

	Group	
	2023	**2022**
	RM'000	**RM'000**
Raw materials	**88,337**	104,902
Work-in-progress	**29,382**	35,605
Manufactured and trading goods	**45,580**	62,297
Consumables	**19,767**	14,872
Goods in transit	**3,258**	5,719
	186,324	223,395

14 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2023	**2022**	**2023**	**2022**
	RM'000	**RM'000**	**RM'000**	**RM'000**
<u>Current</u>				
Gross trade receivables	**459,017**	511,407	**-**	-
Less: Allowance for impairment loss	**(14,976)**	(33,100)	**-**	-
	444,041	478,307	**-**	-
Gross other receivables	**36,255**	69,932	**343**	13,615
Less: Allowance for impairment loss	**(14,852)**	(49,543)	**(15)**	(13,262)
	21,403	20,389	**328**	353
Prepaid supplies	**74,271**	35,250	**-**	-
Deposits	**8,364**	7,431	**22**	29
Prepayments	**15,493**	16,914	**165**	284
	563,572	558,291	**515**	666
<u>Non-current</u>				
Deposits	**3,603**	3,451	**-**	-

14 TRADE AND OTHER RECEIVABLES (CONTINUED)

Credit risk concentration profile

The Group determines concentration of credit risk by monitoring the business segment of its trade receivables on an ongoing basis. The credit risk concentration profile of the Group's trade receivables at the reporting date is as follows:

	Group	
	2023	2022
	RM'000	RM'000
Energy Services	**408,808**	352,758
Bioenergy Services	**35,233**	39,104
Trading	**-**	86,445
Total	**444,041**	478,307

Concentration of credit risk is low within the Energy 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 Bioenergy Services and Trading as the balances are distributed over a large number of customers.

The following table contains an analysis of the credit risks exposure for which expected credit loss is recognised:

	Gross trade receivables	Expected credit loss	Net trade receivables
	RM'000	RM'000	RM'000
2023			
Not past due	**131,741**	**(22)**	**131,719**
1 to 30 days overdue	**149,681**	**(1,339)**	**148,342**
31 to 60 days overdue	**67,990**	**(9)**	**67,981**
61 to 90 days overdue	**27,624**	**(12)**	**27,612**
91 to 180 days overdue	**19,848**	**(1,299)**	**18,549**
181 to 365 days overdue	**47,210**	**(3,483)**	**43,727**
More than 365 days overdue	**14,923**	**(8,812)**	**6,111**
Total	**459,017**	**(14,976)**	**444,041**

14 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 (continued):

	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

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	
	2023 RM'000	2022 RM'000
At 1 January	**33,100**	26,303
Impairment loss recognised	**2,801**	9,492
Impairment loss reversed	**(8,280)**	(2,643)
Bad debts written off	**(374)**	-
Transfer to assets of disposal group classified as held for sale	**(12,593)**	(422)
Effect of exchange rate changes	**322**	370
At 31 December	**14,976**	33,100

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.

14 TRADE AND OTHER RECEIVABLES (CONTINUED)

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	
	2023	**2022**	**2023**	**2022**
	RM'000	**RM'000**	**RM'000**	**RM'000**
At 1 January	**49,543**	48,235	**13,262**	12,534
Impairment loss recognised	**16**	301	**-**	-
Bad debts written off	**(35,687)**	(252)	**(13,247)**	-
Transfer to assets of disposal group classified as held for sale	**(16)**	-	**-**	-
Effect of exchange rate changes	**996**	1,259	**-**	728
At 31 December	**14,852**	49,543	**15**	13,262

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	
	2023	**2022**
	RM'000	**RM'000**
Gross trade receivables		
- United States Dollar	**121,137**	127,419
- Indonesian Rupiah	**11,920**	4,610
- Singapore Dollar	**1,502**	2,052
- Japanese Yen	**758**	705
- Euro Dollar	**-**	400
	135,317	135,186

14 TRADE AND OTHER RECEIVABLES (CONTINUED)

The Group's and the Company's other receivables, deposits and prepayments exposure to foreign currency (a currency which is other than the functional currency of the Group entities and the Company) risk were:

	Group		Company	
	2023	**2022**	**2023**	**2022**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Gross other receivables, deposits and prepayments				
- United States Dollar	**39,009**	34,875	**-**	13,247
- Euro Dollar	**14,631**	2,461	**-**	-
- Japanese Yen	**5,285**	-	**-**	-
- Ringgit Malaysia	**2,900**	2,259	**-**	-
- Indonesian Rupiah	**1,299**	6,363	**-**	-
- China Renminbi	**922**	-	**-**	-
- Singapore Dollar	**580**	1,245	**-**	-
- Qatari Rial	**-**	12,998	**-**	-
	64,626	60,201	**-**	13,247

15 AMOUNTS OWING BY/(TO) SUBSIDIARIES

(a) Amounts owing by subsidiaries

	Company	
	2023	**2022**
	RM'000	**RM'000**
Interest bearing loans (unsecured)	**14,250**	9,668
Interest free advances (unsecured)	**2,221**	11,621
	16,471	21,289
Less: Allowance for impairment loss	**(350)**	(2,792)
	16,121	18,497

The effective interest rate of interest bearing loans as at 31 December 2023 ranges between 6.15% to 6.40% (2022: 3.94% to 6.15%) per annum. The loans and advances are denominated in Ringgit Malaysia and are recoverable on demand.

15 AMOUNTS OWING BY/(TO) SUBSIDIARIES (CONTINUED)

(a) Amounts owing by subsidiaries (continued)

The movements in the Company's allowance for impairment loss of amount owing by subsidiaries during the financial year are as follows:

	Company	
	2023	**2022**
	RM'000	**RM'000**
At 1 January	**2,792**	232
Impairment loss reversed	**(2,469)**	-
Impairment loss recognised	**27**	2,560
At 31 December	**350**	2,792

During the financial year ended 31 December 2023, the amounts owing by subsidiaries are considered performing except for certain interest bearing loans and interest free advances owing by subsidiaries of RM27,000 (2022: RM2,560,000) which are deemed not performing. Hence, RM27,000 (2022: RM2,560,000) was impaired during the financial year.

(b) Amounts owing to subsidiaries

	Company	
	2023	**2022**
	RM'000	**RM'000**
Interest bearing loans (unsecured)	**32,888**	22,400
Non-trade accounts	**2,545**	10
	35,433	22,410

The effective interest rate of interest bearing loans as at 31 December 2023 ranges between 3.11% to 3.36% (2022: 2.11% to 4.55%) 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.

16 AMOUNTS OWING BY ASSOCIATES

	Group		Company	
	2023	**2022**	**2023**	**2022**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Current				
Advances	**3,435**	3,409	**-**	-
Less: Allowance for impairment loss	**(3,255)**	(3,285)	**-**	-
	180	124	**-**	-
Non-current				
Trade accounts	**16,439**	25,677	**-**	-
Less: Allowance for impairment loss	**(16,439)**	(25,677)	**-**	-
	-	-	**-**	-

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	
	2023	**2022**	**2023**	**2022**
	RM'000	**RM'000**	**RM'000**	**RM'000**
At 1 January	**28,962**	7,546	**-**	43
Impairment loss recognised	**-**	21,378	**-**	-
Impairment loss reversed	**(10,216)**	(108)	**-**	(43)
Effect of exchange rate changes	**948**	146	**-**	-
At 31 December	**19,694**	28,962	**-**	-

Amounts owing by associates are denominated in United States Dollar and Ringgit Malaysia. The Group has no significant exposure to foreign currency risk for the amounts owing by associates.

17 AMOUNTS OWING BY/(TO) JOINT VENTURES

(a) Amounts owing by joint ventures

	Group	
	2023	**2022**
	RM'000	**RM'000**
Current		
Advances	**146**	205
Non-current		
Trade accounts	**5,525**	2,369
Interest bearing loans	**52,843**	54,837
Advances	**1,989**	1,690
	60,357	58,896
Less: Allowance for impairment loss	**(36,508)**	(27,290)
	23,849	31,606

During the financial year ended 31 December 2023, the amounts owing by joint ventures are considered performing except for certain interest bearing loans owing by a joint venture of RM8,065,000 (2022: RM Nil) which are deemed not performing. Hence, RM8,065,000 (2022: RM Nil) was impaired during the financial year.

Trade accounts are unsecured and interest free.

The Group's effective interest rate of interest bearing loans as at 31 December 2023 is between 3.26% to 3.75% (2022: 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	
	2023	**2022**
	RM'000	**RM'000**
At 1 January	**27,290**	26,697
Impairment loss recognised	**8,065**	-
Effect of exchange rate changes	**1,153**	593
At 31 December	**36,508**	27,290

The Group has no significant exposure to foreign currency risk for the amounts owing by joint ventures except for an amount of RM20,811,000 (2022: RM18,876,000) denominated in United States Dollar.

17 AMOUNTS OWING BY/(TO) JOINT VENTURES (CONTINUED)

(b) Amounts owing to joint ventures

	Group	
	2023	**2022**
	RM'000	**RM'000**
Trade accounts	**7,341**	3,247
Non-trade accounts	**232**	246
	7,573	3,493

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	
	2023	**2022**
	RM'000	**RM'000**
- Japanese Yen	6,914	2,887
- China Renminbi	659	605

18 DERIVATIVE FINANCIAL ASSETS/(LIABILITIES)

	Contract/ notional amount	**Assets**	**Liabilities**
		RM'000	**RM'000**
Group			
2023			
Current			
Derivative instruments at fair value through profit or loss			
- Forward currency contracts	**RM 42,523,000**		
	SGD 42,099,000		
	USD 11,240,000		
	AUD 211,000		
	EUR 200,000	**154**	**(4,100)**

18 DERIVATIVE FINANCIAL ASSETS/(LIABILITIES) (CONTINUED)

	Contract/ notional amount	Assets RM'000	Liabilities RM'000
Group			
2022			
Current			
Derivative istruments at fair value through profit or loss			
- Forward currency contracts	RM 66,856,000		
	USD 17,655,000		
	CNY 15,075,000		
	SGD 12,226,000		
	EUR 1,605,000	82	(2,627)

The Company did not hold any derivative financial instruments as at 31 December 2023 (2022: nil).

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 Australian Dollar for which firm commitments existed at the reporting date, extending to November 2024.

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 RM1,374,000 (2022: RM2,422,000) 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.

19 TIME DEPOSITS

	Group		Company	
	2023	**2022**	**2023**	**2022**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Time deposits placed with licensed banks in Malaysia	**79,513**	29,566	**684**	1,466
Time deposits with maturity more than 3 months	**23,668**	23,515	**-**	-
	103,181	53,081	**684**	1,466

As at 31 December 2023 and 31 December 2022, 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	
	2023	**2022**	**2023**	**2022**
	%	**%**	**%**	**%**
Time deposits	**1.20 – 3.31**	1.00 – 2.70	**2.00 – 2.75**	1.00 – 2.00

20 CASH AND BANK BALANCES

	Group		Company	
	2023	**2022**	**2023**	**2022**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Cash and bank balances	**307,163**	275,929	**2,915**	1,801

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	
	2023	**2022**	**2023**	**2022**
	RM'000	**RM'000**	**RM'000**	**RM'000**
- United States Dollar	**63,570**	120,640	**219**	367
- Singapore Dollar	**12,396**	7,482	**-**	122
- Japanese Yen	**8,496**	5,148	**-**	-
- China Renminbi	**2,416**	1,666	**-**	-
- Indonesian Rupiah	**2,009**	331	**-**	-
- Euro Dollar	**1,720**	1,603	**-**	-
- Qatari Rial	**1,216**	740	**-**	-
- British Pound	**843**	959	**-**	-
	92,666	138,569	**219**	489

Cash and bank balances are deposits held at call with banks and earn no interest.

21 ASSETS CLASSIFIED AS HELD FOR SALE

(a) On 29 February 2024, the Company entered into a sale and purchase agreement for the disposal of leasehold buildings for a consideration of RM36,000,000.

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 buildings has been classified as assets held for sale and is presented as part of the Others segment in Note 43.

(b) On 12 October 2023, the Company's wholly-owned subsidiary, Wasco Agrotech Sdn. Bhd. (formerly known as PMT Industries Sdn. Bhd.) ("WAT"), entered into a sale and purchase agreement for the disposal of freehold land and buildings for a consideration of RM40,000,000.

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 buildings has been classified as assets held for sale and is presented as part of the Bioenergy Services segment in Note 43.

Subsequently on 16 January 2024, WAT completed the disposal of the said freehold land and buildings by fulfilling condition precedent as stipulated in the sale and purchase agreement.

(c) On 12 July 2023, the Company's wholly-owned subsidiary, Maple Sunpark Sdn. Bhd. ("MSSB") entered into a sale and purchase agreement for the disposal of leasehold land for a consideration of RM22,193,000.

On 19 October 2023, MSSB 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 leasehold land was derecognised as assets held for sale, resulting in a gain on disposal of RM14,846,000 being recognised in the statement of profit or loss during the financial year.

(d) On 28 April 2022, 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 RM26,528,000.

On 15 February 2023, 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 leasehold land was derecognised as assets held for sale, resulting in a gain on disposal of RM8,249,000 being recognised in the statement of profit or loss during the financial year.

(e) 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 in the previous financial year.

(f) 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.

21 ASSETS CLASSIFIED AS HELD FOR SALE (CONTINUED)

Details of the carrying value of the assets classified as held for sale are as follows:

	Group		Company	
	2023	**2022**	**2023**	**2022**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Property, plant and equipment	**9,671**	3,531	**6,390**	-
Investment properties	**2,419**	-	**16,932**	-
Right-of-use assets	**-**	12,640	**-**	-
	12,090	16,171	**23,322**	-

22 ASSETS AND LIABILITIES OF DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

(a) Assets and liabilities of disposal group classified as held for sale during the financial year

On 24 August 2023, the Group has decided to divest its trading businesses, namely WDG Resources Sdn. Bhd. and Syn Tai Hung Trading Sdn. Bhd..

Pursuant to MFRS 5 "Non-current Assets Held for Sale and Discontinued Operations", the Trading segment was classified as "Discontinued Operations" in the statements of profit or loss, and the associated assets and liabilities of the subsidiaries has been classified as assets and liabilities of disposal group classified as held for sale in the statements of financial position.

Accordingly, the statements of profit or loss of the preceding corresponding financial year ended 31 December 2022 was re-presented to reflect the discontinued activities.

Details of the disposal group classified as held for sale are as follows:

	Group
	2023
	RM'000
Property, plant and equipment	**702**
Right-of-use assets	**872**
Inventories	**19,817**
Contract asset	**498**
Trade and other receivables	**83,623**
Tax recoverable	**418**
Derivative financial assets	**395**
Time deposits	**2,500**
Cash and bank balances	**11,356**
Total assets of disposal group classified as held for sale	**120,181**

22 ASSETS AND LIABILITIES OF DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE (CONTINUED)

(a) Assets and liabilities of disposal group classified as held for sale during the financial year (continued)

Details of the disposal group classified as held for sale are as follows (continued):

	Group
	2023
	RM'000
Lease liabilities	**(906)**
Contract liabilities	**(2,393)**
Trade and other payables	**(37,443)**
Provision for warranties	**(72)**
Loans and borrowings	**(60,762)**
Total liabilities of disposal group classified as held for sale	**(101,576)**

The financial performance and cash flow information of the trading segment classified as discontinued operation are as follow:

	Group	
	2023	2022
	RM'000	RM'000
Revenue	**378,893**	320,437
Cost of sales	**(356,034)**	(297,837)
Gross profit	**22,859**	22,600
Other operating income	**3,399**	7,015
Selling and distribution expenses	**(5,326)**	(5,605)
Administrative and general expenses	**(11,693)**	(14,858)
Reversal/(Loss) of impairment on financial assets	**281**	(209)
Other gain - net	**398**	277
Finance costs	**(3,773)**	(2,082)
Profit before tax	**6,145**	7,138
Tax (expense)/credit	**(1,440)**	33
Profit from discontinued operations	**4,705**	7,171
Net cash inflow/(outflow) from operating activities	**30,756**	(34,490)
Net cash inflow from investing activities	**16,409**	33,001
Net cash (outflow)/inflow from financing activities	**(51,833)**	2,825
Net changes in cash and cash equivalent	**(4,668)**	1,336

22 ASSETS AND LIABILITIES OF DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE (CONTINUED)

(b) Assets and liabilities of disposal group classified as held for sale in the previous financial year

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 RM5,700,000).

On 21 December 2023, WCIL completed the disposal of the said subsidiaries by fulfilling condition precedent as stipulated in the sale and purchase agreement. Accordingly, the carrying amount of the said assets and liabilities of the subsidiaries was derecognised as assets and liabilities of disposal group held for sale, no gain nor loss was recognised in the statement of profit or loss.

Details of the completed disposal and the net cash flow on disposal are as follows:

	At the date of disposal RM'000
Total assets of disposal group classified as held for sale	24,659
Total liabilities of disposal group classified as held for sale	(18,959)
Group's share of net assets disposed	5,700
Net disposal proceeds	5,700
Net loss on disposal before reclassification of foreign currency translation reserve	-
Reclassification of foreign currency translation reserve to profit or loss	218
Net gain on disposal	218
Net disposal proceeds	5,700
Less: Net disposal proceeds receivables	(1,772)
Proceeds from disposal of subsidiaries	3,928

22 ASSETS AND LIABILITIES OF DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE (CONTINUED)

(b) Assets and liabilities of disposal group classified as held for sale in the previous financial year (continued)

Details of the disposal group classified as held for sale in the previous financial year are as follows:

	Group 2022 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)

23 SHARE CAPITAL

	Group and Company			
	2023		2022	
	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.

24 TREASURY SHARES

	Group and Company			
	2023		2022	
	Number of shares	Amount	Number of shares	Amount
	'000	RM'000	'000	RM'000
At 1 January/31 December	**577**	**624**	577	624

25 TRADE AND OTHER PAYABLES

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Current				
Trade payables	**158,450**	180,465	**-**	-
Other payables and accruals	**424,736**	293,243	**1,148**	7,337
Deposit from customers	**12,426**	47,243	**-**	-
Provision for gratuity	**-**	12,720	**-**	12,720
	595,612	533,671	**1,148**	20,057
Non-current				
Provision for gratuity	**22,605**	18,303	**-**	-
Other liabilities	**27,920**	10,889	**-**	-
	50,525	29,192	**-**	-

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	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
At 1 January	**31,023**	28,054	**12,720**	11,640
Additions	**3,977**	2,519	**31**	1,080
Utilised	**(12,751)**	-	**(12,751)**	-
Effect of exchange rate changes	**356**	450	**-**	-
At 31 December	**22,605**	31,023	**-**	12,720

25 TRADE AND OTHER PAYABLES (CONTINUED)

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	
	2023	**2022**
	RM'000	**RM'000**
- Qatari Rial	**18,020**	13,521
- Indonesian Rupiah	**17,889**	7,392
- United States Dollar	**12,187**	36,402
- Singapore Dollar	**7,081**	8,859
- Euro Dollar	**4,823**	3,109
- Japanese Yen	**2,747**	2,079
- British Pound	**173**	449
	62,920	71,811

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	
	2023	**2022**
	RM'000	**RM'000**
- United States Dollar	**154,169**	59,913
- Qatari Rial	**23,496**	19,336
- Indonesian Rupiah	**11,732**	11,054
- Singapore Dollar	**7,541**	3,510
- Euro Dollar	**7,394**	1,937
- British Pound	**437**	44
	204,769	95,794

26 LOANS AND BORROWINGS

	Group		Company	
	2023	**2022**	**2023**	**2022**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Current				
Unsecured				
Revolving credits	**452,029**	473,046	**45,000**	59,714
Trade financing	**147,448**	188,624	**-**	-
Term loans	**32,248**	25,543	**-**	-
Fixed rate notes	**20,321**	20,868	**-**	-
	652,046	708,081	**45,000**	59,714
Non-current				
Unsecured				
Term loans	**50,916**	81,885	**-**	-
	702,962	789,966	**45,000**	59,714

The remaining maturities of the loans and borrowings are as follows:

	Group		Company	
	2023	**2022**	**2023**	**2022**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Within 1 year	**652,046**	708,081	**45,000**	59,714
More than 1 year and less than 2 years	**29,992**	27,795	**-**	-
More than 2 years and less than 5 years	**20,924**	54,090	**-**	-
	702,962	789,966	**45,000**	59,714

26 LOANS AND BORROWINGS (CONTINUED)

The Group's and the Company's loans and borrowings exposure to foreign currency (a currency which is other than the functional currency of the Group entities and the Company) risk were:

	Group		Company	
	2023	**2022**	**2023**	**2022**
	RM'000	**RM'000**	**RM'000**	**RM'000**
- United States Dollar	**15,689**	16,177	**-**	9,714
- Singapore Dollar	**3,552**	3,478	**-**	-
- Australian Dollar	**608**	-	**-**	-
- Euro Dollar	**-**	389	**-**	-
	19,849	20,044	**-**	9,714

The effective interest rates of loans and borrowings of the Group are as follows:

	Group		Company	
	2023	**2022**	**2023**	**2022**
	%	**%**	**%**	**%**
Revolving credits	**0.97 – 8.65**	0.97 – 8.01	**5.05 – 7.51**	3.11 – 7.36
Term loans	**5.02 – 9.43**	2.37 – 8.47	**-**	-
Trade financing	**4.24 – 7.15**	1.77 – 6.60	**-**	-
Fixed rate notes	**8.00**	6.20	**-**	-

26 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 year	1 – 2 years	2 – 5 years
	RM'000	RM'000	RM'000	RM'000	RM'000
2023					
Group					
Unsecured					
Revolving credits	**452,029**	**-**	**452,029**	**-**	**-**
Term loans	**83,164**	**-**	**32,248**	**29,992**	**20,924**
Trade financing	**147,448**	**-**	**147,448**	**-**	**-**
Fixed rate notes	**20,321**	**20,321**	**-**	**-**	**-**
	702,962	**20,321**	**631,725**	**29,992**	**20,924**
Company					
Unsecured					
Revolving credits	**45,000**	**-**	**45,000**	**-**	**-**
2022					
Group					
Unsecured					
Revolving credits	473,046	-	473,046	-	-
Term loans	107,428	-	25,543	27,795	54,090
Trade financing	188,624	-	188,624	-	-
Fixed rate notes	20,868	20,868	-	-	-
	789,966	20,868	687,213	27,795	54,090
Company					
Unsecured					
Revolving credits	59,714	-	59,714	-	-

27 PROVISION FOR WARRANTIES

	Group	
	2023	2022
	RM'000	RM'000
At 1 January	**22,687**	12,438
Additions	**17,373**	14,799
Utilisation	**(1,043)**	(676)
Reversal	**(4,213)**	(4,339)
Transfer to liabilities of disposal group	**(72)**	-
Effect of exchange rate changes	**778**	465
At 31 December	**35,510**	22,687

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 (2022: 4 years).

28 GROSS REVENUE

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000 (Re-presented)	RM'000	RM'000
Revenue from contracts with customers				
Contract revenue	**2,204,292**	2,029,384	**-**	-
Sale of goods	**380,090**	332,168	**-**	-
Management fees	**-**	8	**3,973**	6,819
	2,584,382	2,361,560	**3,973**	6,819
Revenue from other sources				
Rental income	**21,306**	4,521	**-**	-
Dividend income	**-**	-	**21,302**	22,440
Interest income	**-**	-	**1,323**	949
	21,306	4,521	**22,625**	23,389
	2,605,688	2,366,081	**26,598**	30,208

28 GROSS REVENUE (CONTINUED)

Revenue from contracts with customers is represented by:

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000 (Re-presented)	RM'000	RM'000
Timing of revenue recognition				
- Over time	**2,156,460**	2,050,130	**3,973**	6,819
- At a point in time	**427,922**	311,430	**-**	-
	2,584,382	2,361,560	**3,973**	6,819

29 COST OF SALES

	Group	
	2023	2022
	RM'000	RM'000 (Re-presented)
Contract costs	**1,857,055**	1,731,945
Cost of goods sold	**291,653**	244,133
Direct operating costs relating to rental income	**11,140**	1,025
	2,159,848	1,977,103

30 OTHER LOSSES - NET

	Group	
	2023	2022
	RM'000	RM'000 (Re-presented)
Fair value losses arising from fair value changes of:		
- Derivative financial instruments - forward currency contracts	**1,374**	2,422

31 MATERIAL PROFIT OR LOSS ITEMS

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000 (Re-presented)	RM'000	RM'000
Profit from operations is stated after charging:				
Raw materials consumed	**909,186**	929,764	**-**	-
Subcontracting cost	**234,140**	230,876	**-**	-
Cost of trading goods and services	**291,653**	244,133	**-**	-
Staff costs (Note 40)	**472,703**	383,717	**1,147**	9,369
Auditors' remuneration:				
Fees for statutory audits				
- PricewaterhouseCoopers PLT	**985**	997	**93**	93
- member firms of PricewaterhouseCoopers International Limited	**922**	1,082	**-**	-
- others	**950**	752	**-**	-
Fees for non-audit services				
- PricewaterhouseCoopers PLT*	**362**	392	**13**	13
- member firms of PricewaterhouseCoopers International Limited	**1,290**	1,548	**-**	-
Depreciation charge of				
- property, plant and equipment	**55,800**	41,178	**138**	156
- right-of-use assets	**25,605**	27,570	**-**	-
Impairment loss on:				
- property, plant and equipment	**1,847**	-	**-**	-
- investment properties	**19**	-	**-**	-
- trade receivables	**2,003**	8,137	**-**	-
- other receivables	**-**	301	**-**	-
- amounts owing by associates	**-**	21,378	**-**	-
- amounts owing by joint venture	**8,065**	-	**-**	-
- amounts owing by subsidiaries	**-**	-	**27**	2,560
- investment in subsidiaries	**-**	-	**3,789**	4,656
- investment in an associate	**-**	39,537	**-**	-
- investment in a joint venture	**-**	8,989	**-**	-
Allowance on slow moving and obsolete inventories	**495**	2,920	**-**	-
Loss on disposal of property, plant and equipment	**318**	481	**-**	-
Loss on foreign currency exchange:				
- realised	**6,077**	10,433	**-**	2,761
- unrealised	**5,964**	7,703	**132**	97

31 MATERIAL PROFIT OR LOSS ITEMS (CONTINUED)

	Group		Company	
	2023	**2022**	**2023**	**2022**
	RM'000	**RM'000 (Re-presented)**	**RM'000**	**RM'000**
and crediting:				
Gain on disposal of:				
- property, plant and equipment	**539**	156	**56**	-
- assets classified as held for sale	**23,095**	5,150	**-**	-
Gain on foreign exchange:				
- realised	**5,603**	7,292	**175**	-
- unrealised	**9,176**	15,754	**-**	-
Interest income	**4,018**	3,312	**1,323**	949
Reversal of impairment loss on:				
- trade receivables	**7,778**	1,497	**-**	-
- amounts owing by associates	**10,216**	108	**-**	43
- amounts owing by subsidiaries	**-**	-	**2,469**	-
Reversal of allowance on slow moving and obsolete inventories	**1,408**	310	**-**	-
Government grants relating to income**	**-**	697	**-**	-

** *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.*

32 FINANCE COSTS

	Group		Company	
	2023	**2022**	**2023**	**2022**
	RM'000	**RM'000 (Re-presented)**	**RM'000**	**RM'000**
Interest expense on:				
- loans and borrowings	**47,106**	30,146	**3,812**	4,097
- lease liabilities	**11,631**	11,629	**-**	-
- discounting factor on long term deposits	**-**	1,520	**-**	-
	58,737	43,295	**3,812**	4,097

33 TAX EXPENSE

	Group		Company	
	2023 RM'000	2022 RM'000 (Re-presented)	2023 RM'000	2022 RM'000
Current tax:				
- Malaysian income tax	**22,873**	13,538	**341**	494
- Foreign taxation	**21,325**	39,523	**-**	-
	44,198	53,061	**341**	494
Deferred taxation	**23,935**	(14,137)	**4,324**	(368)
	68,133	38,924	**4,665**	126
Current tax:				
- Current financial year	**42,989**	47,850	**-**	539
- Under/(Over) provision in prior financial years	**1,209**	5,211	**341**	(45)
	44,198	53,061	**341**	494
Deferred taxation				
- Origination and reversal of temporary differences	**23,935**	(14,137)	**4,324**	(368)
Tax expense recognised in profit or loss	**68,133**	38,924	**4,665**	126

33 TAX EXPENSE (CONTINUED)

The numerical reconciliation between the tax expense and the product of accounting profit multiplied by the statutory tax rate is as follows:

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000 (Re-presented)	RM'000	RM'000
Profit before tax	**218,256**	74,883	**17,155**	4,374
Calculated at the Malaysian tax rate of 24% (2022: 24%)	**52,381**	17,972	**4,117**	1,050
Expenses not deductible for tax purposes	**38,418**	34,595	**995**	4,507
Income not subject to tax	**(15,339)**	(6,247)	**(5,112)**	(5,386)
Utilisation of previously unrecognised tax losses and unabsorbed capital allowances	**(15,218)**	(17,496)	**-**	-
Current financial year deferred tax assets not recognised	**2,700**	3,843	**-**	-
Recognition of previously unrecognised deferred tax assets	**-**	(14,467)	**-**	-
Reversal of previously recognised deferred tax assets	**6,723**	-	**4,324**	-
Utilisation of tax incentives	**(170)**	(170)	**-**	-
Effect of different tax rates in other countries	**(2,049)**	10,058	**-**	-
Under/(Over) provision in prior financial years	**1,209**	5,211	**341**	(45)
Share of associates and joint ventures results	**(1,372)**	5,518	**-**	-
Others	**850**	107	**-**	-
Tax expense recognised in profit or loss	**68,133**	38,924	**4,665**	126

34 EARNINGS/(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 profit attributable to owners of the Company for the financial year of RM108,402,000 (2022: loss of RM6,300,000) 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	
	2023	**2022**
	'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/(loss) per ordinary share (sen)	**14.00**	(0.81)

As there are no potential ordinary shares issued by the Company, thus there is no dilution in earnings per share.

35 DIVIDENDS

There were no dividends paid or declared in respect of the financial year ended 31 December 2023 and 31 December 2022.

36 DISPOSAL OF A SUBSIDIARY

On 1 April 2023, Wasco Coatings Limited, an indirect wholly-owned subsidiary of the Company disposed 455,000 ordinary shares, representing 91% equity interest in Wasco Infra Services Sdn. Bhd. ("WIS"), an indirect 91% owned subsidiary of the Company for a total cash consideration of RM200,000.

Accordingly, WIS and its subsidiary, Eco Consortium Sdn. Bhd. ceased to be subsidiaries of the Company.

36 DISPOSAL OF A SUBSIDIARY (CONTINUED)

Details of the disposal and the net cash flow on disposal are as follows:

	At the date of disposal RM'000
Property, plant and equipment	72
Other receivables	29
Other payables	(42)
Non-controlling interests	446
Group's share of net assets disposed	505
Less: Net disposal proceeds	(200)
Net loss on disposal	305
Net disposal proceeds received in cash	200
Less: Cash and bank balances of subsidiary disposed	-
Net cash inflow on disposal	200

37 ACQUISITION OF SUBSIDIARIES

Acquisition of subsidiaries in the previous 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 was completed with the final instalment of the Purchase Price being paid in accordance to the terms of the SSA.

37 ACQUISITION OF SUBSIDIARIES (CONTINUED)

Acquisition of subsidiaries in the previous financial year (continued)

Details of the acquisition and the net cash flow on acquisition were 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
Less:	
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 in cash	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

	Lease liabilities	Term loans	Fixed rate notes	Other bank borrowings	Total liabilities from financing activities
	RM'000	RM'000	RM'000	RM'000	RM'000
Group					
2023					
At 1 January	**236,607**	**107,428**	**20,868**	**661,670**	**1,026,573**
Cash flows	**(33,637)**	**(25,832)**	**(1,396)**	**(19,695)**	**(80,560)**
Non-cash item	**22,088**	**-**	**-**	**-**	**22,088**
Transfer to assets of disposal group classified as held for sale	**(906)**	**-**	**-**	**(60,762)**	**(61,668)**
Effect of exchange rate changes	**2,723**	**1,568**	**849**	**18,264**	**23,404**
At 31 December	**226,875**	**83,164**	**20,321**	**599,477**	**929,837**
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

38 RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES (CONTINUED)

	Net advances from subsidiaries RM'000	Other bank borrowings RM'000	Total liabilities from financing activities RM'000
Company			
2023			
At 1 January	**32,400**	**59,714**	**92,114**
Cash flows	**488**	**(14,766)**	**(14,278)**
Effect of exchange rate changes	**-**	**52**	**52**
At 31 December	**32,888**	**45,000**	**77,888**
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

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.

39 SIGNIFICANT RELATED PARTY DISCLOSURES (CONTINUED)

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	
	2023	**2022**
	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	**898**	867
Facilities paid/payable	**105**	61
Significant transactions with an associate		
Lease rental income of equipment	**20,108**	-

	Company	
	2023	**2022**
	RM'000	**RM'000**
Significant transactions with subsidiaries		
Dividend income:		
- Wasco Process Engineering Sdn. Bhd. (formerly known as Jutasama Sdn. Bhd.)	**12,190**	17,691
- Petro-Pipe Industrial Corporation Sdn. Bhd.	**9,000**	4,749
- Petro-Pipe Industries (M) Sdn. Bhd.	**112**	-
Rental income:		
- Syn Tai Hung Trading Sdn. Bhd.	**281**	257

39 SIGNIFICANT RELATED PARTY DISCLOSURES (CONTINUED)

	Company	
	2023	**2022**
	RM'000	**RM'000**
Significant transactions with subsidiaries (continued)		
Interest income:		
- WSC Capital Sdn. Bhd.	**688**	140
- Triple Cash Sdn. Bhd.	**243**	185
- Wasco Coatings Malaysia Sdn. Bhd.	**110**	-
- WDG Resources Sdn. Bhd.	**40**	284
- Wah Seong Management Services Sdn. Bhd.	**51**	200
Finance cost:		
- Petro-Pipe Industrial Corporation Sdn. Bhd.	**953**	-
- Petro-Pipe Industries (M) Sdn. Bhd.	**77**	500
Management fees receivables:		
- Wasco Management Services Sdn. Bhd.	**1,450**	2,486
- Syn Tai Hung Trading Sdn. Bhd.	**789**	1,352
- Wasco Process Engineering Sdn. Bhd. (formerly known as Jutasama Sdn. Bhd.)	**730**	1,250
- Wasco AgroTech Sdn. Bhd. (formerly known as PMT Industries Sdn. Bhd.)	**561**	962
- Wasco Thermal Sdn. Bhd. (formerly known as Mackenzie Industries Sdn. Bhd.)	**191**	327
- WDG Resources Sdn. Bhd.	**164**	282
- Maple Sunpark Sdn. Bhd.	**44**	76
- Sunrise Green Sdn. Bhd.	**44**	76
Management fees payables:		
- Wasco Management Services Sdn. Bhd.	**3,724**	2,050

39 SIGNIFICANT RELATED PARTY DISCLOSURES (CONTINUED)

	Company	
	2023	**2022**
	RM'000	**RM'000**
Significant transactions with subsidiaries (continued)		
Advances to subsidiaries:		
- WSC Capital Sdn. Bhd.	**29,100**	20,378
- Wasco Coatings Service Sdn. Bhd.	**5,000**	-
- Wasco Coatings Malaysia Sdn. Bhd.	**5,000**	-
- Wasco Pipe (Sabah) Sdn. Bhd. (formerly known as Petro-Pipe (Sabah) Sdn. Bhd.)	**5,000**	-
- Sunrise Green Sdn. Bhd.	**-**	80
Repayments from subsidiaries:		
- WSC Capital Sdn. Bhd.	**(21,027)**	(18,051)
- Wasco Coatings Service Sdn. Bhd.	**(5,000)**	-
- Wasco Coatings Malaysia Sdn. Bhd.	**(5,000)**	-
- Wasco Pipe (Sabah) Sdn. Bhd. (formerly known as Petro-Pipe (Sabah) Sdn. Bhd.)	**(5,000)**	-
- WDG Resources Sdn. Bhd.	**(2,400)**	(9,023)
- Wah Seong Management Services Sdn. Bhd.	**(2,550)**	(4,037)
- Sunrise Green Sdn. Bhd.	**-**	(953)
Advances from subsidiaries:		
- Petro-Pipe Industrial Corporation Sdn. Bhd.	**(33,000)**	-
- WSC Capital Sdn. Bhd.	**(9,689)**	(28,962)
- Petro-Pipe Industries (M) Sdn. Bhd.	**(3,500)**	-
- Maple Sunpark Sdn. Bhd.	**(1,200)**	-
- Wasco AgroTech Sdn. Bhd. (formerly known as PMT Industries Sdn. Bhd.)	**-**	(8,000)
- Wasco Process Engineering Sdn. Bhd. (formerly known as Jutasama Sdn. Bhd.)	**-**	(7,000)
Repayments to subsidiaries:		
- Petro-Pipe Industries (M) Sdn. Bhd.	**23,500**	-
- WSC Capital Sdn. Bhd.	**9,689**	28,962
- Syn Tai Hung Trading Sdn. Bhd.	**2,400**	1,858
- Maple Sunpark Sdn. Bhd.	**1,200**	-
- Wasco AgroTech Sdn. Bhd. (formerly known as PMT Industries Sdn. Bhd.)	**-**	8,000
- Wasco Process Engineering Sdn. Bhd. (formerly known as Jutasama Sdn. Bhd.)	**-**	7,000

39 SIGNIFICANT RELATED PARTY DISCLOSURES (CONTINUED)

Significant outstanding balances with related parties at the financial year end are as follows:

	Company	
	2023	2022
	RM'000	RM'000
Amounts due from/(to) subsidiaries:		
- WSC Capital Sdn. Bhd.	**10,563**	2,354
- Triple Cash Sdn. Bhd.	**5,474**	5,574
- WDG Resources Sdn. Bhd.	**40**	2,605
- Wasco Process Engineering Sdn. Bhd. (formerly known as Jutasama Sdn. Bhd.)	**4**	7,823
- Petro-Pipe Industrial Corporation Sdn. Bhd.	**(33,350)**	-
- Wasco Management Services Sdn. Bhd.	**(2,072)**	179
- Wah Seong Management Services Sdn. Bhd.	**-**	2,469
- Wasco AgroTech Sdn. Bhd. (formerly known as PMT Industries Sdn. Bhd.)	**-**	181
- Petro-Pipe Industries (M) Sdn. Bhd.	**-**	(20,000)
- Syn Tai Hung Trading Sdn. Bhd.	**-**	(2,409)

Compensation of key management personnel are as follows:

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Key management personnel:				
- short-term employee benefits (including monetary value of benefits-in-kind)	**12,932**	12,009	**-**	3,896
- post-employment benefits	**658**	932	**-**	454

In addition to the amounts disclosed above, the Group and the Company made a provision of RM3,977,000 and RM31,000 (2022: a provision of RM2,519,000 and 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 RM17,567,000 and RM31,000 (2022: RM15,460,000 and RM5,430,000) for the Group and the Company respectively.

40 STAFF COSTS

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
		(Re-presented)		
Salaries, wages and bonus	**456,550**	369,122	**980**	8,441
Defined contribution plan	**16,153**	14,595	**167**	928
	472,703	383,717	**1,147**	9,369

Included within staff costs are remuneration of Executive Directors of the Group and the Company (Note 41).

41 DIRECTORS' REMUNERATION

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Executive Directors				
Salaries, wages and bonus	**5,769**	5,958	**-**	2,160
Defined contribution plan	**316**	474	**-**	260
Directors' fees	**60**	120	**60**	120
Directors' allowances	**6**	24	**6**	24
	6,151	6,576	**66**	2,564
Non-Executive Directors				
Salaries, wages and bonus	**1,983**	-	**1,983**	-
Defined contribution plan	**238**	-	**238**	-
Directors' fees	**470**	410	**470**	410
Directors' allowances	**172**	192	**172**	192
	2,863	602	**2,863**	602
	9,014	7,178	**2,929**	3,166

The estimated monetary value of benefits-in-kind received and receivable by Directors of the Group and the Company are RM261,000 (2022: RM76,000) and RM Nil (2022: RM45,000) respectively.

In addition to the amounts disclosed above, the Group and the Company have made a provision of RM3,899,000 and RM Nil (2022: 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 to the Group and the Company as part of their employment contract. With this, the total remuneration (including unpaid gratuity provision) amounted to RM10,692,000 and RM708,000 (2022: RM9,578,000 and RM4,246,000) for the Group and the Company respectively.

42 CAPITAL COMMITMENTS

Capital expenditure as at the reporting date is as follows:

	Group	
	2023	**2022**
	RM'000	**RM'000**
Commitment to acquire property, plant and equipment not provided for in the financial statements:		
Approved and contracted	**47,037**	14,525

43 SEGMENTAL ANALYSIS

For management purposes, the Group is organised into business units based on their products and services. During the financial year, the operating segments of the Group have been restructured to reflect its current management and operational structure. Correspondingly the comparative presentations have been reclassified.

The Group's operating segments comprise:

(a) Energy services 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) Bioenergy services 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) Trading division: Trading and distribution of building materials and the manufacturing and trading of industrial pipes for the construction industry. During the financial year, the Group has decided to divest its Trading businesses. Accordingly, the trading segment has been classified as "Discontinued operations". See Note 22(a) for details.

(d) Others: All other units within the Group that do not constitute a separately reportable segment.

Management monitors the operating results of its divisions separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on revenue and profitability measures as shown in the table below.

Transactions between segments were entered into in the normal course of business and were established on agreed terms. The effects of such inter-segmental transactions are eliminated on consolidation.

The assets are allocated based on the operations of the respective segments. The amounts provided to the Group Chief Executive Officer with respect to total assets are measured in a manner consistent with the disclosure of segment assets below.

43 SEGMENTAL ANALYSIS (CONTINUED)

	Energy Services RM'000	Bioenergy Services RM'000	Others RM'000	Total RM'000
RESULTS				
Financial year ended 31 December 2023				
Revenue	2,316,817	288,844	17,034	2,622,695
Less: Inter-segment revenue	-	-	(17,007)	(17,007)
External revenue	2,316,817	288,844	27	2,605,688
Segment profit/(loss)	216,197	47,867	(8,311)	255,753
Share of results of associates	-	-	16,307	16,307
Share of results of joint ventures	1,083	571	(13,423)	(11,769)
	217,280	48,438	(5,427)	260,291
Unallocated expenses relating to financing activities				(24,148)
Unallocated corporate expenses				(17,887)
Profit before tax				218,256
TOTAL ASSETS				
As at 31 December 2023				
Segment assets	2,338,107	227,184	50,814	2,616,105
Investment in associates	-	-	112,742	112,742
Investment in joint ventures	3,578	4,460	12,142	20,180
Assets classified as held for sale	-	7,300	4,790	12,090
	2,341,685	238,944	180,488	2,761,117
Unallocated corporate assets				
- Assets of disposal group classified as held for sale				120,181
- Deferred tax assets				26,719
- Tax recoverable				15,478
- Cash and cash equivalents				22,491
- Others				664
				2,946,650

43 SEGMENTAL ANALYSIS (CONTINUED)

	Energy Services RM'000	Bioenergy Services RM'000	Others RM'000	Total RM'000
OTHER INFORMATION				
Financial year ended 31 December 2023				
Depreciation of:				
- Property, plant and equipment	52,355	2,293	1,152	55,800
- Investment properties	-	-	195	195
- Right-of-use assets	24,618	67	920	25,605
Additions of:				
- Property, plant and equipment	120,059	3,932	3,542	127,533
Loss/(Reversal) of impairment on:				
- Property, plant and equipment	1,847	-	-	1,847
- Investment properties	-	-	19	19
- Receivables	(4,490)	(1,285)	-	(5,775)
- Amount owing from associate	(10,216)	-	-	(10,216)
- Amount owing from joint venture	8,065	-	-	8,065
Reversal on slow moving and obsolete inventories	(201)	(712)	-	(913)
Write-off on:				
- Property, plant and equipment	4	5	120	129
- Receivables	105	1	-	106
- Inventories	236	157	-	393
Interest income	(2,461)	(683)	(874)	(4,018)
Interest expense				
- Loans and borrowings	21,815	903	240	22,958
- Lease liabilities	11,524	-	107	11,631
Revenue comprise of:				
- Revenue from contracts with customers	2,295,538	288,844	-	2,584,382
- Revenue from other sources	21,279	-	27	21,306
	2,316,817	288,844	27	2,605,688
Revenue from contracts with customers is represented by:				
Timing of revenue recognition				
- Over time	2,028,474	127,986	-	2,156,460
- At a point in time	267,064	160,858	-	427,922
	2,295,538	288,844	-	2,584,382

43 SEGMENTAL ANALYSIS (CONTINUED)

	Energy Services RM'000	Bioenergy Services RM'000	Trading RM'000	Others RM'000	Total RM'000
RESULTS					
Financial year ended 31 December 2022 (Re-presented)					
Revenue	2,062,317	266,555	-	50,224	2,379,096
Less: Inter segment revenue	-	-	-	(13,015)	(13,015)
External revenue	2,062,317	266,555	-	37,209	2,366,081
Segment profit/(loss)	115,523	36,301	-	(26,435)	125,389
Share of results of associates	(12,774)	-	-	1,160	(11,614)
Share of results of joint ventures	(6,025)	447	-	(5,758)	(11,336)
	96,724	36,748	-	(31,033)	102,439
Unallocated expenses relating to financing activities					(15,148)
Unallocated corporate expenses					(12,408)
Profit before tax					74,883
TOTAL ASSETS					
As at 31 December 2022					
Segment assets	2,075,270	165,222	146,745	54,274	2,441,511
Investment in associates	-	-	298	101,520	101,818
Investment in joint ventures	3,546	3,890	-	25,264	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
	2,078,816	169,112	147,043	221,888	2,616,859
Unallocated corporate assets					
- Deferred tax assets					50,117
- Tax recoverable					10,590
- Cash and cash equivalents					11,432
- Others					24,452
					2,713,450

43 SEGMENTAL ANALYSIS (CONTINUED)

	Energy Services RM'000	Bioenergy Services RM'000	Trading RM'000	Others RM'000	Total RM'000
OTHER INFORMATION					
Financial year ended 31 December 2022 (Re-presented)					
Depreciation of:					
- Property, plant and equipment	40,057	57	-	1,064	41,178
- Investment properties	-	-	-	222	222
- Right-of-use assets	26,550	67	-	953	27,570
Additions of:					
- Property, plant and equipment	34,009	2,049	169	418	36,645
Loss/(Reversal) of impairment on:					
- Receivables	5,488	1,453	-	-	6,941
- Amount owing from associate	21,378	-	-	(108)	21,270
- Investment in associate	39,537	-	-	-	39,537
- Investment in joint venture	8,989	-	-	-	8,989
Allowance on slow moving and obsolete inventories	2,610	-	-	-	2,610
Write-off on:					
- Property, plant and equipment	893	14	-	1	908
- Inventories	75	385	-	-	460
- Receivables	71	25	-	23	119

43 SEGMENTAL ANALYSIS (CONTINUED)

	Energy Services RM'000	Bioenergy Services RM'000	Trading RM'000	Others RM'000	Total RM'000
OTHER INFORMATION (CONTINUED)					
Financial year ended 31 December 2022 (Re-presented)					
Interest income	(2,313)	(473)	-	(526)	(3,312)
Interest expense					
- Loans and borrowings	15,274	1,113	-	131	16,518
- Lease liabilities	11,576	-	-	53	11,629
Revenue comprise of:					
- Revenue from contracts with customers	2,057,822	266,555	-	37,183	2,361,560
- Revenue from other sources	4,495	-	-	26	4,521
	2,062,317	266,555	-	37,209	2,366,081
Revenue from contracts with customers is represented by:					
Timing of revenue recognition					
- Over time	1,903,932	146,198	-	-	2,050,130
- At a point in time	153,890	120,357	-	37,183	311,430
	2,057,822	266,555	-	37,183	2,361,560

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*	
	2023	**2022**	**2023**	**2022**
	RM'000	**RM'000**	**RM'000**	**RM'000**
		(Re-presented)		
Attributed to the country of domicile:				
Malaysia	**738,315**	407,314	**540,034**	566,604
Attributed to foreign countries:				
South East Asia excluding Malaysia	**670,007**	399,497	**226,733**	199,994
Africa	**317,005**	488,599	**-**	-
Middle East	**298,041**	338,050	**223,346**	165,610
Europe	**201,435**	240,948	**118,130**	125,974
Australia	**199,240**	264,013	**14,800**	6,304
United States of America	**105,715**	107,896	**22,455**	29,712
East Asia	**26,032**	528	**-**	-
Pakistan	**20,955**	15,816		
Canada	**20,829**	38,663	**14,231**	18,959
China	**5,155**	35,681	**3,196**	3,894
Latin America	**-**	21,996	**-**	-
India	**2,641**	2,135	**1,870**	1,902
Others	**318**	4,945	**328**	305
	2,605,688	2,366,081	**1,165,123**	1,119,258

* *Non-current assets other than deferred tax assets.*

44 FINANCIAL INSTRUMENTS BY CATEGORY

	Group		Company	
	2023	**2022**	**2023**	**2022**
	RM'000	**RM'000**	**RM'000**	**RM'000**
<u>Financial assets</u>				
Financial assets measured at fair value through profit or loss:				
- Derivative financial assets	**154**	82	**-**	-
Financial assets at amortised cost:				
- Trade and other receivables (excluding prepayments and value added tax receivables)	**538,186**	529,998	**350**	382
- Amounts owing by subsidiaries	**-**	-	**16,121**	18,497
- Amounts owing by associates	**180**	124	**-**	-
- Amounts owing by joint ventures	**23,995**	31,811	**-**	-
- Time deposits	**103,181**	53,081	**684**	1,466
- Cash and bank balances	**307,163**	275,929	**2,915**	1,801
	972,705	890,943	**20,070**	22,146
Total	**972,859**	891,025	**20,070**	22,146
<u>Financial liabilities</u>				
Financial liabilities measured at fair value through profit or loss:				
- Derivative financial liabilities	**4,100**	2,627	**-**	-
Financial liabilities at amortised cost:				
- Trade and other payables (excluding employee benefits and value added tax payables)	**498,936**	476,516	**1,148**	2,361
- Amounts owing to subsidiaries	**-**	-	**35,433**	22,410
- Amounts owing to joint ventures	**7,573**	3,493	**-**	-
- Dividend payable	**4,450**	10,200	**-**	-
- Loans and borrowings	**702,962**	789,966	**45,000**	59,714
- Lease liabilities	**226,875**	236,607	**-**	-
	1,440,796	1,516,782	**81,581**	84,485
Total	**1,444,896**	1,519,409	**81,581**	84,485

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.

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.

45 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Credit risk (continued)

(a) Receivables (continued)

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.

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 2023 and 31 December 2022, 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 14, 15(a), 16 and 17(a) respectively.

45 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Credit risk (continued)

(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 2023 and 31 December 2022, 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 2023 and 31 December 2022, 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 15(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.

(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 RM368,960,000 (2022: RM317,053,000) representing banking facilities utilised by the subsidiaries as at the end of the financial year.

As at 31 December 2023 and 31 December 2022, 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.

45 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

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 RM3,124,000 and RM11,000 (2022: RM9,466,000 and RM195,000) 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.

(b) Cash flow and fair value interest rate risks

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates.

The Group's and the Company's exposure to interest rate risks relates primarily to the Group's and the Company's time deposits and interest bearing borrowings.

Surplus funds are placed with licensed financial institutions to earn interest income based on prevailing market rates. The Group and the Company manage its interest rate risks by placing such funds on short tenures of 12 months or less.

The Group and the Company generally borrow principally on a floating rate basis and ensure that interest rates obtained are competitive.

The interest rate profile of the Group's and the Company's significant interest-bearing financial instrument have been presented in Notes 15, 17, 19 and 26.

45 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Market risk (continued)

(b) Cash flow and fair value interest rate risks (continued)

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 RM3,335,000 and RM225,000 (2022: RM3,729,000 and RM299,000) 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 2023, 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 26 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:

	Within 1 year	More than 1 year and less than 2 years	More than 2 years and less than 5 years	More than 5 years	Total contractual undiscounted cash flows	Total carrying amount
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group						
2023						
Non-derivative financial liabilities						
Lease liabilities	32,442	26,607	71,170	181,778*	311,997	226,875
Trade and other payables	483,972	14,972	-	-	498,944	498,944
Amounts owing to joint ventures	7,573	-	-	-	7,573	7,573
Loans and borrowings	688,846	31,950	21,927	-	742,723	702,962
Dividend payable	4,450	-	-	-	4,450	4,450
	1,217,283	73,529	93,097	181,778	1,565,687	1,440,804
Derivative financial liabilities						
Forward currency contracts						
Gross settled						
- outflow	242,561	-	-	-	242,561	
- inflow	(238,615)	-	-	-	(238,615)	
	3,946	-	-	-	3,946	3,946
	1,221,229	73,529	93,097	181,778	1,569,633	1,444,750

* *Lease liabilities with maturity of more than 5 years comprise of lease terms up to 9 years.*

45 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Liquidity risk (continued)

	Within 1 year	More than 1 year and less than 2 years	More than 2 years and less than 5 years	More than 5 years	Total contractual undiscounted cash flows	Total carrying amount
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group						
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)

	Within 1 year RM'000	Total contractual undiscounted cash flows RM'000	Total carrying amount RM'000
Company			
2023			
Non-derivative financial liabilities			
Financial guarantees*	**368,960**	**368,960**	**-**
Other payables and accruals	**1,148**	**1,148**	**1,148**
Amounts owing to subsidiaries	**35,433**	**35,433**	**35,433**
Loans and borrowings	**47,826**	**47,826**	**45,000**
	453,367	**453,367**	**81,581**
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.*

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.

46 FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

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 2023 and 31 December 2022, based on a hierarchy that reflects the significance of the inputs used in measuring its respective fair values. The levels are defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical financial assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the financial asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Inputs for the financial asset or liability that are not based on observable market data (unobservable inputs).

	Group			
	Level 1	**Level 2**	**Level 3**	**Total**
	RM'000	**RM'000**	**RM'000**	**RM'000**
2023				
Financial assets/(liabilities)				
Derivative financial assets	**-**	**154**	**-**	**154**
Derivative financial liabilities	**-**	**(4,100)**	**-**	**(4,100)**
	-	**(3,946)**	**-**	**(3,946)**
2022				
Financial assets/(liabilities)				
Derivative financial assets	-	82	-	82
Derivative financial liabilities	-	(2,627)	-	(2,627)
	-	(2,545)	-	(2,545)

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 0.48 times (2022: 0.79 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 2023</th><th>Nature of Transaction</th></tr>
<tr><td rowspan="2">Chan Cheu Leong; Goh Eng Hooi</td><td>Syn Tai Hung Trading Sdn. Bhd.</td><td>WDG Resources Sdn. Bhd.</td><td>RM65,000,000</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">Goh Eng Hooi is a Director of Syn Tai Hung Trading Sdn. Bhd. (“STHT”) and WDG Resources Sdn. Bhd. (“WDG”).

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 Cheu Leong is 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 the Non-Independent Non-Executive Director and a Substantial Shareholder of 5.67% shareholding in Wasco Berhad (formerly known as Wah Seong Corporation Berhad) (“WB”) via MASB and Midvest Properties Sdn. Bhd. (“MPSB”). His direct shareholding in WB is 2.67%.</td></tr>
<tr><td rowspan="2">Chan Cheu Leong</td><td>Petro-Pipe Industrial Corporation Sdn. Bhd.</td><td>WDG Resources Sdn. Bhd.</td><td>RM8,229,524</td><td>Interest bearing advances for purpose of working capital requirement</td></tr>
<tr><td colspan="4">WDG is a direct 60%-owned subsidiary of Petro-Pipe Industrial Corporation Sdn. Bhd.

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 Non-Independent Non-Executive Director and a Substantial Shareholder of 5.67% shareholding in WB via MASB and MPSB. His direct shareholding in WB is 2.67%.</td></tr>
</table>

Summary of Significant Recurrent Related Party Transactions

B. <u>Transactions of A Revenue or Trading in Nature</u>

<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 2023</th><th>Nature of Transaction</th></tr>
<tr><td rowspan="2">Dato’ Seri Robert Tan Chung Meng; Pauline Tan Suat Ming; Tony Tan Choon Keat; Tan Chin Nam Sendirian Berhad; Tan Kim Yeow Sendirian Berhad; Wah Seong (Malaya) Trading Co. Sdn. Bhd.</td><td>IGB Berhad Group of companies</td><td>Wasco Management Services Sdn. Bhd.</td><td>RM993,624</td><td>Rental of premise and related facilities</td></tr>
<tr><td colspan="4">Dato’ Seri Robert Tan Chung Meng is the Non-Independent Non-Executive Director of IGB Berhad (“IGB”) Group. He is also the Non-Independent Non-Executive Chairman of WB Group. He is a common indirect Major Shareholder of WB and IGB. His total direct and indirect shareholdings in WB are 1.54% and 41.20% respectively. His total direct and indirect shareholdings in IGB are 0.59% and 29.64% respectively.

Pauline Tan Suat Ming is a common indirect Major Shareholder of WB and IGB. Her indirect shareholding in WB is 41.48%. Her total direct and indirect shareholdings in IGB are 0.04% and 29.64% respectively.

Tony Tan Choon Keat is a common indirect Major Shareholder of WB and IGB. His indirect shareholding in WB is 41.20%. His indirect shareholding in IGB is 29.64%. Tony Tan Choon Keat is the father of Tan Jian Hong, Aaron, the Non-Independent Non-Executive Director of WB.

Tan Chin Nam Sendirian Berhad, Tan Kim Yeow Sendirian Berhad and Wah Seong (Malaya) Trading Co. Sdn. Bhd. are common Major Shareholders of WB and IGB.

Tan Chin Nam Sendirian Berhad’s total direct and indirect shareholdings in WB are 0.71% and 32.57% respectively. Tan Kim Yeow Sendirian Berhad’s total direct and indirect shareholdings in WB are 8.63% and 32.57% respectively. Wah Seong (Malaya) Trading Co. Sdn. Bhd.’s total direct and indirect shareholdings in WB are 30.92% and 1.64% respectively.

Tan Chin Nam Sendirian Berhad’s total direct and indirect shareholdings in IGB are 27.73% and 21.04% respectively. Tan Kim Yeow Sendirian Berhad’s total direct and indirect shareholdings in IGB are 9.91% and 19.74% respectively. Wah Seong (Malaya) Trading Co. Sdn. Bhd.’s total direct and indirect shareholdings in IGB are 15.85% and 3.88% 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 dated 28 April 2023 which was approved at the Annual General Meeting of Wasco Berhad (formerly known as Wah Seong Corporation Berhad) held on 30 May 2023.

Top 10 List of Properties

AS AT 31 DECEMBER 2023

Title/Location	Description/ existing use	Approximate age of the building	Approximate land/ built-up area	Tenure	Audited NBV as at 31.12.2023 RM'000
Lot No 512, 513, 514, 515, 1284 and 2347 Mukim Teluk Panglima Garang Daerah Kuala Langat Selangor Darul Ehsan	Factory/Jetty/ Buildings	10 years	24 acres	Freehold	89,810
PT 15926, Jalan Bandar Lama 42500 Teluk Panglima Garang Selangor Darul Ehsan	Factory and office building	4 – 7 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	Leasehold 22 years expiring on 21 April 2043	68,187
			29,333 sqm	Leasehold 25 years expiring on 28 February 2046	
			20,000 sqm	Leasehold 40 years expiring on 2 November 2048	
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	16 years	22 acres (Land) 21,642 sq m (Building)	Leasehold 99 years expiring on 31 December 2098	51,421
No 5 Pandan Road Singapore 609299	Office building	7 years	13,723 sq m	Leasehold 28 years expiring on 30 December 2037	38,470
Geran No 339016, 339017, 32544, 32546 and 32547 Lot No 126527, 15844, 1930, 1944 and 1945	Industrial land with office and factory building	16 years	18 acres (Land) 34,537 sq m (Building)	Freehold	23,230
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	18,015

Top 10 List of Properties

AS AT 31 DECEMBER 2023

Title/Location	Description/ existing use	Approximate age of the building	Approximate land/ built-up area	Tenure	Audited NBV as at 31.12.2023 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	33 years	3,167 sq m	Leasehold 99 years expiring on 14 October 2076	6,395
CL075599469 & CLO75599478 Lot 3 & 4, Mile 9, Labuk Road, Sandakan	Semi-detached 1 storey open shed workshop cum 2 storey office	9 years	2,354 sq m (land) 557 sq m (buildings)	Leasehold 99 years expiring on 31 December 2113	2,849
Lot 15479, 15480, Block 32, Kemena Land District, Bizhub 33, Jalan Bintulu - Miri, Bintulu	Double storey semi detached industrial building	7 years	722 sq m	Leasehold expiring on 20 January 2079	2,158
Nusa Tenggara Barat, Lombok Barat	Land	N/A	13,900 sq m	Freehold	846

Analysis of Shareholdings

Ordinary Shares

Share Capital as at 29 March 2024

Issued and Fully Paid-up Capital	:	RM547,690,147.00
Class of Equity Securities	:	Ordinary Shares
Stock Name	:	WASCO
Voting Rights	:	On a poll - one (1) vote per ordinary share held
Total Shareholders	:	9,459

Distribution of Shareholders as at 29 March 2024

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
Less than 100	2,893	30.5846	89,240	0.0115
100 - 1,000	1,788	18.9026	603,302	0.0779
1,001 - 10,000	3,270	34.5703	12,249,232	1.5808
10,001 - 100,000	1,234	13.0458	32,119,742	4.1451
100,001 to less than 5% of total number of issued shares	271	2.8650	400,556,929	51.6922
5% and above of issued share capital	3	0.0317	329,269,849	42.4925
Total	9,459	100.0000	774,888,294	100.0000

List of Substantial Shareholders as at 29 March 2024

		No. of Ordinary Shares			
	Name of Substantial Shareholders	Direct Interest	%[(a)]	Deemed Interest	%[(a)]
1.	Wah Seong (Malaya) Trading Co. Sdn. Bhd.	239,438,739	30.9228	12,732,323[(b)]	1.6443
2.	Midvest Asia Sdn. Bhd.	41,645,829	5.3784	2,230,900[(h)]	0.2881
3.	Tan Kim Yeow Sendirian Berhad	66,824,250	8.6302	252,171,062[(c)]	32.5671
4.	Pauline Tan Suat Ming	-	-	321,162,173[(g)]	41.4771
5.	Tan Chin Nam Sendirian Berhad	5,529,600	0.7141	252,171,062[(c)]	32.5671
6.	Tony Tan Choon Keat	-	-	318,995,312[(d)]	41.1973
7.	Dato' Seri Robert Tan Chung Meng	11,927,314	1.5404	318,995,312[(d)]	41.1973
8.	Chan Cheu Leong	20,677,936	2.6705	43,876,729[(e)]	5.6665

Analysis of Shareholdings

Directors' Shareholdings as at 29 March 2024

		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	318,995,312[(d)]	41.1973
2.	Gian Carlo Maccagno	4,609,055	0.5952	-	-
3.	Chan Cheu Leong	20,677,936	2.6705	44,011,991[(f)]	5.6840
4.	Tan Sri Saw Choo Boon	-	-	-	-
5.	Halim Bin Haji Din	-	-	-	-
6.	Tan Sri Professor Lin See Yan	-	-	-	-
7.	Tan Jian Hong, Aaron	-	-	-	-
8.	Datin Wan Daneena Liza binti Wan Abdul Rahman	-	-	-	-
9.	Lily Rozita binti Mohamad Khairi	-	-	-	-

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") and Karya Insaf (M) Sdn. Bhd. ("KI") 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 and KI.*

[(c)] *Deemed interest held through WSE, KI and WST pursuant to Section 8 of the Act.*

[(d)] *Deemed interest held through WSE, KI, 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, KI, 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.*

Analysis of Shareholdings

Thirty (30) Largest Shareholders as at 29 March 2024

No.	Name	No. of Shares	%[(a)]
1.	Wah Seong (Malaya) Trading Co. Sdn. Bhd.	235,472,770	30.4106
2.	Tan Kim Yeow Sendirian Berhad	52,151,250	6.7352
3.	Midvest Asia Sdn. Bhd.	41,645,829	5.3784
4.	Amanahraya Trustees Berhad *Amanah Saham Bumiputera*	38,364,800	4.9547
5.	Lembaga Tabung Angkatan Tentera	28,961,327	3.7403
6.	Tan Kim Yeow Sendirian Berhad	14,673,000	1.8950
7.	Amanahraya Trustees Berhad *Amanah Saham Bumiputera 2*	13,750,912	1.7759
8.	Citigroup Nominees (Asing) Sdn. Bhd. *Exempt AN for Citibank New York (Norges Bank 14)*	13,368,000	1.7264
9.	Maybank Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Chan Cheu Leong*	12,126,999	1.5662
10.	HSBC Nominees (Asing) Sdn. Bhd. *Exempt AN for Credit Suisse (SG BR-TST-ASING)*	11,947,460	1.5430
11.	Robert Tan Chung Meng	11,020,134	1.4232
12.	Karya Insaf (M) Sdn. Bhd.	10,130,675	1.3083
13.	HSBC Nominees (Tempatan) Sdn. Bhd. *HSBC (M) Trustee Bhd for Manulife Investment Shariah Progress Fund*	8,509,300	1.0990
14.	Amanahraya Trustees Berhad *PMB Shariah Growth Fund*	8,000,000	1.0332
15.	Micasa Investments (S) Pte Ltd	7,279,564	0.9401
16.	HSBC Nominees (Tempatan) Sdn. Bhd. *HSBC (M) Trustee Bhd for Manulife Investment Progress Fund (4082)*	6,767,500	0.8740
17.	Citigroup Nominees (Tempatan) Sdn. Bhd. *Urusharta Jamaah Sdn. Bhd. (Maybank 2)*	6,733,200	0.8696
18.	HSBC Nominees (Tempatan) Sdn. Bhd. *HSBC (M) Trustee Bhd for Manulife Insurance Berhad (Equity Fund)*	6,426,300	0.8299
19.	Citigroup Nominees (Tempatan) Sdn. Bhd. *Employees Provident Fund Board (Aberislamic)*	6,157,700	0.7952
20.	Tan Chin Nam Sendirian Berhad	5,529,600	0.7141
21.	CIMSEC Nominees (Tempatan) Sdn. Bhd. *CIMB For Chan Cheu Leong (PB)*	5,025,000	0.6490

Analysis of Shareholdings

Thirty (30) Largest Shareholders as at 29 March 2024 (continued)

No.	Name	No. of Shares	%[(a)]
22.	Amanahraya Trustees Berhad *PMB Shariah Aggressive Fund*	4,972,600	0.6422
23.	Amanahraya Trustees Berhad *Amanah Saham Nasional*	4,732,722	0.6112
24.	Citigroup Nominees (Asing) Sdn. Bhd. *UBS AG Singapore for Maccagno Gian Carlo*	4,609,055	0.5952
25.	HSBC Nominees (Tempatan) Sdn. Bhd. *HSBC (M) Trustee Bhd for Manulife Investment Al-Faid (4389)*	4,413,000	0.5699
26.	Citigroup Nominees (Tempatan) Sdn. Bhd. *Urusharta Jamaah Sdn. Bhd. (Aberdeen 2)*	4,036,400	0.5213
27.	Amanahraya Trustees Berhad *Amanah Saham Bumiputera 3 – Didik*	4,000,000	0.5166
28.	Wah Seong (Malaya) Trading Co. Sdn. Bhd.	3,965,969	0.5122
29.	HSBC Nominees (Tempatan) Sdn. Bhd. *HSBC (M) Trustee Bhd for Principal Islamic Small Cap Opportunities Fund*	3,887,400	0.5020
30.	HSBC Nominees (Tempatan) Sdn. Bhd. *HSBC (M) Trustee Bhd for Manulife Insurance Berhad (Managed Fund)*	3,495,400	0.4514
		582,153,866	75.1834

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-Fourth Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Twenty-Fourth Annual General Meeting of WASCO BERHAD (formerly known as 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 virtual general meeting at the Broadcasting Venue to be held at West Side 1 & 2, Level 8, St. Giles Boulevard, The Boulevard, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur, Wilayah Persekutuan, Malaysia on Thursday, 30 May 2024 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 2023 and the Reports of the Directors and Auditors thereon.

2. To approve the Directors' Fees of RM679,500 and Directors' Meeting Allowances of RM184,000 payable for the financial year ended 31 December 2023. **Ordinary Resolution 1**

3. To approve the payment of Directors' Meeting Allowances of up to an amount of RM170,000 payable for the financial year ending 31 December 2024. **Ordinary Resolution 2**

4. To re-elect the following Directors who retire pursuant to Clause 117 of the Company's Constitution:

   (i) Encik Halim Bin Haji Din **Ordinary Resolution 3**
   (ii) Tan Sri Professor Lin See Yan **Ordinary Resolution 4**
   (iii) Tan Sri Saw Choo Boon **Ordinary Resolution 5**

5. To re-appoint PricewaterhouseCoopers PLT as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration. **Ordinary Resolution 6**

As Special Business

To consider, and if thought fit, to pass the following Ordinary Resolutions, with or without modifications thereto:

6. **Ordinary Resolution**
   Authority to Issue Shares by the Directors of the Company **Ordinary Resolution 7**

   "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."

7. **Ordinary Resolution**
Proposed Authority to Buy-Back its Own Shares by the Company **Ordinary Resolution 8**

"THAT, subject to the provisions of the Companies Act, 2016 ("the Act"), the Company's Constitution, the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Malaysia") and any other applicable laws, rules, orders, requirements, regulations and guidelines for the time being in force, the Directors of the Company be hereby unconditionally and generally authorised to purchase the Company's own ordinary shares ("WB Shares") in the Company's total number of issued shares through Bursa Malaysia at any time and upon such terms and conditions and for such purposes as the Directors of the Company may, in their discretion deem fit, subject to the following:

(i) the maximum number of WB Shares which may be purchased and/or held by the Company shall be 10% (ten per centum) of the total number of issued shares of the Company for the time being;

(ii) the maximum fund to be allocated by the Company for the purpose of purchasing the WB Shares shall not exceed the retained profits of the Company as at 31 December 2023 otherwise available for distribution as dividends;

(iii) the authority conferred by this resolution will be effective immediately upon the passing of this resolution and will continue in force until:

(a) the conclusion of the next Annual General Meeting ("AGM") of the Company, at which time the authority shall lapse, unless by ordinary resolution passed at the meeting, the authority is renewed, either unconditionally or subject to conditions;

(b) the expiration of the period within which the next AGM after that date is required by law to be held; or

(c) revoked or varied by an ordinary resolution passed by the shareholders in a general meeting;

whichever is earlier but not so as to prejudice the completion of the purchase(s) made by the Company before the aforesaid expiry date and, in any event, in accordance with the provisions of the MMLR of Bursa Malaysia or any other relevant authorities;

(iv) upon completion of the purchase(s) of the WB Shares by the Company, the Directors of the Company be hereby authorised to deal with the WB Shares in accordance with the MMLR and the Act.

AND THAT the Directors of the Company be and are hereby authorised to take all such steps that are necessary or expedient and/or appropriate to implement, finalise and to give full effect to the purchase(s) of WB Shares with full power to assent to any conditions, variations, and/or amendments that may be imposed by the relevant authorities."

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 ("Wasco Group") to enter into recurrent related party transactions of a revenue or trading nature and the provision of financial assistance as specified in Section 2.5 of Part B of the Circular to Shareholders dated 26 April 2024 which transactions are necessary for the day-to-day operations in the ordinary course of business of Wasco 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:

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 9**
(b) Mr Goh Eng Hooi **Ordinary Resolution 10**
(c) Dato' Mohamed Nizam Bin Abdul Razak and Encik Mohd Azlan Bin Mohammed **Ordinary Resolution 11**

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. 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-Fourth 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 23 May 2024 ("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-Fourth Annual General Meeting or appoint proxy(ies) to attend, speak and vote on his/her behalf.

Notice of Twenty-Fourth Annual General Meeting

BY ORDER OF THE BOARD
WOO YING PUN (MAICSA 7001280)
SSM PC No. 201908002179
Group Company Secretary

Kuala Lumpur
Dated: 26 April 2024

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-Fourth Annual General Meeting ("24th AGM") will be conducted using RPV Facilities as a **virtual** general meeting by the Company's share registrar, 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.wascoenergy.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 24th 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 23 May 2024 who is entitled to attend and vote at the 24th 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 24th AGM. Pursuant to Paragraph 8.29A(1), Chapter 8 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in this notice are required to be voted by poll.

    (a) Deposit Hardcopy of Proxy Form

    To the Company's Registered Address at Suite 19.01, Level 19, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur, Wilayah Persekutuan, Malaysia.

    (b) Deposit of Proxy Form Electronically

    To Tricor Investor & Issuing House Services Sdn. Bhd. via the TIIH Online website at https://tiih.online.

    (c) The above Proxy Forms must be deposited accordingly latest by Wednesday, 29 May 2024 by 3.00 p.m.

Notice of Twenty-Fourth Annual General Meeting

Explanatory Notes on Ordinary Business

1. **Audited Financial Statements of the Company and the Group for the financial year ended 31 December 2023 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 2023 are to be laid at the 24th 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 2023**

   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 2023.

3. **Payment of Directors' Meeting Allowances for the financial year ending 31 December 2024**

   The proposed Ordinary Resolution 2 is to obtain shareholders' approval for the payment of Meeting Allowances to the Non-Executive Directors on a quarterly basis and/or as and when incurred. The total amount of the Directors' Meeting Allowances of up to RM170,000 caters for the number of Board and/or Committees' meetings scheduled/proposed to be held during the financial year ending 31 December 2024.

4. **Re-election of Halim Bin Haji Din, Tan Sri Professor Lin See Yan and Tan Sri Saw Choo Boon 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, Halim Bin Haji Din, Tan Sri Professor Lin See Yan and Tan Sri Saw Choo Boon are due to retire at the 24th AGM and being eligible, have offered themselves for re-election.

   The Board supports the re-election of Halim Bin Haji Din, Tan Sri Professor Lin See Yan and Tan Sri Saw Choo Boon who retire pursuant to Clause 117 of the Company's Constitution.

Explanatory Notes on Special Business

1. **Authority to Issue Shares by the Directors of the Company**

   The Ordinary Resolution 7, 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-Third AGM of the Company held on 30 May 2023 and which will lapse at the conclusion of the Twenty-Fourth AGM. Hence, a renewal of this authority is being sought at the Twenty-Fourth 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 Authority to Buy-Back its Own Shares by the Company**

The Ordinary Resolution 8, if passed, will allow the Directors of the Company to exercise the power of the Company to purchase and/or hold not more than 10% (ten per centum) of the total number of issued shares of the Company for the time being. This authority will expire at the conclusion of the next Annual General Meeting unless earlier revoked or varied by ordinary resolution passed by shareholders at a general meeting.

Please refer to Part A of the Share Buy-Back Statement dated 26 April 2024, which is accessible online on the Company's website at www.wascoenergy.com, for information pertaining to Ordinary Resolution 8.

3. **Proposed Renewal of Shareholders' Mandate for the Existing Recurrent Related Party Transactions and Provision of Financial Assistance**

The Ordinary Resolutions 9, 10 and 11, 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 B of the Circular to Shareholders dated 26 April 2024, which is accessible online on the Company's website at www.wascoenergy.com, for information pertaining to Ordinary Resolutions 9, 10 and 11.

Statement Accompanying Notice of Twenty-Fourth Annual General Meeting

1. **The profile of Directors who are retiring pursuant to Clause 117 of the Company's Constitution and are standing for re-election at the Twenty-Fourth Annual General Meeting ("24th AGM") of the Company are as follows:**

Ordinary Resolution 3		
Halim Bin Haji Din Non-Independent Non-Executive Director		
Nationality/Age/Gender	:	Malaysian/77/Male
Date of Appointment	:	22 May 2002 - as an Independent Non-Executive Director
Date of Redesignation	:	23 May 2023 - as a Non-Independent Non-Executive Director
Date of Last Re-election	:	26 May 2022
Academic/Professional Qualification/Membership(s)	:	Fellow member of The Malaysian Institute of Certified Public Accountants (MICPA) and Malaysian Institute of Accountants
Other Directorship(s)	:	Public listed company(ies): Nil Other public company(ies): Nil
Encik Halim Bin Haji Din does not hold any shares in Wasco Berhad (formerly known as Wah Seong Corporation Berhad) ("WB"), has no family relationship with any Director and/or major shareholders of WB, has no conflict of interest with WB and has not 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 2023.		

Ordinary Resolution 4		
Tan Sri Professor Lin See Yan Non-Independent Non-Executive Director		
Nationality/Age/Gender	:	Malaysian/84/Male
Date of Appointment	:	20 July 2004 - as an Independent Non-Executive Director
Date of Redesignation	:	23 May 2023 - as a Non-Independent Non-Executive Director
Date of Last Re-election	:	26 May 2022
Academic/Professional Qualification/Membership(s)	:	• BA in Economics, Statistics and Philosophy, University of Malaya, Singapore • BA (Hons) in Economics, University of Malaya, Singapore • MPA in Finance, Harvard University, USA • MA in Business Economics, Harvard University, USA • PhD in Economics, Harvard University, USA • Hon. PhD in Economics, Universiti Utara Malaysia. • Hon. Dr. Economics, Universiti Sains Malaysia.
Other Directorship(s):	:	Public listed company(ies): Nylex (Malaysia) Berhad Other public company(ies): Nil
Tan Sri Professor Lin See Yan does not hold any shares in WB, has no family relationship with any Director and/or major shareholders of WB, has no conflict of interest with WB and has not 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 2023.		

Statement Accompanying Notice of Twenty-Fourth Annual General Meeting

Ordinary Resolution 5		
Tan Sri Saw Choo Boon Senior Independent Non-Executive Director		
Nationality/Age/Gender	:	Malaysian/77/Male
Date of Appointment	:	6 April 2018 - as an Independent Non-Executive Director
Date of Appointment	:	23 May 2023 - as a Senior Independent Non-Executive Director
Date of Last Re-election	:	21 May 2021
Academic/Professional Qualification/Membership(s)	:	Bachelor of Science (Chemistry) Honours, University of Malaya
Other Directorship(s):	:	Public listed company(ies): Sentral REIT Management Sdn. Bhd. (the Manager of Sentral REIT) Other public company(ies): Nil
Tan Sri Saw Choo Boon does not hold any shares in WB, has no family relationship with any Director and/or major shareholders of WB, has no conflict of interest with WB and has not 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 2023. • Tan Sri Saw Choo Boon meets the criteria of an Independent Director as defined in Chapter 1 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. • He performs his duties diligently and in the best interest of the Company and provides independent judgement, broader views and balanced assessments to the proposals from the Management with his diverse experience and expertise. • He understands the Company's industry well and is able to contribute to the effective oversight of the Company's business activities. • He consistently challenges the Management in an effective and constructive manner. • He maintains his independence where Management oversight and monitoring are concerned in the execution of the Company's strategic plans.		

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 24th AGM of the Company**

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-Third Annual General Meeting of the Company held on 30 May 2023.

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 24th AGM**

Date	:	Thursday, 30 May 2024
Time	:	3.00 p.m.
Broadcasting Venue	:	West Side 1 & 2, Level 8, St. Giles Boulevard, The Boulevard, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur, Wilayah Persekutuan, Malaysia

PROXY FORM

WASCO BERHAD
(formerly known as 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 WASCO BERHAD (formerly known as Wah Seong Corporation Berhad) [Registration No. 199901020946 (495846-A)] hereby appoint ____
(Full name in block letters)

NRIC No. ______________________ 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-Fourth Annual General Meeting ("24th AGM") of the Company to be conducted through live streaming and online remote participation using Remote Participation and Voting ("RPV") Facilities as a **virtual** general meeting at the Broadcasting Venue to be held at West Side 1 & 2, Level 8, St. Giles Boulevard, The Boulevard, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur, Wilayah Persekutuan, Malaysia on Thursday, 30 May 2024 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 RM679,500 and Directors' Meeting Allowances of RM184,000 payable for the financial year ended 31 December 2023.		
Ordinary Resolution 2	To approve the payment of Directors' Meeting Allowances of up to an amount of RM170,000 for the financial year ending 31 December 2024.		
Ordinary Resolution 3	To re-elect Halim Bin Haji Din as Director who retires pursuant to Clause 117 of the Company's Constitution.		
Ordinary Resolution 4	To re-elect Tan Sri Professor Lin See Yan as Director who retires pursuant to Clause 117 of the Company's Constitution.		
Ordinary Resolution 5	To re-elect Tan Sri Saw Choo Boon as Director who retires pursuant to Clause 117 of the Company's Constitution.		
Ordinary Resolution 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 7	To authorise the issuance of shares by the Directors of the Company.		
Ordinary Resolution 8	Proposed Authority to Buy-Back its Own Shares by the Company.		
Ordinary Resolution 9	Proposed Renewal of Shareholders' Mandate for the Existing Recurrent Related Party Transactions of a Revenue or Trading Nature ("Existing RRPT") and Provision of Financial Assistance ("Existing 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 10	Proposed Renewal of Shareholders' Mandate for the Existing RRPT and Existing PFA involving Mr Goh Eng Hooi.		
Ordinary Resolution 11	Proposed Renewal of Shareholders' Mandate for the Existing RRPT involving Dato' Mohamed Nizam Bin Abdul Razak and Encik Mohd Azlan Bin Mohammed.		

(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 ______________ 2024

Contact No.: ______________________________

Email Address: ______________________________

Fold this flap for sealing

AFFIX
STAMP

THE COMPANY SECRETARY
WASCO BERHAD
(FORMERLY KNOWN AS WAH SEONG CORPORATION BERHAD)
[REGISTRATION NO.: 199901020946 (495846-A)]

Registered Office:
Suite 19.01, Level 19, The Gardens North Tower
Mid Valley City, Lingkaran Syed Putra
59200 Kuala Lumpur, Wilayah Persekutuan
Malaysia

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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 24th AGM will be conducted using RPV Facilities as a **virtual** general meeting by the Company's share registrar, 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.wascoenergy.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 24th 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 24th 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 23 May 2024 ("General Meeting Record of Depositors"). A Member registered in the General Meeting Record of Depositors who is entitled to attend, speak and vote at the 24th AGM may appoint the Chairman of the meeting as his/her proxy.

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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 24th AGM. Pursuant to Paragraph 8.29A(1), Chapter 8 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in this notice are required to be voted by poll.

   (a) Deposit Hardcopy of Proxy Form

   To the Company's Registered Address at Suite 19.01, Level 19, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur, Wilayah Persekutuan, Malaysia.

   (b) Deposit of Proxy Form Electronically

   To Tricor Investor & Issuing House Services Sdn. Bhd. via the TIIH Online website at https://tiih.online.

   (c) The above Proxy Forms must be deposited accordingly latest by Wednesday, 29 May 2024 by 3.00 p.m.

Wasco Berhad (formerly known as Wah Seong Corporation Berhad)
Registration No.199901020946 (495846-A)

Suite 19.01, Level 19, The Gardens North Tower,
Mid Valley City, Lingkaran Syed Putra,
59200 Kuala Lumpur, Malaysia.
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www.wascoenergy.com