

# WILLOWGLEN

## MSC BERHAD

199801006521 (462648-V)

### ANNUAL REPORT 2022



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## NOTICE OF 25<sup>TH</sup> ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the Twenty-Fifth Annual General Meeting (“**AGM**”) of the Company will be held on a **virtual basis** at the broadcast venue at the Board Room, No. 1, Jalan 2/149B, Taman Sri Endah, Bandar Baru Sri Petaling, 57000 Kuala Lumpur, Wilayah Persekutuan, Malaysia on Wednesday, 17 May 2023 at 10:00 a.m. for the following purposes:-

### AGENDA

#### As Ordinary Business

- |    |  |  |
|----|--|--|
| 1. | To receive the Audited Financial Statements for the financial year ended 31 December 2022 together with the Reports of the Directors and the Auditors thereon.   | (Please refer to<br>Explanatory Note<br>i) |
| 2. | To re-elect Simon Wong Chu Keong, who is due to retire by rotation in accordance with Clause 124 of the Company’s Constitution and being eligible, has offered himself for re-election.                          | (Resolution 1)                             |
| 3. | To approve the payment of Directors’ fees amounting to RM261,000.00 for the financial year ended 31 December 2022.   | (Resolution 2)                             |
| 4. | To approve the payment of Directors’ benefits to the Independent Non-Executive Directors up to RM45,000.00 from a day after the Twenty-Fifth AGM until the date of the next AGM of the Company in the year 2024. | (Resolution 3)                             |
| 5. | To re-appoint Messrs. Baker Tilly Monteiro Heng PLT as Auditors of the Company until the conclusion of the next AGM and authorise the Directors to fix their remuneration.                                       | (Resolution 4)                             |

#### As Special Business

To consider and, if thought fit, with or without modifications, to pass the following resolutions as Ordinary Resolutions:-

6. **Ordinary Resolution**  
**Retention of Au Chun Choong as an Independent Non-Executive Director**

“**THAT** Au Chun Choong, who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, be and is hereby retained as an Independent Non-Executive Director of the Company in accordance with the Malaysian Code on Corporate Governance.”

(Resolution 5)

## Notice of 25<sup>th</sup> Annual General Meeting (Cont'd)

### 7. Ordinary Resolution

#### **Authority to Issue Shares pursuant to the Companies Act 2016 ("the Act")**

"**THAT** subject always to the Act, the Constitution of the Company and the approvals from Bursa Malaysia Securities Berhad ("**Bursa Malaysia Securities**") and any other relevant governmental and/or regulatory authorities, the Directors be and are hereby empowered pursuant to the Act, to issue and allot shares in the capital of the Company from time to time at such price and upon such terms and conditions, for such purposes and to such person or persons whomsoever the Directors may in their absolute discretion deem fit always provided that the aggregate number of shares issued pursuant to this resolution does not exceed ten percent (10%) of the total number of issued shares of the Company for the time being; **THAT** the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities; **AND THAT** such authority shall commence immediately upon the passing of this resolution and continue to be in force until the conclusion of the next AGM of the Company.

**AND FURTHER THAT** pursuant to Section 85 of the Act to read together with Clause 75 of the Constitution of the Company, approval be and is hereby given to waive the statutory pre-emptive rights of the shareholders of the Company to be offered new shares of the Company ranking equally to the existing issued shares arising from any issuance of new shares in the Company pursuant to the Act and empowered the Directors of the Company to issue and allot new shares to any person(s) as the Directors may determine pursuant to this resolution."

(Resolution 6)

### 8. Ordinary Resolution

#### **Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature**

"**THAT** subject to the provisions of the Main Market Listing Requirements ("**Main LR**") of Bursa Malaysia Securities, approval be and is hereby given to the Company and its subsidiaries ("**Group**") to enter into the categories of Recurrent Related Party Transactions of a revenue or trading nature which are necessary for their day-to-day operations and with those related parties as specified in Section 2.1.3 of the Circular/Statement to Shareholders dated 17 April 2023, which are necessary for its day-to-day operations, to be entered into by the Group on the basis that these transactions are entered into on terms which are not more favourable than those generally available to the public and not detrimental to the minority shareholders of the Company ("**the Mandate**").

**THAT** such authority shall commence upon passing of this resolution and shall continue to be in force until:-

- (a) the conclusion of the next AGM of the Company following this AGM at which the Mandate was passed, at which time it will lapse, unless by an ordinary resolution passed at the next AGM, the authority is renewed; or

## Notice of 25<sup>th</sup> Annual General Meeting (Cont'd)

(b) the expiration of the period within which the next AGM of the Company is required to be held pursuant to Section 340(2) of the Act but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act; or

(c) revoked or varied by resolution passed by the shareholders in general meeting;

whichever is the earlier.

**AND THAT** the Directors of the Company and/or any of them be and are hereby authorised to complete and do all such acts and things, including executing all such documents as may be required to give effect to the transactions contemplated and/or authorised by this resolution."

(Resolution 7)

### 9. Ordinary Resolution

**Proposed Renewal of Share Buy-Back Authority for the Company to purchase its own ordinary shares up to 10% of the total number of Issued Shares of the Company ("Proposed Renewal of Share Buy-Back Authority")**

"**THAT** subject to the compliance with Section 127 of the Act, the Constitution of the Company, the Main LR of Bursa Malaysia Securities and all other applicable laws, rules and regulations and guidelines for the time being in force and the approvals of all relevant governmental and/or regulatory authority, approval be and is hereby given to the Company to purchase such number of ordinary shares in the Company as may be determined by the Directors of the Company from time to time through Bursa Malaysia Securities as the Directors may deem and expedient in the interest of the Company, provided that:-

- (i) the aggregate number of ordinary shares to be purchased and/or held by the Company pursuant to this resolution shall not exceed ten percent (10%) of the total number of issued shares of the Company as quoted on Bursa Malaysia Securities as at the point of purchase; and
- (ii) the maximum funds to be allocated by the Company for the purpose of purchasing its own shares shall not exceed the aggregate of the retained profits of the Company based on the latest audited financial statements and/or the latest unaudited financial statements (where applicable) available at the time of the purchase.

**THAT** upon completion of the purchase by the Company of its own shares, the Directors of the Company be authorised to deal with the shares purchased in their absolute discretion in the following manner:-

- (i) cancel all the shares so purchased; and/or
- (ii) retain the shares so purchased in treasury for distribution as dividend to the shareholders and/or resell on the market of Bursa Malaysia Securities; and/or

## Notice of 25<sup>th</sup> Annual General Meeting (Cont'd)

(iii) retain part thereof as treasury shares and cancel the remainder; or

in any other manner as prescribed by the Act, rules, regulations and orders made pursuant to the Act and the requirements of Bursa Malaysia Securities and any other relevant authority for the time being in force.

**THAT** such authority conferred by this resolution shall commence upon the passing of this resolution and shall continue to be in force until:-

- (a) the conclusion of the next AGM of the Company following this AGM at which such resolution was passed, at which time it will lapse, unless by an ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions; or
- (b) the expiration of the period within which the next AGM of the Company after that date is required by law to be held; or
- (c) revoked or varied by an ordinary resolution passed by the shareholders of the Company at a general meeting;

whichever occurs first.

**AND THAT** the Directors of the Company be authorised to give effect to the Proposed Renewal of Share Buy-Back Authority with full power to assent to any conditions, modifications, variations and/or amendments as may be required by the relevant authorities and to take such steps and do all such acts and things as they may deem fit and expedient in the best interest of the Company.”

(Resolution 8)

10. To transact any other ordinary business of which due notice shall have been given.

By Order of the Board

Chua Siew Chuan (SSM PC No. 201908002648/ MAICSA 0777689)  
Tan Ley Theng (SSM PC No. 201908001685/ MAICSA 7030358)  
Company Secretaries

Kuala Lumpur  
17 April 2023



## Notice of 25<sup>th</sup> Annual General Meeting (Cont'd)

### Notes:

1. The Twenty-Fifth AGM ("**25th AGM**") will be conducted on a virtual basis by way of live streaming and online remote voting via Remote Participation and Voting ("**RPV**") facilities to be provided by SS E Solutions Sdn. Bhd. via Securities Services e-Portal's platform at <https://sshsb.net.my>. Please read carefully and follow the procedures provided in the Administrative Guide in order to register, participate and vote remotely via the RPV facilities.
2. The Broadcast Venue, which is the main venue of the 25th AGM, is strictly for the purpose of complying with Section 327(2) of the Act and Clause 82 of the Company's Constitution, which require the Chairman to be present at the main venue of the 25th AGM. Accordingly, members, proxies and/or corporate representatives will not be allowed to be physically present at the Broadcast Venue on the day of the 25th AGM.

With the RPV facilities, the members, proxies and/or corporate representatives are strongly encouraged to exercise their rights to participate (including to pose questions to the Chairman, Board of Directors or Management) and vote at the 25th AGM.

As guided by the Securities Commission Malaysia's Guidance Note and Frequently Asked Questions on the Conduct of General Meetings for Listed Issuers as revised, the right to speak is not limited to verbal communication only but includes other modes of expression. Therefore, all members, proxies and/or corporate representatives shall communicate with the main venue of the 25th AGM via real-time submission of typed texts through a text box within Securities Services e-Portal's platform during the live streaming of the 25th AGM as the primary mode of communication. In the event of any technical glitch in this primary mode of communication, members, proxies and/or corporate representatives may email their questions to [eservices@sshsb.com.my](mailto:eservices@sshsb.com.my) during the 25th AGM. The questions and/or remarks submitted by the members, proxies and/or corporate representatives will be responded to via broadcast by the Chairman, Board of Directors and/or Management during the 25th AGM.

3. In respect of deposited securities, only members whose names appear in the Record of Depositors as at 10 May 2023 ("**General Meeting Record of Depositors**") shall be eligible to participate in the 25th AGM or appoint proxy(ies) to participate and/or vote in his/her stead.
4. A member entitled to participate and vote at the 25th AGM of the Company shall be entitled to appoint more than one (1) proxy to participate, speak and vote in his/her stead. Where a member appoints more than one (1) proxy in relation to a meeting, the member shall specify the proportion of his/her shareholdings to be represented by each proxy, failing which the appointment shall be invalid.
5. A proxy need not be a member of the Company. There shall be no restriction as to the qualification of the proxy. A proxy appointed to participate, speak and vote at the 25th AGM shall have the same rights as the member to participate, speak and vote at the 25th AGM.
6. The instrument appointing a proxy shall be in writing under the hand of the member or of his/her attorney duly authorised in writing or, if the member is a corporation, either under common seal or under the hand of an officer or attorney duly authorised.
7. Where a member of the Company is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("**Omnibus Account**"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each Omnibus Account it holds.

## Notice of 25<sup>th</sup> Annual General Meeting (Cont'd)

8. The instrument appointing a proxy and the power of attorney or other authority (if any), under which it is signed or a duly notarised certified copy of that power or authority, shall be deposited at the office of the Poll Administrator, SS E Solutions Sdn. Bhd. at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan, Malaysia or submitted electronically via Securities Services e-Portal at <https://sshsb.net.my> not later than forty-eight (48) hours before the time set for holding the 25th AGM or any adjournment thereof. The lodging of the Form of Proxy does not preclude a member from attending and voting remotely at the 25th AGM should he/she subsequently decides to do so, provided a notice of termination of proxy authority in writing is given to the Company and deposited at the office of the Poll Administrator, SS E Solutions Sdn. Bhd. at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan, Malaysia not less than twenty-four (24) hours before the time stipulated for holding the 25th AGM or any adjournment thereof, and you may register for RPV as guided in the Administrative Guide. Please get in touch with the Poll Administrator, SS E Solutions Sdn. Bhd., at 03-2084 9000 for further assistance.
9. Any notice of termination of authority to act as proxy must be received by the Company before the commencement of the General Meeting or at any adjournment thereof, failing which, the termination of the authority of a person to act as proxy will not affect the following in accordance with Section 338 of the Act:-
  - (a) the constitution of the quorum at such meeting;
  - (b) the validity of anything he did as chairman of such meeting;
  - (c) the validity of a poll demanded by him at such meeting; or
  - (d) the validity of the vote exercised by him at such meeting.

### 10. Explanatory Notes to Ordinary and Special Business

- i. Item 1 of the Agenda – Audited Financial Statements for the financial year ended 31 December 2022 together with the Reports of the Directors and the Auditors thereon.

This Agenda item is meant for discussion only, as the provision of Section 340(1)(a) of the Act does not require the formal approval of the shareholders for the Audited Financial Statements. Hence, this Agenda item is not put forward for voting.

- ii. Ordinary Resolution 1

In determining the eligibility of the Director to stand for re-election at the 25th AGM of the Company, the Nomination and Remuneration Committee (“NRC”) had reviewed and assessed Simon Wong Chu Keong from the annual assessment and evaluation of the Board of Directors for the financial year ended 31 December 2022. The Board via the NRC’s annual assessment is satisfied with the performance of Simon Wong Chu Keong, who is standing for re-election and has recommended to the shareholders the proposed re-election at the 25th AGM.

The profile of Simon Wong Chu Keong is set out in the Annual Report in respect of the financial year ended 31 December 2022.

Alfian Bin Tan Sri Mohamed Basir and Wang Shi Tsang who are due to retire in accordance with Clause 124 of the Company’s Constitution, have expressed their intention not to seek re-election. Hence, they will hold office as Directors until the conclusion of the 25th AGM.



## Notice of 25<sup>th</sup> Annual General Meeting (Cont'd)

### iii. Ordinary Resolution 3

Section 230(1) of the Act provides amongst others, that the fees of the directors and any benefits payable to the directors of a listed company shall be approved at a general meeting.

At the Twenty-Fourth AGM of the Company held on 25 May 2022, the Company had obtained the shareholders' approval for the payment of Directors' benefits to the Independent Non-Executive Directors up to RM40,000.00 from a day after the Twenty-Fourth AGM until the next AGM of the Company in the year 2023.

The proposed Ordinary Resolution 3, if passed, will authorise the payment of the Directors' benefits to the Independent Non-Executive Directors up to an amount of RM45,000.00 with effect from a day after the 25th AGM of the Company until the next AGM of the Company in the year 2024 ("**Period**"). The Directors' benefits payable for the Period comprises the meeting allowance payable to the Independent Non-Executive Directors for attendance of the Board and/or Board Committee meetings, whenever meetings are called during the Period.

### iv. Ordinary Resolution 5

Au Chun Choong was appointed as an Independent Non-Executive Director of the Company on 1 August 2013. Therefore, he has served the Board for a cumulative term of more than nine (9) years. The Board of Directors of the Company through the NRC, after having assessed the independence of Au Chun Choong, regards him to be independent based amongst others, the following justifications and recommends that Au Chun Choong be retained as an Independent Director of the Company subject to the approval from the shareholders of the Company through a two-tier voting process as described in the Guidance to Practice 5.3 of the Malaysian Code on Corporate Governance:

- the aforementioned Independent Non-Executive Director fulfilled the definition of an Independent Director as set out under Paragraph 1.01 of the Main LR of Bursa Malaysia Securities.
- the aforementioned Independent Non-Executive Director was able to exercise independent judgement and act in the best interests of the Company.
- there was no potential conflict of interest that the aforementioned Independent Non-Executive Director could have with the Company as he had not entered into any contract or transaction with the Company and/or its subsidiaries within the scope and meaning as set forth under Paragraph 5 of Practice Note 13 of the Main LR of Bursa Malaysia Securities.
- the aforementioned Independent Non-Executive Director had not developed, established or maintained any significant personal or social relationship, whether direct or indirect, with the Executive Directors, major shareholders or management of the Company (including their family members) other than normal engagements and interactions on a professional level, consistent and expected of him to carry out his duties as an Independent Non-Executive Director.

## Notice of 25<sup>th</sup> Annual General Meeting (Cont'd)

### v. Ordinary Resolution 6

The proposed Ordinary Resolution, if passed, will give a renewal mandate to the Directors of the Company the authority to allot and issue new ordinary shares in the Company up to an amount not exceeding ten percent (10%) of the total number of issued shares of the Company for such purposes as the Directors may in their discretion deem expedient in the best interest of the Company, subject to compliance with the relevant regulatory requirements. This renewed mandate, unless earlier revoked or varied by the shareholders of the Company at a general meeting, will expire at the next AGM of the Company.

The authority to issue shares pursuant to the Act will provide flexibility and expediency to the Company for any possible fundraising activities involving the issuance or placement of shares to facilitate business expansion or strategic merger and acquisition opportunities involving equity deals or part equity or to fund future investment project(s) or for working capital requirements which the Directors of the Company consider to be in the best interest of the Company. The approval is sought to avoid any delay and cost in convening a general meeting to approve such issuance of shares.

The waiver of pre-emptive rights pursuant to Section 85 of the Act read together with Clause 75 of the Company's Constitution will allow the Directors of the Company to issue new shares of the Company which rank equally to existing issued shares of the Company, to any person without having to offer the new shares to the existing shareholders of the Company prior to issuance of new shares in the Company under the mandate.

The Company had been granted a mandate by its shareholders at the Twenty-Fourth AGM of the Company held on 25 May 2022 ("**Previous Mandate**"). However, as at the date of this Notice, no new shares were issued pursuant to the Previous Mandate and hence, no proceeds were raised therefrom.

### vi. Ordinary Resolution 7

The proposed Ordinary Resolution, if passed, will provide a renewed mandate for the Company and/or its subsidiaries to enter into Recurrent Related Party Transactions of a revenue or Trading Nature with related parties in the ordinary course of business based on commercial terms which are not more favourable to the related parties than those generally available to the public and which are necessary for the Group's day-to-day operations. This mandate shall lapse at the conclusion of the next AGM unless authority for the renewal is obtained from the shareholders of the Company at a general meeting.

Detailed information of the Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature is set out in Part A of the Circular/Statement to Shareholders dated 17 April 2023.

### vii. Ordinary Resolution 8

The proposed Ordinary Resolution, if passed, will provide a renewed mandate for the Company to purchase its own ordinary shares up to ten percent (10%) of the total number of issued shares of the Company and shall lapse at the conclusion of the next AGM unless authority for the renewal is obtained from the shareholders of the Company at a general meeting.

Further information on the Proposed Renewal of Share Buy-Back Authority is set out in Part B of the Circular/Statement to Shareholders dated 17 April 2023.

## **STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING**

### **Details of Individuals Standing for Election as Directors**

[Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad]

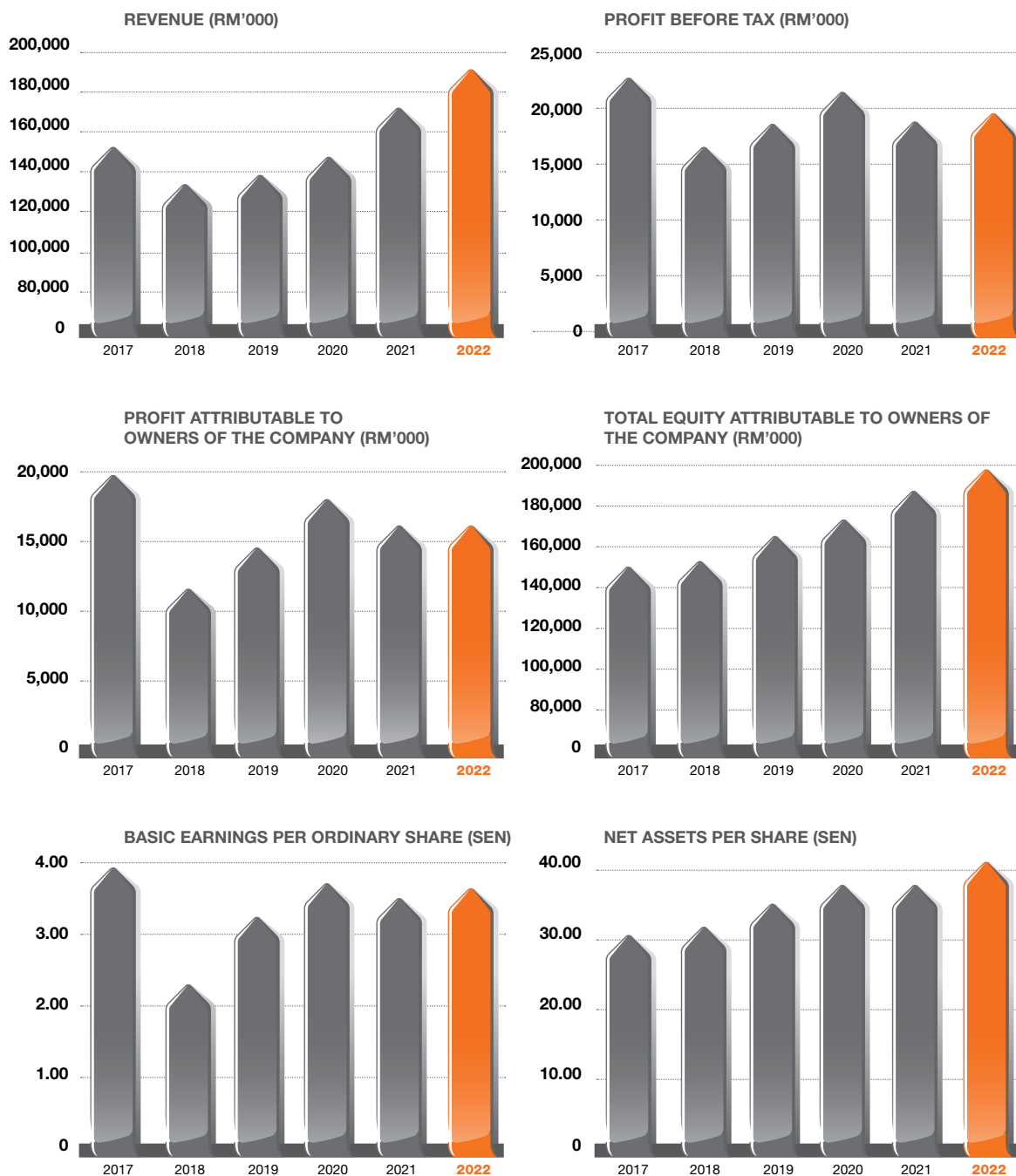
There were no Directors standing for election at the Twenty-Fifth Annual General Meeting of the Company.

## FINANCIAL HIGHLIGHTS

GROUP FINANCIAL SUMMARY	2017 RM'000	2018 RM'000	2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000
Revenue	155,385	134,639	139,338	146,147	171,304	<b>192,525</b>
Profit Before Tax	22,625	15,450	18,892	21,484	19,320	<b>19,442</b>
Profit Attributable To Owners Of The Company	18,717	11,108	14,870	17,873	15,260	<b>15,386</b>
Total Assets	179,392	180,368	197,616	211,365	213,608	<b>234,463</b>
Total Liabilities	30,579	25,788	32,593	35,794	29,344	<b>36,804</b>
Total Equity Attributable To Owners Of The Company	148,426	154,237	164,632	174,901	184,236	<b>197,684</b>
Basic Earnings Per Ordinary Share (sen)	3.85*	2.28	3.06	3.68	3.14	<b>3.17</b>
Dividends Per Share (sen)	1.00*	1.00	1.50	1.50	1.50	<b>1.50</b>
Net Assets Per Share (sen)	30.50*	31.70	33.83	36.02	37.96	<b>40.78</b>

\* Has been adjusted pursuant to the bonus issue on the basis of one (1) new ordinary share for every one (1) existing ordinary share held on 11 June 2018

## Financial Highlights (cont'd)



## CORPORATE INFORMATION

### BOARD OF DIRECTORS

**Alfian Bin Tan Sri Mohamed Basir**  
(Chairman and Independent Non-Executive Director)

**Wong Ah Chiew**  
(Group Managing Director)

**Simon Wong Chu Keong**  
(Executive Director)

**Tan Jun**  
(Executive Director)

**Wang Shi Tsang**  
(Senior Independent Non-Executive Director)

**Au Chun Choong**  
(Independent Non-Executive Director)

**Teh Chee Hoe**  
(Independent Non-Executive Director)

**Syed Feisal Alhady**  
(Independent Non-Executive Director)

### AUDIT COMMITTEE

Wang Shi Tsang (Chairman)  
Alfian Bin Tan Sri Mohamed Basir  
Au Chun Choong  
Teh Chee Hoe  
Syed Feisal Alhady

### NOMINATION AND REMUNERATION COMMITTEE

Alfian Bin Tan Sri Mohamed Basir  
(Chairman)  
Wang Shi Tsang  
Au Chun Choong  
Teh Chee Hoe  
Syed Feisal Alhady

### SECRETARIES

Chua Siew Chuan  
(MAICSA 0777689/  
SSM PC No. 201908002648)  
Tan Ley Theng  
(MAICSA 7030358/  
SSM PC No. 201908001685)

### AUDITORS

Baker Tilly Monteiro Heng PLT  
Baker Tilly Tower  
Level 10, Tower 1, Avenue 5  
Bangsar South City  
59200 Kuala Lumpur  
Wilayah Persekutuan

### STOCK EXCHANGE LISTING

Main Market of  
Bursa Malaysia Securities Berhad

### REGISTERED OFFICE

No. 17 Jalan 2/149B  
Taman Sri Endah,  
Bandar Baru Sri Petaling  
57000 Kuala Lumpur  
Wilayah Persekutuan

Tel: 03-9057 1228  
Fax: 03-9057 1218

### HEAD OFFICE

No. 17 Jalan 2/149B  
Taman Sri Endah,  
Bandar Baru Sri Petaling  
57000 Kuala Lumpur  
Wilayah Persekutuan

Tel: 03-9057 1228  
Fax: 03-9057 1218  
Email: [corpinfo@willowglen.com.my](mailto:corpinfo@willowglen.com.my)  
Website: [www.willowglen.com.my](http://www.willowglen.com.my)

### SHARE REGISTRARS

Boardroom Share Registrars Sdn Bhd  
11th Floor, Menara Symphony  
No. 5, Jalan Prof. Khoo Kay Kim  
Seksyen 13  
46200 Petaling Jaya  
Selangor Darul Ehsan

Tel: 03-7890 4700  
Fax: 03-7890 4670

### PRINCIPAL BANKERS

CIMB Bank Berhad  
RHB Bank Berhad  
United Overseas Bank (Malaysia) Berhad



## PROFILE OF DIRECTORS

### ALFIAN BIN TAN SRI MOHAMED BASIR

Malaysian

**Chairman, Independent Non-Executive Director**



**Encik Alfian Bin Tan Sri Mohamed Basir** was appointed to the Board of Directors on 9 October 2003.

He is the Chairman of the Nomination & Remuneration Committee and a member of the Audit Committee of the Company.

Encik Alfian is a Chartered Accountant and a Member of Malaysian Institute of Accountants. He graduated from the University of Malaya with a Bachelor of Accounting (Hons) Degree.

Encik Alfian's career began at Ernst & Young PLT, Kuala Lumpur, a global accounting firm. Specialising in the financial sector, he gained a wealth of experience managing large financial audits and special due diligence assignments, in conjunction with the consolidation of the local banking sector, at various local financial institutions such as the former Bank Bumiputra Malaysia Berhad and the Utama Banking Group. His experience also extends internationally, including assignments at the Central Bank of Mongolia and other commercial banks in Mongolia.

Due to his keen interest in the ICT sector, he left Ernst & Young PLT in 2001 to set up an ICT and management consulting firm, TradeRoof Sdn. Bhd. Since then, he had ventured further into the ICT and telecommunications industry, being involved in a number of technology-based companies, particularly in Malaysia and Cambodia. He was the Independent Non-Executive Director of WTK Holdings Berhad from 27 February 2015 to 15 June 2022. Currently, he is an Independent Non-Executive Director of EUPE Corporation Berhad. In addition, he also currently sits on the Board of various private limited companies.

Encik Alfian does not have any family relationship with any Director and/or major shareholder of the Company. He also does not have any conflict of interest with the Company.

Encik Alfian has no conviction for any offences within the past five (5) years other than traffic offences, if any, nor any public sanction or penalty imposed by regulatory bodies during the financial year.

He attended all four (4) Board Meetings held in the financial year ended 31 December 2022.

Profile of Directors  
(cont'd)**WONG AH CHIEW**

Malaysian

**Group Managing Director**

**Mr. Wong Ah Chiew** joined the Board of Directors on 20 May 1998 as First Director of the Company and resigned on 30 July 1998. On 19 June 2000, he was re-appointed to the Board of Directors and subsequently appointed as Group Managing Director on 1 August 2013.

He is a member of the Corporate Announcement & Compliance Committee and Risk Management Committee of the Company.

Mr. Wong holds a Bachelor of Science Degree in Electrical and Electronic Engineering from the University of Strathclyde, Scotland. He started his career in 1973 as Assistant District Engineer with Perak River Hydro Electric Power Co. Ltd, where he worked until 1982.

In 1982, Mr. Wong left the public service to join Dindings Consolidated Sdn. Bhd. as a Director where he managed the development of the housing and commercial property projects undertaken by the group.

Some of these projects included Taman Dindings, Ayer Tawar; Taman Desa Aman, Teluk Intan; Taman Sri Setapak, Kuala Lumpur; Taman Damai Jaya, Johor and Taman Sri Endah, Kuala Lumpur. Mr. Wong has more than 30 years of experience in property development.

He was the Managing Director of MCB Holdings Berhad, formerly a company listed on Bursa Malaysia Securities Berhad, from 1 August 1992 to 28 November 1997. On 12 December 1997, he was appointed as Director of PJ Development Holdings Berhad and subsequently appointed as Managing Director on 1 January 2006 before his retirement on 31 July 2013.

Mr. Wong does not have any directorship in other public companies and listed issuers in Malaysia.

Mr. Wong is the father of Mr. Simon Wong Chu Keong, the Executive Director of the Company.

Mr. Wong has no conviction for any offences within the past five (5) years other than traffic offences, if any, nor any public sanction or penalty imposed by regulatory bodies during the financial year.

He attended all four (4) Board Meetings held in the financial year ended 31 December 2022.

## Profile of Directors (cont'd)

### **SIMON WONG CHU KEONG**

Malaysian

**Executive Director**



**Mr. Simon Wong Chu Keong** was appointed to the Board of Directors on 1 August 2013.

He is a member of the Corporate Announcement & Compliance Committee and Risk Management Committee of the Company.

Mr. Simon Wong holds a Bachelor of Commerce Degree from Murdoch University, Western Australia and a Post Graduate Diploma from the School of Information Systems at Curtin University, Western Australia.

He was a software engineer of the Company from 1998 to 1999.

Following his interest in the field of Information Technology (IT), Mr. Simon Wong then founded and held a director position in a privately owned company providing IT systems and related services.

From 2005 to 2013, he served in the property development and construction divisions within a public listed group and was also a director of several subsidiary companies within the group.

Mr. Simon Wong does not have any directorship in other public companies and listed issuers in Malaysia.

Mr. Simon Wong is the son of Mr. Wong Ah Chiew, the Group Managing Director of the Company.

Mr. Simon Wong has no conviction for any offences within the past five (5) years other than traffic offences, if any, nor any public sanction or penalty imposed by regulatory bodies during the financial year.

He attended all four (4) Board Meetings held in the financial year ended 31 December 2022.

## Profile of Directors (cont'd)

### TAN JUN

People's Republic of China  
**Executive Director**



**Ms. Tan Jun** was appointed to the Board of Directors on 1 October 2016.

Ms. Tan graduated with a Bachelor Degree in Electrical and Electronic Engineering from Shanghai JiaoTong University, China in 1989. She obtained her Master Degree in Engineering at the same university in 1992.

She started her career as a Lecturer in the Automatic Control Department in Shanghai JiaoTong University in 1992. She has taught various subjects and groomed many undergraduate students. She also served as a distinguished researcher in a Research and Development (R&D) group for national automation research projects in the university.

She came to Singapore in 1997 and joined Willowglen Services Pte. Ltd. ("WSPL") as a Software Engineer in the same year. She was involved in SCADA software development and project technical support. In 2002, she was promoted to Software Manager, leading the software design and project development team. With her strong technical knowledge, she also actively engaged in sales and marketing to promote company products and solutions. In 2008, she was promoted to General Manager where she was overall in charge of WSPL's project operations and performance. In year 2011, she was promoted to Chief Executive Officer, a position she holds until today, where she is responsible for all day-to-day management decisions and business performance of WSPL.

Ms. Tan does not have any directorship in other public companies and listed issuers in Malaysia.

Ms. Tan does not have any family relationship with any Director and/or major shareholder of the Company.

Ms. Tan has no conviction for any offences within the past five (5) years other than traffic offences, if any, nor any public sanction or penalty imposed by regulatory bodies during the financial year.

She attended all four (4) Board Meetings held in the financial year ended 31 December 2022.

## Profile of Directors (cont'd)

### **WANG SHI TSANG**

Malaysian

**Senior Independent Non-Executive Director**



**Mr. Wang Shi Tsang** was appointed to the Board of Directors on 27 June 2002.

He is the Chairman of the Audit Committee and a member of the Corporate Announcement & Compliance Committee, Nomination & Remuneration Committee and Risk Management Committee of the Company.

Mr. Wang holds a Master of Science Degree in Taxation from U.S.A. He is a Fellow of the Chartered Tax Institute of Malaysia and an Associate Member of the Malaysian Institute of Chartered Secretaries & Administrators.

Mr. Wang had served the Inland Revenue Department (now known as the Inland Revenue Board) from 1977 to 1991. He held the post of Assistant Director prior to joining the corporate sector. From 1 September 1991 to 28 August 2012 he worked in the Corporate Affairs Department of a large listed company dealing with both corporate and tax matters and last held the position of Senior Manager-Corporate Affairs & Taxation. From 29 August 2012 to 31 August 2017 he served as the Senior Manager-Tax in the same company's Finance Department. Besides providing tax consultancy services, he was responsible for problem-solving and trouble-shooting in various tax matters and managing the company's Goods and Services Tax.

Mr. Wang does not have any directorship in other public companies and listed issuers in Malaysia.

Mr. Wang does not have any family relationship with any Director and/or major shareholder of the Company. He also does not have any conflict of interest with the Company.

Mr. Wang has no conviction for any offences within the past five (5) years other than traffic offences, if any, nor any public sanction or penalty imposed by regulatory bodies during the financial year.

He attended all four (4) Board Meetings held in the financial year ended 31 December 2022.

## Profile of Directors (cont'd)

### AU CHUN CHOONG

Malaysian

**Independent Non-Executive Director**



**Mr. Au Chun Choong** was appointed to the Board of Directors on 1 August 2013.

He is a member of the Audit Committee, Nomination & Remuneration Committee and Risk Management Committee of the Company.

Mr. Au is a Fellow of the Association of Chartered Certified Accountants, an Associate Member of the Institute of Chartered Secretaries and Administrators, London, United Kingdom and a member of the Malaysian Institute of Accountants.

He has vast experience in tax and finance in public accounting firms.

He was attached to the Inland Revenue Department in Perak for several years. He left public service in 1980 and joined several public accounting firms as tax manager and financial consultant.

Mr. Au was the Non-Executive Director of Luxchem Corporation Berhad from 15 May 2008 to 13 March 2020. He was also the Independent Non-Executive Director of PJ Development Holdings Berhad from 30 December 1989 to 31 July 2013.

Mr. Au does not have any directorship in other public companies and listed issuers in Malaysia.

Mr. Au does not have any family relationship with any Director and/or major shareholder of the Company. He also does not have any conflict of interest with the Company.

Mr. Au has no conviction for any offences within the past five (5) years other than traffic offences, if any, nor any public sanction or penalty imposed by regulatory bodies during the financial year.

He attended all four (4) Board Meetings held in the financial year ended 31 December 2022.



## Profile of Directors (cont'd)

### **TEH CHEE HOE**

Malaysian

**Independent Non-Executive Director**



**Mr. Teh Chee Hoe** was appointed to the Board of Directors on 5 February 2018.

He is a member of the Audit Committee and Nomination & Remuneration Committee of the Company.

Mr. Teh graduated from the Nanyang Technological University (NTU), Singapore with a Bachelor Degree in Materials Engineering.

He started his career as a Programmer in Silverlake System Pte. Ltd. in 1998. He was the Business Development Director of ExtendedSys Pte. Ltd. from 1999 to 2001. In 2001 to 2004, he was the Director of Konsortium Multimedia Swasta Sdn. Bhd. In 2004, he founded Vibrant Bridge Sdn. Bhd., and he worked as the Managing Director until 2009. In 2008, he co-founded dJava Factory Sdn. Bhd., and he is the Chief Operating Officer of dJava Factory Sdn. Bhd. He is also an Executive Director of Arctiquator Sdn. Bhd. since 2008. From 2016 to 2017, he served as the Chief Executive Officer of Scan Associates Berhad.

Presently, he is the Executive Director of Revenue Group Berhad. Save as disclosed above, Mr. Teh does not have any other directorship in other public companies and listed issuers in Malaysia.

Mr. Teh does not have any family relationship with any Director and/or major shareholder of the Company. He also does not have any conflict of interest with the Company.

Mr. Teh has no conviction for any offences within the past five (5) years other than traffic offences, if any, nor any public sanction or penalty imposed by regulatory bodies.

He attended all four (4) Board Meetings held in the financial year ended 31 December 2022.

## Profile of Directors (cont'd)

### SYED FEISAL ALHADY

Malaysian

**Independent Non-Executive Director**



**Mr. Syed Feisal Alhady** was appointed to the Board of Directors on 1 September 2018.

He is a member of the Audit Committee and Nomination & Remuneration Committee of the Company.

Mr. Alhady graduated from the South Bank Polytechnic, London with a Bsc (Honors) in Mechanical Engineering in 1982.

Mr. Alhady started his career with Esso Production Malaysia Inc in 1982 as an Offshore Construction Supervisor / Engineer. In 1991, he set up Divtech (Malaysia) Sdn. Bhd., Malaysia's first Diving & ROV company and served as the Managing Director. From 1996 to 2008, he served as the Managing Director of Global Offshore Malaysia Sdn. Bhd. In 2008, he set up 2H Offshore Engineering Sdn. Bhd. and served as an Executive Director. In the same year, he established Tidal Resources Sdn. Bhd. and served as the Managing Director of the Company. From 2010, he served as the Managing Director of Subsea 7 Malaysia Sdn. Bhd., a position he holds until today.

Mr. Alhady does not have any directorship in other public companies and listed issuers in Malaysia.

Mr. Alhady does not have any family relationship with any Director and/or major shareholder of the Company. He also does not have any conflict of interest with the Company.

Mr. Alhady has no conviction for any offences within the past five (5) years other than traffic offences, if any, nor any public sanction or penalty imposed by regulatory bodies.

He attended all four (4) Board Meetings held in the financial year ended 31 December 2022.

## PROFILE OF KEY SENIOR MANAGEMENT

### TAN CHUN CHEE • Chief Operating Officer

**Nationality/Age/  
Gender:**  
Malaysian/55/Male

**Date of Appointment:**  
6 January 2020

**Academic/Professional  
Qualification(s):**

- Master of Business Administration in Manchester Business School, United Kingdom
- Degree in Mechanical Engineering in University of Manchester Institute of Science and Technology, United Kingdom

**Working Experience:**

- Mr. Tan career spans more than 30 years in several leading technology companies including DXC Technology / Hewlett Packard Enterprise, Dell, Intel Corporation, IBM and management consulting practice.
- He has extensive experience in leading large teams from multiple geographical locations and was involved in large scale programs in various industry domains including transit and rail, fin-tech, semiconductor discrete manufacturing, corporate Information Technology digital transformation, software engineering Research and Development and automation and has delivered solutions to Fortune 500 companies in a global context.

### NIK AZLAN BIN NIK YUSOFF • Chief Technical Officer

**Nationality/Age/Gender:**  
Malaysian/51/Male

**Date of Appointment:**  
1 June 2010

**Academic/Professional  
Qualification(s):**

- Dual degrees in Electrical Engineering and Computer Science from Washington University, St. Louis, United States

**Working Experience:**

- He began his career in 1994 with Sapura Advance Systems.
- He joined CAE Inc Canada as flight control engineer then later as technical leader for autopilot group. Upon returning he had a brief stint at Motorola and Vedel IT services. At both company he was a lead software architect for product such as digital two way radio and wind turbine control systems. He joined Willowglen MSC Berhad in 2010 as Chief Technical Officer and responsible for the Company's Research and Development Department.

### CHEW NYUK SEONG • General Manager – Finance & Corporate Secretarial

**Nationality/Age/Gender:**  
Malaysian/52/Male

**Date of Appointment:**  
1 January 2014

**Academic/Professional  
Qualification(s):**

- Member of the Malaysian Institute of Accountants
- Association of Chartered Certified Accountants
- Institute of Chartered Secretaries and Administrators

**Working Experience:**

- He began his career in 1994.
- In 2002, he joined Willowglen (Malaysia) Sdn. Bhd. ("WMSB") as an Accountant. In 2004, he left WMSB to join Dindings Consolidated Sdn. Bhd. as the Manager in charge of Accounts and Finance. He joined Willowglen MSC Berhad in 2007 and since then he has been actively involved in the financial and accounting matters of the Group.

## Profile of Key Senior Management (cont'd)

### PHAN VEE YEE • General Manager – SCADA

**Nationality/Age/  
Gender:**

Malaysian/51/Male

**Date of Appointment:**

1 August 2012

**Academic/Professional  
Qualification(s):**

- Master of Science Degree in Mechatronics, De Montfort University, United Kingdom
- Diploma in Electronics Engineering, Tunku Abdul Rahman College, Malaysia
- British Engineering Council Part 1 & Part II in Electronics Engineering

**Working Experience:**

- He began his career in 1995.
- In December 1999, he joined WMSB in the project department. In his current position, his main responsibility in WMSB are project management, planning, lead and train up the project department key personnel and provides support to the marketing team of SCADA business unit.

### KON CHIN HEONG • General Manager – IMS

**Nationality/Age/Gender:**

Malaysian/46/Male

**Date of Appointment:**

1 July 2012

**Academic/Professional  
Qualification(s):**

- Diploma in Electrical Engineering, Universiti Teknologi Malaysia
- Degree of Information Technology, University Malaya

**Working Experience:**

- He began his career in 1999.
- In 2002, he joined Willowglen Group as Purchasing Engineer. In 2012, he was appointed to current position and responsible in achieving of sales target and profitability of IMS business unit.

### LEE MOOI SUM • Head of Software Engineering, R&D Software

**Nationality/Age/Gender:**

Malaysian/50/Female

**Date of Appointment:**

1 January 2012

**Academic/Professional  
Qualification(s):**

- Bachelor of Science in Electrical Engineering, University of Kentucky, Lexington, USA

**Working Experience:**

- She began her career in 1995.
- In 2000, she joined Willowglen MSC Berhad as Software Engineer. In 2012, she was appointed as Senior Software Manager and responsible to manage and lead the software development unit and in charge of Company's SCADA package. She was promoted to her current position in 2020.

## Profile of Key Senior Management (cont'd)

### **CHEONG FONG HOON** • Head of Business Development Division

<b>Nationality/Age/Gender:</b> Singaporean/69/Male	<b>Academic/Professional Qualification(s):</b> <ul style="list-style-type: none"> <li>Diploma in Electronic Engineering, Ngee Ann Technical College Singapore</li> <li>Diploma in Marketing Management, Ngee Ann Polytechnic</li> <li>Diploma in Marketing, The Institute of Marketing, UK</li> </ul>	<b>Working Experience:</b> <ul style="list-style-type: none"> <li>He began his career in 1976.</li> <li>He joined Willowglen Services Pte. Ltd. ("WSPL") in 1988 and was shortly designated as the Manager of the Special Projects Division. His duties were to oversee the implementation and maintenance of SCADA systems for PowerGrid Ltd., PowerGas Ltd. and the Ministry of Environment. In 2000, he moved to the Business Development Division as a Business Development Manager. Mr. Cheong was promoted to his present position, where he is responsible for developing and managing WSPL's clientele base.</li> </ul>
<b>Date of Appointment:</b> 2 August 2012		

### **LEE BENG HONG** • Head of Project Division

<b>Nationality/Age/Gender:</b> Singaporean/63/Male	<b>Academic/Professional Qualification(s):</b> <ul style="list-style-type: none"> <li>Diploma in Electronics &amp; Telecommunication Engineering, Singapore Polytechnic</li> <li>Graduate Diploma in Business Administration, Singapore Institute of Management (SIM)</li> <li>Specialist Diploma in Construction Productivity</li> </ul>	<b>Working Experience:</b> <ul style="list-style-type: none"> <li>He began his career in 1981.</li> <li>He joined WSPL as an Engineer in 1989. He was involved in projects and maintenance jobs during his tenure as an engineer. In his current position, he is also responsible for the business development particularly in sourcing projects and maintenance jobs related to HDB and Town Councils' Tele-monitoring Systems.</li> </ul>
<b>Date of Appointment:</b> 2 August 2012		

### **KOH BENG BOON** • Head of Purchasing/Hardware Division

<b>Nationality/Age/Gender:</b> Singaporean/64/Male	<b>Academic/Professional Qualification(s):</b> <ul style="list-style-type: none"> <li>Diploma in Electrical and Electronics Engineering, Ngee Ann Technical College of Singapore</li> </ul>	<b>Working Experience:</b> <ul style="list-style-type: none"> <li>He began his career in 1981.</li> <li>He joined WSPL in 1988. In his current position, he is responsible for all hardware support related functions on projects undertaken by WSPL. This includes planning, directing and controlling the entire procurement function of the company. He is also responsible for WSPL's in-house workshop and store operations for the production, quality inspection, hardware integration, testing and warranty repair of the hardware cards of RTU.</li> </ul>
<b>Date of Appointment:</b> 2 August 2012		

## Profile of Key Senior Management (cont'd)

### LIU EET SIN • Head of Software Division

**Nationality/Age/  
Gender:**

Singaporean/59/Male

**Date of Appointment:**  
1 October 2013

**Academic/Professional  
Qualification(s):**

- Diploma in Electronics & Communication Engineering, Singapore Polytechnic

**Working Experience:**

- He began his career in 1981.
- He joined WSPL in 1989. He has been working on Object-Oriented Design and Analysis with extensive experience with the full cycle of software development namely design specification, implementation FAT, SAT and maintenance related type of specialities.

### SIM HOCK SOON • Head of Project Division

**Nationality/Age/Gender:**  
Singaporean/49/Male

**Date of Appointment:**  
1 February 2017

**Academic/Professional  
Qualification(s):**

- Diploma in Electronic Engineering, Nanyang Polytechnic
- Specialist Diploma in Construction Productivity
- Bachelor Degree in Computer Science, Open University UK, Singapore Institute of Management (SIM)

**Working Experience:**

- He began his career in 1996.
- He joined WSPL in 2001 as Assistant Software Engineer.
- He was transferred to Projects Division as Project Engineer in 2003 and was promoted as Project Manager in 2010. He had involved in multiple projects and maintenance jobs related to ELV, SCADA and PLC. He was promoted to his current position in 2017.

### WONG GUANG SHING • Head of Business Development Division

**Nationality/Age/Gender:**  
Singaporean/53/Male

**Date of Appointment:**  
1 May 2019

**Academic/Professional  
Qualification(s):**

- Degree of Computer Science, University of Essex, United Kingdom
- Degree of Master of Technology (Software Engineering), National University of Singapore

**Working Experience:**

- He began his career in 1993.
- He joined WSPL in 1995 as a Software/Project Engineer involved in software development and in various SCADA projects implementation.
- In year 2000, he was promoted to Project Section Manager. His duties were to oversee & manage implementation and maintenance of SCADA systems for Education Sector, Healthcare Sector and from the Water Authority (PUB).
- In 2005, he moved to the Business Development Division as Business Development Manager and was responsible in pursuing business opportunities in Edu, Healthcare, Water, Transport, and IT sector.
- In 2019, he is promoted to Deputy Head position, where he is responsible for managing WSPL's sales team, and to prospect and develop WSPL clientele base and businesses. He was promoted to his current position in 2020.



## Profile of Key Senior Management (cont'd)

### **ALICIA PANG SHIOW YUN** • Senior Finance Manager

**Nationality/Age/**

**Gender:**

Malaysian/49/Female

**Date of Appointment:**

1 June 2020

**Academic/Professional**

**Qualification(s):**

- Bachelor of Arts (Economics), University of Malaya, Malaysia

**Working Experience:**

- She began her career in 1998.
- She joined WSPL in 2009 as an Accountant involved in full spectrum of accounting and treasury functions.
- In year 2016, she was promoted to Finance Manager and was responsible for managing finance, accounting, treasury and tax functions for local and overseas entities. She was promoted to her current position in 2020.

**Save as disclosed, none of the Key Senior Management has:-**

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

## AUDIT COMMITTEE REPORT

### COMPOSITION OF THE AUDIT COMMITTEE

Chairman : **WANG SHI TSANG**  
(Senior Independent Non-Executive Director)

Members : **ALFIAN BIN TAN SRI MOHAMED BASIR**  
(Independent Non-Executive Director)

**AU CHUN CHOONG**  
(Independent Non-Executive Director)

**TEH CHEE HOE**  
(Independent Non-Executive Director)

**SYED FEISAL ALHADY**  
(Independent Non-Executive Director)

The composition of the Audit Committee (“AC”) is in compliance with Paragraph 15.09 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Main LR”) and Step Up Practice 9.4 of the Malaysian Code on Corporate Governance, whereby the AC comprises solely Independent Non-Executive Directors. In addition, none of the Directors of the Company has appointed Alternate Directors.

The members of the AC meet the requisite qualifications under Paragraph 15.09(1)(c) of the Main LR.

Neither of the AC members was previously a partner in the incumbent External Auditors, Messrs. Baker Tilly Monteiro Heng PLT (“BTMH PLT”), in the previous three (3) years, nor did any of the AC members hold any financial interest in BTMH PLT.

Mr. Wang Shi Tsang (Senior Independent Non-Executive Director), the Chairman of the AC is not the Chairman of the Board. In this respect, the Company is in compliance with Paragraph 15.10 of the Main LR and Practice 9.1 of the Malaysian Code on Corporate Governance.

### TERMS OF REFERENCE

The Terms of Reference of the AC are available for reference on the Company’s website at [www.willowglen.com.my](http://www.willowglen.com.my).

## Audit Committee Report (cont'd)

### MEETINGS ATTENDANCE

The AC held a total of five (5) meetings during the financial year ended 31 December 2022 (“**FYE 2022**”).

The details of attendance of the respective members at the AC meetings held during the year under review are as follows:-

<b>AC</b>	<b>Attendance of AC Meetings</b>	<b>%</b>
Wang Shi Tsang	5/5	100%
Alfian Bin Tan Sri Mohamed Basir	5/5	100%
Au Chun Choong	5/5	100%
Teh Chee Hoe	5/5	100%
Syed Feisal Alhady	5/5	100%

The AC meetings were held on 24 February 2022, 25 March 2022, 25 May 2022, 24 August 2022 and 16 November 2022.

The General Manager – Finance was invited to all AC meetings to facilitate direct communications and provide clarifications on financial reports. Minutes of AC meetings are circulated to all AC members for confirmation and approval at the succeeding AC meetings and subsequently presented to the Board of Directors (“**Board**”) for notation.

The Chairman of the AC briefed the Board on matters of significant concern discussed during the AC meetings held prior to the Board Meetings. The applicable recommendations of the AC were presented by the AC’s Chairman at the Board meeting for the Board’s approval.

### SUMMARY OF THE WORK OF THE AC

During the FYE 2022, the AC had carried out the following work activities, which are in line with its duties, functions and responsibilities as set out in its Terms of Reference:-

#### **A. Financial Performance and Reporting**

The AC had reviewed the Company’s unaudited quarterly financial statements for the financial quarters ended 31 December 2021, 31 March 2022, 30 June 2022 and 30 September 2022 and recommended the same to the Board for approval.

The AC reviewed the unaudited quarterly financial statements to ensure that they were prepared according to the provision of the Companies Act 2016 and Main LR, as well as the applicable Malaysian Financial Reporting Standards and International Accounting Standards.

Besides, the AC also discussed the financial performance and updates on the corporate and business development of the Company and its subsidiaries (“**the Group**”) on a quarterly basis.

## Audit Committee Report (cont'd)

### SUMMARY OF THE WORK OF THE AC (CONT'D)

#### A. Financial Performance and Reporting (Cont'd)

During the FYE 2022, the AC had reviewed the Company's Audited Financial Statements for the financial year ended 31 December 2021 ("FYE 2021") to ensure that the financial statements and disclosures presented a true and fair view of the Company's financial position and performance for the said year, and recommended the same to the Board for approval.

Subsequent to the FYE 2022, the AC having reviewed the Audited Financial Statements of the Company and the Group for the FYE 2022, and recommended the same to the Board for approval.

#### B. External Audit

On 24 February 2022, the AC reviewed the AC Memorandum, which summarised the significant audit findings arising from the statutory audit of the Company and the Group for the FYE 2021. BTMH PLT had also confirmed that they were not aware of any fraud related incidents that rendered reporting to the AC.

On 16 November 2022, the AC reviewed and discussed the Audit Plan for the FYE 2022 prepared by BTMH PLT, which outlined the audit scope, statutory timeline and audit timeframe, areas of focus, fraud consideration and the audit risk assessment, key audit matters, tax corporate governance framework and audit fees.

During the FYE 2022, the AC had two (2) private sessions with BTMH PLT without the Executive Directors' and management personnel's presence to enquire if BTMH PLT had encountered issues during their audit that needed to be brought to the attention of the AC.

BTMH PLT confirmed that they will continuously comply with the relevant ethical requirements regarding independence with respect to the audit of the financial statements of the Company and the Group for the FYE 2022 in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards).

Subsequent to the FYE 2022, the AC reviewed the AC Memorandum which summarised the significant audit findings arising from the statutory audit of the Group and of the Company for the FYE 2022, including the key audit matter raised and Management's response to the internal control highlighted by BTMH PLT in the course of their statutory audit.

The AC reviewed the performance of BTMH PLT and was satisfied with their performance, quality of communication, sufficiency and allocation of resources, competency as well as timelines in completing the audit and recommended the re-appointment of BTMH PLT for the financial year ending 31 December 2023 to the Board for approval by its shareholders at the forthcoming Twenty-Fifth Annual General Meeting.

## Audit Committee Report (cont'd)

### SUMMARY OF THE WORK OF THE AC (CONT'D)

#### C. Internal Audit

- (a) Reviewed and approved the Internal Audit Plan for the FYE 2022 noting the key processes and risk areas for the internal audit scope coverage.
- (b) Evaluated the performance of the Internal Auditors, including the competency, experience, resources, independence and objectivity, and made recommendation to the Board on their appointment and audit fees.
- (c) Reviewed the Internal Audit Reports on the effectiveness and adequacy of internal controls, risk management, operational, compliance and governance processes of the Group, including management's responses thereto and the implementation of management's action plans on outstanding issues and recommendations were being properly addressed and corrected on a timely basis.

During the financial year under review, the Internal Auditors conducted the audit reviews according to the approved audit plan and areas of concern that require further improvement were highlighted in the internal audit reports.

Areas covered by the internal audit included the assessment of internal controls implemented by Management in managing the risks associated with the operating processes covering Business Development and Project Management.

#### D. Risk Management

The AC reviewed and discussed the reports containing the results of the risk updates deliberated at the Management-level Risk Management Committee meetings as follows:-

- Financial Risks
- Operational Risks

During the FYE 2022, the AC noted that the Risk Management Committee had been renamed as the Risk and Sustainability Management Committee and will incorporate sustainability matters in the meeting.

#### E. Related Party Transactions

- (i) Reviewed the quarterly reports on recurrent related party transactions of a revenue or trading Nature and related party transactions for compliance with both in-house procedures and the Main LR.
- (ii) Reviewed the Circular to Shareholders in relation to the proposed renewal of shareholders' mandate for recurrent related party transactions of a revenue or trading nature and recommended the same to the Board for approval.

## Audit Committee Report (cont'd)

### SUMMARY OF THE WORK OF THE AC (CONT'D)

#### F. Other Matters

- (i) Reviewed the Statement to Shareholders in relation to the proposed renewal of share buy-back authority for the Company to purchase its own shares of up to ten percent (10%) of the total number of issued shares of the Company and recommended the same to the Board for approval.
- (ii) Reviewed the disclosures in AC Report and Statement on Risk Management and Internal Control and recommended the same to the Board for approval for inclusion in the Annual Report in respect of the FYE 2021.
- (iii) Reviewed and confirmed the minutes of the AC meetings.
- (iv) Reviewed the revised AC Terms of Reference and recommended the same to the Board for approval.
- (v) Reviewed the Environmental, Social and Governance (“ESG”) presentation by an ESG consultant.
- (vi) Reported to the Board on the proceedings of each AC meeting.
- (vii) Assessed the performance of each AC member by his peers vide a formalised evaluation form for the purpose of assisting the Nomination & Remuneration Committee in reviewing the term of office and performance of the AC and each of its members annually to determine whether they have carried out their duties properly in accordance to the Terms of Reference.

### INTERNAL AUDIT FUNCTION

The Group has outsourced the internal audit function to an independent professional firm (“OIA”), which reports directly to the AC, to assist the AC in ensuring the adequacy and effectiveness of the Group’s risk management and internal control systems.

The internal audit was carried out by the OIA in accordance with the recognised framework, which includes the Standards in the International Professional Practices Framework (“IPPF”) issued by the Institute of Internal Auditors.

With the OIA being put in place, remedial action can be taken in relation to weaknesses identified and noted in the systems and controls of the respective operating units.

The OIA had carried out an internal audit review on the Business Development function of the Group’s Malaysia operation. They have also conducted a review on the Project Management function of the Singapore operation.

The AC had reviewed the findings identified, deliberated on the Management’s responses thereto and communicated with the Management to implement the proposed improvement action plans accordingly. Summary reports which provided status updates to the implementation of management action plans on the findings reported in the Internal Audit Reports for all the previous audit cycles reviewed were presented to the AC.

The Board had, via the AC, evaluated the effectiveness of the internal audit function by reviewing the results of its work in the AC meetings.

The total cost incurred for the outsourced internal audit function of the Group during the year under review amounted to RM23,630 inclusive of disbursements (FY2021: RM20,158).



# MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS AND OPERATIONS REVIEW

For the financial year under review, the Group has achieved a historically high Revenue of RM 193 million despite experiencing challenging business environment. Rising cost pressures, lack of material supply and shortage of capable engineers have affected the work progress and performance of the Group.

The Malaysia operations has secured and in the process of implementing a project involving integrated supervisory control systems for a rail network between Malaysia and Singapore. The Group has also been awarded a contract on Integrated Management System for a Smart district and is currently working on the Integrated Control Centre Project for a Klang Valley rail transit system which integrates all the railway operations to provide an integrated rail operation in a single control center .

In Singapore, the Group has successfully deployed an open-architecture physical security integrated management system, which provides a one-stop unified structure platform for entire security operations by the high-level seamless integration with different security systems. The modular and extendable technology enables the command control center to manage data from various security sub-systems. The successful deployment of the system has improved the Group's security solution capability.

The Group has delivered Phase 1 of the airport contract using a new concept of communication network, Gigabit Passive Optical Network ("GPON") in the project. As there is a huge security system leasing market, the Group has embarked on providing cloud-based CCTV solutions with leasing services to the customers.

During the year, the Singapore operations has been accredited ISO 27001 certification, an international standard that outlines and provides a framework for Information Security Management Systems ("ISMS") to mitigate risk and to safeguard business critical data through identification, analysis and actionable controls.

The operations of the Group are subject to a number of risk and the Group has put in place a sound system of internal control and risk management framework to mitigate these risks. Increase in material and manpower cost, lack of material supply and project site delays will continue to be the main challenges of the Group. The Group is managing the situation actively to minimize the impact on the operations and project margins.

## Management Discussion and Analysis (Cont'd)

### RESEARCH AND DEVELOPMENT (R&D)

Companies wishing to get ahead and stay ahead of competitors need a robust R&D strategy that makes the most of their innovation investments. Our strategy has been defined as a clear set of interrelated decisions across organizational architecture, priority markets, project portfolios, people, and company processes. Executing R&D strategy however will require continuous capital investment and the biggest portion is the manpower either through direct hiring or outsourcing. Having a big team of experienced engineers allows us to quickly alter product development targets to meet immediate customer needs. We conduct research and development worldwide to develop new products and services to improve clients' operations. Further optimizing the relevance and efficiency of our research and development activities – either on our own or in cooperation with third parties – is one of our top priorities.

One of the strategic development projects currently undertaken is to design our flagship Xentral software based on EN50128 Safety Integrity Level 2 standard. This European Standard specifies the process and technical requirements for the development of software for use in railway control and protection applications. Upon certification, the Xentral software can be deployed in any area where there are safety implications. It'll be one of very few generic Integrated Supervisory and Control System ("ISCS") software to earn such certification in the world. The certified software will give an edge to Willowglen when exploring local and overseas markets which were previously blocked due to strict safety requirements.

Investment in development of remote terminal units ("RTU") for the power industry during the past few years is also showing success. Up to 2022, more than 5,000 units of various types of RTU have been sold to a local power utility company. Willowglen now has a complete suite of RTUs for power distribution applications. More developments are ongoing to meet the regional RTU requirements.

Our R&D investments in 2023 is expected to increase to meet our development target, especially for Xentral. To move ahead and to realize the Willowglen aspirations to be a world class company, investment in R&D will continue to be a priority.

## Management Discussion and Analysis (Cont'd)

### FINANCIAL REVIEW

For the financial year ended 31 December 2022, the Group's revenue has increased by 12.39% to RM192.53 million from RM171.30 million last financial year. The Group profit for the financial year increased marginally to RM15.33 million from RM15.22 million recorded in the last financial year. The higher profit for the financial year is mainly due to higher turnover but the profit for the financial year did not increase in the same proportion as the turnover as a result of the recognition of income from lower margin projects and higher operating overheads.

The Group's main markets continue to be Malaysia and Singapore. The Malaysia and Singapore operations contributed 27.71% and 72.29% of the Group's revenue respectively. Revenue contributed by the Malaysia and Singapore operations has improved by 4.86% and 15.57% respectively compared to last financial year. Contribution from our associate in Canada has increased to RM1.08 million compared to RM910,000 in the last financial year.

The Group's basic earnings per ordinary share increased to 3.17 sen as compared to 3.14 sen in last financial year. Our net assets per share has increased to 41.0 sen as at 31 December 2022 from 38.0 sen in 2021.

The Group's net cash and investment securities amounted to RM 58.36 million, with no borrowings. In 2022, the Group has invested RM 5.13 million in R&D activities and incurred RM 996,000 in capital expenditure.

The Board of Directors has approved a final single-tier dividend of 1.5 sen per ordinary share for the financial year ended 31 December 2022. The entitlement and payment dates for the dividend are on 27 April 2023 and 18 May 2023 respectively.

### MOVING FORWARD

The industry continues with the trend of innovation and development in transformative technologies such as artificial intelligence ("AI"), the internet of things ("IoT"), cloud computing and super-fast network protocols. Supervisory Control and Data Acquisition ("SCADA") and Integrated Security systems are becoming more integrated with other industrial technologies, such as analytics, big data, and machine learning, to provide more comprehensive and sophisticated control and monitoring capabilities, address the full range of security risks faced by organizations.

Remote monitoring is growing rapidly as systems become more connected and accessible over the internet. Cloud-based solutions for augmented working, hybrid and remote working, business decision-making and creative workloads enable organizations to create 'intelligent enterprises' which are scalable and cost-effective in the execution of operations. The roll-out of 5G networks and the growth of Low Power Wide Area Network ("LPWAN") is expected to greatly improve the connectivity and reliability of IoT devices and systems, enabling the continued expansion of IoT applications. IoT devices and sensors are becoming a critical component of SCADA and Integrated Security industry.

## Management Discussion and Analysis (Cont'd)

### MOVING FORWARD (CONT'D)

The adoption of intelligent business decision-making solutions (using data analytics/machine learning/AI technologies) will be in demand as organizations take proactive steps to optimize their business processes to improve productivity and its bottom line. This drives the use of IoT technology that collect and interpret the data collected by industrial machines and then provides information about the process to improve efficiency, save production cost, detect new business opportunities and consumer trends, and promote product innovation. With the increasing use of connected SCADA and Integrated Security systems, there is a growing concern about cybersecurity threats, such as hacking and data theft. This has led to a focus on improving the security of SCADA and Integrated Security systems and ensuring that they are protected against potential security breaches.

Robotic Process Automation (“RPA”) solutions will overcome manpower shortages by automating business processes such as data collections, interpreting applications, processing transactions. RPA automates repetitive tasks that are used to be done by employees, allowing them to focus on more creative and productive tasks. The Group will seek for business opportunities using these solutions.

In response to growing demand for eco-friendly products, companies are required to ensure that environmental, social and governance (ESG) has been taken into account in their business processes. This will lead and drive the adoption of green energy power and storage systems where energy monitoring and smart automation solutions are required. There will be more business opportunities for solar power systems, alternative power systems, electric vehicle charging facilities and other energy green mark systems.

With the aviation sector gradually recovering after the global covid pandemic, works have resumed for new airport facilities. The Group is working on more opportunities in Communication Network, SCADA and Integrated Security for these new infrastructures.

Moving forward, the Group will continue to pursue business opportunities in the transportation, power, telecommunications, healthcare and water market, not only using our SCADA and integrated security solutions, but also communication solutions. Despite the competitive business environment, the Group remains committed to deliver an improved financial performance for the financial year ended 31 December 2023.

#### **Wong Ah Chiew**

Group Managing Director

# SUSTAINABILITY STATEMENT

## INTRODUCTION

As a leading provider of technological solutions, Willowglen MSC Berhad (“Willowglen”, or “the Group”) is committed to embed sustainability practices into all our business areas and contribute to the sustainable development of the environment, marketplace, workplace and community.

Our pursuit of innovation extends to enhancing our transparent and sustainable business practices. Acknowledging the importance of creating long-term values for the Group and our stakeholders, we are committed to addressing our sustainability efforts for the greater good of all.

Our sustainability efforts cover three areas, Economic, Social and Environmental, and the relevant stakeholders within these areas that play a role in the long-term growth of the Group.

The Group views all stakeholders with equal importance in our sustainability efforts. We have identified the relevant categories for stakeholders and assigned communication channels for engagement.

- Investors - Annual Sustainability Report, communication through the company website, AGM/EGM, conferences and tradeshows where necessary, investor relations.
- Customers - Engagement with client relationship managers/marketing representatives, customer satisfaction survey.
- Regulators - risk management, business practice audit.
- Employees - Empowerment of the workforce, upskilling, employee newsletter.
- Communities – Forging partnerships in strategic employee volunteer programmes and working on green and climate impact themed projects.

## ABOUT THIS STATEMENT

This Sustainability Statement highlights our efforts, achievements, risks, and areas of opportunity in the Group's operations in Malaysia and Singapore for the financial year ended 31 December 2022 (“FY2022”).

This Statement covers all aspects that are material to Willowglen and present a significant impact to our stakeholders from an Environmental, Social and Governance (“ESG”) perspective. Among the identified material topics are climate change, natural resources, talent and labour, and others.

This Statement demonstrates how sustainability comes under the oversight of the Board of Directors and Senior Management, which is achieved through a robust sustainability governance structure. The management approach for material ESG topics, statistical data that discloses Group performance against as well as future plans are contained within this Statement.

## Sustainability Statement (cont'd)

### ABOUT THIS STATEMENT (CONT'D)

#### Reporting Scope And Boundaries

This statement is scoped to the business operations and activities of the holding Company and its subsidiaries.

Excluded are outsourced activities or activities and operations of associates/joint venture companies over which the Group does not have management control.

In FY2022, there were no significant changes to our supply chain. Business and operational risks were managed according to the Group's risk management framework, which is covered as part of stakeholder engagement.

The Group is cognisant that data-gathering challenges still exist for certain indicators. We are in the process of implementing more robust data tracking and gathering mechanisms to close these reporting gaps.

Any forward-looking statements such as targets, future plans, operations and forecast figures are based on reasonable current assumptions. Readers are advised not to place undue reliance on such statements as our business is subject to risks and uncertainties beyond the Group's control. Actual results may differ.

### SUSTAINABILITY GOVERNANCE AND FRAMEWORK

At Willowglen, good governance plays a central role in achieving the Group's objectives. Beyond the Group's activities, the governance structure also looks to drive ESG principles throughout the value chain.

The Group recognises the importance on conducting our business in a sustainable manner and in accordance with the applicable laws and principles of good governance and the highest standards of integrity. We are committed to comply with the principles of the Malaysian Code of Corporate Governance and strive to uphold sound and transparent management practices in line with industry standards.

Board of Directors	Maintains strategic oversight on ESG and the overall responsibility on the Group's sustainability matters, its direction and performance.
Senior Management	Responsible for managing, monitor and reviewing sustainability matters according to the Group's policies and practices
Working Level	Ensure the implementation and alignment of ESG plans across the Group

#### Board oversight on ESG

The Group's Board of Directors has the overall responsibility of overseeing the Group's sustainability matters, its direction and performance. The management team, led by the Executive Directors, is responsible for managing, monitoring and reviewing the sustainability matters of the Group, in accordance with the established policies and practices.

## Sustainability Statement (cont'd)

### **SUSTAINABILITY GOVERNANCE AND FRAMEWORK (CONT'D)**

The Board strives to ensure fair and transparent remuneration, promoting positive outcomes in tandem with the achievement of ESG-linked targets. The Board has direct oversight of ESG matters, related risks and opportunities over the short, medium and long-term.

#### **Sustainability risks and opportunities**

The Group adopts a pragmatic approach in Systematic Risk Management by constantly assessing and managing the financial and business risks of the organisation.

#### **Transparency and business ethics**

The Group is fully transparent on our disclosures on business practices, and ensures measures are in place to prevent corruption, money laundering, and bribery. The Group adopts a zero-tolerance approach to corruption and bribery and is committed to conducting its business with the highest standard of openness, integrity, honesty and accountability.

Our Directors and employees are bound by a Code of Ethics formulated to enhance the standard of corporate governance and corporate behaviour.

We are fully compliant with Bursa listing regulations and industry practices and maintain consistent engagement with stakeholders.

#### **Environment**

Willowglen fully supports the transition to a low carbon economy through our efforts to minimise the carbon footprint throughout our operations. Our operating procedures ensure efficient use of resources, such as in the areas of greenhouse gas ("GHG") emissions, water, waste, travel and commuting, either through direct implementation in our organisation's operations or in the undertaking of our clients' projects according to the relevant themes.

### **ANTI-CORRUPTION**

The Group is fully committed to ensuring the highest business conducts, upholding integrity and practicing good corporate governance. We have in place an anti-bribery and anti-corruption policy and zero-tolerance towards corruption and bribery. An important aspect of accountability and transparency is a mechanism to enable staff and other members of the Group to voice concerns in a responsible and effective manner.

Our Anti-Bribery and Anti-Corruption Policy establishes the principles that governs our conduct in upholding the Group's stand on corruption and bribery, reinforces our intention and obligation to act honestly and ethically in all our business dealings and provide information and guidance to the Group to recognise and deal with issues related to corruption and bribery.

## Sustainability Statement (cont'd)

For FY2022, there have been no reported incidents of corruption and bribery.

	FY2020	FY2021	FY2022
(a) Total number of confirmed incidents of corruption	0	0	0
(b) Total number of confirmed incidents in which employees were dismissed or disciplined for corruption	0	0	0
(c) Total number of confirmed incidents when contracts with suppliers & contractors were terminated or not renewed due to violations related to corruption	0	0	0
(d) Public legal cases regarding corruption brought against the organization or its employees during the reporting period and the outcomes of such cases	0	0	0
(e) Cost of fines, penalties or settlements in relation to corruption	0	0	0

### REGULATORY COMPLIANCE

Both our operations in Malaysia and Singapore have not been fined and are compliant with the respective countries' laws and regulations.

### BOARD COMPOSITION

The Group's Board consists of highly professional individuals with vast knowledge and experiences in their respective fields who provide valuable guidance and advice. The Board ensures independence, diversity, and competence among its Directors.

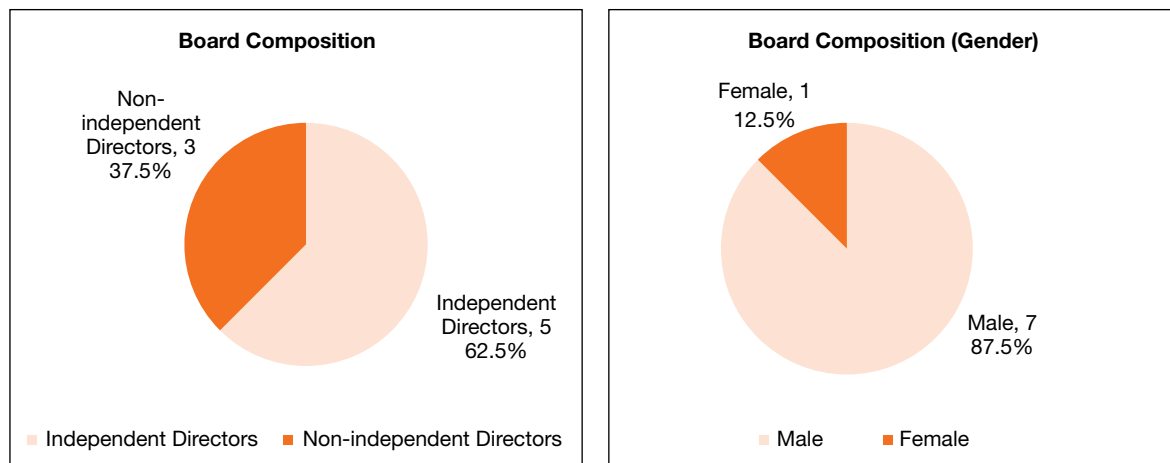
Five (5) Directors are Independent Non-executive Directors. Female representation currently makes up 13% or 1 (one) Director of the total of eight (8) Directors. This area of representation will be increased when vacancies arise and a suitable candidate is identified.



## Sustainability Statement (cont'd)

### BOARD COMPOSITION (CONT'D)

The following illustrates our board composition:



### STAKEHOLDER ENGAGEMENT

At Willowglen, we acknowledge the importance of stakeholder engagement as we work to meet and address their expectations. During the year, we continued to strengthen our engagement with all our stakeholders, addressing and adopting material matters in line with our business strategies.

Our engagement is conducted through the following processes:

- (i) Determining the key stakeholders based on each of their influence and dependence of the Group
- (ii) Gaining into stakeholders' concerns, interests and expectations on matters related to sustainability
- (iii) Addressing feedback from other stakeholders gathered during the course of conducting our business operations.

## Sustainability Statement (cont'd)

### STAKEHOLDER ENGAGEMENT (CONT'D)

The following table highlights our engagement with our key stakeholders:

Stakeholder Group	Engagement Methods	Engagement Focus	
Customers	<ul style="list-style-type: none"> <li>Meetings</li> <li>Corporate Website</li> <li>Customer survey</li> <li>Roadshows</li> <li>Marketing materials</li> </ul>	<ul style="list-style-type: none"> <li>Reputation, confidence and trust in the Group</li> <li>Quality of projects delivered in compliance with standards and on time delivery</li> <li>Product prices and value of products</li> </ul>	<ul style="list-style-type: none"> <li>Quality management systems</li> <li>Competitive price against competitors</li> <li>Innovative solutions</li> </ul>
Employees	<ul style="list-style-type: none"> <li>Monthly management meetings</li> <li>Weekly project meetings</li> <li>CSR meetings</li> <li>On the job trainings</li> <li>Internal and external trainings</li> </ul>	<ul style="list-style-type: none"> <li>Discuss operational performance and procedures</li> <li>Knowledge and skill enhancement</li> <li>Safety environment at work</li> <li>Staff welfare and benefits</li> </ul>	<ul style="list-style-type: none"> <li>Attractive remuneration package</li> <li>Career development</li> <li>Work-life balance</li> </ul>
Suppliers/ Contractors	<ul style="list-style-type: none"> <li>Regular engagement with suppliers/contractors</li> <li>Supplier/Contractor assessment</li> </ul>	<ul style="list-style-type: none"> <li>Prices and payment terms</li> <li>Cost efficiency and innovative products/method</li> </ul>	<ul style="list-style-type: none"> <li>Strategic partnerships</li> <li>Working alliance</li> <li>Continuous sourcing</li> <li>Timely payment to suppliers/contractors</li> </ul>
Community	<ul style="list-style-type: none"> <li>Community engagement activities</li> <li>Engagement with universities</li> </ul>	<ul style="list-style-type: none"> <li>Community development</li> <li>Impact of our business on social and environmental</li> </ul>	<ul style="list-style-type: none"> <li>Sponsorship and donations</li> <li>Internship for university students</li> </ul>
Government and Regulators	<ul style="list-style-type: none"> <li>Regular engagement and meetings</li> <li>Submission of data and info as and when requested</li> </ul>	<ul style="list-style-type: none"> <li>Compliance with policies, procedures and rulings of regulators</li> <li>Compliance with requirements of local authorities and government bodies</li> </ul>	<ul style="list-style-type: none"> <li>Complying with all policies and requirements</li> <li>Responsible reporting</li> <li>Follow best industry practices</li> </ul>
Investors/ Shareholders	<ul style="list-style-type: none"> <li>Bursa Announcement</li> <li>Quarterly reports</li> <li>Annual Report</li> <li>Annual General Meetings</li> </ul>	<ul style="list-style-type: none"> <li>Sustainable growth and business continuity</li> <li>Creating shareholder value</li> </ul>	<ul style="list-style-type: none"> <li>Engagement with investors</li> <li>Responsible reporting</li> <li>Focus on financial performance, risk management and internal control</li> </ul>

## Sustainability Statement (cont'd)

### MATERIALITY

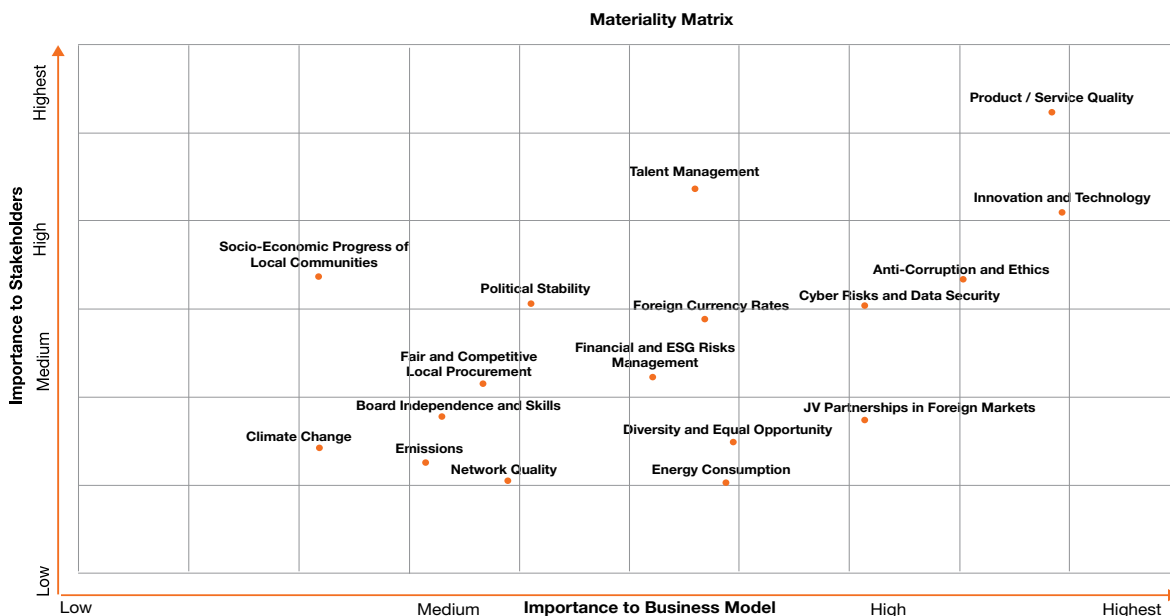
We have assessed our material ESG topics to determine the most significant of these to the Group business model and our stakeholders.

A materiality assessment enables the Board and Senior Management to develop a comprehensive overview of emerging risks as well as opportunity and how the Group can adopt relevant strategies to sustain value creation.

The following were the key steps of the Material Assessment Exercise (“MAE”):

- Identification and refinement of the potential list of material topics.
- Development of a comprehensive MAE questionnaire / survey and subsequently distributed online to respondents
- Data collection and analysis
- Development of findings and insights including the materiality assessment.
- Deliberation by Senior Management followed by approval.

Following is the developed materiality matrix:



## Sustainability Statement (cont'd)

### VALUE CREATION FOR STAKEHOLDERS

The Group's ESG proposition focuses on long-term value creation for all stakeholders, correlating with higher equity returns.

Long-term value creation facilitates top-line growth, reduces costs, minimises regulatory and legal interventions, increases employee productivity, and optimises investment and capital expenditures.

#### Quality and Customer Satisfaction

Quality and customer satisfaction are the "passport" for the Group to tender for new jobs. The customer satisfaction survey based on the BCA Assessment Report shall form the main criteria for our BCA registration for different workheads to tender for different job natures.

These criteria are in line with the company's Vision and Mission statement - to be the leading company in providing innovative SCADA, integrated security and infocomm solutions.

#### Singapore Operations

The quality control process will depend on the contractual requirements as specified in the tenders. The project manager or project-in-charge will be responsible for the quality control process of the whole contract with support from technical teams (Software and Hardware) and Human Resource Department.

With regards to the Exco team, the management style is de-centralised to the respective Project Manager/ Person-in-charge ("PM/PIC") of the project, based on contractual requirements, while products and works are in accordance with the quality standard specified. We work based on our technical strength and proficiency, knowledge and ability to bid for new jobs with new technical requirement.

As we are ISO 9001:2015 certified, the QA Department performs internal audits to ensure that quality matters are handled appropriately by the PM/PIC. During the year we have been accredited ISO 27001 certification.

Bases on the BCA Assessment Report:

- a. Quality performance
- b. Site Planning & Control
- c. Progress of Works
- d. Housekeeping
- e. Response to Instructions

Customer satisfaction surveys are conducted upon completion of contracts based on the BCA Assessment Report.

## Sustainability Statement (cont'd)

### VALUE CREATION FOR STAKEHOLDERS (CONT'D)

#### Procurement Practices

Subcontractors / vendors are chosen after obtaining at least 3 quotations from different vendors to compare them in terms of prices, quality, and delivery.

Willowglen is ISO 9001:2015 certified. Design and building go through review of approvals from certified personnel to ensure safety and quality of design are being met. Control of supplied products are also a priority where internal testing is performed first prior to release to customer.

Testing and commissioning will be performed in the presence of the customer and may improve customer satisfaction. After sales service (warranty period) is maintained via periodic maintenance, and 24hour on-call service for complaints/info.

Based on the requirements of a particular project, a Product Quality Plan ("PQP") is created by project manager. This covers areas of product quality, delivery & installation, technical know-how, training on equipment and production, and response time/etiquette. For larger projects, QA roles are assigned in the organisation chart.

Safety of products is considered during the design stage. Construction and production also adhere strictly to the Standard Operating Procedure ("SOP") or method statement, which has undergone a strict approval process by relevant parties and references to the Occupational Safety and Health ("OSH") safety standards.

To date, there has been zero recorded customer complaints in regards to health and safety of products. However, should there be a complaint, the Group's QA department will address these concerns as seen fit.

A customer satisfaction survey is performed after the completion of a project.

#### Local Procurement

Through each local procurement, we aim to create economic value throughout the chain and for external stakeholders.

We understand that local procurement can benefit the local communities and the economy by being a catalyst for the development of local industries, and in the process creating job opportunities, reducing poverty, and increasing the education level, and ultimately help Malaysia achieve a developed nation status.

In Malaysia, we only work with locally based suppliers who are familiar with local regulatory requirements. Our selection criteria depend on project requirements. In the process of supplier selection, we prioritise those that comply with our technical requirements, exhibit competency and capability in their area of expertise as well as certifications.

For example, a TNB project will require the panel maker and assembler to have ISO9001 certification. For certain projects, the requirements for vendors might include CIDB Cert, NIOSH and any other certification required on a project basis. Vendors with unsatisfactory performance will be blacklisted.

The Procurement Department is in charge of all purchases. We aim to work towards a shorter lead time, providing faster technical support and quick response for warranty.

## Sustainability Statement (cont'd)

### ENVIRONMENTAL PERFORMANCE

Although the Group does not operate in an environmentally sensitive business, we recognise our duty to minimise the impact on the environment as we carry out the day-to-day processes and activities.

#### Energy Consumption and Management

Currently, the Group does not have any energy consumption and management initiatives or plans. However, we may consider adopting initiatives in the future in the area of infrastructure improvement projects, such as installing solar panels and implementing smart IoT devices to improve energy usage efficiency.

We educate the staff on the importance of energy conservation such as instilling good habit of switching off lights and air-conditioning during lunch time or when they are out from the office. The staff is also encouraged to fully maximise the benefits of ICT (eg. email, online meetings etc) to reduce our carbon footprint.

#### Climate Change and Emissions

Willowglen is committed to working towards a low carbon economy and managing our contributions to the carbon footprint. We are adopting goals to support the transition. We are working to minimise resource usage in our operations, such as in the areas of GHG emissions, water, waste, travel and commuting etc.

Our low carbon initiative is aligned with the Malaysian national Sustainable Development Goal ("SDG") plan to "Pursuing green growth for sustainability and resilience", which is related to SDGs 6, 7, 12, 13, 14 and 15.

We believe our efforts are materially significant in helping reduce the environmental impacts in the context of climate change.

In addition, we are also accelerating our human capital development to equip the employees with skills to help embrace the fourth industrial revolution, including cloud computing, IoT, AI, etc.

Our human capital development focus on the relevant skillsets for the Fourth Industrial Revolution is aligned with the country's human capital development goals and ties in with UN SDGs #4 (Quality Education), #8 (Decent work and economic growth) and #9 (Industry, Innovation and Infrastructure)."

#### Waste Management

We manage our scheduled waste management according to the Environmental Quality (Scheduled Waste) Regulation 2005, which highlights environmental policies on pollution and sustainable use of resources. We have assigned a certified personnel to take charge of scheduled waste, and planned periodic scheduled waste disposal. Meanwhile, recycling is handled by a third party.

Industrial SCADA products have a very long usage life, typically 15 to 20 years. The quantity of products deployed is much lower compare to commercial products. For example, Willowglen delivers approximately 1,000 units of Remote Terminal Units ("RTUs") per year compare to millions of hand phones or even laptops. Our R&D in product design does take into consideration environmental impact such as the usage of lead-free solder, low power design, quantity of components, weight and size.

## Sustainability Statement (cont'd)

### ENVIRONMENTAL PERFORMANCE (CONT'D)

#### Waste Management (Cont'd)

Willowglen SCADA products are categorised as industrial products and used in many critical applications such as water and waste water treatment plants, power distribution, rail transport etc. Industrial SCADA products were designed based on strict industry standards to ensure reliability, availability, maintainability, safety and security. However, Willowglen outsources our product manufacturing to external parties.

	FY2019	FY2020	FY2021	FY2022
Hazardous Waste (or Scheduled Waste) (tonnes)	nil	nil	0.059	0.173

#### Water Consumption and Management

Willowglen is working towards reducing water usage in its premises and offices, as water consumption and management is an integral part of good environmental practices.

### SOCIAL PERFORMANCE

At Willowglen, we recognise that human capital contributes immensely to the growth of our business. With that in mind, we are committed to ensure that we have the best team possible, retain talents, train and develop future talents in line with our business continuity plans.

Our management style sets the tone of our organisational culture, and we work hard to ensure that it promotes positive values and encourages good behaviour among our staff.

### TALENT MANAGEMENT

As a responsible corporate organisation, we have in place a fair and inclusive hiring policy and offer a competitive remuneration package, good staff benefits, talent development opportunities, good working environment as well as performance-based work culture across all our operations.

The Group's Human Resource Department manages the hiring process, appraisal system, employee engagement, staff training and career path to support the organisation's growth. We have an orientation programme and new hire training plan for new employees. For those leaving the company, there is an exit clearance checklist, exit interview and final clearance with Human Resources Department.

## Sustainability Statement (cont'd)

### TALENT MANAGEMENT (CONT'D)

#### Employee Hiring and Remuneration

The hiring of new staff is based on job competency and suitability, while remuneration is based on performance, with a yearly appraisal. We prioritise open communications, scheduling regular reviews, meetings and discussions for all levels of employees. In addition, we also have a grievance mechanism that includes a confidential reporting channel or whistleblowing system.

We strive to ensure that our staffs' salaries exceed the respective countries' minimum wage or meet living wages.

#### Internship Opportunities

In support of our business continuity plan, we constantly identify performers to be groomed into future leaders. Since 2022, we have been offering industrial training opportunities to Engineering students from universities and colleges to prepare them for tomorrow's workforce.

#### Conducive Work Environment

To encourage productivity and performance, we offer platforms, channels and a conducive work environment so that employees can work comfortably. To curb the further spread of the ongoing Covid-19 virus, we continue to encourage employees to work from home, although it is not mandatory. The Group continues to implement all standard operating procedures (SOPs) in accordance with the latest guidelines issued by the authorities.

#### Employee Benefits

We provide competitive employee benefits in accordance with local employment laws which also commensurate with their performance and remuneration.

Employees are entitled to the following benefits, which include:

- Leave (annual leave, paternity leave, maternity leave, marriage leave, compassionate leave, hospitalisation/sick leave and prolonged illness leave).
- Group insurance coverage (hospitalisation and surgery and personal accident)
- Normal Outpatient Medical Treatments for the employee and their dependents (non-working spouse and children)
- Specialist Outpatient Medical Treatment
- Medical Check up once every 2 years
- Dental and Optical subsidy
- Overtime & outstation claims where applicable.
- Other benefits include wedding and gifts for newborn children of employees.



## Sustainability Statement (cont'd)

### TALENT MANAGEMENT (CONT'D)

#### Parental Leave

Male employees are entitled to two (2) days of paternity leave when their wife gives birth while female employees are entitled to 60 days of maternity to enjoy time with their newborn child.

The following table shows the pattern of our employees' of Malaysia operations maternity and paternity leave for FY 2019 to FY 2022.

#### Parental Leave

	FY2019	FY2020	FY2021	FY2022
Employees Entitled for Maternity and Paternity Leave	154	166	177	171
Employees Who Took Paternity Leave	16	4	8	13
Employees Who Took Maternity Leave	3	1	0	2

#### Return to Work Post Parental Leave

We are happy to note that all our employees have returned to full employment after their maternity and paternity leave.

	FY2020		FY2021		FY2022	
	Male	Female	Male	Female	Male	Female
Return to Work Rates (return to work after parental leave period)	100%	100%	100%	100%	100%	100%
Retention Rates (remain with the organisation for 12 months or more post parental leave)	100%	100%	100%	100%	100%	100%

### TRAINING AND DEVELOPMENT

At Willowglen, we acknowledge employees as the Group's most important assets hence, we invest heavily in their training and development to help them realise their full potential. Appropriate training needs to be given to enable these employees to perform their roles efficiently and effectively.

On the local front, our talent training and development programmes adhere to the company's ISO QP19 plan. In line with the Group's Human Resource objective we continue to ensure that at least 50% of our employees from each department receive the relevant training each year.

All staffs across all our operations are required to undergo yearly appraisal, which is not only used to assess their performance but also to identify training needs.

## Sustainability Statement (cont'd)

### TRAINING AND DEVELOPMENT (CONT'D)

During the pandemic, in the interest of staff safety, we moved all trainings in the form of workshops, seminars and video learning were conducted virtually. If online training is not possible and physical training is required, the organisers need to minimise the number of attendees.

Upon completing training the employee will need to share feedback on the post-training evaluation form while superiors will use the form to evaluate the employee's progress.

The Singapore office views training as essential to fill shortfalls or to spur future growth. For our Singapore operations, appraisals are used to identify for training needs while for new projects or business ventures, training will be arranged to address the skill gaps.

Our Human Resources department uses a specific process to identify training needs. Firstly, the training nomination form must be filled in, reviewed and approved by the Division Head, HR and CEO. Next, employees can register to attend the training. After completion of training, the said employee should be able to apply the skills learned into his/her work. All trainings were moved to online in the interest of the employee's well-being.

### OCCUPATIONAL HEALTH AND SAFETY

In the Malaysia office, the Health and Safety policy in place is based on ISO 45001:2018. The policy encourages staff to strive for continual improvement of OHS MS and performance by meeting or exceeding the expectations of interested parties' and/or customers' expectations.

The KPI of staff is linked to OSH performance, such as zero incident of work-related injury and ill health, zero non-compliance to the applicable environmental, safety and health laws and regulations.

There is an Environmental Safety and Health ("EMSH") Committee where the Chief Operating Officer ("COO") is the chairman. The EMSH Committee members consists of staff from various departments. The COO will chair the annual EMSH Management Review meeting.

The Singapore office implemented Hazard Identification, Risk Assessment and Risk Control ("HIRARC") for departments and projects, which entails quarterly meetings, internal and external audits, as well as EMSH KPI performance evaluation. The policies and standards are available for all staff in the server and portal. Besides that, policies are also displayed clearly in the office.

## Sustainability Statement (cont'd)

### OCCUPATIONAL HEALTH AND SAFETY (CONT'D)

For any non-compliance found, Corrective Action Request or Opportunity for Improvement is raised and must be addressed within two weeks, which was the agreed timeframe.

Based on EMSH Procedure 13, an Accident Incident Investigation is required. An internal audit will review the data. Meanwhile, for internal and external audits, there is a EMSH KPI performance evaluation.

All project PIC who are working at sites will get a CIDB green card. Toolbox meetings will be held regularly at project sites to ensure the smooth running of projects and for trouble-shooting. Safety posters are shared to all through email and the portal. In addition, HIRARC, excess noise identification and project site inspection are done annually as a minimum requirement. Moreover, office inspections are conducted quarterly.

In addition, there is an EMSH Procedure 13 for managing accidents or emergencies at the workplace or site. HIRARC, office inspection, project site inspection, and risk assessment must be conducted according to schedule.

### SINGAPORE OFFICE

All activities are conducted with health and safety in mind. This is important because the organisation might incur intangible loss such as high staff turnover or loss of client confidence and admin related matters if health and safety practices are not up to par. We also adhere to national agendas such as Workplace, Safety and Health ("WSH"), ISO and BizSAFE.

We are proud to be ISO 45001:2018 certified and accredited BizSAFE.

We have a Safety Committee and our management and staff are involved in it. Exco members have oversight of health and safety as OSH is a part of our meeting agenda in our management, operation and project meetings.

We have obtained ISO 45001 certification and carry out yearly audits. Staff will also attend internal and external safety courses as required by their job nature.

Besides that, we have Safety Management Measures ("SMM") to address operational matters to manage pandemic.

We have quarterly safety meetings with representatives from various Divisions and Sections. For added safety, we have daily row call at sites by main contractors on safety matters. Bi-yearly management team review on safety and health is also done.

Based on the ISO45001 standard, we put up safety posters on the notice boards, conduct internal regular toolbox briefings, and daily toolbox meetings at sites. Any non-compliance will be investigated, and disciplinary measures will be put into action if necessary. Retraining might also be considered to improve adherence to safety measures.

We have set up a reporting channel to address any incidents that occur, such as work injury. Issues are addressed on a case-by-case basis during monthly meetings.

## Sustainability Statement (cont'd)

### SINGAPORE OFFICE (CONT'D)

Moreover, the respective project sections need to conduct their own internal audit for monthly safety checks. External audits or ISO 45001 audits are done yearly. The BCA Assessment Report covers safety and work performance.

All new staff must attend a HSE briefing based on the recruitment cycle. We also offer Basic CSOC, Building Construction Supervisor Safety Course, Clients' Induction Safety Courses, as well as Project Specific Safety Courses (for confined spaces, tunnel, etc).

We are also involved in PUB Contractors Safety Watch Group ("CSWG") and participate in SPPG Safety Pause Meetings.

Besides that, we have two first aiders to respond to any emergencies within our own premises. We also follow our clients' safety protocols at work places.

Monthly safety inspections are conducted by the Safety Representative. Any hazards and risks identified at work sites are highlighted to the Safety Committee and also to clients for actions to be taken.

We have Safety Representatives from all Divisions and one Representative from each Project Section, who will be in the Safety Committee.

## OUR CAPABILITIES

### Experienced



50 years experience as an end-to-end solutions provider

### Reliable



Proven project delivery

### Innovative



Industrial automation innovation experts  
Raising the bar on safety, flexibility & efficiency  
Reinventing what is possible

### Customer-Driven

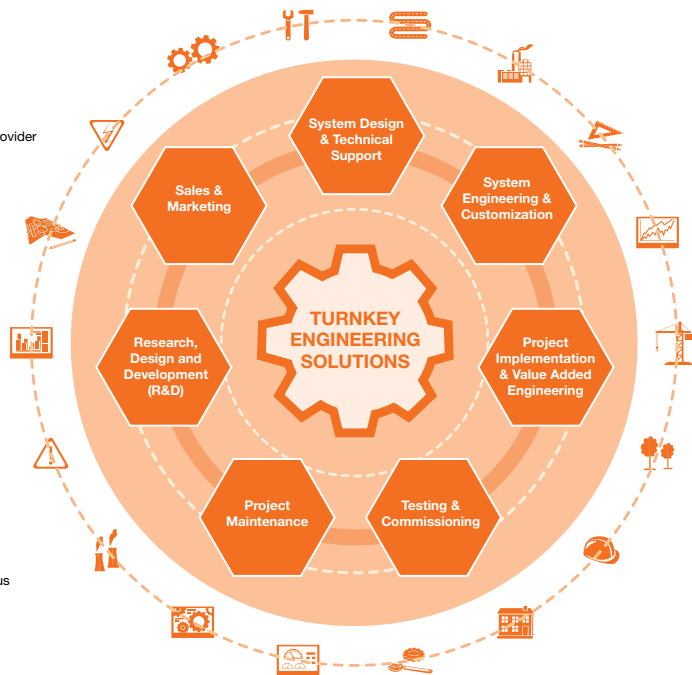


Solutions tailored to client requirements  
Highly satisfied longtime repeat customers

### Talented



We have the brightest industry minds working for us



## TRANSPORTATION



- Railway station ISCS and security monitoring
- Railway traction power SCADA
- Railway communication
- Seaport power monitoring
- Airport automation and management

## GAS

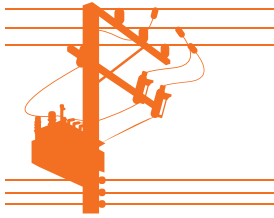


- Process control and plant automation
- Pressure and flow monitoring for gas pipeline
- Gas chromatograph and flow computer monitoring
- Gas transmission and distribution station monitoring
- Liquid and gas pipelines and flow computer monitoring

## WATER AND WASTE WATER



- Water treatment process control and plant automation
- Sewerage treatment process control and plant automation
- Water distribution monitoring
- Non-revenue water monitoring
- Reservoir and pumping station monitoring
- Raw water and potable water
- Waste water reclamation



## ELECTRICAL AND POWER

- Power distribution monitoring
- Cable oil pressure monitoring
- Energy metering and power monitoring
- Substation monitoring and control
- Switchers, transformers and loads monitoring



## HIGHWAY

- Intelligent Transport System
- Streetlight monitoring
- Traffic monitoring and control
- Automatic vehicle detection system
- Dynamic road sign
- Variable message system



## SMART BUILDING AND FACILITIES

- Facilities management (lifts, lightings, air conditioners, etc.)
- Energy Management
- Smart Hospital
- Power, water and gas utilities monitoring



## INTEGRATED SMART SECURITY

- Integrated security and video surveillance system
- Perimeter security system
- Alarm monitoring system

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors of Willowglen MSC Berhad (the “**Company**”) (the “**Board**”) recognises the importance of good corporate governance and continues to be committed to ensure that high standards of corporate governance are practiced throughout the Company and its subsidiaries (the “**Group**”) to deliver long term sustainable value to the shareholders and other stakeholders.

The Board is pleased to present this Corporate Governance (“**CG**”) Overview Statement (the “**Statement**”), which outlines the key aspects of how the Company has applied the following principles of the Malaysian Code on Corporate Governance (“**MCCG**”) during the financial year ended 31 December 2022 (“**FYE 2022**”):-

Principle A	Principle B	Principle C
<b>Board leadership and effectiveness</b>	<b>Effective audit and risk management</b>	<b>Integrity in corporate reporting and meaningful relationship with stakeholders</b>
<ul style="list-style-type: none"><li>▪ Board responsibilities</li><li>▪ Board composition</li><li>▪ Remuneration</li></ul>	<ul style="list-style-type: none"><li>▪ Audit Committee (“<b>AC</b>”)</li><li>▪ Risk management and internal control framework</li></ul>	<ul style="list-style-type: none"><li>▪ Engagement with stakeholders</li><li>▪ Conduct of General Meetings</li></ul>

This Statement is prepared in compliance with Bursa Malaysia Securities Berhad’s (“**Bursa Malaysia Securities**”) Main Market Listing Requirements (“**Main LR**”) and it is to be read together with the CG Report which is published on the Company’s website at [www.willowglen.com.my](http://www.willowglen.com.my). The CG Report provides a detailed explanation of the application of the corporate governance practices of the Company as set out in the MCCG during the FYE 2022.

### PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

#### I. Board Responsibilities

##### 1.0 Every company is headed by a Board, which assumes responsibility for the Company’s leadership and is collectively responsible for meeting the objectives and goals of the Company.

- 1.1 In carrying out its duties, the Board has, amongst others, a formal schedule of matters specifically reserved for its decision, including overall strategic direction, dividend, related party transactions, new ventures and investment, major capital commitments and capital expenditure, material acquisitions and disposals of assets and properties not in the ordinary course of business, major capital projects and the monitoring of the Group’s operating and financial performance.

The Board is constituted of individuals who are committed to business integrity and professionalism in all its activities. The Board supports the highest standards of corporate governance and the application of the Principles and Practices set out in the MCCG.

In discharging its functions and responsibilities, the Board is guided by the Board Charter, which outlines the duties and responsibilities of the Board, matters reserved for the Board as well as those which the Board may delegate to the Board Committees, Group Managing Director and Management. The Board has a well-defined framework for the various categories of matters that require the Board’s approval, endorsement or notations, as the case may be.

The Board is assisted by various Board Committees, namely the AC, Nomination and Remuneration Committee (“**NRC**”) and the Management-level Risk and Sustainability Management Committee which are entrusted with specific responsibilities to oversee the Group’s affairs in accordance with their respective clear written terms of reference as approved by the Board.

## Corporate Governance Overview Statement (Cont'd)

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

#### I. Board Responsibilities (Cont'd)

##### 1.0 Every company is headed by a Board, which assumes responsibility for the Company's leadership and is collectively responsible for meeting the objectives and goals of the Company. (Cont'd)

- 1.1 Any material and important proposals that will significantly affect the policies, strategies, directions, and assets of the Group will be subjected to the Board's approval.

The Board acknowledges that continuous education is essential for the Directors to further enhance their skills and knowledge. The Board shall ensure compliance with the Mandatory Accreditation Programme as per Bursa Malaysia Securities' requirement for newly appointed Directors.

The Directors are also encouraged to continuously evaluate their own training needs and determine the relevant programmes, seminars, briefings or dialogues that would best enable them to enhance their knowledge and contributions to the Board as well as stay abreast with and understand the sustainability issues relevant to the Group and its business, including climate-related risks and opportunities.

The training programme, seminar, conferences and/or webinar attended by the Directors during the FYE 2022 are as follows:-

- Environmental, Social and Governance Briefing
- Soaring through Turbulence
- The Single Biggest Driver of Market Success: People First
- Elevating Human Capital Investments
- Optimising Own Performance & Mindset
- Building a Transformational Business
- MFT113 : Ethics and Corporate Liability – Section 17A Malaysian Anti-Corruption Commission Act 2009 (“**MACC Act**”), Data & Cyber Risk and Anti-Money Laundering, Anti-Terrorism Financing and Proceeds of Unlawful Activities Act 2001
- Business Outlook 2022
- ESG Differentiators: Sustainability Risks And Opportunities in the Water Sector
- Quality Assessment System In Construction (QLASSIC) Awareness

In addition, Directors' education also includes briefings by the Internal Auditors, External Auditors and the Company Secretaries on the relevant updates on statutory and regulatory requirements from time to time during the AC and Board meetings.

- 1.2 The Board is chaired by Encik Alfian Bin Tan Sri Mohamed Basir (“**Encik Alfian**”), an Independent Non-Executive Director who is a respected professional with many years of experience in his field of expertise, providing effective leadership by leading and guiding the Board in achieving the Company's objectives and goals and to his best effort, monitor and promote good corporate governance within the Group.
- 1.3 The positions of the Board Chairman and the Group Managing Director are held by two (2) different individuals. Encik Alfian, the Board Chairman is primarily responsible for leading the Board in the oversight of the Management whilst the Group Managing Director is responsible in achieving corporate and business objectives, the vision and strategic directions of the Group as well as initiating innovative ideas to create a competitive edge and development of business and corporate strategies.

The separation of roles is to ensure that there is an appropriate balance of power and authority, such that no one individual has unfettered powers of decision-making.



## Corporate Governance Overview Statement (Cont'd)

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

#### I. Board Responsibilities (Cont'd)

##### 1.0 Every company is headed by a Board, which assumes responsibility for the Company's leadership and is collectively responsible for meeting the objectives and goals of the Company. (Cont'd)

##### 1.4 Encik Alfian, the Board Chairman, is also a member of the AC and NRC.

The Board took cognisance that having the same person assume the position of Board Chairman and member of other Board Committees gives rise to the risk of self-review and may impair the Chairman and the Board's objectivity when deliberating on the observations and recommendations put forth by the Board Committees.

Encik Alfian is not involved in any operational matters of the Company, and he always provides constructive ideas and opinions to the Board and Board Committees respectively.

##### 1.5 The Board is supported by two (2) suitably qualified and competent Company Secretaries, namely Ms. Chua Siew Chuan ("Ms. Chua") and Ms. Tan Ley Theng ("Ms. Tan"). Both the Company Secretaries are qualified Chartered Secretaries under Section 235(2)(a) of the Companies Act 2016. Ms. Chua is a Fellow while Ms. Tan is an Associate member of the Malaysian Institute of Chartered Secretaries and Administrators.

The Board is regularly updated and advised on statutory and regulatory requirements by the Company Secretaries and/or the representatives of the Company Secretaries. Apart from playing an active role in advising the Board on governance and regulatory matters, the Company Secretaries and/or the representatives of the Company Secretaries also attend all the Board meetings and ensure that all the Board meetings are properly convened, the proceedings and resolutions passed are properly recorded in the minutes of meetings.

The Company Secretaries also serve closed period notifications to the Directors for trading in the Company's shares.

The Directors also have access to the advice and services of the Company Secretaries, Senior Management staff as well as independent professional advisers including the Internal and External Auditors. When necessary, Directors may, whether as a full Board or in their individual capacity, seek independent professional advice at the Company's expense to enable the Directors to discharge their duties with adequate knowledge of the matters being deliberated.

The Board is satisfied with the performance and support rendered by the Company Secretaries to the Board in the discharge of its function, duties and responsibilities.

## Corporate Governance Overview Statement (Cont'd)

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

#### I. Board Responsibilities (Cont'd)

##### 1.0 Every company is headed by a Board, which assumes responsibility for the Company's leadership and is collectively responsible for meeting the objectives and goals of the Company. (Cont'd)

- 1.6 The Board meets on a quarterly basis and additionally as and when required. The notices of the Board and Board Committee meetings served to the Directors and members of the Board Committees at least seven (7) days in advance prior to the Board and Board Committee meetings unless there is an exceptional case.

Meeting materials which include quarterly and annual financial statements and corporate information, etc., are circulated in a timely manner and therefore, all Directors have full access to information concerning the Company and the Group in order to be properly briefed before the meeting.

The Minutes of Board/Board Committee meetings are circulated to the respective Chairman of the meetings in a timely manner for review before they are confirmed and adopted by members of the Board/Board Committees at their respective meetings.

All announcements made to Bursa Malaysia Securities will be circulated to all Directors on the day the announcements are released. Senior Management staff from different business units are also invited to attend the Board meetings to enable all Board members to have equal access to the latest updates and developments of business operations of the Group presented by the Senior Management staff.

##### 2.0 There is demarcation of responsibilities between the Board, Board Committees and Management.

**There is clarity in the authority of the Board, its committees and individual directors.**

- 2.1 The Board is guided by a Board Charter which outlines the functions, roles, authority and responsibilities of the Board, Board Committees and Management as well as the matters reserved for the Board. The Board Charter shall be periodically reviewed and updated in accordance with the needs of the Company and any new regulations that may have an impact on the discharge of the Board's responsibilities.

The Board Charter is available on the Company's website at [www.willowglen.com.my](http://www.willowglen.com.my).

The Board keeps itself abreast of the responsibilities delegated to each Board Committee and matters deliberated at each Board Committee meeting through the minutes of the Board Committee meetings and reports from the respective Board Committee Chairman, which are presented to the Board during Board meetings at the appropriate regular intervals.

## Corporate Governance Overview Statement (Cont'd)

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

#### **I. Board Responsibilities (Cont'd)**

- 3.0 The Board is committed to promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness.**

**The Board, Management, employees and other stakeholders are clear on what is considered acceptable behaviour and practice in the Company.**

- 3.1 The Group has adopted the Code of Conduct and Ethics, which was formulated to enhance the standard of corporate governance and corporate behaviour of the Group.

In line with good corporate governance practices, the Board, Management and employees of the Group are committed to a corporate culture that supports the operation of its businesses ethically and upholds high standards of professionalism and exemplary corporate conduct at the workplace.

In line with the Guidelines on Adequate Procedures pursuant to Section 17A of the MACC Act, the Group has developed an Anti-Corruption and Bribery Policy and adopted it in prohibiting bribery in all forms and matters of corruption that may be faced by the Group in its day-to-day operations as well as to ensure the compliance with the applicable anti-bribery and anti-corruption laws and the highest standard of openness, integrity, honesty and accountability is followed across the Group.

The Code of Conduct and Ethics and Anti-Corruption and Bribery Policy are available on the Company's website at [www.willowglen.com.my](http://www.willowglen.com.my).

- 3.2 The Company has put in place a formalised Whistleblowing Policy to enable employees of the Company to raise concerns internally and at a high level and to disclose information which the individual believes shows malpractice or impropriety. The Whistleblowing Policy is intended to cover concerns in the public interest and may at least initially be investigated separately but might then lead to the invocation of other procedures such as disciplinary.

The Whistleblowing Policy is available on the Company's website at [www.willowglen.com.my](http://www.willowglen.com.my).

## Corporate Governance Overview Statement (Cont'd)

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

#### I. Board Responsibilities (Cont'd)

##### 4.0 The Company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

- 4.1 The Board acknowledged the importance of incorporating sustainability considerations into the Company's business and corporate activities and how sustainability is essential to successful business strategies that could deliver sustainable value to all stakeholders and ultimately boost the Company's business performance.

As part of the efforts to build a strong sustainability environment within the Group, the Management has taken various actions to strengthen the environmental, social and governance integration into the Group's operations.

- 4.2 The Company communicates the Company's sustainability strategies, priorities and targets as well as performance against these targets to its internal and external stakeholders regularly.
- 4.3 The Board has engaged a consultant to advise and manage the Group's sustainability matters to ensure the Group stays abreast with and understands the sustainability issues relevant to the Company and its business, including climate-related risks and opportunities.
- 4.4 During the FYE 2022, the NRC had completed the Board and Board Committee Evaluation Form with inclusion of the criteria on how the Board addressed the material sustainability risks and opportunities. However, the performance evaluation of Senior Management has yet to adopt such sustainability criteria.
- 4.5 The Company has assigned a dedicated person in the Company to provide a dedicated focus to manage sustainability strategically, including the integration of sustainability considerations in the operations of the Company.

#### II. Board Composition

##### 5.0 Board decisions are made objectively in the best interests of the Company taking into account diverse perspectives and insights.

- 5.1 The NRC will review the tenure of each Director periodically and the annual re-election is performed after a satisfactory evaluation of the retiring Director's performance and contribution to the Board.

To ensure a candidate for nomination, the Group has adopted the Directors' Fit and Proper Policy to serve as a guide to the NRC and the Board in their review and assessment of candidate for proposed new appointment and re-election of the retiring Directors of the Company.

The Directors' Fit and Proper Policy is available on the Company's website at [www.willowglen.com.my](http://www.willowglen.com.my).

## Corporate Governance Overview Statement (Cont'd)

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

#### II. Board Composition (Cont'd)

##### 5.0 Board decisions are made objectively in the best interests of the Company taking into account diverse perspectives and insights. (Cont'd)

- 5.2 The Board made up of eight (8) members, comprising the Independent Non-Executive Chairman, the Group Managing Director, two (2) Executive Directors, the Senior Independent Non-Executive Director and three (3) Independent Non-Executive Directors.

The current Board composition complies with the Main LR which requires a minimum of two (2) Directors or one-third (1/3) of the Board, whichever is higher, to be Independent Directors.

The Directors combined in them have expertise and experience in various fields such as economics and investment, public services, accounting, taxation and legal. Their expertise, experience and background result in thorough examination and deliberations of the various issues and matters affecting the Group.

- 5.3 The Board takes cognisance that the MCCG recommends that the tenure of an Independent Director should not exceed a cumulative term of nine (9) years. Upon completion of the nine (9) years, an Independent Director may continue to serve on the Board subject to his re-designation as a Non-Independent Director. In the event such a Director is to be retained as an Independent Director, the Board must first justify and seek annual shareholders' approval through a two-tier voting.

Presently, Encik Alfian and Mr. Wang Shi Tsang ("**Mr. Wang**") are the Independent Non-Executive Directors of the Company who have served the Board for more than twelve (12) years.

Encik Alfian and Mr. Wong who are due to retire in accordance with Clause 124 of the Company's Constitution have expressed their intention not to seek re-election at the forthcoming Twenty-Fifth Annual General Meeting of the Company ("**25th AGM**"). Hence, they will hold office as Directors of the Company until the conclusion of the 25th AGM.

Mr. Au Chun Choong ("**Mr. Au**") is the Independent Non-Executive Director of the Company who have served the Board for more than nine (9) years.

The NRC and the Board upon having assessed the independence of Mr. Au, was satisfied with the skills, contribution and independent judgement that he brought to the Board. The Board thereafter recommended and supported the retention of Mr. Au as an Independent Non-Executive Director, subject to the approval of the shareholders through two-tier voting process at the forthcoming 25th AGM.

## Corporate Governance Overview Statement (Cont'd)

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

#### II. Board Composition (Cont'd)

##### 5.0 Board decisions are made objectively in the best interests of the Company taking into account diverse perspectives and insights. (Cont'd)

- 5.3 In accordance with the MCCG, the Board through the NRC had undertaken relevant assessment and recommended for Mr. Au to continue to serve as Independent Non-Executive Director based on the following justifications:

Mr. Au had fulfilled the criteria under the definition of Independent Director as stated in the Main LR: -

- Mr. Au was able to exercise independent judgement and act in the best interests of the Company;
- There was no potential conflict of interest that Mr. Au could have with the Company as he has not entered into any contract or transaction with the Company and/or its subsidiaries within the scope and meaning as set forth under the Main LR; and
- Mr. Au has not developed, established or maintained any significant personal or social relationship, whether direct or indirect, with the Executive Directors, major shareholders or management of the Company (including their family members) other than normal engagements and interactions on a professional level, consistent and expected of him to carry out his duties as an Independent Non-Executive Director.

Mr. Au has abstained from all deliberations at the meetings of the NRC and Board in relation to the recommendation of Ordinary Resolution 5 as set out in the Notice of the 25th AGM, to the shareholders for approval.

The NRC noted that the Directors, to the best of their ability, have devoted sufficient time and effort to attend Board and/or Board Committee meetings for the FYE 2022.

There were four (4) Board Meetings held in the FYE 2022. All the Directors attended all four (4) Board Meetings held in the FYE 2022.

- 5.4 The Board has not adopted a policy that limits the tenure of its Independent Directors to nine (9) years, being a step-up practice.
- 5.5 The Group is an equal opportunity employer and all appointments to the Board and employment of Senior Management are based on objective criteria, merit, skills and experience and are not driven by age, cultural background or gender considerations.

At present, there is one (1) female Director on the Board. More women's representation on the Board and Senior Management will be considered if and when vacancies arise and when suitable candidates are identified.

## Corporate Governance Overview Statement (Cont'd)

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

#### II. Board Composition (Cont'd)

##### 5.0 Board decisions are made objectively in the best interests of the Company taking into account diverse perspectives and insights. (Cont'd)

- 5.6 The Board acknowledges the importance of not solely relying on recommendations from existing Board members, Management or major shareholders in identifying candidates for appointment of Directors.

The NRC is empowered by its terms of reference. The primary function of the NRC is to recommend new candidates for directorship to the Board, recommend Directors to fill the seats on the Board Committees, assess the effectiveness of the Board, Board Committees and its members, assist the Board in reviewing the required mix of skills and experience and other qualities of the Board and ascertain a fair and comparable remuneration package for Executive Directors.

The appointment of the members of the Board is a formal and transparent selection process. The NRC will assess the suitability of a potential candidate by taking into account the candidate's skills, knowledge, expertise and experience, professionalism, integrity and/or other commitments that the candidate can bring to complement the Board as well as the criteria set out in the Directors' Fit and Proper Policy, before recommending the same to be approved and appointed by the Board. The Company Secretaries will ensure all appointments are properly made and all legal requirements are met.

There was no Director appointed to the Board during the FYE 2022.

- 5.7 The performance of retiring Directors recommended for re-election at the 25th AGM would be assessed through the Board and Board Committee evaluation which includes the independence of the Independent Non-Executive Director.

The NRC reviews and annually assesses the proposed re-appointment and re-election of existing Directors seeking re-appointment and re-election at the Company's Annual General Meeting ("AGM"). The NRC will, upon review and assessment, submit its recommendation to the Board for approval before tabling such proposals to the shareholders for approval at the AGM.

The details of the retiring Directors who eligible for re-election at the 25th AGM, which included the nature of interest, position and experience are set out in the Directors' Profile in this Annual Report.

- 5.8 The NRC is chaired by the Board Chairman, an Independent Non-Executive Director.

## Corporate Governance Overview Statement (Cont'd)

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

#### II. Board Composition (Cont'd)

##### 5.0 Board decisions are made objectively in the best interests of the Company taking into account diverse perspectives and insights. (Cont'd)

5.9 Currently, there is one (1) female Director out of eight (8) Directors on the Board.

The Board affirms that the appointment of more woman representatives to the Board will be prioritised when vacancies arise and when suitable candidates are identified.

5.10 The Board is cognisant of the gender diversity recommendation promoted by the MCCG pertaining to the need to establish a policy formalising the approach to boardroom diversity and set targets and measures to adopt the said recommendation.

The Company practises non-gender discrimination wherein Directors and Senior Management are recruited based on their experience, skills, independence and diversity to meet the Company's needs.

The Board does not have a specific policy on gender, ethnicity and age group for candidates to be appointed to the Board and does not have a specific policy on setting a target for female candidates in the workforce. The Company does not practice any form of gender, ethnicity or age group biasness as all candidates shall be given fair and equal treatment. The Board believes that there is no detriment to the Company in not adopting a formal gender, ethnicity and age group diversity policy. The Company is committed to provide fair and equal opportunities and nurturing diversity within the Company. In identifying suitable candidates for appointment to the Board, the NRC will consider candidates based on the candidates' competency, skills, character, time commitment, knowledge, experience, and other qualities in meeting the needs of the Company and with due regard for the benefits of diversity on the Board.

##### 6.0 Stakeholders are able to form an opinion on the overall effectiveness of the Board and individual Directors.

6.1 The Board, through the NRC, and facilitated by the Company Secretaries, undertake the following assessments annually:-

- (a) Board and Board Committees Performance Evaluation;
- (b) Director's Self/Peer Performance Evaluation;
- (c) AC performance assessments; and
- (d) Independence of the Independent Directors.



## Corporate Governance Overview Statement (Cont'd)

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

#### II. Board Composition (Cont'd)

##### 6.0 Stakeholders are able to form an opinion on the overall effectiveness of the Board and individual Directors. (Cont'd)

- 6.1 The NRC obtained an annual declaration of independence from the Independent Directors confirming that they will continue to maintain their status of independence pursuant to the Main LR. The Board is also satisfied that these Directors remain independent of management and objective in expressing their views and participating in deliberations and decision making of the Board and Board Committees.

The Board is satisfied that each Board member, including the Group Managing Director, has the character, experience, integrity, competence and time to discharge their respective roles effectively.

During the FYE 2022, the NRC assisted the Board in the following functions:-

- reviewed and confirmed the Minutes of the NRC meeting held during the FYE 2022;
- reviewed and assessed the effectiveness of the Board as a whole and the Board Committees;
- reviewed and assessed the contribution and performance of each of the individual Directors;
- reviewed the terms of office and performance of the AC and each of its members;
- reviewed the independence of the Independent Directors;
- review of the required mix of skills, experience, and other qualities required for the Board to function completely and effectively;
- recommended to the Board the re-election of Directors who will retire at the AGM of the Company;
- recommended to the Board on the retention of Independent Directors;
- reviewed the remuneration package for the Managing Director and Executive Directors;
- reviewed the remuneration package of the Senior Management;
- reviewed and recommended to the Board the payment of Directors' Fees for the FYE 31 December 2021; and
- reviewed and recommended to the Board the payment of Directors' Benefits to the Independent Non-Executive Directors.

Following the annual review, the NRC agreed that the Board, the Board Committees, and each individual Director had performed effectively, and the composition of the Board is appropriate and well balanced in terms of size, mix of skills, and experience.

## Corporate Governance Overview Statement (Cont'd)

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

#### III. Remuneration

- 7.0 The level and composition of remuneration of Directors and Senior Management take into account the Company's desire to attract and retain the right talent in the Board and Senior Management to drive the Company's long-term objectives.**

**Remuneration policies and decisions are made through a transparent and independent process.**

- 7.1** The Company has in place a formal Remuneration Policy for Directors and Senior Management ("**Remuneration Policy**"). The Remuneration Policy establishes a formal and transparent procedure for developing a structure for the remuneration of Directors and Senior Management of the Company.

The aim of the Remuneration Policy is to:

- align individual performance with the Group's business strategy and long-term objectives;
- determine the level of remuneration package of Directors and Senior Management that is commensurate with their position, responsibilities and expertise;
- attract, retain and motivate high performing Directors and Senior Management with a market competitive remuneration package; and
- encourage value creation for the Group and its stakeholders.

The Directors' fees and meeting allowance have been reviewed by the NRC and the Board, thereafter, recommends to the shareholders for approval.

The remuneration of the Executive Directors is structured so as to link rewards to corporate and individual performance in order to attract, retain and motivate the Executive Directors to run the Group successfully. For the Non-Executive Directors, the level of remuneration according to the extent of contributions, duty and responsibilities and the number of Board meetings held. The remuneration of the Executive Directors is considered and recommended by the NRC.

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

- 7.2** The principal objectives of the NRC are to nominate and screen Board member candidates and to ensure an appropriate structure for management succession and development, including an effective process for Director selection and tenure and to review and recommend to the Board the remuneration, compensation and benefits packages of the Executive Directors.

The terms of reference of the NRC is available on the Company's website at [www.willowglen.com.my](http://www.willowglen.com.my).

## Corporate Governance Overview Statement (Cont'd)

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

#### III. Remuneration (Cont'd)

**8.0 Stakeholders are able to assess whether the remuneration of Directors and Senior Management is commensurate with their individual performance, taking into consideration the Company's performance.**

8.1 The details of Directors' remuneration for the FYE 2022, including a breakdown of each individual Director's remuneration such as fees, salaries and bonus, benefits-in-kind and other emoluments are disclosed under Practice 8.1 in the Company's CG Report for the FYE 2022.

8.2 The remuneration of the top five (5) Senior Management in each remuneration band on the Group basis for the FYE 2022 is as follows:-

Remuneration Bands	No. of Senior Management
RM300,000 – RM350,000	1
RM500,000 – RM550,000	1
RM1,350,000 – RM1,400,000	1
RM2,200,000 – RM2,250,000	1
RM2,350,000 – RM2,400,000	1

8.3 The Company is of the view that the disclosure of the detailed remuneration of each member of Senior Management on a named basis would not derive any tangible benefits to the stakeholders and such disclosure will give rise to recruitment and talent retention issues.

### PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

#### I. Audit Committee

**9.0 There is an effective and independent AC.**

**The Board is able to objectively review the AC's findings and recommendations. The Company's financial statement is a reliable source of information.**

9.1 The Chairman of the AC is not the Chairman of the Board. The AC is to assist the Board in discharging its statutory duties and responsibilities relating to risk management and accounting and reporting practices of the Company and its subsidiaries and oversee compliance with the relevant rules and regulations governing the Company.

The composition and summary of works of the AC are included in the AC Report of this Annual Report while the terms of reference of the AC are available on the Company website at [www.willowglen.com.my](http://www.willowglen.com.my).

## Corporate Governance Overview Statement (Cont'd)

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

#### I. Audit Committee (Cont'd)

##### 9.0 There is an effective and independent AC. (Cont'd)

**The Board is able to objectively review the AC's findings and recommendations. The Company's financial statement is a reliable source of information. (Cont'd)**

9.2 In line with the Practice 9.2 of the MCCG, the terms of reference of the AC have been updated that no former key audit partner of the Company could be appointed as a member of the AC before observing a cooling-off period of at least 3 years. Nonetheless, none of the current members of the AC is a former key audit partner involved in auditing the Group.

9.3 The AC undertakes an annual assessment of the suitability, objectivity and independence of the External Auditors. The AC met the External Auditors twice during the FYE 2022 without the presence of the Executive Directors and Management staff for private discussion to allow the AC and the External Auditors to exchange independent views on matters which require the AC's attention.

Following the External Auditors Evaluation for the FYE 2022, the AC was satisfied with Messrs. Baker Tilly Monteiro Heng PLT ("BTMH")'s technical competency in terms of their skills, execution of audit plan, reporting and overall performance. The AC was also satisfied with BTMH's objectivity and independence are not in any way impaired. The AC then recommended to the Board the re-appointment of BTMH as the External Auditors of the Company for the ensuing year.

9.4 The AC comprises exclusively Independent Directors, which is in compliance with the Main LR and step-up Practice 9.4 of the MCCG.

9.5 The AC collectively possess the accounting and related financial management expertise and experience required for the AC to discharge its responsibilities and assist the Board in its oversight over management in the design, implementation and monitoring of risk management and internal control systems.

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

##### 10.0 The Company make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

**The Board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the Company's objectives is mitigated and managed.**

10.1 The Board acknowledges its overall responsibility for continuous maintenance of a sound risk management framework and effective system of internal control. The Board has the overall responsibility to review and monitor the Group's risk management and internal control system, which provides reasonable assurance of an effective and efficient operation, compliance with laws and regulations, and safeguards shareholders' investment and the Group's assets.

A Management-level Risk Management Committee was established to oversee the risk management efforts within the Group and during the FYE 2022, the Risk Management Committee had been renamed as the Risk and Sustainability Management Committee. The risk management process includes identifying principal business risks in critical areas and determining its corresponding risk mitigation and treatment measures.

## Corporate Governance Overview Statement (Cont'd)

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

#### II. Risk Management and Internal Control Framework (Cont'd)

##### **10.0 The Company make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives. (Cont'd)**

**The Board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the Company's objectives is mitigated and managed. (Cont'd)**

10.2 Details of the Company's risk management and internal control system and framework are set out in the Statement on Risk Management and Internal Control ("**SORMIC**") of this Annual Report.

During the FYE 2022, the Board had reviewed the risk management and internal control system of the Group and is of the view that the system is adequate and effective as there were no material weaknesses and/or reported shortfalls in the risk management practices and internal control system which resulted and/or gave rise to any material loss, contingency and/or uncertainty to the Group.

10.3 The Company did not adopt the step-up practice to have a Risk Management Committee which comprises a majority of the Independent Directors.

##### **11.0 The Company have an effective governance, risk management and internal control framework and stakeholders are able to assess the effectiveness of such a framework.**

11.1 The Group's internal audit function is supported by an outsourced independent professional service provider, who assists the AC and the Board in providing an independent assessment of the adequacy, efficiency and effectiveness of the Group's governance, risk management and internal control processes.

The internal auditors report independently and directly to the AC on the Group's internal audit function, which is independently of the Board and Management. The internal audit function is carried out in accordance with the annual Internal Audit Plan as approved by the AC and all audit findings arising therefrom are reported to the AC.

Details of the Company's risk management and internal control system and framework are set out in the SORMIC of this Annual Report.

11.2 The AC evaluated and reviewed the internal audit function and was satisfied that the internal audit activities/ audit plan were carried out according to the recognised framework, which includes the Standards in the International Professional Practices Framework issued by the Institute of Internal Auditors.

## Corporate Governance Overview Statement (Cont'd)

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

#### I. Engagement with Stakeholders

- 12.0 There is continuous communication between the Company and stakeholders to facilitate mutual understanding of each other's objectives and expectations.**

**Stakeholders are able to make informed decisions with respect to the business of the Company, its policies on governance, the environment and social responsibility.**

- 12.1 The Company communicates regularly with shareholders and investors through annual reports, quarterly reports and various announcements made via Bursa LINK. Shareholders and investors can obtain the Company's latest announcements on the website of Bursa Malaysia Securities at [www.bursamalaysia.com](http://www.bursamalaysia.com) or via the Company's website.

The Board is mindful of the disclosure obligations stipulated in the Main LR and strives to ensure compliance at all times. The Board, in its best efforts, always ensures that shareholders and stakeholders are provided with accurate and quality information in relation to the Group on a timely basis.

The Board recognises the importance of keeping the shareholders and investors informed of the Group's business and corporate developments and the Group is guided by the Corporate Disclosure Guide issued by Bursa Malaysia Securities. Information is disseminated through various disclosures and announcements made to the Bursa Malaysia Securities.

The Company's website serves as a channel of communication for shareholders, investors and the public. All relevant information on the Group, including all announcements made by the Company, can be obtained from the Company's website. This is important in ensuring equal and fair access to information by the investing public.

- 12.2 The Company is not categorised as a "Large Company" and has not adopted integrated reporting based on a globally recognised framework.

## Corporate Governance Overview Statement (Cont'd)

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

#### **II. Conduct of General Meetings**

##### **13.0 Shareholders are able to participate, engage the Board and Senior Management effectively and make informed voting decisions at General Meetings.**

- 13.1 The AGM is the principal forum for dialogue with individual shareholders and investors, gathering views and answering questions on all issues relevant to the Group's business activities and prospects.

In line with Practice 13.1 of the MCGG, the notice convening the Twenty-Fourth AGM scheduled to be held on 25 May 2022 ("**24th AGM**") is given to the shareholders at least twenty-eight (28) days before the 24th AGM, which gives shareholders sufficient time to prepare themselves to attend the 24th AGM or to appoint a proxy to attend and vote on their behalf. Each item of special business included in the notice of the AGM will be accompanied by an explanatory statement on the effects of the proposed resolution. In addition to sending the notice, the Company also published the 24th AGM Notice on its website.

Pursuant to the Main LR, any resolution set out in the notice of any General Meeting or any notice of a resolution that may be properly moved and intended to be moved at any General Meeting is voted by poll. The voting at AGM is conducted through electronic poll voting to expedite the counting and verification of votes.

- 13.2 All the Directors of the Company, chairman of the AC and NRC, the Company's Senior Management and the Group's External Auditors attended the 24th AGM on a fully virtual basis to proactively engage with shareholders and proxies.

- 13.3 At its virtual 24th AGM, the Company had leveraged on technology to facilitate remote shareholders' participation and electronic voting for the conduct of poll on the resolution.

The 24th AGM proceedings and poll voting were conducted entirely through the Securities Services e-Portal. The Administrative Guide with detailed registration and voting procedures were shared with the shareholders and the same were also published on the Company's website.

- 13.4 Shareholders and proxies were provided with sufficient opportunity to pose questions during the 24th AGM via Securities Services e-Portal and all the questions have received detailed explanations.

## Corporate Governance Overview Statement (Cont'd)

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

#### II. Conduct of General Meetings

##### 13.0 Shareholders are able to participate, engage the Board and Senior Management effectively and make informed voting decisions at General Meetings. (Cont'd)

13.5 A fully virtual AGM was conducted smoothly on 25 May 2022, where shareholders were able to participate and pose questions to the Board/ Senior Management.

The questions posed by the shareholders were read and responded by the Directors to all the participants of the 24th AGM. Nonetheless, the Board would consider to display questions posed by shareholders on the screen for all the meeting participants' reference for future general meetings.

13.6 The Minutes of the 24th AGM, which include the questions raised by shareholders together with the responses by the Company and the outcome of the voting results, were uploaded and made available on the Company's website within thirty (30) business days after the 24th AGM.

### STATEMENT OF DIRECTORS' RESPONSIBILITY

The Directors are required under the provisions of the Companies Act 2016 to prepare financial statements which give a true and fair view of the state of affairs of the Group and Company as at the end of each financial year.

The Directors are satisfied that in preparing the financial statements of the Group for the FYE 2022, appropriate accounting policies have been adopted, consistently applied and supported by reasonable and prudent judgements and estimates. The Directors also consider that all the relevant approved accounting standards have been followed in the preparation of these statements.

The Directors are also responsible for safeguarding the assets of the Group and of the Company and have taken reasonable steps in the prevention and detection of fraud and other irregularities.

### KEY FOCUS AREAS AND FUTURE PRIORITIES

The Board is committed to ensure that good corporate governance and practices are implemented by the Group.

Moving forward, the Board will continue to strengthen and improve the corporate governance framework, policies and practices and develop a good governance culture within the Group.

The Statement and the CG Report are made in accordance with a resolution of the Board passed on 23 March 2023.



# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

## INTRODUCTION

The Board of Directors (“Board”) of Willowglen MSC Berhad is committed towards maintaining a sound risk management and internal control framework for good corporate governance and to achieve the Group’s strategic objectives and sustainable growth in shareholders’ value.

The Statement on Risk Management and Internal Control is prepared pursuant to Paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and with guidance from the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers.

The Statement outlines the nature and scope of the risk management and internal control processes of the Group for the financial year ended 31 December 2022.

## RESPONSIBILITY OF THE BOARD

The Board affirms its overall responsibility for the Group’s risk management and internal control framework as well as reviewing the adequacy and effectiveness of those systems on a regular basis. However, the systems are designed to manage rather than eliminate the risk of failure to achieve business objectives. As such, they can only provide reasonable assurance rather than absolute assurance against material misstatements or losses.

The Board has established a management-level Risk Management Committee (“RMC”) to oversee the overall risk management process. Senior management contributes to the formulation of operating policies and procedures, including authority limits. The internal audit function checks that such operating policies and procedures have been complied with and also checks on the effectiveness of the internal controls.

The Board, through the Audit Committee, observed that measures were taken on areas identified for improvement, as part of management’s continuous efforts to strengthen the Group’s internal control.

## RISK MANAGEMENT FRAMEWORK

The Group has adopted the COSO Risk Management Framework 2013 to develop a strong enterprise wide risk management system. The framework spells out the Group’s risk principles and strategies established to drive the risk culture and to consistently practice risk management system at all levels of the Group.

This forms the basis of communication and guide from the Board level down through senior management and finally to all other levels of employees on the risk management methodology to identify, describe, measure, mitigate and report the risks in areas of the Group’s business activities that require further development or enhancement.

The process is carried out via the following risk management governance structure:

- **Board of Directors**

The Board of Directors is ultimately responsible for the adequacy and effectiveness of risk management and system of internal control. The Board’s oversight committee is the RMC who maintains the overall responsibility of overseeing risk in the Group.

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

### RISK MANAGEMENT FRAMEWORK (CONT'D)

The process is carried out via the following risk management governance structure: (Cont'd)

- **RMC**

The RMC is responsible for the overall risk oversight which includes inter-alia reviewing and approving risk management policies and limits, reviewing risk exposures and business concentration and ensuring that the infrastructure, resources and systems are put in place for effective risk management oversight.

- **Business Units and Departments**

The business units and departments are the first line of control against risks and are therefore, responsible for identifying, mitigating and managing risk with their business and department activities and ensure that their day-to-day business activities are carried out within the established risk policies, procedures and limits.

The risk management framework, policies, systems and processes will be reviewed regularly, refined to manage risks and to ensure that the Group's risk profile remains within reasonable levels aligned to its risks appetite and risks tolerance.

The RMC comprises four (4) representatives of the Board and four (4) members of the management team, whilst each business unit's risk management is led by the respective head of unit. The RMC oversees the potential risks concerning the business and operations to ensure that they are effectively managed and reports its concerns to the Board and the Audit Committee. Risk management is a continuous process of identifying, evaluating, managing and reviewing significant risks faced by the businesses in the Group.

RMC meets at least three (3) times per annum and the invitees from the respective business units attend the RMC meetings to brief the committee on the significant risks identified so that these risks are constantly monitored and appropriate actions are promptly taken.

### CONTROL STRUCTURE AND ENVIRONMENT

The Board is committed to maintain a strong control structure and environment for the proper conduct of the Group's business operations.

The following set out the key elements of the system of internal control of the Group:

- An organisational structure with formally defined lines of responsibility and delegation of authority. Structured authority limits provide a framework of authority and accountability within the Group and this facilitates timely corporate decision making at the appropriate levels in the Group.
- The Group performs annual budgeting and target setting processes including development of business strategies and the performance is monitored on an ongoing basis.
- Policies and procedures of operating units within the Group are documented in Standard Operating Procedures manuals. The Standard Operating Procedures are periodically updated to reflect changing risks or to resolve operational deficiencies.

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

### CONTROL STRUCTURE AND ENVIRONMENT (CONT'D)

The following set out the key elements of the system of internal control of the Group: (Cont'd)

- The Board and Audit Committee have engaged the Outsourced Internal Auditors ("OIA") to carry out the internal audit function, with the function reporting to the Audit Committee. The OIA monitors compliance with policies and procedures and the effectiveness of internal controls. Existing controls in managing the identified risk are evaluated for its adequacy and effectiveness. Improvements are recommended to strengthen controls.

The OIA adopts a risk-based approach in identifying areas of priority and carries out its duties according to the annual internal audit plan approved by the Audit Committee. The OIA also carries out follow up audits. Findings in respect of any material non-compliance, areas for improvement, recommendations and agreed action plans are reported to the Audit Committee.

- The Audit Committee reviews the audit reports on internal control and risk issues identified by the OIA and external auditors and ensure the Management takes prompt and adequate corrective actions on the reported weaknesses and non-compliances identified in the audits.
- The Group has implemented a comprehensive Quality, Environmental and Occupational Health & Safety Management Systems which fully comply with the requirements of ISO 9001:2015, ISO 14001:2015 and ISO 45001:2018. As part of the requirements of the ISO certifications accredited to the Group, scheduled internal quality audits are conducted each year by personnel independent of the processes being audited. Results of the audit are reported to the Executive Directors and management team where prompt actions are taken on areas requiring further improvement.

The Group's system of internal control does not apply to associated companies over which the Group does not have full management control.

### REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

The external auditors have reviewed this Statement on Risk Management and Internal Control for the inclusion in the Annual Report of the Company for the financial year ended 31 December 2022 and reported to the Board that nothing has come to their attention that causes them to believe that the statement is inconsistent with their understanding of the risk management processes and internal controls.

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

### CONCLUSION

The system of internal control and risk management are embedded into the operations of the Group, and actions taken to mitigate any weaknesses are carefully monitored.

The Board has undertaken a review of the risk management and internal control system of the Group and is of the view that the systems are adequate but will continue to take appropriate measures to enhance and strengthen the control environment in the face of changing operating conditions.

The Board has received assurance from the Group Managing Director, Executive Directors and General Manager - Finance that the Group's risk management and internal control system is operating adequately and effectively, in all material aspects, based on the risk management and internal control system established by the Group. There was no material control failure or weakness that would have a material adverse effect on the results of the Group during the current financial year.

# FINANCIAL STATEMENTS

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## DIRECTORS' REPORT

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

### PRINCIPAL ACTIVITIES

The Company is principally engaged in the research, development and supply of computer-based control systems. The principal activities of its subsidiaries are disclosed in Note 7 to the financial statements.

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

### RESULTS

	Group RM'000	Company RM'000
Profit/(Loss) for the financial year, net of tax	15,333	(10,171)
Attributable to:		
Owners of the Company	15,386	(10,171)
Non-controlling interests	(53)	–
	15,333	(10,171)

### DIVIDENDS

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

	RM'000
First and final single-tier dividend of 1.5 sen per ordinary share in respect of the financial year ended 31 December 2021, approved by the Board of Directors on 24 February 2022 and paid on 18 May 2022	7,280

A first and final single-tier dividend of 1.5 sen per ordinary share, amounting to RM7,271,796 in respect of the current financial year, has been approved by the Board of Directors on 27 February 2023. The financial statements for the current financial year do not reflect this dividend. Such dividend will be accounted for in the equity as an appropriation of retained earnings in the financial year ending 31 December 2023 after the distribution has been made.

## Directors' Report (Cont'd)

### **RESERVES OR PROVISIONS**

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

### **BAD AND DOUBTFUL DEBTS**

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

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

### **CURRENT ASSETS**

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

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

### **VALUATION METHODS**

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

### **CONTINGENT AND OTHER LIABILITIES**

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

- (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; and
- (ii) any contingent liabilities in respect of the Group or of the Company which has arisen since the end of the financial year.

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

## Directors' Report (Cont'd)

### CHANGE OF CIRCUMSTANCES

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

### ITEMS OF MATERIAL AND UNUSUAL NATURE

In the opinion of the directors,

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

### ISSUE OF SHARES AND DEBENTURES

During the financial year, no new issue of shares or debentures were made by the Company.

### TREASURY SHARES

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

During the financial year, the Company repurchased 599,400 of its issue ordinary shares from the open market at an average price of RM0.36 per ordinary share. The total consideration paid for the repurchased shares including transaction costs was RM216,956 and the repurchased transactions were financed by internally generated funds. The shares repurchased are held as treasury shares.

As at 31 December 2022, the Company held a total of 11,213,600 treasury shares out of its 496,000,000 issued share capital. Such treasury shares are held at a carrying amount of RM2,427,061. Further details are disclosed in Note 17 to the financial statements.

### OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up the unissued shares of the Company during the financial year.



## Directors' Report (Cont'd)

### DIRECTORS

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

Alfian Bin Tan Sri Mohamed Basir  
Au Chun Choong  
Simon Wong Chu Keong \*  
Syed Feisal Alhady  
Tan Jun \*  
Teh Chee Hoe  
Wong Ah Chiew \*  
Wang Shi Tsang

\* Directors of the Company and certain subsidiaries

### DIRECTORS' INTERESTS

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

#### Interest in the Company

	At 1 January 2022	Number of ordinary shares		At 31 December 2022
		Bought	Sold	
<b>The Company</b>				
<b>Willowglen MSC Berhad</b>				
<b>Direct interest</b>				
Wong Ah Chiew	3,000,000	283,000	–	3,283,000
Simon Wong Chu Keong	–	1,416,000	–	1,416,000
Tan Jun	400,182	–	–	400,182
<hr/>				
<b>Deemed interest</b>				
Wong Ah Chiew <sup>(1)</sup>	270,477,814	1,416,000	–	271,893,814
Simon Wong Chu Keong <sup>(2)</sup>	267,605,214	–	–	267,605,214
<hr/>				

## Directors' Report (Cont'd)

### DIRECTORS' INTERESTS (CONT'D)

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

#### Interest in the Company (Cont'd)

	At 1 January 2022	Number of ordinary shares		At 31 December 2022
		Bought	Sold	
<b>The Holding Company</b>				
New Advent Sdn Bhd				
<b>Direct interest</b>				
Wong Ah Chiew	4,718	–	–	4,718
Simon Wong Chu Keong	1,318	–	–	1,318
<hr/>				
<b>Deemed interest</b>				
Wong Ah Chiew <sup>(3)</sup>	3,782	–	–	3,782

<sup>(1)</sup> Deemed interest held through New Advent Sdn. Bhd., Elegant Preference Sdn. Bhd., Jian Qi Holdings Sdn. Bhd., his spouse and sons.

<sup>(2)</sup> Deemed interest held through New Advent Sdn. Bhd.

<sup>(3)</sup> Deemed interest held through his spouse and sons.

By virtue of their interests in the ordinary shares of the Company and pursuant to Section 8 of the Companies Act 2016 in Malaysia, Wong Ah Chiew and Simon Wong Chu Keong are deemed to have interests in the ordinary shares of the subsidiaries to the extent that the Company has an interest.

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

## Directors' Report (Cont'd)

### DIRECTORS' BENEFITS

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

The directors' benefits of the Group and of the Company were as follows:

	<b>Group RM'000</b>	<b>Company RM'000</b>
<b>Executive directors</b>		
Fees	97	97
Salaries, bonus and other emoluments	5,880	–
Defined contribution plan	736	–
	6,713	97
<b>Non-executive directors</b>		
Fees	164	164
	6,877	261

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

### INDEMNITY TO DIRECTORS AND OFFICERS

During the year, the total amount of indemnity coverage and insurance premium paid for the directors and officers of the Company were RM5,000,000 and RM7,350 respectively.

### SUBSIDIARIES

The details of the Company's subsidiaries are disclosed in Note 7 to the financial statements.

Other than those subsidiaries without audited reports as disclosed in Note 7 to the financial statements, the available auditors' report on the accounts of the subsidiaries did not contain any qualifications.

## Directors' Report (Cont'd)

### HOLDING COMPANY

The directors regard New Advent Sdn. Bhd., a company incorporated in Malaysia, as the holding company of the Company.

### AUDITORS

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

The auditors' remuneration of the Group and the Company during the financial year were RM250,000 and RM80,000 respectively.

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

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

.....  
**WONG AH CHIEW**

Director

.....  
**SIMON WONG CHU KEONG**

Director

Date: 23 March 2023

# STATEMENTS OF FINANCIAL POSITION

as at 31 December 2022

		Group		Company	
	Note	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	5	8,430	9,332	2,393	2,260
Right-of-use assets	6	7,597	4,414	–	–
Investment in subsidiaries	7	–	–	28,369	37,857
Investment in associates	8	21,701	20,462	200	40
Investment securities	9	3,839	5,142	–	–
Other investments	10	2,000	–	2,000	–
Other receivables	11	1,396	1,410	–	–
<b>Total non-current assets</b>		<b>44,963</b>	<b>40,760</b>	<b>32,962</b>	<b>40,157</b>
<b>Current assets</b>					
Inventories	12	3,924	2,328	–	–
Contract assets	13	87,667	61,201	–	101
Trade and other receivables	11	43,143	31,868	76	83
Amount due from subsidiaries	14	–	–	33,479	18,435
Tax recoverable		244	196	40	35
Cash and cash equivalents	15	54,522	77,255	5,119	30,405
<b>Total current assets</b>		<b>189,500</b>	<b>172,848</b>	<b>38,714</b>	<b>49,059</b>
<b>TOTAL ASSETS</b>		<b>234,463</b>	<b>213,608</b>	<b>71,676</b>	<b>89,216</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Equity attributable to owners of the Company</b>					
Share capital	16	29,240	29,240	29,240	29,240
Treasury shares	17	(2,427)	(2,210)	(2,427)	(2,210)
Reserves	18	170,871	157,206	44,210	61,661
<b>Total equity attributable to owners of the Company</b>		<b>197,684</b>	<b>184,236</b>	<b>71,023</b>	<b>88,691</b>
Non-controlling interests		(25)	28	–	–
<b>TOTAL EQUITY</b>		<b>197,659</b>	<b>184,264</b>	<b>71,023</b>	<b>88,691</b>

# Statements of Financial Position as at 31 December 2022 (Cont'd)

		Group		Company	
	Note	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>Non-current liabilities</b>					
Lease liabilities	19	2,801	71	–	–
Provisions	20	821	771	–	–
Deferred tax liabilities	21	125	117	–	–
<b>Total non-current liabilities</b>		3,747	959	–	–
<b>Current liabilities</b>					
Lease liabilities	19	1,606	1,169	–	–
Contract liabilities	13	4,737	1,756	29	–
Provisions	20	785	967	–	–
Trade and other payables	22	21,732	20,370	624	525
Tax payable		4,197	4,123	–	–
<b>Total current liabilities</b>		33,057	28,385	653	525
<b>TOTAL LIABILITIES</b>		36,804	29,344	653	525
<b>TOTAL EQUITY AND LIABILITIES</b>		234,463	213,608	71,676	89,216

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

# STATEMENTS OF COMPREHENSIVE INCOME

for the financial year ended 31 December 2022

		Group		Company	
	Note	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Revenue	23	192,525	171,304	2,213	1,479
Cost of sales		(140,157)	(123,665)	(141)	(84)
Gross profit		52,368	47,639	2,072	1,395
Other income		2,362	1,469	2,286	36,684
Administrative expenses		(37,030)	(30,878)	(5,848)	(4,957)
Net reversal of impairment losses on financial instruments		698	231	–	–
Other expenses		–	–	(8,681)	–
Operating profit/(loss)		18,398	18,461	(10,171)	33,122
Finance cost	24	(35)	(51)	–	–
Share of results of associates, net of tax		1,079	910	–	–
Profit/(Loss) before tax	25	19,442	19,320	(10,171)	33,122
Income tax expense	27	(4,109)	(4,103)	–	–
Profit/(Loss) for the financial year		15,333	15,217	(10,171)	33,122
Other comprehensive income/(loss), net of tax					
<i>Items that may be reclassified subsequently to profit or loss</i>					
Exchange differences on translation of foreign operations		6,372	1,598	–	–
Fair value loss on debt instruments at fair value through other comprehensive income		(813)	(173)	–	–
<b>Other comprehensive income for the financial year</b>		5,559	1,425	–	–
<b>Total comprehensive income/ (loss) for the financial year</b>		20,892	16,642	(10,171)	33,122

## Statements of Comprehensive Income for the financial year ended 31 December 2022 (Cont'd)

		Group		Company	
	Note	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>Profit/(Loss) attributable to:</b>					
Owners of the Company	28	15,386	15,260	(10,171)	33,122
Non-controlling interests		(53)	(43)	–	–
		15,333	15,217	(10,171)	33,122
<b>Total comprehensive income/ (loss) attributable to:</b>					
Owners of the Company		20,945	16,674	(10,171)	33,122
Non-controlling interests		(53)	(32)	–	–
		20,892	16,642	(10,171)	33,122
<b>Earnings per ordinary share attributable to owners of the Company (sen)</b>					
- basic	28	3.17	3.14		
- diluted	28	3.17	3.14		

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



# STATEMENTS OF CHANGES IN EQUITY

for the financial year ended 31 December 2022

Group	Note	Share capital RM'000	Treasury shares RM'000	Merger deficit RM'000	Foreign currency translation reserve RM'000	Fair value reserve RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
<b>At 1 January 2022</b>		29,240	(2,210)	(7,585)	16,142	89	148,560	184,236	28	184,264
Exchange differences on translation of foreign operations		-	-	-	6,372	-	-	6,372	-	6,372
Fair value loss on debt instruments at fair value through other comprehensive income		-	-	-	-	(813)	-	(813)	-	(813)
Total other comprehensive income/(loss) for the financial year		-	-	-	6,372	(813)	-	5,559	-	5,559
Profit for the financial year		-	-	-	-	-	15,386	15,386	(53)	15,333
<b>Total comprehensive income for the financial year</b>		-	-	-	6,372	(813)	15,386	20,945	(53)	20,892
<b>Transactions with owners:</b>										
Repurchase of treasury shares	17	-	(217)	-	-	-	-	(217)	-	(217)
Derecognition of a subsidiary		-	-	-	-	-	-	-	-	-
Dividends paid	29	-	-	-	-	-	(7,280)	(7,280)	-	(7,280)
<b>Total transactions with owners</b>		-	(217)	-	-	-	(7,280)	(7,497)	-	(7,497)
<b>At 31 December 2022</b>		29,240	(2,427)	(7,585)	22,514	(724)	156,666	197,684	(25)	197,659

# Statements of Changes in Equity for the financial year ended 31 December 2022 (Cont'd)

Group	Note	Share capital RM'000	Treasury shares RM'000	Merger deficit RM'000	Foreign currency translation reserve RM'000	Fair value reserve RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
<b>At 1 January 2021</b>		29,240	(2,154)	(7,585)	14,555	262	140,583	174,901	670	175,571
Foreign currency translation differences for foreign operations		-	-	-	1,587	-	-	1,587	11	1,598
Fair value loss on debt instruments at fair value through other comprehensive income		-	-	-	-	(173)	-	(173)	-	(173)
Total other comprehensive (loss)/income for the financial year		-	-	-	1,587	(173)	-	1,414	11	1,425
Profit for the financial year		-	-	-	-	-	15,260	15,260	(43)	15,217
<b>Total comprehensive income for the financial year</b>		-	-	-	1,587	(173)	15,260	16,674	(32)	16,642
<b>Transactions with owners:</b>										
Repurchase of treasury shares	17	-	(56)	-	-	-	-	(56)	-	(56)
Derecognition of a subsidiary		-	-	-	-	-	-	-	(610)	(610)
Dividends paid	29	-	-	-	-	-	(7,283)	(7,283)	-	(7,283)
<b>Total transactions with owners</b>		-	(56)	-	-	-	(7,283)	(7,339)	(610)	(7,949)
<b>At 31 December 2021</b>		29,240	(2,210)	(7,585)	16,142	89	148,560	184,236	28	184,264

Statements of Changes in Equity  
for the financial year ended 31 December 2022  
(Cont'd)

Company	Note	← Attributable to owners of the Company →			
		Share capital RM'000	Treasury shares RM'000	Retained earnings RM'000	Total RM'000
<b>At 1 January 2021</b>		29,240	(2,154)	35,822	62,908
Total comprehensive income for the financial year		–	–	33,122	33,122
<b>Transactions with owners:</b>					
Repurchase of treasury shares	17	–	(56)	–	(56)
Dividends paid	29	–	–	(7,283)	(7,283)
<b>Total transactions with owners</b>		–	(56)	(7,283)	(7,339)
<b>At 31 December 2021</b>		29,240	(2,210)	61,661	88,691
Total comprehensive income for the financial year		–	–	(10,171)	(10,171)
<b>Transactions with owners:</b>					
Repurchase of treasury shares	17	–	(217)	–	(217)
Dividends paid	29	–	–	(7,280)	(7,280)
<b>Total transactions with owners</b>		–	(217)	(7,280)	(7,497)
<b>At 31 December 2022</b>		29,240	(2,427)	44,210	71,023

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

# STATEMENTS OF CASH FLOWS

for the financial year ended 31 December 2022

Note	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>Cash flows from operating activities</b>				
Profit/(Loss) before tax	19,442	19,320	(10,171)	33,122
Adjustments for:				
Bad debt recovered	(72)	–	–	–
Bad debts written off	–	59	–	–
Depreciation for:				
- Property, plant and equipment	2,047	2,114	126	134
- Right-of-use assets	1,568	1,490	–	–
Dividend income	–	–	–	(35,401)
Gain on disposal of property plant and equipment	–	(85)	–	–
Gain on derecognition of a subsidiary	–	–	–	(81)
Impairment losses:				
- Investment in a subsidiary	–	–	8,681	–
Interest income	(610)	(486)	(1,859)	(1,074)
Interest expenses	35	51	–	–
Loss on dissolution of an associate	–	–	–	6
Net unrealised foreign exchange (gain)/loss	(263)	6	(249)	(78)
Property, plant and equipment written off	2	1	1	–
Provision for stock obsolescence	71	41	–	–
Provision for maintenance warranties	944	535	–	–
Provision for unutilised leave	379	357	–	–
Reversal of impairment losses on trade receivables	(698)	(231)	–	–
Reversal of provision for foreseeable losses	(1)	–	–	–
Reversal of provision for maintenance warranties	(110)	(171)	–	–
Reversal of provision for unutilised leave	(370)	–	–	–
Share of results of associates	(1,079)	(910)	–	–
<b>Operating profit/(loss) before changes in working capital, carried forward</b>	<b>21,285</b>	<b>22,091</b>	<b>(3,471)</b>	<b>(3,372)</b>

Statements of Cash Flows  
for the financial year ended 31 December 2022  
(Cont'd)

		Group		Company	
	Note	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>Cash flows from operating activities</b>					
<b>(Cont'd)</b>					
<b>Operating profit/(loss) before changes in working capital, brought forward</b>		21,285	22,091	(3,471)	(3,372)
Changes in working capital:					
Inventories		(1,667)	1,218	–	–
Trade and other receivables		(10,238)	1,933	7	(62)
Contract assets		(26,466)	(5,201)	101	(58)
Trade and other payables		1,362	(1,232)	100	(164)
Inter-company balances		–	–	216	(2,255)
Provisions		(1,048)	(355)	–	–
Contract liabilities		2,981	(3,766)	29	–
<b>Net cash (used in)/from operations</b>		<b>(13,791)</b>	<b>14,688</b>	<b>(3,018)</b>	<b>(5,911)</b>
Income tax paid		(4,474)	(4,784)	(12)	(12)
Income tax refunded		7	1	7	–
Interest received		610	486	1,859	1,074
Interest paid		(35)	(51)	–	–
<b>Net cash (used in)/from operating activities</b>		<b>(17,683)</b>	<b>10,340</b>	<b>(1,164)</b>	<b>(4,849)</b>
<b>Cash flows from investing activities</b>					
Investment in associate		(160)	–	(160)	–
Investment in other investment		(2,000)	–	(2,000)	–
Purchase of property, plant and equipments		(996)	(1,118)	(260)	(78)
Purchase of investment securities		–	(2,457)	–	–
Proceed from disposal of property, plant and equipment		–	85	–	–
Proceed from disposal of investment securities		799	2,315	–	–
Repayment of loan by a subsidiary		–	–	1,036	–
Net proceed from derecognition of a subsidiary		–	(613)	–	613
Net proceeds from dissolution of an associate		–	144	–	144
Net changes in inter-company balances		–	–	(15,241)	(2,530)
Dividends received		–	–	–	35,401
Changes in pledged deposits		(30)	(33)	–	–
Changes in time deposits		–	1,205	–	–
<b>Net cash (used in)/ from investing activities</b>		<b>(2,387)</b>	<b>(472)</b>	<b>(16,625)</b>	<b>33,550</b>

# Statements of Cash Flows for the financial year ended 31 December 2022 (Cont'd)

		Group		Company	
	Note	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>Cash flows from financing activities</b>					
Repayment of lease liability	(a)	(1,587)	(1,504)	–	–
Repurchase of treasury shares		(217)	(56)	(217)	(56)
Dividends paid		(7,280)	(7,283)	(7,280)	(7,283)
Net cash used in financing activities		(9,084)	(8,843)	(7,497)	(7,339)
Net (decrease)/increase in cash and cash equivalents		(29,154)	1,025	(25,286)	21,362
Effect of exchange rate changes		6,391	1,532	–	–
<b>Cash and cash equivalents at the beginning of the financial year</b>		74,843	72,286	29,706	8,344
<b>Cash and cash equivalents at the end of the financial year</b>	15	52,080	74,843	4,420	29,706
<b>Analysis of cash and cash equivalents:</b>					
Fixed deposits placed with licensed banks		9,051	2,412	699	699
Short term investments		3,123	27,264	3,123	27,264
Cash and bank balances		42,348	47,579	1,297	2,442
Less: Pledged deposits		54,522 (2,442)	77,255 (2,412)	5,119 (699)	30,405 (699)
	15	52,080	74,843	4,420	29,706

Statements of Cash Flows  
for the financial year ended 31 December 2022  
(Cont'd)

(a) Reconciliation of liabilities arising from financing activities:

	Note	At 1 January RM'000	Cash flows RM'000	Addition RM'000	Exchange differences RM'000	At 31 December RM'000
<b>Group</b>						
<b>2022</b>						
Lease liabilities	19	1,240	(1,587)	4,726	28	4,407
<b>2021</b>						
Lease liabilities	19	2,523	(1,504)	179	42	1,240

(b) Total cash out flow for leases

During the financial year, the Group and the Company has total cash outflow for leases of RM1,593,000 and RM66,000 respectively (2021: RM1,569,000 and RM65,000).

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

# NOTES TO THE FINANCIAL STATEMENTS

## 1. CORPORATE INFORMATION

Willowglen MSC Berhad (“the Company”) is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad. The registered office and principal place of business of the Company is located at No.17, Jalan 2/149B, Taman Sri Endah, Bandar Baru Sri Petaling, 57000 Kuala Lumpur.

The holding company is New Advent Sdn. Bhd., a company incorporated and domiciled in Malaysia.

The Company is principally engaged in the research, development and supply of computer-based control systems. The principal activities of the subsidiaries are disclosed in Note 7 to the financial statements.

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

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 23 March 2023.

## 2. BASIS OF PREPARATION

### 2.1 Statement of compliance

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

### 2.2 Adoption of amendments/improvements to MFRSs

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

#### Amendments/Improvements to MFRSs

MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards
MFRS 3	Business Combinations
MFRS 9	Financial Instruments
MFRS 16	Leases
MFRS 116	Property, Plant and Equipment
MFRS 137	Provisions, Contingent Liabilities and Contingent Assets
MFRS 141	Agriculture

The adoption of the above amendments/improvements to MFRSs did not have any significant effect on the financial statements of the Group and of the Company and did not result in significant changes to the Group’s and the Company’s existing accounting policies.



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

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

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

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

		Effective for financial periods beginning on or after
<u>New MFRS</u>		
MFRS 17	Insurance Contracts	1 January 2023
<u>Amendments/Improvements to MFRSs</u>		
MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards	1 January 2023 <sup>#</sup>
MFRS 3	Business Combinations	1 January 2023 <sup>#</sup>
MFRS 5	Non-current Assets Held for Sale and Discontinued Operations	1 January 2023 <sup>#</sup>
MFRS 7	Financial Instruments: Disclosures	1 January 2023 <sup>#</sup>
MFRS 9	Financial Instruments	1 January 2023 <sup>#</sup>
MFRS 10	Consolidated Financial Statements	Deferred
MFRS 15	Revenue from Contracts with Customers	1 January 2023 <sup>#</sup>
MFRS 16	Leases	1 January 2024
MFRS 17	Insurance Contracts	1 January 2023
MFRS 101	Presentation of Financial Statements	1 January 2023/ 1 January 2023 <sup>#</sup> / 1 January 2024
MFRS 107	Statements of Cash Flows	1 January 2023 <sup>#</sup>
MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2023
MFRS 112	Income Taxes	1 January 2023
MFRS 116	Property, Plant and Equipment	1 January 2023 <sup>#</sup>
MFRS 119	Employee Benefits	1 January 2023 <sup>#</sup>
MFRS 128	Investments in Associates and Joint Ventures	Deferred/ 1 January 2023 <sup>#</sup>
MFRS 132	Financial Instruments: Presentation	1 January 2023 <sup>#</sup>
MFRS 136	Impairment of Assets	1 January 2023 <sup>#</sup>
MFRS 137	Provisions, Contingent Liabilities and Contingent Assets	1 January 2023 <sup>#</sup>
MFRS 138	Intangible Assets	1 January 2023 <sup>#</sup>
MFRS 140	Investment Property	1 January 2023 <sup>#</sup>

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

Notes to the Financial Statements  
(Cont'd)**2. BASIS OF PREPARATION (CONT'D)****2.3 New MFRS and amendments/improvements to MFRSs that have been issued, but yet to be effective (Cont'd)**

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

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

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

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

***Amendments to MFRS 101 Presentation of Financial Statements***

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

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

The latest amendments to MFRS 101 clarify how conditions with which an entity must comply within 12 months after the reporting period affect the classification of a liability. As such, the amendments specify that covenants to be complied with after the reporting date do not affect the classification of debt as current or non-current at the reporting date. Instead, the amendments require an entity to disclose information about these covenants in the notes to the financial statements.

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

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

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

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

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

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

##### ***Amendments to MFRS 112 Income Taxes***

The amendments specify how an entity should account for deferred tax on transactions such as leases and decommissioning obligation.

In specified circumstances, MFRS 112 exempts an entity from recognising deferred tax when it recognises assets or liabilities for the first time. There had been some uncertainties about whether the exemption from recognising deferred tax applied to transactions such as leases and decommissioning obligations – transactions for which an entity recognises both an asset and a liability. The amendments clarify that the exemption does not apply and that entity is required to recognise deferred tax on such transactions.

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

#### 2.4 Functional and presentation currency

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

#### 2.5 Basis of measurement

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

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

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

#### 3.1 Basis of consolidation

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

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

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

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

The Group applies the acquisition method of accounting except for business combinations which were accounted using the merger method as subsidiaries that were consolidated prior to 1 January 2006 in accordance with FRS 122<sub>2004</sub> Business Combinations, the generally accepted accounting principles prevailing at that time. The Group has taken advantage of the exemption provided by MFRS 3 to apply this Standard prospectively. Accordingly, business combinations entered into prior to the respective effective dates have not been restated to comply with this Standard.

A business combination involving entities under common control is a business combination in which all the combining entities or subsidiaries are ultimately controlled by the same party and parties both before and after the business combination, and that control is not transitory. Subsidiaries acquired which have met the criteria for pooling of interest are accounted for using merger accounting principles. Under the merger method of accounting, the results of subsidiaries are presented as if the business combination had been affected throughout the current and previous financial years. The assets and liabilities combined are accounted for based on the carrying amounts from the perspective of the common control shareholder at the date of transfer. On consolidation, the difference between costs of acquisition over the nominal value of share capital of the subsidiaries is taken to merger reserve or merger deficit.

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

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

#### 3.1 Basis of consolidation (Cont'd)

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

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

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

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

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

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

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

Notes to the Financial Statements  
(Cont'd)**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****3.1 Basis of consolidation (Cont'd)****(a) Subsidiaries and business combination (Cont'd)**

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

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

**(b) Associates**

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

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

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

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

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

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

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

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

#### 3.1 Basis of consolidation (Cont'd)

##### (c) Non-controlling interests

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

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

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

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

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

#### 3.2 Separate financial statements

In the Company's statement of financial position, investment in subsidiaries and associates are measured at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs. The policy for the recognition and measurement of impairment losses shall be applied on the same basis as would be required for impairment of non-financial assets as disclosed in Note 3.10(b) to the financial statements.

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

#### 3.3 Foreign currency transactions and operations

##### (a) Translation of foreign currency transactions

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

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

Notes to the Financial Statements  
(Cont'd)**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****3.3 Foreign currency transactions and operations (Cont'd)****(a) Translation of foreign currency transactions (Cont'd)**

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

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

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

**(b) Translation of foreign operations**

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

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

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



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

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

#### 3.4 Financial instruments

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

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

An embedded derivative is recognised separately from the host contract and accounted for as a derivative if, and only if, it is not closely related to the economic characteristics and risks of the host contract and the host contract is not categorised as fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with the policy applicable to the nature of the host contract.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

#### (a) Subsequent measurement

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

##### (i) Financial assets

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

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

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

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

Notes to the Financial Statements  
(Cont'd)**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****3.4 Financial instruments (Cont'd)****(a) Subsequent measurement (Cont'd)**

The Group and the Company categorise the financial instruments as follows (Cont'd):

**(i) Financial assets (Cont'd)**Debt instruments

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

- **Amortised cost**

Financial assets that are held for collection of contractual cash flows and those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.10(a) to the financial statements. Gains and losses are recognised in profit or loss when the financial asset is derecognised, modified or impaired.

- **Fair value through other comprehensive income ("FVOCI")**

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, and the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. For debt instruments at FVOCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in other comprehensive income. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.10(a) to the financial statements. Upon derecognition, the cumulative fair value change recognised in other comprehensive income is recycled to profit or loss.

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

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

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

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

The Group and the Company categorise the financial instruments as follows (Cont'd):

##### (i) Financial assets (Cont'd)

###### Debt instruments (Cont'd)

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

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

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

###### Equity instruments

The Group and the Company subsequently measure all equity investments at fair value. Upon initial recognition, the Group and the Company can make an irrevocable election to classify its equity investments that is not held for trading as equity instruments designated at FVOCI. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are not recycled to profit or loss. Dividends are recognised as other income in the profit or loss when the right of payment has been established, except when the Group and the Company benefit from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity instruments designated at FVOCI are not subject to impairment assessment.

Notes to the Financial Statements  
(Cont'd)**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****3.4 Financial instruments (Cont'd)****(a) Subsequent measurement (Cont'd)**

The Group and the Company categorise the financial instruments as follows (Cont'd):

**(ii) Financial liabilities**

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

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

Financial liabilities at fair value through profit or loss

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

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

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

Financial liabilities at amortised cost

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

**(b) Financial guarantee contracts**

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

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

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

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

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

##### (c) Regular way purchase or sale of financial assets

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

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

Trade date accounting refers to:

- (i) the recognition of an asset to be received and the liability to pay for it on the trade date; and
- (ii) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

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

##### (d) Derecognition

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

- (i) the contractual rights to receive the cash flows from the financial asset expire, or
- (ii) the Group and the Company have transferred their rights to receive cash flows from the asset or have assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group and the Company have transferred substantially all the risks and rewards of the asset, or (b) the Group and the Company have neither transferred nor retained substantially all the risks and rewards of the asset, but have transferred control of the asset.

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

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

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

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

##### (d) Derecognition (Cont'd)

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

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

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

##### (e) Offsetting of financial instruments

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

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

#### 3.5 Property, plant and equipment

##### (a) Recognition and measurement

Property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.10(b) to the financial statements.

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

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

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

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

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

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

##### (b) Subsequent costs

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

##### (c) Depreciation

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

All other property, plant and equipment are depreciated on straight-line basis by allocating their depreciable amounts over their remaining useful lives. The principal annual depreciation rates are as follows:

Shoplots/Buildings	2%
Furniture and fittings	10% - 20%
Office equipment	10% - 25%
Motor vehicles	12.5% - 20%
Computers	20% - 33.33%
Renovation	10%

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

##### (d) Derecognition

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

Notes to the Financial Statements  
(Cont'd)**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****3.6 Leases****(a) Definition of lease**

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

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

**(b) Lessee accounting**

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

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

Right-of-use asset

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

The right-of-use asset is subsequently measured at cost less accumulated depreciation and any accumulated impairment losses and adjust for any remeasurement of the lease liabilities. The right-of-use asset is depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. If expects to exercise a purchase option, the right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts from the commencement date of the underlying asset. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.10(b) to the financial statements.



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

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

#### 3.6 Leases (Cont'd)

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

###### Lease liability

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

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

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

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

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

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

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

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

Notes to the Financial Statements  
(Cont'd)**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****3.6 Leases (Cont'd)****(b) Lessee accounting (Cont'd)**Short-term leases and leases of low value assets

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

**(c) Lessor accounting**

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

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

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

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

When a contract includes lease and non-lease components, the Group and the Company apply MFRS 15 *Revenue from Contracts with Customers* to allocate the consideration under the contract to each component.

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

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

#### 3.7 Inventories

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

Costs is determined using the weighted average cost method. The cost of inventories comprises cost of purchase and incidental costs in bringing the inventories to their present location and condition.

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

#### 3.8 Contract assets/(liabilities)

Contract assets is the right to consideration for goods or services transferred to the customers when that right is conditioned on something other than the passage of time (for example, the Company's future performance). The policy for the recognition and measurement of impairment losses is in accordance with Note 3.10(a) to the financial statements.

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

#### 3.9 Cash and cash equivalents

For the purpose of the statements of cash flows, cash and cash equivalents comprise cash on hand, bank balances and deposits and other short-term, highly liquid investments with a maturity of three months or less, that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

Notes to the Financial Statements  
(Cont'd)**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****3.10 Impairment of assets****(a) Impairment of financial assets and contract assets**

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

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

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

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

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

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

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

- the borrower is unable to pay its credit obligations to the Group and the Company in full, without taking into account any credit enhancements held by the Group and the Company; or
- the contractual payment of the financial asset is more than 90 days past due unless the Group and the Company have reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

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

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

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

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

##### (a) Impairment of financial assets and contract assets (Cont'd)

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

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

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

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

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

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

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

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

Notes to the Financial Statements  
(Cont'd)**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****3.10 Impairment of assets (Cont'd)****(b) Impairment of non-financial assets**

The carrying amounts of non-financial assets (except for inventories, contract assets and deferred tax assets) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the Group and the Company make an estimate of the asset's recoverable amount.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of non-financial assets or cash-generating units ("CGUs").

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

Where the carrying amount of an asset exceeds its recoverable amount, the carrying amount of asset is reduced to its recoverable amount.

Impairment losses are recognised in profit or loss.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. An impairment loss is reversed only if there has been a change in the estimates used to determine the assets recoverable amount since the last impairment loss was recognised. Reversal of impairment loss is restricted by the asset's carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss.

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

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

#### 3.11 Share capital

##### (a) Ordinary shares

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

##### (b) Treasury shares

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

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

#### 3.12 Employee benefits

##### (a) Short-term employee benefits

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

##### (b) Defined contribution plans

As required by law, the Group and the Company contribute to the Employees Provident Fund ("EPF"), the national defined contribution plan. The Group's foreign subsidiaries make contributions to their respective countries' statutory pension schemes. Such contributions are recognised as an expense in the profit or loss in the period in which the employees render their services.

##### (c) Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated undiscounted liability for annual leave expected as a result of service rendered by employees up to the end of the financial year.

Notes to the Financial Statements  
(Cont'd)**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****3.13 Provisions**

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

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

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

**3.14 Revenue and other income**

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

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

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

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



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

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

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

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

##### Financing components

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

##### **(i) Construction contracts**

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

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

##### Long term contracts income

The Group's business involved design of system, supply of hardware and equipment and installation service at client's premises. Judgement is used to identify the separate distinct performance obligation within the contract with customers. The Group has only one distinct performance obligations under the contract for customised monitoring system as the monitoring system customised for individual customer has no alternative use for the Group. Additionally, the contracts will require payment to be received for time and effort spent by the Group on progressing the contracts in the event of the customer cancelling the contract prior to the completion for any reason other than the Group's failure to perform its obligation under the contract.

Any change in the quantities and system layout is accounted for as a continuation of the original contract as no new separate distinct performance obligation identified. This modification is recognised as cumulative revenue adjustment at date of modification.

Notes to the Financial Statements  
(Cont'd)**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****3.14 Revenue and other income (Cont'd)**Financing components (Cont'd)**(i) Construction contracts (Cont'd)**Long term contracts income (Cont'd)

The duration of completion varies for each contract, depending on the scale of the project. Revenue for customised monitoring system is recognised over time by referring to the Company's progress, which is measured by comparing the actual cost incurred on the project to the total budgeted cost expected to complete the project (i.e. an input based method). The method is considered a faithful depiction of the transfer of services as the contracts are initially priced on the basis of anticipated cost to complete the service.

The customer is invoiced on an agreed billing schedule with a credit term of 30 to 60 days.

For contracts on customised monitoring system, revenue is recognised over time by reference to installation progress, the Group will recognise these costs to fulfilling as contract asset only if:

- (a) these costs relate directly to a contract or to an anticipated contract that the Group can specifically identified;
- (b) these costs generate or enhance resources that will be used in satisfying performance obligation in the future; and
- (c) these costs are expected to be recovered.

Defect liability period is usually between 12 to 36 months from the date of Certificate of Practical Completion as provided in the contracts of customer.

Maintenance contract

Revenue on maintenance income is recognised over time when the services are rendered. Performance obligations are satisfied when the services transferred to the customers. There is no element of significant financing components in the Company's revenue transactions as customer are required to pay within a credit term of 30 to 60 days.

**(ii) Dividend income**

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

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

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

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

##### Financing components (Cont'd)

##### (iii) Rental income

Rental income is recognised on a straight-line basis over the term of the lease. The aggregate cost of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

##### (iv) Interest income

Interest income is recognised using the effective interest method.

#### 3.15 Government grants

Government grants are recognised when there is reasonable assurance that the grant will be received and all attached conditions will be complied with.

Where the grant relates to an asset, it is recognised as deferred capital grant in the statements of financial position and is amortised to profit or loss over the expected useful life of the related asset. Where the grant relates to an expense item, it is recognised in profit or loss, under the heading of "other income", on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed.

The benefit derived from a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates.

#### 3.16 Income tax

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

##### (a) Current tax

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

Notes to the Financial Statements  
(Cont'd)**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****3.16 Income tax (Cont'd)****(b) Deferred tax**

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

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

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

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

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

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

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

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

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

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

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

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

- where the sales and services tax incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the sales and services tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of sales and services tax included.

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

#### 3.17 Earnings per share

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

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

#### 3.18 Operating segment

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

Notes to the Financial Statements  
(Cont'd)**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****3.19 Contingencies**

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

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

- (i) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
- (ii) the amount of the obligation cannot be measured with sufficient reliability.

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

**3.20 Fair value measurements**

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

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

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

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group and the Company can access at the measurement date.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: Unobservable inputs for the asset or liability.

There was no transfer between levels of the fair value hierarchy during the financial year.

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

### 4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

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

**(a) Revenue recognition for contract customers (Note 23)**

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

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

**(b) Significant influence over investee (Note 8)**

Although the Group hold more than half of the effective equity interest in Willowglen Systems Inc. ("WSI") and less than half of the voting rights in the entity, the directors have determined that the Group does not control the entity as the Group does not have substantive rights over the investee and on the basis that the remaining voting rights were not widely dispersed. The Company has no representation on the Board of Directors of WSI and has entered into an agreement with another shareholder that the Company will not actively participate in the strategic policy decisions in WSI's Executive Committee meetings. On that basis of these facts, the Company concludes that it exercises significant influence and does not have control over WSI and thus treats WSI as an investment in associate.

Notes to the Financial Statements  
(Cont'd)

## 5. PROPERTY, PLANT AND EQUIPMENT

Group	Buildings/ Shopslots RM'000	Furniture and fittings RM'000	Office equipment RM'000	Motor vehicles RM'000	Computers RM'000	Renovation RM'000	Total RM'000
<b>Cost</b>							
At 1 January 2022	4,880	1,297	2,031	4,545	7,207	5,480	25,440
Additions	-	22	44	82	796	52	996
Written off	-	(3)	(21)	-	(105)	-	(129)
Exchange differences	-	61	63	148	150	226	648
At 31 December 2022	4,880	1,377	2,117	4,775	8,048	5,758	26,955
<b>Accumulated depreciation</b>							
At 1 January 2022	1,046	871	1,610	2,586	6,013	3,982	16,108
Depreciation charge for the financial year	112	88	120	472	568	687	2,047
Written off	-	(3)	(20)	-	(104)	-	(127)
Exchange differences	-	40	59	82	138	178	497
At 31 December 2022	1,158	996	1,769	3,140	6,615	4,847	18,525
<b>Carrying amount</b>							
At 1 January 2022	3,834	426	421	1,959	1,194	1,498	9,332
At 31 December 2022	3,722	381	348	1,635	1,433	911	8,430



Notes to the Financial Statements  
(Cont'd)

**5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)**

<b>Group</b>	<b>Buildings/ Shopslots RM'000</b>	<b>Furniture and fittings RM'000</b>	<b>Office equipment RM'000</b>	<b>Motor vehicles RM'000</b>	<b>Computers RM'000</b>	<b>Renovation RM'000</b>	<b>Total RM'000</b>
<b>Cost</b>							
At 1 January 2021	4,880	1,270	1,935	4,350	6,852	5,344	24,631
Additions	-	21	84	560	373	80	1,118
Disposal	-	-	-	(402)	-	-	(402)
Written off	-	(9)	(3)	-	(53)	-	(65)
Exchange differences	-	15	15	37	35	56	158
At 31 December 2021	4,880	1,297	2,031	4,545	7,207	5,480	25,440
<b>Accumulated depreciation</b>							
At 1 January 2021	934	782	1,473	2,529	5,459	3,186	14,363
Depreciation charge for the financial year	112	89	127	444	576	766	2,114
Disposal	-	-	-	(402)	-	-	(402)
Written off	-	(8)	(3)	-	(53)	-	(64)
Exchange differences	-	8	13	15	31	30	97
At 31 December 2021	1,046	871	1,610	2,586	6,013	3,982	16,108
<b>Carrying amount</b>							
At 1 January 2021	3,946	488	462	1,821	1,393	2,158	10,268
At 31 December 2021	3,834	426	421	1,959	1,194	1,498	9,332

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

### 5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Company	Buildings/ Shoplots RM'000	Furniture and fittings RM'000	Office equipment RM'000	Computers RM'000	Renovation RM'000	Total RM'000
<b>Cost</b>						
At 1 January 2022	2,397	61	139	2,064	128	4,789
Additions	–	10	14	205	31	260
Written off	–	(3)	–	(6)	–	(9)
At 31 December 2022	2,397	68	153	2,263	159	5,040
<b>Accumulated depreciation</b>						
At 1 January 2022	344	61	95	1,903	126	2,529
Depreciation charge for the financial year	48	1	10	66	1	126
Written off	–	(3)	–	(5)	–	(8)
At 31 December 2022	392	59	105	1,964	127	2,647
<b>Carrying amount</b>						
At 1 January 2022	2,053	–	44	161	2	2,260
At 31 December 2022	2,005	9	48	299	32	2,393

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

### 5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Buildings/ Shoplots RM'000	Furniture and fittings RM'000	Office equipment RM'000	Computers RM'000	Renovation RM'000	Total RM'000
<b>Company</b>						
<b>Cost</b>						
At 1 January 2021	2,397	61	126	1,999	128	4,711
Additions	–	–	13	65	–	78
At 31 December 2021	2,397	61	139	2,064	128	4,789
<b>Accumulated depreciation</b>						
At 1 January 2021	296	60	87	1,827	125	2,395
Depreciation charge for the financial year	48	1	8	76	1	134
At 31 December 2021	344	61	95	1,903	126	2,529
<b>Carrying amount</b>						
At 1 January 2021	2,101	1	39	172	3	2,316
At 31 December 2021	2,053	–	44	161	2	2,260

Notes to the Financial Statements  
(Cont'd)**6. RIGHT-OF-USE ASSETS**

The Group lease several assets and the information about leases of the Group as lessee is presented below:

	<b>Leasehold land RM'000</b>	<b>Building RM'000</b>	<b>Office Space RM'000</b>	<b>Total RM'000</b>
<b>2022</b>				
<b>Cost</b>				
At 1 January 2022	2,744	503	1,167	4,414
Addition	–	–	4,726	4,726
Depreciation charge for the year	(45)	(5)	(1,518)	(1,568)
Exchange differences	–	–	25	25
At 31 December 2022	2,699	498	4,400	7,597
<b>2021</b>				
<b>Cost</b>				
At 1 January 2021	2,789	508	2,388	5,685
Addition	–	–	179	179
Depreciation charge for the year	(45)	(5)	(1,440)	(1,490)
Exchange differences	–	–	40	40
At 31 December 2021	2,744	503	1,167	4,414

The leasehold land and building generally have lease term of 60 years and 81 years respectively (2021: 61 years and 82 years). The Group also leases office space with lease term ranging from 36 to 60 months (2021: 36 to 60 months).

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

### 7. INVESTMENT IN SUBSIDIARIES

	Company	
	2022 RM'000	2021 RM'000
<b>At cost</b>		
Unquoted shares	34,567	34,567
Less: Impairment loss	(21,536)	(12,855)
	13,031	21,712
Add: Loans that are part of net investments	15,338	16,145
	28,369	37,857

Loans that are part of net investments represent amount owing by subsidiaries which are non-trade in nature, unsecured and non-interest bearing except for amount due from a subsidiary with amount of RM12,229,793 (2021: RM12,229,793) which is subject to interest at the rate ranging from 3.44% to 3.80% (2021: 3.40% to 3.49%) per annum on a monthly basis. The settlement of these amounts is neither planned nor likely to occur in the foreseeable future as it is the intention of the Company to treat these amounts as long-term source of capital to the subsidiary. As this amount is, in substance, a part of the Company's net investment in the subsidiaries, it is stated at cost less accumulated impairment loss, if any.

Details of the subsidiaries are as follows:

Name of Company	Principal place of business/ Country of incorporation	Group's effective equity interest		Principal activities
		2022 %	2021 %	
Willowglen (Malaysia) Sdn. Bhd.	Malaysia	100	100	Sales, implementation and maintenance of computer-based control systems
Willowglen Technology Sdn. Bhd.	Malaysia	100	100	Sales, implementation and maintenance of integrated monitoring systems
Willowglen Services Pte. Ltd.*	Singapore	100	100	Computer system integration activities and installation of building automation systems for remote monitoring
Sentinel Systems Sdn. Bhd.	Malaysia	70	70	Sales, implementation and maintenance of control room and CCTV solutions

Notes to the Financial Statements  
(Cont'd)**7. INVESTMENT IN SUBSIDIARIES (CONT'D)**

Details of the subsidiaries are as follows: (Cont'd)

Name of Company	Principal place of business/ Country of incorporation	Group's effective equity interest		Principal activities
		2022 %	2021 %	
WG Tech Sdn. Bhd.	Malaysia	100	100	Dormant
Willowglen Limited*	British Virgin Islands	100	100	Investment holding
<b>Subsidiaries of Willowglen Services Pte. Ltd.</b>				
Willowglen Asia Pte Limited +	Hong Kong	100	100	Investment holding
WLG Solutions Pte. Ltd. +	Singapore	100	100	Investment holding
<b>Subsidiary of WLG Solutions Pte. Ltd.</b>				
Willowglen Vietnam Co., Ltd. +	Vietnam	100	100	Design, supply, consultancy, installation, engineering services and maintenance of computer hardware and software

+ Audited by auditors other than Baker Tilly Monteiro Heng PLT.

\* The subsidiary is consolidated using unaudited management financial statements as it is not required to be audited under the local laws and regulations.

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

### 7. INVESTMENT IN SUBSIDIARIES (CONT'D)

#### 7.1 Derecognition of a subsidiary

During the previous financial year, the Company liquidated its 50.08% equity investment in PT Willowglen Indonesia for a total consideration of RM612,609.

(a) Summary of the effect of the derecognition of PT Willowglen Indonesia

	RM'000	RM'000
<b>Recognised:</b>		
Cash consideration received	–	613
		613
<b>Derecognised:</b>		
Fair value of identifiable net assets at disposal date		
Cash and cash equivalents	1,226	–
Other payables	(3)	–
Non-controlling interest	(610)	613
Gain on derecognition	–	–

(b) Effect of disposal on cashflows:

	RM'000
Consideration received in cash	613
Less: Cash and cash equivalent of subsidiary derecognised	(1,226)
Net cash outflow on derecognition	(613)

Notes to the Financial Statements  
(Cont'd)**7. INVESTMENT IN SUBSIDIARIES (CONT'D)****7.2 Non-controlling interest in subsidiaries**

The financial information of the Group's subsidiaries that have material non-controlling interests ("NCI") are as follows:

Equity interest held by non-controlling interests:

Name of Company	Principal place of business/ Country of incorporation	Effective equity interest	
		2022 %	2021 %
Sentinel Systems Sdn. Bhd.	Malaysia	30	30

Carrying amount of material non-controlling interests:

	2022 RM'000	2021 RM'000
Sentinel Systems Sdn. Bhd.	(25)	28
	(25)	28

Profit/(loss) allocated to material non-controlling interests:

	2022 RM'000	2021 RM'000
PT Willowglen Indonesia	–	15
Sentinel Systems Sdn. Bhd.	(53)	(58)
	(53)	(43)



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

### 7. INVESTMENT IN SUBSIDIARIES (CONT'D)

#### 7.3 Summarised financial information of material non-controlling interests

The summarised financial information (before intra-group elimination) of the Group's subsidiaries that have material non-controlling interests are as follows:

	PT Willowglen Indonesia		Sentinel Systems Sdn. Bhd.	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>Summarised statements of financial position</b>				
<b>As at 31 December</b>				
Non-current assets	–	–	3	6
Current assets	–	–	3,724	4,964
Current liabilities	–	–	(3,810)	(4,878)
Net (liabilities)/assets	–	–	(83)	92
<b>Summarised statements of comprehensive income</b>				
<b>Financial year ended 31 December</b>				
Revenue	–	–	187	1,543
Loss for the year	–	29	(175)	(195)
Total comprehensive income/(loss)	–	29	175	(195)
<b>Summarised cash flow information</b>				
<b>Financial year ended 31 December</b>				
Cash flows (used in)/from operating activities	–	225	(12)	42
Net (decrease)/increase in cash and cash equivalents	–	225	(12)	38
Dividends paid to non-controlling interests	–	–	–	–

#### 7.4 Impairment loss

During the financial year, an impairment loss of RM8,681,000 was recognised in profit or loss under other expenses, representing the impairment of a Malaysian subsidiary due to adverse business conditions affecting the subsidiary.

Notes to the Financial Statements  
(Cont'd)

## 8. INVESTMENT IN ASSOCIATES

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Unquoted shares at cost	13,254	13,094	200	40
Share of post-acquisition reserves	8,447	7,368	–	–
	21,701	20,462	200	40

Details of the associates are as follows:

Name of Company	Principal place of business/ Country of incorporation	Group's effective equity interest		Group's effective voting interest		Principal activities
		2022	2021	2022	2021	
		%	%	%	%	
Austral Willowglen Sdn. Bhd.	Malaysia	20	20	20	20	Sales, distribution, implementation, maintenance and consultancy of information communication technologies, internet of things and industrial system deployment

## Interest held through Willowglen Asia Pte Limited

Willowglen Systems Inc. *	Canada	60	60	49	49	Development and sale of industrial automation and related products
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+ Audited by auditors other than Baker Tilly Monteiro Heng PLT.

\* The associate dissolved during the financial year.

Although the Group hold more than half of the effective equity interest in Willowglen Systems Inc. ("WSI") and less than half of the voting rights in the entity, the directors have determined that the Group does not control the entity as the Group does not have substantive rights over the investee and on the basis that the remaining voting rights were not widely dispersed. The Company has no representation on the Board of Directors of WSI and has entered into an agreement with another shareholder that the Company will not actively participate in the strategic policy decisions in WSI's Executive Committee meetings. On that basis of these facts, the Company concludes that it exercises significant influence and does not have control over WSI and thus treats WSI as an investment in associate.

## 8.1 Dissolution of an associate

During the previous financial year, the Company dissolved its 50% equity investment in Secura Malaysia Sdn. Bhd. for a total loss of RM5,751.

## 8.2 Acquisition of additional interest in Austral Willowglen Sdn. Bhd.

On 1 March 2022, the Company acquired additional RM159,980 interest (representing 159,980 ordinary shares) in Austral Willowglen Sdn. Bhd. at a price of RM1 per share by way of allotment of shares.

Notes to the Financial Statements  
(Cont'd)**8. INVESTMENT IN ASSOCIATES (CONT'D)****8.3 Summarised financial information of material associates**

The following table illustrates the summarised financial information of the Group's material associates, adjusted for any differences in accounting policies and reconciles the information to the carrying amount of the Group's interest in the associates.

<b>Group 2022</b>	<b>Willowglen System Inc. RM'000</b>	<b>Austral Willowglen Sdn. Bhd. RM'000</b>
<b>Assets and liabilities:</b>		
Non-current assets	44,254	–
Current assets	34,603	947
Non-current liabilities	(2,919)	–
Current liabilities	(38,001)	(4)
<b>Net assets</b>	<b>37,937</b>	<b>943</b>
<b>Results:</b>		
Profit/(Loss) for the financial year	1,802	(11)

	<b>Willowglen Systems Inc. RM'000</b>	<b>Austral Willowglen Sdn. Bhd. RM'000</b>	<b>Total RM'000</b>
<b>Reconciliation of net assets to carrying amount:</b>			
Cost of investment	11,695	200	11,895
Bargain purchase gain on acquisition of an associate	1,359	–	1,359
Dissolution during the year	–	–	–
Carrying amount at fair value	13,054	200	13,254
Share of post-acquisition profit/(loss)	8,461	(14)	8,447
<b>Carrying amount in the statements of financial position</b>	<b>21,515</b>	<b>186</b>	<b>21,701</b>
<b>Group's share of results:</b>			
Group's share of profit/(loss)	1,081	(2)	1,079

Notes to the Financial Statements  
(Cont'd)

## 8. INVESTMENT IN ASSOCIATES (CONT'D)

## 8.3 Summarised financial information of material associates (Cont'd)

The following table illustrates the summarised financial information of the Group's material associates, adjusted for any differences in accounting policies and reconciles the information to the carrying amount of the Group's interest in the associates. (Cont'd)

Group 2021	Willowglen Systems Inc. RM'000	Secura Malaysia Sdn. Bhd. RM'000	Austral Willowglen Sdn. Bhd. RM'000
<b>Assets and liabilities:</b>			
Non-current assets	35,930	–	–
Current assets	26,008	–	157
Non-current liabilities	(3,174)	–	–
Current liabilities	(22,410)	–	(2)
<b>Net assets</b>	<b>36,354</b>	<b>–</b>	<b>155</b>
<b>Results:</b>			
Profit/(Loss) for the financial year	1,520	–	(9)

	Willowglen Systems Inc. RM'000	Secura Malaysia Sdn. Bhd. RM'000	Austral Willowglen Sdn. Bhd. RM'000	Total RM'000
<b>Reconciliation of net assets to carrying amount:</b>				
Cost of investment	11,695	150	40	11,885
Bargain purchase gain on acquisition of an associate	1,359	–	–	1,359
Liquidation during the year	–	(150)	–	(150)
<b>Carrying amount at fair value</b>	<b>13,054</b>	<b>–</b>	<b>40</b>	<b>13,094</b>
Share of post-acquisition profit/(loss)	7,380	–	(12)	7,368
<b>Carrying amount in the statements of financial position</b>	<b>20,434</b>	<b>–</b>	<b>28</b>	<b>20,462</b>
<b>Group's share of results:</b>				
Group's share of profit/(loss)	912	–	(2)	910

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

### 9. INVESTMENT SECURITIES

	Group	
	2022	2021
	RM'000	RM'000
<b>Financial assets at fair value through other comprehensive income ("FVOCI")</b>		
<b>At fair value:</b>		
- Debt securities		
At 1 January	5,142	5,069
Acquisition during the financial year	–	2,457
Disposal during the financial year	(799)	(2,315)
Exchange differences	309	104
Fair value changes	(813)	(173)
At 31 December	3,839	5,142

### 10. OTHER INVESTMENTS

	Group and Company	
	2022	2021
	RM'000	RM'000
<b>Financial assets at fair value through profit or loss ("FVPL")</b>		
- Redeemable convertible preference shares	2,000	–

### 11. TRADE AND OTHER RECEIVABLES

		Group		Company	
		2022	2021	2022	2021
	Note	RM'000	RM'000	RM'000	RM'000
<b>Non-current:</b>					
<b>Non-trade</b>					
Other receivable					
- Amount due from associate	(a)	1,396	1,410	–	–

Notes to the Financial Statements  
(Cont'd)

## 11. TRADE AND OTHER RECEIVABLES (CONT'D)

		Group		Company	
	Note	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>Current:</b>					
<b>Trade</b>					
Trade receivables		35,509	25,658	–	–
Retention sum		5,928	6,269	–	–
		41,437	31,927	–	–
Less: Impairment losses		(1,068)	(1,766)	–	–
	(b)	40,369	30,161	–	–
<b>Non-trade</b>					
Other receivables		194	510	55	66
Deposits		1,469	292	7	6
Prepayments		1,111	905	14	11
		2,774	1,707	76	83
<b>Total trade and other receivables (current)</b>		43,143	31,868	76	83
<b>Total trade and other receivables (non-current and current)</b>		44,539	33,278	76	83

- (a) Included in other receivables (non-current and current) are amount of RM1,513,000 (2021: RM1,790,000) are non-trade amount due from associate of the Group which are unsecured, subject to interest at 5% (2021: 5%) per annum and repayable over 181 months from April 2017 to May 2032.
- (b) Trade receivables are non-interest bearing and the normal credit terms offered by the Group ranging from 30 days to 90 days (2021: 30 days to 90 days) from the date of invoices. Other credit terms are assessed and approved on a case-by-case basis. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

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

### 12. INVENTORIES

	<b>Group</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>At Cost</b>		
Consumables	3,924	2,328

- (a) The cost of inventories of the Group recognised as an expense in cost of sales during the financial year was RM52,084,702 (2021: RM48,305,311).
- (b) During the financial year, the provision for stock obsolescence to their net realisable values for the Group amounted to RM70,738 (2021: RM40,638).

### 13. CONTRACT ASSETS/(LIABILITIES)

	<b>Group</b>		<b>Company</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Contract assets relating to contracts with customers	87,667	61,201	–	101
Contract liabilities relating to contracts with customers	(4,737)	(1,756)	(29)	–

The contract assets primarily relate to the Company's right to consideration for work completed on contract but not yet billed at the reporting date. Typically, the amount will billed on a milestone basis and payment is within 60 days.

The contract liabilities primarily relate to the advance consideration received from a customer or advance billing for contract, which revenue is recognised over time during the construction. The contract liabilities are expected to be recognised over the contract period.

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

### 13. CONTRACT ASSETS/(LIABILITIES) (CONT'D)

#### (a) Significant changes in contract balances

	2022		2021	
	Contract assets Increase/ (decrease) RM'000	Contract liabilities (Increase)/ decrease RM'000	Contract assets Increase/ (decrease) RM'000	Contract liabilities (Increase)/ decrease RM'000
<b>Group</b>				
Revenue recognised that was included in contract liability at the beginning of the financial year	–	2,527	–	2,051
Increase due to consideration received from customers, but revenue not recognised	–	(5,424)	–	(5,890)
Increases as a result of changes in the measure of progress	89,900	–	80,681	–
Transfers from contract assets recognised at the beginning of the period to receivables	(65,784)	–	(75,770)	–
<b>Company</b>				
Increase due to consideration received from customers, but revenue not recognised	–	(29)	–	–
Increases as a result of changes in the measure of progress	–	–	58	–
Transfers from contract assets recognised at the beginning of the period to receivables	(101)	–	–	–

Revenue recognised that was included in the contract liability balance at the beginning of the year represented primarily recognition of revenue from project when percentage of completion increases.



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

### 14. AMOUNT DUE FROM SUBSIDIARIES

	<b>Company</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
Amount due from subsidiaries		
Trade	2,650	2,866
Non-trade	31,488	16,228
	34,138	19,094
Less: Impairment losses	(659)	(659)
	33,479	18,435

The normal trade credit granted to the subsidiaries is 30 days (2021: 30 days).

The amount due from subsidiaries are unsecured, repayable on demand, non-interest bearing except for amounts of RM30,318,630 (2021: RM18,430,195) which is subject to interest at the rate ranging from 3.44% to 3.80% (2021: 3.40% to 3.49%) per annum on a monthly basis and is expected to be settled by cash.

### 15. CASH AND CASH EQUIVALENTS

		<b>Group</b>		<b>Company</b>	
	<b>Note</b>	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
		<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Fixed deposits placed with licensed banks	(a)	9,051	2,412	699	699
Short term investments		3,123	27,264	3,123	27,264
Cash and bank balances		42,348	47,579	1,297	2,442
<b>Cash and cash equivalents as reported in statements of financial position</b>		54,522	77,255	5,119	30,405
Less: Pledged deposits		(2,442)	(2,412)	(699)	(699)
<b>Cash and cash equivalents as reported in statements of cash flows</b>		52,080	74,843	4,420	29,706

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

### 15. CASH AND CASH EQUIVALENTS (CONT'D)

- (a) Included in the fixed deposits placed with licensed banks of the Group and the Company are an amount of RM2,442,486 and RM699,305 (2021: RM2,411,767 and RM698,986) respectively, which have been pledged to licensed bank as securities for banking facilities granted to the Group and the Company.

Fixed deposits and short-term investments are made for varying periods of between 1 day to 90 days depending on the immediate cash requirements of the Group and of the Company. The weighted average effective interest rates as at 31 December 2022 for the Group and the Company were 3% and 2%. (2021: 3% and 3%) respectively.

### 16. SHARE CAPITAL

	Group and Company			
	2022		2021	
	Number of ordinary shares '000	Amount RM'000	Number of ordinary shares '000	Amount RM'000
<b>Issued and fully paid up: (no par value)</b>				
At 1 January/31 December	496,000	29,240	496,000	29,240

The holders of ordinary shares (except treasury shares) are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

As at 31 December 2022, of the total 496,000,000 (2021: 496,000,000) issued and fully paid ordinary shares, 11,213,600 (2021: 10,614,200) ordinary shares are currently held as treasury shares by the Company as disclosed in Note 17 to the financial statements. The number of outstanding shares on issue after the share repurchased is 484,786,400 (2021: 485,385,800).

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

### 17. TREASURY SHARES

	Group and Company			
	2022		2021	
	Number of ordinary shares '000	Amount RM'000	Number of ordinary shares '000	Amount RM'000
At 1 January	10,614	2,210	10,464	2,154
Shares repurchased during the financial year	599	217	150	56
At 31 December	11,213	2,427	10,614	2,210

Treasury shares relate to ordinary shares of the Company that are repurchased and held by the Company. The directors of the Company believe that the repurchase plan are applied in the best interests of the Company and its shareholders. The share repurchases made to date were financed by internally generated funds and are being held as treasury shares in accordance with the requirement of Section 127 of the Companies Act 2016 in Malaysia.

There was no repurchase of the Company's issued ordinary shares, nor any resale, cancellation or distribution of treasury shares in current financial year.

The details of repurchased of treasury shares during the financial year were as follows:

	Number of Shares Repurchased Unit	Price per share			Total Consideration RM
		Lowest RM	Highest RM	Average RM	
<b>31.12.2022</b>					
January 2022	59,000	0.397	0.397	0.400	23,613
June 2022	340,400	0.375	0.375	0.362	123,300
July 2022	100,000	0.345	0.345	0.348	34,770
September 2022	100,000	0.350	0.350	0.353	35,273
	599,400	0.345	0.397	0.362	216,956

Notes to the Financial Statements  
(Cont'd)

## 18. RESERVES

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Merger deficit	(7,585)	(7,585)	–	–
Foreign currency translation reserve	22,514	16,142	–	–
Fair value reserve	(724)	89	–	–
Retained earnings	156,666	148,560	44,210	61,661
	170,871	157,206	44,210	61,661

Foreign currency translation reserve

The foreign currency translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

Fair value reserve

This reserve comprises the cumulative net change in the fair value of financial assets at fair value through other comprehensive income (FVOCI) until the investments are derecognised or impaired.

The Group and the Company have elected to recognise changes in the fair value of certain investments in equity securities in other comprehensive income, as explained in Note 9 to the financial statements. These changes are accumulated within the fair value reserve of financial assets at FVOCI. The Group and the Company transfer amounts from this reserve to retained earnings when the relevant equity securities are derecognised.

Retained earnings

The Company may distribute dividends of its entire retained earnings under single-tier system.

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

### 19. LEASE LIABILITIES

	<b>Group</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Carrying amount</b>		
Current liabilities		
- less than 1 year	1,606	1,169
Non-current liabilities		
- between 1 to 5 years	2,801	71
At 31 December	4,407	1,240

The lease liabilities of the Group bear interest at rates ranging from 2.38% to 5.60% (2021: 2.38% to 8.20%) per annum respectively.

	<b>Group</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
At 1 January	1,240	2,523
Addition	4,726	179
Interest expense	35	51
Lease payments		
- Principal portion	(1,587)	(1,504)
- Interest portion	(35)	(51)
Exchange differences	28	42
At 31 December	4,407	1,240

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

### 20. PROVISIONS

	Maintenance warranties RM'000	Reinstatement costs RM'000	Provision for unutilised leave RM'000	Provision for foreseeable losses RM'000	Total RM'000
<b>Group</b>					
At 1 January 2022	609	771	357	1	1,738
Recognised in profit or loss	944	–	379	–	1,323
Utilised during the financial year	(1,048)	–	–	–	(1,048)
Reversed during the financial year	(110)	–	(370)	(1)	(481)
Exchange differences	–	50	24		74
At 31 December 2022	395	821	390	–	1,606
<b>2022</b>					
Non-current	–	821	–	–	821
Current	395	–	390	–	785
	395	821	390	–	1,606
<b>2021</b>					
Non-current	–	771	–	–	771
Current	609	–	357	1	967
	609	771	357	1	1,738

#### Maintenance warranties

The provision for maintenance warranties represents the present value of the directors' best estimates of future economic obligation that will be required under the Group's obligation for warranties on its products and services. The provision is recognised based on estimation made from historical warranty data with similar products.

#### Reinstatement costs

Provision for reinstatement costs is the estimated costs of dismantlement, removal and restoration of plant and equipment arising from the acquisition or use of assets, which are capitalised and included in the cost of plant and equipment.

#### Provision for unutilised leave

The provision for unutilised leave represents the leave entitlement by employees not utilised at the end of the financial year.

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

### 21. DEFERRED TAX LIABILITIES

	<b>Group</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
Deferred tax liabilities	125	117

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 where the deferred taxes relate to the same tax authority.

Recognised deferred tax liabilities are attributable to the following:

	<b>Group</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
Accelerated capital allowance	191	179
Provisions	(66)	(62)
	125	117

The movement of the deferred tax liabilities was as follows:

	<b>Group</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
As at 1 January	117	115
Exchange differences	8	2
As at 31 December	125	117

Notes to the Financial Statements  
(Cont'd)**21. DEFERRED TAX LIABILITIES (CONT'D)**Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Unutilised tax losses	32,766	27,044	7,218	5,789
Unclaimed capital allowance	3,573	2,787	859	669
Deductible temporary difference	(1,147)	(941)	(290)	(189)
	35,192	28,890	7,787	6,269
Potential deferred tax assets not recognised at 24%	8,446	6,934	1,869	1,505

The availability of unused tax losses for offsetting against future taxable profits of the respective subsidiaries in Malaysia are subject to requirements under the Income Tax Act, 1967 and guidelines issued by the tax authority.

Pursuant to the Section 8 of the Finance Act 2021 (Act 833), the amendment to Section 44 (5F) of Income Tax Act 1967, the time limit on the carried forward unused tax losses has been extended to maximum 10 consecutive years. This amendment is deemed to have effect for the year of assessment 2019 and subsequent year of assessment.

Any unused tax losses brought forward from year of assessment 2018 can be carried forward for another 10 consecutive years of assessment. (i.e. from year of assessment 2019 to 2028).



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

### 21. DEFERRED TAX LIABILITIES (CONT'D)

#### Unrecognised deferred tax assets (Cont'd)

The unused tax losses are available for offset against future taxable profits of the Group and the Company up to the following financial years:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
2027	3,474	3,474	2,300	2,300
2028	8,786	8,786	–	–
2029	6,431	6,431	–	–
2030	3,062	3,062	1,310	1,310
2031	5,291	5,291	2,179	2,179
2032	5,722	–	1,429	–
	32,766	27,044	7,218	5,789

### 22. TRADE AND OTHER PAYABLES

		Group		Company	
	Note	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>Current:</b>					
<b>Trade</b>					
Trade payables	(a)	18,472	17,184	–	5
<b>Non-trade</b>					
Other payables		217	123	84	272
SST payables		20	222	–	–
Accruals		3,008	2,826	540	248
Deposit		15	15	–	–
	(b)	3,260	3,186	624	520
<b>Total trade and other payables</b>		<b>21,732</b>	<b>20,370</b>	<b>624</b>	<b>525</b>

Notes to the Financial Statements  
(Cont'd)**22. TRADE AND OTHER PAYABLES (CONT'D)**

- (a) Trade payables are non-interest bearing and normal credit terms granted to the Group and the Company range from 30 days to 60 days (2021: 30 days to 60 days).
- (b) Other payables are non-interest bearing and are normally settled on 30 days to 60 days terms (2021: 30 days to 60 days).

For explanations on the Group's and the Company's liquidity risk management processes, refer to Note 32(b)(ii) to the financial statements.

**23. REVENUE**

Revenue comprises mainly income from supply of computer-based control systems and provision of the related installation and maintenance services.

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Contract revenue	139,554	128,358	–	–
Maintenance contracts	52,971	42,946	–	–
Miscellaneous income	–	–	2,213	1,479
	192,525	171,304	2,213	1,479
Timing of revenue recognition:				
At a point in time	14,134	1,101	2,213	1,479
Over time	178,391	170,203	–	–
	192,525	171,304	2,213	1,479

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

### 23. REVENUE (CONT'D)

The transaction price allocated to the remaining performance obligations as at 31 December 2022 is RM356,714,708 (2021: RM362,898,993). The remaining performance obligations are expected to be recognised as follows:

	Within 1 year RM'000	Between 1 - 5 years RM'000	More than 5 years RM'000	Total RM'000
<b>Group</b>				
<b>At 31 December 2022</b>				
Revenue expected to be recognised on:				
- construction contracts	146,279	95,448	–	241,727
- maintenance contracts	45,939	68,620	429	114,988
	192,218	164,068	429	356,715
<b>At 31 December 2021</b>				
Revenue expected to be recognised on:				
- construction contracts	109,668	167,282	–	276,950
- maintenance contracts	36,182	47,514	2,253	85,949
	145,850	214,796	2,253	362,899

The Group apply the practical expedient in paragraph 121(a) of MFRS 15 and do not disclose information about performance obligations that have original expected durations of one year or less.

### 24. FINANCE COSTS

	<b>Group</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
Interest expenses on:		
- lease liabilities	35	51

Notes to the Financial Statements  
(Cont'd)**25. PROFIT BEFORE TAX**

Other than disclosed elsewhere in the financial statements, the following items have been charged/(credited) in arriving profit/(loss) before tax:

Note	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Auditors' remuneration:				
- Malaysian operations				
- current year	148	82	80	60
- prior year	2	(16)	2	(5)
- non statutory audit	13	10	13	10
- Overseas operations				
- current year	102	98	-	-
Bad debt recovered	(72)	-	-	-
Bad debt written off	-	59	-	-
Depreciation on:				
- property, plant and equipment	2,047	2,114	126	134
- right-of-use assets	1,568	1,490	-	-
Dividend income from a subsidiary	-	-	-	(35,401)
Expenses relating to short-term leases	6	65	66	65
Gain on disposal of investment in subsidiaries	-	-	-	(81)
Gain on disposal of property, plant and equipment	-	(85)	-	-
Government grants:				
- wages subsidy programme (i)	(1,324)	(664)	(89)	(68)
Impairment loss on:				
- investment in subsidiaries	-	-	8,681	-
Interest income from:				
- loan to subsidiaries	-	-	(1,640)	(969)
- loan to an associate company	(74)	(100)	-	-
- investment securities	(169)	(185)	-	-
- unit trust	(210)	(96)	(210)	(96)
- fixed deposit	(111)	(105)	(9)	(9)
- bank balances	(46)	-	-	-
Net loss/(gain) on foreign exchange:				
- realised	381	26	(28)	(2)
- unrealised	(263)	6	(249)	(78)
Property, plant and equipment written off	2	1	1	-
Provision for stock obsolescence	71	41	-	-
Provision for maintenance warranties	944	535	-	-
Provision for unutilised leave	379	357	-	-
Rental income	(66)	-	(60)	(60)

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

### 25. PROFIT BEFORE TAX (CONT'D)

Other than disclosed elsewhere in the financial statements, the following items have been charged/(credited) in arriving profit/(loss) before tax (Cont'd):

	<b>Group</b>		<b>Company</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Reversal of impairment losses on:				
- trade receivables	(698)	(231)	-	-
Reversal of provision for foreseeable losses	(1)	-	-	-
Reversal of provision for maintenance warranties	(110)	(171)	-	-
Reversal of provision for unutilised leave	(370)	-	-	-
Directors' remuneration (Note 26)				
- fees	261	245	261	245
- salaries and other emoluments	5,880	5,793	-	-
- defined contribution plans	736	741	-	-
Staff costs:				
- salaries, allowances and bonuses	45,412	43,976	3,380	3,241
- defined contribution plans	5,820	5,486	376	366
- socso	130	122	30	28
- EIS	15	14	3	3

- (i) The Group and the Company received wage support under the Job Support Scheme, Wages Credit Scheme and Special Employment Credit from Singapore Government and Wage Subsidy Programme from Malaysian Government as part of the Governments' measure to support business during the period of economic uncertainties impacted by COVID-19 pandemic. There are no unfulfilled conditions or contingencies attached to these grants.

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

### 26. DIRECTORS' REMUNERATION

The details of directors' remuneration during the year are as follows:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>Executive directors</b>				
Fees	97	91	97	91
Salaries, bonus and other emoluments	5,880	5,793	–	–
Defined contribution plan	736	741	–	–
	6,713	6,625	97	91
<b>Non-executive directors</b>				
Fees	164	154	164	154
	6,877	6,779	261	245

### 27. INCOME TAX EXPENSE

The major components of income tax expense for the financial years ended 31 December 2022 and 2021:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>Statements of comprehensive income</b>				
<b>Current income tax</b>				
- current year	(3,919)	(4,125)	–	–
- prior year	(190)	22	–	–
Income tax expense recognised in profit or loss	(4,109)	(4,103)	–	–

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2021: 24%) of the estimated assessable profit for the financial year. The corporate tax rate applicable to the Singapore subsidiary of the Group was 17% for the year of assessment 2022 (2021: 17%).

Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

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

### 27. INCOME TAX EXPENSE (CONT'D)

The reconciliations from the tax amount at the statutory income tax rate to Group's and the Company's tax expense are as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Profit/(Loss) before tax	19,442	19,320	(10,171)	33,122
Tax at Malaysia statutory income tax rate of 24% (2021: 24%)	(4,666)	(4,637)	2,441	(7,949)
Effect of tax rate in foreign jurisdiction	1,723	1,730	–	–
Share of results of associates	259	218	–	–
Adjustments:				
- non-deductible expenses	(464)	(765)	(2,158)	(156)
- non-taxable income	332	145	81	8,532
- deferred tax assets not recognised on tax losses and temporary differences	(1,512)	(1,045)	(364)	(427)
- tax exemption	56	54	–	–
- other items	353	175	–	–
- adjustment in respect of income tax of prior years	(190)	22	–	–
Income tax expense	(4,109)	(4,103)	–	–

### 28. EARNINGS PER SHARE

The basic earnings per share are based on the profit for the financial year attributable to owners of the Company and the weighted average number of ordinary shares outstanding (excluding treasury shares) during the financial year, calculated as follows:

	<b>Group</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
Profit attributable to owners of the Company	15,386	15,260
Weighted average number of ordinary shares for basic earnings per share	485,070	485,522
Basic earnings per ordinary share (sen)	3.17	3.14

The basic and diluted earnings per ordinary share are equal as the Group does not have dilutive potential ordinary shares as at the reporting date.

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

### 29. DIVIDENDS

	Group and Company	
	2022	2021
	RM'000	RM'000
<b>Recognised during the financial year:</b>		
Dividends on ordinary shares:		
First and final single-tier dividend of 1.5 sen per ordinary share in respect of the financial year ended 31 December 2021, paid on 18 May 2022	7,280	–
Dividends on ordinary shares:		
First and final single-tier dividend of 1.5 sen per ordinary share in respect of the financial year ended 31 December 2020, paid on 18 May 2021	–	7,283

A first and final single-tier dividend of 1.5 sen per ordinary share, amounting to RM7,271,796 in respect of the current financial year, has been approved by the Board of Directors on 27 February 2023. The financial statements for the current financial year do not reflect this dividend. Such dividend will be accounted for in the equity as an appropriation of retained earnings in the financial year ending 31 December 2022 after the distribution has been made.

### 30. RELATED PARTIES

#### (a) Identify of related parties

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.

Related parties of the Group and the Company included:

- (i) Company's holding company;
- (ii) Entities having significant influence over the Group;
- (iii) Subsidiaries
- (iv) Associates; and
- (v) Key management personnel of the Group and the Company's holding company, comprise persons (including directors) having the authority and responsibility for planning, directing and controlling the activities directly or indirectly.



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

### 30. RELATED PARTIES (CONT'D)

#### (b) Significant related party transactions

Significant related party transactions other than as disclosed elsewhere in the financial statements are as follows:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>Subsidiaries</b>				
Sale of goods	–	–	818	170
Provision of engineering services	–	–	141	84
Technical advisory fees charged	–	–	1,254	1,225
Rental income	–	–	60	–
Rental expense	–	–	(60)	(60)
Interest income	–	–	1,640	969
Dividend income	–	–	–	35,401
Purchase of goods	–	–	(19)	–
<b>Associates</b>				
Interest income	74	99	–	–
Purchase of goods	–	(159)	–	–
<b>Related parties</b>				
Purchase of goods	–	(960)	–	–

#### (c) Key management personnel remuneration

The remuneration of the key management personnel during the financial year are as follows:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Directors' remuneration (Note 26)	6,877	6,779	261	245
Other key management personnel:				
Salaries, bonuses and allowances	5,403	5,316	–	546
Contribution to defined contribution plans	494	492	–	63
	5,897	5,808	–	609
	12,774	12,587	261	854

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

### 31. SEGMENT INFORMATION

The Group prepared the following segment information in accordance with MFRS 8 *Operating Segments* based on internal reports of the Group's strategic business units which are regularly reviewed by the Group's chief operating decision maker for the purpose of making decisions about resource allocation and performance assessment.

The Group's reportable operating segments which is based on geographical areas are as follows:

- Malaysia : research, development, sales, implementation and maintenance of computer-based control systems, integrated monitoring systems.
- Singapore : design, supply, engineering, implementation and maintenance of computer-based control systems.
- Indonesia : trading, hardware and software consulting services.
- Others : investment holdings.

Inter-segment pricing is determined on negotiated basis.

#### Segment profit

Segment performance is used to measure performance as Group's chief operating decision maker believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these geographical areas. Performance is evaluated based on operating profit or loss which is measured differently from operating profit or loss in the consolidated financial statements.

#### Segment assets

The total of segment asset is measured based on all assets (excluding investment in associates, current and deferred tax assets) of a segment, as included in the internal reports that are reviewed by the Group's operating decision maker.

The amounts of addition to non-current assets is excluding financial instruments and deferred tax assets.

#### Segment liabilities

Segment liabilities are not included in the internal reports that are reviewed by the Group's operating decision maker. Hence, no disclosures are made on liabilities.

#### Geographical information

Revenue and non-current assets information on the basis of geographical segments information are based on the geographical location of customers and assets respectively. The amounts of non-current assets do not include financial instruments and deferred tax assets.

#### Major customers

Major customers' information is revenues from transactions with a single external customer amount to ten percent or more of the Group's revenue. A group of entities known to a reporting entity to be under common control shall be considered a single customer.

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

### 31. SEGMENT INFORMATION (CONT'D)

	Malaysia RM'000	Singapore RM'000	Indonesia RM'000	Europe RM'000	Others RM'000	Elimination RM'000	Notes	Total RM'000
<b>2022</b>								
<b>Revenue:</b>								
External customers	53,345	139,180	–	–	–	–		192,525
Inter-segment	3,815	1,093	–	–	–	(4,908)	A	–
<b>Total revenue</b>	<b>57,160</b>	<b>140,273</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>(4,908)</b>		<b>192,525</b>
<b>Results:</b>								
Interest income	1,915	335	–	–	–	(1,640)		610
Interest expense	(1,646)	(29)	–	–	–	1,640		(35)
Depreciation								
- property, plant and equipment	(975)	(1,072)	–	–	–	–		(2,047)
- right of use assets	(121)	(1,447)	–	–	–	–		(1,568)
Reversal of impairment loss on trade receivables	698	–	–	–	–	–		698
Share of results of associates	–	–	–	–	–	1,079		1,079
<b>Segment profit</b>	<b>(15,110)</b>	<b>24,783</b>	<b>–</b>	<b>–</b>	<b>(16)</b>	<b>9,785</b>	<b>B</b>	<b>19,442</b>
Income tax expense	–	(4,109)	–	–	–	–		(4,109)
<b>Profit for the financial year</b>	<b>(15,110)</b>	<b>20,674</b>	<b>–</b>	<b>–</b>	<b>(16)</b>	<b>9,785</b>	<b>B</b>	<b>15,333</b>
<b>Assets:</b>								
Investment in associates	186	–	–	–	21,515	–		21,701
Additions to non-current assets	1,095	2,520	–	–	–	–		3,615
<b>Segment assets</b>	<b>135,934</b>	<b>149,278</b>	<b>–</b>	<b>–</b>	<b>304</b>	<b>(76,839)</b>	<b>C</b>	<b>208,677</b>
<b>Geographical information:</b>								
Revenue by geographical location of customers	52,311	139,180	126	908	–	–		192,525
Non-current assets	39,809	12,010	–	–	–	(28,557)	C	23,262
<b>Major customers</b>	<b>26,185</b>	<b>81,923</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>		<b>108,108</b>

Notes to the Financial Statements  
(Cont'd)

## 31. SEGMENT INFORMATION (CONT'D)

	Malaysia RM'000	Singapore RM'000	Indonesia RM'000	Europe RM'000	Others RM'000	Elimination RM'000	Notes	Total RM'000
<b>2021</b>								
<b>Revenue:</b>								
External customers	50,872	120,432	–	–	–	–		171,304
Inter-segment	3,633	1,522	–	–	–	(5,155)	A	–
<b>Total revenue</b>	<b>54,505</b>	<b>121,954</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>(5,155)</b>		<b>171,304</b>
<b>Results:</b>								
Interest income	1,137	285	33	–	–	(969)		486
Interest expense	(975)	(45)	–	–	–	969		(51)
Depreciation								
- property, plant and equipment	948	1,166	–	–	–	–		2,114
- right of use assets	119	1,371	–	–	–	–		1,490
Share of results of associates	–	–	–	–	–	910		910
<b>Segment profit</b>	<b>28,983</b>	<b>24,903</b>	<b>29</b>	<b>–</b>	<b>(28)</b>	<b>(34,566)</b>	<b>B</b>	<b>19,321</b>
Income tax expense	–	(4,104)	–	–	–	–		(4,104)
<b>Profit for the financial year</b>	<b>28,983</b>	<b>20,799</b>	<b>29</b>	<b>–</b>	<b>(28)</b>	<b>(34,566)</b>	<b>B</b>	<b>15,217</b>
<b>Assets:</b>								
Investment in associates	28	–	–	–	20,434	–		20,462
Additions to non-current assets	1,120	177	–	–	–	–		1,297
<b>Segment assets</b>	<b>142,452</b>	<b>116,435</b>	<b>–</b>	<b>–</b>	<b>310</b>	<b>(66,248)</b>	<b>C</b>	<b>192,949</b>
<b>Geographical information:</b>								
Revenue by geographical location of customers	49,623	120,433	1,085	161	–	–		171,302
Non-current assets	47,807	10,549	–	–	–	(38,057)	C	20,299
<b>Major customers</b>	<b>18,298</b>	<b>74,663</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>		<b>92,961</b>

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

### 31. SEGMENT INFORMATION (CONT'D)

Nature of elimination to arrive at amounts reported in the consolidated financial statements:

- (A) Inter-segment revenue are eliminated on consolidation;
- (B) Inter-segment revenue and expenses are eliminated on consolidation; and
- (C) Inter-segment balances are eliminated on consolidation.

Information about major customer

	<b>2022</b> <b>RM'000</b>	<b>2021</b> <b>RM'000</b>
<b>Singapore</b>		
Customer I	58,445	51,538
Customer II	23,478	23,125
<b>Malaysia</b>		
Customer III	14,704	18,298
Customer IV	11,481	–
	<b>108,108</b>	<b>92,961</b>

Notes to the Financial Statements  
(Cont'd)**32. FINANCIAL INSTRUMENTS****(a) Categories of financial instruments**

The following table analyses the financial instruments in the statements of financial position by the classes of financial instruments to which they are assigned:

- (i) Fair value through profit or loss ("FVPL")
- (ii) Fair value through other comprehensive income ("FVOCI")
- (iii) Amortised cost

	Carrying amount RM'000	Amortised cost RM'000	FVPL RM'000	FVOCI RM'000
<b>At 31 December 2022</b>				
<b>Financial assets</b>				
<b>Group</b>				
Investment securities	3,839	–	–	3,839
Other investment	2,000	–	2,000	–
Trade and other receivables *	43,428	43,428	–	–
Cash and cash equivalents	54,522	54,522	–	–
	103,789	97,950	2,000	3,839
<b>Company</b>				
Other investment	2,000	–	2,000	–
Trade and other receivables *	62	62	–	–
Amount due from subsidiaries	33,479	33,479	–	–
Cash and cash equivalents	5,119	5,119	–	–
	40,660	38,660	2,000	–
<b>Financial liabilities</b>				
<b>Group</b>				
Trade and other payables ^	(21,712)	(21,712)	–	–
Lease liabilities	(4,407)	(4,407)	–	–
	(26,119)	(26,119)	–	–
<b>Company</b>				
Trade and other payables ^	(624)	(624)	–	–
	(624)	(624)	–	–

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

### 32. FINANCIAL INSTRUMENTS (CONT'D)

#### (a) Categories of financial instruments (Cont'd)

The following table analyses the financial instruments in the statements of financial position by the classes of financial instruments to which they are assigned: (Cont'd)

At 31 December 2021	Carrying amount RM'000	Amortised cost RM'000	FVPL RM'000	FVOCI RM'000
<b>Financial assets</b>				
<b>Group</b>				
Investment securities	5,142	–	–	5,142
Trade and other receivables *	32,373	32,373	–	–
Cash and cash equivalents	77,255	77,255	–	–
	114,770	109,628	–	5,142
<b>Company</b>				
Trade and other receivables*	72	72	–	–
Amount due from subsidiaries	18,435	18,435	–	–
Cash and cash equivalents	30,405	30,405	–	–
	48,912	48,912	–	–
<b>Financial liabilities</b>				
<b>Group</b>				
Trade and other payables ^	(20,148)	(20,148)	–	–
Lease liabilities	(1,240)	(1,240)	–	–
	(21,388)	(21,388)	–	–
<b>Company</b>				
Trade and other payables ^	(525)	(525)	–	–
	(525)	(525)	–	–

\* Exclude prepayments and GST refundable

^ Exclude SST payable

Notes to the Financial Statements  
(Cont'd)**32. FINANCIAL INSTRUMENTS (CONT'D)****(b) Financial risk management**

The Group's and the Company's activities are exposed to a variety of financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, foreign currency risk and interest rate risk. The Group's and the Company's overall financial risk management objective is to optimise value for their shareholders. The Group and the Company use derivative financial instruments, such as, foreign exchange contracts to hedge certain exposures. The Group and the Company do not trade in financial instruments.

The Board of Directors reviews and agrees to policies and procedures for the management of these risks, which are executed by the Group's senior management. The audit committee provides independent oversight to the effectiveness of the risk management process.

**(i) Credit risk**

Credit risk is the risk of financial loss to the Group and the Company that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group and the Company are exposed to credit risk from its operating activities (primarily trade receivables and contract assets) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments. The Group and the Company have a credit policy in place and the exposure to credit risk is managed through the application of credit approvals, credit limits and monitoring procedures. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment.

**Trade receivables and contract assets**

As at the end of the reporting period, the maximum exposure to credit risk arising from trade receivables and contract assets is represented by the carrying amounts in the statements of financial position.

The carrying amount of trade receivables and contract assets are not secured by any collateral or supported by any other credit enhancements. In determining the recoverability of these receivables, the Group and the Company consider any change in the credit quality of the receivables from the date the credit was initially granted up to the reporting date. The Group and the Company have adopted a policy of dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults.



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

### 32. FINANCIAL INSTRUMENTS (CONT'D)

#### (b) Financial risk management (Cont'd)

##### (i) Credit risk (Cont'd)

##### Trade receivables and contract assets (Cont'd)

##### Credit risk concentration profile

The Group and the Company determine the credit risk concentration of its trade receivables and contract assets by industry sector profile on an ongoing basis. The credit risk concentration profile of the Group's and of the Company's trade receivables and contract assets at the reporting date are as follows:

##### Trade receivables

	Group		2021		2022		Company		2021	
	2022		2021		2022		2021		2021	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
<b>By country:</b>										
Malaysia	23,010	56%	15,187	47%	–	0%	–	0%	–	0%
Singapore	18,095	44%	16,466	52%	–	0%	–	0%	–	0%
Europe	246	1%	274	1%	–	0%	–	0%	–	0%
United State	86	0%	–	0%	–	0%	–	0%	–	0%
	41,437	100%	31,927	100%	–	0%	–	0%	–	0%

##### Contract assets

	Group		2021	
	2022		2021	
	RM'000	%	RM'000	%
<b>By country:</b>				
Malaysia	27,444	31%	25,194	41%
Singapore	60,223	69%	36,007	59%
	87,667	100%	61,201	100%

Notes to the Financial Statements  
(Cont'd)

## 32. FINANCIAL INSTRUMENTS (CONT'D)

## (b) Financial risk management (Cont'd)

## (i) Credit risk (Cont'd)

## Trade receivables and contract assets (Cont'd)

The Group and the Company apply the simplified approach to provide for impairment losses prescribed by MFRS 9 *Financial Instruments*, which permits the use of the lifetime expected loss provision for all trade receivables and contract assets. To measure the impairment losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected credit losses also incorporate forward-looking information.

Note	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>Contract assets</b>	87,667	61,201	–	101
<b>Trade receivables</b>				
Neither past due nor impaired	25,243	19,152	–	–
1 to 30 days past due not impaired	4,638	2,288	–	–
31 to 60 days past due not impaired	1,926	6,208	–	–
61 to 90 days past due not impaired	2,683	770	–	–
More than 90 day past due not impaired	5,879	1,743	–	–
	15,126	11,009	–	–
Individually impaired	a 1,068	1,766	–	–
	41,437	31,927	–	–

- (a) Receivables that are individually determined to be credit impaired at the financial year end relate to debtors who are in significant financial difficulties and have defaulted on payments.

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

### 32. FINANCIAL INSTRUMENTS (CONT'D)

#### (b) Financial risk management (Cont'd)

##### (i) Credit risk (Cont'd)

###### Trade receivables and contract assets (Cont'd)

The Group's trade receivables that are impaired at the reporting date and the reconciliation of movement in the impairment of trade receivables is as follows:

	2022 RM'000	2021 RM'000
<b>Group</b>		
At 1 January	(1,766)	(1,997)
Reversal of impairment loss	698	231
At 31 December	(1,068)	(1,766)

###### Other receivables and other financial assets

For other receivables and other financial assets (including investment securities and cash and cash equivalents), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties. At the reporting date, the Group's and the Company's maximum exposure to credit risk arising from other receivables and other financial assets is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

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

Macroeconomic information (such as market interest rates or growth rates) is incorporated as part of the internal rating model.

Some intercompany loans between entities within the Group are repayable on demand. For loans that are repayable on demand, expected credit losses are assessed based on the assumption that repayment of the loan is demanded at the reporting date. If the borrower does not have sufficient highly liquid resources when the loan is demanded, the Group and the Company will consider the expected manner of recovery and recovery period of the intercompany loan.

Refer to Note 3.10(a) to the financial statements for the Group's and the Company's other accounting policies for impairment of financial assets.

Notes to the Financial Statements  
(Cont'd)**32. FINANCIAL INSTRUMENTS (CONT'D)****(b) Financial risk management (Cont'd)****(i) Credit risk (Cont'd)****Financial guarantee contracts**

The Company is exposed to credit risk in relation to financial guarantees given to banks in respect of banking facilities granted to certain subsidiaries. The Company monitors the results of the subsidiaries and their repayment on an on-going basis. The maximum exposure to credit risks amounts to RM107,558,800 (2021: RM110,414,530) representing the outstanding banking facilities of the Company and its subsidiaries as at the end of the reporting period. As at the reporting date, there was no loss allowance for impairment losses as determined by the Company for the financial guarantee.

The financial guarantees have not been recognised since the fair value on initial recognition was not material.

**(ii) Liquidity risk**

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations when they fall due. The Group's and the Company's exposure to liquidity risk arise primarily from mismatches of the maturities between financial assets and liabilities. The Group's and the Company's exposure to liquidity risk arise principally from trade and other payables.

The Group and the Company maintain a level of cash and cash equivalents 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.

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

### 32. FINANCIAL INSTRUMENTS (CONT'D)

#### (b) Financial risk management (Cont'd)

##### (ii) Liquidity risk (Cont'd)

##### Maturity analysis

The maturity analysis of the Group's and the Company's financial liabilities by their relevant maturity at the reporting date are based on contractual undiscounted repayment obligations are as follows:

		Contractual cash flows		
		On demand or within 1 year	Between 1 and 5 years	Total
	Carrying amount RM'000	RM'000	RM'000	RM'000
<b>Group</b>				
<b>At 31 December 2022</b>				
<b>Financial liabilities</b>				
Trade and other payables	21,732	21,732	–	21,732
Lease liabilities	4,407	1,694	2,862	4,556
	26,139	23,426	2,862	26,288
<b>At 31 December 2021</b>				
<b>Financial liabilities</b>				
Trade and other payables	20,370	20,370	–	20,370
Lease liabilities	1,240	1,167	73	1,240
	21,610	21,537	73	21,610

Notes to the Financial Statements  
(Cont'd)**32. FINANCIAL INSTRUMENTS (CONT'D)****(b) Financial risk management (Cont'd)****(ii) Liquidity risk (Cont'd)**Maturity analysis (Cont'd)

The maturity analysis of the Group's and the Company's financial liabilities by their relevant maturity at the reporting date are based on contractual undiscounted repayment obligations are as follows: (Cont'd)

		Contractual cash flows		
	Carrying amount RM'000	On demand or within 1 year RM'000	Between 1 and 5 years RM'000	Total RM'000
<b>Company</b>				
<b>At 31 December 2022</b>				
<b>Financial liabilities</b>				
Trade and other payables	624	624	–	624
Financial guarantee contracts	107,559	107,559	–	107,559
	108,183	108,183	–	108,183
<b>At 31 December 2021</b>				
<b>Financial liabilities</b>				
Trade and other payables	525	525	–	525
Financial guarantee contracts	110,415	110,415	–	110,415
	110,940	110,940	–	110,940

**(iii) Foreign currency risk**

Foreign currency risk is the risk of fluctuation in fair value or future cash flows of a financial instrument as a result of changes in foreign exchange rates. The Group's and the Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's and the Company's operating activities (when sales and purchases that are denominated in a foreign currency) and the Group's net investments in foreign subsidiaries and associate.

The Group manages the net exposure to foreign currency risks by monitoring the exposure to such risks on an ongoing basis. Management does not enter into currency hedging transactions since it considers that the cost of such instruments outweighs the potential risk of exchange rate fluctuations.

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

### 32. FINANCIAL INSTRUMENTS (CONT'D)

#### (b) Financial risk management (Cont'd)

##### (iii) Foreign currency risk (Cont'd)

The Group's and the Company's unhedged financial assets and liabilities that are not denominated in their functional currencies are as follows:

	Group					
	2022			2021		
	Functional currency			Functional currency		
	RM	SGD	VND	RM	SGD	VND
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Financial assets and liabilities not held in functional currencies:						
<b><u>Cash and cash equivalents</u></b>						
United States Dollar	–	1,607	300	–	2,428	296
Chinese Renminbi	–	144	–	–	2,799	–
Euro	–	1,831	–	–	237	–
British Pound	–	780	–	–	–	–
	–	4,362	300	–	5,464	296
<b><u>Trade and other receivables</u></b>						
United States Dollar	86	–	–	–	–	–
Euro	246	–	–	274	–	–
Canada Dollar	–	1,513	–	–	–	–
	332	1,513	–	274	–	–
<b><u>Trade and other payables</u></b>						
United States Dollar	–	491	–	–	370	1
Euro	71	–	–	–	580	–
Chinese Renminbi	–	143	–	–	79	–
British Pound	–	–	–	–	37	–
Others	301	143	–	–	–	–
	372	777	–	–	1,066	1

Notes to the Financial Statements  
(Cont'd)**32. FINANCIAL INSTRUMENTS (CONT'D)****(b) Financial risk management (Cont'd)****(iii) Foreign currency risk (Cont'd)**Sensitivity analysis for foreign currency risk

The Group's and the Company's principal foreign currency exposure relates mainly to United States Dollar ("USD"), British Pound ("GBP"), Canadian Dollar ("CAD"), Euro ("EURO") and Chinese Renminbi ("RMB").

The following table demonstrated the sensitivity to a reasonably change possible change in the USD, GBP, CAD, EURO and RMB, with all other variables held constant of the Group's and of the Company's total profit for the financial year.

	Change in rate	Group		Company	
		2022 RM'000 Effect on profit or loss	2021 RM'000 Effect on profit or loss	2022 RM'000 Effect on profit or loss	2021 RM'000 Effect on profit or loss
USD	+ 10%	114	179	–	–
	- 10%	(114)	(179)	–	–
GBP	+ 10%	59	3	–	–
	- 10%	(59)	(3)	–	–
CAD	+ 10%	115	–	–	–
	- 10%	(115)	–	–	–
EURO	+ 10%	152	(26)	–	–
	- 10%	(152)	26	–	–
RMB	+ 10%	–	207	–	–
	- 10%	–	(207)	–	–

**(iv) Interest rate risk**

Interest rate risk is the risk of fluctuation in fair value or future cash flows of the Group's financial instruments as a result of changes in market interest rates.

The Group manage the net exposure to interest rate risk by monitoring the exposure to such risks on an ongoing basis. Management does not enter into interest rate hedging transactions since it considers that the cost of such instruments outweighs the potential risk of interest rate fluctuation.



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

### 32. FINANCIAL INSTRUMENTS (CONT'D)

#### (b) Financial risk management (Cont'd)

##### (iv) Interest rate risk (Cont'd)

###### Sensitivity analysis for interest rate risk

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant on the Group's and Company's total equity and profit for the financial year.

Group/Company	Change in basis point	Effect on profit for the financial year RM'000	Effect on equity RM'000
31 December 2022	+100	(31)	(24)
	-100	31	24
31 December 2021	+100	(273)	(207)
	-100	273	207

#### (c) Fair value measurement

The carrying amounts of cash and cash equivalents, short-term receivables and payables reasonably approximate to their fair values due to the relatively short-term nature of these financial instruments.

There were no transfer between Level 1 and Level 3 during the current and previous financial years (2021: no transfer in either directions).



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

### 32. FINANCIAL INSTRUMENTS (CONT'D)

#### (c) Fair value measurement (Cont'd)

##### Level 3 fair value

##### Fair value of financial instruments carried at fair value

The fair value of the other investments has been estimated using a discounted cash flows model. The valuation requires management to make certain assumptions about the model inputs, including forecast cash flows, the discount rate, credit risk and volatility. The probabilities of the various estimates within the range can be reasonably assessed and are used in the management's estimate of fair value for the investments.

##### Fair value of financial instruments not carried at fair value

The fair value of the non-current portion of the amount due from an associate based on the present value of the projected repayment of the loans. The discount rate used reflects the issuers borrowing rate as at the end of the reporting period.

The Group and the Company do not have any financial liabilities carried at fair value nor any financial liabilities classified as Level 3 as at 31 December 2022 and 31 December 2021.

### 33. CAPITAL MANAGEMENT

The primary objective of the Group's and the Company's capital management is to ensure that they maintain a strong credit rating and healthy capital ratio in order to support their business and maximise shareholder value. The Group and the Company manage their capital structure and make adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group and the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies and processes during the financial years ended 31 December 2022 and 31 December 2021.

The Group and the Company monitors their capital on the basis of the gearing ratio. This ratio is calculated as total borrowings divided by total capital. Total capital is calculated as total equity as shown in the statement of financial position plus total borrowing. As at 31 December 2022 and 31 December 2021, the Group and the Company have no outstanding borrowing. Accordingly, calculation of gearing ratio is not meaningful to the Group and the Company.

The Group and the Company are required to comply with the disclosure and necessary capital requirements as prescribed in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

## STATEMENT BY DIRECTORS

(Pursuant to Section 251(2) of the Companies Act 2016)

We, **WONG AH CHIEW** and **SIMON WONG CHU KEONG**, being two of the directors of Willowglen MSC Berhad, do hereby state that in the opinion of the directors, the accompanying financial statements set out on pages 84 to 178 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2022 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the directors:

.....  
**WONG AH CHIEW**  
Director

.....  
**SIMON WONG CHU KEONG**  
Director

Date: 23 March 2023

## STATUTORY DECLARATION

(Pursuant to Section 251(1) of the Companies Act 2016)

I, **CHEW NYUK SEONG**, being the officer primarily responsible for the financial management of Willowglen MSC Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief, the accompanying financial statements set out on pages 84 to 178 are correct, and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

.....  
**CHEW NYUK SEONG**  
MIA Membership No.: 19192

Subscribed and solemnly declared by the abovenamed at Kuala Lumpur in the Federal Territory on 23 March 2023.

Before me,

**Hadinur Mohd Syarif (W761)**  
Commissioner for Oaths  
Chambers Twenty Five  
No. 25 Jalan Tunku, Bukit Tunku  
50480 Kuala Lumpur

# **INDEPENDENT AUDITORS' REPORT**

to the members of Willowglen MSC Berhad  
(Incorporated in Malaysia)

## **Report on the Audit of the Financial Statements**

### **Opinion**

We have audited the financial statements of Willowglen MSC Berhad, which comprise the statements of financial position as at 31 December 2022 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 84 to 178.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2022, and of their financial performance and cash flows for the financial year then ended in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

### **Basis for Opinion**

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We 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.

## Independent Auditors' Report (Cont'd)

### 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 of the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

### Group

#### Accounting for Contracts (Note 4(a), 13 and 23 to the financial statements)

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

Significant judgement is required in determining the stage of completion, the extent of the contract costs incurred, the estimated total contract revenue and costs, as well as the recoverability of the contracts. Therefore, the amount of contract revenue, contract costs and its corresponding contract assets and contract liabilities recognised in a year is affected by a variety of uncertainties that depend on the outcome of future events.

#### Our audit response:

Our audit procedures on the sample of selected projects included, among others;

- reading the terms and conditions of agreements with customers to determine that revenue recognition is consistent with the requirements of MFRS 15 *Revenue from Contracts with Customers*;
- understanding the design and the implementation of controls in recording project costs, preparing project budgets and calculating the stage of completion;
- discussing the progress of the projects and expected outcome with respective project directors to obtain an understanding at the basis on which the estimates are made;
- agreeing the revenue for projects on a sample basis to contracts, variation orders and other correspondences;
- tested a sample of costs incurred to date to relevant documents and that they are recorded in the correct accounting period;
- reviewing the percentage of completion of the projects and checking the computation of the application of the percentage of completion of the projects to the contract revenue and contract costs recognised in the profit or loss and the corresponding contract assets and contract liabilities recognised in the statements of financial position; and
- reviewing the work of component auditors in relation to their work performed on contract accounting in accordance with ISA 600 *Special Considerations - Audits of Group Financial Statements (Including the Work of Component Auditors)*.

## Independent Auditors' Report (Cont'd)

### **Information Other than the Financial Statements and Auditors' Report Thereon**

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

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

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

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

### **Responsibilities of the Directors for the Financial Statements**

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

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

The directors of the Company are responsible for overseeing the Group's financial reporting process.

### **Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

## Independent Auditors' Report (Cont'd)

### Auditors' Responsibilities for the Audit of the Financial Statements (Cont'd)

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current financial year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



## Independent Auditors' Report (Cont'd)

### 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 7 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 contents of this report.

Baker Tilly Monteiro Heng PLT  
201906000600(LLP0019411-LCA) & AF 0117  
Chartered Accountants

Ng Jou Yin  
No. 03460/11/2023 J  
Chartered Accountant

Kuala Lumpur

Date: 23 March 2023

## ADDITIONAL COMPLIANCE INFORMATION

### 1. UTILISATION OF PROCEEDS RAISED FROM CORPORATE PROPOSALS

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

### 2. MATERIAL CONTRACTS

There were no material contracts of the Company and its subsidiaries, involving the Directors and major shareholders' interests during the financial year ended 31 December 2022.

### 3. AUDIT AND NON-AUDIT FEES

The amount of audit and non-audit fees paid and payable to the external auditors and their affiliates by the Company and the Group for the financial year ended 31 December 2022 are as follows:-

	Group (RM'000)	Company (RM'000)
Audit Fees	250	80
Non-Audit Fees	47	18

### 4. RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

At the Twenty-Fourth Annual General Meeting of the Company held on 25 May 2022, the Company obtained a mandate from its shareholders for recurrent related party transactions ("RRPTs") of a revenue or trading nature with related parties.

In compliance with Paragraph 10.09(2)(b) and Paragraph 3.1.5 of Practice Note 12 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the details of RRPTs conducted during the financial year ended 31 December 2022 pursuant to the shareholders' mandate are set out below:-

Willowglen and/or its subsidiaries	Transacting Parties	Nature of Transactions	Aggregate value of RRPTs from 1 January 2022 to 31 December 2022 (RM)
Willowglen and its subsidiaries ("WMSC Group")	OSK Holdings Berhad and its subsidiaries and associated companies ("OSK Group")	(i) Purchase of cables for Project use by WMSC Group from OSK Group	0
	Ryobi Geotechnique International Pte. Ltd. and its subsidiaries and associated companies ("RYOBI Group")	(i) Supply of WMSC Group's product – SCADA Systems and Information Technology services	0
		(ii) Purchase of services for project use by WMSC Group from RYOBI Group	0

## PROPERTIES

as at 31 December 2022

Description of Property	Existing Use	Age of Building (Years)	Land Area	Tenure	Date of Acquisition	Net Book Value / Fair Value As at 31 December 2022 (RM)
<b>Willowglen (Malaysia) Sdn. Bhd.</b>						
Two units of 3-storey terrace shop offices bearing the addresses of No. 1 & 3, Jalan 2/149B, Taman Sri Endah, Bandar Baru Sri Petaling, 57000 Kuala Lumpur	Operational office	30	246 sq. m.	93-years leasehold expiring on 19.02.2083	01.06.1999	2,196,672
Four units of 3-storey terrace shop offices bearing the addresses of No. 15 & 17, Jalan 2/149B, Taman Sri Endah, Bandar Baru Sri Petaling, 57000 Kuala Lumpur	Operational office	30	490 sq. m.	93-years leasehold expiring on 19.02.2083	30.04.2007	2,221,090
One unit of Condominium bearing the address of Unit No. A-15-10, Menara Perniagaan Manjalara, No. 99, Jalan Manjalara Idaman 6, Bandar Sri Manjalara, 52200 Kuala Lumpur	Vacant	7	75 sq. m.	99-years leasehold expiring on 25.08.2114	02.10.2017	496,903
<b>Willowglen MSC Berhad</b>						
One unit of 4-storey shop offices bearing the address of Unit No. B5-G-5, B5-1-5, B5-2-5 and B5-3-5, Danga Walk Street Mall, Danga Bay, Jalan Skudai, 80200 Johor Bahru	Operational office	16	103 sq. m.	Freehold	23.12.2014	2,005,662

# SHAREHOLDINGS STATISTICS

as at 22 March 2023

Total Number of Issued Shares	: 496,000,000 (including 11,213,600 treasury shares)
Class of Shares	: Ordinary shares
Voting Rights	: One vote per ordinary share

## ANALYSIS OF SHAREHOLDINGS

Size of Holdings	No. of Holders	%	No. of Shares Held	%
1-99	13	0.29	179	0.00
100-1,000	286	6.46	140,348	0.03
1,001-10,000	2,049	46.32	12,103,500	2.50
10,001-100,000	1,786	40.37	62,619,558	12.92
100,001 – 24,239,319 *	289	6.53	142,317,601	29.36
24,239,320 and above **	1	0.02	267,605,214	55.20
<b>Total</b>	<b>4,424</b>	<b>100.00</b>	<b>484,786,400***</b>	<b>100.00</b>

Remark - \* Less than 5% of issued shares  
 - \*\* 5% and above of issued shares  
 - \*\*\* Excluding 11,213,600 shares bought back by the Company and retained as treasury shares

## SUBSTANTIAL SHAREHOLDERS

According to the register required to be kept under Section 144 of the Companies Act 2016, the following are substantial shareholders of the Company:-

Substantial Shareholders	Direct Interest	No. of Shares Held		
		%	Indirect Interest	%
New Advent Sdn. Bhd.	267,605,214	55.20	—	—
Wong Ah Chiew	3,323,000	0.69	271,893,814 °	56.09
Simon Wong Chu Keong	1,416,000	0.29	267,605,214 □	55.20

### Notes:

- ° Deemed interested through his interest in New Advent Sdn. Bhd., Elegant Preference Sdn. Bhd., Jian Qi Holdings Sdn. Bhd., his spouse and sons
- Deemed interested through his interest in New Advent Sdn. Bhd.

## Shareholdings Statistics (Cont'd)

### DIRECTORS' SHAREHOLDINGS

Name of Directors	Direct Interest	No. of Shares Held		
		%	Indirect Interest	%
Wong Ah Chiew	3,323,000	0.69	271,893,814*	56.09
Simon Wong Chu Keong	1,416,000	0.29	267,605,214#	55.20
Tan Jun	400,182	0.08	–	–

\* Deemed interested through his interest in New Advent Sdn. Bhd., Elegant Preference Sdn. Bhd., Jian Qi Holdings Sdn. Bhd., his spouse and sons

# Deemed interested through his interest in New Advent Sdn. Bhd.

Other than the above, none of the other Directors in office has any interest in shares in the Company as at 22 March 2023.

### THIRTY LARGEST REGISTERED SHAREHOLDERS AS AT 22 MARCH 2023

No.	Name of Shareholders	No. of Shares Held	%
1	New Advent Sdn. Bhd.	267,605,214	55.20
2	Lim Sin Khong	6,680,000	1.38
3	Teh Boon Wee	6,100,000	1.26
4	Lock Kai Sang	5,342,800	1.10
5	Andrew Lim Cheong Seng	5,000,000	1.03
6	Wong Chong Ngin	4,885,000	1.01
7	Lim Gaik Bway @ Lim Chiew Ah	4,868,300	1.00
8	Teh Boon Wee	4,000,000	0.83
9	Khor Chai Moi	3,326,600	0.69
10	Ng Sim Tin	3,000,000	0.62
11	Wong Ah Chiew	3,000,000	0.62
12	Malta Corp. Sdn. Bhd.	2,931,200	0.60
13	HLB Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Chee Sai Mun	2,451,900	0.51
14	Wong Chong Ngin	2,245,000	0.46
15	Lee Kok Hoong	2,070,800	0.43
16	Lee Heuk Ping	1,682,500	0.35
17	Public Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Honji Corporation Sdn. Bhd. (E-SS2)	1,600,000	0.33
18	Maybank Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Simon Wong Chu Keong	1,416,000	0.29
19	AllianceGroup Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Gan Boon Siew (8065121)	1,411,200	0.29
20	Apex Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Lee Yeow Teng (Margin)	1,382,000	0.29

## Shareholdings Statistics (Cont'd)

### THIRTY LARGEST REGISTERED SHAREHOLDERS AS AT 22 MARCH 2023 (CONT'D)

No.	Name of Shareholders	No. of Shares Held	%
21	AllianceGroup Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Christina Loh Yoke Lin (8111756)	1,350,000	0.28
22	Wong Chu Khee	1,308,400	0.27
23	Ng Soon Gan	1,270,000	0.26
24	Lim Guat Eyan	1,230,000	0.25
25	Maybank Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Tan Choon Ping	1,107,800	0.23
26	Public Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Christina Loh Yoke Lin (E-SS2)	1,100,000	0.23
27	Maybank Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Au Kwan Seng	1,037,000	0.21
28	Kenanga Nominees (Tempatan) Sdn. Bhd. Rakuten Trade Sdn. Bhd. for L.Lakshmanan A/L V.Lakshmanan	995,700	0.21
29	Yieldforce Sdn. Bhd.	918,000	0.19
30	Meridian Fortune Sdn. Bhd.	900,000	0.19

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## FORM OF PROXY

CDS Account No.	No. of Shares Held	Mobile/Contact Number

\*I/We, \_\_\_\_\_

bearing \*NRIC No./Passport No./Registration No. \_\_\_\_\_

of \_\_\_\_\_

being a member of **WILLOWGLEN MSC BERHAD** hereby appoint:-

First Proxy "A"

Full Name (in Block)	NRIC / Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

\*and

Second Proxy "B"

Full Name (in Block)	NRIC / Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

or the Chairman of the Meeting as \*my/our proxy, to vote for \*me/us on \*my/our behalf at the Twenty-Fifth Annual General Meeting ("AGM") of the Company to be held on a virtual basis at the broadcast venue at **the Board Room, No. 1, Jalan 2/149B, Taman Sri Endah, Bandar Baru Sri Petaling, 57000 Kuala Lumpur, Wilayah Persekutuan, Malaysia on Wednesday, 17 May 2023 at 10:00 a.m.** and any adjournment thereof, in the manner indicated below:-

ORDINARY RESOLUTIONS		FOR	AGAINST
1.	To re-elect Simon Wong Chu Keong, who is due to retire by rotation in accordance with Clause 124 of the Company's Constitution and being eligible, has offered himself for re-election		
2.	To approve the payment of Directors' fees amounting to RM261,000.00 for the financial year ended 31 December 2022		
3.	To approve the payment of Directors' benefits to the Independent Non-Executive Directors up to RM45,000.00 from a day after the Twenty-Fifth AGM until the date of the next AGM of the Company in the year 2024		
4.	To re-appoint Messrs. Baker Tilly Monteiro Heng PLT as Auditors of the Company until the conclusion of the next AGM and authorise the Directors to fix their remuneration		
5.	Retention of Au Chun Choong as an Independent Non-Executive Director		
6.	Authority to Issue Shares pursuant to the Companies Act 2016		
7.	Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature		
8.	Proposed Renewal of Share Buy-Back Authority for the Company to Purchase its Own Ordinary Shares up to 10% of the Total Number of Issued Shares of the Company		

(Please indicate with 'X' how you wish to cast your vote. In the absence of specific directions, the proxy may vote or abstain at his discretion.)

Signed this \_\_\_\_\_ day of \_\_\_\_\_, 2023.

\* Delete if not applicable

\_\_\_\_\_  
\* Signature / Common Seal of Shareholder

### Notes:

- The Twenty-Fifth AGM ("**25th AGM**") will be conducted on a virtual basis by way of live streaming and online remote voting via Remote Participation and Voting ("**RPV**") facilities to be provided by SS E Solutions Sdn. Bhd. via Securities Services e-Portal's platform at <https://sshsb.net.my>. Please read carefully and follow the procedures provided in the Administrative Guide in order to register, participate and vote remotely via the RPV facilities.
- The Broadcast Venue, which is the main venue of the 25th AGM, is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 and Clause 82 of the Company's Constitution, which require the Chairman to be present at the main venue of the 25th AGM. Accordingly, members, proxies and/or corporate representatives will not be allowed to be physically present at the Broadcast Venue on the day of the 25th AGM. With the RPV facilities, the members, proxies and/or corporate representatives are strongly encouraged to exercise their rights to participate (including to pose questions to the Chairman, Board of Directors or Management) and vote at the 25th AGM. As guided by the Securities Commission Malaysia's Guidance Note and Frequently Asked Questions on the Conduct of General Meetings for Listed Issuers as revised, the right to speak is not limited to verbal communication only but includes other modes of expression. Therefore, all members, proxies and/or corporate representatives shall communicate with the main venue of the 25th AGM via real-time submission of typed texts through a text box within Securities Services e-Portal's platform during the live streaming of the 25th AGM as the primary mode of communication. In the event of any technical glitch in this primary mode of communication, members, proxies and/or corporate representatives may email their questions to [eservices@sshsb.com.my](mailto:eservices@sshsb.com.my) during the 25th AGM. The questions and/or remarks submitted by the members, proxies and/or corporate representatives will be responded to via broadcast by the Chairman, Board of Directors and/or Management during the 25th AGM.
- In respect of deposited securities, only members whose names appear in the Record of Depositors as at 10 May 2023 ("**General Meeting Record of Depositors**") shall be eligible to participate in the 25th AGM or appoint proxy(ies) to participate and /or vote in his/her stead.





**Notes:**

4. A member entitled to participate and vote at the 25th AGM of the Company shall be entitled to appoint more than one (1) proxy to participate, speak and vote in his/her stead. Where a member appoints more than one (1) proxy in relation to a meeting, the member shall specify the proportion of his/her shareholdings to be represented by each proxy, failing which the appointment shall be invalid.
5. A proxy need not be a member of the Company. There shall be no restriction as to the qualification of the proxy. A proxy appointed to participate, speak and vote at the 25th AGM shall have the same rights as the member to participate, speak and vote at the 25th AGM.
6. The instrument appointing a proxy shall be in writing under the hand of the member or of his/her attorney duly authorised in writing or, if the member is a corporation, either under Common Seal or under the hand of an officer or attorney duly authorised.
7. Where a member of the Company is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("**Omnibus Account**"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each Omnibus Account it holds.
8. The instrument appointing a proxy and the power of attorney or other authority (if any), under which it is signed or a duly notarised certified copy of that power or authority, shall be deposited at the office of the Poll Administrator, SS E Solutions Sdn. Bhd. at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan, Malaysia or submitted electronically via Securities Services e-Portal at <https://sshsb.net.my> not later than forty-eight (48) hours before the time set for holding the 25th AGM or any adjournment thereof. The lodging of the Form of Proxy does not preclude a member from attending and voting remotely at the 25th AGM should he/she subsequently decides to do so, provided a notice of termination of proxy authority in writing is given to the Company and deposited at the office of the Poll Administrator, SS E Solutions Sdn. Bhd. at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan, Malaysia not less than twenty-four (24) hours before the time stipulated for holding the 25th AGM or any adjournment thereof, and you may register for RPV as guided in the Administrative Guide. Please get in touch with the Poll Administrator, SS E Solutions Sdn. Bhd., at 03-2084 9000 for further assistance.
9. Any notice of termination of authority to act as proxy must be received by the Company before the commencement of the General Meeting or at any adjournment thereof, failing which, the termination of the authority of a person to act as proxy will not affect the following in accordance with Section 338 of the Companies Act 2016:-
  - (a) the constitution of the quorum at such meeting;
  - (b) the validity of anything he did as chairman of such meeting;
  - (c) the validity of a poll demanded by him at such meeting; or
  - (d) the validity of the vote exercised by him at such meeting.

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**WILLOWGLEN MSC BERHAD**

[Registration No. 199801006521 (462648-V)]

**c/o SS E Solutions Sdn. Bhd.**

[Registration No. 202001010461 (1366781-T)]

Level 7, Menara Milenium, Jalan Damanlela,  
Pusat Bandar Damansara, Damansara Heights,  
50490 Kuala Lumpur, Wilayah Persekutuan  
Malaysia

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## QUESTIONS FROM SHAREHOLDERS

The Twenty-Fifth Annual General Meeting ("**25th AGM**") of Willowglen MSC Berhad will be convened on a virtual basis on Wednesday, 17 May 2023 at 10:00 a.m. Shareholders are invited to register their questions (if any) prior to the 25th AGM.

This form may be used to submit a written question to the auditors if the question is relevant to the content of the auditors' report or the conduct of the audit of the financial statements to be considered at the 25th AGM.

In the course of the 25th AGM, we will respond to as many questions posed by the shareholders as practicable.

**Shareholder questions must be received by Tuesday, 2 May 2023.** Please return the form to our registered office at No. 17, Jalan 2/149B, Taman Sri Endah, Bandar Baru Sri Petaling, 57000 Kuala Lumpur, Wilayah Persekutuan, Malaysia, or by facsimile to 03-9057 1218.

Shareholder's Name

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CDS Account No.

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Question/s

Please tick ✓ if it is a question directed to the Auditors

1.	<hr/> <hr/> <hr/> <hr/>	<input type="checkbox"/>
2.	<hr/> <hr/> <hr/> <hr/>	<input type="checkbox"/>
3.	<hr/> <hr/> <hr/> <hr/>	<input type="checkbox"/>
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AFFIX  
STAMP

**The Company Secretaries**

**WILLOWGLEN MSC BERHAD**

[Registration No. 199801006521 (462648-V)]  
No. 17, Jalan 2/149B,  
Taman Sri Endah,  
Bandar Baru Sri Petaling,  
57000 Kuala Lumpur,  
Wilayah Persekutuan,  
Malaysia

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## **WILLOWGLEN MSC BERHAD**

199801006521 (462648-V)

No. 17 Jalan 2/149B, Taman Sri Endah, Bandar Baru Sri Petaling  
57000 Kuala Lumpur. T: (603) 9057 1228 F: (603) 9057 1218

**[www.willowglen.com.my](http://www.willowglen.com.my)**