

A N N U A L R E P O R T 2 0 2 3

WILLOWGLEN

MSC BERHAD

199801006521 (462648-V)



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Notice of 26th Annual General Meeting

NOTICE IS HEREBY GIVEN that the Twenty-Sixth Annual General Meeting (“**AGM**”) of the Company will be held on a **virtual basis** vide the online meeting platform hosted on Securities Services e-Portal at <https://sshsb.net.my> 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 Tuesday, 21 May 2024 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 2023 together with the Reports of the Directors and the Auditors thereon.
2. To re-elect the following retiring Directors of the Company, who are due to retire by rotation in accordance with Clause 124 of the Company's Constitution and being eligible, have offered themselves for re-election:-
 - (a) Wong Ah Chiew
 - (b) Syed Feisal Alhady
3. To approve the payment of Directors' fees amounting to RM221,350.00 for the financial year ended 31 December 2023.
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-Sixth AGM until the date of the next AGM of the Company in the year 2025.
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.

(Please refer to
Explanatory Note
i)

(Resolution 1)
(Resolution 2)

(Resolution 3)

(Resolution 4)

(Resolution 5)

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 6)

Notice of 26th 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 preemptive 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 7)

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 22 April 2024, 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 26th 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 8)

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

Notice of 26th Annual General Meeting

(Cont'd)

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 9)

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

22 April 2024

Notice of 26th Annual General Meeting

(Cont'd)

Notes:

1. The Twenty-Sixth AGM ("**26th 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 26th 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 26th 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 26th 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 26th AGM. 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 during the 26th 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 26th AGM.

3. In respect of deposited securities, only members whose names appear in the Record of Depositors as at 14 May 2024 ("**General Meeting Record of Depositors**") shall be eligible to participate in the 26th AGM or appoint proxy(ies) to participate and/or vote in his/her stead.
4. A member entitled to participate and vote at the 26th 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 26th AGM shall have the same rights as the member to participate, speak and vote at the 26th 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 26th AGM or any adjournment thereof. The lodging of the Form of Proxy does not preclude a member from attending and voting remotely at the 26th 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 26th 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.

Notice of 26th Annual General Meeting

(Cont'd)

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 2023 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 Resolutions 1 to 2

In determining the eligibility of the Directors to stand for re-election at the 26th AGM of the Company, the Nomination and Remuneration Committee (“NRC”) had reviewed and assessed Wong Ah Chiew and Syed Feisal Alhady from the annual assessment and evaluation of the Board of Directors for the financial year ended 31 December 2023. The Board via the NRC’s annual assessment is satisfied with the performance of Wong Ah Chiew and Syed Feisal Alhady, who are standing for re-election and has recommended to the shareholders the proposed re-elections at the 26th AGM.

The profile of the Directors who are standing for re-election are set out in the Annual Report in respect of the financial year ended 31 December 2023.

- iii. Ordinary Resolution 4

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-Fifth AGM of the Company held on 17 May 2023, the Company had obtained the shareholders’ approval for 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 next AGM of the Company in the year 2024.

The proposed Ordinary Resolution 4, 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 26th AGM of the Company until the next AGM of the Company in the year 2025 (“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.

Notice of 26th Annual General Meeting

(Cont'd)

iv. Ordinary Resolution 6

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.

v. Ordinary Resolution 7

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-Fifth AGM of the Company held on 17 May 2023 ("**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.

Notice of 26th Annual General Meeting

(Cont'd)

vi. Ordinary Resolution 8

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 22 April 2024.

vii. Ordinary Resolution 9

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 22 April 2024.

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-Sixth Annual General Meeting of the Company.

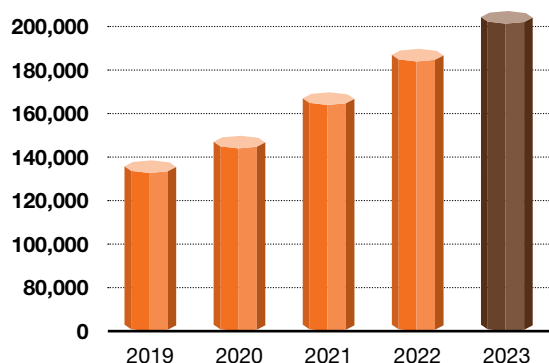
Financial Highlights

Group Financial Summary	2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000	2023 RM'000
Revenue	139,338	146,147	171,304	192,525	209,270
Profit Before Tax	18,892	21,484	19,320	19,442	15,130
Profit Attributable to Owners of the Company	14,870	17,873	15,260	15,386	10,371
Total Assets	197,616	211,365	213,608	234,463	263,555
Total Liabilities	32,593	35,794	29,344	36,804	55,574
Total Equity Attributable to Owners of the Company	164,632	174,901	184,236	197,684	207,981
Basic Earnings Per Ordinary Share (sen)	3.06	3.68	3.14	3.17	2.14
Dividends Per Share (sen)	1.50	1.50	1.50	1.50	1.50
Net Assets Per Share (sen)	33.83	36.02	37.96	40.78	42.90

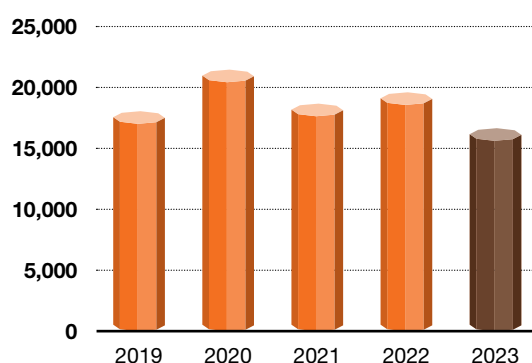
Financial Highlights

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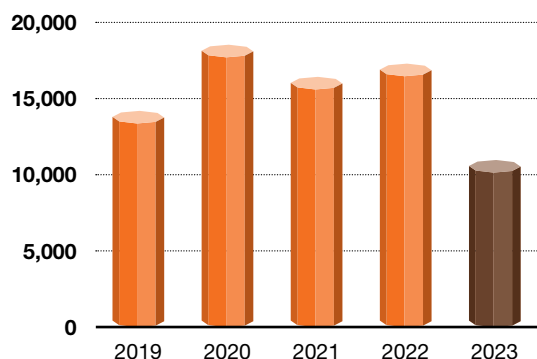
Revenue (RM'000)



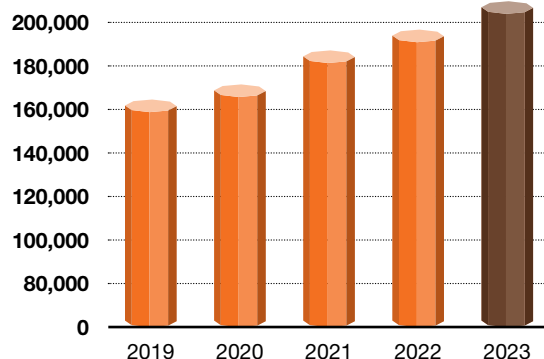
Profit Before Tax (RM'000)



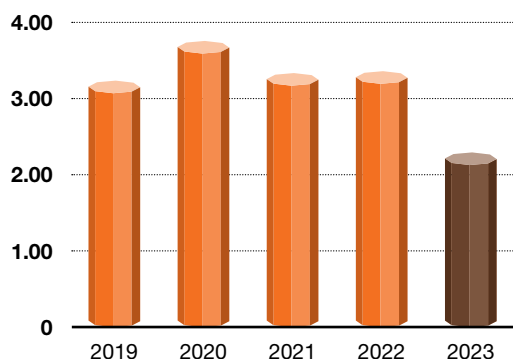
Profit Attributable to Owners of The Company (RM'000)



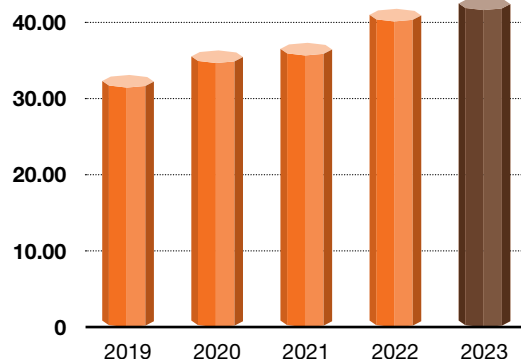
Total Equity Attributable to Owners of the Company (RM'000)



Basic Earnings Per Ordinary Share (sen)



Net Assets Per Share (sen)



Corporate Information

Board of Directors

Wong Ah Chiew

Executive Chairman

Simon Wong Chu Keong

Managing Director

Tan Jun

Executive Director

Au Chun Choong

Independent Non-Executive Director

Teh Chee Hoe

Independent Non-Executive Director

Syed Feisal Alhady

Independent Non-Executive Director

Alfian Bin Tan Sri Mohamed Basir

Chairman and
Independent Non-Executive Director
(Retired on 17 May 2023)

Wang Shi Tsang

Senior Independent Non-Executive Director
(Retired on 17 May 2023)

Audit Committee

Au Chun Choong

Chairman

(Redesignated on 17 May 2023)

Teh Chee Hoe

Syed Feisal Alhady

Wang Shi Tsang

(Ceased as Chairman on 17 May 2023)

Alfian Bin Tan Sri Mohamed Basir

(Ceased as member on 17 May 2023)

Nomination and Remuneration Committee

Teh Chee Hoe

Chairman

(Redesignated on 17 May 2023)

Au Chun Choong

Syed Feisal Alhady

Alfian Bin Tan Sri Mohamed Basir

(Ceased as Chairman on 17 May 2023)

Wang Shi Tsang

(Ceased as member on 17 May 2023)

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

Email: corpinfo@willowglen.com.my

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

Website: 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

Email: bsr.helpdesk@boardroomlimited.com

Tel: 03-7890 4700

Fax: 03-7890 4670

Principal Bankers

CIMB Bank Berhad

RHB Bank Berhad

United Overseas Bank (Malaysia) Berhad

Profile of Directors

Wong Ah Chiew

Malaysian

Executive Chairman



Mr. Wong Ah Chiew ("**Mr. Wong**") 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. Mr. Wong was re-designated as the Executive Chairman / Group Managing Director on 17 May 2023. On 28 February 2024, Mr. Wong has been re-designated to his current position as Executive Chairman.

He is a member of the Corporate Announcement & Compliance Committee and Risk and Sustainability 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 Managing 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 ended 31 December 2023.

He attended all four (4) Board Meetings held in the financial year ended 31 December 2023.

Profile of Directors

(Cont'd)

Simon Wong Chu Keong

Malaysian

Managing Director



Mr. Simon Wong Chu Keong ("**Mr. Simon Wong**") was appointed to the Board of Directors on 1 August 2013 and subsequently re-designated as Managing Director on 28 February 2024.

He is a member of the Corporate Announcement & Compliance Committee and Risk and Sustainability 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 Executive Chairman 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 ended 31 December 2023.

He attended all four (4) Board Meetings held in the financial year ended 31 December 2023.

Profile of Directors

(Cont'd)

Tan Jun

People's Republic of China

Executive Director



Ms. Tan Jun ("**Ms. Tan**") 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 ended 31 December 2023.

She attended all four (4) Board Meetings held in the financial year ended 31 December 2023.

Profile of Directors

(Cont'd)

Au Chun Choong

Malaysian

**Independent
Non-Executive Director**

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

He is a Chairman of the Audit Committee and a member of the Nomination & Remuneration Committee and Risk and Sustainability 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 or potential conflict of interest with the Company and its subsidiaries.

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 ended 31 December 2023.

He attended all four (4) Board Meetings held in the financial year ended 31 December 2023.

Profile of Directors

(Cont'd)

Teh Chee Hoe

Malaysian

**Independent
Non-Executive Director**



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

He is the Chairman of the Nomination & Remuneration Committee and a member of the Audit Committee, Risk and Sustainability Management Committee and Corporate Announcement & Compliance 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 or potential conflict of interest with the Company and its subsidiaries.

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 during the financial year ended 31 December 2023.

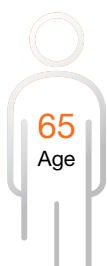
He attended all four (4) Board Meetings held in the financial year ended 31 December 2023.

Profile of Directors

(Cont'd)

Syed Feisal Alhady

Malaysian

**Independent
Non-Executive Director**

Mr. Syed Feisal Alhady ("**Mr. 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 or potential conflict of interest with the Company and its subsidiaries.

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 during the financial year ended 31 December 2023.

He attended all four (4) Board Meetings held in the financial year ended 31 December 2023.

Profile of Key Senior Management

Tan Chun Chee

Chief Operating Officer

Nationality | Age | Gender:
Malaysian | 56 | 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:

- His 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 | 52 | 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 companies, 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 | 53 | 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 – Supervisory
Control and Data Acquisition
("SCADA")

Nationality | Age | Gender:
Malaysian | 52 | 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 responsibilities in WMSB are project management, planning, leading and training up the project department key personnel and providing support to the marketing team of SCADA business unit.

Kon Chin Heong

General Manager – Integrated
Monitoring System ("IMS")

Nationality | Age | Gender:
Malaysian | 47 | 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 WMSB 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,
Research and Development
(R&D) Software

Nationality | Age | Gender:
Malaysian | 51 | 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

Nationality | **Age** | **Gender:**
Singaporean | 70 | Male

Date of Appointment:
2 August 2012

Academic/Professional Qualification(s):

- Diploma in Electronic Engineering, Ngee Ann Technical College Singapore
- Diploma in Marketing Management, Ngee Ann Polytechnic
- Diploma in Marketing, The Institute of Marketing, UK

Working Experience:

- He began his career in 1976.
- 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. He was promoted to his present position, where he is responsible for developing and managing WSPL's clientele base.

Lee Beng Hong

Head of Project Division

Nationality | **Age** | **Gender:**
Singaporean | 64 | Male

Date of Appointment:
2 August 2012

Academic/Professional Qualification(s):

- Diploma in Electronics & Telecommunication Engineering, Singapore Polytechnic
- Graduate Diploma in Business Administration, Singapore Institute of Management (SIM)
- Specialist Diploma in Construction Productivity

Working Experience:

- He began his career in 1981.
- 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 Housing and Development Board ("HDB") and Town Councils' Tele-monitoring Systems.

Koh Beng Boon

Head of Purchasing/Hardware Division

Nationality | **Age** | **Gender:**
Singaporean | 65 | Male

Date of Appointment:
2 August 2012

Academic/Professional Qualification(s):

- Diploma in Electrical and Electronics Engineering, Ngee Ann Technical College of Singapore

Working Experience:

- He began his career in 1981.
- 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 remote terminal units ("RTU").

Profile of Key Senior Management

(Cont'd)

Liu Eet Sin

Head of Software Division

Nationality | Age | Gender:
Singaporean | 60 | 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 Factory Acceptance Test ("FAT"), Site Acceptance Test ("SAT") and maintenance related type of specialities.

Sim Hock Soon

Head of Project Division

Nationality | Age | Gender:
Singaporean | 50 | 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 Extra Low Voltage System ("ELV"), Supervisory Control and Data Acquisition ("SCADA") and Programmable Logic Controller ("PLC"). He was promoted to his current position in 2017.

Wong Guang Shing

Head of Business Development Division

Nationality | Age | Gender:
Singaporean | 54 | 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 was 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 Shiew Yun

Senior Finance Manager

Nationality | Age | Gender:
Singaporean | 50 | 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 in Malaysia;
2. any family relationship with any Directors and/or major shareholders of the Company;
3. any conflict of interest or potential conflict of interest with the Company and its subsidiaries; 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 ended 31 December 2023.

Audit Committee Report

COMPOSITION OF THE AUDIT COMMITTEE

Chairman	:	AU CHUN CHOONG (Redesignated on 17.05.2023) (Independent Non-Executive Director)
		WANG SHI TSANG (Ceased on 17.05.2023) (Senior Independent Non-Executive Director)
Members	:	TEH CHEE HOE (Independent Non-Executive Director)
		SYED FEISAL ALHADY (Independent Non-Executive Director)
		ALFIAN BIN TAN SRI MOHAMED BASIR (Ceased on 17.05.2023) (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. Au Chun Choong (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.

MEETINGS ATTENDANCE

The AC held a total of five (5) meetings during the financial year ended 31 December 2023 (“FYE 2023”).

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

AC	Attendance of AC meetings	%
Au Chun Choong	5/5	100%
Teh Chee Hoe	5/5	100%
Syed Feisal Alhady	5/5	100%
Wang Shi Tsang (Ceased on 17.05.2023)	2/2	100%
Alfian Bin Tan Sri Mohamed Basir (Ceased on 17.05.2023)	2/2	100%

Audit Committee Report

(Cont'd)

MEETINGS ATTENDANCE (Cont'd)

The AC meetings were held on 27 February 2023, 23 March 2023, 17 May 2023, 23 August 2023 and 15 November 2023.

The General Manager – Finance & Corporate Secretarial 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 2023, 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 2022, 31 March 2023, 30 June 2023 and 30 September 2023 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 provisions 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.

During the FYE 2023, the AC had reviewed the Company's Audited Financial Statements for the financial year ended 31 December 2022 ("**FYE 2022**") 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 2023, the AC had reviewed the Audited Financial Statements of the Company and the Group for the FYE 2023, and recommended the same to the Board for approval.

B. External Audit

On 27 February 2023, 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 2022. BTMH PLT had also confirmed that they were not aware of any fraud related incidents that rendered reporting to the AC.

On 15 November 2023, the AC reviewed and discussed the Audit Plan for the FYE 2023 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, provision of non-assurance services and audit fees.

During the FYE 2023, 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.

Audit Committee Report

(Cont'd)

SUMMARY OF THE WORK OF THE AC (Cont'd)

B. External Audit (Cont'd)

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 2023 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 2023, 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 2023, 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 2024 to the Board for approval by its shareholders at the forthcoming Twenty-Sixth Annual General Meeting.

C. Internal Audit

- (a) Reviewed and approved the Internal Audit Plan for the FYE 2023 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 the 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 Human Resources and Project Management.

D. Risk and Sustainability Management

The AC reviewed and discussed the reports containing issues pertaining to sustainability matters and the risk updates deliberated at the Management-level Risk and Sustainability Management Committee meetings as follows:-

- Financial Risks
- Operational Risks
- Sustainability efforts

Audit Committee Report

(Cont'd)

SUMMARY OF THE WORK OF THE AC (Cont'd)

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.

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 2022.
- (iii) Reviewed and confirmed the minutes of the AC meetings.
- (iv) Reported to the Board on the proceedings of each AC meeting.
- (v) 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 Human Resources 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 RM22,960, inclusive of disbursements (FY2022: RM23,630).

Management Discussion and Analysis

BUSINESS AND OPERATIONS REVIEW

In 2023, the Group continued to achieve new historically high revenue of RM 209 million. Revenue has increased by 8.7% compared to the previous financial year despite facing challenging business environment.

The Malaysia operations continue to pursue opportunities in the transportation, power, and water markets. During the year, the Group has secured a project for the provision of Extra Low Voltage (“ELV”) and security systems for data centers. This project enables us to deploy cutting-edge solutions that ensure the safety, efficiency, and reliability of critical infrastructure.

In Singapore, the Group has made significant progress on several ongoing contracts, mainly from the water, transportation, and power industries. We have successfully delivered several automation process control SCADA systems for waterworks and desalination plants, strengthening our presence in the water and wastewater industry. Additionally, we have completed an advanced security management platform for various waterworks, featuring modular and extendable technology that can drive future business. The completion of SCADA technology refresh projects has elevated the Group’s capability for cybersecurity compliance to a higher level.

Our high standard of professional service for Gigabit Passive Optical Network (“GPON”) communication networks and video surveillance in airport infrastructure has garnered high satisfaction and recognition from customers. This has opened up more project opportunities in the transportation industry. In the electric power industry, the Group maintains its commitment to provide security system implementation and maintenance services.

Facing strong competition from new industry players, the Group is actively exploring opportunities in new areas. We have secured contracts from data centers and construction main contractors to supply and maintain IT and network systems.

The Group’s operations are exposed to various risks, and to mitigate these, the Group has implemented a robust system of internal control and risk management framework. Challenges such as rising material and manpower costs and insufficient material supply remain key concerns for the Group. However, the Group is actively managing these issues to minimize their impact on project margins.

RESEARCH AND DEVELOPMENT (R&D)

Our R&D division has been established since 1998. It’s in our DNA to continuously invest in our people and equipment that will lead to development of enhanced ISCS software and hardware products. Only with own products can Willowglen position itself to be a competitive industry leader in SCADA and automation. Our products are key to providing cost effective solutions, not just relating to license cost but also mean the project implementation team will get in-house support from the developer which will lead to faster implementation and issue resolution.

R&D efforts in 2023 is the continuation of Xentral ISCS software development and certification of Xentral to EN50128 Safety Integrity Level 2 standard. Xentral development and certification is on schedule and targeted to be certified by the third quarter of 2024. Our RTUs are also being upgraded to meet new cyber security standards such as IEC 62351 (power system control centers), and Cyber Security Code of Practice. The new Xentral software and upgraded RTU will open a new business opportunity to the Group.

Our R&D investment in 2024 is expected to remain high 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 2023, the Group's revenue increased by 8.70% to RM209.27 million from RM192.53 million in the previous financial year. However, the Group profit for the financial year decreased to RM10.34 million from RM15.33 million in the last financial year. The lower profit for the financial year is mainly due to lower margins, share of losses incurred by our associate in Canada, and higher R&D expenses. The Group has increased its R&D expenses to develop new innovative products for entry into new markets.

The Malaysia and Singapore operations contributed 30.24% and 69.76% of the Group's revenue respectively. Revenue from the Malaysia and Singapore operations increased by 18.62% and 4.89% respectively compared to the previous financial year. Our associate in Canada has incurred losses due to its expansion into new markets where overheads has increased substantially along with R&D expenses.

The Group's basic earnings per ordinary share decreased to 2.14 sen compared to 3.17 sen in last financial year. Our net assets per share has increased to 42.9 sen as at 31 December 2023 from 40.8 sen in 2022.

In 2023, the Group invested RM7.60 million in R&D activities, of which RM6.23 million was expensed in the Statement of Comprehensive Income and RM1.37 million was classified as development cost. The Group has also incurred RM 944,000 in capital expenditure. The Group's cash and cash equivalents net of borrowings (excluding lease liabilities) amounted to RM 49.82 million.

A final single-tier dividend of 1.5 sen per ordinary share for the financial year ended 31 December 2023 has been approved by the Board of Directors. The entitlement and payment dates for the dividend will be on 30 April 2024 and 20 May 2024 respectively.

MOVING FORWARD

As we move into 2024, the Group anticipate continued growth in investment from industries in digital Operational Technology ("OT") solutions, particularly focusing on disruptive technologies such as generative Artificial Intelligence ("AI") and analytical tools. This trend is driven by the lack of skilled labour and the inflation of operating costs. Additionally, there is a growing demand for enhancing business resilience against cyber security threats, which will drive the need for secured cyber security solutions.

Businesses are increasingly seeking OT solutions that incorporate next-generation technologies over the next five to ten years. This includes transitioning from legacy OT systems to hybrid cloud environments, adopting more virtualized and interconnected Information Technology ("IT") environments, and increasing operational flexibility using technology. This trend will lead to solutions that are more focused on hybrid cloud / cloud, virtualization, and secure and flexible Zero-Trust design.

As a result, there is a convergence of OT and IT security teams, creating increased demand for new cybersecurity platforms. These platforms are designed to seamlessly integrate with OT operations, providing real-time insights and automated responses to security incidents, thereby reducing response time and enhancing overall security posture.

Sustainability is a market trend being driven by customer demand, as research shows that consumers increasingly prefer companies with a strong commitment to reducing their environmental footprint. This demand is creating business opportunities for solutions that assist organizations in energy measurement and compliance reporting, enabling them to fulfill their commitment to reduce environmental impact.

Management Discussion And Analysis

(Cont'd)

There is increasing demand to utilise AI and analytical tools to automate and optimize business operations, while industries are adapting to the convergence between OT systems with IT Cyber responsibilities. New business opportunities are emerging with infrastructure upgrading and expansion related to transportation, electric power and water/wastewater infrastructure asset owners are expected to occur. Our knowledge and engineering best practice experience in various advanced SCADA systems with the focus of different technologies provide us with advantages in the opportunities relating to system tech-refresh, intelligence, integrated solutions and upgrades to existing cybersecurity solutions.

To lead the way in the decarbonization journey, organizations can integrate clean energy sources with SCADA systems to efficiently monitor and reduce energy consumption, create efficient facilities, save money, reduce emissions, and contribute to a more sustainable future. This shift is prompting data center owners to upgrade their infrastructure, offering additional opportunities such as upgrading electrical switchgears and data center cooling systems to include monitoring and optimization controls.

Integrated security system delivery will continue to be a strong growth engine in 2024. Driven by our engineering experience in the traditional power and water/wastewater industries, the Group is targeting more opportunities in the transportation industry for infrastructure premises security and safety control. Intelligent Building Management System ("IBMS") combined with a security system is also another total solution we can provide for complex environments such as campuses and hospitals.

With our cloud-based SCADA capability, we are confident in pursuing IIoT-related areas such as large-scale lift monitoring, structural health monitoring for smart city development, and advanced facility management systems for a sustainable environment in both the industry and education sectors.

Providing competitive system maintenance services remains a key focus for us. In response to the growing demand for digitalization and cybersecurity compliance, we offer value-added services in the maintenance of legacy systems by upgrading them with the latest cybersecurity solutions without interrupting business operations and improving operational resilience. Together with our technology partners, we are firmly committed to shaping the future of cybersecurity for critical infrastructure.

BOARD CHANGES

The Group would like to express our appreciation to En. Alfian Bin Tan Sri Mohamed Basir (Chairman, Independent Non-Executive Director) and Mr. Wang Shi Tsang (Senior Independent Non-Executive Director) who has retired on 17 May 2023.

Simon Wong Chu Keong
Managing Director

Sustainability Statement

INTRODUCTION

As a leading provider of technological solutions, Willowglen MSC Berhad ("Willowglen", or "the Group") is committed to integrate sustainability practices across all aspects of our business 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, Environmental and Social, 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.

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.

For a more comprehensive perspective of Willowglen's business and operational performance, readers are encouraged to read the Statement together with the rest of this Annual Report.

Scope of Report

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 2023 ("FY2023"). Data from previous years are included where possible to provide more context on the Group's year-on-year progress.

This statement covers the sustainability efforts of 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 FY2023, 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.

Sustainability Statement

(Cont'd)

Sustainability Governance Structure

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.

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.

Sustainability Statement

(Cont'd)

Stakeholder Engagement

The Group 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.

The table below highlights our engagement with our key stakeholders:

Stakeholder Group	Engagement Methods	Engagement Focus	How we manage the issues
Customers	- Meetings - Corporate Website - Customer survey - Roadshows - Marketing materials	- Reputation, confidence and trust in the Group - Quality of projects delivered in compliance with standards and on time delivery - Product prices and value of products	- Quality management systems - Competitive price, excellent quality and timely delivery - Innovative solutions - Data integrity and privacy - Good ESG and procurement practices
Employees	- Monthly management meetings - Weekly project meetings - CSR meetings - On the job trainings - Internal and external trainings	- Discuss operational performance and procedures - Knowledge and skill enhancement - Safety environment at work - Staff welfare and benefits	- Attractive remuneration package - Career development - Work-life balance
Suppliers/ Contractors	- Regular engagement with suppliers/contractors - Supplier/Contractor assessment	- Prices and payment terms - Cost efficiency and innovative products/method	- Strategic partnerships - Fair procurement practices - Working alliance - Continuous sourcing - Timely payment to suppliers/contractors
Community	- Community engagement activities - Engagement with universities	- Community development - Impact of our business on social and environmental	- Sponsorship and donations - Internship for university students

Sustainability Statement

(Cont'd)

Stakeholder Group	Engagement Methods	Engagement Focus	How we manage the issues
Government and Regulators	- Regular engagement and meetings - Submission of data and info as and when requested	- Compliance with policies, procedures and rulings of regulators - Compliance with requirements of local authorities and government bodies	- Complying with all policies and requirements - Responsible reporting - Follow best industry practices
Investors/ Shareholders	- Bursa Announcement - Quarterly reports - Annual Report - Annual General Meetings	- Sustainable growth and business continuity - Creating shareholder value	- Engagement with investors - Responsible reporting - Sustainable financial performance, business growth and expansion, risk management and internal control

Materiality Assessment

The Group has assessed the material ESG topics to determine the most significant of these to the Group business model and 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.

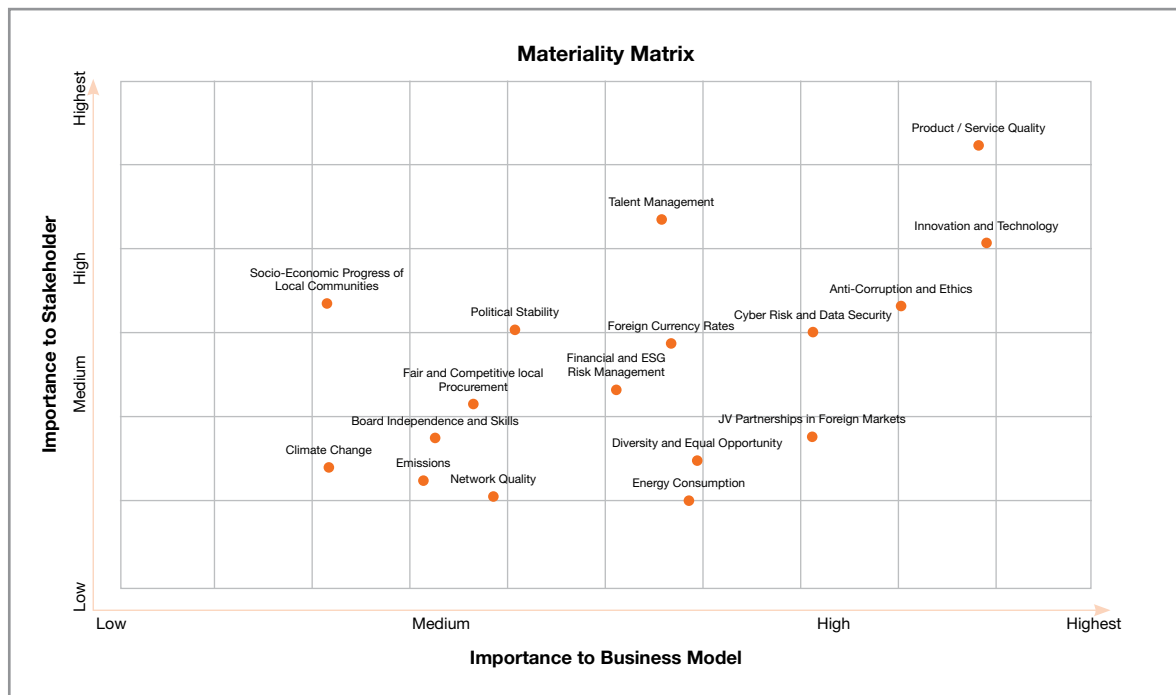
The following were the key steps of the Material Assessment Exercise ("MAE") :

- 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.

Sustainability Statement

(Cont'd)

Following is the developed materiality matrix :



Statement of Assurance

This Statement has not been subjected to any review by our internal auditors or external assurance by independent parties. Sustainability related data has been reviewed by the data owners. 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.

Sustainability Statement

(Cont'd)

GOVERNANCE

The Group is fully committed to ensuring the highest business conducts, upholding integrity and practicing good corporate governance.

Anti-Corruption

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.

During the year, the Group has assessed corruption-related risks on all its business operations. The employees of the Group have started attending training sessions on Anti-Bribery and Corruption in 2024.

For FY2023, we are pleased to report that there have been no reported incidents of corruption and bribery.

	FY2023	FY2022	FY2021
Total no. of confirmed incidents of corruption	0	0	0
Confirmed incidents in which governance body members were removed or disciplined for corruption	0	0	0
Confirmed incidents in which employees were dismissed or disciplined for corruption	0	0	0
Confirmed incidents when contracts with business partners were terminated	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.

Data Integrity, Privacy and Security

In today's digital age, data integrity, privacy and security are of paramount importance. With the increasing reliance on digital platforms for communication, commerce, and storage of sensitive information, safeguarding data has become more critical than ever before.

The Group has implemented robust data management practices, adhering to data protection regulations, and enhancing cybersecurity measures to protect sensitive information from potential threats. Prioritizing data integrity, privacy and security not only helps build trust with customers and stakeholders but also ensures the long-term viability and success of the Group in an increasingly digital world.

Sustainability Statement

(Cont'd)

	FY2023	FY2022	FY2021
Total number of substantiated complaints received concerning breaches of customer privacy	0	0	0
Complaints received from outside parties and substantiated by the organization	0	0	0
Complaints from regulatory bodies	0	0	0

ECONOMIC

The Group has a long-standing commitment to maintain and improve its quality management practices and seek to enhance its operations and customer satisfaction. As part of the Group's continuous effort and commitment to quality, the Group is accredited with ISO 9001:2015 in Quality Management System and ISO 9001:2015, ISO 14001:2015 and ISO 45001:2018 in Quality, Environment and Occupational Health & Safety Management Systems. Achieving these accreditations demonstrates that the Group has established robust processes to consistently deliver products or services that meet customer and regulatory requirements.

Community/Society

The Group recognizes the importance of giving back to the society by supporting local charities with donations. We have also organized collection of pre-loved clothes or useable items from the employees for charity and have organized Blood Donation Campaign which has successfully raised awareness to the employees and the public that blood donation is safe and simple that can help to save lives.

The Group also recognizes its responsibilities to contribute to the capabilities of tomorrow's workforce and since 2002 we have provided industrial training opportunities to Engineering students from universities and colleges.

Amount invested in the community where the target beneficiaries are external to the Group

Type		FY2023	FY2022	FY2021
Donations	RM'000	16	3	5
	No. of beneficiaries	5	1	1
Industrial Training	RM'000	398	294	157
	No. of beneficiaries	94	57	45
Total	RM'000	414	297	162
	No. of beneficiaries	99	58	46

Sustainability Statement

(Cont'd)

Supply Chain Management

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 SOP or method statement, which has undergone a strict approval process by relevant parties and references to the 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

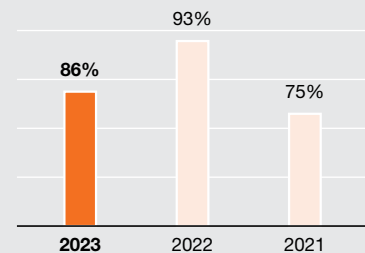
Through each local procurement, we aim to create economic value throughout the chain and for external stakeholders.

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.

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.

% Of Spending On Local Suppliers (Malaysia Operations)



Sustainability Statement

(Cont'd)

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

Energy Management

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

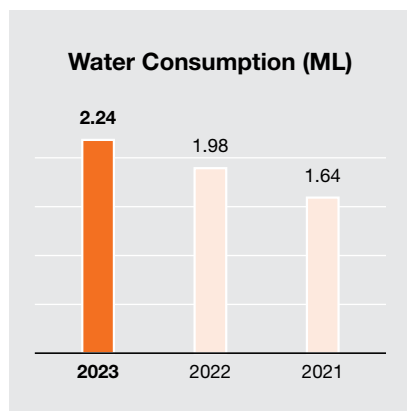
Currently, the Group does not have any energy consumption and management initiatives or plans. However, we may consider adopting initiatives in the future in the area of infrastructure improvement projects, such as installing solar panels and implementing smart IoT devices to improve energy usage efficiency.

We educate the staff on the importance of energy conservation such as instilling good habit of switching off lights and airconditioning 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.

Energy consumption	FY2023 MJ
Electricity	2.50m
Gas/Fuel	2.52m
Total	5.02m

Water Management

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



Sustainability Statement

(Cont'd)

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.

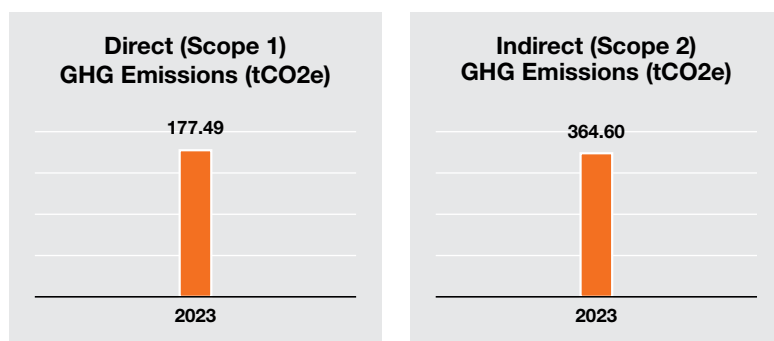
Industrial SCADA products have a very long usage life, typically 15 to 20 years. The quantity of products deployed is much lower compare to commercial products. For example, Willowglen delivers approximately 1,000 units of RTU per year compare to millions of hand phones or even laptops. Our R&D in product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

Willowglen SCADA products are categorised as industrial products and used in many critical applications such in 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.



Emission Management

The Group's Scope 1 emissions are direct Greenhouse Gases ("GHG") emissions from vehicles owned by the Group whereas Scope 2 emissions of the Group covers the purchase of electricity for the Group's offices or site offices use. For FY2023, our disclosure covers Scope 1 and Scope 2 only.



Sustainability Statement

(Cont'd)

SOCIAL

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

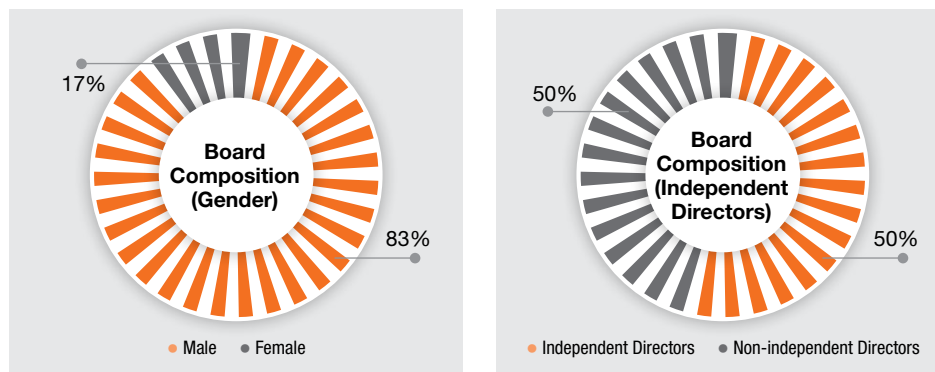
Our management style sets the tone of our organisational culture, and we work hard to ensure that it promotes positive values and encourages good behaviour among our staff.

Board Diversity

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.

Three (3) Directors are Independent Non-executive Directors. Female representation currently makes up 17% or one (1) Director of the total of six (6) Directors. This area of representation will be increased when a suitable candidate is identified.

The following illustrates our board composition:



Percentage of directors by Gender and Age Group :-

	FY2023	FY2022	FY2021
By Gender			
Male	83.33%	87.50%	87.50%
Female	16.67%	12.50%	12.50%
By Age Group			
<30 years old	0.00%	0.00%	0.00%
30-50 years old	33.33%	37.50%	37.50%
>50 years old	66.67%	62.50%	62.50%

Sustainability Statement

(Cont'd)

Employee Diversity

Employee Diversity by Employee Category and Gender

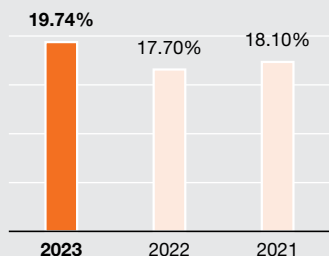
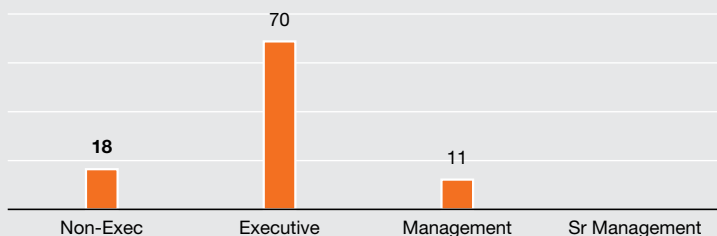
Employee Category	FY2023	FY2022	FY2021
Non-Executive			
Male	90.48%	89.77%	89.62%
Female	9.52%	10.23%	10.38%
Executive			
Male	78.06%	75.50%	77.40%
Female	21.94%	24.50%	22.60%
Management			
Male	79.17%	81.25%	80.00%
Female	20.83%	18.75%	20.00%
Senior Management			
Male	80.95%	85.00%	85.00%
Female	19.05%	15.00%	15.00%

Sustainability Statement

(Cont'd)

Employee Diversity by Employee Category and Age Group

Employee Category	FY2023	FY2022	FY2021
Non-Executive			
< 30 years old	18.28%	19.32%	18.87%
30 - 50 years old	30.11%	73.86%	74.53%
> 50 years old	51.61%	6.82%	6.60%
Executive			
< 30 years old	41.35%	36.50%	36.72%
30 - 50 years old	52.74%	56.50%	55.93%
> 50 years old	5.91%	7.00%	7.34%
Management			
< 30 years old	2.08%	0.00%	0.00%
30 - 50 years old	87.50%	89.58%	86.67%
> 50 years old	10.42%	10.42%	13.33%
Senior Management			
< 30 years old	0.00%	0.00%	0.00%
30 - 50 years old	23.81%	35.00%	55.00%
> 50 years old	76.19%	65.00%	45.00%

% of Employees who are contract or temporary staff**Employee turnover by Employee Category in 2023 (No.)**

Sustainability Statement

(Cont'd)

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 EMSH Committee where the COO is the chairman. The EMSH Committee members consists of staff from various departments. The BOD will join the Risk Management meeting, while the COO will chair the annual EMSH Management Review meeting.

The Singapore office implemented 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.

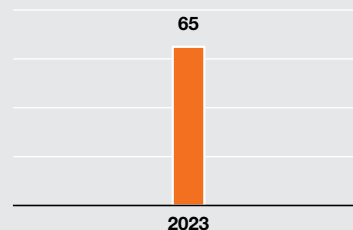
For any non-compliance found, CAR/OFI is raised and must be addressed within two weeks, which was the agreed timeframe.

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 EMSHP-13 procedure 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.

No of Employees that have received training on Health and Safety

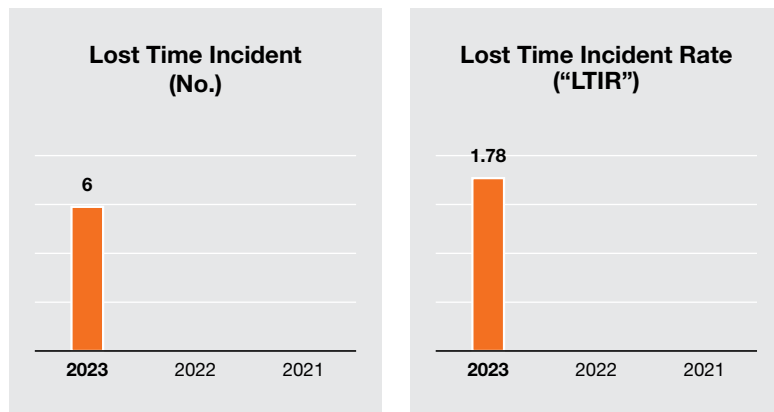


Work-related Injuries for Employees

	Unit	FY2023	FY2022	FY2021
Work-related injury fatalities	No.	0	0	0
	Rate	0.00	0.00	0.00
High-consequence work-related injuries	No.	0	0	0
	Rate	0.00	0.00	0.00
Recordable work-related injuries	No.	6	0	0
	Rate	1.78	0.00	0.00
Hours worked	Hours	675,632	716,256	705,267

Sustainability Statement

(Cont'd)



Labour Practices and Standards

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 HR.

In Malaysia, staff hiring and remuneration are based on the job requirement and the work is updated based on market needs.

In Singapore, 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.

In support of our business continuity plan, we constantly identify performers to be groomed into future leaders. Since 2002, we have been offering industrial training opportunities to Engineering students from universities and colleges to prepare them for tomorrow's workforce.

To encourage productivity and performance, we offer platforms, channels and a conducive work environment so that employees can work comfortably.

No of complaints concerning Human Rights violations :-

	FY2023
Number of substantiated complaints received concerning human rights violations	0
Complaints addressed	0

Sustainability Statement

(Cont'd)

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 and training bond policy.

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. As with our Malaysia office, all trainings were moved online in the interest of the employee's well-being.

Total Training Hours by employee category

Employee Category	FY2023 (hours)	FY2022 (hours)	FY2021 (hours)
Non-Executive	610	851	448
Executive	3,560	3,487	2,213
Management	538	606	1,209
Senior Management	139	56	740
Total	4,847	5,000	4,610

Performance Data Table

The Group is required to provide mandatory ESG disclosures as part of Bursa Malaysia's Main Market Listing Requirements, in line with the Enhanced Sustainability Disclosures. The following performance data table, downloaded from the ESG Reporting Platform summarises the quantitative mandatory indicators to the relevant material sustainability matters while the qualitative material sustainability matters are covered in the various sections of our Sustainability Statement.

Sustainability Statement

(Cont'd)

Performance Data Table

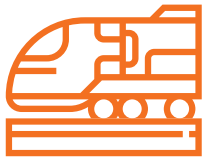
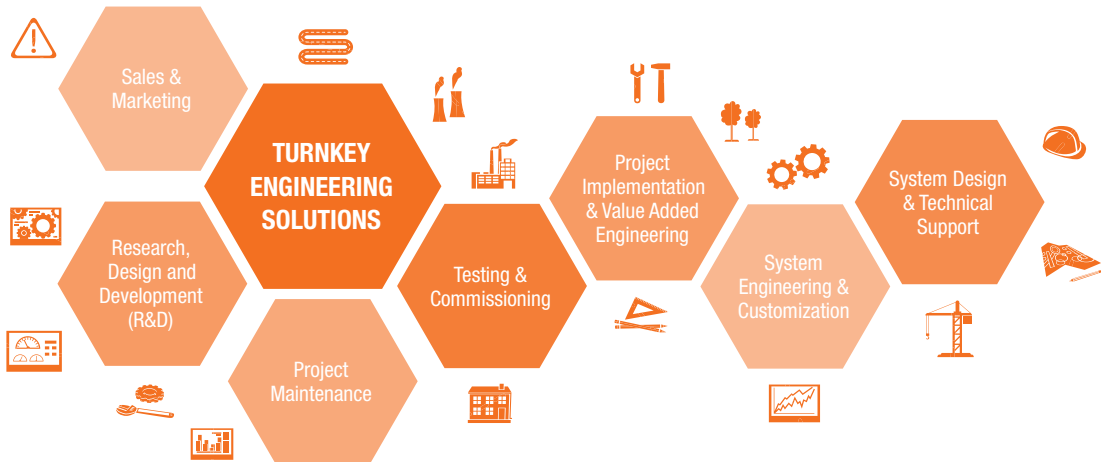
Indicator	Measurement Unit	2023
Bursa (Anti-corruption)		
Bursa C1(a) Percentage of employees who have received training on anti-corruption by employee category		
Senior Management	Percentage	0.00
Management	Percentage	0.00
Executive	Percentage	0.00
Non-Executive	Percentage	0.00
Bursa C1(b) Percentage of operations assessed for corruption-related risks	Percentage	100.00
Bursa C1(c) Confirmed incidents of corruption and action taken	Number	0
Bursa (Community/Society)		
Bursa C2(a) Total amount invested in the community where the target beneficiaries are external to the listed issuer	MYR	414,000.00
Bursa C2(b) Total number of beneficiaries of the investment in communities	Number	99
Bursa (Diversity)		
Bursa C3(a) Percentage of employees by gender and age group, for each employee category		
Age Group by Employee Category		
Senior Management Under 30	Percentage	0.00
Senior Management Between 30-50	Percentage	23.81
Senior Management Above 50	Percentage	76.19
Management Under 30	Percentage	2.08
Management Between 30-50	Percentage	87.50
Management Above 50	Percentage	10.42
Executive Under 30	Percentage	41.35
Executive Between 30-50	Percentage	52.74
Executive Above 50	Percentage	5.91
Non-Executive Under 30	Percentage	18.28
Non-Executive Between 30-50	Percentage	30.11
Non-Executive Above 50	Percentage	51.61
Gender Group by Employee Category		
Senior Management Male	Percentage	80.95
Senior Management Female	Percentage	19.05
Management Male	Percentage	79.17
Management Female	Percentage	20.83

Sustainability Statement

(Cont'd)

Indicator	Measurement Unit	2023
Bursa (Diversity)		
Gender Group by Employee Category		
Executive Male	Percentage	78.06
Executive Female	Percentage	21.94
Non-Executive Male	Percentage	90.48
Non-Executive Female	Percentage	9.52
Bursa C3(b) Percentage of directors by gender and age group		
Male	Percentage	83.33
Female	Percentage	16.67
Under 30	Percentage	0.00
Between 30-50	Percentage	33.33
Above 50	Percentage	66.67
Bursa (Energy management)		
Bursa C4(a) Total energy consumption	Megawatt	1,394.58
Bursa (Health and safety)		
Bursa C5(a) Number of work-related fatalities	Number	0
Bursa C5(b) Lost time incident rate ("LTIR")	Rate	1.78
Bursa C5(c) Number of employees trained on health and safety standards	Number	65
Bursa (Labour practices and standards)		
Bursa C6(a) Total hours of training by employee category		
Senior Management	Hours	139
Management	Hours	538
Executive	Hours	3,560
Non-Executive	Hours	610
Bursa C6(b) Percentage of employees that are contractors or temporary staff	Percentage	19.74
Bursa C6(c) Total number of employee turnover by employee category		
Senior Management	Number	0
Management	Number	11
Executive	Number	70
Non-Executive	Number	18
Bursa C6(d) Number of substantiated complaints concerning human rights violations	Number	0
Bursa (Supply chain management)		
Bursa C7(a) Proportion of spending on local suppliers	Percentage	86.00
Bursa (Data privacy and security)		
Bursa C8(a) Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Number	0
Bursa (Water)		
Bursa C9(a) Total volume of water used	Megalitres	2.240000

Our Capabilities



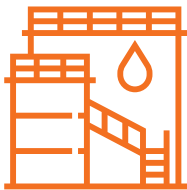
TRANSPORTATION

- 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

Experienced

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

Innovative

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

Talented

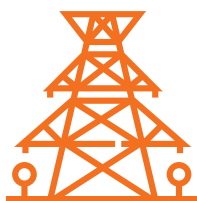
We have the brightest industry minds working for us

Reliable

Proven project delivery

Customer-Driven

Solutions tailored to client requirements
Highly satisfied longtime repeat customers

**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 2023 (“**FYE 2023**”):-

Principle A

Board leadership and effectiveness

- Board responsibilities
- Board composition
- Remuneration

Principle B

Effective audit and risk management

- Audit Committee (“**AC**”)
- Risk management and internal control framework

Principle C

Integrity in corporate reporting and meaningful relationship with stakeholders

- Engagement with stakeholders
- Conduct of General Meetings

This Statement is prepared in compliance with Bursa Malaysia Securities Berhad (“**Bursa Malaysia Securities**”)’s 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. 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 2023.

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.

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 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.

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 ("**MAP**") as per Bursa Malaysia Securities' requirement.

All Directors have completed the MAP Part I in relation to a Director's roles, duties and liabilities as required by Bursa Malaysia Securities. In June 2023, Bursa Malaysia Securities introduced a new mandatory training for Directors in relation to sustainability and the related roles of a Director ("**MAP Part II**"). All Directors will attend the MAP Part II by 1 August 2025, being the last date for completing the programme.

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 2023 are as follows:-

- Capitalising on Windows of Opportunity
- Setting Environmental, Social and Governance (ESG) at the Forefront
- Carbon Credits : A Win-Win for Sustainability and Business ?
- Schneider Innovation Talk - Building Partnerships for a Resilient Tomorrow
- Japan's Cutting-Edge Technology for Carbon Neutrality
- Operational Technology Cybersecurity Expert Panel (OTCEP) Forum 2023
- Future of the Grid Conference
- Asia Economic Forum 2023
- Forecasting Market Movement
- ESG Transformation Workshop to attract Ethical Investor
- Baker Hughes Annual Meeting 2023 (Conference)
- Cyber Security 2023
- Shell Deepwater Masterclass 2023
- Oil & Gas Asia (OGA) 2023
- Compliance and Ethics e-Learning 2023 – Integrity

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.

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)

- 1.2 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.

Encik Alfian retired at the conclusion of the Company's Twenty-Fifth Annual General Meeting held on 17 May 2023 ("**25th AGM**"). Following his retirement, Mr. Wong Ah Chiew ("**Mr. Wong**") was re-designated from Group Managing Director to Executive Chairman / Group Managing Director on the same day.

On 28 February 2024, Mr. Wong was re-designated as Executive Chairman to solely assume the role of Executive Chairman while Mr. Simon Wong Chu Keong ("**Mr. Simon Wong**") was re-designated from Executive Director to Managing Director on the same day.

- 1.3 During the FYE 2023, the positions of the Board Chairman and the Group Managing Director are held by two (2) different individuals until the retirement of Encik Alfian at the conclusion of the Company's 25th AGM. Subsequently, Mr. Wong, who was re-designated from Group Managing Director to Executive Chairman / Group Managing Director on 17 May 2023, assumed the functions of both Board Chairman and Group Managing Director. Mr. Wong is responsible for leading the Board in the oversight of the Management and 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 Board is mindful of the combined roles held by Mr. Wong as Executive Chairman / Group Managing Director. The Board is aware that the Board culture dictates that all major matters and decisions are referred to the Board for consideration and approval, while the role and contribution of Independent Directors also provide an element of objectivity, independent judgement, and checks and balances on the Board. This comforts the Board to ensure that there is an appropriate balance of power and authority, such that no one individual has unfettered powers of decision-making.

On 28 February 2024, Mr. Simon Wong was re-designated from Executive Director to Managing Director, and the positions of the Board Chairman and the Managing Directors are now held by two (2) different individuals.

- 1.4 Mr. Wong, the Board Chairman, is not a member of the AC and NRC during FYE 2023.

- 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.

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)

- 1.5 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.

- 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.

Corporate Governance Overview Statement

(Cont'd)

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

I. Board Responsibilities (Cont'd)

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.

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.

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 Malaysian Anti-Corruption Commission (MACC) (Amendment) Act 2018, 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.

- 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.

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 2023, 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.

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 six (6) members, comprising the Managing Director, two (2) Executive Directors 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 and Practice 5.2 of the MCCG to have at least half of the Board comprises 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.

Mr. Au Chun Choong ("**Mr. Au**") is the Independent Non-Executive Director of the Company who has 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 Twenty-Sixth Annual General Meeting ("**26th AGM**").

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 6 as set out in the Notice of the 26th AGM, to the shareholders for approval.

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 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 2023. There were four (4) Board Meetings held in the FYE 2023. All Directors have attended all four (4) Board Meetings held in the FYE 2023.

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.

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 2023.

5.7 The performance of retiring Directors recommended for re-election at the 26th 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 26th AGM, which included the nature and extent of any conflict of interest or potential conflict of interest, position and experience are set out in the Directors' Profile in this Annual Report.

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)

5.8 The NRC is chaired by an Independent Non-Executive Director of the Company.

5.9 Currently, there is one (1) female Director out of six (6) Directors on the Board equivalent to 16% female representation 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.

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.

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 During the FYE 2023, the NRC assisted the Board in the following functions:-

- reviewed and confirmed the Minutes of the NRC meeting held during the FYE 2023;
- 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 and proposed changes to the composition of the Board, AC and NRC;
- 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 financial year ended 31 December 2022; 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, 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.

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.

Corporate Governance Overview Statement

(Cont'd)

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

III. Remuneration (Cont'd)

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. (Cont'd)

- 7.1 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.

- 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 and Key Senior Management staff, and fee and allowance of the Non-Executive Directors.

The terms of reference of the NRC is available on the Company's website at www.willowglen.com.my.

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 2023, 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 2023.

- 8.2 The remuneration of the top five (5) Senior Management in each remuneration band on the Group basis for the FYE 2023 is as follows:-

Remuneration Bands	No. of Senior Management
RM300,000 – RM350,000	1
RM500,000 – RM550,000	1
RM1,400,000 – RM1,450,000	1
RM2,400,000 – RM2,450,000	1
RM2,500,000 – RM2,550,000	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.

Corporate Governance Overview Statement

(Cont'd)

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.

- 9.2 In line with the Practice 9.2 of the MCCG, the terms of reference of the AC includes the policy 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, Messrs. Baker Tilly Monteiro Heng PLT ("BTMH"). The AC met the External Auditors twice during the FYE 2023 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 2023, the AC was satisfied with BTMH's technical competency in terms of their skills, execution of audit plan, reporting and overall performance. The AC was also satisfied that 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.

Corporate Governance Overview Statement

(Cont'd)

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

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 and Sustainability Management Committee was established to oversee the risk management efforts within the Group. The risk management process includes identifying principal business risks in critical areas and determining its corresponding risk mitigation and treatment measures.

- 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 2023, 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, namely alphaOne Governance Sdn. Bhd., 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 independent 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 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.

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 MCCG, the notice convening the 25th AGM is given to the shareholders at least twenty-eight (28) days before the 25th AGM, which gives shareholders sufficient time to prepare themselves to attend the 25th 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 25th 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.

Corporate Governance Overview Statement

(Cont'd)

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

II. Conduct of General Meetings (cont'd)

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

13.2 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 25th AGM on a fully virtual basis to proactively engage with shareholders and proxies.

13.3 At its virtual 25th AGM, the Company had leveraged on technology to facilitate remote shareholders' participation and electronic voting for the conduct of poll on the resolution.

The 25th 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 25th AGM via Securities Services e-Portal and all the questions have received detailed explanations.

13.5 A fully virtual AGM was conducted smoothly on 17 May 2023, 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 25th 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 25th 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 25th AGM.

Corporate Governance Overview Statement

(Cont'd)

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 2023, 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 26 March 2024.

Statement on Risk Management and Internal Control

INTRODUCTION

The Board of Directors (“**Board**”) of Willowglen MSC Berhad is pleased to provide the Statement of Risk Management and Internal Control (“**Statement**”) which outlines the nature and scope of risk management and internal control processes of the Company and its subsidiaries (“**the Group**”) during the financial year ended 31 December 2023. The Statement does not cover associates of the Group where risk management and internal control are managed by the respective management teams.

The Board 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.

The Statement 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.

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 and Sustainability Management Committee (“**RSMC**”) 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**

The Board is ultimately responsible for the adequacy and effectiveness of risk management and system of internal control. The Board’s oversight committee is the RSMC 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)

- **RSMC**

The RSMC 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 RSMC comprises five (5) 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 RSMC 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.

RSMC meets at least three (3) times per annum and the invitees from the respective business units attend the RSMC meetings to brief the committee on the significant risks identified so that these risks are constantly monitored and appropriate actions are promptly taken. Risk management is a continuous process of identifying, evaluating, managing and reviewing significant risks faced by the businesses in the Group.

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 response to changes in the evolving business environment and 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 directly to the Audit Committee. The OIA conducts reviews and 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.

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. Findings in respect of any material non-compliance, areas for improvement, recommendations and agreed action plans are reported to the Audit Committee. The OIA also carries out follow-up audits to ensure proper implementation of recommended improvements.

- The Audit Committee reviews the audit reports on internal control and risk issues identified by the OIA and external auditors and ensures 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 for the inclusion in the Annual Report of the Company for the financial year ended 31 December 2023 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.

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 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.

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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 2023.

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 8 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 for the financial year, net of tax	10,337	806
Attributable to:		
Owners of the Company	10,371	806
Non-controlling interests	(34)	–
	10,337	806

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 2022, approved by the Board of Directors on 27 February 2023 and paid on 18 May 2023	7,272

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 28 February 2024. 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 2024 after the distribution has been made.

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.

Directors' Report

(Cont'd)

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.

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.

Directors' Report

(Cont'd)

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.

AUDITORS' REMUNERATION AND INDEMNITY

The auditors' remuneration of the Group and the Company during the financial year were RM262,282 and RM85,000 respectively.

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

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.

There was no repurchase of the Company's issued ordinary shares, nor any resale, cancellation or distribution of treasury shares during the financial year.

As at 31 December 2023, the Company held 11,213,600 treasury shares out of its 496,000,000 issued and paid-up ordinary shares. 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:

Au Chun Choong
Simon Wong Chu Keong *
Syed Feisal Alhady
Tan Jun *
Teh Chee Hoe
Wong Ah Chiew *
Alfian Bin Tan Sri Mohamed Basir (Retired on 17 May 2023)
Wang Shi Tsang (Retired on 17 May 2023)

* *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:

Interests in the Company

	At 1 January 2023	Number of ordinary shares		At 31 December 2023
		Bought	Sold	
The Company				
Willowglen MSC Berhad				
<u>Direct interest:</u>				
Wong Ah Chiew	3,283,000	369,100	–	3,652,100
Simon Wong Chu Keong	1,416,000	–	–	1,416,000
Tan Jun	400,182	–	–	400,182
<u>Deemed interest:</u>				
Wong Ah Chiew ⁽¹⁾	271,893,814	370,200	–	272,264,014
Simon Wong Chu Keong ⁽²⁾	267,605,214	–	–	267,605,214

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)

Interests in the Company (Cont'd)

	Number of ordinary shares			
	At 1 January 2023	Bought	Sold	At 31 December 2023
The Holding Company				
New Advent Sdn. Bhd.				
<u>Direct interest:</u>				
Wong Ah Chiew	4,718	–	–	4,718
Simon Wong Chu Keong	1,318	–	–	1,318
<u>Deemed interest:</u>				
Wong Ah Chiew ⁽³⁾	3,782	–	–	3,782

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

⁽²⁾ Deemed interest held through New Advent Sdn. Bhd.

⁽³⁾ 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 or debentures of the Company and its related corporations during the financial year.

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.

Directors' Report

(Cont'd)

DIRECTORS' BENEFITS (CONT'D)

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

	Group RM'000	Company RM'000
Directors of the Company		
Executive directors		
- Fees	99	99
- Other emoluments	6,801	3,973
	6,900	4,072
Non-executive directors		
- Fees	124	124
	7,024	4,196

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 financial year, the total amount of indemnity insurance 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 8 to the financial statements.

Other than those subsidiaries without audited reports as disclosed in Note 8 to the financial statements, the available auditors' report on the accounts of the subsidiaries did not contain any qualifications.

HOLDING COMPANY

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

Directors' Report

(Cont'd)

AUDITORS

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

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

.....
WONG AH CHIEW

Director

.....
SIMON WONG CHU KEONG

Director

Date: 26 March 2024

Statements of Financial Position

as at 31 December 2023

		Group		Company	
	Note	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	5	7,732	8,430	2,311	2,393
Right-of-use assets	6	9,080	7,597	–	–
Intangible assets	7	1,367	–	1,367	–
Investment in subsidiaries	8	–	–	43,660	28,369
Investment in associates	9	20,828	21,701	200	200
Investment securities	10	–	3,839	–	–
Other investments	11	2,430	2,000	2,430	2,000
Other receivables	12	1,508	1,396	–	–
Total non-current assets		42,945	44,963	49,968	32,962
Current assets					
Inventories	13	6,184	3,924	–	–
Contract assets	14	95,945	87,667	–	–
Trade and other receivables	12	57,078	42,032	14,720	33,541
Prepayment		2,378	1,111	3	14
Tax recoverable		118	244	52	40
Cash and cash equivalents	15	58,907	54,522	1,607	5,119
Total current assets		220,610	189,500	16,382	38,714
TOTAL ASSETS		263,555	234,463	66,350	71,676
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share capital	16	29,240	29,240	29,240	29,240
Treasury shares	17	(2,427)	(2,427)	(2,427)	(2,427)
Reserves	18	181,168	170,871	37,744	44,210
Total equity attributable to owners of the Company		207,981	197,684	64,557	71,023
Non-controlling interests		–	(25)	–	–
TOTAL EQUITY		207,981	197,659	64,557	71,023

Statements of Financial Position

as at 31 December 2023

(Cont'd)

		Group		Company	
	Note	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Non-current liabilities					
Loans and borrowings	19	4,405	2,801	–	–
Provisions	20	870	821	–	–
Deferred tax liabilities	21	132	125	–	–
Total non-current liabilities		5,407	3,747	–	–
Current liabilities					
Loans and borrowings	19	10,686	1,606	–	–
Contract liabilities	14	2,103	4,737	20	29
Provisions	20	618	785	–	–
Trade and other payables	22	32,293	21,732	1,773	624
Tax payable		4,467	4,197	–	–
Total current liabilities		50,167	33,057	1,793	653
TOTAL LIABILITIES		55,574	36,804	1,793	653
TOTAL EQUITY AND LIABILITIES		263,555	234,463	66,350	71,676

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

Statements of Comprehensive Income

for the financial year ended 31 December 2023

	Note	Group		Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Revenue	23	209,270	192,525	1,597	2,213
Cost of sales		(157,589)	(140,157)	(18)	(141)
Gross profit		51,681	52,368	1,579	2,072
Other income		1,861	2,362	11,836	2,286
Administrative expenses					
Net reversal of impairment losses on financial instruments		(36,060)	(37,030)	(11,008)	(5,848)
Other expenses		60	698	–	–
		–	–	(1,601)	(8,681)
Operating profit/(loss)		17,542	18,398	806	(10,171)
Finance cost	24	(492)	(35)	–	–
Share of results of associates, net of tax		(1,920)	1,079	–	–
Profit/(Loss) before tax	25	15,130	19,442	806	(10,171)
Income tax expense	27	(4,793)	(4,109)	–	–
Profit/(Loss) for the financial year		10,337	15,333	806	(10,171)
Other comprehensive income, net of tax					
<i>Items that may be reclassified subsequently to profit or loss</i>					
Exchange differences on translation of foreign operations		6,533	6,372	–	–
Reclassification of fair value reserve to profit or loss upon disposal of debt instruments		969	–	–	–
Fair value loss on debt instruments at fair value through other comprehensive income		(245)	(813)	–	–
Other comprehensive income for the financial year		7,257	5,559	–	–
Total comprehensive income/(loss) for the financial year		17,594	20,892	806	(10,171)

Statements of Comprehensive Income

for the financial year ended 31 December 2023

(Cont'd)

	Note	Group		Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Profit/(Loss) attributable to:					
Owners of the Company		10,371	15,386	806	(10,171)
Non-controlling interests		(34)	(53)	–	–
		10,337	15,333	806	(10,171)
Total comprehensive income/					
(loss) attributable to:					
Owners of the Company		17,628	20,945	806	(10,171)
Non-controlling interests		(34)	(53)	–	–
		17,594	20,892	806	(10,171)
Earnings per ordinary share					
attributable to owners of					
the Company (sen)					
- basic	28	2.14	3.17		
- diluted	28	2.14	3.17		

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

Statement of Changes in Equity

for the financial year ended 31 December 2023

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
At 1 January 2023		29,240	(2,427)	(7,585)	22,514	(724)	156,666	197,684	(25)	197,659
Exchange differences on translation of foreign operations		-	-	-	6,533	-	-	6,533	-	6,533
Fair value loss on debt instruments at fair value through other comprehensive income		-	-	-	-	(245)	-	(245)	-	(245)
Reclassification of fair value reserve to profit or loss upon disposal of debt instruments		-	-	-	-	969	-	969	-	969
Total other comprehensive income/ (loss) for the financial year		-	-	-	6,533	724	-	7,257	-	7,257
Profit for the financial year		-	-	-	-	-	10,371	10,371	(34)	10,337
Total comprehensive income for the financial year		-	-	-	6,533	724	10,371	17,628	(34)	17,594
Transactions with owners:										
Changes in ownership's interest in a subsidiary	8	-	-	-	-	-	(59)	(59)	59	-
Dividends paid	29	-	-	-	-	-	(7,272)	(7,272)	-	(7,272)
Total transactions with owners		-	-	-	-	-	(7,331)	(7,331)	59	(7,272)
At 31 December 2023		29,240	(2,427)	(7,585)	29,047	-	159,706	207,981	-	207,981

Statement of Changes in Equity

for the financial year ended 31 December 2023

(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
At 1 January 2022		29,240	(2,210)	(7,585)	16,142	89	148,560	184,236	28	184,264
Foreign currency translation differences for 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 for the financial year		-	-	-	6,372	(813)	-	5,559	-	5,559
Profit for the financial year		-	-	-	-	-	15,386	15,386	(53)	15,333
Total comprehensive income for the financial year		-	-	-	6,372	(813)	15,386	20,945	(53)	20,892
Transactions with owners:										
Repurchase of treasury shares	17	-	(217)	-	-	-	-	(217)	-	(217)
Dividends paid	29	-	-	-	-	-	(7,280)	(7,280)	-	(7,280)
Total transactions with owners		-	(217)	-	-	-	(7,280)	(7,497)	-	(7,497)
At 31 December 2022		29,240	(2,427)	(7,585)	22,514	(724)	156,666	197,684	(25)	197,659

Statement of Changes in Equity

for the financial year ended 31 December 2023

(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
At 1 January 2022		29,240	(2,210)	61,661	88,691
Total comprehensive loss for the financial year		–	–	(10,171)	(10,171)
Transactions with owners:					
Repurchase of treasury shares	17	–	(217)	–	(217)
Dividends paid	29	–	–	(7,280)	(7,280)
Total transactions with owners		–	(217)	(7,280)	(7,497)
At 31 December 2022		29,240	(2,427)	44,210	71,023
Total comprehensive income for the financial year		–	–	806	806
Transactions with owners:					
Dividends paid	29	–	–	(7,272)	(7,272)
Total transactions with owners		–	–	(7,272)	(7,272)
At 31 December 2023		29,240	(2,427)	37,744	64,557

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

Statements of Cash Flows

for the financial year ended 31 December 2023

		Group		Company	
	Note	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Cash flows from operating activities					
Profit/(Loss) before tax		15,130	19,442	806	(10,171)
Adjustments for:					
Bad debt recovered		–	(72)	–	–
Bad debts written off					
- other receivables		19	–	6	–
Depreciation for					
- property, plant and equipment		1,763	2,047	157	126
- right-of-use assets		1,649	1,568	–	–
Dividend income		–	–	(8,353)	–
Fair value gain on other investments		(430)	–	(430)	–
Fair value loss on disposal of investment securities		255	–	–	–
Impairment losses:					
- investment in a subsidiary		–	–	1,601	8,681
Interest income		(693)	(610)	(2,606)	(1,859)
Interest expenses		485	35	–	–
Net unrealised foreign exchange gain		(32)	(263)	(28)	(249)
Property, plant and equipment written off		9	2	–	1
Provision for stock obsolescence		–	71	–	–
Provision for maintenance warranties		97	944	–	–
Provision for unutilised leave		413	379	–	–
Provision for foreseeable losses		15	–	–	–
Reversal of impairment losses on trade receivables		(60)	(698)	–	–
Reversal of provision for foreseeable losses		–	(1)	–	–
Reversal of provision for stock obsolescence		(14)	–	–	–
Reversal of provision for maintenance warranties		(105)	(110)	–	–
Reversal of provision for unutilised leave		(413)	(370)	–	–
Share of results of associates		1,920	(1,079)	–	–
Operating profit/(loss) before changes in working capital, carried forward					
		20,008	21,285	(8,847)	(3,471)

Statement of Cash Flows

for the financial year ended 31 December 2023

(Cont'd)

	Note	Group		Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Cash flows from operating activities (cont'd)					
Operating profit/(loss) before changes in working capital, brought forward		20,008	21,285	(8,847)	(3,471)
Changes in working capital:					
Inventories		(2,441)	(1,667)	–	–
Trade and other receivables		(16,505)	(10,032)	(223)	7
Prepayment		(1,295)	(206)	11	–
Contract assets		(4,694)	(26,466)	–	101
Trade and other payables		10,156	1,362	249	100
Inter-company balances		–	–	(33)	216
Provisions		(204)	(1,048)	–	–
Contract liabilities		(2,881)	2,981	(10)	29
Net cash generated from/(used in) operations		2,144	(13,791)	(8,853)	(3,018)
Income tax paid		(4,942)	(4,474)	(12)	(12)
Income tax refunded		180	7	–	7
Interest received		693	610	2,606	1,859
Interest paid		(485)	(35)	–	–
Net cash used in operating activities		(2,410)	(17,683)	(6,259)	(1,164)
Cash flows from investing activities					
Investment in associate		(1,047)	(160)	–	(160)
Investment in other investment		–	(2,000)	–	(2,000)
Purchase of property, plant and equipments		(944)	(998)	(75)	(260)
Proceed from disposal of investment securities		4,309	799	–	–
Repayment of loan by a subsidiary		–	–	3,108	1,036
Net changes in inter-company balances		–	–	–	(15,241)
Development of intangible assets		(1,367)	–	(1,367)	–
Dividends received		–	–	8,353	–
Changes in pledged deposits		(54)	(30)	(9)	–
Net cash generated from/(used in) investing activities		897	(2,389)	10,010	(16,625)

Statement of Cash Flows

for the financial year ended 31 December 2023

(Cont'd)

		Group		Company	
	Note	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Cash flows from financing activities					
Repayment of lease liability	(a)	(1,535)	(1,587)	–	–
Drawdown of banker acceptance	(a)	5,219	–	–	–
Drawdown of revolving credits	(a)	1,004	–	–	–
Repurchase of treasury shares		–	(217)	–	(217)
Dividends paid		(7,272)	(7,280)	(7,272)	(7,280)
Net cash used in financing activities		(2,584)	(9,084)	(7,272)	(7,497)
Net decrease in cash and cash equivalents		(4,097)	(29,156)	(3,521)	(25,286)
Effect of exchange rate changes		5,565	6,393	–	–
Cash and cash equivalents at the beginning of the financial year		52,080	74,843	4,420	29,706
Cash and cash equivalents at the end of the financial year	15	53,548	52,080	899	4,420
Analysis of cash and cash equivalents:					
Fixed deposits placed with licensed banks		7,776	9,051	708	699
Short term investments		34	3,123	34	3,123
Cash and bank balances		51,097	42,348	865	1,297
Less: Bank overdrafts		58,907	54,522	1,607	5,119
Less: Pledged deposits		(2,863)	–	–	–
		(2,496)	(2,442)	(708)	(699)
	15	53,548	52,080	899	4,420

Statement of Cash Flows

for the financial year ended 31 December 2023

(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
Group						
2023						
Bank overdrafts	19	–	–	2,863	–	2,863
Lease liabilities	19	4,407	(1,535)	2,844	289	6,005
Banker acceptance	19	–	5,219	–	–	5,219
Revolving credit	19	–	1,004	–	–	1,004
		4,407	4,688	5,707	289	15,091
2022						
Lease liabilities	19	1,240	(1,587)	4,726	28	4,407

(b) Total cash out flow for leases

During the financial year, the Group and the Company has total cash outflow for leases of RM1,518,000 and RM55,000 respectively (2022: RM1,593,000 and RM66,000).

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 8 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 26 March 2024.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

2.2 Adoption of new MFRSs, amendments to MFRSs and explanation of change in accounting policy

(a) Adoption of new MFRSs and amendments to MFRSs

The Group and the Company have adopted the following applicable new MFRS and amendments to MFRSs for the current financial year:

New MFRSs

MFRS 17	Insurance Contracts
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Amendments to MFRSs

MFRS 101	Presentation of Financial Statements
MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors
MFRS 112	Income Taxes

Notes to the Financial Statements

(Cont'd)

2. BASIS OF PREPARATION (CONT'D)**2.2 Adoption of new MFRSs, amendments to MFRSs and explanation of change in accounting policy (Cont'd)****(a) Adoption of new MFRSs and amendments to MFRSs (Cont'd)**

The adoption of the above new MFRS and amendments 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, except as discussed below:

Amendments to MFRS 101 Presentation of Financial Statements

The amendments require an entity to disclose its material accounting policy information rather than significant accounting policies. The amendments, amongst others, also include examples of circumstances in which an entity is likely to consider an accounting policy information to be material to its financial statements.

Accordingly, the Group and the Company disclosed their material accounting policy information in these financial statements. However, the amendments did not result in changes to the accounting policies of the Group and of the Company.

2.3 Amendments to MFRSs that have been issued, but yet to be effective

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

		Effective for financial periods beginning on or after
<u>Amendments to MFRSs</u>		
MFRS 7	Financial Instruments: Disclosures	1 January 2024
MFRS 10	Consolidated Financial Statements	Deferred
MFRS 16	Leases	1 January 2024
MFRS 101	Presentation of Financial Statements	1 January 2024
MFRS 107	Statements of Cash Flows	1 January 2024
MFRS 121	The Effects of Changes in Foreign Exchange Rates	1 January 2025
MFRS 128	Investments in Associates and Joint Ventures	Deferred

Notes to the Financial Statements

(Cont'd)

2. BASIS OF PREPARATION (CONT'D)

2.3 Amendments 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 amendments to MFRSs when they become effective. A brief discussion on the above significant amendments to MFRSs that may be applicable to the Group and the Company are summarised below.

Amendments to MFRS 101 Presentation of Financial Statements

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

The 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.

Amendments to MFRS 121 the Effects of Changes in Foreign Exchange Rates

Amendments to MFRS 121 respond to stakeholder feedback and concerns about diversity in practice in accounting for a lack of exchangeability between currencies.

Applying the Amendments, entities will be applying a consistent approach in determining if a currency can be exchanged into another currency. These amendments provide guidance on the spot exchange rate to use when a currency is not exchangeable into another currency and the disclosures entities need to provide to enable users of financial statements to understand the impact on the entities' financial performance, financial position and cash flows as a result of a currency being not exchangeable into another currency.

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.

Notes to the Financial Statements

(Cont'd)

3. MATERIAL ACCOUNTING POLICY INFORMATION

Unless otherwise stated, the following material accounting policy information 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

The Group applies the acquisition method of accounting except for those business combinations which were accounted using the merger method of accounting.

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.

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. 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.

(b) Non-controlling interests

At the acquisition date, components of non-controlling interests of the Group are measured at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

(c) Associates

Investment in associates is accounted for in the consolidated financial statements of the Group using the equity method.

3.2 Separate financial statements

In the Company's statement of financial position, investment in subsidiaries and associates are measured at cost less any accumulated impairment losses.

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.

Notes to the Financial Statements

(Cont'd)

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

3.3 Financial instruments

Financial assets - subsequent measurements and gains and loss

Financial assets at fair value through profit or loss

The Group and the Company subsequently measure these assets at fair value. Net gains and losses, including any interest and dividend income, are recognised in profit or loss.

Debt Instrument at amortised cost

The Group and the Company subsequent measured these assets at amortised cost under the effective interest method. The gross carrying amount is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Debt instrument at fair value through other comprehensive income

The Group and the Company are subsequently measured these assets at fair value. Interest income calculated under the effective interest method, foreign exchange gain and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in other comprehensive income. On derecognition, gain and losses accumulated in other comprehensive income are classified to profit or loss.

Financial liabilities – subsequent measurements and gains and loss

The Group and the Company subsequently measure other financial liabilities at amortised cost under the effective interest method. Interest expense and foreign exchange gain and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

3.4 Property, plant and equipment

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

All other property, plant and equipment (other than right-of-use assets as disclosed in Note 3.6) are depreciated on straight-line basis by allocating their depreciable amounts over their remaining useful lives.

Buildings/Shoplots	2%
Furniture and fittings	10% - 20%
Office equipment	10% - 25%
Motor vehicles	12.5% - 20%
Computers	20% - 33.33%
Renovation	10%

3.5 Cash and cash equivalents

For the purpose of the statement 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. Cash and cash equivalents are presented net of bank overdraft.

Notes to the Financial Statements

(Cont'd)

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)**3.6 Leases****(a) Lessee accounting**

The Group and the Company present right-of-use assets that do not meet the definition of investment property in Note 6 to the financial statement and lease liabilities as loan and borrowings in Note 19 to the financial statement.

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 (defined as leases with a lease term of 12 months or less) and leases of low value assets. Accordingly, the Group and the Company recognise the lease payments as an operating expense on a straight-line basis over the term of the lease.

Right-of-use assets

The right-of-use assets are measured at cost less accumulated depreciation and any accumulated impairment losses, and adjust for any remeasurement of the lease liabilities. The right-of-use assets are 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.

Lease liabilities

The lease liabilities are 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.

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.

(b) Lessor accounting

The Group and the Company recognise lease payments received from property, plant and equipment under operating leases as income on a straight-line basis over the lease term as part of income.

3.7 Intangible assets**(a) Development cost**

Development cost are measured at cost less any accumulated amortisation and any accumulated impairment losses.

(b) Amortisation

The development cost is currently under work-in-progress, hence, no amortisation will be recognise once the development is complete and in use.

Notes to the Financial Statements

(Cont'd)

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

3.8 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.

3.9 Revenue and other income

(a) Construction services 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.

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.

Notes to the Financial Statements

(Cont'd)

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)**3.9 Revenue and other income (Cont'd)****(a) Construction services contracts (Cont'd)**Long term contracts income (Cont'd)

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.

(b) Dividend income

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

(c) 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.

(d) Interest income

Interest income is recognised using the effective interest method.

Notes to the Financial Statements

(Cont'd)

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

3.10 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.

3.11 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.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

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

The areas involving a higher degree of judgement or complexity that have the most significant effect on the Group's and the Company's financial statements, or areas where assumptions and estimates that have a significant risk of resulting in a material adjustment to the Group's and the Company's financial statements within the next financial year are disclosed as follows:

(a) Accounting for contracts (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 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.

Notes to the Financial Statements

(Cont'd)

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONT'D)

The areas involving a higher degree of judgement or complexity that have the most significant effect on the Group's and the Company's financial statements, or areas where assumptions and estimates that have a significant risk of resulting in a material adjustment to the Group's and the Company's financial statements within the next financial year are disclosed as follows: (Cont'd)

(b) Control over an investee (Note 9)

In order for the Group to have a control over an investee, the Group has to meet all of the criteria:

- power over the investee;
- exposure, or rights, to variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect the amount of the investor's returns

As a result, 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. On that basis of these facts, the Company concludes that does not have control over WSI and thus treats WSI as an investment in associate.

(c) Capitalisation of internally generated intangible assets (Note 7)

The Group and the Company recognised internally generated intangible assets when the following criteria are met:

- it is technically feasible to complete the intangible asset so that it will be available for use or sale;
- management intends to complete the intangible asset and use or sell it;
- there is an ability to use or sell the asset;
- it can be demonstrated how the intangible asset will generate probable future economic benefits;
- adequate resources to complete the development and to use or sell the intangible asset are available; and
- the expenditures attributable to the intangible asset during its development can be reliably measured.

Management exercises judgment in each of these areas, based on available information and assessments of future economic benefits.

Notes to the Financial Statements

(Cont'd)

5. PROPERTY, PLANT AND EQUIPMENT

Group	Buildings/ Shoplots RM'000	Furniture and fittings RM'000	Office equipment RM'000	Motor vehicles RM'000	Computers RM'000	Renovation RM'000	Total RM'000
Cost							
At 1 January 2023	4,880	1,377	2,116	4,775	8,051	5,759	26,958
Additions	-	32	146	325	398	43	944
Written off	-	(29)	(55)	-	(153)	-	(237)
Exchange differences	-	59	60	154	166	221	660
At 31 December 2023	4,880	1,439	2,267	5,254	8,462	6,023	28,325
Accumulated depreciation							
At 1 January 2023	1,158	996	1,768	3,141	6,617	4,848	18,528
Depreciation charge for the financial year	112	89	96	432	659	375	1,763
Written off	-	(26)	(49)	-	(153)	-	(228)
Exchange differences	-	42	58	90	144	196	530
At 31 December 2023	1,270	1,101	1,873	3,663	7,267	5,419	20,593
Carrying amount							
At 1 January 2023	3,722	381	348	1,634	1,434	911	8,430
At 31 December 2023	3,610	338	394	1,591	1,195	604	7,732

Notes to the Financial Statements

(Cont'd)

5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Group	Buildings/ Shoplots RM'000	Furniture and fittings RM'000	Office equipment RM'000	Motor vehicles RM'000	Computers RM'000	Renovation RM'000	Total RM'000
Cost							
At 1 January 2022	4,880	1,296	2,029	4,545	7,210	5,481	25,441
Additions	-	23	45	82	796	52	998
Written off	-	(3)	(21)	-	(105)	-	(129)
Exchange differences	-	61	63	148	150	226	648
At 31 December 2022	4,880	1,377	2,116	4,775	8,051	5,759	26,958
Accumulated depreciation							
At 1 January 2022	1,046	871	1,609	2,587	6,015	3,983	16,111
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	1,768	3,141	6,617	4,848	18,528
Carrying amount							
At 1 January 2022	3,834	425	420	1,958	1,195	1,498	9,330
At 31 December 2022	3,722	381	348	1,634	1,434	911	8,430

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
Company						
Cost						
At 1 January 2023	2,397	68	153	2,263	159	5,040
Additions	–	1	10	61	3	75
At 31 December 2023	2,397	69	163	2,324	162	5,115
Accumulated depreciation						
At 1 January 2023	392	59	105	1,964	127	2,647
Depreciation charge for the financial year	48	2	11	93	3	157
At 31 December 2023	440	61	116	2,057	130	2,804
Carrying amount						
At 1 January 2023	2,005	9	48	299	32	2,393
At 31 December 2023	1,957	8	47	267	32	2,311
Cost						
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
Accumulated depreciation						
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
Carrying amount						
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)

6. RIGHT-OF-USE ASSETS

The Group leases several assets including leasehold land, buildings and office space.

Information about leases for which the Group are lessees is presented below:

	Leasehold land RM'000	Building RM'000	Office space RM'000	Total RM'000
Group				
2023				
Carrying amount				
At 1 January 2023	2,699	498	4,400	7,597
Addition	–	–	2,844	2,844
Depreciation charge for the financial year	(45)	(5)	(1,599)	(1,649)
Exchange differences	–	–	288	288
At 31 December 2023	2,654	493	5,933	9,080
2022				
Carrying amount				
At 1 January 2022	2,744	503	1,167	4,414
Addition	–	–	4,726	4,726
Depreciation charge for the financial year	(45)	(5)	(1,518)	(1,568)
Exchange differences	–	–	25	25
At 31 December 2022	2,699	498	4,400	7,597

The leasehold land and building generally have lease term of 59 years and 80 years respectively (2022: 60 years and 81 years). The Group also leases office space with lease term ranging from 3 to 5 years (2022: 3 to 5 years).

Notes to the Financial Statements

(Cont'd)

7. INTANGIBLE ASSETS

	Development costs RM'000
Group and Company 2023	
Cost	
At 1 January	–
Additions:	
- Developed internally	1,367
At 31 December	1,367

Development costs principally comprise of internally generated expenditure to develop a software where it is reasonably anticipated that the cost will be recovered through future commercial activities.

The development costs are yet to amortised as the development are still work-in-progress.

8. INVESTMENT IN SUBSIDIARIES

	Company 2023 RM'000	2022 RM'000
At cost		
Unquoted shares	54,567	34,567
Less: Impairment loss	(23,137)	(21,536)
	31,430	13,031
Add: Loans that are part of net investments	12,230	15,338
	43,660	28,369

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 RM13,792,727 (2022: RM31,488,145) which is subject to interest at the rate ranging from 5.01% to 5.49% (2022: 3.44% to 3.80%) 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.

During the financial year, the Company have purchased additional 20,000,000 ordinary shares of Willowglen (Malaysia) Sdn. Bhd. at a price of RM1.00 per share for a total consideration of RM20,000,000 by way of capitalisation from amount owing from Willowglen (Malaysia) Sdn. Bhd..

Notes to the Financial Statements

(Cont'd)

8. INVESTMENT IN SUBSIDIARIES (CONT'D)

Details of the subsidiaries are as follows:

Name of Company	Principal place of business/ Country of incorporation	Group's effective equity interest		Principal activities
		2023 %	2022 %	
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	100	70	Sales, implementation and maintenance of control room and CCTV solutions
WG Tech Sdn. Bhd.	Malaysia	100	100	Dormant
Willowglen Limited *	British Virgin Islands	100	100	Investment holding
Subsidiaries of Willowglen Services Pte. Ltd.				
Willowglen Asia Pte Limited ⁺	Hong Kong	100	100	Investment holding
WLG Solutions Pte. Ltd. ⁺	Singapore	100	100	Investment holding
Subsidiary of WLG Solutions Pte. Ltd.				
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)

8. INVESTMENT IN SUBSIDIARIES (CONT'D)**(a) Acquisition of additional interest in Sentinel Systems Sdn. Bhd.**

On 13 June 2023, the Group purchased an additional 30% equity interest (representing 90,000 ordinary shares) of Sentinel Systems Sdn. Bhd. from the non-controlling interest at a consideration of RM1. The Group's effective ownership in Sentinel Systems Sdn. Bhd. increased from 70% to 100%, as a result Sentinel Systems Sdn. Bhd. is now a wholly owned subsidiary.

(b) Non-controlling interest in subsidiary**(i) The financial information of the Group's subsidiary that has 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	
		2023 %	2022 %
Sentinel Systems Sdn. Bhd.	Malaysia	–	30

Carrying amount of material non-controlling interests:

	2023 RM'000	2022 RM'000
Sentinel Systems Sdn. Bhd.	–	(25)

Loss allocated to material non-controlling interests:

	2023 RM'000	2022 RM'000
Sentinel Systems Sdn. Bhd.	(34)	(53)

Notes to the Financial Statements

(Cont'd)

8. INVESTMENT IN SUBSIDIARIES (CONT'D)

(b) Non-controlling interest in subsidiary (Cont'd)

(ii) Summarised financial information of material non-controlling interests

The summarised financial information (before intra-group elimination) of the Group's subsidiary that has material non-controlling interests are as follows:

	Sentinel Systems Sdn. Bhd.	
	2023 RM'000	2022 RM'000
Summarised statement of financial position		
As at 31 December		
Non-current assets	–	3
Current assets	–	3,724
Current liabilities	–	(3,810)
Net liabilities	–	(83)
Summarised statement of comprehensive income		
Financial year ended 31 December		
Revenue	–	187
Loss for the year	–	(175)
Total comprehensive loss	–	(175)
Summarised cash flow information		
Financial year ended 31 December		
Cash flows used in operating activities	–	(12)
Net decrease in cash and cash equivalents	–	(12)

(c) Impairment loss

During the financial year, an impairment loss of RM1,614,292 (2022: RM8,681,409) 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)

9. INVESTMENT IN ASSOCIATES

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Unquoted shares at cost	14,301	13,254	200	200
Share of post-acquisition reserves	6,527	8,447	–	–
	20,828	21,701	200	200

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
		2023 %	2022 %	2023 %	2022 %	
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.

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)

9. INVESTMENT IN ASSOCIATES (CONT'D)

9.1 Summarised financial information of material associates

Group 2023	Willowglen Systems Inc. RM'000	Austral Willowglen Sdn. Bhd. RM'000
Assets and liabilities:		
Non-current assets	59,363	–
Current assets	42,595	931
Non-current liabilities	(4,126)	–
Current liabilities	(58,822)	(4)
Net assets	39,010	927

Results:

Loss for the financial year	(3,195)	(16)
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	Willowglen Systems Inc. RM'000	Austral Willowglen Sdn. Bhd. RM'000	Total RM'000
Reconciliation of net assets to carrying amount:			
Cost of investment	12,742	200	12,942
Bargain purchase gain on acquisition of an associate	1,359	–	1,359
Carrying amount at fair value	14,101	200	14,301
Share of post-acquisition profit/(loss)	6,544	(17)	6,527
Carrying amount in the statements of financial position	20,645	183	20,828
Group's share of results:			
Group's share of loss	(1,917)	(3)	(1,920)

Notes to the Financial Statements

(Cont'd)

9. INVESTMENT IN ASSOCIATES (CONT'D)

9.1 Summarised financial information of material associates (Cont'd)

Group 2022	Willowglen System Inc. RM'000	Austral Willowglen Sdn. Bhd. RM'000
Assets and liabilities:		
Non-current assets	44,254	–
Current assets	34,603	947
Non-current liabilities	(2,919)	–
Current liabilities	(38,001)	(4)
Net assets	37,937	943

Results:

Profit/(Loss) for the financial year	1,802	(11)
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	Willowglen Systems Inc. RM'000	Austral Willowglen Sdn. Bhd. RM'000	Total RM'000
Reconciliation of net assets to carrying amount:			
Cost of investment	11,695	200	11,895
Bargain purchase gain on acquisition of an associate	1,359	–	1,359
Carrying amount at fair value	13,054	200	13,254
Share of post-acquisition profit/(loss)	8,461	(14)	8,447
Carrying amount in the statements of financial position	21,515	186	21,701
Group's share of results:			
Group's share of profit/(loss)	1,081	(2)	1,079

Notes to the Financial Statements

(Cont'd)

10. INVESTMENT SECURITIES

	Group	
	2023	2022
	RM'000	RM'000
Financial assets at fair value through other comprehensive income ("FVOCI")		
At fair value:		
- Debt securities		
At 1 January	3,839	5,142
Disposal during the financial year	(3,973)	(799)
Exchange differences	134	309
Fair value changes	-	(813)
At 31 December	-	3,839

11. OTHER INVESTMENTS

	Group and Company	
	2023	2022
	RM'000	RM'000
Financial assets at fair value through profit or loss ("FVPL")		
- Redeemable convertible preference shares		
At 1 January	2,000	2,000
Fair value changes	430	-
At 31 December	2,430	2,000

Notes to the Financial Statements

(Cont'd)

12. TRADE AND OTHER RECEIVABLES

		Group		Company	
	Note	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Non-current:					
Non-trade					
Amount due from associate	(a)	1,508	1,396	—	—
Current:					
Trade					
Amount due from subsidiaries	(b)	—	—	1,306	2,650
Trade receivables	(d)	44,362	35,509	—	—
Retention sum	(e)	7,108	5,928	—	—
		51,470	41,437	1,306	2,650
Less: Impairment losses		(112)	(1,068)	—	—
		51,358	40,369	1,306	2,650
Non-trade					
Amount due from associate	(a)	5,095	—	—	—
Amount due from subsidiaries	(c)	—	—	13,793	31,488
Deposits		245	1,469	7	7
Other receivables		380	194	273	55
		5,720	1,663	14,073	31,550
Less: Impairment losses		—	—	(659)	(659)
		5,720	1,663	13,414	30,891
Total trade and other receivables (current)					
		57,078	42,032	14,720	33,541
Total trade and other receivables (non-current and current)					
		58,586	43,428	14,720	33,541

Notes to the Financial Statements

(Cont'd)

12. TRADE AND OTHER RECEIVABLES (CONT'D)

- (a) Amount due from associate amounted to RM1,508,000 (2022: RM1,396,000) are non-trade amount due from associate of the Group which are unsecured, subject to interest at 5% (2022: 5%) per annum and repayable over 181 months from April 2017 to May 2032. Amount due from associate amounted to RM5,095,000 (2022: RM Nil) are unsecured, non-interest bearing, repayable on demand and is expected to be settled in cash.
- (b) Amount owing by subsidiaries are unsecured, non-interest bearing, repayable on demand and is expected to be settled in cash.
- (c) Amount owing by subsidiaries, amounted to RM13,792,727 (2022: RM31,488,145) represent loans to subsidiaries which are unsecured, subject to interest at 5.01% to 5.49% (2022: 3.44% - 3.80%) per annum, repayable on demand and is expected to be settled in cash.
- (d) Trade receivables are non-interest bearing and the normal credit terms offered by the Group ranging from 30 days to 90 days (2022: 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.
- (e) The retention sums which are receivable upon the expiry of defect liability period as provided in the contracts with customers expected to be collected are as follows:

	Group	
	2023 RM'000	2022 RM'000
Within one year	28	397
Later than one year	7,080	5,531
	7,108	5,928

Receivables that are impaired

The Group's and the Company's trade receivables that are impaired at the reporting date and the reconciliation of movement in the impairment of trade receivables are as follows:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
At 1 January	1,068	1,766	-	-
Written off	(896)	-	-	-
Net reversal of impairment loss	(60)	(698)	-	-
At 31 December	112	1,068	-	-

Notes to the Financial Statements

(Cont'd)

13. INVENTORIES

	Group	
	2023	2022
	RM'000	RM'000
At cost		
Consumables	6,184	3,924

- (a) The cost of inventories of the Group recognised as an expense in cost of sales during the financial year was RM48,680,013 (2022: RM52,084,702).
- (b) During the financial year, the provision for stock obsolescence to their net realisable values for the Group amounted to RM Nil (2022: RM70,738).
- (c) During the financial year, the Group reversed the previous provision for stock obsolescence of RM14,069 (2022: RM Nil).

14. CONTRACT ASSETS/(LIABILITIES)

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Contract assets relating to contracts with customers	95,945	87,667	–	–
Contract liabilities relating to contracts with customers	(2,103)	(4,737)	(20)	(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)

14. CONTRACT ASSETS/(LIABILITIES) (CONT'D)

(a) Significant changes in contract balances

Group	2023		2022	
	Contract assets Increase/ (decrease) RM'000	Contract liabilities (Increase)/ decrease RM'000	Contract assets Increase/ (decrease) RM'000	Contract liabilities (Increase)/ decrease RM'000
Revenue recognised that was included in contract liability at the beginning of the financial year	–	9,534	–	2,527
Decrease due to consideration received from customers recognised as revenue	–	(6,652)	–	(5,424)
Increases as a result of changes in the measure of progress	186,944	–	89,900	–
Transfers from contract assets recognised at the beginning of the period to receivables	(182,250)	–	(65,784)	–
Company				
Decrease due to consideration received from customers recognised as revenue	–	(9)	–	(29)
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

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15. CASH AND CASH EQUIVALENTS

	Note	Group		Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Fixed deposits placed with licensed banks	(a)	7,776	9,051	708	699
Short term investments		34	3,123	34	3,123
Cash and bank balances		51,097	42,348	865	1,297
Cash and cash equivalents as reported in statements of financial position		58,907	54,522	1,607	5,119
Less: Bank overdrafts		(2,863)	–	–	–
Less: Pledged deposits		(2,496)	(2,442)	(708)	(699)
Cash and cash equivalents as reported in statements of cash flows		53,548	52,080	899	4,420

- (a) Included in the fixed deposits placed with licensed banks of the Group and the Company are an amount of RM2,496,134 and RM708,396 (2022: RM2,442,486 and RM699,305) 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 2023 for the Group and the Company were 3% and 2%. (2022: 3% and 2%) respectively.

16. SHARE CAPITAL

	Group and Company			
	2023		2022	
	Number of ordinary shares '000	Amount RM'000	Number of ordinary shares '000	Amount RM'000
Issued and fully paid up (no par value):				
At 1 January/31 December	496,000	29,240	496,000	29,240

Notes to the Financial Statements

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16. SHARE CAPITAL (CONT'D)

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 2023, of the total 496,000,000 (2022: 496,000,000) issued and fully paid ordinary shares, 11,213,600 (2022: 11,213,600) 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 units (2022: 484,786,400 units).

17. TREASURY SHARES

	Group and Company			
	2023		2022	
	Number of ordinary shares '000	Amount RM'000	Number of ordinary shares '000	Amount RM'000
At 1 January	11,213	2,427	10,614	2,210
Shares repurchased during the financial year	–	–	599	217
At 31 December	11,213	2,427	11,213	2,427

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.

Notes to the Financial Statements

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18. RESERVES

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Merger deficit	(7,585)	(7,585)	–	–
Foreign currency translation reserve	29,047	22,514	–	–
Fair value reserve	–	(724)	–	–
Retained earnings	159,706	156,666	37,744	44,210
	181,168	170,871	37,744	44,210

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 has elected to recognise changes in the fair value of certain investments in equity securities in other comprehensive income, as explained in Note 10 to the financial statements. These changes are accumulated within the fair value reserve of financial assets at FVOCI. The Group 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. LOANS AND BORROWINGS

		Group	
	Note	2023 RM'000	2022 RM'000
Non-current:			
<u>Unsecured:</u>			
Lease liabilities	(a)	4,405	2,801
Current:			
<u>Unsecured:</u>			
Lease liabilities	(a)	1,600	1,606
<u>Secured:</u>			
Bank overdrafts	(b)	2,863	—
Bankers' acceptance	(c)	5,219	—
Revolving credit	(d)	1,004	—
		10,686	1,606
Total loans and borrowings			
<u>Unsecured:</u>			
Lease liabilities	(a)	6,005	4,407
<u>Secured:</u>			
Bank overdrafts	(b)	2,863	—
Bankers' acceptance	(c)	5,219	—
Revolving credit	(d)	1,004	—
		15,091	4,407

Notes to the Financial Statements

(Cont'd)

19. LOANS AND BORROWINGS (CONT'D)**(a) Lease liabilities**

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

	Group	
	2023	2022
	RM'000	RM'000
Future minimum lease payments		
- not later than one year	1,829	1,728
- later than one year and not later than five years	4,625	3,106
Total minimum lease payments	6,454	4,834
Less: Future finance charges	(449)	(427)
Present value of minimum lease liabilities	6,005	4,407
Analysis of present value lease liabilities:		
Current		
- not later than one year	4,405	1,606
Non-current		
- later than one year and not later than five years	1,600	2,801
	6,005	4,407

(b) Bank overdraft

Bank overdrafts bear interests at 7.95% (2022: Nil) per annum. The bank overdrafts are secured by way of corporate guarantee by the Company.

(c) Bankers' acceptance

Bankers' acceptances bear interests ranging from 4.76% to 5.25% (2022: Nil) per annum. The bankers' acceptances are secured by way of:

- (i) Corporate guarantee by the Company; and
- (ii) Deed of assignment of contract proceeds.

(d) Revolving credit

Revolving credit bear interests ranging from 4.51% to 4.70% (2022: Nil) per annum. The bankers' acceptances are secured by way of:

- (i) Corporate guarantee by the Company; and
- (ii) Deed of assignment of contract proceeds.

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
Group					
At 1 January 2023	395	821	390	–	1,606
Recognised in profit or loss	97	–	413	15	525
Utilised during the financial year	(197)	–	–	–	(197)
Reversed during the financial year	(105)	–	(413)	–	(518)
Exchange differences	–	49	23	–	72
At 31 December 2023	190	870	413	15	1,488
Group 2023					
Non-current	–	870	–	–	870
Current	190	–	413	15	618
	190	870	413	15	1,488
2022					
Non-current	–	821	–	–	821
Current	395	–	390	–	785
	395	821	390	–	1,606

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

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20. PROVISIONS (CONT'D)Provision for foreseeable losses

The provision for foreseeable losses represents the estimated loss based on the current estimates of total revenue and total contract cost remaining to fulfill the job indicate a loss upon completion.

21. DEFERRED TAX LIABILITIES

	Group	
	2023	2022
	RM'000	RM'000
Deferred tax liabilities	132	125

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:

	Group	
	2023	2022
	RM'000	RM'000
Accelerated capital allowance	202	191
Provisions	(70)	(66)
	132	125

The movement of the deferred tax liabilities was as follows:

	Group	
	2023	2022
	RM'000	RM'000
As at 1 January	125	117
Exchange differences	7	8
As at 31 December	132	125

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	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Unused tax losses	40,732	39,623	13,952	14,273
Unabsorbed capital allowance	3,055	2,501	669	559
	43,787	42,124	14,621	14,832
Potential deferred tax assets not recognised at 24%	10,509	10,110	3,509	3,560

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.

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	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
2027	9,960	9,963	–	–
2028	15,332	15,653	8,901	9,221
2029	1,751	1,751	–	–
2030	4,423	4,423	1,310	1,311
2031	6,271	6,271	2,179	2,179
2032	2,995	1,562	1,562	1,562
	40,732	39,623	13,952	14,273

Notes to the Financial Statements

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22. TRADE AND OTHER PAYABLES

		Group		Company	
	Note	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Current:					
Trade					
Trade payables	(a)	20,070	11,931	–	–
Rentention sum	(b)	6,200	6,541	–	–
		26,270	18,472	–	–
Non-trade					
Accruals		3,120	3,008	530	250
Amount owing to subsidiary	(c)	–	–	1	–
Amount owing to associate	(c)	–	–	900	–
Deposit		15	15	–	–
Other payables		2,874	217	342	374
SST payables		14	20	–	–
		6,023	3,260	1,773	624
Total trade and other payables		32,293	21,732	1,773	624

- (a) Trade payables are non-interest bearing and normal credit terms granted to the Group range from 30 days to 60 days (2022: 30 days to 60 days).
- (b) The retention sums which are payable upon expiry of defect liability period as provided in the contracts with contractors are expected to be settled as follows:

	Group	
	2023 RM'000	2022 RM'000
Within one year	200	318
Later than one year	6,000	6,223
	6,200	6,541

- (c) Amount owing to subsidiary and associate are unsecured, non-interest bearing, repayable upon demand and are expected to be settled in cash.

For explanations on the Group's and the Company's liquidity risk management processes, refer to Note 32(b)(ii) to the financial statements.

Notes to the Financial Statements

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23. REVENUE

Revenue comprises mainly income from supply of computer-based control systems and provision of the related installation and maintenance services.

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Contract revenue	155,367	139,554	–	–
Maintenance contracts	53,903	52,971	–	–
Engineering consultation fee	–	–	1,597	2,213
	209,270	192,525	1,597	2,213
Timing of revenue recognition:				
At a point in time	15,291	14,134	1,597	2,213
Over time	193,979	178,391	–	–
	209,270	192,525	1,597	2,213

The transaction price allocated to the remaining performance obligations as at 31 December 2023 is RM302,119,027 (2022: RM356,714,708). 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
Group				
At 31 December 2023				
Revenue expected to be recognised on:				
- construction contracts	122,592	55,981	–	178,573
- maintenance contracts	56,646	66,900	–	123,546
	179,238	122,881	–	302,119
At 31 December 2022				
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

The Group applies 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.

Notes to the Financial Statements

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24. FINANCE COSTS

	Group	
	2023	2022
	RM'000	RM'000
Interest expenses on:		
- bank overdraft	60	–
- bankers' acceptance	138	–
- lease liabilities	260	35
- revolving credit	27	–
- others	7	–
	492	35

25. PROFIT/(LOSS) BEFORE TAX

Other than disclosed elsewhere in the financial statements, the following items have been charged/(credited) in arriving profit/(loss) before tax:

	Group		Company	
	2023	2022	2023	2022
Note	RM'000	RM'000	RM'000	RM'000
Auditors' remuneration				
- statutory audit:				
- Baker Tilly Monteiro Heng PLT	153	155	85	85
- Other auditors	109	102	–	–
Other services - non statutory audit:				
- Baker Tilly Monteiro Heng PLT	8	8	8	8
- Member firms of Baker Tilly International	17	16	5	5
Bad debt recovered	–	(72)	–	–
Bad debt written off				
- trade receivables	896	–	–	–
- other receivables	19	–	6	–
Depreciation on:				
- property, plant and equipment	1,763	2,047	157	126
- right-of-use assets	1,649	1,568	–	–
Dividend income from a subsidiary	–	–	(8,353)	–
Expenses relating to short-term leases	2	6	62	66
Fair value gain on other investments	(430)	–	(430)	–
Fair value loss on disposal of investment securities	255	–	–	–
Government grants:				
- wages subsidy programme	(i) (278)	(1,324)	(16)	(89)

Notes to the Financial Statements

(Cont'd)

25. PROFIT/(LOSS) 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)

Note	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Impairment loss on:				
- investment in subsidiaries	-	-	1,601	8,681
- trade receivables	40	-	-	-
Interest income from:				
- loan to subsidiaries	-	-	(2,560)	(1,640)
- loan to an associate company	(74)	(74)	-	-
- investment securities	(144)	(169)	-	-
- unit trust	(31)	(210)	(31)	(210)
- fixed deposit	(417)	(111)	(15)	(9)
- bank balances	(16)	(46)	-	-
- trade receivables	(11)	-	-	-
Net (gain)/loss on foreign exchange:				
- realised	231	381	(333)	(28)
- unrealised	(32)	(263)	(28)	(249)
Property, plant and equipment written off	9	2	-	1
Provision for stock obsolescence	20	71	-	-
Provision for maintenance warranties	20	944	-	-
Provision for unutilised leave	20	379	-	-
Provision for foreseeable loss	20	15	-	-
Rental income	(66)	(66)	(69)	(60)
Reversal of impairment losses on:				
- trade receivables	(996)	(698)	-	-
Reversal of provision for stock maintenance warranties obsolescence	(14)	-	-	-
Reversal of provision for foreseeable losses	20	(1)	-	-
Reversal of provision for maintenance warranties	20	(110)	-	-
Reversal of provision for unutilised leave	20	(413)	-	-
Employee benefit expenses	26	67,645	8,006	4,050

- (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

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26. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Salaries, allowances and bonuses	59,976	51,553	7,040	3,641
Defined contribution plans	7,490	6,556	923	376
Socso	161	130	39	30
Employment insurance system	18	15	4	3
	67,645	58,254	8,006	4,050
Included in employee benefits expenses are:				
Executive directors				
Fees	99	97	99	97
Salaries, bonus and other emoluments	6,229	5,880	3,505	–
Defined contribution plan	572	736	468	–
	6,900	6,713	4,072	97
Non-executive directors				
Fees	124	164	124	164
	7,024	6,877	4,196	261

27. INCOME TAX EXPENSE

The major components of income tax expense for the financial years ended 31 December 2023 and 2022:

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Statements of comprehensive income				
Current income tax				
- current year	(4,594)	(3,919)	–	–
- prior year	(199)	(190)	–	–
Income tax expense recognised in profit or loss	(4,793)	(4,109)	–	–

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2022: 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 2023 (2022: 17%).

Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

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27. INCOME TAX EXPENSE (CONT'D)

The reconciliations from the tax amount at the statutory income tax rate to the Group's and the Company's tax expense are as follows:

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Profit/(Loss) before tax	15,130	19,442	806	(10,171)
Tax at Malaysia statutory income tax rate of 24% (2022: 24%)	(3,631)	(4,666)	(193)	2,441
Effect of tax rate in foreign jurisdiction	1,818	1,723	–	–
Share of results of associates	(461)	259	–	–
Adjustments:				
- non-deductible expenses	(2,503)	(464)	(563)	(2,158)
- non-taxable income	636	332	705	81
- deferred tax assets not recognised on tax losses and temporary differences	(399)	(1,512)	51	(364)
- tax exemption	59	56	–	–
- other items	(113)	353	–	–
- adjustment in respect of income tax of prior years	(199)	(190)	–	–
Income tax expense	(4,793)	(4,109)	–	–

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:

	Group	
	2023	2022
	RM'000	RM'000
Profit attributable to owners of the Company	10,371	15,386
Weighted average number of ordinary shares for basic earnings per share	484,786	485,070
Basic earnings per ordinary share (sen)	2.14	3.17

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

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29. DIVIDENDS

	Group and Company	
	2023	2022
	RM'000	RM'000
Recognised during the financial year:		
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 2022, paid on 18 May 2023	7,272	–
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

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 28 February 2024. 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.

30. RELATED PARTIES**(a) Identify of related parties**

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group 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 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

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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	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Subsidiaries				
Sale of goods	—	—	263	818
Provision of engineering services	—	—	16	141
Technical advisory fees charged	—	—	1,316	1,254
Rental income	—	—	69	60
Rental expense	—	—	(60)	(60)
Interest income	—	—	1,813	1,640
Dividend income	—	—	8,353	—
Purchase of goods	—	—	(1)	(19)
Associates				
Interest income	74	74	—	—

(c) Key management personnel remuneration

The remuneration of the key management personnel during the financial year are as follows:

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Directors' remuneration (Note 25)	7,024	6,877	4,196	261
Other key management personnel:				
Salaries, bonuses and allowances	5,462	5,403	605	568
Contribution to defined contribution plans	498	494	70	66
	5,960	5,897	675	634
	12,984	12,774	4,871	895

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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

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31. SEGMENT INFORMATION (CONT'D)

	Malaysia RM'000	Singapore RM'000	Others RM'000	Elimination RM'000	Notes	Total RM'000
2023						
Revenue:						
External customers	63,278	145,992	–	–		209,270
Inter-segment	1,610	1,515	–	(3,125)	A	–
Total revenue	64,888	147,507	–	(3,125)		209,270
Results:						
Interest income	2,676	578	–	(2,561)		693
Interest expense	(2,040)	(1,006)	–	2,561		(485)
Depreciation						
- property, plant and equipment	(1,056)	(2,356)	–	–		(3,412)
Reversal of impairment loss on trade receivables	(996)	–	–	–		(996)
Share of results of associates	–	–	–	(1,920)		(1,920)
Segment profit	(1,055)	25,348	(4)	(9,159)	B	15,130
Income tax expense	–	(4,793)	–	–		(4,793)
Profit for the financial year	1,054	20,555	(4)	(11,268)	B	10,337
Assets:						
Investment in associates	200	–	12,742	7,886		20,828
Additions to non-current assets	1,056	2,355	–	–		3,411
Segment assets	147,745	186,664	320	(71,174)	C	263,555
Geographical information:						
Revenue by geographical location of customers	63,278	145,992	–	–		209,270
Non-current assets	56,474	9,688	12,742	(35,959)	C	42,945
Major customers	16,996	85,659	–	–		102,655

Notes to the Financial Statements

(Cont'd)

31. SEGMENT INFORMATION (CONT'D)

	Malaysia RM'000	Singapore RM'000	Others RM'000	Elimination RM'000	Notes	Total RM'000
2022						
Revenue:						
External customers	53,345	139,180	–	–		192,525
Inter-segment	3,815	1,093	–	(4,908)	A	–
Total revenue	57,160	140,273	–	(4,908)		192,525
Results:						
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
Segment profit	(15,110)	24,783	(16)	9,785	B	19,442
Income tax expense	–	(4,109)	–			(4,109)
Profit for the financial year	(15,110)	20,674	(16)	9,785	B	15,333
Assets:						
Investment in associates	186	–	21,515	–		21,701
Additions to non-current assets	1,095	2,520	–	–		3,615
Segment assets	96,359	141,108	313	(3,317)	C	234,463
Geographical information:						
Revenue by geographical location of customers	52,311	139,180	1,034	–		192,525
Non-current assets	39,809	12,010	–	(28,557)	C	23,262
Major customers	26,185	81,923	–	–		108,108

Notes to the Financial Statements

(Cont'd)

31. SEGMENT INFORMATION (CONT'D)Major customers (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

	2023 RM'000	2022 RM'000
Singapore		
Customer I	56,062	58,445
Customer II	29,597	23,478
Malaysia		
Customer III	13,217	14,704
Customer IV	3,779	11,481
	102,655	108,108

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

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)

	Carrying amount RM'000	Amortised cost RM'000	FVPL RM'000	FVOCI RM'000
At 31 December 2023				
Financial assets				
Group				
Other investment	2,430	–	2,430	–
Trade and other receivables	58,586	58,586	–	–
Cash and cash equivalents	58,907	58,907	–	–
	119,923	117,493	2,430	–
Company				
Other investment	2,430	–	2,430	–
Trade and other receivables	14,720	14,720	–	–
Cash and cash equivalents	1,607	1,607	–	–
	18,757	16,327	2,430	–
Financial liabilities				
Group				
Trade and other payables^	(32,278)	(32,278)	–	–
Loans and borrowings	(15,091)	(15,091)	–	–
	(47,369)	(47,369)	–	–
Company				
Trade and other payables^	(1,773)	(1,773)	–	–
	(1,773)	(1,773)	–	–

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)

	Carrying amount RM'000	Amortised cost RM'000	FVPL RM'000	FVOCI RM'000
At 31 December 2022				
Financial assets				
Group				
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
Company				
Other investment	2,000	–	2,000	–
Trade and other receivables	33,541	33,541	–	–
Cash and cash equivalents	5,119	5,119	–	–
	40,660	38,660	2,000	–
Financial liabilities				
Group				
Trade and other payables [^]	(21,712)	(21,717)	–	–
Loans and borrowings	(4,407)	(4,407)	–	–
	(26,119)	(26,124)	–	–
Company				
Trade and other payables [^]	(624)	(624)	–	–
	(624)	(624)	–	–

[^] 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.

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

- the counterparty 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.

At the end of the reporting period, the Group and the Company assess whether financial assets carried at amortised cost and debt securities at FVOCI are creditimpaired. 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. Those events evidence that a financial asset is credit-impaired include observable data about the following events:

- significant financial difficulty of the counterparty;
- a breach of contract, including a default event;
- a concession or restructuring of loans granted by the lender of the counterparty relating to the counterparty's financial difficulty; or
- it is probable that the counterparty will enter bankruptcy or other financial reorganisation.

Notes to the Financial Statements

(Cont'd)

32. FINANCIAL INSTRUMENTS (CONT'D)**(b) Financial risk management (Cont'd)****(i) Credit risk (Cont'd)**

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.

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. 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. The Group and the Company use ageing analysis to monitor the credit quality of trade receivables. In managing credit risks of trade receivables, the Group and the Company also take appropriate actions (including but not limited to legal actions) to recover long past due balances.

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		2022	
	2023		2022	
	RM'000	%	RM'000	%
By country:				
Malaysia	27,541	53%	23,010	55%
Singapore	23,642	46%	18,095	44%
Europe	287	1%	246	1%
United States	–	0%	86	0%
	51,470	100%	41,437	100%

Notes to the Financial Statements

(Cont'd)

32. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management (Cont'd)

(i) Credit risk (Cont'd)

Contract assets:

	Group		Group	
	2023		2022	
	RM'000	%	RM'000	%
By country:				
Malaysia	38,148	40%	27,444	31%
Singapore	57,797	60%	60,223	69%
	95,945	100%	87,667	100%

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 impairment loss also incorporate forward-looking information.

Note	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Contract assets	95,945	87,667	–	–
Trade receivables				
Neither past due nor impaired	27,821	25,243	1,306	2,650
1 to 30 days past due not impaired	2,606	4,638	–	–
31 to 60 days past due not impaired	7,751	1,926	–	–
61 to 90 days past due not impaired	4,101	2,683	–	–
More than 90 day past due not impaired	9,079	5,879	–	–
	23,537	15,126	–	–
Individually impaired (a)	112	1,068	–	–
	51,470	41,437	1,306	2,650

- (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)****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.

As at the end of the reporting date, the Group and the Company consider the other receivables and other financial assets as low credit risk and any loss allowance would be negligible.

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 RM112,405,400 (2022: RM107,558,800) 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.

Notes to the Financial Statements

(Cont'd)

32. FINANCIAL INSTRUMENTS (CONT'D)**(b) Financial risk management (Cont'd)****(ii) Liquidity risk**

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations when they fall due. The Group's and the Company's exposure to liquidity risk arise primarily from mismatches of the maturities between financial assets and liabilities. The Group's and the Company's exposure to liquidity risk arise principally from trade and other payables, loans and borrowings.

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.

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:

Group	Carrying amount RM'000	Contractual cash flows		Total RM'000
		On demand or within 1 year RM'000	Between 1 and 5 years RM'000	
At 31 December 2023				
Financial liabilities				
Trade and other payables	32,293	32,293	–	32,293
Lease liabilities	6,005	1,829	4,625	6,454
Bank overdrafts	2,863	2,863	–	2,863
Bankers' acceptance	5,219	5,219	–	5,219
Revolving credit	1,004	1,004	–	1,004
	47,384	43,208	4,625	47,833
At 31 December 2022				
Financial liabilities				
Trade and other payables	21,732	21,732	–	21,732
Lease liabilities	4,407	1,728	3,106	4,834
	26,139	23,460	3,106	26,566

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)

Company	Carrying amount RM'000	Contractual cash flows		
		On demand or within 1 year RM'000	Between 1 and 5 years RM'000	Total RM'000
At 31 December 2023				
Financial liabilities				
Trade and other payables	1,773	1,773	–	1,773
Financial guarantee contracts	–	112,405	–	112,405
	1,773	114,178	–	114,178
At 31 December 2022				
Financial liabilities				
Trade and other payables	624	624	–	624
Financial guarantee contracts	–	107,559	–	107,559
	624	108,183	–	108,183

(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 exposures to the risk of changes in foreign exchange rates relates primarily to the Group'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 unhedged financial assets and liabilities that are not denominated in their functional currencies are as follows:

	Group					
	2023			2022		
	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:						
<u>Cash and cash equivalents</u>						
United States Dollar	1	4,568	296	–	1,607	300
Chinese Renminbi	–	34	–	–	144	–
Euro	–	1,588	–	–	1,831	–
British Pound	–	267	–	–	780	–
	1	6,457	296	–	4,362	300
<u>Trade and other receivables</u>						
United States Dollar	–	2,313	–	86	–	–
Canada Dollar	–	7,225	–	–	1,513	–
Vietnamese Dong	–	26	–	–	–	–
Euro	288	–	–	246	–	–
	288	9,564	–	332	1,513	–
<u>Trade and other payables</u>						
United States Dollar	(84)	(674)	–	–	(491)	–
Euro	–	–	–	(71)	–	–
Chinese Renminbi	–	–	–	–	(143)	–
Others	–	–	–	(301)	(143)	–
	(84)	(674)	–	(372)	(777)	–

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 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 total profit for the financial year.

	Change in rate	Group	
		2023 RM'000	2022 RM'000
		Effect on profit or loss	
USD	+ 10%	488	114
	- 10%	(488)	(114)
GBP	+ 10%	20	59
	- 10%	(20)	(59)
CAD	+ 10%	549	115
	- 10%	(549)	(115)
EURO	+ 10%	143	152
	- 10%	(143)	(152)
VND	+ 10%	2	—
	- 10%	(2)	—
RMB	+ 10%	3	—
	- 10%	(3)	—

Notes to the Financial Statements

(Cont'd)

32. FINANCIAL INSTRUMENTS (CONT'D)**(b) Financial risk management (Cont'd)****(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 manages 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.

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 2023	+100	*	*
	-100	*	*
31 December 2022	+100	(31)	(24)
	-100	31	24

* Represent amount less than RM1,000.

Notes to the Financial Statements

(Cont'd)

32. FINANCIAL INSTRUMENTS (CONT'D)

(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 (2022: no transfer in either directions).

The following table provides the fair value measurement hierarchy of the Group's and the Company's financial instruments:

	Carrying amount RM'000	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value			
		Fair value				Fair value			
		Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
2023									
Financial assets									
Group									
Other investment	2,430	-	-	2,430	2,430	-	-	-	-
Other receivables	1,508	-	-	-	-	-	-	1,508	1,508
2022									
Financial assets									
Group									
Investment securities	3,839	3,839	-	-	3,839	-	-	-	-
Other investment	2,000	-	-	2,000	2,000	-	-	-	-
Other receivables	1,396	-	-	-	-	-	-	1,396	1,396

Level 3 fair valueFair 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 2023 and 31 December 2022.

Notes to the Financial Statements

(Cont'd)

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 2023 and 31 December 2022.

The Group and the Company monitor capital using gearing ratio. The gearing ratio is calculated as total debts divided by total equity of the Group and the Company. The gearing ratio as at 31 December 2023 is as follows:

	Note	Group 2023 RM'000	Company 2023 RM'000
Group			
Trade and other payables	22	32,293	1,773
Loans and borrowings	19	15,091	–
Total debts		47,384	1,773
Total equity		207,981	64,557
Gearing ratio (times)		0.23	0.03

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 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 2023 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: 26 March 2024

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 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 26 March 2024.

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

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 2023 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 material accounting policy information, as set out on pages 79 to 148.

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 2023, 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.

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), 14 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.

Independent Auditors' Report

(Cont'd)

Key Audit Matters (Cont'd)

Our audit response:

Our audit procedures on the sample of selected projects included, among others;

- reading the terms and conditions of agreements with selected customers;
- understanding the Group's process in preparing project budget and the calculation of the progress towards anticipated satisfaction of a performance obligation;
- comparing the directors' key assumptions to contractual terms and discussing with project manager;
- comparing the Group's computed progress towards complete satisfaction of performance obligation for identified projects against architect or consultant certificate;
- checking the mathematical computation of recognised revenue for the projects during the financial year;
- understanding the design and the implementation of controls in recording project costs, preparing project budgets and calculating the stage of completion; and
- by communicating and discussing with the component auditors including reviewed the work of component auditors in relation to their work performed on contract.

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.

Independent Auditors' Report

(Cont'd)

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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 8 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

Kuala Lumpur

Date: 26 March 2024

Ng Jou Yin
No. 03460/11/2025 J
Chartered Accountant

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 2023.

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 2023.

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 2023 are as follows:-

	Group (RM'000)	Company (RM'000)
Audit Fees	262	85
Non-Audit Fees	79	18

4. RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

At the Twenty-Fifth Annual General Meeting of the Company held on 17 May 2023, 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 2023 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 2023 to 31 December 2023 (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 2023

Description of Property	Existing Use	Age of Building (Years)	Land Area	Tenure	Date of Acquisition	Net Book Value/ Fair Value As at 31 December 2023 (RM)
Willowglen (Malaysia) Sdn. Bhd.						
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	31	246 sq. m.	93-years leasehold expiring on 19.02.2083	01.06.1999	2,142,730
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	31	490 sq. m.	93-years leasehold expiring on 19.02.2083	30.04.2007	2,166,357
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	8	75 sq. m.	99-years leasehold expiring on 25.08.2114	02.10.2017	491,442
Willowglen MSC Berhad						
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	17	103 sq. m.	Freehold	23.12.2014	1,957,718

Shareholdings Statistics

as at 27 March 2024

Total Number of Issued Shares	:	496,000,000 (including 11,213,600 treasury shares)
Class of Shares	:	Ordinary shares
Voting Rights	:	One (1) vote per ordinary share

ANALYSIS OF SHAREHOLDINGS

Size of Holdings	No. of Holders	%	No. of Shares Held	%
1-99	14	0.33	171	0.00
100-1,000	277	6.43	134,448	0.03
1,001-10,000	1,938	44.99	11,355,900	2.34
10,001-100,000	1,766	40.99	61,763,958	12.74
100,001 – 24,239,319 *	312	7.24	143,926,709	29.69
24,239,320 and above **	1	0.02	267,605,214	55.20
Total	4,308	100.00	484,786,400***	100.00

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	–	–	–
Wong Ah Chiew	3,652,100	272,264,014 [°]	56.16	56.16
Simon Wong Chu Keong	1,416,000	267,605,214 [□]	55.20	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 children
- [□] Deemed interested through his interest in New Advent Sdn. Bhd.

Shareholdings Statistics
as at 27 March 2024

(Cont'd)

DIRECTORS' SHAREHOLDINGS

Name of Directors	Direct Interest	No. of Shares Held		
		%	Indirect Interest	%
Wong Ah Chiew	3,652,100	0.75	272,264,014*	56.16
Simon Wong Chu Keong	1,416,000	0.29	267,605,214#	55.20
Tan Jun	400,182	0.08	–	–

Notes:

* Deemed interested through his interest in New Advent Sdn. Bhd., Elegant Preference Sdn. Bhd., Jian Qi Holdings Sdn. Bhd., his spouse and children

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 27 March 2024.

THIRTY LARGEST REGISTERED SHAREHOLDERS AS AT 27 MARCH 2024

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	6,085,200	1.26
4	Lock Kai Sang	5,797,700	1.20
5	Andrew Lim Cheong Seng	5,000,000	1.03
6	Lim Gaik Bway @ Lim Chiew Ah	4,673,100	0.96
7	Teh Boon Wee	4,000,000	0.83
8	Khor Chai Moi	3,326,600	0.69
9	Ng Sim Tin	3,000,000	0.62
10	Wong Ah Chiew	3,000,000	0.62
11	Malta Corp. Sdn. Bhd.	2,931,200	0.60
12	Wong Chong Ngin	2,779,000	0.57
13	Chee Sai Mun	2,619,900	0.54
14	Lee Kok Hoong	2,070,100	0.43
15	Public Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Honji Corporation Sdn. Bhd. (E-SS2)	1,900,000	0.39
16	Lee Heuk Ping	1,682,500	0.35
17	Wong Chu Khee	1,498,600	0.31

Shareholdings Statistics

as at 27 March 2024

(Cont'd)

THIRTY LARGEST REGISTERED SHAREHOLDERS AS AT 27 MARCH 2024 (CONT'D)

No.	Name of Shareholders	No. of Shares Held	%
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	AllianceGroup Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Christina Loh Yoke Lin (3001426)	1,400,000	0.29
21	Apex Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Lee Yeow Teng (Margin)	1,382,000	0.29
22	Ng Soon Gan	1,270,000	0.26
23	Lim Guat Eyan	1,230,000	0.25
24	Maybank Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Ang Piang Kok	1,220,000	0.25
25	Public Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Christina Loh Yoke Lin (E-SS2)	1,100,000	0.23
26	Maybank Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Au Kwan Seng	1,037,000	0.21
27	Meridian Fortune Sdn. Bhd.	1,000,000	0.21
28	Yieldforce Sdn. Bhd.	918,000	0.19
29	Teng Swee Hin	900,000	0.19
30	Jian Qi Holdings Sdn. Bhd.	818,000	0.17

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-Sixth Annual General Meeting ("AGM") of the Company to be held on a virtual basis vide the online meeting platform hosted on Securities Services e-Portal at <https://sshsb.net.my> 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 Tuesday, 21 May 2024 at 10:00 a.m.** and any adjournment thereof, in the manner indicated below:-

ORDINARY RESOLUTIONS		FOR	AGAINST
1.	To re-elect Wong Ah Chiew, 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 re-elect Syed Feisal Alhady, 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		
3.	To approve the payment of Directors' fees amounting to RM221,350.00 for the financial year ended 31 December 2023		
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-Sixth AGM until the date of the next AGM of the Company in the year 2025		
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		
6.	Retention of Au Chun Choong as an Independent Non-Executive Director		
7.	Authority to Issue Shares pursuant to the Companies Act 2016		
8.	Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature		
9.	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 _____, 2024.

* Delete if not applicable

* Signature / Common Seal of Shareholder

Notes:

- The Twenty-Sixth AGM ("26th 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 26th 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 26th 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 26th 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 26th AGM. 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 during the 26th 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 26th AGM.
- In respect of deposited securities, only members whose names appear in the Record of Depositors as at 14 May 2024 ("General Meeting Record of Depositors") shall be eligible to participate in the 26th AGM or appoint proxy(ies) to participate and/or vote in his/her stead.
- A member entitled to participate and vote at the 26th 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.
- 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 26th AGM shall have the same rights as the member to participate, speak and vote at the 26th AGM.
- 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.



Notes:

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 26th AGM or any adjournment thereof. The lodging of the Form of Proxy does not preclude a member from attending and voting remotely at the 26th 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 26th 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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AFFIX
STAMP

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-Sixth Annual General Meeting (“**26th AGM**”) of Willowglen MSC Berhad will be convened on a virtual basis on Tuesday, 21 May 2024 at 10:00 a.m.

Shareholders are invited to register their questions (if any) **on or before Thursday, 2 May 2024** by sending an email to corpinfo@willowglen.com.my with the following details :

1. Shareholder’s Name
2. CDS Account No.
3. Question(s)

In the course of the 26th AGM, we will respond to as many questions posed by the shareholders as practicable.

WILLOWGLEN MSC BERHAD

199801006521 (462648-V)

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

Tel : (603) 9057 1228 **Fax :** (603) 9057 1218

www.willowglen.com.my