WILLOWGLEN
MSC BERHAD
199801006521 (462648-V)

ANNUAL REPORT
2021

TABLE OF CONTENTS

FINANCIAL STATEMENTS

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Twenty-Fourth Annual General Meeting ("**AGM**") of the Company will be held on a **virtual basis** at the broadcast venue at the Board Room, No. 1, Jalan 2/149B, Taman Sri Endah, Bandar Baru Sri Petaling, 57000 Kuala Lumpur, Malaysia on Wednesday, 25 May 2022 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 2021 together with the Reports of the Directors and the Auditors thereon. **(Please refer to Explanatory Note i)**

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) Au Chun Choong **(Resolution 1)**
   (b) Tan Jun **(Resolution 2)**
   (c) Teh Chee Hoe **(Resolution 3)**

3. To approve the payment of Directors' fees amounting to RM245,000.00 for the financial year ended 31 December 2021. **(Resolution 4)**

4. To approve the payment of Directors' benefits to the Independent Non-Executive Directors up to RM40,000.00 from a day after the Twenty-Fourth AGM until the date of the next AGM of the Company in the year 2023. **(Resolution 5)**

5. To re-appoint Messrs. Baker Tilly Monteiro Heng PLT as Auditors of the Company until the conclusion of the next AGM and authorise the Directors to fix their remuneration. **(Resolution 6)**

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 Wang Shi Tsang as an Independent Non-Executive Director

   "**THAT** Wang Shi Tsang, who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than twelve (12) 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 7)**

7. **Ordinary Resolution**
<u>Retention of Alfian Bin Tan Sri Mohamed Basir as an Independent Non-Executive Director</u>

"**THAT** Alfian Bin Tan Sri Mohamed Basir, who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than twelve (12) 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 8)**

8. **Ordinary Resolution**
<u>Authority to Issue Shares pursuant to the Companies Act 2016</u>

"**THAT** subject always to the Companies Act 2016, the Constitution of the Company and the approvals from Bursa Malaysia Securities Berhad and any other relevant governmental and/or regulatory authorities, the Directors be and are hereby empowered pursuant to the Companies Act 2016, 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; **AND THAT** the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad; **AND FURTHER THAT** such authority shall commence immediately upon the passing of this resolution and continue to be in force until the conclusion of the next Annual General Meeting of the Company." **(Resolution 9)**

9. **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 of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and its subsidiaries ("**Group**") to enter into the categories of Recurrent 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 18 April 2022, 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**"). **(Resolution 10)**

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

(a) the conclusion of the next Annual General Meeting ("**AGM**") of the Company following the forthcoming 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

(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 Companies Act 2016 but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Companies Act 2016; 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 Ordinary Resolution."

10. **Ordinary Resolution**
<u>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</u>

"**THAT** subject to the compliance with Section 127 of the Companies Act 2016 ("**the Act**"), the Constitution of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("**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: **(Resolution 11)**

(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

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 Annual General Meeting ("**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."

11. 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
18 April 2022

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

Notes:

1. As part of the initiatives to curb the spread of the COVID-19, the Twenty-Fourth 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 Twenty-Fourth 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 Twenty-Fourth 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 Twenty-Fourth 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 Twenty-Fourth AGM.

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

3. In respect of deposited securities, only members whose names appear in the Record of Depositors as at 18 May 2022 ("**General Meeting Record of Depositors**") shall be eligible to participate in the Twenty-Fourth AGM or appoint proxy(ies) to participate and/or vote in his/her stead.

4. A member entitled to participate and vote at the AGM of the Company shall be entitled to appoint more than one (1) proxy to participate, speak and vote in his stead. Where a member appoints more than one (1) proxy in relation to a meeting, the member shall specify the proportion of his shareholdings to be represented by each proxy, failing which the appointment shall be invalid.

5. A proxy may but need not be a member of the Company and a member may appoint any person to be his proxy without limitation. There shall be no restriction as to the qualification of the proxy. A proxy appointed to participate, speak and vote at the Twenty-Fourth AGM shall have the same right as the member to participate, speak and vote at the Twenty-Fourth AGM.

6. The instrument appointing a proxy shall be in writing under the hand of the member or of his 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 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 its 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 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 Twenty-Fourth AGM or any adjournment thereof. The lodging of the Form of Proxy does not preclude a member from attending and voting remotely at the Twenty-Fourth AGM should he 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 not less than twenty-four (24) hours before the time stipulated for holding the Twenty-Fourth AGM or any adjournment thereof, and you 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. <u>Explanatory Notes to Ordinary and Special Business</u>

   i. Item 1 of the Agenda – Audited Financial Statements for the financial year ended 31 December 2021 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 Companies Act 2016 does not require the formal approval of the shareholders for the Audited Financial Statements. Hence, this Agenda item is not put forward for voting.

   ii. Ordinary Resolution 5

      Section 230(1) of the Companies Act 2016 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-Third AGM of the Company held on 19 May 2021, the Company had obtained the shareholders' approval for the payment of Directors' benefits to the Independent Non-Executive Directors up to RM40,000.00 from a day after the Twenty-Third AGM until the next AGM of the Company in the year 2022.

      The proposed Ordinary Resolution 5, if passed, will authorise the payment of the Directors' benefits to the Independent Non-Executive Directors up to an amount of RM40,000.00 with effect from a day after the Twenty-Fourth AGM of the Company until the next AGM of the Company in the year 2023 ("**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.

9. Explanatory Notes to Ordinary and Special Business (Cont'd)

iii Ordinary Resolution 7

Wang Shi Tsang was appointed as an Independent Non-Executive Director of the Company on 27 June 2002. Therefore, he has served the Board for a cumulative term of more than twelve (12) years. The Board of Directors of the Company through the Nomination and Remuneration Committee, after having assessed the independence of Wang Shi Tsang, regards him to be independent based amongst others, the following justifications and recommends that Wang Shi Tsang 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 Market Listing Requirements of Bursa Malaysia Securities Berhad.

- 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 Market Listing Requirements of Bursa Malaysia Securities Berhad.

- the aforementioned Independent Non-Executive Director had not developed, established or maintained any significant personal or social relationship, whether direct or indirect, with the Executive Directors, major shareholders or management of the Company (including their family members) other than normal engagements and interactions on a professional level, consistent and expected of him to carry out his duties as an Independent Non-Executive Director.

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

9. Explanatory Notes to Ordinary and Special Business (Cont'd)

iv. Ordinary Resolution 8

Alfian Bin Tan Sri Mohamed Basir was appointed as an Independent Non-Executive Director of the Company on 9 October 2003. Therefore, he has served the Board for a cumulative term of more than twelve (12) years. The Board of Directors of the Company through the Nomination and Remuneration Committee, after having assessed the independence of Alfian Bin Tan Sri Mohamed Basir, regards him to be independent based amongst others, the following justifications and recommends that Alfian Bin Tan Sri Mohamed Basir 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 Market Listing Requirements of Bursa Malaysia Securities Berhad.

- 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 Market Listing Requirements of Bursa Malaysia Securities Berhad.

- 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.

9. Explanatory Notes to Ordinary and Special Business (Cont'd)

v. Ordinary Resolution 9

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 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 Companies Act 2016 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 Company had been granted a mandate by its shareholders at the Twenty-Third AGM held on 19 May 2021 ("**Previous Mandate**"). However, as at the date of this Notice, no new shares were issued pursuant to the Previous Mandate and hence, no proceeds were raised therefrom.

vi. Ordinary Resolution 10

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 is set out in Part A of the Circular/Statement to Shareholders dated 18 April 2022.

vii. Ordinary Resolution 11

The proposed Ordinary Resolution, if passed, will provide a renewed mandate for the Company to purchase its own shares up to 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 18 April 2022.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

Details of Individuals Standing for Election as Directors
(Pursuant to Paragraph 8.27(2) of the Listing Requirements of Bursa Malaysia Securities Berhad)

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

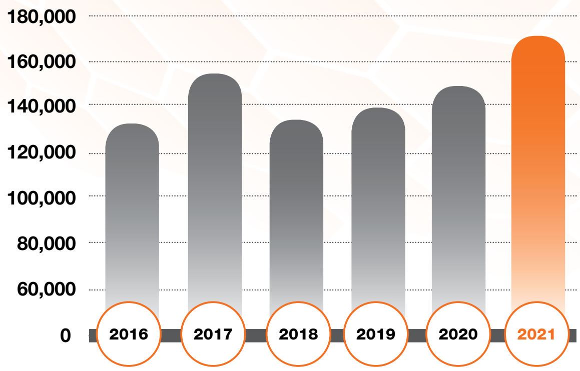
FINANCIAL HIGHLIGHTS

GROUP FINANCIAL SUMMARY	2016 RM'000	2017 RM'000	2018 RM'000	2019 RM'000	2020 RM'000	2021 RM'000
Revenue	132,000	155,385	134,639	139,338	146,147	**171,304**
Profit Before Tax	21,859	22,625	15,450	18,892	21,484	**19,320**
Profit Attributable To Owners Of The Company	18,279	18,717	11,108	14,870	17,873	**15,260**
Total Assets	157,314	179,392	180,368	197,616	211,365	**213,608**
Total Liabilities	20,899	30,579	25,788	32,593	35,794	**29,344**
Total Equity Attributable To Owners Of The Company	136,607	148,426	154,237	164,632	174,901	**184,236**
Basic Earnings Per Ordinary Share (sen)	3.76*	3.85*	2.28	3.06	3.68	**3.14**
Dividends Per Share (sen)	1.00*	1.00*	1.00	1.50	1.50	**1.50**
Net Assets Per Share (sen)	28.07*	30.50*	31.70	33.83	36.02	**37.96**

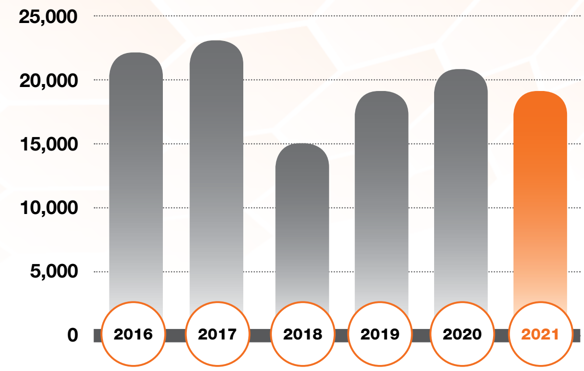
* *Has been adjusted pursuant to the bonus issue on the basis of one (1) new ordinary share for every one (1) existing ordinary share held on 11 June 2018.*

FINANCIAL HIGHLIGHTS (CONT'D)

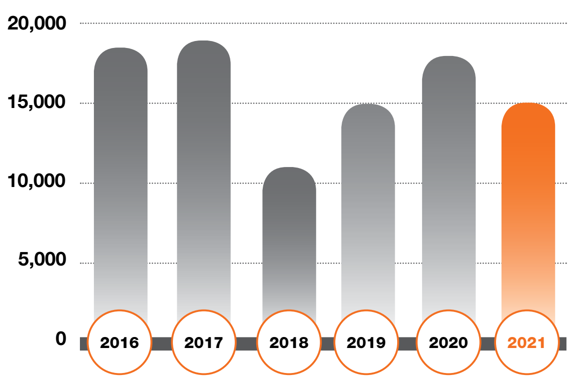
REVENUE (RM'000)



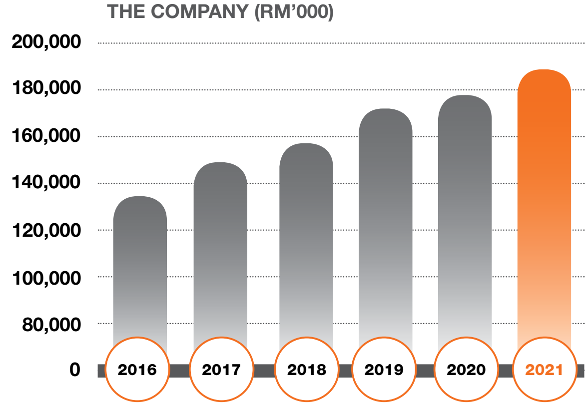
PROFIT BEFORE TAX (RM'000)



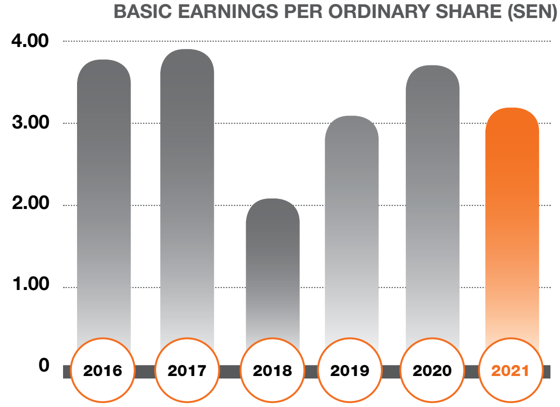
PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY (RM'000)



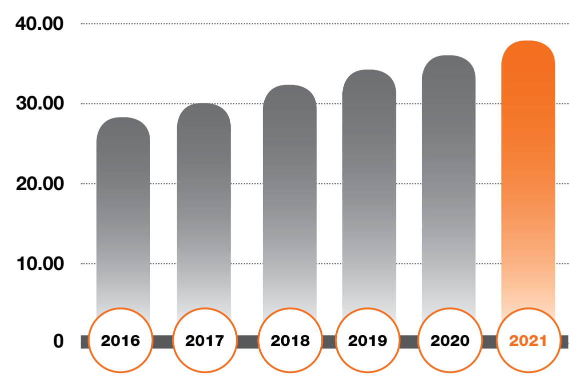
TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (RM'000)



BASIC EARNINGS PER ORDINARY SHARE (SEN)



NET ASSETS PER SHARE (SEN)



CORPORATE INFORMATION

BOARD OF DIRECTORS

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

Wong Ah Chiew
(Group Managing Director)

Simon Wong Chu Keong
(Executive Director)

Tan Jun
(Executive Director)

Wang Shi Tsang
(Senior Independent Non-Executive Director)

Au Chun Choong
(Independent Non-Executive Director)

Teh Chee Hoe
(Independent Non-Executive Director)

Syed Feisal Alhady
(Independent Non-Executive Director)

AUDIT COMMITTEE

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

NOMINATION AND REMUNERATION COMMITTEE

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

SECRETARIES

Chua Siew Chuan
(MAICSA 0777689/ SSM PC No. 201908002648)

Tan Ley Theng
(MAICSA 7030358/ SSM PC No. 201908001685)

AUDITORS

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

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

Tel: 03-90571228
Fax: 03-90571218

HEAD OFFICE

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

Tel: 03-90571228
Fax: 03-90571218
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

Tel: 03-78904700
Fax: 03-78904670

PRINCIPAL BANKERS

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

PROFILE OF DIRECTORS

ALFIAN BIN TAN SRI MOHAMED BASIR

aged 48, Malaysian, Male
Chairman, Independent Non-Executive Director

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

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

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

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

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

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

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

He attended all four (4) Board Meetings held in the financial year ended 31 December 2021.

PROFILE OF DIRECTORS (CONT'D)

WONG AH CHIEW

aged 74, Malaysian, Male
Group Managing Director

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

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

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

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

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

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

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

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

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

He attended all four (4) Board Meetings held in the financial year ended 31 December 2021.

PROFILE OF DIRECTORS (CONT'D)

SIMON WONG CHU KEONG

aged 46, Malaysian, Male
Executive Director

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

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

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

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

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

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

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

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

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

He attended all four (4) Board Meetings held in the financial year ended 31 December 2021.

TAN JUN

aged 53, People's Republic of China, Female
Executive Director

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

Ms. Tan graduated with a Bachelor Degree in Electrical and Electronic Engineering from Shanghai JiaoTong University, China in 1989. She obtained her Master Degree in Engineering in 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 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 team in software design and project development. 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 the General Manager where she was overall in charge of the Company's project operations and performance. In year 2011, she was promoted to her current position as Chief Executive Officer where 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 has no conviction for any offences within the past five (5) years other than traffic offences, if any, nor any public sanction or penalty imposed by regulatory bodies during the financial year.

She attended all four (4) Board Meetings held in the financial year ended 31 December 2021.

PROFILE OF DIRECTORS (CONT'D)

WANG SHI TSANG

aged 68, Malaysian, Male
Senior Independent Non-Executive Director

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

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

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

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

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

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

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

He attended all four (4) Board Meetings held in the financial year ended 31 December 2021.

AU CHUN CHOONG

aged 69, Malaysian, Male

Independent Non-Executive Director

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

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

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

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

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

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

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

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

He attended all four (4) Board Meetings held in the financial year ended 31 December 2021.

PROFILE OF DIRECTORS (CONT'D)

TEH CHEE HOE

aged 46, Malaysian, Male
Independent Non-Executive Director

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

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

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

He started his career as a Programmer in Silverlake System Pte. Ltd. in 1998. He was the Business Development Director of ExtendedSys Pte. Ltd. in 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 till year 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.

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

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

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

He attended three (3) out of four (4) Board Meetings held in the financial year ended 31 December 2021.

SYED FEISAL ALHADY

aged 63, Malaysian, Male
Independent Non-Executive Director

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

He has been appointed as member of the Audit Committee and Nomination & Remuneration Committee of the Company since 2 May 2019.

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 a 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 to present, he served as the Managing Director of Subsea 7 Malaysia Sdn. Bhd.

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

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

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

He attended all four (4) Board Meetings held in the financial year ended 31 December 2021.

PROFILE OF KEY SENIOR MANAGEMENT

TAN CHUN CHEE • Chief Operating Officer

Nationality/Age/Gender:
Malaysian/54/Male

Year of Appointment:
2020

Academic/Professional Qualification(s):
- Master of Business Administration in Manchester Business School, United Kingdom
- Degree in Mechanical Engineering in University of Manchester Institute of Science and Technology, United Kingdom

Working Experience:
- Mr. Tan career spans nearly 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/50/Male

Year of Appointment:
2010

Academic/Professional Qualification(s):
- Dual degrees in Electrical Engineering and Computer Science from Washington University, St. Louis, United States

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

CHEW NYUK SEONG • General Manager – Finance & Corporate Secretarial

Nationality/Age/Gender:
Malaysian/51/Male

Year of Appointment:
2014

Academic/Professional Qualification(s):
- Member of the Malaysian Institute of Accountants
- Association of Chartered Certified Accountants
- Institute of Chartered Secretaries and Administrators

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

PROFILE OF KEY SENIOR MANAGEMENT (CONT'D)

PHAN VEE YEE • General Manager – SCADA

Nationality/Age/Gender:
Malaysian/50/Male

Year of Appointment:
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 Willowglen (Malaysia) Sdn. Bhd. ("WMSB") in the project department. In his current position, his main responsibility in WMSB are project management, planning, lead and train up the project department key personnel and provides support to the marketing team of SCADA business unit.

KON CHIN HEONG • General Manager – IMS

Nationality/Age/Gender:
Malaysian/45/Male

Year of Appointment:
2012

Academic/Professional Qualification(s):
- Diploma in Electrical Engineering, Universiti Teknologi Malaysia
- Degree of Information Technology, University Malaya

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

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

Nationality/Age/Gender:
Malaysian/49/Female

Year of Appointment:
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/68/Male

Year of Appointment:
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. Mr. Cheong 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/62/Male

Year of Appointment:
2012

Academic/Professional Qualification(s):
- Diploma in Electronics & Telecommunication Engineering, Singapore Polytechnic
- Graduate Diploma in Business Administration, Singapore Institute of Management (SIM)

Working Experience:
- He began his career in 1981.
- He joined Willowglen Services Pte Ltd as an Engineer in 1989. He was involved in projects and maintenance jobs during his tenure as an engineer. In his current position, he is also responsible for the business development particularly in sourcing projects and maintenance jobs related to HDB Tele-monitoring Systems.

KOH BENG BOON • Head of Purchasing/Hardware Division

Nationality/Age/Gender:
Singaporean/63/Male

Year of Appointment:
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 Willowglen Services Pte Ltd ("WSPL") in 1988. In his current position, he is responsible for all hardware support related functions on projects undertaken by WSPL. This includes planning, directing and controlling the entire procurement function of the company. He is also responsible for WSPL's in-house workshop and store operations for the production, quality inspection, hardware integration, testing and warranty repair of the hardware cards of RTU.

PROFILE OF KEY SENIOR MANAGEMENT (CONT'D)

LIU EET SIN • Head of Software Division

Nationality/Age/Gender:
Singaporean/58/Male

Year of Appointment:
2013

Academic/Professional Qualification(s):
- Diploma in Electronics & Communication Engineering, Singapore Polytechnic

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

SIM HOCK SOON • Head of Project Division

Nationality/Age/Gender:
Singaporean/48/Male

Year of Appointment:
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 Willowglen Services Pte Ltd in 2001 as Assistant Software Engineer.
- He was transferred to Projects Division as Project Engineer in 2003 and was promoted as Project Manager in 2010. He had involved in multiple projects and maintenance jobs related to ELV, SCADA and PLC. He was promoted to his current position in 2017.

WONG GUANG SHING • Head of Business Development Division

Nationality/Age/Gender:
Singaporean/52/Male

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

PROFILE OF KEY SENIOR MANAGEMENT (CONT'D)

ALICIA PANG SHIOW YUN • Senior Finance Manager

Nationality/Age/Gender:
Malaysian/48/Female

Year of Appointment:
2020

Academic/Professional Qualification(s):
- Bachelor of Arts (Economics), University of Malaya, Malaysia

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

Save as disclosed, none of the Key Senior Management has:-
1. any directorship in public companies and listed issuers;
2. any family relationship with any directors and/or major shareholders of the Company;
3. any conflict of interest with the Company; and
4. any conviction for offences within the past five (5) years other than traffic offences, if any, or any public sanction or penalty imposed by regulatory bodies during the financial year.

AUDIT COMMITTEE REPORT

COMPOSITION OF THE AUDIT COMMITTEE

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

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

AU CHUN CHOONG
(Independent Non-Executive Director)

TEH CHEE HOE
(Independent Non-Executive Director)

SYED FEISAL ALHADY
(Independent Non-Executive Director)

The composition of the Audit Committee ("**AC**") is in compliance with Paragraphs 15.09 and 15.10 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("**Bursa Malaysia Securities**")("**MMLR**") and Step Up Practice 9.4 of the Malaysian Code on Corporate Governance, whereby the AC comprises solely Independent Directors and all of whom are Non-Executive Directors. In addition, none of the Independent Directors has appointed Alternate Directors.

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

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.

TERMS OF REFERENCE

The Terms of Reference of the AC are available for reference on the Company's website at www.willowglen.com.my.

AUDIT COMMITTEE REPORT (CONT'D)

MEETINGS ATTENDANCE

The AC held a total of four (4) meetings during the financial year ended 31 December 2021 ("**FYE 2021**").

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

Directors	Attendance of Meetings
Wang Shi Tsang	4/4
Alfian Bin Tan Sri Mohamed Basir	4/4
Au Chun Choong	4/4
Teh Chee Hoe	3/4
Syed Feisal Alhady	4/4

* The meetings were held on 25 February 2021, 19 May 2021, 18 August 2021 and 17 November 2021.

The Group Accountant 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 2021, the AC had carried out the following work activities, which is 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 2020, 31 March 2021, 30 June 2021 and 30 September 2021 and recommended the same to the Board for approval.

The AC reviewed the unaudited quarterly financial statements to ensure that they were prepared according to the provision of the Companies Act 2016 and MMLR, 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 Group on a quarterly basis.

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

A. Financial Performance and Reporting (Cont'd)

During the FYE 2021, the AC had reviewed the Company's Audited Financial Statements for the financial year ended 31 December 2020 ("**FYE 2020**") 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 2021, the AC having reviewed the Audited Financial Statements of the Company and the Group for the FYE 2021, and recommended the same to the Board for approval.

B. External Audit

On 25 February 2021, the AC reviewed the Audit Review Memorandum, which summarised the significant audit findings arising from the statutory audit of the Company and the Group for the FYE 2020. BTMH PLT had also confirmed that they were not aware of any fraud related incidents that rendered reporting to the AC.

On 17 November 2021, the AC reviewed and discussed the Audit Plan for the FYE 2021 prepared by BTMH PLT, which outlined the audit scope, statutory timeline and audit timeframe, the Covid-19 Pandemic – audit and financial reporting considerations and audit approach in the new normal, areas of focus, fraud consideration and the audit risk assessment, key audit matters and audit fees.

During the FYE 2021, the AC had two (2) private sessions with BTMH PLT without the Executive Directors and management personnel's presence to enquire if BTMH PLT had encountered issues during their audit that needed to be brought to the attention of the AC.

BTMH PLT confirmed that they will continuously comply with the relevant ethical requirements regarding independence with respect to the audit of the financial statements of the Company and the Group for the FYE 2021 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 2021, the AC reviewed the Audit Review Memorandum which had summarised the significant audit findings arising from the statutory audit of the Group and of the Company for the FYE 2021, 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 ended 31 December 2022 to the Board for approval by its shareholders at the forthcoming Twenty-Fourth Annual General Meeting.

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

C. Internal Audit

(a) Reviewed and approved the Internal Audit Plan noting the key processes and risk areas for the internal audit scope coverage.

(b) Evaluated the performance of Internal Auditors, including their independence and objectivity, and made recommendation to the Board on their appointment and audit fees.

(c) Reviewed the Internal Audit Reports on the effectiveness and adequacy of internal controls, risk management, operational, compliance and governance processes of the Group, including management's responses thereto and the implementation of management's action plans on outstanding issues and recommendations were being properly addressed and corrected on a timely basis.

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

Areas covered by the Internal Audit included the assessment of internal controls implemented by Management in managing the risks associated with the operating processes covering Sales, Credit Control & Collections and Research & Development of the Malaysia operations.

D. Risk Management

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

- Financial Risks
- Operational Risks

E. Related Party Transactions

(i) Reviewed the quarterly reports on recurrent related party transactions of a Revenue or Trading Nature for compliance with both in-house procedures and the MMLR.

(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.

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

F. Other Matters

(i) Reviewed the Statement to Shareholdrs in relation to the proposed renewal of share buy-back authority 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.

(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.

SUMMARY OF WORK OF THE INTERNAL AUDIT FUNCTION

The Group has outsourced the internal audit ("**OIA**") function to an external party, 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.

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 Sales, Credit Control & Collections and Research & Development function of the Group's Malaysia operation. There was no internal audit performed on Singapore's operation due to the Covid-19 pandemic and movement control implemented in Malaysia and Singapore.

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 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 RM20,158, inclusive of disbursements (FY2020: RM25,170).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS AND OPERATIONS REVIEW

The Group continued to experience challenging business environment a year after the Covid-19 outbreak since early 2020. Rising material cost, shortage of electronic components and project site delays due to movement control in Malaysia and markets in which the Group operates has affected the performance of the Group. Notwithstanding the challenges, the Group continued to explore new opportunities in SCADA and security systems that incorporate the latest industry technologies and cybersecurity standards.

For the financial year under review, the Malaysia operations has been busy implementing projects on hand to catch up with the delay in project schedule as a result of the movement control. The Group continued to pursue opportunities in the transportation, power and water industries and a few of the higher value sales orders only came in after the current financial year.

The Singapore operations has achieved a new milestone where the Group has secured an airport project for the design, supply, install, testing and commissioning of security system, ELV system and communication systems. The Group has also secured and is in the progress of implementing a fully-immersive 3D scanning and visualization system at various water reclamation plants to enhance operational efficiency and safety.

The Group expanded its capability in construction works together with providing integrated security management systems for waterworks and desalination plants. The project involves designing, constructing new building facilities, developing and commissioning an open-architecture physical security integrated management system, which provides one-stop unified structure platform for the entire security operations with different security systems. The modular and extendable technology allows the command control center to manage data from various security sub-systems. The successful deployment of the system has improved the Group's security solution capability to a higher level.

During the year, the Group has just begun to work on a contract for the enhancement and replacement of SCADA system and ancillary works at a desalination plant. Our expertise in communication network and Cybersecurity will ensure that the new plant-wide SCADA to be completed with the adoption of the latest technology and industry standards.

The Canada operations is also affected by the Covid-19 pandemic where the business activities have slowed down due to uncertain economic conditions. Contributions from Canada has reduced compared to the last financial year mainly due to a one-off sale of software licenses to a customer in 2020.

Rising cost pressures, electronic components' supply disruption, project site progress delay and shortage of capable engineers are the main challenges of the Group. The Group is actively managing the situations to minimize the impact on the operations and bottom line of the Group.

RESEARCH AND DEVELOPMENT (R&D)

The demand for intelligent, secure, and safe remote monitoring and control system is witnessing a rapid growth. Artificial Intelligence ("AI") powered software with image recognition and detection technology can analyze traffic CCTV footage to classify type of vehicles, count them then predict traffic condition on highways in real time. The technology can also be used to detect road defects and automatically alert authorities of the location and severity. Big data analytics application is analyzing social media postings to discover consumer trends, political affiliations etc.

AI technology has enabled vast amount of collected data to be analyzed to discover valuable insights such as customer needs, trends or conditions of machines and other assets. This can help improve customer experience and provide early warning of equipment issues before any failure happens. AI software has been widely adopted by commercial sectors such as agriculture, retail, food and even the banking and finance. However, AI in industrial automation application such as power, transportation and oil and gas is still not widely adopted. One of the reasons is due to stricter industry standards, operational procedure, and concern for cybersecurity. Unlike personal and financial data, most industrial data are not considered private therefore it's prime for analysis by the AI.

Willowglen has identified AI features such as image recognition and detection, and industrial data analytics as important for industrial application and are working with experts to develop an Integrated Supervisory and Control System ("ISCS") & AI solution for our clients. A dedicated team is already conducting proof of concept projects with industry leaders in security and transportation to verify the suitability of our solution. We are excited about the prospect of this new venture since AI is now part of our product and solution portfolio.

Another exciting development is the Xentral 7, our flagship software. It is being designed as an ISCS software where it can function as both SCADA master and control center software. The Xentral 7 has features that support seamless integration to other operational and IT subsystems such as cloud applications, and edge devices. This allows operators to use a single unified interface to all their operational systems. A new RTU will be released in the 2nd quarter of 2022. R&D division has transitioned its operation to adapt to the pandemic. About 80% of engineers are working from home during the pandemic. Flexibility is key in managing our workforce to ensure that they are able to work efficiently and safely in a constantly changing environment.

Our investment in R&D, particularly over the last 10 years, has laid a strong foundation to address future challenges. Our strategy is for the Group to have our own products and solutions as it is the key to being competitive in the industry.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

FINANCIAL REVIEW

For the financial year ended 31 December 2021, the Group's revenue has increased by 17.21% to RM171.30 million from RM146.15 million last financial year. The Group profit for the financial year reduced by 16.24% to RM15.22 million from RM18.17 million achieved in the last financial year. The lower profit for the financial year is mainly due to lower contribution from our associate in Canada and lower government grants received in the current financial year compared to 2020.

The Group's main markets continue to be Malaysia and Singapore. The Singapore operations contributed 70.30% of the Group's revenue with the balance coming from Malaysia operations. Revenue contributed by the Malaysia and Singapore operations has increased by 18.36% and 16.74% respectively compared to last financial year. Contribution from our associate in Canada has reduced to RM910,000 compared to RM3.97 million in last financial year mainly due to a one-off sale of software licenses to a customer in 2020.

The Group's basic earnings per ordinary share has reduced to 3.14 sen as compared to 3.68 sen in last financial year. Our net assets per share has increased to 38.0 sen as at 31 December 2021 from 36.0 sen in 2020.

The Group's net cash and investment securities amounted to RM 82.40 million, with no borrowings. In 2021, the Group has invested RM 4.45 million in R&D activities and incurred RM 1.12 million in capital expenditure.

In recognition of the confidence and support from our shareholders, the Board of Directors has approved a final single-tier dividend of 1.5 sen per ordinary share for the financial year ended 31 December 2021. The entitlement and payment dates for the dividend will be on 27 April 2022 and 18 May 2022.

MOVING FORWARD

The rapid development of Internet of Things ("IoT") and cloud based services will continue to drive research and push the internet economy forward. Wearables, Virtual Reality and Augmented Reality, collaborative productivity products will continue to expand the applications in the SCADA market.

With more network connectivity between various kind of systems from Operational Technology ("OT") and Information Technology ("IT") enterprise systems, cyber security in system design and deployment will be required. Critical systems will constantly enhance or upgrade their network and systems with relevant cyber security protection solutions so as to mitigate the potential risks of disruption. Ensuring cybersecurity in SCADA and physical security for devices continues to be a key concern.

The Malaysia and Singapore Government are actively supporting the growth of the sustainable energy industry. There will be more business opportunities for solar power systems, alternative power systems (Hydrogen/ BioFuel), Electric Vehicle charging facilities and other energy recovery system. There will also be demands in the market to upgrade the existing industrial & commercial buildings and old factories to achieve green mark which will create demand for monitoring and control systems to better manage and operate the facilities. Advanced SCADA with data processing and analyzation capabilities could be applied into these areas.

The growth in the electronics and precision engineering industry supported by increased global demand for semiconductor and semiconductor equipment respectively has created demands for new buildings or facilities that require our solutions.

MOVING FORWARD (CONT'D)

Advanced SCADA will make use of ready solutions such as Machine Learning, Deep Learning and Neutral Networks Processing in order to upgrade our offerings to ISCS and Integrated Security Systems with more advanced features or functions. Business opportunities will continue to come from both OT and IT sectors with the development and deployment of ISCS with backend cloud or computing solution. In particular, the use of AI in security will allow vast quantities of data to be analyzed, providing users with deeper insights for informed decisions during emergency management. With greater information, organizations will not only be able to execute security controls but also simplify processes and find ways to improve efficiency and customer satisfaction.

Moving forward, the Group will continue to pursue for business opportunities in the transportation, power, flood mitigation and water market. The Group will develop new hardware and community-driven solutions with our strategic partners using new technologies such as AI, data analytics, IoT, robotics etc. to merge with sensor data. Income from maintenance will continue to contribute a substantial portion of the earnings of the Group.

The Group remain committed in maintaining the Group's past growth track record and to deliver an improved financial performance for the financial year ended 31 December 2022.

Wong Ah Chiew
Group Managing Director

SUSTAINABILITY STATEMENT

INTRODUCTION

As a leading provider of technological solutions for 50 years, Willowglen MSC Berhad ("Willowglen", or "the Group") is committed to embed sustainability practices into all our business areas and contribute to the sustainable development of the environment, marketplace, workplace and community.

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

As a testament to our commitment to creating a sustainable working environment for our people, Willowglen was awarded Malaysia's Best Employer Brand for two consecutive years (2015 and 2016).

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

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

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

ABOUT THIS STATEMENT

This Sustainability Statement highlights our efforts, achievements, risks, and areas of opportunity in the Group's operations in Malaysia and Singapore for the financial year ended 31 December 2021 ("FY2021").

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.

ABOUT THIS STATEMENT (CONT'D)

References and Guidelines

The contents of this Statement are prepared with reference to Bursa Malaysia's Listing Requirements and Sustainability Report Guide, as well as the Global Reporting Initiative ("GRI") standards.

The following frameworks have also been referenced either partially or fully in the development of this Statement:

- Bursa Malaysia Sustainability Reporting Guide Second Edition
- FTSE4Good Bursa Malaysia Index
- SASB Sector Specific Disclosures
- TCFD Disclosures
- United Nations Sustainability Development Goals ("UNSDGs")

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.

Reporting Scope And Boundaries

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

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

In FY2021, 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.

Exclusions

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.

Disclaimer For Forward Looking Statements

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

SUSTAINABILITY GOVERNANCE AND FRAMEWORK

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

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

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

Board oversight on ESG

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

The Board strives to ensure fair and transparent remuneration, promoting positive outcomes in tandem with the achievement of ESG-linked targets. In line with the Securities Commissions' (SC) update in April 2021 to the Malaysian Corporate Code of Governance (MCCG), 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, extortion, 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 GOVERNANCE AND FRAMEWORK (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.

ANTI-CORRUPTION

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

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

For FY2021, we are happy to report that there have been no reported incidents of corruption and bribery.

		FY2019	FY2020	FY2021
(a)	Total number of confirmed incidents of corruption	0	0	0
(b)	Total number of confirmed incidents in which employees were dismissed or disciplined for corruption	0	0	0
(c)	Total number of confirmed incidents when contracts with suppliers & contractors were terminated or not renewed due to violations related to corruption	0	0	0
(d)	Public legal cases regarding corruption brought against the organization or its employees during the reporting period and the outcomes of such cases	0	0	0
(e)	Cost of fines, penalties or settlements in relation to corruption	0	0	0

REGULATORY COMPLIANCE

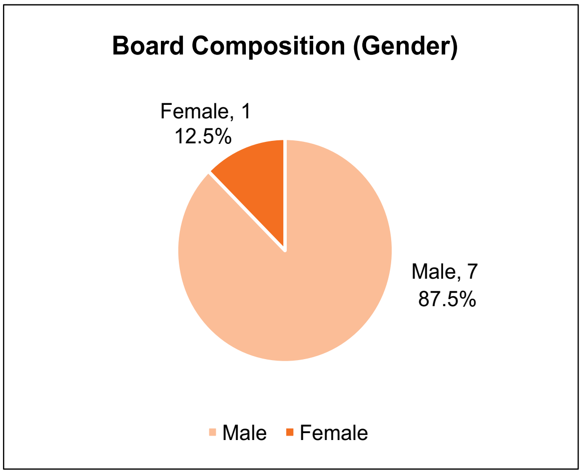
Both our operations in Malaysia and Singapore have not been fined and are compliant with the respective countries' laws and regulations.

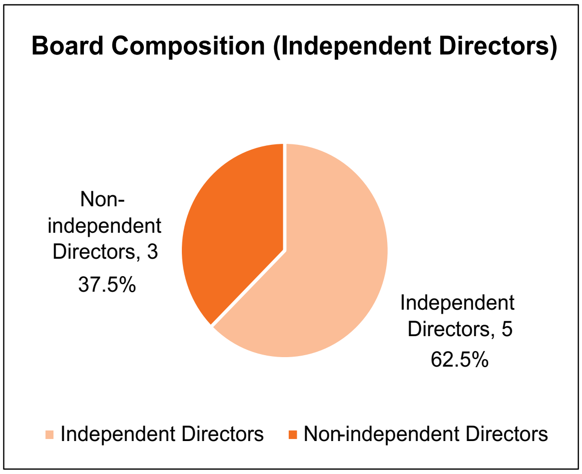
BOARD COMPOSITION

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

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

The following illustrates our board composition:





STAKEHOLDER ENGAGEMENT

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

Our engagement is conducted through the following processes:

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

The following table highlights our engagement with our key stakeholders:

Stakeholder Group	Engagement Methods	Engagement Focus	
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 against competitors • Innovative solutions
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 • 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

STAKEHOLDER ENGAGEMENT (CONT'D)

Stakeholder Group	Engagement Methods	Engagement Focus	
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 buiness continuity • Creating shareholder value	• Engagement with investors • Responsible reporting • Focus on financial performance, risk management and internal control

MATERIALITY

For FY2021, we continued to assess our material ESG topics to determine the most significant of these to the Group business model and our stakeholders.

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

In ensuring an unbiased material assessment exercise ("MAE"), an independent, external ESG Guidance and Advisory Firm, Joshua Rayan Communications ("JRC") to undertake a comprehensive exercise that involved soliciting the views of both external and internal stakeholders.

The study was conducted by, and developed in accordance with best practice methodologies in accordance to Bursa Malaysia's and the Global Reporting Initiative ("GRI').

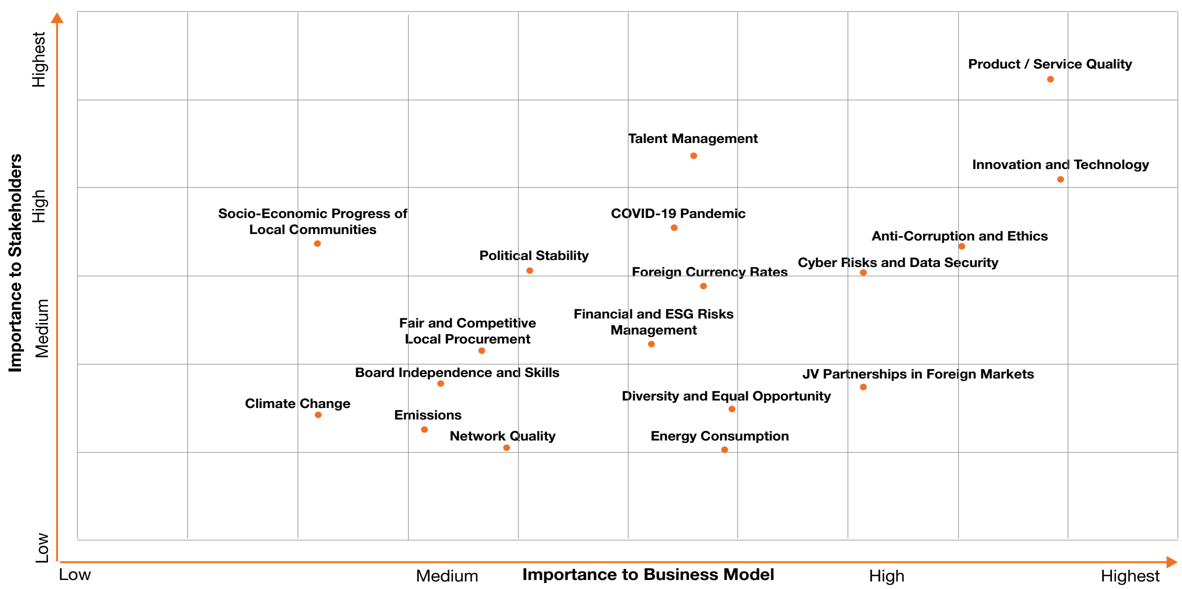
MATERIALITY (CONT'D)

In essence, the following were the key steps of the MAE:

- Identification and refinement of the potential list of material topics based on recommendations by JRC and Management consensus.
- Development of a comprehensive MAE questionnaire / survey which was management approved and subsequently distributed online to respondents
- Data collection and analysis
- Development of findings and insights including the FY2021 materiality assessment.
- Deliberation by Senior Management followed by approval.

Following is the developed materiality matrix for FY2021:

FY2021 Materiality Matrix



VALUE CREATION FOR STAKEHOLDERS

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

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

Quality and Customer Satisfaction

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

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

Singapore Operations

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

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

As we are ISO 9001:2015 certified, the QA Department performs internal audits to ensure that quality matters are handled appropriately by the PM/PIC. We are currently pursuing ISO 27001 certification.

Bases on the BCA Assessment Report:
a. Quality performance
b. Site Planning & Control
c. Progress of Works
d. Housekeeping
e. Response to Instructions

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

VALUE CREATION FOR STAKEHOLDERS (CONT'D)

Procurement Practices

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

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

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

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

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

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

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

Local Procurement

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

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

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

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

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

ENVIRONMENTAL PERFORMANCE

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

Energy Consumption and Management

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

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

Climate Change and Emissions

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

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

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

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

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

Waste Management

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

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

ENVIRONMENTAL PERFORMANCE (CONT'D)

Waste Management (Cont'd)

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

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

Water Consumption and Management

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

SOCIAL PERFORMANCE

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

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

TALENT MANAGEMENT

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

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

TALENT MANAGEMENT (CONT'D)

Employee Hiring and Remuneration

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.

Internship Opportunities

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

Conducive Work Environment

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

Employee Benefits

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

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

TALENT MANAGEMENT (CONT'D)

Parental Leave

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

The following table shows the pattern of our employees' of Malaysia operations maternity and paternity leave for FY 2019 to FY 2021.

Parental Leave

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

Return to Work Post Parental Leave

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

	FY2019		FY2020		FY2021	
	Male	**Female**	**Male**	**Female**	**Male**	**Female**
Return to Work Rates (return to work after parental leave period)	100%	100%	100%	100%	100%	100%
Retention Rates (remain with the organisation for 12 months or more post parental leave)	100%	100%	100%	100%	100%	100%

TRAINING AND DEVELOPMENT

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

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

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

TRAINING AND DEVELOPMENT (CONT'D)

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

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

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

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

In FY 2021, 99% of the employees in our Singapore office had been appraised, while the 1% had left the organisation prior to their appraisal.

OCCUPATIONAL HEALTH AND SAFETY

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

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

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

In the Singapore office, strict SOPs were enforced for office reopening, with staff required to perform COVID-19 self-tests every two weeks. A hybrid working mode was introduced to reduce contact in the office space. Staff vaccination rate was at 98%, and later increased to 100%.

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

OCCUPATIONAL HEALTH AND SAFETY (CONT'D)

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

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

Health, Safety, Security and Environment ("HSSE") Training:
1. NIOSH TNB Safety Passport - 4 staff
2. KTMB 038 - 8 staff
3. Site Safety Supervisor - 1 staff

Total staff attended HSSE training - 13 staff
Total spent: RM 4,520.00

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

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

SINGAPORE OFFICE

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

We are proud to be ISO 45001:2018 certified and accredited BizSAFE Star. To find out more, refer to our OSH policy stated in our ISO 45001.

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

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

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

SINGAPORE OFFICE (CONT'D)

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

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

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

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

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

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

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

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

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

COVID-19 MANAGEMENT

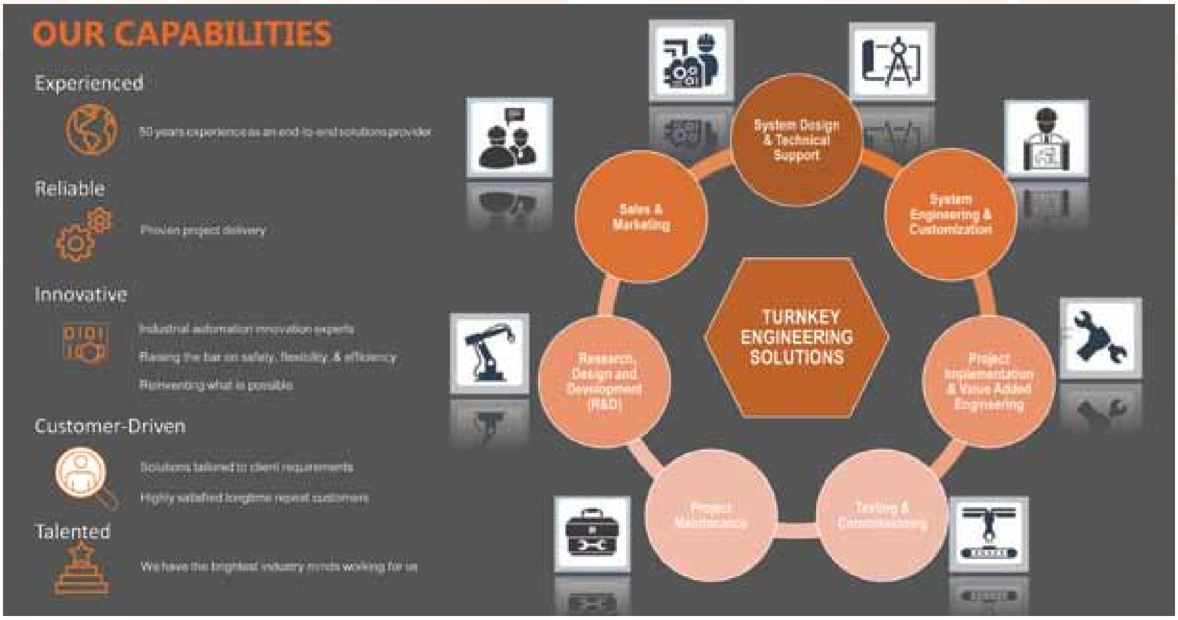
Willowglen prioritises a safe and healthy workplace through solutions that enable our employees to navigate through unfamiliar working routines, as part of our COVID-19 response. We implemented strict SOPs and activated the Business Continuity Plan to enable the continuity of business operations while ensuring employees are safe.

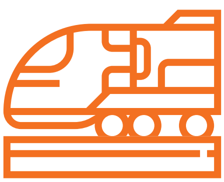
We re-configured the office IT system infrastructure to support employees to Work From Home. Besides that, we have fixed the ratio of employees who will be in the office versus Work from Home to ensure strict SOPs are followed on social distancing requirements.

We provided free masks and placed air sanitising/disinfecting machines that were able to kill any virus in the air at every corner within the office premises.

In addition, we also implemented COVID-19 testing. We distributed saliva test kits for employees to test fortnightly and report the test results online before reporting at the office.

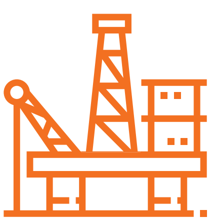
Lastly, we tracked our employees' COVID-19 vaccination status and provided paid leave for employees to take the vaccine.





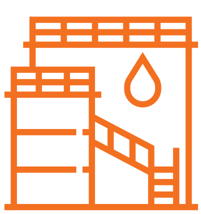
TRANSPORTATION

- Railway station SCADA and security monitoring
- Railway traction power SCADA
- Railway communication
- Seaport power monitoring
- Airport automation and management
- Integrated supervisory and control



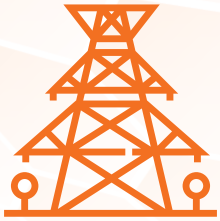
GAS

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



WATER AND WASTE WATER

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

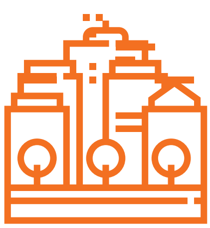


ELECTRICAL AND POWER

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

HIGHWAY

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



SMART BUILDING AND FACILITIES

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

INTEGRATED SMART SECURITY

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

The Board is pleased to present this Corporate Governance ("**CG**") Overview Statement (the "**Statement**"), which outlines the key aspects of how the Company has applied the following principles of the Malaysian Code on Corporate Governance ("**MCCG**") during the financial year ended 31 December 2021:-

Principle A	Principle B	Principle C
Board leadership and effectiveness	**Effective audit and risk management**	**Integrity in corporate reporting and meaningful relationship with stakeholders**
• Board responsibilities • Board composition • Remuneration	• Audit committee • Risk management and internal control	• Engagement with stakeholders • Conduct of general meetings

This Statement is prepared in compliance with Bursa Malaysia Securities Berhad ("**Bursa Malaysia Securities**") Main Market Listing Requirements ("**MMLR**") 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 an explanation of the application of the corporate governance practices of the Company as set out in the MCCG during the financial year ended 31 December 2021.

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, major capital commitments and capital expenditure, material acquisitions and disposals, major capital projects and the monitoring of the Group's operating and financial performance.

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

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

The Board is assisted by various Board Committees, namely the Audit Committee and the Nomination and Remuneration Committee and the Management-level Risk Management Committee which are entrusted with specific responsibilities to oversee the Group's affairs in accordance with their respective clear written terms of reference.

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. Key matters reserved for the Board's approval includes dividend, related party transactions, new ventures and investment, material acquisition and disposal of assets that are not in the ordinary course of business of the Company.

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

The Directors are also encouraged to continuously evaluate their own training needs and determine the relevant programmes, seminars, briefings or dialogues that would best enable them to enhance their knowledge and contributions to the Board.

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 training programme, seminar, conferences and/or webinar attended by the Directors during the financial year ended 31 December 2021 are as follows:-

- Latest Guidelines on Conduct of Directors of Listed Corporations and Their Subsidiaries & Malaysian Code on Corporate Governance (Revised)("MCCG")
- Winning the Sustainability Game through Risk Management & Effective Business Continuity Management for Business Survival
- Integrated Reporting for Corporate Directors
- Audit Oversight Board conversation with Audit Committees
- Key Updates on Tax Budget
- Upclose with Budget 2022
- Arbitration in Malaysia : Key Trends and Developments
- Standard Chartered : Have Technology Stocks Run Out of Steam?
- Carbon targets in Malaysia : Challenges and Opportunities
- ESG Health Check
- Ricoh Eco Action Day 2021: The Future of Work
- Tapping Tax Trends Towards Twenty-22 : Tax and Legal Implications of the Finance Bill 2021
- The Malaysian Transfer Pricing Developments
- AML Investment Frontline (Malaysia)
- Orderly and Fair Market
- AMLA, Market Misconduct and Compliance Requirements
- Code of Ethics, Anti-Bribery and Anti-Corruption & Managing of Customer Information
- Huawei Ecosystem Summit 2021
- Singapore Power Group Supplier's Training Program
- Singapore International Water Week (SIWW) 2021 Spotlight
- Urban Sustainability e-Symposia x Energy Innovation 2021
- Power Quality and Earthing for Mission-Critical Installations
- R&D and Smart Initiatives of Water Supply Plant (WSP) Department
- Managing The Workplace Pandemic
- The Industry Dialogue Series – MOGSC Subsurface & Wells Working Group (SWWG)

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 Audit Committee and Board meetings.

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.

1.3 The Board is chaired by an Independent Non-Executive Director, who is primarily responsible for leading the Board in the oversight of the Management.

The Board delegates the authority and responsibility for managing the day-to-day activities of the Group to the Group Managing Director in achieving corporate and business objectives. The Group Managing Director is responsible for the vision and strategic directions of the Group as well as for initiating innovative ideas to create a competitive edge and development of business and corporate strategies.

The position of the Board Chairman and the Group Managing Director are held by two (2) different individuals. The separation of roles is to ensure that there is an appropriate balance of power and authority, such that no one individual has unfettered powers of decision making.

1.4 Encik Alfian, the Independent Non-Executive Director, is also a member of the Audit Committee and Nomination and Remuneration Committee.

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

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

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 Independent Directors provide unbiased views and impartiality to the Board discussions and decision making and ensure that the interests of all shareholders are fairly represented in Board deliberations. An annual assessment is carried out on the Independent Directors by the Nomination and Remuneration Committee.

The Board is satisfied with the level of commitment given by the Directors towards fulfilling their roles and responsibilities as the Directors of the Company. To facilitate the Directors' time planning, an annual meeting calendar is prepared and circulated to all the Directors before the beginning of every year.

The Board is regularly updated and advised on statutory and regulatory requirements by the Company Secretaries and/or the representatives of the Company Secretaries who are suitably qualified, experienced and competent. 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 of Directors' 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 on the matters being deliberated.

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

I. Board Responsibilities (Cont'd)

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

1.6 The Board meets on a quarterly basis and additionally as and when required. Meeting materials which include quarterly and annual financial statements and corporate information, etc., are circulated in a timely manner and therefore, all Directors have full access to information concerning the Company and the Group in order to be properly briefed before the meeting.

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

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

2.0 There is demarcation of responsibilities between the board, board committees and management.

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

2.1 The Board is guided by a Board Charter which outlines the functions, roles, authority and responsibilities of the Board, Board Committees and Management. 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.

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

I. Board Responsibilities (Cont'd)

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

The board, management, employees and other stakeholders are clear on what is considered acceptable behaviour and practice in the company.

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

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

In line with the Guidelines on Adequate Procedures pursuant to Section 17A of the Malaysian Anti-Corruption Commission Act 2009, the Company 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 above two (2) policies, such as 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 and Procedure to enable employees of the Company to raise concerns internally and at a high level and disclose information that 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 published on the Company's website at www.willowglen.com.my.

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 Performance evaluations of the Board and Senior Management will includ a review of the performance of the Board and Senior management in addressing the Company's material sustainability risks and opportunities in the year 2022.

4.4 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 Nomination and Remuneration Committee 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.

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

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

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

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 Board takes cognisant 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. If the Board continues to retain the Independent Director after the twelfth (12) years, annual shareholders' approval must be sought through a two-tier voting process to retain the said Director as an Independent Director.

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

The Nomination and Remuneration Committee and the Board have assessed the independence of Mr. Wang Shi Tsang and Encik Alfian, who each have served on the Board as Independent Non-Executive Directors for more than twelve (12) years and recommend that they be re-appointed as Independent Non-Executive Directors as they continue to bring independent and objective judgement to board deliberations and continue to meet the following criteria for independence in discharging their roles and functions as Independent Non-Executive Directors of the Company subject to the approval from the shareholders of the Company through a two-tier voting process:-

- fulfilled the criteria under the definition of Independent Director pursuant to the MMLR;
- vast experience in respective industries, which could provide the Board with a diverse set of experience, expertise, and independent judgement;
- actively participate in board deliberations and decision making in an objective manner;
- consistently demonstrated their independence and professionalism, and each has vast experience, knowledge and skills in a diverse range of businesses and therefore provides a constructive opinion, counsel, oversight and guidance as Directors;
- devoted sufficient time and attention to their professional obligations to the Company for informed and balanced decision making; and
- exercised due care in the interest of the Company and shareholders during tenure as an Independent Non-Executive Director of the Company.

The Nomination and Remuneration Committee 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 financial year ended 31 December 2021.

There were four (4) Board Meetings held in the financial year ended 31 December 2021. All the Directors attended all four (4) Board Meetings except for Mr. Teh Chee Hoe who attended three (3) out of four (4) Board Meetings held in the financial year ended 31 December 2021.

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)

5.4 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 Nomination and Remuneration Committee is empowered by its terms of reference. The primary function of the Nomination and Remuneration Committee 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 Nomination and Remuneration Committee will recommend the candidates 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 financial year ended 31 December 2021.

5.7 The performance of retiring Directors recommended for re-election at the 24th AGM would be assessed through the Board and Board Committee evaluation which includes the independence of the Independent Non-Executive Director.

5.8 The Nomination and Remuneration Committee is chaired by the Board Chairman, an Independent Non-Executive Director.

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

II. Board Composition (Cont'd)

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

5.9 The Nomination and Remuneration Committee 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. The Nomination and Remuneration Committee will, upon review and assessment, submit its recommendation to the Board for approval before tabling such proposals to the shareholders for approval at the annual general meeting.

Currently, there is one (1) female Director on the Board.

The Board affirms that the appointment of more woman representatives to the Board and Senior Management 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 Nomination and Remuneration Committee 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.

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.

6.1 The Nomination and Remuneration Committee obtained an annual declaration of independence from the Independent Directors confirming that they will continue to maintain their status of independence pursuant to the MMLR. 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 annual assessment of each individual Director was conducted to enable the Board to ensure that each Board member, including the Group Managing Director, has the character, experience, integrity, competence and time to discharge their respective roles effectively.

The Nomination and Remuneration Committee recommends to the Board the assessment and appointment of new Directors, meets to discuss and review the assessment of other committees and their members in a periodic review of the members' performance and their contribution to their respective committees and make recommendations to the Board. In addition to the annual review of the performance of each Director, the Committee also assesses the independence of the Independent Directors. The Committee also carries out annual reviews and recommends to the Board the Executive Directors' remuneration, compensation, and benefits package.

During the financial year 2021, the Nomination and Remuneration Committee assisted the Board in the following functions:-

- reviewed and confirmed the Minutes of the Nomination and Remuneration Committee meeting held;
- assessed the effectiveness of the Board as a whole and the Board Committees;
- reviewed and assessed the performance of all the individual Directors;
- 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 forthcoming AGM of the Company;
- recommended to the Board on the retention of Independent Directors who have served the Company for more than twelve (12) years; and
- reviewed the terms of office and performance of the Audit Committee and each of its members;

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

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

III. Remuneration

7.0 The level and composition of remuneration of directors and senior management take into account the company's desire to attract and retain the right talent in the board and senior management to drive the company's long-term objectives.

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

7.1 The principal objectives of the Nomination and Remuneration Committee are to nominate and screen Board member candidates and to ensure an appropriate structure for management succession and development, including an effective process for Director selection and tenure and to review and recommend to the Board the remuneration, compensation and benefits packages of the executive directors.

The terms of reference of the Nomination and Remuneration Committee is available on the Company's website at www.willowglen.com.my.

7.2 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 with the objective of supporting and driving business strategy and the long-term interests of the Company.

The aim of the Remuneration Policy is to:

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

The Directors' fees and meeting allowance have been reviewed by the Nomination and Remuneration Committee 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 reflects the experience, expertise, and level of responsibilities undertaken by the particular Non-Executive Director concerned. The remuneration of the Executive Directors is considered and recommended by the Nomination and Remuneration Committee.

The Remuneration Policy is available on the Company's website at www.willowglen.com.my.

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

III. Remuneration

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 Directors' remuneration (including benefits-in-kind) for the financial year ended 31 December 2021 is as follows:-

COMPANY

Directors	Directors' Fees (RM)	Salaries, Bonus and Other Emoluments (RM)	Total (RM)
Executive:-			
Wong Ah Chiew	31,000	–	31,000
Simon Wong Chu Keong	30,000	–	30,000
Tan Jun	30,000	–	30,000
Non-Executive:-			
Alfian Bin Tan Sri Mohamed Basir	33,000	–	33,000
Wang Shi Tsang	31,000	–	31,000
Au Chun Choong	30,000	–	30,000
Teh Chee Hoe	30,000	–	30,000
Syed Feisal Alhady	30,000	–	30,000

GROUP

Directors	Directors' Fees (RM)	Salaries, Bonus and Other Emoluments (RM)	Total (RM)
Executive:-			
Wong Ah Chiew	31,000	2,508,083	2,539,083
Simon Wong Chu Keong	30,000	1,292,299	1,322,299
Tan Jun	30,000	1,992,216	2,022,216
Non-Executive:-			
Alfian Bin Tan Sri Mohamed Basir	33,000	–	33,000
Wang Shi Tsang	31,000	–	31,000
Au Chun Choong	30,000	–	30,000
Teh Chee Hoe	30,000	–	30,000
Syed Feisal Alhady	30,000	–	30,000

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

III. Remuneration (Cont'd)

8.0 Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance. (Cont'd)

8.2 The remuneration of the top five (5) Senior Management in each remuneration band on the Group basis for the financial year ended 31 December 2021 is as follows:-

Remuneration Bands	No. of Executives
RM300,000 – RM350,000	1
RM450,000 – RM500,000	1
RM1,300,000 – RM1,350,000	1
RM2,000,000 – RM2,050,000	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.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

I. Audit Committee

9.0 There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

9.1 The Chairman of the Audit Committee is not the Chairman of the Board. The Audit Committee is to assist the Board of Directors in discharging its statutory duties and responsibilities relating to risk management and accounting and reporting practices of the holding company and each of its subsidiaries and oversee the compliance with the relevant rules and regulations governing listed companies. The composition and summary of works of the Audit Committee are included in the Audit Committee Report of this Annual Report while the terms of reference of the Audit Committee are available on the Company website at www.willowglen.com.my.

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

I. Audit Committee (Cont'd)

9.0 There is an effective and independent Audit Committee. (Cont'd)

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information. (Cont'd)

9.2 Through the Audit Committee, the Group has established a transparent and appropriate relationship with the Group's external auditors. From time to time, representatives of the external auditors were invited to the meeting to brief the Audit Committee on specific issues arising from the annual audit of the Group.

Practice 9.2 of the MCCG requires a former key audit partner to observe a cooling-off period of at least three years before being appointed as a member of the Audit Committee. The Terms of Reference of the Audit Committee have been updated accordingly for the Audit Committee to formalize such policy. Nonetheless, none of the current members of the Audit Committee is a former key audit partner involved in auditing the Group.

The Audit Committee undertakes an annual assessment of the suitability and independence of the External Auditors. The Audit Committee met the External Auditors twice during the year under review without the presence of the Executive Directors and Management staff for private discussion to allow the Audit Committee and the External Auditors to exchange independent views on matters which require the Audit Committee's attention.

9.3 The Directors are required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Group and Company for that financial year.

The Directors are satisfied that in preparing the financial statements of the Group for the year ended 31 December 2021, 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.

In its financial reporting to the shareholders and other interested parties by means of annual financial statements and quarterly results announcements, the Board aims to present a balanced and understandable assessment of the Group's financial position and prospects.

In this respect, the Board is assisted by the Audit Committee to ensure the correctness and adequacy of disclosure.

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

I. Audit Committee (Cont'd)

9.0 There is an effective and independent Audit Committee. (Cont'd)

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information. (Cont'd)

9.4 The Audit Committee comprises exclusively of Independent Directors, which is in compliance with the MMLR.

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

II. Risk Management and Internal Control Framework

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

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

10.1 The Board acknowledges its overall responsibility for continuous maintenance of a sound risk management framework and effective system of internal control. The Board has the overall responsibility to review and monitor the Group's risk management and internal control system, which provides reasonable assurance of an effective and efficient operation, compliance with laws and regulations, and safeguards shareholders' investment and the Group's assets. A Management-level Risk Management Committee was established to oversee the risk management efforts within the Group. The risk management process includes identifying principal business risks in critical areas and determining its corresponding risk mitigation and treatment measures.

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 of this Annual Report.

During the year under review, 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.

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

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

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

11.0 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 carried out by an outsourced external consultant who assists the Audit Committee and 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 Audit Committee on the Group's internal audit function, which is independently of the Board and Management. The internal audit function is carried out in accordance with the annual Internal Audit Plan as approved by the Audit Committee and all audit findings arising therefrom are reported to the Audit Committee.

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 of this Annual Report.

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

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

I. Communication 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 Securities at www.bursamalaysia.com or via the Company's website.

The Board is mindful of the disclosure obligations stipulated in the MMLR 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.

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

I. Communication with Stakeholders (Cont'd)

12.0 There is continuous communication between the company and stakeholders to facilitate mutual understanding of each other's objectives and expectations. (Cont'd)

Stakeholders are able to make informed decisions with respect to the business of the company, its policies on governance, the environment and social responsibility. (Cont'd)

12.1 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 issued by Bursa Malaysia Securities. The Board endeavors to provide timely and accurate disclosure of all material information of the Group to shareholders and investors. 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 Annual General Meeting ("**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. The Board encourages full participation by the shareholders at every General Meeting of the Company and every opportunity is given to the shareholders to raise questions on any item on the agenda or the Group's operation in general. The Board members, the Company's Senior Management and the Group's External Auditors are in attendance to respond to shareholders' questions. Where it is not possible to provide immediate answers to shareholder's question, the Board will undertake to provide the answer after the AGM.

Pursuant to the MMLR, 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.

In line with Practice 13.1 of MCCG, the notice convening the Twenty-Third AGM is given to the shareholders at least twenty-eight (28) days before AGM, which gives shareholders sufficient time to prepare themselves to attend the 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 AGM Notice on its website.

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 attended the Twenty-Third AGM of the Company held on 19 May 2021 on a virtual basis to proactively engage with shareholders and proxies. The Chairman had invited shareholders and proxies to raise their questions on the Company's financial statements and other items at the said AGM via Securities Services e-Portal.

13.3 In view of the COVID-19 pandemic, the Company took the necessary precautions and preventive measures to comply with the directives issued by the Ministry of Health Malaysia. These include remote shareholders and proxy participation at the AGM.

At its virtual Twenty-Third AGM held on 19 May 2021, the Company had leveraged on technology to facilitate remote shareholders' participation and electronic voting for the conduct of poll on the resolution.

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

Statement of Directors' Responsibility

The Directors are required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Group and Company for that financial year.

The Directors are satisfied that in preparing the financial statements of the Group for the year ended 31 December 2021, 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.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

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

The Statement on Risk Management and Internal Control outlines the risk management and internal control processes of the Group for the financial year ended 31 December 2021.

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

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

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

RISK MANAGEMENT FRAMEWORK

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

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

RISK MANAGEMENT FRAMEWORK (CONT'D)

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

- **Board of Directors**

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

- **RMC**

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

- **Business Units and Departments**

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

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

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

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

CONTROL STRUCTURE AND ENVIRONMENT

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

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

- An organisational structure with formally defined lines of responsibility and delegation of authority. Structured authority limits provide a framework of authority and accountability within the Group and this facilitates timely corporate decision making at the appropriate levels in the Group.

- The Group performs annual budgeting and target setting processes including development of business strategies and the performance is monitored on an ongoing basis.

- Policies and procedures of operating units within the Group are documented in Standard Operating Procedures manuals. The Standard Operating Procedures are periodically updated to reflect changing risks or to resolve operational deficiencies.

- The Board and Audit Committee have engaged the Outsourced Internal Auditors ("**OIA**") to carry out the internal audit function, with the function reporting to the Audit Committee. The OIA monitors compliance with policies and procedures and the effectiveness of internal controls. The OIA adopts a risk-based approach in identifying areas of priority and carries out its duties according to the annual internal audit plan approved by the Audit Committee. The OIA also carries out follow up audits. Findings in respect of any material non-compliance and areas for improvement are reported to the Audit Committee.

- The Audit Committee reviews the audit reports on internal control and risk issues identified by the OIA and external auditors and ensure the Management takes prompt and adequate corrective actions on the reported weaknesses and non-compliances identified in the audits.

- The Group has implemented a comprehensive Quality, Environmental and Occupational Health & Safety Management Systems which fully comply with the requirements of ISO 9001:2015, ISO 14001:2015 and ISO 45001:2018. As part of the requirements of the ISO certifications accredited to the Group, scheduled internal quality audits are conducted each year by personnel independent of the processes being audited. Results of the audit are reported to the Executive Directors and management team where prompt actions are taken on areas requiring further improvement.

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

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

The external auditors have reviewed this Statement on Risk Management and Internal Control for the inclusion in the Annual Report of the Company for the financial year ended 31 December 2021 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. 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.

The Board has also received assurance from the Group Managing Director, Executive Directors and General Manager - Finance that the Group's risk management and internal control system is operating adequately and effectively, in all material aspects, based on the risk management and internal control system established by the Group.

FINANCIAL STATEMENTS

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 2021.

PRINCIPAL ACTIVITIES

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

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

RESULTS

	Group RM'000	Company RM'000
Profit for the financial year, net of tax	15,217	33,122
Attributable to:		
Owners of the Company	15,260	33,122
Non-controlling interests	(43)	–
	15,217	33,122

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 2020, approved by the Board of Directors on 25 February 2021 and paid on 18 May 2021	7,283

A first and final single-tier dividend of 1.5 sen per ordinary share, amounting to RM7,279,902 in respect of the current financial year, has been approved by the Board of Directors on 24 February 2022. The financial statements for the current financial year do not reflect this dividend. Such dividend will be accounted for in the equity as an appropriation of retained earnings in the financial year ending 31 December 2022 after the distribution has been made.

RESERVES OR PROVISIONS

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

BAD AND DOUBTFUL DEBTS

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

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

CURRENT ASSETS

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

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

VALUATION METHODS

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

CONTINGENT AND OTHER LIABILITIES

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

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

(ii) any contingent liabilities in respect of the Group or of the Company which has arisen since the end of the financial year.

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

CHANGE OF CIRCUMSTANCES

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

ITEMS OF MATERIAL AND UNUSUAL NATURE

In the opinion of the directors,

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

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

ISSUE OF SHARES AND DEBENTURES

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

TREASURY SHARES

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

During the financial year, the Company repurchased 150,000 of its issue ordinary shares from the open market at an average price of RM0.37 per ordinary share. The total consideration paid for the repurchased shares including transaction costs was RM55,927 and the repurchased transactions were financed by internally generated funds. The shares repurchased are held as treasury shares.

As at 31 December 2021, the Company held a total of 10,614,200 treasury shares out of its 496,000,000 issued share capital. Such treasury shares are held at a carrying amount of RM2,210,106. Further details are disclosed in Note 16 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

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

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

* Directors of the Company and certain subsidiaries

DIRECTORS' INTERESTS

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

Interest in the Company

	Number of ordinary shares			
	At 1 January 2021	**Bought**	**Sold**	**At 31 December 2021**
The Company				
Willowglen MSC Berhad				
Direct interest				
Wong Ah Chiew	3,000,000	–	–	3,000,000
Tan Jun	400,182	–	–	400,182
Deemed interest				
Wong Ah Chiew [(1)]	270,477,814	–	–	270,477,814
Simon Wong Chu Keong [(2)]	267,605,214	–	–	267,605,214
The Holding Company				
New Advent Sdn Bhd				
Direct interest				
Wong Ah Chiew	4,718	–	–	4,718
Simon Wong Chu Keong	1,318	–	–	1,318
Deemed interest				
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 and son.*

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

(3) *Deemed interest held through his spouse and son.*

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

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

DIRECTORS' 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 disclosed in Note 25 to the financial statements) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

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

INDEMNITY TO DIRECTORS AND OFFICERS

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

SUBSIDIARIES

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

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

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

Details of significant events during the year and subsequent to the end of the financial year are disclosed in Note 33 to the financial statements.

HOLDING COMPANY

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

AUDITORS

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

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

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

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

WONG AH CHIEW
Director

SIMON WONG CHU KEONG
Director

Date: 25 March 2022

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021

		Group		Company	
	Note	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	5	9,332	10,268	2,260	2,316
Right-of-use assets	6	4,414	5,685	–	–
Investment in subsidiaries	7	–	–	37,857	38,320
Investment in associates	8	20,462	19,696	40	190
Investment securities	9	5,142	5,069	–	–
Other receivables	10	1,410	1,762	–	–
Total non-current assets		40,760	42,480	40,157	40,826
Current assets					
Inventories	11	2,328	3,587	–	–
Contract assets	12	61,201	56,000	101	43
Trade and other receivables	10	31,868	33,287	83	29
Amount due from subsidiaries	13	–	–	18,435	13,650
Tax recoverable		196	141	35	23
Cash and cash equivalents	14	77,255	75,870	30,405	9,034
Total current assets		172,848	168,885	49,059	22,779
TOTAL ASSETS		213,608	211,365	89,216	63,605
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share capital	15	29,240	29,240	29,240	29,240
Treasury shares	16	(2,210)	(2,154)	(2,210)	(2,154)
Reserves	17	157,206	147,815	61,661	35,822
Total equity attributable to owners of the Company		184,236	174,901	88,691	62,908
Non-controlling interests		28	670	–	–
TOTAL EQUITY		184,264	175,571	88,691	62,908

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021
(CONT'D)

		Group		Company	
	Note	**2021 RM'000**	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
Non-current liabilities					
Lease liabilities	18	71	1,081	–	–
Provisions	19	771	759	–	–
Deferred tax liabilities	20	117	115	–	–
Total non-current liabilities		959	1,955	–	–
Current liabilities					
Lease liabilities	18	1,169	1,442	–	–
Contract liabilities	12	1,756	5,522	–	–
Provisions	19	967	596	–	–
Trade and other payables	21	20,370	21,609	525	689
Amount due to a subsidiary	13	–	–	–	8
Tax payable		4,123	4,670	–	–
Total current liabilities		28,385	33,839	525	697
TOTAL LIABILITIES		29,344	35,794	525	697
TOTAL EQUITY AND LIABILITIES		213,608	211,365	89,216	63,605

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

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

		Group		Company	
	Note	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Revenue	22	171,304	146,147	1,479	2,250
Cost of sales		(123,665)	(102,396)	(84)	(129)
Gross profit		47,639	43,751	1,395	2,121
Other income		1,469	7,081	36,684	17,673
Administrative expenses		(30,878)	(31,467)	(4,957)	(4,662)
Net reversal of/(impairment losses) on financial instruments		231	(1,766)	–	–
Other expenses		–	–	–	(11,455)
Operating profit		18,461	17,599	33,122	3,677
Finance cost	23	(51)	(83)	–	–
Share of results of associates, net of tax		910	3,968	–	–
Profit before tax	24	19,320	21,484	33,122	3,677
Income tax expense	26	(4,103)	(3,316)	–	(24)
Profit for the financial year		15,217	18,168	33,122	3,653
Other comprehensive income/(loss), net of tax					
Items that may be reclassified subsequently to profit or loss					
Exchange differences on translation of foreign operations		1,598	(177)	–	–
Fair value gain on debt instruments at fair value through other comprehensive income		(173)	251	–	–
Other comprehensive income for the financial year		1,425	74	–	–
Total comprehensive income for the financial year		16,642	18,242	33,122	3,653

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

(CONT'D)

		Group		Company	
		2021	**2020**	**2021**	**2020**
	Note	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Profit attributable to:					
Owners of the Company	27	15,260	17,873	33,122	3,653
Non-controlling interests		(43)	295	–	–
		15,217	18,168	33,122	3,653
Total comprehensive income attributable to:					
Owners of the Company		16,674	17,963	33,122	3,653
Non-controlling interests		(32)	279	–	–
		16,642	18,242	33,122	3,653
Earnings per ordinary share attributable to owners of the Company (sen)					
- basic	27	3.14	3.68		
- diluted	27	3.14	3.68		

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

STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

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 2021		29,240	(2,154)	(7,585)	14,555	262	140,583	174,901	670	175,571
Exchange differences on translation of foreign operations		–	–	–	1,587	–	–	1,587	11	1,598
Fair value gain on debt instruments at fair value through other comprehensive income		–	–	–	–	(173)	–	(173)	–	(173)
Total other comprehensive income/ (loss) for the financial year		–	–	–	1,587	(173)	–	1,414	11	1,425
Profit for the financial year		–	–	–	–	–	15,260	15,260	(43)	15,217
Total comprehensive income for the financial year		–	–	–	1,587	(173)	15,260	16,674	(32)	16,642
Transactions with owners:										
Repurchase of treasury shares	16	–	(56)	–	–	–	–	(56)	–	(56)
Derecognition of a subsidiary		–	–	–	–	–	–	–	(610)	(610)
Dividends paid	28	–	–	–	–	–	(7,283)	(7,283)	–	(7,283)
Total transactions with owners		–	(56)	–	–	–	(7,283)	(7,339)	(610)	(7,949)
At 31 December 2021		29,240	(2,210)	(7,585)	16,142	89	148,560	184,236	28	184,264

STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021
(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 2020		29,240	(1,747)	(7,585)	14,716	11	129,997	164,632	391	165,023
Foreign currency translation differences for foreign operations		–	–	–	(161)	–	–	(161)	(16)	(177)
Fair value gain on debt instruments at fair value through other comprehensive income		–	–	–	–	251	–	251	–	251
Total other comprehensive (loss)/ income for the financial year		–	–	–	(161)	251	–	90	(16)	74
Profit for the financial year		–	–	–	–	–	17,873	17,873	295	18,168
Total comprehensive income for the financial year		–	–	–	(161)	251	17,873	17,963	279	18,242
Transactions with owners:										
Repurchase of treasury shares	16	–	(407)	–	–	–	–	(407)	–	(407)
Dividends paid	28	–	–	–	–	–	(7,287)	(7,287)	–	(7,287)
Total transactions with owners		–	(407)	–	–	–	(7,287)	(7,694)	–	(7,694)
At 31 December 2020		29,240	(2,154)	(7,585)	14,555	262	140,583	174,901	670	175,571

STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021
(CONT'D)

Company	Note	Share capital RM'000	Treasury shares RM'000	Retained earnings RM'000	Total RM'000
At 1 January 2020		29,240	(1,747)	39,456	66,949
Total comprehensive income for the financial year		–	–	3,653	3,653
Transactions with owners:					
Repurchase of treasury shares	16	–	(407)	–	(407)
Dividends paid	28	–	–	(7,287)	(7,287)
Total transactions with owners		–	(407)	(7,287)	(7,694)
At 31 December 2020		29,240	(2,154)	35,822	62,908
Total comprehensive income for the financial year		–	–	33,122	33,122
Transactions with owners:					
Repurchase of treasury shares	16	–	(56)	–	(56)
Dividends paid	28	–	–	(7,283)	(7,283)
Total transactions with owners		–	(56)	(7,283)	(7,339)
At 31 December 2021		29,240	(2,210)	61,661	88,691

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Note	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
Cash flows from operating activities					
Profit before tax		19,320	21,484	33,122	3,677
Adjustments for:					
Bad debts written off		59	4	–	–
Depreciation for:					
- Property, plant and equipment		2,114	2,128	134	149
- Right-of-use assets		1,490	1,470	–	–
Dividend income		–	–	(35,401)	(16,755)
Impairment losses:					
- Investment in a subsidiary		–	–	–	11,455
- Trade receivables		–	1,766	–	–
Interest income		(486)	(1,004)	(1,074)	(866)
Interest expenses		51	83	–	–
Inventory written off		–	1	–	–
(Gain)/Loss on disposal of property plant and equipment		(85)	(1)	–	–
Gain on derecognition of a subsidiary		–	–	(81)	–
Loss on dissolution of an associate		–	–	6	–
Property, plant and equipment written off		1	–	–	–
Provision for stock obsolescence		41	–	–	–
Provision for maintenance warranties		535	90	–	–
Provision for unutilised leave		357	311	–	–
Reversal of impairment losses on trade receivables		(231)	–	–	–
Reversal of stock written down		–	(2)	–	–
Reversal of provision for maintenance warranties		(171)	(113)	–	–
Reversal of provision for unutilised leave		-	(242)		
Share of results of associates		(910)	(3,968)	–	–
Unrealised loss/(gain) on foreign exchange		6	13	(78)	16
Operating profit/(loss) before changes in working capital		22,091	22,020	(3,372)	(2,324)
Changes in working capital:					
Net changes in employee benefits and provisions		(355)	(46)	–	–
Net changes in inventories		1,218	(984)	–	–
Net changes in contract customers		(8,967)	(21,529)	(58)	(43)
Net changes in receivables		1,933	(2,555)	(62)	179
Net changes in payables		(1,232)	8,171	(164)	138
Net changes in inter-company balances		–	–	(2,255)	(359)

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021
(CONT'D)

	Note	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
Cash flows from operating activities (Cont'd)					
Net cash generated from/(used in) operations		14,688	5,077	(5,911)	(2,409)
Interest paid		(51)	(83)	–	–
Interest received		486	1,004	1,074	866
Income tax paid		(4,784)	(2,950)	(12)	(16)
Income tax refunded		1	4	–	4
Net cash generated from/(used in) operating activities		10,340	3,052	(4,849)	(1,555)
Cash flows from investing activities					
Purchase of property, plant and equipments		(1,118)	(1,656)	(78)	(74)
Proceed from disposal of property, plant and equipment		85	2	–	–
Proceed from disposal of investment securities		2,315	1,518	–	–
Net proceed from derecognition of a subsidiary		(613)	–	613	–
Net proceeds from dissolution of an associate		144	–	144	–
Net changes in inter-company balances		–	–	(2,530)	(6,785)
Purchase of investment securities		(2,457)	–	–	–
Dividends received		–	–	35,401	16,755
Changes in pledged deposits		(33)	(830)	–	(35)
Changes in time deposits		1,205	8,234	–	–
Net cash (used in)/generated from investing activities		(472)	7,268	33,550	9,861
Cash flows from financing activities					
Repayment of lease liability	(a)	(1,504)	(1,370)	–	–
Repurchase of treasury shares		(56)	(407)	(56)	(407)
Dividends paid		(7,283)	(7,287)	(7,283)	(7,287)
Advance to a subsidiary		–	–	–	(5,200)
Net cash used in financing activities		(8,843)	(9,064)	(7,339)	(12,894)

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

(CONT'D)

	Note	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
Net increase/(decrease) in cash and cash equivalents		1,025	1,256	21,362	(4,588)
Effect of exchange rate changes		1,532	(188)	–	–
Cash and cash equivalents at the beginning of the financial year		72,286	71,218	8,344	12,932
Cash and cash equivalents at the end of the financial year	14	74,843	72,286	29,706	8,344
Analysis of cash and cash equivalents:					
Fixed deposits placed with licensed banks		2,412	2,379	699	690
Time deposits		–	1,205	–	–
Short term investments		27,264	5,618	27,264	5,618
Cash and bank balances		47,579	66,668	2,442	2,726
		77,255	75,870	30,405	9,034
Less: Pledged deposits		(2,412)	(2,379)	(699)	(690)
Time deposits		–	(1,205)	–	–
	14	74,843	72,286	29,706	8,344

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021
(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						
2021						
Lease liabilities	18	2,523	(1,504)	179	42	1,240
2020						
Lease liabilities	18	3,869	(1,370)	27	(3)	2,523

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

NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

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

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

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

There have been no significant changes in the nature of these 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 25 March 2022.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

2.2 Adoption of amendments/improvements to MFRSs and explanation of change in accounting policy

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

Amendments/Improvements to MFRSs	
MFRS 4	Insurance Contracts
MFRS 7	Financial Instruments: Disclosures
MFRS 9	Financial Instruments
MFRS 16	Leases*
MFRS 139	Financial Instruments: Recognition and Measurement

* Early adopted the amendment to MFRS 16 Leases issued by the Malaysian Accounting Standards Board ("MASB") on 5 June 2020.

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

2. BASIS OF PREPARATION (CONT'D)

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

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

		Effective for financial periods beginning on or after
<u>New MFRS</u>		
MFRS 17	Insurance Contracts	1 January 2023
<u>Amendments/Improvements to MFRSs</u>		
MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards	1 January 2022^/ 1 January 2023#
MFRS 3	Business Combinations	1 January 2022/ 1 January 2023#
MFRS 5	Non-current Assets Held for Sale and Discontinued Operations	1 January 2023#
MFRS 7	Financial Instruments: Disclosures	1 January 2023#
MFRS 9	Financial Instruments	1 January 2022^/ 1 January 2023#
MFRS 10	Consolidated Financial Statements	Deferred
MFRS 15	Revenue from Contracts with Customers	1 January 2023#
MFRS 16	Leases	1 April 2021[N2]/^ 1 January 2022^
MFRS 17	Insurance Contracts	1 January 2023
MFRS 101	Presentation of Financial Statements	1 January 2023/ 1 January 2023#
MFRS 107	Statements of Cash Flows	1 January 2023#
MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2023
MFRS 112	Income Taxes	1 January 2023
MFRS 116	Property, Plant and Equipment	1 January 2022/ 1 January 2023#
MFRS 119	Employee Benefits	1 January 2023#
MFRS 128	Investments in Associates and Joint Ventures	Deferred/ 1 January 2023#
MFRS 132	Financial Instruments: Presentation	1 January 2023#

2. BASIS OF PREPARATION (CONT'D)

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

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

		Effective for financial periods beginning on or after
<u>Amendments/Improvements to MFRSs (Cont'd)</u>		
MFRS 136	Impairment of Assets	1 January 2023#
MFRS 137	Provisions, Contingent Liabilities and Contingent Assets	1 January 2022/ 1 January 2023#
MFRS 138	Intangible Assets	1 January 2023#
MFRS 140	Investment Property	1 January 2023#
MFRS 141	Agriculture	1 January 2022^

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

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

Annual Improvements to MFRS Standards 2018–2020

Annual Improvements to MFRS Standards 2018–2020 covers amendments to:
- MFRS 1 *First-time Adoption of Malaysian Financial Reporting Standards* – simplifies the application of MFRS 1 by a subsidiary that becomes a first-time adopter after its parent in relation to the measurement of cumulative translation differences.
- MFRS 9 *Financial Instruments* – clarifies the fees an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability.
- Illustrative Examples accompanying MFRS 16 *Leases* – deletes from Illustrative Example 13 the reimbursement relating to leasehold improvements in order to remove any potential confusion regarding the treatment of lease incentives.
- MFRS 141 *Agriculture* – removes a requirement to exclude cash flows from taxation when measuring fair value thereby aligning the fair value measurement requirements in MFRS 141 with those in other MFRS Standards.

Amendments to MFRS 3 Business Combinations

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

2. BASIS OF PREPARATION (CONT'D)

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

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

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

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

Amendments to MFRS 101 Presentation of Financial Statements

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

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

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

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

2. BASIS OF PREPARATION (CONT'D)

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

Amendments to MFRS 112 Income Taxes

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

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

Amendments to MFRS 116 Property, Plant and Equipment

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

Amendments to MFRS 137 Provisions, Contingent Liabilities and Contingent Assets

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

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 ('000), unless otherwise stated.

2.5 Basis of measurement

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

2. BASIS OF PREPARATION (CONT'D)

2.6 Use of estimates and judgement

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Basis of consolidation

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

(a) Subsidiaries and business combination

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

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

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

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

3.1 Basis of consolidation (Cont'd)

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

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

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

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

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

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

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

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

3.1 Basis of consolidation (Cont'd)

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

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

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

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

(b) Associates

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

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

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

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

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

3.1 Basis of consolidation (Cont'd)

(b) Associates (Cont'd)

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

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

(c) Non-controlling interests

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

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

(d) Transactions eliminated on consolidation

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

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

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

3.2 Separate financial statements

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

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

3.3 Foreign currency transactions and operations

(a) Translation of foreign currency transactions

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

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

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

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

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

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

3.3 Foreign currency transactions and operations (Cont'd)

(b) Translation of foreign operations

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

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

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

3.4 Financial instruments

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

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

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

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

3.4 Financial instruments (Cont'd)

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

(a) Subsequent measurement

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

(i) Financial assets

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

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

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

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

<u>Debt instruments</u>

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

- Amortised cost

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

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

3.4 Financial instruments (Cont'd)

(a) Subsequent measurement (Cont'd)

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

(i) Financial assets (Cont'd)

Debt instruments (Cont'd)

- Fair value through other comprehensive income (FVOCI)

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

- Fair value through profit or loss (FVPL)

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

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

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

3.4 Financial instruments (Cont'd)

(a) Subsequent measurement (Cont'd)

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

(i) Financial assets (Cont'd)

Equity instruments

The Group and the Company subsequently measure all equity investments at fair value. Upon initial recognition, the Group and the Company can make an irrevocable election to classify its equity investments that is not held for trading as equity instruments designated at FVOCI. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are not recycled to profit or loss. Dividends are recognised as other income in the profit or loss when the right of payment has been established, except when the Group and the Company benefit from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity instruments designated at FVOCI are not subject to impairment assessment.

(ii) Financial liabilities

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

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

Financial liabilities at fair value through profit or loss

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

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

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

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

3.4 Financial instruments (Cont'd)

(a) Subsequent measurement (Cont'd)

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

(ii) Financial liabilities (Cont'd)

Financial liabilities at amortised cost

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

(b) Financial guarantee contracts

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

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

(c) Regular way purchase or sale of financial assets

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

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

Trade date accounting refers to:

(i) the recognition of an asset to be received and the liability to pay for it on the trade date; and
(ii) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

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

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

3.4 Financial instruments (Cont'd)

(d) Derecognition

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

(i) the contractual rights to receive the cash flows from the financial asset expire, or
(ii) the Group and the Company have transferred their rights to receive cash flows from the asset or have assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group and the Company have transferred substantially all the risks and rewards of the asset, or (b) the Group and the Company have neither transferred nor retained substantially all the risks and rewards of the asset, but have transferred control of the asset.

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

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

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

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

(e) Offsetting of financial instruments

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

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

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

3.5 Property, plant and equipment

(a) Recognition and measurement

Property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.10(b) to the financial statements.

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

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

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

(b) Subsequent costs

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

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

3.5 Property, plant and equipment (Cont'd)

(c) Depreciation

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

All other property, plant and equipment are depreciated on straight-line basis by allocating their depreciable amounts over their remaining useful lives. The principal annual depreciation rates are as follows:

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

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

(d) Derecognition

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

3.6 Leases

(a) Definition of lease

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

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

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

3.6 Leases (Cont'd)

(b) Lessee accounting (Cont'd)

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

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

Right-of-use asset

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

The right-of-use asset is subsequently measured at cost less accumulated depreciation and any accumulated impairment losses and adjust for any remeasurement of the lease liabilities. The right-of-use asset is depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. If expects to exercise a purchase option, the right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts from the commencement date of the underlying asset. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.10(b) to the financial statements.

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

3.6 Leases (Cont'd)

(b) Lessee accounting (Cont'd)

Lease liability

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

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

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

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

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

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

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

3.6 Leases (Cont'd)

(b) Lessee accounting (Cont'd)

Lease liability (Cont'd)

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

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

Short-term leases and leases of low value assets

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

(c) Lessor accounting

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

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

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

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

When a contract includes lease and non-lease components, the Group and the Company apply MFRS 15 *Revenue from Contracts with Customers* to allocate the consideration under the contract to each component.

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

3.7 Inventories

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

Costs is determined using the weighted average cost method. The cost of inventories comprises cost of purchase and incidental costs in bringing the inventories to their present location and condition.

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

3.8 Contract assets/(liabilities)

Contract assets is the right to consideration for goods or services transferred to the customers when that right is conditioned on something other than the passage of time (for example, the Company's future performance). The policy for the recognition and measurement of impairment losses is in accordance with Note 3.10(a) to the financial statements.

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

3.9 Cash and cash equivalents

For the purpose of the statements of cash flows, cash and cash equivalents comprise cash on hand, bank balances and deposits and other short-term, highly liquid investments with a maturity of three months or less, that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

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

3.10 Impairment of assets

(a) Impairment of financial assets and contract assets

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

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

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

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

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

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

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

- the borrower is unable to pay its credit obligations to the Group and the Company in full, without taking into account any credit enhancements held by the Group and the Company; or
- the contractual payment of the financial asset is more than 90 days past due unless the Group and the Company have reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

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

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

3.10 Impairment of assets (Cont'd)

(a) Impairment of financial assets and contract assets (Cont'd)

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

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

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

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

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

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

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

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

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

3.10 Impairment of assets (Cont'd)

(b) Impairment of non-financial assets

The carrying amounts of non-financial assets (except for inventories, contract assets and deferred tax assets) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the Group and the Company make an estimate of the asset's recoverable amount.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of non-financial assets or cash-generating units ("CGUs").

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

Where the carrying amount of an asset exceed its recoverable amount, the carrying amount of asset is reduced to its recoverable amount.

Impairment losses are recognised in profit or loss.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. An impairment loss is reversed only if there has been a change in the estimates used to determine the assets recoverable amount since the last impairment loss was recognised. Reversal of impairment loss is restricted by the asset's carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss.

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

3.11 Share capital

(a) Ordinary shares

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

(b) Treasury shares

When share capital recognised as equity is repurchased, the amount of consideration paid is recognised directly in equity. Repurchased shares that have not been cancelled including any attributable transaction costs are classified as treasury shares and presented as a deduction from total equity.

When treasury shares are sold or reissued subsequently, the difference between the sales consideration and the carrying amount is presented as a movement in equity.

3.12 Employee benefits

(a) Short-term employee benefits

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

(b) Defined contribution plans

As required by law, the Group and the Company contribute to the Employees Provident Fund ("EPF"), the national defined contribution plan. The Group's foreign subsidiaries make contributions to their respective countries' statutory pension schemes. Such contributions are recognised as an expense in the profit or loss in the period in which the employees render their services.

(c) Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated undiscounted liability for annual leave expected as a result of service rendered by employees up to the end of the financial year.

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

3.13 Provisions

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

If the effect of the time value of money is material, provisions that are determined based on the expected future cash flows to settle the obligation are discounted using a current pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. When discounting is used, the increase in the provisions due to passage of time is recognised as finance costs.

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

3.14 Revenue and other income

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

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

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

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

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

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

3.14 Revenue and other income (Cont'd)

Financing components

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

(i) Construction contracts

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

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

Long term contracts income

The Group's business involved design of system, supply of hardware and equipment and installation service at client's premises. Judgement is used to identify the separate distinct performance obligation within the contract with customers. The Group has only one distinct performance obligations under the contract for customised monitoring system as the monitoring system customised for individual customer has no alternative use for the Group. Additionally, the contracts will require payment to be received for time and effort spent by the Group on progressing the contracts in the event of the customer cancelling the contract prior to the completion for any reason other than the Group's failure to perform its obligation under the contract.

Any change in the quantities and system layout is accounted for as a continuation of the original contract as no new separate distinct performance obligation identified. This modification is recognised as cumulative revenue adjustment at date of modification.

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.

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

3.14 Revenue and other income (Cont'd)

Financing components (Cont'd)

(i) Construction contracts (Cont'd)

Long term contracts income (Cont'd)

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) theses costs relate directly to a contract or to an anticipated contract that the Group can specifically identified;
(b) these cost 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 obligation are satisfied when the services transferred to the customers. There is no element of significant financing components in the Company's revenue transactions as customer are required to pay within a credit term of 30 to 60 days.

(ii) Dividend income

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

(iii) Rental income

Rental income is recognised on a straight-line basis over the term of the lease. The aggregate cost of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

(iv) Interest income

Interest income is recognised using the effective interest method.

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

3.15 Government grants

Government grants are recognised when there is reasonable assurance that the grant will be received and all attached conditions will be complied with.

Where the grant relates to an asset, it is recognised as deferred capital grant in the statements of financial position and is amortised to profit or loss over the expected useful life of the related asset. Where the grant relates to an expense item, it is recognised in profit or loss, under the heading of "other income", on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed.

The benefit derived from a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates.

3.16 Income tax

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

(a) Current tax

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

(b) Deferred tax

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

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

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

3.16 Income tax (Cont'd)

(b) Deferred tax (Cont'd)

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

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

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

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

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

(c) Sales and services tax

Revenues, expenses and assets are recognised net of amount of sales and services tax except:

- where the sales and services tax incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the sales and services tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of sales and services tax included.

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

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

3.17 Earnings per share

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

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

3.18 Operating segment

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

3.19 Contingencies

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

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

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

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

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

3.20 Fair value measurements

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

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

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

3.20 Fair value measurements (Cont'd)

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

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

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

Level 3: Unobservable inputs for the asset or liability.

There was no transfer between levels of the fair value hierarchy during the financial year.

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

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

(a) Revenue recognition for contract customers

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

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

The carrying amounts of contract assets and contract liabilities are disclosed in Note 12 to the financial statements.

(b) Significant influence over investee

The Company holds a 60% equity interest in Willowglen System Inc. ("WSI"). 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 exercise significant influence over WSI and thus treats WSI as an investment in associate.

The information on the investment in associate are disclosed in Note 8 to the financial statements.

5. PROPERTY, PLANT AND EQUIPMENT

	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
Group							
Cost							
At 1 January 2021	4,880	1,270	1,935	4,350	6,852	5,344	24,631
Additions	–	21	84	560	373	80	1,118
Disposal	–	–	–	(402)	–	–	(402)
Written off	–	(9)	(3)	–	(53)	–	(65)
Exchange differences	–	15	15	37	35	56	158
At 31 December 2021	4,880	1,297	2,031	4,545	7,207	5,480	25,440
Accumulated depreciation							
At 1 January 2021	934	782	1,473	2,529	5,459	3,186	14,363
Depreciation charge for the financial year	112	89	127	444	576	766	2,114
Disposal	–	–	–	(402)	–	–	(402)
Written off	–	(8)	(3)	–	(53)	–	(64)
Exchange differences	–	8	13	15	31	30	97
At 31 December 2021	1,046	871	1,610	2,586	6,013	3,982	16,108
Carrying amount							
At 1 January 2021	3,946	488	462	1,821	1,393	2,158	10,268
At 31 December 2021	3,834	426	421	1,959	1,194	1,498	9,332

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

	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
Group							
Cost							
At 1 January 2020	5,393	1,274	1,863	4,474	5,806	5,325	24,135
Additions	–	–	73	474	1,086	23	1,656
Disposal	–	–	–	–	(3)	–	(3)
Written off	–	(3)	–	(598)	(35)	–	(636)
Transfer	(513)	–	–	–	–	–	(513)
Exchange differences	–	(1)	(1)	–	(2)	(4)	(8)
At 31 December 2020	4,880	1,270	1,935	4,350	6,852	5,344	24,631
Accumulated depreciation							
At 1 January 2020	822	694	1,349	2,716	4,867	2,434	12,882
Depreciation charge for the financial year	112	91	125	411	633	756	2,128
Disposal	–	–	–	–	(3)	–	(3)
Written off	–	(2)	–	(598)	(35)	–	(635)
Exchange differences	–	(1)	(1)	–	(3)	(4)	(9)
At 31 December 2020	934	782	1,473	2,529	5,459	3,186	14,363
Carrying amount							
At 1 January 2020	4,571	580	514	1,758	939	2,891	11,253
At 31 December 2020	3,946	488	462	1,821	1,393	2,158	10,268

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 2021	2,397	61	126	1,999	128	4,711
Additions	–	–	13	65	–	78
At 31 December 2021	2,397	61	139	2,064	128	4,789
Accumulated depreciation						
At 1 January 2021	296	60	87	1,827	125	2,395
Depreciation charge for the financial year	48	1	8	76	1	134
At 31 December 2021	344	61	95	1,903	126	2,529
Carrying amount						
At 1 January 2021	2,101	1	39	172	3	2,316
At 31 December 2021	2,053	–	44	161	2	2,260

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 (Cont'd)						
Cost						
At 1 January 2020	2,397	62	116	1,937	128	4,640
Additions	–	–	10	64	–	74
Written off	–	(1)	–	(2)	–	(3)
At 31 December 2020	2,397	61	126	1,999	128	4,711
Accumulated depreciation						
At 1 January 2020	248	60	80	1,738	123	2,249
Depreciation charge for the financial year	48	1	7	91	2	149
Written off	–	(1)	–	(2)	–	(3)
At 31 December 2020	296	60	87	1,827	125	2,395
Carrying amount						
At 1 January 2020	2,149	2	36	199	5	2,391
At 31 December 2020	2,101	1	39	172	3	2,316

6. RIGHT-OF-USE ASSETS

The Group lease several assets and the information about leases of the Group as lessee is presented below:

	Leasehold land RM'000	Building RM'000	Office Space RM'000	Total RM'000
2021				
Cost				
At 1 January 2021	2,789	508	2,388	5,685
Addition	–	–	179	179
Depreciation charge for the year	(45)	(5)	(1,440)	(1,490)
Exchange differences	–	–	40	40
At 31 December 2021	2,744	503	1,167	4,414
2020				
Cost				
At 1 January 2020	2,834	–	3,778	6,612
Addition	–	–	27	27
Transfer	–	513	–	513
Depreciation charge for the year	(45)	(5)	(1,420)	(1,470)
Exchage differences	–	–	3	3
At 31 December 2020	2,789	508	2,388	5,685

The leasehold land and building generally have lease term of 61 years and 82 years respectively (2020: 62 years and 83 years). The Group also leases office space with lease term ranging from 36 to 60 months (2020: 36 to 60 months).

7. INVESTMENT IN SUBSIDIARIES

	Company 2021 RM'000	Company 2020 RM'000
At cost		
Unquoted shares	34,567	35,946
Less: Impairment loss	(12,855)	(13,703)
	21,712	22,243
Add: Loans that are part of net investments	16,145	16,077
	37,857	38,320

Loans that are part of net investments represent amount owing by subsidiaries which are non-trade in nature, unsecured and non-interest bearing except for amount due from a subsidiary with amount of RM12,229,793 (2020: RM12,229,793) which is subject to interest at the rate ranging from 3.4% to 3.5% (2020: 3.5% to 4.6%) per annum on a monthly basis. The settlement of these amounts is neither planned nor likely to occur in the foreseeable future as it is the intention of the Company to treat these amounts as long-term source of capital to the subsidiary. As this amount is, in substance, a part of the Company's net investment in the subsidiaries, it is stated at cost less accumulated impairment loss, if any.

Details of the subsidiaries are as follows:

Name of Company	Principal place of business/ Country of incorporation	Group's effective equity interest 2021 %	Group's effective equity interest 2020 %	Principal activities
Willowglen (Malaysia) Sdn. Bhd.	Malaysia	100	100	Sales, implementation and maintenance of computer-based control systems
Willowglen Technology Sdn. Bhd.	Malaysia	100	100	Sales, implementation and maintenance of integrated monitoring systems
Willowglen Services Pte. Ltd.[+]	Singapore	100	100	Computer system integration activities and installation of building automation systems for remote monitoring
Sentinel Systems Sdn. Bhd.	Malaysia	70	70	Sales, implementation and maintenance of control room and CCTV solutions

7. INVESTMENT IN SUBSIDIARIES (CONT'D)

Details of the subsidiaries are as follows: (Cont'd)

Name of Company	Principal place of business/ Country of incorporation	Group's effective equity interest 2021 %	2020 %	Principal activities
PT Willowglen Indonesia +>	Indonesia	–	50.08	Trading, hardware and software consulting services
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

\+ 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.
> The subsidiary is liquidated during the year.

7. INVESTMENT IN SUBSIDIARIES (CONT'D)

7.1 Derecognition of a subsidiary

On 30 December 2021, the Company liquidated its 50.08% equity investment in PT Willowglen Indonesia for a total consideration of RM612,609.

(a) Summary of the effect of the derecognition of PT Willowglen Indonesia

	RM'000	RM'000
Recognised:		
Cash consideration received		613
Derecognised:		
Fair value of identifiable net assets at disposal date		
Cash and cash equivalents	1,226	–
Other payables	(3)	–
Non-controlling interest	(610)	613
Gain on derecognition		–

(b) Effect of disposal on cashflows:

	RM'000
Consideration received in cash	613
Less: Cash and cash equivalent of subsidiary derecognised	(1,226)
Net cash outflow on derecognition	(613)

7. INVESTMENT IN SUBSIDIARIES (CONT'D)

7.2 Non-controlling interest in subsidiaries

The financial information of the Group's subsidiaries that have material non-controlling interests ("NCI") are as follows:

Equity interest held by non-controlling interests:

Name of Company	Principal place of business/ Country of incorporation	Effective equity interest 2021 %	2020 %
PT Willowglen Indonesia	Indonesia	–	49.92
Sentinel Systems Sdn. Bhd.	Malaysia	30	30

Carrying amount of material non-controlling interests:

	2021 RM'000	2020 RM'000
PT Willowglen Indonesia	–	584
Sentinel Systems Sdn. Bhd.	28	86
	28	670

Profit/(loss) allocated to material non-controlling interests:

	2021 RM'000	2020 RM'000
PT Willowglen Indonesia	15	26
Sentinel Systems Sdn. Bhd.	(58)	269
	(43)	295

7. INVESTMENT IN SUBSIDIARIES (CONT'D)

7.3 Summarised financial information of material non-controlling interests

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

	PT Willowglen Indonesia		Sentinel Systems Sdn. Bhd.	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Summarised statements of financial position				
As at 31 December				
Non-current assets	–	–	6	4
Current assets	–	1,173	4,964	4,564
Current liabilities	–	(4)	(4,878)	(4,280)
Net assets/(liabilities)	–	1,169	92	288
Summarised statements of comprehensive income				
Financial year ended 31 December				
Revenue	–	–	1,543	5,636
Profit/(loss) for the year	29	53	(195)	898
Total comprehensive income	29	53	(195)	898
Summarised cash flow information				
Financial year ended 31 December				
Cash flows generated from/(used in) operating activities	225	(3)	42	21
Net increase/(decrease) in cash and cash equivalents	225	(3)	38	21
Dividends paid to non-controlling interests	–	–	–	–

7. INVESTMENT IN SUBSIDIARIES (CONT'D)

7.4 Impairment loss

During the previous financial year, an impairment loss of RM11,455,000 was recognised in profit or loss under other expenses, representing the impairment of a Malaysian subsidiary due to adverse business conditions affecting the subsidiary.

The recoverable amount of the investment in subsidiary as at 31 December 2020 was based on value-in-use calculations using cash flow projections approved by management. In determining the value-in-use, the cash flows were discounted at a rate of 15.67% on a pre-tax basis.

8. INVESTMENT IN ASSOCIATES

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Unquoted shares at cost	13,094	13,244	40	190
Share of post-acquisition reserves	7,368	6,452	–	–
	20,462	19,696	40	190

Details of the associates are as follows:

Name of Company	Principal place of business/ Country of incorporation	Group's effective equity interest 2021 %	Group's effective equity interest 2020 %	Group's effective voting interest 2021 %	Group's effective voting interest 2020 %	Principal activities
Secura Malaysia Sdn. Bhd. *	Malaysia	–	50	–	50	Providing cyber security, homeland security, security consultancy, security systems integration and other security products and services
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

8. INVESTMENT IN ASSOCIATES (CONT'D)

Details of the associates are as follows: (Cont'd)

Name of Company	Principal place of business/ Country of incorporation	Group's effective equity interest 2021 %	Group's effective equity interest 2020 %	Group's effective voting interest 2021 %	Group's effective voting interest 2020 %	Principal activities
Interest held through Willowglen Asia Pte Limited						
Willowglen Systems Inc. +	Canada	60	60	49	49	Development and sale of industrial automation and related products

\+ Audited by auditors other than Baker Tilly Monteiro Heng PLT.
* The associate dissolved during the financial year.

Although the Group hold more than half of the effective equity interest in Willowglen Systems Inc. ("WSI") and less than half of the voting rights in the entity, the directors have determined that the Group does not control the entity as the Group does not have substantive rights over the investee and on the basis that the remaining voting rights were not widely dispersed. Consequently, the investment has been accounted for as investment in associate.

8.1 Dissolution of an associate

On 22 September 2021, the Company dissolved its 50% equity investment in Secura Malaysia Sdn. Bhd. for a total loss of RM5,751.

8. INVESTMENT IN ASSOCIATES (CONT'D)

8.2 Summarised financial information of material associates

The following table illustrates the summarised financial information of the Group's material associates, adjusted for any differences in accounting policies and reconciles the information to the carrying amount of the Group's interest in the associates.

Group 2021	**Willowglen System Inc. RM'000**	**Secura Malaysia Sdn. Bhd. RM'000**	**Austral Willowglen Sdn. Bhd. RM'000**
Assets and liabilities:			
Non-current assets	35,930	–	–
Current assets	26,008	–	157
Non-current liabilities	(3,174)	–	–
Current liabilities	(22,410)	–	(2)
Net assets	36,354	–	155
Results:			
Profit/(Loss) for the financial year	1,520	–	(9)

8. INVESTMENT IN ASSOCIATES (CONT'D)

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

The following table illustrates the summarised financial information of the Group's material associates, adjusted for any differences in accounting policies and reconciles the information to the carrying amount of the Group's interest in the associates. (Cont'd)

Group 2021	Willowglen Systems Inc. RM'000	Secura Malaysia Sdn. Bhd. RM'000	Austral Willowglen Sdn. Bhd. RM'000	Total RM'000
Reconciliation of net assets to carrying amount:				
Cost of investment	11,695	150	40	11,885
Bargain purchase gain on acquisition of an associate	1,359	–	–	1,359
Dissolution during the year	–	(150)	–	(150)
Carrying amount at fair value	13,054	–	40	13,094
Share of post-acquisition profit/(loss)	7,380	–	(12)	7,368
Carrying amount in the statements of financial position	20,434	–	28	20,462
Group's share of results:				
Group's share of profit/(loss)	912	–	(2)	910

Group 2020	Willowglen System Inc. RM'000	Secura Malaysia Sdn. Bhd. RM'000	Austral Willowglen Sdn. Bhd. RM'000
Assets and liabilities:			
Non-current assets	29,169	–	–
Current assets	23,755	293	167
Non-current liabilities	(13,310)	–	–
Current liabilities	(7,079)	(4)	(3)
Net assets	32,535	289	164
Results:			
Profit/(Loss) for the financial year	6,620	(3)	(10)

8. INVESTMENT IN ASSOCIATES (CONT'D)

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

The following table illustrates the summarised financial information of the Group's material associates, adjusted for any differences in accounting policies and reconciles the information to the carrying amount of the Group's interest in the associates. (Cont'd)

Group 2020	Willowglen Systems Inc. RM'000	Secura Malaysia Sdn. Bhd. RM'000	Austral Willowglen Sdn. Bhd. RM'000	Total RM'000
Reconciliation of net assets to carrying amount:				
Cost of investment	11,695	150	60	11,905
Bargain purchase gain on acquisition of an associate	1,359	–	–	1,359
Liquidation during the year	–	–	(20)	(20)
Carrying amount at fair value	13,054	150	40	13,244
Share of post-acquisition profit/(loss)	6,467	(5)	(10)	6,452
Carrying amount in the statements of financial position	19,521	145	30	19,696
Group's share of results:				
Group's share of profit/(loss)	3,972	(2)	(2)	3,968

9. INVESTMENT SECURITIES

	2021 RM'000	2020 RM'000
Group		
Financial assets at fair value through other comprehensive income ("FVOCI")		
At fair value:		
- Debt securities		
At 1 January	5,069	6,332
Acquisition during the financial year	2,457	–
Disposal during the financial year	(2,315)	(1,518)
Exchange differences	104	4
Fair value changes	(173)	251
At 31 December	5,142	5,069

10. TRADE AND OTHER RECEIVABLES

	Note	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
Non-current:					
Non-trade					
Other receivable					
- Amount due from associate	(a)	1,410	1,762	–	–
Current:					
Trade					
Trade receivables		25,658	29,165	–	–
Retention sum		6,269	3,043	–	–
		31,927	32,208	–	–
Less: Impairment losses		(1,766)	(1,997)	–	–
	(b)	30,161	30,211	–	–
Non-trade					
Other receivables		510	1,123	66	20
Deposits		292	286	6	6
Prepayments		905	1,667	11	3
		1,707	3,076	83	29
Total trade and other receivables (current)		31,868	33,287	83	29
Total trade and other receivables (non-current and current)		33,278	35,049	83	29

(a) Included in other receivables (non-current and current) are amount of RM1,790,000 (2020: RM1,816,000) are non-trade amount due from associate of the Group which are unsecured, subject to interest at 5% (2020: 5%) per annum and repayable over 181 months from 2017 to 2032.

(b) Trade receivables are non-interest bearing and the normal credit terms offered by the Group ranging from 30 days to 90 days (2020: 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.

11. INVENTORIES

	Group	
	2021 RM'000	2020 RM'000
At Cost		
Consumables	2,328	3,587

(a) The cost of inventories of the Group recognised as an expense in cost of sales during the financial year was RM48,305,311 (2020: RM44,433,930).

(b) During the financial year, the provision for stock obsolescence to their net realisable values for the Group amounted to RM40,638 (2020: Nil).

(c) During the financial year, the Group reversed the previous inventories written down value of Nil (2020: RM1,554) as a result of utilisation on these inventories.

(d) During the financial year, the inventory written off amounted to Nil (2020: RM1,479).

12. CONTRACT ASSETS/(LIABILITIES)

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Contract assets relating to contracts with customers	61,201	56,000	101	43
Contract liabilities relating to contracts with customers	(1,756)	(5,522)	–	–

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.

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

(a) Significant changes in contract balances

	Group				Company	
	2021		2020		2021	2020
	Contract assets Increase/ (decrease) RM'000	Contract liabilities (Increase)/ decrease RM'000	Contract assets Increase/ (decrease) RM'000	Contract liabilities (Increase)/ decrease RM'000	Contract assets Increase/ (decrease) RM'000	Contract assets Increase/ (decrease) RM'000
Revenue recognised that was included in contract liability at the beginning of the financial year	–	2,051	–	8,945	–	–
Increase due to consideration received from customers, but revenue not recognised	–	(5,890)	–	(4,926)	–	–
Increases as a result of changes in the measure of progress	80,681	–	49,203	–	58	43
Transfers from contract assets recognised at the beginning of the period to receivables	(75,770)	–	(31,674)	–	–	–

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.

13. AMOUNT DUE FROM/(TO) SUBSIDIARIES

	Company	
	2021	**2020**
	RM'000	**RM'000**
Amount due from subsidiaries		
Trade	2,866	611
Non-trade	16,228	13,698
	19,094	14,309
Less: Impairment losses	(659)	(659)
	18,435	13,650
Amount due to a subsidiary		
Non-trade	–	8

The normal trade credit granted to the subsidiaries is 30 days (2020: 30 days).

The amount due from/(to) subsidiaries are unsecured, repayable on demand, non-interest bearing except for amounts of RM18,430,195 (2020: RM13,036,907) which is subject to interest at the rate ranging from 3.4% to 3.5% (2020: 3.5% to 4.6%) per annum on a monthly basis and is expected to be settled by cash.

14. CASH AND CASH EQUIVALENTS

		Group		Company	
		2021 RM'000	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
Fixed deposits placed with licensed banks	(a)	2,412	2,379	699	690
Time deposits	(b)	–	1,205	–	–
Short term investments		27,264	5,618	27,264	5,618
Cash and bank balances		47,579	66,668	2,442	2,726
Cash and cash equivalents as reported in statements of financial position		77,255	75,870	30,405	9,034
Less: Pledged deposits		(2,412)	(2,379)	(699)	(690)
Time deposits		–	(1,205)	–	–
Cash and cash equivalents as reported in statements of cash flows		74,843	72,286	29,706	8,344

(a) Included in the fixed deposits placed with licensed banks of the Group and the Company are an amount of RM2,411,767 and RM698,986 (2020: RM2,379,239 and RM689,719) 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 2021 for the Group and the Company were 3% and 3% (2020: 3%) respectively.

(b) Time deposits are deposits placed with licensed bank for periods more than 3 months and the weighted average effective interest rates as at 31 December 2021 for the Group is 2% (2020: 2%). Time deposits are not pledged to any financial institutions and withdrawable upon demand.

(c) Total cash out flow for leases

During the financial year, the Group and the Company has total cash outflow for leases of RM1,569,202 and RM65,000 respectively (2020: RM1,434,000 and RM64,000).

15. SHARE CAPITAL

	Group and Company			
	2021		2020	
	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

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 2021, of the total 496,000,000 (2020: 496,000,000) issued and fully paid ordinary shares, 10,614,200 (2020: 10,464,200) ordinary shares are currently held as treasury shares by the Company as disclosed in Note 16 to the financial statements. The number of outstanding shares on issue after the share repurchased is 485,385,800 (2020: 485,535,800).

16. TREASURY SHARES

	Group and Company			
	2021		2020	
	Number of ordinary shares '000	Amount RM'000	Number of ordinary shares '000	Amount RM'000
At 1 January	10,464	2,154	9,416	1,747
Shares repurchased during the financial year	150	56	1,048	407
At 31 December	10,614	2,210	10,464	2,154

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.

16. TREASURY SHARES (CONT'D)

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

The details of repurchased of treasury shares during the financial year were as follows:

	Number of Shares Repurchased Unit	← Price per share → Lowest RM	Highest RM	Average RM	Total Consideration RM
31.12.2021					
November 2021	50,000	0.375	0.375	0.378	18,894
December 2021	100,000	0.365	0.370	0.370	37,033
	150,000	0.365	0.375	0.373	55,927

17. RESERVES

	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
Merger deficit	(7,585)	(7,585)	–	–
Foreign currency translation reserve	16,142	14,555	–	–
Fair value reserve	89	262	–	–
Retained earnings	148,560	140,583	61,661	35,822
	157,206	147,815	61,661	35,822

<u>Foreign currency translation reserve</u>

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.

17. RESERVES (CONT'D)

Fair value reserve

This reserve comprises the cumulative net change in the fair value of financial assets at fair value through other comprehensive income (FVOCI) until the investments are derecognised or impaired.

The Group and the Company have elected to recognise changes in the fair value of certain investments in equity securities in other comprehensive income, as explained in Note 9 to the financial statements. These changes are accumulated within the fair value reserve of financial assets at FVOCI. The Group and the Company transfer amounts from this reserve to retained earnings when the relevant equity securities are derecognised.

Retained earnings

The Company may distribute dividends of its entire retained earnings under single-tier system.

18. LEASE LIABILITIES

	2021 RM'000	2020 RM'000
Group		
Carrying amount		
Current liabilities		
- less than 1 year	1,169	1,442
Non-current liabilities		
- between 1 to 2 years	71	1,081
At 31 December	1,240	2,523

18. LEASE LIABILITIES (CONT'D)

The lease liabilities of the Group bear interest at rates ranging from 2.38% to 8.20% (2020: 2.38% to 8.20%) per annum respectively.

	2021 RM'000	2020 RM'000
Group		
At 1 January	2,523	3,869
Addition	179	27
Interest expense	51	83
Lease payments		
- Principal portion	(1,504)	(1,370)
- Interest portion	(51)	(83)
Exchange differences	42	(3)
At 31 December	1,240	2,523

19. 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 2021	283	759	311	2	1,355
Recognised in profit or loss	535	–	357	–	892
Utilised during the financial year	(39)	–	(316)	–	(355)
Reversed during the financial year	(170)	–	–	(1)	(171)
Exchange differences		12	5	–	17
At 31 December 2021	609	771	357	1	1,738

19. PROVISIONS (CONT'D)

	Maintenance warranties RM'000	Reinstatement costs RM'000	Provision for unutilised leave RM'000	Provision for foreseeable losses RM'000	Total RM'000
Group					
2021					
Non-current	–	771	–	–	771
Current	609	–	357	1	967
	609	771	357	1	1,738
2020					
Non-current	–	759	–	–	759
Current	283	–	311	2	596
	283	759	311	2	1,355

Maintenance warranties

The provision for maintenance warranties represent 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.

20. DEFERRED TAX LIABILITIES

	Group	
	2021	**2020**
	RM'000	**RM'000**
Deferred tax liabilities	117	115

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	
	2021	**2020**
	RM'000	**RM'000**
Accelarated capital allowance	179	243
Provisions	(62)	(128)
	117	115

The movement of the deferred tax liabilities was as follows:

	Group	
	2021	**2020**
	RM'000	**RM'000**
As at 1 January	115	115
Exchange differences	2	–
	117	115

20. DEFERRED TAX LIABILITIES (CONT'D)

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items:

	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
Unutilised tax losses	32,314	28,673	12,225	10,532
Unclaimed capital allowance	2,855	2,057	647	573
Deductible temporary difference	(961)	(875)	(341)	(353)
	34,208	29,855	12,531	10,752
Potential deferred tax assets not recognised at 24%	8,210	7,165	3,007	2,580

The availability of unused tax losses for offsetting against future taxable profits of the respective subsidiaries in Malaysia are subject to requirements under the Income Tax Act, 1967 and guidelines issued by the tax authority.

Pursuant to the Section 8 of the Finance Act 2021 (Act 833), the amendment to Section 44 (5F) of Income Tax Act 1967, the time limit on the carried forward unused tax losses has been extended to maximum 10 consecutive years. This amendments is deemed to have effect for the year of assessment 2019 and subsequent year of assessment.

Any unutilised business losses brought forward from year of assessment 2019 can be carried forward for another 10 consecutive years of assessment. (i.e. from year of assessment 2019 to 2028).

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 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
2028	19,181	19,181	9,221	9,221
2029	6,431	6,431	–	–
2030	3,061	3,061	1,311	1,311
2031	3,641	–	1,693	–

21. TRADE AND OTHER PAYABLES

	Note	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
Current:					
Trade					
Trade payables	(a)	17,184	17,333	5	–
Non-trade					
Other payables		123	1,350	272	464
SST payables		222	588	–	–
Accruals		2,826	2,338	248	225
Deposit		15	–	–	–
	(b)	3,186	4,276	520	689
Total trade and other payables		20,370	21,609	525	689

(a) Trade payables are non-interest bearing and normal credit terms granted to the Group and the Company range from 30 days to 60 days (2020: 30 days to 60 days).

(b) Other payables are non-interest bearing and are normally settled on 30 days to 60 days terms (2020: 30 days to 60 days).

For explanations on the Group's and the Company's liquidity risk management processes, refer to Note 31(b)(ii) to the financial statements.

22. REVENUE

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

	Note	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
Contract revenue		128,358	107,460	–	–
Maintenance contracts		42,946	38,687	–	–
Miscellaneous income		–	–	1,479	2,250
		171,304	146,147	1,479	2,250
Timing of revenue recognition:					
At a point in time		1,101	2,483	1,479	2,250
Over time		170,203	143,664	–	–
		171,304	146,147	1,479	2,250

22. REVENUE (CONT'D)

The transaction price allocated to the remaining performance obligations as at 31 December 2021 is RM362,898,993 (2020: RM333,446,484). 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 2021				
Revenue expected to be recognised on:				
- construction contracts	109,668	167,282	–	276,950
- maintenance contracts	36,182	47,514	2,253	85,949
	145,850	214,796	2,253	362,899
At 31 December 2020				
Revenue expected to be recognised on:				
- construction contracts	106,941	179,174	–	286,115
- maintenance contracts	23,716	23,615	–	47,331
	130,657	202,789	–	333,446

The Group apply the practical expedient in paragraph 121(a) of MFRS 15 and do not disclose information about performance obligations that have original expected durations of one year or less.

23. FINANCE COSTS

	2021 RM'000	2020 RM'000
Group		
Interest expenses on:		
- lease liabilities	51	83
	51	83

24. PROFIT BEFORE TAX

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

	Note	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
After charging:					
Auditors' remuneration:					
- Malaysian operations					
- current year		82	99	60	65
- prior year		(16)	1	(5)	1
- Overseas operations					
- current year		98	103	–	–
Non statutory audit fees:					
- Malaysian operations		10	10	10	10
Directors' remuneration (Note 25)		6,779	6,192	245	245
Staff costs:					
- salaries, allowances and bonuses		43,976	43,407	3,241	3,012
- defined contribution plans		5,486	5,244	366	328
- socso		122	111	28	25
- EIS		14	12	3	3
Impairment losses:					
- investment in subsidiaries		–	–	–	11,455
- trade receivables		–	1,766	–	–
Bad debt written off		59	4	–	–
Loss on foreign exchange:					
- realised		31	50	–	47
- unrealised		6	13	–	16
Expense relating to short-tem and low value asset		65	65	65	65
Depreciation of:					
- property, plant and equipment		2,114	2,128	134	149
- right-of-use assets		1,490	1,470	–	–
Property, plant and equipment written off		1	–	–	–
Provision for stock obsolescence		41	–	–	–
Provision for maintenance warranties		535	90	–	–
Provision for unutilised leave		357	311	–	–
Inventory written off		–	1	–	–

24. PROFIT BEFORE TAX (CONT'D)

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

		Group		Company	
	Note	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
And crediting:					
Dividend income from a subsidiary		–	–	35,401	16,755
Interest income from:					
- loan to subsidiaries		–	–	969	633
- loan to an associate company		100	91	–	–
- investment securities		185	197	–	–
- unit trust		96	216	96	216
- fixed deposit		105	441	9	17
- time deposit		–	58	–	–
- bank balances		–	1	–	–
Gain on foreign exchange:					
- realised		5	47	2	–
- unrealised		–	–	78	–
Gain on disposal of property, plant and equipment		85	1	–	–
Gain on disposal of investment in subsidiaries		–	–	81	–
Rental income		–	–	60	–
Reversal of stock written down		–	2	–	–
Reversal of provision for maintenance warranties		171	113	–	–
Reversal of impairment losses on trade receivables		231	–	–	–
Government grants					
- wages subsidy	(i)	664	5,811	68	52
- rental concession	(ii)	–	92	–	–

(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.

(ii) During the previous financial year, the Group received a rental concession income from the Rental Relief Framework announced by the Singapore 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.

25. DIRECTORS' REMUNERATION

The details of directors' remuneration during the year are as follows:

	Group		Company	
	2021 RM'000	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
Executive directors				
Fees	91	91	91	91
Salaries, bonus and other emoluments	5,793	5,239	–	–
Defined contribution plan	741	708	–	–
	6,625	6,038	91	91
Non-executive directors				
Fees	154	154	154	154
	6,779	6,192	245	245

26. INCOME TAX EXPENSE

The major components of income tax expense for the financial years ended 31 December 2021 and 2020:

	Group		Company	
	2021 RM'000	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
Current income tax				
- current year	(4,125)	(3,292)	–	–
- prior year	22	(24)	–	(24)
Total income tax expense	(4,103)	(3,316)	–	(24)

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2020: 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 2021 (2020: 17%).

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

26. INCOME TAX EXPENSE (CONT'D)

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

	Group		Company	
	2021 RM'000	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
Profit before tax	19,320	21,484	33,122	3,677
Tax at Malaysia statutory income tax rate of 24% (2020: 24%)	(4,637)	(5,156)	(7,949)	(882)
Effect of tax rate in foreign jurisdiction	1,730	1,651	–	–
Share of results of associates	218	952	–	–
Adjustments:				
- non-deductible expenses	(765)	(937)	(156)	(2,895)
- non-taxable income	145	1,061	8,532	4,073
- deferred tax assets not recognised on tax losses and temporary differences	(1,045)	(925)	(427)	(296)
- tax exemption	54	99	–	–
- other items	175	(37)	–	–
- adjustment in respect of income tax of prior years	22	(24)	–	(24)
Income tax expense	(4,103)	(3,316)	–	(24)

27. 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	
	2021	**2020**
	RM'000	**RM'000**
Profit attributable to owners of the Company	15,260	17,873
Weighted average number of ordinary shares for basic earnings per share	485,522	485,536
Basic earnings per ordinary share (sen)	3.14	3.68

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.

28. DIVIDENDS

	Group and Company	
	2021	**2020**
	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 2020, paid on 18 May 2021	7,283	–
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 2019, paid on 25 June 2020	–	7,287

A first and final single-tier dividend of 1.5 sen per ordinary share, amounting to RM7,279,902 in respect of the current financial year, has been approved by the Board of Directors on 24 February 2022. 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 2021 after the distribution has been made.

29. RELATED PARTIES

(a) Identify of related parties

Parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Related parties of the Group and the Company included:

(i) Company's holding company;
(ii) Entities having significant influence over the Group;
(iii) Subsidiaries
(iv) Associates; and
(v) Key management personnel of the Group and the Company's holding company, comprise persons (including directors) having the authority and responsibility for planning, directing and controlling the activities directly or indirectly.

(b) Significant related party transactions

Significant related party transactions other than as disclosed elsewhere in the financial statements are as follows:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Subsidiaries				
Sale of goods	–	–	170	907
Provision of engineering services	–	–	84	128
Technical advisory fees charged	–	–	1,225	1,214
Rental expense	–	–	60	60
Interest income	–	–	969	633
Dividend income	–	–	35,401	16,755
Purchase of goods	–	–	–	8
Associates				
Interest income	99	120	–	–
Purchase of goods	159	553	–	–
Related parties				
Sale of goods	–	155	–	–
Purchase of goods	960	–	–	–

29. RELATED PARTIES (CONT'D)

(c) Key management personnel remuneration

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

	Group		Company	
	2021 RM'000	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
Directors' remuneration (Note 25)	6,779	6,192	245	245
Other key management personnel:				
Salaries, bonuses and allowances	5,316	5,017	546	511
Contribution to defined contribution plans	492	452	63	61
	5,808	5,469	609	572
	12,587	11,661	854	817

30. 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.

30. SEGMENT INFORMATION (CONT'D)

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.

30. SEGMENT INFORMATION (CONT'D)

	Malaysia RM'000	Singapore RM'000	Indonesia RM'000	Europe RM'000	Others RM'000	Elimination RM'000	Notes	Total RM'000
2021								
Revenue:								
External customers	50,872	120,432	–	–	–	–		171,304
Inter-segment	3,633	1,522	–	–	–	(5,155)	A	–
Total revenue	54,505	121,954	–	–	–	(5,155)		171,304
Results:								
Interest income	1,137	285	33	–	–	(969)		486
Interest expense	(975)	(45)	–	–	–	969		(51)
Depreciation								
- property, plant and equipment	948	1,166	–	–	–	–		2,114
- right of use assets	119	1,371	–	–	–	–		1,490
Share of results of associates	–	–	–	–	–	910		910
Segment profit	28,983	24,903	29	–	(28)	(34,566)	B	19,321
Income tax expense	–	(4,104)	–	–	–	–		(4,104)
Profit for the financial year	28,983	20,799	29	–	(28)	(34,566)	B	15,217
Assets:								
Investment in associates	28	–	–	–	20,434	–		20,462
Additions to non-current assets	1,120	177	–	–	–	–		1,297
Segment assets	142,452	116,435	–	–	310	(66,248)	C	192,949
Geographical information:								
Revenue by geographical location of customers	49,623	120,433	1,085	161	–	–		171,302
Non-current assets	47,807	10,549	–	–	–	(38,057)	C	20,299
Major customers	18,298	74,663	–	–	–	–		92,961

30. SEGMENT INFORMATION (CONT'D)

	Malaysia RM'000	Singapore RM'000	Indonesia RM'000	Europe RM'000	Others RM'000	Elimination RM'000	Notes	Total RM'000
2020								
Revenue:								
External customers	42,980	103,167	–	–	–	–		146,147
Inter-segment	8,296	1,237	–	–	–	(9,533)	A	–
Total revenue	51,276	104,404	–	–	–	(9,533)		146,147
Results:								
Interest income	910	472	58	–	197	(633)		1,004
Interest expense	(639)	(77)	–	–	–	633		(83)
Impairment loss on:								
- investment in subsidiaries	(11,455)	(227)	–	–	–	11,682		–
- trade receivables	(1,766)	–	–	–	–	–		(1,766)
Depreciation								
- property, plant and equipment	(850)	(1,278)	–	–	–	–		(2,128)
- right of use assets	(115)	(1,355)	–	–	–	–		(1,470)
Share of results of associates	–	–	–	–	–	3,968		3,968
Segment profit	4,285	23,582	53	–	124	(6,560)	B	21,484
Income tax expense	(43)	(3,273)	–	–	–	–		(3,316)
Profit for the financial year	4,242	20,309	53	–	124	(6,560)	B	18,168
Assets:								
Investment in associates	174	–	–	–	19,522	–		19,696
Additions to non-current assets	1,212	471	–	–	–	–		1,683
Segment assets	125,003	134,011	1,172	–	5,517	(74,175)	C	191,528
Geographical information:								
Revenue by geographical location of customers	41,614	103,166	157	1,210	–	–		146,147
Non-current assets	48,217	8,014	–	–	5,069	(38,516)	C	22,784
Major customers	22,101	45,119	–	–	–	–		67,220

30. SEGMENT INFORMATION (CONT'D)

Nature of elimination to arrive at amounts reported in the consolidated financial statements:

(A) Inter-segment revenue are eliminated on consolidation;
(B) Inter-segment revenue and expenses are eliminated on consolidation; and
(C) Inter-segment balances are eliminated on consolidation.

Information about major customer

	2021 RM'000	2020 RM'000
Singapore		
Customer I	51,538	15,631
Customer II	23,125	29,488
Malaysia		
Customer III	18,298	22,101
	92,961	67,220

31. 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 other comprehensive income ("FVOCI")
(ii) Amortised cost

At 31 December 2021	Carrying amount RM'000	Amortised cost RM'000	FVOCI RM'000
Financial assets			
Group			
Investment securities	5,142	–	5,142
Trade and other receivables*	32,373	32,373	–
Cash and cash equivalents	77,255	77,255	–
	114,770	109,628	5,142
Company			
Trade and other receivables*	72	72	–
Amount due from subsidiaries	18,435	18,435	–
Cash and cash equivalents	30,405	30,405	–
	48,912	48,912	–

31. FINANCIAL INSTRUMENTS (CONT'D)

(a) Categories of Financial Instruments (Cont'd)

The following table analyses the financial instruments in the statements of financial position by the classes of financial instruments to which they are assigned (Cont'd):

At 31 December 2021	Carrying amount RM'000	Amortised cost RM'000	FVOCI RM'000
Financial liabilities			
Group			
Trade and other payables^	(20,148)	(20,148)	–
Lease liabilities	(1,240)	(1,240)	–
	(21,388)	(21,388)	–
Company			
Trade and other payables^	(525)	(525)	–
	(525)	(525)	–
At 31 December 2020			
Financial assets			
Group			
Investment securities	5,069	–	5,069
Trade and other receivables*	35,049	35,049	–
Cash and cash equivalents	75,870	75,870	–
	115,988	110,919	5,069
Company			
Trade and other receivables*	29	29	–
Amount due from subsidiaries	13,650	13,650	–
Cash and cash equivalents	9,034	9,034	–
	22,713	22,713	–

31. FINANCIAL INSTRUMENTS (CONT'D)

(a) Categories of Financial Instruments (Cont'd)

The following table analyses the financial instruments in the statements of financial position by the classes of financial instruments to which they are assigned (Cont'd):

At 31 December 2020 (Cont'd)	Carrying amount RM'000	Amortised cost RM'000	FVOCI RM'000
Financial liabilities			
Group			
Trade and other payables^	(21,021)	(21,021)	–
Lease liabilities	(2,523)	(2,523)	–
	(23,544)	(23,544)	–
Company			
Trade and other payables^	(689)	(689)	–
Amount due to a subsidiary	(8)	(8)	–
	(697)	(697)	–

* *Exclude prepayments and GST refundable*
^ *Exclude SST payable*

(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.

31. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management (Cont'd)

(i) Credit risk

Credit risk is the risk of financial loss to the Group and the Company that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group and the Company are exposed to credit risk from its operating activities (primarily trade receivables and contract assets) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments. The Group and the Company have a credit policy in place and the exposure to credit risk is managed through the application of credit approvals, credit limits and monitoring procedures. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment.

Trade receivables and contract assets

As at the end of the reporting period, the maximum exposure to credit risk arising from trade receivables and contract assets is represented by the carrying amounts in the statements of financial position.

The carrying amount of trade receivables and contract assets are not secured by any collateral or supported by any other credit enhancements. In determining the recoverability of these receivables, the Group and the Company consider any change in the credit quality of the receivables from the date the credit was initially granted up to the reporting date. The Group and the Company have adopted a policy of dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults.

31. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management (Cont'd)

(i) Credit risk (Cont'd)

Trade receivables and contract assets (Cont'd)

Credit risk concentration profile

The Group and the Company determine the credit risk concentration of its trade receivables and contract assets by industry sector profile on an ongoing basis. The credit risk concentration profile of the Group's and of the Company's trade receivables and contract assets at the reporting date are as follows:

Trade receivables

	Group				Company			
	2021		2020		2021		2020	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
By country:								
Malaysia	15,187	47%	14,329	45%	–	0%	–	0%
Singapore	16,466	52%	17,177	53%	–	0%	–	0%
Indonesia	–	0%	157	1%	–	0%	–	0%
Europe	274	1%	545	1%	–	0%	–	0%
	31,927	100%	32,208	100%	–	0%	–	0%

Contract assets

	2021		2020	
	RM'000	%	RM'000	%
Group				
By country:				
Malaysia	25,194	41%	29,397	52%
Singapore	36,007	59%	26,603	48%
	61,201	100%	56,000	100%

31. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management (Cont'd)

(i) Credit risk (Cont'd)

Trade receivables and contract assets (Cont'd)

The Group and the Company apply the simplified approach to provide for impairment losses prescribed by MFRS 9 *Financial Instruments*, which permits the use of the lifetime expected loss provision for all trade receivables and contract assets. To measure the impairment losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected credit losses also incorporate forward-looking information.

		Group		Company	
	Note	**2021 RM'000**	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
Contract assets		61,201	56,000	101	43
Trade receivables					
Neither past due nor impaired		19,152	19,597	–	–
1 to 30 days past due not impaired		2,288	2,320	–	–
31 to 60 days past due not impaired		6,208	4,883	–	–
61 to 90 days past due not impaired		770	2,223	–	–
More than 90 day past due not impared		1,743	1,188	–	–
		11,009	10,614	–	–
Individually impaired	a	1,766	1,997	–	–
		31,927	32,208	–	–

(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.

31. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management (Cont'd)

(i) Credit risk (Cont'd)

Trade receivables and contract assets (Cont'd)

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

	2021 RM'000	2020 RM'000
Group		
At 1 January	(1,997)	(231)
Charge for the financial year	–	(1,766)
Reversal of impairment loss	231	–
At 31 December	(1,766)	(1,997)

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.

31. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management (Cont'd)

(i) Credit risk (Cont'd)

Other receivables and other financial assets (Cont'd)

Some intercompany loans between entities within the Group are repayable on demand. For loans that are repayable on demand, expected credit losses are assessed based on the assumption that repayment of the loan is demanded at the reporting date. If the borrower does not have sufficient highly liquid resources when the loan is demanded, the Group and the Company will consider the expected manner of recovery and recovery period of the intercompany loan.

Refer to Note 3.10(a) to the financial statements for the Group's and the Company's other accounting policies for impairment of financial assets.

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 RM110,414,530 (2020: RM109,411,540) representing the outstanding banking facilities of the Company and its subsidiaries as at the end of the reporting period. As at the reporting date, there was no loss allowance for impairment losses as determined by the Company for the financial guarantee.

The financial guarantees have not been recognised since the fair value on initial recognition was not material.

(ii) Liquidity risk

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

The Group and the Company maintain a level of cash and cash equivalents deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

31. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management (Cont'd)

(ii) Liquidity risk (Cont'd)

Maturity analysis

The maturity analysis of the Group's and the Company's financial liabilities by their relevant maturity at the reporting date are based on contractual undiscounted repayment obligations are as follows:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
On demand or within 1 year				
Trade and other payables	20,370	21,609	525	689
Lease liabilities	1,167	1,486	–	–
Financial guarantee contracts	–	–	110,415	109,412
	21,537	23,095	110,940	105,101
Between 1 to 2 years				
Lease liabilities	73	1,092	–	–
Total undiscounted financial liabilities	21,610	24,187	110,940	105,101

(iii) Foreign currency risk

Foreign currency risk is the risk of fluctuation in fair value or future cash flows of a financial instrument as a result of changes in foreign exchange rates. The Group's and the Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's and the Company's operating activities (when sales and purchases that are denominated in a foreign currency) and the Group's net investments in foreign subsidiaries and associate. The currencies giving rise to this risk are primarily United States Dollar, Euro, Canadian Dollar, British Pound and Chinese Renminbi.

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.

31. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management (Cont'd)

(iii) Foreign currency risk (Cont'd)

The Group's and the Company's unhedged financial assets and liabilities that are not denominated in their functional currencies are as follows:

	Group					
	2021 Functional currency			2020 Functional currency		
	RM RM'000	SGD RM'000	VND RM'000	RM RM'000	SGD RM'000	VND RM'000
Financial assets and liabilities not held in functional currencies:						
Cash and cash equivalents						
United States Dollar	–	2,428	296	–	6,253	301
Euro	–	237	–	–	650	–
Chinese Renminbi	–	2,799	–	–	166	–
	–	5,464	296	–	7,069	301
Trade and other receivables						
United States Dollar	–	–	–	157	563	–
Euro	274	–	–	545	–	–
Canadian Dollar	–	–	–	–	1,811	–
	274	–	–	702	2,374	–
Trade and other payables						
United States Dollar	–	370	1	–	352	–
Euro	–	580	–	–	–	–
Chinese Renminbi	–	79	–	–	27	–
British Pound	–	37	–	–	–	–
	–	1,066	–	–	379	–

31. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management (Cont'd)

(iii) Foreign currency risk (Cont'd)

Sensitivity analysis for foreign currency risk

The Group's and the Company's principal foreign currency exposure relates mainly to United States Dollar ("USD"), British Pound ("GBP"), Canadian Dollar ("CAD"), Euro ("EURO") and Chinese Renminbi ("RMB").

The following table demonstrated the sensitivity to a reasonably change possible change in the USD, GBP, CAD, EURO and RMB, with all other variables held constant of the Group's and of the Company's total profit for the financial year.

		Group		Company	
		2021	2020	2021	2020
	Change	RM'000	RM'000	RM'000	RM'000
	in rate	Effect on profit or loss		Effect on profit or loss	
USD	+ 10%	179	526	–	–
	- 10%	(179)	(526)	–	–
GBP	+ 10%	3	–	–	–
	- 10%	(3)	–	–	–
CAD	+ 10%	–	138	–	–
	- 10%	–	(138)	–	–
EURO	+ 10%	(26)	49	–	–
	- 10%	26	(49)	–	–
RMB	+ 10%	207	11	–	–
	- 10%	(207)	(11)	–	–

(iv) Interest rate risk

Interest rate risk is the risk of fluctuation in fair value or future cash flows of the Group's financial instruments as a result of changes in market interest rates.

The Group manage the net exposure to interest rate risk by monitoring the exposure to such risks on an ongoing basis. Management does not enter into interest rate hedging transactions since it considers that the cost of such instruments outweighs the potential risk of interest rate fluctuation.

31. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management (Cont'd)

(iv) Interest rate risk (Cont'd)

Sensitivity analysis for interest rate risk

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant on the Group's and Company's total equity and profit for the financial year.

Group/Company	Change in basis point %	Effect on profit for the financial year RM'000	Effect on equity RM'000
31 December 2021	+100	(273)	(207)
	-100	273	207
31 December 2020	+100	(56)	(43)
	-100	56	43

(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 (2020: no transfer in either directions).

31. FINANCIAL INSTRUMENTS (CONT'D)

(c) Fair value measurement (Cont'd)

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

	Carrying amount RM'000	Fair value of financial instruments carried at fair value — Fair value: Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Fair value of financial instruments not carried at fair value — Fair value: Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
2021									
Financial assets									
Group									
Investment securities	5,142	5,142	–	–	5,142	–	–	–	–
Other receivables	1,790	–	–	–	–	–	–	1,790	1,790
2020									
Financial assets									
Group									
Investment securities	5,069	5,069	–	–	5,069	–	–	–	–
Other receivables	1,816	–	–	–	–	–	–	1,816	1,816

Level 3 fair value

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 2021 and 31 December 2020.

32. 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 2021 and 31 December 2020.

The Group and the Company monitors their capital on the basis of the gearing ratio. This ratio is calculated as total borrowings divided by total capital. Total capital is calculated as total equity as shown is the statement of financial position plus total borrowing. As at 31 December 2021 and 31 December 2020, the Group and the Company have no outstanding borrowing. Accordingly, calculation of gearing ratio is not meaningful to the Group and the Company.

The Group and the Company are required to comply with the disclosure and necessary capital requirements as prescribed in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

33. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR AND SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

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

The Group and the Company have performed assessments on the overall impact of the situation on the Group's and the Company's operations and financial implications, including the recoverability of the carrying amount of assets and subsequent measurement of assets and liabilities, and concluded that there is no material adverse effect on the financial statements for the financial year ended 31 December 2021.

Given the fluidity of the situation, the Group and the Company are unable to reasonably estimate the complete financial impacts of COVID-19 pandemic for the financial year ending 31 December 2022 to be disclosed in the financial statements as impact assessment of the COVID-19 pandemic is a continuing process. The Group and the Company will continuously monitor any material changes to future economic conditions that will affect the Group and the Company.

STATEMENT BY DIRECTORS

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

We, **WONG AH CHIEW** and **SIMON WONG CHU KEONG**, being two of the directors of Willowglen MSC Berhad, do hereby state that in the opinion of the directors, the accompanying financial statements set out on pages 90 to 187 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 2021 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: 25 March 2022

STATUTORY DECLARATION

(PURSUANT TO SECTION 251(1) OF THE COMPANIES ACT 2016)

I, **CHEW NYUK SEONG**, being the officer primarily responsible for the financial management of Willowglen MSC Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief, the accompanying financial statements set out on pages 90 to 187 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 25 March 2022.

Before me,

Hadinur Mohd Syarif (W761)
Commissioner for Oaths
Chambers Twenty Five
No. 25 Jalan Tunku, Bukit Tunku
50480 Kuala Lumpur

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF WILLOWGLEN MSC BERHAD
(Incorporated in Malaysia)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Willowglen MSC Berhad, which comprise the statements of financial position as at 31 December 2021 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 90 to 187.

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 2021, and of their financial performance and cash flows for the financial year then ended in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF WILLOWGLEN MSC BERHAD
(Incorporated in Malaysia)
(CONT'D)

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company of the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Group

Accounting for Contracts (Note 4(a), 12 and 22 to the financial statements)

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

Significant judgement is required in determining the stage of completion, the extent of the contract costs incurred, the estimated total contract revenue and costs, as well as the recoverability of the contracts. Therefore, the amount of contract revenue, contract costs and its corresponding contract assets and contract liabilities recognised in a year is affected by a variety of uncertainties that depend on the outcome of future events.

Our audit response:

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

- reading the terms and conditions of agreements with customers to determine that revenue recognition is consistent with the requirements of MFRS 15 *Revenue from Contracts with Customers*;
- understanding the design and the implementation of controls in recording project costs, preparing project budgets and calculating the stage of completion;
- discussing the progress of the projects and expected outcome with respective project directors to obtain an understanding at the basis on which the estimates are made;
- agreeing the revenue for projects on a sample basis to contracts, variation orders and other correspondences;
- tested a sample of costs incurred to date to relevant documents and that they are recorded in the correct accounting period;
- reviewing the percentage of completion of the projects and checking the computation of the application of the percentage of completion of the projects to the contract revenue and contract costs recognised in the profit or loss and the corresponding contract assets and contract liabilities recognised in the statements of financial position; and
- reviewing the work of component auditors in relation to their work performed on contract accounting in accordance with ISA 600 *Special Considerations - Audits of Group Financial Statements (Including the Work of Component Auditors)*.

Information Other than the Financial Statements and Auditors' Report Thereon

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

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

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

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

Responsibilities of the Directors for the Financial Statements

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

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

The directors of the Company are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

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

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF WILLOWGLEN MSC BERHAD
(Incorporated in Malaysia)
(CONT'D)

Auditors' Responsibilities for the Audit of the Financial Statements (Cont'd)

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

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

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current financial year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 7 to the financial statements.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the contents of this report.

Baker Tilly Monteiro Heng PLT
201906000600(LLP0019411-LCA) & AF 0117
Chartered Accountants

Ng Jou Yin
No. 03460/11/2023 J
Chartered Accountant

Kuala Lumpur

Date: 25 March 2022

ADDITIONAL COMPLIANCE INFORMATION

1. UTILISATION OF PROCEEDS RAISED FROM CORPORATE PROPOSALS

There were no proceeds raised from corporate proposals during the financial year.

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.

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 2021 are as follows:-

	Group (RM'000)	Company (RM'000)
Audit Fees	164	55
Non Audit Fees	49	14

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

At the Twenty-Third Annual General Meeting of the Company held on 19 May 2021, the Company obtained a mandate from its shareholders for recurrent related party transactions ("RRPTs") of a revenue or trading in 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 2021 pursuant to the shareholders' mandate are set out below:-

Willowglen and/or its subsidiaries	Transacting Parties	Nature of Transactions	Aggregate value of Transactions from 1 January 2021 to 31 December 2021 (RM)
Willowglen and its subsidiaries ("WMSC Group")	OSK Holdings Berhad and its subsidiaries ("OSK Group")	(i) Purchase of cables for Project use by WMSC Group from OSK Group	0
	Ryobi Geotechnique International Pte Ltd and its subsidiaries ("Ryobi Group")	(i) Supply of WMSC Group product – SCADA Systems and Information Technology services	0
		(ii) Purchase of services for project use by WMSC Group from Ryobi Group	710,405

PROPERTIES
AS AT 31 DECEMBER 2021

Description of Property	Existing Use	Age of Building (Years)	Land Area	Tenure	Date of Acquisition	Net Book Value / Fair Value As at 31 December 2021 (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	29	246 sq. m.	93-years leasehold expiring on 19.02.2083	01.06.1999	2,250,614
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	29	490 sq. m.	93-years leasehold expiring on 19.02.2083	30.04.2007	2,275,823
One unit of Condominium bearing the address of Unit No. A-15-10, Menara Perniagaan Manjalara, No. 99, Jalan Menjalara Idaman 6, Bandar Sri Manjalara, 52200 Kuala Lumpur	Vacant	6	75 sq. m.	99-years leasehold expiring on 25.08.2114	02.10.2017	502,364
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	15	103 sq. m.	Freehold	23.12.2014	2,053,606

SHAREHOLDINGS STATISTICS

AS AT 23 MARCH 2022

Total Number of Issued Shares	:	496,000,000 (including 10,673,200 treasury shares)
Class of Shares	:	Ordinary shares
Voting Rights	:	One vote per ordinary share

ANALYSIS OF SHAREHOLDINGS

Size of Holdings	No. of Holders	%	No. of Shares	%
1-99	13	0.27	179	0.00
100-1,000	298	6.29	150,148	0.03
1,001-10,000	2,215	46.77	13,178,700	2.72
10,001-100,000	1,902	40.16	65,954,758	13.59
100,001 – 24,266,339 *	307	6.48	138,437,801	28.52
24,266,340 and above **	1	0.02	267,605,214	55.14
Total	**4,736**	**100.00**	**485,326,800*** **	**100.00**

Remark - * Less than 5% of issued shares
- ** 5% and above of issued shares
- *** Excluding 10,673,200 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:-

	No. of Shares Held			
Substantial Shareholders	**Direct Interest**	**%**	**Indirect Interest**	**%**
New Advent Sdn. Bhd.	267,605,214	55.14	–	–
Wong Ah Chiew	3,000,000	0.62	270,477,814°	55.73
Simon Wong Chu Keong	–	–	267,605,214□	55.14

Notes:

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

□ Deemed interested through his interest in New Advent Sdn. Bhd.

DIRECTORS' SHAREHOLDINGS

	No. of Shares Held			
Name of Directors	**Direct Interest**	**%**	**Indirect Interest**	**%**
Wong Ah Chiew	3,000,000	0.62	270,477,814*	55.73
Simon Wong Chu Keong	–	–	267,605,214#	55.14
Tan Jun	400,182	0.08	–	–

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

\# 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 23 March 2022.

THIRTY LARGEST REGISTERED SHAREHOLDERS AS AT 23 MARCH 2022

No.	Name of Shareholders	No. of Shares	%
1	New Advent Sdn. Bhd.	267,605,214	55.14
2	Lim Sin Khong	6,680,000	1.38
3	Teh Boon Wee	6,014,300	1.24
4	Lock Kai Sang	4,965,100	1.02
5	Lim Gaik Bway @ Lim Chiew Ah	4,868,300	1.00
6	Andrew Lim Cheong Seng	4,800,000	0.99
7	Teh Boon Wee	4,000,000	0.82
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	HLB Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Chee Sai Mun	2,451,900	0.51
13	Lee Kok Hoong	2,070,800	0.43
14	RHB Nominees (Tempatan) Sdn. Bhd. OSK Venture Equities Sdn. Bhd.	1,926,600	0.40
15	Chong Kim Poh	1,848,600	0.38

SHAREHOLDINGS STATISTICS
AS AT 23 MARCH 2022
(CONT'D)

THIRTY LARGEST REGISTERED SHAREHOLDERS AS AT 23 MARCH 2022 (CONT'D)

No.	Name of Shareholders	No. of Shares	%
16	Lee Heuk Ping	1,682,500	0.35
17	Ho Liang Choon @ Ho Lian Choon	1,416,000	0.29
18	JF Apex Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Lee Yeow Teng (Margin)	1,382,000	0.28
19	Alliancegroup Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Gan Boon Siew (8065121)	1,366,200	0.28
20	Wong Chu Khee	1,308,400	0.27
21	Ng Soon Gan	1,270,000	0.26
22	Pok See How	1,150,000	0.24
23	Public Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Honji Corporation Sdn. Bhd. (E-SS2)	1,100,000	0.23
24	Maybank Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Au Kwan Seng	1,037,000	0.21
25	Kenanga Nominees (Tempatan) Sdn. Bhd. Rakuten Trade Sdn. Bhd. for L.Lakshmanan A/L V.Lakshmanan	992,700	0.20
26	Yieldforce Sdn. Bhd.	918,000	0.19
27	Teng Swee Hin	900,000	0.19
28	Khor Neng Tiang	869,600	0.18
29	Alliancegroup Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Christina Loh Yoke Lin (8111756)	850,000	0.18
30	Jian Qi Holdings Sdn. Bhd.	818,000	0.17

WILLOWGLEN MSC BERHAD
Registration No. 199801006521 (462648–V)
(Incorporated in Malaysia)

FORM OF PROXY

CDS Account No.	No. of Shares Held	Mobile/Contact Number

*I/We, ____

bearing *NRIC No./Passport No./Company 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-Fourth Annual General Meeting ("**AGM**") of the Company to be held on a virtual basis at the broadcast venue at **the Board Room, No. 1, Jalan 2/149B, Taman Sri Endah, Bandar Baru Sri Petaling, 57000 Kuala Lumpur, Malaysia on Wednesday, 25 May 2022 at 10:00 a.m.** and any adjournment thereof, in the manner indicated below:-

ORDINARY RESOLUTIONS		**FOR**	**AGAINST**
1.	To re-elect the retiring Director of the Company, namely Au Chun Choong, 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 the retiring Director of the Company, namely Tan Jun, who is due to retire by rotation in accordance with Clause 124 of the Company's Constitution and being eligible, has offered herself for re-election		
3.	To re-elect the retiring Director of the Company, namely Teh Chee Hoe, 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		
4.	To approve the payment of Directors' fees amounting to RM245,000.00 for the financial year ended 31 December 2021		
5.	To approve the payment of Directors' benefits to the Independent Non-Executive Directors up to RM40,000.00 from a day after the Twenty-Fourth AGM until the date of the next AGM of the Company in the year 2023		
6.	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		
7.	Retention of Wang Shi Tsang as an Independent Non-Executive Director		
8.	Retention of Alfian Bin Tan Sri Mohamed Basir as an Independent Non-Executive Director		
9.	Authority to Issue Shares pursuant to the Companies Act 2016		
10.	Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature		
11.	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 ______________________, 2022.

* Delete if not applicable

____
* Signature / Common Seal of Shareholder

Notes:

1. As part of the initiatives to curb the spread of the COVID-19, the Twenty-Fourth 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 Twenty-Fourth 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 Twenty-Fourth 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 Twenty-Fourth 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 Twenty-Fourth AGM.
   As guided by the Securities Commission Malaysia's Guidance Note and Frequently Asked Questions on the Conduct of General Meetings for Listed Issuers as revised, the right to speak is not limited to verbal communication only but includes other modes of expression. Therefore, all members, proxies and/or corporate representatives shall communicate with the main venue of the Twenty-Fourth AGM via real-time submission of typed texts through a text box within Securities Services e-Portal's platform during the live streaming of the Twenty-Fourth AGM as the primary mode of communication. In the event of any technical glitch in this primary mode of communication, members, proxies and/or corporate representatives may email their questions to eservices@sshsb.com.my during the Twenty-Fourth 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 Twenty-Fourth AGM.

Notes:

3. In respect of deposited securities, only members whose names appear in the Record of Depositors as at 18 May 2022 ("**General Meeting Record of Depositors**") shall be eligible to participate in the Twenty-Fourth AGM or appoint proxy(ies) to participate and /or vote in his/her stead.
4. A member entitled to participate and vote at the AGM of the Company shall be entitled to appoint more than one (1) proxy to participate, speak and vote in his stead. Where a member appoints more than one (1) proxy in relation to a meeting, the member shall specify the proportion of his shareholdings to be represented by each proxy, failing which the appointment shall be invalid.
5. A proxy may but need not be a member of the Company and a member may appoint any person to be his proxy without limitation. There shall be no restriction as to the qualification of the proxy. A proxy appointed to participate, speak and vote at the Twenty-Fourth AGM shall have the same right as the member to participate, speak and vote at the Twenty-Fourth AGM.
6. The instrument appointing a proxy shall be in writing under the hand of the member or of his 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 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 its 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 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 Twenty-Fourth AGM or any adjournment thereof. The lodging of the Form of Proxy does not preclude a member from attending and voting remotely at the Twenty-Fourth AGM should he 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 not less than twenty-four (24) hours before the time stipulated for holding the Twenty-Fourth AGM or any adjournment thereof, and you 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.

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AFFIX
STAMP

SS E Solutions Sdn. Bhd.
[Registration No. 202001010461 (1366781-T)]
Level 7, Menara Milenium
Jalan Damanlela, Pusat Bandar Damansara
Damansara Heights
50490 Kuala Lumpur

Attention : Mr. Wong Piang Yoong

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WILLOWGLEN MSC BERHAD
Registration No. 199801006521 (462648–V)
(Incorporated in Malaysia)

QUESTIONS FROM SHAREHOLDERS

The Twenty-Fourth Annual General Meeting ("**24th AGM**") of Willowglen MSC Berhad will be convened on a virtual basis on Wednesday, 25 May 2022 at 10:00 a.m. Shareholders are invited to register their questions (if any) prior to the 24th AGM.

This form may be used to submit a written question to the auditors if the question is relevant to the content of the auditors' report or the conduct of the audit of the financial statements to be considered at the 24th AGM.

In the course of the 24th AGM, we will respond to as many questions posed by the shareholders as practicable.

Shareholder questions must be received by Thursday, 5 May 2022. Please return the form to our registered office at No. 17, Jalan 2/149B, Taman Sri Endah, Bandar Baru Sri Petaling, 57000 Kuala Lumpur, or by facsimile to 03-90571218.

Shareholder's Name

____

CDS Account No.

____

Question/s **Please tick ✓ if it is a question directed to the Auditors**

1. ______________________________ ☐

2. ______________________________ ☐

3. ______________________________ ☐

4. ______________________________ ☐

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AFFIX
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The Company Secretaries

WILLOWGLEN MSC BERHAD
Registration No. 199801006521 (462648–V)
No.17, Jalan 2/149B
Taman Sri Endah
Bandar Baru Sri Petaling
57000 Kuala Lumpur
Malaysia

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WILLOWGLEN MSC BERHAD
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