



ROHAS TECNIC BERHAD
199401016997 (302675-A)



2023

Annual Report

**Building
Greater
Premier
Value**



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This annual report
is available on the web at
<https://rohastecnic.com/annual-reports/>


or you can scan here to download



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► CORPORATE INFORMATION





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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.

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

Thirtieth (30th) Annual General Meeting

NOTICE IS HEREBY GIVEN that the Thirtieth (30th) Annual General Meeting (“AGM”) (“30th AGM”) of Rohas Tecnic Berhad (“the Company”) will be held virtually through live streaming and online remote voting at the broadcast venue at Board Room, 15th Floor, East Wing, Rohas Tecnic, 9, Jalan P. Ramlee, 50250 Kuala Lumpur (“Broadcast Venue”) on Tuesday, 11 June 2024 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 2023 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 or Clause 144 (where applicable) of the Company’s Constitution and being eligible, offers herself or himself for re-election: -
 - (i) Dr. Ir. Jeyanthi Ramasamy (Clause 139) (Ordinary Resolution 1)
 - (ii) Encik Shaharuddin Zainuddin (Clause 139) (Ordinary Resolution 2)
 - (iii) Encik Kamarol Zaman Bin Radzak (Clause 144) (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. That subject to their consent to act, BDO PLT be and are hereby appointed as the Auditors of the Company in place of the retiring Auditors, Grant Thornton Malaysia PLT to hold office until the conclusion of the next AGM at a remuneration to be determined by the Board of Directors. (Ordinary Resolution 5)

AS SPECIAL BUSINESS:

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

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

“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 Sections 75 and 76 of 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 of the Company may in their absolute discretion deem fit provided always that the aggregate number of shares issued pursuant to this Resolution does not exceed ten percent (10%) of the total number of issued shares of the Company for the time being to be utilised before the conclusion of the next Annual General Meeting (“AGM”) of the Company (hereinafter referred to as the “General Mandate”).

THAT in connection with the above, pursuant to Section 85 of the Act to be read together with Clauses 16 and 17 of the Constitution of the Company, approval be and is hereby given to waive the statutory pre-emptive rights of the shareholders of the Company to be offered new shares ranking equally to the existing issued shares arising from any issuance of new shares pursuant to the General Mandate;

AND THAT the Directors of the Company 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 AGM of the Company.”

Thirtieth (30th) Annual General Meeting (Cont'd)

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
 30 April 2024

Notes:

- (1) The 30th AGM will be conducted virtually by way of live streaming and online remote voting through the Remote Participation and Voting ("RPV") facilities to be provided by SS E Solutions Sdn. Bhd. via the Securities Services e-Portal 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 30th 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 30th AGM. Members, proxies and/or corporate representatives will not be allowed to be physically present at the Broadcast Venue on the day of the 30th 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 30th 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 30th AGM via real time submission of typed texts through a text box within the Securities Services e-Portal platform during the live streaming of the 30th 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 30th 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 3 June 2024 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. For 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.

Thirtieth (30th) Annual General Meeting (Cont'd)

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 for voting.

Ordinary Resolutions 1 to 3 – Re-election of Directors

In accordance with Clause 139 of the Constitution of the Company, an election of Directors shall take place each year during the AGM. Each director shall retire from office at least once in every 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.

In accordance with Clause 144, a person who is appointed as a Director shall hold office only until the next AGM and shall then be eligible for re-election.

At the 30th AGM, the following Directors are standing for re-election as Directors of the Company, and being eligible, have offered themselves for re-election:-

- (i) Dr. Ir. Jeyanthi Ramasamy (Clause 139)
- (ii) Encik Shaharuddin Zainuddin (Clause 139)
- (iii) Encik Kamarol Zaman Bin Radzak (Clause 144)

[(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 as they have met all criteria as set forth in the Directors' Fit and Proper Policy of the Company and 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 profiles of the Retiring Directors are set out of in the Profiles of the Board of Directors of the Annual Report 2023.

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.

The total Remuneration paid to the NEDs for the financial year ended 31 December 2023 was RM475,263.75, the details of which are published in the Corporate Governance Report on the Company's website at rohastecnic.com.

Thirtieth (30th) Annual General Meeting (Cont'd)

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 5 – Appointment of Auditor in place of Retiring Auditor

The Company had received a Notice of Nomination of Auditors from a substantial shareholder of the Company with the intention to propose the following resolution:

"That subject to their consent to act, BDO PLT be and are hereby appointed as the Auditors of the Company in place of the retiring Auditors, Grant Thornton Malaysia PLT to hold office until the conclusion of the next AGM at a remuneration to be determined by the Board of Directors."

The Board of Directors has reviewed the recommendation of the Audit and Risk Management Committee and has recommended the above proposal to be tabled to the shareholders for approval at the forthcoming 30th AGM of the Company, subject to BDO PLT's consent to act as Auditors of the Company. A copy of the Notice of Nomination is annexed as "Appendix A" in the Company's Annual Report 2023.

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 30th AGM of the Company. The Company had been granted a general mandate by its shareholders at the 29th AGM of the Company held on 15 June 2023 (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.

This Proposed Resolution 6 which is an Ordinary Resolution, if passed, will grant a renewed general mandate and waiver of the statutory pre-emptive rights which will provide flexibility for the Company and will empower the Directors to issue new shares in the Company up to an amount not exceeding in total ten percent (10%) of the issued share capital of the Company for the purpose of funding current and/or future investment projects, working capital, and/or strategic development of the Group. This would eliminate any delay arising from and cost involved in convening a general meeting to obtain approval of the shareholders for such issuance of shares. This authority, unless revoked or varied at a general meeting, will be valid until the conclusion of the next AGM.

Appendix A - Notice of Nomination of Auditors

APPENDIX A

Tan Sri Wan Azmi Wan Hamzah
(address)

Dated: 16 April 2024

The Board of Directors
Rohas Tecnic Berhad
15th Floor, East Wing, Rohas Tecnic
No. 9, Jalan P. Ramlee
50250 Kuala Lumpur

Dear Sirs,
ROHAS TECNIC BERHAD ("THE COMPANY")
– NOTICE OF NOMINATION OF AUDITORS

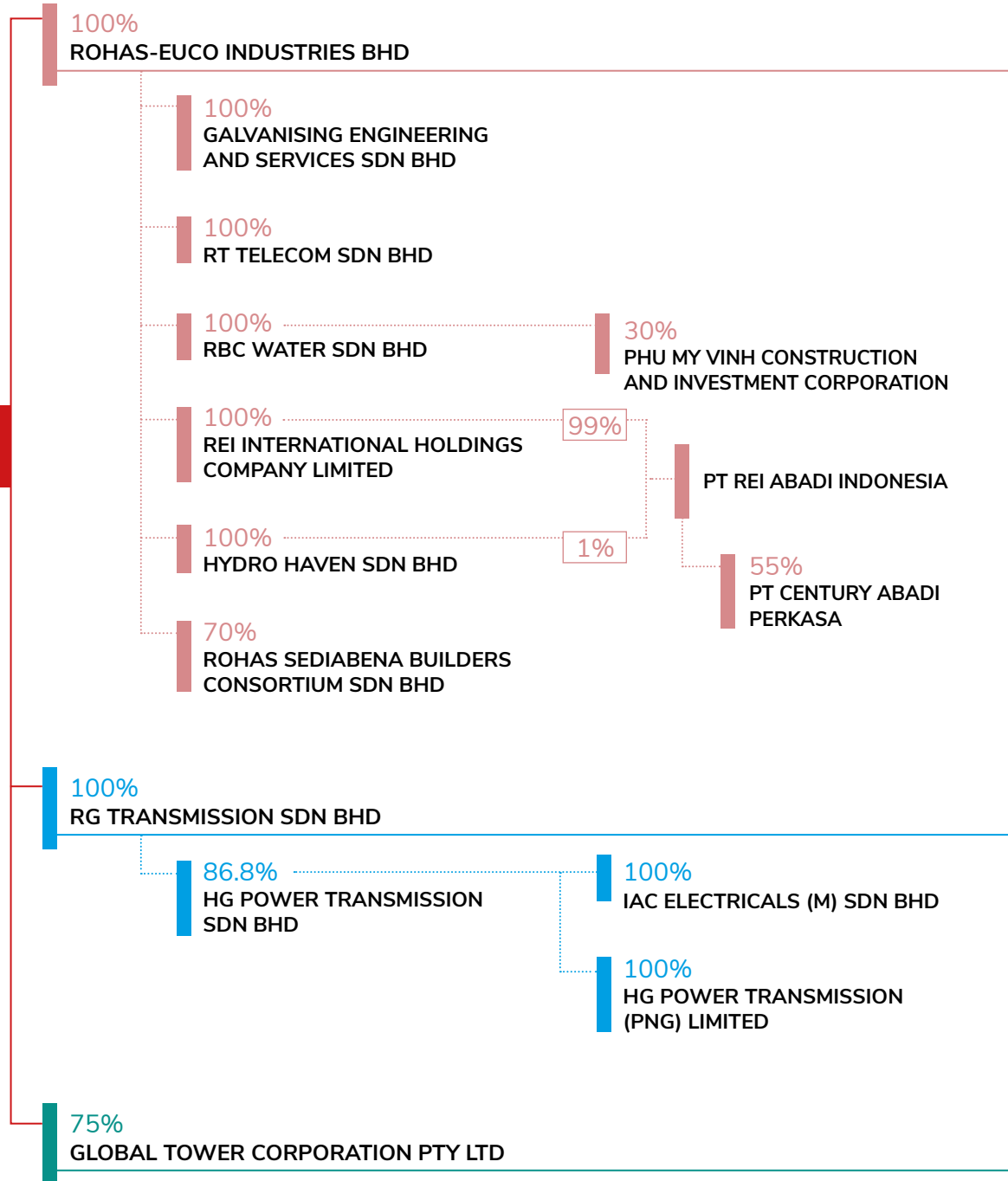
I, being a substantial shareholder of the Company hereby give notice of my intention to propose the following resolution be considered at the forthcoming Annual General Meeting ("AGM") of the Company.

"That subject to their consent to act, BDO PLT be and are hereby appointed as the Auditors of the Company in place of the retiring Auditors, Grant Thornton Malaysia PLT to hold office until the conclusion of the next AGM at a remuneration to be determined by the Board of Directors."

Yours faithfully,

(signed)
Tan Sri Wan Azmi Wan Hamzah

Group Corporate Structure (As At 29 March 2024)



Corporate Information

BOARD OF DIRECTORS

Tan Sri Wan Azmi Wan Hamzah ("TSWA")
Sia Bun Chun
Chee Suan Lye
Dr. Ir. Jeyanthi Ramasamy
Shaharuddin Zainuddin
Kamarol Zaman Radzak (Appointed on 9 April 2024)
Wan Afzal-Aris Wan Azmi (Alternate Director to TSWA)
Mohamed Tarmizi Ismail (Resigned on 15 March 2024)
Khor Yu Leng (Retired on 15 June 2023)

AUDIT AND RISK MANAGEMENT COMMITTEE

Shaharuddin Zainuddin
Dr. Ir. Jeyanthi Ramasamy
Kamarol Zaman Radzak

NOMINATION AND REMUNERATION COMMITTEE

Sia Bun Chun
Chee Suan Lye
Dr. Ir. Jeyanthi Ramasamy

SUSTAINABILITY COMMITTEE

Dr. Ir. Jeyanthi Ramasamy
Chee Suan Lye
Wan Afzal-Aris Wan Azmi

COMPANY SECRETARY

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 Tecnic
No. 9, Jalan P. Ramlee
50250 Kuala Lumpur
W. P. Kuala Lumpur, Malaysia
Tel : 603 - 2163 3900
Fax : 603 - 2164 9800
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

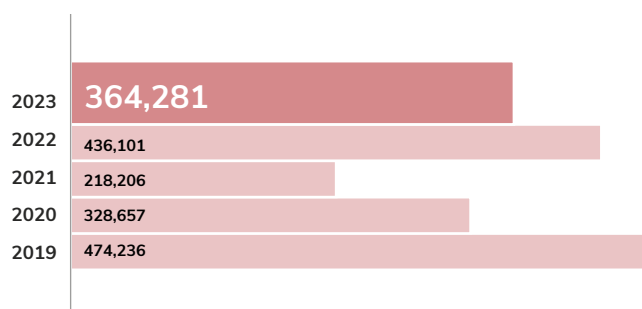
Malayan Banking Berhad
OCBC Al-Amin Bank Berhad
Standard Chartered Saadiq Berhad
United Overseas Bank (Malaysia) Berhad
AmBank (M) Berhad

5 Years Financial Highlight

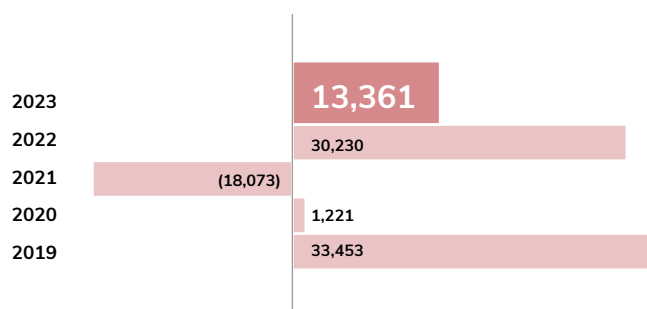
| Financial year ended | 2019 RM'000 | 2020 RM'000 | 2021 RM'000 | 2022 RM'000 | 2023 RM'000 |
|---|----------------|----------------|----------------|----------------|----------------|
| Revenue | 474,236 | 328,657 | 218,206 | 436,101 | 364,281 |
| Operating profit/(loss) | 33,453 | 1,221 | (18,073) | 30,230 | 13,361 |
| EBITDA | 41,990 | 10,832 | (1,545) | 39,261 | 20,490 |
| Profit/(Loss) after tax | 18,320 | (5,255) | (15,548) | 20,441 | 6,888 |
| Profit/(Loss) after tax and minority interest | 17,280 | (2,834) | (11,318) | 18,264 | 3,289 |
| Cash and cash equivalents | 65,365 | 62,390 | 84,794 | 57,302 | 103,677 |
| Total assets | 588,926 | 578,910 | 513,566 | 660,742 | 674,982 |
| Borrowings | 114,526 | 101,673 | 84,724 | 110,469 | 144,232 |
| Total liabilities | 234,649 | 232,224 | 183,519 | 298,303 | 317,598 |
| Shareholders funds | 354,277 | 346,686 | 330,047 | 362,439 | 357,384 |
| Earnings per share (sen) | 3.66 | (0.60) | (2.39) | 3.86 | 0.70 |
| Net assets per share (RM) | 0.69 | 0.68 | 0.66 | 0.69 | 0.69 |
| Net debt to equity (times) | 0.35 | 0.29 | 0.26 | 0.30 | 0.40 |



REVENUE (RM'000)



OPERATING PROFIT (RM'000)



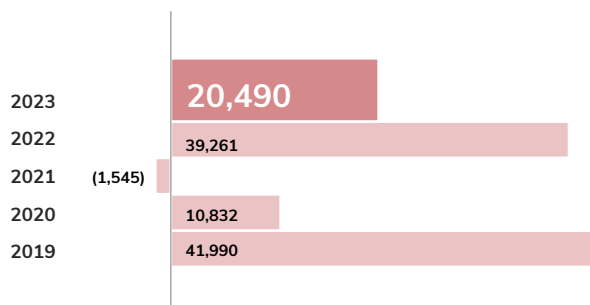
5 Years Financial Highlight (Cont'd)

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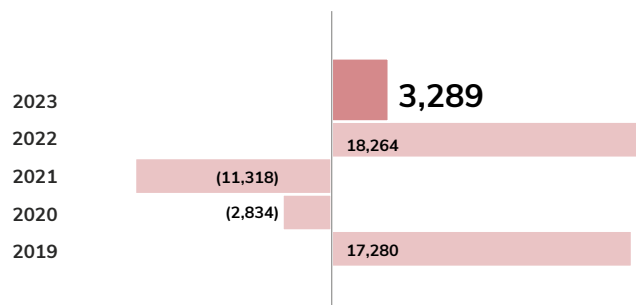
ANNUAL REPORT 2023



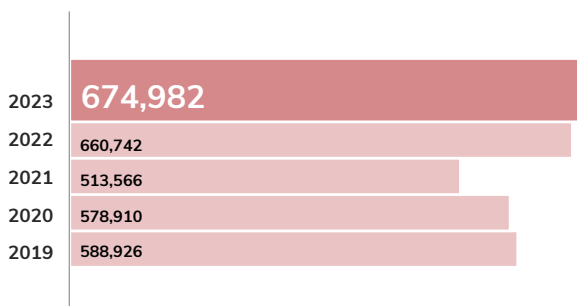
EBITDA (RM'000)



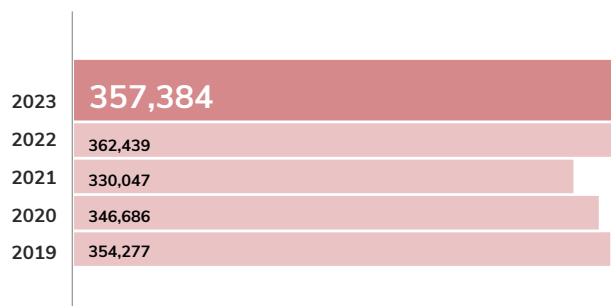
PROFIT/(LOSS) AFTER TAX AND MINORITY INTEREST (RM'000)



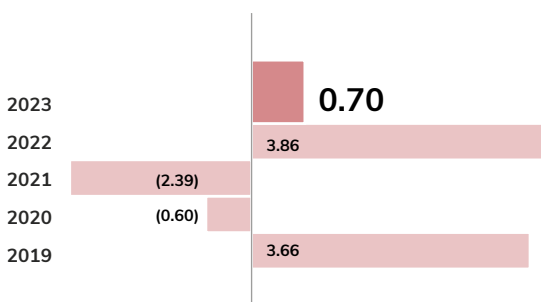
TOTAL ASSETS (RM'000)



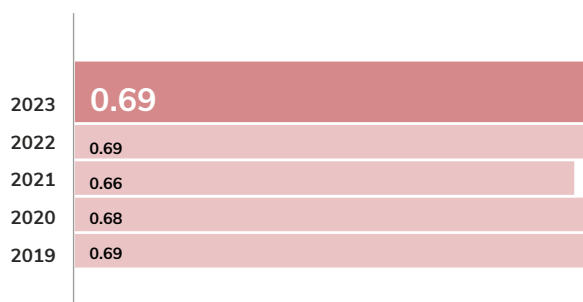
SHAREHOLDERS FUNDS (RM'000)



EARNINGS PER SHARE (sen)



NET ASSETS PER SHARE (RM)



Key Milestones

2017

8 March

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

8 March

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

31 October

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

26 December

Paid out interim dividend 1 sen per share to shareholders

2018

6 February

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

2 May

Rollout of a new Enterprise Resource Planning System

8 May

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

15 May

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

25 May

Inclusion in the list of syariah compliant securities

2019

25 May

RBC Water Sdn Bhd ("RBC") completed the 40% share acquisition of Phu My Vinh Construction and Investment Corporation ("PMV")

29 May

25th AGM and proposed final dividend of 1.0 sen per share to shareholders

21 June

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

8 November

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

20 November

Completion of REI Monopole Manufacturing facilities and relocation of related equipment

2020

31 January

Paid out interim dividend 0.5 sen per share to shareholders

18 March

Manufacturing plant and construction sites in Malaysia stop work due to pandemic

29 April

Re-opening of manufacturing plant with tight standard operating procedures

19 June

Completed the acquisition of GTC

9 July

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

2021

28 February

Completion of relocation of machinery and raw material from Lot 10 to Lot 5

20 April

Commercial Operation Date of PT Century Abadi Perkasa ("PTCAP")'s 7 MW Lawe Sikap mini hydro power plant

30 July

Formed the Sustainability Committee

2022

1 January

GTC completed 1st telecommunication tower for mobile network operators in Cambodia

5 January

RBC Water's kick-off meeting on Skim Jaminan Air Mentah – Package D project with Unit Perancang Ekonomi Negeri Selangor

12 April

Nepal Electricity Authority awarded a first contract in Nepal to HGPT for power transmission line work

22 July

PT REI Abadi Indonesia completed the acquisition of an additional 6% equity interest in PTCAP making it a 55% subsidiary

15 December

PMV's Hoa Khanh Tay Water Supply Plant Phase 2 completed and commissioned, increasing water supply capacity by 40,000 m³/day to 80,000 m³/day

2023

27 September

HG Power Transmission Sdn Bhd ("HGPT") awarded a second contract in Nepal from the Nepal Electricity Authority for reconductoring of power transmission lines

29 November

HGPT voluntarily submitted to TNB its first GHG (Greenhouse gas) emissions report covering scope 1 and scope 2 for TNB Contract no.368 being the first contractor to do so

7 December

HGPT awarded a contract for supply & installation of OPGW under live line condition from TNB ICT for critical works to be completed in the Northern Region

15 December

RBC's physical progress for the 'Skim Jaminan Air Mentah' (SJAM) project has reached 80% despite encountering the worst flood damage to the site progress in the month of November

31 December

RT Telecom Sdn Bhd ("RTT") was the 1st contractor under the designated universal service provider to complete handover of all its sites

2024

9 January

Signed the Letter of Acceptance issued by Malaysia Rapid Transit System Sdn Bhd for the construction and completion of Package 8 Construction and Completion of Bukit Chagar Station's Façade for the Rapid Transit System Link Johor Bahru - Singapore Project ("RTS Link")



► PERFORMANCE REVIEW



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Chairman's Interview

“

In the power sector, Tenaga is starting to roll out more transmission projects in line with demand from new renewable energy sources and the proliferation of power-hungry data centres across the country.

”

TAN SRI WAN AZMI WAN HAMZAH
("TAN SRI WAN AZMI")
Non-Independent Non-Executive Chairman

1. Salam Tan Sri, as you said last year, 2022 saw an encouraging turnaround in profitability. But the Group does not seem to have built upon that in 2023?

It is disappointing. We had wished to consolidate on 2022's turnaround and recovery, but headwinds we feared proved to be the greater influence. We are dependent on infrastructure spending as a Group, being focused on engineering solutions for utilities. Change of governments bring policy and priority changes, invariably quite disruptive to business plans generally. As an example, the switch from single wholesale network provider for 5G to a dual player structure, has resulted in delays in getting rollouts to the ground.

There has also been a structural shift from a near-zero interest rate environment to one where finance costs have bitten into corporate profits and prompted a reassessment of investment plans.

2. What do you think of the Group's performance for 2023?

Revenue and profits did not meet with expectations across the board.

We did not deliver as much as anticipated due to a slowdown in take-up of towers by our clients, exacerbated by lower margins due to inventory acquired when commodity prices spiked in 2022. Revenue from EPCC also dropped in line with the progress of completion of our projects in Bangladesh, where we have made a conscious decision to reduce our exposure. Our water supply contract in Selangor saw delays from late handover of site.

Even contribution from our concessions were below par. Our mini-hydro in Aceh saw unusually dry weather coupled with PLN's reluctance to take up energy beyond the minimum required level. In Vietnam, the completion of expansion of HKT2 water treatment plant meant that we saw full year charges for depreciation and interest but demand had not doubled with capacity as it will take time to connect to new customers.

3. Should we then expect better for 2024?

Naturally we hope and certainly aspire for better performance, but more realistically I think 2024 will be remembered more as a year for order replenishment.

In the power sector, Tenaga is starting to roll out more transmission projects in line with demand from new renewable energy sources and the proliferation of power-hungry data centres across the country.

Similarly the Government's focus on water supply and flood mitigation has fed into tenders for new contracts which will continue to emerge throughout this year and at least the next 2 years.

The outlook is perhaps not as clear for telecommunications as we have yet to hear of any date for the rollout of Jendela 2 while 5G remains unresolved.

We have also taken steps to expand our activities beyond our traditional scope. Winning the RTS Link contract in January will broaden our experience into fabrication and installation of architectural steel products. We have also tied up with another Malaysian company to explore transmission line installation projects overseas.

In Cambodia, our towerco subsidiary, Global Tower Corporation has gained traction with 106 towers in operation as of time of writing, with prospects to add substantially to that number in the coming year.

4. So 2024 is a pivotal year, so to speak?

In many ways, yes. We expect the operating environment will be more challenging in the short term.

We anticipate new competition in our traditional safe zones. We have to contend with government policy and priority shifts. Given these challenges, we have to be more decisive in our responses.

We have welcomed a new CEO, to refresh our management processes and strategic priorities. We are striking out in unfamiliar territories though sticking mainly within our core competencies. We continue to see potential for growth.

With a stable government in place for the next 2-3 years we are likely to have more visibility and consistency in the pipeline for infrastructure rollouts. As opportunities present themselves domestically and overseas we hope we will be able to take full advantage to build for the future.

5. Tan Sri, any concluding remarks?

Consistent with the Board's commitment to empower the company's executive management, it has engaged a new CEO, whose brief is to freshen management priorities and processes, if not objectives. And more importantly, to focus on the delivery of planned operational and financial targets.

I am confident we are proceeding on the right track.

Profile of Directors



TAN SRI WAN AZMI WAN HAMZAH
(“TAN SRI WAN AZMI”)

Non-Independent Non-Executive Chairman

Nationality/Age/Gender: Malaysian /74/Male

Date of Appointment: 1 January 2023

Tan Sri Wan Azmi qualified as a chartered accountant with the Institute of Chartered Accountants in England and Wales in 1974 and became a member of Malaysian Institute of Certified Public Accountant since 1975. In 1994, he was conferred an Honorary Doctorate in Business Administration from the Robert Gordon University, UK and an Honorary Fellowship by Aberdeen University, UK.

After broad exposure to various sectors of the economy at senior management level, he embarked on an entrepreneurial career in 1987 building significant business interests across a wide range of activities, both domestically and overseas.

Currently, his significant investments include cement production in Kazakhstan, steel fabrication and real estate in Malaysia and Australia.

BOARD COMMITTEE MEMBERSHIPS:

- None

DIRECTORSHIP IN OTHER PUBLIC COMPANIES AND LISTED ISSUERS:

- Syarikat Pengeluar Air Selangor Holdings Berhad



SIA BUN CHUN

Non-Independent Non-Executive Director

Nationality/Age/Gender: Singaporean /77/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 and then the Chairman of RTB. On 1 January 2023, he stepped down as Chairman and continues to remain as a member of the Board of RTB.

BOARD COMMITTEE MEMBERSHIPS:

- Chairman of Board Nomination and Remuneration Committee

DIRECTORSHIP IN OTHER PUBLIC COMPANIES AND LISTED ISSUERS:

- None

Profile of Directors (Cont'd)



CHEE SUAN LYE

Senior Independent Non-Executive Director

Nationality/Age/Gender: Malaysian/70/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.

Starting her career with Price Waterhouse in 1974, she had over the years, served in various corporate capacities in 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 various organisations such as the Banking Mediation Bureau and the Financial Mediation Bureau.

BOARD COMMITTEE MEMBERSHIPS:

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

DIRECTORSHIP IN OTHER PUBLIC COMPANIES AND LISTED ISSUERS:

- None

DR. IR. JEYANTHI RAMASAMY

Independent Non-Executive Director

Nationality/Age/Gender: Malaysian/42/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. In December 2021, she completed the Bachelor of Jurisprudence from the University of Malaya. Subsequently, she passed the Certificate of Legal Practicing (CLP) examination.

BOARD COMMITTEE MEMBERSHIPS:

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

DIRECTORSHIP IN OTHER PUBLIC COMPANIES AND LISTED ISSUERS:

- None

Profile of Directors (Cont'd)



SHAHARUDDIN ZAINUDDIN Independent Non-Executive Director

Nationality/Age/Gender: Malaysian/55/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 a Partner of Arabesque Holdings, in charge of their worldwide Sharia' business and also key clients in Asia. Through their group of companies: ESG Book, Arabesque AI and S-World, they leverage cutting-edge technology research and data to deliver sustainable, transparent financial solutions for a changing world.

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:

- Chairman, Board Audit and Risk Management Committee

DIRECTORSHIP IN OTHER PUBLIC COMPANIES AND LISTED ISSUERS:

- None

KAMAROL ZAMAN RADZAK

Nationality/Age/Gender: Malaysian/59/Male
Date of Appointment: 9 April 2024

Kamarol graduated with a Bachelor of Engineering majoring in Electrical and Computing from Chisholm Institute of Technology, Melbourne, Victoria, Australia.

He comes with over 30 years of experience at Tenaga Nasional Berhad (TNB). He held diverse roles showcasing his expertise and leadership. Starting in the procurement and construction management in Transmission Division, he progressed into being the Chief Engineer (Substation Design) and then went into project management roles. In 2010, he became the General Manager in Asset Development and later assumed the role as Head of Grid Maintenance. He played crucial roles in TNB's strategic operations and infrastructure management until 2022.

BOARD COMMITTEE MEMBERSHIPS:

- Member, Board Audit and Risk Management Committee

DIRECTORSHIP IN OTHER PUBLIC COMPANIES AND LISTED ISSUERS:

- None

Profile of Directors (Cont'd)



WAN AFZAL-ARIS WAN AZMI ("WAN AFZAL ARIS") **Alternate Director to Tan Sri Wan Azmi**

Nationality/Age/Gender: Malaysian/40/Male

Date of Appointment: 23 February 2023

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 on 13 November 2018 and ceased as alternate director when Tan Sri Wan Azmi resigned as director of the Company.

On 13 January 2020, the Company appointed Wan Afzal Aris as a director and he served on the Board until 1 January 2023. Following a Board restructuring exercise, where Tan Sri Wan Azmi was re-appointed as director and Chairman of the Company, Wan Afzal Aris was on 23 February 2023, renominated and appointed as alternate director to Tan Sri Wan Azmi.

BOARD COMMITTEE MEMBERSHIPS:

- Member, Board Sustainability Committee

DIRECTORSHIP IN OTHER PUBLIC COMPANIES AND LISTED ISSUERS:

- None

Notes:

1. Directors' attendance at Board and Board Committee meetings during the financial year ended 31 December 2023 ("FY2023") are set out in the Corporate Governance Overview Statement.
2. The above Directors have no family relationship with any Director and/or major shareholder of Rohas Tecnic Berhad ("RTB"), except for the following:-
 - Tan Sri Wan Azmi is the spouse of Puan Sri Nik Anida Binti Nik Manshor, a major shareholder of RTB and the father of Wan Afzal Aris, an alternate director to Tan Sri Wan Azmi;
 - Wan Afzal Aris is the son of Tan Sri Wan Azmi, the Chairman of the Board and Puan Sri Nik Anida Binti Nik Manshor both of whom are major shareholders of RTB; and
 - Sia Bun Chun 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 FY2023.

Key Senior Management

AMIRUL AZHAR BAHAROM Group Chief Executive Officer

Nationality / Age / Gender:
Malaysian / 51 / Male

Date of Appointment: 1 March 2024

Academic / Professional Qualifications:
Bachelor of Laws (Hons) from
Staffordshire University, UK

Working Experience:

En. Amirul joined ROHAS Tecnic Berhad ("RTB") as Group Chief Executive Officer ("GCEO") in 2024. Prior to this, he served as the CEO of several companies listed in Bursa Malaysia, in various industries. He brings a total of 28 years of working experience, with more than 15 years being in the top management role.

Present Directorship in Public Companies and Listed Issuers:

- UMS-Neiken Group Berhad
- Scomi Energy Services Berhad
- Northern Solar Holdings Berhad

Details of any interest in the securities of RTB or its subsidiaries: Nil

WONG MUN KEONG Chief Investment Officer

Nationality / Age / Gender:
Malaysian / 63 / Male

Date of Appointment: 8 March 2017

Academic / Professional Qualifications:
Bachelor of Commerce in Accounting, Finance and Systems (Honours) from the University of New South Wales, Australia.

Working Experience:

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

Present Directorship in Public Companies and Listed Issuers:

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

ONG TIANG PENG (ERIC) Chief Financial Officer

Nationality / Age / Gender:
Malaysian / 52 / Male

Date of Appointment: 8 November 2022

Academic / Professional Qualifications:

- Member of Malaysian Institute of Accountants ("MIA")
- Member of Malaysian Institute of Certified Public Accountants ("MICPA")
- Bachelor of Accountancy (Hons.), University Utara Malaysia

Working Experience:

Eric joined RTB Group with the current position. He has 26 years of working experience in financing, corporate finance mergers & acquisitions, strategic planning, accounting, management reporting, tax planning and corporate governance.

Present Directorship in Public Companies and Listed Issuers:

Nil

Key Senior Management (Cont'd)

WAN AFFAN AZAM WAN AZMI
Chief Operating Officer
Rohas-Euco Industries Bhd ("REI")

Nationality / Age / Gender:
Malaysian / 37 / 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 in Public Companies and Listed Issuers:

- Rohas-Euco Industries Berhad
- Steppe Cement Ltd

CHAI KAM CHEONG
Chief Operating Officer
RBC Water Sdn Bhd ("RBC Water")

Nationality / Age / Gender:
Malaysian / 61 / Male

Date of Appointment: 2 January 2018

Academic / Professional Qualifications:

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

Working Experience:

Joined RBC Water in 2018 with the current position. Prior to joining RBC Water, Chai has approximately 33 years of experience specializing in water related business.

Present Directorship in Public Companies and Listed Issuers: Nil

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

Nationality / Age / Gender:
Indian / 40 / 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 in Public Companies and Listed Issuers: Nil

Key Senior Management (Cont'd)

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

Nationality / Age / Gender:
Malaysian / 38 / 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. Prior to joining RTT, Subhash has approximately 13 years of professional experience.

Present Directorship in Public Companies and Listed Issuers: Nil

HARIANTO TARUNA
President
PT REI Abadi Indonesia ("PTRAI")

Nationality / Age / Gender:
Indonesian / 55 / Male

Date of Appointment: 7 September 2016

Academic / Professional Qualifications:

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

Working Experience:

Harianto has more than 14 years working experience on a Japanese Venture Capital and a Global Private Equity Fund in Indonesia.

Present Directorship in Public Companies and Listed Issuers: Nil

The members of Key Senior Management have no family relationship with any Director and/or major shareholder of RTB, except for the following:-

- Wan Affan Azam Wan Azmi is the son of Tan Sri Wan Azmi, the Chairman of the Board and Puan Sri Nik Anida Binti Nik Manshor both of whom are major shareholders of RTB; and

The members of Key Senior Management 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 FY2023.

Senior Management

AHMAD LATIFI SUPIAN

General Manager

– Sales and Marketing

Rohas-Euco Industries Bhd (“REI”)

Nationality / Age / Gender:

Malaysian / 58 / Male

Date of Appointment: 1 March 2014

Academic / Professional Qualifications:

- Executive Master Of Business Administration, University Technology of Malaysia
- Diploma in Electrical Engineering, 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 in Public Companies and Listed Issuers: Nil

TEOH ENG BEE

General Manager

– Engineering Design Division

Rohas-Euco Industries Bhd (“REI”)

Nationality / Age / Gender:

Malaysian / 50 / Male

Date of Appointment: 10 September 1997

Academic / Professional Qualifications:

- Member of Board of Engineers Malaysia
- Bachelor of Civil Engineering, University Teknologi Malaysia
- Diploma in Civil Engineering, University Teknologi 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 in Public Companies and Listed Issuers: Nil

SANGEETHA MOHAN (ANDREA)

General Manager

– Legal & Secretarial Department

Rohas-Euco Industries Bhd (“REI”)

Nationality / Age / Gender:

Malaysian / 49 / Female

Date of Appointment: 18 March 2024

Academic / Professional Qualifications:

Bachelor of Law (Hons) from University of Wales, Cardiff

Working Experience:

Andrea has over 22 years of experience in the legal field. Prior to joining RTB Group, she was the Head of Legal, Regulatory & Compliance in the biggest telecommunication infrastructure provider in Borneo.

Present Directorship in Public Companies and Listed Issuers: Nil

Senior Management (Cont'd)

EDWARD HOO LIAN JET

General Manager – Operations
Rohas-Euco Industries Bhd (“REI”)

Nationality / Age / Gender:

Malaysian / 51 / Male

Date of Appointment: 4 October 2021

Academic / Professional Qualifications:

- Executive Master of Business Administration from Concordia University
- Bachelor of Science in Mechanical Engineering from George Washington University

Working Experience:

Joined REI with the current position. Prior to joining REI, Edward has over 15 years of experience in steel and heavy industry.

Present Directorship in Public Companies and Listed Issuers: Nil

NUR MUKHZAMEL AIDIL

NOOR KHIZAN

General Manager – Corporate Human Resources
Rohas-Euco Industries Bhd (“REI”)

Nationality / Age / Gender:

Malaysian / 43 / Male

Date of Appointment: 1 September 2022

Academic / Professional Qualifications:

- Master of Science in Project Management from University of East London
- Bachelor of Management from University of South Australia
- Diploma of Business Studies from Eynesbury College

Working Experience:

Aidil has more than 20 years of experience in Corporate Human Resources under various business areas including the oil & gas and manufacturing industries specializing in talent and performance management, reward systems as well as HR policy alignment with strategic goals. Joined REI with the current position.

Present Directorship in Public Companies and Listed Issuers: Nil

The members of Senior Management have no family relationship with any Director and/or major shareholder of RTB.

The members of Senior Management 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 FY2023.

Management Discussion and Analysis

BUSINESS REVIEW

The Malaysian economy in 2023 witnessed a blend of opportunities and challenges. Malaysia's economic growth remained resilient amid slower global growth. However, the country also grappled with supply chain challenges, inflationary pressures, and regulatory changes, underscoring the need for adaptability and strategic planning.



Rohas Tecnic Berhad Group ("RTB Group" or the "Group") continued to maintain its resilience despite the prevailing economic uncertainties and market fluctuations. RTB Group revenue stood at RM364.3 million, which marked a 16.5% decrease from the previous financial year.

Our growth strategy includes to nurture our subsidiaries with recurring income, namely PT Century Abadi Perkasa ("PTCAP") in Indonesia, an associate that turned into a 55% subsidiary at the end of July 2022 and has a 10 MW mini hydro power plant, 75% subsidiary Global Tower Corporation Pty Ltd ("GTC"), the 2nd largest independent telecommunication tower company in Cambodia and 30% associate company Phu My Vinh Construction and Investment Corporation ("PMV") in Vietnam, who has a 80,000 m³/day water treatment plant. We will continue to nurture their dynamic growth to fully benefit our shareholders in the long run.



Management Discussion and Analysis (Cont'd)

FINANCIAL PERFORMANCE

For the financial year ended 31 December 2023, RTB Group achieved revenue of RM364.3 million, operating profit of RM13.4 million and profit after taxation of RM6.9 million.

KEY RATIOS

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

| | FY2023 | FY2022 |
|-------------------------|--------|--------|
| Revenue growth | -16.5% | 99.9% |
| Operating profit margin | 3.7% | 6.9% |
| Current ratio (times) | 1.70 | 1.52 |
| Gearing ratio (times) | 0.40 | 0.30 |

Revenue growth

During the year under review, revenue declined by 16.5% to RM364.3 million in FY2023 from RM436.1 million in FY2022. This was mainly driven by the RM71.7 million decrease in revenue from EPCC segment, with the progressive handover of completed power transmission lines. Additionally, the Group had, in the previous financial year, experienced increased activities contributed by the pent-up demand post-Covid-19.

Operating profit margin

The operating profit margin for the year was 3.7% in FY2023 compared to the operating profit margin of 6.9% in FY2022. Moving forward, the Group is working to re-establish higher profit margins.

Current ratio

As of 31 December 2023, RTB Group's current ratio was 1.70 times, which has improved from 1.52 times as of 31 December 2022. This was mainly due to the increase in current assets at year-end as a result of better balance sheet management in 2023.

Gearing ratio

As of 31 December 2023, RTB Group's gearing ratio was 0.40 times. The Group's total borrowings, inclusive of lease liabilities / finance lease liabilities, increased from RM110.5 million as of 31 December 2022 to RM144.2 million as of 31 December 2023, mainly due to higher utilisation of existing and new financing facilities during the year. This was to finance a higher volume of business activities and to modernize the existing fabrication plant and equipment.

DIVIDEND POLICY

RTB does not have a formal dividend policy but is committed to rewarding shareholders through annual dividends, which are subject to various factors including but not limited to financial performance, cash flow requirements, availability of distributable reserves and capital expenditure plans.

For FY2023, after considering the Group's working capital requirements and capital expenditure plans for the Group, the Board of Directors has decided not to recommend any dividend at the Group's forthcoming Annual General Meeting.

CAPITAL MANAGEMENT

RTB Group's business has been financed via a combination of internal and external sources of funds. The internal sources comprise shareholders' equity and cash generated from business operations, while external sources are from various credit facilities extended to RTB Group by licensed financial institutions. The Group's principal utilisation of funds has been for its business growth, operational requirements and capital expenditure generally to modernize the existing tower fabrication plant and equipment. As of 31 December 2023, the Group's cash and bank balances stood at RM103.7 million. Total borrowings amounted to RM144.2 million, while the gearing ratio was 0.40 times and the current ratio was 1.70 times.

The Directors of RTB believe 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.

As part of the FY2024 budget, the Board has approved a total of RM34.8 million for capital expenditures, which are for telecommunication towers and their sites and machinery and equipment to improve and modernize the capabilities of the existing fabrication facilities.

PERFORMANCE BY CORPORATE BUSINESS SEGMENTS

1. FABRICATION OF TOWERS

Our tower fabrication business consists of the fabrication of power transmission and telecommunication towers, for both types of towers; lattice and monopoles.

The power transmission towers are designed to carry electrical power transmission lines with operating voltages ranging from 33kV to 500kV. RTB's subsidiary, Rohas-Euco Industries Bhd ("REI") is registered as a design and supply of power transmission towers with Tenaga Nasional Berhad ("TNB") for the supply of products and provision of works and services.

Performance Highlights

| | FY2023 | FY2022 |
|---------|---------|---------|
| | RM'000 | RM'000 |
| Revenue | 121,918 | 129,301 |

The fabrication of towers segment contributed 33.5% to the Group's total revenue for FY2023. However, it decreased by RM7.4 million or 5.7%, due to raw materials supply limitations and delays in the collection of towers by our customers. Of the split revenue of the segment, Power Transmission Towers and Telecommunication Towers contributed 70% and 30% respectively.

Operational Highlights

REI's business operations are currently supported by its fabrication and galvanising facilities in Bentong, Pahang. The facilities have been progressively upgraded and modernized with ongoing plans for further upgrades, aiming to improve efficiency to contribute positively to the Group's operations moving forward.

The customer base is 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 transmission line networks as well as telecommunications infrastructure contractors and network facility providers. This segment also serves other customers, namely civil and infrastructure contractors, as well as public and private utility organisations.

The Group seeks to expand its customer base for fabricated power transmission and telecommunication towers, both in Malaysia and overseas, whenever the opportunity arises. The Group is looking at the opportunity to supply power transmission towers for the Australian market due to HGPT's potential foray into that country.

2. ENGINEERING, PROCUREMENT, CONSTRUCTION AND COMMISSIONING

The EPCC business covers the Group's projects in power transmission lines, telecommunication tower sites, water pumps, water treatment and water sewage facilities.

Performance Highlights

| | FY2023 | FY2022 |
|---------|---------|---------|
| | RM'000 | RM'000 |
| Revenue | 230,240 | 301,963 |

EPCC revenue has been driven by Power Transmission Line EPCC work. It decreased by RM71.7 million or 23.8% as compared to FY2022. In FY2023, 62.7% of the revenue was from the power transmission line projects in Bangladesh and Malaysia, which reported a decrease in revenue with the progressive handover of completed power transmission lines. Other EPCC work includes our work in telecommunications and water-related projects, which contributed 23.1% and 14.2% of the segment's revenue in FY2023, respectively.

Operational Highlights

EPCC for Power Transmission

In September 2023, we were awarded a second contract in Nepal from the Nepal Electricity Authority for the reconductoring of power transmission lines and in December 2023, we were awarded a contract for the supply and installation of OPGW under live line conditions from TNB ICT for critical works to be completed in the Northern Region.

HG Power Transmission Sdn Bhd ("HGPT") has completed and partially handed over the 500 kV power transmission line, which has a total length of 9 km, and the complete portion of the 275 kV power transmission line, which has a total length of 22.5 km, to TNB. The completion of the 275 kV line has helped improve the stability of the greater Klang Valley's power supply.

Management Discussion and Analysis (Cont'd)

HGPT had also completed and handed over 240 km of OPGW (Optical Ground Wire) live line stringing to TNB's ICT Division. HGPT voluntarily submitted to TNB its first GHG (Greenhouse Gas) emissions report covering scope 1 and scope 2 for TNB Contract No. 368 being the first contractor to do so.

Our EPCC Power Transmission order book currently stands at RM145 million, expected to be replenished by RM185 million in 2024. We will continue the focus on completing HGPT's ongoing projects in Malaysia, Bangladesh and Nepal. HGPT continues to bid for additional projects in Malaysia and Nepal, and is confident of securing new projects with its strong track record and expertise. HGPT is looking to foray into Australia which is undergoing its greatest energy transformation since the 1950s.

EPCC for Telecommunications

As at 31 December 2023, our RM27.9 million orderbook in Malaysia included ongoing projects as part of the Malaysian Communications and Multimedia Commission's ("MCMC") programme and other telecommunication regulators' infrastructure projects. The projects are progressing smoothly and are expected to be completed within the financial year 2024.

In previous years, the Malaysian government introduced the National Digital Network Plan (Jendela), a digital infrastructure plan to improve the quality of digital infrastructure and services across the country. Jendela Phase 2 aims to boost Malaysia's digital connectivity worldwide by fully deploying 5G in line with the 12th Malaysia Plan. We are looking forward to the tender opportunities and increased demand with the rollout of Jendela Phase 2.

EPCC for Water

The ongoing contract by the Selangor State Government, to build two pumping stations and connect two retention ponds to the Semenyih Water Treatment Plant, is progressing as planned and is expected to be completed within the financial year 2024. This project is part of the Selangor State Government programme to reduce water disruptions in Selangor in the near future caused by pollution or shortage of raw water.

We continue to maintain our focus on water EPCC businesses in Malaysia, Vietnam and Indonesia. Currently the Group is actively exploring partnerships with specialist contractors in water, wastewater and process engineering to participate in tenders in Peninsular Malaysia and East Malaysia.

Other EPCC

We expect to see further improvements for our EPCC businesses, especially with the new RTS (Rail Transit System) Link Project Package 8: Construction and Completion of Bukit Chagar Façade for Malaysia Rapid Transit System Sdn Bhd. Fabrication activities will continue to be challenging while we expand to a new product line, which is architectural steel structure. The new product line will complement the fabrication segment's existing business lines.

3. CONCESSION AND OTHER BUSINESS ACTIVITIES

Our concession and other business activities include revenue from electric power generation by a mini hydro power plant, external hot-dip galvanising, fabrication services for other steelwork and products, tower fittings and structure, design and fabrication of substation electrical structures, civil and infrastructure-related works, and external engineering design services.

Performance Highlights

| | FY2023 | FY2022 |
|---------|--------|--------|
| | RM'000 | RM'000 |
| Revenue | 12,123 | 4,837 |

Revenue from this segment increased by RM7.2 million or 150.6% in FY2023.

Management Discussion and Analysis (Cont'd)

Operational Highlights

PT Century Abadi Perkasa ("PTCAP") signed a power purchase agreement with PT PLN (Persero) (PT Perusahaan Listrik Negara) ("PLN"), the Indonesian state-owned sole electricity distributor on 11 January 2016 to supply 7 MW for a 20-year concession period on a build-own-operate scheme. PTCAP developed a mini hydro power plant located at Lawe Sikap, Aceh Province, Sumatra, Indonesia, for a power generation capacity of 10 MW. PTCAP will own, operate and maintain the Lawe Sikap plant. PTCAP has obtained approval from PLN on 20 April 2021 for the Commercial Operating Date, which allowed it to commence selling electric power to PLN.

With the release of a new omnibus law from the Indonesian government in 2020, the restriction of a minority interest for a foreign entity in a mini hydro power plant has been removed. On 22 July 2022, PT REI Abadi Indonesia ("PTRAI") completed the purchase of an additional 6% equity interest in PTCAP and made PTRAI the majority holding company in PTCAP at 55%.

Since its commercial operation in 2021 to 2023, PTCAP has sold 107,044,911 kWh of green electricity generated by its run-of-river mini hydro power plant. The projected green electricity to be sold in 2024 is estimated at 36,414,000 kWh.

For the telecommunications segment, we are maintaining our strategy to focus on Malaysian infrastructure projects as well as overseas expansion, specifically in Cambodia through the Group's subsidiary, Global Tower Corporation Pty Ltd ("GTC").

Cambodia's telecommunications sector is rapidly developing, with the growing demand for mobile services and rapid expansion of digital services. GTC is well positioned to benefit from increasing demands for long-term leasing of telecommunications sites as major operators continue to expand their infrastructure.



“For the telecommunications segment, we are maintaining our strategy to focus on Malaysian infrastructure projects as well as overseas expansion, specifically in Cambodia through the Group's subsidiary, Global Tower Corporation Pty Ltd ("GTC").”

Management Discussion and Analysis (Cont'd)

BUSINESS RISK

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 and continuous monitoring has been undertaken to ensure our exposure to all anticipated risks stays within the Group's overall risk appetite.

| Key Group Risk | 2023 Key Mitigation Steps |
|---|---|
| Over reliance on key clients for domestic and international markets <i>Dependency on key clients for new business growth in infrastructure projects in the power transmission and telecommunications sectors.</i> | For local market: <ul style="list-style-type: none"> – Continuously intensify sales and marketing efforts with East Malaysia utility service providers for power transmission and telecommunications projects. – Develop new markets and revenue streams focusing on telecommunications EPCC work and fabricating of telco towers. – Active tender participation in infrastructure projects i.e. power transmission, telecommunications, and water sectors. |
| Inability to secure sufficient sales and contracts <i>Lacking capabilities in securing sufficient sales to sustain the order book and maintain current market share.</i> | For overseas markets: <ul style="list-style-type: none"> – Explore and conduct market research/surveys on new markets. – Increase business development capability with the establishment of overseas offices. – Active tender participation in infrastructure projects. |
| Declining tender profit margin <i>Depleting margin during the tendering exercise due to the increased number of competitors in the market.</i> | <ul style="list-style-type: none"> – Conduct a comparative margin study with other local and international companies involved in power transmission line construction projects. – Continuous monitoring of tender profit margin against actual project cost and progress. |
| Potential exposure to Liquidated Ascertained Damages ("LAD") <i>Failure of project management to deliver the project on time may lead to LAD charges by the client.</i> | 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 monitoring continuous project progress to ensure the project progresses within the schedule, budget and quality. <ul style="list-style-type: none"> – Appoint additional subcontractor(s) to expedite project progress. – Frequent communication and updates to clients on project progress and issues. |
| Difficulty to meet the committed delivery deadline <i>The incapability of the fabrication facility in fabricating towers efficiently and the inability to deliver on schedule.</i> | Increase production efficiency and productivity through: <ul style="list-style-type: none"> – Continuous enhancement of current fabrication 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. |

Management Discussion and Analysis (Cont'd)

| Key Group Risk | 2023 Key Mitigation Steps |
|---|--|
| Fluctuations in Prices of Steel as Raw Materials <i>Exposure to adverse fluctuations in the prices of steel.</i> | <ul style="list-style-type: none"> – Stagger 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 an alternative supplier base to increase the company's ability to negotiate prices. |
| Safety risks <i>Occurrence of accidents/incidents at the workplace that may lead to injuries or fatalities to the staff, clients or contractors, and may be imposed fines, penalties or Stop Work Orders by the authorities or clients.</i> | <ul style="list-style-type: none"> – Continuous safety awareness, training and communication with all employees, suppliers, contractors and clients. – Review safety procedures and work method statements for their effectiveness and efficiency. – Continuous safety inspections and audits to ensure compliance with safety procedures. |
| Financial Risks of RTB Group <i>Inadequacy in working capital and capital expenditure requirements.</i> | <ul style="list-style-type: none"> – Ensure sufficient credit facilities are available to meet the Group's financial requirements. – Monitor 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. |
| Foreign exchange fluctuations <i>The adverse effect of foreign exchange fluctuations may materially impact its business and financial performance.</i> | <ul style="list-style-type: none"> – Match the payment for foreign currency payables against receivables denominated in the same currency. – Fix the prices of raw materials purchased from overseas suppliers in RM to mitigate the risk of fluctuations in exchange rates. |

LOOKING AHEAD

Bank Negara Malaysia expects the Malaysian economy to improve further in 2024, with growth projected at 4.0% to 5.0%. Among the expected key growth drivers are investments supported by new and ongoing multi-year projects and the implementation of national master plans.

In line with the promising economic outlook, Rohas Tecnic Berhad remains steadfast in its pursuit of sustainable growth, innovation, and value creation. Building upon the momentum of 2023, we are committed to leveraging our technical expertise, operational excellence, and strategic partnerships to capitalize on emerging opportunities and address evolving market dynamics.

A photograph of a water treatment facility, featuring large circular tanks with water being sprayed from nozzles, and various pipes and railings. The image is overlaid with a teal color filter.

► SUSTAINABILITY REPORT



Sustainability Statement



SECTION 1 : SUSTAINABILITY AT ROHAS TECNIC BERHAD

OUR COMMITMENT TO SUSTAINABILITY

Rohas Tecnic Berhad ("RTB"), along with its subsidiaries ("RTB Group"), is dedicated to conducting operations in a responsible and sustainable manner, guided by the principles of sustainability encompassing 'People, Planet, and Profit'. We believe that our businesses can contribute to building a more sustainable world by balancing the economic, social, and environmental interests of all stakeholders while also delivering substantial long-term financial returns for our shareholders.

We are committed to consistently minimising the environmental impact of our operations by developing and implementing sustainable strategies across all aspects of our business, including energy use, water consumption, waste reduction, recycling efforts, product design, material usage, and safety. Our sustainability statement is based on four key perspectives: Economic, Environmental, Social, and Governance dimensions that influence the organisation.

SCOPE AND BOUNDARY

This Statement covers the activities of RTB Group and its subsidiaries in Malaysia, which are divided into two (2) business segments, namely Manufacturing and Engineering, Procurement, Construction and Commissioning ("EPCC"). For the Manufacturing segment, the subsidiaries are Rohas-Euco Industries Bhd ("REI") and Galvanising Engineering Services Sdn Bhd ("GES"), while for EPCC, the subsidiaries are HG Power Transmission Sdn Bhd ("HGPT"), RBC Water Sdn Bhd ("RBC") and RT Telecom Sdn Bhd ("RTT").

The corporate structure of RTB Group can be found on page 10 of this Annual Report.

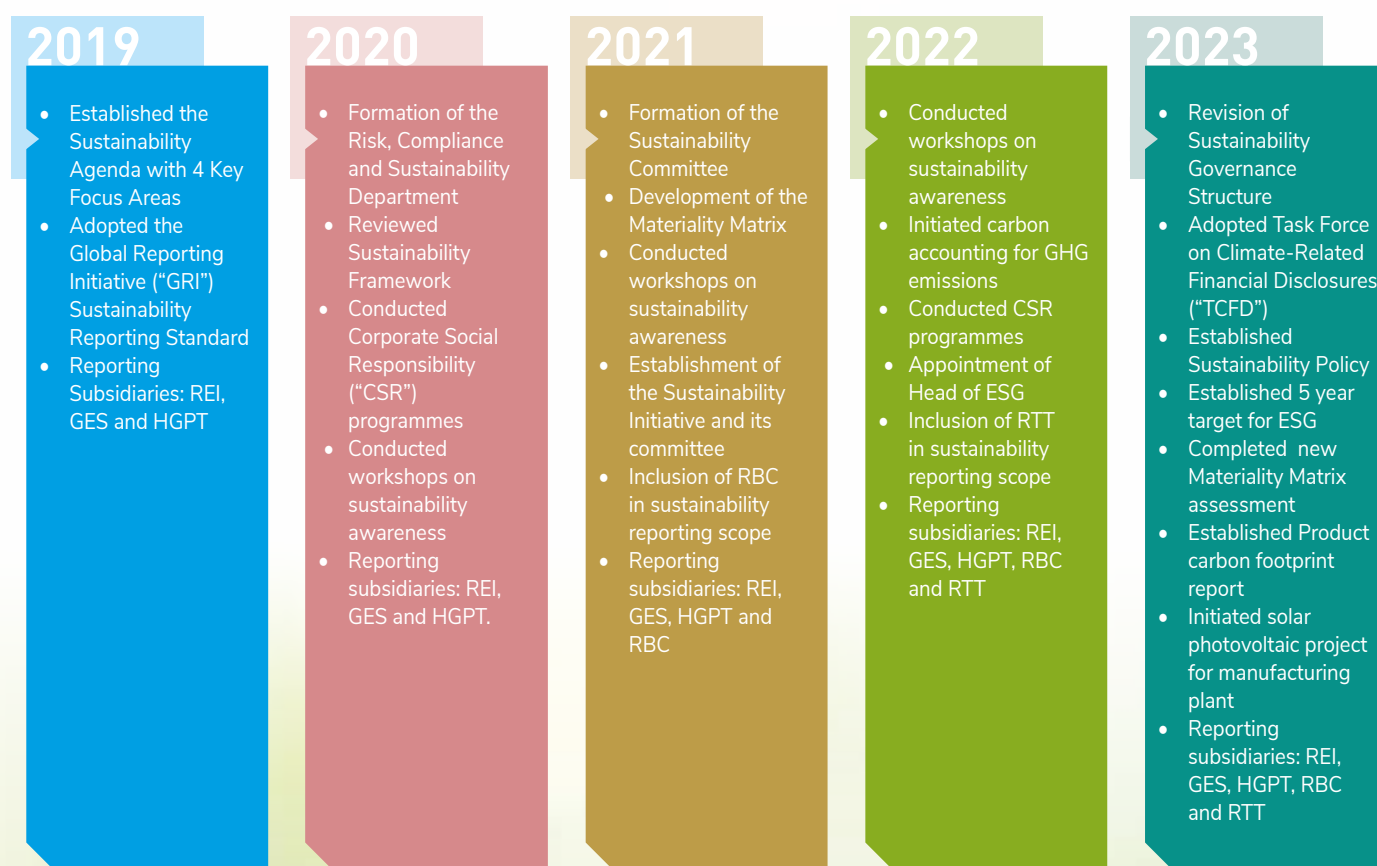
In preparing this Statement, we referred to the latest Sustainability Reporting Guidelines issued by Bursa Malaysia Securities Berhad ("Bursa Malaysia") as our principal reference. Additionally, we referred to the Global Reporting Initiative ("GRI") Standards on Sustainability Reporting as our supplementary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

This Statement should be read thoroughly along with the other sections of this 2023 Annual Report. All disclosures in this Statement cover the period of 1 January 2023 to 31 December 2023 unless otherwise stated.

OUR SUSTAINABILITY JOURNEY

RTB embarked on its sustainability journey in 2018. Since then, we have been progressively advancing to enhance, refine, and modernise our methods to align with the present market and industry requirements. As a component of our dedication to addressing climate issues, we commenced RTB's carbon assessment in 2022 and embraced the Task Force on Climate-Related Financial Disclosures ("TCFD") in 2023. Additionally, we set a five-year sustainability target aimed at guiding the RTB Group towards enhancing the adoption of sustainable practices.

The essential actions completed as part of our sustainability journey from 2019 to 2023 are depicted in the diagram below.



Sustainability Statement (Cont'd)

SUSTAINABILITY FRAMEWORK

Throughout 2023, we remained committed to our sustainability framework to realise RTB Group's vision and motto. We remain steadfast to our dedication to governing and operating our business ethically, upholding our environmental stewardship, and enriching our people and local communities.



RTB Group's prioritised impact on United Nation Sustainability Development Goals (UNSDG)

MEMBERSHIPS, ASSOCIATIONS, CERTIFICATIONS AND LICENSES

RTB Group's list of memberships, associations, certifications and trade associations.

ISO Certification

- ISO 9001:2015 Quality Management Systems (QMS)
- ISO 45001:2015 Occupational Health and Safety (OH&S) Management Systems
- ISO 14001:2015 Environmental Management Systems (EMS)

Licenses/Permit from Government Agencies and Companies

- Construction Industry Development Board (CIDB)
- Suruhanjaya Perkhidmatan Air Negara (SPAN)
- Ministry of International Trade and Industry (MITI)
- Department of Occupational Safety and Health (DOSH)
- Ministry of Finance (MOF)
- Royal Malaysian Customs Department
- Tenaga Nasional Berhad (TNB)
- Sabah Electricity Sdn Bhd (SESB)
- Kementerian Perdagangan Dalam Negeri, Koperasi dan Kepenggunaan (KPDNKK)
- Local Municipal Councils

Professional Membership of Rohas Group's Employeess

- CIDB Green Card – Construction Personnel
- Association of Chartered Certified Accountants (ACCA)
- Malaysian Institute of Accountants (MIA)
- Board of Engineers Malaysia (BEM)
- Institute of Internal Auditors (IIA)
- Malaysian Board of Technologists (MBOT)
- Institute of Chartered Secretaries & Administrators (ICSA)
- Malaysian Institute of Chemistry (IKM)
- The Institute of Engineers Malaysia (IEM)

Trade Association

- Galvanizers Association of Malaysia (GAM)
- Malaysian Electrical Transmission & Substation Contractors Association (METSCA)
- Malaysia International Chambers of Commerce and Industry (MICCI)

GOVERNANCE STRUCTURE

The 2023 revision of the Sustainability Governance Structure aimed to improve the implementation and management of sustainability plans, initiatives, and activities. This updated structure highlights the role of sustainability management and outlines the method for evaluating and communicating Environmental, Social, and Governance ("ESG") issues from operational levels to the Sustainability Committee.

Sustainability Statement (Cont'd)

Sustainability Governance Structure and its Roles and Responsibility

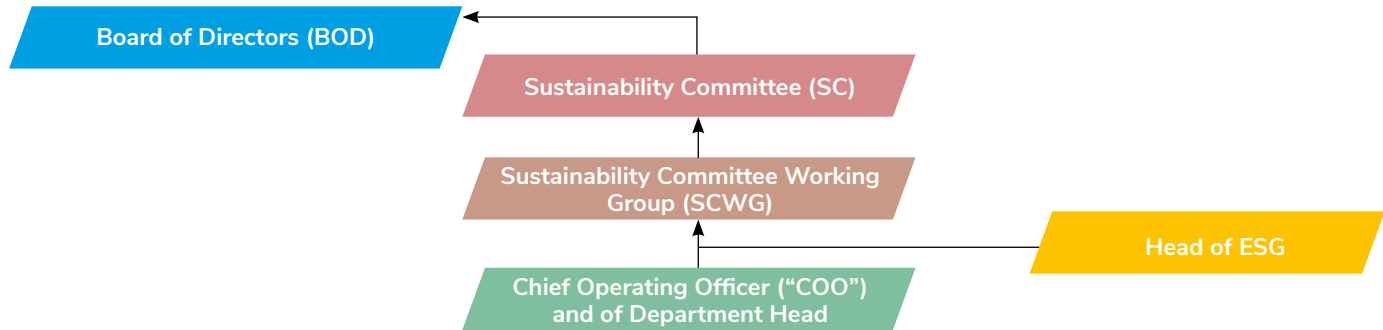


Table 1: Roles and Responsibility of the Sustainability Governance Members

| Roles | Members | Responsibility | Function |
|--|--|---|---|
| Sustainability Committee (SC) | The SC is chaired by an Independent Non-Executive Director and the committee members are appointed among the Board members | Oversee the sustainability agenda and direction for the Group in the areas below: I. Strategy II. Budget and Resources III. Sustainability Risks and Opportunities IV. Material Sustainability Matters V. Reporting | Board oversight |
| Sustainability Committee Working Group (SCWG) | Group Chief Executive Officer (GCEO), Chief Financial Officer (CFO) and Chief Investment Officer (CIO) | I. Review and recommend sustainability initiatives to the Board II. Endorse and recommend sustainability strategic documentation i.e. policies, framework, roadmap, budget and resources III. Overseeing engagement outcomes in managing and addressing sustainability matters within our businesses and operations. | Management oversight |
| Head of ESG | - | I. Prepare Sustainability Statement and other ESG reports as required II. Data tracking and overall data monitoring for RTB Group III. Assist the management with sustainability strategic planning IV. Coordinate the execution of sustainability initiatives, policies, frameworks and strategies approved by the management | Plan and facilitate ESG-related matters |
| Chief Operating Officer ("COO") and Head of Department | COOs and Head of departments | I. Implement Sustainability Strategy and initiatives in their respective department II. Responsible for the execution of sustainability initiatives in their respective department III. Provide and update the required data on a periodical basis to the Head of ESG IV. Recommend sustainability initiatives and budget based on current and future operational planning V. Identify sustainability initiatives, innovation opportunities and business process improvements to support sustainability goals | Implementation of ESG-related strategies, policies, and goals |

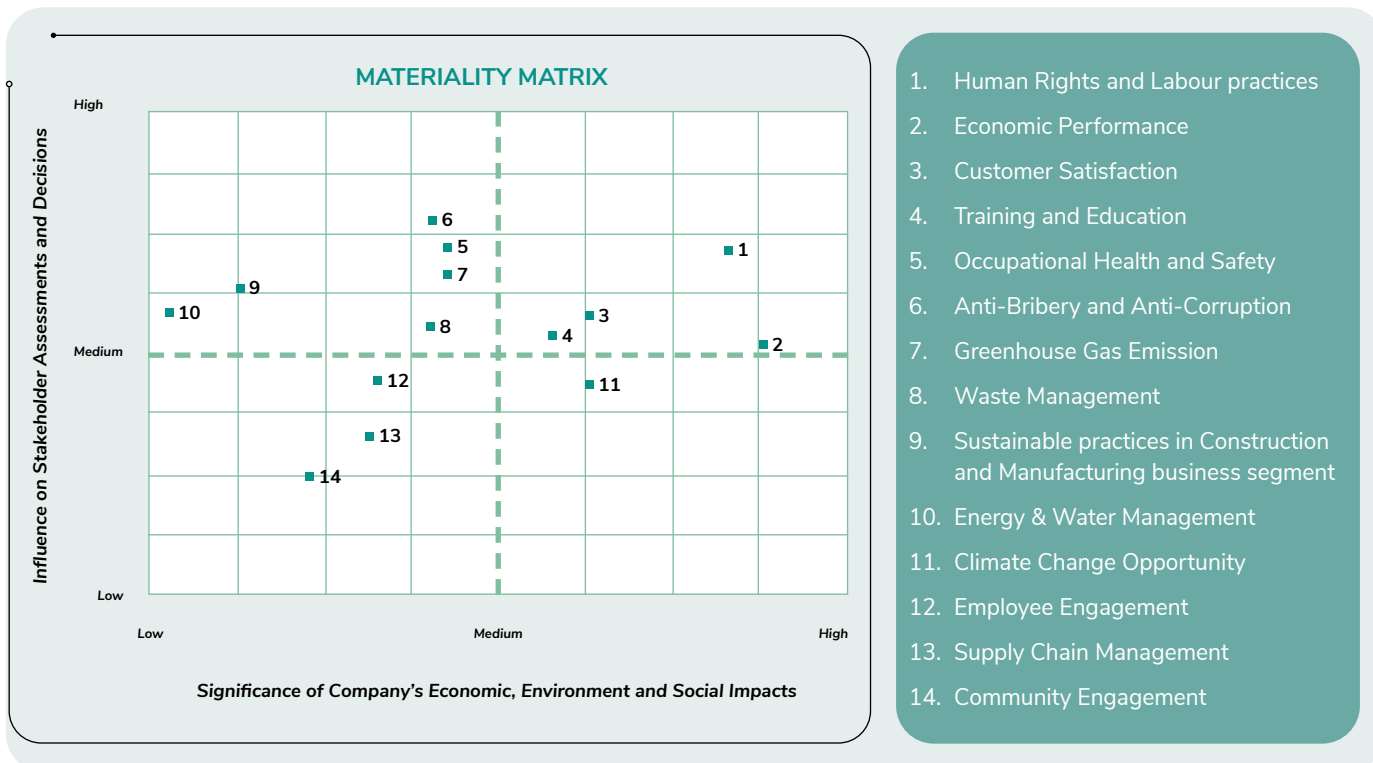
MATERIALITY MATRIX

In 2023, a Sustainability Materiality Assessment was carried out to identify the sustainability matters that are relevant to both our stakeholders and operations. A taskforce comprised of 14 representatives from various departments and internal experts was convened to carry out this assessment. This team conducted thorough research, internal surveys and analysed industry trends which resulted in the identification of top 14 sustainability matters that are important to the organization.

Subsequently, the taskforce identified the prioritization of stakeholders and the significance of the company's economic, environmental, and social impacts. Survey method was then chosen to gather feedback from our stakeholders for this assessment. 370 surveys were sent out and the taskforce received 112 responses representing diverse stakeholder categories such as financial institutions, shareholders, investors, government entities, regulators, customers, suppliers, employees, surrounding businesses, and local communities.

The survey findings were examined and organized into a materiality matrix, which was then reviewed and endorsed by the taskforce, RTB Group's Management, and ultimately its Sustainability Committee. The materiality matrix indicates the level of influence of stakeholder assessment on sustainability matters as well as its significance to the company's economic, environmental, and social impacts. Figure 1 shows the materiality matrix and sustainability matters order of importance to the organisation.

Figure 1: Materiality Matrix



Sustainability Statement (Cont'd)

STAKEHOLDER ENGAGEMENT

We have maintained the same stakeholder engagement mapping as the previous year, which is deemed relevant to the current industry and business environment. This mapping is made to foster confidence in RTB's sustainability initiatives and mitigate any potential risk and conflict.

Table 2: Stakeholder engagement mapping for RTB Group

| Key Stakeholders | Areas of Interest | Methods of Engagement | Frequency of Engagement | Objective | Our Responses |
|--|---|---|---|---|--|
| Financial Institutions, Shareholders and Investors | <ul style="list-style-type: none"> Long-term profitability Company's performance and targets Corporate Governance, Statutory and Regulatory Compliance | <ul style="list-style-type: none"> Annual General Meeting ("AGM") Extraordinary General Meeting ("EGM") Financial results Investor Relations Initiatives | <ul style="list-style-type: none"> Annual Annual Quarterly and Annually Annually | <ul style="list-style-type: none"> To engage existing and potential shareholders To comply with Government, Statutory and Certification Bodies as required | <ul style="list-style-type: none"> Continuous engagement Policy and procedure in place |
| Government, Statutory and Certification Bodies | <ul style="list-style-type: none"> Corporate Governance Statutory and Regulatory Compliance Certification Compliance | <ul style="list-style-type: none"> Compliance Reports Compliance Audit Periodical meetings | <ul style="list-style-type: none"> On case-to-case basis Yearly On case-to-case basis | <ul style="list-style-type: none"> To comply with Government, Statutory and Certification Bodies as required | <ul style="list-style-type: none"> Improved responsiveness towards queries and feedback Adherence to regulatory requirement and guidelines |
| Clients and Customers | <ul style="list-style-type: none"> Safety, Health and environment Quality of products Project completion Corporate Governance | <ul style="list-style-type: none"> Tender briefings Progress meetings Exhibitions & sponsorship Proposals Reports | <ul style="list-style-type: none"> On project basis When required On case-to-case basis When required When required On case-to-case basis | <ul style="list-style-type: none"> Commitment to quality and innovation in tower fabrication, installation and Engineering, Procurement, Construction and Commissioning ("EPCC") | <ul style="list-style-type: none"> 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 | <ul style="list-style-type: none"> Fair Procurement process Corporate Governance | <ul style="list-style-type: none"> Email updates Site visits Direct contact | <ul style="list-style-type: none"> When required When required When required | <ul style="list-style-type: none"> To ensure fair, proper and transparent dealings with Vendors, Suppliers and Value Chain Partners | <ul style="list-style-type: none"> Compliance with internal policy and procedures |
| Employees (local and Foreign) | <ul style="list-style-type: none"> Equal opportunities Diversity and inclusivity Career progression Rewards and benefits Training | <ul style="list-style-type: none"> Induction programme for new hires Performance Management System Employee Engagement programmes Annual Training Plan Internal communications Events and functions Corporate Social Responsibility ("CSR") programmes | <ul style="list-style-type: none"> One-off Yearly When required When required Yearly Yearly Yearly | <ul style="list-style-type: none"> To provide fair and equal opportunities To ensure employee Development and progression | <ul style="list-style-type: none"> Transparent, open and consistent approach to appraisals Trainings and team building |
| Neighbouring Businesses and Surrounding Communities | <ul style="list-style-type: none"> Social and economic impact | <ul style="list-style-type: none"> Community engagement CSR programmes | <ul style="list-style-type: none"> When required When required | <ul style="list-style-type: none"> 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 | <ul style="list-style-type: none"> Continuous engagement with surrounding communities Alignment of sustainability goals with our CSR objectives |



SECTION 2 : SUSTAINABILITY PERFORMANCE

KEY SUSTAINABILITY INDICATOR

Measuring sustainability performance informs us and others of the progress we have made. This is crucial for the organisation as it monitors the progress towards our ESG goals. RTB Group has established its mid-term goals for ESG, which are outlined in Table 3.

Table 3: Sustainability indicators and results for 2023

Environment Dimension

| No | Indicators | Unit | Target (2028) | 2022 - Baseline | 2023 |
|----|--|----------------------|-----------------------------------|--------------------|---------|
| E1 | Organisation GHG emissions Scope 1- Direct emissions | MT CO ₂ e | 33.6 % reduction from baseline | 2,063 | 2,062 |
| E2 | Organisation GHG emissions Scope 2- Indirect emissions | MT CO ₂ e | 70% reduction from baseline | 1,201 | 1,487* |
| E3 | Water consumption per MT fabricated and galvanised steel | m ³ | 40% reduction from baseline | 2.24 | 2.10 |
| E4 | Waste to landfill | MT | 0 | 45.20 | 88.71** |
| E5 | Total waste produced per 1 MT fabricated and galvanised steel | MT | <0.06 | 0.09 | 0.13*** |

* Increase in Scope 2 emissions due to update in emission factor by Energy Commission and increase in operation coverage for Scope 2

** Increase in domestic waste due to disposal of tree trimming for Corporate Social Responsibility (CSR) and flood mitigation activities

*** Increase in total waste produced per 1 MT steel due to lower production in 2023 which increased Zinc ash pick up and disposal of spent HCL acid

Social Dimension

| No | Indicators | Unit | Target (2028) | 2022 - Baseline | 2023 |
|----|--|----------------------------|---------------|--------------------|-------|
| S1 | Zero deaths due to work related injuries at all sites | Number | 0 | 0 | 0 |
| S2 | Lost Time Injury Frequency (LTIF) | LTIF (million hours) | 0 | 3.63 | 1.04 |
| S3 | Female representatives at the Executive level and above | % | >30% | 41.90 | 37.00 |

Sustainability Statement (Cont'd)

Governance Dimension

| No | Indicators | Unit | Target (2028) | 2022 - Baseline | 2023 |
|----|--|--------|-----------------------------|--------------------|-------|
| G1 | Sustainable Procurement Spend | % | 80% min from total spending | 15.00 | 58.18 |
| G2 | Conduct anti-corruption and anti-bribery awareness training for employees' Executive level and above | % | 100% | 100 | 64 |
| G3 | Zero incidents of corruption and bribery case | Number | 0 | 0 | 0 |

ESG Rating

The ESG Scores and data model developed by FTSE Russell offers investors an in-depth understanding of a company's handling of ESG issues across various dimensions. The scores are derived from a comprehensive evaluation encompassing overarching ratings and sub-scores related to specific pillars and themes. FTSE Russell reported a rating of 3.2 out of 5 for RTB in December 2023, above the industry average for 2023, an improvement from a score of 2.9 in 2022.



SECTION 3 : ECONOMIC - GROWING OUR TOP AND BOTTOM LINE

The economic dimension of sustainability refers to the way in which an organisation can affect the economic conditions of the stakeholders it serves. In the context of this reporting, the economic disclosure here showcases RTB Group's economic impact on the local and national levels.

The financial performance of RTB Group can be found on pages 95 to 183 of this Annual Report.

DIRECT ECONOMIC IMPACT

The metric of direct economic value generated and distributed ("EVG&D") indicates the wealth created by our operational activities. Our business operations generate value for numerous stakeholders, such as shareholders, investors, employees, customers, suppliers and contractors, government authorities, and local communities.

The difference between direct economic value generated and economic value distributed is the economic value retained or loss. In 2023, RTB group recorded an economic value loss compared to economic value retained in 2022. Table 4 shows the direct economic impact data for RTB Group for 2021 to 2023.

Table 4: Direct EVG&D by RTB Group for the year 2021 to 2023

| | FY2021 RM'000 | FY2022 RM'000 | FY2023 RM'000 |
|--|------------------|------------------|------------------|
| DIRECT ECONOMIC VALUE GENERATED | 218,206 | 436,101 | 364,281 |
| Revenue | 218,206 | 436,101 | 364,281 |
| ECONOMIC VALUE DISTRIBUTED | 245,749 | 422,692 | 367,698 |
| Operating Cost | 203,863 | 371,170 | 316,227 |
| Employee Remuneration (salaries, wages and other emoluments) | 32,416 | 34,701 | 34,693 |
| Payments to Capital Providers | | | |
| Dividends | - | - | - |
| Finance Cost | 6,758 | 6,835 | 11,983 |
| Payment to the Government (Current Tax Expense) | 2,582 | 9,742 | 4,768 |
| Community Investment | 130 | 244 | 27 |
| ECONOMIC VALUE RETAINED/(LOSS) | (27,543) | 13,409 | (3,418) |

* Reference: GRI 201-1 Direct economic value generated and distributed

** Figures derived from audited financial statement

Financial implications and other risks and opportunities due to climate change

Table 5: RTB Group's financial implications and other risks and opportunities due to climate change

| No | Classification | Risk/ Opportunity | Description of Impact | Methods used to manage risk and opportunity | Costs of action taken to manage the risk and opportunities | Probability of impact on the organisation (high, medium, low) | Projected time frame is expected to have substantive financial impacts |
|----|--|----------------------|--|---|--|---|--|
| 1 | Physical damage due to flood | Risk | 1. Loss of production time 2. Damage to equipment and property 3. Increase in capital and operation cost 4. Loss of revenue | Collaborate with JPS Pahang to reinforce the river that flows beside the Bentong plant to prevent flood recurrence. 1. Installation of gabion 2. Clearing of trees, debris and mud | RM243,000 | High | Completed in 2023 |
| 2 | Transition to a lower-carbon economy | Opportunity | 1. Reduction in operation cost in the long term by changing or using modern and energy efficient equipment / systems 2. Reduction in GHG emissions 3. Reduction in product carbon footprint | 1. Installation of solar panels at manufacturing plant in Bentong, Pahang 2. Change to energy modern and efficient equipment/heating system 3. Carbon Accounting for RTB Group | RM 2,500,000 to 3,500,000 | High | Next 1-2 years |

Sustainability Statement (Cont'd)

INDIRECT ECONOMIC IMPACTS

Through the presence of our Company and operations in local areas, we indirectly support the local communities in numerous ways, especially the socioeconomic growth of such communities. As a result of our projects, which are primarily the manufacturing and installation of power transmission and telecommunication towers, we have enabled the local communities to receive electricity and telecommunications services like voice transmission, video transmission, data transmission, and internet access.

The opening of rural areas to internet connectivity has the potential to contribute significantly to the development of the Malaysian economy. The internet provides a wide variety of learning materials, which may not be accessible in rural areas. In addition, there is a high possibility that internet-related occupations will be created, which could result in economic expansion.

In 2022, we commenced work on the RM85 million contract for Skim Jaminan Air Mentah (SJAM) Package D Project at Sungai Semenyih, Selangor, which is expected to be completed by the middle of 2024. 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 intake. This enables a clean and consistent water supply to the residents of Selangor during the unavailability of water from Sungai Semenyih.

SUPPLY CHAIN MANAGEMENT

The manufacturing business segment conducts its supplier screening process, annual assessment, and performance monitoring to identify and collaborate with suppliers that offer the best value, quality and performance. We have conducted anti-bribery and anti-corruption due diligence on our suppliers through Know-Your-Customer ("KYC") surveys, internal risk checklists and the signing of supplier code of conduct.

Proportion of spending on local suppliers

RTB Group is earnest in strengthening the local economy by collaborating with nearby enterprises or vendors. Our local suppliers are described as producers and merchants situated close to our Manufacturing and Project Management facilities. For the purposes of disclosure, they are defined as those operating within Malaysia. To the greatest extent possible, we uphold our commitment to obtaining raw materials, goods, and services from local suppliers unless there are instances where sourcing them more efficiently from overseas vendors is possible.

Utilising local suppliers for our operations offers several advantages. These include more efficient delivery times and decreased transportation expenses besides lowering our carbon footprint. This action contributes to the growth of small businesses and employment opportunities, which in turn benefits the community's economy. Our expenditure on local suppliers has reached 83.7% for RTB Group in 2023, marking the highest level of local spending since 2021.

Figure 2: The distribution of suppliers by RTB Group for 2021 to 2023

Distribution of suppliers

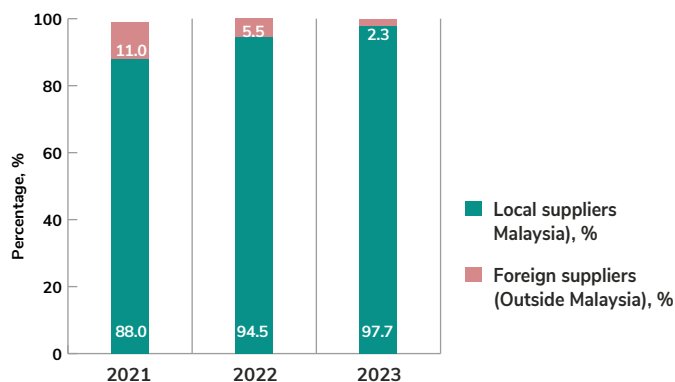
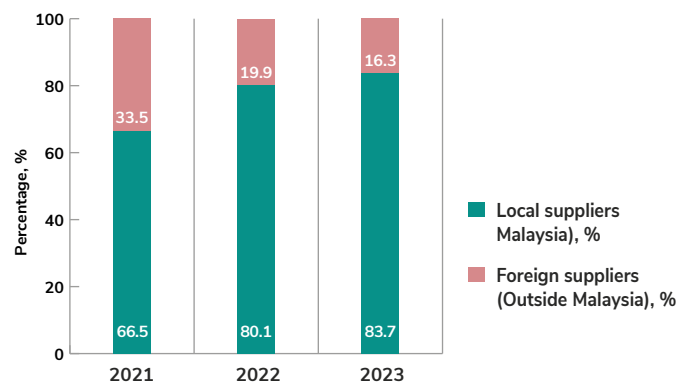


Figure 3: The proportion of spending on local suppliers by RTB Group for 2021 to 2023

Spending on local suppliers





SECTION 4 : ENVIRONMENT - UPHOLDING OUR ENVIRONMENT STEWARDSHIP

The global challenge of climate change is prompting action from the international community, and Malaysia responded by intensifying its mitigation efforts. The country has set an unconditional target to reduce carbon intensity against gross domestic product (GDP) by 45% by 2030, compared to 2005 levels. The business landscape is also transforming in response to climate change, with growing expectations for adopting low-carbon practices. This shift is driven by increased pressure from governments, regulators, investors, and the public.

We are dutiful in operating our business responsibly by actively monitoring our environmental footprint and exploring opportunities to embrace environmentally friendly materials and technologies. In 2023, we embraced the Task Force on Climate-Related Financial Disclosures (TCFD) framework to enhance our climate strategy and initiatives. The TCFD is disclosed at the end of this sustainability statement.

ENVIRONMENTAL COMPLIANCE

Compliance registry

Across the Group, we comply with the following acts governing specific environmental activities, including and among others listed below.

Table 6: RTB Group compliance with various laws

| Act | Scope |
|--------------------------------|---|
| Environmental Quality Act 1974 | <ul style="list-style-type: none"> 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 | <ul style="list-style-type: none"> Storage of pesticides |
| Local Government Act 1976 | <ul style="list-style-type: none"> Pollution of streams with trade refuse |
| National Forestry Act 1984 | <ul style="list-style-type: none"> Power to issue licenses, use permits, etc., by way of tenders, agreements, etc. |

ENVIRONMENTAL MONITORING RESULTS

We conducted environmental monitoring at our manufacturing plants and project sites within our jurisdiction. The data consist of air monitoring, water quality and noise level measurements which are measured based on regulatory requirements or site relevance. Below are the results for each of the monitored parameters.

Air Quality Monitoring

One of our subsidiaries in the Manufacturing business segment, GES, is situated in Bentong, Pahang. GES carried out on-site air emission monitoring at three distinct sampling points, namely the Liquefied Petroleum Gas ("LPG") burner, dust collector, and scrubber. The findings comply with the specifications outlined in the Environmental Quality (Clean Air) Regulation 2014.

Sustainability Statement (Cont'd)

Table 7: Air Quality monitoring results for the GES plant for the year 2021 to 2023

| Sampling Point | Parameter | Limit Value (mg/m ³) | Recorded value (mg/m ³) | | |
|----------------|-------------------------------------|---|-------------------------------------|------|------|
| | | Environmental Quality (Clean Air) Regulation 2014 | 2021 | 2022 | 2023 |
| LPG Burner | Total Particulate Matter | 50 | 0.4 | 4.5 | 0.29 |
| | Sulphur Dioxide or So _x | 500 | <0.001 | ND | ND |
| | Nitrogen Dioxide as No _x | 500 | <0.001 | ND | ND |
| | Sulphuric Acid | 5 | 0.02 | ND | ND |
| Dust Collector | Total Particulate Matter | 50 | 1.5 | 3.8 | 0.15 |
| | Sulphur Dioxide or So _x | 100 | <0.001 | ND | ND |
| | Nitrogen Dioxide as No _x | 500 | <0.001 | ND | ND |
| | Sulphuric Acid | - | 0.02 | ND | ND |
| Scrubber | Particulate Matter | 50 | 0.4 | 5.1 | 0.35 |

* ND - not detected

The Air Quality result for HGPT's project site in Semenyih, Selangor, complied with the New Malaysia Ambient Air Quality Standard (NMAAQS-2020). The results and specifications are as follows.

Table 8: Air Quality monitoring results for HGPT's project site for the year 2021 to 2023

| Parameters | Concentration Limit, µg/m ³ | 2021 | 2022 | 2023 |
|--|--|----------------------------|------|------|
| | | Reading, µg/m ³ | | |
| Particulate Matter with the size of less than 10 micron (PM10) | 100 | 4.75 | 4.09 | 4.03 |
| Carbon Monoxide (CO) | 8.74 | 0 | 0.05 | 0 |
| Nitrogen Dioxide (NO ₂) | 70 | 0 | 0.1 | 5.9 |
| Sulfur Dioxide (SO ₂) | 80 | 2.4 | 0 | 0 |
| Ground Level Ozone (O ₃) | 100 | 3.4 | 0 | 0 |

The Air Quality result for RBC's project site at Jenderam Hilir, Selangor, complied with the New Malaysia Ambient Air Quality Standard (NMAAQS-2020). The results and specifications are as follows.

Table 9: Air Quality monitoring results for RBC's project site in 2022 to 2023

| Parameters | Concentration Limit, µg/m ³ | Averaging time, hours | Baseline, July 2022 | July 2023 |
|--|--|-----------------------|---------------------|-----------|
| Particulate Matter 10 µm, PM10 (µg /m ³) | 100 | 24 | 29 | 31 |
| Particulate Matter 2.5 µm, PM 2.5 (µg/m ³) | 35 | 24 | 8 | 16 |

* The SJAM project started in January 2022

Water Quality Monitoring

The table below shows the Water Quality Index (WQI) for HGPT's project site in Semenyih, Selangor. There are 12 water sampling stations that were tested every month, and the results complied with the National Water Quality Standards for Malaysia (NWQS) Class IIB as recommended in Part 5.6 of the Environment Management Plan as stated in EIA Approval Condition No. 21. The W4 sampling station showed the best WQI since the baseline study in 2019.

Table 10: Water Quality results for HGPT's project site from 2021 to 2023

| Parameter | Baseline, 2019 (W4) | 2021 | 2022 | 2023 |
|---------------------------------------|------------------------|--------------------|--------------------|-------------------|
| Water Quality Index (WQI) as per NWQS | 34.95/ Class IV | 80.31/ Class II | 60.32/ Class II | 84.4/ Class II |

RBC's project in Jenderam Hilir, Selangor, was subjected to water monitoring. The samples were taken upstream (W1) and downstream (W2) of Sungai Langat, Pond B (P1) and Pond C (P2). Some results for W1 and W2 samples were well below the respective Class IIB limits under National Water Quality Standards except for biochemical oxygen demand, total suspended solids, turbidity and ammoniacal nitrogen in both samples, and chemical oxygen demand in the W2 sample.

As for pond water (P1 and P2), most results were well below the respective limits except ammoniacal nitrogen in the P1 sample, biochemical oxygen demand and chemical oxygen demand in the P2 sample. Site observation suggested that the high BOD, COD, TSS and turbidity readings for these samples were most likely due to continuous rain, which was noted the night before the sampling exercise. There was observation of domestic discharge from the surrounding residential, nearby workshops and commercial areas located upstream of the project site.

Noise Level Measurement

RBC's project site recorded readings that were above the permissible sound level for low-density residential, noise-sensitive receptors and institutions (school, hospital and place of worship) as stated under the Second Schedule in the Guidelines for Environmental Noise Limits and Control, 3rd Edition 2019 (Reprint 2021), Department of Environment Malaysia.

From site observation, noise sources were mainly contributed by heavy vehicular movements. At night, usual vehicular movements were observed besides noise from the natural surroundings. Rain was also observed, which most probably contributed to the increase in noise readings in the daytime and nighttime.

Table 11: Results of the noise measurement level for RBC's project site in 2022 to 2023

| Parameter | Specification | 2022 | 2023 |
|-----------------------------|---------------|------|------|
| | dBA | | |
| Averaging L_{Aeq} (day) | ≤60 | 55.0 | 61.9 |
| Averaging L_{Aeq} (Night) | ≤55 | 51.6 | 62.6 |

HGPT's project site noise results complied with condition No. 24 of the EIA Approval and part 5.5.1(B) of the Environment Management Plan. As we do not conduct any work during the night, based on site observation, the major sources during the night were public vehicle movement, insect sounds and public activities.

Sustainability Statement (Cont'd)

Table 12: Noise monitoring data for HGPT's Semenyih project site from 2021 to 2023

| Parameter | Specification, dBA | 2020-Baseline | 2021 | 2022 | 2023 |
|------------------------------------|--------------------|---------------|------|------|------|
| | | dBA | | | |
| Averaging L _{Aeq} (day) | ≤60 | 58.7 | 59.0 | 59.4 | 56.9 |
| Averaging L _{Aeq} (Night) | ≤50 | 54.8 | 58.1 | 56.7 | 53.7 |

In addition, HGPT's site is subjected to vibration monitoring 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 in the Planning Guidelines for Vibration Limits and Control (Residential), as stated in EIA approval Condition No. 26, except for some parameters. This was probably due to public vehicle movement from a nearby road, as reported in the Environmental Report.

GREENHOUSE GAS (GHG) EMISSIONS MANAGEMENT

In 2022, RTB Group initiated its Carbon Accounting using the GHG Protocol Corporate Accounting and Reporting Standard. Table 13 in this statement shows Scope 1 and Scope 2 GHG emissions for RTB Group in 2022 and 2023.

Table 13: RTB Group's Scope 1 and 2 GHG emissions

| No | Indicators | Unit | Target (2028) | 2022-Baseline | 2023 |
|----|--|----------------------|--------------------------------|---------------|--------|
| 1 | Organisation GHG emissions, Scope 1-Direct emissions | MT CO ₂ e | 33.6 % reduction from baseline | 2,063 | 2,062 |
| 2 | Organisation GHG emissions, Scope 2-Indirect emissions | MT CO ₂ e | 70% reduction from baseline | 1,201 | 1,487* |

* Increase in Scope 2 emissions due to update in emission factor by Energy Commission and increase in operation coverage for Scope 2

** Accounting reference: GHG Protocol Corporate Accounting and Reporting Standard

*** Organisational boundaries: REI, GES, HGPT, RBC and RTT

**** Method of approach: Control approach

***** Period: 1 Jan - 31 Dec 2023

Our strategy to decrease GHG emissions involves plans to install solar panels for renewable energy generation at our manufacturing plant, identifying and replacing energy-intensive machines with more efficient alternatives, sourcing materials with lower carbon footprints, and establishing hybrid working arrangements to mitigate GHG emissions.

Avoided Emissions

RTB owns and operates a 7 MW mini hydropower plant in Lawe Sikap, Aceh Darussalam, Indonesia, via PT REI Abadi Indonesia.

The table below shows the avoided emissions from the Lawe Sikap mini hydropower plant for 2022 to 2023.

Table 14: Estimated avoided emissions from energy produced by the Lawe Sikap mini hydropower plant

| Year | Avoided emission, MT CO ₂ e |
|------|--|
| 2022 | 27,181 |
| 2023 | 27,319 |

Product Carbon Footprint

The product carbon footprint for REIB was assessed in 2023 using the life cycle assessment (LCA) method as a system boundary. The study found that upstream activities accounted for 88% of REIB's product carbon footprint, underscoring the importance of employing low-carbon materials to effectively reduce this footprint.

WATER CONSUMPTION

The water consumption showed an increase in 2023 for RTB Group due to the inclusion of HGPT's work site, workshop, and hostels, whereby REI has only added worker's hostel to the coverage. We have established water consumption targets for our manufacturing process, which can be viewed in Table 3. The manufacturing plant plans to install additional water harvesting systems to further reduce dependency on piped water.

Table 15: Water withdrawal, discharge and consumption of RTB Group from 2021 to 2023

| No | Parameters | | 2021 | 2022 | 2023 |
|---------------------------------------|--------------------------------|---|--------|--------|--------|
| Water withdrawal in cubic meters, m³ | | | | | |
| 1 | Water withdrawal by source | Surface water (total) | N/A | N/A | 0 |
| | | Groundwater (total) | N/A | N/A | 0 |
| | | Seawater (total) | N/A | N/A | 0 |
| | | Produced water (total) | N/A | N/A | 0 |
| | | Third-party water (total) @Water utility | 38,405 | 41,985 | 58,448 |
| 2 | Total water withdrawal | Surface water (total) + groundwater (total) + seawater (total) + produced water (total) + third-party water (total) | 38,405 | 41,985 | 58,448 |
| Water discharge in cubic meters, m³ | | | | | |
| 3 | Water discharge by destination | Surface water (total) | N/A | N/A | 0 |
| | | Groundwater (total) | N/A | N/A | 0 |
| | | Seawater (total) | N/A | N/A | 0 |
| | | Produced water (total) | N/A | N/A | 0 |
| | | Third-party water sent for use to other organisations | N/A | N/A | 0 |
| 4 | Total water discharge | Surface water + groundwater + seawater+ third-party water (total) | N/A | N/A | 0 |
| Water consumption in cubic meters, m³ | | | | | |
| 5 | Water consumption | Total water consumption (Total water withdrawal - Total water discharge) | 38,405 | 41,985 | 58,448 |

* N/A: Not available

Sustainability Statement (Cont'd)

Figure 4: Water consumption by subsidiaries for 2021 to 2023

Water Consumption by Subsidiaries for 2021 - 2023



ENERGY MANAGEMENT

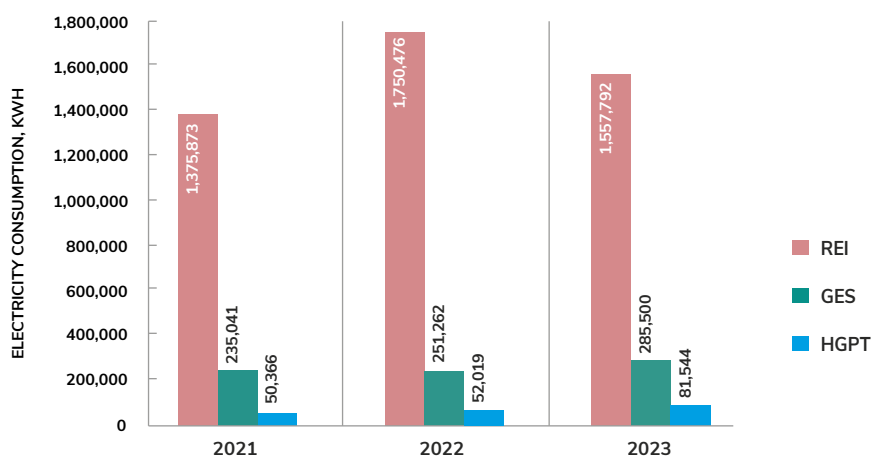
The overall energy consumption for RTB Group indicated a 6% decrease in 2023 compared to 2022. In this context, energy consumption specifically pertains to the total energy used within the organisation, focusing solely on purchased electricity for consumption. Figure 5 below illustrates the breakdown of electricity consumption across subsidiaries.

Table 16: Total energy consumption for RTB Group for 2021 to 2023

| Year | 2021 | 2022 | 2023 |
|---|-----------|-----------|-----------|
| RTB Group total energy consumption, kWh | 1,661,280 | 2,053,757 | 1,924,836 |

Figure 5: Electricity consumption by subsidiaries for 2021 to 2023

Electricity Consumption by subsidiaries for 2021 - 2023



WASTE GENERATED

RTB Group managed to divert 95% of its waste to recycling or recovery processes via third parties. Table 17 below shows the breakdown of waste generated, diverted from disposal and waste directed to disposal. We have established waste reduction targets for manufacturing, which can be viewed in Table 3 of this report.

Table 17: RTB Group's waste generated, waste diverted from disposal and waste directed to disposal for year 2022 to 2023

| No | Waste composition | SW Code | 2022 | | | 2023 | | |
|----|---------------------------|---------|---------------------|----------------------------------|--------------------------------|---------------------|----------------------------------|--------------------------------|
| | | | Waste generated, MT | Waste diverted from disposal, MT | Waste directed to disposal, MT | Waste generated, MT | Waste diverted from disposal, MT | Waste directed to disposal, MT |
| 1 | Zinc ash & zinc dross | SW 104 | 129 | 129 | - | 171 | 171 | - |
| 2 | Metal hydroxide | SW 204 | 8 | 8 | - | 23 | 23 | - |
| 3 | Spent hydrochloric acid | SW 206 | 434 | 434 | - | 698 | 698 | - |
| 4 | Contaminated container | SW 409 | 3 | 3 | - | 2 | 2 | - |
| 5 | Contaminated glove & rags | SW 410 | 3 | 3 | - | 4 | 4 | - |
| 6 | Waste oil | SW305 | 5 | - | 5 | 7 | - | 7 |
| 7 | Scrap metal | - | 1,035 | 1,035 | - | 1,052 | 1,052 | - |
| 8 | Domestic waste | - | 45 | - | 45 | 89 | - | 89 |
| 9 | Oil and soil mixture | SW408 | - | - | - | 0.2 | - | 0.2 |
| 10 | Discarded chemicals | SW429 | - | - | - | 5 | - | 5 |
| | Total | | 1,662 | 1,612 | 50 | 2,051 | 1,950 | 101 |

* MT: Metric Ton

Sustainability Statement (Cont'd)



SECTION 5 : SOCIAL - ENRICHING OUR PEOPLE & LOCAL COMMUNITY

RTB Group recognises the importance of social impact in fostering the company's growth and sustainability. The company is committed to cultivating a strong community, advocating for equality, and addressing fundamental human rights needs. These commitments are realised through our Human Resource policy, Environment, Health and Safety policy, Supplier's Code of Conduct, Employees Handbook, Training programs, and Corporate Social Responsibility initiatives.

WORKFORCE DIVERSITY AND EQUAL OPPORTUNITY

RTB Group has a workforce of 846 people distributed throughout its subsidiaries. We have a diverse group of people in the company who come from different races, nationalities, and age groups. In terms of hiring, we ensure that all our current and future employees receive equal opportunities for employment and career growth. The graphs below show the demographics of RTB Group employees for 2023.

Figure 6: RTB Group's total employees by gender for 2023

Employees by Gender (%)

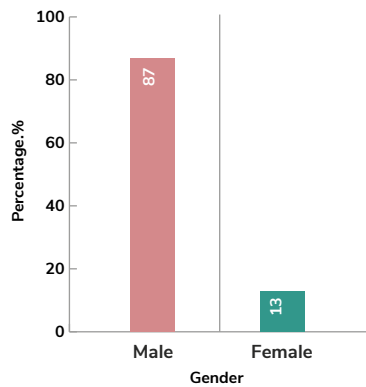


Figure 7: RTB Group's employees by age group for 2023

Employees by Age Group (%)

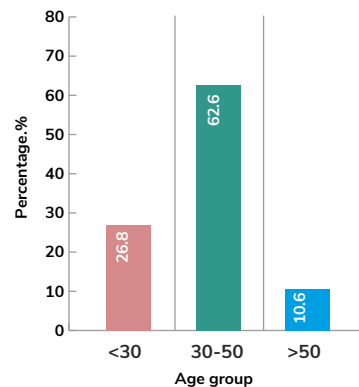


Figure 8: RTB Group's employees Ethnic diversity for 2023

Employees by Ethnic Diversity (%)

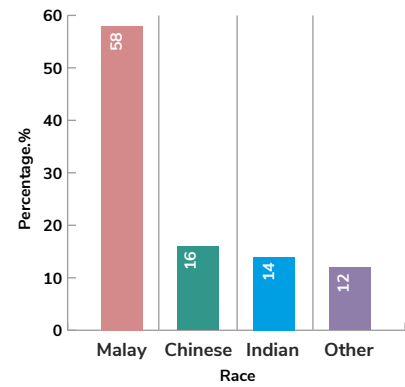


Figure 9: RTB Group's employees by job position for 2023

Employees by Job Position (%)

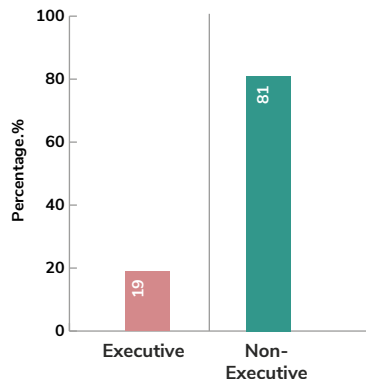


Figure 10: RTB Group's employees by Nationality for 2023

Employees by Nationality (%)

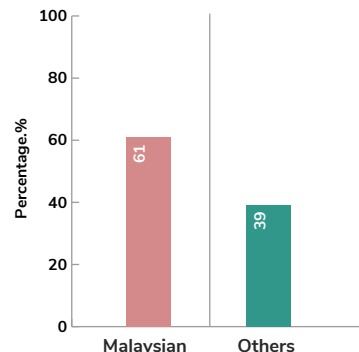
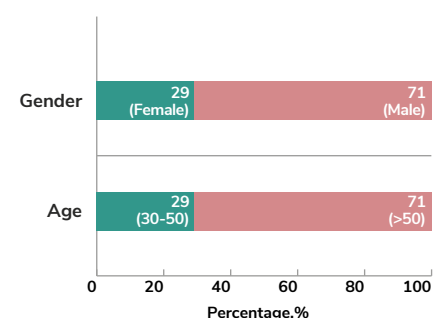


Figure 11: RTB Group's Directors by age group and gender for 2023

Percentage of Directors by Age Group and Gender (%)



EMPLOYMENT

RTB Group prioritises the employment of local talent before employing foreign talent. This is to ensure we support and grow the local community and economy. Our employment is divided into 2 categories: Permanent Staff and Contract Staff. In 2023, we had a turnover of 143 people, and hired 245 people to fill the manpower shortage.

Figure 12: RTB Group's employees' turnover and hired by age group for the year 2023

Employees Turnover and New Hire for 2023

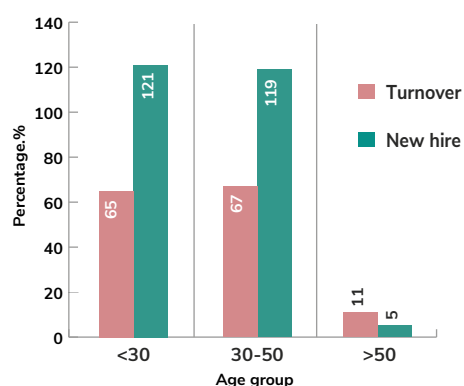
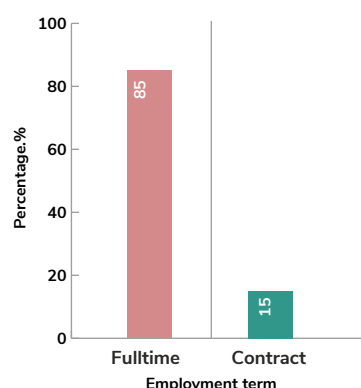


Figure 13: RTB Group's employees' employment term for 2023

Employees Employment Term (%)



Employment Benefits

RTB Group provides competitive remuneration, compensation, and benefits in line with current industry standards to ensure our ability to attract and retain talent. Starting 1 January 2022, RTB reduced its working hours from 48 hours to 45 hours a week to comply with the revised Employment Act 1955 (Revision 2022), which came into effect at the same date.

Table 18: Compensation and benefits across the Group

| 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, firstborn, death of staff and family members, welcoming lunch for new joiners |
| 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 the mosque for Friday prayers at the factory complex |

*1 Mandatory compensation and benefits provided by the Group

**2 Additional compensation and benefits provided by the Group

Sustainability Statement (Cont'd)

PARENTAL LEAVE

To support inclusivity in parenting and family development, RTB Group offers parental leave to every member of our staff. Sixteen (16) employees, comprising four (4) females and (12) males, took parental leave in 2023. All of them came back to work after taking leave.

MARKET PRESENCE- LIVING WAGES

The minimum salary wage was adjusted and set at RM 1,500 on 1 May 2022 across all companies registered in Malaysia in accordance with the Malaysian Employment Act 1955. All our employees are paid more than the minimum wage.

RTB Group's senior management in this disclosure is defined as the organisation's key senior management team, consisting of the CEO, CIO, COO, CFO and Heads of Department. Malaysian citizens made up 91% of the senior management team.

NON-DISCRIMINATION AND VIOLATION OF HUMAN RIGHTS

RTB and its Group of companies are strongly against any form of discrimination. We have zero cases of legal action or complaint on discrimination during the reporting period.

The company has implemented a Grievance Procedure to offer employees a means to address issues of concern.

CHILD LABOUR

We employ workers who are 18 years old and above in compliance with Malaysia's Employment Act 1955. The recruitment process and workers' requirements are in compliance with RTB Group's Human Resource Policy and Standard Operating Procedure.

All our suppliers are required to adhere to the Supplier Code of Conduct, in which we have outlined the principles and practices on child labour and other human rights issues. This measure is taken to ensure we contribute to the effective abolishment of such practices.

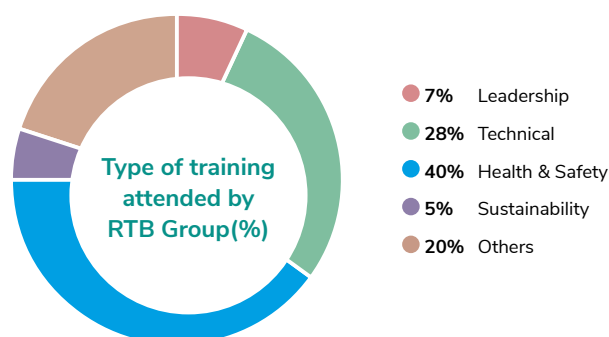
TRAINING AND EDUCATION

We recognise the importance of capacity building for our workforce, where continuous learning is the key to their personal growth and helps create a sustainable competitive advantage for our business. Below is the breakdown of total training hours by employee category and type of training attended for RTB Group.

Table 19: Total training hours by employee category

| Employee Category | 2022 Total Training, hours | 2023 Total Training, hours |
|-------------------|-------------------------------------|-------------------------------------|
| Executive | 4,860 | 5,977 |
| Non-executive | 7,953 | 5,327 |
| Total | 12,813 | 11,304 |

Figure 14: Type of training attended by RTB Group's employees for the year 2023



Talent development

On a yearly basis, training programmes are organised to upgrade our employee's skills, knowledge and development of their talent via training need analysis. The employees are provided with the opportunity to participate in internal, external and/or on the job training based on their respective needs. In addition, we have developed a succession planning framework to ensure operation continuity and can build an internal pipeline of leaders.

Percentage of employees receiving regular performance and career development review

RTB Group has a performance management system that evaluates employee performance based on Key Performance Index (KPI), behavioural assessment and personal development plan. 100% of our employees received performance and career development reviews in 2023.

OCCUPATIONAL HEALTH AND SAFETY (OHS)

Below are the OHS policies and practices that we use to ensure we meet the industry standard and continuously improve our Health, Environment and Safety records.

Environmental, Health and Safety (EHS) Policy

RTB Group has established an EHS policy to ensure all business activities are conducted in a safe and sustainable manner. We operate in accordance with Environmental, Health and Safety requirements and regulations. We are committed to protect the environment by reducing our pollution through process optimisation, efficient energy use and waste reduction by implementing the "4R principle" – Reject, Reduce, Reuse and Recycle. The EHS policy also ensures that the employee's health is taken care of by preventing and eradicating the use of drugs, alcohol, substance abuse and injuries during work.

ISO 45001:2018 Occupational Health and Safety (OH&S) management systems

RTB Group is certified ISO 45001-2018 which ensures the organisation has a process for investigation, reporting nonconformities and developing corrective action plans. Proper documentation and implementation of the OH&S management system enables the company to provide a safe and healthy workplace and continuously improve its OH&S performance.

ISO 14001:2015 Environmental Management Systems

RTB Group (REI, GES & HGPT) is certified ISO 14001:2015, emphasising an organisation's environmental impact. The standard aims to reduce organisational waste, pollution, and energy consumption. Our goal-setting for Prevention of Pollution, Conservation of Energy and Resources and Occupational Health and Safety are reviewed by the EHS Management Committee on a yearly basis.

Environment, Health, and Safety Committee

The Health and Safety Committee plays a vital role in monitoring the implementation of OHS practices within RTB Group. The roles and responsibilities of the committee are as follows:

- Assisting in 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 occurrences, occupational poisoning or occupational disease
- Conducting inspections of the workplace
- Recommending remedial measures to address any issue prejudicial to the health and safety at the workplace
- Recording and reporting recommendations for improvements

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

Sustainability Statement (Cont'd)

Health and Safety Activities

55 Health and Safety training activities were conducted throughout 2023 to ensure we continuously update and improve our employee's awareness and knowledge. Below are the pictures of some of the activities and training.

Figure 15: Confined Space Emergency Rescue Training held at Bomba Wakaf Tapai, Kuala Terengganu.



Figure 16: Chemical Handling Management Training



Figure 17: Hazard Identification, Risk Assessment and Risk Control (HIRARC) Training



Figure 18: Schedule Waste (SW) Training



Safety Performance

Occupational Health and Safety performance is not just a measure of compliance with regulations and policy, it reflects the commitment of RTB Group to prioritise the well-being of its employees and stakeholders. RTB Group recorded the lowest LTIF since 2021 and a reduction of 50% in accident cases compared to 2022. This shows our commitment to nurture a culture of safety in the organisation.

Table 20: RTB Group's Lost Time Injury Frequency Rate (LTIF) for year 2021 to 2023

| Indicators | Target | 2021 | 2022 | 2023 |
|----------------------------|--------|---------|-----------|-----------|
| Total Man-hours | - | 945,536 | 1,655,020 | 2,880,597 |
| LTIF Rate in million hours | 0 | 10.60 | 3.63 | 1.04 |

Table 21: RTB Group's number of accident cases for year 2021 to 2023

| Indicator | 2021 | 2022 | 2023 |
|--------------------------|------|------|------|
| Number of accident cases | 10 | 6 | 3 |

Table 22: RTB Group's fatalities number for year 2021 to 2023

| Indicator | Target | 2021 | 2022 | 2023 |
|----------------------|--------|------|------|------|
| Number of fatalities | 0 | 1 | 0 | 0 |

CORPORATE SOCIAL RESPONSIBILITY (CSR)

RTB Group conducted a variety of Corporate Social Responsibility activities in 2023 with a focus to positively impact the surrounding community. Here is a compilation of activities and total expenditures in 2023, projected to positively impact 236 individuals in the neighbouring communities.

Table 23: RTB Group's CSR activities for 2023

| No | Programme | Location | Total Expenditure, RM |
|----|---|--|-----------------------|
| 1 | Donation- Annual Sports day of Sekolah Kebangsaan Sg. Tekali | Hulu Langat, Selangor | 26,580 |
| 2 | Treasure for Tots programme is a celebration of Christmas with two children's home whereby the children are gifted with presents, carolling of Christmas songs together with RTB Group staff and feasting on scrumptious meals. | 1. Praise Emmanuel Children Home, Petaling Jaya 2. Trinity Community Children Home, Petaling Jaya | |
| 3 | Installation of solar lamp poles along public roads to improve night visibility of road users | Bentong, Pahang | |
| 4 | Donation For Bunga Raya Care Home - Bed Frame & Covid 19 Test Kit | Bentong, Pahang | |
| 5 | Hamper for Funztival SKTF 2023 – Karnival Usahawan Sek. Keb. Tun Fatimah Bentong | Bentong, Pahang | |
| 6 | Repair and unclogging of public drain in the surrounding factory area | Bentong, Pahang | |
| 7 | Clearing and trimming of public trees surrounding factory area | Bentong, Pahang | |

Table 24: The impact of RTB Group's CSR activities to the community

| No | Indicator | 2021 | 2022 | 2023 |
|----|--|---------------|---------------|------------|
| 1 | Total amount invested in the community where the target beneficiaries are external to the listed issuers, RM | 130,000 | 243,599 | 26,580 |
| 2 | Total number of beneficiaries of the investment in communities | Not available | Not available | 236 people |

Sustainability Statement (Cont'd)

Figure 19: Treasure for Tots programme



Figure 20: Donation For Bunga Raya Care Home - Bed Frame & Covid 19 Test Kit



Figure 21: Installation of solar lamp post at Bentong, Pahang



Figure 22: Clearing and trimming of public trees surrounding factory area

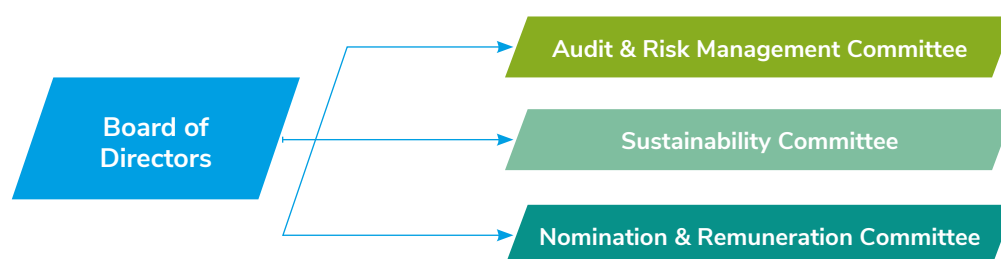




SECTION 6 : GOVERNANCE - GOVERNING & OPERATING OUR BUSINESS ETHICALLY

The governance pillar of sustainability comprises compliance, good governance and risk management. RTB Group acknowledges the significance of establishing effective corporate governance to guide and oversee the company's activities and decision-making.

The Board of Directors of RTB Group underpins the RTB Group's governance framework. Governance oversight is provided through the Board Committees, namely Audit & Risk Management Committee (ARMC), Sustainability Committee (SC) and Nomination & Remuneration Committee (NRC). Effective governance structures and processes fostered by our Board Committees provide the framework needed to ensure that sustainability is integrated into RTB Group's strategy, operations, and decision-making so that the interests of stakeholders, including shareholders, employees, customers, suppliers and the community, are taken into account.



CORPORATE GOVERNANCE

Risk Management

Enterprise Risk Management ("ERM") Framework is the main pillar of RTB Group's risk management activities. During the year under review, we have increased our efforts to instil a proactive risk management culture under the ERM Framework and have updated our risk profile accordingly. Such risks and the corresponding key mitigation actions were periodically deliberated by the Risk Management Working Group ("RMWG") and further escalated to the Audit & Risk Management Committee ("ARMC") for oversight and deliberation of the management action plan.

Internal Control

As part of our effort to strengthen internal control within the Group, all existing Policies and Procedures were reviewed and revised accordingly to reflect business and operational changes. The internal control review is a critical component of our corporate governance and risk management purview, helping to promote transparency, accountability, and trust in our operations and financial reporting.

RTB Group is also committed to maintaining our ISO certifications to establish credibility and trust with our stakeholders. 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 9001:2015 (REI, GES, RTT & HGPT)
- ii. ISO 14001:2015 (REI, GES & HGPT)
- iii. ISO 45001:2018 (REI, GES, RTT, HGPT & RBC)

Additional information on our risk management and internal control practices can be found on pages 82 to 92 of this Annual Report.

Sustainability Statement (Cont'd)

Anti-Bribery and Anti-Corruption

RTB Group is committed to ensuring compliance with Section 17A (S.17A) of the Malaysian Anti-Corruption Commission ("MACC") Act 2009 (Amendment 2018). We strive to ensure transparency and honesty in our daily activities by continuously educating employees with an anti-bribery and anti-corruption program 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"). All ABMS key documentations are accessible to all employees.

An Anti-Bribery and Corruption initiative has been established and revised to address current business operations. The Group's anti-bribery policies are published for public reference. Some of the documents that are accessible to the public on our Company's website are as follows: -

- i. ABAC Policy
- ii. Whistleblowing Policy

Table 25: RTB Group's Anti-Bribery and Anti-Corruption indicators

| No | Indicators | 2023 |
|----|---|------|
| 1 | Percentage of executive employees who have received training on anti-corruption | 64% |
| 2 | Percentage of operations assessed for corruption related risks | 100% |
| 3 | Confirmed incidents of corruption and action taken | 0 |
| 4 | Percentage of executive employees that the organisation's anti-corruption policies and procedures have been communicated to | 100% |

Customer Privacy

There are no substantiated complaints concerning breaches of customer privacy and losses of customer data from other parties or regulatory bodies in 2023.



SECTION 7 - TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD)

The Task Force on Climate-Related Financial Disclosure (TCFD) provides a framework for companies to report on their exposure to climate-related risks and opportunities, which can help promote greater transparency, risk management, investment decisions, sustainability, and reputation in the financial sector. The four primary areas of disclosure are Governance, Strategy, Risk Management, Metrics and Targets. This report covers RTB Group's activities in Cambodia, Malaysia, and Indonesia.

GOVERNANCE

The Sustainability Committee is responsible for overseeing climate-related risks and opportunities as board oversight to ensure alignment between the Board, management, and business strategy on sustainability and climate change matters.

The Sustainability Committee Working Group (SCWG), consisting of the Group Chief Executive Officer, Chief Financial Officer and Chief Investment Officer, holds management oversight responsibility for endorsing and recommending strategic documents related to climate change, including policies, frameworks, roadmaps, budgets, and resources. Additionally, they oversee engagement outcomes in managing climate change issues within our business and operations while ensuring that climate change risks are highlighted and discussed in the Audit and Risk Management Committee.

The reporting structure for climate-related risks and opportunities follows the Sustainability Governance structure outlined on page 42 of this annual report.

STRATEGY

We assess the potential risks and opportunities associated with climate change across our entire supply chain to evaluate their impact on our business and develop appropriate response strategies. In conducting scenario assessments, we consider two scenarios: one where global temperature rises by 4°C on average by around 2100 over pre-industrial levels, acknowledging the possibility of exacerbated extreme weather events such as floods and heavy rainfall, and another where efforts towards carbon neutrality result in limiting the temperature increase to 2°C above pre-industrial levels. These scenarios are based on projections by the INFORM 2022 report.

In the "4°C" scenario, we acknowledge the potential significant financial impact of worsening extreme weather conditions, which will heighten risks for our facilities and result in considerable financial repercussions. Conversely, under the "2°C or less" scenario, we foresee risks linked to carbon taxes being implemented in countries that have committed to carbon neutrality declarations, as well as escalating operational expenses stemming from rising domestic electricity prices caused by evolving power supply mechanism due to decarbonisation.

Additionally, we also anticipate global steel prices increasing due to shifts in steel production methods aligned with the decarbonisation trend; this is expected to lead to substantial financial impact from hikes in procurement costs. We are committed to continuing our efforts toward devising mitigation strategies and adapting to future changes.

The tables below outline the description of the potential financial impacts on RTB group in the short, medium, and long run because of climate-related risks and opportunities. From 2022 to 2023, RTB Group invested RM 243,000 in enhancing its manufacturing site to better withstand the physical risks posed by flooding. Furthermore, a budget of RM 2,500,000 was allocated for the transition to a low-carbon economy through the adoption of renewable energy.

Sustainability Statement (Cont'd)

Table 26: RTB Group's climate related risk and potential financial impact

| Risk Type | Sub-Type | Climate-related risks | Potential Financial Impact | |
|-----------------|------------------|---|---|--|
| Transition Risk | Policy and Legal | Enhanced emissions-reporting obligations | Cost to adopt new practices and processes | |
| | | New Industrial Master Plan 2030 push for Net Zero as early as 2050 | Investment in CAPEX and OPEX for low carbon emission products and solution | |
| | | Energy Efficiency and Conservation bill | Cost to identify improvement process and invest in energy efficient equipments | |
| | Technology | Costs to transition to lower emissions technology | Cost to adopt new practices and processes | |
| | | Transitioning to lower emissions technology | Capital investment in new equipments | |
| | Market | Increased cost of raw materials | 1. Increase in OPEX (tax on surface water) 2. Increased cost due to impact/mitigation of climate change on mining and manufacturing of steel | |
| Physical Risk | Acute | Increased severity or probability of flooding | Reduced revenue from interruption /decreased production output | |
| | | Increased severity or probability of drought | Reduced revenue from interruption /decreased production output | |
| | Chronic | Changes in precipitation patterns and extreme variability in weather patterns | Reduced revenue from interruption /decreased production output | |
| | | Water stress | Reduced revenue from interruption /decreased production output | |

* Y: Yes, MY: Malaysia, IND: Indonesia, KHM: Cambodia*Y: Yes, MY: Malaysia, IND: Indonesia, KHM: Cambodia

** Short-term: 2 years, Medium-term: 2-5 years & long term: 6-30 years

| | Location | Short-term | Medium-term | Long-term | Risk Action Plant |
|--|--------------|------------|-------------|-----------|---|
| | MY | Y | Y | | Employed dedicated ESG personnel and initiated carbon accounting |
| | MY | Y | Y | Y | Allocated RM 2,500,000 CAPEX Investment for renewable energy system |
| | MY | Y | Y | | Initiated internal energy efficiency study for manufacturing plant |
| | MY, IND, KHM | Y | Y | Y | Conduct feasibility study on new technology |
| | MY, IND, KHM | Y | Y | Y | Capital investment on new equipments: RM 2,929,518 |
| | IND, KHM | | Y | Y | <ol style="list-style-type: none"> 1. Review operational cost to ensure profitability 2. To compare prices of steel material according to its carbon footprint and notify the client accordingly on possible price change |
| | MY, IND, KHM | Y | Y | Y | <ol style="list-style-type: none"> 1. Invested RM 243,000 to reduce risk of future flooding for manufacturing plant in Malaysia 2. Plan to reroute electric cable connecting to grid to avoid shutdown due to flooding in Indonesia |
| | IND | Y | Y | Y | To monitor weather forecast and conduct production planning accordingly |
| | IND | Y | Y | Y | |
| | IND | Y | Y | Y | |

Sustainability Statement (Cont'd)

Table 27: RTB Group's climate related opportunity and potential financial impact

| Opportunity Type | Climate-Related Opportunities | Potential Financial Impact | Location | Short-term | Medium-term | Long-term |
|----------------------|---|---|--------------|------------|-------------|------------|
| | | | | 2 years | 2- 5 years | 6-30 years |
| Resource Efficiency | Increase production efficiency and efficient resource utilisation | Increase revenue by increasing production output or efficient resource utilisation | MY, IND, KHM | Y | Y | - |
| | Reduce water usage and consumption | Reduce OPEX | MY | Y | Y | - |
| Energy Systems | Use of decentralised renewable energy system | Initial CAPEX investment followed by reduction in OPEX after obtaining return of investment | MY | Y | - | - |
| Products and Service | Development of products with low carbon footprint | Increased revenue through demand for low carbon footprint products | MY | Y | Y | Y |
| Markets | The development of new revenue streams from emerging environmental (adaptation/mitigation) projects | New revenue stream | MY | Y | Y | Y |
| | The use of government incentives on renewable energy | Reduction of company taxation due to installation of renewable energy (GITA-Green investment Tax allowance) | MY | Y | - | - |
| Resilience | Adoption of green building practices and certification | Increase market valuation through resilience planning (manufacturing) | MY | - | Y | Y |

* Y: Yes, MY: Malaysia, IND: Indonesia, KHM: Cambodia

RISK MANAGEMENT

RTB Group's risk management activities are primarily supported by the Enterprise Risk Management ("ERM") Framework. Identified climate risks are brought to the attention of the Risk Manager and further escalated to the Audit & Risk Management Committee ("ARMC") for oversight and deliberation of the management action plan.

METRIC AND TARGETS

We utilise Scope 1 and Scope 2 greenhouse gas (GHG) emissions as a measure for evaluating and addressing the effects of climate change. Our strategies are to use high efficiency equipment, installation of solar energy systems to lower GHG emissions, utilisation of LED ceiling lights, and promotion of energy-saving initiatives. Additionally, we will evaluate the need to procure electricity from renewable sources alongside these ongoing efforts.

Table 28: RTB Group's reduction target for Scope 1 and 2 GHG emissions

| No | Indicators | Unit | Target (2028) | 2022-Baseline | 2023 |
|----|--|----------------------|--------------------------------|---------------|--------|
| 1 | Organisation GHG emissions, Scope 1-Direct emissions | MT CO ₂ e | 33.6 % reduction from baseline | 2,063 | 2,062 |
| 2 | Organisation GHG emissions, Scope 2-Indirect emissions | MT CO ₂ e | 70% reduction from baseline | 1,201 | 1,487* |

* Increase in Scope 2 emissions due to update in emission factor by Energy Commission and increase in operation coverage for Scope 2



SECTION 8 - MOVING FORWARD

RTB Group strives to enhance our reporting and transparency in accordance with the applicable guidelines, standards, and industry best practices. In 2024, we aim to update our Sustainability Framework and put into action the Sustainability Policy as part of our commitment to enhancing sustainable practices.



▶ CORPORATE GOVERNANCE



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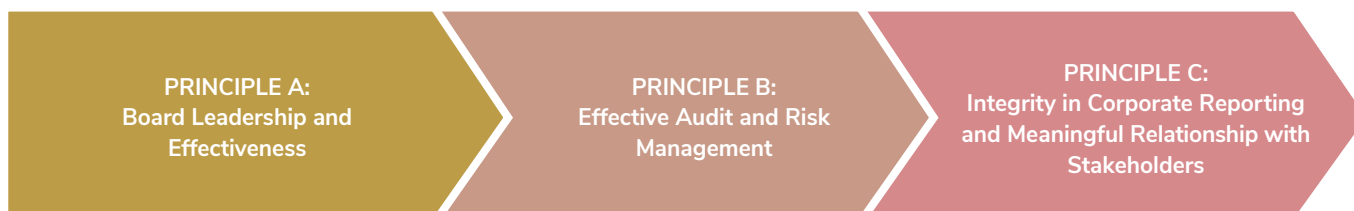
Corporate Governance Overview Statement

At Rohas Tecnic Berhad (“RTB” or “Company”), we recognise the importance of maintaining the highest standards of ethical behaviour, accountability and transparency in all aspects of our operations. As such, we are committed to implementing robust governance practices that foster long-term value creation for our shareholders, customers, employees, and other stakeholders, while also upholding our responsibilities to the broader society and environment in which we operate.

This Corporate Governance Overview Statement outlines our approach to governance, our key governance structures and policies as well as our progress towards achieving our governance objectives. This statement is to be read in tandem with the Company's Corporate Governance (“CG”) Report 2023, which details RTB's application of the principles contained in the Malaysian Code on Corporate Governance 2021 (“MCCG 2021”).

The CG Report 2023 can be viewed online at rohastecnic.com. The CG Report provides 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 financial year 2023 (“FY2023”) and demonstrates the commitment of the Board and Management of the RTB Group in applying and embracing high standards of corporate governance in the organisation.

This CG Overview Statement takes into consideration the features of the MCCG 2021 and the adoption by RTB of the best practices concerning the three key Principles as set out in the MCCG 2021 during FY2023 which are:



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, and values that reinforce ethical, prudent and professional behaviour throughout the organisation to create a healthy and dynamic corporate culture within RTB Group.

Corporate Governance Overview Statement (Cont'd)

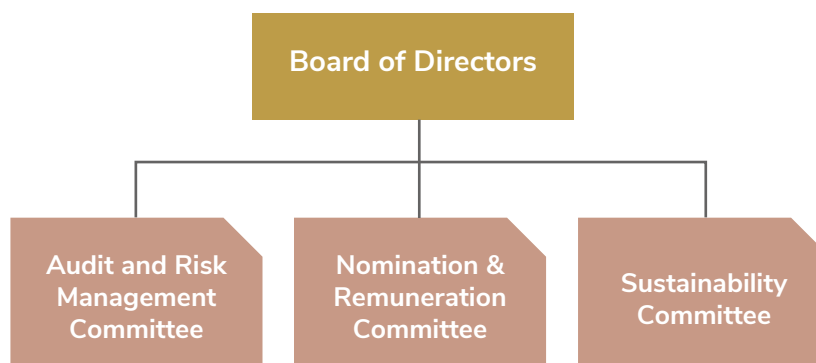
PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

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 enable them to scrutinise performance, assess RTB Group's risk management and control processes.

Roles and Responsibilities of the Board

In discharging its functions and responsibilities, the Board is guided by the Board Charter while some key matters that have been assigned 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 FY2023, the Board carried out the following tasks to ensure its obligation to shareholders and other stakeholders are met:

- Setting the objectives, goals and strategic plan for RTB Group;
- Deliberating, scrutinising and approving RTB Group's budgets, plans and policies;
- Evaluating RTB Group's business operation to assess the adequacy of management and operation effectiveness;
- Evaluating 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;
- Where required, implementation is being documented and developed, to safeguard the Shareholder's investment and Group's assets;
- Ensure compliance with applicable laws, regulations, rules, directives and guidelines;
- Deliberating, scrutinising, evaluating and deciding on Management's proposals on investment initiatives;
- Review and adjust the Board Composition (where necessary) to maintain a diverse and effective governance structure; and
- Review and assess contract contracts and agreements related to the Group Chief Executive Officer ("Group CEO") to ensure alignment with the Group's strategic goals and objectives.

Corporate Governance Overview Statement (Cont'd)

Role of Chairman of the Board

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

Tan Sri Wan Azmi Wan Hamzah ("Tan Sri Wan Azmi") assumed the role as the Chairman of the Board on 1 January 2023. His extensive business experience and broad exposure enabled him to demonstrate strong leadership and insightful decision-making within the corporate realm. He maintained regular communication with Management and Board Committees, fostering robust corporate governance practices at all levels of the organization.

Tan Sri Wan Azmi is not a member of any Board Committee. This is in line with Practice 1.4 of the MCCG 2021 which recommends that the Board Chairman should not be a member of the Nomination Committee or Audit Committee.

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

Leong Wai Yuan, the Group CEO during FY2023, led and managed 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 coordinated the development and implementation of policies and business strategies and ensured that business affairs as well as financial and risk management are carried out transparently, ethically and in compliance with the relevant laws and regulations in the interest of all stakeholders.

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

Leong Wai Yuan, opted for early retirement in the first quarter of 2024. Amirul Azhar bin Baharom was appointed Group CEO on 1 March 2024.

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 of them are experienced and competent, qualified to act as company secretaries under Section 235 of the Companies Act 2016. They advise the Board on procedural and regulatory requirements to ensure that the Board and its committees adhere to board policies, procedures and regulatory requirements in carrying out their roles and responsibilities effectively.

The Company Secretaries shall be responsible for maintaining proper statutory records, registers, and documents for RTB which are essential in assisting 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 for ensuring proper conduct at the Annual General Meetings, Board Committees' Meetings and any other meetings and the preparation of minutes thereat. The details of the 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 efforts and continues to improve itself in providing timely information to the Board. Key issues are presented and lengthy deliberations are held to ensure a thorough understanding of the 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 and unrestricted access to any information about the matters at hand.

Corporate Governance

Overview Statement

(Cont'd)

DIRECTORS' TRAINING PROGRAMME

All Directors are required to participate in training programmes from time to time to provide them with the necessary and latest information to enable them to participate and contribute effectively and efficiently to manage and direct RTB Group. An assessment of the 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 with key senior management to be briefed on the core businesses and operations of the RTB Group. It also serves as a platform to establish effective channels of communication and interaction with Management.

During FY2023, the Directors attended seminars, workshops, webinars, virtual conferences and training programmes ("Programmes") on topics related to sustainability, corporate governance, boardroom and board committee effectiveness as well as regulatory and Islamic financial market updates. The training programmes attended by the Board members in FY2023 are as follows:

| No. | Director | Training Programme/ Conference Attended | Organiser | Date |
|-----|-------------------------|--|---|-----------------------|
| 1. | Tan Sri Wan Azmi | A Delicate Balance – Board & Management Relationship | Institute of Corporate Directors Malaysia (ICDM) | 2 November 2023 |
| 2. | Sia Bun Chun | Bursa Malaysia's Enhanced Conflict of Interest (COI) Disclosure Requirement Understanding and Navigating its Changes | Bursa Malaysia Berhad | 17 October 2023 |
| 3. | Chee Suan Lye | Climate Change & Carbon Footprint – Getting the Right Financial Risk & Reporting Perspectives | Institute of Corporate Directors Malaysia (ICDM) | 1 December 2023 |
| 4. | Mohamed Tarmizi Ismail | IERP Global Conference 2023 on ERM & ESG: Managing the Grey Rhino and Sustainability | Institute of Enterprise Risk Practitioners (IERP) | 22-23 August 2023 |
| | | Board Oversight of Climate Risks and Opportunities | Asia School of Business | 10 October 2023 |
| 5. | Dr Ir Jeyanthi Ramasamy | Mandatory Accreditation Programme Part II:- Leading for Impact (LIP) | Institute of Corporate Directors Malaysia (ICDM) | 4 – 7 September 2023 |
| | | Sustainability in the Digital Age by Georg Kell & Carolina Minio Paluello | Asia School of Business | 14 September 2023 |
| 6. | Wan Afzal-Aris Wan Azmi | IERP Global Conference 2023 on ERM & ESG: Managing the Grey Rhino and Sustainability | Institute of Enterprise Risk Practitioners (IERP) | 22 – 23 August 2023 |
| 7. | Shaharuddin Zainuddin | Islamic Finance and Sustainability | SC-Oxford Centre | 24 – 25 August 2023 |
| | | World Investment Forum | The United Nations Conference on Trade and Development (UNCTAD) | 17 – 19 October 2023 |
| | | 18th Annual Conference: Strategies for the Impending Economic Slowdown | AAOIFI and Islamic Development Bank | 29 – 30 November 2023 |

Corporate Governance Overview Statement (Cont'd)

BOARD MEETINGS

Board meetings for FY 2023 were planned and scheduled in advance by the Management before year 2023 to enable all Directors to plan their schedule.

All Directors are expected to devote sufficient time to effectively discharge their functions. None of the Directors of RTB serves in more than five (5) listed companies and the Group CEO does not serve as a director in other listed companies in FY2023. The present directorships in external organisations held by RTB's Directors do not give rise to any conflict of interest nor impair their ability to discharge their responsibilities to RTB Group.

The Board recognises the need to spend time with Senior Management to discuss RTB Group's business strategies, plans and performances. All Board members have committed their time to this effect. In preparing the strategies and budget for RTB Group for 2023, the Key Senior Management briefed the Board to obtain their views.

During FY2023, seven (7) Board meetings were held to approve quarterly financial results, statutory financial statements, the annual report and business strategy 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 meetings, Board Committee meetings, and the Annual General Meeting ("AGM") as follows:

Table of Board Composition and Meeting Attendances in FY2023

| Name of Director | AGM | Board Meetings | Board Committee Meetings | | |
|--|-----|----------------|--------------------------|-----|-----|
| | | | ARMC | NRC | SC |
| Non-Independent Non-Executive Director | | | | | |
| Tan Sri Wan Azmi Wan Hamzah | 1/1 | 7/7 | - | - | - |
| Wan Afzal-Aris Wan Azmi ¹ (Alternate Director to Tan Sri Wan Azmi Wan Hamzah) | 1/1 | 7/7 | - | - | 1/1 |
| Sia Bun Chun | 1/1 | 7/7 | - | 5/5 | - |
| Independent Non-Executive Directors | | | | | |
| Chee Suan Lye ² | 1/1 | 7/7 | 4/4 | 5/5 | 1/1 |
| Mohamed Tarmizi Ismail | 1/1 | 7/7 | 11/11 | - | - |
| Dr Ir Jeyanthi Ramasamy | 1/1 | 7/7 | 11/11 | 5/5 | 2/2 |
| Khor Yu Leng ³ | 1/1 | 3/3 | - | - | 1/1 |
| Shaharuddin Zainuddin | 1/1 | 7/7 | 11/11 | - | - |
| Total number of meetings for 2023 | 1 | 7 | 11 | 5 | 2 |

Notes:-

ARMC - Audit and Risk Management Committee

NRC - Nomination and Remuneration Committee

SC - Sustainability Committee

¹ - Appointed as a member of the SC on 26 July 2023

² - Resigned as the Chairman of the ARMC on 23 February 2023, and was appointed as a member of the NRC on the same day.

³ - Retired on 15 June 2023

Corporate Governance

Overview Statement

(Cont'd)

Board Charter

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

The Board reviews the said Charter periodically and any amendments or improvements thereto shall be made as and when the Board deems appropriate and necessary and any subsequent amendments shall be approved by the Board. The latest review of the Board Charter was conducted on 13 April 2023.

Code of Conduct

A 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 a copy of the Business Code of Conduct, as a required read and to be acknowledged.

Anti-Bribery & Anti-Corruption Policy

In line with the enforcement of Section 17A of the Malaysian Anti-Corruption Commission Act 2009 which took effect on 1 June 2020, the Board has approved the adoption of the Anti-Bribery and Corruption Policy. The Group is committed to conducting 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 of its Directors and 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 of enabling individuals to raise genuine concerns without fear of retaliation. This policy details the oversight and responsibilities of the whistleblowing and the reporting processes, as well as the protection and confidentiality given to whistleblowers. An overview of the Whistleblowing Policy is available on the Company's website at rohastecnic.com.

Sustainability Management

The Board and Management acknowledge their responsibility for promoting sustainability in areas covering economic, environmental 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 the Company's sustainability journey, the Board has established a Board Sustainability Committee in July 2021. The Sustainability Committee is responsible for overseeing sustainability matters, according to the Group's Sustainability Framework and Sustainability Policy.

A Sustainability Department was established in 2022. Neethia Raj, a certified Chemist with a great passion for Sustainability, is the manager to oversee the Sustainability initiatives. The Sustainability Department, is responsible for organising stakeholder engagement, assessing important sustainability issues and indicators, carrying out data gathering and reporting processes, and managing sustainability programmes.



Corporate Governance

Overview Statement (Cont'd)

To fully comprehend and stay current on sustainability matters, Dr Jeyanthi, the Chairman of the Sustainability together with all members of the Sustainability Committee, other members of the Board have attended more than 10 hours of training per person concerning Sustainability provided by Malaysian Investor Relations Association Berhad ("MIRA") in 2021, whilst Neethia Raj had attended more than 40 hours of ESG related training and workshops since September 2022 including but not limited to GHG Protocol training Scope 1, 2 and 3, Carbon Footprinting and Reporting for Organisations, Impactful Sustainability Reporting, TCFD: The core of sustainability reporting, and Go ESG ASEAN Conference & Exhibition. Dr Jeyanthi, has also on 4 to 7 September 2023 attended the Mandatory Accreditation Programme Part II:- Leading for Impact (LIP) for Sustainability to have better preparation to address sustainability risks and opportunities effectively, and have better oversight over the Group's material sustainability matters.

In addition, news articles or reports related 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 of the latest developments and trends in the local and global scene.

Further information on the Company's approach to sustainability is provided in the Sustainability Statement on pages 38 to 69 of this Annual Report.

Presence of Independent Directors on the Board

During FY2023, the Board had six (6) members comprising two (2) Non-Independent Non-Executive Directors and four (4) Independent Non-Executive Directors, which meet the requirement of Main Market Listing Requirements ("MMLR") that at least half of the Board comprise 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, both Sia Bun Chun and Khor Yu Leng were due for retirement by rotation. Khor Yu Leng opted not to seek re-election and consequently retired at the close of the 29th AGM. Meanwhile, Sia Bun Chun was successfully re-elected at the 29th AGM held on 15 June 2023.

As per Clause 144 of the Company's Constitution, any Director appointed to fill a casual vacancy or as an additional Director serves until the next following AGM and is then eligible for re-election. Tan Sri Wan Azmi, who was appointed to the Board on 1 January 2023, retired at the 29th AGM in accordance with Clause 144 and was subsequently re-elected at the 29th AGM held on 15 June 2023."

Based on the chronology order of Directors' appointments to the Board, the following Directors are due for retirement by rotation at the upcoming 30th AGM in accordance with Clause 139 of the Company's Constitution and are eligible for re-election:

- (a) Dr. Ir. Jeyanth Ramasamy (Clause 139)
- (b) Shaharuddin Zainuddin (Clause 139)

Both Dr. Ir. Jeyanth Ramasamy and Shaharuddin Zainuddin have expressed their willingness to stand for re-election at the forthcoming 30th AGM.

As per Clause 144 of the Company's Constitution, Encik Kamarol Zaman Bin Radzak, who was appointed to the Board on 9 April 2024, shall be retired at the forthcoming AGM and is eligible for re-election at the upcoming AGM.

Diversity on Board and in Senior Management

The Board acknowledges the importance of fostering diversity to enhance the effectiveness of the Board and Senior Management. The Board comprises members who have vast experience in engineering and construction, finance and accounting, legal and governance as well as human capital, 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.

Corporate Governance

Overview Statement

(Cont'd)

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.

During FY2023, 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 | 67% |
| | Executive | 0% |
| | Non-Executive Non-Independent | 33% |
| Gender | Male | 67% |
| | Female | 33% |
| Age | 30 – 39 | 0% |
| | 40 – 49 | 17% |
| | 50 – 59 | 17% |
| | 60 – 69 | 33% |
| | 70 and above | 33% |
| Ethnicity | Malay/Bumiputra | 50% |
| | Chinese | 17% |
| | Indian | 17% |
| | Other | 16% |
| Nationality | Malaysian | 83% |
| | Foreigner | 17% |
| Tenure of service | Up to 2 years | 0% |
| | More than 2 years and up to 4 years | 33% |
| | More than 4 years and up to 6 years | 17% |
| | More than 6 years and up to 9 years | 50% |

Appointment of Directors

In accordance with Paragraph 15.01A of the MMLR, the Board had on 30 May 2022 approved the Directors' Fit and Proper Policy being a policy in relation to the appointment or re-appointment of directors of the Company or its subsidiaries. This is to ensure that any appointed directors possess the character, experience, integrity, competence and time to effectively discharge their respective roles throughout their tenure of service as director.

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 and major shareholders as well as independent sources to identify suitably qualified candidates. The Board will take into consideration and review the criteria as set forth in the Directors' Fit and Proper Policy as guidance as well as appropriate skills, independence, 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.

Tan Sri Wan Azmi, a major shareholder of the Company, was appointed as the Board Chairman on 1 January 2023, replacing, Sia Bun Chun who stepped down as the Board Chairman and who remains on the Board. The NRC had reviewed the appointment of Tan Sri Nik Wan Azmi, ensuring that he meets the criteria in the Directors' Fit and Proper Policy before recommending his appointment to the Board for approval.



Corporate Governance

Overview Statement (Cont'd)

THE BOARD COMMITTEE

Nomination and Remuneration Committee ("NRC")

The NRC comprises three (3) Non-Executive Directors of whom two (2) are Independent Non-Executive Directors and one (1) is a Non-Independent Non-Executive Director as follows: -

- (a) Sia Bun Chun (Chairman – Non-Independent Non-Executive Director)
- (b) Chee Suan Lye (member – Independent Non-Executive Director)
- (c) Dr Ir Jeyanthi Ramasamy (member – Independent Non-Executive Director)

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.

During FY2023, the NRC met five (5) times and carried out the following activities: -

- Conducted an assessment of the annual performance of each Director.
- Evaluated the ongoing independence of Independent Directors.
- Reviewed the skills, experience, and competencies of each Director, subsequently identifying training needs.
- Evaluated the effectiveness of the Board, the Audit and Risk Management Committee (ARMC), and other Board Committees.
- Examined the skills, experience, and competencies of non-executive Directors.
- Assessed the adequacy of the Board's size and composition.

Additionally:

- Reviewed the performance appraisal of the GCEO.
- Reviewed the terms of service contract for the GCEO.
- Confirmed the extension and renewal of the contract for the Chief Investment Officer ("CIO").
- Received the GCEO's performance review of the Chief Financial Officer ("CFO") and reviewed the confirmation of the CFO's appointment post-probation.
- Reviewed and noted updates from Corporate Human Resources regarding Organization Structure, Road Mapping, and analysis of the Group's attrition rate.

Furthermore:

- Recommended to the Board the proposed Remuneration Policy for Key Senior Management.
- Proposed amendments to the Terms of Reference for the NRC.
- Recommended to the Board the proposed remuneration for non-executive Directors.
- Recommended to the Board the retirement and re-election of Directors as per the Company's Constitution.

Evaluation for Board, Board Committees and Individual Directors

During the financial year under review, the NRC conducted annual assessments of the Board and its members ("Assessment"), with respect to 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 a good combination of gender diversity namely out of a total of 6 directors, there are two (2) women directors which represents 30% female directors on the Board; and
- (d) the size and the composition of the Board are adequate to meet the Company's requirements.

With regards to the assessment of 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 NRC.

Corporate Governance

Overview Statement

(Cont'd)

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 by the Directors.

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 Key Senior Management of the Company. The NRC is responsible for formulating and reviewing the remuneration policies for the Board and Board Committees as well as the Senior Management of the Company to ensure the same remains competitive, appropriate, and in alignment with the prevalent market practices.

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

Table 1: Directors' Remuneration Structure

| Type of Director | Director's fee (per annum) | Meeting Attendance Allowance | | | Travelling Allowance | |
|--|----------------------------|---|--|--|---|-------------------------|
| | | Board Meeting/ Board Committee Meeting for Chairman | Board Meeting/ Board Committee Meeting for Board members | Performance Review Meeting or any other Board Assignment (including Interview) | Within ASEAN countries (including Malaysia) | Outside ASEAN countries |
| Chairman of the Board | RM55,000 | RM2,750 per attendance | RM2,200 per attendance | RM550 per attendance | RM200 per diem | USD100 per diem |
| Deputy Chairman of the Board of Directors | RM44,000 | | | | | |
| Senior Independent Director | RM44,000 | | | | | |
| Director | RM33,000 | | | | | |

Notes:-

- (A) Each non-Executive Director is eligible for:
- insurance coverage of up to RM100,000.00 for Hospitalisation and Surgery ("GHS") and Group Personal Accident Insurance ("GPA"); or
 - for a director who is not eligible for the insurance coverage due to being age 70 and above, maximum reimbursable medical expense of up to RM100,000.00 per annum.
- (b) The current Board Remuneration Structure was approved by the Board Meeting held on 13 April 2023. Based on the structure of the Board Remuneration, a blanket amount of up to RM845,600.00 being the directors' remuneration for the period from the last Annual General Meeting ("29th AGM") until the forthcoming AGM ("30th AGM") was proposed to the shareholders of the Company for approved and the approval was obtained at the 29th AGM held on 15 June 2023.

Corporate Governance Overview Statement (Cont'd)

For the forthcoming 30th AGM, the Board seeks the shareholders' approval for the same amount of Directors' Remuneration payable to Non-Executive Directors as per the previous year, i.e. up to an amount of RM845,600.00 ("**Proposed Directors' Remuneration**") be payable to the Non-Executive Directors from the 30th AGM until the 31st 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 2023, which is accessible to the public at Company's corporate website, rohastecnic.com.

Senior Management's Remuneration

The Company does not comply with the recommendation to disclose on a named basis the remuneration of the top five senior management 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, with the recommendation from the NRC, had on 13 April 2023 approved a Remuneration Policy for Key Senior Management in ensuring that the remuneration of the key senior management of the Group is commensurate with their key performance achievements and the performance of the Group. The said policy can be found in the Company's website at rohastecnic.com.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

Audit Function

The 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 various established 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 under the Malaysian Institute of Accountants ("MIA") By-Laws (on Professional Conduct and Ethics) that require auditors to be professionally independent.

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

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

Risk Management and Internal Controls

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

The Board and the ARMC review the effectiveness of the system and ensure that the relevant process is in place for identifying, evaluating and managing the significant risks detrimental 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 assures the management of risk and they also receive reports on the efficiency and effectiveness of internal controls. Each of the individual business units and functional Management Teams drives the process to identify the principal and emerging risks and uncertainties.

The Board understands that 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 regular review by the Board and the ARMC.

The process for identifying, evaluating and managing risk has been in place throughout FY2023. 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 a mechanism is 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 89 to 92 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 of having effective, transparent and regular communication with the Company's stakeholders. The Board is committed to ensuring that the Group continues to engage effectively with the shareholders to facilitate a mutual understanding of objectives. RTB Group has several 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")

The 29th AGM was convened virtually on 15 June 2023. The Company leveraged technology for the 29th AGM to facilitate remote shareholders' participation and remote online voting following Section 327 of the Companies Act 2016 and Clause 83 of the Constitution of the Company.

All the seven (7) members of the Board, together with Group CEO, CFO as well as the company secretary, the external auditors and some Key Management personnel attended the 29th AGM either in person or remotely via the Online Meeting Platform hosted by Securities Services e-Portal ("SS e-Portal").

The Company had notified the shareholders of the AGM conduct 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.

Corporate Governance Overview Statement (Cont'd)

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 an 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 before 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 an active engagement between the Chairman, Board members, Management and shareholders and there was an opportunity for shareholders to interact 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 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 29th AGM (including all the Questions raised at the meeting and the Answers thereto) were made available on the Company's website upon review 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 key Principles of the MCCG 2021 for FY2023. 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 on the Company's website at rohastecnic.com.

This Statement was approved by the Board on 16 April 2024.



Audit and Risk Management Committee Report

INTRODUCTION

This report reflects the commitment of the Audit and Risk Management Committee (“ARMC”) to maintaining effective governance, risk management and internal control practices that align with the strategic objectives of Rohas Technic Berhad (“RTB”) and its subsidiaries (“RTB Group” or “Group”).

Throughout the financial year ended 31 December 2023 (“FY2023”), the ARMC played a key role in assisting the Board to fulfil the Board’s oversight responsibilities for the Group and worked diligently to oversee the financial reporting process, assess risk management practices, and evaluate the effectiveness of internal controls. We have collaborated with management, external auditors, and other key stakeholders to ensure that the Group operates with transparency, integrity, and accountability.

These efforts were undertaken to ensure 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.

In this report, we will provide an overview of the activities and initiatives undertaken by the committee in FY2023. We will highlight key findings and outline recommendations for improvement. With such disclosures, we hope that our stakeholders will have a clear understanding of the risks facing the RTB Group and the measures being taken to mitigate those risks.

COMPOSITION AND ATTENDANCE

Paragraph 15.09(1) of the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Malaysia”) has been adhered to in the formation of the ARMC. As at 31 December 2023, the ARMC is composed of solely independent non-executive directors, totalling three (3) members, with no alternate directors among them. In accordance with paragraph 15.10 of MMLR, Shaharuddin Zainuddin is the Senior Independent Non-Executive Director who also serves as the Chairman of the ARMC.

Shaharuddin Zainuddin does not hold the position of Chairperson of the Board, as per the directive outlined by the Malaysian Code of Corporate Governance (“MCCG”) and the regulations specified by the MMLR.

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

| Position | Members of the ARMC | Number of Meetings Attended |
|-------------------------------|---|-----------------------------|
| Chairman | Chee Suan Lye (Senior Independent Non-Executive Director) | 3/3* |
| Chairman | Shaharuddin Zainuddin (Independent Non-Executive Director) | 11/11* |
| Member | Mohamed Tarmizi Ismail (Independent Non-Executive Director) | 11/11 |
| Member | Dr. Ir. Jeyanthi Ramasamy (Independent Non-Executive Director) | 11/11 |
| Total Meetings held in FY2023 | | 11 |

* Notes:

- Madam Chee Suan Lye resigned as the Chairman and member of the ARMC with effect from 23 February 2023.
- Shaharuddin Zainuddin was redesignated as the Chairman of the ARMC with effect from 23 February 2023.

Audit and Risk Management Committee Report (Cont'd)

MEETINGS

General Conduct of Meetings

- a) The ARMC meets at least four (4) times a year and as many times as the committee deems necessary;
- b) The quorum for any meeting of the ARMC shall be at least two (2) members who are Independent Directors and if more than two (2) members are present, a majority of the members present must be Independent Directors;
- c) The Secretary to the 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 meetings of ARMC, and circulating them to the ARMC members and other members of the Board; and
- e) The ARMC meeting dates are arranged ahead of time 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 FY2023

The Group Chief Executive Officer ("GCEO"), the Chief Financial Officer ("CFO") and the Chief Investment Officer ("CIO") who are the Senior Executive Management of the Company 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 the event of any issues arising. The Senior Executive Management 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 the 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 they considered important for the ARMC's attention. The ARMC had conducted a private session with the external auditors without the presence of the Senior Executive Management at meetings held in 2023, to provide opportunities to the external auditors to raise any matters without the presence of the Senior Executive Management.

TERM OF REFERENCE

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

The primary functions of the ARMC are as follows:

1. 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 control system;
2. Review the quarterly and annual financial statements before submission to the Board, focusing on, amongst others, changes in the 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;
3. Review matters concerning the suitability for appointment or reappointment of external auditors and matters relating to their resignation;
4. Review any related party transactions entered into by RTB Group and any conflict-of-interest situations that may arise within RTB Group;
5. Review the adequacy of the scope, functions, competency and resources of the internal audit function and ensure that it has the necessary authority to carry out its work and to report the same to the Board;
6. Perform such other functions as may be requested by the Board;
7. Review the adequacy of RTB Group's risk management framework and assess the resources and knowledge of the management and employees involved in the risk management process;
8. Review the effectiveness of the internal control systems deployed by the management to address those risks;
9. Review and recommend corrective measures undertaken to remedy failings and/or weaknesses;
10. Review and further monitor principal risks that may affect RTB Group directly or indirectly and, if deemed necessary, recommend additional courses of action to mitigate such risks;
11. Monitor the risk assessment and report the results to the Board; and
12. Assess the actual and potential impact of any failing or weakness, particularly those related to financial performance or conditions affecting RTB Group.

Audit and Risk Management Committee Report (Cont'd)

AUTHORITY

ARMC shall have the authority to:

1. Investigate any matter within its terms of reference;
 2. Have the resources that are required to perform its duties;
 3. Have full and unrestricted access to any information that it requires in the course of performing its duties;
 4. Have direct communication channels amongst the internal and external auditors;
 5. Obtain independent and/or external professional or other advice and secure the attendance of outsiders with relevant experience and expertise if deemed necessary; and
 6. Convene meetings with the external auditors, the internal auditors or both, without the attendance of other Directors and employees of RTB Group, whenever deemed necessary.
- 6) Reviewed the adequacy of the scope, functions, competency and resources of the internal audit function, and determined that it has the necessary authority to carry out its work;
 - 7) Conducted a review of the annual internal audit plan for 2023; and
 - 8) Received the reports of the internal audit procedures performed as well as the Management's response to recommendations for improvement, and evaluation of the adequacy of the internal control system for the following:
 - a) Financial Statement for the period from the First Quarter 2022 ("Q1 2022") to the Third Quarter 2022 ("Q3 2022") of RT Telecom Sdn Bhd ("RTT")
 - b) Bentong Factory of Rohas-Euco Industries Bhd ("REI")
 - c) Bentong Factory of Galvanising Engineering and Services Sdn Bhd ("CES")
 - d) HG Power Transmission Sdn Bhd ("HGPT")
 - e) RT Telecom Sdn Bhd ("RTT")
 - f) Global Tower Corporation Pty Ltd ("GTC")
 - g) Received updates on 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.

SUMMARY OF ACTIVITIES DURING THE FINANCIAL YEAR

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

- 1) Conducted quarterly and year-end financial reviews 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 of the appointment of the external auditor, their independence and effectiveness including their fees, and based thereon, recommended their re-appointment to the Board;
 - 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;
- ARMC highlighted to the Board the review areas that require improvement to further strengthen the governance process of the organisation to ensure all risks, 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 it to achieve the effectiveness and efficiency of its internal control procedures and processes.

Audit and Risk Management Committee Report (Cont'd)

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 an 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, to guarantee that these systems are appropriate and operating as intended. To ensure independence and objectivity, the Head of the IAD reports functionally to the ARMC.

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

The responsibilities of the IAD 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.

IAD uses the principles and rules specified in the International Professional Practices Framework (IPPF) of the Institute of Internal Auditors while carrying out the internal audit engagement. The conduct of internal audit work 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 costs incurred, are set out in the Statement on Risk Management and Internal Control included in this Annual Report on pages 89 to 92.



Statement on Risk Management and Internal Control

INTRODUCTION

The Board of Directors (“Board”) of Rohas Tecnic Berhad (“RTB”) and its subsidiaries are committed to upholding an effective Risk Management and Internal Control system, as well as adhering to proper corporate governance practices.

This Board’s Statement on Risk Management and Internal Control (“Statement”) is made in compliance with Main Market Listing Requirements (“MMLR”) of the Bursa Malaysia Securities Berhad Paragraph 15.26(b) and the Malaysian Code on Corporate Governance (“MCCG”) requirements.

Set out below is the Statement for the financial year ended 31 December 2023 (“FY2023”) 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 and the Management are responsible and accountable for the establishment of the Group’s system of risk management and internal control. Through the Audit and Risk Management Committee (“ARMC”), the Board affirms its responsibility in providing oversight function in an ongoing manner over Management, and ensuring the adequacy, effectiveness and integrity of the risk management and internal control system.

The Group’s system of risk management is based on the formalised Enterprise Risk Management Framework (“ERM Framework”) which is based on an internationally accepted framework. ERM Framework aids in 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 that the Group may encounter.



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 is consistently practised across the Group. The Board is responsible for reviewing the risk profile of the Group and ensuring appropriate measures are placed 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 assist the Board in discharging its duties and responsibilities in maintaining a sound system of risk management and internal control.

In line with MMLR Guidelines, the Board has received assurance for FY2023 from the 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.

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

RISK MANAGEMENT FRAMEWORK

The Group RMWG, as part of the 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 Management and Compliance Department ("RCD"). RCD facilitates risk assessment, develops the risk action plan and monitors its effectiveness and status. RCD also consolidates the departmental risk register and prepares a group-wide risk management report.

The Chief Operating Officers ("COOs") of the subsidiaries and/or its Head of Departments ("HODs") 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 COOs and/or HODs to the RCD, as and when they are identified, and changes/updates shall be made to the departmental risk register.

During FY2023, 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 recommended mitigation actions. The RMWG reports to ARMC on a quarterly basis, and part of its monitoring activity ensures that High and Extreme risk ratings are deliberated and mitigating actions are reviewed and 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 is being applied across RTB Group:

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

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

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

The identified key Business Risks are as follows:

- Losing market share in Peninsular Malaysia;
- Ageing machineries/asset;
- Declining order book;
- Inability to meet committed deadline (i.e. delivery and project delay);
- Declining profit margin;
- Liquidity risk.

The details of risk description and key mitigation actions are further explained in the Management Discussion and Analysis section of this Annual Report on pages 21 to 30.

The principal responsibilities of the RMWG include the following:

- To lead and promote Risk Management activities and to ensure that the risk management process and culture are embedded throughout the Group;
- To communicate, monitor and enforce the ERM Framework and to ensure the implementation of the objectives outlined in the ERM Framework;
- To review and propose risk appetite and tolerance level;
- To articulate and challenge risk rating, control effectiveness and risk action plans identified by the risk owner;
- To provide quarterly risk reporting and update the ARMC on key risks as well as risks that require urgent attention; and
- To make the appropriate recommendation to the ARMC on risk management matters, where necessary.

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 the implementation status of management action plans will be reported to the ARMC.

The total cost incurred for the internal audit function for FY2023 was RM388,100. 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.

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, committed to maintaining a sound system of internal control and holding the overall responsibility for risk oversight, mirroring its overall responsibility in making strategic decisions.
- 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

- The ARMC is responsible for ensuring the effectiveness of integrated risk management functions within the organisation, reviewing the internal audit plan and the result of the internal audit process as well as ensuring appropriate actions are taken on the recommendation of the internal audit function.
- The ARMC comprises three (3) 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 the Senior Executive Management.

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

c. Senior Executive Committee

- ▶ The Senior Executive Management consist of the GCEO, CFO and CIO.
- ▶ The Senior Executive Management 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 assist members of the Board and the Board Committees, as required, in discharging their duties.

d. Business Plan and Budget

- ▶ For FY2023 Business Plan and Budget, the Senior Executive Management 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 subsidiary is assessed against the budget by the CFO with an explanation of significant variances presented to the ARMC every quarter.

e. Documented Policy and Procedures

- ▶ Documented policies and procedures that are clear and concise regarding business processes have been set out and implemented throughout the Group.
- ▶ These policies and procedures are periodically reviewed and updated to reflect the changes in business structure and processes as well as changes in external environments.

f. Human Resource Policy

- ▶ The Group has a Human Resource Policy and Procedure, which sets the tone of compliance 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, including matters that have been highlighted and/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 is in place for the year under review and the financial statements up to the date of issuance are 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 strengthen 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 FY2023. 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 16 April 2024.

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 Group Chief Executive Officer and/or major shareholders, either still subsisting at the end of FY2023 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 FY2023 are as follows:

| Details of fees | Group RM'000 | Company RM'000 |
|----------------------|-----------------|-------------------|
| Statutory Audit fees | 331 | 77 |
| Non-Audit fees | 62 | 4 |
| | 393 | 81 |

Non-audit fees for FY2023 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 2023.

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 financial 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 financial year 2023 ("FY2023") 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 FY2023 set out on pages 95 to 183 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 16 April 2024.



► FINANCIAL STATEMENTS



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Directors' Report

The Directors have pleasure in submitting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2023.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding whilst those of its subsidiaries are disclosed in Note 5 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 RM | Company RM |
|---|------------------|---------------|
| Profit after tax for the financial year | 6,887,936 | 2,949,450 |
| Attributable to:- | | |
| Owners of the Company | 3,288,509 | |
| Non-controlling interests | 3,599,427 | |
| | <u>6,887,936</u> | |

DIVIDENDS

There was 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.

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:

Tan Sri Nik Awang @ Wan Azmi Bin Wan Hamzah

Sia Bun Chun

Chee Suan Lye

Dr. Ir. Jeyanthi A/P Ramasamy

Shaharuddin Bin Zainuddin

Wan Afzal-Aris Bin Wan Azmi (Alternate Director to Tan Sri Nik Awang @ Wan Azmi Bin Wan Hamzah)

Kamarol Zaman Bin Radzak (Appointed on 9 April 2024)

Khor Yu Leng (Retired on 15 June 2023)

Mohamed Tarmizi Bin Ismail (Resigned on 15 March 2024)

Directors' Report (Cont'd)

DIRECTORS (CONT'D)

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:-

Wong Mun Keong
 Harianto Taruna
 Rishabh Dev Khaitan
 Subhash Devan Chandara Deven
 Aldwin Tay Swei Leeng
 Wan Affan Azam Bin Wan Azmi
 Marie Manumanua
 Amirul Azhar Bin Baharom (Appointed on 15 March 2024)
 Leong Wai Yuan (Resigned on 15 March 2024)

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 1.1.2023 | Brought | Sold | At 31.12.2023 |
| Interest in the Company | | | | |
| <u>Direct interests</u> | | | | |
| Tan Sri Nik Awang @ Wan Azmi Bin Wan Hamzah | 140,394,741 | - | - | 140,394,741 |
| Sia Bun Chun | 30,264,009 | 100,000 | - | 30,364,009 |
| <u>Indirect interest</u> | | | | |
| Tan Sri Nik Awang @ Wan Azmi Bin Wan Hamzah* | 70,000,000 | - | - | 70,000,000 |
| Sia Bun Chun* | 39,542,968 | 230,000 | - | 39,772,968 |

(*) 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 the shares of the Company or its related corporations during the financial year.

Directors' Report (Cont'd)

DIRECTORS' REMUNERATION AND BENEFITS

During the financial year, the fees and other benefits received and receivable by the Directors of the Company and its subsidiaries are as follows:-

| | Incurring by the subsidiaries RM | Incurring by the Company RM | Total RM |
|--|---|--------------------------------------|-------------|
| Directors' fees | - | 231,214 | 231,214 |
| Directors' salaries and other emoluments | 1,089,553 | 244,050 | 1,333,603 |
| Defined contribution plans | 31,357 | - | 31,357 |
| | 1,120,910 | 475,264 | 1,596,174 |
| Benefits-in-kind | 42,310 | - | 42,310 |
| | 1,163,220 | 475,264 | 1,638,484 |

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:-

- 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
- 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.

OTHER STATUTORY INFORMATION (CONT'D)

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.

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; 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 RM20,000 respectively.

Statement by Directors

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In the opinion of the Directors, the financial statements set out on pages 107 to 183 are drawn up in accordance with Malaysian Financial Reporting Standards, IFRS Accounting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2023 and of their financial performance and 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.

TAN SRI NIK AWANG @ WAN AZMI BIN
WAN HAMZAH

SIA BUN CHUN

Kuala Lumpur
16 April 2024

Statutory Declaration

I, Ong Tiang Peng, 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 107 to 183 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)
16 April 2024)

ONG TIANG PENG
(MIA NO: 14838)

Before me:

Commissioner for Oaths

Independent Auditors' Report

to the Members of Rohas Tecnic Berhad

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 2023 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 material accounting policy information, as set out on pages 107 to 183.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2023, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, IFRS Accounting 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 10 and 11 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 and tested the integrity of ageing by calculating the due date for a sample of invoices. 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.

Independent Auditors' Report to the Members of Rohas Tecnic Berhad (Cont'd)

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REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

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 inventories obsolescence provisions and in making an assessment of its adequacy due to risk such as inventories not stated at the lower of cost and net realisable value.

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 20 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 9 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.

Independent Auditors' Report to the Members of Rohas Tecnic Berhad (Cont'd)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

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.

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, IFRS Accounting 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.

Independent Auditors' Report to the Members of Rohas Tecnic Berhad (Cont'd)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

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

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

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and 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.
- 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.

Independent Auditors' Report to the Members of Rohas Tecnic Berhad (Cont'd)

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 5 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)

Kuala Lumpur
16 April 2024

LIM CHOOI LING
(NO: 03537/11/2024 (J))
CHARTERED ACCOUNTANT

Statements of Financial Position

As at 31 December 2023

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| | Note | Group | | Company | |
|--|------|--------------------|--------------------|--------------------|--------------------|
| | | 2023 | 2022 | 2023 | 2022 |
| | | RM | RM | RM | RM |
| ASSETS | | | | | |
| Non-current assets | | | | | |
| Property, plant and equipment | 3 | 43,283,399 | 34,190,780 | 77 | 7,089 |
| Right-of-use assets | 4 | 29,382,526 | 28,973,986 | - | - |
| Investment in subsidiaries | 5 | - | - | 308,991,408 | 299,587,175 |
| Investment in an associate | 6 | 53,888,694 | 51,890,920 | - | - |
| Other investments | 7 | 189,816 | 185,000 | - | - |
| Deferred tax assets | 8 | 7,207,199 | 10,227,863 | - | - |
| Goodwill on consolidation | 9 | 13,216,398 | 13,216,398 | - | - |
| Trade and other receivables | 10 | 16,813 | 207,957 | 33,041,865 | 50,066,156 |
| Contract assets | 11 | 94,100,636 | 94,173,873 | - | - |
| Cash and bank balances, deposits and placements | 12 | - | 2,066,174 | - | - |
| Total non-current assets | | 241,285,481 | 235,132,951 | 342,033,350 | 349,660,420 |
| Current assets | | | | | |
| Inventories | 13 | 104,988,850 | 130,272,164 | - | - |
| Trade and other receivables | 10 | 184,713,794 | 172,163,091 | 14,338,635 | 10,879,246 |
| Contract assets | 11 | 30,412,207 | 60,642,546 | - | - |
| Tax recoverable | | 9,904,563 | 7,294,958 | 19,805 | 53,825 |
| Cash and bank balances, deposits and placements | 12 | 103,677,130 | 55,236,240 | 2,952,669 | 219,276 |
| Total current assets | | 433,696,544 | 425,608,999 | 17,311,109 | 11,152,347 |
| TOTAL ASSETS | | 674,982,025 | 660,741,950 | 359,344,459 | 360,812,767 |
| EQUITY AND LIABILITIES | | | | | |
| EQUITY | | | | | |
| Equity attributable to owners of the Company: | | | | | |
| Share capital | 14 | 299,484,409 | 299,484,409 | 299,484,409 | 299,484,409 |
| Other reserves | 15 | (107,773,312) | (105,467,191) | - | - |
| Retained earnings | | 136,327,018 | 134,262,849 | 8,555,225 | 5,605,775 |
| | | 328,038,115 | 328,280,067 | 308,039,634 | 305,090,184 |
| Non-controlling interests | 5 | 29,346,202 | 34,158,659 | - | - |
| Total equity | | 357,384,317 | 362,438,726 | 308,039,634 | 305,090,184 |

Statements of Financial Position

As at 31 December 2023

(Cont'd)

| | | Group | | Company | |
|-------------------------------------|------|--------------------|-------------|--------------------|-------------|
| | Note | 2023 | 2022 | 2023 | 2022 |
| | | RM | RM | RM | RM |
| LIABILITIES | | | | | |
| Non-current liabilities | | | | | |
| Borrowings | 16 | 56,832,124 | 13,783,190 | 6,000,000 | - |
| Lease liabilities | 17 | 1,745,745 | 1,064,929 | - | - |
| Retirement benefits | 18 | 3,765,872 | 2,815,409 | - | - |
| Total non-current liabilities | | 62,343,741 | 17,663,528 | 6,000,000 | - |
| Current liabilities | | | | | |
| Trade and other payables | 19 | 118,104,668 | 136,357,170 | 39,179,825 | 50,722,583 |
| Contract liabilities | 11 | 49,737,818 | 46,820,405 | - | - |
| Borrowings | 16 | 84,202,904 | 94,470,535 | 6,125,000 | 5,000,000 |
| Lease liabilities | 17 | 1,451,501 | 1,150,024 | - | - |
| Tax payable | | 1,757,076 | 1,841,562 | - | - |
| Total current liabilities | | 255,253,967 | 280,639,696 | 45,304,825 | 55,722,583 |
| Total liabilities | | 317,597,708 | 298,303,224 | 51,304,825 | 55,722,583 |
| TOTAL EQUITY AND LIABILITIES | | 674,982,025 | 660,741,950 | 359,344,459 | 360,812,767 |

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 2023

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| | Note | Group | | Company | |
|---|------|---------------|---------------|-------------|-------------|
| | | 2023 RM | 2022 RM | 2023 RM | 2022 RM |
| Revenue | 20 | 364,280,719 | 436,101,123 | 5,470,184 | - |
| Cost of sales | | (325,080,599) | (382,897,634) | - | - |
| Gross profit | | 39,200,120 | 53,203,489 | 5,470,184 | - |
| Other income | | 6,988,253 | 6,984,817 | - | - |
| Distribution expenses | | (1,367,933) | (2,496,340) | - | - |
| Administration expenses | | (31,353,544) | (27,660,676) | (1,196,886) | (1,062,535) |
| Other expenses | | (11,224) | - | - | - |
| (Net impairment loss on receivables and contract assets)/Reversal of impairment loss on receivables and contract assets | | (94,733) | 199,093 | - | - |
| Operating profit/(loss) | | 13,360,939 | 30,230,383 | 4,273,298 | (1,062,535) |
| Finance income | 21 | 11,301,655 | 5,032,155 | 2,633,879 | 2,281,264 |
| Finance costs | 22 | (11,983,469) | (6,835,340) | (3,637,343) | (179,944) |
| Share of profit of equity-accounted associates | 6 | 1,997,774 | 3,459,771 | - | - |
| Profit before tax | 23 | 14,676,899 | 31,886,969 | 3,269,834 | 1,038,785 |
| Tax expense | 24 | (7,788,963) | (11,445,608) | (320,384) | (218,456) |
| Profit after tax | | 6,887,936 | 20,441,361 | 2,949,450 | 820,329 |
| Other comprehensive loss, net of tax: | | | | | |
| Item that will not be reclassified subsequently to profit or loss: | | | | | |
| Remeasurement of retirement benefit obligation | | (451,744) | - | - | - |
| Item that will be reclassified subsequently to profit or loss: | | | | | |
| Foreign currency translation for foreign operations | | (2,086,368) | (1,582,855) | - | - |
| Total other comprehensive loss | | (2,538,112) | (1,582,855) | - | - |
| Total comprehensive income for the financial year | | 4,349,824 | 18,858,506 | 2,949,450 | 820,329 |

Statements of Profit or Loss and Other Comprehensive Income

For the Financial Year Ended 31 December 2023

(Cont'd)

| | | Group | | Company | |
|---|------|------------------|-------------------|------------------|----------------|
| | Note | 2023 | 2022 | 2023 | 2022 |
| | | RM | RM | RM | RM |
| Profit after tax attributable to:- | | | | | |
| Owners of the Company | | 3,288,509 | 18,263,777 | 2,949,450 | 820,329 |
| Non-controlling interests | | 3,599,427 | 2,177,584 | - | - |
| | | 6,887,936 | 20,441,361 | 2,949,450 | 820,329 |
| Total comprehensive income attributable to:- | | | | | |
| Owners of the Company | | 530,644 | 17,270,937 | 2,949,450 | 820,329 |
| Non-controlling interests | | 3,819,180 | 1,587,569 | - | - |
| | | 4,349,824 | 18,858,506 | 2,949,450 | 820,329 |
| Earnings per share attributable to owners of the Company (sen):- | | | | | |
| - Basic/Diluted | 25 | 0.70 | 3.86 | | |

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

Statements of Changes in Equity

For the Financial Year Ended 31 December 2023

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| Attributable to owners the Company | | | | | | | | | |
|---|---------------|----------------------------|--------------------------------------|-------------------|-------------|---------------------------|--------------|---------------|----|
| Note | Share capital | Reserve upon consolidation | Foreign currency translation reserve | Retained earnings | Total | Non-controlling interests | Total equity | Distributable | |
| | RM | RM | RM | RM | RM | RM | RM | RM | RM |
| Group | | | | | | | | | |
| At 1 January 2022 | 299,484,409 | (104,798,778) | 324,427 | 115,999,072 | 311,009,130 | 19,038,381 | 330,047,511 | | |
| Profit after tax | - | - | - | 18,263,777 | 18,263,777 | 2,177,584 | 20,441,361 | | |
| Other comprehensive loss | - | - | (992,840) | - | (992,840) | (590,015) | (1,582,855) | | |
| Total comprehensive (loss)/ income for the financial year | - | - | (992,840) | 18,263,777 | 17,270,937 | 1,587,569 | 18,858,506 | | |
| Non-controlling interests of deemed acquisition of a subsidiary | - | - | - | - | - | 13,532,709 | 13,532,709 | | |
| At 31 December 2022 | 299,484,409 | (104,798,778) | (668,413) | 134,262,849 | 328,280,067 | 34,158,659 | 362,438,726 | | |
| Profit after tax | - | - | - | 3,288,509 | 3,288,509 | 3,599,427 | 6,887,936 | | |
| Other comprehensive (loss)/ income | - | - | (2,306,121) | (451,744) | (2,757,865) | 219,753 | (2,538,112) | | |
| Total comprehensive (loss)/ income for the financial year | - | - | (2,306,121) | 2,836,765 | 530,644 | 3,819,180 | 4,349,824 | | |
| Transaction with owners:- | | | | | | | | | |
| Changes in ownership interests in a subsidiary | - | - | - | (772,596) | (772,596) | (8,631,637) | (9,404,233) | | |
| At 31 December 2023 | 299,484,409 | (104,798,778) | (2,974,534) | 136,327,018 | 328,038,115 | 29,346,202 | 357,384,317 | | |

Statements of Changes in Equity

For the Financial Year Ended 31 December 2023

(Cont'd)

| Company | Attributable to owners of the Company | | |
|---|---------------------------------------|-------------------|--------------|
| | Distributable | | Total equity |
| | Share capital | Retained earnings | |
| | RM | RM | RM |
| At 1 January 2022 | 299,484,409 | 4,785,446 | 304,269,855 |
| Total comprehensive income for the financial year | - | 820,329 | 820,329 |
| At 31 December 2022 | 299,484,409 | 5,605,775 | 305,090,184 |
| Total comprehensive income for the financial year | - | 2,949,450 | 2,949,450 |
| At 31 December 2023 | 299,484,409 | 8,555,225 | 308,039,634 |

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

Statements of Cash Flow

For the Financial Year Ended 31 December 2023

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| | | Group | | Company | |
|--|------|--------------|-------------|-------------|-------------|
| | Note | 2023 | 2022 | 2023 | 2022 |
| | | RM | RM | RM | RM |
| OPERATING ACTIVITIES | | | | | |
| Profit before tax | | 14,676,899 | 31,886,969 | 3,269,834 | 1,038,785 |
| Adjustments for:- | | | | | |
| Impairment losses on receivables and contract assets | | 245,914 | 511,915 | - | - |
| Impairment losses on receivables and contract assets no longer required | | (151,181) | (711,008) | - | - |
| Bad debts written off | | 29,714 | - | - | - |
| Depreciation of property, plant and equipment | | 3,752,718 | 4,165,560 | 7,012 | 7,589 |
| Depreciation of right-of-use assets | | 1,378,876 | 1,405,350 | - | - |
| Dividend income | | (100,355) | (122,898) | (5,470,184) | - |
| Interest expenses | | 11,983,469 | 6,835,340 | 3,637,343 | 179,944 |
| Interest income | | (11,301,655) | (5,032,155) | (2,633,879) | (2,281,264) |
| Inventories written down | | 465,975 | 1,420,128 | - | - |
| Reversal of inventories written down | | (487,883) | (3,645,064) | - | - |
| Net gain on disposal of property, plant and equipment | | (732,222) | (92,203) | - | - |
| Net gain on disposal of right-of-use assets | | (138,000) | - | - | - |
| Gain on strike off of a subsidiary | | - | (156,357) | - | - |
| Gain on remeasurement of previously - held equity interest | | - | (143,049) | - | - |
| Gain on bargain purchase of a subsidiary | | - | (853,130) | - | - |
| Fair value (gain)/loss on other investments | | (8,489) | 40,880 | - | - |
| Net unrealised loss/(gain) on foreign exchange | | 541,246 | (1,852,090) | - | - |
| Property, plant and equipment written off | | 67 | 299 | - | - |
| Right-of-use assets written off | | - | 56,265 | - | - |
| Provision for retirement benefits | | 828,767 | - | - | - |
| Share of profit of equity-accounted associates | | (1,997,774) | (3,459,771) | - | - |
| Operating profit/(loss) before working capital changes | | 18,986,086 | 30,254,981 | (1,189,874) | (1,054,946) |

Statements of Cash Flow

For the Financial Year Ended 31 December 2023
(Cont'd)

| | | Group | | Company | |
|---|------|--------------|--------------|--------------|-------------|
| | Note | 2023 | 2022 | 2023 | 2022 |
| | | RM | RM | RM | RM |
| OPERATING ACTIVITIES (CONT'D) | | | | | |
| Changes in working capital:- | | | | | |
| Contract customers | | 38,656,759 | (12,165,894) | - | - |
| Inventories | | 25,352,917 | (25,851,987) | - | - |
| Receivables | | (12,728,721) | (40,350,081) | 28,636,665 | (13,483) |
| Payables | | (16,024,513) | 984,675 | (8,097,141) | (70,544) |
| Bill payables | | (3,071,410) | 17,764,729 | - | - |
| Retirement benefits | | (330,048) | (422,000) | - | - |
| Cash generated from/(used in) operations | | 50,841,070 | (29,785,577) | 19,349,650 | (1,138,973) |
| Income tax paid, net of refund | | (7,518,355) | (7,508,468) | (286,364) | (236,129) |
| Interest paid | | (4,607,286) | (3,841,676) | - | - |
| Net cash from/(used in) operating activities | | 38,715,429 | (41,135,721) | 19,063,286 | (1,375,102) |
| INVESTING ACTIVITIES | | | | | |
| Acquisition of non-controlling interests of a subsidiary | 5 | (9,404,233) | - | (9,404,233) | - |
| Net cash inflows arising from acquisition of a subsidiary | 5 | - | 3,565,726 | - | - |
| Interest received | | 11,301,655 | 5,032,155 | - | 2,264 |
| Dividends received | | 100,355 | 122,898 | 5,470,184 | - |
| Purchase of property, plant and equipment and right-of-use assets | A | (12,455,003) | (14,397,755) | - | - |
| Proceeds from disposal of property, plant and equipment | | 732,243 | 138,657 | - | - |
| Proceeds from disposal of right-of-use assets | | 138,000 | - | - | - |
| Proceeds of purchase of investment in unquoted shares | | 3,673 | - | - | - |
| Net cash outflow from strike off of a subsidiary | | - | (18,362) | - | - |
| Proceeds from disposal of other investments | | - | 2,547,532 | - | - |
| Advances to subsidiaries | | - | - | (6,967,700) | (7,322,579) |
| (Advances to)/Repayments from related parties | | (152,819) | 529,422 | - | - |
| Repayments from associate | | 360,613 | 22,967,919 | - | - |
| Net cash (used in)/from investing activities | | (9,375,516) | 20,488,192 | (10,901,749) | (7,320,315) |

Statements of Cash Flow
For the Financial Year Ended 31 December 2023
(Cont'd)

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| | | Group | | Company | |
|--|------|--------------|--------------|--------------|-------------|
| | Note | 2023 | 2022 | 2023 | 2022 |
| | | RM | RM | RM | RM |
| FINANCING ACTIVITIES | | | | | |
| (Repayments to)/Advances from subsidiaries | | - | - | (11,989,575) | 11,246,438 |
| (Repayments to)/Advances from related parties | | (6,272,696) | 18,591,444 | (96,810) | 96,810 |
| Interest paid | | (7,376,183) | (2,993,664) | (466,759) | (179,944) |
| Drawdown of revolving credit | | 6,000,000 | - | - | - |
| Repayments of revolving credit | | (4,000,000) | (7,500,000) | - | (2,500,000) |
| Repayments of term loans | | (32,632,757) | (14,532,460) | (375,000) | - |
| Drawdown of term loans | | 65,958,980 | - | 7,500,000 | - |
| (Increase)/Decrease in fixed deposits and bank balances pledged as collateral | | (14,869,650) | 16,182,405 | (160,704) | - |
| Repayments of lease liabilities | | (1,365,974) | (1,524,209) | - | - |
| Net cash from/(used in) financing activities | | 5,441,720 | 8,223,516 | (5,588,848) | 8,663,304 |
| CASH AND CASH EQUIVALENTS | | | | | |
| Net changes | | 34,781,633 | (12,424,013) | 2,572,689 | (32,113) |
| Effect of exchange rate fluctuations on bank balances | | (2,575,643) | 414,012 | - | - |
| Brought forward | | 26,801,382 | 38,811,383 | 219,276 | 251,389 |
| Carried forward | B | 59,007,372 | 26,801,382 | 2,791,965 | 219,276 |

NOTES TO THE STATEMENTS OF CASH FLOWS

A. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS

| | Group | | Company | |
|---|-------------|------------|------------|------------|
| | 2023 RM | 2022 RM | 2023 RM | 2022 RM |
| Total purchase of property, plant and equipment | 12,059,737 | 10,923,872 | - | - |
| Total purchase of right-of-use assets | 1,965,266 | 3,734,633 | - | - |
| | 14,025,003 | 14,658,505 | - | - |
| Less: Acquisition by means of lease liabilities | (1,570,000) | (260,750) | - | - |
| Total cash paid | 12,455,003 | 14,397,755 | - | - |

Statements of Cash Flow

For the Financial Year Ended 31 December 2023

(Cont'd)

B. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the statements of cash flows comprise the following amounts:-

| | Group | | Company | |
|--|--------------|--------------|-----------|---------|
| | 2023 | 2022 | 2023 | 2022 |
| | RM | RM | RM | RM |
| Deposits with financial institutions | 18,911,015 | 14,182,206 | - | - |
| Deposits with fund management corporations | 8,104,222 | 215,138 | 102,072 | 99,299 |
| Cash and bank balances | 76,661,893 | 42,905,070 | 2,850,597 | 119,977 |
| | 103,677,130 | 57,302,414 | 2,952,669 | 219,276 |
| Less: Bank balances and deposits pledged | (44,669,758) | (29,800,108) | (160,704) | - |
| Less: Bank overdraft (Note 16) | - | (700,924) | - | - |
| Total cash and cash equivalents | 59,007,372 | 26,801,382 | 2,791,965 | 219,276 |

CASH OUTFLOWS FOR LEASES AS A LESSEE

| | Group | | Company | |
|--|-----------|-----------|---------|------|
| | 2023 | 2022 | 2023 | 2022 |
| | RM | RM | RM | RM |
| <u>Included in net cash from operating activities:-</u> | | | | |
| Payment relating to short-term leases | 5,686,340 | 5,359,838 | - | - |
| <u>Included in net cash used in financing activities:-</u> | | | | |
| Payment of lease liabilities | 1,497,121 | 1,697,924 | - | - |
| Total cash outflows from leases | 7,183,461 | 7,057,762 | - | - |

Statements of Cash Flow
For the Financial Year Ended 31 December 2023
(Cont'd)

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RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

| Group | 1 January 2023 RM | Cash flows RM | Addition RM | Other payables RM | Unrealised foreign exchange RM | 31 December 2023 RM |
|-------------------|----------------------------------|--------------------------|------------------------|----------------------------------|---|------------------------------------|
| Revolving credit | 18,473,500 | 2,000,000 | - | - | 166,050 | 20,639,550 |
| Term loans | 36,834,732 | 33,326,223 | - | - | 1,061,364 | 71,222,319 |
| Lease liabilities | 2,214,953 | (1,365,974) | 1,570,000 | 778,267 | - | 3,197,246 |
| Related parties | 18,591,444 | (6,272,696) | - | - | - | 12,318,748 |
| | 76,114,629 | 27,687,553 | 1,570,000 | 778,267 | 1,227,414 | 107,377,863 |

| Group | 1 January 2022 RM | Cash flows RM | Addition RM | Acquisition of a subsidiary RM | Other payables RM | Unrealised foreign exchange RM | 31 December 2022 RM |
|-------------------|----------------------------------|--------------------------|------------------------|---|----------------------------------|---|------------------------------------|
| Revolving credit | 25,783,600 | (7,500,000) | - | - | - | 189,900 | 18,473,500 |
| Term loans | 21,096,863 | (14,532,460) | - | 30,270,329 | - | - | 36,834,732 |
| Lease liabilities | 3,363,962 | (1,524,209) | 260,750 | - | 114,450 | - | 2,214,953 |
| Related parties | - | 18,591,444 | - | - | - | - | 18,591,444 |
| | 50,244,425 | (4,965,225) | 260,750 | 30,270,329 | 114,450 | 189,900 | 76,114,629 |

| Company | 1 January 2023 RM | Cash flows RM | 31 December 2023 RM |
|----------------|----------------------------------|--------------------------|------------------------------------|
| Subsidiaries | 50,271,309 | (11,989,575) | 38,281,734 |
| Term loans | - | 7,125,000 | 7,125,000 |
| Related party | 96,810 | (96,810) | - |
| | 50,368,119 | (4,961,385) | 45,406,734 |

| Company | 1 January 2022 RM | Cash flows RM | 31 December 2022 RM |
|------------------|----------------------------------|--------------------------|------------------------------------|
| Subsidiaries | 39,024,871 | 11,246,438 | 50,271,309 |
| Revolving credit | 7,500,000 | (2,500,000) | 5,000,000 |
| Related party | - | 96,810 | 96,810 |
| | 46,524,871 | 8,843,248 | 55,368,119 |

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

Notes to the Financial Statements

31 December 2023

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 Tecnic, 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 5 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 16 April 2024.

2. BASIS OF PREPARATION

2.1 Statement of Compliance

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), IFRS Accounting 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 to 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.

Notes to the Financial Statements

31 December 2023

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2. BASIS OF PREPARATION (CONT'D)

2.2 Basis of Measurement (cont'd)

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:-

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

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

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 2023.

Initial application of amendments/improvements to MFRSs did not have material impact to the financial statements. The details of the amendments are disclosed below:-

Amendments to MFRS 101 Presentation of Financial Statements – Disclosure of Accounting Policies

The amendments change the requirements in MFRS 101 with regard to disclosure of accounting policies. The amendments replace all instances of the term 'significant' with 'material'. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements.

Notes to the Financial Statements

31 December 2023

(Cont'd)

2. BASIS OF PREPARATION (CONT'D)

2.4 MFRSs (Cont'd)

2.4.1 Adoption of Amendments/Improvements to MFRSs (cont'd)

Amendments to MFRS 101 Presentation of Financial Statements – Disclosure of Accounting Policies (Cont'd)

The supporting paragraphs in MFRS 101 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions, even if the amounts are immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. The Malaysian Accounting Standards Board ("MASB") has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in MFRS Practice Statement 2.

The amendments have had an impact on the Group's and the Company's disclosures of accounting policies but not on the measurement, recognition or presentation of any items in the Group's and the Company's financial statements.

2.5 Standards Issued but Not Yet Effective

The new and amended standards 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 January 2024:-

| | |
|--|---|
| Amendments to MFRS 16 | Leases: Lease Liability in a Sale and Leaseback |
| 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 107** and MFRS 17** | Statement of Cash Flows and Instruments: Disclosures – Supplier Finance Agreements |

Effective for the financial period beginning on or after 1 January 2025:-

| | |
|------------------------|---|
| Amendments to MFRS 121 | The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability |
|------------------------|---|

Deferred to a date to be determined by the MASB:-

| | |
|--------------------------------------|---|
| 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 of the Group and of the Company.

Notes to the Financial Statements

31 December 2023

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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 estimates results.

2.6.1 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 3 and 4 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% (2022: 4.60%).

Further details about the assumptions used are given in Note 18 to the financial statements.

Notes to the Financial Statements

31 December 2023

(Cont'd)

2. BASIS OF PREPARATION (CONT'D)

2.6 Significant Accounting Estimates and Judgements (Cont'd)

2.6.1 Estimation Uncertainty (Cont'd)

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 (cont'd):-

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 9 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.

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.

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2. BASIS OF PREPARATION (CONT'D)

2.6 Significant Accounting Estimates and Judgements (Cont'd)

2.6.1 Estimation Uncertainty (Cont'd)

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 (cont'd):-

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 8 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.

Notes to the Financial Statements

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(Cont'd)

2. BASIS OF PREPARATION (CONT'D)

2.6 Significant Accounting Estimates and Judgements (Cont'd)

2.6.1 Estimation Uncertainty (Cont'd)

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 (cont'd):-

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

Revenue from Contracts with Customers

The Group applied the following judgements that significantly affect the amount and timing of revenue from contracts with customers:

Consideration of significant financing component in a contract

The Group provides construction services for which the construction lead time after signing the contract ranges from 1 to 6 years. The Group concluded that there is a significant financing component for those contracts where the customer pays in arrears considering the length of time between the customer's payment and the completion of the construction works to the customer. In determining the amount of consideration for a significant financing component, the Group uses the discount rate that would be reflected in a separate financing transaction between the entity and its customer at contract inception by considering the credit characteristics of the customer receiving financing in the contract, and any collateral or security provided by the customer or the entity, including assets transferred in the contract.

Notes to the Financial Statements
31 December 2023
(Cont'd)

3. PROPERTY, PLANT AND EQUIPMENT

| Group | Freehold land and buildings | | Buildings | | Plant and machinery | | Furnitures, fittings and office equipment | | Motor vehicles | | Telecommunication structure | | Capital-work-in-progress | | Total | |
|-----------------------------------|-----------------------------|--|-----------|--|---------------------|--|---|--|----------------|--|-----------------------------|--|--------------------------|--|-------------|--|
| | RM | | RM | | RM | | RM | | RM | | RM | | RM | | RM | |
| Cost | | | | | | | | | | | | | | | | |
| At 1 January 2022 | 1,975,000 | | 971,211 | | 74,742,122 | | 23,561,731 | | 7,449,617 | | - | | 8,467,717 | | 117,167,398 | |
| Additions | - | | 49,718 | | 767,286 | | 495,298 | | 59,356 | | 5,654,234 | | 3,897,980 | | 10,923,872 | |
| Acquisition of a subsidiary | 2,651,228 | | - | | - | | 37,032 | | - | | - | | - | | 2,688,260 | |
| Disposals | - | | - | | (1,474,477) | | - | | (756,778) | | - | | - | | (2,231,255) | |
| Written off | - | | - | | (658,638) | | (101,869) | | (253,566) | | - | | - | | (1,014,073) | |
| Reclassifications | - | | - | | - | | - | | - | | 3,698,542 | | (3,698,542) | | - | |
| Transfer from right-of-use assets | - | | - | | - | | - | | 252,786 | | - | | - | | 252,786 | |
| Foreign exchange difference | (100,518) | | - | | - | | (30,374) | | (49,907) | | 30,625 | | 31,723 | | (118,451) | |
| At 31 December 2022 | 4,525,710 | | 1,020,929 | | 73,376,293 | | 23,961,818 | | 6,701,508 | | 9,383,401 | | 8,698,878 | | 127,668,537 | |
| Additions | 25,330 | | - | | 642,542 | | 577,166 | | 147,198 | | 119,742 | | 10,547,759 | | 12,059,737 | |
| Disposals | - | | - | | (1,480,148) | | - | | (61,323) | | - | | - | | (1,541,471) | |
| Written off | - | | - | | (1,052,018) | | (577,259) | | - | | - | | - | | (1,629,277) | |
| Reclassifications | - | | 8,101,630 | | - | | - | | - | | 6,733,497 | | (14,835,127) | | - | |
| Transfer to right-of-use assets | - | | - | | (64,901) | | - | | - | | - | | - | | (64,901) | |
| Transfer from right-of-use assets | - | | - | | 405,460 | | - | | 1,340,477 | | - | | - | | 1,745,937 | |
| Foreign exchange difference | 112,416 | | - | | - | | 28,136 | | 1,167 | | 444,072 | | 31,572 | | 617,363 | |
| At 31 December 2023 | 4,663,456 | | 9,122,559 | | 71,827,228 | | 23,989,861 | | 8,129,027 | | 16,680,712 | | 4,443,082 | | 138,855,925 | |

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(Cont'd)

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

| Group (Cont'd) | Freehold land and buildings | Buildings | Plant and machinery | Furnitures, fittings and office equipment | Motor vehicles | Telecom- munication structure | Capital- work- in-progress | Total |
|--|-----------------------------------|-----------|------------------------|--|-------------------|-------------------------------------|----------------------------------|-------------|
| | RM | RM | RM | RM | RM | RM | RM | RM |
| Accumulated depreciation | | | | | | | | |
| At 1 January 2022 | 225,150 | 474,589 | 61,818,119 | 16,907,375 | 7,027,896 | - | - | 86,453,129 |
| Charge for the financial year | 23,700 | 19,827 | 2,101,715 | 1,648,216 | 212,044 | 160,058 | - | 4,165,560 |
| Disposals | - | - | (1,474,470) | - | (710,331) | - | - | (2,184,801) |
| Acquisition of a subsidiary | - | - | - | 11,572 | - | - | - | 11,572 |
| Written off | - | - | (658,378) | (101,834) | (253,562) | - | - | (1,013,774) |
| Transfer from right-of-use assets | - | - | - | - | 168,524 | - | - | 168,524 |
| Foreign exchange difference | - | - | - | (9,779) | (30,182) | 525 | - | (39,436) |
| At 31 December 2022 | 248,850 | 494,416 | 61,786,986 | 18,455,550 | 6,414,389 | 160,583 | - | 87,560,774 |
| Charge for the financial year | 23,700 | 63,914 | 1,467,252 | 1,543,481 | 56,835 | 597,536 | - | 3,752,718 |
| Disposals | - | - | (1,480,131) | - | (61,319) | - | - | (1,541,450) |
| Transfer to right-of-use assets | - | - | (64,900) | - | - | - | - | (64,900) |
| Written off | - | - | (1,051,994) | (577,216) | - | - | - | (1,629,210) |
| Transfer from right-of-use assets | - | - | 227,612 | - | 1,340,474 | - | - | 1,568,086 |
| Foreign exchange difference | - | - | - | (31,965) | 30,251 | 11,239 | - | 9,525 |
| At 31 December 2023 | 272,550 | 558,330 | 60,884,825 | 19,389,850 | 7,780,630 | 769,358 | - | 89,655,543 |
| Accumulated impairment losses | | | | | | | | |
| At 1 January 2022/ | - | - | - | 353,113 | - | - | - | 5,916,983 |
| 31 December 2022/ | - | - | 5,563,870 | - | - | - | - | - |
| 31 December 2023 | - | - | - | - | - | - | - | - |
| Net carrying amount | | | | | | | | |
| At 31 December 2023 | 4,390,906 | 8,564,229 | 5,378,533 | 4,246,898 | 348,397 | 15,911,354 | 4,443,082 | 43,283,399 |
| At 31 December 2022 | 4,276,860 | 526,513 | 6,025,437 | 5,153,155 | 287,119 | 9,222,818 | 8,698,878 | 34,190,780 |

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

| Company | Office equipment RM |
|--------------------------------------|------------------------------------|
| Cost | |
| At 1 January 2022 | 22,775 |
| Additions | - |
| At 31 December 2022/31 December 2023 | 22,775 |
| Accumulated depreciation | |
| At 1 January 2022 | 8,097 |
| Charge for the financial year | 7,589 |
| At 31 December 2022 | 15,686 |
| Charge for the financial year | 7,012 |
| At 31 December 2023 | 22,698 |
| Net carrying amount | |
| At 31 December 2023 | 77 |
| At 31 December 2022 | 7,089 |

Impairment loss on property, plant and equipment of the Group had been recognised due to the recoverable amount of the property, plant and equipment is lower than the carrying amount.

Assets pledged as securities to financial institutions

The net carrying amounts of assets pledged as securities for bank borrowings are:-

| | Group |
|-----------------------------|---------------------------------|
| | 2023 2022 |
| | RM RM |
| Freehold land and buildings | 4,390,906 4,276,860 |

The details of assets pledged as securities for bank borrowings are disclosed in Note 16 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.

Material accounting policy information

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 Company and the cost of the item can be measured reliably.

Notes to the Financial Statements

31 December 2023

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

Material accounting policy information (Cont'd)

Depreciation is recognised on the straight-line method in order to write off the cost of each asset over its estimated useful life. All property, plant and equipment are depreciated based on the estimated useful lives of the assets as follows:-

| | |
|--|-------------------------|
| Buildings | 2% |
| Plant and machinery | 10 – 20% |
| Furniture, fittings and office equipment | 15 - 33 $\frac{1}{3}$ % |
| Motor vehicles | 20% |
| Telecommunication structure | 20% |

Freehold land is not depreciated but is subject to impairment test if there is an indication of impairment.

Capital work-in-progress consist 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.

4. 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 57 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.

Notes to the Financial Statements
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4. 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 2022 | 11,083,319 | 7,702,566 | 14,286,283 | 3,955,396 | 2,205,054 | 39,232,618 |
| Additions | 11,587 | - | 3,462,296 | 260,750 | - | 3,734,633 |
| Written off | - | - | (92,000) | - | - | (92,000) |
| Transfer to property, plant and equipment | - | - | - | - | (252,786) | (252,786) |
| At 31 December 2022 | 11,094,906 | 7,702,566 | 17,656,579 | 4,216,146 | 1,952,268 | 42,622,465 |
| Additions | - | - | 257,250 | 1,570,000 | 138,016 | 1,965,266 |
| Disposal | - | - | - | - | (347,573) | (347,573) |
| Transfer from property, plant and equipment | - | 64,901 | - | - | - | 64,901 |
| Transfer to property, plant and equipment | - | - | - | (405,460) | (1,340,477) | (1,745,937) |
| At 31 December 2023 | 11,094,906 | 7,767,467 | 17,913,829 | 5,380,686 | 402,234 | 42,559,122 |
| Accumulated depreciation | | | | | | |
| At 1 January 2022 | 3,666,576 | 1,197,403 | 5,349,392 | 818,911 | 1,415,106 | 12,447,388 |
| Charge for the financial year | 222,926 | 69,131 | 319,371 | 403,469 | 390,453 | 1,405,350 |
| Written off | - | - | (35,735) | - | - | (35,735) |
| Transfer to property, plant and equipment | - | - | - | - | (168,524) | (168,524) |
| At 31 December 2022 | 3,889,502 | 1,266,534 | 5,633,028 | 1,222,380 | 1,637,035 | 13,648,479 |
| Charge for the financial year | 223,121 | 85,503 | 358,265 | 474,369 | 237,618 | 1,378,876 |
| Disposal | - | - | - | - | (347,573) | (347,573) |
| Transfer from property, plant and equipment | - | 64,900 | - | - | - | 64,900 |
| Transfer to property, plant and equipment | - | - | - | (227,612) | (1,340,474) | (1,568,086) |
| At 31 December 2023 | 4,112,623 | 1,416,937 | 5,991,293 | 1,469,137 | 186,606 | 13,176,596 |
| Net carrying amount | | | | | | |
| At 31 December 2023 | 6,982,283 | 6,350,530 | 11,922,536 | 3,911,549 | 215,628 | 29,382,526 |
| At 31 December 2022 | 7,205,404 | 6,436,032 | 12,023,551 | 2,993,766 | 315,233 | 28,973,986 |

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4. RIGHT-OF-USE ASSETS (CONT'D)

Assets held under lease liabilities

The net carrying amounts of assets held under lease liabilities are:-

| | Group | |
|---------------------|------------------|------------------|
| | 2023 | 2022 |
| | RM | RM |
| Motor vehicles | 215,628 | 315,233 |
| Plant and machinery | 3,911,549 | 2,993,766 |
| | 4,127,177 | 3,308,999 |

Leased assets are pledged as securities for the related lease liabilities as disclosed in Note 17 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 | |
|---|-------------------|------------------|
| | 2023 | 2022 |
| | RM | RM |
| Land on long term lease | 3,158,702 | 2,829,683 |
| Leasehold buildings | 7,594,345 | - |
| Long term leasehold land, factory and buildings | 4,881,197 | 4,965,664 |
| | 15,634,244 | 7,795,347 |

The details of assets pledged as securities for bank borrowings are disclosed in Note 16 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 RM231,600 (2022: RM189,600).

Material accounting policy information

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

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:-

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

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5. INVESTMENT IN SUBSIDIARIES

| | Company | |
|--------------------------|--------------------|-------------|
| | 2023 | 2022 |
| | RM | RM |
| Unquoted shares, at cost | | |
| - within Malaysia | 308,991,408 | 299,587,175 |

Details of the subsidiaries are as follows:-

| Name of companies | Principal place of business | Principal activities | Effective ownership interest and voting interest | |
|--|------------------------------------|---|---|-------------|
| | | | 2023 | 2022 |
| | | | (%) | (%) |
| <u>Direct subsidiaries of the Company</u> | | | | |
| 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 | 87 | 78 |
| Global Tower Corporation Pty. Ltd. ["GTC"]* | Cambodia | Provision of telecommunication system and infra network installation service | 75 | 75 |
| <u>Subsidiaries of REI</u> | | | | |
| 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 |

Notes to the Financial Statements

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5. 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 | |
|---|-----------------------------|---|--|----------|
| | | | 2023 (%) | 2022 (%) |
| <u>Subsidiary of REIHK</u> | | | | |
| PT REI Abadi Indonesia ["PTRAI"]# | Republic of Indonesia | Investment holding and provision of management services | 99 | 99 |
| <u>Held through HH</u> | | | | |
| PT REI Abadi Indonesia ["PTRAI"]# | Republic of Indonesia | Investment holding and provision of management services | 1 | 1 |
| <u>Subsidiary of PTRAI</u> | | | | |
| PT Century Abadi Perkasa ["PTCAP"]# | Republic of Indonesia | Development and operation of hydro power plant | 55 | 55 |
| <u>Subsidiaries of HGPT</u> | | | | |
| 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 the banking facilities granted to a subsidiary

Acquisition of non-controlling interests of a subsidiary

On 31 July 2023, RTB acquired an additional 573,154 ordinary shares representing 8.77% equity interest in HGPT from its non-controlling interest for a cash consideration of RM9,404,233 and increasing its ownership from 78.07% to 86.84%.

Material accounting policy information

The Group elects to measure the non-controlling interests in the acquiree at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

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5. INVESTMENT IN SUBSIDIARIES (CONT'D)

Deemed acquisition of a subsidiary

On 22 July 2022, PTRAI, a subsidiary of the Company, acquired an additional 6% equity interest in PTCAP for IDR3,234,000 (equivalent to approximately RM963,733) in cash, increasing its ownership from 49% to 55%. After the acquisition, PTCAP became a subsidiary of PTRAI.

The remeasurement to fair value of the Group's existing 49% interest in PTCAP resulted in a gain and has been recognised in other income in the profit or loss are summarised as follows:-

| | RM |
|---|--------------|
| Fair value of previously held stake | 14,837,700 |
| Less: Carrying amount of previously-held equity interest | (14,694,651) |
| Gain on remeasurement of previously-held equity interest | 143,049 |
| Property, plant and equipment | 2,676,688 |
| Trade and other receivables | 1,671,944 |
| Contract assets | 106,312,725 |
| Cash and cash equivalents | 4,529,459 |
| Trade and other payables | (53,892,861) |
| Borrowings | (30,270,329) |
| Tax payables | (746,605) |
| Fair value of net identifiable assets | 30,281,021 |
| Less: Non-controlling interests' share of net identifiable assets | (13,532,709) |
| | 16,748,312 |
| Gain on bargain purchase | (853,130) |
| Deemed net assets acquired by the Group | 15,895,182 |
| Purchase consideration settled in cash | 963,733 |
| Less: Cash and cash equivalents acquired | (4,529,459) |
| Net cash inflows arising from acquisition of a subsidiary | (3,565,726) |

Impact of the acquisition on the consolidated statements of profit or loss and other comprehensive income

In the prior financial year, from the date of acquisition, PTCAP had contributed RM1,983,989 and RM1,431,438 to the Group's revenue and profit after tax respectively. If the contribution had taken place at the beginning of the financial year, the PTCAP's revenue and profit after tax would have been RM3,195,812 and RM2,361,312 respectively.

Notes to the Financial Statements

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5. INVESTMENT IN SUBSIDIARIES (CONT'D)

Non-controlling interests in subsidiaries

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

2023

| | HGPT | GTC | PTCAP | Total |
|--|------------|-------------|------------|------------|
| Percentage of ownership interest and voting interest (%) | 13% | 25% | 45% | |
| Carrying amount of NCI (RM) | 12,869,997 | (1,444,256) | 17,920,461 | 29,346,202 |
| Profit/(Loss) allocated to NCI (RM) | 748,258 | (269,007) | 3,120,176 | 3,599,427 |
| Total comprehensive income/(loss) allocated to NCI (RM) | 391,034 | (279,787) | 3,707,933 | 3,819,180 |

2022

| | HGPT | GTC | PTCAP | Total |
|--|------------|-------------|------------|------------|
| Percentage of ownership interest and voting interest (%) | 22% | 25% | 45% | |
| Carrying amount of NCI (RM) | 21,110,600 | (1,164,469) | 14,212,528 | 34,158,659 |
| Profit/(Loss) allocated to NCI (RM) | 1,370,415 | (368,175) | 1,175,344 | 2,177,584 |
| Total comprehensive income/(loss) allocated to NCI (RM) | 1,315,469 | (407,719) | 679,819 | 1,587,569 |

The summary of financial information before intra-group elimination for the Group's subsidiaries that have material non-controlling interests are as below:-

| | HGPT | GTC | PTCAP | Total |
|--|------|-----|-------|-------|
| | RM | RM | RM | RM |

Financial position as at 31 December 2023

| | | | | |
|--------------------------|---------------|--------------|--------------|---------------|
| Non-current assets | 13,703,129 | 19,625,119 | 96,413,176 | 129,741,424 |
| Current assets | 189,076,555 | 5,982,933 | 19,949,797 | 215,009,285 |
| Non-current liabilities | (43,497) | (3,831,577) | (43,955,058) | (47,830,132) |
| Current liabilities | (105,860,912) | (27,553,499) | (40,678,792) | (174,093,203) |
| Net assets/(liabilities) | 96,875,275 | (5,777,024) | 31,729,123 | 122,827,374 |

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5. INVESTMENT IN SUBSIDIARIES (CONT'D)

Non-controlling interests in subsidiaries (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 (Cont'd):-

| | HGPT RM | GTC RM | PTCAP RM | Total RM |
|---|---------------|--------------|--------------|---------------|
| Summary of financial performance for the financial year ended 31 December 2023 | | | | |
| Revenue | 142,355,448 | 3,261,151 | 6,679,714 | 152,296,313 |
| Profit/(Loss) for the financial year | 3,911,425 | (1,076,029) | 6,933,724 | 9,769,120 |
| Total comprehensive income/(loss) for the financial year | 618,762 | (1,119,149) | 8,239,850 | 7,739,463 |
| Summary of cash flows for the financial year ended 31 December 2023 | | | | |
| Net cash flows from/(used in) operating activities | 31,754,951 | (2,925,061) | (9,437,868) | 19,392,022 |
| Net cash flows from/(used in) investing activities | 937,596 | (10,417,294) | (175,500) | (9,655,198) |
| Net cash flows (used in)/from financing activities | (24,059,141) | 13,496,277 | 11,265,303 | 702,439 |
| Net cash inflows | 8,633,406 | 153,922 | 1,651,935 | 10,439,263 |
| Financial position as at 31 December 2022 | | | | |
| Non-current assets | 16,758,730 | 9,347,416 | 96,448,337 | 122,554,483 |
| Current assets | 183,935,899 | 4,825,719 | 11,061,971 | 199,823,589 |
| Non-current liabilities | (84,280) | - | (8,852,906) | (8,937,186) |
| Current liabilities | (104,353,836) | (18,831,010) | (75,168,129) | (198,352,975) |
| Net assets/(liabilities) | 96,256,513 | (4,657,875) | 23,489,273 | 115,087,911 |
| Summary of financial performance for the financial year ended 31 December 2022 | | | | |
| Revenue | 222,306,444 | 544,551 | 3,607,252 | 226,458,247 |
| Profit/(Loss) for the financial year | 6,248,590 | (1,472,701) | 4,991,172 | 9,767,061 |
| Total comprehensive income/(loss) for the financial year | 5,998,058 | (1,630,877) | 3,890,005 | 8,257,186 |
| Summary of cash flows for the financial year ended 31 December 2022 | | | | |
| Net cash flows (used in)/from operating activities | (19,267,894) | (888,956) | 12,485,579 | (7,671,271) |
| Net cash flows from/(used in) investing activities | 96,262 | (8,868,499) | (87,328) | (8,859,565) |
| Net cash flows from/(used in) financing activities | 16,938,361 | 10,498,452 | (12,871,625) | 14,565,188 |
| Net cash (outflows)/inflows | (2,233,271) | 740,997 | (473,374) | (1,965,648) |

Material accounting policy information

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.

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6. INVESTMENT IN AN ASSOCIATE

| | Group | |
|---|-------------------|-------------------|
| | 2023 | 2022 |
| | RM | RM |
| Unquoted shares outside Malaysia, at cost | 47,373,184 | 47,373,184 |
| Share of profit of equity-accounted associate, net of tax | 6,515,510 | 4,517,736 |
| | 53,888,694 | 51,890,920 |

Details of the associate is as follows:-

| Name of company | Principal place of business | Principal activity | Effective ownership interest and voting interest | |
|--|-------------------------------|------------------------------------|--|----------|
| | | | 2023 (%) | 2022 (%) |
| <u>Held through RBC</u> | | | | |
| Phu My Vinh Construction and Investment Corporation ["PMV"]# | Socialist Republic of Vietnam | Operator of water treatment plants | 30 | 30 |

Not audited by Grant Thornton Malaysia PLT.

Included in the investment in associate is an amount of RM47,373,184 (2022: RM47,373,184) which is pledged as security for the banking facilities granted to a subsidiary.

Summary of financial information of the associate, not adjusted for the proportion of ownership interest held by the Group is as follows:-

| | PMV RM |
|---|-------------------|
| Summary of financial position as at 31 December 2023 | |
| Non-current assets | 191,934,097 |
| Current assets | 16,382,852 |
| Non-current liabilities | (101,166,044) |
| Current liabilities | (17,537,144) |
| Net assets | 89,613,761 |
| Summary of financial performance for the financial year ended 31 December 2023 | |
| Profit/Total comprehensive income for the financial year | 6,659,247 |

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6. INVESTMENT IN AN ASSOCIATE (CONT'D)

Summary of financial information of the associate, not adjusted for the proportion of ownership interest held by the Group is as follows (Cont'd):-

| | PMV RM |
|---|-------------------|
| Reconciliation of net assets to carrying amount as at 31 December 2023 | |
| Group's share of net assets | 26,884,128 |
| Goodwill | 27,725,095 |
| Unadjusted foreign translation differences | (720,529) |
| Carrying amount in the statements of financial position | <u>53,888,694</u> |
| Group's share of results for the financial year ended 31 December 2023 | |
| Group's share of profit | <u>1,997,774</u> |
| Summary of financial position as at 31 December 2022 | |
| Non-current assets | 184,397,617 |
| Current assets | 22,210,704 |
| Non-current liabilities | (109,524,391) |
| Current liabilities | (15,317,923) |
| Net assets | <u>81,766,007</u> |
| Summary of financial performance for the financial year ended 31 December 2022 | |
| Profit/Total comprehensive income for the financial year | <u>8,771,125</u> |
| Reconciliation of net assets to carrying amount as at 31 December 2022 | |
| Group's share of net assets | 24,529,802 |
| Goodwill | 27,725,095 |
| Unadjusted foreign translation differences | (363,977) |
| Carrying amount in the statements of financial position | <u>51,890,920</u> |
| Group's share of results for the financial year ended 31 December 2022 | |
| Group's share of profit | <u>2,631,338</u> |
| | PTCAP RM |
| Summary of financial performance for the financial year ended 31 December 2022 | |
| Profit/Total comprehensive income for the financial year | <u>1,690,682</u> |
| Group's share of results for the financial year ended 31 December 2022 | |
| Group's share of profit | <u>828,433</u> |

Notes to the Financial Statements**31 December 2023****(Cont'd)****6. INVESTMENT IN AN ASSOCIATE (CONT'D)****Contingent liabilities and capital commitments**

The associate has no contingent liabilities and capital commitments in both financial years.

Material accounting policy information

Investment in associate is measured in the Company's statement of financial position at cost less any impairment.

7. OTHER INVESTMENTS

| | Group | |
|--|----------------|---------|
| | 2023 | 2022 |
| | RM | RM |
| <u>Fair value through profit or loss</u> | | |
| Quoted investments, at fair value | | |
| - within Malaysia | 189,816 | 185,000 |

8. DEFERRED TAX ASSETS

| | Group | |
|--|--------------------|-------------|
| | 2023 | 2022 |
| | RM | RM |
| Brought forward | 10,227,863 | 11,931,325 |
| Recognised in profit and loss | | |
| - current year | (3,174,664) | (1,556,462) |
| - over recognition in prior financial year | 154,000 | (147,000) |
| Carried forward | 7,207,199 | 10,227,863 |

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8. DEFERRED TAX ASSETS (CONT'D)

- (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 RM | Unabsorbed capital allowances and tax losses RM | Accumulated impairment losses RM | Provisions RM | Others RM | Total RM |
|-------------------------------|--|--|---|------------------|--------------|-------------|
| At 1 January 2022 | (1,683,000) | 6,414,000 | 4,158,000 | 2,503,000 | 539,325 | 11,931,325 |
| Recognised in profit and loss | (413,000) | 62,863 | (689,000) | (1,394,000) | 729,675 | (1,703,462) |
| At 31 December 2022 | (2,096,000) | 6,476,863 | 3,469,000 | 1,109,000 | 1,269,000 | 10,227,863 |
| Recognised in profit and loss | 275,000 | (1,283,786) | (2,928,000) | 1,228,122 | (312,000) | (3,020,664) |
| At 31 December 2023 | (1,821,000) | 5,193,077 | 541,000 | 2,337,122 | 957,000 | 7,207,199 |

- (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 | |
|-------------------------------|-------------------|-------------------|
| | 2023 | 2022 |
| | RM | RM |
| Unabsorbed capital allowances | 5,501,000 | 5,287,000 |
| Unabsorbed tax losses | 12,275,000 | 10,837,000 |
| Other temporary differences | 2,058,000 | 3,597,000 |
| | 19,834,000 | 19,721,000 |

Unabsorbed tax losses' expiry dates (at gross) for which no deferred tax assets is recognised are as follows:-

| | Group | |
|---------------------|-------------------|-------------------|
| | 2023 | 2022 |
| | RM | RM |
| <u>Expiry dates</u> | | |
| 2028 | 1,571,000 | 1,571,000 |
| 2029 | 725,000 | 725,000 |
| 2030 | 1,535,000 | 1,535,000 |
| 2031 | 5,331,000 | 5,521,000 |
| 2032 | 902,000 | 1,485,000 |
| 2033 | 2,211,000 | - |
| | 12,275,000 | 10,837,000 |

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9. GOODWILL ON CONSOLIDATION

| | Group | |
|---------------------------------|-------------------|------------|
| | 2023 | 2022 |
| | RM | RM |
| Brought forward/Carried forward | 13,216,398 | 13,216,398 |

The aggregate carrying amount of goodwill allocated to each CGU is as follow:

| | 2023 | 2022 |
|--------|-------------------|------------|
| | 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 flows 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 13 years of business plan. For the others segment, cash flows 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 | |
|---------------------|------|------|--------|------|
| | 2023 | 2022 | 2023 | 2022 |
| | % | % | % | % |
| Growth rate | 1.0 | 1.3 | 25.9 | 63.4 |
| Gross profit margin | 8.4 | 8.4 | 52.7 | 27.2 |
| Discount rate | 8.1 | 7.6 | 7.1 | 7.4 |

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9. GOODWILL ON CONSOLIDATION (CONT'D)

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.

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.

10. TRADE AND OTHER RECEIVABLES

| | Group | | Company | |
|-------------------------------------|--------------------|--------------------|-------------------|-------------------|
| | 2023 | 2022 | 2023 | 2022 |
| | RM | RM | RM | RM |
| <u>Non-current</u> | | | | |
| Other receivables:- | | | | |
| Subsidiaries | - | - | 33,041,865 | 50,066,156 |
| Deposits | 16,813 | 207,957 | - | - |
| | 16,813 | 207,957 | 33,041,865 | 50,066,156 |
| <u>Current</u> | | | | |
| Trade receivables:- | | | | |
| Third parties | 115,191,225 | 109,727,652 | - | - |
| Associate | - | 2,625,320 | - | - |
| Retention sum - third parties | 54,515,107 | 44,250,812 | - | - |
| Retention sum - associate | - | 5,067,397 | - | - |
| | 169,706,332 | 161,671,181 | - | - |
| Less: Accumulated impairment losses | (2,828,706) | (5,497,518) | - | - |
| | 166,877,626 | 156,173,663 | - | - |

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10. TRADE AND OTHER RECEIVABLES (CONT'D)

| | Group | | Company | |
|-------------------------------------|---------------------|---------------------|-------------------|-------------------|
| | 2023 | 2022 | 2023 | 2022 |
| | RM | RM | RM | RM |
| Other receivables:- | | | | |
| Third parties | 10,220,249 | 10,803,377 | - | - |
| Subsidiaries | - | - | 14,249,559 | 10,690,755 |
| Related parties | 220,786 | 67,967 | - | - |
| Deposits | 8,021,083 | 7,802,214 | 51,000 | 21,000 |
| Advances to suppliers | 3,574,432 | 5,316,949 | - | - |
| Prepayments | 5,681,774 | 4,644,183 | 38,076 | 167,491 |
| Value-added tax receivable | 175,863 | - | - | - |
| Goods and services tax receivable | 37,027 | 54,741 | - | - |
| | 27,931,214 | 28,689,431 | 14,338,635 | 10,879,246 |
| Less: Accumulated impairment losses | (10,095,046) | (12,700,003) | - | - |
| | 17,836,168 | 15,989,428 | 14,338,635 | 10,879,246 |
| | 184,713,794 | 172,163,091 | 14,338,635 | 10,879,246 |
| | 184,730,607 | 172,371,048 | 47,380,500 | 60,945,402 |

Trade receivables

The movements of accumulated impairment losses of trade receivables are as follows:-

| | Group | |
|---------------------------------------|------------------|------------------|
| | 2023 | 2022 |
| | RM | RM |
| Brought forward | 5,497,518 | 5,736,650 |
| Charge for the financial year | 103,396 | 315,686 |
| Reversal of impairment losses | (140,209) | (554,818) |
| Written off during the financial year | (2,631,999) | - |
| Carried forward | 2,828,706 | 5,497,518 |
| Individually impaired | 2,125,934 | 4,723,995 |
| Collectively impaired | 702,772 | 773,523 |
| Total | 2,828,706 | 5,497,518 |

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10. TRADE AND OTHER RECEIVABLES (CONT'D)

Trade receivables (Cont'd)

The component of accumulated impairment losses of trade receivables is as follows:-

| | Group | |
|---------------|------------------|-----------|
| | 2023 | 2022 |
| | RM | RM |
| Third parties | 2,828,706 | 5,497,518 |

Other receivables

The movements of accumulated impairment losses of other receivables are as follows:-

| | Group | |
|---------------------------------------|--------------------|------------|
| | 2023 | 2022 |
| | RM | RM |
| Brought forward | 12,700,003 | 12,538,743 |
| Charge for the financial year | 142,518 | 196,229 |
| Reversal of impairment losses | (10,972) | (34,969) |
| Written off during the financial year | (2,736,503) | - |
| Carried forward | 10,095,046 | 12,700,003 |
| Individually impaired | 3,560,346 | 12,524,699 |
| Collectively impaired | 6,534,700 | 175,304 |
| Total | 10,095,046 | 12,700,003 |

The component of accumulated impairment losses of other receivables is as follows:-

| | Group | |
|---------------|-------------------|------------|
| | 2023 | 2022 |
| | RM | RM |
| Third parties | 3,394,423 | 5,986,325 |
| Deposits | 6,700,623 | 6,699,050 |
| Prepayments | - | 14,628 |
| | 10,095,046 | 12,700,003 |

The impairment loss on trade and other receivables was reversed during the financial year as a result of subsequent receipts and written off of the amount.

Related parties refer to the companies in which Directors have interests.

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10. TRADE AND OTHER RECEIVABLES (CONT'D)

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 (2022: cash terms to 180 days). Other credit terms are assessed and approved by the management on case-by-case basis.

The trade receivables balance of the Group is pledged as collateral for banking facilities granted to a subsidiary is RM1,916,326 (2022: RM1,798,721).

Other receivables

The amount due from subsidiaries, an associate and related parties represent the interest free unsecured cash advances which are receivable on demand except for an amount of RM42,854,786 (2022: RM53,180,204) which is due from subsidiaries and subject to interest rates ranged from 3.80% to 7.00% (2022: 3.80% to 7.00%) per annum.

11. CONTRACT ASSETS/(LIABILITIES)

| | Group | |
|--|---------------------|---------------------|
| | 2023 | 2022 |
| | RM | RM |
| <u>Non-current</u> | | |
| Contract assets: | | |
| - Contract asset from a customer on concession agreement | <u>94,100,636</u> | <u>94,173,873</u> |
| <u>Current</u> | | |
| Contract assets: | | |
| - Contract asset from a customer on concession agreement | 5,416,436 | 4,663,131 |
| - Construction contracts | 24,160,071 | 65,706,819 |
| - Contract cost | 835,700 | 614,827 |
| Less: Accumulated impairment losses | - | (10,342,231) |
| | <u>30,412,207</u> | <u>60,642,546</u> |
| | <u>124,512,843</u> | <u>154,816,419</u> |
| Contract liabilities: | | |
| - Construction contracts | (33,612,432) | (25,913,227) |
| - Customers deposits | (14,270,386) | (19,052,178) |
| - Deferred income | (1,855,000) | (1,855,000) |
| | <u>(49,737,818)</u> | <u>(46,820,405)</u> |

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

The movement of the accumulated impairment losses of contract assets is as follows:-

| | Group | |
|---------------------------------------|--------------|------------|
| | 2023 | 2022 |
| | RM | RM |
| Collectively impaired | | |
| Brought forward | 10,342,231 | 10,463,452 |
| Reversal of impairment losses | - | (121,221) |
| Written off during the financial year | (10,342,231) | - |
| Carried forward | - | 10,342,231 |

Contract asset from a customer on concession agreement

The amount, being the financial asset arising from the above concession agreement represents the fair value of the consideration receivable for the construction services delivered during the stage of construction. It carries interest at a rate of 9.92% (2022: 9.92%) per annum and repayable in the form of availability charge upon fulfilment of the terms and conditions in the concession agreement.

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 are 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 RM182,842,861 (2022: RM341,654,353). The Group expects to recognise this revenue over the next 12 to 24 months (2022: 12 to 24 months).

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

Significant changes to the contract assets and contract liabilities balances during the financial year are as follows:-

| | Group | |
|---|-------------------|------------|
| | 2023 | 2022 |
| | RM | RM |
| Contract liabilities at the beginning of the year recognised as revenue | 31,662,845 | 19,017,827 |
| Increase in revenue recognised in the reporting period from performance obligations satisfied (or partially satisfied) in previous period | 44,499,315 | 62,107,368 |

12. CASH AND BANK BALANCES, DEPOSITS AND PLACEMENTS

| | Group | | Company | |
|--|--------------------|------------|------------------|---------|
| | 2023 | 2022 | 2023 | 2022 |
| | RM | RM | RM | RM |
| <u>Non-current</u> | | | | |
| Islamic type: | | | | |
| - Cash and bank balances | - | 2,066,174 | - | - |
| <u>Current</u> | | | | |
| Islamic type: | | | | |
| - Cash and bank balances | 30,186,794 | 15,902,566 | 105,477 | 19,268 |
| - Deposits with financial institutions | 2,768,106 | 3,165,630 | - | - |
| - Deposits with fund management corporations | 8,101,936 | 212,877 | 102,072 | 99,299 |
| Conventional type: | | | | |
| - Cash and bank balances | 46,475,099 | 24,936,330 | 2,745,120 | 100,709 |
| - Deposits with financial institutions | 16,142,909 | 11,016,576 | - | - |
| - Deposits with fund management corporations | 2,286 | 2,261 | - | - |
| | 103,677,130 | 55,236,240 | 2,952,669 | 219,276 |
| | 103,677,130 | 57,302,414 | 2,952,669 | 219,276 |

The Group's deposits with financial institutions amounting to RM12,208,106 (2022: RM7,772,568) 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 the Group and to the Company are RM32,461,652 (2022: RM22,027,540) and RM160,704 (2022: Nil) respectively.

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13. INVENTORIES

| | Group | |
|---|---------------------------|---------------------------|
| | 2023 | 2022 |
| | RM | RM |
| At cost:- | | |
| Raw materials | 45,335,626 | 48,672,653 |
| Work-in-progress | 4,110,038 | 6,382,955 |
| Finished goods | 32,456,643 | 45,774,669 |
| Accessories and consumables | 15,269,990 | 19,322,555 |
| | <u>97,172,297</u> | <u>120,152,832</u> |
| At net realisable value:- | | |
| Raw materials | 6,727,819 | 8,579,338 |
| Finished goods | 1,088,734 | 1,539,994 |
| | <u>7,816,553</u> | <u>10,119,332</u> |
| Total | <u>104,988,850</u> | <u>130,272,164</u> |
| | | |
| | Group | |
| | 2023 | 2022 |
| | RM | RM |
| Recognised in profit or loss:- | | |
| Inventories recognised in cost of sales | 46,668,366 | 162,971,842 |
| Inventories written down | 465,975 | 1,420,128 |
| Reversal of inventories written down | <u>(487,883)</u> | <u>(3,645,064)</u> |

The write-down and reversal are included in cost of sales. The Group write 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 could not be recovered. Management specifically analyses sales trend and current economic trends when making this judgement to evaluate the adequacy of the write down for obsolete or slow-moving inventories.

Material accounting policy information

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 eliminated selling price in the ordinary course of business less estimated selling and distribution costs and all other estimated costs to completion.

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14. SHARE CAPITAL

| Group and Company | Number of ordinary shares | | Amount | |
|-------------------|------------------------------|------|--------|------|
| | 2023 | 2022 | 2023 | 2022 |
| | 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.

15. OTHER RESERVES

| | Group | |
|--|-------|------|
| | 2023 | 2022 |
| | RM | RM |

Non-distributable:-

| | | |
|--------------------------------------|----------------------|---------------|
| Reserve upon consolidation | (104,798,778) | (104,798,778) |
| Foreign currency translation reserve | (2,974,534) | (668,413) |
| | (107,773,312) | (105,467,191) |

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.

16. BORROWINGS

| | Group | | Company | |
|--|-------|------|---------|------|
| | 2023 | 2022 | 2023 | 2022 |
| | RM | RM | RM | RM |

Non-current

Secured:

Term loans

| | | | | |
|---------------------|-------------------|------------|------------------|---|
| - Islamic type | 47,000,547 | 13,783,190 | - | - |
| - Conventional type | 6,000,000 | - | 6,000,000 | - |

Unsecured:

Term loans

| | | | | |
|---------------------|-------------------|------------|------------------|---|
| - Conventional type | 3,831,577 | - | - | - |
| | 56,832,124 | 13,783,190 | 6,000,000 | - |

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16. BORROWINGS (CONT'D)

| | Group | | Company | |
|----------------------|-------------|-------------|------------|-----------|
| | 2023 | 2022 | 2023 | 2022 |
| | RM | RM | RM | RM |
| <u>Current</u> | | | | |
| Secured: | | | | |
| Term loans | | | | |
| - Islamic type | 12,864,013 | 23,051,542 | - | - |
| - Conventional type | 1,125,000 | - | 1,125,000 | - |
| Revolving credit | | | | |
| - Islamic type | 7,639,550 | 7,473,500 | - | - |
| - Conventional type | 6,000,000 | - | - | - |
| Bank overdraft | | | | |
| - Conventional type | - | 700,924 | - | - |
| Trust receipts | | | | |
| - Islamic type | - | 6,902,719 | - | - |
| - Conventional type | 3,635,000 | 7,452,865 | - | - |
| Bankers' acceptances | | | | |
| - Islamic type | 5,340,000 | - | - | - |
| - Conventional type | 18,978,595 | - | - | - |
| Unsecured: | | | | |
| Term loans | | | | |
| - Conventional type | 401,182 | - | - | - |
| Bankers' acceptances | | | | |
| - Islamic type | 10,636,564 | 11,685,985 | - | - |
| - Conventional type | 10,583,000 | 26,203,000 | - | - |
| Revolving credit | | | | |
| - Islamic type | 5,000,000 | 11,000,000 | 5,000,000 | 5,000,000 |
| - Conventional type | 2,000,000 | - | - | - |
| | 84,202,904 | 94,470,535 | 6,125,000 | 5,000,000 |
| Total | 141,035,028 | 108,253,725 | 12,125,000 | 5,000,000 |

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16. BORROWINGS (CONT'D)

Group

The borrowings are secured against the followings:-

- (a) First party legal charge over certain properties of the Group as disclosed in Notes 3 and 4 to the financial statements;
- (b) Joint and several guarantee of the two former 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 6 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 5 to the financial statements;
- (g) Certain cash and bank balances and deposits with financial institutions of the Group as disclosed in Note 12 to the financial statements;
- (h) First ranking legal charge on the machine, equipment and all others above the project land related to the project PLTM Lawe Sikap;
- (i) Assignment of proceeds in favour of Financiers in relation to the Power Purchase Agreement ("PPA") including receivables, any amendments, supplements, extension or variation there to PPA;
- (j) A first ranking charge over all the stockholders of a subsidiary;
- (k) Assignment over all rights, interest and benefit of a subsidiary of all takaful/insurance(s) in relation to the project PLTM Lawe Sikap;
- (l) Assignment over all rights, interest and benefit of a subsidiary of all performance/advance payment bond(s), guarantee(s), liquidated damage(s) and warranty(ies) in favor of the project PLTM Lawe Sikap;
- (m) Legal Deed of Assignment over the Power Plant and Machineries financed by Bank Muamalat;
- (n) Charge over the subsidiary's Designated Accounts and the credit balances therein;
- (o) Corporate guarantee by the subsidiary's Stockholder;
- (p) Irrevocable Letter of Undertaking by the Company, stated that the Company will be responsible for, include without limitation to cover cost overrun, cash deficiency, obligations to the Bank Muamalat during financing tenure; and
- (q) Certain trade receivables balance as disclosed in Note 10 to the financial statements.

Company

The borrowings are secured against the followings:-

- (a) Corporate guarantee by a subsidiary; and
- (b) Certain cash and bank balances of the Company as disclosed in Note 12 to the financial statements.

17. LEASE LIABILITIES

| | Group | |
|-------------|------------------|------------------|
| | 2023 | 2022 |
| | RM | RM |
| Non-current | 1,745,745 | 1,064,929 |
| Current | 1,451,501 | 1,150,024 |
| | 3,197,246 | 2,214,953 |

Material accounting policy information

The Group applies the short-term lease recognition exemption to their short-term leases of premises, machineries and quarters (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 are recognised as expenses on a straight-line basis over the lease term.

18. 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.

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18. RETIREMENT BENEFITS (CONT'D)

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 | |
|--|-----------|-----------|
| | 2023 | 2022 |
| | RM | RM |
| Defined benefit obligation brought forward | 2,815,409 | 3,237,409 |
| Current service costs | 519,434 | - |
| Net interests | 309,333 | - |
| Remeasurements effect recognised in OCI | 451,744 | - |
| Benefit paid | (330,048) | (422,000) |
| Defined benefit obligation carried forward | 3,765,872 | 2,815,409 |

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 | % |
| <u>2023</u> | | | | |
| Discount rate | 4.60 | 1.0% decrease | 376,147 | 10 |
| <u>2022</u> | | | | |
| Discount rate | 4.60 | 1.0% decrease | 293,106 | 10 |

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.

18. RETIREMENT BENEFITS (CONT'D)

Defined benefit plan expenses

Amounts recognised in profit or loss related to the Group's defined benefit plan are as follows:-

| | Group | |
|---|----------------|----------|
| | 2023 | 2022 |
| | RM | RM |
| Current service costs | 519,434 | - |
| Net interests | 309,333 | - |
| Total expenses recognised in profit or loss | <u>828,767</u> | <u>-</u> |

Amounts recognised in other comprehensive income related to the Group's defined benefit plan are as follows:-

| | Group | |
|---|----------------|----------|
| | 2023 | 2022 |
| | RM | RM |
| Effect of experience adjustments/Total expense recognised in other comprehensive income | <u>451,744</u> | <u>-</u> |

The net expense summarised above were included within items that will not be reclassified subsequently to profit or loss.

Other information on the defined benefit plan

The weighted average duration of the benefit obligation is 35 years (2022: 38 years). The Group did not expect to make any benefit payment in the next financial year.

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19. TRADE AND OTHER PAYABLES

| | Group | | Company | |
|--|--------------------|--------------------|-------------------|-------------------|
| | 2023 | 2022 | 2023 | 2022 |
| | RM | RM | RM | RM |
| Trade payables | | | | |
| Third parties | 62,030,577 | 63,076,860 | - | - |
| Related parties | - | 13,666,815 | - | - |
| Retention sum | 9,427,411 | 9,572,082 | - | - |
| | 71,457,988 | 86,315,757 | - | - |
| Other payables | | | | |
| <u>Current</u> | | | | |
| Third parties | 8,553,970 | 8,315,104 | 5,515 | 20,102 |
| Subsidiaries | - | - | 38,272,213 | 50,271,309 |
| Related parties | 12,318,748 | 18,591,444 | - | 96,810 |
| Advance received from customers | 70,642 | 174,771 | - | - |
| Accruals | 25,547,020 | 20,605,164 | 902,097 | 334,362 |
| Provision for liquidated and ascertained damages | - | 2,097,107 | - | - |
| Deposits received | 11,900 | 9,400 | - | - |
| Goods and services tax payable | 144,400 | 144,400 | - | - |
| Value-added tax payable | - | 104,023 | - | - |
| | 46,646,680 | 50,041,413 | 39,179,825 | 50,722,583 |
| | 118,104,668 | 136,357,170 | 39,179,825 | 50,722,583 |

Related parties refer 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 (2022: 7 to 90 days).

Other payables

The amount due to subsidiaries and related parties represent unsecured and interest-free cash advances which are repayable on demand except for an amount of RM12,318,748 (2022: RM18,467,479) which is due to related parties and subject to interest rates ranged from 3.80% to 7.50% (2022: 3.80% to 7.50%) per annum.

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20. REVENUE

| | Group | | Company | |
|---|--------------------|--------------------|------------------|----------|
| | 2023 | 2022 | 2023 | 2022 |
| | RM | RM | RM | RM |
| <u>Primary geographical markets</u> | | | | |
| Malaysia | 278,167,452 | 353,795,393 | 5,470,184 | - |
| Bangladesh | 31,204,913 | 41,390,403 | - | - |
| Cambodia | 9,940,865 | 544,551 | - | - |
| Indonesia | - | 3,607,252 | - | - |
| Nepal | 44,967,489 | - | - | - |
| Vietnam | - | 36,763,524 | - | - |
| | 364,280,719 | 436,101,123 | 5,470,184 | - |
| <u>Major product & services line</u> | | | | |
| Sales of fabrication of towers | 121,917,810 | 129,300,553 | - | - |
| Engineering, Procurement, Construction and Commissioning ("EPCC") | 230,240,240 | 301,962,802 | - | - |
| Concession income | 6,679,714 | 3,607,252 | - | - |
| Others | 5,442,955 | 1,230,516 | 5,470,184 | - |
| | 364,280,719 | 436,101,123 | 5,470,184 | - |
| <u>Timing and recognition</u> | | | | |
| At a point in time | 134,040,576 | 134,138,321 | | |
| Over time | 230,240,143 | 301,962,802 | | |
| | 364,280,719 | 436,101,123 | | |

Performance obligations

Information about the Group's and the Company's performance obligations are summaries below:-

Sales of fabrication of towers

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.

EPCC

The Group recognises revenue from construction of 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 and the Company's effort 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).

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20. REVENUE (CONT'D)

Concession income

Under the concession arrangement, the Group is engaged to construct the infrastructure project and provide asset management services, which are separate performance obligations. The fair value of revenue, which is based on fixed price under the agreement have been allocated based on relative stand-alone selling price of the consideration for each of separate performance obligation. The Group recognised construction revenue over time as the project being constructed has no alternative use to the Group and it has an enforceable right to the payment for the performance completed to date.

21. FINANCE INCOME

| | Group | | Company | |
|--|-------------------|------------------|------------------|------------------|
| | 2023 | 2022 | 2023 | 2022 |
| | RM | RM | RM | RM |
| <u>Interest income:</u> | | | | |
| - Deposits with financial institutions | 885,164 | 558,765 | - | 110 |
| - Asset management | 4,648 | 2,154 | 4,648 | 2,154 |
| - Contract with a customer on concession arrangement | 10,411,843 | 4,471,236 | - | - |
| - Subsidiaries | - | - | 2,629,231 | 2,279,000 |
| | 11,301,655 | 5,032,155 | 2,633,879 | 2,281,264 |

22. FINANCE COSTS

| | Group | | Company | |
|---------------------------|-------------------|------------------|------------------|----------------|
| | 2023 | 2022 | 2023 | 2022 |
| | RM | RM | RM | RM |
| <u>Interest expenses:</u> | | | | |
| - Bank overdraft | 30,271 | 50,033 | - | - |
| - Bankers' acceptances | 2,536,644 | 2,137,856 | - | - |
| - Bank guarantees | 1,654,989 | 1,653,641 | - | - |
| - Lease liabilities | 131,147 | 173,715 | - | - |
| - Short-term loans | 385,382 | 146 | - | - |
| - Term loans | 4,887,833 | 1,505,549 | 207,300 | - |
| - Revolving credit | 1,191,180 | 860,688 | 259,459 | 179,944 |
| - Related parties | - | 34,718 | - | - |
| - Subsidiaries | - | - | 3,170,584 | - |
| - Others | 1,166,023 | 418,994 | - | - |
| | 11,983,469 | 6,835,340 | 3,637,343 | 179,944 |

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23. PROFIT BEFORE TAX

Profit before tax has been determined after charging/crediting, amongst other items, the following:-

| | Group | | Company | |
|--|-----------|-----------|-----------|---------|
| | 2023 | 2022 | 2023 | 2022 |
| | RM | RM | RM | RM |
| <u>Charging:-</u> | | | | |
| Auditors' remuneration: | | | | |
| - Charge for the financial year | 331,000 | 294,500 | 77,000 | 75,000 |
| - Other auditors | 48,470 | 45,618 | - | - |
| - Other services | 62,100 | 62,846 | 3,700 | 3,700 |
| Directors' fees | 231,214 | 248,654 | 231,214 | 248,654 |
| Net loss on foreign exchange: | | | | |
| - Realised | - | 1,746,941 | - | - |
| - Unrealised | 541,246 | - | - | - |
| Expenses relating to short-term leases | 5,686,340 | 5,359,838 | - | - |
| <u>Crediting:-</u> | | | | |
| Dividend income: | | | | |
| - Quoted shares in Malaysia | 100,355 | 122,898 | - | - |
| - Unquoted shares in Malaysia | - | - | 5,470,184 | - |
| Net gain on foreign exchange: | | | | |
| - Realised | 2,476,931 | - | - | - |
| - Unrealised | - | 1,852,090 | - | - |

24. TAX EXPENSE

| | Group | | Company | |
|--|-----------|------------|---------|----------|
| | 2023 | 2022 | 2023 | 2022 |
| | RM | RM | RM | RM |
| Current tax: | | | | |
| - current year | 5,204,107 | 9,945,477 | 286,000 | 249,432 |
| - (Over)/Under provision in prior financial year | (435,808) | (203,331) | 34,384 | (30,976) |
| | 4,768,299 | 9,742,146 | 320,384 | 218,456 |
| Deferred tax: | | | | |
| - current year | 3,174,664 | 1,556,462 | - | - |
| - (Over)/Under recognition in prior financial year | (154,000) | 147,000 | - | - |
| | 3,020,664 | 1,703,462 | - | - |
| | 7,788,963 | 11,445,608 | 320,384 | 218,456 |

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24. TAX EXPENSE (CONT'D)

Malaysian income tax is calculated at statutory tax rate of 24% (2022: 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 | |
|---|--------------------|-------------|--------------------|-----------|
| | 2023 | 2022 | 2023 | 2022 |
| | RM | RM | RM | RM |
| Profit before tax | 14,676,899 | 31,886,969 | 3,269,834 | 1,038,785 |
| Tax at Malaysian statutory rate of 24% (2022: 24%) | 3,522,456 | 7,652,873 | 784,760 | 249,308 |
| Tax effect in respect of:- | | | | |
| Non-taxable income | (1,355,648) | (4,463,237) | (1,504,758) | (116,588) |
| Non-allowable expenses | 11,006,451 | 13,986,884 | 1,005,998 | 116,712 |
| Movement of deferred tax assets not recognised | 27,120 | 1,155,120 | - | - |
| (Over)/Under provision of income tax in prior financial year | (435,808) | (203,331) | 34,384 | (30,976) |
| (Over)/Under recognition of deferred tax assets in prior financial year | (154,000) | 147,000 | - | - |
| Effect of change in tax rate in other countries | (4,821,608) | (8,334,097) | - | - |
| Effect of tax treatment on foreign source income | - | 1,504,396 | - | - |
| | 7,788,963 | 11,445,608 | 320,384 | 218,456 |

25. EARNINGS PER SHARE

(a) Basic

Basic earnings per ordinary share for the financial year is calculated by dividing the profit/(loss) 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 | |
|---|--------------------|-------------|
| | 2023 | 2022 |
| Profit attributable to equity holders of the Company (RM) | 3,288,509 | 18,263,777 |
| Weighted average number of ordinary shares in issue | 472,657,651 | 472,657,651 |
| Basic earnings per ordinary share (sen) | 0.70 | 3.86 |

(b) Diluted

Diluted earnings per ordinary share equals basic earnings per ordinary share as there are no dilutive potential ordinary shares.

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26. EMPLOYEE BENEFITS EXPENSE

| | Group | | Company | |
|--------------------------------------|-------------------|------------|----------------|---------|
| | 2023 | 2022 | 2023 | 2022 |
| | RM | RM | RM | RM |
| Salaries, wages and other emoluments | 34,692,655 | 34,701,710 | 244,050 | 310,000 |
| Defined contribution plans | 3,163,238 | 2,908,501 | - | - |
| Retirement benefits | 828,767 | - | - | - |
| | 38,684,660 | 37,610,211 | 244,050 | 310,000 |

Directors' remunerations

Included in the employee benefits expenses is the Directors' remunerations as below:-

| | Group | | Company | |
|----------------------------------|------------------|-----------|----------------|---------|
| | 2023 | 2022 | 2023 | 2022 |
| | RM | RM | RM | RM |
| <u>Executive Directors:-</u> | | | | |
| <i>Existing Directors:</i> | | | | |
| - Salaries and other emoluments | 1,089,553 | 979,885 | - | - |
| - Defined contribution plans | 31,357 | 41,016 | - | - |
| | 1,120,910 | 1,020,901 | - | - |
| Benefit-in-kinds | 42,310 | 48,030 | - | - |
| | 1,163,220 | 1,068,931 | - | - |
| <u>Non-executive Directors:-</u> | | | | |
| <i>Existing Directors:</i> | | | | |
| - Salaries and other emoluments | 244,050 | 266,000 | 244,050 | 266,000 |
| <i>Former Directors:</i> | | | | |
| - Salaries and other emoluments | - | 44,000 | - | 44,000 |
| | 244,050 | 310,000 | 244,050 | 310,000 |
| | 1,407,270 | 1,378,931 | 244,050 | 310,000 |

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27 RELATED PARTY DISCLOSURES

Related party transactions

The significant related party transactions of the Group and of the Company are as follows:-

| Group | 2023 RM | 2022 RM |
|--|-------------|-------------|
| Related parties: | | |
| - sales | (20,900) | (424,454) |
| - purchases | 46,640 | 51,760 |
| - rental income | (198,000) | (156,000) |
| - rental expenses | 1,161,720 | 1,159,141 |
| - maintenance income | (3,979) | (2,509) |
| - loan | - | (5,600,000) |
| - loan interest | (332,466) | (34,718) |
| - payment made on behalf and reimbursed to | (1,161,720) | (1,231,018) |
| Associate: | | |
| - sales | 5,322,450 | 36,600,145 |
| Company | | |
| Subsidiaries: | | |
| - interest income | (2,629,231) | (2,279,000) |
| - interest expenses | 3,170,584 | - |
| - dividend received | 5,470,184 | - |
| - loan | 1,065,830 | 12,122,554 |
| - payment made on behalf and reimbursed to | (1,527,863) | (1,096,790) |
| - payment made on behalf and reimbursed from | 38,995 | 11,907,455 |
| Related party: | | |
| - payment made on behalf and reimbursed to | (1,161,720) | (1,064,910) |

Related party balances

Outstanding balances arising from related party transactions as at the reporting date are disclosed in Notes 10 and 19 to the financial statements.

27. RELATED PARTY DISCLOSURES (CONT'D)

Compensation of key management personnel

Key management personnel are 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 | |
|----------------------------------|------------------|------------------|----------------|----------------|
| | 2023 | 2022 | 2023 | 2022 |
| | RM | RM | RM | RM |
| Directors:- | | | | |
| Fees | 231,214 | 248,654 | 231,214 | 248,654 |
| Salaries and other emoluments | 1,333,603 | 1,289,885 | 244,050 | 310,000 |
| Defined contribution plans | 31,357 | 41,016 | - | - |
| Benefits-in-kind | 42,310 | 48,030 | - | - |
| | 1,638,484 | 1,627,585 | 475,264 | 558,654 |
| Other key management personnel:- | | | | |
| Salaries and other emoluments | 3,149,536 | 3,246,662 | - | - |
| Defined contribution plans | 444,211 | 338,403 | - | - |
| Benefits-in-kind | - | 57,860 | - | - |
| | 3,593,747 | 3,642,925 | - | - |
| Total | 5,232,231 | 5,270,510 | 475,264 | 558,654 |

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28. 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 | : Involve the design and fabrication of power transmission towers and telecommunication towers. |
| Engineering, Procurement, Construction and Commissioning ("EPCC") | : Mechanical and electrical engineering, procurement, erection/construction of power transmission towers and telecommunication towers, and water treatment, water supply and sewerage treatment plants. |
| Concession | : Construction, operation and maintenance of infrastructure facilities under concession basis (i.e. mini-hydro power plant). |
| Others | : Civil and infrastructure related works, fabrication services for other steel work and products, design and fabrication of substation electrical structures, operation of a hot-dip galvanising plant, and engineering design 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.

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28. OPERATING SEGMENT (CONT'D)

Business segment

| Group | Note | — Fabrication of towers — | | | | | Group adjustments | Total |
|--|------|---------------------------|--------------------|-------------|-------------|-------------|-------------------|--------------|
| | | Power Transmission | Telecom-munication | EPCC | Concession | Others | | |
| | | RM | RM | RM | RM | RM | RM | RM |
| 2023 | | | | | | | | |
| Revenue | | | | | | | | |
| External revenue | | 85,387,616 | 36,530,194 | 230,240,240 | 6,679,714 | 5,442,955 | - | 364,280,719 |
| Inter-segment revenue | (a) | 4,759,980 | 10,095,430 | 33,625,747 | - | 25,178,640 | (73,659,797) | - |
| Total revenue | | 90,147,596 | 46,625,624 | 263,865,987 | 6,679,714 | 30,621,595 | (73,659,797) | 364,280,719 |
| Results | | | | | | | | |
| Finance costs | | (2,945,895) | - | (6,551,600) | (5,505,536) | (5,255,538) | 8,275,100 | (11,983,469) |
| Finance income | | 5,735,299 | - | 677,509 | 10,499,613 | 2,634,334 | (8,245,100) | 11,301,655 |
| Depreciation of property, plant and equipment | | (2,040,403) | - | (631,343) | (16,952) | (1,064,020) | - | (3,752,718) |
| Depreciation of right-of-use assets | | (1,047,650) | - | (138,346) | - | (192,880) | - | (1,378,876) |
| Other non-cash income/ (expenses) | (b) | (1,059,329) | - | (1,781,887) | 1,295,145 | 402,170 | 549,993 | (593,908) |
| Share of associate's result | | - | - | - | - | 1,997,774 | - | 1,997,774 |
| Tax expense | | (103,701) | (104,599) | (5,135,025) | (1,561,301) | (884,337) | - | (7,788,963) |
| Segment results | (c) | (1,028,249) | (1,037,152) | 12,588,141 | 217,372 | 1,297,264 | (6,465,400) | 5,571,976 |
| Assets | | | | | | | | |
| Segment assets | (d) | 295,406,377 | - | 308,051,889 | 116,259,379 | 408,038,686 | (483,102,466) | 644,653,865 |
| Included in segment assets are: | | | | | | | | |
| Investment in an associate | | - | - | 53,888,694 | - | - | - | 53,888,694 |
| Additions to non-current assets other than deferred tax assets | (e) | 3,120,428 | - | 193,121 | 25,330 | 10,686,131 | (7) | 14,025,003 |
| Liabilities | | | | | | | | |
| Segment liabilities | (f) | 44,701,091 | - | 193,988,643 | 33,579,807 | 69,326,828 | (169,988,011) | 171,608,358 |

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28. OPERATING SEGMENT (CONT'D)

Business segment (cont'd)

| Group (Cont'd) | Note | — Fabrication of towers — | | | | | Group adjustments | Total |
|--|------|---------------------------|------------------------|-------------|-------------|--------------|-------------------|--------------|
| | | Power Transmission | Telecom- munication | EPCC | Concession | Others | | |
| | | RM | RM | RM | RM | RM | RM | RM |
| 2022 | | | | | | | | |
| Revenue | | | | | | | | |
| External revenue | | 63,331,818 | 65,968,735 | 301,962,802 | 3,607,252 | 1,230,516 | - | 436,101,123 |
| Inter-segment revenue | (a) | 4,399,053 | 11,874,760 | 7,676,744 | - | 21,023,082 | (44,973,639) | - |
| Total revenue | | 67,730,871 | 77,843,495 | 309,639,546 | 3,607,252 | 22,253,598 | (44,973,639) | 436,101,123 |
| Results | | | | | | | | |
| Finance costs | | (2,015,660) | - | (6,719,068) | (1,866,290) | (814,534) | 4,580,212 | (6,835,340) |
| Finance income | | 2,358,127 | - | 222,649 | 4,719,420 | 2,282,171 | (4,550,212) | 5,032,155 |
| Depreciation of property, plant and equipment | | (2,279,973) | - | (1,215,056) | (9,423) | (661,108) | - | (4,165,560) |
| Depreciation of right-of-use assets | | (1,143,386) | - | (121,975) | - | (139,989) | - | (1,405,350) |
| Other non-cash income/ (expenses) | (b) | 4,790,547 | - | 2,246,800 | (732,439) | (168,311) | (713,183) | 5,423,414 |
| Share of associate's result | | - | - | - | - | 3,459,771 | - | 3,459,771 |
| Tax expense | | (1,364,355) | (1,568,062) | (7,736,413) | (558,322) | (218,456) | - | (11,445,608) |
| Segment results | (c) | 4,208,159 | 4,836,463 | 15,777,908 | 2,138,042 | (10,310,472) | 2,134,675 | 18,784,775 |
| Assets | | | | | | | | |
| Segment assets | (d) | 317,744,767 | - | 292,879,727 | 107,510,308 | 403,777,564 | (491,909,635) | 630,002,731 |
| Included in segment assets are: | | | | | | | | |
| Investment in an associate | | - | - | 51,890,920 | - | - | - | 51,890,920 |
| Additions to non-current assets other than deferred tax assets | (e) | 1,349,174 | - | 132,561 | 111,522 | 13,615,241 | (549,993) | 14,658,505 |
| Liabilities | | | | | | | | |
| Segment liabilities | (f) | 63,095,980 | - | 173,537,512 | 59,489,342 | 75,763,957 | (185,893,807) | 185,992,984 |

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28. 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 | |
|--|------------------|-------------|
| | 2023 | 2022 |
| | RM | RM |
| Impairment losses on receivables and contracts assets | (245,914) | (511,915) |
| Impairment losses on receivables and contracts assets no longer required | 151,181 | 711,008 |
| Bad debts written off | (29,714) | - |
| Gain on remeasurement of previously-held equity interest | - | 143,049 |
| Gain on bargain purchase of a subsidiary | - | 853,130 |
| Net gain on disposal of property, plant and equipment | 732,222 | 92,203 |
| Net unrealised (loss)/gain on foreign exchange | (541,246) | 1,852,090 |
| Fair value gain/(loss) on other investments | 8,489 | (40,880) |
| Gain on strike off of a subsidiary | - | 156,357 |
| Net gain on disposal of right-of-use assets | 138,000 | - |
| Retirement benefits | (828,767) | - |
| Reversal of inventories written down, net of written down | 21,908 | 2,224,936 |
| Property, plant and equipment written off | (67) | (299) |
| Right-of-use assets written off | - | (56,265) |
| | (593,908) | 5,423,414 |

- (c) The following items are added to/(deducted from) segment loss to arrive at "profit after tax" presented in the consolidated statements of profit or loss:-

| | Group | |
|-----------------------------|---------------------|-------------|
| | 2023 | 2022 |
| | RM | RM |
| Segment profit | 5,571,976 | 18,784,775 |
| Finance income | 11,301,655 | 5,032,155 |
| Finance costs | (11,983,469) | (6,835,340) |
| Share of associate's result | 1,997,774 | 3,459,771 |
| Profit after tax | 6,887,936 | 20,441,361 |

Notes to the Financial Statements

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28. 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 (Cont'd):-

- (d) The following items are added to segment assets to arrive at total assets reported in the consolidated statements of financial position:-

| | Group | |
|---------------------------|-------------|-------------|
| | 2023 | 2022 |
| | RM | RM |
| Segment assets | 644,653,865 | 630,002,731 |
| Goodwill on consolidation | 13,216,398 | 13,216,398 |
| Deferred tax assets | 7,207,199 | 10,227,863 |
| Tax recoverable | 9,904,563 | 7,294,958 |
| Total assets | 674,982,025 | 660,741,950 |

- (e) Additions to non-current assets other than financial instruments and deferred tax assets consist of:-

| | Group | |
|-------------------------------|------------|------------|
| | 2023 | 2022 |
| | RM | RM |
| Property, plant and equipment | 12,059,737 | 10,923,872 |
| Right-of-use assets | 1,965,266 | 3,734,633 |
| Total assets | 14,025,003 | 14,658,505 |

- (f) The following items are added to segment liabilities to arrive at total liabilities reported in the consolidated statements of financial position:-

| | Group | |
|---------------------|-------------|-------------|
| | 2023 | 2022 |
| | RM | RM |
| Segment liabilities | 171,608,358 | 185,992,984 |
| Lease liabilities | 3,197,246 | 2,214,953 |
| Borrowings | 141,035,028 | 108,253,725 |
| Tax payable | 1,757,076 | 1,841,562 |
| Total liabilities | 317,597,708 | 298,303,224 |

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28. OPERATING SEGMENT (CONT'D)

Major Customers

The following are major customers with revenue equal or more than 10 percent of the Group's revenue:-

| | RM | % | Operating Segment |
|--------------|--------------------|-----------|-------------------|
| Group | | | |
| <u>2023</u> | | | |
| Customer A | <u>74,215,000</u> | <u>20</u> | EPCC |
| <u>2022</u> | | | |
| Customer A | <u>180,881,036</u> | <u>41</u> | EPCC |

Geographical Information

Revenue and non-current assets information based on the geographical location of the customers and assets respectively are as follows:-

| | Group | | | |
|------------|--------------------|-----------------------------|--------------------|-----------------------------|
| | 2023 | | 2022 | |
| | Revenue RM | Non-current assets RM | Revenue RM | Non-current assets RM |
| Malaysia* | 278,167,452 | 83,690,190 | 353,795,393 | 74,314,657 |
| Bangladesh | 31,204,913 | - | 41,390,403 | - |
| Cambodia | 9,940,865 | - | 544,551 | - |
| Indonesia | - | 2,192,133 | 3,607,252 | 2,066,507 |
| Nepal | 44,967,489 | - | - | - |
| Vietnam | - | 53,888,694 | 36,763,524 | 51,890,920 |
| | <u>364,280,719</u> | <u>139,771,017</u> | <u>436,101,123</u> | <u>128,272,084</u> |

The amount of non-current assets consists of property, plant and equipment, right-of-use assets, investment in associates and goodwill on consolidation.

* The Company's home country.

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29. CAPITAL COMMITMENT

| | Group | |
|---------------------------------|------------------|------------------|
| | 2023 | 2022 |
| | RM | RM |
| Capital expenditure | | |
| Authorised and contracted for: | | |
| - Property, plant and equipment | <u>1,572,414</u> | <u>3,503,375</u> |

30. 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 | AC |
|---|----------------------|--------------------|
| | RM | RM |
| <u>2023</u> | | |
| Group | | |
| Financial assets | | |
| Trade and other receivables | - 178,835,943 | |
| Other investments | 189,816 | - |
| Cash and bank balances, deposits and placements | - 103,677,130 | |
| | <u>189,816</u> | <u>282,513,073</u> |
| Financial liabilities | | |
| Trade and other payables | - 117,960,268 | |
| Borrowings | - 141,035,028 | |
| | <u>- 258,995,296</u> | |
| Company | | |
| Financial assets | | |
| Trade and other receivables | - 47,342,424 | |
| Cash and bank balances, deposits and placements | - 2,952,669 | |
| | <u>- 50,295,093</u> | |
| Financial liabilities | | |
| Trade and other payables | - 39,179,825 | |
| Borrowings | - 12,125,000 | |
| | <u>- 51,304,825</u> | |

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30. 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 |
|---|----------------|--------------------|
| <u>2022</u> | | |
| Group | | |
| Financial assets | | |
| Trade and other receivables | - | 167,672,124 |
| Other investments | 185,000 | - |
| Cash and bank balances, deposits and placements | - | 57,302,414 |
| | <u>185,000</u> | <u>224,974,538</u> |
| Financial liabilities | | |
| Trade and other payables | - | 136,108,747 |
| Borrowings | - | 108,253,725 |
| | - | <u>244,362,472</u> |
| Company | | |
| Financial assets | | |
| Trade and other receivables | - | 60,777,911 |
| Cash and bank balances, deposits and placements | - | 219,276 |
| | - | <u>60,997,187</u> |
| Financial liabilities | | |
| Trade and other payables | - | 50,722,583 |
| Borrowings | - | 5,000,000 |
| | - | <u>55,722,583</u> |

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.

Notes to the Financial Statements

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30. FINANCIAL INSTRUMENTS (CONT'D)

30.1 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 | |
|-----------------------------|-------------|-------------|------------|------------|
| | 2023 | 2022 | 2023 | 2022 |
| | RM | RM | RM | RM |
| Trade and other receivables | 178,835,943 | 167,672,124 | 47,351,945 | 60,777,911 |
| Contract assets | 124,512,843 | 154,201,592 | - | - |
| Carrying amount | 303,348,786 | 321,873,716 | 47,351,945 | 60,777,911 |

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 | | | |
|--------------------------|------------|----|------------|----|
| | 2023 | | 2022 | |
| | RM | % | RM | % |
| Trade Receivables | | | | |
| Malaysia | | | | |
| Top 1 (2022: 1) customer | 38,667,996 | 23 | 28,966,418 | 18 |
| Bangladesh | | | | |
| Top 1 (2022: 1) customer | 62,413,279 | 37 | 72,735,793 | 45 |

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30. FINANCIAL INSTRUMENTS (CONT'D)

Financial Risk Management (Cont'd)

30.1 Credit Risk (Cont'd)

(a) Trade receivables, other receivables and contract assets (Cont'd)

Credit risk concentration (Cont'd)

| | 2023 | | Group | | 2022 | |
|----------------------------|------------|----|------------|--|------|----|
| | RM | % | | | RM | % |
| Contract Assets | | | | | | |
| Malaysia | | | | | | |
| Top 1 (2022: Nil) customer | 12,342,550 | 10 | | | - | - |
| Bangladesh | | | | | | |
| Nil (2022: Top 1) customer | - | - | 23,616,516 | | | 14 |
| Indonesia | | | | | | |
| Nil (2022: Top 1) customer | - | - | 98,837,004 | | | 60 |

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 its 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.

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30. FINANCIAL INSTRUMENTS (CONT'D)

Financial Risk Management (Cont'd)

30.1 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 Group's trade receivables and contract assets which is grouped together as they are expected to have similar risk nature:

| | | Days past due | | | | |
|-----------------------|--------------|---------------|------------|-----------|-------------|--------------|
| | Current | 1 to | 31 to | 61 to | More than | Total |
| | RM | 30 days | 60 days | 90 days | 90 days | RM |
| | | RM | RM | RM | RM | |
| Group | | | | | | |
| 2023 | | | | | | |
| Trade receivables | 153,119,434 | 6,026,473 | 3,310,795 | 1,018,221 | 6,231,409 | 169,706,332 |
| Individually impaired | - | - | - | - | (2,125,934) | (2,125,934) |
| Collectively impaired | - | (68,144) | (23,412) | (30,840) | (580,376) | (702,772) |
| Net balance | 153,119,434 | 5,958,329 | 3,287,383 | 987,381 | 3,525,099 | 166,877,626 |
| Contract assets | 123,677,143 | - | - | - | - | 123,677,143 |
| 2022 | | | | | | |
| Trade receivables | 102,782,070 | 8,936,303 | 11,591,369 | 2,832,675 | 35,528,764 | 161,671,181 |
| Individually impaired | - | - | - | - | (4,723,995) | (4,723,995) |
| Collectively impaired | - | (35,603) | (27,687) | (15,599) | (694,634) | (773,523) |
| Net balance | 102,782,070 | 8,900,700 | 11,563,682 | 2,817,076 | 30,110,135 | 156,173,663 |
| Contract assets | 164,543,823 | - | - | - | - | 164,543,823 |
| Collectively impaired | (10,342,231) | - | - | - | - | (10,342,231) |
| Net balance | 154,201,592 | - | - | - | - | 154,201,592 |

As at the end of reporting year, there was no indication that other receivables are not recoverable except for those that disclosed in Note 10 to the financial statements. The maximum exposure of other receivables to credit risk is represented by their carrying amounts in the statements of financial position.

(b) Cash and cash equivalents and deposits with licensed banks

Deposits with licensed 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.

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30. FINANCIAL INSTRUMENTS (CONT'D)

Financial Risk Management (Cont'd)

30.1 Credit Risk (Cont'd)

(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 30.2 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.

30.2 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:-

| | Total | Contractual cash flows | | |
|---|-------------|------------------------|--------------|-----------|
| | | Current | Non-current | |
| | | Within | 2 to 5 years | More than |
| Group | RM | 1 year | RM | 5 years |
| | | RM | | RM |
| <u>2023</u> | | | | |
| <u>Non-derivative financial liabilities</u> | | | | |
| Borrowings | 184,990,086 | 137,989,539 | 47,000,547 | - |
| Lease liabilities | 3,550,827 | 1,596,910 | 1,953,917 | - |
| Trade and other payables | 117,960,268 | 117,960,268 | - | - |
| Total undiscounted financial liabilities | 306,501,181 | 257,546,717 | 48,954,464 | - |
| Financial guarantee* | 93,307,744 | 93,307,744 | - | - |
| <u>2022</u> | | | | |
| <u>Non-derivative financial liabilities</u> | | | | |
| Borrowings | 108,253,739 | 94,470,549 | 13,783,190 | - |
| Lease liabilities | 2,425,696 | 1,251,491 | 1,174,205 | - |
| Trade and other payables | 136,108,747 | 136,108,747 | - | - |
| Total undiscounted financial liabilities | 246,788,182 | 231,830,787 | 14,957,395 | - |
| Financial guarantee* | 113,296,518 | 113,296,518 | - | - |

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30. FINANCIAL INSTRUMENTS (CONT'D)

Financial Risk Management (Cont'd)

30.2 Liquidity Risk (Cont'd)

| Company | Contractual cash flows Current Within 1 year RM |
|---|---|
| <u>2023</u> | |
| <u>Non-derivative financial liabilities</u> | |
| Borrowings | 12,125,000 |
| Trade and other payables | 39,189,346 |
| Total undiscounted financial liabilities | <u>51,314,346</u> |
| <u>2022</u> | |
| <u>Non-derivative financial liabilities</u> | |
| Borrowings | 5,000,000 |
| Trade and other payables | 50,722,583 |
| Total undiscounted financial liabilities | <u>55,722,583</u> |
| Financial guarantee* | <u>27,688,937</u> |

* 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.

30.3 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.

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30. FINANCIAL INSTRUMENTS (CONT'D)

Financial Risk Management (Cont'd)

30.3 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:-

| | WAEIR % | Within 1 year RM | 2 - 5 years RM | More than 5 years RM | Total RM |
|--------------------------------------|------------|------------------------|----------------------|----------------------------|-------------|
| Group | | | | | |
| 2023 | | | | | |
| Financial asset | | | | | |
| <u>Fixed rate:-</u> | | | | | |
| Deposits with financial institutions | 2.88 | 18,911,015 | - | - | 18,911,015 |
| Financial liabilities | | | | | |
| <u>Fixed rate:-</u> | | | | | |
| Other payables | 5.40 | 12,318,748 | - | - | 12,318,748 |
| Lease liabilities | 4.57 | 1,405,632 | 1,791,614 | - | 3,197,246 |
| Bankers' acceptances | 5.23 | 45,538,159 | - | - | 45,538,159 |
| Trust receipts | 8.07 | 3,635,000 | - | - | 3,635,000 |
| <u>Floating rate:-</u> | | | | | |
| Term loans | 4.40 | 14,390,195 | 56,832,124 | - | 71,222,319 |
| Revolving credit | 5.87 | 20,639,550 | - | - | 20,639,550 |

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30. FINANCIAL INSTRUMENTS (CONT'D)

Financial Risk Management (Cont'd)

30.3 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):-

| | WAEIR % | Within 1 year RM | 2 - 5 years RM | More than 5 years RM | Total RM |
|--------------------------------------|------------|------------------------|----------------------|----------------------------|-------------|
| Group (Cont'd) | | | | | |
| 2022 | | | | | |
| Financial asset | | | | | |
| <u>Fixed rate:-</u> | | | | | |
| Deposits with financial institutions | 1.99 | 14,182,206 | - | - | 14,182,206 |
| Financial liabilities | | | | | |
| <u>Fixed rate:-</u> | | | | | |
| Other payables | 5.65 | 18,467,479 | - | - | 18,467,479 |
| Lease liabilities | 4.57 | 1,150,024 | 1,064,929 | - | 2,214,953 |
| Bankers' acceptances | 3.74 | 37,888,985 | - | - | 37,888,985 |
| Trust receipts | 5.92 | 14,355,584 | - | - | 14,355,584 |
| <u>Floating rate:-</u> | | | | | |
| Bank overdraft | 7.65 | 700,924 | - | - | 700,924 |
| Term loans | 6.28 | 23,051,542 | 13,783,190 | - | 36,834,732 |
| Revolving credit | 5.69 | 18,473,500 | - | - | 18,473,500 |

Notes to the Financial Statements

31 December 2023

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30. FINANCIAL INSTRUMENTS (CONT'D)

Financial Risk Management (Cont'd)

30.3 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):-

| | WAEIR % | Within 1 year RM | 2 - 5 years RM | More than 5 years RM | Total RM |
|----------------------------|------------|------------------------|----------------------|----------------------------|-------------|
| Company | | | | | |
| 2023 | | | | | |
| Financial asset | | | | | |
| <u>Fixed rate:-</u> | | | | | |
| Other receivables | 5.40 | 9,812,921 | 33,041,865 | - | 42,854,786 |
| Financial liability | | | | | |
| <u>Floating rate:-</u> | | | | | |
| Term loans | 4.58 | 1,125,000 | 6,000,000 | - | 7,125,000 |
| Revolving credit | 5.46 | 5,000,000 | - | - | 5,000,000 |
| 2022 | | | | | |
| Financial asset | | | | | |
| <u>Fixed rate:-</u> | | | | | |
| Other receivables | 4.28 | 3,114,048 | 50,066,156 | - | 53,180,204 |
| Financial liability | | | | | |
| <u>Floating rate:-</u> | | | | | |
| Revolving credit | 4.20 | 5,000,000 | - | - | 5,000,000 |

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.

Notes to the Financial Statements

31 December 2023

(Cont'd)

30. FINANCIAL INSTRUMENTS (CONT'D)

Financial Risk Management (Cont'd)

30.3 Interest Rate Risk (Cont'd)

Cash flows sensitivity analysis for floating rate instruments

| | Group | | Company | |
|---------------------------------|-------------------|------------|-------------------|-----------|
| | 2023 | 2022 | 2023 | 2022 |
| | RM | RM | RM | RM |
| Floating rate instrument | | | | |
| <u>Financial liability:-</u> | | | | |
| Borrowings | 91,861,869 | 56,009,156 | 12,125,000 | 5,000,000 |
| Net financial liability | 91,861,869 | 56,009,156 | 12,125,000 | 5,000,000 |

The following illustrates the sensitivity of profit/equity to a reasonably possible change in interest rates of +/- 25 (2022: +/- 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 | | Company | |
| | RM | RM | RM | RM |
| 2023 (+/- 25bp) | (229,655) | 229,655 | (30,313) | 30,313 |
| 2022 (+/- 25bp) | (140,023) | 140,023 | (12,500) | 12,500 |

30.4 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 currencies giving rise to this risk are primarily United States Dollar ("USD"), Indonesian Rupiah ("IDR"), Indian Rupee ("INR"), Euro ("EUR"), Papua New Guinea Kina ("PGK") and Vietnamese Dong ("VND").

Notes to the Financial Statements
31 December 2023
(Cont'd)

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30. FINANCIAL INSTRUMENTS (CONT'D)

Financial Risk Management (Cont'd)

30.4 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:-

Financial assets and liabilities held in non-functional currency:-

| | Group | |
|--|--------------|--------------|
| | 2023 | 2022 |
| | RM | RM |
| <u>Trade and other receivables</u> | | |
| USD | 42,735,820 | 42,887,904 |
| IDR | 2,655,122 | 96,367 |
| EUR | 24,035,059 | 24,035,059 |
| PGK | 331,512 | 339,292 |
| VND | 206,046 | 8,646,142 |
| <u>Cash and bank balances, deposits and placements</u> | | |
| USD | 25,259,461 | 16,549,650 |
| IDR | 1,417,708 | 546,446 |
| EUR | 4,291,151 | 4,291,088 |
| PGK | 45,458 | 46,675 |
| VND | 3,355,243 | 1,947,292 |
| <u>Trade and other payables</u> | | |
| USD | (33,408,341) | (24,294,432) |
| IDR | (12,485,055) | (14,441,302) |
| INR | (197,638) | (197,638) |
| EUR | (518,419) | (518,419) |
| PGK | (445,854) | (323,908) |
| VND | (7,006,649) | (7,006,649) |
| <u>Borrowings</u> | | |
| USD | (3,973,500) | (3,973,500) |
| EUR | (6,902,719) | (6,902,719) |

Notes to the Financial Statements

31 December 2023

(Cont'd)

30. FINANCIAL INSTRUMENTS (CONT'D)

Financial Risk Management (Cont'd)

30.4 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 | |
|-----------------------------|-------------|--------------|
| | 2023 | 2022 |
| | RM | RM |
| <u>Contract liabilities</u> | | |
| USD | (6,189,224) | (6,189,224) |
| VND | - | (1,665,110) |
| <u>Net exposure</u> | | |
| USD | 24,424,216 | 24,980,398 |
| IDR | (8,412,225) | (13,798,489) |
| INR | (197,638) | (197,638) |
| EUR | 20,905,072 | 20,905,009 |
| PGK | (68,884) | 62,059 |
| VND | 3,561,289 | 1,921,675 |

Foreign currency sensitivity analysis

The following table illustrates the sensitivity of profit or loss 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.

Notes to the Financial Statements
31 December 2023
(Cont'd)

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30. FINANCIAL INSTRUMENTS (CONT'D)

Financial Risk Management (Cont'd)

30.4 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 | |
|------------------------------|--|------------|
| | 2023 RM | 2022 RM |
| <u>RM/USD</u> | | |
| - Strengthened 2% (2022: 1%) | 488,484 | 249,804 |
| - Weakened 2% (2022: 1%) | (488,484) | (249,804) |
| <u>RM/IDR</u> | | |
| - Strengthened 2% (2022: 1%) | (168,245) | (137,985) |
| - Weakened 2% (2022: 1%) | 168,245 | 137,985 |
| <u>RM/INR</u> | | |
| - Strengthened 2% (2022: 1%) | (3,953) | (1,976) |
| - Weakened 2% (2022: 1%) | 3,953 | 1,976 |
| <u>RM/EUR</u> | | |
| - Strengthened 2% (2022: 2%) | 418,101 | 418,100 |
| - Weakened 2% (2022: 2%) | (418,101) | (418,100) |
| <u>RM/PGK</u> | | |
| - Strengthened 1% (2022: 1%) | (689) | 621 |
| - Weakened 1% (2022: 1%) | 689 | (621) |
| <u>RM/VND</u> | | |
| - Strengthened 2% (2022: 2%) | 71,226 | 38,434 |
| - Weakened 2% (2022: 2%) | (71,226) | (38,434) |

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.

Notes to the Financial Statements

31 December 2023

(Cont'd)

30. FINANCIAL INSTRUMENTS (CONT'D)

Financial Risk Management (Cont'd)

30.5 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% (2022: 5%) increase in share price of each counter at the reporting date would have increase the Group's profit or loss and equity for the financial year by RM9,491 (2022: RM9,250). A 5% (2022: 5%) weakening in the share price of each counter would have equal but opposite effect on the Group's profit or loss/equity for the financial year.

30.6 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.

30.7 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 |
|--|----------------|---------------|---------------|----------------|
| 2023 | | | | |
| Financial asset | | | | |
| Non-derivative financial assets at FVTPL | 189,816 | - | - | 189,816 |
| 2022 | | | | |
| Financial asset | | | | |
| Non-derivative financial assets at FVTPL | 185,000 | - | - | 185,000 |

There was no transfer between Level 1, 2 and 3 in 2023 and 2022.

30. FINANCIAL INSTRUMENTS (CONT'D)

Financial Risk Management (Cont'd)

30.8 Net Gain or Losses Arising from Financial Instruments

| | Group | |
|--------------------------------|----------|----------|
| | 2023 | 2022 |
| | RM | RM |
| Net gain/(loss) on:- | | |
| Financial assets at FVTPL | | |
| - recognised in profit or loss | 8,489 | (40,880) |
| Financial assets at AC | | |
| - recognised in profit or loss | (94,733) | 77,872 |
| Contract assets | | |
| - recognised in profit or loss | - | 121,221 |

31. CAPITAL MANAGEMENT

The Group's and the Company's objective when managing capital are to safeguard the Group's and the Company's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholders' value. The Group's and the Company'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 and the Company fund their 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 and the Company'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, cash and bank balances, deposits and placements. Total capital comprises share capital and reserves attributable to equity holders of the Group and of the Company.

| | Group | | Company | |
|----------------------------------|-------------|-------------|-------------|-------------|
| | 2023 | 2022 | 2023 | 2022 |
| | RM | RM | RM | RM |
| Net debts | 212,163,502 | 239,159,248 | 48,352,156 | 55,503,307 |
| Total capital | 328,038,115 | 328,280,067 | 308,039,634 | 305,090,184 |
| Total debts against equity ratio | 0.65 | 0.73 | 0.16 | 0.18 |

There were no changes in the Group's and the Company's approach to capital management during the financial year.

Analysis of Shareholdings

As At 1 April 2024

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 | 34 | 0.91 | 968 | 0.00 |
| 100 to 1,000 shares | 356 | 9.52 | 208,360 | 0.04 |
| 1,001 to 10,000 shares | 1,758 | 47.01 | 9,573,415 | 2.03 |
| 10,001 to 100,000 shares | 1,346 | 35.99 | 46,155,384 | 9.77 |
| 100,001 to less than 5% of issued shares | 242 | 6.47 | 203,151,815 | 42.98 |
| 5% and above of issued shares | 4 | 0.11 | 213,567,709 | 45.18 |
| Total | 3,740 | 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 | Amsec Nominees (Tempatan) Sdn Bhd Beneficiary: Pledged Securities Account - Ambank (M) Berhad for Nik Awang @ Wan Azmi Bin Wan Hamzah | 68,743,531 | 14.54 |
| 2 | Kenanga Nominees (Tempatan) Sdn Bhd Beneficiary: Pledged Securities Account for Nik Awang @ Wan Azmi Bin Wan Hamzah | 55,051,210 | 11.65 |
| 3 | Kenanga Nominees (Tempatan) Sdn Bhd Beneficiary: Pledged Securities Account for Nik Anida Binti Nik Manshor | 50,000,000 | 10.58 |
| 4 | Chan Liew Hoon | 39,772,968 | 8.41 |
| 5 | Nik Anida Binti Nik Manshor | 20,000,000 | 4.23 |
| 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 | Sia Bun Chun | 15,764,009 | 3.34 |
| 8 | Public Nominees (Asing) Sdn Bhd Beneficiary: Pledged Securities Account for Sia Bun Chun | 14,600,000 | 3.09 |
| 9 | Gan Kim Huat | 8,695,949 | 1.84 |

Analysis of Shareholdings

As At 1 April 2024

(Cont'd)

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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 (%) |
|-----|---|---------------|----------------|
| 10 | Graceful Assessment Sdn. Bhd. | 8,035,000 | 1.70 |
| 11 | CIMSEC Nominees (Tempatan) Sdn Bhd Beneficiary: CIMB for Gelombang Global Sdn Bhd (PB) | 6,725,000 | 1.42 |
| 12 | Asia New Venture Capital Holdings Sdn Bhd | 4,382,900 | 0.93 |
| 13 | Citigroup Nominees (Tempatan) Sdn Bhd Beneficiary: Kumpulan Wang Persaraan (Diperbadankan)(ESPG IV SC E) | 4,245,200 | 0.90 |
| 14 | Zenith Highlight Sdn Bhd | 4,136,257 | 0.88 |
| 15 | Kenanga Nominees (Tempatan) Sdn Bhd Beneficiary: Pledged Securities Account for Mohammed Rashdan Bin Mohd Yusof | 3,569,900 | 0.76 |
| 16 | Kenanga Nominees (Tempatan) Sdn Bhd Beneficiary: Pledged Securities Account for Leong Wai Yuan | 3,500,000 | 0.74 |
| 17 | Public Nominees (Tempatan) Sdn Bhd Beneficiary: Pledged Securities Account for Wong Yee Hui (KLC/KEN) | 2,462,800 | 0.52 |
| 18 | Public Nominees (Tempatan) Sdn Bhd Beneficiary: Pledged Securities Account for Heah Hong Chew (E-KPG) | 2,179,400 | 0.46 |
| 19 | Zenith Highlight Sdn Bhd | 2,166,100 | 0.46 |
| 20 | Citigroup Nominees (Tempatan) Sdn Bhd Beneficiary: Kumpulan Wang Persaraan (Diperbadankan) (Nomura) | 2,108,200 | 0.45 |
| 21 | Pacific & Orient Insurance Co Berhad | 2,000,000 | 0.42 |
| 22 | Chin Fook Lai | 1,920,000 | 0.41 |
| 23 | RHB Nominees (Tempatan)Sdn Bhd Beneficiary: Pledged Securities Account for Ooi Keng Thye | 1,842,000 | 0.39 |
| 24 | CIMB Group Nominees (Tempatan)Sdn Bhd Beneficiary: CIMB Commerce Trustee Berhad for Kenanga Ekuiti Islam Fund | 1,830,300 | 0.39 |
| 25 | Su Ming Keat | 1,625,000 | 0.34 |
| 26 | Maybank Nominees (Tempatan) Sdn Bhd Beneficiary: Inceif (IFM Kenanga-I) | 1,545,700 | 0.33 |
| 27 | Maybank Nominees (Tempatan) Sdn Bhd Beneficiary: Iclif (IFM Kenanga-I) | 1,346,000 | 0.28 |
| 28 | Kenanga Nominees (Tempatan) Sdn Bhd Beneficiary: Pledged Securities Account for Abdul Aziz bin Abu Bakar | 1,320,300 | 0.28 |
| 29 | Choong Wen Hao | 1,174,400 | 0.25 |
| 30 | HSBC Nominees (Asing) Sdn Bhd Beneficiary: J.P. Morgan Securities PLC | 1,163,600 | 0.25 |

Analysis of Shareholdings As At 1 April 2024 (Cont'd)

SUBSTANTIAL SHAREHOLDERS AS PER THE REGISTER OF SUBSTANTIAL SHAREHOLDERS

| Name of Substantial Shareholders | Direct Interest | | Indirect Interest ⁽¹⁾ | |
|---|----------------------------|-------|----------------------------------|-------|
| | No. of Shares | % | No. of Shares | % |
| Tan Sri Nik Awang @ Wan Azmi Bin Wan Hamzah | ⁽²⁾ 140,394,741 | 29.70 | ⁽³⁾ 70,000,000 | 14.81 |
| Puan Sri Nik Anida Binti Nik Manshor | ⁽³⁾ 70,000,000 | 14.81 | ⁽²⁾ 140,394,741 | 29.70 |
| Chan Liew Hoon | 39,772,968 | 8.41 | 30,364,009 | 6.42 |
| Sia Bun Chun | ⁽⁴⁾ 30,364,009 | 6.42 | 39,772,968 | 8.41 |

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.
⁽³⁾ Including shares held under Kenanga Nominees (Tempatan) Sdn Bhd.
⁽⁴⁾ Including shares held under Public Nominees (Asing) 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 | % |
| Tan Sri Nik Awang @ Wan Azmi Bin Wan Hamzah | ⁽²⁾ 140,394,741 | 29.70 | ⁽³⁾ 70,000,000 | 14.81 |
| Sia Bun Chun | ⁽⁴⁾ 30,364,009 | 6.42 | 39,772,968 | 8.42 |

Notes:

- ⁽¹⁾ Deemed interested by virtue of shares held by his spouse.
⁽²⁾ Including shares held under Amsec Nominees (Tempatan) Sdn Bhd, Public Nominees (Tempatan) Sdn Bhd and Kenanga Nominees (Tempatan) Sdn Bhd.
⁽³⁾ Including shares held under Kenanga Nominees (Tempatan) Sdn Bhd.
⁽⁴⁾ Including shares held under Public Nominees (Asing) Sdn Bhd.

List of Properties

| No | Address | Description/ Existing Use | Land/ Built up Area (sq ft) | Year of acquisition | Tenure/Date of Expiry of Lease | Age of Building | Net Book Value @31/12/23 | Revaluation, if any |
|----|--|----------------------------------|--------------------------------|------------------------|------------------------------------|----------------------------------|--------------------------------|------------------------|
| 1 | Lot 12-14, Kawasan Perindustrian Bentong, 28700 Bentong, Pahang | Factory and office | 76,055 / 36,194 | 1989 | 66 years expiring on 08.04.2059 | 16 years | 6,310,251 | - |
| 2 | Lot 5D, Kawasan Perindustrian Bentong, 28700 Bentong, Pahang | Warehouse and store | 224,029 / 71,005 | 2014 | 66 years expiring on 22.03.2053 | 33 years | 2,923,165 | - |
| 3 | No 20, Bemban Industrial Estate, Jalan Bemban, 31000 Batu Gajah Perak | Factory | 20,234 / N/A | 1995 | 60 years expiring on 28.03.2055 | 22 years | 2,900,473 | - |
| 4 | Lot 11, Kawasan Perindustrian Bentong, 28700 Bentong, Pahang | Warehouse and store | 335,700 / 36,000 | 2006 | 66 years expiring on 08.04.2059 | 32 years | 2,064,882 | - |
| 5 | Lot 5C, Kawasan Perindustrian Bentong, 28700 Bentong, Pahang | Vacant land | 133,074 / N/A | 2014 | 66 years expiring on 22.03.2053 | N/A | 1,019,232 | - |
| 6 | Unit 3A33,3A35,3A37 & 3A39 Block A, Kelana Centre Point, Jalan SS7/19, 47301 Petaling Jaya | Office | 6,297 | 2016 | 23.01.2094 | N/A | 2,004,200 | - |
| 7 | Lot 18, Kawasan Perindustrian Bentong, 28700 Bentong, Pahang | Factory | 219,909 / 38,182 | 1996 | 66 years expiring on 16.09.2053 | 21 years | 1,826,143 | - |
| 8 | Lot 20D, Kawasan Perindustrian Bentong, 28700 Bentong, Pahang | Factory, warehouse and office | 130,680 / 45,200 | 1992 | 66 years expiring on 25.01.2060 | 29 years | 1,503,809 | - |
| 9 | Lot 10, Kawasan Perindustrian Bentong, 28700 Bentong, Pahang | Factory, warehouse and office | 217,800 / 48,420 | 1988 | 66 years expiring on 22.03.2053 | 36 years | 1,207,673 | - |
| 10 | Jalan SS 3/60, Petaling Jaya | Workers housing | 3,199 | 2012 | Freehold | 48 years (reg. April 1977) | 1,103,360 | - |

Proxy Form



ROHAS TECNIC BERHAD
(Registration No. 199401016997 (302675-A))
(Incorporated in Malaysia)

| | | |
|----------|---------------------------------------|--|
| I/We, | NRIC No./Passport No. /Company No. | |
| | Contact number: | |
| Address: | | |

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 Thirtieth ("30th") Annual General Meeting of the Company to be held virtually through live streaming and online remote voting at the broadcast venue at Board Room, 15th Floor, East Wing, Rohas Tecnic, 9, Jalan P. Ramlee, 50250 Kuala Lumpur ("Broadcast Venue") on Tuesday, 11 June 2024 at 10:00 a.m. or any adjournment thereof and *my/our proxy is to vote as indicated below: -

| | RESOLUTION | **FOR | **AGAINST |
|------------------|---|-------|-----------|
| AGENDA :- | | | |
| | Ordinary Resolutions | | |
| 1. | Re-election of Dr. Ir. Jeyanthi Ramasamy as Director | 1 | |
| 2. | Re-election of Encik Shaharuddin Zainuddin as Director | 2 | |
| 3. | Re-election of Encik Kamarol Zaman Bin Radzak 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. | That subject to their consent to act, BDO PLT be and are hereby appointed as the Auditors of the Company in place of the retiring Auditors, Grant Thornton Malaysia PLT to hold office until the conclusion of the next AGM at a remuneration to be determined by the Board of Directors. | 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 _____ 2024

| | |
|--------------------|--|
| CDS Account No. | |
| No. of shares held | |

Signature(s) / Common Seal of Shareholder(s)

* Strike out whichever is inapplicable

Notes:-

- (1) The 30th AGM will be conducted virtually by way of live streaming and online remote voting through the Remote Participation and Voting ("RPV") facilities to be provided by SS E Solutions Sdn. Bhd. via the Securities Services e-Portal 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 30th 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 30th AGM. Members, proxies and/or corporate representatives will not be allowed to be physically present at the Broadcast Venue on the day of the 30th 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 30th 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 30th AGM via real time submission of typed texts through a text box within the Securities Services e-Portal platform during the live streaming of the 30th 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 30th 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 3 June 2024 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. For 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.

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AFFIX
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The Poll Administrator
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