



# **WATTA HOLDING BERHAD**

(199401038699 (324384-A))



## **ANNUAL REPORT 2023**



**WATTA HOLDING BERHAD**  
(199401038699 (324384-A))

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## NOTICE OF TWENTY NINTH ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN THAT** the Twenty Ninth Annual General Meeting of the Company will be held at Alhambra Ballroom, Level M1, Hotel Melia Kuala Lumpur, 16, Jalan Imbi, 55100 Kuala Lumpur on Wednesday, 12 June 2024 at 9.00 a.m. or at any adjournment thereof to transact the following business:-

### ORDINARY BUSINESS

- |    |   |                                   |
|----|---|-----------------------------------|
| 1. | To receive the Audited Financial Statements for the financial year ended 31 December 2023 and the Reports of the Directors and Auditors thereon.  | <b>Please refer to<br/>Note 1</b> |
| 2. | To re-elect the following Directors who retire by rotation pursuant to Clause 109 of the Company's Constitution:-   |                                   |
|    | 2.1 Datin Teoh Lian Tin; and  | <b>(Resolution 1)</b>             |
|    | 2.2 Datuk Hong Choon Hau.   | <b>(Resolution 2)</b>             |
| 3. | To re-elect the following Directors who retire pursuant to Clause 115 of the Company's Constitution:-   |                                   |
|    | 3.1 Dato' Sivananthan A/L Shanmugam;  | <b>(Resolution 3)</b>             |
|    | 3.2 Goh Thih Liang; and   | <b>(Resolution 4)</b>             |
|    | 3.3 Wong Hong Wai.  | <b>(Resolution 5)</b>             |
| 4. | To approve the payment of Directors' fees and benefits of up to RM300,000.00 in respect of the period from 13 June 2024 until the conclusion of the next annual general meeting of the Company. | <b>(Resolution 6)</b>             |
| 5. | To re-appoint Messrs. UHY as the Company's Auditors and to authorise the Directors to fix their remuneration.   | <b>(Resolution 7)</b>             |

### SPECIAL BUSINESS

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

- |    |   |                       |
|----|---|-----------------------|
| 6. | <b>ORDINARY RESOLUTION<br/>AUTHORITY FOR DIRECTORS TO ISSUE SHARES</b>  | <b>(Resolution 8)</b> |
|    | <p>"THAT pursuant to Sections 75 and 76 of the Companies Act 2016, and subject to the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities") and the approvals of the relevant governmental and/or regulatory authorities (if any), the Directors be and are hereby empowered to issue new shares in the Company at any time, to such person or persons, upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares issued pursuant to this resolution does not exceed ten percent (10%) of the total number of issued shares of the Company at the time of issue AND THAT the Directors be and are hereby also empowered to obtain approval from Bursa Securities for the listing of and quotation for the additional shares so issued AND THAT such authority shall continue to be in force until the conclusion of the next annual general meeting ("AGM") of the Company."</p> |                       |
| 7. | <b>ORDINARY RESOLUTION<br/>PROPOSED RENEWAL OF EXISTING SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE ("PROPOSED SHAREHOLDERS' MANDATE")</b>  | <b>(Resolution 9)</b> |
|    | <p>"THAT subject always to the provisions of the Listing Requirements of Bursa Securities, approval be and is hereby given to the Company and its subsidiaries to enter into Recurrent Related Party Transactions of a revenue or trading nature as stated in the Circular to Shareholders dated 29 April 2024 with the specified classes of related parties mentioned therein which are necessary for the Group's day-to-day operations and are carried out in the ordinary course of business and are on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not detrimental to the minority shareholders of the Company."</p>  |                       |

**NOTICE OF TWENTY NINTH ANNUAL GENERAL MEETING (CONT'D)**

THAT the approval shall continue to be in force until:-

- (i) the conclusion of the next AGM of the Company following the AGM at which such mandate was passed, at which time it will lapse, unless by a resolution passed at the AGM whereby the authority is renewed;
- (ii) the expiration of the period within which the next AGM of the Company is required to be held pursuant to Section 340(2) of the Companies Act 2016 ("the Act") (but must not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
- (iii) revoked or varied by resolution passed by the shareholders in general meeting,

whichever is the earlier.

AND THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary or in the interests of the Company to give effect to the Proposed Shareholders' Mandate described in the Circular."

- 8. To transact any other business of which due notice shall have been given in accordance with the Act and the Company's Constitution.

By Order of the Board  
**WATTA HOLDING BERHAD**

**YEOH CHONG KEAT (SSM PC NO. 201908004096) (MIA 2736)**  
**LIM FEI CHIA (SSM PC NO. 202008000515) (MAICSA 7036158)**  
**LIEW CHAK HOOI (SSM PC NO. 201908004042) (MAICSA 7055965)**  
 Company Secretaries

**Kuala Lumpur**  
 29 April 2024

**Notes:**

- (1) *The Audited Financial Statements are laid in accordance with Section 340(1)(a) of the Companies Act 2016 for discussion only. They do not require shareholders' approval and hence, shall not be put forward for voting.*
- (2) *Only a depositor whose name appears in the Company's Record of Depositors as at 5 June 2024 shall be regarded as a member and entitled to attend, speak and vote at this meeting or appoint proxy(ies) to attend and vote in his stead.*
- (3) *A member may appoint proxies to attend and vote instead of him at the meeting. If the member appoints more than one proxy, the appointment shall be invalid unless he specifies the proportion of his holdings to be represented by each proxy. A proxy may but need not be a member of the Company.*
- (4) *Where a member of the Company is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("Omnibus Account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each Omnibus Account it holds.*
- (5) *The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing or, if the appointer is a corporation, either under seal or under the hand of an officer or attorney duly authorised.*
- (6) *The original 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 the Registered Office of the Company at Lot 5, Level 10, Menara Great Eastern 2, No. 50, Jalan Ampang, 50450 Kuala Lumpur not less than forty-eight (48) hours before the time for holding the meeting.*
- (7) *Pursuant to Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in this notice will be put to vote by poll.*
- (8) *The Personal Data Protection Act 2010, which regulates the processing of personal data in commercial transactions, applies to the Company. By providing to us your personal data which may include your name, contact details and mailing address, you hereby consent, agree and authorise the processing and/or disclosure of any personal data of or relating to you for the purposes of issuing the notice of this meeting and convening the meeting, including but not limited to preparation and compilation of documents and other matters, whether or not supplied by you. You further confirm to have obtained the consent, agreement and authorisation of all persons whose personal data you have disclosed and/or processed in connection with the foregoing.*

## NOTICE OF TWENTY NINTH ANNUAL GENERAL MEETING (CONT'D)

### Explanatory Notes:-

#### 1. **Resolutions 1 and 2 – Re-election of Directors (Clause 109 of the Company's Constitution)**

The profiles of the Directors seeking for re-election are set out in the Directors' Profile section of the Company's Annual Report 2023. In accordance with Clause 109 of the Company's Constitution, an election of Directors shall take place every 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 and be eligible for re-election provided always that all the Directors shall retire from office once at least in each three (3) years but shall be eligible for re-election. Datin Teoh Lian Tin (Executive Director) ("Datin Teoh") and Datuk Hong Choon Hau (Non-Independent Non-Executive Director) ("Datuk Hong"), being eligible, have offered themselves for re-election.

The Nomination Committee and the Board of Directors ("Board") had considered and were satisfied with the management and contribution of Datin Teoh. The Nomination Committee and the Board had also considered and were satisfied with the commitment and contribution of Datuk Hong.

The Board recommends the re-election of Datin Teoh and Datuk Hong.

#### 2. **Resolutions 3, 4 and 5 – Re-election of Directors (Clause 115 of the Company's Constitution)**

The profiles of the Directors seeking for re-election are set out in the Directors' Profile section of the Company's Annual Report 2023. In accordance with Clause 115 of the Company's Constitution, the Directors shall have power at any time and from time to time to appoint any person to be a Director, either to fill a casual vacancy or as an addition to the existing Directors. Any Director so appointed shall hold office only until the next AGM and shall then be eligible for re-election. Dato' Sivananthan A/L Shanmugam (Independent Non-Executive Chairman) ("Dato' Siva") and Goh Thih Liang (Independent Non-Executive Director) ("Mr. Goh"), both appointed on 21 August 2023, and Wong Hong Wai (Independent Non-Executive Director) ("Mr. Wong") who was appointed on 20 November 2023, being eligible, have offered themselves for re-election.

The Nomination Committee and the Board had reviewed the declaration of independence by Dato' Siva, Mr. Goh and Mr. Wong who do not have any conflict of interest with the Company, and were satisfied with the contributions of them who had provided independent views, advices and judgements being the independent Directors of the Company.

The Board recommends the re-election of Dato' Siva, Mr. Goh and Mr. Wong.

#### 3. **Resolution 6 – Directors' fees and benefits**

Pursuant to Section 230(1) of the Act, the fees of the directors and any benefits payable to the directors of a listed company and its subsidiaries shall be approved at a general meeting. This resolution is proposed for the purpose of payment of Directors' fees and benefits from the date immediately after the Twenty Ninth ("29th") AGM until the conclusion of the next AGM of the Company.

#### 4. **Resolution 8 – Authority for Directors to issue shares**

This proposed resolution, if passed, will renew the authority given to the Directors of the Company to issue and allot new shares in the Company at any time, to such person or persons, upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, without first offer to holders of existing issued shares of the Company ("General Mandate"), provided that the number of shares issued pursuant to this General Mandate, when aggregated with any such shares issued during the preceding twelve (12) months, does not exceed 10% of the total number of issued shares of the Company at the time of issue. This renewed General Mandate, unless revoked or varied at a general meeting, will expire at the conclusion of the next AGM of the Company.

The General Mandate approved in the preceding year 2023 which was not exercised by the Company during the year, will expire at the forthcoming 29th AGM of the Company.

With this renewed General Mandate, the Company will be able to raise funds expeditiously for the purpose of funding future investment, working capital and/or acquisition(s) without having to convene a general meeting to seek shareholders' approval when such opportunities or needs arise.

#### 5. **Resolution 9 – Proposed Shareholders' Mandate**

This proposed resolution, if passed, will authorise the Company and/or its subsidiary companies to enter into recurrent related party transactions of a revenue or trading nature, particulars of which are as set out in the Circular to Shareholders dated 29 April 2024. This authority, unless revoked or varied by the Company in a general meeting, will expire at the next AGM of the Company.

## STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING (Pursuant to Paragraph 8.27(2) of the Listing Requirements of Bursa Securities)

No individual is standing for election as Director at the forthcoming 29th AGM of the Company.



## CORPORATE INFORMATION

## BOARD OF DIRECTORS

**DATO' SIVANANTHAN A/L SHANMUGAM**

Independent Non-Executive Chairman  
(appointed on 21 August 2023)

**DATO' LEE FOO SAN**

Group Executive Deputy Chairman and  
Chief Executive Officer

**HJ. ARIFFIN BIN ABDUL AZIZ**

Group Executive Director

**DATIN TEOH LIAN TIN**

Executive Director

**LOO SOOI GUAN**

Executive Director

**HJ. AHMAD BIN KHALID**

Non-Independent Non-Executive Director

**DATUK HONG CHOON HAU**

Non-Independent Non-Executive Director

**GOH THIH LIANG**

Independent Non-Executive Director  
(appointed on 21 August 2023)

**WONG HONG WAI**

Independent Non-Executive Director  
(appointed on 20 November 2023)

**AUDIT COMMITTEE**

Wong Hong Wai (*Chairman*)  
Dato' Sivananthan A/L Shanmugam  
Goh Thih Liang

**NOMINATION COMMITTEE**

Goh Thih Liang (*Chairman*)  
Dato' Sivananthan A/L Shanmugam  
Hj. Ahmad Bin Khalid

**REMUNERATION COMMITTEE**

Dato' Sivananthan A/L Shanmugam  
(*Chairman*)  
Goh Thih Liang  
Wong Hong Wai

**COMPANY SECRETARIES**

Yeoh Chong Keat (*MIA 2736*)  
Lim Fei Chia (*MAICSA 7036158*)  
Liew Chak Hooi (*MAICSA 7055965*)

**REGISTERED OFFICE**

Lot 5, Level 10  
Menara Great Eastern 2  
No. 50, Jalan Ampang  
50450 Kuala Lumpur  
Tel : (603) 2031 1988  
Fax : (603) 2031 9788  
Email : archer@archer.com.my

**SHARE REGISTRAR**

Bina Management (M) Sdn Bhd  
Lot 10, The Highway Centre  
Jalan 51/205  
46050 Petaling Jaya  
Selangor Darul Ehsan  
Tel : (603) 7784 3922  
Fax : (603) 7784 1988  
Email : binawin@binamg168.com

**AUDITORS**

UHY (AF 1411)  
Suite 11.05 Level 11  
The Gardens South Tower  
Mid Valley City  
Lingkaran Syed Putra  
59200 Kuala Lumpur  
Tel : (603) 2279 3088  
Fax : (603) 2279 3099

**PRINCIPAL BANKERS**

AmBank (M) Berhad  
United Overseas Bank (Malaysia) Bhd  
Malayan Banking Berhad

**STOCK EXCHANGE LISTING**

Main Market of Bursa Malaysia  
Securities Berhad  
Sector : Industrial Products & Services  
Stock Name : WATTA  
Stock Code : 7226

## DIRECTORS' PROFILE

### **DATO' SIVANANTHAN A/L SHANMUGAM**

56 years of age,  
Malaysian, Male

***Independent  
Non-Executive Chairman***

Dato' Sivananthan A/L Shanmugam was appointed to the Board on 21 August 2023. He is the Chairman of the Remuneration Committee and a member of the Audit Committee, Nomination Committee and Risk Assessment/Management Committee.

Dato' Sivananthan holds a Bachelor's Degree of Arts from the University of Malaya. He was the Managing Director of Malaysia, Sri Lanka and Maldives for Nokia, a role in which he oversees the operations of the three APAC markets. An experienced veteran of over three decades within the IT and Telecommunications field, Dato' Sivananthan throughout his career had developed a deep understanding of technologies i.e. Industry IR 4.0 namely the internet of things (IoT), managed services, cloud technology, artificial intelligence (AI), digital transformation, e-commerce, automation, transport IP and Optics as well as 4G and 5G.

Prior to his role at Nokia, Dato' Sivananthan was the Chairman and Country Vice President of Tech Mahindra and before that he held senior leadership roles at major IT firms such as IBM Malaysia and Sapura as well as at leading telco firms including Swedtel Southeast Asia, Alcatel Network, Nortel Networks and Maxis. From 2017 till 2019, he has been a Committee Member of Outsourcing Malaysia, an outsourcing initiative coordinated by Malaysia's national ICT industry association, PIKOM.

Dato' Sivananthan is also an Independent Non-Executive Director of Media Prima Berhad and C.I. Holdings Berhad, companies listed on the Main Market of Bursa Malaysia Securities Berhad.

Dato' Sivananthan has attended all the two (2) Board of Directors' Meetings of the Company held during the financial year ended 31 December 2023 since his appointment to the Board.

He does not have any family relationship with any Director and/or major shareholder of the Company and has no conflict of interest or potential conflict of interest, including interest in any competing business with the Company or its subsidiaries.

He has not been convicted of any offences within the past five (5) years other than traffic offences (if any) nor any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

### **DATO' LEE FOO SAN**

59 years of age,  
Malaysian, Male

***Group Executive Deputy  
Chairman and Chief  
Executive Officer***

Dato' Lee Foo San was appointed to the Board as an Executive Director on 21 May 1998 and was subsequently appointed as the Group Executive Chairman on 16 October 1998. He was re-designated as Group Executive Deputy Chairman and Chief Executive Officer on 26 June 2018. He is a member of the Risk Assessment/Management Committee.

Dato' Lee is a self-made entrepreneur who has ventured into the business world since 1989. In 1998, he ventured into the automotive battery business. Over the years, he has been involved in the telecommunication and travel business and has gained vast exposure in the said fields.

Dato' Lee also sits on the Board of all the Company's subsidiary companies and several other private limited companies. He does not have any other directorships in other public companies and listed issuers.

Dato' Lee is a substantial shareholder of the Company with direct shareholding of 39,634,762 ordinary shares. He is the spouse of Datin Teoh Lian Tin who is an Executive Director of the Company. He attended all the five (5) Board of Directors' Meetings of the Company held during the financial year ended 31 December 2023.

He has no conflict of interest or potential conflict of interest, including interest in any competing business with the Company or its subsidiaries and had no convictions for any offences, other than traffic offences (if any), within the past five (5) years nor any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

## DIRECTORS' PROFILE (CONT'D)

### HJ. ARIFFIN BIN ABDUL AZIZ

70 years of age,  
Malaysian, Male

#### **Group Executive Director**

Hj. Ariffin Bin Abdul Aziz was appointed to the Board on 16 October 1998. He holds a Bachelor of Economics Degree with honours from University of Malaya in 1977 and a Diploma in Marketing.

Hj. Ariffin Bin Abdul Aziz was formerly the General Manager of the banking division of AmlInvestment Bank Berhad and the Founder Member and Vice President of the Association of Islamic Banking Malaysia. Apart from the banking industry, his experience covers a wide variety of industries including property development and manufacturing. Prior to joining the Watta Group he was advisor of Islamic Banking for HSBC Malaysia.

Hj. Ariffin Bin Abdul Aziz sits on the Board of all the Company's subsidiary companies. He does not have any other directorships in other public companies and listed issuers.

He attended all the five (5) Board of Directors' Meetings of the Company held during the financial year ended 31 December 2023.

He does not have any family relationship with any Director and/or major shareholder of the Company and has no conflict of interest or potential conflict of interest, including interest in any competing business with the Company or its subsidiaries. He has not been convicted of any offences within the past five (5) years other than traffic offences (if any) nor any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

### DATIN TEOH LIAN TIN

56 years of age,  
Malaysian, Female

#### **Executive Director**

Datin Teoh Lian Tin was appointed to the Board on 21 May 1998. She currently holds the position of Group Human Resource and Administration Director. Datin Teoh is the spouse of Dato' Lee Foo San, the Group Executive Deputy Chairman and a substantial shareholder of the Company.

Datin Teoh sits on the Board of several subsidiary companies of Watta Group and several other private limited companies. She does not have any other directorships in other public companies and listed issuers.

Datin Teoh has attended all the five (5) Board of Directors' Meetings of the Company held during the financial year ended 31 December 2023.

She has no conflict of interest or potential conflict of interest, including interest in any competing business with the Company or its subsidiaries and had no convictions for any offences, other than traffic offences (if any), within the past five (5) years nor any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

### HJ. AHMAD BIN KHALID

73 years of age,  
Malaysian, Male

#### **Non-Independent Non-Executive Director**

Hj. Ahmad Bin Khalid was appointed to the Board on 14 February 2011. He is a member of the Nomination Committee.

Hj. Ahmad Bin Khalid is a graduate in Accountancy from Universiti Teknologi Mara in 1973. He started his career in banking and subsequently moved to telecommunication industry. He has attended numerous professional courses and seminars both abroad and locally. Hj. Ahmad Bin Khalid has held various senior management position in both banking and telecommunication industries for the past thirty (30) years.

He does not have any other directorships in other public companies and listed issuers.

He attended all the five (5) Board of Directors' Meetings of the Company held during the financial year ended 31 December 2023.

He does not have any family relationship with any Director and/or major shareholder of the Company and has no conflict of interest or potential conflict of interest, including interest in any competing business with the Company or its subsidiaries. He has not been convicted of any offences within the past five (5) years other than traffic offences (if any) nor any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.



## DIRECTORS' PROFILE (CONT'D)

### LOO SOOI GUAN

59 years of age,  
Malaysian, Male

#### **Executive Director**

Mr. Loo Sooi Guan was appointed to the Board on 21 May 2013.

Mr. Loo is a Chartered Accountant and a member of Malaysia Institute of Accountants. He holds a Bachelor of Business Degree in Accountancy from RMIT University, Melbourne, Australia. He joined Watta Group in June 1998 as the Group Financial Controller, overseeing the finance department of the Group. He was promoted to Vice President in January 2002 where he held the position till 21 May 2013.

During his tenure in Watta Group he gained vast experience in corporate affairs, finance, manufacturing, marketing, procurement, logistics and the overall operations of the Watta Group. Prior to joining Watta Group, he has worked in several business industries which include property development, manufacturing and oil & gas. He also had working experience for several years at BP Australia Limited, Melbourne, Australia.

He is also a director of several subsidiaries in Watta Group.

Mr. Loo does not have any other directorships in other public companies and listed issuers. He attended all the five (5) Board of Directors' Meetings of the Company held during the financial year ended 31 December 2023.

He does not have any family relationship with any Director and/or major shareholder of the Company and has no conflict of interest or potential conflict of interest, including interest in any competing business with the Company or its subsidiaries. He has not been convicted of any offences within the past five (5) years other than traffic offences (if any) nor any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

### DATUK HONG CHOON HAU

48 years of age,  
Malaysian, Male

#### **Non-Independent Non-Executive Director**

Datuk Hong Choon Hau was appointed to the Board on 30 May 2017.

Datuk Hong holds a Diploma in Computer Science / Information Technology. Datuk Hong holds many positions with years of experience in corporate companies and has been practising good reputation in corporate finance and ICT industry. He was an Executive Director of Sunzen Biotech Berhad from 2014 to 2020.

Datuk Hong is currently the Group Executive Director of CWG Holdings Berhad, a company listed on the Main Market of Bursa Malaysia Securities Berhad and he also sits on the Board of several other private limited companies.

Datuk Hong has indirect shareholdings of 19,344,022 ordinary shares in the Company through Cambridge Asset Holding Limited, the holding company of Surin Bay Resort Sdn Bhd by virtue of Section 8 of the Companies Act 2016.

He attended all the five (5) Board of Directors' Meetings of the Company held during the financial year ended 31 December 2023.

He does not have any family relationship with any Director and/or major shareholder of the Company and has no conflict of interest or potential conflict of interest, including interest in any competing business with the Company or its subsidiaries.

He has not been convicted of any offences within the past five (5) years other than traffic offences (if any) nor any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

**DIRECTORS' PROFILE (CONT'D)****GOH THIH LIANG**

63 years of age,  
Malaysian, Male

**Independent  
Non-Executive Director**

Mr. Goh Thih Liang was appointed to the Board on 21 August 2023. He is the Chairman of the Nomination Committee and Risk Assessment/Management Committee as well as a member of the Audit Committee and Remuneration Committee.

Mr. Goh holds a Bachelor of Business Administration degree in Marketing from the University of Iowa, Iowa City, USA. He was the Country Director for Malaysia, Thailand and Philippines of Qualcomm Inc; Country Manager, Malaysia of TY Toys Inc; Country Manager, Malaysia of Motorola Inc; and Divisional Manager of O'Connor's Bhd. He has vast experience in sales and marketing of handsets, PCs, Wifi products, managing people and relationship building, IoT for enterprises and manufacturing, technologies on 3G, 4G and 5G, and vehicle infotainment.

He does not have any other directorships in other public companies and listed issuers.

Mr. Goh attended all the two (2) Board of Directors' Meetings of the Company held during the financial year ended 31 December 2023 since his appointment to the Board.

Mr. Goh has direct shareholding of 200 ordinary shares in the Company. He does not have any family relationship with any Director and/or major shareholder of the Company and has no conflict of interest or potential conflict of interest, including interest in any competing business with the Company or its subsidiaries.

He has not been convicted of any offences within the past five (5) years other than traffic offences (if any) nor any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

**WONG HONG WAI**

63 years of age,  
Malaysian, Male

**Independent  
Non-Executive Director**

Mr. Wong Hong Wai was appointed to the Board on 20 November 2023. He is the Chairman of Audit Committee and a member of Remuneration Committee.

Mr. Wong holds a Master degree in Business Administration from the University of Wales College of Cardiff, Wales, a degree in Electrical and Electronic Engineering from the University of Aberdeen, Scotland, and a Diploma in Electrical & Electronic Engineering from the Institute Teknologi Jaya, Kuala Lumpur.

He was the General Manager (Head of Market Unit, Malaysia) of Sony Ericsson Mobile Communications International AB, Malaysia Branch (2008-2010); Sales & Marketing Director (Mobile Phones) of Samsung Malaysia Electronics (SME) Sdn Bhd (2007-2008); Head of National Brand Sales (Motorola Mobiles) of Mobile Distribution (M) Sdn Bhd (2005-2006); Director of Business Development & Marketing of Quantum Peaks Sdn Bhd (2003-2005); Country Manager / Vice-President Siemens Mobile Phone of Siemens Malaysia Sdn Bhd (1999-2003); Senior Manager-Channel Marketing of Telekom Cellular Sdn Bhd (1997-1999); Senior Manager-Marketing Development of Mobikom Sdn Bhd (1995-1997); Marketing Manager of Federal Telecommunications Sdn Bhd (1992-1995).

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

He attended one (1) Board of Directors' Meeting of the Company held during the financial year ended 31 December 2023 since his appointment to the Board.

Mr. Wong has direct shareholding of 3,200 ordinary shares in the Company. He does not have any family relationship with any Director and/or major shareholder of the Company and has no conflict of interest or potential conflict of interest, including interest in any competing business with the Company or its subsidiaries.

He has not been convicted of any offences within the past five (5) years other than traffic offences (if any) not any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

## KEY SENIOR MANAGEMENT'S PROFILE



### LOO KWONG YONG

65 years of age,  
Malaysian, Male

Mr. Loo Kwong Yong was appointed as Director of Mobile Technic Sdn Bhd ("MTSB") and SEMS Services Sdn Bhd ("SEMS") on 16 January 2002 and 27 June 2002 respectively. Both MTSB and SEMS are wholly-owned subsidiaries of the Company. Mr. Loo is currently the Managing Director of both MTSB and SEMS. He holds a Master's Degree in Marketing from the University of Strathclyde, Glasgow and is an associate member of the Chartered Institute of Marketing, United Kingdom. He has been in the handphone distribution and servicing business for more than 30 years. He was formerly the Managing Director of Cellstar Amtel Sdn Bhd, a joint venture company between Cellstar USA and Amtel Cellular Malaysia. Cellstar Amtel Sdn Bhd is a subsidiary of Amtel Holdings Bhd, a public company listed on the Main Market of Bursa Malaysia. Prior to joining the Amtel Holding Group, he was also involved in the distribution of mobile handphones mainly the distribution of "OKI" mobile phones.

He does not have any directorship in public companies and listed issuers.

He does not have any family relationship with any Director and/or major shareholder of the Company and has no conflict of interest or potential conflict of interest, including interest in any competing business with the Company or its subsidiaries. He has not been convicted of any offences within the past five (5) years other than traffic offences (if any) nor any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

### CHAN SOH HWA

62 years of age,  
Malaysian, Male

Mr. Chan Soh Hwa was appointed as Director of MTSB and SEMS on 16 January 2002 and 28 April 2010 respectively. He is also the General Manager of MTSB and SEMS, both wholly-owned subsidiaries of the Company. Both Chan Soh Hwa and Loo Kwong Yong started MTSB and SEMS. He has more than 30 years of experience in the telecommunications industry in Federal Telecommunications and Amtel Communications Sdn Bhd. He specialised in handphone project management, system design and implementation.

He was also involved in wireless telecommunication equipment project design, integration, implementation and management such as Trunked Radio System, Conventional/Auxiliary Radio System, and Paging (in H house/public) System, Analog/ Digital Microwave Radio System, Cellular infrastructure and Digital Pair-Gain. Major projects undertaken include those for the oil and gas industry in Malaysia such as Petronas, Esso and Shell, airports and seaports, Malaysia telecommunication companies and nationwide trunked radio system for the Ministry of Police in Vietnam.

He does not have any directorship in public companies and listed issuers.

He does not have any family relationship with any Director and/or major shareholder of the Company and has no conflict of interest or potential conflict of interest, including interest in any competing business with the Company or its subsidiaries. He has not been convicted of any offences within the past five (5) years other than traffic offences (if any) nor any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

## FINANCIAL HIGHLIGHTS & FINANCIAL INDICATORS

	Financial Year Ended 31 December				
	2019	2020	2021	2022	2023
<b>Financial Highlights of Income Statement Items (RM)</b>					
Revenue	13,369,367	12,195,575	11,980,163	11,162,204	8,609,482
Earnings Before Interest, Tax, Depreciation And Amortisation	4,081,551	(508,409)	(200,695)	123,951	(1,025,896)
Profit/(Loss) Before Tax	3,534,584	(1,105,123)	(781,702)	(397,334)	(1,496,275)
Profit/(Loss) After Tax	1,928,636	(1,437,184)	(1,162,839)	(861,882)	(1,969,473)
Net Profit/(Loss) Attributable to Equity Holders	1,928,636	(1,437,184)	(1,162,839)	(861,882)	(1,969,473)
<b>Financial Highlights of Financial Position Items (RM)</b>					
Total Assets	70,128,915	68,224,885	66,699,241	66,647,027	64,118,115
Total Borrowings	639,633	775,217	437,367	574,639	196,135
Shareholders' Equity	57,851,477	56,414,293	55,251,454	54,389,572	52,420,099
<b>Financial Indicators</b>					
Return of Equity	0.03	(0.03)	(0.02)	(0.02)	(0.04)
Return on Total Assets	0.03	(0.02)	(0.02)	(0.01)	(0.03)
Gearing Ratio	0.01	0.01	0.01	0.01	0.00
Interest Cover	354.25	(38.43)	(36.52)	(18.37)	(112.92)
Earnings Per Share (sen)	2.28	(1.70)	(1.38)	(1.02)	(2.33)
Net Asset Per Share (RM)	0.68	0.67	0.65	0.64	0.62
Gross Dividend Per Share	NIL	NIL	NIL	NIL	NIL
Price Earnings Ratio	22.78	(32.62)	(37.41)	(52.44)	(25.31)
Gross Dividend Yield Per Share	NA	NA	NA	NA	NA
Share Price as at Financial Year End	0.520	0.555	0.515	0.535	0.590

## MANAGEMENT DISCUSSION AND ANALYSIS

### OVERVIEW OF THE GROUP BUSINESS AND OPERATIONS

Malaysia's GDP growth slowed to 3.7% in 2023 from 8.7% in 2022. The combined effects of reduced economic growth and inflation escalated living costs and negatively impacted market sentiment in 2023.

In 2023, smartphone shipments plummeted by 11.3% due to weakened consumer demand, inflationary pressures, and economic uncertainties.

### REVIEW OF OPERATING ACTIVITIES

Throughout 2023, the Group operated across two primary business segments: the servicing and repair of telecommunication products segment and the rental of investment properties segment.

#### a. Servicing and Repair of Telecommunication Products Segment

The year 2023 posed challenges for our business due to the global decline in smartphone sales, resulting in reduced demand for handset services and repairs. Despite these challenges, we maintained market dominance and sustained turnover in handset repairs nationwide. Handphone services constituted 86% of total turnover, with the remaining income derived from investment property rentals.

Strategic partnerships with leading handset brands were pivotal to our success, ensuring a steady stream of repair appointments. Additionally, our reputation for delivering high-quality repairs solidified our position as the preferred choice among handset users.

Emphasizing prompt and reliable repair services remained crucial for ensuring customer satisfaction and retaining market share. To incentivize repair and servicing programs further, we collaborated closely with our principals to offer competitive repair prices and discounted replacement parts for out-of-warranty handsets.

During 2023, we downsized our staff from 79 to 55 as we reduced our handphone repair network by 40%, in response to handset manufacturers establishing their own exclusive service centers.

#### b. Rental of Investment Properties Segment

The Group owns industrial properties, vacant lands, and office spaces. Our industrial properties in Selangor remained fully tenanted throughout FYE 2023. Maintenance expenditures of RM17,451 were incurred to uphold property upkeep.

### FINANCIAL PERFORMANCE IN 2023

In FYE 2023, the Group recorded a 22.8% decrease in revenue, dropping from RM11,162,204 in 2022 to RM8,609,482 in 2023. This decline was primarily attributed to reduced handphone repair business, stemming from global declines in handset sales and adverse economic conditions. Administrative costs were reduced in line with staff downsizing.

Investment Properties has been revalued by an independent qualified valuer and it has increased from RM46,845,000 in 2022 to RM47,575,000 in 2023. The net increase in the fair value of RM730,000 has been recognized in the Profit & Loss during the financial year.

With the drop in revenue, the Group incurred a Loss Before Tax of RM1,496,275 in 2023, compared to a loss of RM379,334 in 2022, resulting in a Loss Per Share of 2.33 sen. The total assets of the Group stood at RM64,118,115 in 2023.

### DIVIDENDS

The Board of Directors did not recommend any dividends for the financial year ended December 31, 2023.

### OUTLOOK AND FUTURE PROSPECTS

Despite the downturn in smartphone sales in 2023, a resurgence in demand is anticipated in 2024, driven by advancements in handset technology. Manufacturers are expected to introduce higher-tech smartphones to meet evolving consumer preferences, with a potential surge in AI-enabled devices to cater to global market demands for enhanced technology.

Looking ahead, securing new service appointments for popular handset brands will be imperative. We are confident in our ability to sustain and expand our handset repair and servicing business, especially with the anticipated launch of technologically advanced models in 2024, including 5G-enabled devices, aligning with emerging trends.

Barring unforeseen circumstances, rental income from investment properties are expected to generate consistent rental income.

We remain cautiously optimistic about sustaining business improvement by resilient cost and management controls, extensive network coverage in Malaysia, and robust support from principals to remain competitive and achieve better performance.



## SUSTAINABILITY STATEMENT

### BUSINESS SUSTAINABILITY

Our theme **“HIGH PRODUCT QUALITY AND SERVICE EXCELLENCE”** highlights our efforts to continuously move towards a sustainable future. With the ongoing technological advancements in the industry, we keep abreast of the new processes and compliance requirements. As one of the foremost service providers, we take vigilant concern on the quality, environment and compliance issues.

Watta Holding Berhad (WATTA or The Company) is committed to embracing sustainability as sustainability is the key driver for business growth and WATTA aims to conduct its business sustainably and responsibly. As such it is important to ensure the key areas such as the Environmental, Social and Governance (ESG) aspects of the business continue to contribute and benefit the stakeholders at large.

Adopting a good corporate governance framework, environmentally responsible practices and sound social policies would enable WATTA to achieve sustainable growth and enhance long-term value for its shareholders and stakeholders.

This statement covers the financial year from 1 January 2023 to 31 December 2023 (FY2023) for our major revenue contributor subsidiaries, SEMS Services Sdn. Bhd. (SEMS) and Mobile Technic Sdn. Bhd. (MTSB), given that these business units contribute approximately 86% to the Group's revenue in FY2023.

WATTA will work towards achieving the Global Reporting Initiative (GRI) Standards for sustainability reporting, prioritise our focus on reviewing our material issues and map out our route forward to embed sustainability throughout our business operations. We demonstrate our full commitment to integrating sustainability practices and preparing this statement pursuant to the Bursa Securities Berhad (Bursa Securities) Main Market Listing Requirements (“MMLR”), Sustainability Reporting Guide issued by Bursa Securities and guided with guidelines issued by the GRI.

### SUSTAINABILITY GOVERNANCE

At WATTA, we acknowledge that business operations are exposed to sustainability related risks to the ESG. We, therefore take responsibility for responding to these risks and embedding sustainable considerations in our business management. Our sustainability approaches and efforts are overseen by the Board of Directors who are charged with our sustainability agenda.

Our Group's Risk Assessment/ Management Committee (RMC) oversees the structure and reporting systems to address the material risks of the Group. Headed by Executive Directors, Heads of business units and management teams, the risk profiles are reported and assessed by the RMC and the Board quarterly.

### REPORTING STANDARDS

Our reporting approach is based on the framework and guidance provided by GRI. This report has been prepared by the “core” options of the GRI Standards.

The Sustainability Statement (“Statement”) sets out what the Board of Directors (“Board”) considers as material sustainability risks and opportunities, collectively known as Material Sustainability Matters, that impact the way the operations of the Company and its subsidiaries (“Group”) are carried out as well as how Material Sustainability Matters are managed. This Statement is prepared in accordance with Paragraph 29, Part A of Appendix 9C of the MMLR Securities as well as Practice Note 9 of the MMLR on the content of the sustainability statement. In preparing this Statement, the Board has also considered the Sustainability Reporting Guide – 3rd Edition and its accompanying Toolkits, issued by Bursa Securities. The contents of this Statement encompass the Group's key business operations, which comprise the service and repair of telecommunication products and the trading of products. This Statement emphasizes the Group's commitment towards ensuring that its business operations are carried out sustainably and responsibly, taking cognisance of the ESG implications it is exposed.

## SUSTAINABILITY STATEMENT (CONT'D)

### REPORTING STANDARDS (CONT'D)

This includes adhering to the GRI Principles for defining report content:

<b>STAKEHOLDER INCLUSIVENESS</b>	<ul style="list-style-type: none"> <li>• Being responsive to stakeholders' expectations and interest.</li> </ul>
<b>SUSTAINABILITY CONTEXT</b>	<ul style="list-style-type: none"> <li>• Presenting performance in the wider sustainability context.</li> </ul>
<b>MATERIALITY</b>	<ul style="list-style-type: none"> <li>• Focusing on issues where we can have the greatest impact and that are most important to our business stakeholders.</li> </ul>
<b>COMPLETENESS</b>	<ul style="list-style-type: none"> <li>• Including all information that is of significant environmental, social, governance impact to enable stakeholders to assess the Company's performance.</li> </ul>

We value stakeholders' feedback on this report which can be channeled to <http://www.watta.com.my/>.

We are advised by an external consultant for this Statement; that we will continue to improve our data collection and management system.

### REPORTING SCOPE AND BOUNDARIES

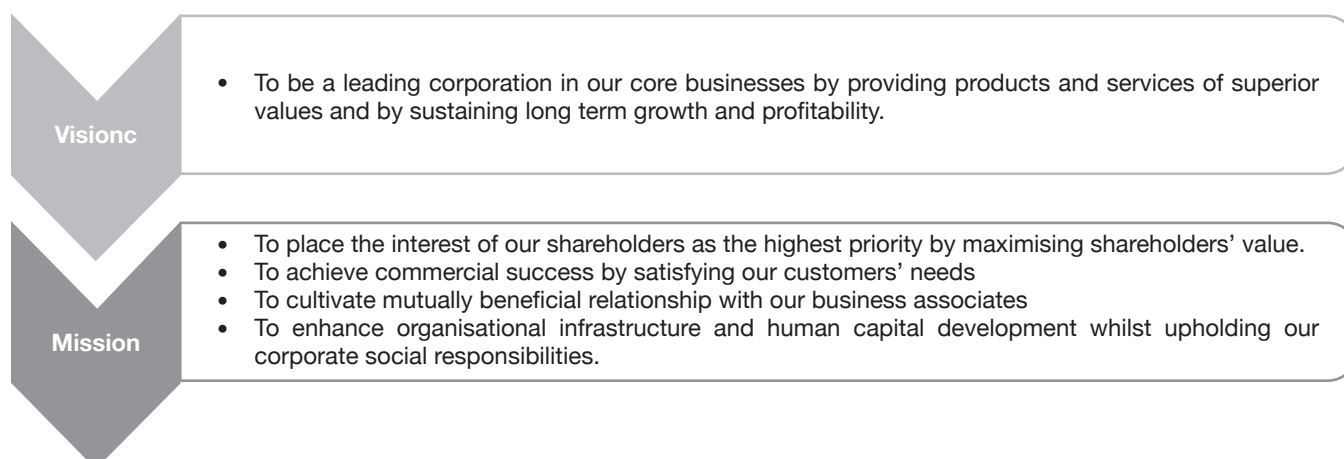
WATTA's Statement 2023 has been prepared in accordance with the GRI Standards. This Statement covers the reporting period for FY2023. Our focus has always been reviewing our material sustainability agenda that covers ESG. The content of this report is based on the material agenda that we have identified. Our scope and boundaries cover all our entities and operations in Malaysia.

The scope of our coverage has been enhanced compared to our previous reporting to comply with Bursa Securities' requirements.

The financial information contained in this Statement has been extracted from the consolidated Audited Financial Statements for the financial year ended 31 December 2023 and was audited by UHY. We have also completed third-party verification for the sustainability data disclosure i.e., materiality, stakeholder, Environment etc. This is to strengthen the Statement enhancement and to support comprehensive sustainability efforts across the Group's progress.

## SUSTAINABILITY STATEMENT (CONT'D)

### ABOUT WATTA



WATTA has been listed in the main market of Bursa Securities since 23 April 1996. The subsidiaries are principally involved in the servicing and repair of mobile telecommunication equipment products and property investment.

### OUR VALUE CHAIN

There are two (2) divisions of WATTA which are comprised of the following:

- MOBILE PHONES SERVICING**

Mobile Technic Sdn Bhd ("MTSB") and SEMS Services Sdn Bhd ("SEMS") offer service and maintenance of mobile telecommunication devices. MTSB and SEMS were incorporated in Malaysia in 2001 and 2002 respectively and its Head Offices are based in Petaling Jaya. As of February 2013, MTSB and SEMS operate as a subsidiary of Watta Holding Berhad.

Both MTSB and SEMS are authorised partners of world renown brands such as Samsung, Xiaomi, Huawei, Nokia, HTC, Blackshark and Amazfit.

MTSB and SEMS have accumulated more than a decade of service and maintenance knowledge and experience of mobile telecommunication devices in Malaysia and combined are currently the largest handphone service companies in Malaysia.

- PROPERTY INVESTMENT**

Even since the listing of Watta Holding Berhad in 1996, its wholly owned subsidiary - Watta Battery Industries Sdn Bhd (which owns four industrial properties in Balakong, Selangor), has been involved in the manufacturing, distribution and trading of automotive batteries.

Having ceased operations in automotive batteries in 2018, the industrial properties have been converted into investment properties.

The industrial properties are currently tenanted to various tenants and generate rental income for the Group.

### KEY HIGHLIGHTS FOR 2023

MARKET	DESCRIPTIONS	RM
Business Performance	Revenue	8.61 million
	Loss Before Tax	1.50 million
	Loss after tax (LAT)	1.97 million
	Basic loss Per Share	0.023
	Net Assets per share	0.62

Country	Malaysia
No. of Employees	63
Key Location	12th Floor, Menara Cosway, Plaza Berjaya, Jalan Imbi, 55100 Kuala Lumpur.

## SUSTAINABILITY STATEMENT (CONT'D)

### REVIEW OF OPERATIONS

The Group's review of operations is elaborated in the "Management Discussion and Analysis" section set out in this Annual Report.

### OUR APPROACH TO DRIVING SUSTAINABILITY

Our approach to sustainability is based on our core values of excellence, united we achieve, integrity, humility and building relationships, supported by policies and procedures at the Group level. We consistently embed sustainability into the core of our business. The following value-added sustainability framework forms the basis of WATTA's steps to strengthen our approach to sustainability.





### OUR CONTRIBUTION TOWARDS SUSTAINABLE DEVELOPMENT

Seventeen (17) Sustainable Development Goals (SDGs) were set by the United Nations General Assembly in 2015 to counter major global issues such as urbanisation, climate change, resource scarcity, demographic and social change and global economic condition by the year 2030 entails contributions from governments, civil society and businesses. All the countries and stakeholders, acting in collaboration, will strive to implement this plan. The 2030 Agenda for Sustainable Development shapes the journey and sustainable enhancement in Malaysia. Aligning with the aspiration of our government, we will enhance our strategies and efforts to adopt these goals progressively as part of our sustainability journey.



Aligning ourselves to the aspirations of the Malaysian Government, we have adopted these goals as part of our sustainability journey. We identified four (4) SDGs that the Group commits to support directly and/or indirectly as follows:

### SDG ADOPTION

SDG	Goals	Management Action
	Ensure healthy lives and promote well-being for all at all ages.	We are committed to creating a safe workplace and promoting healthy living amongst our employees.
	Promote sustained, inclusive, sustainable economic growth, full and productive employment, and decent work for all.	We aim to create a workplace that is conducive to productivity and growth by providing job opportunities and equipping our employees with various training and development programmes.
	Ensure sustainable service patterns.	We aim to create an environment-friendly service.
	Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels.	We place ethics and integrity at the centre of our business operations and have policies in place towards embedding such values throughout our organisation.

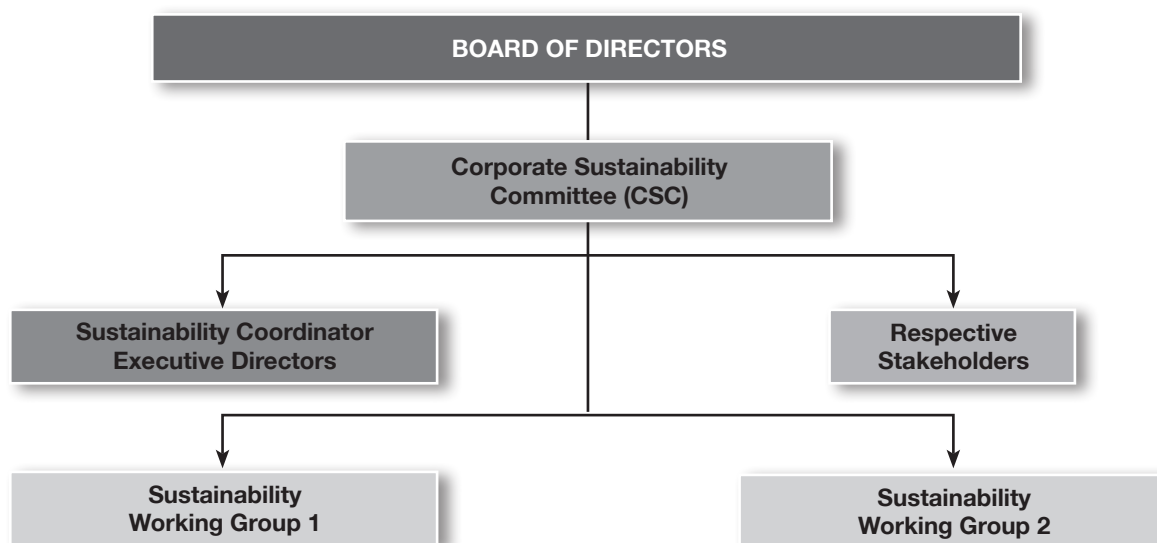
## SUSTAINABILITY STATEMENT (CONT'D)

### SUSTAINABILITY GOVERNANCE

Being a Public Listed Company, WATTA complies with the high standards of corporate governance (CG) practices and is closely monitored under the leadership of our Board, as guided by the Malaysian Code on Corporate Governance ("MCCG").

In line with sustainability, the Board has the ultimate responsibility to ensure that the sustainability efforts are embedded in the strategic direction of the company. We have established a Corporate Sustainability Committee (CSC), to oversee the formulation, implementation and effective management of our sustainability matters in line with the strategies. The CSC is also supported by various working groups responsible for implementing the initiatives within the organisation. The Executive Directors will provide the Board with regular updates relating to all key ESG risks and opportunities (sustainability matters). Further, the Board being the highest authority in sustainability governance, takes full responsibility for the establishment of the Company's sustainability agenda and road map, and the Executive Directors are the sustainability coordinator of the company.

The governance of our sustainability agenda is a process that is important to the Company as it enables the business to effectively embed sustainability. Good governance structures also ensure that we are consistently aligned with our principles and standards. Demonstrating its commitment from the top, the Company's sustainability agenda is governed by CSC.



#### Responsibilities of the Corporate Sustainability Committee

- Advising the Board on sustainable strategies;
- Monitoring the implementation of sustainability strategies as approved by the Board;
- Overseeing stakeholder engagement to ensure that all issues, grievances and suggestions raised are taken into consideration in managing sustainability matters;
- Recommending to the Board for its approval the identified material sustainability matters, sustainability-related policies and its goals and targets;
- Monitoring the implementation of policies and initiatives of sustainability management;
- Overseeing the management of sustainability matters by focusing on matters material to the Group; and
- Overseeing the preparation of the Sustainability Statement and recommending it for Board's approval.

### SUSTAINABILITY STRATEGY

#### ❖ As a Public Listed Company

- As a public listed company, we are pre-emptive of the sustainability matters mainly on the Economic value creation for the shareholder and stakeholder;
- We plan to elevate sustainability in company governance, through engaging in direct board oversight and accountability over environmental and social issues, more diversity and special expertise on the board and linking executive and other employee compensation to sustainability goals;
- We have regular dialogues with key company stakeholders on sustainability challenges, including employees, investors, suppliers and consumers;
- We are in the progress to have balanced reporting on sustainability strategies, goals and accomplishments;
- We are in the progress to develop systematic performance improvements to achieve environmental neutrality and other sustainability goals across the entire value chain, including operations, supply chains and products.

#### ❖ As a product provider

- We provide quality products and services to all of our clients as they are part of our valued stakeholders.

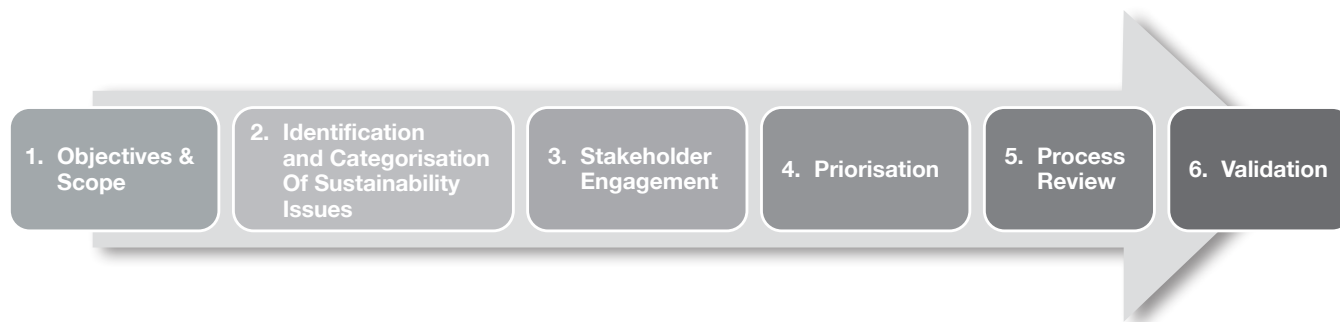


## SUSTAINABILITY STATEMENT (CONT'D)

### STRATEGIES AND DIRECTIONS

Despite the challenging operating environment, WATTA continues to practice prudence and stay focused on delivering quality growth, while being watchful of emerging risks. The Group is fully committed to upholding responsible financing which is reflected through its prudent infrastructure transformation as well as sustainability in its supply chain.

### OUR MATERIALITY ASSESSMENT PROCESS



#### 1. OBJECTIVES & SCOPE

WATTA undertook a materiality study within the top management and middle management to determine the objectives and scope of the sustainability reporting. Our scope and boundaries cover all our entities and operations in Malaysia.

#### 2. IDENTIFICATION OF RELEVANT SUSTAINABILITY MATTERS

The process was initiated with sustainability issues relevant to WATTA and its stakeholders. In generating the list, the Group assesses the operating environment and emerging trends affecting our sector and conducts a study across a broad range of references to identify the relevant sustainability issues.

Looking ahead to 2023, we have a comprehensive plan to review our material factors and sustainability matters. Our goal is to ensure that we have a deep understanding of the current and future risks and opportunities that exist in our markets and that we are responding to stakeholder needs.

As we update our material factors, we will take an integrated and holistic approach to our management approach. This may include developing new policies and procedures, implementing initiatives and action plans, establishing relevant indicators, and creating a proper mechanism to capture, analyse, and report sustainability data and information.

Through this process, we are committed to evolving our sustainability management approach to better address the challenges and opportunities that we face. We are dedicated to ensuring that our stakeholders are involved in this process and that their perspectives are taken into account as we move forward.

### OUR MATERIAL FACTORS

As we monitor, manage and report on a wide variety of issues, the key to our approach is focusing our resources on material sustainability risks and opportunities that are associated with each material factor. Understanding our key priorities allows us to set our time, resources and investment to the best use.

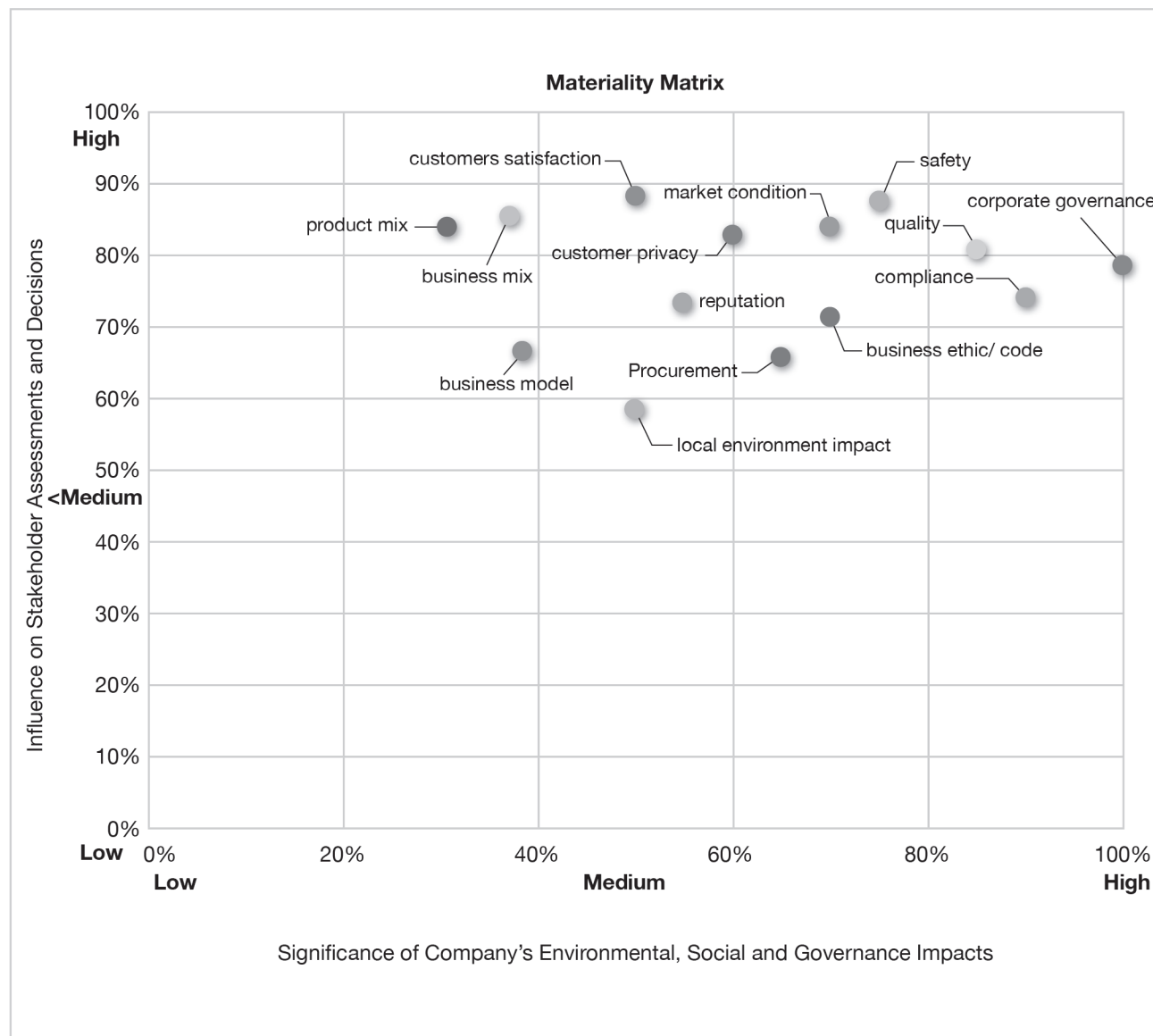
Combining the views from stakeholders and the WATTA's Management from the preliminary materiality process, the materiality matrix has been derived to show the different levels of importance of sustainability matters.

To navigate the Group towards sustainable business growth and success, we have assessed the material sustainability matters which are most significant to the Group as well as to our various stakeholders. This material matters assessment enables us to identify, assess and prioritise the risks and opportunities arising from the ESG context, to take advantage of any potential opportunities in this ever-change business environment.

## SUSTAINABILITY STATEMENT (CONT'D)

## MATERIALITY MATRIX

Materiality assessment is a valuable tool for identifying the most important ESG priorities that align with our business strategy. The CSC is responsible to identify, assess, and prioritise material sustainability initiatives. The following Material Matters Matrix shows the key areas that matter most to the Group and our stakeholders, ranked from low to high. The assessment output was plotted on a matrix that shows how each material factor impacts the Company's business and stakeholders.



## SUSTAINABILITY STATEMENT (CONT'D)

### BUSINESS - KEY MATERIALITY

The materiality factors are based on the priority of the organisation.

### WHY IT MATTERS

The process of materiality assessment shapes a company's sustainability strategy and defines its reporting. It helps a company analyse risk factors and upgrade its business process for prospects. Materiality assessment is also an important tool to meet the expectations of stakeholders.

The frequency of materiality assessment is done once a year however it is also discussed on a monthly/ad hoc basis during the monthly management meeting.

### BUSINESS - KEY MATERIALITY

Material Factors	What Are The Risks Opportunities	Initiative
<b>Competition</b>  WATTA is exposed to competition within the industry  Reference to SDG 8	<b>Risk</b> Lesser chance to secure franchise contracts will impact the Company's business and performance.  <b>Opportunities</b> <ul style="list-style-type: none"> <li>Innovative services could be offered to the clients to improve on the core value</li> <li>Partnerships and collaborations</li> <li>To continuously enhance the product quality</li> </ul>	<ul style="list-style-type: none"> <li>Based on market demand.</li> <li>Control the product quality by purchase planning and production quality checking.</li> </ul>
<b>Market Stability</b>  A well-facilitated business, supported together with an effective and balanced regulatory framework that provides adequate levels of client protection while facilitating business efficiency and innovation, is imperative for the continued growth and development of our business.  Reference to SDG 16	<b>Risk</b> Any event – such as breaches in regulation, or lack of effective corporate governance (CG) practices – that undermines integrity or stability will influence stakeholder confidence and possibly participation, in the market.  <b>Opportunities</b> <ul style="list-style-type: none"> <li>Having a robust approach to ensure the integrity and stability of the market serves to engender trust and confidence, which in turn encourages participation and growth</li> <li>Fostering a strong CG and sustainability culture will also drive long-term value, both in the market and within Bursa Malaysia</li> </ul>	Always ensure the compliance of CG by obtaining updated information and practice at work.

## SUSTAINABILITY STATEMENT (CONT'D)

## SIGNIFICANCE - MATERIAL FACTORS

\*MATERIAL FACTORS - ESG - SIGNIFICANCE (E -ENVIRONMENT, S - SOCIAL, G-GOVERNANCE)

Factors		Why Material & How We Manage	Frequency	Initiative
MATERIALITY	Very Important	<p>Market Condition (G)</p> <p>Reference to SDG 8</p> <p><b>Why Material</b> The market condition affects all businesses in every industry.</p> <p><b>Managing Materiality</b> Our business segment very much depends on the market condition where we conduct market study prior to engaging in any projects. We also review the market reactions to mitigate different products and services.</p>	<p>Weekly</p> <p>Quarterly</p>	<p><b>Initiative</b> The marketing team will keep in touch with the customers and obtain the information to understand the market demand.</p> <p>Management will review the market condition about the changes.</p> <p>Key Senior Management meets regularly to discuss and come out with an action plan.</p> <p><b>Achievement</b> The team monitors the market trend regularly via relevant analytical reports, information from distributors, key dealers and to a certain extend customers and incorporates it into the forward plan.</p> <p>Periodic meeting with the Key Senior Management to decide on the action plan.</p>
		<p>Compliance (G)</p> <p>Reference to SDG 16</p> <p><b>Why Material</b> Compliance with laws and regulations is one of our main requirements.</p> <p><b>Managing Materiality</b> We provide adequate training and resources to ensure we meet compliance obligations.</p>	Yearly	<p><b>Initiative</b> The staff attends the workshop and training to get the updated laws and regulations.</p> <p><b>Achievement</b> Yearly reminder to all staff on the compliance of laws and regulations.</p>
		<p>Health and Safety (S)</p> <p>Reference to SDG 3</p> <p><b>Why Material</b> Impact on the safety of the workforce to avoid workplace injuries and manage product safety.</p> <p><b>Managing Materiality</b> We support the ongoing training of operational teams to ensure understanding in recognising and improving as well as maintaining safe working conditions.</p>	Regularly	<p><b>Initiative</b> Keep the working environment safe with the inspected fire extinguisher, sprinkler system, and fire rescue water pump by the fire protection service provider.</p> <p><b>Achievement</b> The facilities are provided by the building management.</p>
		<p>Quality (S)</p> <p>Reference to SDG 12</p> <p><b>Why Material</b> It is part of our core business value to satisfy all of our customers.</p> <p><b>Managing Materiality</b> By obtaining prompt stakeholder feedback to gauge our quality. There is also a customer audit done by our partners.</p>	Continuously Yearly	<p><b>Initiative</b> Product quality control will be improved based on the customers' requirements.</p> <p><b>Achievement</b> The customer surveys on the quality performance are carried out by the manufacturers directly on monthly basis and provide feedback for action and improvement.</p>
		<p>Customer Satisfaction (S)</p> <p>Reference to SDG 12</p> <p><b>Why Material</b> It is important for us to benchmark ourselves and to collaborate closely with customers to achieve mutual success.</p> <p><b>Managing Materiality</b> We conduct customer satisfaction surveys to obtain customer feedback to stay relevant in the industry.</p>	Continuously	<p><b>Initiative</b> The marketing team will receive feedback from customers.</p> <p><b>Achievement</b> The customer surveys are carried out by the manufacturers daily and provide feedback for action and improvement if needed.</p>

## SUSTAINABILITY STATEMENT (CONT'D)

## SIGNIFICANCE - MATERIAL FACTORS

## \*MATERIAL FACTORS - ESG - SIGNIFICANCE (E - ENVIRONMENT, S - SOCIAL, G-GOVERNANCE) (CONT'D)

Factors		Why Material & How We Manage	Frequency	Initiative
MATERIALITY	Very Important	<b>Reputation (S)</b>  Reference to SDG 16  <b>Why Material</b> To get a more realistic picture of how the business is being perceived by others.  <b>Managing Materiality</b> We take the initiative to enhance our reputation by providing balanced reporting.	Continuously	<b>Initiative</b> We participate in CSR programs to help vulnerable groups and care about society.
		<b>Procurement (G)</b>  Reference to SDG 16  <b>Why Material</b> It ensures stable, Sustainable procurement and supply of resources.  <b>Managing Materiality</b> We are always on the lookout for the best quality and economical pricing.	Continuously	<b>Initiative</b> The procurement team are responsible to ensure the purchase of the best quality at an affordable price.  <b>Achievement</b> A minimum of 3 quotations are required for comparison to ensure competitive pricing and acceptable quality.
		<b>Corporate Governance (G)</b>  Reference to SDG 16  <b>Why Material</b> To ensure that the company protects the members, officers and management.  <b>Managing Materiality</b> Governance is conducted according to various regulations and sub-committees.  The board and management oversee the governance daily and it is reflected in quarterly reports to regulators and stakeholders.	Regularly	<b>Initiative</b> Compliance with the updated rules and regulations such as MCCG 2021, MFRS, Finance Bill, etc.
		<b>Customer Privacy (G)</b>  Reference to SDG 16  <b>Why Material</b> It is important to build customer trust and loyalty.  <b>Managing Materiality</b> We take necessary measures to protect the customer's privacy by having our staff trained on this matter.	Continuously	<b>Initiative</b> Compliance with the Personal Data Protection Act (PDPDA) with the policy to keep customers' information private and confidential.  <b>Achievement</b> Mandatory for all staff to sign PDPDA documents upon completion of training.
		<b>Business Model (G)</b>  Reference to SDG 8  <b>Why Material</b> The business model plays a vital role in the challenging market conditions of the market and business.  <b>Managing Materiality</b> We engaged in a high-level review of the business model with the management.	Continuously	<b>Initiative</b> Expanding the new marketing channel to improve product exposure in social media.  <b>Achievement</b> Continuously looking for new business opportunities and submitting proposals for discussion with the key management team.
		<b>Product Mix (G)</b>  Reference to SDG 8  <b>Why Material</b> To have a variety of products that will fit each customer's needs.  <b>Managing Materiality</b> To be highly competitive we take the initiative to create varieties of segments.	Continuously	<b>Initiative</b> Satisfy customers' needs.  <b>Achievement</b> Selling and providing service of smartphone screen protectors and retailing of smartphone related accessories.



## SUSTAINABILITY STATEMENT (CONT'D)

## SIGNIFICANCE - MATERIAL FACTORS

## \*MATERIAL FACTORS - ESG - SIGNIFICANCE (E -ENVIRONMENT, S - SOCIAL, G-GOVERNANCE) (CONT'D)

		Factors	Why Material & How We Manage	Frequency	Initiative
MATERIALITY	Very Important	Business Ethics/Code (G)  Reference to SDG 16	<b>Why Material</b> Maintaining business ethics is our core value.  <b>Managing Materiality</b> We proactively promote and positively reinforce good behaviours in the employees.	Continuously	<b>Initiative</b> Having own Code of Ethics Policy.  <b>Achievement</b> Weekly meeting with key staff reminding importance and implementation of a good Code of Ethics and Policy.
		Local Environment Impact (E)  Reference to SDG 16	<b>Why Material</b> It safeguards the environmental impact.  <b>Managing Materiality</b> We monitor and review the environmental compliance strategy and performance.	Continuously	<b>Initiative</b> Prevent environmental pollution by controlling the disposal of waste.  Requirement to return major defective parts directly to Manufactures/ Principals.  Ensure other parts are disposed to authorized collectors.  <b>Achievement</b> It is mandatory to return all defective spare parts to manufacturers.
		Business Mix (G)  Reference to SDG 8	<b>Why Material</b> Diversification is part of our business model to stay sustainable.  <b>Managing Materiality</b> We are always on the lookout for potential business synergy which creates better value for our core business.	Ad-Hoc	

To identify potential material topics, we reviewed GRI aspects, benchmarked against key corporate peers, and analysed past reports, which incorporated feedback from customers, community representatives, and employees. We also inventoried the aspects and topics most important to external stakeholders, customers, and their supply chain vendors, based on requests, surveys, and ongoing engagement during the reporting period.

## 3. OUR STAKEHOLDER'S ENGAGEMENT

Our interaction involves a large number of different stakeholder groups and this kind of engagement is important to ensure we can identify, prioritise and address material matters and be adopted in our business strategies. The business and functional units are empowered to interact with their respective stakeholders on their chosen platforms. All issues raised by stakeholders are brought to the attention of the Management Committee or Management Meetings by the respective business and functional units. Ongoing engagements where applicable, are carried out regularly as they are integral to our business development, relationships with stakeholders and commitment to sustainability.

Our key stakeholders are outlined in the table below, along with the forms of engagement and key topics of interest we seek to address.

## SUSTAINABILITY STATEMENT (CONT'D)

## 3. OUR STAKEHOLDERS ENGAGEMENT (CONT'D)

Stakeholder Group	Engagement Approach	Frequency/ Review	Initiative
Customers	<b>Engagement Approach</b> 1) Customer-centric 2) Personalized 3) Multi-channel 4) Community-driven  <b>Engagement Focus &amp; Objectives</b> 1) Increase brand awareness and consideration 2) Improve customer satisfaction 3) Boost sales and conversions 4) Reduce customer churn	Immediately Yearly Ad hoc basis	<ul style="list-style-type: none"> <li>Create a social media campaign that educates customers about the importance of regular battery maintenance and replacement.</li> <li>Offer personalized discounts and promotions to customers based on their purchase history.</li> <li>Partner with influencers to promote Watta products and services.</li> <li>Host a battery recycling program to give customers a convenient way to dispose of old batteries.</li> <li>Develop a loyalty program to reward repeat customers.</li> </ul>
Employees	<b>Engagement Approach</b> 1) Value Driven 2) Multi-channel 3) Personalized 4) Growth oriented  <b>Engagement Focus &amp; Objectives</b> 1) Boost Employee Satisfaction 2) Enhance Employee Engagement 3) Improve Skill Development & Retention 4) Drive Innovation & Performance	Yearly Half-yearly Ad hoc basis	<ul style="list-style-type: none"> <li>Provide training to enhance staff competency</li> <li>Ensure safety at the workplace by providing fire safety training and fire drill session</li> <li>Provide face masks to employees</li> <li>Provide a clean and healthy accommodation environment to factory workers</li> <li>Care of employees' health by sanitised office area frequently, providing RTK antigen and a swab test for staff</li> </ul>
Suppliers	<b>Engagement Approach</b> 1) Collaborative 2) Data-Driven 3) Sustainability-Focused 4) Technology-Enabled  <b>Engagement Focus &amp; Objectives</b> 1) Strengthen Supplier Relationships 2) Enhance Supply Chain Efficiency 3) Drive Quality & Cost Optimization 4) Foster Innovation & Collaboration	Monthly Regularly	<ul style="list-style-type: none"> <li>Discussing with suppliers monthly to meet the delivery time and the requirements</li> <li>Assess quality service provided by the suppliers, comprising continuity supply of materials and the quality of the material.</li> </ul>
Regulators and Government Authorities	<b>Engagement Approach</b> 1) Proactive & Compliant 2) Transparent & Collaborative 3) Industry Expertise & Thought Leadership 4) Relationship-Building  <b>Engagement Focus &amp; Objectives</b> 1) Maintain Regulatory Compliance 2) Foster Open Communication & Collaboration 3) Advocate for Industry Best Practices 4) Build Strong Relationships & Trust	Regularly Yearly	<ul style="list-style-type: none"> <li>Provide staff training to obtain the updated rules and regulations.</li> </ul>

## SUSTAINABILITY STATEMENT (CONT'D)

## 3. OUR STAKEHOLDERS ENGAGEMENT (CONT'D)

Stakeholder Group	Engagement Approach	Frequency/ Review	Initiative
Community	<b>Engagement Approach</b> 1) Community-Centric 2) Multi-Stakeholder 3) Sustainable & Impactful 4) Transparent & Inclusive  <b>Engagement Focus &amp; Objectives</b> 1) Enhance Community Relations 2) Support Community Development 3) Promote Environmental Sustainability 4) Cultivate Trust & Transparency	Regularly	<ul style="list-style-type: none"> <li>For the sponsorship and donation programs, the Group participates in charitable events, including the distribution of food and daily essentials to needy persons.</li> </ul>
Media	<b>Engagement Approach</b> 1) Proactive & Transparent 2) Relationship-Building 3) Storytelling & Thought Leadership 4) Multi-Channel & Data-Driven  <b>Engagement Focus &amp; Objectives</b> 1) Enhance Brand Awareness & Reputation 2) Promote Key Messages & Initiatives 3) Build Trust & Credibility 4) Leverage Data & Insights	Ad hoc basis	News and Publication on social media
Shareholders	<b>Engagement Approach</b> 1) Transparent & Informative 2) Value-Focused 3) Relationship-Building 4) Multi-Channel & Accessible  <b>Engagement Focus &amp; Objectives</b> 1) Enhance Shareholder Confidence 2) Promote Long-Term Value Creation 3) Encourage Shareholder Participation 4) Optimize Investor Relations	Regularly	<ul style="list-style-type: none"> <li>Announce quarterly financial results to Bursa Securities</li> <li>Publication of Notice of AGM in the local newspaper</li> <li>Hold AGM of shareholders</li> <li>Maintain timely and transparent reporting to meet the due date</li> </ul>
General public	<b>Engagement Approach</b> Responsible Corporate Governance  <b>Engagement Focus &amp; Objectives</b> Company Website	Regularly	Maintain the company website at <a href="http://www.watta.com.my">www.watta.com.my</a>

## SUSTAINABILITY STATEMENT (CONT'D)

### 4. PRIORITISATION OF THE SUSTAINABILITY PROCESS

WATTA has undertaken a stakeholder prioritisation and engagement process to engage with its stakeholders. These include ongoing efforts to engage with stakeholders in the usual course of business through the day-to-day operations, as well as specific engagements carried out to seek stakeholders' feedback. The outcome of these engagements was considered in the course of the Group's materiality assessment.

As part of the process of conducting the materiality assessment of sustainability matters, the Group has conducted the specific engagement process as follows:

- To determine the key stakeholders with whom the Group should engage, the Group carried out assessments to identify key stakeholders based on each stakeholder's influence and dependence on the Group.
- To gain an insight into these key stakeholders' concerns, interests and expectations, the Group conducted discussions including ongoing sessions throughout the year to gauge stakeholders' concerns about the list of sustainability matters identified.
- Where applicable, WATTA also took into account feedback from other stakeholder groups, gathered through various channels and ongoing engagements while conducting its business operation.

### 5. PROCESS REVIEW

The materiality process is undertaken as a key component of the WATTA journey towards identifying material sustainability matters. The senior management committee has reviewed and approved the processes and outcome of the materiality process including the Group's materiality which guides the Group in addressing and managing its material sustainability matters in its business operations.

## MANAGEMENT APPROACH FOR MATERIAL MATTERS

This section aims to provide insights into the Group's sustainability commitments and practices across the three key areas of environmental, social and governance undertaken by our key business divisions.

### A ENVIRONMENTAL

#### Why It Matters

Our effort to reduce Greenhouse gas (GHG) emissions that contribute to climate change today will strengthen our future shared richness, societal well-being and business growth. Given the complex nature of climate change, concerted efforts by governments, businesses and individuals are necessary to foster a transition to a sustainable future. The focus on environmental factors, particularly climate change resilience and adaptation, energy and carbon intensities, was the spearhead for ESG.

In line with our Sustainability Statement, we strive to maintain full compliance with all relevant environmental, legal and other legislative requirements in fulfilling the customer's expectations and satisfaction. We are aware of the environmental impacts of our activities on the planet and thus we take responsibility for managing our environmental impacts seriously. WATTA will continue to develop effective environmental initiatives to protect the environment. Being a responsible corporation, we acknowledge our responsibility to protect Mother Nature and the environment. We believe in "small actions, big differences" and hence, our environmental protection starts from our workplace.

#### Energy Management

As a company with a sustainable commitment, we understand that energy management is essential for combating climate change and for lowering an organisation's overall environmental footprint. Our electricity supply is from the local supply and we aim to minimise the energy usage in our head office and operational centres by implementing the following efforts:

- A lighting schedule across key areas in our head office to switch off lights during certain hours of less use;
- Maintenance and replacement of electrical equipment and light fittings to maximise energy efficiency;
- Campaign to remind all staff to switch off the lighting, water dispenser, air conditioning; or
- To switch off other electrical appliances in the office and pantry when they are not required.

#### Water Management

We promote water-saving practices among employees and adopt water-efficient technologies and equipment wherever possible. We have taken small steps to control the water usage at our head office and operational centres; be in line with the sustainability efforts, namely:

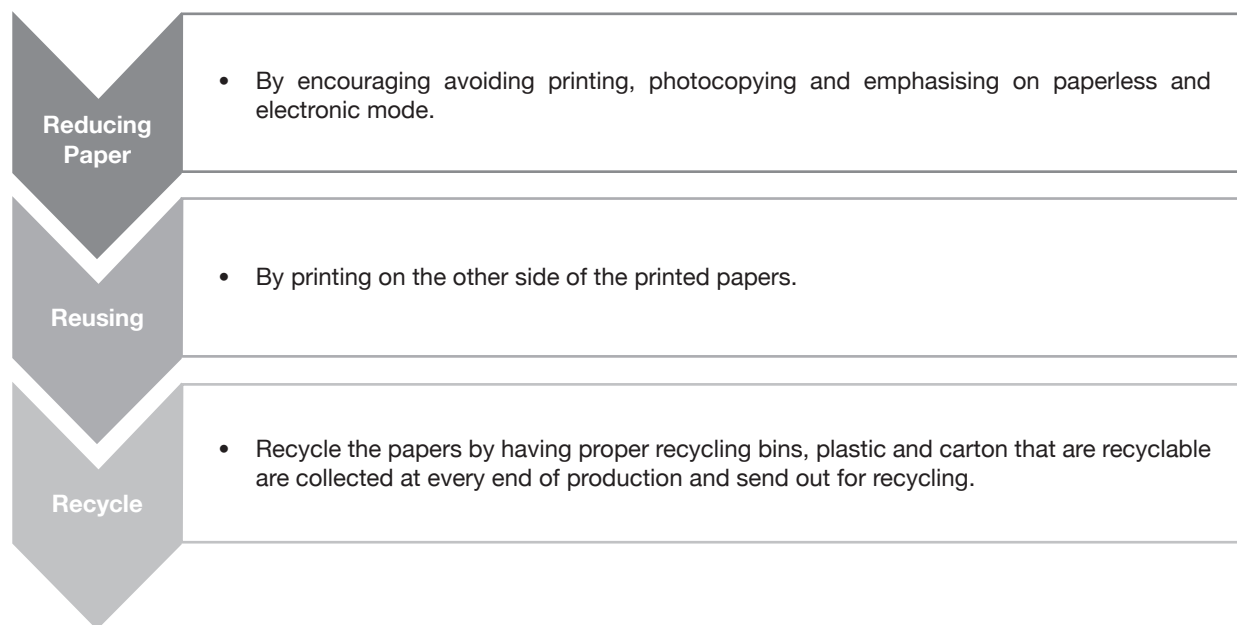
- Slow the flow. Adjusting water pressure/outflow for toilets, washbasins, and pantry, throughout our head office building.
- Seek the leak. Conducting checks and fixing leaks immediately, where possible.

The electricity usage for the operational centres will be compiled and presented in future. In the meantime, the water and electricity consumption statistics will be consolidated and presented in the future.

## SUSTAINABILITY STATEMENT (CONT'D)

### WASTE MANAGEMENT

WATTA acknowledges that the environmental impact of paper usage is significant. The Group's approach to waste management is to avoid unnecessary paper consumption and waste generation, where possible and appropriate, to reduce wastage. WATTA has always looked at ways to reduce paper usage so that, there is less waste. Generally, the group practices the 3R approach (Reduce, Reuse, and Recycle) in managing paper, to avoid unnecessary paper consumption and waste generation, and ultimately reduce wastage.



### Storage and Collection of Recyclables

WATTA also has come out with an initiative for the storage and collection of waste and recyclables to promote the development of a recycling-based society. This initiative's objective includes:

- To provide a dedicated area and storage for a collection of non-hazardous material for recycling;
- To facilitate the reduction of scheduled waste generated that is hauled and disposed of two licensed disposal companies; and
- To designate a dedicated area where on-site sorted waste materials can be stored in separate skips for collection facilities.

### Environmental Non-Compliance

The Group has complied with the regulatory standards and guidelines in place through its adherence and actions towards cultivating its sustainability initiatives regarding its material matters.

### Environmental Protection

The Group recognises that several of its activities may have an impact on the environment. As such, we continue to ensure strict compliance with the environmental laws governing operations of the services rendered; as well as the environment of our operations to address any concerns.

The following are the areas that have been identified and attended to:

- Major defective parts are collected back by manufacturers/principals for proper recycling treatment.
- To ensure the disposal of balanced spare parts to licensed disposal companies that comply with the disposal requirement standards set by the Authorities.
- Provide recycle bins for proper disposal of unused electronic parts and items by customers.
- To minimise the usage of paper with digital copies and backup policy. Notices are displayed in copier areas and notice boards.
- To provide a safe and conducive working environment for staff to contribute their best.
- To maintain a clean, tidy and organised workplace at all times for safety and health purposes and promote productivity.



## SUSTAINABILITY STATEMENT (CONT'D)

### B SOCIAL

#### Why It Matters

The health, safety and overall well-being of our employees and customers is a key priority. We are constantly looking for ways to improve our processes to create a safe working environment because this ensures our employees achieve their full potential, and our assets remain prolific.

The Company is committed to promoting social responsibilities as an integral part of the Group whilst pursuing business growth to enhance shareholders and stakeholder value. Management recognises that for long-term sustainability, its strategic orientation will need to cater beyond the financial parameters.

A strong commitment to social responsibility programs can protect and enhance a company's brand. As the word gets out about a company's good works, it can help create a positive working environment and attract desirable employees with a strong commitment to corporate social responsibility programs.

The Group manages to organise several activities to sustain its corporate responsibilities to the environment, employees and community. Among the main programmes initiated were Quality, Health, Safety and Recreational activities and welfare events.

#### Our Social Approach

#### I. COMMUNITY INVESTMENT

Constantly WATTA is dedicated to supporting the community by reaching out to the community around us. During the financial year, the Group made monetary donations to a few organisations. These contributions were in line with the Group's commitment to support and keep abreast with society's evolving needs.

As an organisation with its business deeply rooted in the community that it serves, WATTA has been consistently aware of its social obligations to the community and remains fully committed to this cause. WATTA feels privileged to have been able to support communities in need and make a difference in their lives. During the year under the review, the Group has participated in charitable events organised by HOPE Worldwide Malaysia, include contributions of daily essential items to the welfare and needy Homes.

#### Community Investment Performance Data

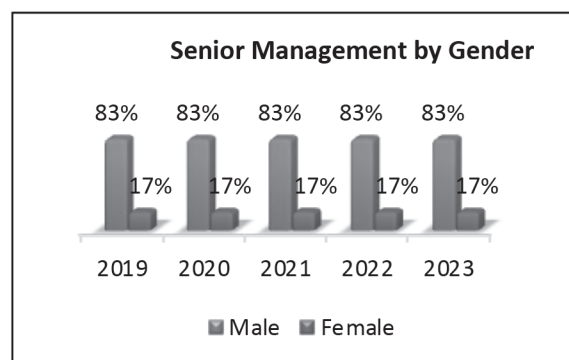
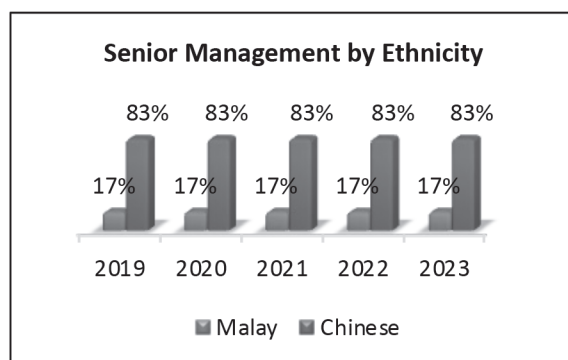
	FYE 2021	FYE 2022	FYE 2023
Total amount invested where the target beneficiaries are external to Watta	1,000	1,000	1,000
Total number of beneficiaries of the investment in communities	30	35	50
Number of employees participated in community impact programmes	5	5	5
Total hours spent on community impact programmes per employee	4	4	5

#### II. DIVERSITY, EQUITY & INCLUSION

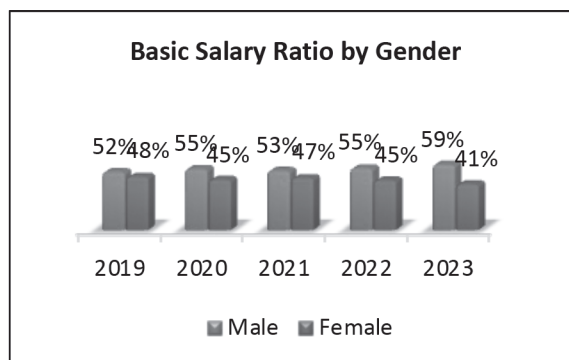
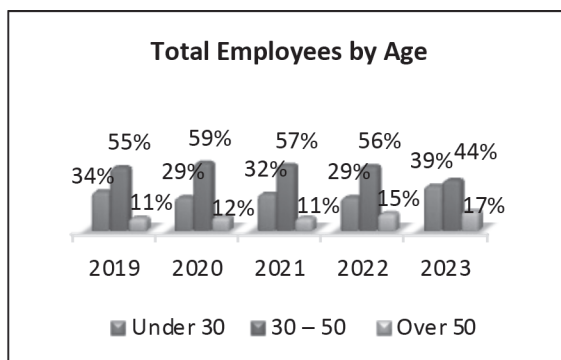
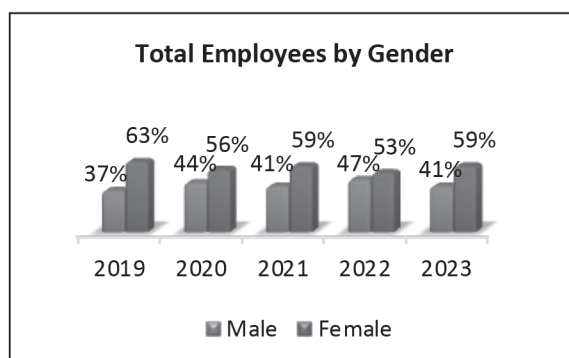
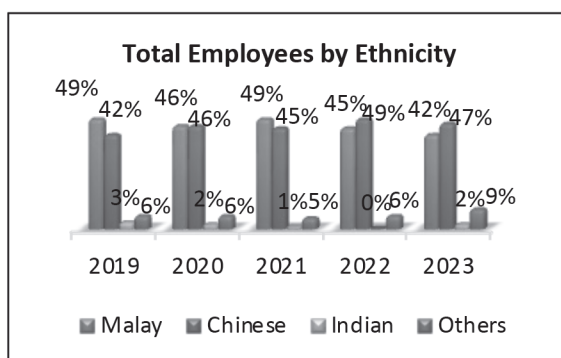
The Group actively promote equal opportunities and non-discrimination through concrete initiatives, ensuring a diverse and inclusive employee at all levels. From actively encouraging applications from diverse candidates to fostering an inclusive work environment, we are committed to building a team that reflects the richness of the communities we serve.

## SUSTAINABILITY STATEMENT (CONT'D)

## Senior Management Profile



## Employee Profile



## III. EMPLOYEE MANAGEMENT

The Group values its human capital and will continuously invest in our employees for our success and growth. We are committed to attracting, developing, and retaining top talent by fostering a stimulating and empowering work environment. We also provide the knowledge, skills, and opportunities they need to thrive. This includes fostering a healthy work-life balance and ensuring everyone feels valued and respected. We heavily invest in development programs, ensuring our team stays competitive, adaptable, and future-proof. It's all about recognising that our employees are our most valuable asset, and investing in them drives both their growth and ours.

- **Upskilling and Reskilling**

WATTA is committed to providing a safe work environment and ensuring team members are properly trained in all aspects of their work. The Group also ensures there are growth, development, and progression opportunities for the employees through in-house training, seminar, workshops and talks. This will equip them with the latest job-related updates and learning. The Group strives to bring out the best in its employees by providing growth and progression opportunities for employees through comprehensive training, and health and safety programmes.

Top management ensures that the requirements including the policies and objectives, are consistent with the strategic context and the direction of our organisation and that the policies and objectives are established whilst ensuring that the human and financial resources needed.

## SUSTAINABILITY STATEMENT (CONT'D)

## B SOCIAL (CONT'D)

## III. EMPLOYEE MANAGEMENT (CONT'D)

- **Performance Management and Compensation**

- i. **Leave**

Annual leave, sick or hospitalisation leave, marriage leave, maternity and paternity leave, compassionate leave, sabbatical leave, unpaid leave, hajj leave and examination leave.

- ii. **Medical**

Clinic consultation & medication, Hospitalization & surgical insurance, personal accident insurance, hospitalization, maternity, paternity, compassionate, unpaid and examination leaves.

- iii. **Flexi-work arrangement**

Staggered working hours, flexi-time, work from home

- iv. **Others**

Parking allowance & smartphone allowance

- **Employee Engagements**

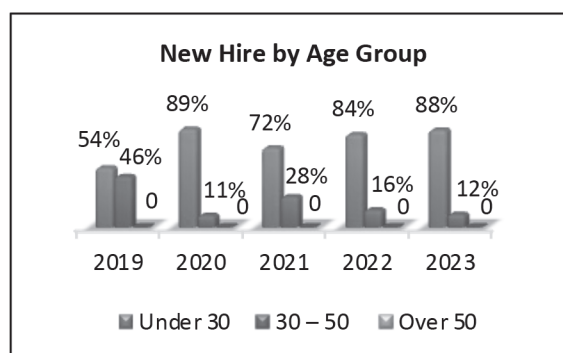
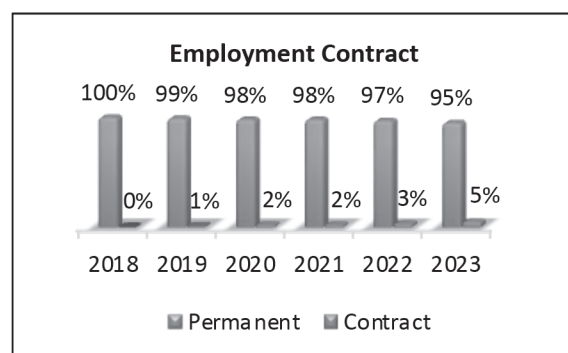
- i. Team building

- ii. Sports tournament

- **Employee Retention and Attrition**

Watta have highly engaged employees, which is reflected in the longevity of our employees' tenure.

	FYE 2021	FYE 2022	FYE 2023
New hire	32	62	33
Turnover	31%	70%	51%



Attrition by Age Group	FYE 2021	FYE 2022	FYE 2023
Under 30	33	26	25
30- 50	58	49	28
Over 50	11	13	11

Employee Category	Total number of new hires		
	FYE 2021	FYE 2022	FYE 2023
Senior Management	0	0	0
Middle Management	0	0	0
Executive	6	9	5
Non-executive/ Technical Staff	26	53	28
<b>Total</b>	<b>32</b>	<b>62</b>	<b>33</b>

## SUSTAINABILITY STATEMENT (CONT'D)

## B SOCIAL (CONT'D)

## III. EMPLOYEE MANAGEMENT (CONT'D)

- **Employee Retention and Attrition (Cont'd)**

Watta have highly engaged employees, which is reflected in the longevity of our employees' tenure. (Cont'd)

Employee Age Group	Total number of new hires		
	FYE 2021	FYE 2022	FYE 2023
Under 30	23	52	29
30- 50	9	10	4
Over 50	0	0	0
<b>Total</b>	<b>32</b>	<b>62</b>	<b>33</b>

Employee Category	Total number of employee turnover		
	FYE 2021	FYE 2022	FYE 2023
Senior Management	0	0	0
Middle Management	0	0	0
Executive	6	9	5
Non-executive/ Technical Staff	26	53	28
<b>Total</b>	<b>32</b>	<b>62</b>	<b>33</b>

## IV. HEALTH AND SAFETY

As a responsible corporation, we respect the interests of our stakeholders, our shareholders, employees, customers, suppliers, teaming partners and the wider community and we actively seek out opportunities both to improve the environment and to contribute to the well-being of the communities in which we do business. We are committed to delivering quality products, as we look to the future, we will continue to work with our customers to make sustainability a vital part of the solutions we deliver for our customers. The Group will continue to identify and undertake more related events to fulfil its Social Responsibility in any way and would contribute to preserving the values of the Society.

It is one of our key priorities to maintain a safe and healthy work environment for our workforce. Our Safety and Health Policy goes beyond the requirements of the Occupational Safety and Health Act 1994 to ensure that our talent works under safe conditions. Our operations are governed by an internally established occupational safety, health and environmental management system, we also believe in providing a comfortable and conducive working environment for our employees.

## i. Training

In line with our commitment to a safe work environment, 64 participants engaged in comprehensive health and safety training programs.

	FYE 2021	FYE 2022	FYE 2023
Number of employees trained on health and safety standards	102	88	63
Total training Hours per employee	4	4	4
Number of representatives in the OSH Committee	0	0	0

## ii. Work Related Injuries

	FYE 2021	FYE 2022	FYE 2023
Number of Fatalities	0	0	0
Number of Lost Time Injuries	0	0	0
Lost Time Incident Rate ("LTIR") %	0	0	0

## V. HUMAN RIGHTS

We are committed to protecting and respecting human rights across all our business operations. We believe that strong human rights practices coupled with fair and ethical treatment improve productivity and promote a healthy working culture.

We are continuously working towards the goal of achieving zero substantiated complaints regarding human rights violations, and we will intensify our efforts to achieve this objective.

	FYE 2021	FYE 2022	FYE 2023
Number of substantiated complaints concerning human rights violation	0	0	0

**SUSTAINABILITY STATEMENT (CONT'D)****B SOCIAL (CONT'D)****VI. CUSTOMER SATISFACTION**

Customer satisfaction and engagement were identified as some of the most important material issues in the market place dimension across all our divisions. Knowing exactly what customers expect from us improves our bottom line and strengthens our brands and reputation in the long term. We conduct yearly customer satisfaction surveys. The feedback generated provides insights into customer expectations that enable us to develop and deliver better products and services.

	FYE 2021	FYE 2022	FYE 2023
Incidents of non-compliance concerning the health and safety impacts of products and services	0	0	0
Customer satisfaction scores (%)	> 80%	> 80%	> 80%
Customer complaints received (retail)	4	3	3
Customer complaints resolved (retail)	4	3	3
Substantiated complaints concerning breaches of customer privacy and losses of customer data	0	0	0
Total number of identified leaks, thefts, or losses of customer data	0	0	0
Number of complaints from regulatory bodies	0	0	0

WATTA has the policies, procedures and best practices in place to deliver products and services of outstanding quality. Furthermore, regular reviews, process improvements and quality control assessments are ensuring that our processes remain in compliance and are continually enhanced.

**VII. SUPPLY CHAIN MANAGEMENT**

Sustainability in the supply chain has been increasingly recognised as an important aspect of corporate responsibility. In making responsible sourcing decisions, WATTA has started to explore putting in place an appropriate approach to consider suppliers' ESG credentials in the life cycle of the supply chain. Suppliers are selected through selection and bidding processes. WATTA has formalised procurement operating procedures to support the procurement process in the Group emphasising satisfactory quality of products and services with competitive pricing.

In the emplacement of new suppliers, the Group has begun to incorporate sustainability-related criteria in assessing the suppliers' business practices such as workplace relations and occupational health and safety. For existing vendors and suppliers, the Group is in the process of sending out surveys to selected suppliers for them to share and affirm their commitment towards ESG.

WATTA is cognisant that there is still much to improve on managing sustainability in the supply chain and will continue to collaborate with its suppliers and vendors to work towards enhanced sustainability practices concerning ESG matters. Moving forward, the Group will ensure that all of our existing and new suppliers are assessed against our requirements. Our business mostly spent 98% on local suppliers.

**VIII. MARKETPLACE**

The Group is continuously committed to promoting and maintaining transparency, accountability and ethics in the conduct of its business and operations with the stakeholders, including our Government and Authorities, Shareholders and Investors, Customers, Suppliers, Employees and Communities. This include the implementation of internal control systems such as a financial authority framework and risk management framework. The Company's Audit Committee and Risk Management Committee periodically review these internal control systems together with recommendations from Internal and External Auditors. The Group aims to establish and evolve good relationships, trust, mutual respect, and understanding with our stakeholders who effect on or are affected by our businesses.

The Group has introduced various channels to engage with our stakeholders to understand and respond to their expectations and interests with regard to our services and operations. The Group's main suppliers consist of paper manufacturers and raw material suppliers, consumables. The Group works closely with the suppliers to create a high-quality, reliable supply chain that meets our high ethical standards. The Group has had regular engagement sessions with suppliers to identify areas and methods for improvement and to resolve issues.

## SUSTAINABILITY STATEMENT (CONT'D)

### C GOVERNANCE

#### Why It Matters

The Group success relies on our stakeholders, including customers, shareholders, employees, and communities. These stakeholders play a vital role in driving economic growth and are impacted by the Group's sustainability efforts. These efforts, in turn, affect society and the environment as a whole. We also integrate ESG into our strategy and decision-making for long-term value creation.

Our Board takes an active role in overseeing our sustainability efforts, setting strategies, targets, and ensuring clear communication. The board stays informed and understands relevant sustainability issues, including climate risks and opportunities and hold management accountable for progress. The board has appointed a dedicated person within the Group to strategically integrates ESG practices into operations. Stakeholder engagement helps us understand and manage related risks and opportunities.

We actively engage with our internal and external stakeholders, understanding their views and expectations on issues like health and safety, data privacy, and climate action. This input helps us shape our strategies and actions, ensuring they are relevant and impactful. We communicate our performance transparently to stakeholders, both internally and externally. The board continuously builds its knowledge in this area, ensuring it has the capacity and competencies to effectively oversee our sustainability efforts. They benchmark their abilities and address development needs to ensure effective leadership and oversight. Board and management effectiveness is measured by progress on sustainability targets. Evaluations promote accountability, identify areas for improvement, and inform shareholders. While economic factors are core, we identify and manage critical risks with the board and senior management. Strong governance ensures responsible decision-making in challenging environments.

#### ECONOMIC PERFORMANCE - Related UNSDGs 8

A strong financial performance fuels our commitment to creating long-term value, not just for shareholders, but for all our stakeholders. This includes creating decent employment opportunities that empower local communities and drive economic development. The primary focus for 2023 is to integrate and rationalise the operations of the enlarged Group to realise the potential synergies foreseen.

Watta thrives on various approach to secure and sustain economic success which includes market savvy, financial strength, technological leap, risk management, and global expansion. This comprehensive approach lead for long-term economic success, benefiting not only our Group but also our stakeholders and the communities we serve.

This year the Group's revenue was RM8,609,482 billion. As the table below demonstrates, Watta remains a consistent source of value for our stakeholders.

	FYE 2021	FYE 2022	FYE 2023
Economic value generated (i.e., revenue and other income)	11,980,163	11,162,204	8,609,482
Economic value distributed:			
Operating costs	1,886,782	2,000,608	1,738,883
Employee wages and benefits	4,475,650	4,580,299	4,137,655
Payment to providers of capital (i.e., dividend and financing costs)	20,837	20,515	13,135
Payment to government (i.e., tax)	221,408	230,419	249,306
Community investment	1,000	1,000	1,000

#### ANTI-CORRUPTION – Related UNSDGs 16

Watta takes pride in adhering to high ethical standards and rigorous compliance practices throughout the Group. We are committed to conducting our business with integrity. With such commitment, we have developed our Anti-Corruption & Anti-Bribery Policy (“ACAB”) and as our clients and service providers, they must comply with the terms as contained in our policy. The Board of Directors of Watta and its subsidiaries has established and adopted this ACAB. This policy is established to set out the principles and provide guidance on dealing with improper solicitation, bribery and other corrupt activities that may arise in the executing or undertaking of professional duties, obligations and responsibilities.

We take a zero-tolerance approach to bribery and corruption, regardless of the amount involved and at whatever level of the organisation. Clients and service providers shall take all and any measures to prevent corrupt practices in their dealings with us. We are committed to acting professionally, fairly, and with integrity in all our business dealings and relationships. The period risk assessment shall be undertaken and such assessment shall be documented and periodically reviewed.

We also established a whistleblowing channel under the Whistleblowing Policy, to provide an avenue for employees and external stakeholders to report any unethical behaviour, malpractices, illegal acts and/or failure to comply with applicable laws, internal policies, rules and regulations through email, telephone, or mail. The Group has made our ACAB Policy and Whistleblowing Policy available on our corporate website and company intranet to ensure they are accessible to all stakeholders.



**SUSTAINABILITY STATEMENT (CONT'D)****C GOVERNANCE (CONT'D)****Our Performance**

- Corruption Related Training  
All employees have completed the necessary annual training in 2023. Additionally, employees are required to complete an integrity pledge to indicate compliance.

Employee Category	Completion Rate (%)		
	FYE 2021	FYE 2022	FYE 2023
Management	100	100	100
Executive	100	100	100
Non-Executive/ Technical Staff	100	100	100

- Corruption Related Incidents  
As of 31 December 2023, we recorded zero incidents of corruption across our business operations.

	FYE 2021	FYE 2022	FYE 2023
Number of confirmed corruption incidents	0	0	0

**DATA PRIVACY AND SECURITY – Related UNSDGs 16**

The surge of remote work, e-commerce, and automation has ignited a digital revolution, accelerating our reliance on technology and infrastructure. While this unlocks new possibilities, it also exposes data to heightened cybersecurity risks. We recognise our responsibility to safeguard our customers and their sensitive information. We actively manage the evolving threat landscape, implementing robust measures to prevent leaks, threats, and data loss.

The Group continues to strengthen its cybersecurity measures through strict adherence to our Personal Data Protection Policy. Our policy is developed in accordance with the Personal Data Protection Act ("PDPA") 2010. We maintain a robust cybersecurity framework that is embedded within our operations and processes, adhering to all regulatory requirements.

We conduct regular reviews to ensure that our data privacy and security controls and processes are operating effectively. We take reasonable measures to ensure we collect data by lawful means, and that we are transparent about how data is gathered, used, and secured. We have also obtained the necessary consent when handling our customers' data which is stored on our system and only authorised personnel are granted access. User access and activities are regularly reviewed to prevent unauthorised access or misuse of authority. Additionally, our data retention and destruction policy guide us in keeping data for as long as necessary and securely disposing of it when it is no longer needed.

Furthermore, we continue to educate our employees on data protection and privacy. They are required to complete which comprehensively covers their responsibility to safeguard data.

As of 31 December 2023, there were zero substantiated complaints concerning breaches in customer privacy or data loss.

	FYE 2021	FYE 2022	FYE 2023
Number of substantiated complaints concerning breaches in customer privacy or data loss	0	0	0

**SUSTAINABILITY PRACTICE (SP)**

The Board believes that introducing SP considerations in its business decisions is an essential foundation to achieve long-term business success besides creating value for all its stakeholders, as well as a strategic approach to support and empower communities, encourage social inclusivity and improve the environment. The balancing of SP with the interest of stakeholders is essential to enhancing investor perception and public trust that works towards value enhancement for stakeholders in the long run. WATTA also believes that as a responsible corporate citizen, one would have an obligation in making the earth a better place to live in through responsible investing, besides weighing on an appropriate risk-return profile for its investments.

## SUSTAINABILITY STATEMENT (CONT'D)

### C GOVERNANCE (CONT'D)

#### SUSTAINABILITY PRACTICE (SP) (cont'd)

With this, WATTA incorporated its principles of sustainability in its SP. WATTA's commitment towards environmental, social and corporate governance issues is strong and hands-on and is also an important step towards a more sustainable society in the long run. The SP takes serious account of the impact of its operations on the local community and seeks to ensure that potentially harmful occupational health and safety, environmental and social effects are properly assessed, addressed and monitored. The SP focuses on compliance, the standing and integrity of WATTA's investee companies, their shareholders, the Board and also their employees. In this dynamic business world, these SP will be reviewed from time to time to ensure their relevance. WATTA's objective is to ensure all business conducts adhere to SP which serves as an ethical foundation to achieve long-term business success for WATTA.

#### RISK MANAGEMENT

An integral part of good corporate governance, a comprehensive Risk Management framework enables WATTA to proactively identify, communicate and manage risks and exposures in an integrated, systematic and consistent manner. In driving risk awareness, decision-making and business processes are put through prudent risk assessment. Fraud and corruption risk has been identified as material to ensure sustainability.

#### CORPORATE GOVERNANCE

To achieve SDG 16 of promoting peaceful and inclusive societies for sustainable development, providing access to justice for all and building effective, accountable and inclusive institutions at all levels, WATTA has established the Code and Policies, to serve as guidance to the Group's employees and stakeholders.

The Company has also established a Whistle-Blowing Policy to provide an avenue for all stakeholders to report any unethical behaviour, malpractices, illegal acts and/or failure to comply with applicable laws, internal policies, rules and regulations. All the Code and Policies are published on our Company's website.

We are pleased to highlight that no employees have been disciplined or dismissed, nor have any public cases been brought against WATTA and its employees due to non-compliance with the laws and regulations. Hence, there were no relevant fines, penalties, or settlements imposed or made during FY2023.

#### LOOKING AHEAD

Sustainability is essential to our progress as corporate citizens for our growth and the liveability of the communities that we have created through our developments. We shall work on improving ourselves for continuous progress to achieve more on our sustainability initiatives.

Having incorporated consideration of sustainability matters, the Group will continue to put in efforts to manage the ESG risks and opportunities relevant to its businesses, with a specific focus on Material Sustainability Matters. Ongoing assessment and consideration will also be undertaken to identify and evaluate any emerging ESG risks or opportunities, in addition to the Group's established risk management process which focuses on strategic, operational and financial risks, to enhance the long-term value creation of the Group.

The Group is committed to building upon its sustainability measures as part of its corporate responsibility to stakeholders and will continue to adapt to changes in business models, structures and strategies to remain resilient.

This Statement has been approved by the Board and is current as of 1st April 2024.

## SUSTAINABILITY STATEMENT (CONT'D)

This WATTA's ESG Performance Data Table was generated from Bursa Malaysia's ESG Reporting Platform. It is included in this Sustainability Statement as mandated by Bursa Malaysia's enhanced Sustainability Reporting Requirements.

	Measurement Unit	2023
<b>Number of confirmed corruption incidents</b>		
Bursa C1(a) Percentage of employees who have received training on anti-corruption by employee category		
Management	Percentage	100.00
Executive	Percentage	100.00
Non-executive/Technical Staff	Percentage	100.00
General Workers	Percentage	100.00
Bursa C1(b) Percentage of operations assessed for corruption-related risks	Percentage	100.00
Bursa C1(c) Confirmed incidents of corruption and action taken	Number	0
<b>Bursa (Community/Society)</b>		
Bursa C2(a) Total amount invested in the community where the target beneficiaries are external to the listed issuer	MYR	1,000.00
Bursa C2(b) Total number of beneficiaries of the investment in communities	Number	50
<b>Bursa (Diversity)</b>		
Bursa C3(a) Percentage of employees by gender and age group, for each employee category		
Age Group by Employee Category		
Management Under 30	Percentage	0.00
Management Between 30-50	Percentage	0.00
Management Above 50	Percentage	9.38
Executive Under 30	Percentage	0.00
Executive Between 30-50	Percentage	17.19
Executive Above 50	Percentage	6.25
Non-executive/Technical Staff Under 30	Percentage	28.13
Non-executive/Technical Staff Between 30-50	Percentage	15.63
Non-executive/Technical Staff Above 50	Percentage	1.56
General Workers Under 30	Percentage	12.50
General Workers Between 30-50	Percentage	9.37
General Workers Above 50	Percentage	0.00
Gender Group by Employee Category		
Management Male	Percentage	7.81
Management Female	Percentage	1.56
Executive Male	Percentage	6.25
Executive Female	Percentage	17.19
Non-executive/Technical Staff Male	Percentage	14.06
Non-executive/Technical Staff Female	Percentage	31.25
General Workers Male	Percentage	12.50
General Workers Female	Percentage	9.38
Bursa C3(b) Percentage of directors by gender and age group		
Male	Percentage	100.00
Female	Percentage	0.00
Under 30	Percentage	0.00
Between 30-50	Percentage	0.00
Above 50	Percentage	100.00
<b>Bursa (Energy management)</b>		
Bursa C4(a) Total energy consumption	Megawatt	0.00
<b>Bursa (Health and safety)</b>		
Bursa C5(a) Number of work-related fatalities	Number	0
Bursa C5(b) Lost time incident rate ("LTIR")	Rate	0.00
Bursa C5(c) Number of employees trained on health and safety standards	Number	64
<b>Bursa (Labour practices and standards)</b>		
Bursa C6(a) Total hours of training by employee category		
Management	Hours	4
Executive	Hours	4
Non-executive/Technical Staff	Hours	4
General Workers	Hours	4
Bursa C6(b) Percentage of employees that are contractors or temporary staff	Percentage	4.68
Bursa C6(c) Total number of employee turnover by employee category		
Management	Number	0
Executive	Number	5
Non-executive/Technical Staff	Number	20
General Workers	Number	8
Bursa C6(d) Number of substantiated complaints concerning human rights violations	Number	0
<b>Bursa (Supply chain management)</b>		
Bursa C7(a) Proportion of spending on local suppliers	Percentage	98.00
<b>Bursa (Data privacy and security)</b>		
Bursa C8(a) Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Number	0
<b>Bursa (Water)</b>		
Bursa C9(a) Total volume of water used	Megalitres	0.000000

Internal assurance

External assurance

No assurance

(\*)Restated

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors (“Board”) of Watta Holding Berhad (“the Company” or “Watta”) recognises the importance of practicing good corporate governance and is committed to ensuring that the principles and practices of the Malaysian Code on Corporate Governance (“MCCG”) are observed and practised as a fundamental part of discharging its responsibilities to protect and enhance shareholders’ value and financial performance of the Group.

The Board is pleased to report this Statement which sets out the extent of the Group’s application with the prescribed practices of MCCG with exceptions reported herein.

The Company’s Corporate Governance Report can be downloaded from the Company’s website at [www.watta.com.my](http://www.watta.com.my).

### A. BOARD LEADERSHIP AND EFFECTIVENESS

#### Board Composition and Board Balance

The Board is primarily entrusted with the overall responsibility over the strategic direction of Watta and its subsidiaries (“Watta Group” or “the Group”) and overseeing the business development, financial performance as well as corporate governance practices of the Group.

The Board has within its individuals drawn from varied professions and specialisations. The Board is headed by the Independent Non-Executive Chairman and the existing composition of the Board is as follows:-

- Four (4) Executive Directors (including the Group Executive Deputy Chairman and Chief Executive Officer (“CEO”));
- Three (3) Independent Non-Executive Directors; and
- Two (2) Non-Independent Non-Executive Directors.

The composition of the Board complies with Paragraph 15.02(1) of the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”). The Board is of the opinion that the interests of shareholders of the Company are fairly represented through the current composition of the Board and its size constitutes an effective Board to the Company. The wide spectrum of knowledge, skills and experience of the Board members give added strength to the leadership which is necessary for the effective stewardship of the Group.

During the financial year under review, three (3) Independent Non-Executive Directors who reached the 12-year tenure limit had resigned from the Board and ceased from their respective positions in the Board Committees. The vacancies arising therefrom had been filled with the appointment of new Independent Non-Executive Directors. The three (3) Independent Non-Executive Directors of the Company provide the Board with a good mix of industry-specific knowledge plus broad business and commercial experience. They provide guidance, unbiased, fully balanced and independent views, advice and judgement to many aspects of the Group’s strategy so as to safeguard the interests of minority shareholders and to ensure that the highest standards of conduct and integrity were maintained by the Group.

The Board continues with the view that although with the representatives of major shareholders on the Board, its existing three (3) Independent Non-Executive Directors, with their extensive knowledge and experience would be able to represent the investment of the public and the minority shareholders.

The positions of Chairman and CEO are separated. Dato’ Sivananthan A/L Shanmugam, the Chairman, is supported by the Group Executive Deputy Chairman, and is primarily responsible for the orderly conduct and effectiveness of the Board.

The combined function of the Group Executive Deputy Chairman and CEO is perceived as appropriate and of benefit to the Group for the CEO’s extensive knowledge, skills, experience and familiarity with the Group’s business, industry, products, policies and administration matters. Dato’ Lee Foo San is supported by the Executive Directors who are responsible for the day-to-day running of the business operations of the Group, implementation of the Group’s business strategies, plans and policies as endorsed by the Board.

Though the Board does not have half of its members being independent directors as recommended by the MCCG, the Board is of the view that the presence of three (3) Independent Non-Executive Directors is sufficient to provide the necessary checks and balances on the decision making process of the Board. The Independent Non-Executive Directors provide independent and objective judgement as well as impartial opinion on Board deliberations and decision making and significant contributions of the Independent Non-Executive Directors are evidenced on their participation as members of the committees of the Board.

Apart from the above, the Company practices a clear demarcation of responsibilities and a balance of power and authority. The Board as a whole has always imposed on itself compliance of all appropriate principles and best practices in respect of impartiality, shareholders’ and stakeholders’ interest and protection and good corporate governance.

#### Board Responsibilities

The Board retains full and effective control of the Group and has established amongst others, corporate objectives and position descriptions including the limits to management’s responsibilities, which the Executive Directors are aware and are responsible for meeting. The Board has an understanding of matters reserved to itself for decision, which include the overall Group strategy and direction, acquisition and divestment policy, approval for major capital expenditures, consideration of significant financial matters and review of the financial and operating performance of the Group.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

### A. BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

#### Board Responsibilities (cont'd)

The Board has formalised a Board Charter which sets out the role, composition and responsibilities of the Board and those delegated to the Board Committees and Management of the Company and key elements of governance principles guiding the business culture and strategic initiatives of the Group. The Board reviews its charter periodically to keep abreast with latest changes in regulations and ensure it remains consistent with the Board objectives.

Whistle-Blowing Policy has been formalised for employees and public to raise genuine concerns about possible improprieties in matters of financial reporting, compliance and other malpractices. Code of Ethics and Conduct was established which stipulating the sound principles that will guide the Watta Group staff in discharging their duties. Anti-Corruption & Anti-Bribery Policy has also been established, setting out the practice of upholding high levels of personal and professional values in Watta Group's business transactions, interactions and decisions.

The Board Charter, Whistle-Blowing Policy, Code of Ethics and Conduct, and Anti-Corruption & Anti-Bribery Policy are accessible through the Company's website at [www.watta.com.my](http://www.watta.com.my).

The size and composition of the Board is balanced to reflect the interests of the shareholders in the Company. The Board acknowledges that gender diversity is one of the key attributes to an effective and balanced board. In this regard, it is committed to having female representation on the Board and the Board currently has one (1) female member.

The Board believes in equality and equal opportunity to be given to an individual whether for appointment as a director or employment within the Group, based on merit and not on gender, age or racial bias.

The Company had also adopted a Directors' Fit and Proper Policy which is made available at the Company's website at [www.watta.com.my](http://www.watta.com.my). The objective of this policy is to guide the Nomination Committee and the Board in their review and assessment of potential candidates for appointment as Directors as well as Directors who are seeking for re-election in the Company and/or its subsidiaries.

#### Board Committees

The Board Committees namely, Audit Committee, Nomination Committee, Remuneration Committee and Risk Assessment/Management Committee are entrusted with specific powers and responsibilities to assist the Board in discharging its functions within their respective Terms of Reference. The Chairman of the respective Committees report to the Board the outcomes and recommendations from the Committees' meetings and minutes of such Committee meetings will be tabled for the Board's notation. The ultimate responsibility for the final decision on all matters of Board Committees lies with the entire Board.

- **Audit Committee**  
Details of the Audit Committee are set out in the Audit Committee Report of this Annual Report.
- **Nomination Committee**  
Details of the Nomination Committee are set out in the Nomination Committee section of this Statement.
- **Remuneration Committee**  
Details of the Remuneration Committee are set out in the Remuneration Committee section of this Statement.
- **Risk Assessment/Management Committee**  
Details of the Risk Assessment/Management Committee are set out in the Statement on Risk Management and Internal Control of this Annual Report.

#### Reinforce Independence

The existence of the Independent Non-Executive Directors on the Board itself does not ensure absolute unbiased judgement as it can be compromised by familiarity with the other Board members. In this connection, the Board has undertaken an annual assessment of independence of the Independent Non-Executive Directors via disclosed interests and the criteria for assessing their independence was set by the Nomination Committee as approved and adopted by the Board. The current Independent Non-Executive Directors of the Company have fulfilled the criteria of "independence" as prescribed under Chapter 1 of the MMLR of Bursa Securities.

The Board is of the view that the Independent Non-Executive Directors themselves, having provided all the relevant confirmations on their independence, will be able to determine if they can continue to bring independent and objective judgement on Board deliberations and decision making.

As recommended by the MCCG, the Board had considered the tenure of the former three (3) Independent Non-Executive Directors. The tenure of both Tuan Hj. Ahmad Bin Darus and Mr. Gan Leng Swee had exceeded a cumulative term of twelve (12) years, and the tenure of Mr. Lee Tak Wing had exceeded a cumulative term of nine (9) years.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

### A. BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

#### Reinforce Independence (cont'd)

The approval from the shareholders of the Company was obtained at the Twenty Eighth Annual General Meeting ("AGM") held on 30 May 2023 for the retention of Mr. Lee Tak Wing as an Independent Non-Executive Director of the Company. Based on the assessment, taking into consideration the amendments to the MMLR of Bursa Securities pertaining to the 12-year tenure limit on independent directors effective June 2023, the Board had concluded that Mr. Lee Tak Wing remains to be independent and recommended that he continues to act as Independent Non-Executive Director based on the following justifications:-

- (i) He had fulfilled the criteria under the definition of Independent Director as stated in the MMLR of Bursa Securities and thus, would be able to function as a check and balance, bringing an element of objectivity to the Board;
- (ii) He had been with the Company for many years and is familiar with the Company's business operations;
- (iii) He had exercised due care during his tenure as Independent Non-Executive Director of the Company and had carried out his duties proficiently in the interest of the Company and the shareholders.

During the financial year under review, the Independent Non-Executive Directors of the Company namely Tuan Hj. Ahmad Bin Darus and Mr. Gan Leng Swee had resigned from the Board before the 12-year tenure limit came into effect in June 2023. Mr. Lee Tak Wing, another Independent Non-Executive Director of the Company, had resigned from the Board when he reached the 12-year tenure limit as stipulated in the MMLR of Bursa Securities. The vacancies of Independent Non-Executive Directors were replaced with the appointment of three (3) new Independent Non-Executive Directors during the financial year.

The Board, through the Nomination Committee, will continue to review the composition of the Board and the tenure of Directors annually or as and when required, to ensure that the Board is functioning effectively and in compliance with the regulatory requirements.

#### Time Commitment by Directors

Although the Board expects its members to be committed to the Company's affairs and operations, and devote sufficient time to carry out their roles and responsibilities for the Group, it does not restrict its members from being Directors of other companies. All Directors would immediately notify the Company Secretary and the Company should they accept a new directorship in another company.

#### Supply of information

The Board meets on a quarterly basis with additional meetings held whenever necessary. There were five (5) Board meetings held during the financial year ended 31 December 2023 and the details of attendance are set out as follows:-

Name of Directors	Attendance
Dato' Sivananthan A/L Shanmugam ( <i>appointed on 21 August 2023</i> )	2/2
Dato' Lee Foo San	5/5
Hj. Ariffin Bin Abdul Aziz	5/5
Datin Teoh Lian Tin	5/5
Loo Sooi Guan	5/5
Hj. Ahmad Bin Khalid	5/5
Datuk Hong Choon Hau	5/5
Goh Thih Liang ( <i>appointed on 21 August 2023</i> )	2/2
Wong Hong Wai ( <i>appointed on 20 November 2023</i> )	1/1
Hj. Ahmad Bin Darus ( <i>resigned on 30 May 2023</i> )	3/3
Gan Leng Swee ( <i>resigned on 30 May 2023</i> )	3/3
Lee Tak Wing ( <i>resigned on 13 October 2023</i> )	3/4

The Company Secretary was present at all Board meetings held during the financial year ended 31 December 2023.

Prior to Board meetings, the agenda together with relevant documents and information are prepared and distributed to all Directors on a timely manner to ensure that Directors have sufficient time to review and be prepared for discussion. The Group Executive Director and/or other relevant Board members will provide information and clarification on relevant issues and management's recommendations for deliberation and discussion by the Board prior to decision making. The minutes or record of proceedings of Board meetings are circulated to all Directors and are reviewed prior to confirmation at the following Board meeting.



## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

## A. BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

## Supply of information (cont'd)

Annual corporate timetable is prepared and circulated to the Board to provide the proposed/scheduled dates of meeting of the Board and Board Committees to enable the Board to plan ahead. The Board is reminded quarterly of the closed periods for dealings in the securities of the Company based on the targeted date of announcement of the Group's interim financial results. Apart from the above, the Board members are updated on the Company's activities and its operations on a regular basis. Management's review and analysis reports on the Group's performance will be tabled to the Board every quarter for review. All Directors whether as a full board or in their individual capacity have full and unrestricted access to all information of the Company on a timely basis in an appropriate form and quality necessary to enable them to discharge their duties and responsibilities.

The Board is supported by the Company Secretaries pertaining to corporate secretarial matters which include, among others, convening of Board, Board Committees' and general meetings, attending the Board, Board Committees' and general meetings, preparation of circular resolutions and minutes of meetings, maintenance of statutory registers and records, review of announcements, and advising the Board on compliance with the relevant laws and regulations.

All Directors have full and unrestricted access to the advice and services of the external Company Secretaries, the external auditors and the outsourced internal auditors. The Directors are also entitled to seek independent professional advice, whenever necessary, at the expense of the Group. The appointment and removal of Company Secretary are matters for the Board as a whole.

## Directors' Training

The Directors of the Company had attended the following training sessions during the financial year ended 31 December 2023:-

Name of Directors	Date of Training	Subject
<b>Dato' Sivananthan A/L Shanmugam (appointed on 21 August 2023)</b>	15 May 2023 - 31 August 2023	Digital Strategies for Business: Leading the Next Generation Enterprise.
	25 October 2023	<ul style="list-style-type: none"> <li>• Impact of AI on the Media Business.</li> <li>• Responsible AI.</li> <li>• Global Entertainment &amp; Media Outlook 2023-2027.</li> </ul>
	28 November 2023	Directors Training for PLCs Companies on Sustainability.
<b>Dato' Lee Foo San</b>	28 November 2023	Directors Training for PLCs Companies on Sustainability.
<b>Hj. Ariffin Bin Abdul Aziz</b>	28 November 2023	Directors Training for PLCs Companies on Sustainability.
<b>Datin Teoh Lian Tin</b>	28 November 2023	Directors Training for PLCs Companies on Sustainability.
<b>Loo Sooi Guan</b>	12 September 2023	Advocacy Session for Directors and CEOs of Main Market Listed Issuers.
	3 October 2023	Management of Cyber Risk Programme.
	28 November 2023	Directors Training for PLCs Companies on Sustainability.
	29 November 2023	Bursa PLCs Investor Relations Series 3: Economic Outlook 2024.
<b>Hj. Ahmad Bin Khalid</b>	28 November 2023	Directors Training for PLCs Companies on Sustainability.
<b>Datuk Hong Choon Hau</b>	13-14 September 2023	Mandatory Accreditation Programme Part II: Leading for Impact (LIP).
	28 November 2023	Directors Training for PLCs Companies on Sustainability.
<b>Goh Thih Liang (appointed on 21 August 2023)</b>	9-10 October 2023	Mandatory Accreditation Programme.
	28 November 2023	Directors Training for PLCs Companies on Sustainability.
<b>Wong Hong Wai (appointed on 20 November 2023)</b>	28 November 2023	Directors Training for PLCs Companies on Sustainability.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

### A. BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

#### Directors' Training (cont'd)

The Company also provided internal briefings to the Directors on key corporate governance developments and changes to the listing requirements, other laws and regulations. The External Auditors also briefed the Directors on any changes to the accounting standards that may affect the Group's financial statements from time to time during the Audit Committee meetings.

The Board acknowledges the fact that continuous education is vital for the Board members to gain insight into the state of economy, manufacturing, technological advances in the core business, latest regulatory developments and management strategies.

The Board will evaluate their own training needs on a continuous basis and to determine the relevant programmes, seminars and briefings that will enhance their knowledge and enable them to discharge their duties effectively.

#### Appointment to the Board

Appointment to the Board is based on the recommendations of the Nomination Committee established by the Board, the activities of which are described below.

#### Nomination Committee

The members of the Nomination Committee comprises:-

- |                                     |  |
|-------------------------------------|--|
| (a) Goh Thih Liang                  | Chairman, Independent Non-Executive Director<br>(appointed on 21 August 2023)  |
| (b) Dato' Sivananthan A/L Shanmugam | Member, Independent Non-Executive Director<br>(appointed on 21 August 2023)    |
| (c) Hj. Ahmad Bin Khalid            | Member, Non-Independent Non-Executive Director                                 |
| (d) Gan Leng Swee                   | Chairman, Senior Independent Non-Executive Director<br>(ceased on 30 May 2023) |
| (e) Hj. Ahmad Bin Darus             | Member, Independent Non-Executive Director<br>(ceased on 30 May 2023)          |

The Nomination Committee's responsibilities include assessing the effectiveness/performance of the Board and Board Committees and the contribution/performance of each individual Director, the size and composition of the Board and reviewing the mix of skills and experience and other qualities required for the Directors. The Committee assesses and recommends new nominees for appointment to the Board taking into consideration the criteria as set out in the Directors' Fit and Proper Policy and review the nomination of Senior Management when the need arises.

The Company's Constitution provides that at every annual general meeting, at least one-third (1/3) of the directors are subject to retirement by rotation at least once in every three (3) years, and shall be eligible for re-election. Any directors appointed during the year shall hold office until the next following annual general meeting and shall be eligible for re-election. The Committee will assess and recommend to the Board the re-election of Directors retiring in accordance with the Company's Constitution, taking into consideration the criteria as set out in the Directors' Fit and Proper Policy.

The Nomination Committee met twice during the financial year with full attendance by its members. During the financial year ended 31 December 2023, the Nomination Committee carried out amongst others, the following activities in discharging its duties and responsibilities as set out in its terms of reference, a copy of which is available at [www.watta.com.my](http://www.watta.com.my):-

- Reviewed the tenure of Independent Non-Executive Directors and the 12-year tenure limit on Independent Non-Executive Directors effective June 2023;
- Reviewed and assessed the Board structure, size and composition and diversity;
- Reviewed and assessed the effectiveness and performance of the Board and Board Committees, the performance and contributions of individual Directors, and the term of office of the Audit Committee;
- Reviewed and assessed the Board's and individual Director's required mix of skills, experience and other qualities;
- Determined and reviewed the Directors standing for re-election at the AGM of the Company and recommended them to the Board for consideration;
- Conducted annual assessment on the independence of the Independent Non-Executive Directors in accordance with the MCCG based on established criteria and recommended to the shareholders for approval the retention of an Independent Non-Executive Director who had served for more than nine (9) years at the Company's AGM;
- Reviewed and noted the training programme(s) attended by the Directors; and
- Reviewed the proposal on appointment of an Independent Non-Executive Director and recommended the same to the Board for approval.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

### A. BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

#### Nomination Committee (cont'd)

The evaluation involves individual Directors and Committee members completing separate performance evaluation sheet regarding the process of the Board and its Committees, their effectiveness and contribution of each individual Director. These assessments and comments by Directors were tabled and discussed at the Nomination Committee meeting which was then reported to the Board at the Board meeting held thereafter.

The Nomination Committee was satisfied with the experience, performance, contributions and skill mix of the Directors to enable the Board and the Board Committees to discharge their respective duties and responsibilities effectively.

The Nomination Committee may use independent sources in identifying suitable candidates, as and when the need arises.

The Board also acknowledges the importance of boardroom diversity in terms of gender, age, nationality as well as ethnicity and recognises the benefits of this diversity. The Board is of the view that while promoting boardroom diversity is essential, the normal selection criteria based on effective blend of competencies, skills, extensive experience, integrity and knowledge to strengthen the Board, taking into account the criteria as set out in the Directors' Fit and Proper Policy should remain a priority.

#### Directors' Remuneration

The objective of the Group is to ensure that the Group attracts and retains Directors of the calibre needed to run the Group successfully. The Executive Directors are to be appropriately rewarded giving due regard to the corporate and individual performance. In the case of Non-Executive Directors, the level of remuneration reflects the experience and level of responsibilities undertaken by the Non-Executive Directors concerned.

The remuneration of the Executive Directors is performance related which are if not higher are compatible to the market rate in order to attract, motivate and retain them to run the Company. The Company also reimburses reasonable expenses incurred by Directors where required, in the course of carrying out their duties as Directors. The determination of remuneration packages of Non-Executive Directors should be a matter of the Board as a whole.

#### Remuneration Committee

The Remuneration Committee comprises the following members namely:-

- |                                     |   |
|-------------------------------------|---|
| (a) Dato' Sivananthan A/L Shanmugam | Chairman, Independent Non-Executive Director<br>(appointed on 21 August 2023) |
| (b) Goh Thih Liang                  | Member, Independent Non-Executive Director<br>(appointed on 21 August 2023)   |
| (c) Wong Hong Wai                   | Member, Independent Non-Executive Director<br>(appointed on 20 November 2023) |
| (d) Hj. Ahmad Bin Darus             | Chairman, Independent Non-Executive Director<br>(ceased on 30 May 2023)       |
| (e) Gan Leng Swee                   | Member, Senior Independent Non-Executive Director<br>(ceased on 30 May 2023)  |
| (f) Lee Tak Wing                    | Member, Independent Non-Executive Director<br>(ceased on 13 October 2023)     |

The Remuneration Committee is authorised by the Board to establish a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual Directors, as well as Senior Management where necessary. The Chairman of the Committee may request for a meeting as and when deemed necessary. The remuneration of Directors shall be the ultimate responsibility of the full Board after considering the recommendations of the Remuneration Committee.

The terms of reference of the Remuneration Committee and Remuneration Policy are available at the Company's website at [www.watta.com.my](http://www.watta.com.my).

The Remuneration Committee's responsibility include review and recommend to the Board the framework of executive remuneration and its cost and the remuneration package for each Executive Director, taking into account the performance of the individual, the inflation price index and information from independent sources on the rates of salary for similar jobs in a selected group of comparable companies and benefits-in-kind for the Executive Directors, review and recommend the bonus scheme for the Executive Directors depending on various performance measurements of the Group.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

## A. BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

## Remuneration Committee (cont'd)

The Remuneration Committee met twice during the financial year ended 31 December 2023 to inter-alia review and consider the remuneration packages of the Executive Directors and proposed Directors' fees and benefits.

Directors will abstain from discussion and voting on decisions in respect of their own remuneration. The Directors' fees and benefits are to be approved by shareholders at the AGM based on recommendations of the Board.

Details of Directors' remuneration for the financial year ended 31 December 2023 are as set out below:-

Company

Name	Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments
<b>Executive Directors</b>						
1 Dato' Lee Foo San	18,000	-	-	-	-	-
2 Datin Teoh Lian Tin	18,000	-	-	-	-	-
3 Hj. Ariffin Bin Abdul Aziz	18,000	-	-	-	-	-
4 Loo Sooi Guan	18,000	-	-	-	-	-
<b>Non-Executive Directors</b>						
5 Hj. Ahmad Bin Darus (resigned on 30 May 2023)	7,500	8,500	-	-	-	-
6 Gan Leng Swee (resigned on 30 May 2023)	7,500	1,000	-	-	-	-
7 Lee Tak Wing (resigned on 13 October 2023)	15,000	1,500	-	-	-	-
8 Hj. Ahmad Bin Khalid	18,000	-	-	-	-	-
9 Datuk Hong Choon Hau	18,000	-	-	-	-	-
10 Dato' Sivananthan A/L Shanmugam (appointed on 21 August 2023)	7,500	8,500	-	-	-	-
11 Goh Thih Liang (appointed on 21 August 2023)	7,500	1,000	-	-	-	-
12 Wong Hong Wai (appointed on 20 November 2023)	3,000	500	-	-	-	-

Group

Name	Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments
<b>Executive Directors</b>						
1 Dato' Lee Foo San	42,000	-	252,000	-	32,446	30,240
2 Datin Teoh Lian Tin	42,000	-	189,000	-	-	22,752
3 Hj. Ariffin Bin Abdul Aziz	42,000	-	226,800	-	5,300	9,072
4 Loo Sooi Guan	42,000	-	276,000	-	5,300	33,120
<b>Non-Executive Directors</b>						
5 Hj. Ahmad Bin Darus (resigned on 30 May 2023)	7,500	8,500	-	-	-	-
6 Gan Leng Swee (resigned on 30 May 2023)	7,500	1,000	-	-	-	-
7 Lee Tak Wing (resigned on 13 October 2023)	15,000	1,500	-	-	-	-
8 Hj. Ahmad Bin Khalid	18,000	-	-	-	-	-
9 Datuk Hong Choon Hau	18,000	-	-	-	-	-
10 Dato' Sivananthan A/L Shanmugam (appointed on 21 August 2023)	7,500	8,500	-	-	-	-
11 Goh Thih Liang (appointed on 21 August 2023)	7,500	1,000	-	-	-	-
12 Wong Hong Wai (appointed on 20 November 2023)	3,000	500	-	-	-	-

Details of the remuneration of the Senior Management (including salary, allowance, bonus, benefits in-kind and other emoluments) in each successive band of RM50,000 during the financial year ended 31 December 2023, are as follows:-

Name	Salary	Allowance	Bonus	Benefits-in-kind	Other emoluments
1 Loo Kwong Yong	150,001 - 200,000	0 - 50,000	-	-	0 - 50,000
2 Chan Soh Hwa	150,001 - 200,000	0 - 50,000	-	-	0 - 50,000

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

### B. EFFECTIVE AUDIT AND RISK MANAGEMENT

#### Financial reporting

The Directors are responsible to present a true and fair assessment of the Group's position and prospects in the annual audited financial statements and quarterly reports. The quarterly financial results were reviewed by the Audit Committee and approved by the Board prior to the submission to Bursa Securities.

In addition, the Board is responsible to ensure that the financial statements are properly drawn up in accordance with the provisions of the Companies Act 2016 and approved accounting standards in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of the financial year ended 31 December 2023 and of their financial performance and cash flows for the financial year then ended.

#### Risk Management and Internal Control

The Board affirms its overall responsibility for maintaining the Company's system of internal controls and risk management and for reviewing the adequacy and integrity of the Group's internal control systems. The Board has established a framework to formulate and review risk management policies and risk strategies.

The Group's Risk Management and Internal Control Statement is set out in the Statement on Risk Management and Internal Control of this Annual Report.

#### Relationship with Auditors

The Board has established a formal and transparent arrangement for maintaining appropriate relationships with the auditors, both external and internal in seeking professional advice and ensuring compliance with appropriate accounting standards, where applicable. The Audit Committee met with the internal and external auditors to discuss and review the audit plan, audit findings and other relevant reports.

The Audit Committee reviews and monitors the suitability, objectivity and independence of the external auditors on an annual basis. In addition, the Audit Committee has received confirmation from the external auditors that they are and have been independent throughout the conduct of the audit engagement.

### C. INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

#### Engagement between Company and Stakeholders

In recognising the importance of timely dissemination of information to shareholders and other stakeholders, the Board is committed to ensuring that the shareholders and other stakeholders are well informed of major developments of the Company and the information is communicated to them through the following channels:-

- (a) the Annual Report;
- (b) the various disclosures and announcements made to Bursa Securities including the quarterly results and annual results.

Information relating to the Group can be viewed at the Company's website at [www.watta.com.my](http://www.watta.com.my).

The AGM is the principal platform for engagement with shareholders and stakeholders. The Chairman, Group Executive Deputy Chairman, Board Committees' Chairman and other Board members as well as the external auditors of the Company are present to respond to all questions raised at the meeting. The outcome of all resolutions proposed at general meetings will be announced to Bursa Securities at the end of the meeting day.

Apart from general meetings, currently there is no other formal programme or schedule of meetings with investors, shareholders, stakeholders and the public generally. However, the management has the option of calling for meetings with investors/analysts if it deems necessary. Thus far, the management is of the opinion that the existing arrangement has been satisfactory.

The Board had identified the Senior Independent Non-Executive Director to whom concerns may be conveyed by shareholders and the general public. In the absence of and/or until the Board has identified a new Senior Independent Non-Executive Director, shareholders and the general public may convey any of their concerns to the Company through its website at [www.watta.com.my](http://www.watta.com.my), which the concerns will be escalated to the Independent Non-Executive Directors accordingly.

In line with the requirements of the MMLR of Bursa Securities, the Company shall be conducting poll voting for all resolutions set out in the notice of general meetings. In addition, the Company will appoint an independent scrutineer to validate the votes at the general meetings.

## ADDITIONAL COMPLIANCE INFORMATION

### 1. UTILISATION OF PROCEEDS

There were no proceeds raised from any corporate proposals during the financial year ended 31 December 2023.

### 2. MATERIAL CONTRACTS

There were no material contracts subsisting at the end of the financial year or entered into since the end of the previous financial year by the Company or its subsidiaries, which involved the interest of the Directors, and major shareholders other than contracts entered into in the normal course of business.

### 3. AUDIT AND NON-AUDIT FEES

During the financial year ended 31 December 2023, the amount of audit fees and non-audit fees incurred by the Company and on a Group basis for services rendered by the External Auditors, Messrs UHY or a firm or corporation affiliated to Messrs UHY are as follows:-

	Company (RM)	Group (RM)
Audit services	28,000	85,500
Non-audit services	5,000	5,000

### 4. RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE ("RRPT")

The breakdown of the aggregate value of the RRPT conducted pursuant to the shareholders' mandate obtained at the Twenty Eighth Annual General Meeting held on 30 May 2023 is as follows:-

Nature of Transaction	Companies in the Watta Group involved in the RRPT	Related Parties	Relationship of the Related Parties with Watta Group	Actual value transacted from 30 May 2023 up to 1 April 2024 (RM)
Purchases of airline tickets, tour arrangements and accommodation bookings	<ul style="list-style-type: none"> <li>Watta Battery Industries Sdn Bhd ("Watta Battery")</li> <li>Watta Energy (M) Sdn Bhd ("Watta Energy")</li> <li>Syarikat Perniagaan Leko Sdn Bhd ("Leko")</li> </ul>	Z'tronic Holidays Sdn Bhd ("Z'tronic")	<ul style="list-style-type: none"> <li>Dato' Lee Foo San, the Group Executive Deputy Chairman and a Major Shareholder of Watta, is a Director and substantial shareholder of Z'tronic.</li> <li>Datin Teoh Lian Tin, the Executive Director of Watta, is the spouse of Dato' Lee Foo San.</li> <li>Lee Fook Sin, the brother of Dato' Lee Foo San, is a shareholder of Watta and a Non-Executive Director of both Leko and Watta Battery.</li> <li>Lee Foo Hock, the brother of Dato' Lee Foo San, is a Director of Leko, Watta Battery, Watta Energy and is a Director and shareholder of Z'tronic.</li> <li>Hj. Ahmad Bin Khalid, a Director of Watta, is the Director of Zitron and Watta Energy and also a Director and substantial shareholder of Z'tronic.</li> <li>Lee Li Yen is an Alternate Director to Dato' Lee Foo San in Z'tronic. She is the sister of Dato' Lee Foo San.</li> </ul>	NIL



## ADDITIONAL COMPLIANCE INFORMATION (CONT'D)

## 4. RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE ("RRPT") (CONT'D)

Nature of Transaction	Companies in the Watta Group involved in the RRPT	Related Parties	Relationship of the Related Parties with Watta Group	Actual value transacted from 30 May 2023 up to 1 April 2024 (RM)
Lease of office premises	Watta Holding Berhad ("Watta")	Zitron Enterprise (M) Sdn Bhd ("Zitron")	<ul style="list-style-type: none"> <li>• Dato' Lee Foo San, the Group Executive Deputy Chairman and a Major Shareholder of Watta, is a Director and substantial shareholder of Zitron.</li> <li>• Datin Teoh Lian Tin, the Executive Director of Watta, is a Director and substantial shareholder of Zitron. She is the spouse of Dato' Lee Foo San.</li> <li>• Lee Fook Sin, the brother of Dato' Lee Foo San, is a shareholder of Watta and a Non-Executive Director of both Leko and Watta Battery.</li> <li>• Lee Foo Hock, the brother of Dato' Lee Foo San, is a Director of Leko, Watta Battery and Watta Energy.</li> <li>• Hj. Ahmad Bin Khalid, a Director of Watta, is a Director of Zitron and Watta Energy.</li> </ul>	352,819
Service maintenance fee and repair of phone	Mobile Technic Sdn Bhd ("Mobile Technic")	Zitron	<ul style="list-style-type: none"> <li>• Dato' Lee Foo San, the Group Executive Deputy Chairman and a Major Shareholder of Watta, is a Director and substantial shareholder of Zitron.</li> <li>• Datin Teoh Lian Tin, the Executive Director of Watta, is a Director and substantial shareholder of Zitron. She is the spouse of Dato' Lee Foo San.</li> <li>• Lee Fook Sin, the brother of Dato' Lee Foo San, is a shareholder of Watta and a Non-Executive Director of both Leko and Watta Battery.</li> <li>• Lee Foo Hock, the brother of Dato' Lee Foo San, is a Director of Leko, Watta Battery and Watta Energy.</li> <li>• Hj. Ahmad Bin Khalid, a Director of Watta, is a Director of Zitron and Watta Energy.</li> </ul>	NIL
Purchase of phone parts	Mobile Technic	Hello Service Centre (M) Sdn Bhd ("Hello Service Centre")	<ul style="list-style-type: none"> <li>• Dato' Lee Foo San, the Group Executive Deputy Chairman and a Major Shareholder of Watta, is a substantial shareholder of Hello Service Centre.</li> <li>• Datin Teoh Lian Tin, the Executive Director of Watta, is a Director and substantial shareholder of Hello Service Centre. She is the spouse of Dato' Lee Foo San.</li> <li>• Lee Foo Hock, the brother of Dato' Lee Foo San, is a Director of Hello Service Centre.</li> </ul>	NIL

## ADDITIONAL COMPLIANCE INFORMATION (CONT'D)

## 4. RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE ("RRPT") (CONT'D)

Nature of Transaction	Companies in the Watta Group involved in the RRPT	Related Parties	Relationship of the Related Parties with Watta Group	Actual value transacted from 30 May 2023 up to 1 April 2024 (RM)
Service maintenance fee and repair of phone	SEMS Services Sdn Bhd ("SEMS")	Midland Network Sdn Bhd ("Midland Network")	<ul style="list-style-type: none"> <li>Dato' Lee Foo San, the Group Executive Deputy Chairman and a Major Shareholder of Watta, is a Director and substantial shareholder of Midland Network.</li> <li>Datin Teoh Lian Tin, the Executive Director of Watta, is the spouse of Dato' Lee Foo San. She is also a Director and substantial shareholder of Midland Network.</li> <li>Lee Foo Hock, the brother of Dato' Lee Foo San, is a Director and shareholder of Midland Network.</li> <li>Hj. Ahmad Bin Khalid, a Director of Watta, is a Director and shareholder of Midland Network.</li> </ul>	NIL
Sale and purchase of cellular telephones and related cellular telephone accessories	Watta Energy	Zitron	<ul style="list-style-type: none"> <li>Dato' Lee Foo San, the Group Executive Deputy Chairman and a Major Shareholder of Watta, is a Director and substantial shareholder of Zitron.</li> <li>Datin Teoh Lian Tin, the Executive Director of Watta, is a Director and substantial shareholder of Zitron. She is the spouse of Dato' Lee Foo San.</li> <li>Lee Fook Sin, the brother of Dato' Lee Foo San, is a shareholder of Watta and a Non-Executive Director of both Leko and Watta Battery.</li> <li>Lee Foo Hock, the brother of Dato' Lee Foo San, is a Director of Leko, Watta Battery and Watta Energy.</li> <li>Hj. Ahmad Bin Khalid, a Director of Watta, is a Director of Zitron and Watta Energy.</li> </ul>	NIL
Sale and purchase of cellular telephones and related cellular telephone accessories	Watta Energy	The Hello Station (M) Sdn Bhd ("Hello Station")	<ul style="list-style-type: none"> <li>Dato' Lee Foo San, the Group Executive Deputy Chairman and a Major Shareholder of Watta, is deemed a substantial shareholder of Hello Station by virtue of his substantial interest in Zitron.</li> <li>Datin Teoh Lian Tin, the Executive Director of Watta, is a Director of Hello Station and is deemed a substantial shareholder of Hello Station by virtue of her substantial interest in Zitron. She is also the spouse of Dato' Lee Foo San.</li> <li>Lee Foo Hock, the brother of Dato' Lee Foo San, is a Director of Hello Station.</li> </ul>	NIL

## ADDITIONAL COMPLIANCE INFORMATION (CONT'D)

### 4. RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE ("RRPT") (CONT'D)

Nature of Transaction	Companies in the Watta Group involved in the RRPT	Related Parties	Relationship of the Related Parties with Watta Group	Actual value transacted from 30 May 2023 up to 1 April 2024 (RM)
Sale and purchase of cellular telephones, telecommunication and audio visual equipment and all kind of gadgets and internet of things ("IOT") peripherals	SEMS	Midland Network	<ul style="list-style-type: none"> <li>• Dato' Lee Foo San, the Group Executive Deputy Chairman and a Major Shareholder of Watta, is a Director and substantial shareholder of Midland Network.</li> <li>• Datin Teoh Lian Tin, the Executive Director of Watta, is the spouse of Dato' Lee Foo San. She is also a Director and substantial shareholder of Midland Network.</li> <li>• Lee Foo Hock, the brother of Dato' Lee Foo San, is a Director and shareholder of Midland Network.</li> <li>• Hj. Ahmad Bin Khalid, a Director of Watta, is a Director and shareholder of Midland Network.</li> </ul>	NIL
Sale and purchase of cellular telephones, telecommunication and audio visual equipment and all kind of gadgets and IOT peripherals	SEMS	Zitron	<ul style="list-style-type: none"> <li>• Dato' Lee Foo San, the Group Executive Deputy Chairman and a Major Shareholder of Watta, is a Director and substantial shareholder of Zitron.</li> <li>• Datin Teoh Lian Tin, the Executive Director of Watta, is a Director and substantial shareholder of Zitron. She is the spouse of Dato' Lee Foo San.</li> <li>• Lee Fook Sin, the brother of Dato' Lee Foo San, is a shareholder of Watta and a Non-Executive Director of both Leko and Watta Battery.</li> <li>• Lee Foo Hock, the brother of Dato' Lee Foo San, is a Director of Leko, Watta Battery and Watta Energy.</li> <li>• Hj. Ahmad Bin Khalid, a Director of Watta, is a Director of Zitron and Watta Energy.</li> </ul>	NIL

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

### INTRODUCTION

Pursuant to Paragraph 15.26 (b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the Board of Directors of Watta Holding Berhad (“Board”) is pleased to present the Statement on Risk Management and Internal Control of the Group for the financial year ended 31 December 2023 which has been prepared in accordance with the “*Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers*”.

### RESPONSIBILITY FOR RISK AND INTERNAL CONTROL

The Board recognises the importance of a sound internal control system and effective risk management practices to safeguard shareholders’ investments and the Group’s assets. The Board also affirms its overall responsibility for the Group’s system of internal control and risk management, and for reviewing the adequacy and integrity of the Group’s internal control system.

In view of the limitations inherent in any internal control system, it is recognised that such system is designed to manage rather than eliminate risk. Evaluation and implementation of the system can only provide reasonable assurance of the Group achieving its objectives. The system will not provide absolute assurance against any material misstatement or loss.

The Board has received assurance from the Chief Executive Officer and Group Executive Director that the Group’s risk management and internal control system is operating adequately and effectively, in all material aspects, based on the existing risk management and internal control system of the Group.

### RISK MANAGEMENT FRAMEWORK

The Board regards risk management as an integral part of business operations and in fulfilling its oversight responsibilities for the Group’s system of internal control and risk management, the Board has established a framework to formulate and review risk management policies and procedures and corresponding controls to mitigate the risks.

In ensuring the on-going review process for identifying, evaluating and managing significant risks affecting the Group, internal control procedures with clear lines of accountability and delegated authority have been established through a series of standard operating practice manuals for the business units within the Group covering the Handphone Servicing Segment.

The Audit Committee and the Board had strengthened their efforts to improve and monitor the effectiveness and adequacy of internal control and risk management implementation with regular review and updates through the Risk Assessment/ Management Committee (“RAMC”).

The RAMC currently consists of three (3) members, namely:-

- |                                     |   |
|-------------------------------------|---|
| (a) Goh Thih Liang                  | Chairman, Independent Non-Executive Director<br>(appointed on 21 August 2023) |
| (b) Dato’ Sivananthan A/L Shanmugam | Member, Independent Non-Executive Director<br>(appointed on 21 August 2023)   |
| (c) Dato’ Lee Foo San               | Member, Group Executive Deputy Chairman and Chief Executive Officer           |

The primary responsibilities and purpose of the RAMC is to assist the Board in fulfilling its responsibilities with respect to review and monitor the Group’s risk management framework and activities.

The functions of RAMC shall also include the following:-

- (i) Ensuring the process of identifying and documenting principal risks is in place and on an ongoing basis.
- (ii) Ascertaining internal competency levels to manage the identified risks.
- (iii) Ensuring the implementation of appropriate systems and procedures to manage risks and assigning of accountability.
- (iv) Reviewing the adequacy and the integrity of the Group’s internal control systems.
- (v) Taking actions to rectify control failures or weaknesses and determine disciplinary actions for non-compliance, where appropriate.

The Chairman of the RAMC may request for a meeting as and when deemed necessary to review the risk exposures and control actions and to deal with any other matters within the authority of the committee. The Chairman of the RAMC will report to the Audit Committee and Board every quarter its review of the identified key risks and/or new risks for each business units and relevant mitigating plans.

The RAMC has during the financial year reviewed the Group’s quarterly risk management reports with recommendations to improve current risk control system to further strengthen the integrity and effectiveness of the internal control mechanism within the Group.

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

### OTHER KEY ELEMENTS OF INTERNAL CONTROL

Apart from risk management and internal audit, the other key elements of the Group's internal control systems are described below:-

- (i) The handphone servicing segment has set up internal control and operation procedures with clear lines of accountability through a series of standard operating practice manuals.
- (ii) The Group maintains a formal organisation structure with clearly defined delegation of responsibilities to the management executive and business segments, including limits of authority, authorisation level for all aspects of the business.
- (iii) An annual budget is submitted for Board's review and approval. The actual performance of the business segments is monitored against budget on a quarterly basis to identify and to address significant variances.
- (iv) Management accounts and reports are prepared monthly and quarterly, covering financial performance as well as key business indicators such as customers' satisfaction level, sales analysis and operating cost analysis. These performance reports are benchmarked against the pre-determined objectives.
- (v) Regular visits to business operation units by members of the Board and the Management team.
- (vi) Quarterly review of the Group's related party transactions by the Audit Committee and the Board.

### INTERNAL AUDIT FUNCTION

The Group's internal audit function is outsourced to an independent professional consultancy firm, RSM Corporate Consulting (Malaysia) Sdn Bhd who provides the Audit Committee and the Board with the assurance on the adequacy and integrity of the internal control system of the Group.

The Internal Auditors, performed reviews on key processes within the Group and assessed the effectiveness and adequacy of the internal control system. The Audit Committee is kept informed of the audit process, from the approved annual audit plan to the audit findings and reporting at the scheduled meetings, and would thereafter report and make recommendations to the Board. Senior Management is responsible for ensuring that approved corrective actions are taken within the stipulated time frame.

The internal audit review carried out by the Internal Auditors during the financial year ended 31 December 2023 in accordance with the internal audit plan is outlined in the Audit Committee Report of this Annual Report.

The Company has incurred approximately RM19,500.00 for maintaining the outsourced internal audit function for the financial year ended 31 December 2023.

### WEAKNESSES IN INTERNAL CONTROLS THAT RESULT IN MATERIAL LOSSES

During the financial year under review, nothing has come to the attention of the Board which would result in any material losses, contingencies or uncertainties arising from weakness in its internal control system that would require separate disclosure in this Annual Report. Nevertheless, the Board and Management will continue to take proactive measures to strengthen the internal control environment within the Group.

### REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

The External Auditors have reviewed this Statement on Risk Management and Internal Control for inclusion in this Annual Report and their review was performed in accordance with Recommended Practice Guide 5 (RPG5) (Revised), *Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report* issued by the Malaysian Institute of Accountants.

Based on their review, the External Auditors have reported to the Board that nothing has come to their attention that causes them to believe that the statement is inconsistent with their understanding of the process adopted by the Board in reviewing and assessing the adequacy and integrity of the system of internal controls of the Group.

## AUDIT COMMITTEE REPORT

The Audit Committee of Watta Holding Berhad is pleased to present the Audit Committee Report for the financial year ended 31 December 2023.

### MEMBERS

- |                                    |   |
|------------------------------------|---|
| 1. Wong Hong Wai                   | Chairman, Independent Non-Executive Director<br>(appointed on 20 November 2023) |
| 2. Dato' Sivananthan A/L Shanmugam | Member, Independent Non-Executive Director<br>(appointed on 21 August 2023)     |
| 3. Goh Thih Liang                  | Member, Independent Non-Executive Director<br>(appointed on 21 August 2023)     |
| 4. Lee Tak Wing                    | Chairman, Independent Non-Executive Director<br>(ceased on 13 October 2023)     |
| 5. Hj. Ahmad Bin Darus             | Member, Independent Non-Executive Director<br>(ceased on 30 May 2023)           |
| 6. Gan Leng Swee                   | Member, Senior Independent Non-Executive Director<br>(ceased on 30 May 2023)    |

### SUMMARY OF WORK DURING THE FINANCIAL YEAR

A total of five (5) Audit Committee meetings were held during the financial year ended 31 December 2023. Details of attendance are as follows:-

Name	Attendance
<b>Wong Hong Wai</b>	<b>1/1</b>
<b>Dato' Sivananthan A/L Shanmugam</b>	<b>2/2</b>
<b>Goh Thih Liang</b>	<b>2/2</b>
<b>Lee Tak Wing (ceased on 13 October 2023)</b>	<b>3/4</b>
<b>Hj. Ahmad Bin Darus (ceased on 30 May 2023)</b>	<b>3/3</b>
<b>Gan Leng Swee (ceased on 30 May 2023)</b>	<b>3/3</b>

During the financial year ended 31 December 2023, the Audit Committee in discharge of its duties and functions carried out the following activities:-

1. Reviewed the unaudited quarterly financial results of the Group and made recommendation to the Board of Directors ("Board") for approval prior to submission to Bursa Malaysia Securities Berhad ("Bursa Securities"). The review is to ensure that the quarterly results present a true and fair view of the Group's financial positions and were prepared in accordance with the requirements of the Malaysian Financial Reporting Standard 134 – Interim Financial Reporting and Paragraph 9.22 as well as Appendix 9B of the Main Market Listing Requirements ("MMLR") of Bursa Securities.
2. Reviewed and made recommendations to the Board in respect of the annual audited financial statements of the Group and the Company with the External Auditors for approval prior to submission to Bursa Securities. The review is to ensure that the financial statements were prepared in compliance with the regulatory requirements.
3. Reviewed and discussed with the External Auditors amongst others, their audit approach, reporting and deliverables, as well as new developments on accounting standards and regulatory requirements.
4. Reviewed the External Auditors' audit findings, results and reports. Private discussions with the External Auditors without the presence of Executive Directors and Management to discuss any problems/issues arising from the audit and assistance provided by Management to them during the course of audit.
5. Reviewed and assessed the suitability, objectivity and independence of the External Auditors in relation to the re-appointment of the External Auditors, taking into consideration amongst others, the adequacy of experience and resources of the firm and the professional staff assigned to the audit and the relevant criteria prescribed under the MMLR of Bursa Securities before recommending to the Board.
6. Reviewed and discussed the proposed audit and non-audit fees of the External Auditors.
7. Reviewed the recurrent related party transactions to ensure the transactions are conducted on arm's length basis and are not detrimental to the interest of minority shareholders.
8. Reviewed the internal audit plan to ensure the adequacy of the scope, competency and resources of the internal audit function.



## AUDIT COMMITTEE REPORT (CONT'D)

### SUMMARY OF WORK DURING THE FINANCIAL YEAR (CONT'D)

9. Reviewed the report from the Internal Auditors, the recommendations made and management responses to those recommendations.
10. Reviewed the renewal of engagement of outsourced internal audit services and recommended to the Board for approval.
11. Reviewed the Audit Committee Report and Statement on Risk Management and Internal Control for inclusion in the Annual Report.
12. Reviewed and discussed the Risk Assessment & Management Report.
13. Reviewed and recommended to the Board for approval the recurrent related party transactions guidelines and review procedures.
14. Reviewed and recommended to the Board for approval the proposed amendments to the terms of reference of Audit Committee, Anti-Corruption & Anti-Bribery Policy, and Whistle-Blowing Policy.

### INTERNAL AUDIT FUNCTION

The internal audit function of the Group has been outsourced to an independent professional consultancy firm, RSM Corporate Consulting (Malaysia) Sdn Bhd which was appointed during the financial year with the aim of providing independent and systematic reviews on the systems of internal control. The Internal Audit function provides an independent and objective feedback to the Audit Committee and the Board on the adequacy, effectiveness and efficiency of the internal control system within the Group. The audit assignment was carried out in accordance with the internal audit plan.

The Internal Auditors adopts a risk-based approach and have carried out their work in accordance with The International Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors.

None of the Internal Auditors has family relationship with any Director and/or major shareholder of the Company. The Internal Auditors are independent of the activities they audit and perform their audit with impartiality and due professional care.

The Internal Auditors have adequate resources and appropriate standing to undertake their activities independently and objectively to provide reasonable assurance to the Audit Committee regarding the adequacy and effectiveness of the Group's internal control systems. The outsourced internal audit function was headed by Mr. Joe Lee Yaw Joo, Managing Director of RSM Corporate Consulting (Malaysia) Sdn Bhd. Mr. Joe Lee Yaw Joo is a member of the American Institute of Internal Audit, Malaysian Institute of Accountants, Malaysian Institute of Certified Public Accountants and American Institute of Supply Management.

The Internal Auditors report to the Audit Committee on their audit findings, their recommendations of the corrective actions to be taken by the Management together with the management's responses and action plans in relation thereto were deliberated.

During the financial year under review, there was no material internal control failure reported that would result in any significant loss to the Group.

In accordance with the internal audit plan, the Internal Auditors had carried out reviews and reported to the Audit Committee on the following areas during the financial year under review:-

Name of Subsidiary Companies	Areas
Watta Holding Berhad	Review of mandatory policies.
SEMS Services Sdn Bhd & Mobile Technic Sdn Bhd	Sales, billing, after-sales services/customer support.

The Internal Auditors will conduct follow up reviews upon request on status of agreed action plans by Management on previous processes of companies.

## STATEMENT ON DIRECTORS' RESPONSIBILITY IN PREPARING THE AUDITED FINANCIAL STATEMENTS

The Directors are required by the Companies Act 2016 ("the Act") to prepare financial statements for each financial year which give a true and fair view of the financial position of the Group and of the Company at the end of the financial year under review and their financial performance and cash flows for the financial year then ended. As required by the Act and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the financial statements have been prepared in accordance with the applicable approved accounting standards in Malaysia.

Therefore, in preparing the financial statements of the Group and the Company for the financial year ended 31 December 2023, the Directors have:-

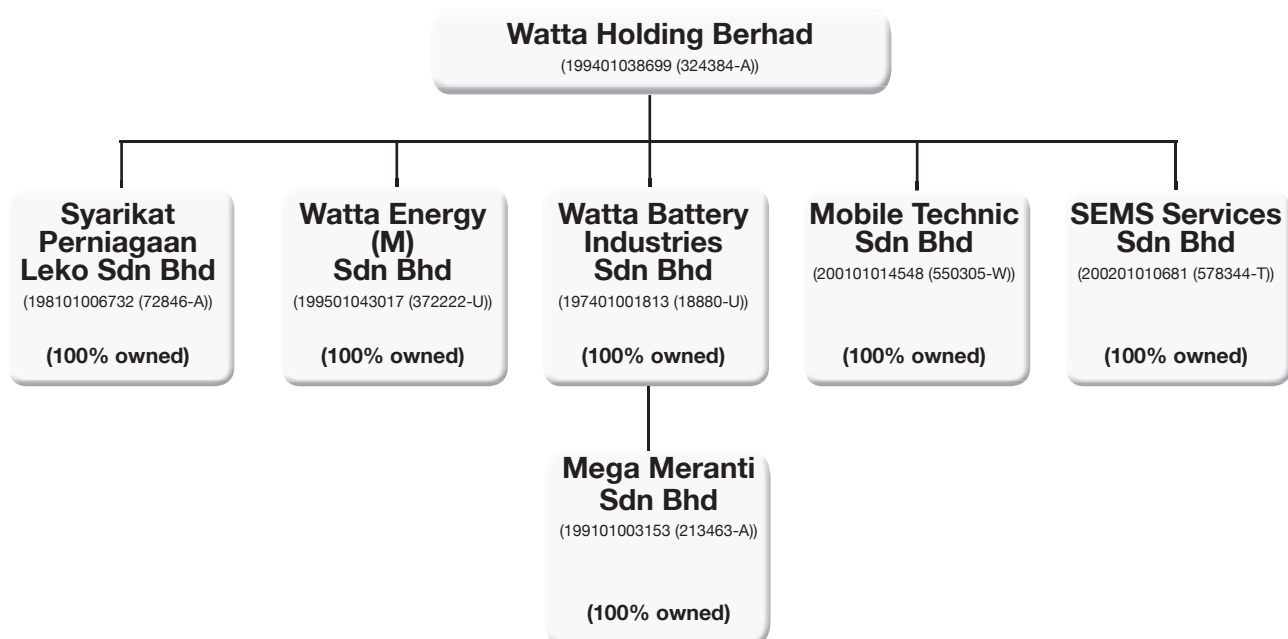
- adopted suitable accounting policies and applied them consistently;
- made judgements and estimates that are prudent and reasonable;
- ensured applicable approved accounting standards have been complied with, subject to any material departures being disclosed and explained in the financial statements; and
- prepared the financial statements on a going concern basis.

The Directors are responsible for ensuring that the Company keeps proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and of the Company and which enable them to ensure that the financial statements comply with the Act. The Directors are responsible for taking such reasonable steps to safeguard the assets of the Group and of the Company and to prevent and detect fraud and other such irregularities.

The above statement was reviewed and approved by the Board of Directors on 1 April 2024.



## GROUP STRUCTURE



## CORPORATE OFFICE

**Watta Holding Berhad** (199401038699 (324384-A))

12th Floor, Menara Cosway,

Plaza Berjaya, Jalan Imbi,

55100 Kuala Lumpur.

Tel: 03-2144 2929 Fax: 03-2144 9929

Website: <http://www.watta.com.my>

E-mail: [marketing@watta.com.my](mailto:marketing@watta.com.my)

### Service of Mobile Phones Division:

Suite W-10-21, 10th Floor,

Melawangi Business Suites,

Amcorp Trade Centre,

No. 18 Jalan Persiaran Barat,

46050 Petaling Jaya,

Selangor Darul Ehsan.

Tel: 03-7957 2211 Fax: 03-7958 6878



**WATTA HOLDING BERHAD**  
(199401038699 (324384-A))

# Reports And Financial Statements For The Financial Year Ended 31 December 2023

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## DIRECTORS' REPORT

The Directors hereby present 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 activities of the Company consist of investment holding and the provision of management services.

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

### Financial Results

	Group RM	Company RM
Loss for the financial year attributable to the owners of the parent	1,969,473	721,510

### Dividends

No dividend has been paid or declared by the Company since the end of the previous financial year. The Directors do not recommend any dividend in respect of the current financial year.

### Reserves and Provisions

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

### Issue of Shares and Debentures

There were no issuance of shares or debentures during the financial year.

### Options Granted Over Unissued Shares

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

### Directors

The Directors in office during the financial year up to the date of this report are:

Dato' Lee Foo San*	
Haji Ariffin Bin Abdul Aziz*	
Datin Teoh Lian Tin*	
Haji Ahmad Bin Khalid*	
Loo Sooi Guan*	
Datuk Hong Choon Hau	
Dato' Sivananthan A/L Shanmugam	(Appointed on 21.08.2023)
Goh Thih Liang	(Appointed on 21.08.2023)
Wong Hong Wai	(Appointed on 20.11.2023)
Gan Leng Swee	(Resigned on 30.05.2023)
Haji Ahmad Bin Darus	(Resigned on 30.05.2023)
Lee Tak Wing	(Resigned on 13.10.2023)

\* Director of the Company and its subsidiary companies

The Directors who held office in the subsidiary companies (excluding Directors who are also the Directors of the Company) during the financial year and up to the date of this report are:

Lee Foo Hock  
Lee Fook Sin  
Loo Kwong Yong  
Chan Soh Hwa

The information required to be disclosed pursuant to Section 253 of the Companies Act 2016 in Malaysia is deemed incorporated herein by such reference to the financial statements of the respective subsidiary companies and made a part hereof.

## DIRECTORS' REPORT (CONT'D)

### Directors' Interests

The interests and deemed interests in shares of the Company and of its related corporations (other than wholly-owned subsidiary companies) of those who were Directors of the Company at financial year end (including their spouses or children) according to the Register of Directors' Shareholdings kept by the Company pursuant to Section 59 of the Companies Act 2016 are as follows:

	Number of ordinary shares			
	At 1.1.2023	Bought	Sold	At 31.12.2023
<b>Interests in the Company</b>				
<b>Direct interests</b>				
Dato' Lee Foo San	39,634,762	-	-	39,634,762
Loo Sooi Guan	1,025,800	-	-	1,025,800
Goh Thih Liang	200	-	-	200
Wong Hong Wai	3,200	-	-	3,200
<b>Indirect interests</b>				
Loo Sooi Guan <sup>1</sup>	100	-	-	100
Datuk Hong Choon Hau <sup>2</sup>	19,344,022	-	-	19,344,022

Notes:

<sup>1</sup> Shares held directly by spouse. In accordance with Section 59(11)(c) of the Companies Act 2016 in Malaysia, the interests of the spouse/children in the shares of the Company shall be treated as the interest of the Directors.

<sup>2</sup> Deemed interest pursuant to Section 8(4)(c) of the Companies Act 2016 in Malaysia, by virtue of his interests in Cambridge Asset Holding Limited, the holding company of Surin Bay Resort Sdn. Bhd.

By virtue of his interests in the shares of the Company, Dato' Lee Foo San is also deemed interested in the shares of all its subsidiary companies during the financial year to the extent that the Company has an interest pursuant to Section 8 of the Companies Act 2016 in Malaysia.

By virtue of his indirect interests in the shares of the Company, Datuk Hong Choon Hau is also deemed interested in the shares of all its subsidiary companies during the financial year to the extent that the Company has an interest pursuant to Section 8 of the Companies Act 2016 in Malaysia.

None of the other Directors in office at the end of the financial year held shares or had beneficial interest in the shares of the Company or its related corporations during the financial year.

### Directors' Benefits

Since the end of the previous financial year, no Directors of the Company has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by Directors as disclosed in the "Directors' Remuneration" of this report) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the Director is a member, or with a Company in which he has a substantial financial interest, other than office maintenance fee and lease payment in which certain Directors of the Company have substantial financial interest as disclosed in Note 26(b) to the financial statements.

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



**DIRECTORS' REPORT (CONT'D)****Directors' Remuneration**

The detail of the Directors' remuneration for the financial year ended 31 December 2023 are set out below:

	<b>Group RM</b>	<b>Company RM</b>
<b><u>Executive Directors</u></b>		
Fees	168,000	72,000
Salaries and other emoluments	1,321,600	-
Defined contribution plans	110,296	-
Social security contributions	4,605	-
Benefits in kind	43,046	-
	<u>1,647,547</u>	<u>72,000</u>
<b><u>Non-Executive Directors</u></b>		
Fees	132,000	84,000
Other emoluments	21,000	21,000
	<u>153,000</u>	<u>105,000</u>
<b>Total Director's Remuneration</b>	<u>1,800,547</u>	<u>177,000</u>

**Indemnity and Insurance Costs**

During the financial year, the total amount of indemnity coverage and insurance premium paid for the Directors and certain officers of the Company were RM5 million and RM9,921 respectively. No indemnity was given to or insurance effected for auditors of the Company.

**Other Statutory Information**

Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:

- (a) to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that there were no bad debts to be written off and no allowance for doubtful debts was required; and
- (b) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including the value of current assets as shown in the accounting records of the Group and of the Company have been written down to an amount which the current assets might be expected so to realise.

## DIRECTORS' REPORT (CONT'D)

### Other Statutory Information (Cont'd)

At the date of this report, the Directors are not aware of any circumstances:

- (a) which would render it necessary to write off any bad debts or to make any allowance for doubtful debts in the financial statements of the Group and of the Company; or
- (b) which would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading; or
- (c) not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading; or
- (d) 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.

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

- (a) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liabilities 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.

No contingent 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, in the opinion of the directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations when they fall due.

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

### Subsidiary Companies

The details of the subsidiary companies are disclosed in Note 7 to the financial statements.

### Auditors' Remuneration

The auditors' remuneration of the Group and of the Company for the financial year ended 31 December 2023 are as follows:

	Group RM	Company RM
Auditors' remuneration		
- Statutory audit	85,500	28,000
- Non-audit services	5,000	5,000
	90,500	33,000

### Auditors

The Auditors, Messrs. UHY, have expressed their willingness to continue in office.

Signed on behalf of the Board of Directors, as approved by the Board of Directors in accordance with a resolution of the Directors,

\_\_\_\_\_  
DATO' LEE FOO SAN

\_\_\_\_\_  
HAJI ARIFFIN BIN ABDUL AZIZ

KUALA LUMPUR  
1 April 2024

**STATEMENT BY DIRECTORS PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT, 2016**

We, Dato' Lee Foo San and Haji Ariffin Bin Abdul Aziz, being two of the Directors of Watta Holding Berhad, do hereby state that, in the opinion of the Directors, the accompanying financial statements are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the provisions 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 of 31 December 2023 and of their financial performance and their cash flows of the Group and of the Company for the year ended on that date.

Signed in accordance with a resolution of the Directors,

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DATO' LEE FOO SAN

---

HAJI ARIFFIN BIN ABDUL AZIZ

KUALA LUMPUR  
1 April 2024

**STATUTORY DECLARATION  
PURSUANT TO SECTION 251(1)(B) OF THE COMPANIES ACT 2016**

I, Haji Ariffin Bin Abdul Aziz, being the Director primarily responsible for the financial management of Watta Holding Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief, the accompanying financial statements are correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the )  
abovenamed at Kuala Lumpur in the )  
Federal Territory on 1 April 2024 )

---

HAJI ARIFFIN BIN ABDUL AZIZ

Before me,

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COMMISSIONER FOR OATHS

# INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF WATTA HOLDING BERHAD

## Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of Watta Holding 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 and loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of material accounting policies information, as set out on pages 64 to 105.

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, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

### Basis for Opinion

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

### Independence and Other Ethical Responsibilities

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

### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company 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.

Key Audit Matters	How we addressed the key audit matters
<p><b>Valuation of investment properties</b></p> <p>Investment properties are measured initially at cost and subsequently at fair value with any changes therein recognised in profit or loss for the period in which they arise.</p> <p>The fair value of investment properties was determined by a firm of independent external valuers using the Comparison Method of Valuation. The valuation is dependent on certain key inputs and the most significant input used in this approach is the comparison of selling price per square feet of properties which were recently transacted within the same vicinity of the investment properties adjusting for differences such as tenure, size, current cost of construction and other relevant factors, where necessary.</p>	<p>We reviewed and discussed with management on the carrying amount of investment properties in accordance with MFRS 140 <i>Investment Properties</i>.</p> <p>We evaluated the independent valuer's competence, capabilities, independence and objectivity.</p> <p>We assessed the methodologies used and the appropriateness of the key assumptions of the valuation report based on our knowledge.</p> <p>We assessed the adequacy and appropriateness of the disclosures relating to the valuation methodology and estimation made in the financial statements.</p>

### 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 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.

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF WATTA HOLDING BERHAD (CONT'D)

### Responsibilities of Directors for the Financial Statements

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

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

### Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current financial year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF WATTA HOLDING BERHAD (CONT'D)****Other Matter**

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.

UHY

Firm Number: AF 1411

Chartered Accountants

HO SIEW CHAN

Approved Number: 03485/02/2026 J

Chartered Accountant

KUALA LUMPUR

1 April 2024



**STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2023**

		<b>Group</b>		<b>Company</b>	
	<b>Note</b>	<b>2023 RM</b>	<b>2022 RM</b>	<b>2023 RM</b>	<b>2022 RM</b>
<b>Non-Current Assets</b>					
Property, plant and equipment	4	44,885	32,879	-	-
Right-of-use assets	5	1,398,501	1,801,793	70,184	350,921
Investment properties	6	47,575,000	46,845,000	-	-
Investment in subsidiary companies	7	-	-	22,592,169	22,793,850
Goodwill on consolidation	8	-	-	-	-
		<u>49,018,386</u>	<u>48,679,672</u>	<u>22,662,353</u>	<u>23,144,771</u>
<b>Current Assets</b>					
Inventories	9	290,919	873,113	-	-
Trade receivables	10	413,276	246,107	-	-
Other receivables	11	351,805	299,886	56,125	56,125
Amount due from subsidiary companies	12	-	-	-	-
Tax recoverable		277,571	273,649	114,392	112,161
Fixed deposits with licensed banks	13	2,648,268	12,743,169	1,378,725	6,365,482
Cash and bank balances		11,117,890	3,531,431	5,568,844	1,105,303
		<u>15,099,729</u>	<u>17,967,355</u>	<u>7,118,086</u>	<u>7,639,071</u>
<b>Total Assets</b>		<u>64,118,115</u>	<u>66,647,027</u>	<u>29,780,439</u>	<u>30,783,842</u>
<b>Equity</b>					
Share capital	14	42,240,000	42,240,000	42,240,000	42,240,000
Retained earnings/(Accumulated losses)		10,180,099	12,149,572	(12,674,861)	(11,953,351)
<b>Total Equity</b>		<u>52,420,099</u>	<u>54,389,572</u>	<u>29,565,139</u>	<u>30,286,649</u>
<b>Non-Current Liabilities</b>					
Lease liabilities	15	7,392	166,453	-	71,705
Deferred tax liabilities	16	10,000,743	9,776,851	-	-
		<u>10,008,135</u>	<u>9,943,304</u>	<u>-</u>	<u>71,705</u>
<b>Current Liabilities</b>					
Trade payables	17	519,302	937,834	-	-
Other payables	18	940,836	948,873	143,595	143,039
Lease liabilities	15	188,743	408,186	71,705	282,449
Tax payable		41,000	19,258	-	-
		<u>1,689,881</u>	<u>2,314,151</u>	<u>215,300</u>	<u>425,488</u>
<b>Total Liabilities</b>		<u>11,698,016</u>	<u>12,257,455</u>	<u>215,300</u>	<u>497,193</u>
<b>Total Equity and Liabilities</b>		<u>64,118,115</u>	<u>66,647,027</u>	<u>29,780,439</u>	<u>30,783,842</u>

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

		Group		Company	
	Note	2023 RM	2022 RM	2023 RM	2022 RM
Revenue	19	8,609,482	11,162,204	72,000	72,000
Cost of sales		(5,338,657)	(6,117,464)	-	-
<b>Gross profit</b>		3,270,825	5,044,740	72,000	72,000
Other income		1,121,401	1,159,348	205,970	158,711
Administration expenses		(5,875,367)	(6,580,907)	(993,929)	(1,222,869)
Finance costs	20	(13,134)	(20,515)	(5,551)	(8,975)
<b>Loss before tax</b>	21	(1,496,275)	(397,334)	(721,510)	(1,001,133)
Taxation	22	(473,198)	(464,548)	-	-
<b>Loss for the financial year attributable to the owners of the parent</b>		(1,969,473)	(861,882)	(721,510)	(1,001,133)
<b>Loss per share</b>					
Basic/Diluted (sen)	23	(2.33)	(1.02)		

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

**STATEMENTS OF CHANGES IN EQUITY** FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Attributable to Owners of the Parent		
	Share Capital RM	Distributable Retained Earnings RM	Total Equity RM
Group			
At 1 January 2022	42,240,000	13,011,454	55,251,454
Net loss for the financial year, representing total comprehensive loss for the financial year	-	(861,882)	(861,882)
At 31 December 2022	42,240,000	12,149,572	54,389,572
At 1 January 2023	42,240,000	12,149,572	54,389,572
Net loss for the financial year, representing total comprehensive loss for the financial year	-	(1,969,473)	(1,969,473)
At 31 December 2023	42,240,000	10,180,099	52,420,099

	Share Capital RM	Accumulated Losses RM	Total Equity RM
Company			
At 1 January 2022	42,240,000	(10,952,218)	31,287,782
Net loss for the financial year, representing total comprehensive loss for the financial year	-	(1,001,133)	(1,001,133)
At 31 December 2022	42,240,000	(11,953,351)	30,286,649
At 1 January 2023	42,240,000	(11,953,351)	30,286,649
Net loss for the financial year, representing total comprehensive loss for the financial year	-	(721,510)	(721,510)
At 31 December 2023	42,240,000	(12,674,861)	29,565,139

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

# STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
<b>Cash flows from operating activities</b>				
Loss before tax	(1,496,275)	(397,334)	(721,510)	(1,001,133)
Adjustments for:				
Amortisation of right-of-use assets	442,510	486,430	280,737	280,737
Depreciation of property, plant and equipment	14,735	14,340	-	-
Fair value gain on investment properties	(730,000)	(730,000)	-	-
Finance costs	13,134	20,515	5,551	8,975
Finance income	(382,526)	(294,873)	(204,755)	(158,711)
Gain on disposal of property, plant and equipment	-	(4,171)	-	-
Gain on termination of lease contract	-	(3,511)	-	-
Discount received on lease liabilities	-	(1,300)	-	-
Impairment losses on:				
- investment in subsidiary companies	-	-	201,681	259,818
- amount due from subsidiary companies	-	-	-	200,000
Unrealised loss on foreign exchange	506	983	-	-
Operating loss before working capital changes	(2,137,916)	(908,921)	(438,296)	(410,314)
Changes in working capital:				
Inventories	582,194	(303,102)	-	-
Trade receivables	(167,675)	544,745	-	-
Other receivables	(51,919)	208,361	-	-
Trade payables	(418,532)	400,102	-	-
Other payables	(8,037)	51,949	556	(14,072)
	(63,969)	902,055	556	(14,072)
Cash used in operations	(2,201,885)	(6,866)	(437,740)	(424,386)
Interest received	382,526	294,873	204,755	158,711
Interest paid	(13,134)	(20,515)	(5,551)	(8,975)
Tax refund	3,742	-	-	-
Tax paid	(235,228)	(284,083)	(2,231)	(31,501)
	137,906	(9,725)	196,973	118,235
Net cash used in operating activities	(2,063,979)	(16,591)	(240,767)	(306,151)
<b>Cash flows from investing activities</b>				
Proceeds from disposal of property, plant and equipment	-	5,000	-	-
Acquisition of property, plant and equipment	(26,741)	(10,207)	-	-
Advances to subsidiary companies	-	-	-	(200,000)
Net cash used in investing activities	(26,741)	(5,207)	-	(200,000)

**STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)**

	<b>Group</b>		<b>Company</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
<b>Cash flows from financing activities</b>				
Payment of lease liabilities	(417,722)	(454,741)	(282,449)	(279,025)
Decrease/(Increase) in fixed deposits pledged with licensed banks	21,979	(843)	-	-
Withdraw from/(Deposit in) fixed deposits not for short-term funding requirement	7,874,470	(184,627)	5,030,556	(110,323)
Net cash from/(used in) financing activities	7,478,727	(640,211)	4,748,107	(389,348)
<b>Net increase/(decrease) in cash and cash equivalents</b>	5,388,007	(662,009)	4,507,340	(895,499)
<b>Cash and cash equivalents at the beginning of the financial year</b>	7,848,775	8,510,784	2,440,229	3,335,728
<b>Cash and cash equivalents at the end of the financial year</b>	13,236,782	7,848,775	6,947,569	2,440,229
<b>Cash and cash equivalents at the end of the financial year comprises:</b>				
Cash and bank balances	11,117,890	3,531,431	5,568,844	1,105,303
Fixed deposits with licensed banks	13 2,648,268	12,743,169	1,378,725	6,365,482
	13,766,158	16,274,600	6,947,569	7,470,785
Less: Fixed deposits pledged with licensed banks	13 -	(21,979)	-	-
Less: Deposits not for short-term funding requirement	13 (529,376)	(8,403,846)	-	(5,030,556)
	13,236,782	7,848,775	6,947,569	2,440,229

**Note to statements of cash flows****Cash flows for a leases as a lessee**

	<b>Group</b>		<b>Company</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
<b>Included in operating activities:</b>				
Included paid in relation to lease liabilities (Note 20)	13,134	20,515	5,551	8,975
<b>Included in financing activities:</b>				
Payment of lease liabilities (Note 15)	(430,856)	(475,256)	(288,000)	(288,000)
<b>Total cash outflows for leases</b>	(417,722)	(454,741)	(282,449)	(279,025)

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

### 1. Corporate Information

The Company is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad.

The principal place of business of the Company is located at 12th Floor, Menara Cosway, Plaza Berjaya, Jalan Imbi, 55100 Kuala Lumpur, Wilayah Persekutuan.

The registered office of the Company is located at Lot 5, Level 10, Menara Great Eastern 2, No. 50, Jalan Ampang, 50450 Kuala Lumpur, Wilayah Persekutuan.

The principal activities of the Company consist of investment holding and the provision of management services. The principal activities of its subsidiary companies are disclosed in Note 7 to the financial statements. There have been no significant changes in the nature of these activities of the Company and its subsidiary companies during the financial year.

### 2. Basis of Preparation

#### (a) Statement of compliance

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

The financial statements of the Group and of the Company have been prepared under the historical cost convention, unless otherwise indicated in the material accounting policies below.

#### Adoption of new and amended standards

During the financial year, the Group and the Company have adopted the following new MFRS and amendments to MFRSs issued by the Malaysian Accounting Standards Board ("MASB") that are mandatory for current financial year:

MFRS 17	Insurance Contracts
Amendments to MFRS 17	Insurance Contracts
Amendments to MFRS 17	Initial application of MFRS 17 and MFRS 9 – Comparative Information
Amendments to MFRS 101	Disclosure of Accounting Policies
Amendments to MFRS 108	Definition of Accounting Estimates
Amendments to MFRS 112	Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction
Amendments to MFRS 112	International Tax Reform – Pillar Two Model Rules

The adoption of the new MFRS and amendments to MFRS did not have any significant impact on the financial statements of the Group and of the Company except as disclosed below:

#### Amendments to MFRS 101 *Disclosure of Accounting Policies*

The Group and the Company adopted Amendments to MFRS 101 *Disclosure of Accounting Policies* from 1 January 2023. The amendments require the disclosure of material accounting policies information rather than significant accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements.

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



## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)

### 2. Basis of Preparation (Cont'd)

#### (a) Statement of compliance (Cont'd)

##### Standards issued but not yet effective

The Group and the Company have not applied the following amendments to MFRSs that have been issued by the MASB but are not yet effective for the Group and for the Company:

		Effective dates for financial periods beginning on or after
Amendments to MFRS 107 and MFRS 7	Supplier Finance Arrangement	1 January 2024
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to MFRS 116	Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to MFRS 101	Non-current Liabilities with Covenants	1 January 2024
Amendments to MFRS 121	Lack of Exchangeability	1 January 2025
Amendments to MFRS 10 and MFRS 128	Sale of Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further notice

The Group and the Company intend to adopt the above amendments to MFRSs when they become effective.

These amendments to published standards will be adopted on the respective effective dates. The Group and the Company have started a preliminary assessment on the effects of the above amendments to published standards and the impact is still being assessed.

#### (b) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency. All financial information is presented in RM and has been rounded to the nearest RM except when otherwise stated.

#### (c) Significant accounting judgements, estimates and assumptions

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

##### Judgements

The following are the judgements made by management in the process of applying the Group's accounting policies that have the most significant effect on the amounts recognised in the financial statements:

##### Classification between investment properties and right-of-use assets

The Group has developed certain criteria based on MFRS 140 *Investment Property* in making judgement whether a property qualifies as an investment property. Investment property is a property held to earn rentals or for capital appreciation or both.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes.

If these portions could be sold separately (or leased out separately under a finance lease), the Group would account for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes.

Judgement is made on an individual property basis to determine whether ancillary services are significant that a property does not qualify as investment property.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)

### 2. Basis of Preparation (Cont'd)

#### (c) Significant accounting judgements, estimates and assumptions (Cont'd)

##### Judgements (Cont'd)

##### Determining the lease term of contracts with renewal and termination options – Group as lessee

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate.

The Group includes the renewal period as part of the lease term for leases of land and building with non-cancellable period included as part of the lease term as these are reasonably certain to be exercised because there will be a significant negative effect on operation if a replacement asset is not readily available.

##### Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period are set out below:

##### Useful lives of property, plant and equipment and right-of-use ("ROU") assets

The Group regularly reviews the estimated useful lives of property, plant and equipment and ROU assets based on factors such as business plan and strategies, expected level of usage and future technological developments. Future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned above. A reduction in the estimated useful lives of property, plant and equipment and ROU assets would increase the recorded depreciation and decrease the value of property, plant and equipment and ROU assets.

The carrying amount at the reporting date for property, plant and equipment and ROU assets are disclosed on Notes 4 and 5 to the financial statements respectively.

##### Revaluation of investment properties

The Group carries its investment properties at fair value, with changes in fair value being recognised in profit or loss. The Group engaged an independent valuation specialist to assess fair value as at 31 December 2023 for investment properties. For investment properties, a valuation methodology based on sales comparison approach was used. Land was valued by reference to market-based evidence, using comparable prices adjusted for specific market factors such as nature, location and condition of the property. The fair value of buildings was determined using the cost approach that reflects the cost to a market participant to construct assets of comparable utility and age, adjusted for obsolescence.

The key assumptions used to determine the fair value of the properties are provided in Note 6 to the financial statements.

##### Impairment of investment in subsidiary companies

The Company reviews its investment in subsidiary companies when there are indicators of impairment. Impairment is measured by comparing the carrying amount of an investment with its recoverable amount. Significant judgement is required in determining the recoverable amount. Estimating the recoverable amount requires the Company to make an estimate of the expected future cash flows from the cash-generating units and also to determine a suitable discount rate in order to calculate the present value of those cash flows.

The carrying amount at the reporting date for investment in subsidiary companies is disclosed in Note 7 to the financial statements.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)

### 2. Basis of Preparation (Cont'd)

- (c) Significant accounting judgements, estimates and assumptions (Cont'd)

#### Key sources of estimation uncertainty (Cont'd)

##### Inventories valuation

Inventories are measured at the lower of cost and net realisable value. The Group estimates the net realisable value of inventories based on an assessment of expected sales prices less estimated cost to sales. Demand levels and pricing competition could change from time to time. If such factors result in an adverse effect on the Group's products, the Group might be required to reduce the value of its inventories. Details of inventories are disclosed in Note 9 to the financial statements.

##### Provision for expected credit loss of financial assets at amortised cost

The Group review the recoverability of its receivables, include trade and other receivables, amounts due from subsidiary companies at each reporting date to assess whether an impairment loss should be recognised. The impairment provisions for receivables are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions at the end of each reporting period.

The carrying amounts at the reporting date for receivables are disclosed in Notes 10, 11 and 12 to the financial statements respectively.

##### Deferred tax assets

Deferred tax assets are recognised for all unused tax losses, unabsorbed capital allowances and other deductible temporary differences to the extent that it is probable that taxable profit will be available against which the unused tax losses, unabsorbed capital allowances and other deductible temporary differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

The carrying value of recognised and unrecognised deferred tax assets are disclosed in Note 16 to the financial statements.

##### Income taxes

Judgement is involved in determining the 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 recognises liabilities for expected tax issues 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 differences will impact the income tax and deferred tax provisions in the period in which such determination is made. As at 31 December 2023, the Group and the Company have tax recoverable of RM277,571 (2022: RM273,649) and RM114,392 (2022: RM112,161) and tax payable of RM41,000 (2022: RM19,258) and RM Nil (2022: RM Nil) respectively.

##### Discount rate used in leases

Where the interest rate implicit in the lease cannot be readily determined, the Group uses the incremental borrowing rate to measure the lease liabilities. The incremental borrowing rate is the interest rate that the Group would have to pay to borrow over a similar term, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. Therefore, the incremental borrowing rate requires estimation, particularly when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the incremental borrowing rate using observable inputs when available and is required to make certain entity-specific estimates.

##### Determination of transaction prices

The Group is required to determine the transaction price in respect of each of its contracts with customers. In making such judgement the Group assesses the impact of any variable consideration in the contract, due to discounts or penalties, the existence of any significant financing component and any non-cash consideration in the contract.

There is no estimation required in determining the transaction price, as revenue from sale of goods or services are based on invoiced values. Discounts are not considered as they are not only given in rare circumstances.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)

### 3. Material Accounting Policies

The Group and the Company apply the material accounting policies set out below, consistently throughout all periods presented in the financial statements unless otherwise stated.

#### (a) Basis of consolidation

##### (i) Subsidiary companies

Subsidiary companies are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiary companies are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary company is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed in profit or loss as incurred.

If the business combination is achieved in stages, the acquirer's previously held equity interest in the acquiree is re-measured at its acquisition-date fair value and the resulting gain or loss is recognised in profit or loss.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (which cannot exceed one year from the acquisition date), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date, if known, would have affected the amounts recognised at that date.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of MFRS 9 Financial Instruments is measured at fair value with the changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

Inter-company transactions, balances and unrealised gains or losses on transactions between Group companies are eliminated. Unrealised losses are eliminated only if there is no indication of impairment. Where necessary, accounting policies of subsidiary companies have been changed to ensure consistency with the policies adopted by the Group.

In the Company's separate financial statements, investment in subsidiary companies are stated at cost less accumulated impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts are recognised in profit or loss. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. See accounting policy Note 3(i)(i) to the financial statements on impairment of non-financial assets.

##### (ii) Changes in ownership interests in subsidiary companies without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary company is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)

### 3. Material Accounting Policies (Cont'd)

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

##### (iii) Loss of contract

If the Group loses control of a subsidiary company, the assets and liabilities of the subsidiary company, including any goodwill, and non-controlling interests are derecognised at their carrying value on the date that control is lost. Any remaining investment in the entity is recognised at fair value. The difference between the fair value of consideration received and the amounts derecognised and the remaining fair value of the investment is recognised as a gain or loss on disposal in profit or loss. Any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities.

#### (b) Foreign currency transactions and balances

Transactions in foreign currency are recorded in the functional currency of the respective Group entities using the exchange rates prevailing at the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are included in profit or loss.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the reporting period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income. Exchange differences arising from such non-monetary items are also recognised in other comprehensive income.

#### (c) Property, plant and equipment

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

##### (i) Recognition and measurement

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

The cost of property, plant and equipment recognised as a result of a business combination is based on fair value at acquisition date. The fair value of property is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The fair value of other items of plant and equipment is based on the quoted market prices for similar items.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

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

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)

### 3. Material Accounting Policies (Cont'd)

#### (c) Property, plant and equipment (Cont'd)

##### (ii) Depreciation

Depreciation is recognised in the profit or loss on a straight-line basis to write off the cost of each asset to its residual value over its estimated useful life.

Property, plant and equipment are depreciated based on the estimated useful lives of the assets as follows:

Plant and machinery	5 years
Office equipment, tools and equipment	5 years
Furniture, fittings and renovation	5 - 10 years
Motor vehicles	5 years

The residual values, useful lives and depreciation method are reviewed at the end of each reporting period to ensure that the amount, method and period of depreciation are consistent with previous estimates the expected pattern of consumption of future economic benefits embodied in the property, plant and equipment.

#### (d) Leases

##### As lessee

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

The ROU asset is subsequently measured at cost less any accumulated depreciation, accumulated impairment loss and, if applicable, adjusted for any remeasurement of lease liabilities. The policy of recognition and measurement of impairment losses is in accordance with Note 3(k)(i) to the financial statements on impairment of non-financial statements.

The ROU asset under cost model is depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the ROU asset or the end of the lease term. The estimated useful lives of the ROU assets are determined on the same basis as those of property, plant and equipment as follows:

Leasehold land and buildings	Over the remaining lease period
Office spaces	Over the remaining lease period
Motor vehicles	5 years

The ROU assets are subject to impairment.

The lease liability is initially measured at the present value of future lease payments at the commencement date, discounted using the respective Group entities' incremental borrowing rates. Lease payments included in the measurement of the lease liability include fixed payments, any variable lease payments, amount expected to be payable under a residual value guarantee, and exercise price under an extension option that the Group and the Company are reasonably certain to exercise.

Variable lease payments that do not depend on an index or a rate and are dependent on a future activity are recognised as expenses in profit or loss in the period in which the event or condition that triggers the payment occurs. The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in rate, or if the Group or the Company changes its assessment of whether it will exercise an extension or termination option.

Lease payments associated with short term leases and leases of low value assets are recognised on a straight-line basis as an expense in profit or loss. Short term leases are leases with a lease term of 12 months or less and do not contain a purchase option. Low value assets are those assets valued at less than RM20,000 each when purchased new.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)

### 3. Material Accounting Policies (Cont'd)

#### (d) Leases (Cont'd)

##### As lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. Leases in which the Group or the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases.

If the lease arrangement contains lease and non-lease components, the Group and the Company apply MFRS 15 *Revenue from Contracts with Customers* to allocate the consideration in the contract based on the stand-alone selling price.

The Group and the Company recognise assets held under a finance lease in its statement of financial position and presents them as a receivable at an amount equal to the net investment in the lease. The Group and the Company use the interest rate implicit in the lease to measure the net investment in the lease.

The Group recognises lease payments under operating leases as income on a straight-line basis over the lease term unless another systematic basis is more representative of the pattern in which benefit from the use of the underlying asset is diminished. The lease payment recognised is included as part of "Revenue". Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

#### (e) Investment properties

Investment properties are properties which are owned or held under a leasehold interest to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties are measured initially at cost, including transaction costs. Subsequently, investment properties are measured at fair value which reflects market conditions at the reporting date. Gains and losses arising from changes in the fair values of investment properties are recognised in profit or loss for the period in which they arise. Where the fair value of the investment property under construction is not reliably determinable, the investment property under construction is measured at cost until either its fair value becomes reliably determinable or construction is complete, whichever is earlier.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs.

Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

Investment properties are valued by independent professionally qualified valuers, having appropriate recognised professional qualifications and recent experience in the locations and segments of the investment properties valued. The management team reviewed and discussed the valuations, including valuation processes, performed by the independent valuers for financial reporting purposes.

Investment properties are derecognised when either they are disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from the disposal. Any gain or loss on the retirement or disposal of an investment property is recognised in the profit or loss in the reporting period of retirement or disposal.

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)

### 3. Material Accounting Policies (Cont'd)

#### (f) Financial assets

##### Financial asset categories and subsequent measurement

The Group and the Company determine the classification of financial assets at initial recognition and are not reclassified subsequent to their initial recognition unless the Group and the Company change its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

The Group's and the Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

The Group and the Company classify their financial assets as follows:

#### (i) Financial assets at amortised cost

The Group and the Company measure financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains or losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss. The Group's and the Company's financial assets at amortised cost include trade and other receivables, amount due from subsidiaries and deposits, bank and cash balances.

#### (ii) Financial assets at fair value through other comprehensive income ("FVTOCI")

The Group and the Company have not designated any financial assets at FVTOCI.

#### (iii) Financial assets at fair value through profit or loss

The Group and the Company have not designated any financial assets at FVTPL.

All financial assets, except for those measured at FVTPL and equity investments measured at FVTOCI, are subject to impairment assessment in accordance with Note 3(i)(ii) on impairment of financial assets.

##### Regular way purchase or sale of financial assets

Regular way purchase or sale are purchase or sale of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchase or sale of financial assets are recognised or derecognised on the trade date i.e., the date that the Group and the Company commit to purchase or sell the asset.

##### Derecognition

A financial asset or part of it is derecognised when, and only when the contractual rights to receive cash flows from the financial asset expire or transferred, or control of the financial asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount of the financial assets and the sum of consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)

### 3. Material Accounting Policies (Cont'd)

#### (g) Financial liabilities

Financial liabilities are recognised when, and only when, the Group and the Company become a party to the contractual provisions of the financial instruments. All financial liabilities are recognised initially at fair value plus, in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

#### (h) Inventories

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

Costs of inventories comprise cost of purchase and other costs incurred in bringing it to their present location and conditions are determined on a weighted average basis.

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

#### (i) Impairment of assets

##### (i) Non-financial assets

The carrying amounts of non-financial assets (except for inventories, deferred tax assets and investment property measured at fair value) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

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

The recoverable amount of an asset or cash-generating unit is the greater of value-in-use and fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or cashgenerating unit exceeds its estimated recoverable amount. Impairment loss is recognised in profit or loss. Impairment losses recognised in respect of cashgenerating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (group of cash-generating units) and then to reduce the carrying amounts of the other assets in the cash-generating unit (group of cash-generating units) on a pro rata basis.

Impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised for asset in prior years. Such reversal is recognised in the profit or loss.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)

### 3. Material Accounting Policies (Cont'd)

#### (i) Impairment of assets (Cont'd)

##### (ii) Financial assets

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

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

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

#### (j) Provisions

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

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Any reimbursement that the Group can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision. The expense relating to any provision is presented in the statements of profit or loss and other comprehensive income net of any reimbursement.

#### (k) Employee benefits

##### (i) Short-term employee benefits

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably. The Group's contributions to defined contribution plans are expensed as the related service is provided by the employee.

##### (ii) Defined contribution plans

As required by law, Companies in Malaysia contribute to the state pension scheme, the Employee Provident Fund ("EPF"). Such contributions are recognised as an expense in the profit or loss as incurred. Once the contributions have been paid, the Group has no further payment obligations.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)

### 3. Material Accounting Policies (Cont'd)

#### (l) Revenue recognition

##### (i) Revenue from contracts with customers

Revenue is recognised when the Group satisfied a performance obligation ("PO") by transferring a promised good or services to the customer, which is when the customer obtains control of the good or service. A PO may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied PO.

##### Rendering of services

Revenue from services and management fees are recognised in the reporting period in which the services are rendered, which simultaneously received and consumes the benefits provided by the Group, and the Group has a present right to payment for the services.

##### (ii) Management fee

Management fee is recognised on an accrual basis when the services are rendered.

##### (iii) Rental income

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

##### (iv) Interest income

Interest income is recognised on an accrual basis using the effective interest method.

#### (m) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of the assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in profit or loss in the period in which they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

#### (n) Income taxes

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

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

Deferred tax is recognised on the liability method for all temporary differences between the carrying amount of assets or liabilities in the statements of financial position and their tax base. Deferred tax is not recognised for the temporary difference arising from the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction which is not a business combination and that affects neither accounting profit nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)

### 3. Material Accounting Policies (Cont'd)

#### (n) Income taxes (Cont'd)

The measurement of deferred tax is based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, at the end of the reporting period, except for investment properties carried at fair value model. Where investment properties measured using fair value model, the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying amounts at the reporting date unless the property is depreciable and is held with the objective to consume substantially all of the economic benefits embodied in the property over time, rather than through sale.

Deferred tax assets and liabilities are not discounted. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

#### (o) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decisionmaker is responsible for allocating resources and assessing performance of the operating segment and make overall strategic decisions. The Group's operating segments are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

#### (p) Contingencies

Where it is not probable that an inflow or an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the asset or the obligation is disclosed as a contingent asset or contingent liability, unless the probability of inflow or outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent assets or contingent liabilities unless the probability of inflow or outflow of economic benefits is remote.

#### (q) Fair value measurement

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

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

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

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

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

Level 3 : unobservable inputs for the asset or liability.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)****4. Property, Plant and Equipment**

	<b>Plant and machinery RM</b>	<b>Office equipment, tools and equipment RM</b>	<b>Furniture, fittings and renovation RM</b>	<b>Motor vehicles RM</b>	<b>Total RM</b>
<b>Group</b>					
<b>2023</b>					
<b>Cost</b>					
At 1 January 2023	384,111	1,407,921	2,306,511	1,721,272	5,819,815
Additions	15,080	11,661	-	-	26,741
At 31 December 2023	399,191	1,419,582	2,306,511	1,721,272	5,846,556
<b>Accumulated depreciation</b>					
At 1 January 2023	383,390	1,388,020	2,294,256	1,721,270	5,786,936
Charge for the financial year	638	9,002	5,095	-	14,735
At 31 December 2023	384,028	1,397,022	2,299,351	1,721,270	5,801,671
<b>Carrying amount</b>					
At 31 December 2023	15,163	22,560	7,160	2	44,885
<b>2022</b>					
<b>Cost</b>					
At 1 January 2022	384,111	1,404,055	2,350,222	1,721,272	5,859,660
Additions	-	7,961	2,246	-	10,207
Disposal	-	(4,095)	(45,957)	-	(50,052)
At 31 December 2022	384,111	1,407,921	2,306,511	1,721,272	5,819,815
<b>Accumulated depreciation</b>					
At 1 January 2022	383,349	1,382,860	2,334,340	1,721,270	5,821,819
Charge for the financial year	41	8,907	5,392	-	14,340
Disposal	-	(3,747)	(45,476)	-	(49,223)
At 31 December 2022	383,390	1,388,020	2,294,256	1,721,270	5,786,936
<b>Carrying amount</b>					
At 31 December 2022	721	19,901	12,255	2	32,879



## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)

### 5. Right-of-use Assets

	Leasehold land and buildings RM	Office spaces RM	Motor vehicles RM	Total RM
<b>Group</b>				
<b>2023</b>				
<b>Cost</b>				
At 1 January 2023	1,504,040	613,590	458,903	2,576,533
Additions	-	39,218	-	39,218
Expiration of lease contract	-	(36,912)	-	(36,912)
At 31 December 2023	1,504,040	615,896	458,903	2,578,839
<b>Accumulated amortisation</b>				
At 1 January 2023	278,351	221,048	275,341	774,740
Charge for the financial year	18,568	332,162	91,780	442,510
Expiration of lease contract	-	(36,912)	-	(36,912)
At 31 December 2023	296,919	516,298	367,121	1,180,338
<b>Carrying amount</b>				
At 31 December 2023	1,207,121	99,598	91,782	1,398,501
<b>2022</b>				
<b>Cost</b>				
At 1 January 2022	1,504,040	1,042,472	458,903	3,005,415
Additions	-	613,590	-	613,590
Termination of lease contract	-	(20,119)	-	(20,119)
Expiration of lease contract	-	(1,022,353)	-	(1,022,353)
At 31 December 2022	1,504,040	613,590	458,903	2,576,533
<b>Accumulated amortisation</b>				
At 1 January 2022	259,783	870,672	183,561	1,314,016
Charge for the financial year	18,568	376,082	91,780	486,430
Termination of lease contract	-	(3,353)	-	(3,353)
Expiration of lease contract	-	(1,022,353)	-	(1,022,353)
At 31 December 2022	278,351	221,048	275,341	774,740
<b>Carrying amount</b>				
At 31 December 2022	1,225,689	392,542	183,562	1,801,793

**NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)****5. Right-of-use Assets (Cont'd)**

	<b>2023</b>	<b>2022</b>
	<b>RM</b>	<b>RM</b>
<b>Office spaces</b>		
<b>Company</b>		
<b>Cost</b>		
At 1 January	561,474	561,474
Addition	-	561,474
Expiration of lease contract	-	(561,474)
At 31 December	<u>561,474</u>	<u>561,474</u>
<b>Accumulated amortisation</b>		
At 1 January	210,553	491,290
Charge for the financial year	280,737	280,737
Expiration of lease contract	-	(561,474)
At 31 December	<u>491,290</u>	<u>210,553</u>
<b>Carrying amount</b>		
At 31 December	<u>70,184</u>	<u>350,921</u>

Included in the above, motor vehicles with a carrying amount of RM91,782 (2022: RM183,562) of the Group are pledged as securities for the related lease liabilities.

The remaining period of the lease term of leasehold land and buildings is 65 years (2022: 66 years).

**6. Investment Properties**

	<b>Leasehold</b>		
	<b>land</b>	<b>Buildings</b>	<b>Total</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>
<b>Group</b>			
<b>At fair value</b>			
<b>2023</b>			
At 1 January 2023	44,515,000	2,330,000	46,845,000
Changes in fair value recognised in profit or loss	845,000	(115,000)	730,000
At 31 December 2023	<u>45,360,000</u>	<u>2,215,000</u>	<u>47,575,000</u>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)

### 6. Investment Properties (Cont'd)

	Leasehold land RM	Buildings RM	Total RM
<b>Group (Cont'd)</b>			
<b>At fair value</b>			
<b>2022</b>			
At 1 January 2022	43,670,000	2,445,000	46,115,000
Changes in fair value recognised in profit or loss	845,000	(115,000)	730,000
At 31 December 2022	<u>44,515,000</u>	<u>2,330,000</u>	<u>46,845,000</u>

- (a) The rental income earned by the Group from its investment properties amounted to RM1,217,000 (2022: RM1,211,000). Direct operating expenses arising from investment properties that generated rental income during the financial year amounted to RM17,451 (2022: RM46,616).
- (b) The remaining period of the lease term range from 31 to 65 years (2022: 32 to 66 years).
- (c) The investment properties are valued annually at fair value based on market values determined by independent qualified valuers. The independent professionally qualified valuers hold recognised relevant professional qualifications and have recent experience in the locations and segments of the investment properties valued. The fair value measurements of the investment properties are based on the highest and best use, which does not differ from their actual use. The fair values are within level 2 of the fair value hierarchy. The fair values have been derived using the sales comparison approach. Sales prices of comparable land and buildings in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square foot of comparable properties.

There were no transfers between levels during current and previous financial year.

The net increase in the fair values of RM730,000 (2022: RM730,000) has been recognised in the profit or loss during the financial year.

### 7. Investment in Subsidiary Companies

	Company	
	2023 RM	2022 RM
<b>In Malaysia</b>		
Unquoted shares, at cost	32,980,682	32,980,682
Less: Accumulated impairment losses		
At the beginning of the financial year	(10,186,832)	(9,927,014)
Impairment losses recognised in profit or loss	(201,681)	(259,818)
At the end of the financial year	<u>(10,388,513)</u>	<u>(10,186,832)</u>
	<u>22,592,169</u>	<u>22,793,850</u>

The estimated recoverable amount of the Company's investment in SEMS Services Sdn. Bhd. and Mobile Technic Sdn. Bhd. was RM427,534 and RM3,089,281 respectively. An impairment loss amounting to RM201,681 (2022: RM259,818) was recognised during the financial year.

The impairment losses was recognised in administration expenses in the statements of profit or loss and other comprehensive income.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)****7. Investment in Subsidiary Companies (Cont'd)**

Details of the subsidiary companies are as follows:

Name of company	Place of business/ Country of incorporation	Effective interests		Principal activities
		2023 %	2022 %	
Watta Battery Industries Sdn. Bhd.	Malaysia	100	100	Property investment
Syarikat Perniagaan Leko Sdn. Bhd.	Malaysia	100	100	Ceased operations
Watta Energy (M) Sdn. Bhd.	Malaysia	100	100	Marketing and distribution of telecommunication equipment and related products
Mobile Technic Sdn. Bhd.	Malaysia	100	100	Servicing and repair of mobile telecommunication equipment products and other electronic equipment
SEMS Services Sdn. Bhd.	Malaysia	100	100	Servicing and repair of mobile telecommunication equipment products and other electronic equipment
<b>Indirect holding</b>				
<i>Held through Watta Battery Industries Sdn Bhd.</i>				
Mega Meranti Sdn. Bhd.	Malaysia	100	100	Property investment

**8. Goodwill on Consolidation**

	Group	
	2023 RM	2022 RM
At Cost	4,803,417	4,803,417
Less: Accumulated impairment losses	(4,803,417)	(4,803,417)
	<u>-</u>	<u>-</u>

Impairment testing for cash-generating units ("CGU") containing goodwill

For the purpose of impairment testing, goodwill is allocated to the Group's operating divisions which represent the lowest CGU level within the Group at which the goodwill is monitored for internal management purpose.

The aggregate carrying amount of goodwill has been allocated to the Group's "CGU" in services segment.

In the financial year of 2018, as a result of ceased operation in Watta Battery Industries Sdn. Bhd. and Syarikat Perniagaan Leko Sdn. Bhd. in trading segment, the Group carried out a review of the recoverable amount of the unit.

The recoverable amount of the services segment unit was determined based on its value-in-use, determined by discounting the future cash flows expected to be generated by the unit. An impairment loss of RM4,803,417 was recognised in the financial year of 2018. The impairment losses is recorded within administrative expenses in the statements of profit or loss and other comprehensive income.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)

### 9. Inventories

	Group	
	2023 RM	2022 RM
<b>At net realisable value</b>		
Handphone spare parts	290,918	873,113
<b>Recognised in profit or loss</b>		
Recongnised as cost of sales	5,338,658	6,117,464

### 10. Trade Receivables

	Group	
	2023 RM	2022 RM
Trade receivables	413,276	246,107

Trade receivables are non-interest bearing and are generally on 30 to 90 days (2022: 30 to 90 days) term. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

The aged analysis of the trade receivables as at the end of the reporting period:

	Group	
	2023 RM	2022 RM
Not past due	337,079	222,463
Past due:		
Less than 30 days	68,414	13,593
31 to 60 days	7,783	10,051
	76,197	23,644
	413,276	246,107

Trade receivables that are not past due are creditworthy receivables with good payment records and mostly are regular customers that have been transacting with the Group.

As at 31 December 2023, trade receivables of RM76,197 (2022: RM23,644) were past due. These relate to a number of independent customers for whom there is no recent history of default.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)****11. Other Receivables**

	<b>Group</b>		<b>Company</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Other receivables	100,309	69,051	-	-
Deposits	163,861	176,155	56,125	56,125
Prepayments	87,635	54,680	-	-
	<u>351,805</u>	<u>299,886</u>	<u>56,125</u>	<u>56,125</u>

**12. Amount due from Subsidiary Companies**

	<b>Company</b>	
	<b>2023</b>	<b>2022</b>
	<b>RM</b>	<b>RM</b>
Amount due from subsidiary companies	1,697,000	1,697,000
Less: Accumulated impairment losses	(1,697,000)	(1,697,000)
	<u>-</u>	<u>-</u>

The amount due from subsidiary companies arose mainly from advances and expenses paid on behalf, which are unsecured, interest free and repayable on demand.

Movements in the allowance for impairment losses during the financial year are as follows:

	<b>Company</b>	
	<b>2023</b>	<b>2022</b>
	<b>RM</b>	<b>RM</b>
At 1 January	1,697,000	1,497,000
Impairment losses recognised	-	200,000
At 31 December	<u>1,697,000</u>	<u>1,697,000</u>

**13. Fixed Deposits with Licensed Banks**

	<b>Group</b>		<b>Company</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Cash and bank balances	11,117,890	3,531,431	5,568,844	1,105,303
Fixed deposits with licensed banks	<u>2,648,268</u>	<u>12,743,169</u>	<u>1,378,725</u>	<u>6,365,482</u>
Deposit, bank and cash balances	13,766,158	16,274,600	6,947,569	7,470,785
Less: Fixed deposits pledged with licensed banks	-	(21,979)	-	-
Less: Deposits not for short-term funding requirement	<u>(529,376)</u>	<u>(8,403,846)</u>	<u>-</u>	<u>(5,030,556)</u>
	<u>13,236,782</u>	<u>7,848,775</u>	<u>6,947,569</u>	<u>2,440,229</u>

Included in the deposits with licensed banks with maturity period more than 3 months of the Group is an amount of RMNil (2022: RM21,979) pledged to a licensed bank as securities for banking facilities granted to a subsidiary company.

The effective interest rates of fixed deposits of the Group and of the Company as at the end of the reporting period range from 1.60% to 3.50% (2022: 1.88% to 3.20%) and 1.60% to 3.50% (2022: 1.88% to 3.20%) per annum and the maturities of fixed deposits are 30 to 365 days (2022: 30 to 365 days) and 30 to 90 days (2022: 30 to 180 days) respectively.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)

### 14. Share Capital

	Group/Company		Amount	
	Number of ordinary shares			
	2023 Units	2022 Units	2023 RM	2022 RM
<b>Ordinary shares Issued and fully paid</b>				
At 1 January/				
At 31 December	84,480,000	84,480,000	42,240,000	42,240,000

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

### 15. Lease Liabilities

	Group	
	2023 RM	2022 RM
At 1 January	574,639	437,367
Additions	39,218	613,590
Accretion of interest (Note 20)	13,134	20,515
Repayments	(430,856)	(475,256)
Discount received	-	(1,300)
Termination of lease contract	-	(20,277)
At 31 December	196,135	574,639

#### Presented by:

Non-current liabilities	7,392	166,453
Current liabilities	188,743	408,186
	196,135	574,639

	Company	
	2023 RM	2022 RM
At 1 January	354,154	71,705
Additions	-	561,474
Accretion of interest (Note 20)	5,551	8,975
Repayments	(288,000)	(288,000)
At 31 December	71,705	354,154

#### Presented by:

Non-current liabilities	-	71,705
Current liabilities	71,705	282,449
	71,705	354,154



**NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)****15. Lease Liabilities (Cont'd)**

The maturity analysis of lease liabilities of the Group and of the Company at the end of the reporting period:

	<b>Group</b>	
	<b>2023 RM</b>	<b>2022 RM</b>
Within one year	192,156	420,656
Later than one year and not later than two years	7,416	161,556
Later than two years and not later than five years	-	7,416
	<u>199,572</u>	<u>589,628</u>
Less; Future finance charges	(3,437)	(14,989)
Present value of lease liabilities	<u>196,135</u>	<u>574,639</u>

	<b>Company</b>	
	<b>2023 RM</b>	<b>2022 RM</b>
Within one year	72,000	288,000
Later than one year and not later than two years	-	72,000
	<u>72,000</u>	<u>360,000</u>
Less: Future finance charges	(295)	(5,846)
Present value of lease liabilities	<u>71,705</u>	<u>354,154</u>

The Group leases various motor vehicles, office and service center buildings. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

The average effective interest rates per annum at the end of the reporting period for lease liabilities is 2.85% to 4.22% (2022: 2.85% to 4.22%).

**16. Deferred Taxation**

	<b>Group</b>	
	<b>2023 RM</b>	<b>2022 RM</b>
At 1 January	9,776,851	9,542,722
Recognised in profit or loss (Note 22)	226,353	234,129
Over provision in prior years	(2,461)	-
At 31 December	<u>10,000,743</u>	<u>9,776,851</u>

The net deferred tax assets and liabilities shown on the statements of financial position after appropriate offsetting are as follows:

	<b>Group</b>	
	<b>2023 RM</b>	<b>2022 RM</b>
Deferred tax liabilities	10,378,814	10,153,643
Deferred tax assets	(378,071)	(376,792)
	<u>10,000,743</u>	<u>9,776,851</u>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)

### 16. Deferred Taxation (Cont'd)

The components and movements of deferred tax liabilities and assets are as follows:

	Accelerated capital allowances RM	Fair value of investment properties RM	Total RM
<b>Group</b>			
<b>Deferred tax liabilities</b>			
At 1 January 2023	1,373,889	8,779,754	10,153,643
Recognised in profit or loss	52,980	175,200	228,180
Over provision in prior years	(3,009)	-	(3,009)
At 31 December 2023	1,423,860	8,954,954	10,378,814
At 1 January 2022	1,315,238	8,604,554	9,919,792
Recognised in profit or loss	58,784	175,200	233,984
Over provision in prior years	(133)	-	(133)
At 31 December 2022	1,373,889	8,779,754	10,153,643
	Unused tax losses RM	Unutilised capital allowances RM	Total RM
<b>Group</b>			
<b>Deferred tax assets</b>			
At 1 January 2023	(374,323)	(2,469)	(376,792)
Recognised in profit or loss	(309)	(1,518)	(1,827)
Over provision in prior years	309	239	548
At 31 December 2023	(374,323)	(3,748)	(378,071)
At 1 January 2022	(374,014)	(3,056)	(377,070)
Recognised in profit or loss	(309)	454	145
Over provision in prior years	-	133	133
At 31 December 2022	(374,323)	(2,469)	(376,792)

Deferred tax assets have not been recognised in respect of the following items:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Unutilised capital allowances	35,858	37,435	1,850	1,850
Unused tax losses	14,586,805	13,421,734	1,487,764	1,460,832
	14,622,663	13,459,169	1,489,614	1,462,682

Deferred tax assets have not been recognised in respect of these items as they may not probable that future taxable profits will be available against which they can be utilized based on the current plan of the respective companies.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)****17. Trade Payables**

The normal trade credit terms granted to the Group range from 30 to 90 days (2022: 30 to 90 days) depending on the terms of the contracts.

**18. Other Payables**

	<b>Group</b>		<b>Company</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Other payables	18,227	25,654	-	-
Accruals	527,609	585,219	143,595	143,039
Deposits	395,000	338,000	-	-
	<u>940,836</u>	<u>948,873</u>	<u>143,595</u>	<u>143,039</u>

**19. Revenue**

	<b>Group</b>		<b>Company</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
<b>Revenue from contracts with customers:</b>				
- Services rendered	7,392,482	9,951,204	-	-
- Management fee from subsidiary company	-	-	72,000	72,000
	<u>7,392,482</u>	<u>9,951,204</u>	<u>72,000</u>	<u>72,000</u>
<b>Revenue from other sources:</b>				
- Rental income	1,217,000	1,211,000	-	-
	<u>8,609,482</u>	<u>11,162,204</u>	<u>72,000</u>	<u>72,000</u>
<b>Timing of revenue recognition</b>				
At a point in time	7,392,482	9,951,204	-	-
Over time	-	-	72,000	72,000
Total revenue from contracts with customers	<u>7,392,482</u>	<u>9,951,204</u>	<u>72,000</u>	<u>72,000</u>

Breakdown of the Group's revenue from contracts with customers:

	<b>Group</b>	
	<b>2023</b>	<b>2022</b>
	<b>RM</b>	<b>RM</b>
<b>Major goods and services</b>		
Services rendered	7,392,482	9,951,204
Total revenue from contracts with customers	<u>7,392,482</u>	<u>9,951,204</u>
<b>Geographical market</b>		
Malaysia	7,392,482	9,951,204
Total revenue from contracts with customers	<u>7,392,482</u>	<u>9,951,204</u>

**NOTES TO THE FINANCIAL STATEMENTS** FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)**20. Finance costs**

	<b>Group</b>		<b>Company</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Interest expense on:				
- Lease liabilities	13,134	20,515	5,551	8,975

**21. Loss before Tax**

Loss before tax is derived after charging/(crediting) amongst other, the following items:

	<b>Group</b>		<b>Company</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Auditors' remuneration				
- Statutory audits	85,500	85,500	28,000	28,000
- Non-audit services	5,000	5,000	5,000	5,000
Amortisation of right-of-use assets	442,510	486,430	280,737	280,737
Depreciation of property, plant and equipment	14,735	14,340	-	-
Non-Executive Directors' remuneration				
- Fees	132,000	138,000	84,000	90,000
- Allowances	21,000	24,000	21,000	24,000
(Gain)/Loss on foreign exchange				
- Realised	(370)	(101,709)	-	-
- Unrealised	506	983	-	-
Impairment losses on investment in subsidiary companies	-	-	201,681	259,818
Impairment losses on amount due from subsidiary companies	-	-	-	200,000
Gain on termination of lease contract	-	(3,511)	-	-
Lease expenses relating to short-term leases	84,350	52,437	-	-
Gain on disposal of property, plant and equipment	-	(4,171)	-	-
Fair value gain on investment properties	(730,000)	(730,000)	-	-
Interest income				
- Fixed deposits	(382,059)	(294,407)	(204,755)	(158,711)
- Others	(467)	(466)	-	-
Discount received from lease liabilities	-	(1,300)	-	-

**NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)****22. Taxation**

	<b>Group</b>		<b>Company</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
<b>Current income tax</b>				
Current year provision	245,000	227,000	-	-
Under provision in prior year	4,306	3,419	-	-
	<u>249,306</u>	<u>230,419</u>	<u>-</u>	<u>-</u>
<b>Deferred tax (Note 16)</b>				
Relating to origination and reversal of temporary differences	226,353	234,129	-	-
Over provision in prior year	(2,461)	-	-	-
	<u>223,892</u>	<u>234,129</u>	<u>-</u>	<u>-</u>
Tax expense for the financial year	<u>473,198</u>	<u>464,548</u>	<u>-</u>	<u>-</u>

Malaysia income tax is calculated at the statutory tax rate of 24% (2022: 24%) of the estimated assessable profits for the financial year.

A reconciliation of income tax expenses applicable to loss before tax at the statutory income tax rate to income tax expenses at the effective income tax rate of the Group and of the Company are as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Loss before tax	<u>(1,496,275)</u>	<u>(397,334)</u>	<u>(721,510)</u>	<u>(1,001,133)</u>
Taxation at statutory tax rate of 24% (2021: 24%)	(359,106)	(95,360)	(173,162)	(240,272)
Income not subject to tax	(3,357)	(4,850)	-	-
Expenses not deductible for tax purposes	554,577	562,885	166,698	213,609
Deferred tax assets not recognised	279,239	91,366	6,464	26,663
Utilisation of previously unabsorbed capital allowances	-	(92,912)	-	-
Over provision of deferred taxation in prior year	(2,461)	-	-	-
Under provision of current taxation in prior year	4,306	3,419	-	-
Tax expense for the financial year	<u>473,198</u>	<u>464,548</u>	<u>-</u>	<u>-</u>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)

### 22. Taxation (Cont'd)

The Group and the Company have estimated unused tax losses and unutilised capital allowances available for offset against future taxable profits as follows:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Unused tax losses	16,143,395	14,979,613	1,487,764	1,460,832
Unutilised capital allowances	48,526	48,366	1,850	1,850
	<u>16,191,921</u>	<u>15,027,979</u>	<u>1,489,614</u>	<u>1,462,682</u>

With effects from year assessment 2019, unutilised tax losses are allowed to be carried forward up to a maximum of ten (10) years of assessment under the current tax legislation in Malaysia. The other temporary difference does not expire under tax legislation.

Pursuant to Section 44(5F) of the Income Tax Act 1967 in Malaysia, the unutilised tax losses can only be carried forward until the following years of assessment.

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
YA2028	12,759,673	12,759,673	175,969	175,969
YA2029	297,875	297,875	46,479	46,479
YA2030	463,744	463,744	360,778	360,778
YA2031	716,800	716,800	439,530	439,530
YA2032	932,122	741,521	438,076	438,076
YA2033	973,181	-	26,932	-
	<u>16,143,395</u>	<u>14,979,613</u>	<u>1,487,764</u>	<u>1,460,832</u>

### 23. Loss Per Share

The basic earnings per share are calculated based on the consolidated loss for the financial year attributable to owners of the parent and the weighted average number of ordinary shares in issue during the financial year as follows:

	Group	
	2023 RM	2022 RM
Net loss for the financial year attributable to the owners of the parent	<u>(1,969,473)</u>	<u>(861,882)</u>
Weighted average number of ordinary shares in issue	<u>84,480,000</u>	<u>84,480,000</u>
Basic loss per share (in sen)	<u>(2.33)</u>	<u>(1.02)</u>

The Group have no dilution in their earnings per ordinary share as there are no dilutive potential ordinary shares. There have been no other transactions involving ordinary shares or potential ordinary shares since the end of the financial year and before the authorisation of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)****24. Staff Costs**

	<b>Group</b>		<b>Company</b>	
	<b>2023 RM</b>	<b>2022 RM</b>	<b>2023 RM</b>	<b>2022 RM</b>
Salaries, wages and other emoluments	3,493,806	3,773,016	-	-
Fee	216,000	216,000	72,000	72,000
Defined contribution plans	361,801	414,321	-	-
Social security contributions	39,741	46,135	-	-
Other benefits	76,885	86,992	-	-
Benefits-in-kind	43,046	43,835	-	-
	<u>4,231,279</u>	<u>4,580,299</u>	<u>72,000</u>	<u>72,000</u>

Included in staff costs in aggregate amount of remuneration received by the Executive Directors of the Company and of the subsidiary company during the financial year as below:

	<b>Group</b>		<b>Company</b>	
	<b>2023 RM</b>	<b>2022 RM</b>	<b>2023 RM</b>	<b>2022 RM</b>
<b>Executive Directors of the Company</b>				
Salaries and other emoluments	943,800	943,800	-	-
Fee	168,000	168,000	72,000	72,000
Defined contribution plans	95,184	95,184	-	-
Social security contributions	3,120	2,592	-	-
Benefits-in-kind	43,046	43,835	-	-
	<u>1,253,150</u>	<u>1,253,411</u>	<u>72,000</u>	<u>72,000</u>
<b>Executive Directors of the Subsidiary Company</b>				
Salaries and other emoluments	377,800	364,000	-	-
Defined contribution plans	15,112	21,888	-	-
Social security contributions	1,485	1,422	-	-
	<u>394,397</u>	<u>388,110</u>	<u>-</u>	<u>-</u>
<b>Total Directors' Remuneration</b>	<u>1,647,547</u>	<u>1,641,521</u>	<u>72,000</u>	<u>72,000</u>

**25. Reconciliation of Liabilities arising from Financing Activities**

The table below show the details changes in the liabilities of the Group and of the Company arising from financing activities:

	<b>Non cash flow changes</b>			
	<b>At 1 January RM</b>	<b>Financing cash flows (i) RM</b>	<b>New lease (Note 15) RM</b>	<b>At 31 December RM</b>
<b>2023</b>				
<b>Group</b>				
Lease liabilities	574,639	(417,722)	39,218	196,135
<b>Company</b>				
Lease liabilities	354,154	(282,449)	-	71,705
<b>2022</b>				
<b>Group</b>				
Lease liabilities	437,367	(454,741)	613,590	574,639
<b>Company</b>				
Lease liabilities	71,705	(279,025)	561,474	354,154

- (i) The cash flows from lease liabilities make up the repayments of lease liabilities in the statements of cash flows.  
(ii) Other changes include the termination of lease contract and discount received during the year.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)

### 26. Related Party Disclosures

#### (a) Identifying related parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decision, or vice versa, or where the Group or the Company and the party are subject to common control. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel comprise the Directors and management personnel of the Group, having authority and responsibility for planning, directing and controlling the activities of the Group entities directly or indirectly.

#### (b) Significant related party transaction

Related party transactions have been entered into in the normal course of business under negotiated terms. In addition to the related party balances disclosed elsewhere in the financial statements, the significant related party transactions of the Group and of the Company are as follows:

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Transaction with subsidiary company				
- Management fee	-	-	72,000	72,000
<b>A Company in which a Director has financial interest</b>				
- Office maintenance fees	135,383	135,383	135,383	135,383
- Lease payment	288,000	288,000	288,000	288,000
	423,383	423,383	423,383	423,383

#### (c) Compensation of key management personnel

Remuneration of Directors which represent key management personnel are as follows:

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Salaries and other emoluments	1,342,600	1,332,600	21,000	24,000
Fees	300,000	306,000	156,000	162,000
Defined contribution plans	110,296	117,072	-	-
Social security contributions	4,605	4,014	-	-
Benefits-in-kind	43,046	43,835	-	-
	1,800,547	1,803,521	177,000	186,000

**NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)****27. Segmental Information**

For management purposes, the Group is organised into business segments based on their products and services, and has two reportable operating segments as follows:

Services	Servicing of telecommunication equipment and related products
Investment holding and others	Investment holding

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 profit or loss and is measured consistently with profit or loss in the consolidated financial statements.

Transactions between segments are carried out on agreed terms between both parties. The effects of such inter-segment transactions are eliminated on consolidation. The measurement basis and classification are consistent with those adopted in the previous financial year.

	Services RM	Investment holding and others RM	Eliminations RM	Total RM
<b>2023</b>				
<b>Revenue</b>				
Total external revenue	7,392,482	1,217,000	-	8,609,482
Inter-segment revenue	-	72,000	(72,000)	-
Total segment revenue	7,392,482	1,289,000	(72,000)	8,609,482
<b>Results</b>				
Operating result	(1,103,803)	(1,034,113)	-	(2,137,916)
Interest income	13,149	369,377	-	382,526
Finance costs	(1,863)	(11,271)	-	(13,134)
Amortisation and depreciation	(82,439)	(374,806)	-	(457,245)
Other non-cash items	(506)	528,319	201,681	729,494
Segment result	(1,175,462)	(522,494)	201,681	(1,496,275)
Taxation	(3,464)	(469,734)	-	(473,198)
Loss for the financial year	(1,178,926)	(992,228)	201,681	(1,969,473)
<b>2023</b>				
<b>Other non-cash items</b>				
Impairment losses on investment in subsidiary companies	-	(201,681)	201,681	-
Fair value gain on investment properties	-	730,000	-	730,000
Unrealised loss on foreign exchange lease liabilities	(506)	-	-	(506)
	(506)	528,319	201,681	729,494
<b>2023</b>				
<b>Segment assets</b>	5,187,948	85,532,417	(26,602,250)	64,118,115
Included in the movement of segment assets are :				
Additions to property, plant and equipment	24,091	2,650	-	26,741
Additions to right-of-use assets	39,218	-	-	39,218
<b>Segment liabilities</b>	2,526,201	15,516,442	(6,344,627)	11,698,016

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)

### 27. Segmental Information (Cont'd)

	Services RM	Investment holding and others RM	Eliminations RM	Total RM
<b>2022</b>				
<b>Revenue</b>				
Total external revenue	9,951,204	1,211,000	-	11,162,204
Inter-segment revenue	-	72,000	(72,000)	-
Total segment revenue	9,951,204	1,283,000	(72,000)	11,162,204
<b>Results</b>				
Operating result	162,191	(1,071,112)	-	(908,921)
Interest income	13,404	281,469	-	294,873
Finance costs	(2,300)	(18,215)	-	(20,515)
Amortisation and depreciation	(126,008)	(374,762)	-	(500,770)
Other non-cash items	7,999	470,182	259,818	737,999
Segment result	55,286	(712,438)	259,818	(397,334)
Taxation	-	(464,548)	-	(464,548)
Loss for the financial year	55,286	(1,176,986)	259,818	(861,882)
<b>2022</b>				
<b>Other non-cash items</b>				
Impairment losses on investment in subsidiary companies	-	(259,818)	259,818	-
Fair value loss on other investment	-	730,000	-	730,000
Gain on disposal of property, plant and equipment	4,171	-	-	4,171
Unrealised loss on foreign exchange	(983)	-	-	(983)
Gain on termination of lease contract	3,511	-	-	3,511
Discount received from lease liabilities	1,300	-	-	1,300
	7,999	470,182	259,818	737,999
<b>2022</b>				
<b>Segment assets</b>	6,336,172	86,572,788	(26,261,933)	66,647,027
Included in the movement of segment assets are :				
Additions to property, plant and equipment	10,207	-	-	10,207
Additions to right-of-use assets	52,116	561,474	-	613,590
<b>Segment liabilities</b>	15,564,586	2,495,499	(5,802,630)	12,257,455

#### Geographical segments

No disclosure on geographical segments information as the Group operates predominantly in Malaysia.

#### Major customers

Revenue from 4 (2022: 3) major customers amount to RM351,099 (2022: RM288,241), arising from sales in the services segment.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)****28. Financial Guarantee**

	<b>Company</b>	
	<b>2023</b>	<b>2022</b>
	<b>RM</b>	<b>RM</b>
Financial guarantees given to a licensed bank for credit facilities granted to a subsidiary company		
- Limit of guarantees	-	351,260

**29. Financial Instruments****(a) Classification of financial instruments**

Financial assets and financial liabilities are measured on an ongoing basis either at fair value or at amortised cost. The principal accounting policies in Note 3 describe how the classes of financial instruments are measured, and how income and expense, including fair value gains and losses, are recognised.

The following table analyses the financial assets and liabilities in the statements of financial position by the class of financial instruments to which they are assigned, and therefore by the measurement basis:

	<b>Financial assets at amortised cost</b>	<b>Financial liabilities at amortised cost</b>	<b>Total</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>
<b>Group</b>			
<b>2023</b>			
<b>Financial Assets</b>			
Trade receivables	413,276	-	413,276
Other receivables	264,170	-	264,170
Fixed deposits with licensed banks	2,648,268	-	2,648,268
Cash and bank balances	11,117,890	-	11,117,890
	<u>14,443,604</u>	<u>-</u>	<u>14,443,604</u>
<b>Financial Liabilities</b>			
Lease liabilities	-	196,135	196,135
Trade payables	-	519,302	519,302
Other payables	-	940,836	940,836
	<u>-</u>	<u>1,656,273</u>	<u>1,656,273</u>
<b>2022</b>			
<b>Financial Assets</b>			
Trade receivables	246,107	-	246,107
Other receivables	245,206	-	245,206
Fixed deposits with licensed banks	12,743,169	-	12,743,169
Cash and bank balances	3,531,431	-	3,531,431
	<u>16,765,913</u>	<u>-</u>	<u>16,765,913</u>
<b>Financial Liabilities</b>			
Lease liabilities	-	574,639	574,639
Trade payables	-	937,834	937,834
Other payables	-	948,873	948,873
	<u>-</u>	<u>2,461,346</u>	<u>2,461,346</u>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)

### 29. Financial Instruments (Cont'd)

#### (a) Classification of financial instruments (Cont'd)

The following table analyses the financial assets and liabilities in the statements of financial position by the class of financial instruments to which they are assigned, and therefore by the measurement basis: (Cont'd)

	Financial assets at amortised cost RM	Financial liabilities at amortised cost RM	Total RM
<b>Company</b>			
<b>2023</b>			
<b>Financial Assets</b>			
Other receivables	56,125	-	56,125
Fixed deposits with licensed banks	1,378,725	-	1,378,725
Cash and bank balances	5,568,844	-	5,568,844
	<u>7,003,694</u>	<u>-</u>	<u>7,003,694</u>
<b>Financial Liabilities</b>			
Lease liabilities	-	71,705	71,705
Other payables	-	143,595	143,595
	<u>-</u>	<u>215,300</u>	<u>215,300</u>
<b>2022</b>			
<b>Financial Assets</b>			
Other receivables	56,125	-	56,125
Fixed deposits with licensed banks	6,365,482	-	6,365,482
Cash and bank balances	1,105,303	-	1,105,303
	<u>7,526,910</u>	<u>-</u>	<u>7,526,910</u>
<b>Financial Liabilities</b>			
Lease liabilities	-	354,154	354,154
Other payables	-	143,039	143,039
	<u>-</u>	<u>497,193</u>	<u>497,193</u>

#### (b) Financial risk management objectives and policies

The Group's financial risk management policy is to ensure that adequate financial resources are available for the development of the Group's operations whilst managing its credit, liquidity, foreign currency and interest rate risks. The Group operates within clearly defined guidelines that are approved by the Board and the Group's policy is not to engage in speculative transactions.

The following sections provide details regarding the Group's and the Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

##### (i) Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its customers and deposits with licensed banks. The Company's exposure to credit risk arises principally from loans and advances to subsidiary companies, fixed deposits with licensed banks and financial guarantees given to banks for credit facilities granted to subsidiary companies. There are no significant changes as compared to previous financial year.

The Group has adopted a policy of only dealing with creditworthy counterparties. Management has a credit policy in place to control credit risk dealing with creditworthy counterparties and deposit with banks with good credit rating. The exposure to credit risk is monitored on an ongoing basis and action will be taken for long outstanding debts.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)****29. Financial Instruments (Cont'd)****(b) Financial risk management objectives and policies (Cont'd)****(i) Credit risk (Cont'd)**

The Company provides unsecured loans and advances to subsidiary companies. It also provides unsecured financial guarantees to bank for banking facilities granted to a subsidiary company. The Company monitors on an ongoing basis the results of the subsidiary companies and repayments made by the subsidiary companies.

At each reporting date, the Group and the Company assess whether any of the receivables and contract assets are credit impaired.

The gross carrying amounts of credit impaired trade receivables are written off (either partial or full) when there is no realistic prospect of recovery. This is generally the case when the Group or the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. Nevertheless, trade receivables that are written off could still be subject to enforcement activities.

The carrying amounts of the financial assets recorded on the statements of financial position at the end of the financial year represent the Group's and the Company's maximum exposure to credit risk except for financial guarantees provided to bank for banking facilities granted to a subsidiary company.

The Group's maximum exposure in this respect is RMNil (2022: RM351,260) representing the outstanding banking facilities of the subsidiary company as at the end of the reporting period. There was no indication that any subsidiary company would default on repayment as at the end of the reporting period.

There are no significant changes as compared to previous financial year.

As at the end of financial year, the Group had 4 customers (2022: 3 customers) that owed the Group accounted for approximately RM351,099 (2022: RM288,421) of all the receivables outstanding.

The Company has no significant concentration of credit risks except for loans and advance to its subsidiary companies where risks of default have been assessed to be low.

**(ii) Liquidity risk**

Liquidity risk refers to the risk that the Group or the Company will encounter difficulty in meeting its financial obligations as they fall due. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

The Group's and the Company's funding requirements and liquidity risk are managed with the objective of meeting business obligations on a timely basis. The Group finances its liquidity through internally generated cash flows and minimises liquidity risk by keeping committed credit lines available.

The following table analyses the remaining contractual maturity for non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay.

	<b>On demand or within 1 year RM</b>	<b>1 to 2 years RM</b>	<b>2 to 5 years RM</b>	<b>Total Contractual Cash Flows RM</b>	<b>Total Carrying amount RM</b>
<b>Group 2023</b>					
<b>Non-derivative financial liabilities</b>					
Lease liabilities	192,156	7,416	-	199,572	196,135
Trade payables	519,302	-	-	519,302	519,302
Other payables	940,836	-	-	940,836	940,836
	<b>1,652,294</b>	<b>7,416</b>	<b>-</b>	<b>1,659,710</b>	<b>1,656,273</b>
<b>2022</b>					
<b>Non-derivative financial liabilities</b>					
Lease liabilities	420,656	161,556	7,416	589,628	574,639
Trade payables	937,834	-	-	937,834	937,834
Other payables	948,873	-	-	948,873	948,873
	<b>2,307,363</b>	<b>161,556</b>	<b>7,416</b>	<b>2,476,335</b>	<b>2,461,346</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)

### 29. Financial Instruments (Cont'd)

#### (b) Financial risk management objectives and policies (Cont'd)

##### (ii) Liquidity risk (Cont'd)

	On demand or within 1 year RM	1 to 2 years RM	Total Contractual Cash Flows RM	Total Carrying amount RM
<b>Company</b>				
<b>2023</b>				
<b>Non-derivative financial liabilities</b>				
Lease liabilities	72,000	-	72,000	71,705
Other payables	143,595	-	143,595	143,595
	<u>215,595</u>	<u>-</u>	<u>215,595</u>	<u>215,300</u>
<b>2022</b>				
<b>Non-derivative financial liabilities</b>				
Lease liabilities	288,000	72,000	360,000	354,154
Other payables	143,039	-	143,039	143,039
	<u>431,039</u>	<u>72,000</u>	<u>503,039</u>	<u>497,193</u>

The Group and the Company provides unsecured financial guarantee to bank in respect of credit facilities granted to a subsidiary company and monitors on an ongoing basis the performance of the subsidiary company. At end of the financial year, there was no indication that the subsidiary company would default on repayment.

Financial guarantee have not been recognised since the fair value on initial recognition was deemed not material and the probability of the subsidiary company defaulting on their credit facilities is remote.

##### (iii) Market risks

###### (i) Foreign currency exchange risk

The Group is exposed to foreign currency risk on transactions that are denominated in currencies other than the respective functional currencies of the Group entities. The currencies giving rise to this risk is primarily United States Dollar (USD).

The Group has not entered into any derivative instruments for hedging or trading purposes. Where possible, the Group will apply natural hedging by selling and purchasing in the same currency. However, the exposure to foreign currency risk is monitored from time to time by management.

The carrying amounts of the Group's foreign currency denominated financial assets and financial liabilities at the end of the reporting period are as follows:

	<b>Denominated in USD</b>	
	<b>2023</b>	<b>2022</b>
	<b>RM</b>	<b>RM</b>
<b>Group</b>		
Trade receivables	24,114	42,469
Trade payables	(41,804)	(14,125)
	<u>(17,690)</u>	<u>28,344</u>

##### Foreign currency sensitivity analysis

Foreign currency risk arises from Group entities which have a RM functional currency. The Group's exposure to sensitivity of currency risk is insignificant as the transactional currencies are mostly in the functional currencies of the respective operating entities.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)

### 29. Financial Instruments (Cont'd)

#### (b) Financial risk management objectives and policies (Cont'd)

##### (iii) Market risks (Cont'd)

##### (ii) Interest rate risk

The Group's and the Company's fixed deposits placed with licensed banks and borrowings are exposed to a risk of change in their fair value due to changes in interest rates.

The Group manages the interest rate risk of its deposits with licensed banks by placing them at the most competitive interest rates obtainable, which yield better returns than cash at bank and maintaining a prudent mix of short and long-term deposits.

The Group and the Company manage their interest rate risk exposure from interest bearing borrowings by obtaining financing with the most favourable interest rates in the market. The Group and the Company constantly monitors its interest rate risk by reviewing its debts portfolio to ensure favourable rates are obtained. The Group and the Company do not utilise interest swap contracts or other derivative instruments for trading or speculative purposes.

The carrying amounts of the Group and of the Company financial instruments that are exposed to interest rate risk are as follows:

	2023 RM	2022 RM
<b>Group</b>		
<b><u>Fixed rate instruments</u></b>		
Financial assets	2,648,268	12,743,169
Financial liabilities	(196,135)	(574,639)
	<u>2,452,133</u>	<u>12,168,530</u>
<b>Company</b>		
<b><u>Fixed rate instruments</u></b>		
Financial assets	1,378,725	6,365,482
Financial liabilities	(71,705)	(354,154)
	<u>1,307,020</u>	<u>6,011,328</u>

#### Interest rate risk sensitivity analysis

##### 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 rates at the end of the reporting period would not affect profit or loss.

#### (c) Fair value of financial instruments

The carrying amounts of receivables and payables, cash and cash equivalents and short-term borrowings approximate their fair value due to the relatively short-term nature of these financial instruments and/or insignificant impact of discounting.

The carrying amounts of long-term floating rate loans approximate their fair value as the loans will be re-priced to market interest rate on or near reporting date.

#### Transfer between levels of fair value hierarchy

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

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)

### 30. Capital Management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital using a gearing ratio. The Group's policy is to maintain a prudent level of gearing ratio that complies with debt covenants and regulatory requirements. The gearing ratios at end of the reporting year are as follows:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Total lease liabilities	196,135	574,639	71,705	354,154
Less: Fixed deposits with licensed banks, cash and bank balances	13,766,158	16,274,600	6,947,569	7,470,785
Net cash	(13,570,023)	(15,699,961)	(6,875,864)	(7,116,631)
Total equity	52,420,099	54,389,572	29,565,139	30,286,649
Debt to equity ratio	N/A	N/A	N/A	N/A

N/A - Not applicable

The gearing ratio is not applicable as the Group is in a net cash position.

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

### 31. Date of Authorisation for Issue

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 1 April 2024.

**LIST OF PROPERTIES 31 DECEMBER 2023**

Location & Details	Description	Tenure (Age of Property)	Existing Use	Land Area	Date of Acquisition or Last Revaluation	Net Book Value RM
<b>WATTA BATTERY INDUSTRIES SDN.BHD.</b>						
P.T. No. 7620 Mukim of Cheras District of Hulu Langat No. 6 Jalan 1, Kaw. Per. Balakong, Cheras Jaya, 43200 Selangor D.E.	Corner detached factory with double storey office	99 years leasehold expiring on 14 May 2088 (34 years)	Rented	4,571 sq. metres	• 30/12/2023	10,030,000
P.T. No. 7619 Mukim of Cheras District of Hulu Langat No. 16 Lorong 2A, Kaw. Per. Balakong, Cheras Jaya, 43200 Selangor D.E.	Corner semi- detached factory with double storey office	99 years leasehold expiring on 14 May 2088 (34 years)	Rented	2,019 sq. metres	• 30/12/2023	5,360,000
P.T. No. 7608 Mukim of Cheras District of Hulu Langat No. 7 Lorong 2A, Kaw. Per. Balakong, Cheras Jaya, 43200 Selangor D.E.	Corner semi- detached factory with double storey office	99 years leasehold expiring on 14 May 2088 (34 years)	Rented	1,600 sq. metres	• 30/12/2023	4,230,000
P.T. No. 7626 Mukim of Cheras District of Hulu Langat No. 8 Jalan 1, Kaw. Per. Balakong, Cheras Jaya, 43200 Selangor D.E.	Corner detached factory with double storey office	99 years leasehold expiring on 14 May 2088 (34 years)	Rented	4,347 sq. metres	• 30/12/2023	9,970,000
P.T. No. 10159 Mukim of Sungai Trap District of Kinta 6 1/2 miles Lahat Pusing Main Road Ipoh, Perak	Vacant land	60 years leasehold expiring on 5 May 2062 (44 years)	Vacant	6,845 sq. metres	• 30/12/2023	860,000
<b>MEGA MERANTI SDN. BHD.</b>						
H.S. (M) 1011 P.T. 22538 Mukim Cheras District of Hulu Langat Balakong, Selangor D.E.	Vacant land	60 years leasehold expiring on 29 August 2054 (29 years)	Vacant	25,660 sq. metres	• 30/12/2023	17,125,000
<b>MOBILE TECHNIC SDN. BHD.</b>						
Suite W-10-21 to W-10-26 10th Floor, Melawangi Business Suites, Amcorp Trade Centre, No. 18 Jalan Persiaran Barat, 46050 Petaling Jaya Selangor D.E.	Business building	99 years leasehold expiring on 11 September 2088 (34 years)	Office and Store	372 sq. metres	• 5/12/2017	1,207,121

• indicates date of last revaluation

## ANALYSIS OF SHAREHOLDINGS AS AT 01 APRIL 2024

### SHARE CAPITAL

Total number of issued shares	:	84,480,000
Issued and paid-up share capital	:	RM42,240,000/-
Class of shares	:	Ordinary shares
Voting rights	:	One (1) vote for each share held

### ANALYSIS BY SIZE OF SHAREHOLDINGS AS AT 01 APRIL 2024

(as per the Record of Depositors)

Size of Shareholdings	Number of Shareholders	% of Shareholders	Number of Shares Held	% of Shares Held
Less than 100	134	16.13	2,982	0.00
100 - 1,000	152	18.29	38,786	0.05
1,001 - 10,000	374	45.01	1,859,976	2.20
10,001 - 100,000	128	15.40	3,997,478	4.73
100,001 to less than 5% of issued shares	40	4.81	22,252,726	26.34
5% and above of issued shares	3	0.36	56,328,052	66.68
<b>Total</b>	<b>831</b>	<b>100.00</b>	<b>84,480,000</b>	<b>100.00</b>

### SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS AS AT 01 APRIL 2024

(as per the Register of Substantial Shareholders)

Name	Direct	%	No. of ordinary shares Indirect	%
Dato' Lee Foo San	39,634,762	46.92	-	-
Surin Bay Resort Sdn Bhd	19,344,022	22.90	-	-
Cambridge Asset Holding Limited	-	-	19,344,022*	22.90
Datuk Hong Choon Hau	-	-	19,344,022**	22.90
Sanjay Murlidhar Daryanani	-	-	19,344,022*	22.90

\* Deemed interest by virtue of Section 8(4)(c) of the Companies Act 2016.

\*\* Deemed interest by virtue of Section 8(4)(c) of the Companies Act 2016 through Cambridge Asset Holding Limited.

### DIRECTORS' SHAREHOLDINGS AS AT 01 APRIL 2024

(as per the Register of Directors' Shareholdings)

Name	Direct	%	No. of ordinary shares Indirect	%
Dato' Lee Foo San	39,634,762	46.92	-	-
Dato' Sivananthan A/L Shanmugam	-	-	-	-
Hj Ariffin Bin Abdul Aziz	-	-	-	-
Datin Teoh Lian Tin	-	-	-	-
Hj Ahmad Bin Khalid	-	-	-	-
Loo Sooi Guan	1,025,800	1.21	100*	0.00
Datuk Hong Choon Hau	-	-	19,344,022**	22.90
Goh Thih Liang	200	0.00	-	-
Wong Hong Wai	3,200	0.00	-	-

\* Shares held directly by spouse, which shall be treated as the interest of the Director pursuant to Section 59(11)(c) of the Companies Act 2016.

\*\* Deemed interest by virtue of Section 8(4)(c) of the Companies Act 2016 through Cambridge Asset Holding Limited.

**ANALYSIS OF SHAREHOLDINGS AS AT 01 APRIL 2024 (CONT'D)****30 LARGEST SHAREHOLDERS**

(as per the Record of Depositors)

No.	Name of Shareholders	No. of Shares	
		Held	%
1.	Dato' Lee Foo San	26,687,998	31.59
2.	Surin Bay Resort Sdn Bhd	18,498,022	21.90
3.	AMSEC Nominees (Tempatan) Sdn Bhd - Pledged Securities Account – AmBank (M) Berhad for Dato' Lee Foo San	11,142,032	13.19
4.	Maybank Securities Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Tan Ching Ching	4,082,900	4.83
5.	Citigroup Nominees (Asing) Sdn Bhd - CBHK PBGSF for Bharat Gurmukhdas Budhrani	1,605,400	1.90
6.	Tan Han Chuan	1,443,100	1.71
7.	Lai Thiam Poh	1,238,200	1.47
8.	Lim Wei Ling	1,073,158	1.27
9.	Loo Sooi Guan	1,025,800	1.21
10.	Dato' Lee Foo San	1,019,732	1.21
11.	Tay Yu Xian	873,100	1.03
12.	Surin Bay Resort Sdn Bhd	846,000	1.00
13.	Public Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Yeo Guik Hiang (JBU/UOB)	842,000	1.00
14.	Maybank Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Dato' Lee Foo San	700,000	0.83
15.	Lai Thiam Mei	680,800	0.81
16.	Roland Capital Partners Sdn Bhd	571,400	0.68
17.	Alliancegroup Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Ker Min Choo (8109400)	509,700	0.60
18.	CGS International Nominees Malaysia (Tempatan) Sdn Bhd - Pledged Securities Account for Ng Geok Wah (B BRKLANG-CL)	400,000	0.47
19.	Goh Ling Yau	393,000	0.47
20.	Public Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Surinder Singh A/L Wassan Singh (E-IMO)	389,200	0.46
21.	Celina Lee Ching Ling	387,400	0.46
22.	Low Chun Wai	370,000	0.44
23.	Kok Chee Ming	332,000	0.39
24.	Chiang Siew Eng @ Le Yu Ak Ee	303,900	0.36
25.	Chin Chin Seong	300,000	0.36
26.	Ng Bi Yong	283,000	0.33
27.	Lim Wai Tat	240,800	0.29
28.	RHB Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Ker Yun	200,000	0.24
29.	Yap Sze Pin	200,000	0.24
30.	Liew Chiew Hau	194,400	0.23
Total		76,833,042	90.97

**WATTA HOLDING BERHAD**  
**(Registration No. 199401038699 (324384-A))**  
(Incorporated in Malaysia)

Number of shares held	
CDS Account No.	
Contact No.	

**FORM OF PROXY**

I/We \_\_\_\_\_ NRIC/Company No. \_\_\_\_\_  
[Full name in block letters]

of \_\_\_\_\_  
[Full address]

being a member of **Watta Holding Berhad**, hereby appoint \_\_\_\_\_  
[Full name in block letters and NRIC No.]

of \_\_\_\_\_  
[Full address]

\*and/or failing him/her \_\_\_\_\_  
[Full name in block letters and NRIC No.]

of \_\_\_\_\_  
[Full address]

or failing him/her, \*the Chairman of the meeting as \*my/our proxy to vote for \*me/us on \*my/our behalf at the Twenty Ninth Annual General Meeting of the Company to be held at Alhambra Ballroom, Level M1, Hotel Melia Kuala Lumpur, 16, Jalan Imbi, 55100 Kuala Lumpur on Wednesday, 12 June 2024 at 9.00 a.m. or at any adjournment thereof.

\*My/our proxy(ies) \*is/are to vote as indicated below:-

No.	Resolutions	For	Against
<b>Ordinary Business</b>			
1.	To re-elect the Director, Datin Teoh Lian Tin		
2.	To re-elect the Director, Datuk Hong Choon Hau		
3.	To re-elect the Director, Dato' Sivananthan A/L Shanmugam		
4.	To re-elect the Director, Goh Thih Liang		
5.	To re-elect the Director, Wong Hong Wai		
6.	To approve the payment of Directors' fees and benefits in respect of the period from 13 June 2024 until the conclusion of the next annual general meeting		
7.	To re-appoint Messrs. UHY as the Company's Auditors		
<b>Special Business</b>			
8.	Authority for Directors to issue shares		
9.	Proposed Shareholders' Mandate		

(Please indicate with an "X" or "✓" in the space provided above on how you wish your votes to be cast. If no specific instruction is given on voting, the proxy will vote or abstain from voting at his/her discretion.)

\*Delete if not applicable.

\*Delete the words "Chairman of the meeting" if you wish to only appoint other person(s) to be your proxy(ies).

The proportion of \*my/our shareholdings to be represented by \*my/our proxies are as follows (to be completed ONLY when two proxies are appointed):-

Proxy 1	_____ %	Proxy 2	_____ %
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Dated this \_\_\_\_\_ day of \_\_\_\_\_

\_\_\_\_\_  
**Signature/Common Seal of Member**

**Notes:**

- (1) Only a depositor whose name appears in the Company's Record of Depositors as at 5 June 2024 shall be regarded as a member and entitled to attend, speak and vote at this meeting or appoint proxy(ies) to attend and vote in his stead.
- (2) A member may appoint proxies to attend and vote instead of him at the meeting. If the member appoints more than one proxy, the appointment shall be invalid unless he specifies the proportion of his holdings to be represented by each proxy. A proxy may but need not be a member of the Company.
- (3) Where a member of the Company is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("Omnibus Account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each Omnibus Account it holds.
- (4) The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing or, if the appointer is a corporation, either under seal or under the hand of an officer or attorney duly authorised.
- (5) The original 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 the Registered Office of the Company at Lot 5, Level 10, Menara Great Eastern 2, No. 50, Jalan Ampang, 50450 Kuala Lumpur not less than forty-eight (48) hours before the time for holding the meeting.
- (6) Pursuant to Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in the notice of this meeting will be put to vote by poll.
- (7) The Personal Data Protection Act 2010, which regulates the processing of personal data in commercial transactions, applies to the Company. By providing to us your personal data which may include your name, contact details and mailing address, you hereby consent, agree and authorise the processing and/or disclosure of any personal data of or relating to you for the purposes of issuing the notice of this meeting and convening the meeting, including but not limited to preparation and compilation of documents and other matters, whether or not supplied by you. You further confirm to have obtained the consent, agreement and authorisation of all persons whose personal data you have disclosed and/or processed in connection with the foregoing.

A rectangular box with a thin black border, containing the word "STAMP" in a sans-serif font.

STAMP

**The Company Secretary**  
**WATTA HOLDING BERHAD**  
(Registration No. 199401038699 (324384-A))  
Lot 5, Level 10,  
Menara Great Eastern 2  
No. 50, Jalan Ampang  
50450 Kuala Lumpur  
Malaysia





**WATTA HOLDING BERHAD**  
(199401038699 (324384-A))



12th Floor, Menara Cosway, Plaza Berjaya,  
Jalan Imbi, 55100 Kuala Lumpur.