Rohas Tecnic Berhad
[illegible] (302675-A)

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rohastecnic.com

ROHAS TECNIC

ANNUAL REPORT **2021**

COVER RATIONALE

The Rohas Tecnic Berhad Annual Report 2021 cover design is a construction of creative design elements derived from the company's logo.

The visual showcases RTB Group as the leading supplier and fabricator of steel towers with the production capability and engineering expertise to meet the growing demands of power generation and telecommunication in the country.

CONTENTS

"We will continue to build on our core competence in the fabrication and installation of towers while expanding our businesses in water and telecommunications."

WHO WE ARE

Rohas Tecnic Berhad and its subsidiaries ("RTB Group") are a Malaysia-based group involved in regional utility infrastructure markets primarily in the Power & Energy, Telecommunication and Water & Sewage. RTB Group is the market leader in the manufacturing of steel lattice towers and monopoles for power transmission and telecommunications in Malaysia as well as in the provision of full turnkey solutions in Engineering, Procurement, Construction and Commissioning ("EPCC") projects both in Malaysia and other countries in the region.

The strength of RTB Group is supported by its in-house design and engineering capabilities in the field of electrical, structural and civil works. RTB Group has a strong foundation and track record in delivering EPCC projects at high quality standards in a cost effective manner. Its EPCC offerings cover turnkey solutions for High Voltage Transmission lines & substations, Telecommunication towers network roll-out and Mechanical and Electrical ("M&E") works for water and sewage treatment plants. With more than 4 decades of industry knowledge and design experience gained over the years, RTB Group will continuously seek new opportunities and to transform it into a leading regional utility infrastructure company.

TWENTY-EIGHTH (28^{th}) ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Twenty-Eighth (28^{th}) Annual General Meeting ("**AGM**") ("**28^{th} AGM**") of Rohas Tecnic Berhad ("**the Company**") will be held on a virtual basis at the broadcast venue at Board Room, 15th Floor, East Wing, Rohas PureCircle, 9, Jalan P. Ramlee, 50250 Kuala Lumpur. on Wednesday, 22 June 2022 at 10:00 a.m. for the following purposes:

AS ORDINARY BUSINESS:

1. To receive the Audited Financial Statements of the Company for the financial year ended 31 December 2021 together with the Reports of the Directors and Auditors thereon. (Please refer Explanatory Note A)

2. To re-elect the following Directors, each of whom retires in accordance with Clause 139 of the Company's Constitution and being eligible, offers himself or herself for re-election: -
   (i) Mohamed Tarmizi bin Ismail (Ordinary Resolution 1)
   (ii) Chee Suan Lye (Ordinary Resolution 2)
   (iii) Amirul Azhar Baharom. (Ordinary Resolution 3)

3. To approve the Directors' fees and benefits payable to the Non-Executive Directors of up to RM845,600.00 from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company. (Ordinary Resolution 4)

4. To re-appoint Messrs Grant Thornton Malaysia PLT as Auditors of the Company for the financial year ending 31 December 2022 and to authorise the Directors to fix their remuneration. (Ordinary Resolution 5)

AS SPECIAL BUSINESS:
To consider and if thought fit, to pass the following Resolution as Ordinary Resolution:-

5. **ORDINARY RESOLUTION** (Ordinary Resolution 6)
   AUTHORITY FOR DIRECTORS TO ISSUE SHARES

   "THAT, subject always to the Companies Act 2016 ("**the Act**"), the Constitution of the Company and the approvals from Bursa Malaysia Securities Berhad ("**Bursa Securities**") and any other governmental and/or regulatory authorities, where such approval is necessary, the Directors of the Company be and are hereby authorised and empowered, pursuant to the Act, to issue and allot shares in the capital of the Company from time to time at such price and upon such terms and conditions and for such purposes and to such person or persons whomsoever the Directors may in their absolute discretion deem fit provided always that the aggregate number of shares issued pursuant to this Resolution does not exceed 20% of the total number of issued shares of the Company for the time being, to be utilised for a period from the conclusion of this AGM until 31 December 2022 (as empowered by Bursa Securities pursuant to the extension of the implementation period of the enhanced general mandate announced by Bursa Malaysia Berhad on 23 December 2021) and thereafter, 10% of the total number of issued shares of the Company for the time being (as stipulated under Paragraph 6.03(1) of the Bursa Securities Main Market Listing Requirements) to be utilised before the conclusion of the next Annual General Meeting ("AGM") of the Company (hereinafter referred to as the "**General Mandate**").

   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 pursuant to the General Mandate.

   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."

6. To transact any other business of the Company of which due notice shall have been given.

BY ORDER OF THE BOARD

LAANG JHE HOW (MIA 25193) (SSM PC No.:201908002558)
CHONG MEI YAN (MAICSA 7047707) (SSM PC No.: 202008001961)
Company Secretaries
29 April 2022

TWENTY-EIGHTH (28^{th}) ANNUAL GENERAL MEETING (CONT'D)

Notes:

(1) As part of the initiatives to curb the spread of COVID-19, the 28^{th} AGM will be conducted on a virtual basis by way of live streaming and online remote voting via the 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 28^{th} AGM, is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 and Clause 83 of the Company's Constitution, which require the Chairman to be present at the main venue of the 28^{th} AGM. Members, proxies and/or corporate representatives will not be allowed to be physically present at the Broadcast Venue on the day of the 28^{th} 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 28^{th} AGM.

As guided by the Securities Commission Malaysia's Guidance Note and Frequently Asked Questions on the Conduct of General Meetings for Listed Issuers, 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 28^{th} 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 28^{th} 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 28^{th} AGM. The questions and/or remarks submitted by the members, proxies and/or corporate representatives will be responded via broadcast by the Chairman, Board of Directors and/or Management during the Meeting.

(3) In respect of deposited securities, only members whose names appear in the Record of Depositors on 15 June 2022 shall be eligible to attend (virtually) and vote at this Annual General Meeting ("AGM" or "Meeting"), or appoint a proxy to attend (virtually) and vote on his behalf. A proxy may but need not be a member of the Company.

(4) A member who is an authorised nominee may appoint not more than two (2) proxies in respect of each securities account he holds with ordinary shares of the Company standing to the credit of the said securities account. A member other than an authorised nominee shall be entitled to appoint not more than two (2) proxies to attend (virtually) and vote at the same meeting. A member who is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("**omnibus account**"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account the member holds.

(5) Where a member appoints more than one (1) proxy, the appointment shall be invalid unless the member specifies the proportions of the member's shareholding to be represented by each proxy.

(6) The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing or if the appointor is a corporation either under Common Seal or under the hand of an officer or attorney duly authorised.

(7) **Appointment of proxy and registration for remote participation and voting**

The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at SS E Solutions Sdn Bhd. of Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan not less than forty-eight (48) hours before the time for holding the Meeting or any adjournment thereof. The proxy appointment may also be lodged electronically via Securities Services e-Portal at https://sshsb.net.my/. All resolutions set out in this notice of meeting are to be voted by poll.

Should you wish to personally participate at the Meeting remotely, please register electronically via Securities Services e-Portal at https://.sshsb.net.my/ by the registration cut-off date and time. Please refer to the Administrative Guide on the Conduct of a Virtual General Meeting for further details.

The Administrative Guide on the Conduct of a Virtual General Meeting is available for download at rohastecnic.com.

(8) The Board wishes to highlight that the Meeting may be re-scheduled and/or postponed in view of the current COVID-19 outbreak and Malaysia Government's announcements or guidelines made from time to time. Please rest assured that all members/proxies including attendees shall be kept informed in the event of any unexpected changes.

EXPLANATORY NOTES: -

Note A - Audited Financial Statements

The Audited Financial Statements laid at this meeting pursuant to Section 340(1)(a) of the Companies Act 2016 are meant for discussion only. It does not require shareholders' approval, and therefore, shall not be put forward for voting.

Ordinary Resolutions 1 to 3 – Re-election of Directors

In accordance with Clauses 139 and 144 of the Constitution of the Company, an election of Directors shall take place each year during the AGM. All directors shall retire from office once at least in each three (3) years but shall be eligible for re-election. A Director appointed or confirmed by ordinary resolution shall retire at the AGM in the subsequent year. One-third (1/3) of the Directors for the time being, or, if their number is not three (3) or a multiple of three (3), then the number nearest to one-third (1/3), shall retire from office yearly at the conclusion of the AGM. A retiring Director shall retain office until the close of the meeting at which he or she retires.

At the 28^{th} AGM, the following Directors are standing for re-election as Directors of the Company, and being eligible, have offered themselves for re-election:-

(i) Mohamed Tarmizi bin Ismail;
(ii) Chee Suan Lye; and
(iii) Amirul Azhar Baharom.
[(i) to (iii) hereinafter referred to as "**Retiring Directors**"]

The Board has endorsed the recommendation from the Nomination and Remuneration Committee ("NRC") to re-elect the Retiring Directors based on the satisfactory outcome of their respective Individual Directors Performance Evaluation. Further, they possess the required skill set to facilitate and contribute to the Board's effectiveness and value.

The Board had also through the NRC carried out assessment on the independence of Mohamed Tarmizi bin Ismail and Chee Suan Lye and is satisfied that they met the criteria of independence as prescribed in the Main Market Listing Requirements of Bursa Securities.

The profiles of the Retiring Directors are set out of in the Profiles of the Board of Directors on pages 20 to 21 of the Annual Report 2021.

Ordinary Resolution 4 – Directors' Fees and Benefits Payable

Pursuant to Section 230(1) of the Companies Act 2016, fees and benefits payable ("**Remuneration**") to the Directors of the Company shall be approved by the shareholders at a general meeting. The Company is requesting shareholders' approval for the payment of Remuneration to Non-Executive Directors ("**NEDs**") for the period from the conclusion of this Annual General Meeting up until the conclusion of the next Annual General Meeting of the Company. The Remuneration comprises Directors' fees, meeting attendance allowances and other emoluments.

TWENTY-EIGHTH (28th) ANNUAL GENERAL MEETING (CONT'D)

EXPLANATORY NOTES (Cont'd) : -

Ordinary Resolution 4 – Directors' Fees and Benefits Payable (cont'd)

The total Remuneration paid to the NEDs for the financial year ended 31 December 2021 was RM676,000 and the details of which are published in the Corporate Governance Report on the Company's website at **rohastecnic.com.**

The Remuneration payable for the NEDs for the period from the conclusion of this AGM until the conclusion of the next AGM of the Company ("**Mandate Period**") are estimated not to exceed RM845,600.00. The calculation is based on the estimated Directors' fees, the size of the Board and Board Committees and the number of meetings estimated to be held during the Mandate Period, travelling allowances and premium for insurance coverage and/or possible claims for hospital, surgery and personal accident required. The Board will seek shareholders' approval at the next AGM in the event the proposed Remuneration is insufficient.

Ordinary Resolution 6 – Authority for Directors to issue shares

The Company wishes to renew the mandate on the authority to issue shares pursuant to the Act at the 28th AGM of the Company. The Company had been granted a general mandate by its shareholders at the 27th AGM of the Company held on 23 June 2021 (hereinafter referred to as the "**Previous Mandate**").

The Previous Mandate granted by the shareholders had not been utilised and hence, no proceeds were raised therefrom.

As part of Bursa Securities' continuous support and assistance to listed corporations in these trying and challenging times amid the COVID-19 pandemic, Bursa Securities had via its letter dated 23 December 2021 extended the implementation period of the increased 20% general mandate to allow a listed issuer to seek a higher than the general mandate under Paragraph 6.03 of the Main Market Listing Requirements of Bursa Securities of not more than 20% of the total number of issued shares (excluding treasury shares) for new issue of securities by way of private placement ("20% General Mandate") up to 31 December 2022 provided that a listed issuer which has obtained shareholders' approval for the 20% General Mandate at a general meeting in 2021 but has not utilised it to issue new securities on or before 31 December 2021; or a listed issuer has not sought shareholders' approval for the 20% General Mandate at a general meeting in 2021.

The 20% General Mandate may be utilised to issue new securities until 31 December 2022, and thereafter, the 10% of the total number of issued shares of the Company for the time being as stipulated under Paragraph 6.03(1) of the Main Market Listing Requirements of Bursa Securities shall apply ("10% General Mandate"). The 20% General Mandate and 10% General Mandate are sought to provide flexibility to the Company for allotment of shares without convening a general meeting, which may be both time and cost-consuming, if the need arises.

The Board, having considered the current and prospective financial position, needs and capacity of the Company, is of the opinion that the 20% General Mandate is in the best interest of the Company and its shareholders, on the following basis: -

- The 20% General Mandate accorded by Bursa Securities will provide flexibility to the cash flow planning of the Company should the Company require additional funding for the business contingency plans to mitigate the financial impact of COVID-19, if any.
- The 20% General Mandate will also provide flexibility to the Company for any possible fund-raising activities, including but not limited to further placing of shares, for purpose of funding its business plans, future investment project(s), and/or acquisitions.
- The interest of the Company as well as its long-term shareholders should be in congruence on the issue of long-term sustainability of the Company as only a business operation with healthy and sufficient working capital could generate positive returns to the Company and its shareholders.
- Given the outbreak of COVID-19 pandemic, the additional fund raising flexibility through the 20% General Mandate will enable the Company, should it require to do so, to meet its funding requirements for working capital, operational expenditures expeditiously and efficiently, without burdening the shareholders with a separate general meeting during this challenging period.

MISSION STATEMENTS

MISSION

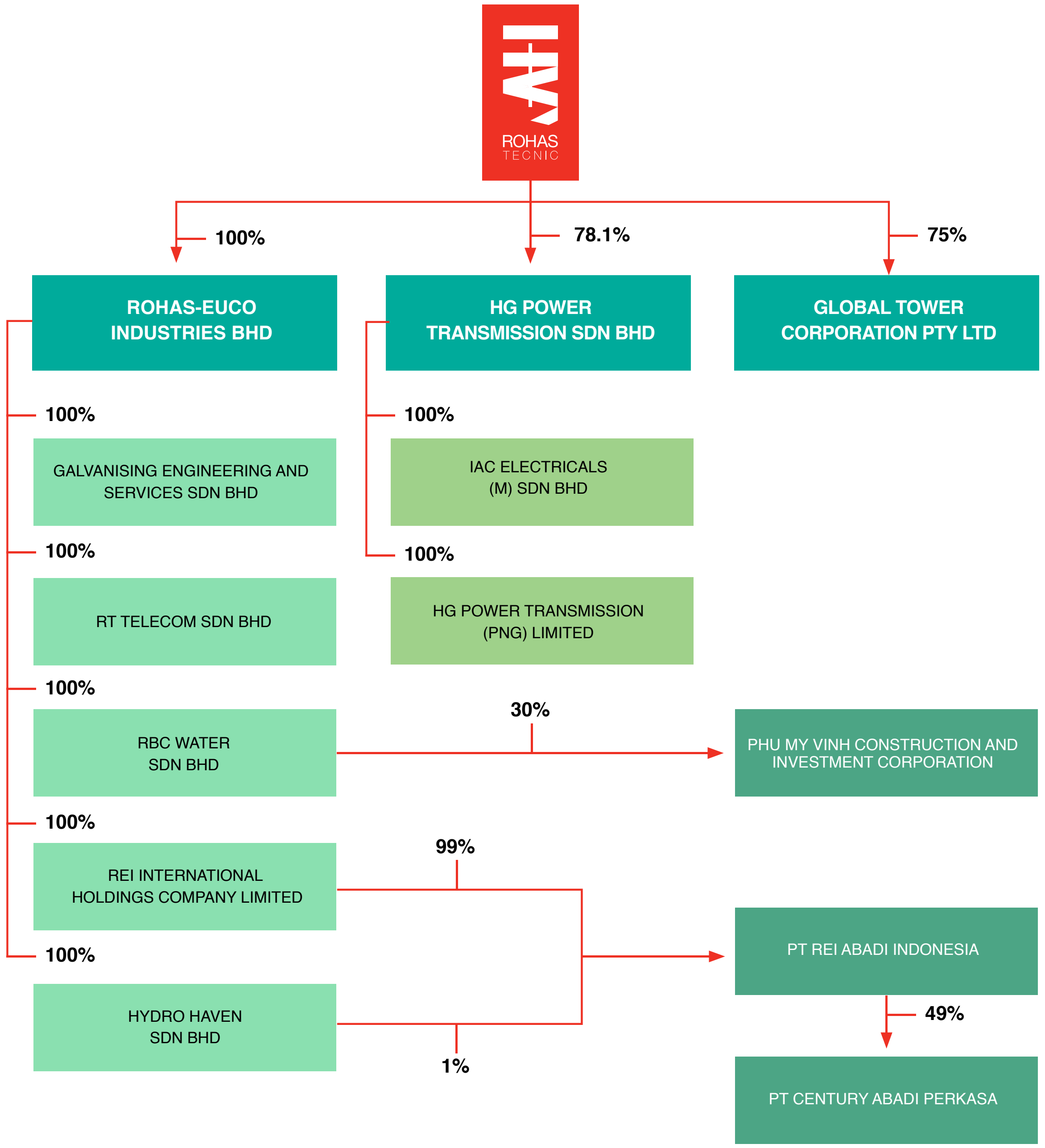
We aim to maintain our leadership in tower construction and deepen our involvement in EPCC opportunities

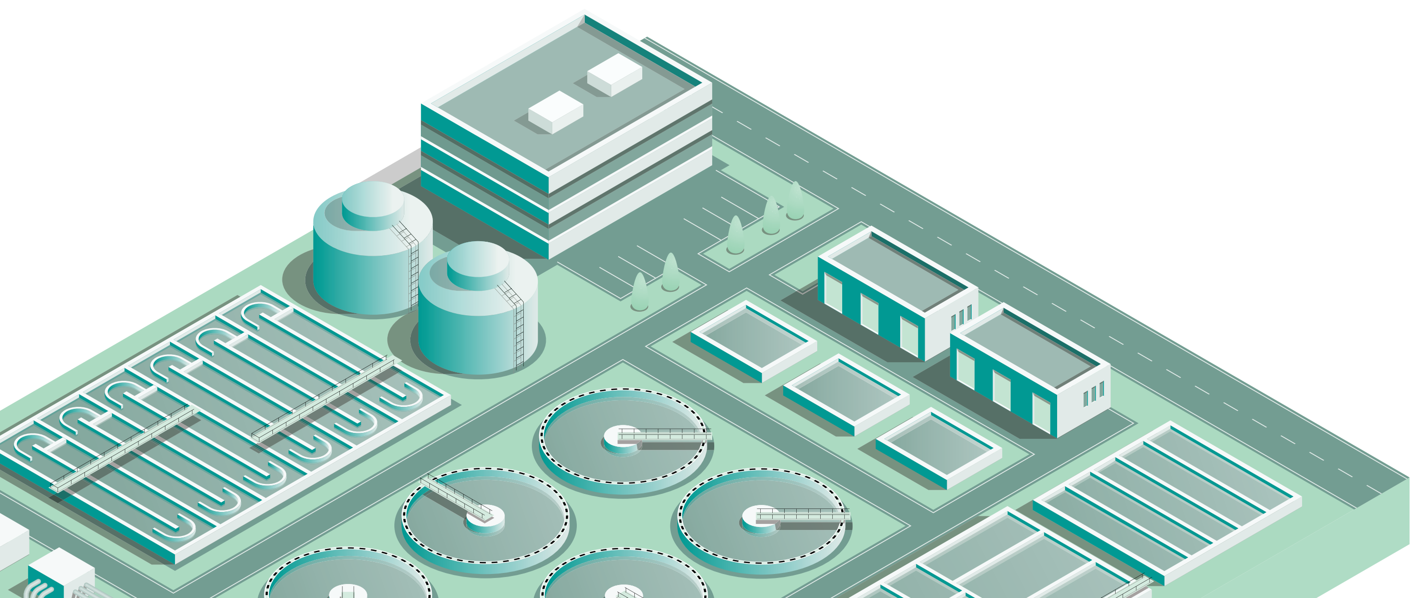
MOTTO

We shall do better because we can

GROUP CORPORATE STRUCTURE

as at 14 April 2022





CORPORATE INFORMATION

Board of Directors

Sia Bun Chun
Chee Suan Lye
Mohamed Tarmizi Ismail
Amirul Azhar Baharom
Dr. Ir. Jeyanthi Ramasamy
Khor Yu Leng
Wan Afzal-Aris Wan Azmi
Shaharuddin Zainuddin
Leong Wai Yuan
Wong Mun Keong
Shahrulanuar Ishak (resigned on 30 November 2021)

Audit and Risk Management Committee

Chee Suan Lye
Mohamed Tarmizi Ismail
Dr. Ir. Jeyanthi Ramasamy
Shaharuddin Zainuddin

Nomination and Remuneration Committee

Mohamed Tarmizi Ismail
Sia Bun Chun
Khor Yu Leng

Sustainability Committee

Khor Yu Leng
Sia Bun Chun
Shaharuddin Zainuddin
Wan Afzal-Aris Wan Azmi
Leong Wai Yuan

Company Secretaries

Laang Jhe How
(MIA 25193)
(SSM PC No.:201908002558)

Chong Mei Yan
(MAICSA 7047707)
(SSM PC No.:202008001961)

Registered Office

149A, Jalan Aminuddin Baki,
Taman Tun Dr. Ismail
60000 Kuala Lumpur
W. P. Kuala Lumpur, Malaysia
Tel : 603 - 7729 1519
Fax : 603 - 7728 5948
Email : edzonems@gmail.com

Head Office

15th Floor, East Wing, Rohas PureCircle
No. 9, Jalan P. Ramlee,
50250 Kuala Lumpur
W. P. Kuala Lumpur, Malaysia
Tel : 603 - 2163 3900
Fax : 603 -2164 5900
Email : rtb@rohastecnic.com
Website : rohastecnic.com

Share Registrars

Insurban Corporate Services Sdn. Bhd.
149, Jalan Aminuddin Baki,
Taman Tun Dr. Ismail
60000 Kuala Lumpur
W. P. Kuala Lumpur, Malaysia
Tel : 603 - 7729 5529
Fax : 603 - 7728 5948
Email : insurban@gmail.com

Stock Exchange Listing

Bursa Malaysia Securities Berhad
Main Market
Stock Code: 9741

Auditors

Grant Thornton Malaysia PLT
(Member Firm of Grant Thornton International Ltd)
Chartered Accountants
Level 11, Sheraton Imperial Court
Jalan Sultan Ismail
50250 Kuala Lumpur
W. P. Kuala Lumpur, Malaysia
Tel : 603 - 2692 4022
Fax: 603 - 2732 5119
Website: www.grantthornton.com.my

Principal Bankers

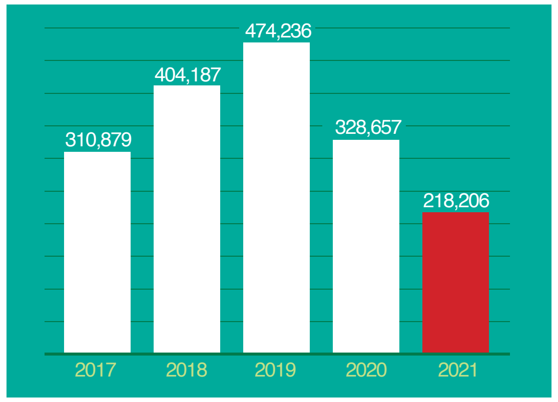
Maybank Islamic Berhad
OCBC Al-Amin Bank Berhad
Standard Chartered Saadiq Berhad
United Overseas Bank (Malaysia) Berhad
AmBank (M) Berhad

5 YEARS FINANCIAL HIGHLIGHT

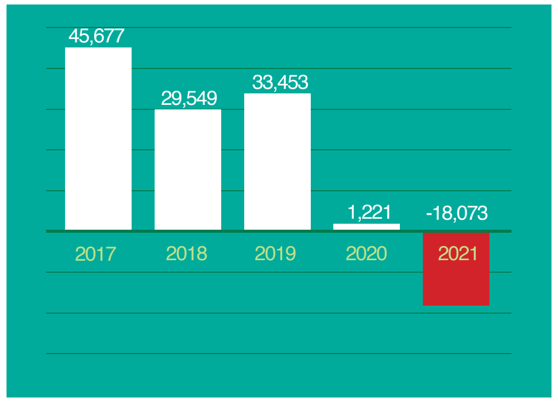
FINANCIAL YEAR ENDED	2017 RM'000	2018 RM'000	2019 RM'000	2020 RM'000	2021 RM'000
Operating results					
Revenue	310,879	404,187	474,236	328,657	218,206
Operating profit/(loss)	45,677	29,549	33,453	1,221	(18,073)
EBITDA	22,855	32,186	41,990	10,832	(1,545)
Profit/(Loss) after tax	4,571	15,262	18,320	(5,255)	(15,548)
Profit/(Loss) after tax and minority interest	3,059	16,030	17,280	(2,834)	(11,318)

Key statement of financial position data	2017	2018	2019	2020	2021
Cash and bank balances	104,685	60,626	65,365	62,390	84,794
Total assets	697,271	689,019	588,926	578,910	513,566
Borrowings	125,838	92,948	114,526	101,673	84,724
Total liabilities	353,744	342,391	234,649	232,224	183,519
Shareholder fund	343,528	346,627	354,277	346,686	330,047
Earnings per share (sen)	0.88	3.39	3.66	(0.60)	(2.39)
Net assets per share (RM)	0.66	0.67	0.69	0.68	0.66
Net debt to equity (times)	0.40	0.29	0.35	0.29	0.26

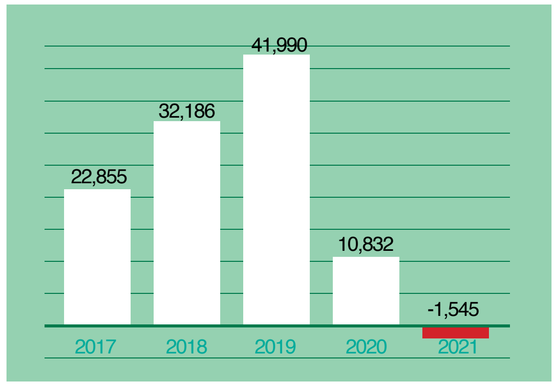
5 YEARS FINANCIAL HIGHLIGHT



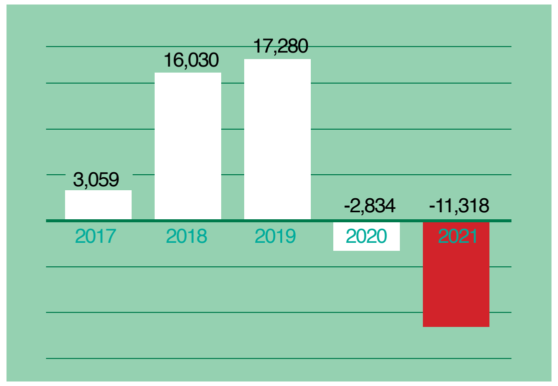
Revenue (RM'000)



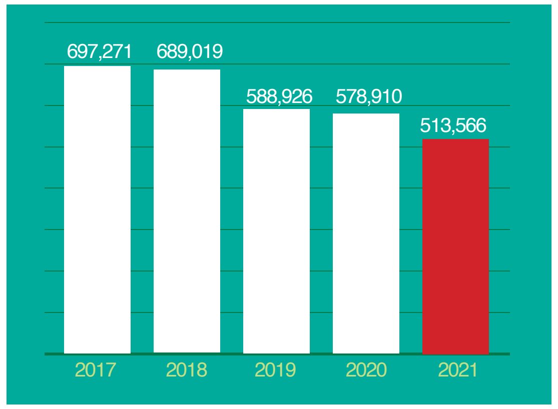
Operating Profit (RM'000)



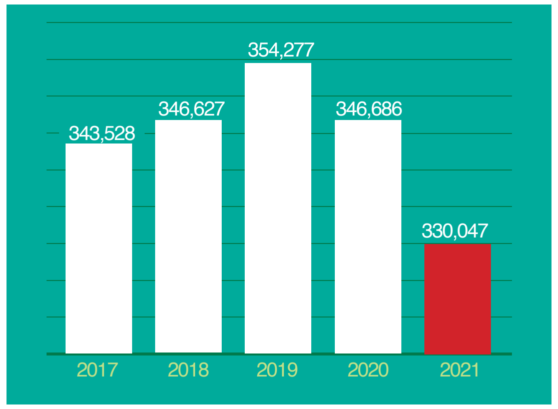
EBITDA (RM'000)



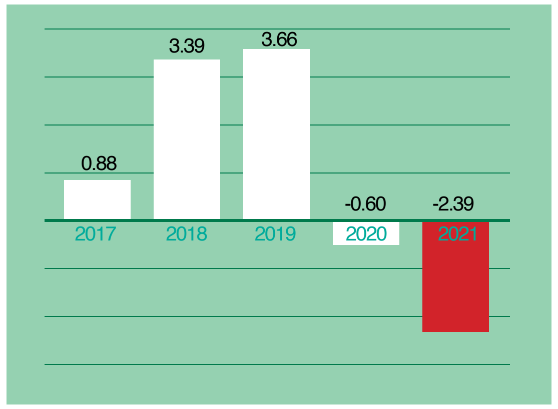
Profit After Tax and Minority Interest (RM'000)



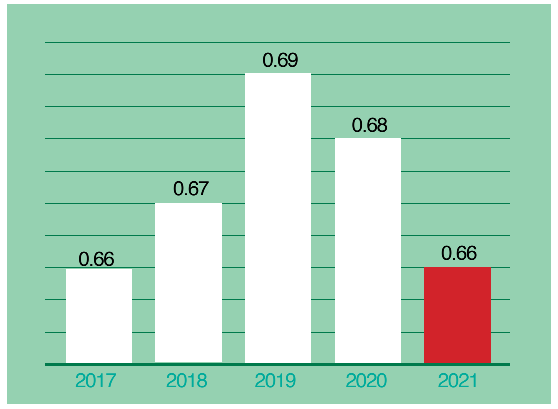
Total Asset (RM'000)



Shareholders Fund (RM'000)



Earning per share (sen)



Net asset per share (RM)

KEY MILESTONES

KEY MILESTONES

2017

8 March 2017

Completion of the regularisation plan through 100% acquisition of Rohas-Euco Industries Berhad ("REI") via issuance of 317.4 mil shares and public issue of 42 mil shares

Change of name from Tecnic Group Berhad to Rohas Tecnic Berhad ("RTB")

31 October 2017

Acquired 75% of HG Power Transmission Sdn Bhd via issuance of 72.8 mil shares and RM22.5 mill in cash

26 December 2017

Paid out interim dividend 1 sen per share to shareholders

2018

6 February 2018

REI commenced expansion and upgrade of lattice tower manufacturing plant at Lot 5, Bentong

2 May 2018

Rollout of a new Enterprise Resource Planning System

8 May 2018

24th AGM and approved final dividend of 1.5 sen per share to shareholders

15 May 2018

REI commenced expansion and upgrade of monopole manufacturing plant at Lot 18, Bentong

25 May 2018

Inclusion in the list of shariah-compliant securities

2019

25 May 2019

RBC Water completed the 40% share acquisition of Phu My Vinh

29 May 2019

25th Annual General Meeting and approved final dividend of 1.0 sen per share to shareholders

21 June 2019

RTB has entered into Share Purchase Agreement to acquire 75% of Global Tower Corporation Pty Ltd ("GTC")

8 November 2019

REI and GES accredited with ISO 45001:2018 Occupational Health and Safety Management Systems certification

20 November 2019

Completion of REI Monopole Manufacturing facilities and relocation of related equipment

2020

31 January 2020

Paid out interim dividend 0.5 sen per share to shareholders

19 June 2020

Completed the acquisition GTC

9 July 2020

26th Virtual AGM and approved final dividend of 0.5 sen per share to shareholders

2021

28 February 2021

Completion of relocation of machinery and raw materials from Lot 10 to Lot 5, Bentong Factory

23 June 2021

27th Virtual AGM

30 July 2021

Formed the Sustainability Committee

2022

22 June 2022

28th Virtual AGM

CHAIRMAN'S INTERVIEW

1. Well George, 2021 did not seem to have seen much improvement?

No indeed! As I had expressed in last year's Annual Statement, my fear was that we would not be able to see much improvement in 2021 due to the slow recovery process as the world emerged from the Covid-19 pandemic. The reality was in fact far worse. The emergence of the Delta strain of the virus led to a new round of lockdowns globally and the Omicron strain was a major cause for concern as well.

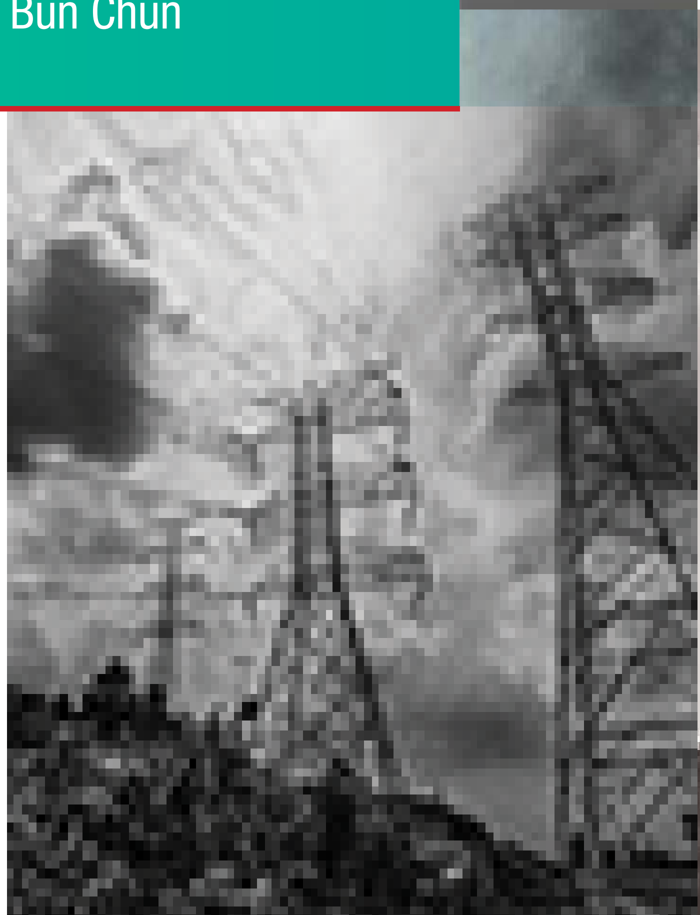
Just when we seemed poised to commence recovery with a good 4th quarter, unfortunately Malaysia saw a spell of heavy rain that led to severe flooding. And while our factory in Bentong was spared, unfortunately deliveries to customers were delayed well into 2022.

2. An even more difficult year then. How did management react to this challenge of seeing setback after setback?

In a way 2020 had given us the experience and instilled in our people the strength to adapt to the challenges that cropped up in 2021. It wasn't just the direct impact of the various lockdown and strict SOPs, but also the effects of supply chain disruptions and logistical bottlenecks.

Our team did admirably to hold the operations together and we would have done better in Q4 if not for the floods. Although our water subsidiary RBC was busy implementing plant capacity expansion in Vietnam for our JV water supply asset, however during the year we even secured our first local water supply project in almost 20 years! In Selangor itself!

George Sia Bun Chun
Chairman



3. How would you summarise the Group's 2021 performance?

In terms of financial results, it was not good.

The Group as a whole saw a 34% drop in Revenue in 2021 compared to 2020. The bottom line was that, after impairment of certain contract assets and receivables, we saw a net loss after tax of RM15.5 million.

The bright spark in our accounts was the performance of our offshore associates in the water (Vietnam) and energy (Indonesia) sectors, both of which contributed positively to Group profit.

CHAIRMAN'S INTERVIEW

4. Do you see that as vindication for the Group's diversification strategy?

Absolutely. As I said last year, we will continue to build on our core competence in the fabrication and installation of towers while expanding our businesses in water and telecommunications.

Our water treatment facilities in Vietnam will see a doubling in capacity from 40MLD to 80MLD by middle of 2022. Our mini-hydro power plant in Aceh was successfully commissioned in April 2021 and production of power has been smooth and indeed above expectations.

Global Tower Corporation, our 75%-owned subsidiary company in Cambodia has commenced the building of towers in Phnom Penh and as an independent tower leasing company, stands to benefit from government policy to separate tower ownership from network services. Conceptually this is a good direction to develop recurring income, however we will proceed with caution and continuously evaluate the scale of our potential investment with respect to foreign investment rules in Cambodia and direction of Telecommunication Regulator Of Cambodia.

Meanwhile our more traditional core manufacturing business has begun to see orders domestically as Malaysia presses on with the Jendela project and the roll out of 5G infrastructure.

5. Any further words for your Shareholders?

The phrase "Rome wasn't built in a day" comes to mind. It took us 20 years to achieve leadership in the domestic tower market. The next 20 years will see us compete in the regional and indeed global arena.

It will not be easy. What stands us in good stead is the work ethic and culture of our Group. Without vision we will stagnate, without good people our vision will not see fruition.

In spite of the headwinds of the past two years, RTB's financial position remains strong. 2022 will be a year where we expect to return to profitability. I hope we will be able to resume paying a dividend from thereon.

I thank Shareholders for your patience and assure you - the Board and Management are doing their utmost!

George Sia

CHAIRMAN'S INTERVIEW

BOARD OF DIRECTORS

BOARD OF DIRECTORS

BOARD OF DIRECTORS (CONT'D)

Sia Bun Chun

Non-Independent Non-Executive Chairman

Nationality/Age/Gender **Singaporean /74/Male**

Date of Appointment **8 March 2017**

Sia Bun Chun completed his Matriculation program in St Stephen's College, New Zealand and undertook part-time studies program in engineering at the Wellington Polytechnic, New Zealand.

After several engineering related working stints in New Zealand and Indonesia, he returned to Malaysia in 1974 where he joined Rohas-Euco Industries Bhd ("REI"), which was then known as Crittal Euco Sdn Bhd and was subsequently promoted as its Managing Director in 1976. Sia Bun Chun was the Managing Director of RTB Group until his retirement in 2017, after which he was appointed as the Deputy Chairman until he assumed the position as Chairman of RTB on 1 January 2020.

Board Committee Memberships:

- Member of Board Nomination and Remuneration Committee
- Member of Board Sustainability Committee

Directorship In Other Public Companies And Listed Issuers:

- None

Chee Suan Lye

Senior Independent Non-Executive Director

Nationality/Age/Gender **Malaysian/67/Female**

Date of Appointment **8 March 2017**

Chee Suan Lye qualified as a Certified Public Accountant (Malaysia) and was admitted as a member of the Malaysian Institute of Certified Public Accountants since 1978.

She started her career with Price Waterhouse in 1974 and over the years had served in various corporate capacities in other industries. She was also the Executive Director of The Association of Banks in Malaysia for several years and had served on the boards of several companies including as independent director on Bolton Properties Bhd. She also sat on the Boards of organisations such as the Banking Mediation Bureau and the Financial Mediation Bureau.

Board Committee Memberships:

- Chairman, Board Audit and Risk Management Committee

Directorship In Other Public Companies And Listed Issuers:

- None

BOARD OF DIRECTORS (CONT'D)

Mohamed Tarmizi Ismail

Independent Non-Executive Director

Nationality/Age/Gender **Malaysian/61/Male**

Date of Appointment **8 March 2017**

Mohamed Tarmizi Ismail graduated with a Bachelor of Arts in Sociology from the State University of New York, USA in 1984.

He began his career in Bank Negara Malaysia and subsequently joined D&C Sakura Merchant Bankers Sdn Bhd. After a decade in financial services, Tarmizi joined Land & General Berhad as Group Head Business Development in 1995 prior to pursuing his own business interest. Currently, he is the Managing Partner of Tarmizi Tun Dr Ismail & Partners Sdn Bhd, a strategic human capital advisory and executive search firm which he established in 2002. At the time, he was also invited onto the Board of HwangDBS Investment Bank Bhd.

Board Committee Memberships:

- Chairman, Board Nomination and Remuneration Committee
- Member, Board Audit and Risk Management Committee

Directorship In Other Public Companies And Listed Issuers:

- None

Amirul Azhar Baharom

Non-Independent Executive Director

Nationality/Age/Gender **Malaysian/49/Male**

Date of Appointment **15 March 2013**

Amirul Azhar Baharom graduated with a LLB Hons from Staffordshire University, United Kingdom in 1996.

He began his career as a Research Analyst with Cazenove & Co and had been in the financial services industry for a number of years where he was amongst others, with the Securities Commission, BDO Capital Consultants Sdn Bhd and KAF Fund Management Sdn Bhd. He had also previously served as the Group Managing Director and CEO of Vastalux Energy Berhad and as the Acting Group Chief Executive Officer of Avillion Berhad. He is currently the Group CEO of Scomi Energy Services Berhad.

He was appointed as Independent Non-Executive Director of RTB on 15 March 2013 and re-designated as Non-Independent Executive Director on 14 April 2022.

He was also previously a member of the Board of Directors of Vastalux Energy Berhad, Reliance Pacific Berhad, Admiral Marina Berhad, Spring Gallery Berhad and Scomi Group Berhad.

Board Committee Memberships:

- None

Directorship In Other Public Companies And Listed Issuers:

- Chairman, UMS-Neiken Group Berhad
- Director, Scomi Energy Services Bhd

Dr. Ir. Jeyanthi Ramasamy

Independent Non-Executive Director

Nationality/Age/Gender **Malaysian/39/Female**

Date of Appointment **23 August 2017**

Dr. Ir. Jeyanthi Ramasamy graduated with a Bachelor of Petroleum Engineering from the University of Technology, Malaysia in 2006. Later on, she continued her Master in Petroleum Technology with Curtin University of Technology and graduated with distinction in 2012 and subsequently completed her Industrial PhD in Subsea Engineering with the University of Technology, Malaysia in 2016.

She is pursuing her career in the oil and gas industry since 2006 while continuing her academic pursuits. She is a Professional Engineer with a practicing certificate (Petroleum) with the Board of Engineers Malaysia; a Fellow of The Institute of Engineers Malaysia (IEM); and a Life Member of Women's Institute of Management. Recently in December 2021, she has completed the Bachelor of Jurisprudence from the University of Malaya.

Board Committee Memberships:

• Member, Board Audit and Risk Management Committee

Directorship In Other Public Companies And Listed Issuers:

• None

Khor Yu Leng

Independent Non-Executive Director

Nationality/Age/Gender **Malaysian/51/Female**

Date of Appointment **13 November 2018**

Khor Yu Leng graduated with an honours degree in Philosophy, Politics & Economics from the Oxford University, UK in 1992 and a masters degree in Economics from the London School of Economics, UK in 1993.

She is a research specialist in both the quantitative and qualitative aspects of economics and has vast experience in international consulting, having served a number of Fortune 500 companies, other corporations, government agencies and NGOs in over 150 studies throughout the span of her career. She is currently the Owner and Director of Segi Enam Advisors Pte Ltd in Singapore, a firm specialising in market research and business intelligence; Senior Fellow (Sustainability) at the Singapore Institute of International Affairs; Council Member of the Malaysian Oil Scientists and Technologists Association; and has a focus on commodity, energy and carbon markets.

Board Committee Memberships:

• Chairman, Board Sustainability Committee
• Member, Board Nomination and Remuneration Committee

Directorship In Other Public Companies And Listed Issuers:

• SIPEF, a Belgian agribusiness group listed on Euronext Brussels

Wan Afzal Aris Wan Azmi

Non-Independent Non-Executive Director

Nationality/Age/Gender **Malaysian/37/Male**

Date of Appointment **13 January 2020**

Wan Afzal Aris graduated with a Bachelor of Arts majoring in International Business and Marketing from the European Business School, UK in 2008.

He started his career in 2008 at Halfmoon Bay Capital Sdn Bhd, assisting its Director to coordinate and supervise the firm's daily operations. In 2010, he joined Riverlee Australia Pty Ltd, a company primarily engaged in property investment and development, subsequently becoming its Asset Manager, handling the company's oversight on the assigned portfolio. Currently, Wan Afzal Aris is the Director and Chief Executive Officer of Rohas Sdn Bhd, appointed to the position in 2014.

Wan Afzal Aris was appointed as alternate director to Tan Sri Wan Azmi Wan Hamzah on 13 November 2018 and ceased as alternate director when Tan Sri Wan Azmi Wan Hamzah resigned as director of the Company. He was then appointed as director of the Company on 13 January 2020.

Board Committee Memberships:

• Member, Board Sustainability Committee

Directorship In Other Public Companies And Listed Issuers:

• None

Shaharuddin Zainuddin

Independent Non-Executive Director

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

Date of Appointment: **17 September 2020**

Shahar is a Chartered Accountant with expertise in risk management, capital markets and Islamic finance. He graduated with a Bachelor of Accounting (Honours) from University of East Anglia, United Kingdom in 1992.

He is a seasoned global banker and business leader with more than 25 years' of experience gained across Europe, the Middle East, Africa and South East Asia. His extensive knowledge of a wide range of banking businesses from Corporate and Investment Banking, Development Banking and Impact Investment is evidenced by a proven ability to build and sustain successful ventures by bringing changes and transformation, whilst managing and motivating diverse culture and talent.

He is currently the Managing Partner of Adamas Advisory Sdn Bhd, a firm focusing on corporate restructuring, turnarounds and disruptive innovation through digital transformation to unlock value by co-creating new ventures. They work to enable firms with low physical footprints to effectively compete with established players using blockchain, big data analytics and artificial intelligence. He is also a Mentor and Senior Advisor to Global Institute for Tomorrow (GIFT), a think tank based in Hong Kong.

He was formerly the President/CEO and board member of Bank Pembangunan Malaysia Berhad, and also board member of Alliance Islamic Bank Berhad.

Board Committee Memberships:

• Member, Board Audit and Risk Management Committee
• Member, Board Sustainability Committee

Directorship In Other Public Companies And Listed Issuers:

• None

BOARD OF DIRECTORS (CONT'D)

Leong Wai Yuan

Non-Independent Executive Director
Nationality/Age/Gender **Malaysian/45/Male**
Date of Appointment **8 March 2017**

Leong Wai Yuan is an Honours graduate from the University of Malaya in Materials Engineering with a Master of Business Administration specialising in Finance with Charles Sturt University, Australia; and a member of Malaysia Institute of Management (MIM).

He joined REI Group as Group Chief Operating Officer in 2013 before being promoted as the Deputy Chief Executive Officer. He was appointed as Chief Executive Officer of REI Group in 2017 and subsequently as a board member and Group CEO of the RTB Group. Prior to this, Leong Wai Yuan was General Manager for a leading Australian manufacturer and supplier of steel products and solutions worldwide. He brings experience in production, construction, product development, strategic & corporate planning, supply chain and people management from his various capacities of over 20 years.

Board Committee Memberships:

• Member, Board Sustainability Committee

Directorship In Other Public Companies And Listed Issuers:

• None

Wong Mun Keong

Non-Independent Executive Director
Nationality/Age/Gender **Malaysian/61/Male**
Date of Appointment **8 March 2017**

Wong Mun Keong holds a Bachelor of Commerce in Accounting, Finance and Systems (Honours) from the University of New South Wales, Australia since 1986.

From 1987 to 2006, he was working in various capacities related to finance and investment, in Malaysia and Australia. He joined REI Group in 2007 and is currently the Chief Investment Officer of RTB.

Board Committee Memberships:

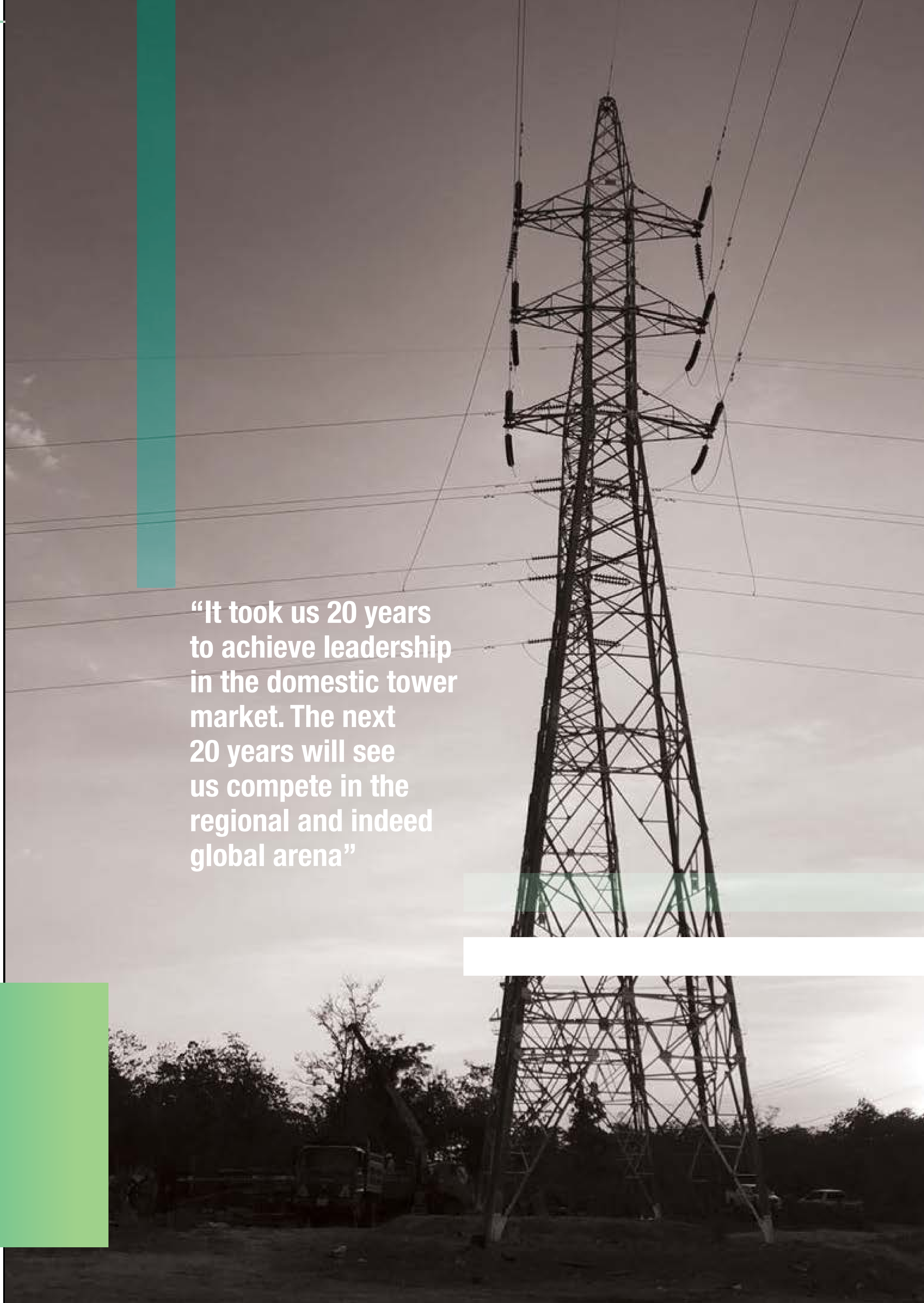
• None

Directorship In Other Public Companies And Listed Issuers:

• Director, Syarikat Pengeluar Air Selangor Holdings Berhad
• Director, Scomi Energy Services Bhd
• Director, Rohas-Euco Industries Berhad

Notes:

1. Directors' attendance at Board and Board Committee meetings during the financial year ended 31 December 2021 ("FY2021") are set out in the Corporate Governance Overview Statement and Audit and Risk Management Committee Report.
2. The above Directors have no family relationship with any Director and/or major shareholder of Rohas Tecnic Berhad ("RTB"), except for Wan Afzal Aris who is the son of Tan Sri Wan Azmi bin Wan Hamzah and Puan Sri Nik Anida Binti Nik Manshor both of whom are major shareholders of RTB, and Sia Bun Chun who is the spouse of Chan Liew Hoon, who is also a major shareholder of RTB.
3. The above Directors have no conflict of interest with RTB, have not been convicted of any offence (other than traffic offences, if any) within the past five (5) years, and have not been imposed any public sanction or penalty by the relevant regulatory bodies during FY2021.



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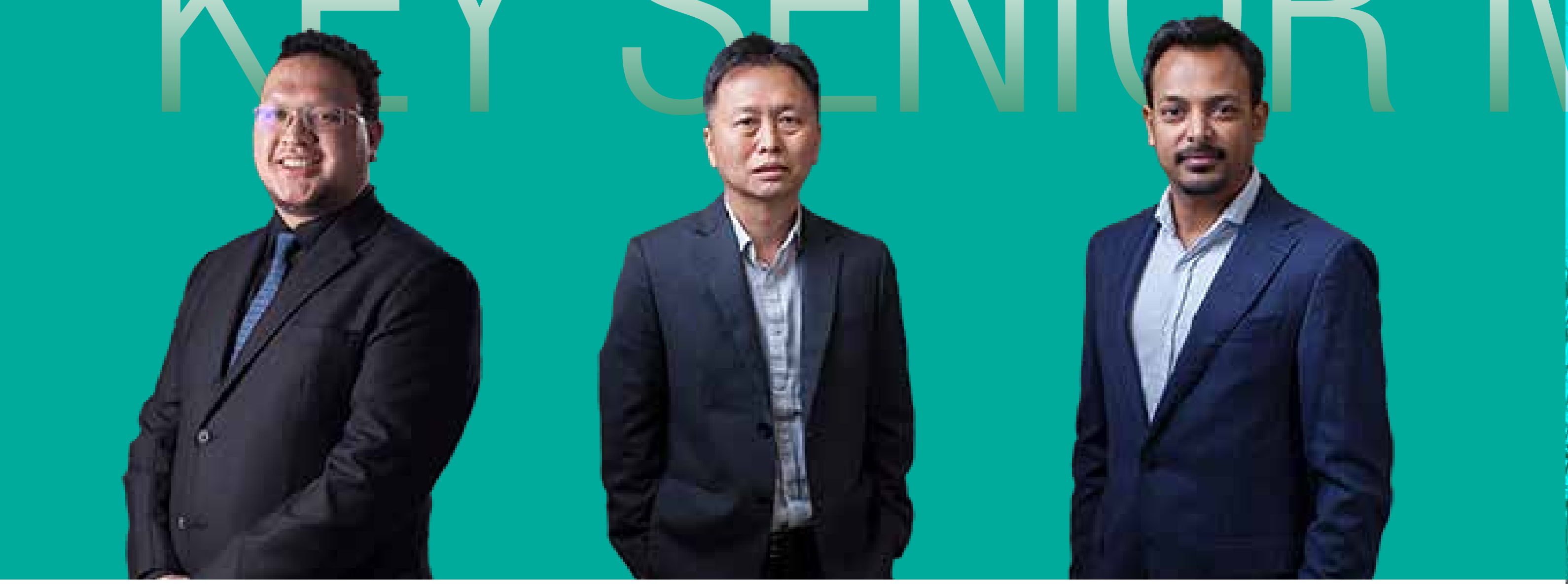
KEY SENIOR MANAGEMENT

KEY SENIOR MANAGEMENT



Wan Affan Azam Wan Azmi

Chief Operating Officer
Rohas-Euco Industries Bhd ("REI")

Nationality • Age • Gender
Malaysian • 34 • Male

Date of Appointment
1 March 2015

Academic/Professional Qualifications

- BA (Hons) in Games Cultures

Working Experience

Joined REI as a Marketing Specialist. He was promoted as Deputy to the Chief Operating Officer of REI in 2019 and was subsequently promoted to his current position from 1 October 2020.

Present Directorship

I. Listed Entity : Nil
II. Other Public Companies : Nil

Chai Kam Cheong

Chief Operating Officer
RBC Water Sdn Bhd

Nationality • Age • Gender
Malaysian • 59 • Male

Date of Appointment
2 January 2018

Academic/Professional Qualifications

- Bachelor Degree from University of Tasmania
- Post-graduate Diploma from Australian National University
- Master of Science (Water and Environmental Management) from the Water, Engineering and Development Centre (WEDC), Loughborough University, UK
- Member of the Chartered Institute of Water and Environmental Management (MCIWEM) and Chartered Environmentalist (CEnv) in Society of the Environment, United Kingdom

Working Experience

Joined RBC Water with the current position.

Present Directorship

I. Listed Entity : Nil
II. Other Public Companies : Nil

Rishabh Dev Khaitan

Chief Operating Officer
HG Power Transmission Sdn Bhd ("HGPT")

Nationality • Age • Gender
Indian • 38 • Male

Date of Appointment
1 November 2017

Academic/Professional Qualifications

- Bachelor of Science in Finance, University of Illinois at Urbana-Champaign, USA

Working Experience

Rishabh joined HGPT in May 2017 as Vice President Projects and was promoted to Chief Operating Officer from 1 November 2017.

Present Directorship

I. Listed Entity : Nil
II. Other Public Companies : Nil

Subhash Devan

Chief Operating Officer
RT Telecom Sdn Bhd ("RTT")

Nationality • Age • Gender
Malaysian • 35 • Male

Date of Appointment
2 April 2018

Academic/Professional Qualifications

- Association of Chartered Certified Accountants (ACCA)
- B.SC (Hons) Degree in Applied Accounting, Oxford Brooks University, United Kingdom

Working Experience

Joined RTT with the current position.

Present Directorship

I. Listed Entity : Nil
II. Other Public Companies : Nil

Ahmad Latifi Supian

General Manager
Sales and Marketing
Rohas-Euco Industries Bhd ("REI")

Nationality • Age • Gender
Malaysian • 56 • Male

Date of Appointment
1 March 2014

Academic/Professional Qualifications

- Diploma in Electrical Engineering, University Technology of Malaysia
- Executive Master Of Business Administration, University Technology of Malaysia

Working Experience

Joined REI in 2014 as General Manager of Supply Chain. He was assigned to his current position on 1 October 2020.

Present Directorship

I. Listed Entity : Nil
II. Other Public Companies : Nil

KEY SENIOR MANAGEMENT (CONT'D)

KEY SENIOR MANAGEMENT (CONT'D)

Teoh Eng Bee

General Manager
Engineering Design Division
Rohas-Euco Industries Bhd ("REI")

Nationality • Age • Gender
Malaysian • 47 • Male

Date of Appointment
10 September 1997

Academic/Professional Qualifications

- Diploma in Civil Engineering, University Teknologi Malaysia
- Bachelor of Civil Engineering, University Teknologi Malaysia
- Member of Board of Engineers Malaysia

Working Experience

Joined REI in 1997 as Assistant Engineer and has held various position, the last being Manager in the Engineering Design Division.

Present Directorship

I. Listed Entity : Nil
II. Other Public Companies : Nil

Harianto Taruna

President
PT REI Abadi Indonesia ("PTRAI")

Nationality • Age • Gender
Indonesia • 52 • Male

Date of Appointment
07 September 2016

Academic/Professional Qualifications

- Diploma in Mechanical Engineering from ATMI, Surakarta, Indonesia
- Bachelor of Economic Science in Finance, University of Indonesia
- Master of Economic Science in Finance, University of Indonesia

Working Experience

Joined PTRAI with the current position. Harianto has more than 14 years working on Japanese Venture Capital in Indonesia and Global Private Equity Fund in Indonesia.

Present Directorship

I. Listed Entity : Nil
II. Other Public Companies : Nil

Vivian Lee Poh Cheng

General Manager
Human Resource Department
Rohas-Euco Industries Bhd ("REI")

Nationality • Age • Gender
Malaysian • 46 • Female

Date of Appointment
1 March 2018

Academic/Professional Qualifications

- Post Graduate Diploma in Human Resource Management in association with Glasgow Caledonian University Scotland, United Kingdom
- Certified Professional Coach, Malaysia Institute of Management
- Certified Professional Trainer, Malaysia Employer Federation in collaboration with University of Swinburne
- Professional DISC Facilitator

Working Experience

Joined REI with the current position. Vivian has approximately 18 years of experience in Human Resource.

Present Directorship

I. Listed Entity : Nil
II. Other Public Companies : Nil

Wan Farhah Wan Hamzah

General Manager
Legal and Secretarial Department
Rohas-Euco Industries Bhd ("REI")

Nationality • Age • Gender
Malaysian • 59 • Female

Date of Appointment
19 August 2019

Academic/Professional Qualifications

- LLB (Hons)

Working Experience

Wan Farhah was called to the Malaysian Bar in 1988 and was in professional legal practice for over 10 years before joining the in-house legal counsel community where she has served in several organisations involved in the information and communications technology sector as well as the oil and gas industry. She joined REI with the current position.

Present Directorship

I. Listed Entity : Nil
II. Other Public Companies : Nil

Saravanan Many

General Manager
Internal Audit Department
Rohas-Euco Industries Bhd ("REI")

Nationality • Age • Gender
Malaysian • 43 • Male

Date of Appointment
1 August 2019

Academic/Professional Qualifications

- MBA in Risk Management, Asia E-University, Malaysia
- BA(Hons) Major in Finance and Accounting, University Tun Abdul Razak, Malaysia
- Diploma in Management, KLC School of Business, Malaysia
- Associate Member of Institute of Internal Auditors Malaysia (IIAM)

Working Experience

Joined REI with the current position. Prior to joining REI, Saravanan has approximately 15 years of experience in Internal Audit.

Present Directorship

I. Listed Entity : Nil
II. Other Public Companies : Nil

The above Key Senior Management members have no family relationship with any Director and/or major shareholder of RTB, except for Wan Affan Azam Wan Azmi who is the son of Tan Sri Wan Azmi bin Wan Hamzah and Puan Sri Nik Anida Binti Nik Manshor both of whom are major shareholders of RTB and Wan Farhah Wan Hamzah who is sister to Tan Sri Wan Azmi Wan Hamzah. The Key Senior Management members also have no conflict of interest with RTB, have not been convicted of any offence within the past five (5) years and have not been imposed any public sanction or penalty by the relevant regulatory bodies during the FY2021.

MANAGEMENT DISCUSSION AND ANALYSIS

COVID-19 continues to have an impact on the business, however the Group's strategy to diversify and invest in green business is starting to show the fruits of its labour and reduce its reliance on its manufacturing business as part of its growth.

BUSINESS OVERVIEW

Malaysia, as a nation, continued to balance between the people's lives and livelihoods and manage the fallout of the Coronavirus Disease 2019 ("COVID-19") pandemic over the last year. RTB Group's core business also continued to be impacted and its result for FY2021 is reflective of this. The measures during the lockdown periods in FY2021 impacted the Group's operations. There were times when we had to comply with a complete shutdown of our fabrication plant and EPCC project sites were subject to tight standard operating procedures even after economic activity gradually recommenced. This made it challenging for the Group to manage its operations and realise the revenue that was expected. Although the government had already begun to implement the National Recovery Plan, the effect of it to the business was not immediate and will take time for significant change to be felt in the country and for the business. The devastating floods that hit several states in late FY2021 also derailed the Group's recovery plans as our factory was not spared from the devastation. The Group's core business remains the fabrication of steel structures and Engineering, Procurement, Construction and Commissioning ("EPCC") contracts.

The Group recorded a 33.6% decrease in revenue and loss after taxation of RM15.5 million in FY2021. The tower fabrication business did not achieve the targeted production that we hoped for, as projects on our order book did not materialise or were not converted to work orders as planned, due to delays in our customers' projects. Nonetheless, it is worth noting that none of the confirmed orders were cancelled during this time and we continued to work with our customers on revised timelines and deliveries. Our power transmission EPCC projects in Bangladesh and Malaysia showed good progress from our ongoing projects and contributed positively towards FY2021 revenue.

During the year, the Group made an impairment for losses on its receivables of RM13.9 million. The recovery of those receivables is still being pursued and Management is confident that it has a strong case over those debts. Nonetheless the Management decided to impair the debts to reflect the age of the receivables.

The Group's strategy to grow through acquisitions and to diversify its business investment has shown fruits from its labour with the positive profit shown from its investments in both associate companies. We will continue to nurture the acquired associates and ensure dynamic growth to achieve the full benefits and realise value for our shareholders in the long term.

In 2021, the Group continued with its commitment in addressing sustainability matters by formalising the Sustainability Committee ("SC"). The setting of the committee was timely as we needed to embed sustainability practices into the Group's businesses, as this will be one of the key growth strategies of the Group.

While we remain cautious on the continued impact of COVID-19 on the business environment, we believe the Group is firmly poised to capitalise on the opportunities ahead.

Financial Performance

For FY2021, RTB Group achieved a revenue of RM218.2 million, operating loss of RM18.1 million and loss after taxation of RM15.5 million.

Key Ratios

The following table sets forth the key financial ratios based on RTB Group's financial statements:

	FY2021	FY2020
Revenue growth	(33.6%)	(30.7%)
Operating (loss)/profit margin	(8.3%)	0.4%
Current ratio (times)	2.23	2.17
Gearing ratio (times)(1)	0.26	0.29

Notes:
(1) Based on total borrowings over total equity.

Revenue growth

The impact of the COVID-19 pandemic is reflected in our revenue for FY2021, as our operations and work activities were still limited and subject to strict SOPs. During the year in review, revenue declined by 33.6% from RM328.7 million in FY2020 to RM218.2 million for FY2021. The lower revenue was due to slower activity mainly on the tower fabrication business due to the limited capability of our fabrication facility. Furthermore, in FY2020, our EPCC project in Laos was completed and it previously provided significant annual revenue to the Group.

Operating profit margin

Operating loss margin for the year was 8.3% in FY2021 compared to operating profit margin of 0.4% in FY2020, due to the lower revenue for the year.

Current ratio

As of 31 December 2021, RTB Group's current ratio was 2.23 times, which was higher compared to 2.17 times as at 31 December 2020. This was mainly due to the decrease in current liabilities at year-end.

Gearing ratio

As of 31 December 2021, RTB Group's gearing ratio was 0.26 times. The Group's total borrowings, inclusive of lease liabilities/finance lease liabilities, decreased from RM101.67 million as at 31 December 2020 to RM84.7 million as at 31 December 2021, mainly due to lower utilisation of facilities during the year.

CAPITAL MANAGEMENT

RTB Group's business has been financed via a combination of internal and external sources of funds. The internal sources comprise of shareholders' equity and cash generated from business operations while external sources are from various credit facilities extended to RTB Group by financial institutions. The Group's principal utilisation of funds has been for its business growth and operations.

As of 31 December 2021, the Group's cash and bank balances stood at RM84.79 million. Total borrowings amounted to RM84.72 million, while the gearing ratio was 0.26 times and current ratio was 2.23 times.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

CAPITAL MANAGEMENT (Cont'd)

The Directors of RTB are of the opinion that after taking into consideration the cash and cash equivalents, the expected funds to be generated from operating activities and the amount unused under the existing banking facilities, RTB Group possesses adequate working capital to meet its present and foreseeable requirements for a period of 12 months from the date of this Annual Report.

The Board has approved, as part of the FY2021 budget, a total of RM19.9 million for capital expenditure, are for towers and equipment's for telecommunication sites and machineries and equipment to improve on the capabilities of the existing manufacturing facilities.

PERFORMANCE BY CORPORATE BUSINESS SEGMENTS

1. Fabrication of Towers

Our tower fabrication business consists of fabrication of power transmission and telecommunications towers, for both types of towers; lattice and monopoles. The power transmission towers, which contribute to 77.3% of the segment's total revenue, are generally designed to carry transmission lines with operating voltages ranging from 33kV to 500kV. RTB's subsidiary, REI is registered as a supplier and design contractor with Tenaga Nasional Berhad ("TNB") for the supply of products and provision of works and services.

Performance Highlights

	FY2021 RM'000	FY2020 RM'000
Revenue	48,397	89,332

The fabrication of towers segment contributed 22.2% to the Group's total revenue for FY2021. It decreased by RM40.9 million or 45.8%, due to limitations and delays on collection of towers by our customers. Of the split in revenue for the segment, Power transmission towers contributed to 77.3% of FY2021 revenue and telecommunications towers accounted for 22.7%.

Operational Highlights

REI's business operations are currently supported by its fabrication and galvanising facility in Bentong, Pahang. To cater for business expansion and growth, the facility was upgraded and new facilities constructed in the previous years. This was aimed to improve efficiency and is expected to contribute positively to the Group's operations moving forward.

The customer base comprised predominantly of local Malaysian EPCC contractors, as our key focus has always been to serve the Malaysian market first. They include electrification contractors responsible for installing power line networks as well as telecommunications infrastructure contractors and network facility providers. The segment also serves other customers, namely civil and infrastructure contractors, as well as public and private utility organisations.

In late FY2021, there was an unprecedented flood that hit several states in the country and our factory was not spared from the devastation. The factory was not badly affected, but our storage area and warehouse were inundated in more than a metre of mud. Deliveries of finished goods were delayed beyond the year end. We were unfortunately still rushing to deliver goods meant for last December 2021 in February 2022.

Looking Ahead

The Group is seeking to expand its customer base for the fabricated towers by entering into new overseas markets. As part of this exercise, we have started reviewing countries such as Pakistan, Cambodia and also Australia, as we see great potential in those countries with new tenders for supply of towers starting to open up.

From the lessons learned during the flood, we are taking extra precautionary measures to ensure the impact of such events, should they recur, could be avoided and mitigated. As sustainability becomes key in the Group's strategy, we wanted to ensure our investments in the factory also contribute positively to our cause.

PERFORMANCE BY CORPORATE BUSINESS SEGMENTS (Cont'd)

2. Engineering, Procurement, Construction and Commissioning ("EPCC")

The EPCC business covers the Group's projects in power transmission lines, telecommunication sites and a water treatment facility.

Performance Highlights

	FY2021 RM'000	FY2020 RM'000
Revenue	166,212	238,452

EPCC revenue has been driven by Power Transmission EPCC work. It decreased by RM72.2 million or 30.3% as compared to FY2020 due to the completion of our project in Laos in FY2020 that contributed significantly to the segment numbers. In FY2021, 85% of the revenue was from the power transmission line projects in Bangladesh and Malaysia, which reported an increase in revenue by RM33.8 million or 31.5%. Other EPCC work included our work in telecommunication and water pipeline projects in Vietnam, which contributed 7.9% and 7.0% of the segments' revenue in FY2021, respectively.

Operational Highlights

EPCC for Power Transmission

Revenue from the Power Transmission EPCC projects contributed to 84.7% of FY2021 EPCC revenue, of which the Bangladesh projects account for 66.9% and the Malaysia project accounted for 33.1%. These are from the current projects in hand. The Bangladesh projects mainly relate to work awarded by the Power Grid Company of Bangladesh Ltd. ("PGCB") and in Malaysia for work commissioned by TNB. In FY2021, the revenue from Bangladesh was from the design, supply, installation, testing & commissioning of 230 kilowatt ("kV") and 132 kV Transmission Lines on a Turnkey Basis worth RM192 million. The projects commenced in 2H2020 and are expected to complete in 24 – 30 months.

EPCC for Telecommunication

For FY2021, revenue from this EPCC segment continued to be contributed by work done as part of the Malaysian Communications and Multimedia Commission's ("MCMC") programme and other telecommunication regulators' infrastructure projects.

The strategy for our newly acquired subsidiary in Cambodia, Global Tower Corporation Pty Ltd ("GTC"), remains the same. The expectation is for it to become an independent telecommunication tower provider, constructing telco sites and leasing them to telco players. The request from the telco players has been received and construction of sites has started, however the impact of the COVID-19 pandemic in FY2021 in Cambodia has hampered progress. Nevertheless, the opportunity remains and we expect for the investment to contribute positively to the Group in the future.

EPCC for Water

In the previous year, RTB Group was awarded the EPCC project for Hoa Khanh Tay Water Supply System – Phase 2 through our associate company, Phu My Vinh Construction and Investment Corporation ("PMV"). The value of the Contract is VND332,000,000,000, or approximately RM58.4 million, and the duration of the Contract is expected to be 24 months. The Contract consists of the design and installation of transmission

EPCC for Water (cont'd)

main and secondary pipelines to Duc Hoa and north of Ben Luc districts; and the expansion of the Hoa Khanh Tay ("HKT") water treatment plant capacity from 40 Million Litres Per Day ("MLD") to 80MLD. The project is progressing as planned with 37.5% worth of revenue recognised from work done from the commencement of the project.

Looking Ahead

Our EPCC power transmission order book currently exceeds RM430 million, of which 44% comprises domestic orders and 55% foreign orders, with on-going projects to continue into FY2021. HGPT continues to bid for additional projects in Malaysia, Bangladesh and Australia, and is confident of securing new projects with its track record and expertise.

For the telecommunication segment, we are maintaining our strategy to focus on Malaysian infrastructure projects as well as overseas expansion, specifically in Cambodia.

The Malaysian Government in previous years introduced the National Digital Network plan (Jendela), a digital infrastructure plan to meet the needs of digital connectivity and prepare the nation for a gradual transition to 5G technology. From this initiative, MCMC ordered more than 100 telco poles and towers from the Group. With the government pushing for the Single Wholesale Network (SWN") model for the 5G infrastructure under Digital Nasional Berhad ("DNB") the 5G network rollout is expected to intensify.

As Cambodia moves toward its endemic phase of COVID-19, the demand for leasing of telco towers will revert to what was projected before. GTC continues its discussion with local telco companies to revisit their revised growth strategies and how GTC can meet their needs for new telecommunication sites to improve their coverage.

For the water EPCC business, the current project in Vietnam to upgrade the existing plant from 40MLD to 80MLD and laying of new pipeline is expected to be completed in 2H 2022. Also as announced on 23 December 2021, the Group was awarded a RM85.5 million contract by the Selangor State Government to build two pumping stations and connect two retention ponds to the Semenyih Water Treatment Plant by laying 2km of pipelines. This is a part of the Selangor State Government's programme to reduce water disruptions in Selangor in the near future caused by pollution or shortage of raw water.

3. Other business activities

Our other business activities include revenue from external galvanising, tower fittings and structure, and fabrication of substation structures.

Performance Highlights

	FY2021 RM'000	FY2020 RM'000
Revenue	3,597	873

Revenue from this segment increased by RM2.7million or 309.3% in FY2021. Revenue for the segment was mainly attributed to selling of partially fabricated tower structure.

ASSOCIATE COMPANIES

As part of growing our green business, RTB Group has invested in two (2) associate companies through acquisition, namely PT Century Abadi Perkasa ("PTCAP") and PMV. Both associates are expected to provide a constant stream of income for the Group.

PTCAP

PTCAP is involved in the construction of a Mini hydropower plant located in Lawe Sikap, Indonesia. The plant is designed with a power generation capacity of 7 MW, with PTCAP holding a 20-year concession for the supply of its power to PT Perusahaan Listrik Negara ("PLN"), the Indonesian state-owned sole distributor of electricity in Indonesia. The construction of the plant was completed in FY2020, and as of 20 April 2021, PTCAP had obtained approval from PLN for the Commercial Operating Date, which allowed it to commence selling power to PLN.

PMV

PMV is the owner and operator of the Hoa Khanh Tay Water Supply Plant in Long An Province, Vietnam. The plant mainly supply clean water to critical economic areas in the Long An province. The total water supply capacity is expected to reach 80,000 m³/day from the current 40,000 m³/day from the capacity expansion of the Hoa Khanh Tay Water Supply Plant. The capacity expansion work has been awarded to RTB Group.

Both investments contributed positively to RTB Group's PAT for FY2021 and moving forward are expected to provide a constant flow of profit.

BUSINESS RISKS

Risk management is embedded in our day-to-day operations. Governance policies and procedures are developed with clear accountabilities by senior management to effectively identify, assess, prevent, record and mitigate all material risks for the Group.

In pushing forward with our strategy and execution plans, key risks have been identified with continuous monitoring undertaken, to ensure our exposure to all anticipated risks stays within the Group's overall risk appetite.

Key Group Risk	2021 Key Mitigation Steps
Over reliance on key clients for domestic and international markets Dependency on key clients for new business growth in infrastructure projects in the power transmission and telecommunication sectors. **Inability to secure sufficient sales and contracts** The capabilities in securing sufficient sales to sustain the order book and maintain current market share.	For local market: • Continuous intensifying sales and marketing efforts with East Malaysia utilities service provider for power transmission and telecommunication projects. • Develop new markets and revenue streams focusing on telecommunication EPCC work and manufacturing of telco towers. • Actively participated in tender openings in infrastructure projects i.e. power transmission sector, telecommunication sector and water treatment sector. For overseas market: • Explore and conduct market research/ survey on new markets. • Increasing business development capability with the establishment of overseas offices. • Actively participated in tender opening exercises in infrastructure projects especially on power transmission sector.
Declining tender profit margin Increased number of competitors in the market has led the Group to be more competitive in pricing during the tendering exercise.	• Conducted a comparative margin study with other local and international companies involved in transmission line construction projects. • Continuous monitoring of tender profit margin against actual project cost and progress.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

BUSINESS RISKS (Cont'd)

Key Group Risk	2021 Key Mitigation Steps
Project delays The capabilities of the project management team to complete projects within the project scope, schedule, cost and quality. **Potential exposure to Liquidated Ascertained Damages ("LAD")** Failure of project management to deliver the project on time may lead to LAD charges by the client.	Plan our work well to reduce the late delivery of projects and submit Extension of Time (EOT) requests to clients with strong justifications if the need arises. Other efforts include: • Continuous project progress monitoring to ensure the project progresses within the project schedule, budget and quality. • Appointment of additional subcontractor to expedite project progress. • Frequent communication and update to client on project progress and issues.
Shortage of manpower for domestic projects The current COVID-19 situation has impacted manpower availability, especially skilled foreign workers.	• Continuous communications with Kementerian Kesihatan Malaysia ('KKM"), Jabatan Tenaga Kerja ("JTK") on the requirements of foreign workers quotas. • RTB key subsidiaries has submitted applications for new workers to the Immigration Department of Malaysia.
Difficulty to meet committed delivery deadline The capabilities of the manufacturing facility in fabricating towers efficiently and ability to deliver on schedule remains one of our key operational risks.	Increase production efficiency and productivity through: • Continuous enhancement of current manufacturing processes. • Engagement and assessment of supplier/vendor/ subcontractor performance to support the production line. • Engagement with the relevant authority on foreign workers' policy and recruitment.
Fluctuations in Prices of Steel as Raw Materials Risks from the fluctuations in prices of steel.	• Staggered purchase of steel materials upon obtaining confirmed orders from customers. • Up to date marked to market pricing based on raw material prices assist in establishing a mechanism to offer competitive prices. • Establish alternative suppliers base to increase company's ability in price negotiation.
Delay of material supply The current COVID-19 situation has impacted material supply availability for our manufacturing and project.	• Establish multiple suppliers base for continuous supply of key raw materials. • Maintaining safety stock level for 3 months to avoid disruption to operations.
Safety risks Potential accidents/ incidents that could occur at the workplace which leads to injuries or fatalities to the staff, clients or contractors. RTB could be imposed fines, penalties or Stop Work Orders by the authorities or clients.	• Continuous safety awareness, training and communication to all employees, suppliers, contractors and clients. • Review safety procedures and work method statement for its effectiveness and efficiency. • Continuous safety inspections and audits to ensure compliance to safety procedures.
Financial Risks of RTB Group Working capital and capital expenditure requirements for business operations are funded by internally generated funds and external financing in the form of borrowings and trade facilities from financial institutions and credit arrangements with suppliers. RTB Group is subject to financial risks including credit risk, liquidity risk, interest rate risk, foreign currency risk and equity price risk.	• Ensure there is sufficient facilities available to meet the Group's financial requirements. • Monitoring of the Group's cash flow needs against available funds. • Institute proper credit controls to assess customers and a debt monitoring mechanism to monitor and follow up on outstanding debtors.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

BUSINESS RISKS (Cont'd)

Key Group Risk	2021 Key Mitigation Steps
Foreign exchange fluctuations A significant percentage of RTB Group's total revenue are transacted in USD. It is subject to risks related to any unfavourable foreign exchange fluctuations which may materially impact its business and financial performance.	• Matching the payment for foreign currency payables against receivables denominated in the same currency. • Fixing the prices of raw materials purchased from overseas suppliers in RM to mitigate the risk of fluctuations in exchange rates.

DIVIDEND POLICY

RTB does not have a formal dividend policy but is committed to rewarding shareholders through annual dividends.

For FY2021, in view of the need to maintain a good cash flow for the Group, the Board of Directors has decided not to recommend any dividend at the Group's forthcoming Annual General Meeting.

LOOKING AHEAD

As the country has reached an endemic phase of the COVID-19 pandemic, the worst for the Group's has passed and we can now look ahead towards a better future. The Group will continue to expand its businesses regionally to broaden its earnings base in the coming years as we actively participate in tenders for new projects domestically as well as abroad.

The Group has had a good start in FY2022 within the EPCC segment, with the award from Selangor Government of the RM85 million contract from Selangor State Government, and the rollout of Jendela initiative by the Government.

The current order book of RTB Group, as of the date of this report, stands at almost RM580 million, of which 26% is comprised of fabrication of towers and 74% is for EPCC works. This is expected to provide steady earnings going forward.

We expect increased contribution from our associate water company PMV as the completion of HKT2 will result in a doubling of its water treatment capacity from 40MLD to 80MLD. PTCAP, our other associate company in Acheh, Indonesia, will also have its first full year of contribution to RTB Group's profit.

Moving forward, the Board will continue to monitor and assess the Group's operations and take proactive measure to mitigate the residual impact of COVID-10 on the Group's performance as well as its financial position as the Group remains steadfast in our growth strategy for RTB and its subsidiaries.

SUSTAINABILITY STATEMENT

Sustainability at RTB

Our Commitment to Sustainability

2021 was another unprecedented, challenging yet exciting year for Rohas Tecnic Berhad ("RTB") and its subsidiaries ("RTB Group" or "Group") in addressing sustainability matters. Notwithstanding all this, RTB Group has been continuously committed to tackling global and local sustainability related matters in every aspect of our business. With clear hearts and minds, we are currently on the right path in response to the call made by our stakeholders towards achieving sustainability goals within the Group.

Sustainability is an important goal and has been successfully incorporated in the Group through its strategy outlook in expanding business opportunities. This was achieved through a well thought out sustainability strategy, structured in a comprehensive framework, including an extensive roadmap and emphasis on strong governance in delivering our commitment towards our sustainability aspirations.

With a view to deliver a meaningful and lasting impact to all our valued stakeholders, we have expanded our scope in addressing sustainability. This is a part of our commitment towards becoming a more ethical business entity. The Governance pillar is now distinctly spelled out in this year's Sustainability Statement ("Statement"). We have now expanded the Economic, Environmental and Social ("EES") risk and opportunities to include Governance, hence transforming it into a more comprehensive "EESG" list, better aligned to global, regional and local business requirements and demands.

Scope of Sustainability Statement

This Statement covers the activities of RTB Group and its subsidiaries in Malaysia, which are divided into two (2) business segments, namely Manufacturing and Project Management. For the Manufacturing segment, the subsidiaries are Rohas-Euco Industries Bhd ("REI") and Galvanising Engineering Services Sdn Bhd ("GES"), and for Project Management, the subsidiaries are HG Power Transmission Sdn Bhd ("HGPT") and RBC Water Sdn Bhd ("RBC"). For completeness, this Statement should be read together with the rest of the sections of this 2021 Annual Report.

In preparing this Statement, we referred to the Sustainability Reporting Guidelines (2nd Edition) issued by Bursa Malaysia Securities Berhad (Bursa Malaysia) as our principal guideline. Additionally, we made reference to the Global Reporting Initiative's ("GRI") Standards on sustainability reporting as our supplementary guidelines to achieve our commitment towards the United Nations' Sustainable Development Goals ("UN SDGs"). In preparing ourselves to be comprehensive in EESG reporting, we also made reference to FTSE Russell's ESG Ratings and adopted the Practices mentioned in the Malaysian Code of Corporate Governance 2021 ("MCCG 2021").

All disclosures in this Statement cover the period of 1 January 2021 to 31 December 2021, unless otherwise stated.

Sustainability Agenda

Sustainability Journey

Our sustainability journey which began in 2018, has gradually evolved as sustainability continues to become increasingly vital in our business and operation activities. We have expanded our sustainability agenda into a wider yet focused narrative by addressing most of the sustainability concerns in our industry segment.

Following the formation of the Risk, Compliance and Sustainability Department ("RCSD") in 2020, in 2021, RTB Group successfully strengthened our governance in sustainability through the formalisation of the Sustainability Committee ("SC"), which is chaired by an Independent Non-Executive Director. The SC serves to assist the Board in fulfilling its oversight responsibilities in relation to RTB Group's sustainability strategy and initiatives covering EESG components as well as embedding sustainability practices into our businesses.

From 2019 to 2021, the measures we have taken as part of our sustainability journey are illustrated below:

2019

- Established the Sustainability Agenda with 4 Key Focus Areas
- Adopted the Global Reporting Initiative (GRI) Sustainability Reporting Standard
- Reporting subsidiaries: REI, GES, HGPT

2020

- Formation of the Risk, Compliance and Sustainability Department
- Reviewed the Sustainability Framework
- Conducted Corporate Social Responsibilities (CSR) programmes and Sustainability Awareness
- Reporting subsidiaries: REI, GES, HGPT

2021

- Formation of the Sustainability Committee
- Development of the Materiality Matrix
- Sustainability awareness and workshop series
- RBC Water as an additional sustainability reporting scope
- Establishment of the Sustainability Initiative and its Committee

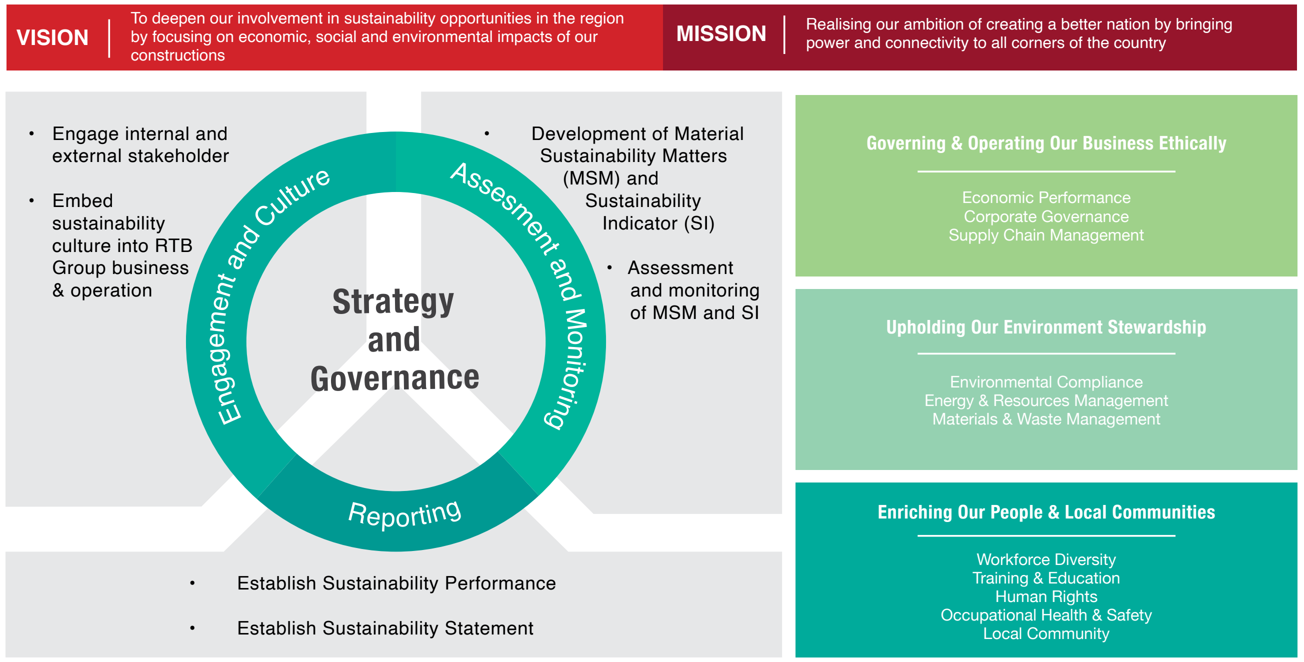
SUSTAINABILITY STATEMENT (CONT'D)

Sustainability Framework

In 2021, we continuously upheld our sustainability framework in achieving the RTB Group's sustainability vision and mission; together with our sustainability goals. This sustainability framework takes into account not only the EESG risks and opportunities directly affecting our business but also the potential for RTB Group to positively impact our communities and the environment.

For the assessment and monitoring thrust, we have expanded our sustainability assessment for an additional subsidiary i.e. RBC. While for the engagement and culture thrust, we defined and translated it through a series of refresher sustainability awareness programmes for our entire workforce covering the Group and its subsidiaries.

In 2021, we also conducted a sustainability workshop with three main outcomes to strengthen our sustainability foundation in the Group, the establishment of a materiality matrix and the development of a list of sustainability initiatives.



Sustainability Governance

In 2021, we strengthened the sustainability governance through the formalisation of the SC. As stipulated in the approved Terms of Reference, the SC is wholly responsible to oversee the sustainability agenda and direction for the Group, namely in five (5) focus areas - (i) Strategy, (ii) Budget and Resources, (iii) Sustainability Risks and Opportunities, (iv) Material Sustainability Matters, and (iv) Reporting. The SC is chaired by an Independent Non-Executive Director and the committee members are appointed among the Board members. The SC is required to conduct meetings on a biannual basis.

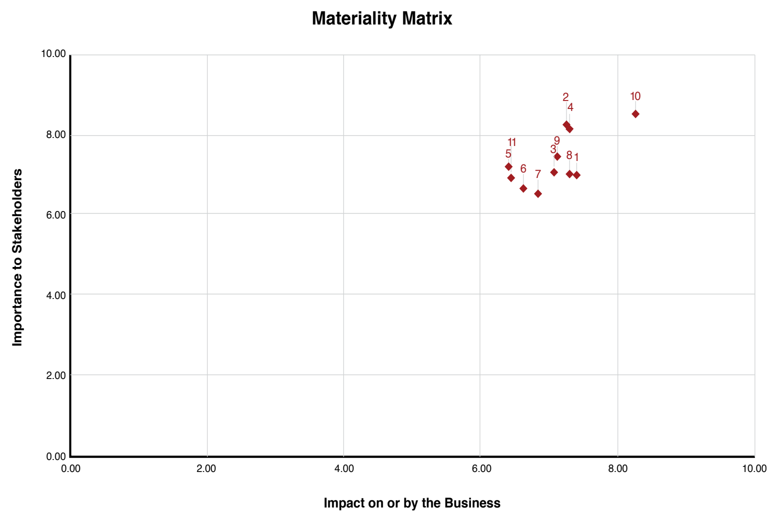
The Executive Committee ("EXCO"), which comprises of the Group Chief Executive Officer ("GCEO"), Chief Financial Officer ("CFO") and Chief Investment Officer ("CIO"), is responsible for reviewing and recommending the sustainability initiatives to the Board, endorsing and recommending sustainability strategic documentation i.e. policies, framework, roadmap, budget and resources; while overseeing engagement outcomes in managing and addressing sustainability matters within our business and operations.

The implementation of our sustainability initiatives will then be executed and coordinated by the RCSD. The department's responsibilities include conducting stakeholder engagement, reviewing our material sustainability matters and indicators, data collection and monitoring for reporting, and managing our sustainability programmes, among others.

Materiality Matrix

In the process to further understand the business and stakeholders sustainability priorities, in 2021, we developed the materiality matrix through a series of internal workshops. During the workshops, both a materiality assessment and a stakeholder assessment were conducted, where we ranked all 11 Material Sustainability Matters ("MSM") against RTB Group's business impact and stakeholders' interest and influence on our business and operations.

The outcome of the materiality matrix illustrates heavy emphasis on five (5) MSM that concerns the stakeholders in achieving EESG goals in the organisation. The top five (5) MSM are Occupational Health and Safety, Environmental Compliance, Corporate Governance, Human Rights and Economic Performance.



1. Economic Performance
2. Corporate Governance
3. Supply Chain Management
4. Environmental Compliance
5. Energy & Resources Management
6. Materials & Waste Management
7. Workforce Diversity
8. Training & Education
9. Human Rights
10. Occupational Health & Safety
11. Local Community

For further improvement, we will incorporate input from our external stakeholders during the next review of the materiality matrix.

Stakeholder Engagement

As discussed in the previous section on our materiality matrix, the following illustrates our engagement with key stakeholders. We have maintained the same stakeholder groups with minor review and revision to reflect the current industry and business environment.

Key Stakeholders	Areas of Interest	Methods of Engagement	Frequency of Engagement	Objective	Our responses
Financial Institutions, Shareholders and Investors	• Long-term profitability • Company's performance and targets • Corporate Governance, Statutory and Regulatory Compliance	• Annual General Meeting ("AGM") • Extraordinary General Meeting ("EGM") • Financial results • Investor Relations Initiatives	• Annual • Annual • Quarterly and Annually • Annually	• To engage existing and potential shareholders • To comply with Government, Statutory and Certification Bodies as required	• Continuous engagement • Policy and procedure in place
Government, Statutory and Certification Bodies	• Corporate Governance, Statutory and Regulatory Compliance • Certification Compliance	• Compliance Reports • Compliance Audit • Periodical meetings	• On case-to-case basis • Yearly • On case-to-case basis	• To comply with Government, Statutory and Certification Bodies as required	• Improved responsiveness towards queries and feedback • Adherence to regulatory requirement and guidelines
Clients and Customers	• Safety, health and environment • Quality of products • Project completion • Corporate Governance	• Tender briefings • Progress meetings • Exhibitions & sponsorship • Proposals • Reports	• On project basis • When required • On case-to-case basis • When required • On case-to-case basis	• Commitment to quality and innovation in tower fabrication, installation and Engineering, Procurement, Construction and Commissioning ("EPCC")	• Fabricate the best quality towers and deliver in a timely manner • Project completion within the project timeline, quality and cost
Vendors, Suppliers and Value Chain Partners	• Fair Procurement process • Corporate governance	• Email updates • Site visits • Direct contact	• When required • When required • When required	• To ensure fair, proper and transparent dealings with Vendors, Suppliers and Value Chain Partners	• Compliance with internal policy and procedures
Employees (Local and Foreign)	• Equal opportunities • Diversity and inclusivity • Career progression • Rewards and benefits • Training	• Induction programme for new hires • Performance Management System • Employee Engagement programmes • Annual Training Plan • Internal communications • Events and functions • Corporate Social Responsibility ("CSR") programmes	• One-off • Yearly • When required • When Required • Yearly • Yearly • Yearly	• To provide fair and equal opportunities • To ensure employee Development and progression	• Transparent, open and consistent approach to appraisals • Trainings and team building
Neighbouring Businesses and Surrounding Communities	• Social and economic impact	• Community engagement • CSR programmes	• When required • When required	• To minimize negative impact on neighbouring Businesses and Communities • To give back to the Community in which we operate and improve the welfare of families in need	• Continuous engagement with surrounding communities • Alignment of sustainability goals with our CSR objectives

Sustainability Performance

We continuously monitor the sustainability targets in order to achieve the sustainability objectives that we have set:

	Target	Financial Year	Progress Update
A. Economic			
1	Expansion of RTB's sustainability functions	2020	Achieved. RTB Group has formalised an SC. Please refer to Sustainability Governance; page 37.
B. Environment			
1	Plans for environmental preservation with the Department of Environment ("DOE") Pahang to undergo studies on galvanising cost effectiveness in: • Recirculation of waste heat from galvanising furnace • Recirculation of cooling water for galvanising treatment • Own acid recycling facility	2022	In progress. The initiative on recirculation of cooling water for galvanising treatment is under review. The following targets were removed during the year in review: • Recirculation of waste heat from galvanising furnace • Own acid recycling facility
2	Optimise energy and water consumption	On-going	In progress. Please refer to MSM 5: Energy & Resources Management (Energy and Water); page 42.
3	Maximise utilisation of raw materials and off cuts	On-going	In progress. The amount of scrap produced exceeded the 1.1% target that we have set. Please refer to MSM 6: Material & Waste Management (Materials); page 43.
C. Social			
1	Zero fatalities among our internal staff and workers at Manufacturing and Project Management	On-going	In progress. One fatality was recorded in 2021. Please refer to MSM 10: Occupational Health & Safety (Performance and Controls); page 46.
2	Reduction of incident/accident cases at Manufacturing and Project Management	On-going	In progress. Recorded an increase of 24% from the previous reporting year. Please refer to MSM 10: Occupational Health & Safety (Performance and Controls); page 46.
3	Formation of a Foundation to formalise our ongoing community efforts, which will include encouraging our staff and workers to participate in voluntary activities in the community	2022	CSR programmes will continue to be conducted on an annual basis.

ECONOMIC

We measure the economic value created through the Group's financial performance, the effectiveness of the checks and balances that we put in place to ensure our accountability to our shareholders and other stakeholders, as well as our contributions to local economic development. In adopting this approach, we recognise that the economic value from our business should not only be derived from financial aspects, but also through indirect economic and non-financial activities which address our risks and create benefits for all our stakeholders.

Economic Performance

Direct Economic Impact

Our economic value is measured by our direct and indirect economic impact. For the financial year ended 31 December 2021 ("FY2021"), we registered lower revenue of RM218.2 million against RM328.7 million in FY2020. We distributed RM32.4 million of this revenue for employee remuneration and RM2.6 million for taxes to the Government. As a result, we recorded a loss of RM27.4 million in economic value for the financial year.

	Audited	Audited	Audited
	FY2019	FY2020	FY2021
	RM'000	RM'000	RM'000
DIRECT ECONOMIC VALUE GENERATED			
Revenue	474,236	328,657	218,206
ECONOMIC VALUE DISTRIBUTED			
Operating Cost (Excluding employee remuneration)	403,448	292,268	203,863
Employee Remuneration (Salaries, wages and other emoluments)	37,336	35,169	32,416
Payment to capital providers			
Dividends	7,090	-	-
Finance cost	7,087	6,655	6,758
Payment to the Government			
Current Tax expense	7,944	4,647	2,582
ECONOMIC VALUE RETAINED/ (LOSS)	**11,331**	**(10,082)**	**(27,413)**

Sustainability Performance (Cont'd)

ECONOMIC (Cont'd)

Economic Performance (cont'd)

Direct Economic Impact (cont'd)

Due to the alarming surge of the Coronavirus Disease ("COVID-19") across the nation, our Manufacturing and Project Management business segments were directly impacted by the enforcement of a series of Enhanced Movement Control Order ("EMCO") and quarantine periods on the Manufacturing subsidiaries. However, the pandemic was well managed through the strict implementation of the Standard Operating Procedures ("SOP") since the beginning of the pandemic. Details of our actions in addressing the pandemic are cited at applicable MSM and indicators sections throughout this Statement.

Despite all the challenges, as one of the essential sectors, RTB Group was allowed to operate at specified capacity as per the SOP that were enforced by the government. This has allowed the Group to resume its operational activities including fabrication and delivery of finished products as well as construction projects in a timely manner.

Meanwhile, the shortage of manpower faced by our Manufacturing and Project Management subsidiaries is one of our main concerns in fabricating and delivery of finished goods as well as completing the construction projects in a timely manner. Thus, we continuously engaged and communicated with the Ministry of Health (Kementerian Kesihatan Malaysia - "KKM"), Department of Labour of Peninsular Malaysia (Jabatan Tenaga Kerja Semenanjung Malaysia - "JTKSM") and Immigration Department of Malaysia on foreign workers quota requirements in line with the categorisation of our business as an essential sector. In addition, applying for Extension of Time ("EOT") from the clients with strong justifications for our construction projects, appointment of additional subcontractor to expedite construction project progress, along with continuous engagement with our clients are amongst the key strategies in ensuring the construction project is completed within the agreed timeline.

Notwithstanding the above mentioned challenges, RTB Group ended FY2021 by securing a RM85mil contract for Skim Jaminan Air Mentah (SJAM) Package 4 Sungai Semenyih Project, which was awarded to RTB's wholly-owned subsidiary, REI. The project is to construct pumping stations at two existing retention ponds and lay pipelines to convey the water to the Semenyih 2 Water Treatment Plant ("WTP") intake. For REI, this project is expected to increase the experience and profile of REI in the water engineering and construction sector.

While for Project Management business segment, through its subsidiary, HGPT, as at the end of the reporting year, maintained its strong order book amounting to RM327.72mil, where 32% of the total amount is from domestic construction projects.

Moving forward, the Group will be diversifying our business into telecommunication EPCC projects.

Indirect Economic Impact

The presence of our business and operations in local areas indirectly provides benefits to the surrounding communities in many ways, especially in their socioeconomic development.

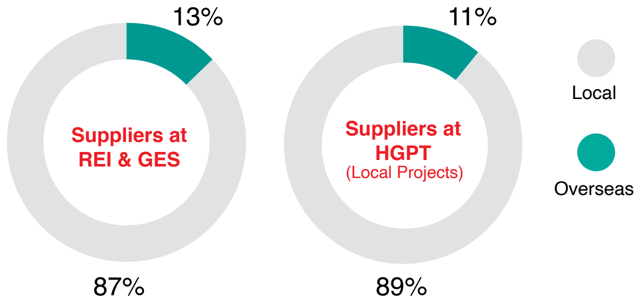
In 2021, more jobs were created from our local construction projects as it also became one of the new requirements set by the client, i.e. to hire Receiving Authorised Authority ("RAA") among Malaysian citizens in performing the duties. The same situation was also applicable to the newly awarded SJAM Package 4 project as young local professionals are expected to be recruited to execute and complete the project. In addition, the project will also increase access to clean water for the local residences and industries as the clean water supply will not be interrupted even if the source of raw water from Sungai Semenyih is disturbed.

Supply Chain Management

Amongst the critical challenges faced by the Group in 2021 is the fluctuation of key raw material prices, mainly due to the energy crisis in the EU and issues with the manufacturing segment in China, which directly impacted our key raw material supply and manufacturing costs. Other challenges include the tragedy of massive flooding in Bentong at the end of 2021 that greatly impacted our Manufacturing business segment production and delivery of finished products. Hence in addressing those issues, the Manufacturing business segment has taken forward approaches by establishing a close monitoring system of key raw material prices, practising safety stock of key raw materials and engaging with our clients and customers for the delivery of the finished products.

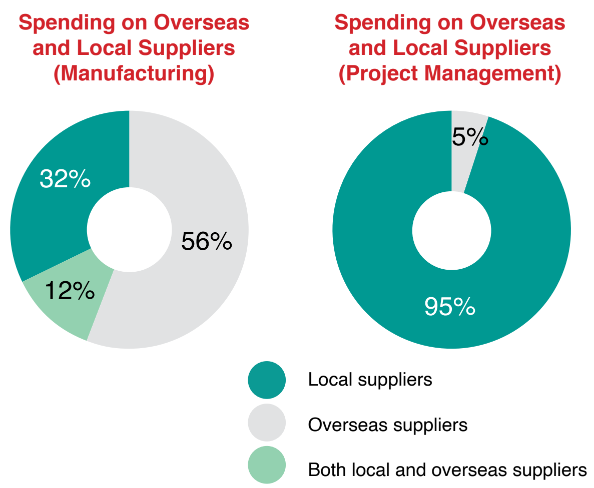
Local Suppliers

Our commitment to support the local economy continues as our local business segments placed high dependency on the local business entities. We define our local suppliers as manufacturers and traders who operate in the proximity of our Manufacturing and Project Management business locations. For the context of this Statement, it is defined as those operating in Malaysia. Where possible, we continue to remain committed to procure raw materials, products and services from local suppliers except in instances where it can be more efficiently sourced from overseas suppliers. For the Manufacturing business segment, due to the nature of the business, all key raw materials are imported from overseas where none are locally manufactured, except for bolts and nuts. We maintained the number of suppliers as disclosed in the previous year's Statement as the number of current suppliers is sufficient to support our current capacity in delivering projects and products. Moving forward, we may revisit the supplier list to accommodate our business growth and needs.



Distribution of Local Suppliers at REI, GES and HGPT (Local Projects)

For the purchase of raw materials in 2021, our spending on both local and overseas suppliers are depicted below:



Supplier Assessment

We have established formal processes and regularly conducted supplier assessments on our suppliers' performance to ensure that we work with the best performing and most cost-competitive suppliers. This also provides us with a pipeline of suppliers in the event of contingencies.

From the annual supplier assessment in 2021, the Manufacturing business segment, through our subsidiary, REI has assessed top 20 suppliers through analysing the number of Supplier Corrective Action Reports ("SCAR") issued against their respective number of deliveries. For the past three years, all of our valued suppliers maintained good records by scoring percentages below 5%. According to our standard practice, all 20 assessed suppliers who scored 0% to 5% are categorised as excellent suppliers and were maintained in the Approved Supplier List ("ASL").

REI consistently monitors the performance and identifies non-performing suppliers through SCAR issuance to suppliers. During the year in review, major issuances of SCAR were related to quality issues, followed by miscommunication and human errors.

Quality

As quality of our Manufacturing business segment's finished products remains our topmost priority, from the REI Quality Improvement Plan, REI has set targets for not receiving more than five (5) complaints from the customers per month. During the year in review, an average of four (4) customer complaints were recorded per month; with a total of 48 cases.

As for Project Management business segment, HGPT has conducted an annual Customer Satisfaction Survey ("CSS") which focused on Quality of Products & Services and Service & Communication components. For its five local construction projects, HGPT attained excellent CSS scores, ranging from 60% to 80% over the past years.

Due Diligence

As part of our efforts in anti-bribery and anti-corruption, RTB Group conducted various due diligence exercises for our projects, Business Associates and personnel in certain positions to identify potential corruption risks. The assessment include but are not limited to any due diligence to obtain sufficient information via the Government system, Know-Your-Customer ("KYC") surveys, internal risk-based due diligence checklists and the signing of Integrity Pacts by our business associates.

Development & Innovation

One of the key innovations that the Project Management business segment team proposed to our client was to change from conventional foundation construction method to micropile construction method. The micropile construction method created positive impact to both the surrounding environment and the operating subsidiary. By applying the micropile construction method, the earthwork activities were also reduced by 70%-80%, which subsequently minimised occurrences of landslides and surface runoff at construction sites, especially during the heavy rainfall. From a project management perspective, it also increased the team's productivity and facilitated earlier construction project completion.

As part of Project Management business segment's continuous process improvement on delivery of construction materials to construction sites, the team took a new approach where the construction materials were directly transported by suppliers to the construction sites, rather than transported from our store in Semenyih. By adopting this new approach, the project management team was able to receive the construction materials in a timely manner.

Additionally, the Manufacturing business segment also received higher demand for monopole towers from our clients in the telecommunication sector. Hence, additional equipment was purchased to support the automation welding process. The new equipment has increased our in-house capability to fabricate monopole towers with higher production rate, productivity efficiency and tonnage as well as welding quality.

ENVIRONMENT

Our commitment to operate business while minimising negative impact to the surrounding environment remains consistent. Continuous compliance and detailed monitoring of environmental impact are among the practises conducted by RTB Group in playing our role to preserve the environment, which indirectly supports our stakeholders' shared vision of conserving and preserving nature.

Environmental Compliance

Compliance Registry

Our environmental sustainability initiatives are steered by compliance to the relevant environmental acts. As a utility infrastructure company, this compliance is vital for the longevity of our business in ensuring our practices minimise negative impact to our stakeholders and the environment and are conducted in line with recognised standards. Across the Group, we comply with the following acts governing specific environmental activities, including, among others:

Act	Scope
Environmental Quality Act 1974	• Discharge of waste into Malaysian water • Emission of air and pollutants, water discharge • Generation, storage and disposal of scheduled waste • Prohibition of open burning • Disposal of scheduled waste
Pesticides Act 1974	• Storage of pesticides
Local Government Act 1976	• Pollution of streams with trade refuse
National Forestry Act 1984	• Power to issue licences, use permits, etc., by way of tenders, agreement, etc.

In 2021, RTB Group successfully complied with all the relevant environmental laws and regulations and subsequently were not imposed any fines or monetary sanctions.

Environmental Impact Assessment

As part of our continuous efforts in environmental monitoring, we will be disclosing our environmental performance over the last three years. This is to highlight the improvements made by our business segments by steadily minimising our impact on the surrounding environment over the years. We will describe the indicators along with the related practices that were done to ensure compliance and address any arising environmental issues. At our factory complex and construction sites, sufficient resources were allocated to execute plans, conduct routine duties, implement new initiatives and handle engagement matters. To achieve the outlined targets and objectives, qualified Environmental Officers were recruited and deployed to the relevant project sites.

The environmental monitoring indicators include ambient air quality, water quality, noise quality and vibration quality, which are detailed in the next section.

ENVIRONMENT (Cont'd)

Energy and Resources Management

To ensure our operations on the factory complex and construction sites minimise negative impact on the surrounding environment, RTB Group continues to prioritise and be proactive in following environmental parameters set out in the relevant acts, regulations and/ or standard requirements.

Air

One of our subsidiaries in the Manufacturing business segment, GES, conducted on-site air emission monthly checking and annual monitoring that focused on monitoring the air impurities level in the Liquefied Petroleum Gas ("LPG") burner, dust collector and scrubber. The air emission monitoring results for 2019, 2020 and 2021 showed that the concentration of air impurities emitted from LPG burner, dust collector and scrubber complied with the limit as specified in the Environmental Quality (Clean Air) Regulations 1978 and Environmental Quality (Clean Air) Regulations 2014, respectively. The summary of the recorded values against the limit values is detailed below:

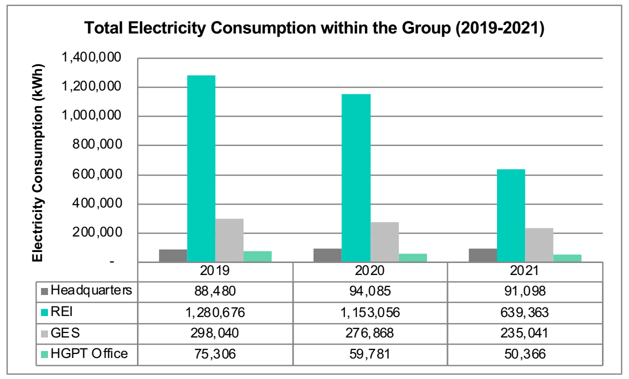
Sampling Point	Parameter	Limit Value (mg/m³)		Recorded Value (mg/m³)		
		Environmental Quality (Clean Air) Regulations 1978	Environmental Quality (Clean Air) Regulations 2014	2019	2020	2021
LPG Burner	Total Particulate Matter	400	50	9.7	0.08	0.4
	Sulphur Dioxide as SO_x	2000	500	44	<0.04	<0.001
	Nitrogen Dioxide as NO_x	1700	500	<0.04	<0.04	<0.001
Dust Collector	Total Particulate Matter	400	50	7.9	3.8	1.5
	Sulphur Dioxide as SO_x	2000	100	0.6	<0.04	<0.001
	Nitrogen Dioxide as NO_x	1700	500	<0.03	<0.04	<0.001
Scrubber	Particulate Matter	400	50	4.3	0.7	0.4

For both the years 2020 and 2021, the smoke emitted from the monitored point of LPG Burner and Dust Collector also complied with the Environmental Quality (Clean Air) Regulation 2014.

Meanwhile, at the local construction sites, air quality monitoring was conducted to monitor the levels of PM_{10}, SO_2, NO_2, O_3 and CO that originate from our construction activities. The air quality was monitored using recognised equipment by the DOE on a monthly basis, either on a 24-hour basis or over an eight-hour period, where applicable. All measured values were below the respective guideline limits i.e. Malaysian Ambient Air Quality Standards ("MAAQS").

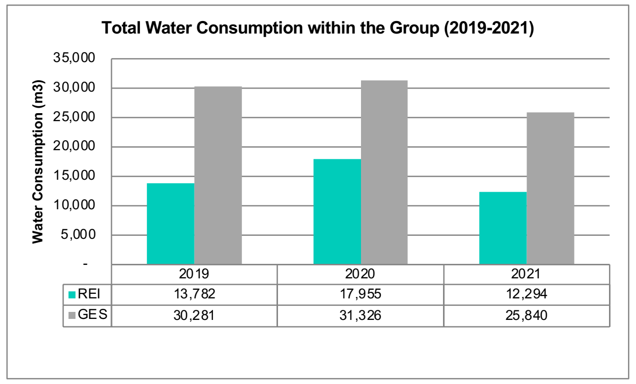
Water and Energy

For continuous tracking and monitoring of water and electricity usage by the Group, we conducted monthly monitoring of water and electricity consumption for all of our administrative offices and factory complex as illustrated in the following diagrams:



One of the key highlights from our energy consumption reduction practices was observed at the Manufacturing business segment. The newly constructed factory building in our factory complex began its operation in 2020 was designed to allow more natural lighting into the workspace, which directly reduced our usage of electrical powered lights during the day-time manufacturing activities. Our effort to further reduce electricity consumption was also translated through ongoing LED replacement at the existing building of our factory complex. Additionally, regular reminders were communicated to our entire workforce to reduce the usage of electricity by turning off the electrical equipment during lunch hours and before leaving their workspace after working hours.

In addition, the reduction trend of electricity consumption is currently being internally reviewed against our production volume at Manufacturing business segment, in which the consumed electricity appeared to be in line with the respective years' production volume.



For the past years, we were only being able to track the water consumption at our factory complex as individual water metering is not available at both headquarters and HGPT administration office. Hence, in achieving the aspiration to monitor our water consumption, we are in the planning to engage with the building owner to propose for individual meter and water billing at our offices.

In order to further reduce the amount of water consumed by our factory complex, we are planning to reuse the water used in the water quenching tank during the galvanising process and to install rainwater harvesting for one of our factory buildings in the near future.

Apart from the water consumption, it is observed that some of our construction activities may indirectly introduce other (controllable) negative impacts to the surrounding environment. As construction at our local project sites may impact the water quality, we are required to maintain and monitor this according to relevant environmental standards. Monthly water quality samples were taken to ensure the water quality complies with standards and reported to the relevant authorities thereafter. During the three (3) years in review, most of the water quality results were within the baseline and complied with the guideline limit of Class IIB of the National Water Quality Standards for Malaysia ("NWQSM") except at few sampling points.

As construction activities can cause erosion and stormwater runoff, we have undertaken the following controls:

- Construction of silt traps and monitoring of dams to manage water quality and water flow;
- Installation of geotextile fabric to protect slopes;
- Installation and maintenance of silt fences along the river stream near our sites and access roads to prevent sediment and erosion; and
- Hydroseeding works to plant grass on slopes and installation of Erosion Control Blankets to prevent slope erosion

Noise and vibration

At our construction sites, both noise quality and vibration quality are measured as part of our compliance to the guidelines issued by DOE. It is also a part of our continuous efforts in reducing the impact of noise and vibration generated from our construction activities which may disturb the surrounding areas and affect public health.

The ambient noise level for both day and night time was measured to identify the noise level which includes LA_{eq}, L_{10}, L_{50}, L_{90}, L_{min}, and L_{max} using calibrated Sound Level Meter. The monitoring exercises were conducted for 24 hours on a quarterly basis. From the results of the monitoring, all readings were below the Environmental Impact Assessment ("EIA") Approval Conditions No. 24. However, there were some sampling points that recorded a higher value than the limit level mainly due to vehicle movement from the nearby road, rain and other public activities. The limits of noise level during day time is 60db (A) and 50db (A) during night time.

Meanwhile, the vibration monitoring was conducted by using a vibration meter (NOMIS Mini Seismograph) on a quarterly basis. All readings were within the recommended DOE Guidelines, as stipulated in Schedules 5 and 6.

Materials and Waste Management

Materials

As a responsible player in the manufacturing of industrial goods and services, we continue to ensure responsible materials consumption and waste management with a view of improving our processes as well as seeking cost efficiencies.

In 2021, at our Manufacturing business segment subsidiary, REI, 8.7% of scrap metal was generated from the consumed raw material i.e. steel during the tower fabrication process. The scrap metal which were categorised as first and third grade materials were managed to be sold off to valid, registered and licensed scrap buyers or contractors. This ensured responsible disposal of the generated production waste and helped us strategise the best way to reduce the generated waste from the fabrication process.

Meanwhile another subsidiary of our Manufacturing business segment, GES recorded a galvanising rate of 2.8% of the consumed raw material (i.e. zinc, nickel alloy and aluminium alloy) to produce its products. From the galvanising processes, zinc ash and zinc dross were produced as by-products which were then sold accordingly to valid, registered and licensed buyers or contractors.

Waste and Effluents

Throughout the galvanising process, five (5) types of scheduled waste were generated - SW 104, SW 204, SW 206, SW 409 and SW 410. One of the processes that generated a great amount of waste was after the flux dipping process. During the process, the galvanising operation managed to ensure that the drying procedure was conducted well and monitored as the presence of wet flux coating led to greater amounts of waste, i.e. zinc ash and zinc dross.

The handling of scheduled waste was conducted as per Environmental, Health and Safety (EHS) Manual, which made reference to ISO 14001:2015 and ISO 45001:2018. Designated storage areas for chemical and scheduled waste were defined at our operations, by both factory complex and construction sites. All waste and effluents from maintenance activities were collected, stored and labelled in the tank at the general store. For disposal of scheduled waste, we appointed a licensed scheduled waste collector to handle the disposal procedure, while appointed contractors were responsible for the management of the general waste. In 2021, there were no incidents related to chemical storage and spillage recorded from our manufacturing and project activities.

Among the observed sources of emissions at the factory complex are from the operating LPG burner, dust collector, scrubber and forklift units. To ensure less air pollution is emitted from those machinery and equipment, the maintenance team strictly followed the scheduled maintenance and conducted preventive maintenance procedures.

Pertaining to e-waste, we continuously manage and collect e-waste items from all administrative offices, factory complex and construction sites at designated storage areas. We have conducted an e-waste disposal in 2016 and we are planning to conduct another one in 2022, through the appointment of a licensed e-waste collector.

To further inculcate the importance of recycling habits at the workplace, recycle bins were provided at strategic locations at our administrative offices.

SOCIAL

RTB Group recognises the importance of social in conducting our business. We place great emphasis on the health and safety of our people, upholding their rights, instituting a conducive workplace environment, delivering proactive engagement to the communities and continuously adding value to our stakeholders.

Each component is strategically managed to ensure that we have structured processes and governance in place to manage the different stakeholders, their concerns and expectations.

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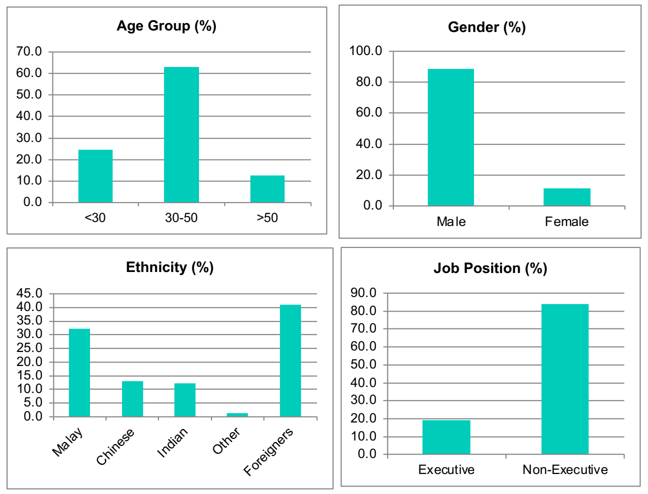
SUSTAINABILITY STATEMENT (CONT'D)

SOCIAL (Cont'd)

Workforce Diversity

Workforce Demographics

For the Manufacturing and Project Management business segments, we are powered by 708 workforce, who are passionate in accelerating the company's initiatives and realising our targets. The workforce demographics is illustrated in the following bar graphs:



Distribution of Workforce in 2021

New hires

In 2021, we welcomed a total of 122 new joiners, of which 93% were male; with 59% of them below 30 years old, 37% of them aged 30 - 50 years old and 4% of them aged over 50 years old. These new hires were to fill up the vacancies recorded in the same and previous year.

Turnover

During the year in review, we recorded a turnover rate of 35% (246 workforce). From the number, 88.2% were male and 11.8% were female; which comprised 50.0% (less than 30 years old), 45.5% (30 to 50 years old) and 4.5% (more than 50 years old).

Workforce Benefits

We continuously provide competitive remuneration, compensation and benefits in line with current industry standards to ensure our ability to attract and retain talent. Some of the compensation and benefits provided are as follows:

Compensation and Benefits	Description
Contribution[1]	Employees Provident Fund ("EPF"), Social Security Organization ("SOCSO") and Employment Insurance Scheme ("EIS")
Leave Entitlement[1]	Public holiday, medical leave, annual leave, compassionate leave, marriage leave, maternity, paternity leave, calamity leave, study leave, exam leave
Staff welfare[1]	Incentives for first legal marriage, first born, death of staff and family members, welcoming lunch for new joiners, wellness room
Medical[1]	Group Personal Accident, Group Hospitalisation and Surgical Insurance with equal coverage and limits for local and foreign workers, access to panel clinics and specialist claims
Allowance[2]	Uniforms and Personal Protective Equipment ("PPE"), travelling allowance
Awards[2]	Long-Service Awards to recognise the contributions of long-service staff, retirement benefits
Facilities[1, 2]	Canteen, pantry, water coolers, prayer rooms, first aid, individual lockers
Transportation[2]	Shuttle van services at construction sites, bus transportation to mosque for Friday prayers at factory complex

1 Mandatory compensation and benefit provided by the Group
2 Additional compensation and benefit provided by the Group

RTB Group provides parental leave to our entire workforce as part of our efforts to promote inclusivity in parenting and family growth. In 2021, seven (7) workforce, of which five (5) were male and two (2) were women, took parental leave. Within the year in review, all of them returned to work after their parental leave ended.

Training and Education

Workforce Training

We recognised the importance of capacity building of our workforce and are committed to strengthen their current skills and equip them with new ones which are aligned to our overall strategic directions. Continuous learning is key for their personal growth and to create sustainable competitive advantage for our business. The right skills enabled RTB Group to meet with the existing standards and equipped the operations with adaptive skills in response to the changing needs of the market.

As stipulated in our annual training plan, all of our workforce are required to fulfill a minimum of 16 hours training per year, as one of the Key Performance Indicator (KPI) in the annual employee performance appraisal. For 2021, we recorded 14.83 of average training hours for female employees and 4.75 of average training hours for male employees. Average training hours for executive and non-executive levels were 22.2 hours and 2.34 hours, respectively.

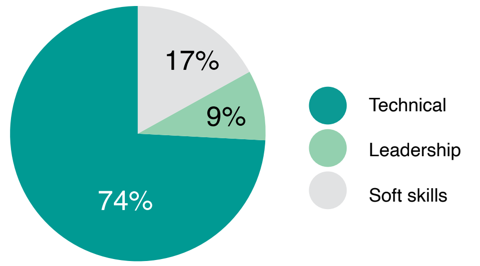
To emerge stronger from the COVID-19 crisis, we wanted to reskill and upskill our workforce, to be ready to operate in the new norm. As such, in 2021, on top of the wide range of development programmes, we also designed and delivered modules focusing on leadership and supervisory development; health and safety; and mental resilience. We conducted a series of 'Managers in Development Programme – Living in the New Norm' which was delivered throughout April to July 2021. We also delivered a series of Safety Enhancement programme throughout the year. Finally, we conducted a series of online training, i.e. Power Talk. One of chosen topics featured in the Power Talk was the Mental Wellness Workshop Series. These virtually delivered modules received strong traction from the workforce, with huge turnouts and active participation during live quizzes and engagements throughout the sessions.

In 2021, we invested a total of RM92,088.95 for all workforce training across the Group. During the year, our subsidiaries contributed the following amount to the Human Resource Development Fund (HRDF):

Subsidiary	Total HRDF Contributed (RM)	Amount HRDF Claimed (RM)	HRDF Balance (RM)
REI & RBC	97,182.48	58,038.72	180.479.90
GES	8,465.39	6,950.00	16,191.72
HGPT	918.95	-	7,841.91
TOTAL	**106,566.82**	**64,988.72**	**204,513.53**

During the year of reporting, our workforce attended three (3) types of training as illustrated in the following chart:

Type of Training (%)



To promote our commitment towards workers' equality, local and foreign workers are required to attend On Job Training ("OJT") as part of their skill development and enhancement, which is disclosed in the safety training section of this Statement.

Talent Development

Succession planning is one of the major performance levers for an organisation to differentiate themselves and remain competitive. As such, in 2021, we embarked on three major exercises to build the leadership pipeline of RTB Group and develop a robust succession planning framework. The three exercises are:

1) Development of a Comprehensive Talent Management Policy
2) Delivery of a Comprehensive Competency Assessment
3) Development of a Structured Individual Development Plan

Critical input from stakeholders and forward-thinking insights on future leadership competencies required in RTB Group and the industry, are important components in the development process of the framework. These initiatives will continue in 2022 to see its implementation and development of the leaders.

Performance Management System

Despite the challenges of remote working in 2020 and 2021, we successfully completed the annual appraisal of all workforce through a blended assessment approach, through virtual and face to face platforms. Through the review process, we evaluated employees' performance KPIs (80%), behavioural evaluation (20%) and performance summary and development plan. In setting performance objectives / KPI, we have identified targets using the SMART method (Specific, Measurable, Attainable, Realistic and Time-bound) to support the creation of an efficient and effective workforce.

Human Rights

Our commitment to uphold and monitor human rights matters is vital in ensuring RTB Group performs its Manufacturing and Project Management business segments in an ethical manner. The scope of human rights from our perspective covers from basic rights to those that make our workforce's lives worthwhile.

Child labour

We are committed to recruit and employ our workers who are 18 years old and above only, which is translated in our Human Resource (HR) policy and procedure. Throughout 2021, all of our recruited workers for the Manufacturing and Project Management business segments activities were 18 years old and above.

Working hours

We have fixed the working hours for our workforce to ensure their productivity, which complies with the Employment Act 1995.

Wage

We complied with the minimum wage requirement and all of our workforce are paid above the minimum wage, while extra working hours are paid according to the Employment Act 1995. In 2021, our Manufacturing subsidiary, REI, conducted a salary adjustment exercise to compensate the identified skilled workers based on their performance. This exercise has benefited 171 local and foreign workers with a total salary adjustment of above RM30,000 per month. Even though the Group was impacted by the Movement Control Order ("MCO"), EMCO and temporary shutdown, we ensured all workforce under the non-executive category (including factory and site workers) salaries were not reduced. In addition to that, the workers who showed good performance in executing their tasks and maintained excellent attendance records, an additional incentive was provided as an appreciation from the company.

Non-discrimination

At RTB Group, we are strongly against any forms of discrimination to our workforce and ensure fair employment practices and processes. We exemplify this commitment through one of our initiatives in providing sufficient healthcare coverage to our workforce. All of our workforce, including foreign workers are covered under the Group Hospitalisation and Surgical coverage.

Recruitment process

During the recruitment process of foreign workers, we continuously complied with applicable laws and regulations in Malaysia and in the workers' origin country. This was defined through the engagement processes with the local agents from the workers' origin country. We are also responsible for providing the foreign workers with the relevant medical check-ups and other necessary documents for entry i.e. visa and work permit application, in compliance with the stipulated law and regulations.

Accomodation

Providing an adequate standard of living to our foreign workers is one of the human rights components practised by RTB Group. All of our foreign workers are provided with conducive accommodation equipped with basic living necessities, including individual bedding and lockers, as well as kitchens and bathrooms. For our manufacturing workers, their accommodation is located within the factory complex, while for construction workers; their accommodation is located near the construction sites. We also provided logistics support to transport them to the workplace and to the nearby commercial areas to obtain basic necessities.

SOCIAL (Cont'd)

Human Rights (cont'd)

Healthy living

In light of the pandemic period, we reduced the working hours by one (1) hour and introduced flexi working hours at the Headquarters. This initiative is to provide greater flexibility to our workforce, whilst maintaining social distancing and curb COVID-19 spread at the workplace.

RTB Group conducts continuous reviews and improvements to the existing SOP, in fulfilling the requirements and guidelines outlined by the Government. This includes:

- Rearrangement of foreign workers in hostels based on their work arrangements to prevent infection spread of COVID-19
- Provision of four (4) cabin centres, with the capacity of eight (8) people for each cabin as a quarantine centre. All workers identified with positive cases and close contact are quarantined in separate cabins
- Instituted mandatory COVID-19 Antigen Rapid Self-Test to all visitors entering the factory complex to ensure the safety of our workforce onsite
- Provided vaccination facilities at the factory complex (for 1st and 2nd doses) and transportation for booster dose appointments
- Instituted mandatory COVID-19 Antigen Rapid Self-Test to all workforce, on biweekly basis. The COVID-19 Antigen Rapid Self-Test kits are provided by the company
- Conducted sanitisation on a regular basis and upon any detected positive cases in the workplace

In conclusion, during the year in review, we did not record any human rights-related cases or penalties of the reporting scope.

Occupational Health and Safety

Policies and Practices

As one of the MSM that is highest on the list of concerns for the Group's stakeholders (refer to the Materiality Matrix section on page 38), Occupational Health and Safety ("OHS") is our topmost priority in all aspects across the RTB Group.

Our commitment to continuously uphold OHS in our Manufacturing and Project Management business segments is further translated in our Health and Safety Policy. Through this policy, we also strive to communicate the direction from the Management, among others, by conducting weekly safety meetings, toolbox meetings, health and safety induction for new workers as well as briefings for visitors, clients and customers.

Health and Safety Committee

The established Health and Safety Committee plays a vital role in monitoring the implementation of OHS practices within our Group. The Committee was established at the Manufacturing and Project Management business segments. The roles and responsibilities of the Committee comprise of the following:

- Assisting the development of Health and Safety Committee rules and safe systems of work
- Reviewing the effectiveness of OHS programmes
- Carrying out studies on the trend of accidents, dangerous occurrence, occupational poisoning or occupational disease
- Conducting inspections of place of work
- Recommending remedial measures to be taken on any matter prejudicial to the health and safety of persons at the place of work
- Recording and reporting recommendations for improvements

We also have in place Emergency and Response Team ("ERT") to enable rapid response to minimise impact in the event of emergencies. The ERT is divided into three units, namely the firefighting and evacuation team, chemical spillage/gas leakage response team, and first aid team.

To further reinforce the health and safety practices among our workforce, our Manufacturing and Project Management segments conducted various activities and delivered various health and safety training programmes throughout the reporting year.

Manufacturing

1. Risk Management of Infectious Diseases in Industrial Area
2. COVID-19 Vaccine Q&A Session
3. ERT Training
4. Hearing Conservation Program
5. Safe Handling Overhead Crane
6. Personal Protective Equipment ("PPE")
7. Safe Handling Forklift Truck
8. Oil and Chemical Spillage Control Training

Project Management

1. Lifting supervisor training
2. Signalman training
3. Rigger training
4. Scaffolding erector training
5. First aid training
6. NIOSH TNB Safety Passport
7. In-house Signalman & Rigger training
8. Authorised Entrant Standby Person ("AESP")
9. In-house lifting supervisor
10. Working at Height ("WaH")

Safety Performance

As part of our efforts in monitoring overall health and safety measure across the Group, we record and monitor the safety performance on monthly basis. For the Manufacturing business segment, a total of 9 OHS cases were recorded in the year under review; as compared to 3 and 4 cases in both 2020 and 2019, respectively. Lost Time Injury Frequency Rate ("LTIFR")[3] calculated per 1,000,000 hours worked are summarised in the following table:

Parameter	2019	2020	2021
Total Man-hours worked	939,024	828,642	760,232
LTIFR in million hours	4.3	3.6	11.8

3. Amount or number of lost time injuries, that is, injuries that occurred in the workplace that resulted in an employee's inability to work the next full work day, which occurred in a given period relative to the total number of hours worked in the accounting period.

For Project Management business segment, a total of 893,496 of cumulative man-hours without LTI has been achieved from our construction activities. However, in 2021, we regret that there was one (1) fatality case at our local project under the Project Management business segment. Upon the incident, we immediately notified and reported the fatality case to the respective authorities and clients. Subsequently, we have taken prompt response and investigation to avoid the recurrence of the incident. The corrective measures taken included:

1) All safety procedures and work method statements were reviewed for their effectiveness and corrective actions have been taken to improve them.
2) Briefings and continuous communications of the improved safety procedures and work method statements, were conducted to all workers at the construction sites.
3) Continuous engagements (including demonstration) with clients and authority bodies were also conducted for verification purposes.

As at the date of this Statement, a total of 290,964 of cumulative man-hours without LTI has been achieved from our construction activities after the implementation of the corrective measures. Subsequently, there has been no further fatality or major incident at the Project Management business segment.

On the other hand, the Manufacturing business segment maintained good track records of OHS performance over the past 3 years.

The execution of OHS related responsibilities were conducted by in-house certified safety officers and site safety supervisors. On top of these positions, competent workforce were appointed to perform specific tasks properly and effectively:

- Working at height
- Confined space
- First aider
- Firefighting
- Forklift driver
- Overhead crane operator

Local Community

In 2021, we maintained our engagement with the local communities and relevant organisations in our ongoing spirit of creating long-lasting and positive values between the parties.

Corporate Social Responsibility

The massive flood in Bentong directly impacted our business as a total of 55 workforce were hit by the disaster. Responding to that, the Manufacturing business segment has contributed monetary flood relief aid worth more than RM130,000 to all identified victims for their basic necessities during the post disaster period. Other initiatives included providing an additional eight (8) days of calamity leaves for the victims and early salary pay out for the impacted workers.

In addition to the continuous support on the impact of COVID-19, the Manufacturing business segment has also provided a number of sponsorships and programmes as described below:

- Sponsorship of medical equipment to KKM Bentong (worth RM44,000)
- Sponsorship of food during vaccination program for Bentong District Health Officer at Dewan Arena Bentong (worth RM800)
- Provided vaccination facilities at the factory complex for both vaccination doses
- Provided logistic facilities for foreign workers to complete their booster vaccination

SOCIAL (Cont'd)

Local Community (cont'd)

Corporate Social Responsibility (cont'd)

Meanwhile, the Project Management business segment sponsored food aid to 200 Kampung Hulu Langat villagers, who were impacted by the pandemic.

It is our aspiration to continuously engage with the communities and agencies in the areas of our Manufacturing and Project Management business segments to create a collaborative working relationship, strengthen public trust and provide positive influence in building communities and nurturing local talents.

GOVERNANCE

Upholding a good governance practice is one of our key areas in ensuring RTB Group remains competitive through high standards of compliance, extensive risk management and internal control practices, as well as upholding integrity.

Corporate Governance

Risk Management and Internal Control

In planning and executing the risk management related activities, we adhere to the enhanced Enterprise Risk Management ("ERM") Framework, which is based on an internationally accepted framework. These include risk assessment and risk profiling, risk monitoring, and risk reporting, covering the Manufacturing and Project Management business segments. Deliberated risk reports are quarterly reported to the Risk Management Working Group ("RMWG") and Audit and Risk Management Committee ("ARMC").

During the year in review, we also established an Investment/Project Quick Risk Assessment Checklist, which primarily aims to identify potential risks and risk action plan through a set of key criteria which covers financial and non-financial matters, compliance and capability. This is to ensure better assessment and decision making prior to entering any new investment or projects.

As part of our effort to ensure our business and operations maintain good corporate governance practices, all existing Policies and Procedures were reviewed and revised accordingly, which reflect business and operational changes. Internal Audit provides the assurance of efficiency and effectiveness of the Policies and Procedures.

ISO certifications form one of our internal control measures and the ISO certifications received by our operating subsidiaries play a key role in maintaining compliance requirements for our Manufacturing and Project Management business segments. The certifications cover compliance on quality, environmental and OHS. In maintaining the certifications, we conduct annual ISO internal audits on each of the ISO for the respective Manufacturing and Project Management business segments for the following ISO certified subsidiaries:

i. ISO 9001:2014 (REI, GES , RBC)
ii. ISO 9001:2015 (HGPT)
iii. ISO 14001:2015 (REI, GES, HGPT, RBC)
iv. ISO 45001:2018 (REI, GES, HGPT, RBC)

For additional information on our risk management and internal control practices, please refer to the Statement of Risk Management and Internal Control in this Annual Report, page 60.

Anti-Bribery and Anti-Corruption

RTB Group is committed towards combating bribery and corruption through the compliance of Section 17A (S.17A) of the Malaysian Anti-Corruption Commission ("MACC") Act 2009 (Amendment 2018). RTB Group has taken initiatives to develop and enhance documentations related to anti-bribery and anti-corruption to prevent the occurrence of corrupt practices in compliance with Ministerial Guidelines on Adequate Procedures and benchmarked against MS ISO37001: Anti-Bribery Management Systems ("ABMS").

In 2021, the Group has established and revised the following key documentations:

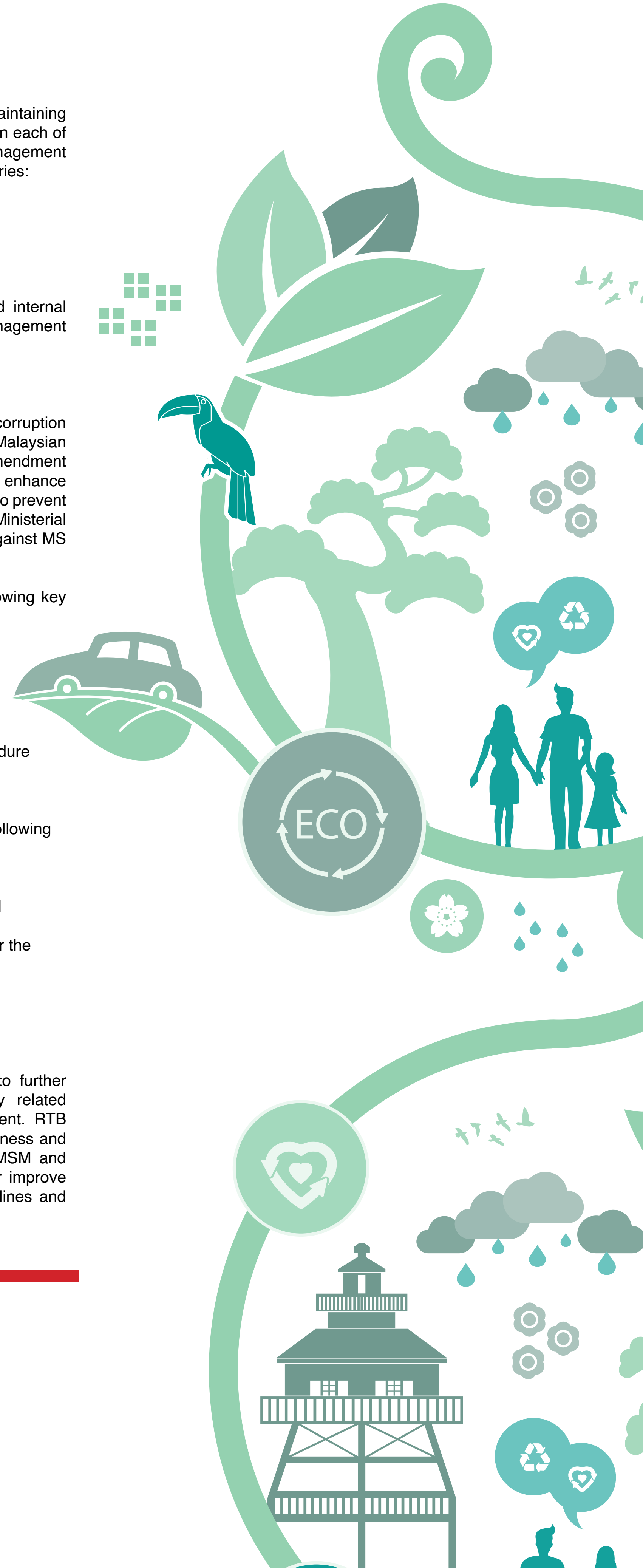
i. ABMS Manual
ii. ABAC Policy
iii. RTB Group Corruption Risk Assessment
iv. Whistleblowing Procedure
v. Conflict of Interest Procedure
vi. Gift, Hospitality, Donation and Similar Benefits Procedure
vii. Integrity Pact
viii. Know-Your-Customer ("KYC") Survey

During the year in review, the Group also conducted the following activities:

i. Annual refresher session for our employees
ii. Communication of updated key documentations to all employees
iii. Corruption Risk Assessment for all subsidiaries under the Group (local operations)
iv. Signing of the Integrity Pledge

MOVING FORWARD

Despite the challenges, 2021 has been a great year to further strengthen our foundation in addressing sustainability related matters; from governance to disclosure of this Statement. RTB Group is on track to deliver our EESG values to our business and stakeholders through close monitoring of each of the MSM and its respective indicators. In the future, we aim to further improve our disclosures in accordance with the applicable guidelines and standards; as well as industry best practices.



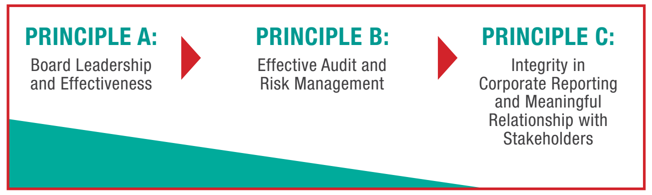
CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors of Rohas Tecnic Berhad ("the Board") recognizes the importance of good corporate governance and is committed to ensure that high standards of corporate governance are practiced throughout Rohas Tecnic Berhad ("the Company" or "RTB") and its subsidiaries ("RTB Group") to deliver long term sustainable value to the shareholders and other stakeholders. Over the years, the Company has weathered business and economic challenges and is currently geared up for transitioning into the recovery phase of the COVID-19 pandemic.

Following the Update of Malaysian Code on Corporate Governance ("MCCG 2021") issued by the Securities Commission of Malaysia on 28 April 2021, the Board and Management will continue to enhance good governance practices in strategies and innovations and strive to operate responsibly to achieve short, medium and long-term objectives with conscious consideration on the impact to stakeholders.

This Corporate Governance Overview Statement ("**CG Overview Statement**"), sets out the Company's corporate governance processes and practices applied throughout the financial year ended 31 December 2021 ("FY 2021") in compliance with Paragraph 15.25 of the Main Market Listing Requirements ("**MMLR**") of Bursa Malaysia Securities Berhad ("**Bursa Malaysia**") and guided by the principles and recommendations set out in the MCCG 2021 along with the Companies Act 2016.

This CG Overview Statement takes into consideration the features of the MCCG 2021 and the adoption by RTB of the best practices and how they have been applied, explains departures (if any) and alternative practices implemented, with reference to the three key Principles as set out in the MCCG 2021 during the FY2021 which are:-



This CG Overview Statement shall be read together with the Corporate Governance Report ("CG Report") published in the Company's website at rohastecnic.com. The CG Report provides the details on how the Company has applied each MCCG Practice as well as the departures if any and alternative measures in place within the Company during the FY 2021 and demonstrates the commitment of the Board and Management of the RTB Group in applying and embracing the high standards of corporate governance in the organisation.

GOVERNANCE FRAMEWORK

The Corporate Governance framework was established to strengthen the oversight of operations, corporate governance, compliance, internal control and risk management of RTB Group. The key elements of the framework are as follows:

- Board Charter;
- Terms of Reference for Board Committees;
- Business Code of Conduct;
- Whistleblowing Framework;
- Risk Management and Internal Control Framework; and
- Anti-bribery & Corruption Policy.

Good governance depends on capable and effective leadership, professional behaviour and ethical corporate culture. Therefore, the Board acknowledges that it is their responsibility to inculcate the appropriate culture, values which reinforce ethical, prudent and professional behaviour throughout the organisation to create a healthy and dynamic corporate culture within RTB Group.

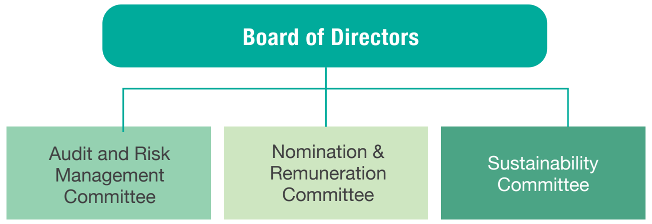
PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

The Board

The Board as a whole takes ownership of effective leadership and the long-term success of RTB Group. The diversified skills and leadership experience offered by the Non-Executive Directors enables them to scrutinise performance, assess RTB Group's risk management and control processes and to support the Executive Directors.

Roles and Responsibilities of the Board

In discharging its functions and responsibilities, the Board is guided by the Board Charter, as well as matters which have been delegated to the Board Committees as follows:-



The Board Committees have discharged their roles and responsibilities in accordance with the Terms of Reference ("**TOR**") of the respective Committees.

During the year, the Board had carried out the following tasks to ensure its obligation to shareholders and other stakeholders are met:-

- Setting the objectives, goals and long term strategic plan for RTB Group;
- Deliberating, scrutinising and approving RTB Group's budgets, plans and policies;
- Overseeing RTB Group's business to evaluate whether the business activities are being properly managed;
- Understanding principal and potential commercial risks of RTB Group and ensuring that appropriate systems are developed and put in place by Management to manage and mitigate these risks;
- Instituting systems of internal controls and recommending improvements to the Group's operating policies and procedures for Management's review;
- Where required, implementation are being documented and developed, to safeguard the Shareholder's investment and Group's assets;
- Ensure compliance with applicable laws, regulations, rules, directives and guidelines; and
- Deliberating, scrutinising, evaluation and deciding on Management's proposals on investment initiatives.

Role of Chairman of the Board

The Chairman of the Board is responsible for instilling good corporate governance practices, leadership and effectiveness of the Board appointed. This includes setting the agenda, style and tone of Board discussions so as to promote constructive debate, effective decision-making, instilling and monitoring good corporate governance practices and leading all Board meetings and general meetings.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

Mr Sia Bun Chun ("**George Sia**") who was previously the Managing Director of RTB until his retirement from the position on 31 December 2017, is the Chairman of the Company. With his vast experience on the operations, he has shown good leadership and insight into the business. He also communicates regularly with Management and other Board Committees members in instilling sound corporate governance practices at both levels.

The Company does not adopt Practice 1.4 of the MCCG 2021 which recommends that the Board Chairman is not to be a member of Nomination Committee or Audit Committee. George Sia is a committee member of the Nomination and Remuneration Committee ("NRC") and Sustainability Committee. The Board considered the governance deviation in keeping the Board Chairman as a member of Board Committees but acknowledged that the Chairman's long-term association with RTB Group combined with his industry experience and expertise, ensured that he would add value to the Board as well as the Group's future growth. In addition, the Board is of the view all members of the NRC are mature and can freely express their views during the Board Committee Meetings. The presence of the Board Chairman as a Board Committee member therefore will not impair the objectivity of the Chairmen of the Board Committees and the Board as a whole in their deliberations.

Consequently, in the spirit of promoting good governance and to continuously evaluate the Board's performance and effectiveness in executing its governance responsibility, the Board has appointed a Senior Independent Director, Chee Suan Lye. The Senior Independent Director serves as a sounding Board for the Chairman and acts as an intermediary between the Chairman and other members of the Board, as and when necessary.

Role of Group Chief Executive Officer ("Group CEO")

The Group CEO, Leong Wai Yuan leads and manages the overall operations of the business and organisational effectiveness with the support of a team of chief operating officers ("COOs") from respective business units and heads of functional support units. In addition, the Group CEO coordinates the development and implementation of policies and business strategies and ensures that business affairs, financial and risk management are carried out transparently, ethically and in compliance with the relevant laws and regulations in the interest of the stakeholders.

The Company continues to comply with the MCCG 2021 in respect of separation of role between Chairman and Group CEO.

Company Secretary

The Directors have full and unrestricted access to the advice and dedicated support services of the two (2) company secretaries appointed by the Board. Both the Company Secretaries are qualified to act as company secretary under Section 235 of the Companies Act 2016. They are experienced and competent, advise the Board on procedural and regulatory requirements to ensure that the Board and Board committees adheres to the board policies, procedures and regulatory requirements in carrying out its roles and responsibilities effectively.

The Company Secretaries shall be responsible to maintain proper statutory records, registers, and documents for RTB which are essential to assist the Board to achieve, meet and discharge their fiduciary responsibilities in accordance with good corporate governance practices. In addition, the Company Secretaries are also responsible in ensuring proper conduct at the Annual General Meetings, Board Committees' Meeting and any other meetings and the preparation of minutes thereat. The details on Company Secretaries are on page 11.

Information and Support for Directors

The Directors are provided with sufficient information for Board discussions and meetings. Management makes all possible effort and continues to improve itself in providing timely information to the Board. Key issues are presented and lengthy deliberation are held to ensure a thorough understanding of matters put forth to the Board.

The deliberations and decisions of the Board are recorded in the minutes of meetings and the process for recording abstention by Directors on a particular matter is in place. The minutes are circulated to the Board prior to the Board meeting and are reviewed and deliberated before being approved.

All Directors are entitled to obtain independent professional advice, if necessary, at RTB Group's expense from time to time in performing their duties, subject to the approval of the Senior Independent Non-Executive Director. All Directors also have full unrestricted access to any information pertaining to the listed issues.

DIRECTORS' TRAINING PROGRAMME

All Directors are required to participate in training programmes from time to time to provide them with necessary up to date information to enable them to participate and contribute effectively and efficiently to manage and direct RTB Group. Assessment on training needs of each Director, is carried out annually by the Nomination and Remuneration Committee.

Newly appointed Directors are required to attend a familiarisation programme. This includes meeting key senior management to be briefed on the core businesses and operations of the Group. It also serves as a platform to establish effective channel of communication and interaction with Management.

During the financial year, the Directors had attended seminars, workshops, webinars, virtual conferences and training programmes ("Programmes") on topics in relation to sustainability, corporate governance, leadership, regulatory updates and requirements including training on Section 17A of the Malaysian Anti-Corruption Commission (MACC) Act 2009 (Amendment 2018) on the liability of corporations for corrupt practices. The training programmes attended by the Board members in FY2021 are as follows:

No.	Director	Training Programme/ Conference Attended	Organiser	Date
1.	Sia Bun Chun	Nominating and Remuneration Committee – Beyond Box Ticking Enhancing Effectiveness	Asia School of Business, ICLIF Executive Education Center ("ASB")	15-16 March 2021
		Raising Defences Section 17A, MACC Act	ASB	29-30 March 2021
		MCCG Revision 2021 - Changing the Game in Corporate Governance	Institute of Corporate Directors Malaysia ("ICDM")	7 July 2021
		Board and Executive Remuneration In Times of Crisis	ICDM	13 July 2021
		The Sustainability Accelerator	Malaysian Investor Relations Association Berhad ("MIRA")	27 October 2021 8 November 2021 24 November 2021

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

DIRECTORS' TRAINING PROGRAMME (CONT'D)

No.	Director	Training Programme/ Conference Attended	Organiser	Date
2.	Chee Suan Lye	The Sustainability Accelerator	MIRA	13 October 2021 27 October 2021 8 November 2021 24 November 2021
3.	Mohamed Tarmizi Ismail	Nominating and Remuneration Committee – Beyond Box-Ticking Enhancing Effectiveness	ASB	15-16 March 2021
		Raising Defences Section 17A, MACC Act	ASB	9-10 June 2021
		MCCG Revision 2021 - Changing the Game in Corporate Governance	ICDM	7 July 2021
		How Importance is The Nominating Committee and Remuneration Committee	ASB	29-30 July 2021
4.	Amirul Azhar Baharom	Raising Defences Section 17A, MACC Act	ASB	29-30 March 2021
5.	Dr Ir Jeyanthi Ramasamy	Raising Defences Section 17A, MACC Act	ASB	29-30 March 2021
6.	Khor Yu Leng	Nominating and Remuneration Committee – Beyond Box Ticking Enhancing Effectiveness	ASB	15-16 March 2021
		The Sustainability Accelerator	MIRA	13 October 2021 27 October 2021 8 November 2021 24 November 2021
7.	Wan Afzal-Aris Wan Azmi	Corporate Director Transformational Leadership Series- Building a Transformational Business	Malaysian Alliance of Corporate Directors ("MACD")	7-8 December 2021
		The Sustainability Accelerator	MIRA	13 October 2021 27 October 2021 8 November 2021 24 November 2021
8.	Shaharuddin Zainuddin	Raising Defences Section 17A, MACC Act	ASB	9-10 June 2021
		MCCG Revision 2021 - Changing the Game in Corporate Governance	ICDM	7 July 2021
		The Sustainability Accelerator	MIRA	13 October 2021 27 October 2021 8 November 2021 24 November 2021
9.	Leong Wai Yuan	Board Dynamics: What are the Key Governance, Risk & Compliance Requirements	Malaysian Institute of Corporate Governance (MICG)	11 January 2021
		The Sustainability Accelerator	MIRA	13 October 2021 27 October 2021 8 November 2021 24 November 2021
10.	Wong Mun Keong	Securities Commission (SC) Guidelines on The Conduct of Directors of Listed Corporation and Their Subsidiaries – Their Implications to The Listed Corporation, its Directors, Directors of Its Subsidiaries and Management, including what needs to Be Done	MIRA	23 September 2021

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

BOARD MEETINGS

Board meetings for the ensuing financial year are planned and scheduled in advance by the Management before the end of the financial year to enable all Directors to plan ahead.

All Directors are expected to devote sufficient time for the effective discharge of their functions. None of the Directors of RTB serve in more than five (5) listed companies and the Group CEO does not serve as a director in other listed companies. The present directorships in external organisations held by RTB's Directors do not give rise to any conflict of interests nor impair their ability to discharge their responsibilities to RTB Group.

The Board recognises the need to spend time with Senior Management to discuss on the business strategies, plans and performances of RTB Group. All Board members have committed their time to this effect. In preparing the strategies and budget for RTB Group for 2021, the Executive Directors briefed the Board to obtain their views.

During FY2021, eleven (11) Board meetings were held to approve quarterly financial results, statutory financial statements, the annual report, business plans as well as to review the performance of RTB Group and its operating subsidiaries, governance matters and other business development matters. The Board is satisfied with the level of time commitment given by Directors towards fulfilling their roles and responsibilities as Directors which is evidenced by their attendance at the Board, Board Committee meetings and the Annual General Meeting ("AGM") as follows:

Table of Board Composition and Meeting Attendances in FY2021

Name of Director	AGM	Board Meetings	Board Committees Meeting		
			ARMC	NRC	SC
Non-Independent Non-Executive Director					
Sia Bun Chun	1/1	11/11	-	4/4	1/1
Wan Afzal-Aris Wan Azmi	1/1	11/11	-	-	1/1
Independent Non-Executive Directors					
Chee Suan Lye	1/1	11/11	18/18	-	-
Mohamed Tarmizi Ismail	1/1	11/11	18/18	4/4	-
Amirul Azhar Baharom*	1/1	11/11	18/18	4/4	-
Dr Ir Jeyanthi Ramasamy	1/1	11/11	18/18	-	-
Khor Yu Leng	1/1	11/11	-	4/4	1/1
Shaharuddin Zainuddin	1/1	11/11	3/3**	-	1/1
Non-Independent Executive Director					
Leong Wai Yuan	1/1	11/11	-	-	1/1
Wong Mun Keong	1/1	11/11	-	-	-
Shahrulanuar Ishak***	1/1	10/10	-	-	-
Total number of meetings for 2021	1	11	18	4	1

Note:
ARMC - Audit and Risk Management Committee
NRC - Nomination and Remuneration Committee
SC - Sustainability Committee
* - Redesignated as Non-Independent Executive Director on 14 April 2022
** - Appointed as a member of ARMC on 1 October 2021
*** - Resigned on 30 November 2021

Board Charter

The Board has in place a Board Charter which is accessible on RTB Group website. The Board Charter identifies the role and responsibilities of the Board, Board Committee, Chairman, Group CEO, individual Directors and Company Secretary.

The Board reviews the said Charter periodically and any amendments or improvements shall be made thereto as and when the Board deems appropriate and necessary. Any subsequent amendments shall be approved by the Board.

Code of Conduct

Business Code of Conduct is in place which includes policies and procedures for managing conflicts of interest as well as preventing abuse of power, corruption, insider trading and money laundering which is accessible from RTB Group's website.

All Directors and employees were provided with the Business Code of Conduct. All employees are required to read the Business Code of Conduct and sign off in acknowledgement.

Anti-Bribery & Anti-Corruption Policy

In line with the enforcement of the Section 17A of the Malaysian Anti-Corruption Commission Act 2009 which effected 1 June 2020, the Board has approved the adoption of the Anti-Bribery and Corruption Policy. The Group is committed to conduct business dealings with the highest standard of integrity and ethics to comply with the applicable laws and regulatory requirements on anti-corruption. As part of the Anti – Corruption Awareness Campaign for RTB Group, all Directors of RTB and all staff including Senior Management of the Group have signed an Integrity Pledge for their commitment to the Group's Anti-Bribery and Corruption Policy. The Anti-Bribery and Corruption Policy is published on the Company's website at **rohastecnic.com** .

Establishing and Implementation of Whistleblowing Policies and Procedures

RTB Group has a Whistleblowing Policy with the aim to enable individuals to raise genuine concerns without fear of retaliation. This policy details the oversight and responsibilities of the whistleblowing process, the reporting process, protection and confidentiality given to the whistleblowers. An overview of the Whistleblowing Policy is available on the Company's website at rohastecnic.com.

Sustainability Management

The Board together with Management acknowledge their responsibility for promoting sustainability in areas covering economic, environment as well as social and governance ("EESG"). To achieve this, the Board continuously ensures that there is an effective governance framework for sustainability within the Group.

In furthering our sustainability journey, the Board has established a new Board Committee i.e. Sustainability Committee in July 2021. The Committee is responsible to oversee the sustainability matters, in accordance with the Group's Sustainability Framework and Sustainability Policy.

The executive committee of the Group ("EXCO") has been tasked to manage the Group's sustainability strategically, including the integration of sustainability considerations in the operations of the Group. The EXCO oversees a dedicated department namely the Risk, Compliance and Sustainability Department ("RCSD") has been established, led by Mr. Muhd Firdaus bin Mohd Darwis to manage Sustainability matters. The RCSD is responsible for coordinating stakeholder engagement, review material sustainability matters and indicators, execute data collection and monitoring processes for reporting, as well as coordinate sustainability programmes.

In order to understand well and keep abreast on sustainability matters, the Chairman together all members of Sustainability Committee, other members of the Board and the RCSD team have attended more than 10 hours of training per person in relation to Sustainability provided by Malaysian Investor Relations Association Berhad ("MIRA") in year 2021. In addition, news articles or reports in relation to Sustainability or EESG matters are always shared among Board members and the working group of the Sustainability Committee for the Board and working team to keep abreast on the latest developments and trends, in the local and global scene.

Further information on the Company's approach towards sustainability is provided in the Sustainability Statement on pages 36 to 49 of this Annual Report.

Presence of Independent Directors on the Board

As at the date of report, the Board has ten (10) members comprising two (2) Non-Independent Non-Executive Director, three (3) Non-Independent Executive Directors and five (5) Independent Non-Executive Directors, which is at least half of the board comprises independent directors.

Tenure of Independent Directors

Pursuant to the Board Charter, the tenure of an independent director should not exceed a cumulative term of nine (9) years. Upon completion of the full nine (9) years, the independent director may either retire or continue to serve on the Board subject to the director's re-designation as a non-independent director. However, the Board may justify and seek shareholders' approval in the event that it retains an independent director exceeding nine (9) years.

In accordance with Clause 139 of the Constitution of the Company and Paragraph 7.26(2) of the MMLR, at least one-third (1/3) of the Board is subject to retirement by rotation at each Annual General Meeting ("AGM"). Pursuant to Clause 139 of the Constitution of the Company, Dr. Ir Jeyanthi A/P Ramasamy, Shahrulanuar Ishak and Khor Yu Leng, were re-elected at the 27th AGM held on 23 June 2021.

In accordance with Clause 144 of the Constitution of the Company, any Director appointed to fill a casual vacancy or as an additional Director shall only hold office until the next following AGM and shall then be eligible for re-election. Shaharuddin Bin Zainuddin, who was appointed to the Board on 17 September 2020, retired in accordance with Clause 144 and was re-elected at the 27th AGM held on 23 June 2021.

Based on the chronology of the Directors' appointment to the Board, the following directors shall retire by rotation at the forthcoming 28th AGM in accordance with Clause 139 of the Constitution of the Company and are eligible for re-election:-

(a) Mohamed Tarmizi bin Ismail;
(b) Chee Suan Lye; and
(c) Amirul Azhar Baharom.

All the above Directors concerned, who are required to retire from office pursuant to Clause 139 of the Constitution of the Company, have consented to offer themselves for re-election at the forthcoming 28th AGM.

Amirul Azhar Baharom whose tenure as an independent director of the Company has reached a cumulative term of nine (9) years, has been re-designated as Non-Independent Executive Director with effect from 14 April 2022.

Diversity on Board and in Senior Management

The Board acknowledges importance of fostering diversity to enhance the effectiveness of the Board and Senior Management. The Board comprises members who have vast experience in the engineering and construction, finance and accounting, legal and governance as well as human capital and sustainability, which are critical to the Group's business and its sustainability. Each Director brings to the Board an independent and objective perspective to enable balanced and well-considered decisions to be made in the best interest of the Group. The Board brings in a wide spectrum of diverse skills and expertise to RTB Group which allows it to meet its objectives in the competitive business environment.

The Board is of the view that its composition is adequate in terms of size, skills and experience, diversity of age and background to ensure well-balanced views to facilitate effective decision making.

The size and composition of the Board are reviewed annually, taking into account the scope, nature and diversity of the business operations of the Group.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

As at the date of this Statement, the Board composition, in terms of gender, age, ethnicity and independence for the financial year under review is as illustrated below:

Diversity		Composition Percentage
Type of directorship	Independent	50%
	Executive	30%
	Non-Executive Non Independent	20%
Gender	Male	70%
	Female	30%
Age	30 – 39	20%
	40 – 49	20%
	50 – 59	20%
	60 – 69	30%
	70 and above	10%
Ethnicity	Malay/Bumiputra	40%
	Chinese	40%
	Indian	10%
	Other	10%
Nationality	Malaysian	90%
	Foreigner	10%
Tenure of service	Up to 2 years	20%
	More than 2 years and up to 4 years	10%
	More than 4 years and up to 6 years	60%
	More than 6 years and up to 9 years	10%

Appointment of Directors

The appointment of a new director is for consideration and decision by the full Board upon the recommendation from the Nomination and Remuneration Committee ("NRC").

In identifying candidates for appointment of directors, the Board relies on recommendations from existing board members, management or major shareholders as well as independent sources to identify suitably qualified candidates. The Board will take into consideration and review the appropriate skills, independence, experience and knowledge required of the Board members, in the context of the needs of RTB Group. The Board will also review its composition and size from time to time to ensure its appropriateness and effectiveness. Nonetheless, the main criteria of the RTB Board's candidate is meritocracy based on relevant qualifications, experience, knowledge and expertise that will enhance the Board's value.

THE BOARD COMMITTEE

Nomination and Remuneration Committee

The Board of Directors, for purpose of expediency and better efficiency, had on 28 December 2020 approved the combination of the Nomination Committee ("NC") and Remuneration Committee into one committee, namely as the "Nomination and Remuneration Committee" ("NRC"). The function and responsibilities of the NRC are set out in the Terms of Reference of the NRC which is available at the Company's website at rohastecnic.com.

The NRC, as at the date of this Statement, comprises three (3) Non-Executive Directors of whom two (2) are Independent Non-Executive Directors and one (1) is Non-Independent Non-Executive Director as follows:-

(a) Mohamed Tarmizi Ismail (Chairman - Independent Non-Executive Director)
(b) Sia Bun Chun (member – Non-Independent Non-Executive Director)
(c) Khor Yu Leng (member - Independent Non-Executive Director)

The Nomination Committee met four(4) times during the financial year ended 31 December 2021 ("FY 2021"), and had carried out the following activities during FY 2021:-

- assessed the annual performance of each individual Director;
- assessed the continued independence of each Independent Director;
- reviewed the skills, experience and competencies of each individual Director and based thereupon, assessed the training needs of each individual Director;
- assessed the effectiveness of the Board, the ARMC and other Committee of the Board;
- reviewed the skills, experience and competencies of the non-executive Directors;
- assessed the adequacy of the size and composition of the Board;
- reviewed the retirement and re-election of the Directors pursuant to the Constitution of the Company;
- reviewed the service contract of the Group Chief Executive Officer;
- reviewed the renewal and extension of the service contract for the Chief Investment Officer;
- reviewed the Gap Analysis on the existing Performance Management System and Succession Planning Framework;
- reviewed the organisation chart of the Group; and
- reviewed and recommended to the Board the proposed remuneration for non-executive Directors.

Evaluation for Board, Board Committees and Individual Directors

During the financial year under review, the NRC had conducted annual assessments of the Board and its members ("Assessment"), in respect of the following:

(a) assessment of the effectiveness of the Board and the Board Committee;
(b) review of the skills, experience and competencies of the Board members; and
(c) assessment of the adequacy of the size and composition of the Board.

Arising from the above Assessment, the NRC observed that:

(a) the Board and the Committees of the Board were effective in carrying out their responsibilities;
(b) the Board generally has the desired mix of skills, experience and competencies in all areas;
(c) the Board have good combination of gender diversity namely out of a total of 10 directors, there are three (3) women directors which represent 30% female directors on the Board; and
(d) the size and the composition of the Board is adequate to meet the Company's requirements.

THE BOARD COMMITTEE (Cont'd)

Evaluation for Board, Board Committees and Individual Directors (Cont'd)

With regards to the assessment on the independence of the Independent Non-Executive Director, each Independent Non-Executive Director did a self-evaluation of his/her independence based on the criteria of independence as defined under paragraph 1.01 of the MMLR, and also re-checked and stated his/her tenure of service as Independent Non-Executive Director in the Company, in the confirmation slip. The said confirmation slip was reviewed by the Nomination & Remuneration Committee.

Remuneration Policy and Procedures for Directors and Senior Management

Directors' remuneration is formulated by the NRC to be competitive and realistic with the aim to attract, motivate and retain Directors with the relevant experience, expertise and quality needed to assist in managing RTB Group effectively.

The level of remuneration is linked to the level of responsibilities undertaken for Non-Executive Directors whilst for the Executive Directors, the remuneration packages link rewards to corporate and individual performance.

Directors' Remuneration

The Board has established a formal and transparent process for approving the remuneration of the Board and Board Committees, the CEO and the Senior Management of the Company. The NRC is responsible to formulate and review the remuneration policies for the Board and Board Committees as well as the Senior Management of the Company to ensure the same remain competitive, appropriate, and in alignment with the prevalent market practices.

The Company has a formal and transparent Directors' Remuneration Framework which comprises of retainer fees, meeting allowances and benefits in-kind as follows:-

Table 1: Directors' Remuneration Structure**

	Director's fee (per annum)	Meeting Attendance Allowance		Travelling Allowance	
		Board Meeting/ Board Committee Meeting	Performance Review Meeting	Within ASEAN countries (including Malaysia)	Outside ASEAN countries
Non-Executive Chairman of the Board	RM50,000.00	RM2,000 per attendance*	RM500 per attendance	RM200 per diem	USD100 per diem
Non-Executive Deputy Chairman of the Board of Directors	RM40,000.00				
Senior Independent Director	RM40,000.00				
Non-Executive Director	RM30,000.00				

Notes:-
*Chairman of Board and Chairman of Board Committees is eligible for an additional Meeting Allowance of RM500.00 when chair of Board or Board Committee Meeting.
** Executive Director who are employees of RTB Group are not eligible for Directors' Remuneration in Table 1.
*** Each non-Executive Director is eligible for an insurance coverage upto RM100,000.00 (or the maximum medical expense to be reimbursed per annum for a director who is not cover under the insurance coverage) for Hospitalisation and Surgery ("GHS") and Group Personal Accident Insurance ("GPA").

The current Board Remuneration Structure was approved by the Board Meeting held on 17 May 2021. Based on the structure of the Board Remuneration, a blanket amount up to RM845,600.00 being the directors remuneration for the period from the last Annual General Meeting ("27th AGM") until the forthcoming AGM ("28th AGM") was proposed to shareholders for approved and the approval was obtained at the 27th AGM held on 23 June 2021.

For the forthcoming AGM, the Board seeks the shareholders' approval that the same amount of Directors' Remuneration as per the previous year, i.e. up to an amount of RM845,600.00 ("**Proposed Directors' Remuneratio**n") be payable to the Non-Executive Directors from the 28th AGM until the 29th AGM of the Company, in accordance with Section 230 of the Companies Act 2016 and Paragraph 7.24 of the MMLR. The Board is of the view that the Proposed Directors' Remuneration is still at par with the prevalent market rate and the Group's performance.

The breakdown of the detailed Directors' remuneration is disclosed in the Corporate Governance Report 2021, which is accessible to the public at Company's corporate website, rohastecnic.com.

Senior Management's Remuneration

The Company does not comply with recommendation to disclose on named basis the top five senior management's remuneration in the bands of RM50,000 in order to preserve confidentiality.

The Board is of the view that it is not to the Company's advantage or business interest for detailed disclosure considering the highly competitive market for talents. The remuneration of the Senior Management who are employees of RTB Group has been benchmarked with the industry and is aligned with the market practice.

The Board through the Nomination and Remuneration Committee will ensure that the remuneration of the senior management is commensurate with their key performance achievements and the performance of the Company.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

Audit function

The Audit & Risk Management Committee ("ARMC") was established to assist the Board in ensuring the integrity of financial reporting and the existence of a sound internal control system within the Group. The ARMC also monitors compliance with established of various policies and procedures within the Group as well as assesses the suitability, objectivity and independence of the external auditors and internal audit functions.

The ARMC has reviewed and evaluated the suitability, performance and independence of the external auditors and the appropriateness of their audit fees. The Company has obtained written assurance from its external auditors, Grant Thornton Malaysia PLT that they are and have been independent throughout the conduct of the audit engagement in accordance with the Malaysian Institute of Accountants ('MIA') By-Laws (on Professional Conduct and Ethics) that require auditors to be professionally independent.

In accordance to the terms of reference of the ARMC, for former key audit partner of existing external auditor shall observing a cooling-off period of three (3) years if they are to be consider to be appointed as a member of the Audit Committee.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT (Cont'd)

Audit function (cont'd)

The main functions of the Audit and Risk Management and details of the ARMC are enumerated in the ARMC Report as set out on this Annual Report.

Risk Management and Internal Controls

The Board has overall responsibility for the Group's system of internal control and risk management and determines the strategic approach to risk to safeguard shareholders' investment and the assets of the Group.

The Board and the ARMC review the effectiveness of the system and ensure that there is a process in place for identifying, evaluating and managing the significant risks to the achievement of the Group's strategic objectives. While the Board as a whole is responsible for the Group's system of internal control, the Board has delegated responsibility for monitoring the effectiveness of the Company's risk management and internal control systems to the ARMC.

The ARMC oversee a risk-based internal audit programme, including periodic audits of the risk processes across the Group. This provides assurance on the management of risk and receives reports on the efficiency and effectiveness of internal controls. Each of the individual business units and functional Management Teams drive the process through which principal and emerging risks and uncertainties are identified.

The Board understands that the individual business units and functional Management Teams are best placed to identify the principal and emerging risks and uncertainties associated with their respective areas of business. Risks identified and associated mitigating controls are subject to review by the Board and the ARMC on a regular basis.

The process for identifying, evaluating and managing risk has been in place throughout the FY 2021. This system of internal control is designed to manage and mitigate and/or eliminate, the risk of failure to achieve business objectives.

The Board confirms that it has monitored the Company's risk management and internal control system and that there is a process in place to identify, evaluate and manage the significant risks faced by the Group.

In this respect, the details of the Risk Management and Internal Control Framework are set out in the Statement on Internal Control and Risk Management on pages 60 to 62 of this Annual Report.

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

Communication with Stakeholders

The Board takes cognisance of the importance in having effective, transparent and regular communication with the Company's stakeholders. The Board is committed to ensure that the Group continue to engage effectively with the shareholders to facilitate a mutual understanding of objectives. RTB Group has a number of formal channels in place to effectively communicate this information to all the shareholders and stakeholders. The Board primarily achieve this through the following activities; the annual report, announcements to Bursa Malaysia, quarterly reports, press releases and Group's website.

The Company's Shareholders and members of the public may gain access to any latest corporate information of the Company on its website at **rohastecnic.com** which is linked to the announcements published on the website of Bursa Malaysia at www.bursamalaysia.com. The Company's website also provides easy access to the Company's Board Charter, Terms of Reference of Board Committees, key policies, financial highlights and annual reports.

Conduct of Annual General Meeting ("AGM")

In view of Covid-19 Pandemic, the 27th AGM was held full virtually on 23 June 2021. This is in line with the Securities Commission Guidance Note on the Conduct of General Meetings for Listed Issuers issued on 18 April 2020 (including any amendment that have been made from time to time) to ensure companies can continue to fulfil their obligation under the law and to shareholders during the pandemic.

As a result of the restricted movement control order and strict measures which impacted the Group's operations due to the pandemic, the Notice of 27th AGM together with the Annual Report 2020 and the audited financial statement for year ended 31 December 2020 were issued on 31 May 2021 for the AGM to be held on 23 June 2021. The Company served 23 days of notice before the meeting for its 27th AGM, which in compliance with the 21 days requirements under Section 316(2) of the Companies Act 2016, Paragraph 7.15 of the MMLR and Clause 82 of the Company's Constitution. The Board shall continue to strive for issuance the notice of AGM for more than 28 days as recommended by the MCCG 2021 for its future AGMs.

The Company had leveraged on technology to facilitate remote shareholders' participation and remote online voting in accordance with Section 327 of the Companies Act 2016 and Clause 83 of the Constitution of the Company.

All the eleven (11) members of the Board, including the Chairman, Group CEO, Chief Financial Officer as well as the company secretary, the external auditors and some Key Management personnel attended the 27th AGM remotely via Online Meeting Platform hosted by Securities Services e-Portal ("SS e-Portal").

The Company had notified the shareholders on the conduct of the AGM virtually via the Remote Participation and Voting ("RPV") application, together with the instructions in the Administrative Guide. The same was also published through the announcement to Bursa Malaysia and the Company's corporate website respectively.

During the virtual AGM, the Group CEO presented a comprehensive review of the Group's performance initiatives and value created for shareholders. This review was supported by a visual and graphical presentation of the key points and financial figures.

Before the AGM, shareholders were encouraged and given opportunity as well as time by the Board to submit questions pertaining to the Annual Report, resolutions being proposed and the business of the Company or the Group in general prior to seeking approval from members and proxies on the resolutions. The Board, Senior Management, and external auditors, were also present virtually at the AGM to provide answers and clarification to shareholders. There was active engagement between the Chairman, Board members, Management and shareholders and there was opportunity for shareholders to have interaction with the Board.

Independent scrutineer, Commercial Quest Sdn Bhd, validated the votes cast at the AGM. Votes cast for and against and the respective percentages on each resolution are displayed to shareholders after the poll is conducted for all resolutions put in to vote at the meeting. The outcome of the AGM was announced by the Company on the same day to Bursa Malaysia.

The minutes of the 27th AGM (including all the Questions raised at the meeting and the Answers thereto) were made available on the Company's website upon reviewed by the Board Members and approved by the Chairman, within 30 business days from the AGM.

STATEMENT OF COMPLIANCE

The Board has deliberated, reviewed and approved this Statement and is satisfied that the Company has adopted the practices and has applied the key Principles of the MCCG 2021 for the year under review. The Board shall continue to strive for high standards of MCCG 2021 throughout the Group.

Details of how the Company has applied the MCCG Principles and complied with its Practices are set out in the CG Report. The explanation for the departures is further elaborated in the CG Report, which can be found at the Company's website: rohastecnic.com.

This Statement was approved by the Board on 14 April 2022.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

The Audit and Risk Management Committee ("ARMC") plays a key role in assisting the Board to fulfil the Board's oversight responsibilities for the Group during financial year ended 31 December 2021 ("FY2021").

The principal objective of ARMC is to implement and support the oversight function of the Board in the area of governance, risk management and internal control; the ARMC reviews Rohas Tecnic Berhad ("RTB") and its subsidiaries ("RTB Group" or "Group") financial data, its internal controls, corporate code of conduct, the independence of RTB Group's external auditors, and maintain an open line of communication and consultation between the Board, the internal auditors, the external auditors and Management.

In FY2021, the ARMC were focused principally on assisting the Board to review the adequacy and integrity of the Group's financial administration and reporting, internal control and risk management systems for compliance with applicable laws, regulations, rules, directives and guidelines.

The ARMC is pleased to present this ARMC Report for FY2021, which was approved by the Board.

COMPOSITION AND ATTENDANCE

The composition of the ARMC complies with Paragraph 15.09(1) of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Malaysia"). As of the date this report, ARMC consists of four (4) members of which all are independent non-executive directors. None of them are alternate directors.

Chee Suan Lye, the Chairman of ARMC, is a Senior Independent Non-Executive Director and this is in accordance with paragraph 15.10 of the MMLR.

She is not the Chairman of the Board. This is in compliance with the Step-up recommendation of Malaysian Code on Corporate Governance ("MCCG") and the requirements of the MMLR.

Chee Suan Lye is a member of the Malaysian Institute of Certified Public Accountants and Shaharuddin Zainuddin is a fellow member of Association of Chartered Certified Accountants (United Kingdom). Therefore, the requirement of Paragraph 15.09(1)(c) of the MMLR where at least one (1) member of the ARMC must be a qualified accountant has been complied with.

Position	Members of the ARMC	Number of Meeting Attended
Chairman	Chee Suan Lye (Senior Independent Non-Executive Director)	18/18
Member	Mohamed Tarmizi Ismail (Independent Non-Executive Director)	18/18
Member	Amirul Azhar Baharom[1] (Independent Non-Executive Director)	18/18
Member	Dr. Ir. Jeyanthi Ramasamy (Independent Non-Executive Director)	18/18
Member	Shaharuddin Zainuddin[2] (Independent Non-Executive Director)	3/3
Total Meeting held in FY2021		**18**

[1] Resigned on 14 April 2022
[2] Appointed with effect from 1 October 2021

MEETINGS

General conduct of Meetings

a) ARMC meets at least four (4) times a year and as many times as the ARMC deems necessary;
b) The quorum for any meeting of ARMC shall be at least two (2) members who are Independent Directors and if more than two (2) members are present, a majority of members present must be Independent Directors;
c) The Secretary to ARMC shall be the Company Secretary or any other person appointed by the ARMC;
d) The Secretary is responsible, in conjunction with the Chairman, for drawing up the Agenda and circulating it to the ARMC members prior to each meeting. The Secretary is also responsible for keeping the minutes of the meeting of ARMC, and circulating to the ARMC members and to other members of the Board; and
e) The ARMC meeting dates are arranged ahead and communicated to the auditors in advance for them to prepare the Audit Review Memorandum, Audit Planning Memorandum and Audited Financial Statements for presentation to the ARMC in order to meet deadlines.

ARMC Meetings conducted in FY2021

The Group Chief Executive Officer ("GCEO"), the Chief Financial Officer ("CFO") and the Chief Investment Officer ("CIO") who are the Executive Committee of the Company ("EXCO") were invited to attend all ARMC meetings to provide a direct flow of information to the ARMC as well as to provide any clarification required under their areas of responsibility in event of any issues arising. The EXCO also tabled proposals and other matters that required the ARMC's approval and the CFO presented the reports on the financial results.

The Head of Internal Audit Department ("IAD") and relevant senior personnel were invited to brief the ARMC when specific issues involving their respective areas of responsibility arose from risk management and internal audit reports. The external auditors were also invited to present to the ARMC the audit plan, the audit findings, as well as any other matters as they considered were important for the ARMC's attention. The ARMC had conducted two (2) private sessions with the external auditors without the presence of EXCO and Management at meetings held in 2021, to provide opportunities to the external auditors to raise any matters without the presence of the EXCO and Management.

TERM OF REFERENCE ("TOR")

The ARMC is governed by its TOR, which is consistent with the requirements of MMLR and best practices of the MCCG. The ARMC TOR may be referred to the Company's website at rohastecnic.com.

ARMC primary functions are as follows:

a. review with the internal and/or external auditors the nature and scope of their audit plans, audit reports, major findings and evaluations of the internal controls system;
b. review the quarterly and annual financial statements before submission to the Board, focusing on, amongst others, change in implementation of major accounting policies and practices, significant and unusual events, significant adjustments arising from the audit, the going concern assumption and compliance with accounting standards and other regulatory or legal requirements;
c. review matter concerning the suitability for appointment or reappointment of external auditors and matters relating to their resignation;
d. review any related party transactions entered into by RTB Group and any conflict of interest situations that may arise within RTB Group;
e. review the adequacy of the scope, functions, competency and resources of the internal audit function and that it has the necessary authority to carry out its work and to report the same to the Board;

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT (CONT'D)

f. perform such other functions as may be requested by the Board;
g. review the adequacy of RTB Group's risk management framework and assess the resources and knowledge of the management and employee involved in the risk management process;
h. review the effectiveness of internal control systems deployed by the management to address those risks;
i. review and recommend corrective measures undertaken to remedy failings and/or weaknesses;
j. review and further monitor principal risks that may affect RTB Group directly or indirectly that if deemed necessary, recommend additional course of action to mitigate such risks;
k. communication and monitoring of risk assessment results to the Board; and
l. actual and potential impact of any failing or weakness, particularly those related to financial performance or conditions affecting RTB Group.

AUTHORITY

ARMC shall have the authority to:-

1. Investigate any matter within its terms of reference;
2. Have the resources which are required to perform its duties;
3. Have full and unrestricted access to any information which it requires in the course of performing its duties;
4. Have direct communication channels amongst the internal and external auditors;
5. Obtain independent/external professional or other advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary; and
6. Convene meetings with the external auditors, the internal auditors or both, excluding the attendance of other Directors and employees of RTB Group, whenever deemed necessary.

SUMMARY OF ACTIVITIES DURING THE FINANCIAL YEAR

The principal activities undertaken by ARMC are summarised as follows: -

1. Conducted quarterly and year-end financial review of the unaudited interim financial statements prior to recommending the same for the Board's approval, focusing particularly on significant and unusual events and compliance with accounting standards and other legal requirements;
2. Conducted a review on the appointment of the external auditor, their independence and effectiveness including their fees, and based thereupon, recommended to the Board their re- appointment;
3. Assessed the suitability, objectivity and independence of the external auditors;
4. Conducted a review of the external auditors' audit planning memorandum, comprising their scope of audit, key audit areas, audit approach and timetable;
5. Engaged with the external auditors twice during the year without the presence of RTB Group's Management to discuss relevant issues and obtain feedback;
6. Reviewed on the adequacy of the scope, functions, competency and resources of the internal audit function, and that it has the necessary authority to carry out its work;
7. Reviewed and approved the annual internal audit plan for 2022;
8. Received the reports of the internal audit procedures performed as well as Management's response to recommendations for improvement, and evaluation of adequacy of the internal control system for the following:
   a. New business development and tendering, human resources management in HG Power Transmission Sdn Bhd ("HGPT");
   b. Financial Statement review of HGPT;
   c. Business development and order processing in Rohas–Euco Industries Bhd ("REI");
   d. Logistic and procurement in REI;
   e. Inventory management, quality assurance, health, safety and environment, human resource management in REI Bentong factory;
   f. Financial Statement review of REI;
   g. Financial Statement review of RT Telecom Sdn Bhd ;
9. Received updates of the key risk management report of RTB Group as presented by the Risk Management Working Group on the key risks faced by RTB Group and action plans deployed to manage the risks concerned;
10. Review and received status updates on the progress of closing the gaps identified in REI's Policies and Procedures documents;
11. Reviewed the proposed updates on Limits of Authority of RTB Group; and
12. Reviewed and recommended for the Board's approval, the Statement on Risk Management and Internal Control and the ARMC Report for inclusion in the Annual Report 2021.

ARMC highlighted to the Board the review areas that requires improvement to further strengthen the governance process of the organisation to ensure risk, inherent and new, are adequately identified, addressed and monitored closely. Management is continuously reviewing its internal processes and documentation to ensure areas for improvement identified are being addressed and action plans are in place to mitigate risks. Management has closed some of the gaps identified in its policies and procedures documentation and continues to further improve on it to achieve effectiveness and efficiency of its internal control procedures and processes.

INTERNAL AUDIT FUNCTION

The Internal Audit function of the Group is performed on an in–house basis by the Internal Audit Department ("IAD"). The primary function of internal audit is to undertake systematic reviews of the governance, risk and internal control systems within RTB Group in accordance with an internal audit plan, so as to provide assurance that such systems are adequate and functioning as proposed. Head of IAD reports functionally to the ARMC to maintain independence and objectivity.

The internal audit personnel are free from any relationship or conflicts of interest, which could impair their objectivity and independence. The IAD is headed by Saravanan Many, the General Manager of IAD, who has a Master of Business Administration in Risk Management from Asia E-University, Malaysia and Bachelor of Arts (Honours) major in Finance and Accounting, University Tun Abdul Razak, Malaysia. In addition, he is an Associate Member of Institute of Internal Auditors Malaysia and Associate Member of Association of Certified Fraud Examiners, International. The Head of IAD is supported by a team of two (2) Senior Executives of Internal Audit.

The internal audit function's responsibilities are to provide independent and objective reports on the state of internal controls of the various operating units within RTB Group to the ARMC and provide recommendations for the improvement of the control procedures, so that corrective actions are taken to mitigate weaknesses noted in the system and controls of the respective operating units.

In executing the internal audit engagement, IAD refers to the standards and guidelines outlined in the Institute of Internal Auditors' International Professional Practices Framework (IPPF). The conduct of internal audit works is also governed by the Internal Audit Charter and IAD's established procedures and guidelines.

Further details of the internal audit activities and scope of coverage of the internal audit function including the cost incurred are set out in the Statement on Risk Management and Internal Control included in this Annual Report.

STATEMENT OF RISK MANAGEMENT & INTERNAL CONTROL

Introduction

The Board of Directors ("Board") of Rohas Tecnic Berhad ("RTB") and its subsidiaries ("RTB Group" or "Group") is committed to maintaining and preserve a sound system of risk management and internal control; and apply good corporate governance practices as set out in this Board's Statement on Risk Management and Internal Control ("Statement").

In managing risks and providing reports on internal controls and regulatory compliances so as to safeguard shareholder's investment and the Group's assets, this Statement is made in compliance pursuant with Paragraph 15.26(b) of the Main Market Listing Requirements ("MMLR") of the Bursa Malaysia Securities Berhad ("Bursa Malaysia") and the requirements of the Malaysian Code on Corporate Governance ("MCCG").

Set out below is the Statement for the financial year ended 31 December 2021 ("FY2021") which was prepared in accordance with the Guidelines for Directors of Listed Issuers ("Guidelines") issued by Bursa Malaysia. This Statement outlines the nature and scope of risk management and internal control of the Group and covers the Group's operation, except for associate companies.

Responsibility of The Board

The Board affirms its responsibility to have oversight over Management, in an ongoing manner, the adequacy, effectiveness and integrity of the risk management and internal control system. The Board maintains this overall responsibility for risk oversight through its Audit and Risk Management Committee ("ARMC").

The Board has formalised an Enterprise Risk Management framework ("ERM framework") which is based on an International accepted framework. The ERM Framework aids to the achievement of the Group's objectives and strategies by instilling a continuous process of identifying, evaluating, profiling, mitigating, reporting and monitoring significant business risks the Group may face.

There are inherent limitations in any system of risk management and internal control, thus, the risk management and internal control system is designed to manage, rather than to eliminate the risk of failure to achieve the Group's business and corporate objectives. The risk management and internal control system is therefore designed to only provide reasonable, but not absolute, assurance against any material misstatement, financial loss or fraudulent activity.

The risk management system for the Group sets out the overall tone and policy for risk management and are consistently practised across the Group. The Board is responsible for reviewing the risk profile of the Group and ensuring appropriate measures are in place in managing the risks.

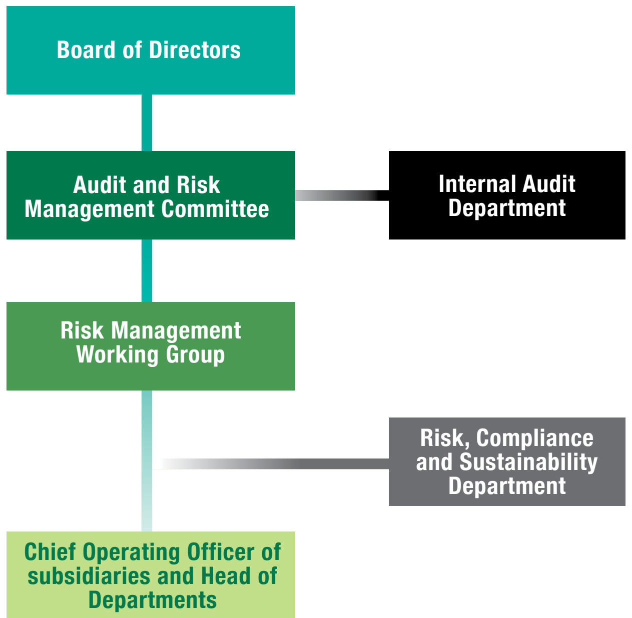
Management is responsible for developing procedures and processes as well as implementing internal controls which will help to identify, assess, mitigate and monitor business risks. Management also takes corrective actions as and when needed in order to support the Board in discharging its duties and responsibilities in maintaining a sound system of risk management and internal control.

For FY2021, the Board has received assurance from Group Chief Executive Officer ("GCEO") and Chief Financial Officer ("CFO") as well as the Risk Management Working Group ("RMWG") that the Group's risk management and internal control system is operating adequately and effectively, in all material aspects, based on the ERM Framework and internal control procedures and processes.

Risk Management Framework

The RMWG, as part of ERM Framework, comprises the GCEO, CFO and Chief Investment Officer ("CIO") of RTB. The Chairman of the RMWG, the GCEO, is responsible to present the findings of the RMWG to the ARMC.

The Risk Management Oversight Structure adopted by the Group is to assign responsibility for risk management and facilitate the process for assessing and communicating the risk and risk action plan.



The RMWG is assisted by the Risk, Compliance and Sustainability Department ("RCSD"). RCSD facilitates risk assessment, development of the risk action plan and monitors the risk action plan effectiveness and its status. RCSD also consolidates the departmental risk register and prepares a group-wide risk management report.

The Chief Operating Officer ("COO") of the subsidiaries and/or its Head of Departments ("HOD") are responsible for identifying, analysing and evaluating risks, as well as developing, implementing and monitoring risk action plans and reporting all identified risks to the RMWG. All new risks and material changes to existing risks shall be highlighted by the COO and/or HOD to the RCSD, as and when they are identified, and changes/updates shall be made to the departmental risk register.

STATEMENT OF RISK MANAGEMENT & INTERNAL CONTROL (CONT'D)

During FY2021, the RMWG reviewed, appraised and assessed the risk on existing key controls and risk action plans to mitigate and manage the overall Group's risk exposure, as well as raised issues of concerns and recommend mitigation actions. The RMWG reports to ARMC on quarterly basis, and part of its monitoring activity ensures that High and Extreme risk rating are deliberated and mitigating actions are implemented.

The Board further recognise that risk is an inherent part of the Group's business, presenting both threats and opportunities. In achieving the Group's business objectives and meeting shareholders' expectations, the Board and Management would have to make decisions which will involve some degree of risk. The following risk management policy provides guidance for the management of risks and being applied across RTB Group:

- Sound risk management practice promotes effective governance which is integral to the achievement of business objectives.
- Embedding risk management into day-to-day management processes, decision-making and strategic planning.
- Every employee of the organization is responsible to manage risks within their areas of responsibility.
- Periodic reporting and monitoring activities instils accountability and responsibility for managing risks.
- The risk management processes applied should aim to take advantage of opportunities, managing uncertainties and minimizing threats.

As part of the initiative to instil a proactive risk management culture and implementing the ERM Framework in the Group, continuous communication and awareness has been conducted to all employees.

The identified key Business Risks are as follows:
- Over reliance on key customers for domestic and international market;
- Inability to secure sufficient sales and contracts;
- Declining of tender profit margin;
- Further project delay;
- Potential exposure to LAD;
- Shortage of manpower for domestic projects;
- Difficulty to meet committed delivery deadline;
- Fluctuations in Prices of Steel as Raw Materials;
- Delay of material supply;
- Safety risks;
- Increase of litigation cases;
- Financial Risks of RTB Group; and
- Foreign exchange fluctuation.

The details of risk description and key mitigation actions are further explained in the Management Discussion and Analysis section of this Annual Report on page 30.

The principal responsibilities of the RMWG includes the following:
- Communicate, monitor and enforce the Risk Management Procedure and ensure continuous enhancement.
- Identify and evaluate principal risks and evaluate the practicality of the proposed risk action plan.
- Articulate and challenge risk ratings, control effectiveness, risk treatment options and risk action plans identified by the Risk Owner.
- Ensure the risk management reports prepared and submitted to ARMC are in a timely.

Internal Audit Function

The Internal Audit function of the Group is performed on an in-house basis by the Internal Audit Department ("IAD"). The Head of Internal Audit reports functionally to the ARMC to maintain independence and objectivity.

The principal roles of IAD are to evaluate and improve the efficiency and effectiveness of internal control and governance processes. IAD also provides independent and objective assurance to the Board and Management on the system of internal control within Subsidiaries, Divisions and Departments of the Group.

The internal audit reviews are performed based on an internal audit plan approved by the ARMC. Internal Audit Findings with Management's response and action plans are presented and reviewed by the ARMC. Follow-up reviews will be conducted by the IAD and will be reported to the ARMC on the status of implementation on management action plans.

For FY2021, the IAD activities during the financial year are summarised below:

- Internal Control Review on HG Power Transmission Sdn Bhd ("HGPT") covering 3 areas such as the new business development, new business tender process and human resources management covering all the areas such as staff recruitment, payroll, training, foreign staff management and human resources asset management.
- Internal Control Review on Business Development Department and Order Processing Department of Rohas–Euco Industries Bhd ("REI") covering the areas of new business development processes and the order processing processes and the compliance to the Lighthouse controls.
- Financial Statement Review on HGPT covering areas of Revenues, Expenses, Assets, Bank and other relevant controls in Financial Statement preparation.
- Internal Control Review on Logistics and Procurement Department of REI covering the areas of procurement, supplier assessment, import of raw material processes, logistics and compliance to Lighthouse controls in relation to procurement processes.
- Financial Statement Review on REIB covering areas of Revenues, Expenses, Assets, Bank and other relevant controls in Financial Statement preparation.
- Internal Control Review on REI Bentong factory covering areas of Inventory Management, Quality Assurance, Health Safety and Environment and HR Management including the review of foreign workers management.
- Financial Statement Review on RT Telecom Sdn Bhd ("RTT") covering areas of Revenues, Expenses, Assets, Bank and other relevant controls in Financial Statement preparation.

The total cost incurred for the internal audit function for FY2021 was RM275,606.26. The internal audit staff have the relevant qualification and working experience and all staff are encouraged to continually enhance their knowledge, skill and competencies through relevant professional courses, seminars, training courses and on-the-job training.

STATEMENT OF RISK MANAGEMENT & INTERNAL CONTROL (CONT'D)

Key Internal Control Features

The Group has a structure which outlines accountability, authority and responsibility to the Board, its Committees and operating units. The Board regularly appraises these processes for managing the significant risks of the Group throughout the year. The structures are described below:

a. Board

- The Board is the pillar of the Group's risk management and internal control practices. The Board is committed to maintaining a sound system of internal control and the overall responsibility for risk oversight, mirroring its overall responsibility for strategy.
- The Board meetings are held on a quarterly basis to review and evaluate the Group's operations and performance while addressing the key issues. However, additional meetings may be convened as Special Board Meetings as and when required.

b. ARMC

- ARMC is responsible in ensuring the effectiveness of integrated risk management function within the organisation, reviews the internal audit plan and the result of internal audit process as well as ensuring appropriate action is taken on the recommendation of the internal audit function.
- ARMC consist of four (4) Independent Non-Executive Directors. ARMC has full access to both Internal Auditors and External Auditors and has the right to convene meetings with auditors without the presence of EXCO and Senior Management.

Executive Committee

- The Executive Committee ("EXCO") consist of the GCEO, CFO and CIO.
- EXCO is responsible for the effective implementation of the Group's strategic plan and policies established by the Board, besides managing the daily operations of the Group.
- They also provide assistance to members of the Board and the Board Committees, as required, in discharging their duties.

c. Business Plan and Budget

- For FY2021 Business Plan and Budget, the EXCO has presented to the Board the annual business plan and budget of the Group.
- The annual business plan and budget were deliberated and approved by the Board. The performance of each of the subsidiaries is assessed against the budget by CFO with explanation on significant variances presented to the ARMC on a quarterly basis.

d. Documented Policy and Procedures

- Documented various policies and procedures of the business processes have been set out, implemented, periodically reviewed and updated to reflect the changes in business structure, processes as well as changes in external environments throughout RTB and its wholly owned subsidiaries.
- These policies and procedures are periodically reviewed and updated to reflect the changes in business structure, processes as well as changes in external environments.

e. Human Resource Policy

- The Group has a Human Resource Policy and Procedure, which in line with the Group's rules and regulations, Code of Conduct, employee performance and employee conduct.

Conclusion

In assisting the Board to assess the adequacy and operating effectiveness of the Group's risk management and internal control system, the ARMC conducted a review of the observations raised by the internal and external auditors. Matters have been highlighted by the internal and external auditors to the Management and have or are currently being addressed.

Taking into consideration the assurance from the Management and input from the relevant assurance providers, the Board is satisfied that the risk management and internal control system in place for the year under review and up to the date of issuance of the financial statements is adequate to safeguard the shareholders' investment, Group's assets, the interests of internal and external stakeholders.

Additionally, the Board regards the risks faced by the Group are within acceptable levels in relation to its business objectives. There were no material losses or fraud during the year under review as a result of weaknesses in internal control. The Management is continuously taking necessary measures to improve and strengthening the risk management and internal control system of the Group.

Review of Statement by External Auditors

Pursuant to Paragraph 15.23 of MMLR, the external auditors have reviewed this Statement for incorporation in the Annual Report for the FY2021. The external auditors have reported to the Board that, based on their review of the procedures performed and evidence obtained, it can be found that nothing has come to their attention that causes them to believe that this Statement intended to be included in the Annual Report is not prepared, in all material respects, in accordance with the disclosures required by Paragraphs 41 and 42 of the Guidelines, nor is the Statement factually inaccurate. This Statement is made in accordance with the resolution of the Board dated 14 April 2022.

ADDITIONAL COMPLIANCE INFORMATION

1. **MATERIAL CONTRACTS INVOLVING THE INTERESTS OF DIRECTORS, GROUP CHIEF EXECUTIVE OFFICER AND MAJOR SHAREHOLDERS**

   There were no material contracts entered into by the Company and/or its subsidiaries involving the interests of Directors and/or chief executive and/or major shareholders, either still subsisting at the end of FY2021 or entered into since the end of the previous financial year.

2. **AUDIT AND NON-AUDIT FEES**

   The amount of audit and non-audit fees paid or payable to the external auditors of the Company and the Group for FY2021 are as follows:

Details of fees	Group RM'000	Company RM'000
Statutory Audit fees	278	70
Non-Audit fees	105	4
	383	74

   Non-audit fees for FY2021 are in relation to tax related services.

3. **RECURRENT RELATED PARTY TRANSACTIONS ("RRPT") OF REVENUE OR TRADING NATURE**

   The Company and the Group did not enter into any RRPT which requires the shareholders' mandate during the financial year ended 31 December 2021.

STATEMENT OF DIRECTORS' RESPONSIBILITY

The Companies Act 2016 ("Act") Requires The Board Of Directors To Prepare Financial Statements Which Give A True And Fair View Of The State Of Affairs Together With The Results And Cash Flows Of The Company And The Group For Each Financial Year. As Required By The Act And The Main Market Listing Requirements ("MMLR"), The Financial Statements For FY2021 Have Been Prepared In Accordance With The Applicable Approved Financial Reporting Standards Issued By The Malaysian Accounting Standards Board And Provisions Of The Act.

In preparing the financial statements for FY2021 set out on pages 75 to 151 of this Annual Report, the Board considers that the Company and the Group have adopted appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates. The Board also acknowledges that the Company and the Group have prepared the financial statements on a going concern basis.

The Board has the responsibility for ensuring that the Company and the Group maintain accounting records that disclose the financial position of the Company and the Group with reasonable accuracy which enable them to ensure that the financial statements are in compliance with the Act.

The Board also has the overall responsibility to take such steps that are reasonably available for them to safeguard the assets of the Company and the Group as well as to prevent and detect fraud in addition to other irregularities.

This Statement of Directors' Responsibility is made in accordance with a resolution passed by the Board on 14 April 2022.

FINANCIAL STATEMENT

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 principal activity of the Company is investment holding whilst those of its subsidiaries are disclosed in Note 6 to the financial statements.

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

FINANCIAL RESULTS

	Group	Company
	RM	RM
(Loss)/Profit after tax for the financial year	(15,548,092)	175,945
Attributable to:-		
Owners of the Company	(11,317,751)	175,945
Non-controlling interests	(4,230,341)	-
	(15,548,092)	175,945

DIVIDENDS

There were no dividend proposed or declared by the Company since the end of the previous financial year.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year except as disclosed in the notes to the financial statements.

DIRECTORS

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

Directors of the Company:	Directors of the Company and its subsidiaries:
Chee Suan Lye	Sia Bun Chun
Mohamed Tarmizi Bin Ismail	Leong Wai Yuan
Amirul Azhar Bin Baharom	Wong Mun Keong
Dr. Ir. Jeyanthi A/P Ramasamy	Shahrulanuar Bin Ishak (Resigned on 30 November 2021)
Khor Yu Leng	
Wan Afzal-Aris Bin Wan Azmi	
Shaharuddin Bin Zainuddin	

The Directors of the subsidiaries since the beginning of the financial year to the date of this report, not including those Directors listed above are:-

Harianto Taruna
Rishabh Dev Khaitan
Subhash Devan Chandara Deven
Aldwin Tay Swei Leeng
Wan Affan Azam Bin Wan Azmi (Appointed on 30 November 2021)

DIRECTORS' REPORT (CONT'D)

DIRECTORS' INTERESTS IN SHARES

According to the Register of Directors' Shareholdings required to be kept under Section 59 of the Companies Act 2016, the interests and deemed interests in the ordinary shares of the Company and its related corporations of those who were Directors as at the financial year end (including the interests of spouses or children of the Directors who themselves are not Directors of the Company) are as follows:-

	Number of ordinary shares			
	At 1.1.2021	Bought	Sold	At 31.12.2021
Interests in the Company				
Direct interests				
Sia Bun Chun	30,139,009	125,000	-	30,264,009
Leong Wai Yuan	3,500,000	-	-	3,500,000
Wong Mun Keong	-	1,000,000	-	1,000,000
Indirect interests				
Sia Bun Chun*	39,260,968	282,000	-	39,542,968

(*) Indirect interests by virtue of shares held by spouse.

Other than as disclosed above, none of the other Directors in office at the end of the financial year had any interest in shares of the Company or its related corporations during the financial year.

DIRECTORS' REMUNERATION AND BENEFITS

Details of the Directors' remuneration and benefits are set out in Notes 24, 28 and 29 to the financial statements.

During and at the end of the financial year, no arrangements subsisted to which the Company is a party, with the object or objects of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

ISSUE OF SHARES AND DEBENTURES

There were no changes in the issued and paid up capital and no issuance of debentures during the financial year.

OTHER STATUTORY INFORMATION

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps:-

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

(b) 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 have 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:-

(a) which would render the amounts written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or

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

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

(d) not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements misleading.

OTHER STATUTORY INFORMATION (CONT'D)

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

(a) 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 liability of any other person; or

(b) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.

In the opinion of the Directors:-

(a) no contingent liability or other liability 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 and of the Company to meet their obligations as and when they fall due;

(b) the results of operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature, other than the Coronavirus Disease as disclosed in Note 34 to the financial statements; and

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

INDEMNITY AND INSURANCE FOR DIRECTORS AND OFFICERS

The amount of indemnity coverage and insurance premium paid for Directors and Officers of the Group and of the Company during the financial year are amounted to RM10,000,000 and RM28,206 respectively.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR AND SUBSEQUENT TO THE REPORTING PERIOD

The significant events during the financial year and subsequent to the reporting period are disclosed in Note 34 to the financial statements.

AUDITORS

The Auditors' remuneration of the Company and its subsidiaries are disclosed in Note 24 to the financial statements.

There was no indemnity given to or insurance effected for Auditors of the Company.

The Auditors, Grant Thornton Malaysia PLT, have expressed their willingness to continue in office.

Signed on behalf of the Directors in accordance with a resolution of the Board of Directors.

....)
SIA BUN CHUN)
) DIRECTORS
....)
LEONG WAI YUAN)

Kuala Lumpur
14 April 2022

STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 75 to 151 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 their cash flows for the financial year then ended.

Signed on behalf of the Directors in accordance with a resolution of the Board of Directors.

....	....
SIA BUN CHUN	LEONG WAI YUAN

Kuala Lumpur
14 April 2022

STATUTORY DECLARATION

I, Noor Fadhlina Binti Ali Hassan, being the Officer primarily responsible for the financial management of Rohas Tecnic Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 75 to 151 are correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by)
the abovenamed at Kuala Lumpur in)
the Federal Territory this day of)
) ....

NOOR FADHLINA BINTI ALI HASSAN
(MIA No. 31202)

Before me:

Commissioner for Oaths
14 April 2022

INDEPENDENT AUDITORS' REPORT

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Rohas Tecnic Berhad, which comprise the statements of financial position as at 31 December 2021 of the Group and of the Company, and the statements of profit or loss and other 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 75 to 151.

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 their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

Key audit matters are those matter that, in our professional judgement, were of most significant in our audit of the financial statements of the Group and of the Company for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment losses on trade receivables and contract assets

The risk

Referring to Notes 11 and 14 to the financial statements. We focused on this area because the Group has material amounts of trade receivables that are past due but not impaired and contract assets. Management judgement is required in determining the completeness of the provision for the trade receivables and contract assets and assessing their adequacy through considering the expected recoverability.

Our response

We have reviewed the ageing of trade receivables in comparison to previous years, testing the integrity of ageing by calculating the due date for a sample of invoices and reviewing the level of bad debts written off in the current year against the prior years. Besides, we have reviewed the ageing of the contract assets in comparison to previous years and reviewed the reversal of contract assets in the current year and prior years. We had also assessed the reasonableness of assumptions and judgements made by the management regarding the expected credit losses rates through examination of subsequent collections, subsequent billings and tested the operating effectiveness of the relevant control procedures that management has in place.

Inventories' valuation net

The risk

Referring to Note 13 to the financial statements. The Group holds a significant amount of inventories which are subject to a risk that the inventories become slow-moving or obsolete, such that they could not be sold or only be sold for selling prices that are less than the carrying value. There is inherent subjectivity and estimation required in determining the accuracy of inventory obsolescence provision and in making an assessment of its adequacy due to risk such as inventories not stated at the lower of cost or net realisable value.

INDEPENDENT AUDITORS' REPORT (CONT'D)

INDEPENDENT AUDITORS' REPORT (CONT'D)

Report on the Audit of the Financial Statements (Cont'd)

Inventories' valuation net (cont'd)

Our response

We tested the methodology for calculating the provisions, challenged the appropriateness and consistency of judgements and assumptions, and considered the nature and suitability of historic data used in estimating the provisions. In doing so, we obtained understanding on the ageing profile of inventories, the process for identifying specific problem inventories and historic loss rates.

Revenue recognition

The risk

Referring to Note 21 to the financial statements. There are significant accounting judgements involved including determining the stage of completion, the timing of revenue recognition and the calculation under the percentage of completion method made by management in applying the Group's revenue recognition policy to construction contracts entered into by the Group. The nature of these judgements may result in them being susceptible to management override.

Contract revenue should include the amount agreed in the initial contract, plus revenue from alterations in the original contract work, plus claims and incentive payments that are expected to be collected and that can be measured reliably.

Our response

We performed a range of audit procedures including obtained a sample of contracts or letter of awards, reviewed variation orders, reviewed estimated profit and costs to complete and enquired key personnel regarding adjustments for job costing and potential contract losses.

Goodwill on consolidation

The risk

Referring to Note 10 to the financial statements. The Group holds goodwill on consolidation of RM13,216,398 which has been allocated to its construction and others operation as the cash-generating units. The Group performs an annual impairment assessment for its goodwill. This requires management to estimate the recoverable amount of the cash-generating units and this involves significant assumptions which are inherently judgmental.

Our response

We evaluated the model used in determining the value in use of the cash-generating units as well as assessing the discount rate used and challenging the reasonableness of key assumptions based on our knowledge of the business and industry. Besides that, we also compared the actual performance of the cash-generating units to assumptions applied in prior years model, to assess accuracy of management's estimates. We have performed sensitivity analysis on the key assumptions inputted to the model and understood the impact on the overall carrying value of goodwill with the alterations to the key assumptions. We also assessed the adequacy of disclosures in the financial statements.

There is no key audit matter to be communicated in respect of the audit of the financial statements of the Company.

Information Other than the Financial Statements and Auditors' Report Thereon

The Directors of the Company are responsible for the other information. The other information comprises the 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.

Report on the Audit of the Financial Statements (Cont'd)

Information Other than the Financial Statements and Auditors' Report Thereon (cont'd)

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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 of 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.

INDEPENDENT AUDITORS' REPORT (CONT'D)

Report on the Audit of the Financial Statements (Cont'd)

Auditors' Responsibilities for the Audit of the Financial Statements (cont'd)

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 communicated 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 identified during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Directors, we determined those matters that were of most significant 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 described 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 6 to the financial statements.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

GRANT THORNTON MALAYSIA PLT
(201906003682 & LLP0022494-LCA)
CHARTERED ACCOUNTANTS (AF 0737)

FOO LEE MENG
(NO: 03069/07/2023(J))
CHARTERED ACCOUNTANT

Kuala Lumpur
14 April 2022

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021

	Note	Group 2021 RM	Group 2020 RM	Company 2021 RM	Company 2020 RM
ASSETS					
Non-current assets					
Property, plant and equipment	4	24,797,286	27,721,059	14,678	19,799
Right-of-use assets	5	26,785,230	28,536,245	-	-
Investment in subsidiaries	6	-	-	299,587,175	299,587,175
Investment in associates	7	62,888,780	56,803,580	-	-
Other investments	8	2,773,412	2,664,782	-	-
Deferred tax assets	9	11,931,325	9,884,000	-	-
Goodwill on consolidation	10	13,216,398	13,216,398	-	-
Trade and other receivables	11	-	-	26,332,689	26,332,689
Cash and bank balances, deposits and placements	12	2,066,174	2,066,174	-	-
Total non-current assets		144,458,605	140,892,238	325,934,542	325,939,663
Current assets					
Inventories	13	102,284,960	87,428,694	-	-
Trade and other receivables	11	152,883,542	218,125,175	24,997,651	17,170,193
Contract assets	14	22,012,350	68,537,790	-	-
Tax recoverable		9,199,185	3,602,790	36,152	-
Cash and bank balances, deposits and placements	12	82,727,722	60,323,759	251,389	2,830,326
Total current assets		369,107,759	438,018,208	25,285,192	20,000,519
TOTAL ASSETS		513,566,364	578,910,446	351,219,734	345,940,182
EQUITY AND LIABILITIES					
EQUITY					
Equity attributable to owners of the Company:					
Share capital	15	299,484,409	299,484,409	299,484,409	299,484,409
Other reserves	16	(104,474,351)	(103,759,905)	-	-
Retained earnings		115,999,072	127,498,856	4,785,446	4,609,501
		311,009,130	323,223,360	304,269,855	304,093,910
Non-controlling interests	6	19,038,381	23,462,429	-	-
Total equity		330,047,511	346,685,789	304,269,855	304,093,910
LIABILITIES					
Non-current liabilities					
Borrowings	17	12,931,749	24,301,083	-	-
Deferred tax liabilities	9	-	302,000	-	-
Lease liabilities	18	1,861,643	2,758,257	-	-
Retirement benefits	19	3,237,409	2,792,671	-	-
Total non-current liabilities		18,030,801	30,154,011	-	-

STATEMENTS OF FINANCIAL POSITION (CONT'D)

AS AT 31 DECEMBER 2021

	Note	Group 2021 RM	Group 2020 RM	Company 2021 RM	Company 2020 RM
LIABILITIES (CONT'D)					
Current liabilities					
Trade and other payables	20	62,107,691	80,677,092	39,449,879	29,333,883
Contract liabilities	14	32,702,312	45,998,709	-	-
Borrowings	17	68,428,554	72,988,233	7,500,000	12,500,000
Lease liabilities	18	1,502,319	1,624,967	-	-
Tax payable		747,176	781,645	-	12,389
Total current liabilities		165,488,052	202,070,646	46,949,879	41,846,272
Total liabilities		183,518,853	232,224,657	46,949,879	41,846,272
TOTAL EQUITY AND LIABILITIES		513,566,364	578,910,446	351,219,734	345,940,182

The accompanying notes form an integral part of the financial statements

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Note	Group 2021 RM	Group 2020 RM	Company 2021 RM	Company 2020 RM
Revenue	21	218,206,442	328,657,564	-	-
Cost of sales		(200,757,729)	(306,159,276)	-	-
Gross profit		17,448,713	22,498,288	-	-
Other income		5,329,631	5,470,966	-	-
Distribution expenses		(858,580)	(2,067,423)	-	-
Administration expenses		(26,902,049)	(25,358,845)	(1,143,941)	(983,619)
(Net impairment loss on receivables and contract assets)/ Reversal of impairment loss on receivables and contract assets		(13,091,137)	677,862	-	-
Operating (loss)/profit		(18,073,422)	1,220,848	(1,143,941)	(983,619)
Finance income	22	360,601	406,140	1,911,174	1,811,873
Finance costs	23	(6,758,222)	(6,654,790)	(344,447)	(706,116)
Share of profit of equity-accounted associates	7	9,155,739	2,367,499	-	-
(Loss)/Profit before tax	24	(15,315,304)	(2,660,303)	422,786	122,138
Tax expense	25	(232,788)	(2,594,974)	(246,841)	(76,117)
(Loss)/Profit after tax		(15,548,092)	(5,255,277)	175,945	46,021
Other comprehensive income, net of tax:					
Items that will not be reclassified subsequently to profit or loss:					
Remeasurement of retirement benefit obligation		(182,033)	-	-	-
Items that will be reclassified subsequently to profit or loss:					
Foreign currency translation for foreign operations		(908,153)	463,791	-	-
Total other comprehensive (loss)/income		(1,090,186)	463,791	-	-
Total comprehensive (loss)/income for the financial year		(16,638,278)	(4,791,486)	175,945	46,021
(Loss)/Profit after tax attributable to:-					
Owners of the Company		(11,317,751)	(2,833,876)	175,945	46,021
Non-controlling interests		(4,230,341)	(2,421,401)	-	-
		(15,548,092)	(5,255,277)	175,945	46,021
Total comprehensive (loss)/income attributable to:-					
Owners of the Company		(12,214,230)	(2,462,380)	175,945	46,021
Non-controlling interests		(4,424,048)	(2,329,106)	-	-
		(16,638,278)	(4,791,486)	175,945	46,021
Earnings per share attributable to owners of the Company (sen):-					
- Basic/Diluted	26	(2.39)	(0.60)		

The accompanying notes form an integral part of the financial statements

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

		Attributable to owners the Company						
		Non-distributable			Distributable			
	Note	Share capital	Reserve upon consolidation	Foreign currency translation reserve	Retained earnings	Total	Non-controlling interests	Total equity
		RM	RM	RM	RM	RM	RM	RM
Group								
At 1 January 2020		299,484,409	(104,798,778)	667,377	132,696,020	328,049,028	26,227,988	354,277,016
Loss after tax		-	-	-	(2,833,876)	(2,833,876)	(2,421,401)	(5,255,277)
Other comprehensive income		-	-	371,496	-	371,496	92,295	463,791
Total comprehensive income/(loss) for the financial year		-	-	371,496	(2,833,876)	(2,462,380)	(2,329,106)	(4,791,486)
Transactions with owners:								
Dividends	27	-	-	-	(2,363,288)	(2,363,288)	-	(2,363,288)
Non-controlling interests of a newly acquired subsidiary		-	-	-	-	-	(436,453)	(436,453)
		-	-	-	(2,363,288)	(2,363,288)	(436,453)	(2,799,741)
At 31 December 2020		299,484,409	(104,798,778)	1,038,873	127,498,856	323,223,360	23,462,429	346,685,789
Loss after tax		-	-	-	(11,317,751)	(11,317,751)	(4,230,341)	(15,548,092)
Other comprehensive loss		-	-	(714,446)	(182,033)	(896,479)	(193,707)	(1,090,186)
Total comprehensive loss for the financial year		-	-	(714,446)	(11,499,784)	(12,214,230)	(4,424,048)	(16,638,278)
At 31 December 2021		299,484,409	(104,798,778)	324,427	115,999,072	311,009,130	19,038,381	330,047,511

STATEMENTS OF CHANGES IN EQUITY (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

		Attributable to owners of the Company		
		Distributable		
	Note	Share capital	Retained earnings	Total equity
		RM	RM	RM
Company				
At 1 January 2020		299,484,409	6,926,768	306,411,177
Transactions with owners:				
Dividends	27	-	(2,363,288)	(2,363,288)
Total comprehensive income for the financial year		-	46,021	46,021
At 31 December 2020		299,484,409	4,609,501	304,093,910
Total comprehensive income for the financial year		-	175,945	175,945
At 31 December 2021		299,484,409	4,785,446	304,269,855

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Note	Group 2021 RM	Group 2020 RM	Company 2021 RM	Company 2020 RM
OPERATING ACTIVITIES					
(Loss)/Profit before tax		(15,315,304)	(2,660,303)	422,786	122,138
Adjustments for:-					
Impairment losses		13,957,675	415,128	-	-
Impairment losses no longer required		(866,538)	(1,092,990)	-	-
Deposit written off		164,058	-	-	-
Depreciation of property, plant and equipment		5,819,011	5,586,998	7,520	577
Depreciation of right-of-use assets		1,552,815	1,656,782	-	-
Dividend income		(64,827)	(61,622)	-	-
Interest expenses		6,758,222	6,654,790	344,447	706,116
Interest income		(360,601)	(406,140)	(1,911,174)	(1,811,873)
(Reversal)/Written down of inventories		(758,990)	2,926,123	-	-
Net gain on disposal of property, plant and equipment		(89,061)	(11,720)	-	-
Net gain on disposal of right-of-use assets		-	(27,746)	-	-
Gain on partial disposal of an associate		(2,574,882)	-	-	-
Fair value gain on other investments		(108,630)	(738,442)	-	-
Net unrealised (gain)/loss on foreign exchange		(453,212)	656,477	-	-
Property, plant and equipment written off		40,704	2,467	-	-
Provision for retirement benefits		807,705	-	-	-
Share of profit of equity-accounted associates		(9,155,739)	(2,367,499)	-	-
Operating (loss)/profit before working capital changes		(647,594)	10,532,303	(1,136,421)	(983,042)
Changes in working capital:-					
Contract assets		23,117,694	21,872,651	-	-
Inventories		(14,441,838)	29,014,729	-	-
Receivables		61,852,267	(11,174,096)	(535)	4,924,719
Payables		(17,967,509)	17,380,988	60,985	296,813
Bill payables		2,602,598	(8,500,661)	-	-
Retirement benefits		(545,000)	(14,616)	-	-
		53,970,618	59,111,298	(1,075,971)	4,238,490
Income tax paid, net of refund		(8,189,876)	(5,011,991)	(295,382)	(285,466)
Interest paid		(3,968,869)	(2,610,309)	-	-
Net cash from/(used in) operating activities		41,811,873	51,488,998	(1,371,353)	3,953,024

STATEMENTS OF CASH FLOWS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Note	Group 2021 RM	Group 2020 RM	Company 2021 RM	Company 2020 RM
INVESTING ACTIVITIES					
Additional investment in/acquisition of an associate		(9,660,000)	(8,630,400)	-	-
Acquisition of a subsidiary	6	-	(4,362,264)	-	(4,362,500)
Interest received		360,601	406,140	1,911,174	1,811,873
Dividends received		64,827	61,622	-	-
Purchase of property, plant and equipment and right-of-use assets	A	(2,745,311)	(4,592,289)	(2,399)	(20,376)
Proceeds from disposal of property, plant and equipment		93,700	19,500	-	-
Proceeds from disposal of right-of-use assets		-	39,998	-	-
Proceeds from partial disposal of shares in an associate		15,510,083	-	-	-
Advances to subsidiaries		-	-	(7,826,923)	(5,224,582)
Advances to related parties		(259,850)	(153,590)	-	-
Repayment from/(advances to) associate		652,505	(9,175,325)	-	-
Net cash from/(used in) investing activities		4,016,555	(26,386,608)	(5,918,148)	(7,795,585)
FINANCING ACTIVITIES					
Advances from subsidiaries		-	-	10,055,011	14,426,553
Repayments to related parties		-	(12,017,294)	-	-
Interest paid		(2,789,353)	(4,044,481)	(344,447)	(706,116)
Dividends paid		-	(4,726,576)	-	(4,726,576)
Drawndown of revolving credit		2,000,000	-	-	-
Repayment of revolving credit		(5,000,000)	(5,000,000)	(5,000,000)	(5,000,000)
Drawndown of term loans		-	5,337,384	-	-
Repayment of term loans		(11,354,833)	(4,749,743)	-	-
Fixed deposits and bank pledged as collateral		(3,630,162)	(15,464,572)	-	-
Repayment of lease liabilities		(1,978,343)	(1,014,332)	-	-
Net cash (used in)/from financing activities		(22,752,691)	(41,679,614)	4,710,564	3,993,861
CASH AND CASH EQUIVALENTS					
Net changes		23,075,737	(16,577,224)	(2,578,937)	151,300
Effect of exchange rate fluctuations on bank balances		32,792	(12,842)	-	-
Brought forward		15,702,854	32,292,920	2,830,326	2,679,026
Carried forward	B	38,811,383	15,702,854	251,389	2,830,326

STATEMENTS OF CASH FLOWS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

NOTES TO THE STATEMENTS OF CASH FLOWS

	Note	Group 2021 RM	Group 2020 RM	Company 2021 RM	Company 2020 RM
A. PURCHASE OF PROPERTY, PLANT, EQUIPMENT AND RIGHT-OF-USE ASSETS					
Total purchase of property, plant and equipment		2,701,301	4,072,863	2,399	20,376
Total purchase of right-of-use assets		44,010	3,388,472	-	-
		2,745,311	7,461,335	2,399	20,376
Less: Acquisition by means of lease liabilities		-	(2,869,046)	-	-
Total cash paid		2,745,311	4,592,289	2,399	20,376
B. CASH AND CASH EQUIVALENTS					
Cash and cash equivalents included in the statements of cash flows comprise of the following amounts:-					
Deposits with financial institutions		7,914,124	26,687,546	-	-
Deposits with fund management corporations		514,811	505,868	97,145	95,397
Cash and bank balances		76,364,961	35,196,519	154,244	2,734,929
		84,793,896	62,389,933	251,389	2,830,326
Less: Bank balances and deposits pledged		(45,982,513)	(42,352,351)	-	-
Less: Bank overdraft (Note 17)		-	(4,334,728)	-	-
Total cash and cash equivalents		38,811,383	15,702,854	251,389	2,830,326
CASH OUTFLOWS FOR LEASES AS A LESSEE					
Included in net cash from operating activities:-					
Payment relating to short-term leases		6,007,674	5,801,745	-	-
Included in net cash used in financing activities:-					
Payment of lease liabilities		2,205,363	1,187,206	-	-
Total cash outflows from leases		8,213,037	6,988,951	-	-

STATEMENTS OF CASH FLOWS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	1 January 2021 RM	Cash flows RM	Other payables RM	Unrealised foreign exchange RM	31 December 2021 RM
Group					
Revolving credit	28,625,650	(3,000,000)	-	157,950	25,783,600
Term loans	32,451,696	(11,354,833)	-	-	21,096,863
Lease liabilities	4,383,224	(1,978,343)	959,081	-	3,363,962
Total	65,460,570	(16,333,176)	959,081	157,950	50,244,425

	1 January 2021 RM	Cash flows RM	31 December 2021 RM
Company			
Subsidiaries	28,969,860	10,055,011	39,024,871
Revolving credit	12,500,000	(5,000,000)	7,500,000
Total	41,469,860	5,055,011	46,524,871

	1 January 2020 RM	Cash flows RM	Purchase of property, plant and equipment/ right-of-use assets RM	Unrealised foreign exchange RM	Dividend RM	31 December 2020 RM
Group						
Related parties	12,017,294	(12,017,294)	-	-	-	-
Revolving credit	33,570,750	(5,000,000)	-	54,900	-	28,625,650
Term loans	31,864,055	587,641	-	-	-	32,451,696
Lease liabilities	2,528,510	(1,014,332)	2,869,046	-	-	4,383,224
Dividend	2,363,288	(4,726,576)	-	-	2,363,288	-
Total	82,343,897	(22,170,561)	2,869,046	54,900	2,363,288	65,460,570

	1 January 2020 RM	Cash flows RM	Dividend RM	31 December 2020 RM
Company				
Dividend	2,363,288	(4,726,576)	2,363,288	-
Subsidiaries	14,543,307	14,426,553	-	28,969,860
Revolving credit	17,500,000	(5,000,000)	-	12,500,000
Total	34,406,595	4,699,977	2,363,288	41,469,860

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

1. **GENERAL INFORMATION**

The Company is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of the Bursa Malaysia Securities Berhad. The registered office of the Company is located at 149A, Jalan Aminuddin Baki, Taman Tun Dr Ismail, 60000 Kuala Lumpur and the principal place of business of the Company is located at 15th Floor, East Wing, Rohas PureCircle, No. 9, Jalan P. Ramlee, 50250 Kuala Lumpur.

The principal activity of the Company is investment holding whilst those of its subsidiaries are disclosed in Note 6 to the financial statements.

There have been no significant changes in the nature of these activities of the Company and its subsidiaries 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 14 April 2022.

2. **BASIS OF PREPARATION**

2.1 **Statement of Compliance**

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

2.2 **Basis of Measurement**

The financial statements of the Group and of the Company are prepared under historical cost convention, except for equity financial assets that have been measured at fair value.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is 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 and its measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured on the assumptions that market participants would act in their economic best interest when pricing the asset or liability. A fair value measurement of a non-financial asset 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.

The Group and the Company use valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to their fair value measurement as a whole:-

(a)	Level 1	Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
(b)	Level 2	Valuation techniques for which the lowest level input that is significant to their fair value measurement is directly or indirectly observable.
(c)	Level 3	Valuation techniques for which the lowest level input that is significant to their fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group and the Company determine whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to their fair value measurement as a whole) at the end of each reporting year.

For the purpose of fair value disclosures, the Group and the Company have determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of fair value hierarchy as explained above.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2021

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

2.3 **Functional and Presentation Currency**

The financial statements are presented in Ringgit Malaysia ("RM") which is Company's functional currency and all values are rounded to the nearest RM except when otherwise stated.

2.4 **MFRSs**

2.4.1 **Adoption of Amendments/Improvements to MFRSs**

The Group and the Company have consistently applied the accounting policies set out in Note 3 to the financial statements to all periods presented in these financial statements.

At the beginning of current financial year, the Group and the Company adopted amendments/improvements to MFRSs which are mandatory for the financial periods beginning on or after 1 January 2021.

Initial application of amendments/improvements to MFRSs did not have material impact to the financial statements.

2.5 **Standards Issued but Not Yet Effective**

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's and of the Company's financial statements are disclosed below. The Group and the Company intend to adopt these amended standards, if applicable, when they become effective.

Effective for the financial period beginning on or after 1 April 2021:-

Amendments to MFRS 16	Leases: Covid-19 Rent Concessions beyond 30 June 2021

Effective for the financial period beginning on or after 1 January 2022:-

Amendments to MFRS 3*	Business Combinations: Reference to the Conceptual Framework
Amendments to MFRS 116	Property, Plant and Equipment: Proceeds before Intended Use
Amendments to MFRS 137	Provision, Contingent Liabilities and Contingent Assets: Onerous Contracts – Cost of Fulfilling a Contracts

Annual improvements to MFRS Standards 2018 – 2020 (MFRS 1*#, 9, and 141*#)

Effective for the financial period beginning on or after 1 January 2023:-

MFRS 17*#	Insurance Contracts
Amendments to MFRS 4*#	Insurance Contracts: Extension of the temporary exemption from applying MFRS 9
Amendments to MFRS 17*#	Insurance Contracts
Amendments to MFRS 17*#	Insurance Contracts: Initial Application of MFRS 17 and MFRS 9 - Comparative Information
Amendments to MFRS 101	Presentation of Financial Statements: Classification of Liabilities as Current or Non-current
Amendments to MFRS 101	Presentation of Financial Statements: Disclosure of Accounting Policies
Amendments to MFRS 108	Accounting Policies, Change in Accounting Estimates and Errors: Definition of Accounting Estimates
Amendments to MFRS 112	Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction

Amendments to MFRSs - effective date deferred indefinitely:-

Amendments to MFRS 10* and MFRS 128*	Consolidated Financial Statements and Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

* Not applicable to the Company
# Not applicable to the Group

The initial application of the above applicable standards and amendments are not expected to have any material financial impact to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2021

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

2.6 **Significant Accounting Estimates and Judgements**

Estimates, assumptions concerning the future and judgements are made in the preparation of the financial statements. They affect the application of the Group's and the Company's accounting policies and reported amounts of assets, liabilities, income and expenses, and disclosures made.

Estimates and underlying assumptions are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances. The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results.

2.6.1 **Key Sources of Estimation Uncertainty**

Information about significant estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses are discussed below.

Useful Lives of Depreciable Assets

The management assesses that the useful lives represent the expected utility of the assets to the Group. The management estimates the useful lives of the property, plant and equipment and right-of-use assets to be within 3 to 98 years and reviews the useful lives of depreciable assets at each reporting year. The carrying amount is analysed in Notes 4 and 5 to the financial statements.

Actual results, however, may vary due to change in the expected level of usage and technological developments, which may result in an adjustment to the Group's assets.

Retirement Benefits

The cost of defined benefit pension plans and the present value of the pension obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions which may differ from actual developments in the future.

These include the determination of the discount rate and the staff turnover rate. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The discount rate is based on 4.60% (2020: 4.30%).

Further details about the assumptions used are given in Note 19 to the financial statements.

Impairment of Non-Financial Assets

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. To determine the recoverable amount, management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows.

In the process of measuring expected future cash flows, management makes assumptions about future operating results. The actual results may vary and may cause significant adjustments to the Group's and the Company's assets within the next financial year.

In most cases, determining the applicable discount rate involves estimating the appropriate adjustment to market risk and the appropriate adjustment to asset-specific risk factors.

Further details of the carrying amounts, key assumptions applied in the impairment assessment of goodwill are disclosed in Note 10 to the financial statements.

Provision for Expected Credit Losses ("ECLs") of Trade Receivables and Contract Assets

The Group and the Company use a provision matrix to calculate ECLs for trade receivables and contract assets. The provision rates are based on the repayment pattern of the customers, customers type and coverage by letters of credit.

The provision matrix is initially based on the Group's and the Company's historical observed default rates. The Group and the Company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2021

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

2.6 **Significant Accounting Estimates and Judgements (cont'd)**

2.6.1 **Key Sources of Estimation Uncertainty (cont'd)**

Provision for Expected Credit Losses ("ECLs") of Trade Receivables and Contract Assets (cont'd)

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's and the Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

Deferred Tax Assets

The assessment of the probability of future taxable income in which deferred tax assets can be utilised is based on the Group's latest approved budget or forecast, which is adjusted for significant non-taxable income and expenses and specific limits to the use of any unused tax loss or credit. The tax rules in which the Group operates are also carefully taken into consideration.

If a positive forecast of taxable income indicates the probable use of a deferred tax assets, especially when it can be utilised without a time limit, that deferred tax assets is usually recognised in full. The recognition of deferred tax assets that are subject to certain legal or economic limits or uncertainties is assessed individually by management based on the specific facts and circumstances.

The carrying value of the Group's deferred tax assets at the end of the reporting year is disclosed in Note 9 to the financial statements.

Income Tax

Significant judgement is required in determining the capital allowance and deductibility of certain expenses during the estimation of provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group and the Company recognised tax liabilities based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax and deferred tax provisions in the period in which such determination is made.

Inventories

The Group writes down its obsolete or slow-moving inventories based on assessment of their estimated net selling price. Inventories are written down when events or changes in circumstances indicate that the carrying amounts may not be recoverable. The management specifically analyses sales trend and current economic trends when making a judgement to evaluate the adequacy of the write down for obsolete or slow-moving inventories. Where expectation differs from the original estimates, the differences will impact the carrying amount of inventories.

The carrying amount of the Group's inventories at the reporting date is disclosed in Note 13 to the financial statements.

Revenue from Contracts with Customers

Revenue is recognised when or as the control of the asset is transferred to our customers and, depending on the terms of the contract and the applicable laws governing the contract, control of the asset may transfer over time or at a point in time. If control of the asset transfers over time, revenue is recognised over the period of the contract by reference to the progress, based on the physical proportion of contract work-to-date certified by the Group and the customers.

Significant judgment is required in determining the progress based on the certified work-to-date corroborated by the level of completion of the construction and installation based on actual costs incurred to-date over the estimated total construction and installation costs. The total estimated costs are based on approved budgets, which require assessments and judgments to be made on changes in, for example, work scope, changes in costs and costs to completion. In making these judgments, management relies on past experience and the work of specialists. A change in the estimates will directly affect the revenue to be recognised.

2.6.2 **Significant Management Judgement**

There is no significant management judgement in applying the accounting policies of the Group and of the Company that have the most significant effect on the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2021

3. SIGNIFICANT ACCOUNTING POLICIES

The Group and the Company apply the significant accounting policies, as summarised below, consistently throughout all periods presented in the financial statements, unless otherwise stated.

3.1 Consolidation

3.1.1 Subsidiaries

Subsidiaries are entities, including structured entities, controlled by the Group or the Company. Control exists when the Group or the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. Besides, the Group or the Company considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Investment in subsidiaries is stated at cost less any impairment losses in the Company's financial position, unless the investment is held for sale or distribution.

Upon the disposal of investment in a subsidiary, the difference between the net disposal proceeds and its carrying amounts is included in profit or loss.

3.1.2 Basis of Consolidation

The Group's financial statements consolidate the financial statements of the Company and all of its subsidiaries, which have been prepared in accordance with the Group's accounting policies. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group. The financial statements of the Company and its subsidiaries are all drawn up to the same reporting period.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the Group (profits or losses resulting from intragroup transactions that are recognised in asset, such as inventory and property, plant and equipment) are eliminated in full in preparing the consolidated financial statements. Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Temporary differences arising from the elimination of profits and losses resulting from intragroup transactions will be treated in accordance with Note 3.15 of the financial statements.

Subsidiaries are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases.

Changes in the Company owners' ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

3.1.3 Business Combination and Goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Group elects whether it measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

The Group elects for each individual business combination, whether non-controlling interest in the acquiree, if any, is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2021

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D))

3.1 Consolidation (cont'd)

3.1.3 Business Combination and Goodwill (cont'd)

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

3.1.4 Reserve Upon Consolidation

The Company is a non-operating public company in 2017.

On 8 March 2017, the Company acquired 68,377,306 ordinary shares representing the entire issued and paid-up shares capital of Rohas-Euco Industries Berhad ("REI") and its subsidiaries ("REI Group") for a total purchase consideration of RM200,000,000 which were satisfied by the issuance of 317,460,318 new ordinary shares in the Company, at an issue of price of RM0.63 per share.

Upon completion of the acquisition of REI Group, the Company became the legal holding company of REI Group whereas the former shareholders of REI Group to whom the 317,460,318 shares were allotted became the majority shareholders of the Company, controlling about 100% of the issued and paid-up share capital of the Company. Further, the Company's key executive management are those of REI Group. In accordance with MFRS 3 *Business Combinations*, the substance of such business combination between the Company and REI Group constituted a reverse acquisition whereby the acquirer and acquiree of the transaction for accounting purposes should be REI (that is the legal subsidiary, accounting parent) and the Company (that is the legal holding company, the accounting subsidiary) respectively.

However, REI obtained effective control over the Company that is not a business combination and therefore is outside of the scope of MFRS 3. Although this is not a business combination under MFRS 3, the accounting result is similar to reverse acquisition accounting.

3.1.5 Loss of Control

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of the equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss.

If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity accounted investee or as a financial asset depending on the level of influence retained.

3.1.6 Non-controlling Interests

Non-controlling interests at the end of the reporting year, being the equity in a subsidiary not attributable directly or indirectly to the equity holders of the Company, are presented in the consolidated statements of financial position and statements of changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group is presented in the consolidated statements of profit or loss and other comprehensive income as an allocation of the profit or loss and the comprehensive income for the financial year between non-controlling interests and the owners of the Company.

Losses applicable to the non-controlling interests in a subsidiary is allocated to the non-controlling interests even if that results in a deficit balance.

3.1.7 Associates

Associates are entities in which the Group has significant influence, but no control, over their financial and operating policies.

The Group's investments in associates are accounted for using the equity method. Under the equity method, investment in an associate is carried in the statements of financial position at cost plus post acquisition changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

3.1 **Consolidation (cont'd)**

3.1.7 **Associates (cont'd)**

The share of the result of an associate is reflected in profit or loss. This is the profit attributable to equity holders of the associate and therefore is the profit after tax and non-controlling interests in the subsidiaries 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 investment 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.

Where there has been a change recognised directly in the equity of an associate, the Group recognises its share of any changes and discloses this, when applicable, in the statements of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

The financial statements of the associates are prepared as of the same reporting period to the Group. Where necessary, adjustments are made to bring the accounting policies of the associate companies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investments in its associates. The Group determines at each end of the reporting period whether there is any objective evidence that the investments in the associates are impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associates and their carrying value, then recognise the amount in the share of profit of an equity-accounted associate in profit or loss.

Upon loss of significant influence over an associate, the Group measures and recognises any retaining investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal is recognised in profit or loss.

Investment in associates are stated at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

3.2 **Foreign Currency Translation**

The Group's consolidated financial statements are presented in RM, which is also the Company's functional currency.

3.2.1 **Foreign Currency Transactions and Balances**

Transactions in foreign currencies are initially recorded at the functional currency rates prevailing at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the reporting date.

All differences are taken to the profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising in translation of non-monetary items is recognised in line with the gain or loss of the item that gave rise to the translation difference (translation differences on items whose gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss respectively).

3.2.2 **Foreign Operations**

The assets and liabilities of operations denominated in functional currencies other than RM, including goodwill and fair value adjustments arising on acquisition, are translated to RM at exchange rates at the end of the reporting period, except for goodwill and fair value adjustments arising from business combination before 1 January 2011 (the date when the Group and the Company first adopted MFRSs) which are treated as assets and liabilities of the Group and the Company. The income and expenses of foreign operations are translated to RM at exchange rates at the date of the transactions.

Foreign currency differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve in equity. However, if the 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 the foreign currency translation reserve related to that foreign operation is reclassified to profit or loss as part of the profit or loss on disposal.

When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

3.2 **Foreign Currency Translation (cont'd)**

3.2.2 **Foreign Operations (cont'd)**

In the consolidated financial statements, when settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented in foreign currency translation reserve in equity.

3.3 **Property, Plant and Equipment**

Property, plant and equipment are initially stated at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the Company and the cost of the item can be measured reliably. All property, plant and equipment are subsequently stated at cost less accumulated depreciation and less any impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the assets and any other costs directly attributable to bring the asset to working condition for its intended use, cost of replacing component parts of the assets, and the present value of the expected cost for the decommissioning of the assets after their use. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. All other repair and maintenance costs are recognised in profit or loss as incurred.

Depreciation is recognised on the straight line method in order to write off the cost of each asset over its estimated useful lives. Freehold land with an infinite life is not depreciated. Other property, plant and equipment are depreciated based on the estimated useful lives of the assets as follows:-

Freehold buildings	2%
Plant and machinery	10 - 20%
Furnitures, fittings and office equipment	15 - 33⅓%
Motor vehicles	20%

Capital work-in-progress consists of buildings under construction/installation for intended use as production facilities. The amount is stated at cost and includes capitalisation of interest incurred on borrowings related to property, plant and equipment under construction/installation until the property, plant and equipment are ready for their intended use. Assets under construction are not depreciated until they are completed and ready for their intended use.

The residual values, useful life and depreciation method are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable, or at least annually to ensure that the amount, method and period of depreciation are consistent with previous estimates and expected pattern of consumption of future economic benefits embodied in the items of property, plant and equipment.

Property, plant and equipment are derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss in the financial year in which the asset is derecognised.

3.4 **Leases**

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

3.4 **Leases (cont'd)**

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:-

Land on long term lease	Over period of the lease
Long term leasehold land, factory and buildings	57 - 98 years
Leasehold buildings	2%
Plant and machinery	10 - 20%
Motor vehicles	20%

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment. Refer to the accounting policies in Note 3.9 to the financial statements.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Short-term leases

The Group applies the short-term lease recognition exemption to their short-term leases of staff quarters, premises, motor vehicles, machineries and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases is recognised as expense on a straight-line basis over the lease term.

As a lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

3.5 **Financial Instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

3.5.1 **Financial Assets**

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequent measured at amortised cost, fair value through other comprehensive income ("OCI"), and fair value through profit or loss.

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

3.5 **Financial Instruments (cont'd)**

3.5.1 **Financial Assets (cont'd)**

Initial recognition and measurement (cont'd)

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient, the Group and the Company initially measure a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. 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.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest ("SPPI")' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's and the Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with objective of both holding to collect contractual cash flows and selling.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group and the Company commit to purchase or sell the asset.

Subsequent measurement

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

(a) Financial assets at amortised cost (debt instruments);
(b) Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments);
(c) Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments); or
(d) Financial assets at fair value through profit or loss.

Financial assets at amortised cost

Financial assets at amortised cost are subsequently measured using the effective interest ("EIR") method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. The Group's and the Company's financial assets at amortised cost includes trade and most of the other receivables and cash and bank balances, deposits and placements.

Financial assets at fair value through profit or loss ("FVTPL")

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

This category includes listed equity investments which the Group had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are recognised as other income in the statement of profit or loss when the right of payment has been established.

The Group's equity instruments at fair value through profit or loss includes other investments.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised when:-

(a) The rights to receive cash flows from the asset have expired; or
(b) The Group and the Company have transferred their rights to receive cash flows from the asset or has 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 has transferred control of the asset.

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

3.5 **Financial Instruments (cont'd)**

3.5.1 **Financial Assets (cont'd)**

Derecognition (cont'd)

When the Group and the Company have transferred their rights to receive cash flows from an asset or have entered into a passthrough arrangement, it evaluates if, and to what extent, it has 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 its 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.

Impairment

The Group and the Company recognise an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group and the Company expect to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

Impairment for trade receivables and contract assets

For trade receivables and contract assets, the Group and the Company apply a simplified approach in calculating ECLs. Therefore, the Group and the Company do not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group and the Company have established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

To measure ECL, trade receivables and contract assets are grouped into categories. The categories are differentiated by the different business risks and are subject to different credit assessments. Contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group and the Company consider the expected credit loss rates for trade receivables as a reasonable approximation of the loss rates for contract assets with similar risk characteristics.

Impairment for financial assets other than trade receivables and contract assets

The Group and the Company consider the probability of default upon initial recognition of the 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. The assessment considers available, reasonable and supportable forward-looking information.

Credit impaired

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows. The Group and the Company consider a receivable as credit impaired when one or more events that have a detrimental impact on the estimated cash flows have occurred. These instances include adverse changes in the financial capability of the debtor and default or significant delay in payments. However, in certain cases, the Group and the Company may also consider a financial asset to be in default when internal or external information indicates that the Group and the Company are unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group and the Company.

3.5.2 **Financial Liabilities**

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
31 DECEMBER 2021

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

3.5 **Financial Instruments (cont'd)**

3.5.2 **Financial Liabilities (cont'd)**

Subsequent measurement

For purposes of subsequent measurement, financial liabilities are classified in two categories:-

(a) Financial liabilities at fair value through profit or loss; or
(b) Financial liabilities at amortised cost.

The Group's and the Company's financial liabilities include borrowings, trade and other payables.

Financial liabilities at amortised cost

This is the category most relevant to the Group and the Company. After initial recognition, interest-bearing borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the profit or loss. This category generally applies to interest-bearing borrowings.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the profit or loss.

3.5.3 **Offsetting of Financial Instruments**

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

3.6 **Inventories**

Inventories, comprising raw materials, accessories and consumables, work-in-progress and finished goods are stated at the lower of cost and net realisable value ("NRV") after adequate specific write down has been made by the Directors for deteriorated, obsolete and slow-moving inventories.

Cost of raw materials is determined using weighted average method and finished goods include direct materials, direct labour and an appropriate proportion of manufacturing overheads. Cost includes the original purchase price plus direct cost of bringing these inventories to their present condition and location.

Net realisable value represents estimated selling price in the ordinary course of business less estimated selling and distribution costs and all other estimated costs to completion.

When inventories are sold and revenue is recognised, the carrying amount of those inventories is recognised as cost of goods sold. Write-down to NRV and inventory losses are recognised as expenses when it occurred and any reversal is recognised in the profit or loss in the period in which the reversal occurs.

3.7 **Contract Assets and Contract Liabilities**

Contract costs comprise costs related directly to the specific contract and those that are attributable to the contract activity in general and can be allocated to the contract and such other costs that are specifically chargeable to the customers under the terms of the contract.

When the outcome of a construction contract can be estimated reliably, contract revenue and contract costs are recognised over the period of contract as revenue and expenses respectively by reference to the percentage of completion of the contract activity at the end of the reporting period. The Group uses the percentage of completion method to determine the appropriate amount of revenue and costs to be recognised in a period of the contract by reference to the proportion that contract costs incurred for work performed to date bear to the estimated total contract cost.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that is probably recoverable and contract costs are recognised as expenses in the period in which they incurred.

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

3.7 **Contract Assets and Contract Liabilities (cont'd)**

When it is probable that contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Contract revenue comprises the initial amount of revenue agreed in the contract and variations in contract work, claims and incentive payments to the extent that it is probably that they will result in revenue and they are capable of being reliably measured.

The aggregate of the costs incurred and the profit/loss recognised on each contract is compared against the progress billings up to the financial year end. Where costs incurred and recognised profits (less recognised losses) exceed progress billings, the balance is shown as contract assets under current assets. Where progress billings exceed costs incurred plus recognised profits (less recognised losses), the balance is shown as contracts liabilities under current liabilities.

3.8 **Cash and Cash Equivalents**

Cash and cash equivalents comprise cash in hand, bank balances, deposits with licensed bank, bank overdrafts and highly liquid investments which are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

Bank overdrafts are shown in current liabilities in the statements of financial position.

For the purpose of the financial position, cash and cash equivalents restricted to be settle a liability of 12 months or more after the end of the reporting period are classified as non-current assets.

For the purpose of the statements of cash flows, cash and cash equivalents are presented net of pledged deposits.

3.9 **Impairment of Non-Financial Assets**

The Group and the Company assess at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group and the Company estimate the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's ("CGU") fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. 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. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly trade subsidiaries or other available fair value indicators.

The Group and the Company base their impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Group's and the Company's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses are recognised in the profit or loss in those expense categories consistent with the function of the impaired asset.

For assets excluding goodwill, 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. If such indication exists, the Group and the Company estimate the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss has been recognised for asset in prior years. Such reversal is recognised in the profit or loss.

Goodwill is tested for impairment annually as at the end of each reporting period, and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than their carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

3.10 **Equity, Reserves and Distribution to Owners**

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Foreign currency translation differences arising on the translation of the Group's foreign entities are included in the foreign currency translation reserve.

Retained earnings include all current and prior periods' accumulated profits.

Interim dividends are recognised in equity in the periods in which they are declared.

Final dividends proposed by the Directors are not accounted for in shareholder's equity as an appropriation of retained profits, until they have been approved by the shareholders in a general meeting. When these dividends have been approved by the shareholders and declared, they are recognised as liabilities.

All transactions with the owners of the Company are recorded separately within equity.

3.11 **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 resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group and the Company expect some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the profit or loss net of any reimbursement.

If the effect of the time of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

3.12 **Employee Benefits**

3.12.1 **Short Term Employee Benefits**

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus if the Group and the Company have a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

3.12.2 **Defined Contribution Plans**

Defined contribution plans are post-employment benefit plans under which the Group and the Company pay fixed contributions into independent entities of funds and will have no legal or constructive obligation to pay further contribution if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years.

Such contributions are recongnised as expenses in the profit or loss as incurred. As required by law, companies in Malaysia make such contributions to the Employees Provident Fund ("EPF"). The foreign subsidiary also make contributions to their country's statutory pension schemes.

3.12.3 **Retirement Benefit**

The Group operates an unfunded defined benefit plan for all eligible Malaysian Directors and employees. The Group's net obligation in respect of defined benefit plan is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their services in the current and prior periods; that benefit is discounted to determine its present value. Net interest expense is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. The calculation is performed once every three years by a qualified actuary using the projected credit method.

Remeasurement from defined benefit plan comprises of actuarial gains and losses. The Group recognises them immediately in other comprehensive income and all expenses related to defined benefit plan in employee benefits are charged to profit or loss. When the benefits of a plan are changed, or when a plan is curtailed, the portion of the changed benefit related to past service by employees, or the gain or loss on curtailment, is recognised immediately in profit or loss when the plan amendment or curtailment occurs.

The Group recognises gain or losses on the settlement of a defined benefit plan when settlement occurs. The gain or loss on settlement is the difference between the present value of the defined benefit obligation being settled as determined on the date of settlement and the settlement price.

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

3.12 **Employee Benefits (cont'd)**

3.12.4 **Employee Leave Entitlement**

Employee entitlements to annual leave are recognised as a liability when they accrue to the employees. The estimated liability for leave is recognised for services rendered by employees up to the end of the reporting year.

3.13 **Revenue**

Revenue is recognised when or as a performance obligation in the contract with customer is satisfied, i.e. when the "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation is a promise to transfer a distinct goods or service (or a series of distinct goods or services that are substantially the same and that have the same pattern of transfer) to the customer that is explicitly stated in the contract and implied in the Group's customary business practices.

Revenue is measured at the amount of consideration to which the Group expects to be entitled in exchange for transferring the promised goods or services to the customer, excluding amounts collected on behalf of third parties such as sales taxes or goods and services taxes.

If the amount of consideration varies due to discounts, rebates, refunds, credits, incentives, penalties or other similar items, the Group estimates the amount of consideration to which it will be entitled based on the expected value or the most likely outcome. If the contract with customer contains more than one performance obligation, the amount of consideration is allocated to each performance obligation based on the relative stand-alone selling prices of the goods or services promised in the contract.

The revenue is recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainly associated with the variable consideration is subsequently resolved.

The control of the promised goods or services may be transferred over time or at a point in time. Revenue for performance obligation that is not satisfied over time is recognised at the point in time at which the customer obtains control of the promised goods or services.

The control over the goods or services is transferred over time and revenue is recognised over time if:-

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- the Group's performance does not create an asset with an alternative use and the Group has an enforceable right to payment for performance completed to date.

The Group recognises revenue from construction of engineering, procurement, construction and commissioning ("EPCC") over time if it creates an asset with no alternative use to the Group and the Group has an enforceable right to payment for performance completed to date. Revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. The progress towards complete satisfaction of the performance obligation is measured based on the Group's efforts or inputs to the satisfaction of the performance obligation (e.g. by reference to the contract costs incurred to date as a percentage of the estimated total contract costs of the contract, i.e. the stage of completion).

3.13.1 **Contract Assets**

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional. Contract assets are subject to impairment assessment. Refer to accounting policies on impairment of financial assets in Note 3.5.1.

3.13.2 **Trade Receivables**

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

3.13.3 **Contract Liabilities**

A contract liability is recognised if a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

3.13 **Revenue (cont'd)**

3.13.4 **Contract Costs**

The incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained (for example, a sales commission). These costs are recognised in contract assets if the Group expects to recover those costs.

3.13.5 **Sales of Goods**

Revenue relating to sale of goods is recognised net of sales returns and discount upon the transfer of control of the goods to the customers. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

3.13.6 **Other Revenue Recognition**

Dividend Income

Dividend income and other income from investments are recognised in the profit or loss when the right to receive such payment is established.

Rental Income

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

Interest Income

Interest income is recognised in the profit or loss on time proportion basis taking into account the principal outstanding and the effective rate over the period to maturity, when it is determined that such income will accrue to the Group and the Company.

Management Fee Income

Management fees are recognised when services are rendered.

3.14 **Borrowing Costs**

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that the Group incurred in connection with the borrowing of funds.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

3.15 **Tax Expenses**

Tax expenses comprise current tax and deferred tax. Current tax 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.

3.15.1 **Current Tax**

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

Current tax for current and prior periods is recognised in the statements of financial position as a liability (or an asset) to the extent that it is unpaid (or refundable).

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

3.15 **Tax Expenses (cont'd)**

3.15.2 **Deferred Tax (cont'd)**

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statements of financial position and their tax bases. Deferred tax is not recognised for the temporary differences arising from the initial recognition of goodwill, the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

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

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

3.16 **Goods and Services Tax**

Goods and Services Tax ("GST") is a consumption tax based on the value-added concept. GST is imposed on goods and services at every production and distribution stage in the supply chain including importation of goods and services, at the applicable tax rate. Input tax that a company pays on business purchases is offset against output tax.

Revenue, expenses and assets are recognised net of GST except:

- where the GST incurred in a purchase of asset or service is not recoverable from the authority, in which case the GST 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 GST inclusive.

The net GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statements of financial position.

The Malaysian Government has zero rated the GST effective from 1 June 2018. This mean the GST rate on the supplier of goods or services or on the importation of goods has been revised from 6% to 0%.

The GST has been replaced with Sales and Services Tax effective from 1 September 2018. The rate for sales tax is fixed at 5% or 10%, while the rate for services tax is fixed at 6%.

3.17 **Sales Tax and Service Tax**

Expenses and assets are recognised net of the amount of sales tax, except:

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

The net amount of payable to the taxation authority is included as part of payables in the statements of financial position.

3.18 **Value Added Tax**

Value Added Tax ("VAT") is a consumption tax based on the value-added concept. VAT is imposed on goods and services at every production and distribution stage in the supply chain including importation of goods and services, at applicable tax rate. Input tax that a Group and a Company pay on business purchases is offset against output tax.

Revenues, expenses and assets are recognised net of the amount of VAT except:

- where the VAT incurred on the purchase of assets or services is not recoverable from the tax authority, in which case the VAT 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 VAT included.

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

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

3.19 **Contingencies**

Contingent liabilities

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is not recognised in the statements of financial position and is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Contingent assets

When an inflow of economic benefit of an asset is probable where it arises from past events and where existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity, the asset is not recognised in the statements of financial position but is being disclosed as a contingent asset. When the inflow of economic benefit is virtually certain, then the related asset is recognised.

3.20 **Operating Segments**

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenue and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the chief operating decision maker to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

3.21 **Related Parties**

A related party is a person or entity that is related to the Group and the Company that is preparing its financial statements. A related party transaction is a transfer of resources, services or obligations between the reporting entity and its related party, regardless of whether a price is charged.

(a) A person or a close member of that person's family is related to the reporting entity if that person:-

(i) Has control or joint control over the Group and the Company;
(ii) Has significant influence over the Group and the Company; or
(iii) Is a member of the key management personnel of the Group or the Company.

(b) An entity is related to the Group and the Company if any of the following conditions applies:-

(i) The entity and the Group or the Company are members of the same group;
(ii) The entity is an associate of the Group or the Company;
(iii) Both the Group or the Company and the entity are joint ventures of the same third party;
(iv) The Group or the Company is a joint venture of a third entity and the entity is an associate of the same third entity;
(v) The entity is a post-employment benefit plan for the benefits of employees of either the Group or the Company for an entity related to the Group or the Company;
(vi) The entity is controlled or jointly-controlled by a person identified in (a) above;
(vii) A person identified in (a)(i) above has significant influence over the entity or is a member of the key management personnel of the Group or the entity; or
(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group.

3.22 **Earnings per Ordinary 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 over the weighted average number of ordinary shares outstanding during the period.

Diluted EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company over the weighted average number of shares outstanding, for the effects of all dilutive potential ordinary shares during the period.

4. **PROPERTY, PLANT AND EQUIPMENT**

Group	Freehold land and buildings RM	Freehold buildings RM	Plant and machinery RM	Furnitures, fittings and office equipment RM	Motor vehicles RM	Capital-work-in-progress RM	Total RM
Cost							
At 1 January 2020	1,975,000	971,211	73,141,647	16,725,772	6,093,989	13,084,487	111,992,106
Additions	-	-	2,026,507	1,861,270	-	185,086	4,072,863
Disposals	-	-	-	-	(39,210)	-	(39,210)
Written off	-	-	(2,679,923)	-	-	-	(2,679,923)
Transfer from right-of-use assets	-	-	-	-	329,498	-	329,498
Transfer	-	-	825,000	4,554,032	-	(5,379,032)	-
Foreign exchange difference	-	-	-	(7,178)	(3,621)	-	(10,799)
At 31 December 2020	1,975,000	971,211	73,313,231	23,133,896	6,380,656	7,890,541	113,664,535
Additions	-	-	1,462,418	441,165	220,020	577,698	2,701,301
Disposals	-	-	-	-	(428,736)	-	(428,736)
Written off	-	-	(33,527)	(13,690)	-	(522)	(47,739)
Transfer from right-of-use assets	-	-	-	-	1,276,879	-	1,276,879
Foreign exchange difference	-	-	-	360	798	-	1,158
At 31 December 2021	1,975,000	971,211	74,742,122	23,561,731	7,449,617	8,467,717	117,167,398

4. **PROPERTY, PLANT AND EQUIPMENT (CONT'D)**

Group (cont'd)	Freehold land and buildings RM	Freehold buildings RM	Plant and machinery RM	Furnitures, fittings and office equipment RM	Motor vehicles RM	Capital-work-in-progress RM	Total RM
Accumulated depreciation							
At 1 January 2020	177,750	434,881	57,473,371	13,372,684	5,399,182	-	76,857,868
Charge for the financial year	23,700	19,881	3,721,570	1,457,103	364,744	-	5,586,998
Disposals	-	-	-	-	(31,430)	-	(31,430)
Written off	-	-	(2,677,456)	-	-	-	(2,677,456)
Transfer from right-of-use assets	-	-	-	-	294,378	-	294,378
Foreign exchange difference	-	-	-	(233)	(3,632)	-	(3,865)
At 31 December 2020	201,450	454,762	58,517,485	14,829,554	6,023,242	-	80,026,493
Charge for the financial year	23,700	19,827	3,306,995	2,077,462	391,027	-	5,819,011
Disposals	-	-	-	-	(424,097)	-	(424,097)
Written off	-	-	(6,361)	(674)	-	-	(7,035)
Transfer from right-of-use assets	-	-	-	-	1,034,669	-	1,034,669
Foreign exchange difference	-	-	-	1,033	3,055	-	4,088
At 31 December 2021	225,150	474,589	61,818,119	16,907,375	7,027,896	-	86,453,129
Accumulated impairment losses							
At 1 January 2020/31 December 2020/31 December 2021	-	-	5,563,870	353,113	-	-	5,916,983
Net carrying amount							
At 31 December 2021	1,749,850	496,622	7,360,133	6,301,243	421,721	8,467,717	24,797,286
At 31 December 2020	1,773,550	516,449	9,231,876	7,951,229	357,414	7,890,541	27,721,059

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

Company	Office equipment RM
Cost	
At 1 January 2020	-
Additions	20,376
At 31 December 2020	20,376
Additions	2,399
At 31 December 2021	22,775
Accumulated depreciation	
At 1 January 2020	-
Charge for financial the year	577
At 31 December 2020	577
Charge for financial the year	7,520
At 31 December 2021	8,097
Net carrying amount	
At 31 December 2021	14,678
At 31 December 2020	19,799

Assets pledged as securities to financial institutions

The net carrying amounts of assets pledged as securities for bank borrowings are:-

	Group 2021 RM	Group 2020 RM
Freehold land and buildings	1,749,850	1,773,550

The details of assets pledged as securities for bank borrowings are disclosed in Note 17 to the financial statements.

The cost and carrying amounts of the freehold land is not segregated from the buildings as required details is not available and unreasonable expenses would be incurred.

5. RIGHT-OF-USE ASSETS

As a lessee

The Group has a number of long term leasehold land, factory and buildings which are having leasehold period between 50 to 98 years. In addition, the Group leases a number of plant and machinery and motor vehicles that run between 5 to 10 years.

Other leases related to staff quarters, premises, motor vehicles, machinery and equipment are having the lease terms of 12 months or less. Therefore, the Group applies 'short-term lease' recognition exemptions for these leases.

5. RIGHT-OF-USE ASSETS (CONT'D)

As a lessee (cont'd)

Group	Land on long term lease RM	Long term leasehold land, factory and buildings RM	Leasehold buildings RM	Plant and machinery RM	Motor vehicles RM	Total RM
Cost						
At 1 January 2020	11,083,319	7,702,566	14,197,465	1,086,350	3,461,043	37,530,743
Additions	-	-	85,368	2,869,046	434,058	3,388,472
Disposals	-	-	-	-	(124,230)	(124,230)
Transfer to property, plant and equipment	-	-	-	-	(329,498)	(329,498)
At 31 December 2020	11,083,319	7,702,566	14,282,833	3,955,396	3,441,373	40,465,487
Additions	-	-	3,450	-	40,560	44,010
Transfer to property, plant and equipment	-	-	-	-	(1,276,879)	(1,276,879)
At 31 December 2021	11,083,319	7,702,566	14,286,283	3,955,396	2,205,054	39,232,618
Accumulated depreciation						
At 1 January 2020	3,220,196	1,059,145	4,778,398	97,403	1,523,674	10,678,816
Charge for the financial year	223,495	69,129	285,273	244,179	834,706	1,656,782
Disposals	-	-	-	-	(111,978)	(111,978)
Transfer to property, plant and equipment	-	-	-	-	(294,378)	(294,378)
At 31 December 2020	3,443,691	1,128,274	5,063,671	341,582	1,952,024	11,929,242
Charge for the financial year	222,885	69,129	285,721	477,329	497,751	1,552,815
Transfer to property, plant and equipment	-	-	-	-	(1,034,669)	(1,034,669)
At 31 December 2021	3,666,576	1,197,403	5,349,392	818,911	1,415,106	12,447,388
Net carrying amount						
At 31 December 2021	7,416,743	6,505,163	8,936,891	3,136,485	789,948	26,785,230
At 31 December 2020	7,639,628	6,574,292	9,219,162	3,613,814	1,489,349	28,536,245

5. **RIGHT-OF-USE ASSETS (CONT'D)**

Assets held under lease liabilities

The net carrying amounts of assets held under lease liabilities are:-

	Group	
	2021	2020
	RM	RM
Motor vehicles	789,948	1,489,349
Plant and machinery	3,136,485	3,613,814
	3,926,433	5,103,163

Leased assets are pledged as securities for the related lease liabilities as disclosed in Note 18 to the financial statements.

Assets pledged as securities to financial institutions

The net carrying amounts of assets pledged as securities for bank borrowings are:-

	Group	
	2021	2020
	RM	RM
Land on long term lease	2,924,266	3,018,848
Long term leasehold land, factory and buildings	5,033,760	5,101,854
	7,958,026	8,120,702

The details of assets pledged as securities for bank borrowings are disclosed in Note 17 to the financial statements.

As a lessor

The Group has entered into operating leases on its buildings and land on long term leases with 1 year lease term. Rental income recognised by the Group is RM189,600 (2020: RM176,109).

6. **INVESTMENT IN SUBSIDIARIES**

	Company	
	2021	2020
	RM	RM
Unquoted shares, at cost		
- within Malaysia	299,587,175	299,587,175

6. **INVESTMENT IN SUBSIDIARIES (CONT'D)**

Details of the subsidiaries are as follows:-

Name of companies	Principal place of business	Principal activities	Effective ownership interest and voting interest 2021 (%)	2020 (%)
Direct subsidiaries of the Company				
Rohas-Euco Industries Bhd.["REI"]	Malaysia	Design and fabrication of steel structure for high tension transmission towers, microwave towers and substations structures and provision of other fabrication and installation works	100	100
HG Power Transmission Sdn. Bhd. ["HGPT"]	Malaysia	Contractor for installing electrical transmission lines and provision of other related services	78	78
Global Tower Corporation Pty. Ltd. ["GTC"] *	Cambodia	Providing information technology services	75	75
Subsidiaries of Rohas-Euco Industries Bhd.				
Galvanising Engineering and Services Sdn. Bhd. ["GES"]	Malaysia	Operation of a hot-dip galvanising plan	100	100
RT Telecom Sdn. Bhd. ["RTT"]	Malaysia	Design, supply and construction of telecommunication infrastructure	100	100
RBC Water Sdn. Bhd. ["RBC"] @	Malaysia	Contractor in the implementation of potable and water treatment projects	100	100
Hydro Haven Sdn. Bhd. ["HH"]	Malaysia	Investment holding	100	100
REI International (HK) Ltd. ["REIHK"]#	Hong Kong	Investment holding and provision of management services	100	100
PT REI International ["PTREI"] #	Republic of Indonesia	Dormant	100	100

6. **INVESTMENT IN SUBSIDIARIES (CONT'D)**

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

Name of companies	Principal place of business	Principal activities	Effective ownership interest and voting interest 2021 (%)	2020 (%)
Subsidiary of REI International (HK) Ltd.				
PT REI Abadi Indonesia ["PTRAI"] #	Republic of Indonesia	Investment holding and provision of management services	99	99
Held through of Hydro Haven Sdn. Bhd.				
PT REI Abadi Indonesia ["PTRAI"] #	Republic of Indonesia	Investment holding and provision of management services	1	1
Subsidiaries of HG Power Transmission Sdn. Bhd.				
HG Power Transmission (PNG) Ltd. ["PNG"] #	Papua New Guinea	Contractor for installing electrical transmission lines and provision of other related services	100	100
IAC Electricals (M) Sdn. Bhd. ["IAC"]	Malaysia	Design and manufacture of hardware and accessories for overhead electrical transmission towers and fittings	100	100

* Audited by Grant Thornton International member firm.
\# Not audited by Grant Thornton Malaysia PLT.
@ Investment pledged as security for banking facilities granted to a subsidiary.

6. **INVESTMENT IN SUBSIDIARIES (CONT'D)**

Acquisition of a subsidiary

2020

On 19 June 2020, the Company completed acquisition of 750 ordinary shares representing 75% equity interest in GTC, for a total cash consideration of RM4,362,500.

The fair values of identifiable asset and liability of GTC as at the date of acquisition were as follows:-

	Group 2020 RM
Total asset	
Cash and bank balances	236
Total liability	
Other payables	1,746,047
Total identifiable asset and liability	(1,745,811)
Less: Non-controlling interests	436,453
Goodwill	5,671,858
Total cash consideration	4,362,500
Less: Cash and bank balances acquired	(236)
Net cash outflows arising from acquisition of a subsidiary	4,362,264

Impact of the acquisition on the statements of profit or loss and other comprehensive income

From the date of acquisition, GTC had contributed loss of RM362,268 to the Group's loss after tax. If the contribution had taken place at the beginning of the financial year, the GTC's loss after tax would have been RM1,247,998.

Non-controlling interests in subsidiaries

2021

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

	HGPT	GTC	Total
Percentage of ownership interest and voting interest (%)	22%	25%	
Carrying amount of NCI (RM)	19,795,131	(756,750)	19,038,381
Loss allocated to NCI (RM)	(3,987,512)	(242,829)	(4,230,341)
Total comprehensive loss allocated to NCI (RM)	(4,164,953)	(259,095)	(4,424,048)

6. INVESTMENT IN SUBSIDIARIES (CONT'D)

Non-controlling interests in subsidiaries (cont'd)

2021 (cont'd)

The summary of financial information before intra-group elimination for the Group's subsidiaries that have material non-controlling interests are as below:-

	HGPT RM	GTC RM	Total RM
Financial position as at 31 December			
Non-current assets	18,717,819	582,544	19,300,363
Current assets	186,860,714	1,948,316	188,809,030
Non-current liabilities	(145,845)	-	(145,845)
Current liabilities	(115,174,233)	(5,557,858)	(120,732,091)
Net assets/(liabilities)	90,258,455	(3,026,998)	87,231,457
Summary of financial performance for the financial year ended 31 December			
Revenue	144,903,178	-	144,903,178
Loss for the financial year	(18,181,587)	(971,316)	(19,152,903)
Total comprehensive loss for the financial year	(18,990,651)	(1,036,379)	(20,027,030)
Summary of cash flows for the financial year ended 31 December			
Net cash flows from/(used in) operating activities	17,485,529	(3,246,112)	14,239,417
Net cash flows used in investing activities	(548,858)	(582,654)	(1,131,512)
Net cash flows (used in)/from financing activities	(2,048,400)	4,034,829	1,986,429
Net cash inflows	14,888,271	206,063	15,094,334
Other information			
Dividends	-	-	-

2020

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

	HGPT	GTC	Total
Percentage of ownership interest and voting interest (%)	22%	25%	
Carrying amount of NCI (RM)	23,960,084	(497,655)	23,462,429
Loss allocated to NCI (RM)	(2,330,834)	(90,567)	(2,421,401)
Total comprehensive loss allocated to NCI (RM)	(2,267,904)	(61,202)	(2,329,106)

6. INVESTMENT IN SUBSIDIARIES (CONT'D)

Non-controlling interests in subsidiaries (cont'd)

2020 (cont'd)

The summary of financial information before intra-group elimination for the Group's subsidiaries that have material non-controlling interests are as below:-

	HGPT RM	GTC RM	Total RM
Financial position as at 31 December			
Non-current assets	19,726,903	-	19,726,903
Current assets	234,170,628	33,199	234,203,827
Non-current liabilities	(240,461)	-	(240,461)
Current liabilities	(144,407,964)	(2,023,818)	(146,431,782)
Net assets/(liabilities)	109,249,106	(1,990,619)	107,258,487
Summary of financial performance for the financial year ended 31 December			
Revenue	106,605,188	-	106,605,188
Loss for the financial year	(10,627,747)	(362,268)	(10,990,015)
Total comprehensive loss	(10,340,811)	(244,808)	(10,585,619)
Summary of cash flows for the financial year ended 31 December			
Net cash flows from operating activities	38,663,524	127	38,663,651
Net cash flows used in investing activities	(635,057)	-	(635,057)
Net cash flows used in financing activities	(29,913,216)	-	(29,913,216)
Net cash inflows	8,115,251	127	8,115,378
Other information			
Dividends	-	-	-

7. INVESTMENT IN ASSOCIATES

	Group 2021 RM	Group 2020 RM
Unquoted shares outside Malaysia, at cost	51,640,104	54,551,166
Share of profit of equity-accounted associates, net of tax	11,586,710	2,795,110
Translation differences	(338,034)	(542,696)
	62,888,780	56,803,580

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2021

7. INVESTMENT IN ASSOCIATES (CONT'D)

Details of the associates are as follows:-

Name of companies	Principal place of business	Principal activities	Effective ownership interest and voting interest 2021 (%)	2020 (%)
PT Century Abadi Perkasa ["PTCAP"] ^□	Republic of Indonesia	Development and operation of hydro power plant	49	49
Phu My Vinh Construction And Investment Corporation ["PMV"] ^#	Socialist Republic of Vietnam	Operator of water treatment plants	30	40

□ Held through PTRAI.
\# Held through RBC.
^ Audited by a firm other than Grant Thornton Malaysia PLT.

Included in the investment in associates is an amount of RM47,373,184 (2020: RM50,284,246) which is pledged as security for the banking facilities granted to a subsidiary.

Summary of financial information of the associates, not adjusted for the proportion of ownership interest held by the Group is as follows:-

	PTCAP RM	PMV RM	Total RM
Summary of financial position as at 31 December 2021			
Non-current assets	93,095,108	147,075,588	240,170,696
Current assets	7,555,398	42,259,187	49,814,585
Non-current liabilities	(36,099,011)	(107,715,969)	(143,814,980)
Current liabilities	(37,058,490)	(10,015,051)	(47,073,541)
Net assets	27,493,005	71,603,755	99,096,760
Summary of financial performance for the financial year ended 31 December 2021			
Profit/Total comprehensive income for the financial year	14,703,408	5,523,304	20,226,712
Reconciliation of net assets to carrying amount as at 31 December 2021			
Group's share of net assets	13,471,572	21,481,127	34,952,699
Goodwill	-	27,725,095	27,725,095
Unadjusted foreign translation differences	157,626	53,360	210,986
Carrying amount in the statements of financial position	13,629,198	49,259,582	62,888,780
Group's share of results for the financial year ended 31 December 2021			
Group's share of profit	7,204,670	1,951,069	9,155,739

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2021

7. INVESTMENT IN ASSOCIATES (CONT'D)

Summary of financial information of the associates, not adjusted for the proportion of ownership interest held by the Group is as follows (cont'd):-

	PTCAP RM	PMV RM	Total RM
Summary of financial position as at 31 December 2020			
Non-current assets	1,957,106	139,927,620	141,884,726
Current assets	98,997,824	11,654,317	110,652,141
Non-current liabilities	(59,305,092)	(109,538,528)	(168,843,620)
Current liabilities	(28,956,235)	(9,640,113)	(38,596,348)
Net assets	12,693,603	32,403,296	45,096,899
Summary of financial performance for the financial year ended 31 December 2020			
Profit/Total comprehensive income for the financial year	2,957,998	2,295,200	5,253,198
Reconciliation of net assets to carrying amount as at 31 December 2020			
Group's share of net assets	6,219,865	12,961,318	19,181,183
Goodwill	-	36,966,794	36,966,794
Unadjusted foreign translation differences	-	655,603	655,603
Carrying amount in the statements of financial position	6,219,865	50,583,715	56,803,580
Group's share of results for the financial year ended 31 December 2020			
Group's share of profit	1,449,419	918,080	2,367,499

Contingent liabilities and capital commitments

The associates have no contingent liabilities in both financial years.

The capital commitments as at the reporting date are as follow:-

	Group 2021 RM	2020 RM
Approved but not contracted for:-		
Capital expenditure on development of water treatment plant	36,047,561	42,559,346

8. OTHER INVESTMENTS

	Group	
	2021	2020
	RM	RM
Fair value through profit or loss		
Quoted investments, at fair value		
- within Malaysia	2,773,412	2,664,782

9. DEFERRED TAX ASSETS/(LIABILITIES)

	Group	
	2021	2020
	RM	RM
Brought forward	9,582,000	7,530,000
Recognised in profit and loss		
- current year	3,041,325	1,310,000
- (over)/under provision in prior year	(692,000)	742,000
Carried forward	11,931,325	9,582,000
Presented after appropriate offsetting as follows:-		
Deferred tax assets	11,931,325	9,884,000
Deferred tax liabilities	-	(302,000)
	11,931,325	9,582,000

(a) The components and movement of deferred tax assets and deferred tax liabilities prior to offsetting are as follows:-

Deferred tax assets

Group	Property, plant and equipment/ Right-of-use assets	Unabsorbed capital allowances and tax losses	Accumulated impairment loss	Provisions	Others	Total
	RM	RM	RM	RM	RM	RM
At 1 January 2020	(1,959,000)	5,621,000	1,121,000	2,993,000	-	7,776,000
Recognised in profit and loss	217,000	915,000	575,000	(611,000)	1,012,000	2,108,000
At 31 December 2020	(1,742,000)	6,536,000	1,696,000	2,382,000	1,012,000	9,884,000
Recognised in profit and loss	59,000	(122,000)	2,462,000	121,000	(472,675)	2,047,325
At 31 December 2021	(1,683,000)	6,414,000	4,158,000	2,503,000	539,325	11,931,325

9. DEFERRED TAX ASSETS/(LIABILITIES) (CONT'D)

(a) The components and movement of deferred tax assets and deferred tax liabilities prior to offsetting are as follows (cont'd):-

Deferred tax liabilities

Group	Property, plant and equipment/ Right-of-use assets	Provisions	Others	Total
	RM	RM	RM	RM
At 1 January 2020	(392,000)	138,000	8,000	(246,000)
Recognised in profit and loss	(4,000)	(53,000)	1,000	(56,000)
At 31 December 2020	(396,000)	85,000	9,000	(302,000)
Recognised in profit and loss	396,000	(85,000)	(9,000)	302,000
At 31 December 2021	-	-	-	-

(b) Deferred tax assets (at gross) have not been recognised in respect of these items as it is not probable that future taxable profits will be available against which the subsidiaries can utilise the benefits therefrom.

	Group	
	2021	2020
	RM	RM
Unabsorbed capital allowances and tax losses	13,376,000	10,337,000
Other temporary differences	2,956,000	2,607,000
	16,332,000	12,944,000

The Group's unabsorbed capital allowances and tax losses of RM40,101,000 (2020: RM37,570,333) can be carried forward to offset against its subsidiaries' future taxable profits.

Effective from year of assessment 2019 as announced in the Annual Budget 2019, the unabsorbed tax losses of the Group as at 31 December 2018 and thereafter will only be available to carry forward for a period of 7 consecutive years. Upon expiry of the 7 years, the unabsorbed tax losses will be disregarded. The existing time limit to carry forward unabsorbed tax losses is extended to 10 consecutive years as announced in Annual Budget 2022.

Unabsorbed tax losses' expiry dates (at gross) for which no deferred tax assets is recognised are as follow:-

	Group	
	2021	2020
	RM	RM
Expiry date		
2025	-	1,840,000
2026	-	725,000
2027	-	1,535,000
2028	1,840,000	-
2029	725,000	-
2030	1,535,000	-
2031	2,765,000	-

10. GOODWILL ON CONSOLIDATION

	Group	
	2021	2020
	RM	RM
Brought forward	13,216,398	7,544,540
Acquisition of a subsidiary	-	5,671,858
Carried forward	13,216,398	13,216,398

The aggregate carrying amount of goodwill allocated to each CGU is as follow:

	2021	2020
	RM	RM
EPCC	7,544,540	7,544,540
Others	5,671,858	5,671,858
	13,216,398	13,216,398

Goodwill acquired in a business combination is allocated, at acquisition date, to the cash-generating unit ("CGU") that is expected to benefit from the business combination. For the purpose of impairment testing, goodwill is allocated to the Group's operating divisions which represent the lowest cash-generating unit level within the Group at which the goodwill is monitored for internal management purposes. The Group tests goodwill annually for impairment or more frequently if there are indications that goodwill might be impaired.

The recoverable amount of the CGUs is determined by using value-in-use, involving cash flow projections calculations derived from the most recent financial budgets approved by management covering a five-years period, except for the goodwill arising from "others" segment which covering 15 years of business plan. For the others segment, cash flow are projected based on the services agreement with customer.

Value-in-use was determined by discounting the future cash flows generated from the continuing use of the CGUs and management's assessment of future trends based on the following key assumptions:-

	EPCC		Others	
	2021	2020	2021	2020
	%	%	%	%
Growth rate	16.0	24.3	54.0	98.1
Gross profit margin	11.0	10.5	36.1	69.7
Discount rate	7.8	8.5	8.8	11.2

The following describes each key assumption on which the Directors have used in the cash flow projections for the purpose of impairment testing of goodwill:-

(i)	Growth rate	–	Based on simple average of the annual revenue growth rate obtained from financial budgets approved by management.
(ii)	Gross profit margin	–	Based on the range of forecasted margin for project/business.
(iii)	Discount rate	–	Based on the industry weighted average cost of capital. The discount rate used is pre-tax and reflect specific risks relating to the relevant segments.

10. GOODWILL ON CONSOLIDATION (CONT'D)

The values assigned to the key assumptions represent management's assessment of future trends in the industry and are based on external and internal sources. The management is not aware of any reasonably possible change in above key assumptions that would cause the carrying amounts of the CGU to materially exceed their recoverable amounts.

11. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
Non-current				
Other receivables:-				
Subsidiaries	-	-	26,332,689	26,332,689
Current				
Trade receivables:-				
Third parties	63,481,308	102,890,068	-	-
Related parties	450	9,320	-	-
Associate	-	9,244,095	-	-
Retention sum - third parties	44,510,937	70,746,152	-	-
- associate	1,392,290	1,095,272	-	-
	109,384,985	183,984,907	-	-
Less: Accumulated impairment losses	(5,736,650)	(13,563,681)	-	-
	103,648,335	170,421,226	-	-
Other receivables:-				
Third parties	8,529,753	9,253,572	-	-
Subsidiaries	-	-	24,822,643	16,995,720
Related parties	597,389	337,539	-	-
Associate	23,057,382	24,366,878	-	-
Deposits	7,685,070	8,087,040	21,000	21,000
Advances to suppliers	16,523,698	7,967,055	-	-
Prepayments	3,777,646	6,774,739	154,008	153,473
VAT claimable	351,373	-	-	-
GST receivable	1,125,639	772,342	-	-
	61,773,950	57,559,165	24,997,651	17,170,193
Less: Accumulated impairment losses	(12,538,743)	(9,855,216)	-	-
	49,235,207	47,703,949	24,997,651	17,170,193
	152,883,542	218,125,175	51,330,340	43,502,882

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2021

11. TRADE AND OTHER RECEIVABLES (CONT'D)

Trade receivables

The movement of accumulated impairment losses of trade receivables is as follows:-

	Group	
	2021	2020
	RM	RM
Brought forward	13,563,681	14,048,018
Charge for the financial year	927,024	131,358
Reversal of impairment losses	(565,580)	(615,695)
Impairment losses written off	(8,188,475)	-
Carried forward	5,736,650	13,563,681
Individually impaired	5,244,346	12,626,012
Collectively impaired	492,304	937,669
Total	5,736,650	13,563,681

The component of accumulated impairment losses of trade receivables is as follows:-

	Group	
	2021	2020
	RM	RM
Third parties	5,736,650	13,563,681

Other receivables

The movement of accumulated impairment losses of other receivables is as follows:-

	Group	
	2021	2020
	RM	RM
Brought forward	9,855,216	9,874,638
Charge for the financial year	2,984,485	-
Reversal of impairment losses	(300,958)	(19,422)
Carried forward	12,538,743	9,855,216
Individually impaired	12,377,415	9,562,550
Collectively impaired	161,328	292,666
Total	12,538,743	9,855,216

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2021

11. TRADE AND OTHER RECEIVABLES (CONT'D)

Other receivables (cont'd)

The component of accumulated impairment losses of other receivables is as follows:-

	Group	
	2021	2020
	RM	RM
Third parties	5,839,585	3,149,517
Deposits	6,699,050	6,705,648
Associate	108	51
	12,538,743	9,855,216

Related parties refer to the companies in which Directors have interests.

Trade receivables

The trade receivables are non-interest bearing and are recognised at their original invoice amounts which represent their fair values on initial recognition. The normal credit terms granted to the customers ranged from cash terms to 180 days (2020: cash terms to 180 days). Other credit terms are assessed and approved by the management on case-by-case basis.

Other receivables

The amount due from subsidiaries, an associate and related parties represents the interest free unsecured cash advances which are payable on demand except for an amount of RM42,505,608 (2020: RM38,655,276) which is due from subsidiaries and subject to the interest rate ranged from 3.8% to 5.5% (2020: 3.8% to 5.5%) per annum.

12. CASH AND BANK BALANCES, DEPOSITS AND PLACEMENTS

	Group		Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
Non-current				
Islamic type:				
- Cash and bank balances	2,066,174	2,066,174	-	-
Current				
Islamic type:				
- Cash and bank balances	19,738,562	3,755,445	44,993	2,627,552
- Deposits with financial institutions	4,530,998	17,071,491	-	-
- Deposits with fund management corporations	512,591	503,668	97,145	95,397
Conventional type:				
- Cash and bank balances	54,560,225	29,374,900	109,251	107,377
- Deposits with financial institutions	3,383,126	9,616,055	-	-
- Deposits with fund management corporations	2,220	2,200	-	-
	82,727,722	60,323,759	251,389	2,830,326
	84,793,896	62,389,933	251,389	2,830,326

The Group's deposits with financial institutions amounting to RM7,914,124 (2020: RM26,687,546) are pledged to the banks to secure the banking facilities granted to the subsidiaries.

Cash and bank balances pledged as securities for banking facilities granted to a subsidiary are RM38,068,389 (2020: RM15,664,805).

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2021

13. INVENTORIES

	Group	
	2021	2020
	RM	RM
At cost		
Raw materials	42,067,861	42,130,648
Work-in-progress	1,588,355	767,793
Finished goods	37,585,684	23,928,150
Accessories and consumables	13,645,847	11,190,848
Goods in transit	-	351,977
	94,887,747	78,369,416
At net realisable value		
Raw materials	4,440,884	4,047,660
Work-in-progress	-	70,217
Finished goods	2,956,329	4,941,401
	7,397,213	9,059,278
	102,284,960	87,428,694
Recognised in profit or loss:-		
Inventories recognised in cost of sales	76,125,598	93,600,731
(Reversal)/Written down of inventories	(758,990)	2,926,123

14. CONTRACT ASSETS/(LIABILITIES)

	Group	
	2021	2020
	RM	RM
Contract assets:		
- Construction contracts	32,064,430	68,955,076
- Contract cost	411,372	-
Less: Accumulated impairment losses	(10,463,452)	(417,286)
	22,012,350	68,537,790
Contract liabilities:		
- Construction contracts	(24,606,895)	(30,943,627)
- Customers deposits	(6,240,417)	(13,200,082)
- Deferred income	(1,855,000)	(1,855,000)
	(32,702,312)	(45,998,709)

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2021

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

The movement of the accumulated impairment losses of contract assets is as follow:-

	Group	
	2021	2020
	RM	RM
Collectively impaired		
Brought forward	417,286	591,389
Charge for the financial year	10,046,166	283,770
Reversal of impairment losses	-	(457,873)
Carried forward	10,463,452	417,286

Construction contracts

Contract assets primarily relate to the rights to consideration for work completed on construction contracts but not yet billed as at the reporting date.

Contract liabilities consist of advance billings in excess of revenue recognised, typically resulting from the timing differences in revenue recognition and the milestone billings. The milestone billings are structured and/or negotiated with customers to reflect the physical completion of the contracts.

Contract costs

Contract costs relate to the cost generate or enhance resources of the Group that will be used in satisfying performance obligation in the future.

Customers deposits/Deferred income

Customers deposits relate to deposits made by customers for the construction projects which is partially performed or have yet to be performed by the Group as at the reporting date. The Group applies the practical expedient in MFRS 15 on not disclosing the aggregate amount of the revenue expected to be recognised in the future as the performance obligation is part of a contract that has an original expected duration of less than one year.

Deferred income represents the advance billing issued to a customer for trading of steel tower.

Contract value yet to be recognised as revenue

As at the reporting date, revenue expected to be recognised in the future relating to performance obligations that are unsatisfied (or partially unsatisfied) of the Group is RM436,543,897 (2020: RM500,232,874). The Group expects to recognise this revenue over the next 12-36 months.

Significant changes to the contract assets and contract liabilities balances during the financial year are as follows:-

	Group	
	2021	2020
	RM	RM
Contract liabilities at the beginning of the year recognised as revenue	11,471,595	34,392,510
Increase/(Decrease) in revenue recognised in the reporting period from performance obligations satisfied (or partially satisfied) in previous period	41,656,674	(528,538)

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2021

15. SHARE CAPITAL

Group and Company	Number of ordinary shares		Amount	
	2021	2020	2021	2020
	Unit	Unit	RM	RM
Issued and fully paid with no par value:-				
At beginning/end of financial year	472,657,651	472,657,651	299,484,409	299,484,409

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company's residual assets.

16. OTHER RESERVES

	Group	
	2021	2020
	RM	RM
Non-distributable:-		
Reserve upon consolidation	(104,798,778)	(104,798,778)
Foreign currency translation reserve	324,427	1,038,873
	(104,474,351)	(103,759,905)

Foreign currency translation reserve

Foreign currency translation reserve is used to record foreign currency exchange 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. BORROWINGS

	Group		Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
Non-current				
Secured:				
Term loans				
- Islamic type	12,931,749	24,301,083	-	-
Current				
Secured:				
Term loans				
- Islamic type	8,165,114	8,150,613	-	-
-Revolving credit				
- Islamic type	7,283,600	7,125,650	-	-
Bank overdraft				
- Conventional type	-	4,334,728	-	-
Trust receipts				
- Islamic type	13,785,653	108,806	-	-
- Conventional type	3,565,605	11,012,168	-	-

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2021

17. BORROWINGS (CONT'D)

	Group		Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
Unsecured:				
Bankers' acceptances				
- Islamic type	880,539	1,724,120	-	-
- Conventional type	16,085,000	17,576,000	-	-
Short term loans				
- Conventional type	163,043	1,456,148	-	-
Revolving credit				
- Islamic type	18,500,000	21,500,000	7,500,000	12,500,000
	68,428,554	72,988,233	7,500,000	12,500,000
Total	81,360,303	97,289,316	7,500,000	12,500,000

Group

Term loans

The term loans are secured by:-

(a) Certain properties of subsidiaries as disclosed in Notes 4 and 5 to the financial statements;
(b) Joint and several guarantee of two ex-Directors of a subsidiary;
(c) Corporate guarantee by the Company and a subsidiary;
(d) Charge over the shares of investment in an associate as disclosed in Note 7 to the financial statements;
(e) Debenture over fixed and floating charge of all present and future assets of a subsidiary;
(f) Charge over the shares of investment in a subsidiary as disclosed in Note 6 to the financial statements; and
(g) Certain cash and bank balances of a subsidiary as disclosed in Note 12 to the financial statements.

Group and Company

The borrowings except for term loans are secured by way of:-

(a) Certain properties of the subsidiaries as disclosed in Notes 4 and 5 to the financial statements;
(b) Certain fixed deposits of the subsidiaries as disclosed in Note 12 to the financial statements; and
(c) Corporate guarantee by the Company and a subsidiary.

18. LEASE LIABILITIES

	Group	
	2021	2020
	RM	RM
Non-current	1,861,643	2,758,257
Current	1,502,319	1,624,967
	3,363,962	4,383,224

18. **LEASE LIABILITIES (CONT'D)**

The lease liabilities are secured by a charge over the leased assets as disclosed in Note 5 to the financial statements and secured against the guarantee by:-

	Group	
	2021	2020
	RM	RM
Ex-director of the subsidiaries	-	16,910
A subsidiary	-	56,808
	-	73,718

19. **RETIREMENT BENEFITS**

Defined benefit plan

The defined benefit plan provided by the Group to all eligible Malaysian employees on a discretionary lump sum payment basis upon their retirement with minimum of 10 years of service being attained. The defined benefit plan is unfunded, as benefits may be payable directly by the Group to the active participants subject to final approval of the Board of Directors being obtained.

The plan exposes the Group to actuarial risks such as interest rate risk and inflation risk as explained below:-

Interest rate risk

The present value of the defined benefit liability is calculated using a discount rate determined by reference to market yields of high quality corporate bonds. The estimated term of the bonds is consistent with the estimated term of the defined benefit obligation. A decrease in market yield on high quality corporate bonds will increase the Group's defined benefit liability.

Inflation risk

A significant proportion of the defined benefit liability is linked to inflation. An increase in the inflation rate will increase the Group's liability.

Movement in defined benefit plan

The following is reconciliation of the Group's defined benefit obligation presented in the statements of financial position for each reporting year:-

	Group	
	2021	2020
	RM	RM
Defined benefit obligation brought forward	2,792,671	2,807,287
Current service costs	513,801	-
Net interests	293,904	-
Remeasurements effect recognised in OCI	182,033	-
Benefit paid	(545,000)	(14,616)
Defined benefit obligation carried forward	3,237,409	2,792,671

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
31 DECEMBER 2021

19. **RETIREMENT BENEFITS (CONT'D)**

Defined benefit plan (cont'd)

The plan exposes the Group to actuarial risks such as interest rate risk and inflation risk as explained below (cont'd):-

Actuarial assumptions

Significant actuarial assumptions for the determination of the defined benefit obligation are the discount rate on the lump sum retirement benefit, the mortality, disability and withdrawal rates. The sensitivity analysis below has been determined based on a reasonably possible changes of the discount rates occurring at the end of the reporting year, while all other assumptions remained constant.

Group	Core assumption	Sensitivity analysis	Effect on defined benefit obligation increase	
	%		RM	%
2021				
Discount rate	4.60	1.0% decrease	287,781	9
2020				
Discount rate	4.30	1.0% decrease	257,214	9

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation because it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. In presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting year, which is the same as that applied in calculating the defined benefit obligation liability recognised in the statements of financial position.

Defined benefit plan expenses

Amounts recognised in profit or loss related to the Group's defined benefit plan are as follows:-

	Group	
	2021	2020
	RM	RM
Current service costs	513,801	-
Net interests	293,904	-
Total expenses recognised in profit or loss	807,705	-

Amounts recognised in other comprehensive income related to the Group's defined benefit plan are as follows:-

	Group	
	2021	2020
	RM	RM
Effect of changes in demographic assumptions	7,163	-
Effect of experience adjustments	314,959	-
Effect of changes in financial assumptions	(140,089)	-
Total expense recognised in other comprehensive income	182,033	-

The net expense summarised above were included within items that will not be reclassified subsequently to profit or loss.

19. **RETIREMENT BENEFITS (CONT'D)**

Defined benefit plan (cont'd)

The plan exposes the Group to actuarial risks such as interest rate risk and inflation risk as explained below (cont'd):-

Other information on the defined benefit plan

The weighted average durations of the benefit obligation is 38 years (2020: 40 years). The Group did not expect to make any benefit payment in the next financial year.

20. **TRADE AND OTHER PAYABLES**

	Group		Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
Trade payables:-				
Third parties	41,983,186	54,123,995	-	-
Related party	301,035	301,035	-	-
Retention sum	3,839,330	10,426,516	-	-
	46,123,551	64,851,546	-	-
Other payables:-				
Third parties	1,348,784	3,391,262	98,940	3,758
Subsidiary	-	-	39,024,871	28,969,860
Advance received from customers	144,109	116,187	-	-
Accruals	11,400,241	10,406,039	326,068	360,265
Provision for liquidated and ascertained damages	2,195,073	559,618	-	-
Deposits received	493,753	493,753	-	-
GST payable	402,180	787,745	-	-
VAT payable	-	70,942	-	-
	15,984,140	15,825,546	39,449,879	29,333,883
	62,107,691	80,677,092	39,449,879	29,333,883

Related party refers to the companies in which Directors have interests.

Trade payables

The trade payables are non-interest bearing and the normal credit terms granted by the trade payables ranged from 7 to 90 days (2020: 7 to 90 days).

Other payables

The amount due to a subsidiary represents unsecured and interest-free cash advances which are repayable on demand.

21. **REVENUE**

	Group	
	2021	2020
	RM	RM
Primary geographical markets		
Malaysia	164,367,233	195,634,990
Australia	-	86,613
Laos	-	105,596,734
Bangladesh	42,151,211	16,803,562
Indonesia	3,108,868	-
India	44,108	-
Brunei	8,500	-
Vietnam	11,635,390	10,035,326
Democratic Republic of Timor-Leste	-	194,698
Republic of Fiji	-	305,641
	218,206,442	328,657,564
Major product & services line		
Fabrication of towers	48,397,609	89,332,333
Engineering, Procurement, Construction and Commissioning ("EPCC")	166,211,737	238,452,264
Others	3,597,096	872,967
	218,206,442	328,657,564
Timing and recognition		
At a point in time	51,994,705	90,205,300
Over time	166,211,737	238,452,264
	218,206,442	328,657,564

22. **FINANCE INCOME**

	Group		Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
Interest income:				
- Deposits with financial institutions	358,853	403,921	710	355
- Asset management	1,748	2,219	1,748	2,219
- Subsidiaries	-	-	1,908,716	1,809,299
	360,601	406,140	1,911,174	1,811,873

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2021

23. FINANCE COSTS

	Group		Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
Interest expenses:				
- Bank overdraft	256,833	371,724	-	-
- Bankers' acceptances	3,681,863	1,989,134	-	-
- Bank guarantees	4,392	28,896	-	-
- Lease liabilities	227,020	172,874	-	-
- Short term loans	25,781	220,555	-	-
- Revolving credit	1,158,707	1,674,730	344,447	706,116
- Related party	-	285,000	-	-
- Others	162,487	110,717	-	-
- Term loans	1,241,139	1,801,160	-	-
	6,758,222	6,654,790	344,447	706,116

24. (LOSS)/PROFIT BEFORE TAX

(Loss)/Profit before tax has been determined after charging/(crediting), amongst other items, the following:-

	Group		Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
Charging:-				
Auditors' remuneration:				
- Charge for the year	277,800	283,800	70,000	70,000
- Other auditors' remuneration	22,972	16,558	-	-
- Other services	105,167	210,100	3,500	3,500
Directors' fees	270,000	248,641	270,000	248,641
Net (gain)/loss on foreign exchange:				
- Unrealised	-	656,477	-	-
- Realised	1,248,234	-	-	-
Expenses relating to short term leases	6,007,674	5,801,745	-	-
Crediting:-				
Dividend income:				
- Quoted shares in Malaysia	64,827	61,622	-	-
Net (loss)/gain on foreign exchange:				
- Realised	-	41,786	-	-
- Unrealised	453,212	-	-	-

25. TAX EXPENSE

	Group		Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
Current tax:				
- current year	3,175,291	4,682,929	253,000	253,906
- over provision in prior financial year	(593,178)	(35,955)	(6,159)	(177,789)
	2,582,113	4,646,974	246,841	76,117
Deferred tax:				
- current year	(3,041,325)	(1,310,000)	-	-
- over/(under) recognised in prior financial year	692,000	(742,000)	-	-
	(2,349,325)	(2,052,000)	-	-
Total tax expense	232,788	2,594,974	246,841	76,117

Malaysian income tax is calculated at statutory tax rate of 24% (2020: 24%) of the estimated assessable profits for the financial year.

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

The numerical reconciliations between the effective tax rate and the statutory tax rate of the Group and of the Company are as follows:-

	Group		Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
(Loss)/Profit before tax	(15,315,304)	(2,660,303)	422,786	122,138
Tax at Malaysian statutory rate of 24% (2020: 24%)	(3,675,671)	(638,473)	101,469	29,313
Tax effect in respect of:-				
Non-taxable income	(2,559,014)	(730,274)	(420)	(533)
Non-allowable expenses	11,198,075	6,719,321	151,951	225,126
Movement of deferred tax assets not recognised	813,120	867,360	-	-
Over provision of income tax in prior financial year	(593,178)	(35,955)	(6,159)	(177,789)
Over/(Under) recognised of deferred tax assets in prior financial year	692,000	(742,000)	-	-
Effect of change in tax rate in other countries	(5,642,544)	(2,845,005)	-	-
Total tax expense	232,788	2,594,974	246,841	76,117

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

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26. **EARNINGS PER SHARE**

(a) Basic

Basic earnings per ordinary share for the financial year is calculated by dividing the (loss)/profit for the financial year attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

	Group	
	2021	2020
(Loss)/Profit attributable to equity holders of the Company (RM)	(11,317,751)	(2,833,876)
Weighted average number of ordinary shares in issue	472,657,651	472,657,651
Basic earnings per ordinary share (sen)	(2.39)	(0.60)

(b) Diluted

Diluted earnings per ordinary share equals basic earnings per ordinary share as there are no dilutive potential ordinary shares.

27. **DIVIDENDS**

	Group		Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
In respect of financial year ended 31 December 2019:				
- Final single tier dividend of 0.5 sen on 472,657,651 ordinary shares, paid on 25 August 2020	-	2,363,288	-	2,363,288

The Directors do not recommend any final dividend for the current financial year.

28. **EMPLOYEE BENEFITS EXPENSE**

	Group		Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
Salaries, wages and other emoluments	32,416,436	35,169,734	406,000	288,000
Retirement benefits	807,705	-	-	-
Defined contribution plans	2,278,900	2,441,810	-	-
	35,503,041	37,611,544	406,000	288,000

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

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28. **EMPLOYEE BENEFITS EXPENSE (CONT'D)**

Directors' remunerations

Included in the employee benefits expenses is the Directors' remunerations as below:-

	Group		Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
Executive directors:-				
Existing directors:				
- Salaries and other emoluments	907,555	1,520,137	-	-
- Defined contribution plan	91,414	182,129	-	-
Ex director:				
- Salaries and other emoluments	354,190	-	-	-
- Defined contribution plan	41,637	-	-	-
Total executive directors' remuneration	1,394,796	1,702,266	-	-
Non-executive directors:-				
- Salaries and other emoluments	406,000	288,000	406,000	288,000
Total non-executive directors' remuneration	406,000	288,000	406,000	288,000
Total	1,800,796	1,990,266	406,000	288,000

29. **RELATED PARTY DISCLOSURES**

Related party transactions

The significant related party transactions of the Group and of the Company are as follows:-

	2021	2020
	RM	RM
Group		
Related parties:		
- sales	(84,922)	(508,571)
- purchases	168,200	76,544
- rental income	(156,000)	(145,029)
- rental expenses	1,197,125	1,112,509
- maintenance income	(2,102)	(3,574)
- interest expenses	-	285,000
Associate:		
- sales	13,645,018	10,014,242
Director:		
- retirement benefit paid	150,000	-
Company		
Subsidiaries:		
- interest income	(1,908,716)	(1,809,299)
- loan to subsidiaries	7,131,610	2,700,000

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2021

29. RELATED PARTY DISCLOSURES (CONT'D)

Related party balances

Outstanding balances arising from related party transactions as at the reporting date are disclosed in Notes 11 and 20 to the financial statements.

Compensation of key management personnel

Key management personnel is defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group and of the Company either directly or indirectly and entity that provides key management personnel services to the Group and the Company.

Key management includes all the Directors of the Company and its subsidiaries and certain members of senior management of the Group and of the Company.

	Group		Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
Directors:-				
Salaries and other emoluments	1,667,745	1,808,137	406,000	288,000
Defined contribution plan	133,051	182,129	-	-
Retirement benefit paid	150,000	-	-	-
Benefits-in-kind	77,305	79,110	-	-
	2,028,101	2,069,376	406,000	288,000
Other key management personnel:-				
Salaries and other emoluments	2,062,859	2,167,752	-	-
Defined contribution plan	200,640	212,644	-	-
Benefits-in-kind	9,860	10,360	-	-
	2,273,359	2,390,756	-	-
Total	4,301,460	4,460,132	406,000	288,000

30. OPERATING SEGMENT

For management purposes, the Group is organised into three business units based on their products and services, which comprises the following:-

Business segments	Business activities
Fabrication of towers - Power Transmission - Telecommunication	Involving the manufacture, design, fabrication and erection of power transmission towers and telecommunication towers.
Engineering, Procurement, Construction and Commissioning ("EPCC")	Mechanical and electrical engineering, procurement and construction contractor for water and sewage treatment plant and electrification and power plant refurbishment.
Others	Civil and infrastructure works, fabrication services for other steel work and products, steel skids and accessories for water tank related products, development of mini-hydro plant, design and fabrication of electrical substation structures, operation of a hot-dip galvanising plant, investment holdings and management services.

The Group has aggregated certain operating segments to form a reportable segment due to the similar nature and operational characteristics of the products.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which, in certain respects as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2021

30. OPERATING SEGMENT (CONT'D)

Business segment

	Note	← Fabrication of towers → Power Transmission RM	Telecommunication RM	EPCC RM	Others RM	Group adjustments RM	Total RM
Group							
2021							
Revenue							
External revenue		37,404,688	10,992,921	166,211,737	3,597,096	-	218,206,442
Inter-segment revenue	(a)	12,865,339	2,606,254	-	10,817,612	(26,289,205)	-
Total revenue		50,270,027	13,599,175	166,211,737	14,414,708	(26,289,205)	218,206,442
Results							
Finance costs		(1,614,933)	-	(7,283,131)	(1,825,440)	3,965,282	(6,758,222)
Finance income		2,142,089	-	217,249	1,936,545	(3,935,282)	360,601
Depreciation of property, plant and equipment		3,568,523	-	1,580,633	669,855	-	5,819,011
Depreciation of right-of-use assets		1,261,374	-	192,975	98,466	-	1,552,815
Other non-cash income/(expenses)	(b)	2,855,194	-	(11,492,731)	(1,481,292)	-	(10,118,829)
Share of associates' results		-	-	-	9,155,739	-	9,155,739
Tax expense		1,413,189	382,299	(2,476,432)	448,156	-	(232,788)
Segment results	(c)	(1,102,522)	(298,257)	(7,630,842)	(10,854,212)	1,579,623	(18,306,210)
Assets							
Segment assets	(d)	269,470,190		265,047,843	424,277,689	(479,576,266)	479,219,456
Included in segment assets are:							
Investment in associates		-	-	49,259,583	13,629,197	-	62,888,780
Additions to non-current assets other than deferred tax assets	(e)	512,295	-	825,749	11,067,267	-	12,405,311
Liabilities							
Segment liabilities	(f)	33,054,259	-	154,755,497	81,560,658	(171,323,002)	98,047,412

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2021

30. **OPERATING SEGMENT (CONT'D)**

Business segment (cont'd)

Group	Note	← Fabrication of towers → Power Transmission RM	Telecommunication RM	EPCC RM	Others RM	Group adjustments RM	Total RM
2020							
Revenue							
External revenue		80,703,299	8,629,034	238,452,264	872,967	-	328,657,564
Inter-segment revenue	(a)	20,579,303	3,344,553	2,400	23,191,146	(47,117,402)	-
Total revenue		101,282,602	11,973,587	238,454,664	24,064,113	(47,117,402)	328,657,564
Results							
Finance costs		(2,185,500)	-	(5,798,816)	(2,004,404)	3,333,930	(6,654,790)
Finance income		1,623,135	-	231,016	1,885,919	(3,333,930)	406,140
Depreciation of property, plant and equipment		3,168,087	-	1,620,365	798,546	-	5,586,998
Depreciation of right-of-use assets		1,048,279	-	510,998	97,505	-	1,656,782
Other non-cash income/(expenses)	(b)	(193,950)	-	(496,200)	(1,710,999)	271,852	(2,129,297)
Share of associates' results		-	-	-	2,367,499	-	2,367,499
Tax expense		(144,676)	(64,853)	(1,964,035)	(421,410)	-	(2,594,974)
Segment results	(c)	1,288,973	152,382	813,087	(4,818,500)	1,189,932	(1,374,126)
Assets							
Segment assets	(d)	291,307,202	-	315,607,086	420,397,316	(475,104,346)	552,207,258
Included in segment assets are:							
Investment in associates		-	-	50,583,715	6,219,865	-	56,803,580
Additions to non-current assets other than deferred tax assets	(e)	6,451,111	-	9,491,370	149,254	-	16,091,735
Liabilities							
Segment liabilities	(f)	46,334,143	-	182,244,440	66,505,222	(165,615,333)	129,468,472

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2021

30. **OPERATING SEGMENT (CONT'D)**

Business segment (cont'd)

Notes to the nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements:-

(a) Inter-segment revenues are eliminated on consolidation.

(b) Other major non-cash income/(expenses) consist of the following items as presented in the respective notes to the financial statements:-

	Group 2021 RM	Group 2020 RM
Impairment loss	(13,957,675)	(415,128)
Impairment loss no longer required	866,538	1,092,990
Gain on disposal of property, plant and equipment	89,061	11,720
Gain on disposal of right-of-use assets	-	27,746
Gain/(Loss) on unrealised foreign exchange, net	453,212	(656,477)
Fair value gain on other investments	108,630	738,442
Gain on partial disposal of an associate	2,574,882	-
Retirement benefits	(807,705)	-
(Reversal)/Written down of inventories	758,990	(2,926,123)
Deposit written off	(164,058)	-
Property, plant and equipment written off	(40,704)	(2,467)
	(10,118,829)	(2,129,297)

(c) The following items are added to/(deducted from) segment loss to arrive at "loss after tax" presented in the consolidated statements of profit or loss:-

	Group 2021 RM	Group 2020 RM
Segment loss	(18,306,210)	(1,374,126)
Finance income	360,601	406,140
Finance costs	(6,758,222)	(6,654,790)
Share of result of associates	9,155,739	2,367,499
Loss after tax	(15,548,092)	(5,255,277)

(d) The following items are added to segment assets to arrive at total assets reported in the consolidated statements of financial position:-

	Group 2021 RM	Group 2020 RM
Segment assets	479,219,456	552,207,258
Goodwill on consolidation	13,216,398	13,216,398
Deferred tax assets	11,931,325	9,884,000
Tax recoverable	9,199,185	3,602,790
Total assets	513,566,364	578,910,446

30. **OPERATING SEGMENT (CONT'D)**

Business segment (cont'd)

(e) Additions to non-current assets other than financial instruments and deferred tax assets consist of:-

	Group 2021 RM	Group 2020 RM
Property, plant and equipment	2,701,301	4,072,863
Right-of-use assets	44,010	3,388,472
Investment in associates	9,660,000	8,630,400
Total assets	12,405,311	16,091,735

(f) The following items are added to segment liabilities to arrive at total liabilities reported in the consolidated statements of financial position:-

	Group 2021 RM	Group 2020 RM
Segment liabilities	98,047,412	129,468,472
Deferred tax liabilities	-	302,000
Lease liabilities	3,363,962	4,383,224
Borrowings	81,360,303	97,289,316
Tax payable	747,176	781,645
Total liabilities	183,518,853	232,224,657

Major Customers

The following are major customers with revenue equal or more than 10 percent of the Group's revenue:-

Group	RM	%	Operating Segment
2021			
Customer B	94,469,260	43	EPCC
Customer D	46,208,907	21	EPCC
	140,678,167	64	
2020			
Customer A	105,165,405	32	EPCC
Customer B	90,657,718	28	EPCC
Customer C	47,151,890	14	Fabrication of towers
	242,975,013	74	

30. **OPERATING SEGMENT (CONT'D)**

Geographical Information

Revenue and non-current assets information based on the geographical location of the customers and assets respectively are as follows:-

	Group 2021 Revenue RM	Group 2021 Non-current assets RM	Group 2020 Revenue RM	Group 2020 Non-current assets RM
Malaysia*	164,367,233	64,798,914	195,634,990	69,473,702
Australia	-	-	86,613	-
Laos	-	-	105,596,734	-
Bangladesh	42,151,211	-	16,803,562	-
Indonesia	-	13,629,197	-	6,219,865
India	44,108	-	-	-
Brunei	8,500	-	-	-
Vietnam	11,635,390	49,259,583	10,035,326	50,583,715
Democratic Republic of Timor-Leste	-	-	194,698	-
Republic of Fiji	-	-	305,641	-
	218,206,442	127,687,694	328,657,564	126,277,282

The amount of non-current assets consist of property, plant and equipment, right-of-use assets, investment in associates and goodwill on consolidation.

*The Company's home country.

31. **CAPITAL COMMITMENT**

	Group 2021 RM	Group 2020 RM
Capital expenditure		
Authorised and contracted for:		
- Property, plant and equipment	439,539	1,528,928

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

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32. **FINANCIAL INSTRUMENTS**

Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows:-

(a) Fair value through profit or loss designated upon initial recognition ("FVTPL"); and
(b) Amortised cost ("AC").

	FVTPL RM	AC RM
2021		
Group		
Financial assets		
Trade and other receivables	-	147,502,884
Other investments	2,773,412	-
Cash and bank balances, deposits and placements	-	84,793,896
	2,773,412	232,296,780
Financial liabilities		
Trade and other payables	-	61,705,511
Borrowings	-	81,360,303
	-	143,065,814
Company		
Financial assets		
Trade and other receivables	-	51,176,332
Cash and bank balances, deposits and placements	-	251,389
	-	51,427,721
Financial liabilities		
Trade and other payables	-	39,449,879
Borrowings	-	7,500,000
	-	46,949,879

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

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32. **FINANCIAL INSTRUMENTS (CONT'D)**

Categories of financial instruments (cont'd)

The table below provides an analysis of financial instruments categorised as follows (cont'd):-

(a) Fair value through profit or loss designated upon initial recognition ("FVTPL"); and
(b) Amortised cost ("AC").

	FVTPL RM	AC RM
2020		
Group		
Financial assets		
Trade and other receivables	-	210,578,094
Other investments	2,664,782	-
Cash and bank balances, deposits and placements	-	62,389,933
	2,664,782	272,968,027
Financial liabilities		
Trade and other payables	-	79,818,405
Borrowings	-	97,289,316
	-	177,107,721
Company		
Financial assets		
Trade and other receivables	-	43,349,409
Cash and bank balances, deposits and placements	-	2,830,326
	-	46,179,735
Financial liabilities		
Trade and other payables	-	29,333,883
Borrowings	-	12,500,000
	-	41,833,883

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

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32. **FINANCIAL INSTRUMENTS (CONT'D)**

Financial Risk Management

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. They have established policies and procedures to ensure effective management of credit risk, liquidity risk, interest rate risk, foreign currency risk and equity price risk.

The following sections explain key risks faced by the Group, the Company and their management. Financial assets and liabilities of the Group and of the Company are summarised in Note 3.5 to financial statements.

32.1 **Credit risk**

Credit risk refers to the risk that a counter party will default in its contractual obligations resulting in financial loss to the Group and the Company. The Group and the Company adopt the policy of dealing with customers of appropriate standing to mitigate credit risk and customers who wish to trade on credit terms are subject to credit evaluation. Receivables are monitored on an ongoing basis to mitigate risk of bad debts. For other financial assets, the Group and the Company adopt the policy of dealing with reputable institutions.

(a) **Trade receivables, other receivables and contract assets**

Exposure to credit risk

Maximum exposure of the Group and of the Company to credit risk is represented by the carrying amount of financial assets recognised at reporting date summarised below:-

	Group		Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
Trade and other receivables	147,502,884	210,578,094	51,176,332	43,349,409
Contract assets	21,600,978	68,537,790	-	-
Carrying amount	169,103,862	279,115,884	51,176,332	43,349,409

Credit risk concentration

The Group and the Company are not exposed to any significant credit risk exposure to any single counterparty other than the following:

	Group			
	2021		2020	
	RM	%	RM	%
Trade Receivables				
Malaysia				
Top 1 customer (2020: 1)	29,276,179	27	22,864,182	12
Bangladesh				
Top 1 customer (2020: 1)	50,324,058	46	69,016,579	38

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2021

32. **FINANCIAL INSTRUMENTS (CONT'D)**

Financial Risk Management (cont'd)

32.1 **Credit risk (cont'd)**

(a) **Trade receivables, other receivables and contract assets (cont'd)**

Credit risk concentration (cont'd)

The Group and the Company are not exposed to any significant credit risk exposure to any single counterparty other than the following (cont'd):

	Group			
	2021		2020	
	RM	%	RM	%
Contract Assets				
Malaysia				
Top 1 customer (2020: 2)	5,457,618	17	51,215,603	74
Bangladesh				
Top 1 customer	13,037,688	41	-	-

The Group and the Company continuously monitor credit standing of customers and other counterparties, identified either individually or by group, and incorporate this information into its credit risk controls. Where available at reasonable cost, external credit ratings and/or reports on customers and other counterparties are obtained and used.

Recognition and measurement of impairment loss

In managing credit risk of trade receivables, the Group manages their debtors and takes appropriate actions (including but not limited to legal actions) to recover long overdue balances. The Group's debt recovery process are as follows:-

(i) Above 30 days past due after credit term, the Group will start to initiate together with treasury team a structured debt recovery process which is monitored by the sales management team; and

(ii) The Group will commence a legal proceeding against the customers who does not adhere to the restructure of the repayment scheme.

The Group uses provision matrix to measure ECLs for all the past due debts.

The Group assessed the risk of loss based on the following factors:-

(i) overall past trend payments of customers;
(ii) financial performances of each individual customers; and
(iii) base lending rate and gross domestic product rate.

None of the Group's and the Company's financial assets are secured by collateral or other credit enhancements.

32. **FINANCIAL INSTRUMENTS (CONT'D)**

Financial Risk Management (cont'd)

32.1 **Credit risk (cont'd)**

(a) **Trade receivables, other receivables and contract assets (cont'd)**

Recognition and measurement of impairment loss (cont'd)

Set out below is the information about the credit risk exposure and ECLs on the Company's trade receivables which is grouped together as they are expected to have similar risk nature:

	Days past due					
	Current	1 to 30 days	31 to 60 days	61 to 90 days	More than 91 days	Total
	RM	RM	RM	RM	RM	RM
Group						
2021						
Trade receivables	26,480,660	5,562,812	3,864,574	668,225	72,808,714	109,384,985
Individually impaired	-	-	-	-	(5,244,346)	(5,244,346)
Collectively impaired	(35,517)	(5,408)	(20,236)	(378)	(430,765)	(492,304)
Net balance	26,445,143	5,557,404	3,844,338	667,847	67,133,603	103,648,335
Contract assets	32,064,430	-	-	-	-	32,064,430
Collectively impaired	(10,463,452)	-	-	-	-	(10,463,452)
Net balance	21,600,978	-	-	-	-	21,600,978
2020						
Trade receivables	133,654,570	10,962,903	2,897,785	1,268,788	35,200,861	183,984,907
Individually impaired	-	-	-	-	(12,626,012)	(12,626,012)
Collectively impaired	(166,260)	(11,815)	(25,865)	(3,260)	(730,469)	(937,669)
Net balance	133,488,310	10,951,088	2,871,920	1,265,528	21,844,380	170,421,226
Contract assets	68,955,076	-	-	-	-	68,955,076
Collectively impaired	(417,286)	-	-	-	-	(417,286)
Net balance	68,537,790	-	-	-	-	68,537,790

32. **FINANCIAL INSTRUMENTS (CONT'D)**

Financial Risk Management (cont'd)

32.1 **Credit risk (cont'd)**

(a) **Trade receivables, other receivables and contract assets (cont'd)**

Recognition and measurement of impairment loss (cont'd)

The Group and the Company use three categories to reflect its credit risk and how the loss allowance is determined for each of those categories for financial assets other than trade receivables. A summary of the assumptions underpinning the Group's and the Company's expected credit loss model is as follows:-

Category	Definition of categories	Basis of recognising expected credit loss
Performing	Receivables have a low risk of default and a strong capacity to meet contractual cash flows.	12 months expected credit loss
Underperforming	Receivables for which there is a significant increase in credit risk due to actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations.	Lifetime expected credit loss
Non-performing	Receivables which are credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows have occurred.	Lifetime expected credit loss

Based on the above, loss allowance is derived as follows:-

(i) the likelihood that the debtor would not be able to repay during the contractual period;
(ii) the percentage of contractual cash flows that will not be collected if default happens; and
(iii) the outstanding amount that is exposed to default risk.

As at the end of reporting year, there was no indication that other receivables are not recoverable except for those that disclosed in Note 11 to the financial statements. The maximum exposure of other receivables to credit risk is represented by their carrying amounts in the statement of financial position.

(b) **Cash and cash equivalents and deposits with license banks**

Deposits with banks and investment securities that are neither past due nor impaired are placed with or entered into with reputable financial institutions with high credit ratings and have no history of default. Therefore, credit risk is negligence.

(c) **Financial guarantee/Corporate guarantee**

The Group and the Company provide unsecured financial guarantees to banks in respect of banking facilities granted to certain subsidiaries and customers. The maximum exposure to credit risk is disclosed in Note 32.2 to the financial statements as at the reporting date. The Group and the Company monitor on an ongoing basis the results and repayments made by the subsidiaries and customers. As at the end of the reporting year, there was no indication that the subsidiaries and customers would default on repayment.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2021

32. **FINANCIAL INSTRUMENTS (CONT'D)**

Financial Risk Management (cont'd)

32.2 **Liquidity risk**

Liquidity risk refers to the risk that the Group and the Company will encounter difficulty in meeting its obligations as they fall due. The Group and the Company are exposed to liquidity risk arising from payables, lease liabilities and borrowings and they maintain a level of cash and cash equivalents and bank credit facilities deemed adequate by management to ensure it has sufficient liquidity to meet their obligations when they fall due.

Analysis of financial liabilities by remaining contractual maturity period

The following is a summary of the financial liabilities of the Group and of the Company according to maturity period:-

Group		Contractual cash flow		
		Current	Non-current	
	Total	Within 1 year	2 to 5 years	More than 5 years
	RM	RM	RM	RM
2021				
Non-derivative financial liabilities				
Borrowings	81,368,102	68,434,040	12,934,062	-
Lease liabilities	3,706,647	1,779,257	1,927,390	-
Trade and other payables	61,705,511	61,705,511	-	-
Total undiscounted financial liabilities	146,780,260	131,918,808	14,861,452	-
Financial guarantee*	134,753,432	134,753,422	-	-
2020				
Non-derivative financial liabilities				
Borrowings	97,335,311	73,017,221	24,318,090	-
Lease liabilities	4,840,934	1,838,325	3,002,609	-
Trade and other payables	79,818,405	79,818,405	-	-
Total undiscounted financial liabilities	181,994,650	154,673,951	27,320,699	-
Financial guarantee*	120,175,259	120,175,259	-	-

Company	Contractual cash flow	
		Current
		Within 1 year
	RM	RM
2021		
Non-derivative financial liabilities		
Borrowings	7,500,000	7,500,000
Trade and other payables	39,449,879	39,449,879
Total undiscounted financial liabilities	46,949,879	46,949,879
Financial guarantee*	38,438,971	38,438,971
2020		
Non-derivative financial liabilities		
Borrowings	12,500,000	12,500,000
Trade and other payables	29,333,883	29,333,883
Total undiscounted financial liabilities	41,833,883	41,833,883
Financial guarantee*	47,844,314	47,844,314

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2021

32. **FINANCIAL INSTRUMENTS (CONT'D)**

Financial Risk Management (cont'd)

32.2 **Liquidity risk (cont'd)**

Analysis of financial liabilities by remaining contractual maturity period (cont'd)

* This exposure is included in liquidity risk for illustration only. No financial guarantee was called upon by the holders as at the end of the reporting year.

The above amounts reflect the contractual undiscounted cash flows, which may differ from the carrying values of financial liabilities at the reporting date.

32.3 **Interest rate risk**

Interest rate risk is caused by changes in market interest rate resulting in fluctuation in fair value or future cash flow of financial instruments of the Group and of the Company. The Group's and the Company's interest rate management objective is to manage interest expenses consistent with maintaining an acceptable level of exposure to interest rate fluctuation.

The Group's and the Company's placement in fixed rate deposits and its fixed rate borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The Group's and the Company's borrowings at variable interest rates are exposed to the risk of change in cash flow due to changes in interest rate. Investment in equity securities and short term receivables and payables are not significantly exposed to interest rate risk.

The following tables set out the carrying amounts, the weighted average effective interest rates ["WAEIR"] of the Group's and of the Company's financial instruments as at the reporting date and the periods in which they reprice or mature, whichever is earlier:-

Group	WAEIR	Within 1 year	2 - 5 years	More than 5 years	Total
	%	RM	RM	RM	RM
2021					
Financial asset					
Fixed rate:-					
Deposits with financial institutions	1.24	7,914,124	-	-	7,914,124
Financial liabilities					
Fixed rate:-					
Lease liabilities	4.72	1,502,319	1,861,643	-	3,363,962
Bankers' acceptances	3.02	16,965,539	-	-	16,965,539
Trust receipts	6.06	17,351,258	-	-	17,351,258
Floating rate:-					
Term loans	5.72	8,165,114	12,931,749	-	21,096,863
Short term loans	4.44	163,043	-	-	163,043
Revolving credit	4.97	25,783,600	-	-	25,783,000

32. **FINANCIAL INSTRUMENTS (CONT'D)**

Financial Risk Management (cont'd)

32.3 **Interest rate risk (cont'd)**

The following tables set out the carrying amounts, the weighted average effective interest rates ["WAEIR"] of the Group's and of the Company's financial instruments as at the reporting date and the periods in which they reprice or mature, whichever is earlier (cont'd):-

Group (cont'd)	WAEIR %	Within 1 year RM	2 - 5 years RM	More than 5 years RM	Total RM
2020					
Financial asset					
Fixed rate:-					
Deposits with financial institutions	1.59	26,687,546	-	-	26,687,546
Financial liabilities					
Fixed rate:-					
Lease liabilities	5.09	1,624,967	2,758,257	-	4,383,224
Bankers' acceptances	2.94	19,300,120	-	-	19,300,120
Trust receipts	6.46	11,120,974	-	-	11,120,974
Floating rate:-					
Term loans	6.35	8,150,613	24,301,083	-	32,451,696
Short term loans	4.63	1,456,148	-	-	1,456,148
Revolving credit	5.02	28,625,650	-	-	28,625,650
Bank overdraft	7.07	4,334,728	-	-	4,334,728
Company					
2021					
Financial asset					
Fixed rate:-					
Other receivables	4.37	16,172,919	26,332,689	-	42,505,608
Financial liability					
Floating rate:-					
Revolving credit	5.08	7,500,000	-	-	7,500,000
2020					
Financial asset					
Fixed rate:-					
Other receivables	4.37	12,322,587	26,332,689	-	38,655,276
Financial liability					
Floating rate:-					
Revolving credit	5.05	12,500,000	-	-	12,500,000

Fair value sensitivity analysis for fixed rate instruments

The Group and the Company do not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rate at the reporting date would not affect profit or loss.

32. **FINANCIAL INSTRUMENTS (CONT'D)**

Financial Risk Management (cont'd)

32.3 **Interest rate risk (cont'd)**

Cashflows sensitivity analysis for floating rate instruments

	Group 2021 RM	Group 2020 RM	Company 2021 RM	Company 2020 RM
Floating rate instruments				
Financial liabilities:-				
Borrowings	47,042,906	66,868,222	7,500,000	12,500,000
Net financial liabilities	(47,042,906)	(66,868,222)	(7,500,000)	(12,500,000)

The following illustrates the sensitivity of profit/equity to a reasonably possible change in interest rates of +/-+/-25 (2020: +/-25) basis points ("bp"). These changes are considered to be reasonably possible based on observation of current market conditions. The calculations are based on a change in the average market interest rate for each period, and the financial instruments held at each reporting date that are sensitive to changes in interest rates. All other variables are held constant.

	Effect on profit/equity for the year Increase/(Decrease)			
	Group RM	Group RM	Company RM	Company RM
2021 (+/-25bp)	(117,607)	117,607	(18,750)	18,750
2020 (+/-25bp)	(167,171)	167,171	(31,250)	31,250

32.4 **Foreign currency risk**

The Group is exposed to foreign currency risk as a result of its normal operating activities, where the currency denomination differs from the local currency, Ringgit Malaysia ("RM"). The Group's policy is to keep the foreign exchange exposure to an acceptable level.

The Group is exposed to transactional currency risk primarily through sales and costs of sales that are denominated in a currency other than the functional currency to which they related. The currency giving rise to this risk is primarily United States Dollar ["USD"], Indonesian Rupiah ["IDR"], Indian Rupee ["INR"], Euro ["EUR"], Papua New Guinea Kina ["PGK"] and Vietnamese Dong ["VND"].

The net unhedged financial assets and financial liabilities of the Group that is not denominated in the functional currency other than those disclosed in the notes above, are as follows:-

Financial assets and liabilities held in non-functional currency:-

	Group 2021 RM	Group 2020 RM
Trade and other receivables		
USD	54,959,443	89,829,452
IDR	1,911,992	3,794,115
EUR	15,588,114	9,074,070
PGK	312,677	309,075
VND	7,837,416	11,551,556

32. **FINANCIAL INSTRUMENTS (CONT'D)**

Financial Risk Management (cont'd)

32.4 **Foreign currency risk (cont'd)**

The net unhedged financial assets and financial liabilities of the Group that is not denominated in the functional currency other than those disclosed in the notes above, are as follows (cont'd):-

Financial assets and liabilities held in non-functional currency (cont'd):-

	Group	
	2021	2020
	RM	RM
Cash and bank balances, deposits and placements		
USD	21,073,199	17,846,629
IDR	71,400	57,911
EUR	10,636,057	568,395
PGK	43,291	43,043
VND	1,242,693	337,381
Trade and other payables		
USD	(13,791,548)	(30,132,607)
IDR	(106,011)	(802,316)
INR	(150,609)	-
EUR	(4,032,146)	(69,673)
PGK	(186,142)	(234,649)
VND	(6,686,428)	(9,428,113)
Borrowings		
USD	(7,349,205)	(3,625,650)
EUR	(13,785,653)	(108,806)
Contract liabilities		
USD	(4,543,338)	-
EUR	(6,948,186)	-
VND	(1,988,576)	(2,275,048)
Net exposure		
USD	50,348,551	73,917,824
IDR	1,877,381	3,049,710
INR	(150,609)	-
EUR	1,458,186	9,463,986
PGK	169,826	117,469
VND	405,105	185,776

Foreign currency sensitivity analysis

The following table illustrates the sensitivity of profit and equity with regards to the Group's financial assets and financial liabilities and the RM/USD exchange rate, RM/IDR exchange rate, RM/INR exchange rate, RM/EUR exchange rate, RM/PGK exchange rate and RM/VND exchange rate assuming all other things being equal.

32. **FINANCIAL INSTRUMENTS (CONT'D)**

Financial Risk Management (cont'd)

32.4 **Foreign currency risk (cont'd)**

Foreign currency sensitivity analysis (cont'd)

If the RM had strengthened/weakened against the USD, IDR, INR, EUR, PGK and VND, then the impact would be as follows:-

	Effect on profit/equity for the years Increase/(Decrease)	
	Group	
	2021	2020
	RM	RM
RM/USD		
- Strengthened 1% (2020: 2%)	503,486	1,478,356
- Weakened 1% (2020: 2%)	(503,486)	(1,478,356)
RM/IDR		
- Strengthened 1% (2020: 1%)	18,774	30,497
- Weakened 1% (2020: 1%)	(18,774)	(30,497)
RM/INR		
- Strengthened 2% (2020: Nil%)	(3,012)	-
- Weakened 2% (2020: Nil%)	3,012	-
RM/EUR		
- Strengthened 1% (2020: 1%)	14,582	94,640
- Weakened 1% (2020: 1%)	(14,582)	(94,640)
RM/PGK		
- Strengthened 1% (2020: 2%)	1,698	2,349
- Weakened 1% (2020: 2%)	(1,698)	(2,349)
RM/VND		
- Strengthened 1% (2020: 2%)	4,051	3,716
- Weakened 1% (2020: 2%)	(4,051)	(3,716)

Exposures to foreign exchange rates vary during the year depending on the volume of overseas transactions. Nonetheless, the analysis above is considered to be representative of the Group's exposure to currency risk.

32. **FINANCIAL INSTRUMENTS (CONT'D)**

Financial Risk Management (cont'd)

32.5 **Equity price risk**

Equity price risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market price of quoted securities held by the Group.

A 5% (2020: 5%) increase in share price of each counter at the reporting date would have increase the Group's profit and equity for the financial year by RM138,671 (2020: RM133,239). A 5% (2020: 5%) weakening in the share price of each counter would have equal but opposite effect on the Group's profit/equity for the financial year.

32.6 **Fair value on financial instruments**

The carrying amounts of financial assets and liabilities of the Group and of the Company at reporting date approximate their fair values because they are re-priced to market rates on or near reporting date or they have a short maturity period.

32.7 **Fair value hierarchy**

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:-

Group	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
2021				
Financial asset				
Non-derivative financial assets at FVTPL	2,773,412	-	-	2,773,412
2020				
Financial asset				
Non-derivative financial assets at FVTPL	2,664,782	-	-	2,664,782

There was no transfer between Level 1, 2 and 3 in 2021 and 2020.

32.8 **Net gain or losses arising from financial instruments**

	Group 2021 RM	Group 2020 RM
Net gain/(loss) on:-		
Financial assets at FVTPL		
- recognised in profit or loss	108,630	738,442
Financial assets at AC		
- recognised in profit or loss	(3,044,971)	503,759
Contract assets		
- recognised in profit or loss	(10,046,166)	174,103

33. **CAPITAL MANAGEMENT**

The Group's objective when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholders' value. The Group's policy is to maintain an adequate capital base so as to maintain investor, creditor and market confidence and to sustain future business developments. The Group funds its operations and growth through a mix of equity and debts. This includes the maintenance of adequate lines of credit and assessing the need to raise additional equity when required.

In the management of capital risk, management takes into consideration the net debt equity ratio as well as the Group's working capital requirement. The net debt equity ratio is calculated as net debt divided by total capital. Net debts are calculated as total liabilities less total income tax payable, deferred tax liabilities and cash and bank balances. Total capital comprises share capital and reserves attributable to equity holders of the Group.

	Group 2021 RM	Group 2020 RM	Company 2021 RM	Company 2020 RM
Net debts	97,977,781	168,751,079	46,698,490	39,003,557
Total capital	311,009,130	323,223,360	304,269,855	304,093,910
Total debts against equity ratio	0.32	0.52	0.15	0.13

There were no changes in the Group's approach to capital management during the financial year.

34. **SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR AND SUBSEQUENT TO THE REPORTING PERIOD**

Partial Disposal of Shares in an Associate

RBC Water Sdn Bhd had on 28 June 2021 completed the disposal of 3,160,000 shares in Phu My Vinh Construction and Investment Corporation ("PMV") to a vendor, representing 10% of the total shares in PMV for a total consideration of VND85,833,333,333 (approximately RM15,510,083). The Company's remaining shareholding is 30% after disposal. The Company had further subscribed 5,250,000 shares in PMV for a total cash consideration of VND52,500,000,000 (approximately RM9,660,000) on the same day, in which the shareholding remain at 30% after further subscription.

Coronavirus Disease

The global and domestic economics encountered unprecedented challenges during the financial year ended 31 December 2021 as a result of the continuing COVID-19 pandemic. The Malaysian government implemented several counter-measures by imposing strict lockdowns, movement restrictions and closing borders to curb the COVID-19 outbreak in Malaysia.

The Group and the Company are significantly impacted by the COVID-19. As such, the Group and the Company have implemented several measures to weather through this current challenging time. These efforts are on-going as the Group and the Company continue to seek support from their vendors and business partners to address their cash flow requirements.

The COVID-19 outbreak has adversely impacted revenue causing temporary disruption of the Group's and the Company's operation. The Group's and the Company's operation resumed gradually from early April 2021 with proper COVID-19 Standard Operating Procedures put in place and achieved full operation in early May 2021. The disruption of its operations during the financial year and the relevant financial impact has been taken into account in the financial results of the Group and the Company.

Given the fluidity of the situation, the Group and the Company will continuously monitor the impact of the COVID-19 and take appropriate and timely measures to minimise the impact of the outbreak on the Group's and the Company's operations for the financial year ending 31 December 2022.

ANALYSIS OF SHAREHOLDING

AS AT 31 MARCH 2022

Total number of issued shares : 472,657,651 ordinary shares
Voting rights : One vote per ordinary share

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	% of Shareholders	Total Shareholdings	% of Shareholdings
less than 100 shares	33	0.81	891	0.00
100 to 1,000 shares	370	9.03	224,782	0.05
1,001 to 10,000 shares	1,929	47.07	10,413,145	2.20
10,001 to 100,000 shares	1,524	37.19	53,322,209	11.28
100,001 to less than 5% of issued shares	237	5.78	154,146,116	32.61
5% and above of issued shares	5	0.12	254,550,508	53.86
Total	4,098	100.00	472,657,651	100.00

30 LARGEST SECURITIES ACCOUNT HOLDERS AS PER RECORD OF DEPOSITORS
(Without aggregating the securities from different securities accounts belonging to the same Depositor)

No.	Name of Shareholders	No. of Shares	Percentage (%)
1	Kenanga Nominees (Tempatan) Sdn Bhd Beneficiary: Pledged Securities Account for Nik Anida Binti Nik Manshor	90,000,000	19.04
2	Amsec Nominees (Tempatan) Sdn Bhd Beneficiary: Pledged Securities Account - Ambank (M) Berhad for Nik Awang @ Wan Azmi Bin Wan Hamzah	59,743,531	12.64
3	Chan Liew Hoon	39,542,968	8.37
4	Nik Anida Binti Nik Manshor	35,000,000	7.40
5	Sia Bun Chun	30,264,009	6.40
6	Public Nominees (Tempatan) Sdn Bhd Beneficiary : Pledged Securities Account for Nik Awang @ Wan Azmi Bin Wan Hamzah (E-KPG/JRL)	16,600,000	3.51
7	Kenanga Nominees (Tempatan) Sdn Bhd Beneficiary: Pledged Securities Account for Nik Awang @ Wan Azmi Bin Wan Hamzah	9,051,210	1.91
8	Gan Kim Huat	8,695,949	1.84
9	Graceful Assessment Sdn. Bhd.	8,035,000	1.70
10	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad Beneficiary: Deutsche Trustees Malaysia Berhad for Eastspring Investments Small-Cap Fund	7,740,400	1.64
11	CIMSEC Nominees (Tempatan) Sdn Bhd Beneficiary: CIMB for Gelombang Global Sdn Bhd (PB)	6,725,000	1.42
12	Citigroup Nominees (Tempatan) Sdn Bhd Beneficiary: Kumpulan Wang Persaraan (Diperbadankan)(ESPG IV SC E)	4,872,200	1.03
13	Zenith Highlight Sdn Bhd	4,136,257	0.88

ANALYSIS OF SHAREHOLDING (CONT'D)

AS AT 31 MARCH 2022

30 LARGEST SECURITIES ACCOUNT HOLDERS AS PER RECORD OF DEPOSITORS (CONT'D)
(Without aggregating the securities from different securities accounts belonging to the same Depositor)

No.	Name of Shareholders	No. of Shares	Percentage (%)
14	Kenanga Nominees (Tempatan) Sdn Bhd Beneficiary: Pledged Securities Account for Mohammed Rashdan Bin Mohd Yusof	3,518,000	0.74
15	Kenanga Nominees (Tempatan) Sdn Bhd Beneficiary: Pledged Securities Account for Leong Wai Yuan	3,500,000	0.74
16	Inter-Pacific Equity Nominees (Tempatan) Sdn Bhd Beneficiary: Pledged Securities Account for Yu Ah Sing @ Yeo Ah Sing	3,417,400	0.72
17	Public Nominees (Tempatan) Sdn Bhd Beneficiary: Pledged Securities Account for Leow Kay Pin (E-SS2)	3,113,000	0.66
18	CASI Management Sdn Bhd	2,700,000	0.57
19	Public Nominees (Tempatan) Sdn Bhd Beneficiary: Pledged Securities Account for Tan Lim Soon (E-KPG)	2,179,400	0.46
20	Zenith Highlight Sdn Bhd	2,166,100	0.46
21	Pacific & Orient Insurance Co Berhad	2,000,000	0.42
22	Chin Fook Lai	1,920,000	0.41
23	Su Ming Keat	1,625,000	0.34
24	Gan Lu Ter	1,419,800	0.30
25	Citigroup Nominees (Tempatan) Sdn Bhd Beneficiary: Kumpulan Wang Persaraan (Diperbadankan) (Nomura)	1,372,900	0.29
26	Kenanga Nominees (Tempatan) Sdn Bhd Beneficiary: Pledged Securities Account for Abdul Aziz bin Abu Bakar	1,320,300	0.28
27	Choong Wen Hao	1,174,400	0.25
28	Wong Mun Keong	1,100,000	0.23
29	Public Nominees (Tempatan) Sdn Bhd Beneficiary: Pledged Securities Account for Yong Mew Seng (E-KUG)	1,050,000	0.22
30	Chong Yew Mun	1,040,000	0.22

ANALYSIS OF SHAREHOLDING (CONT'D)

AS AT 31 MARCH 2022

SUBSTANTIAL SHAREHOLDERS AS PER THE REGISTER OF SUBSTANTIAL SHAREHOLDERS

Name of Substantial Shareholders	Direct Interest		Indirect Interest (1)	
	No. of Shares	%	No. of Shares	%
Puan Sri Nik Anida Binti Nik Manshor	125,000,000	26.45	85,394,741	18.07
Tan Sri Nik Awang @ Wan Azmi Bin Wan Hamzah	(2)85,394,741	18.07	125,000,000	26.45
Chan Liew Hoon	39,542,968	8.37	30,264,009	6.40
Sia Bun Chun	30,264,009	6.40	39,542,968	8.37

Notes:
(1) Deemed interested by virtue of shares held by his/her spouse.
(2) Including shares held under Amsec Nominees (Tempatan) Sdn Bhd, Public Nominees (Tempatan) Sdn Bhd and Kenanga Nominees (Tempatan) Sdn Bhd.

DIRECTORS' SHAREHOLDINGS AS PER THE REGISTER OF DIRECTORS' SHAREHOLDINGS

Name of Directors	Direct Interest		Indirect Interest (1)	
	No. of Shares	%	No. of Shares	%
Sia Bun Chun	30,264,009	6.40	39,542,968	8.37
Leong Wai Yuan	(2)3,500,000	0.740	-	-
Wong Mun Keong	1,100,000	0.233	-	-

Notes:
(1) Deemed interested by virtue of shares held by his spouse.
(2) Including shares held under Kenanga Nominees (Tempatan) Sdn. Bhd.

LIST OF PROPERTIES

No	Address	Description/ Existing Use	Land/ Built up Area (sq ft)	Tenure/Date of Expiry of Lease	Age of Building	Net Book Value @31/12/21	Revaluation, if any
1	Lot 12-14, Kawasan Perindustrian Bentong, 28700 Bentong, Pahang	Factory and office	76,055 / 36,194	66 years expiring on 08.04.2059	14 years	3,238,211	-
2	Lot 5D, Kawasan Perindustrian Bentong, 28700 Bentong, Pahang	Warehouse and store	224,029 / 71,005	66 years expiring on 22.03.2053	31 years	2,869,250	-
3	No 20, Bemban Industrial Estate, Jalan Bemban, 31000 Batu Gajah Perak	Factory	20,234 / N/A	60 years expiring on 28.03.2055	20 years	2,976,759	-
4	Lot 11, Kawasan Perindustrian Bentong, 28700 Bentong, Pahang	Warehouse and store	335,700 / 36,000	66 years expiring on 08.04.2059	30 years	2,180,098	-
5	Lot 5C, Kawasan Perindustrian Bentong, 28700 Bentong, Pahang	Vacant land	133,074 / N/A	66 years expiring on 22.03.2053	N/A	1,089,724	-
6	Unit 3A33,3A35,3A37 & 3A39 Block A, Kelana Centre Point, Jalan SS7/19, 47301 Petaling Jaya	Office	6,297	23.01.2094	N/A	2,057,000	-
7	Lot 18, Kawasan Perindustrian Bentong, 28700 Bentong, Pahang	Factory	219,909 / 38,182	66 years expiring on 16.09.2053	19 years	1,902,472	-
8	Lot 20D, Kawasan Perindustrian Bentong, 28700 Bentong, Pahang	Factory, warehouse and office	130,680 / 45,200	66 years expiring on 25.01.2060	27 years	1,624,048	-
9	Lot 10, Kawasan Perindustrian Bentong, 28700 Bentong, Pahang	Factory, warehouse and office	217,800 / 48,420	66 years expiring on 22.03.2053	34 years	1,273,282	-
10	Jalan SS 3/60, Petaling Jaya	Workers housing	3,199	Freehold	46 years (reg. April 1977)	1,134,080	-

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ROHAS TECNIC BERHAD
(Registration No. 199401016997 (302675-A))
(Incorporated in Malaysia)

PROXY FORM

I/We, ______________________ NRIC No./Passport No./Company No. ______________________

Address: ____

____ Contact number: ______________________

being a member/members of **ROHAS TECNIC BERHAD**, hereby appoint

Full Name		NRIC No./Passport No.	Proportion of Shareholdings	
			No. of Shares	%
Address				
Email address		Contact number		

*and/*or failing him/her (*delete as appropriate)

Full Name		NRIC No./Passport No.	Proportion of Shareholdings	
			No. of Shares	%
Address				
Email address		Contact number		

or failing him/her/them, the Chairman of the Meeting as *my/our proxy to vote for *me/us on *my/our behalf at the Twenty-Eighth Annual General Meeting of the Company to be held on a virtual basis at the broadcast venue at Board Room, 15th Floor, East Wing, Rohas PureCircle, 9, Jalan P. Ramlee, 50250 Kuala Lumpur on Wednesday, 22 June 2022 at 10:00 a.m. or any adjournment thereof and *my/our proxy is to vote as indicated below: -

No	AGENDA	RESOLUTION	**FOR	**AGAINST
	Ordinary Resolutions			
1.	Re-election of Mohamed Tarmizi bin Ismail as Director	1		
2.	Re-election of Chee Suan Lye as Director	2		
3.	Re-election of Amirul Azhar Baharom as Director	3		
4.	Approval of Directors' fees and benefits payable to the Non-Executive Directors up to RM845,600.00 from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company	4		
5.	Re-appointment of Messrs Grant Thornton Malaysia PLT as Auditors and authorise the Directors to fix their remuneration.	5		
6.	Authority for Directors to issue shares	6		

**(Please indicate with an "X" in the space provided and to show how you wish your vote to be cast. If no specific direction as to voting is given, the proxy will vote or abstain at his/her discretion).

Dated on this ______________________ day of ______________________ 2022

CDS Account No.	
No. of shares held	

____
Signature(s) / Common Seal of Shareholder(s)
* Strike out whichever is inapplicable

Notes:-

(1) As part of the initiatives to curb the spread of COVID-19, the 28th AGM will be conducted on a virtual basis by way of live streaming and online remote voting via the 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 28th AGM, is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 and Clause 83 of the Company's Constitution, which require the Chairman to be present at the main venue of the 28th AGM. Members, proxies and/or corporate representatives will not be allowed to be physically present at the Broadcast Venue on the day of the 28th 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 28th AGM.

As guided by the Securities Commission Malaysia's Guidance Note and Frequently Asked Questions on the Conduct of General Meetings for Listed Issuers, 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 28th 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 28th 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 28th AGM. The questions and/or remarks submitted by the members, proxies and/or corporate representatives will be responded via broadcast by the Chairman, Board of Directors and/or Management during the Meeting.

(3) In respect of deposited securities, only members whose names appear in the Record of Depositors on 15 June 2022 shall be eligible to attend (virtually) and vote at this Annual General Meeting ("AGM" or "Meeting"), or appoint a proxy to attend (virtually) and vote on his behalf. A proxy may but need not be a member of the Company.

(4) A member who is an authorised nominee may appoint not more than two (2) proxies in respect of each securities account he holds with ordinary shares of the Company standing to the credit of the said securities account. A member other than an authorised nominee shall be entitled to appoint not more than two (2) proxies to attend (virtually) and vote at the same meeting. A member who is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account the member holds.

(5) Where a member appoints more than one (1) proxy, the appointment shall be invalid unless the member specifies the proportions of the member's shareholding to be represented by each proxy.

(6) The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing or if the appointor is a corporation either under Common Seal or under the hand of an officer or attorney duly authorised.

(7) **Appointment of proxy and registration for remote participation and voting**
The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at SS E Solutions Sdn Bhd. of Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan not less than forty-eight (48) hours before the time for holding the Meeting or any adjournment thereof. The proxy appointment may also be lodged electronically via Securities Services e-Portal at https://sshsb.net.my/. All resolutions set out in this notice of meeting are to be voted by poll.

Should you wish to personally participate at the Meeting remotely, please register electronically via Securities Services e-Portal at https://sshsb.net.my/ by the registration cut-off date and time. Please refer to the Administrative Guide on the Conduct of a Virtual General Meeting for further details.

The Administrative Guide on the Conduct of a Virtual General Meeting is available for download at rohastecnic.com.

(8) The Board wishes to highlight that the Meeting may be re-scheduled and/or postponed in view of the current COVID-19 outbreak and Malaysia Government's announcements or guidelines made from time to time. Please rest assured that all members/proxies including attendees shall be kept informed in the event of any unexpected changes.

FOLD HERE

FOLD HERE

PROXY FORM

STAMP

The Poll Administrator

ROHAS TECNIC BERHAD

199401016997 (302675-A)

c/o SS E Solutions Sdn Bhd

Level 7, Menara Milenium,
Jalan Damanlela, Pusat Bandar Damansara,
Damansara Heights, 50490 Kuala Lumpur,
Wilayah Persekutuan