MAKING A **DIFFERENCE**

ANNUAL REPORT **2019**

ENERGY | AEROSPACE | CONSTRUCTION | STRATEGIC INVESTMENT & CORPORATE VENTURES

Contents

Cross-referencing refer readers to information elsewhere in this report.

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This icon indicates where more detail can be accessed online.

Who We Are

T7 Global Berhad is a public listed company listed on the Main Market of Bursa Malaysia Securities Berhad since 2005. The company has roots in the oil and gas business since 1990 and well known as an integrated oil and gas service provider. The Group's experience in complex projects and innovative solutions proved to be invaluable in the increasingly challenging landscape.

With decades of industry experience, this allows the Group to expand its footprint into the international markets and T7 Global Berhad has grown to become a trusted brand. The Group continues to expand business expertise and diversity into different portfolio such as aerospace and construction through strategic acquisitions and smart partnerships.

T7 Global Berhad focuses on making a difference in the industries we serve. As a leading service provider in Asia, we offer support to industry leaders and organisations in various fields around the world.

Vision

To be a trusted partner which make a difference on the global stage.

Mission & Philosophy

To support the different industries we serve by becoming the preferred integrated service provider through continuous innovation, smart partnerships and value creation.

Corporate Information

COMPANY SECRETARIES

Chua Siew Chuan ***(MAICSA 0777689)***
(SSM PC NO. 201908002648)
Tan Loo Ee ***(MAICSA 7063694)***
(SSM PC NO. 201908002686)

REGISTERED OFFICE

Level 7, Menara Milenium, Jalan Damanlela,
Pusat Bandar Damansara, Damansara Heights,
50490 Kuala Lumpur,
Wilayah Persekutuan, Malaysia
Tel: 03-2084 9000
Fax: 03-2094 9940

HEAD/MANAGEMENT OFFICE

C-16-01, Level 16, KL Trillion Corporate Tower,
338 Jalan Tun Razak,
50400 Kuala Lumpur,
Wilayah Persekutuan, Malaysia
Tel: 03-2785 7777
Fax: 03-2785 7778

AUDITORS/REPORTING ACCOUNTANTS

Grant Thornton Malaysia PLT
(Audit Firm No.: 201906003682 & AF: 0737)
Level 11, Sheraton Imperial Court,
Jalan Sultan Ismail,
50250 Kuala Lumpur,
Wilayah Persekutuan, Malaysia
Tel : 03-2692 4022
Fax: 03-2732 1010

BOARD OF DIRECTORS

Datuk Seri Dr. Nik Norzrul Thani Bin Nik Hassan Thani
Tan Sri Datuk Seri Tan Kean Soon
Tan Sam Eng
Tan Kay Vin
Mohd Noor Bin Setapa (Appointed on 3 April 2019)
Admiral (R) Tan Sri Dato' Seri Panglima Ahmad Kamarulzaman Bin Hj Ahmad Badaruddin (Appointed on 15 April 2019)
Dato' Sri Wan Ahmad Najmuddin Bin Mohd (Appointed on 28 June 2019)
Ir. Abd Rashid Md Sidek (Retired on 26 June 2019)
Datuk Sheikh Fahmi Bin Sheikh Jaafar (Resigned on 28 June 2019)

PRINCIPAL BANKERS

United Overseas Bank (Malaysia) Berhad
Level 7, Menara UOB, Jalan Raja Laut,
50350 Kuala Lumpur,
Wilayah Persekutuan, Malaysia

Malayan Banking Berhad
No. 2 Wisma Prima Peninsular,
Jalan Setiawangsa II, Taman Setiawangsa,
54200 Kuala Lumpur,
Wilayah Persekutuan, Malaysia

AmInvestment Bank Berhad
Level 15, Bangunan AmBank Group,
55 Jalan Raja Chulan,
50200 Kuala Lumpur,
Wilayah Persekutuan, Malaysia

REGISTRAR

Tricor Investor & Issuing House Services Sdn Bhd
Unit 32-01, Level 32, Tower A,
Vertical Business Suite, Avenue 3,
Bangsar South, No. 8, Jalan Kerinchi,
59200 Kuala Lumpur,
Wilayah Persekutuan, Malaysia
Tel: 03-2783 9299
Fax: 03-2783 9222
Email: is.enquiry@my.tricorglobal.com
Website: www.tricorglobal.com

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad

STOCK INFORMATION

Stock Name: T7GLOBAL
Stock Code: 7228
Bloomberg Code: T7G MK

Group Corporate Structure

- **TANJUNG OFFSHORE SERVICES SDN BHD** 198301005074 (100697-T) — 100%
  - **T7 SERVICES SDN BHD** (formerly known as T7 PetroConsult Sdn Bhd) 199101016724 (227036-V) — 100%
  - **T7 NEWENERGY SDN BHD** 199701006449 (421945-H) — 100%
  - **FIRCROFT TANJUNG SDN BHD** 201401027200 (1103286-X) — 51%
  - **T7 SOLUTIONS SERVICES (S) PTE LTD** (201012762N) — 100%
- **T7 GASTEC SDN BHD** 199401023619 (309300-K) — 100%
  - **UNIVERSAL GAS GENERATORS SDN BHD** 199601038686 (411039-P) — 100%
  - **T7 WENMAX SDN BHD** 199901022900 (497800-T) — 51%
  - **T7 SOLUTIONS SERVICES (Thailand) Co., Ltd.** (0105551009806) — 45%
- **T7 CSI INTEGRATED SDN BHD** 200601032298 (752057-X) — 100%
- **T7 RESOURCES SDN BHD** 201301012317 (1042155-V) — 100%
- **T7 SOLUTIONS SDN BHD** 200901006153 (849109-H) — 100%
  - **T7 GENERATIONS SDN BHD** 201801036414 (1298444-A) — 92.5%
  - **TCM INNOVATIONS SDN BHD** 201801044312 (1306344-U) — 100%
- **T7 SERVICES AUSTRALIA PTY LTD** (621094086) — 100%
- **T7 MARINE SDN BHD** 200601032072 (751831-T) — 100%
  - **T7 SUBSEA SDN BHD** 201801028378 (1290404-K) — 55%
- **T7 PROPERTY SDN BHD** 201601027073 (1198012-T) — 100%
- **T7 KEMUNCAK SDN BHD** 201601031638 (1202579-U) — 100%
  - **T7 CHINA CONSTRUCTION THIRD ENGINEERING SDN BHD** 201801001827 (1263840-D) — 51%
- **T7 AERO SDN BHD** 201601028474 (1199413-D) — 100%
  - **T7 KILGOUR SDN BHD** 201701016010 (1230174-D) — 60%
  - **T7 VECTOR SDN BHD** 201901037487 (1346817-P) — 100%

What We Do

T7 Global Berhad ("**T7 Global**") is an investment holding company with its subsidiaries and associated companies diversified into 4 sectors as follows:-

ENERGY

Oil & Gas

Engineering, Procurement, Construction, Installation & Commissioning (EPCIC)
Operation & Maintenance
Professional Manpower Supply
Engineering & Integrated Solutions
Subsea Services
Wells and Decommissioning
Special Purpose Market

CONSTRUCTION

Engineering and Construction
Infrastructure Construction
Industrial Facility Construction

AEROSPACE

Metal Surface Treatment

Surface Treatment

Non-Destructive Testing (NDT)

Chemical Processing

Painting and Marking

Sub-Assembly

CORPORATE VENTURES

ENERGY

T7 Global offers turnkey engineering, procurement and construction (EPC) solution, maintenance, construction and modification (MCM) services, well services, subsea services and engineered process equipment to international and national oil companies.

T7 Global has in-house capability to design and engineer solutions which are applicable to various industries.

Detailed description for Energy Segment:-

Engineering, Procurement, Construction, Installation and Commissioning (EPCIC)

T7 Energy Sdn. Bhd. provides turnkey EPCIC and project management solutions for complex greenfield and brownfield projects.

T7 Global's capability in this segment has expanded from small scale EPC projects to EPCIC of oilfield facilities:-

- Engineering, Procurement and Construction
- Hook-up and Commissioning
- Transportation and Installation
- Mobile Offshore Facility

Operation and Maintenance

In brownfield segment, T7 Global offers reliable asset management solutions to align with client's operating philosophy. The objective is to help the client to achieve an optimal operating efficiency along with reduction in operating expenses and to maintain a safe environment.

Our main activities consist of maintenance, construction and modification (MCM), splash zone maintenance, inspection, blasting and painting services and hook-up and commissioning (HUC).

T7 Global recognises the need for brownfield rejuvenation as many fields are becoming mature in the region. T7 Global believes an integrated approach to facility maintenance is crucial to ensure good production uptime and to optimises operating expenditure.

Professional Manpower Supply

Fircroft Tanjung Sdn Bhd is a subsidiary of Tanjung Offshore Services Sdn Bhd, a strategic partnership between T7 Global and Fircroft Group (UK) provides a full suite of skilled manpower services to a variety of industries across all stages of a project from construction, commissioning to operations and maintenance.

We understand the importance of having the right team to make the project a success, and committed to providing the right people for the job. We have extensive experience in the field combined with global database of professionals of Fircroft Engineering Services Limited of Fircroft Group (UK) and network enable us to deliver on this promise.

What We Do (cont'd)

Engineering and Integrated Solutions

T7 Global offers a wide range of specialist products solutions across the oil and gas, oleo-chemical, marine, petrochemical and general industries. Exclusive partnerships with reputable technology companies enable T7 Global's Petronas licensed subsidiary to leverage on the knowledge and expertise with maximising Malaysian's content to provide high value engineering integrated solutions to end user:-

- On-Site Gas Generation Package (available on BOT and BOO basis)
- Water Injection Module (available on BOT and BOO basis)
- Automation, ICSS, SIS and FGS Solution
- Integrated Metering Solution
- Lifecyle Services

In addition, T7 Global has offers wide range of engineer products comprising:-

- Gas Processing Technology
- Rotating equipment (API compressors and pumps)
- Field Instrument, Gauges, Valves and Fittings
- Flow Measurement Equipment
- Piping Valves (SBB, DBB and DIB) and Subsea Valves
- Marine Hoses, special piping and fitting (Inclusive of flexible composite pipe)
- Control and Automation Equipment

Subsea Services

Our subsea division provides offshore surface to sub surface underwater solutions that includes marine, diving and remotely operated vehicle (ROVs) with the range of services covering, inspection, maintenance and repair (IMR), installation and construction support, transportation and installation support and decommissioning support.

Wells and Decommissioning

T7 Global has the right assets and expertise to plan and execute integrated workover services for production enhancement and well abandonment. T7 Global collaborates with well management companies to execute complex projects in a cost-effective manner, while ensuring the optimisation of well performance.

We offer Integrated Decommissioning Solution across the decommissioning value chain from concept studies, engineering to project execution.

With two decades of industry experience, T7 Global has the capability and resources to manage offshore structures up to 10 000 MT and to execute simultaneous well intervention activities.

Special Purpose Market

As a growing company, it is vital for T7 Global to constantly looking for new challenge and opportunity in energy businesses. We are actively seeking opportunities in renewable energy initiative and exploration and production of oil and gas facilities.

AEROSPACE

In line with the Malaysia Aerospace Industry Blueprint 2030, we have established T7 Kilgour Sdn Bhd, a joint venture between T7 Global Berhad and Kilgour Aerospace Group (Kilgour) to pursue high-value manufacturing business in aerospace industry. We aim to become the preferred treatment house in ASEAN region providing world class services to the aerospace industry.

We offer a wide range of special processes to the aerospace industry complying to the highest aerospace standards and quality-related approvals from prime customers, the processes include the following:-

- Surface Treatment
- Chemical Processing
- Painting and Park Marking
- Non-Destructive Testing (NDT)

CONSTRUCTION

Our Group offers various general construction and infrastructure works. We are also registered under category G7 with the Construction Industry Development Board (CIDB). These registrations allow us to submit tender for any Government of Malaysia and private construction contracts without any limitation on size and value of contracts.

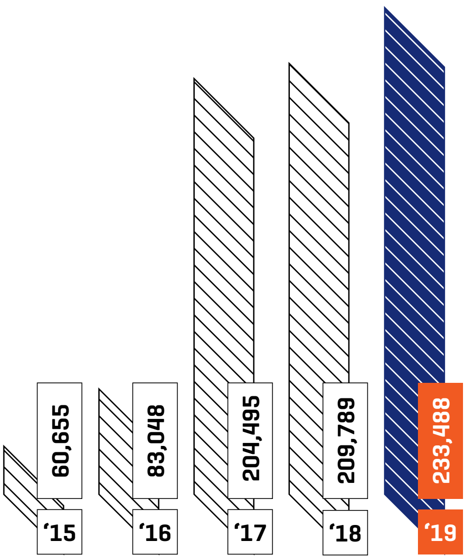
Our Group's construction business focuses on infrastructure and building works, which entails the following:-

- Design, construction and completion of railway, water infrastructure, roads, bridges and other infrastructure construction;
- Construction of housing such as high-rise residential, landed residential, hostel and etc;
- Construction specialise buildings such as high-rise buildings, hospital, multi-purpose complex, schools, institutions, university, colleges and etc.

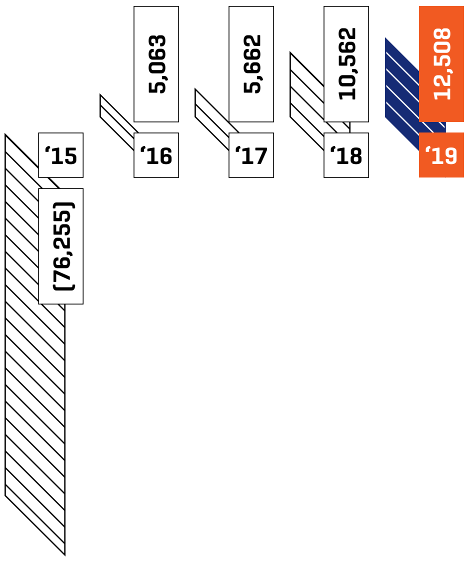
Five Years Financial Calendar and Highlights

Financial Year(s) ended 31 December	2015 RM'000	2016 RM'000	2017 RM'000	2018 RM'000	2019 RM'000
Revenue	60,655	83,048	204,495	209,789	233,488
Net Profit/(Loss) before Tax	(73,980)	5,187	9,808	7,654	8,148
Net Profit/(Loss) after Tax	(76,255)	5,063	5,662	10,562	12,508
Pre-tax Margin/(Loss) (%)	(122.0)	6.2	4.8	3.6	3.5
Net Profit Margin/(Loss) (%)	(125.7)	6.1	2.8	5.0	5.4
Basic Earnings/(Loss) Per Share (Sen)	(20.18)	1.14	0.49	1.69	1.68

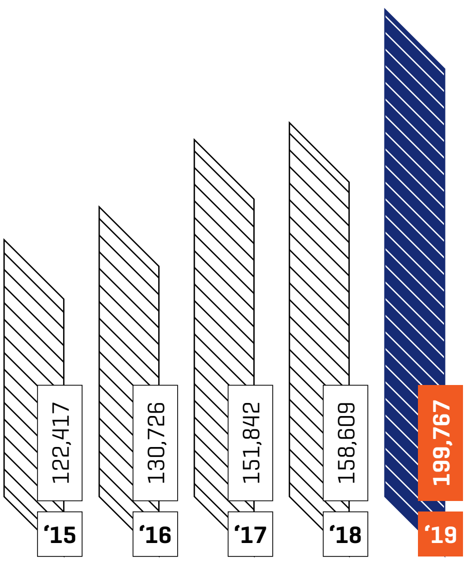
REVENUE
(RM'000)



NET PROFIT/(LOSS) AFTER TAX
(RM'000)

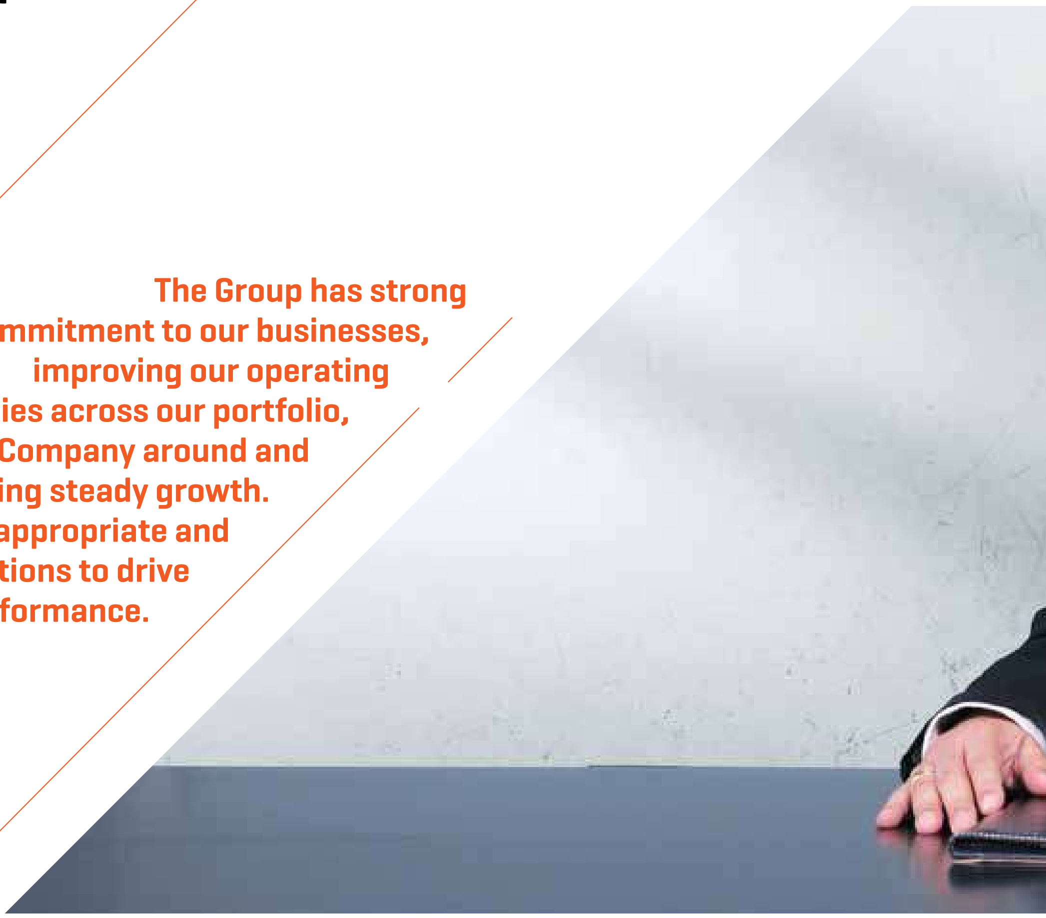


SHAREHOLDERS' FUNDS
(RM'000)



Chairman's Statement

The Group has strong commitment to our businesses, improving our operating efficiencies across our portfolio, turning the Company around and delivering steady growth. We took appropriate and deliberate actions to drive performance.



Revenue (RM million)
233.5
+11.3%

Profit after Tax (RM million)
12.5
+18.4%

Dear Valued Shareholders,

On behalf of the Board of Directors, I present to you the Annual Report and Audited Financial Statements of T7 Global Berhad ("**T7 Global**" or "**the Group**") for the financial year ended 31 December 2019 ("**FYE2019**").

The Malaysian economy growth moderated to 4.3% in 2019, the lowest level since the Global Financial Crisis in 2009. 2019 marred by weakened global expansion, ongoing restrictive trade policies and slowdown in industrial production due to softening growth and weakening demand from China and broader global trade policies uncertainties affecting East Asian economies.

Brent crude oil came off a year high of US$66 per barrel in January last year. It is currently trading near the US$50 level. The oil price at the start of 2019 continued its low streak from the final quarter of 2018 with concerns on increasing oversupply and weak demand. National energy firm Petroliam Nasional Berhad ("**Petronas**") announced that industry remains challenging. This is driven by geopolitical upheavals, prolonged trade tensions, and a global economic slowdown resulting in demand disruptions. Petronas and all its partners continue to be conscious in managing costs, implement activity levelling to sustain onshore activities and pursue innovative solutions to unlock value in our supply chain. Petronas also pointed out there will be potential activities in the support services. We are proud that we have secured the first floater project in 2020 awarded by Petronas Carigali Sdn Bhd for the provision of leasing, operating and maintenance of a mobile offshore production unit (MOPU) for the Bayan Redevelopment Project Gas Phase 2.

For the financial year 2019, we are pleased to have delivered another set of commendable financial results, having made good progress on our oil and gas

Datuk Seri Dr. Nik Norzrul Thani Bin Nik Hassan Thani

contracts and meeting targets for the engineering division. The Group posted a 11.3% increase in revenue to a record of RM233.5 million for FYE2019. Profit after tax improved to 18.4% i.e. RM12.5 million year-on-year.

While oil and gas sector remains the group's core business, the Group is also diversified into aerospace, infrastructure and construction businesses. To consolidate our entry into the high value manufacturing sector, the aerospace factory in Serendah is commencing business in 2020. The aerospace factory will start contributing to the Group's revenue by the first half of the financial year ending 31 December 2020.

The Group has strong commitment to our businesses, improving our operating efficiencies across our portfolio, turning the Company around and delivering steady growth. We took appropriate and deliberate actions to drive performance. With a fair balance of strength and resilience, prudence and sound enterprise risk management, we continue to navigate our way through challenges and intensify progression of the Group's various businesses. It is the staunch faith and commitment that keep T7 Global going and progressing to where it is today.

Corporate Social Responsibility

T7 Global recognises that contributions made through our corporate social responsibility initiatives have significant impacts on the society. The Group strives to sustain a balanced approach in fulfilling our key objectives and expectations. For the year 2019, the Group committed noteworthy time and effort in corporate social responsibility programmes in order to offer meaningful contributions to the community around us.

As a responsible corporate citizen, we firmly believe in giving back to the society such as developing the local arts and culture scene, nurturing our next generation, and supporting local communities.

Appreciation

On behalf of the Board, I would like to extend my deepest appreciation to the Board of Directors, our management, staff, and business associates for their staunch faith and commitment that have kept T7 Global going and progressing to where it is today.

I would also like to express my appreciation to our valued shareholders for their unwavering support. Without a doubt, thank you to my Board members, for your constant support and utmost service to the Board throughout these challenging period. We will continue to explore new opportunities and enhance our existing businesses to deliver greater shareholders' value in the years ahead.

Yours sincerely,
Datuk Seri Dr. Nik Norzrul Thani Bin Nik Hassan Thani

Management Discussion and Analysis' Statement

"Although the challenging operating environment meant that we are keeping on our toes throughout this momentous year, it also gives us reasons to pause and reflect on our journey thus far – on who we are, where we want to be and how we are to get there."

To our valued shareholders,

T7 Global Berhad ("**T7 Global**") is a Malaysia-based leading international offshore oilfield service provider in the oil and gas industry with strong and growing presence over Asia serving diverse range of customers that include multinational oil majors, national oil companies as well as multinational oil corporation throughout the world. Over the years, T7 Global has grown both organically and through strategic acquisitions, alliances with local and international renowned technology partners. More recently, T7 Global has diversified its business into the aerospace and infrastructure and construction industry.

Economic Review

As a corporation, we remain cautious of changes in the macro-environment which may threaten our long-term business continuity. Not a day goes by without the media commenting on the impact of United States of America's share on oil price.

Malaysia's economy grew by 4.3% in 2019, lower than 4.6% in 2018. According to the World Bank, the country's economy remained resilient and outshone many in the region. This is driven by geopolitical upheavals, prolonged trade tensions, and a global economic slowdown resulting in demand disruptions. However in 2019, Petroliam Nasional Berhad ("**Petronas**") has guided 2019 capital expenditure of over RM50 billion, higher than the RM46.8 billion spent in 2018.

Financial Performance

The Group delivered another commendable performance for the financial year ended ("**FYE**") 31 December 2019. T7 Global's revenue increased from RM209.8 million in FYE 31 December 2018 to RM233.5 million in FYE 31 December 2019, translating to a 11.3% growth. The Group's improved revenue is mainly due to contributions from contracts from Petronas and also T7 Wenmax Sdn. Bhd's engineered products. The Group's gross profit grew by 38.9% from RM30.4 million in FYE 31 December 2018 to RM42.2 million in FYE 31 December 2019. Meanwhile, T7 Global registered a profit after tax ("**PAT**") of RM12.5 million, surging by 18.4% year-on-year. The PAT growth was due to higher revenue recorded in 2019.

The Group's results were attributed by all 3 of our divisions, namely, product and services, engineered packages, and manpower supply. The Group's revenue contributed by products and services division accounted for 73.80%, at RM172.33 million engineered packages accounted for 6.3% at RM14.63 million and manpower supply accounted for 19.9% at RM46.52 million.

For the fiscal year under review, T7 Global reported a healthy balance sheet with total assets of RM283.0 million and shareholders' equity at RM199.8 million. The Group is also in a cash position of RM43.3 million with short term borrowings of RM23.7 million as at 31 December 2019. This will in turn be utilised for future valuable business opportunities in various targeted industries.

Business Milestones

Tanjung Offshore Services Sdn Bhd ("TOS"), a wholly owned subsidiary of T7 Global, commenced business in the 1990 as an offshore oil and gas service provider, offering solutions for production facilities, offshore supply vessels and operation and maintenance services. With 30 years of experience, TOS has served a diverse range of customers, including national oil companies, multinational corporations and engineering procurement and constructions firms.

During the financial year 2019, TOS has announced several significant contracts awarded by:-

1. Petronas Carigali Sdn. Bhd. for the provision of splash zone structural repair and maintenance.
2. VME Process Asia Pacific Pte. Ltd. for the provision of engineering, fabrication, procurement and supply of modular process packages in India.
3. Petronas Carigali Sdn. Bhd. for the provision of integrated well services for intervention, workover and abandonment for petroleum arrangement contractors.

Fircroft Tanjung Sdn Bhd ("Fircroft"), is a 51% subsidiary of TOS, provides full suite of skilled manpower services to a variety of industries across all stages of a project, from construction and setup, to operations and maintenance. During the financial year 2019, Fircroft has secure several contracts from Vestigo Petroleum Sdn Bhd, MDC Oil & Gas (SK320) Ltd (Mudabala Petroleum) and Sarawak Shell Berhad and/or Sabah Shell Petroleum Company Limited, Petrofac (Malaysia-PM304) Limited, SapuraOMV Upstream (PM) Inc. (*formerly known as Sapura Exploration and Production (PM) Inc.*) and SapuraOMV Upstream (Sarawak) Inc. (*formerly known as Sapura Exploration and Production (Sarawak) Inc.*) and others.

T7 Gastec Sdn Bhd ("T7 Gastec"), is also a wholly owned subsidiary of T7 Global, principally involved in designing, manufacturing and marketing of industrial gas packages and plant for on-site production for various industries for nearly 20 years. T7 Gastec has operations in the Asean region and offers long term "build, operate and transfer" and "build, operate and own" contracts for both industrial and oil and gas industries. T7 Gastec also provides high valued engineering integrated solution for Automation, ICSS, SIS and FGS Solution, Integrated Metering Solution and Lifecyle Services.

T7 Wenmax Sdn Bhd ("T7 Wenmax") is a 51% subsidiary of T7 Global, principally engaged in the business of supplying industrial equipment, machineries, spare parts and lubricants oil. T7 Wenmax offers a wide range of specialist products solutions across the oil and gas, oleo-chemical, marine, petrochemical and general industries ie. Gas Processing Technology, Rotating equipment (API compressors and pumps), Field Instrument, Gauges, Valves and Fittings, Flow Measurement Equipment, Piping Valves (SBB, DBB & DIB) and Subsea Valves, Marine Hoses, special piping and fitting (Inclusive of flexible composite pipe), and Control and Automation Equipment.

Total Assets
(RM million)
283.0

Shareholders' Equity
(RM million)
199.8

Cash Position
(RM million)
43.3

Short Term Borrowings
(RM million)
23.7

T7 Marine Sdn Bhd ("T7 Marine"), a wholly owned subsidiary of T7 Global is primarily involved in supporting the business localisation and providing marine and naval technology services.

T7 Subsea Sdn Bhd ("T7 Subsea"), a subsidiary of T7 Global is primarily involved in offshore surface to sub surface underwater solutions that includes marine, diving and remotely operated vehicle (ROVs) with the range of services covering, inspection, maintenance and repair (IMR), installation and construction support, transportation and installation support and decommissioning support.

T7 Kilgour Sdn Bhd ("T7 Kilgour") is a subsidiary of T7 Global, a joint strategic partnership between T7 Global and Kilgour Aerospace Group (UK). T7 Kilgour is a vertically integrated aerospace company with over 50 years of in-depth technical know-how from the global aerospace industry in manufacturing complex components and assemblies. The Group's vision is to become a key player in the aerospace industry, combining both innovative technology coupled with our extensive experience and knowledge in the oil and gas industry to continuously provide advanced, reliable, safe and efficient solutions to our clients.

T7 Kilgour provides a wide range of processes for both the export and domestic markets. T7 Kilgour will provide various metal treatment services to clients mainly for the aerospace industry. Nevertheless, the plant is also able to serve other industries such as oil and gas, automotive, biomedical and many more.

T7 Kemuncak Sdn Bhd ("T7 Kemuncak"), a wholly-owned subsidiary of T7 Global and China Construction Third Engineering (M) Sdn Bhd (CCTE Malaysia), a subsidiary of China Construction Third Engineering Bureau Co., Ltd (CCTEB) established a joint venture company known as T7 China Construction Third Engineering Sdn Bhd. The principal objective of the joint venture company is to take up infrastructure and construction projects in Malaysia. The company will work together to bid on ECRL, MRT, LRT projects and other construction works in Malaysia.

Repositioning and Restructuring for Sustainable Growth

Over the last five years, the Board of Directors and management team have strategised the Group's business plans to align the corporate structure and enhance the operation's efficiency. We have taken initiatives to refine our internal operations to deliver long term and sustainable growth. In line with these initiatives we have our vision and business development to achieve our goals.

1 Cost Reduction Program

The Group has initiated a cost reduction exercise with the aim to transform the Group into a more lean organisation; we have strictly reviewed our employee panel and their remuneration package. We have also reviewed all operating, administrative and management activities and their related cost across the Group. This is to ensure that we are able to trim our operating costs. By implementing these strategies, we should be more competitive and be able to pass these benefits to our customers and ultimately improve earnings for the Group.

2 Risk Management Team

The Group has formed a risk management team comprising independent Directors and top management personnel. Proactively addressing the challenges and opportunities of our business will ensure that every aspect of our business and/or investment opportunities brought up by any stakeholders of the Group will be carefully assessed and assuring proper due diligences are carried out professionally.

The Group's most immediate concern was the welfare of the employees affected by the restructuring exercise which we will handle with utmost good faith and professionally. Nevertheless, the objective of the restructuring exercise is to ensure that each division will be able to operate with better efficiency, effectiveness and be profitable.

Together with the ongoing initiatives and diversification of our business model, we are confident that this restructuring and cost reduction plan will elevate T7 Global to a more competitive position as well as creating a sustainable long-term growth and value to our shareholders.

Risk Management and Internal Control

The overall risk management objective of T7 Global is to ensure uncertainty does not deflect the endeavour from the business goals. The Group focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on its financial performance. Risk management is carried out through regular risk review analysis, internal control systems and adherence to Group's risk management policies. The Board of Directors of T7 Global regularly reviews these risks and approves the appropriate control environment frameworks.

Dependence on skilled professionals/engineers is one of the key risk factors. As an oil and gas services group in providing maintenance services to customers in oil and gas, we require certified, skilled, and experienced technical professionals to execute the projects and contracts awarded to our Group.

Due to supply and demand conditions and competition among other companies, the number of personnel with the relevant qualifications and experience in the industry may be limited. Our cost of operations may be higher if we are required to compete for such skilled and experience technical professionals. Nonetheless, in line with our continuous requirements for skilled-based human resources, we also provide technical training as part of our other products and services segment.

Legal risk is the risk of financial loss or damage to the Group's reputation arising from failure to comply with contractual terms or the Group's interest is not properly protected. The Group's Legal Department has assessed and identified the key

terms and conditions of the existing major contracts for ongoing monitoring and management of the contracts by the respective business units.

The safety of people and assets is of utmost priority in the oil and gas industry and any adverse incident could result in significant financial loss and damage to the Group. T7 Global has established comprehensive safety policies and processes that clearly set out the safety measures which must be strictly adhered to by our employees and contractors. Periodic audits of our health and safety procedures and practices, drills, continuous health and safety meetings and reviews are conducted internally and externally.

We are mindful of risks that are inherent in the business environment. Hence, our focus is to mitigate these risk factors through best practices and good corporate governance.

Dividend

During the FYE 2019, a single-tier dividend of 0.5 sen per share, which amounts to RM2,463,793.28 for 492,758,656 ordinary shares was paid on 6 August 2019.

Business Outlook and Prospects

While the outlook for the industry shows signs of improvement in 2019, the Group is constantly mindful of micro and macro-economic factors which may impact us in any way and we will continue to strive to secure valuable opportunities on win-win terms for both the Group and our clients through entering into long term and strong charter contracts with reputable and financially sound clients.

For T7 Global, oil and gas division will remain as the Group's core business. The Group has continue to bid for new contracts and will be looking for industry opportunities where we and our strategic alliances possess the relevant expertise and experience to venture into. We will concentrate on our existing technical expertise and core businesses to secure on more maintenance and management contracts.

As at 31 December 2019, T7 Global's order book stands at approximately RM800 million, which provides a visibility of 4 years to the Group. T7 Global will continuously tender for more projects, both locally and overseas. We are optimistic that we will be able to replenish our order book and maintain the Group's growth momentum moving into 2020 and thereafter. Barring any unforeseen circumstances, the Group expects to grow its profitability for the forthcoming financial year 2020. In the first quarter of 2020, the Group has been awarded with 2 significant projects namely provision of maintenance, construction and modification services by Repsol Oil & Gas Malaysia Limited and mobile offshore production unit (MOPU) for Bayan Redevelopment Project Gas Phase 2 by Petronas Carigali Sdn. Bhd.

We have commenced our niche aerospace business in 2020, providing surface metal treatment services to serve the local and regional markets. There is a demand for aerospace business in the region as the order book for Airbus and Boeing is still growing. This metal treatment plant will aim to act as a key enablement to the Malaysian Aerospace ecosystem.

Whilst aware of both challenges and opportunities going forward, we welcome 2020 with a clear business strategy, staying committed towards achieving our business objectives and delivering greater value to our shareholders. We continue to align our business strategies with our sustainability plans to continue to grow the business for the long term.

Appreciation

As we conclude a remarkable year in the Group's corporate journey, I would like to convey my heartfelt appreciation to the management team and to my fellow board members for your great dedication to the Group through these difficult times. I sincerely express appreciation to all our employees for the dedication and commitment to the Group; all of you have played a pivotal role in the Group's continuous growth.

On behalf of the Board, I would also like to express our gratitude to our stakeholders, clients, partners and customers for your continuous support and loyalty to our group. To our shareholders who have supported us, they have further motivate us to strive for another year of positive performance to create sustainable and growing value for all our stakeholders.

Yours sincerely,
Tan Sri Datuk Seri Tan Kean Soon

Directors' Profile

Datuk Seri Dr. Nik Norzrul Thani Bin Nik Hassan Thani

Nationality **Malaysian**

Age **60**

Gender **Male**

Position
- **Acting Chairman**
- **Member of Share Issuance Scheme Committee**

Datuk Seri Dr. Nik Norzrul Thani Bin Nik Hassan Thani ("**Datuk Seri Dr. Nik**") holds a Ph.D. in Law from the School of Oriental and African Studies, University of London and a Masters in Law degree from Queen Mary College, University of London. He read law at the University of Buckingham, United Kingdom.

Datuk Seri Dr. Nik also holds a Post-Graduate Diploma in Syariah Law and Practice (with Distinction) from the International Islamic University of Malaysia. He is a Barrister of Lincoln's Inn and an Advocate and Solicitor of the High Court of Malaya. He was called to the Bar of England and Wales in 1985 and to the Malaysian Bar in 1986. He was a Visiting Fulbright Scholar, Harvard Law School from 1996 to 1997, and was formerly the Acting Dean/Deputy Dean of the Faculty of Laws, International Islamic University Malaysia. He is also a Fellow of the Financial Services Institute of Australasia (FINSIA).

Datuk Seri Dr. Nik is the Chairman of Chin Hin Group Berhad, Chairman of Pengurusan Aset Air Berhad, Director of Cagamas Holdings Berhad, BNM Kijang Berhad and Amanah Saham Nasional Berhad. Currently, Datuk Seri Dr. Nik is also a practising lawyer with Zaid Ibrahim & Co. Prior to joining Zaid Ibrahim & Co., Datuk Seri Dr. Nik was with Baker & McKenzie (International Lawyers), Singapore.

Datuk Seri Dr. Nik was appointed to the Board of T7 Global Berhad on 23 March 2015.

Tan Sri Datuk Seri Tan Kean Soon

Nationality **Malaysian**

Age **56**

Gender **Male**

Position
- **Executive Deputy Chairman**
- **Member of Share Issuance Scheme Committee**

Tan Sri Datuk Seri Tan Kean Soon ("**Tan Sri Tan**") has more than 30 years of experience in leading various oil and gas upstream and downstream companies with a track record of outstanding performance in this highly competitive industry.

Tan Sri Tan is the Chairman and Chief Executive Officer of CP Energy & Services Sdn Bhd, a corporation founded by Tan Sri Tan in 1992. Under Tan Sri Tan's helm, the company grows steadily and has rapidly expanded its presence in the ASEAN region.

Tan Sri Tan also serves in the following prominent bodies/ corporation:-

- Appointed member of Malaysia Singapore Business Council (MSBC) by Ministry of International Trade and Industry of Malaysia (MITI);
- Life Honorary Advisor & Treasurer of Federation of Chinese Associations Malaysia;
- Chairman of Malaysian Chinese Oil & Gas Alliance;
- Member of Malaysian Petroleum Club;
- Chairman of East West One Group Sdn Bhd.

Tan Sri Tan was appointed to the Board of Directors of T7 Global Berhad on 23 June 2014 and he is the father of Tan Kay Vin, an Executive Director of T7 Global Berhad.

Directors' Profile (cont'd)

Tan Sam Eng

Nationality **Malaysian**

Age **68**

Gender **Female**

Position
- **Independent Non-Executive Director**
- **Chairperson of Audit and Risk Management Committee**
- **Member of Remuneration Committee**

Tan Sam Eng is a Chartered Accountant and a Chartered Secretary. She is a member of the Malaysian Institute of Accountants (MIA), a Fellow Member of the Association of Chartered Certified Accountants (ACCA), and also a Member of the Chartered Tax Institute of Malaysia (CTIM).

She has more than 30 years of professional experience which involves in all aspects of financial practice such as auditing, taxation, corporate finance and advisory works. Her auditing experience covers practically the whole spectrum of Malaysian business environment including insurance, property development, engineering, communications, transportation, plantations, manufacturing and trading.

She was appointed to the Board of T7 Global Berhad on 23 March 2015.

Tan Kay Vin

Nationality Malaysian

Age 29

Gender Male

Position ▪ Executive Director

Tan Kay Vin ("**Kay Vin**") is currently heading the corporate affairs department of T7 Global Berhad Group. He joined T7 Global Berhad in 2015 as Manager of Group Corporate Finance and subsequently heading the Corporate Finance Department in 2017.

Kay Vin holds a Bachelor of Commerce, majors in actuarial science and finance from University of New South Wales, Sydney.

Prior joining T7 Global Berhad, Kay Vin has various working experiences with financial institutions and insurance companies including Maybank Investment Berhad and Malayan Banking Berhad, Mitsui Sumitomo Insurance Group and PricewaterhouseCoopers Malaysia.

Kay Vin was appointed to the Board of Directors of T7 Global Berhad on 5 March 2018. He is the son of Tan Sri Datuk Seri Tan Kean Soon, the Executive Deputy Chairman and the major shareholder of T7 Global Berhad.

Directors' Profile (cont'd)

Mohd Noor Bin Setapa

Nationality **Malaysian**

Age **56**

Gender **Male**

Position
- **Independent Non-Executive Director**
- **Member of Audit and Risk Management Committee**
- **Member of Remuneration Committee**
- **Member of Nomination Committee**

Mohd Noor Bin Setapa obtained his Master in Science Management from the Robert Gordon University, United Kingdom. He is also a Degree holder in quantity surveying, graduated from University of Caledonian Glasgow, United Kingdom.

He has over 30 years of experience in project management, procurement, construction and commissioning of major civil structures and gas facilities. He began his career in 1986 as a Quantity Surveyor with Coastal Resources Sdn. Bhd. He worked for various construction companies, initially as a project Quantity Surveyor and later as a Project Manager from 1988 to 1992. In 1992, he established a construction company, named as BD Sdn. Bhd., which is a bumiputra G7 Class registered company. The company, through a joint-venture with Abrar and PT Udinda undertook the KTM double tracking project from Tanjung Pagar to Kulai, Johor. He is the Chairman of Mitrans Transportation and Logistics Solution Sdn. Bhd. The company collaborates with Mitrans UiTM to involve in providing digital data on Malaysia Logistics Performance Index.

He is also the Chief Executive Officer of Metra LLC, Oman where he actively works with the Omanis and Saudis in setting up and running an asset integrity company in the oil and gas industries in the Middle East.

He was appointed to the Board of Directors of T7 Global Berhad on 3 April 2019.

Admiral (R) Tan Sri Dato' Seri Panglima Ahmad Kamarulzaman Bin Hj Ahmad Badaruddin

Nationality **Malaysian**

Age **61**

Gender **Male**

Position
- **Independent Non-Executive Director**
- **Chairman of Nomination Committee**

Admiral (R) Tan Sri Dato' Seri Panglima Ahmad Kamarulzaman Bin Hj Ahmad Badaruddin obtained his Master in Business Administration in Strategic Management from the University of Strathclyde Business School, Scotland and Master of Arts in Defense Studies and International Relations from the National University of Malaysia. He completed the Executive Program in Business Management at the Kenan-Flagler Business School of the University of North Carolina, United States of America. He is also a Distinguished Graduate in Political Warfare of the Fu Hshing Kang College, Republic of China as well as the US Naval War College, Newport, Rhode Island, United States of America.

He has served the King and Country for 42 years and has held numerous positions in the navy and joint services including that of the Chief of Staff of the Malaysian Armed Forces Headquarters and the Joint Force Commander of the Malaysian Armed Forces. He has achieved a peak in his career when he assumed command of the 16th Royal Malaysian Navy as Chief on 18 November 2015.

He is also a Director of OCR Group Berhad, TRC Synergy Berhad and Boustead Heavy Industries Corporation Berhad.

He was appointed to the Board of Directors of T7 Global Berhad on 15 April 2019.

Directors' Profile (cont'd)

Dato' Sri Wan Ahmad Najmuddin Bin Mohd

Nationality	**Malaysian**
Age	**62**
Gender	**Male**
Position	▪ **Independent Non-Executive Director** ▪ **Member of Audit and Risk Management Committee** ▪ **Chairman of Remuneration Committee** ▪ **Member of Nomination Committee**

Dato' Sri Wan Ahmad Najmuddin Bin Mohd was the Aide-De-Camp to his Royal Highness Yang Di Pertuan Agong for the period from 18 December 2006 to 1 January 2009. He also acted as the Senior Assistant Commissioner Policy and Legislation at Bukit Aman Inspector-General of Police Secretariat Office from 2 January 2009 to 14 September 2009.

On 15 September 2009, he became the Special Officer to Minister of Home. He then acted as the Secretary of Royal Malaysia Police, Bukit Aman from 20 May 2013 to 30 June 2013. He was the Deputy Director of the Crime Prevention and Community Safety Department at Bukit Aman from years 2013 to 2015. On 1 December 2015, he was appointed as the Johor Chief of Police at IPK Johor.

He retired from Royal Malaysia Police in March 2019 with last position held as Director of Criminal Investigation Department.

He is a holder of Advocate and Solicitor High Court of Malaya and Bachelor of Law LLB (Hons) from University Islam Antarabangsa.

He is also a Director of Iqzan Holding Berhad *(formerly known as Ire-Tex Corporation Berhad)*.

He was appointed to the Board of Directors of T7 Global Berhad on 28 June 2019.

Attendance record of Board of Directors' ("Board") Meeting
The attendance records of the Board at the Board of Directors' Meeting can be found in the Corporate Governance Overview Statement in this Annual Report.

Family relationship with any Director and/or major shareholder
Save and except for the following, none of the other Directors has any family relationship with any Director and/or major shareholder of the Company:-

- Tan Kay Vin is the son of Tan Sri Datuk Seri Tan Kean Soon, the Executive Deputy Chairman and the major shareholder of T7 Global Berhad.

Conflict of interest
None of the Directors has any conflict of interest with the Group.

Conviction of Offence
None of the Directors has any conviction for 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.

Key Senior Management Profile

Please refer to the profile of Datuk Seri Dr. Nik Norzrul Thani Bin Nik Hassan Thani (Acting Chairman), Tan Sri Datuk Seri Tan Kean Soon (Executive Deputy Chairman) and Tan Kay Vin (Executive Director) for their profiles on page 14, 15 and 17, respectively.

Tan Kay Zhuin

Group Chief Operating Officer, T7 Global Berhad
Malaysian, Age 31, Male

Tan Kay Zhuin has been the Group Chief Operating Officer of T7 Global Berhad since 2018. He overlooks the group operations and primarily involve in the energy business. He first joined T7 Global's Berhad subsidiary, Tanjung Offshore Services Sdn Bhd in 2016, heading the offshore construction and maintenance division.

Prior to his stint with T7 Global Berhad, he started his career as a production engineer with KrisEnergy Limited in Singapore in 2014. He later joined Toyo Engineering Corporation in Japan as a petroleum engineer.

He holds a Bachelor's degree in Petroleum Engineering (Hons) from University of New South Wales, Sydney.

He is the son of Tan Sri Datuk Seri Tan Kean Soon, the Executive Deputy Chairman and major shareholder of the Company and brother of Tan Kay Vin, the Executive Director of the Company.

Ong Fee Peng

Group Chief Financial Officer, T7 Global Berhad
Malaysian, Age 54, Male

Ong Fee Peng, an accountant by profession, was appointed as Group Chief Financial Officer of T7 Global Berhad in 2015. He is primarily responsible for the Group's overall financial and accounting functions.

He is a registered Chartered Accountant with the Malaysian Institute of Accountant and has more than 25 years of working experiences across the full spectrum of the areas of Investment bank, accounting, audit, manufacturing, construction, stock broking, building management system and corporate finance.

Muhamad Azarudin Bin Abdullah

Executive Director, Tanjung Offshore Services Sdn Bhd
Malaysian, Age 40, Male

Muhamad Azarudin Bin Abdullah is the executive director of Tanjung Offshore Services Sdn Bhd and currently heading the Group's oil and gas operations and maintenance division. He was appointed as the Director of Tanjung Offshore Services Sdn Bhd on 25 April 2018.

He joined T7 Global Berhad Group in 2001 and has held several management roles in T7 Global Berhad Group across his 18 years with T7 Global Berhad Group.

He has more than 18 years of experience in the field of project co-ordination and management of projects relating to oil and gas industry. His experience includes inter-alia in operations and maintenance, gas compression package, power utilities, offshore supply vessel, field development, upstream drilling and process equipment facilities.

He holds a Diploma in Electrical Engineering from Universiti Teknologi Malaysia.

Key Senior Management Profile (cont'd)

Azman Yakim

Chief Executive Officer, Tanjung Offshore Services Sdn Bhd
Malaysian, Age 42, Male

Azman Yakim is the Chief Executive Officer, Tanjung Offshore Services Sdn Bhd and currently leading the Group's overall oil and gas business, servicing for all sectors in upstream, midstream and downstream.

Previously he was the Senior Vice President, Oil and Gas Business for Siemens Malaysia and Global Corporate Account Manager for Siemens AG. He holds a Bachelor's degree in CAD/CAM Engineering from the University of Malaya, and Master Degree in Business Administration (MBA) minor in Finance from University of Derby. He has 20 years of professional experience in the Energy, Oil and Gas and Utilities Sector, where he has worked with reputable names in the industry such as General Electric (GE), Dresser-Rand (D-R) and Emerson prior working in Siemens.

Tan Kean Seng

Vice President, Products and Engineering, T7 Global Berhad
Malaysian, Age 49, Male

Tan Kean Seng is currently the Vice President, products and engineering of T7 Global Berhad. He joined T7 Global Berhad Group in 2015, heading the products and engineering division of the energy business.

He has more than 20 years of experience in operations, products and business development in the oil and gas industry. He holds a Bachelor of Science in Business Administration from Central Missouri State University, United States of America.

He is the brother of Tan Sri Datuk Seri Tan Kean Soon, the Executive Deputy Chairman and major shareholder of the Company.

Ku Thien Shung

General Manager, T7 Gastec Sdn Bhd
Malaysian, Age 42, Male

Ku Thien Shung is currently the General Manager of T7 Gastec Sdn Bhd. He joined T7 Global Berhad Group in 2019, heading the operation and business of T7 Gastec Sdn Bhd.

He has more than 15 years of experience in project management, project planning, engineering design and cost control in the oil and gas industry. He holds a Bachelor Degree (Hons) Electronic from Multimedia University, Malaysia.

Michael Aziz Eu Peng Weng

Managing Director, T7 Wenmax Sdn Bhd ("T7 Wenmax")
Malaysian, Age 47, Male

Michael Aziz Eu Peng Weng is currently the Managing Director of T7 Wenmax. He was appointed as the director of T7 Wenmax in 2004.

He has more than 20 years of experience in project management, business development and products solutions in oil and gas industry. He holds a Cambridge GCE Advanced Level (A-Level) from Sunway College, Malaysia.

Trevor Alan Peacock

General Manager,
T7 Kilgour Sdn Bhd
British, Age 56, Male

Trevor Alan Peacock has been the General Manager of T7 Kilgour Sdn Bhd since he joined in January 2019. He oversees the overall operations of T7 Kilgour Sdn Bhd.

He has more than 30 years of experience in project management, design, engineering, production and supply-chain in the aerospace industry. He started his career with British Aerospace Military Aircraft Division (BAM) in 1980 to 2009 which he has held several management roles during his working tenure with BAM. Subsequently he joined BAE Systems Aero Structures Group, GKN Aerospace Group and Strata Manufacturing PJSC in Abu Dhabi and UMW Aerospace, Malaysia prior to T7 Kilgour Sdn Bhd.

He holds a Post Graduate Diploma in Management from University of Central Lancashire and Bachelor of Arts in Production Engineering from Open University Milton Keynes.

Syed Mohammad Mazhar Bin Syed Mohd Bakar

General Manager,
T7 Subsea Sdn Bhd
("T7 Subsea")
Malaysian, Age 46, Male

Syed Mohammad Mazhar Bin Syed Mohd Bakar is currently the General Manager of T7 Subsea since he joined in January 2019. He oversees the operations of T7 Subsea.

Prior to joining T7 Subsea, he has more than 20 years of experience project management and business development in oil and gas and telecommunication industry within the South East Asian region. He has held several management roles in Malsat Sdn Bhd, TL Geohydrographics Sdn Bhd, Orogenic Geoexpro Sdn Bhd, O&G Geo Services Sdn Bhd and Geoterra Sdn Bhd.

He holds a Diploma in Geomatics/Land Surveying and Certificate in Geomatics/Land Surveying from Polytechnic Ungku Omar.

Noor Haniza Binti Zainuddin

Head, Quality, Health, Safety and Environment ("QHSE") and Licensing Tanjung Offshore Services Sdn Bhd
Malaysian, Age 40, Female

Noor Haniza Binti Zainuddin is currently the Head of QHSE and Licensing for Tanjung Offshore Services Sdn Bhd. She joined Tanjung Offshore Services Sdn Bhd in 2007 as a Manager of QHSE and Licensing.

She has more than 15 years of experience in health, safety and environment and licensing. She is a registered member of Certified Environmental Professional in Scheduled Waste Management (CEPSWAM), QMS Lead Auditor and Safety and Health Officer. She is also a member of Board of Engineers Malaysia.

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

Sustainability Statement

T7 Global Berhad's ("**T7 Global**") vision is to be a trusted partner that make a difference on the global stage. The Group recognises its corporate social responsibility to the society and the importance of sustainable growth. We are mindful of the need to develop our business in a sustainable and responsible manner which allows us to reach new level of recognition.

This sustainability statement ("**the Statement**") aims to provide our stakeholders with a clear picture of major material sustainability matters and our management approaches. The Statement is made in accordance with Bursa Malaysia Securities Berhad's Main Market Listing Requirements and Sustainability Reporting Guide and covers the period from 1 January 2019 to 31 December 2019 ("**FY2019**").

SUSTAINABILITY GOVERNANCE

For best practices to sustainability governance, the Board of Directors ("**the Board**") is accountable for sustainability strategy and has empowered senior management for sustainability performance management.

SUSTAINABILITY DEVELOPMENT PILLAR

ECONOMY

- Board Charter;
- Audit and Risk Management Committee's Term of Reference;
- Nomination Committee's Term of Reference;
- Remuneration Committee's Term of Reference;
- T7 Global's Limits of Authority
- Code of Conduct and Ethics; and
- Procurement Policy and Procedures.

ENVIRONMENT

Quality Health Safety and Environmental Policies and Procedures.

COMMUNITY

- Code of Conduct and Ethics;
- Industrial Related Policies and Procedures; and
- Quality Health Safety and Environmental Policies and Procedures.

WORKPLACE

- Human Resources Policies and Procedures;
- Quality Health Safety and Environmental ("QHSE") Policies and Procedures;
- Employee Handbook;
- Code of Conduct and Ethics; and
- Whistleblowing Policy and Procedures.

STAKEHOLDERS ENGAGEMENT

T7 Global has placed great importance to carry out activities with high ethical standards to promote responsible practices among its stakeholders i.e. employees, shareholders/investors, business partners, customers and suppliers in order to achieve a sustainable development in the market place.

Suppliers
- Reliable Assessment
- Supplier Audit
- Site Visits and Meeting Engagement
- Evaluation of Products and Services
- Mutual Trust Establishment

Employees
- Multi-Channel Communication
- Staff Activities
- Networking Activities
- Appropriate Reward System
- Staff Training and Career Development

Customers
- Customer Assessment
- Site Visits and Meeting Engagement
- Provision of High-Quality Products and Services
- Quality Control of Products and Services
- Long-Term Relationship Building
- Networking Activities

Shareholders/Investors
- Trust and Confidence Building
- Corporate Value Increase
- Transparency of Material information
- Various Communication Channels

Business Partners
- Due Diligence Practice
- Meeting Engagement
- Site Visits
- Social Activities

Government and Regulators
- Audit and Inspections
- Performance Reports
- Meetings and Assessment
- On Government Initiatives

The structured process in Bursa Malaysia Securities Berhad's Sustainability Reporting Guide is applied to identify, prioritise and review material sustainability matters.

Step 1

Identification

Sustainable matters are identified by senior Management and reported to Executive Directors

Step 2

Prioritisation

Sustainable matters are prioritised through senior management meeting and put into the Executive Committee meeting agenda.

Step 3

Review

Sustainable matters are reviewed by the top management and approved by the Board of Directors.

ECONOMY **COMMUNITY** **ENVIRONMENT** **WORKPLACE**

ECONOMY

T7 Global has grown steadily since the financial year ("**FY**") 2015. The Group's revenue has increased from RM83 million in FY2016 to RM233.5 million in FY2019. Profit after tax grew from RM10.6 million in FY2018 to RM12.5 million in FY2019. Detailed information is disclosed in our Annual Report.

We believe that the stable economic performance is the foundation to business goal achievement and sustainability development. It also emphasises on T7 Global's commitment in contributing back to the community. Our local supply chain and employment enable T7 Global to have a considerable impact to our stakeholders.

ENVIRONMENT

The oil and gas industry has a considerable impact on our environment. T7 Global supports the efforts of environmental protection. Energy usage, water consumption and treatment, greenhouse gas emissions have been placed importance in making business decisions and compiling the risk assessment. Opportunities and risks are assessed by the Audit and Risk Management Committee ("**ARMC**") at the beginning of the projects. The ARMC scrutinise any possible risk which may be encountered by the Group, followed by risk control and mitigation strategies. T7 Global has established a series of QHSE policies and procedures including scheduled waste management. Policies and procedures are well compliant with regulatory and client requirements.

ISO 9001:2015

Tanjung Offshore Services Sdn Bhd	✓
T7 Gastec Sdn Bhd	✓
T7 Wenmax Sdn Bhd	✓

ISO 14001:2015

Tanjung Offshore Services Sdn Bhd	✓
T7 Gastec Sdn Bhd	✓

OHSAS 18001:2007

Tanjung Offshore Services Sdn Bhd	✓
T7 Gastec Sdn Bhd	✓

T7 Kilgour Sdn Bhd's aerospace facility has been accredited by Nadcap a global cooperative accreditation program for aerospace engineering, defense and related industries and also AS9100D which is a widely adopted and standardised quality management system for the aerospace industry by Automotive Engineers and the European Association of Aerospace Industries.

As you know, people in countries all over the world are going green and taking precautions to make sure that the carbon footprint left on the environment is minimised. Recycling is one of the most popular ways to be eco-friendly. Hence because of that, T7 Global and group of companies which lead by T7 Gastec Sdn Bhd ("**T7 Gastec**") have launched an environmental campaign to strongly emphasise the importance of recycling waste material on 1 July 2019.

The campaign started with the opening speech of T7 Gastec's General Manager declaring the launch of the campaign and ended the event with a few questions and answers (Q&A) session regarding the campaign with prizes giveaway. On top of that, we have now placed 3 recycle bins at our main offices at Kuala Lumpur's Headquarters, Balakong workshop and T7 Kilgour's aerospace facilities. This initiative will certainly encourage not only our employees but to the guests and shareholders to "waste less, recycle more".

Every home and office has a large amount of waste materials that need to be disposed of and finding ways to make sure that proper disposal and recycling are done in a fantastic way to save the planet. Now is time to make the same efforts to **recycle Malaysia** and join the global cause for a safer environment for everyone.

COMMUNITY

On 21 June 2019, T7 Global hosted an open house to celebrate the 2019 Hari Raya, T7 Global is all about giving back. In embracing the spirit of Syawal, the event was attended by employees, business partners, guests and some orphan 'anak yatim' from Rumah Titian Kasih Titiwangsa Kuala Lumpur. The children were presented with hampers and duit raya by the management of T7 Global and other business partners which contributed to this event.

Later in the evening, the children from the Rumah Titian Kasih Titiwangsa entertained the guests with a special performance, followed by performances of Warna Warni Aidilfitri and Joget Aidilfitri.

Together with the management staff and other invited guests has provided the kids with a memorable experience of celebrating the joy of Syawal.

Sustainability Statement (cont'd)

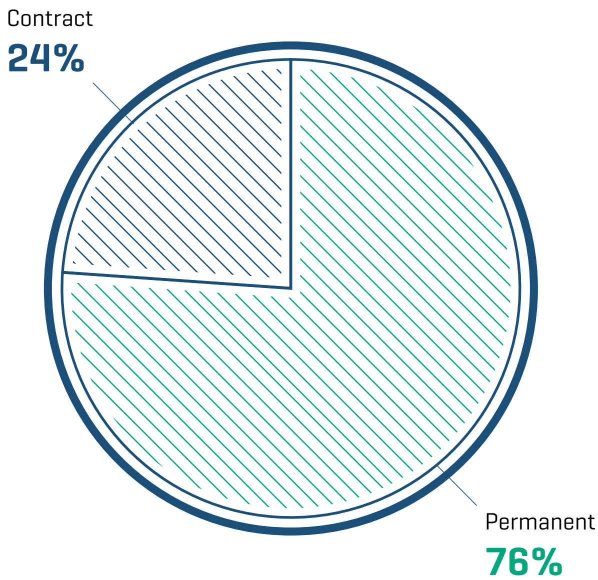
Graduate Intake Program to promote Malaysia's aerospace industry

T7 Kilgour Sdn Bhd signed a head of agreement with MARA to initiate the Graduate Intake Program ("**GIP**"), which foresee employment of more than 100 employees for the metal surface treatment plant operation and management. This project will meet the localisation needs of Malaysia's aerospace industry, as well as contribute to local distribution network. The programme has ongoing since 26 July 2018.

WORKPLACE

1.1 OUR PEOPLE

Human capital is the biggest asset for T7 Global. The Group devotes itself to provide a safe and healthy workplace, as well as ethical company culture to all employees. It is believed that an efficient teamwork building and a great platform provided for employees' career development can ensure the Group's sustainable and effective talent pool. All of T7 Global's employees are encouraged for career training and personal development. T7 Global supports the development of local workforce, with 94.29% of our people are locally hired. Our employees consist of 76% permanent staff and 24% contract staff. Contract staff is recruited on project basis and as when it is required.



ISO 14001:2015

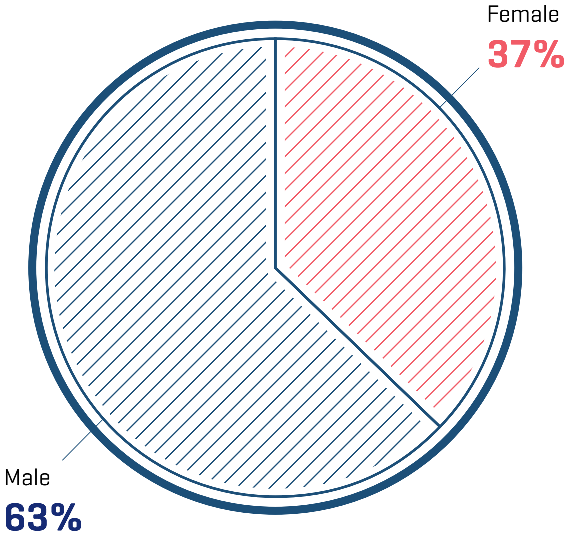
Soft Skill Training
1,344 HOURS

Technical Training
1,368 HOURS

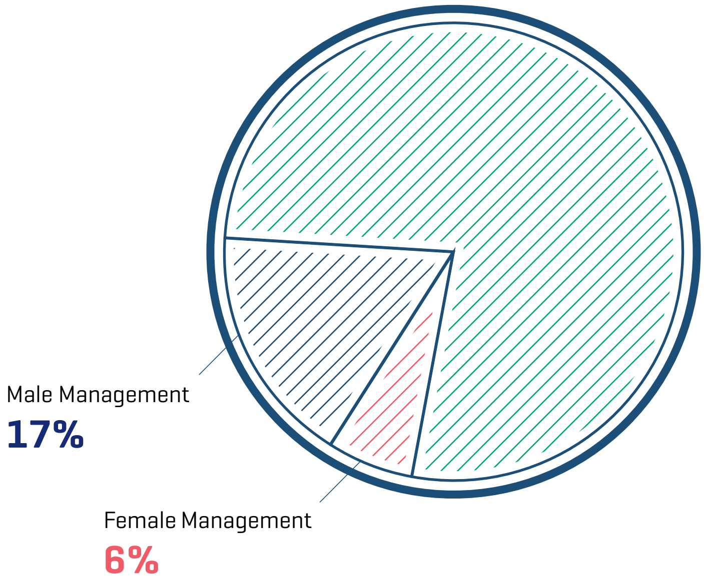
1.2 EMPLOYEE DIVERSITY

T7 Global is aware of the contribution of women towards considerate economic value for the company. We are committed to make gender balance a reality. Both men and women have equal access to T7 Global's recruitment, promotion and staff training. One out of five directors is female within T7 Global's Board. We also promote more talented women to management and leadership positions in our operations. 23% of total employees are in management level, 6% out of 23% are female.

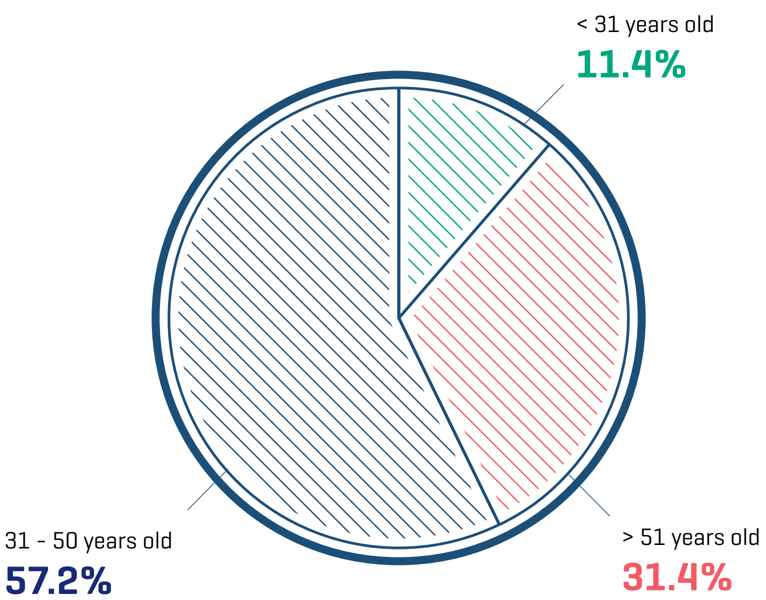
Employee by gender (%)



Management by gender (%)



Management by age (%)



Sustainability Statement (cont'd)

1.3 EMPLOYEE WELFARE

T7 Global is a big family and we care for all our 'family' members. We have comprehensive employee benefits as detailed in the Employee Handbook. Our employee benefits including:

- Comprehensive insurance policy
- Comprehensive medical coverage and benefits
- Employee welfares for the birth of employee's children, funeral and others

1.4 EMPLOYEE EVENTS

Varies of employee engagement events have been organised during the year 2019.

Chinese New Year Celebration (February 2019)

Majlis Buka Puasa (May 2019)

Majlis Buka Puasa (May 2019) (cont'd)

Hari Raya Open House (June 2019)

Sustainability Statement (cont'd)

T7 Global's Corporate Planning Retreat (November 2019)

Annual Dinner (December 2019)

Annual Dinner (December 2019) (cont'd)

QHSE Policies and Procedures

QHSE Department has established extensive QHSE policies and procedures to ensure a healthy and safe environment for our stakeholders. QHSE policies and procedures have outlined the roles and responsibilities of the relevant departments and integrated QHSE concepts into our business strategies.

QHSE department oversees every project and departmental activities to comply with QHSE policies and procedures. All business units of T7 Global are required to ensure safety to people, none damage to asset and compliance. T7 Global's senior management has delegated each of the Head of Departments to monitor the implementation of QHSE policies and procedures. Reports will be submitted regularly followed by the reporting procedures that have been set up in QHSE Manual.

100% of project-based employees are required to attend the respective safety and health training annually based on the contract requirements. T7 Global ensures outfield employees to attend relevant competency courses such as Hydrogen Sulfide (H2S), Permit To Work (PTW), Confined Space and Basic Offshore Safety Induction and Emergency Training (BOSIET), etc. Medical insurance is renewed for all project-based employees with a range of 6 months to 2 years.

Audit and Risk Management Committee Report

With effect from 21 February 2020, the Board has merged the Audit Committee and Risk Management Committee into a single Board Committee known as Audit and Risk Management Committee ("**ARMC**"), which comprises exclusively Independent Non-Executive Directors.

The primary objectives of the ARMC are as follows:

- Assist the Board in discharging its statutory duties and responsibilities relating to internal controls, accounting and reporting practices, compliance and risk management of holding company and each of its subsidiaries.
- Monitor compliance within the Group policies to ensure the objectivity and effectiveness of the Group's internal control measures.
- Serve as the focal point for communication between External Auditors, Internal Auditors and management to make certain the integrity of the management and adequacy of disclosure to shareholders.
- Serve as an independent party when reviewing financial information presented by the management before distribution to shareholders and general public.
- Serve as the focal point for communication between Executive Director and/or Group Chief Financial Officer on whether the Company's risk management and internal control system are operating adequately and effectively, in all material aspects, based on the risk management and internal control system of the Company.

COMPOSITION OF THE ARMC

The members of the ARMC consist of all Independent Non-Executive Directors ("**INEDs**") and their respective meeting attendance records during the financial year ended 31 December 2019 are as follows:-

Name	Designation/Directorate	Meetings Attended
Tan Sam Eng	Chairperson INED	5/5
YBhg. Dato' Sri Wan Najmuddin Bin Mohd *(Appointed on 28 June 2019)*	Member INED	2/2
Encik Mohd Noor Bin Setapa *(Appointed on 28 June 2019)*	Member INED	2/2

The composition of the ARMC is in compliance with Paragraphs 15.09 and 15.10 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("**Bursa Malaysia Securities**") ("**Listing Requirements**") and Practice 8.1 of the Malaysian Code on Corporate Governance whereby all three (3) ARMC members are Independent Non-Executive Directors. None of the Independent Directors are alternate directors.

Ms. Tan Sam Eng, the Chairperson of the ARMC, is a member of the Malaysian Institute of Accountants (MIA), a Fellow Member of the Association of Chartered Certified Accountants (ACCA), and also a Member of the Chartered Tax Institute of Malaysia (CTIM). In this respect, the Company complies with Paragraph 15.09(1)(c) of the Listing Requirements.

The ARMC's Terms of Reference are clearly defined by the Board to its members, and a copy of it is accessible on the Company's website at www.t7global.com.my.

SUMMARY OF WORKS DURING THE FINANCIAL YEAR

During the financial year ended 31 December 2019, the summary of works undertaken by the ARMC was as follows:-

- Reviewed the Group's compliance with the Listing Requirements and the applicable approved accounting standards issued by Malaysian Accounting Standards Board ("**MASB**").
- Reviewed the quarterly unaudited financial statements and its explanatory notes thereon and thereafter recommended the same to the Board of Directors for approval.
- Reviewed the ARMC Report and Statement on Risk Management and Internal Control prior to their inclusion in the Group's Annual Report.
- Reviewed the list of related party transactions that may arise within the Group including any transaction, procedure or course of conduct that raises the questions of management's integrity.
- Reviewed and approved the annual audit plan on the internal audit, including the scope of work for the financial year.

SUMMARY OF WORKS DURING THE FINANCIAL YEAR (cont'd)

During the financial year ended 31 December 2019, the summary of works undertaken by the ARMC was as follows (cont'd):-

- Reviewed the annual report and the audited financial statements of the Group prior to submission to the Board of Directors for their consideration and approval. The review was to ensure that the audited financial statements were drawn up in accordance with the Companies Act 2016 and the applicable approved accounting standards issued by the MASB.
- Reviewed the external auditor's scope of work and their audit plan.
- Reviewed with the external auditors the results of their audit, the audit report and internal control and recommendations in respect of improvements in internal control procedures noted in the course of their audit.
- Met with the External Auditors without the presence of the Management and Executive Directors.

INTERNAL AUDIT FUNCTION

The Group has engaged an internal audit professional firm, i.e. OAC Consulting Sdn. Bhd. during the year to perform the internal audit function of the Group. The internal audit firm reports directly to the ARMC and administratively to the Group Chief Financial Officer. The works of the internal audit firm are guided by the Code of Conduct that provides its independence in evaluating and reporting on adequacy, integrity and effectiveness of the overall internal control system, risk management and corporate governance in the Group using a systematic and disciplined approach. The summary of works of internal audit includes the following:-

- Review the existence of processes to monitor the effectiveness and efficiency of operations and the achievement of the objectives of T7 Global;
- Review the efficiency and effectiveness of the internal control system for safeguarding of assets and providing consistent and accurate financial and operational data;
- Promote risk awareness and the value and nature of an effective internal control system;
- Review compliance with T7 Global's policies, procedures, and regulations; and if such policies, procedures and regulations are inadequate, the outsourced internal auditors will make the necessary recommendations to ensure proper policies are in place;
- Assist Management in accomplishing its objectives by adopting a systematic and disciplined audit approach to evaluating and improving the governance process within T7 Global's operations;
- Challenge and provide alternatives to accepted practices; and
- Add value and improve operational activities.

Other initiatives undertaken by the internal audit professional firm in the financial year ended 31 December 2019 include the review of risk management policies in key subsidiaries and operational review of project management within the Group. The corresponding reports of the audit reviews performed were presented to the ARMC and forwarded to the Management for attention and corrective actions. The Management is responsible for ensuring that the recommended corrective actions are taken within the required timeframe. The cost incurred in relation to the internal audit function during the year was RM25,000/-.

During the year, various Management and reporting meetings were held to ensure that the internal audit policies are implemented and communicated effectively throughout all divisions within the Group.

This ARMC Report is made in accordance with a resolution passed by the Directors on 15 May 2020.

Statement on Risk Management and Internal Control

INTRODUCTION

The Board of Directors ("**the Board**") is pleased to present its Statement on Risk Management and Internal Control for the financial year ended 31 December 2019 ("**Statement**"). This Statement is prepared pursuant to Paragraph 15.26(b) of the Bursa Malaysia Securities Berhad ("**Bursa Malaysia Securities**")'s Main Market Listing Requirements ("**Listing Requirements**").

The Board is also guided by the latest "Statement on Risk Management and Internal Control - Guidelines for Directors of Listed Issuers" issued by the Task Force on Internal Control with the support and endorsement of the Bursa Malaysia Securities and Principle B of the Malaysian Code on Corporate Governance ("**the Code**") - Risk Management and Internal Control Framework.

The Board has established an ongoing process for identifying, evaluating and managing the significant risks faced by the Group and this process includes enhancing the risk management and internal control system from time to time in response to the changes to the business environment or regulatory guidelines.

The Board ensures that the system manages the Group's key areas of risk within an acceptable risk profile to increase the likelihood that the Group's policies and business objectives will be achieved. The Board continually reviews the system to ensure that the risk management and internal control system provides a reasonable but not absolute assurance against material misstatement of management and financial information and records or against financial losses or fraud.

BOARD RESPONSIBILITIES

The Board is responsible for the Group's internal control and risk management system to safeguard shareholders' investment and the Group's assets as well as reviewing the adequacy and effectiveness of the said system.

The Board is of the view that the risk management and internal control system in place for the year under review and up to the date of issuance of the financial statements is adequate and effective to safeguard the interests of shareholders, customers, employees and the Group's assets.

In view of the limitations inherent in any system of risk management and internal control, these systems are designed to manage, rather than eliminate, the risk of failure to achieve the Group's business and corporate objectives. These systems can therefore only provide reasonable, but not absolute assurance, against material misstatement or loss.

RISK MANAGEMENT GOVERNANCE

Risk management is regarded by the Board to be an integral part of the business operations. The Board maintains an on-going commitment to enhance the Group's control environment and processes. The key risks relating to the Group's operations and strategic and business plans are addressed at Management's meetings. Significant risks identified by the Management are to be brought to the attention of the Board at their scheduled meetings.

The abovementioned practices/initiatives put in place by the Board serve as the on-going practice used to identify, evaluate and manage significant risks during the financial year under review. In view of the recent weaknesses on the Group's corporate governance and internal control systems that have come to the Board's attention, the Board is in the process of addressing these weaknesses noted so as to improve the effectiveness and efficiency of the risk management function and the internal control systems of the Group.

The Group Risk Management Framework which sets out the fundamental principles on risk governance is to drive the development of risk management practices and tools which enable the identification, measurement and continuous monitoring of all applicable risks of the Group including the identification of emerging risks.

The Board established a governance structure that is designed to govern the Group's business activities to be consistent with the Group's overall business objectives and risk appetite conducted within clearly defined lines of responsibility, authority limits, and accountability aligned to risk management and control responsibilities subjected to adequate risk management and internal controls.

SYSTEM OF INTERNAL CONTROL AND COMPLIANCE PROCESS

The Group maintains a system of internal control that serves to safeguard its assets, identify and manage risk, ensure compliance with statutory and regulatory requirements, and to ensure operational results are closely monitored and substantial variances are promptly explained.

Whilst the Board maintains control and direction over appropriate strategic, financial, organisational and compliance issues, it has delegated the implementation of the system of internal controls to the executive management, led by the Executive Directors ("**EDs**"). The EDs, who are empowered to manage the business of the Group, has primary operational responsibility for the system of internal controls.

The Management of the Group identifies key compliance risk areas as guided by the Group Compliance Framework and conducts ongoing compliance checks. Reports on the compliance status of the entities are submitted to the Group's Audit and Risk Management Committee ("**ARMC**") for review. The Group Compliance Framework is established to outline the governance structure on compliance risk management functions and control responsibilities.

The ARMC of the Group reviews internal control issues identified by the respective internal auditors, the external auditors and management, and evaluate the adequacy and effectiveness of their risk management and internal control systems. They also review the internal audit functions with particular emphasis on the scope and frequency of audits and the adequacy of resources.

The Group's risk appetite sets out the level of risk tolerance and limits to govern, manage and control the Group's risk-taking activities. The strategic objectives, business plans, desired risk profile and capital plans are required to be aligned with the risk appetite.

The Board convenes meetings on quarterly basis in order to maintain full and effective supervision. The Executive Directors, being the principal channel of communication between the Board and the Management, will lead the presentation of Board papers and provide comprehensive explanation on key issues. In arriving at any decisions based on recommendations by Management and the ARMC, a thorough deliberation and discussion by the Board is a prerequisite.

The Board recognised all risks can be controlled or eliminated by an effective system on internal control. Key features of the Group's internal controls include:-

- An organisational structure with clearly defined lines of responsibility and relevant authority has been set up for the Group.
- The Group's Management with the assistance of a centralised human resource function sets the policies for recruitment, training and appraisal of the employees within the Group.
- Policies and procedures which sets out the compliance standards for daily operations for the respective business units of the Group.
- The Management meets monthly to review the operational and financial performance of the businesses in the Group and its subsidiaries, and to discuss key business, operational and management issues.
- The Board of Directors receives and reviews quarterly performance reports on the Group and its subsidiaries from the Management, and discuss on significant business and risk issues.

CODE OF ETHICS AND CONDUCT

Code of Ethics and Conduct is represented to the Board, the Management team and all employees as a reference of conduct. The policy of T7 Global Berhad complies with all governmental laws, rules, and regulations applicable to its businesses. Code of Ethics is applied when it is stricter than the local law and regulations. Code of conducts includes the following four main sections:

- **Conflicts of Interest Policy**
  It is T7 Global Berhad's policy that all Directors, Management and employees are expected to avoid conflict between personal interests and the interests of the Group. If conflict exists, interests of the Group are priority to personal interests.

- **Asset Policy**
  All Directors, Management and employees are expected to protect the assets of the Group, and use all assets efficiently in the best interests of the Group.

- **Directorships Policy**
  The Group restricts the holding of directorships in non-affiliated, profit organisations by officers and employees and to prohibit the acceptance by any officer or employee of such directorships that would involve a conflict of interest with, or interfere with, the discharge of the officer's or employee's duties to the corporation.

CODE OF ETHICS AND CONDUCT (cont'd)

- **Whistle-Blowing Policy and Procedures and Open-Door Communication**
  The Group has a whistle-blowing policy and procedure to provide opportunity for all stakeholders including employees, shareholders and others to raise their concerns of any malpractice within the Group. The objective of the policy and procedure is to provide and facilitate a mechanism for whistle-blower to report concern about any suspected and/or known misconduct, wrongdoings, corruption, fraud, waste and/or any abuse of power.

  This will enable each case/issue can be investigated and for appropriate action to be taken to ensure that the matter is resolved effectively and within the Group wherever possible.

  If an employee notices any misconduct, wrongdoings, corruption, fraud, waste and/or any abuse of power, he or she should report to immediate supervisor. Each supervisor is expected to be made available for its subordinates for this purpose and any relevant investigation should be conducted by the supervisor. If the employee is dissatisfied with the review or investigation from the supervisor, further review by the Executive Deputy Chairman and the Acting Chairman are encouraged. Investigation team will be set up to investigate the issue and take actions. Reviews should contribute to the level of management appropriate to resolve the issue. If the issue cannot be resolved, the whistle-blowers can escalate the report to the ARMC Chairperson. The ARMC will deliberate the matter reported and decide on the appropriate action.

The Code of Ethics and Conduct and Whistle-Blowing Policy and Procedures of the Company are available for reference on the Group's website at www.t7global.com.my.

Review of Statement by the External Auditors

Pursuant to Paragraph 15.23 of the Bursa Malaysia Securities's Listing Requirements, the External Auditors have conducted a limited assurance engagement on this Statement for inclusion in the Annual Report for the financial year ended 31 December 2019. Their assurance engagement was performed pursuant to the scope set out in Audit and Assurance Practice Guide ("**AAPG**") 3: Guidance for Auditors on Engagements to Report on the Statement on Risk Management in accordance with ISAE 3000 (Revised 2015) and Internal Control issued by Malaysian Institute of Accountants.

Based on their procedures performed, the External Auditors have reported to the Board that nothing has come to their attention that causes them to believe that this Statement is not prepared, in all material respect, in accordance with disclosure required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidance for Directors of Listed Issuers as set out, nor it is factually inaccurate. AAPG 3 does not require the External Auditors to consider whether this Statement covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk and control system.

Conclusion

The ED and Group Chief Financial Officer ("**Group CFO**") are fully aware of the issues highlighted to the Board arising from the weaknesses in the corporate governance and internal control systems of the Group. The ED and Group CFO had given their assurance that the Group's risk management and internal control system are operating adequately and effectively in all material aspects. Together with the Board, the Executive Deputy Chairman and the Group CFO are in the process of improving the adequacy, effectiveness and efficiency of the corporate governance practices and the systems of internal control in the Group to continue to safeguard the interest of the shareholders' investment and the Group's assets.

There are guidelines within the Group for hiring and termination of staff, formal training programmes for staff and annual performance appraisals to enhance the level of staff competency in carrying out their duties and responsibilities. There are policy guidelines and authority limits imposed on EDs and Management within the Group in respect of the day-to-day operations.

Policies and procedures to ensure compliance with internal controls and the relevant laws and regulations are set out in operations manuals, guidelines and directives issued by the Group which are updated from time to time.

Procedural guidelines are established to set out a systematic process and procedure in the review of the adequacy and effectiveness of the risk management and internal control system.

The Board is of the view that the risk management and internal control systems of the Group require continuous pertinent efforts from the Board to improve its adequacy, effectiveness and efficiency in meeting the Group's strategic objectives.

The Board received assurance from Acting Chairman, Executive Deputy Chairman and the Group CFO that the Group's risk management and internal control system is operating adequately and effectively, in all material aspects, based on the risk management framework adopted by the Group. Internal auditors review risk management and internal control annually and when review is requested. Review results will be reported to the Board.

Corporate Governance Overview Statement

The Board of Directors ("**Board**") of T7 Global Berhad ("**T7 Global**") recognises and is committed in upholding a high benchmark of corporate governance and ensuring controls, systems and processes are well sustained for the Group. The Board will continuously evaluate the status of the Group's corporate governance practices and procedures with a view to adopt and implement the practices of the Malaysian Code on Corporate Governance ("**MCCG**") wherever applicable in the best interests of the stakeholders of the Group.

The Board is pleased to present the following Corporate Governance Overview Statement ("**CG Statement**") that describe the extent of how the Group has applied and complied the three (3) principles which are set out in the MCCG throughout the financial year under review:-

(a) Principle A: Board leadership and effectiveness;
(b) Principle B: Effective audit and risk management; and
(c) Principle C: Integrity in corporate reporting and meaningful relationship with stakeholders.

This CG Statement should also be read together with the Corporate Governance Report of the Company which is available on the Company's corporate website at www.t7global.com.my.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

Board Composition

As at the date of notice of Sixteenth Annual General Meeting ("**AGM**"), T7 Global has seven (7) Directors – the Acting Chairman, the Executive Deputy Chairman, the Executive Director and four (4) Independent Non-Executive Directors. The Board composition is in compliance with Paragraph 15.02 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("**Listing Requirements**") which states that at least two (2) Directors or one-third (1/3) of the Board, whichever is higher, are Independent Directors and Recommendation 3.5 of MCCG to have majority of Independent Directors where the Chairman of the Board is not an Independent Director.

All the Directors act in the best interest of the Group and believe that the current Board composition fairly reflects the interests of its shareholders to provide effective leadership, strategic direction and necessary governance to the Group. These Directors collectively have skills and experiences from different field of business, in terms of commercial, financial, technical, corporate and legal for the effective management of the Group's businesses. The Directors' profiles are set out in the Directors' Profile section of this Annual Report.

The Group has also formalised a set of ethical standards through a code of conduct, which is subject to periodical review, to ensure Directors practice ethical, business-like and lawful conduct, including proper use of authority and appropriate decorum when acting as the Board.

The Board conducted assessments on the independence of the Independent Directors and is satisfied that the Independent Directors have met the independence criteria stated in the Listing Requirements. There are four (4) out of seven (7) Board members are Independent Directors.

All Board members fulfil the requirements to serve as Directors in no more than five (5) public listed companies to ensure sufficient time has been devoted to carry out their responsibilities.

None of the Independent Directors has served the Group exceeding a cumulative term of nine (9) years. At present, the Group does not have a formal policy to limit the tenure of independent director to nine (9) years. However, the Board is mindful of the recommendation in the MCCG to ensure effectiveness of Independent Directors.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

Board Composition (cont'd)

The Board comprises Board members with different gender, background, skill sets and experiences in various industries, which enable T7 Global to make a difference. A brief summary of the key skills and experience held by each Director is as follows:-

Name	Title	Key Skills and Experience
Datuk Seri Dr. Nik Norzul Thani Bin Nik Hassan Thani	Acting Executive Chairman	Legal, strategy, advisory and consulting, international affairs, safety and risk management
Tan Sri Datuk Seri Tan Kean Soon	Executive Deputy Chairman	More than 30 years of oil and gas industry experience, leading various projects within upstream and downstream sector
Tan Sam Eng	Independent Non-Executive Director	More than 30 years of auditing, taxation, corporate finance and advisory experiences
Tan Kay Vin	Executive Director	Banking industry, corporate finance, aerospace metal surface treatment
Mohd Noor Bin Setapa	Independent Non-Executive Director	More than 30 years of experience in oil and gas and construction industry
Admiral (R) Tan Sri Dato' Seri Panglima Ahmad Kamarulzaman Bin Hj Ahmad Badaruddin	Independent Non-Executive Director	Served the Royal Malaysian Navy and Malaysian Armed Forces for more than 40 years 16^{th} Chief of Royal Malaysian Navy
Dato' Sri Wan Ahmad Najmuddin Bin Mohd	Independent Non-Executive Director	Advocate and Solicitor High Court of Malaya Retired from Royal Malaysia Police in March 2019 as Commissioner of Police with last position held as Director of Criminal Investigation Department.

Roles and Responsibilities of the Board

The Board of T7 Global meets at least five times a year. Circular resolutions will be passed for resolving additional matters.

The Chairman ensures smooth and effective functioning within the Board. The Executive Directors are responsible for overseeing the day-to-day operations and affairs of the Group. The Non-Executive Directors, both independent and non-independent, are responsible in providing insights, unbiased and independent views, advice and judgement towards the Board and bring impartiality to Board deliberations and decision making. The Non-Executive Directors play a vital check and balance role by challenging and scrutinising the Management's proposals and make recommendations in an objective manner to the decision-making process at the Board level.

The Board is fully aware of its responsibilities and has adopted key roles in strategising the direction of the Group and has assumed the following duties in demonstrating the following fiduciary and leadership roles:-

- Overseeing and monitoring the conduct of business, financial performance and any major capital-intensive investments of the Group;
- Reviewing and implementing appropriate budgets and strategic business plans of the Group, monitoring compliance with applicable financial reporting standards and integrity and adequacy of all financial information disclosure;
- Identifying principal risks and ensuring the implementation of appropriate internal controls and mitigation measures to effectively monitor and manage risks;
- Reviewing the adequacy and integrity of the internal control and management information systems of the Group;
- Developing a corporate code of conduct within the Group to address any conflicts of interest relating to the stakeholders of the Group, and establishing and overseeing the development and implementation of the corporate communication policies with shareholders, stakeholders and the public.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

Functions of the Board and Delegation to Management

During 2019, there are four (4) Independent Directors to provide valuable opinion on T7 Global's issues including strategy, performance and key performance indicators of management team, resource management, risk management, code of conducts and etc. Day-to-day operation and management are delegated by Acting Deputy Chairman and Executive Deputy Chairman.

The Board regularly controls and reviews its delegation and authority level to Acting Executive Chairman and Executive Deputy Chairman. In order to prevent any abuse of authority, strict procedure of authority and different levels of independence review are followed. Procedures of authority are clearly set up and all operation decisions are made after review.

Board Leadership and Responsibility in Discharging Fiduciary and Leadership Functions

The Board is the ultimate authority of T7 Global, which is responsible for authorising and reviewing all long-term and short-term business and strategic plans unless the matters require shareholders' approval. Specific goals set up with key performance indicators for management to implement those plans. Along with Independent Director's extensive experiences and expertise in various fields of business and industries, the management strives to achieve goals so as to protect minority shareholder's rights. Management reviews all matters reserved to the committees comprised solely of Independent Directors, and the Board.

Qualified and Competent Company Secretaries

The Board is supported by experienced and competent Company Secretaries in discharging its duties and responsibilities. The Board receives regular advices, updates and notifications from the Company Secretaries to ensure compliance with applicable laws, regulations and corporate governance matters. The Company Secretaries attend and ensure that all Board and Board Committee meetings are properly convened and all deliberations and decisions are properly minuted and kept. They are also responsible in ensuring that Board's policies and procedures are followed, and the applicable statutory and regulatory requirements are observed.

Review of Board Charter

Review of Board Charter is conducted as per request in order to ensure the Board remains consistent with the Board's objectives and responsibilities and any new regulations that may have an impact on the discharge of the Board's responsibilities, more important, aligning with T7 Global's business strategy.

The Board Charter of the Company is available for reference on the Company's website at www.t7global.com.my.

Code of Ethics and Conduct

The Company established appropriate standards of business conduct and ethical behaviour to govern the exercise of the duties and responsibilities as Directors of the Company in order to uphold good corporate integrity.

The Code of Ethics and Conduct sets out the general principles and standards of business conduct and ethical behaviour for the Directors and employees of the Group in the performance and exercise of their responsibilities or when representing the Group and includes the expectation of professionalism and trustworthiness from the Directors and employees of the Group.

CORPORATE DISCLOSURE POLICY

The Board has, based on the recommendation of the MCCG, adopted a Corporate Disclosure Policy to ensure accurate, clear, timely and complete disclosure of material information necessary for informed investing and take reasonable steps to ensure that all who invest in the Group's securities enjoy equal access to such information to avoid an individual or selective disclosure. The said policy will be reviewed and improved from time to time.

The said policy applies to all Directors, Management, officers and employees of the Group. The policy shall be assessed, reviewed and updated annually by the corporate finance department, in accordance with the needs of T7 Global and as and when there are regulation changes that may have an impact on the Board in discharging their responsibilities. Any change and/or updates to the policy shall be recommended to the Board for approval.

The Corporate Disclosure Policy of the Company is available for reference on the Company's website at www.t7global.com.my.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

SUPPLY OF INFORMATION

The Board recognises that the decision-making process is highly dependent on the quality of information furnished. As such, the Board members have full and unrestricted access to all information concerning the Group's affairs. Prior to the Board or Board Committee meetings, all the Board members are provided with the agenda and Board papers containing information relevant to the business of the meeting to enable them to obtain further explanations, where necessary, in order to be properly briefed before the meeting. The Board papers including information on major financial, operational and corporate matters of the Group. The Board members also have access to the advice and services of the Company Secretaries, Senior Management and independent professional advisers including the external auditors.

Along with good governance practices and in order to enhance transparency and accountability, the Board has established and put in place the following policies and procedures which are made available at the website of the Group. These include the following:-

- Code of Ethics and Conduct
- Shareholders' Right relating to General Meeting
- Whistleblowing Policy and Procedures

Board Diversity

The Board recognises that Board diversity is an essential element contributing to the sustainable development of the Group and it does not discriminate on the basis of ethnicity, age, gender, nationality, political affiliation, religious affiliation, marital status, education background or physical ability. There is no specific target in the composition in terms of gender, age or ethnic of its Board members or members of Senior Management.

The Group values woman's contribution to the economy and promotes talented women to Management and leadership positions in operations. To date, there is a female Director within the Board, namely Ms. Tan Sam Eng who was appointed to the Board since 23 March 2015.

The Nomination Committee ("**NC**") shall oversee the procedures in addition to the Board recruitment, Board performance evaluation and succession planning processes. We shall always aim to provide a suitable working environment that is free from harassment and discrimination in order to attract and retain women participation in the Board, and also to have diversity in ethnicity and age on board as well as workforce.

As at the date of this Annual Report, the diversity in the race/ethnicity of the existing Directors is as follows:-

	Race/Ethnicity				Gender		
	Malay	Chinese	Indian	Total	Male	Female	Total
Number of Directors	4	3	0	7	6	1	7

The existing Directors' age distribution falling within the respective age group is as follows:

Age Group (Years)	<51	51 - 60	61 - 70	Total
Number of Directors	1	3	3	7

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

Workforce Diversity

The Group is committed to a diverse and inclusive culture which is essential to the Group's future growth. The Group's gender and race/ ethnicity diversity are made up of the following:-

	Race/Ethnicity			
Gender	**Malay**	**Chinese**	**Indian**	**Other**
Male	66	18	3	9
Female	32	21	2	1

The Group's workforce diversity in terms of age is made up of the following:-

	Age Group (Years)				
Gender	**Below 21**	**21-30**	**31-40**	**41-50**	**Above 50**
Male	0	27	41	17	11
Female	0	17	27	10	2

Board Meetings

The attendance record of individual Directors at the Board meetings for the financial year ended 31 December 2019 is detailed below:-

Name	Attendance
Datuk Seri Dr. Nik Norzul Thani Bin Nik Hassan Thani	5/5
Tan Sri Datuk Seri Tan Kean Soon	5/5
Tan Sam Eng	5/5
Tan Kay Vin	5/5
Mohd Noor Bin Setapa *(Appointed on 3 April 2019)*	3/3
Admiral (R) Tan Sri Dato' Seri Panglima Ahmad Kamarulzaman Bin Hj Ahmad Badaruddin *(Appointed on 15 April 2019)*	3/3
Dato' Sri Wan Ahmad Najmuddin Bin Mohd *(Appointed on 28 June 2019)*	2/2

The Board is satisfied with the level of commitment given by the Directors towards fulfilling their roles and responsibilities as Directors. This, amongst others, is evidenced by the attendance record of the Directors at Board meetings.

The minimum 50% attendance requirement at the Board meetings as stipulated in the Listing Requirements has been complied with.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

DIRECTOR'S TRAINING

All Directors of the Group have completed the Mandatory Accreditation Programme ("**MAP**") by Bursa Malaysia Securities. The Group does not have a formal training program for new Director but they receive briefings and updates on the Group's businesses, operations, risk management, internal control, finance and relevant legislation, rules and regulations. The briefings and updates aim at communication to the newly appointed Directors, the Group's vision and mission, its philosophy and nature of the business, current issues within the Group, the corporate strategy and the expectation of the Group concerning input of the Director.

The Directors are encouraged to attend various external and internal professional courses, briefings, and seminars relevant to the Group to keep themselves abreast with latest development in the industry, regulatory updates or changes and to enhance their skills and knowledge.

The Board acknowledges that the Directors through varied experiences and qualifications provided the desired contribution and support to the functions of the Board. Directors' training is an on-going process as Directors recognise the need to continually develop and refresh their knowledge and skills, and to update themselves on market development.

All the Directors are encouraged to attend continuous education programmes and seminars to keep abreast of relevant changes in laws and regulations and the development in the industry.

Additionally, the Directors are also updated on a continuing basis on new and/or revised requirements to the Listing Requirements as and when the same were advised by the Bursa Malaysia Securities. The Directors will continue to undergo other relevant training programmes, conferences and seminars that may further enhance their skills and knowledge. The individual Directors are to evaluate and determine relevant programmes, seminars, briefings or dialogues available that would best enable them to enhance their knowledge and contributions towards the Group.

During the financial year under review, the training record of the individual Directors are as follows:-

No.	Name	Title	Courses
1	Datuk Seri Dr. Nik Norzul Thani Bin Nik Hassan Thani	Acting Executive Chairman	Provision of Financial Assistance (FA) and Related Party Transaction
2	Tan Sri Datuk Seri Tan Kean Soon	Executive Deputy Chairman	Provision of Financial Assistance (FA) and Related Party Transaction
3	Tan Sam Eng	Independent Non-Executive Director	Provision of Financial Assistance (FA) and Related Party Transaction
4	Tan Kay Vin	Executive Director	Provision of Financial Assistance (FA) and Related Party Transaction
5	Mohd Noor Bin Setapa	Independent Non-Executive Director	Provision of Financial Assistance (FA) and Related Party Transaction
6	Admiral (R) Tan Sri Dato' Seri Panglima Ahmad Kamarulzaman Bin Hj Ahmad Badaruddin	Independent Non-Executive Director	▪ Provision of Financial Assistance (FA) and Related Party Transaction ▪ International Investment Opportunities and the Ensuing Legal Work ▪ Raising Defences; Section 17A, Malaysian Anti-Corruption Commission Act 2009
7	Dato' Sri Wan Ahmad Najmuddin Bin Mohd	Independent Non-Executive Director	Provision of Financial Assistance (FA) and Related Party Transaction

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

BOARD COMMITTEE

The Board has established different Board committees to assist the Board in discharging its duties. These committees are as follows:-

Audit and Risk Management Committee

The composition of the Audit and Risk Management Committee, its function and a summary of its activities are set out in the Audit and Risk Management Committee Report of this Annual Report.

Nomination Committee ("NC")

The Board recognises the importance in having a Board with appropriate mix of skills, competencies and expertise, as well as the fundamental to how policies and strategies are shaped and contribute to the quality of decision making.

Therefore, the formal procedures for term of reference were set up by NC as follows:-

- Nomination, selection, election and succession policies
- Nomination, selection, election and succession policies for members of the Board and Board Committees have been set up aligning with T7 Global's overall corporate strategy
- Director appointment criteria evaluation
- Extensive assessment is conducted for new Director candidates, which includes reference check, skills set and interviews
- Review annually the overall composition of the Board in terms of size and skills, balance between Executive Directors and Non-Executive Directors, independence and mix of other core competencies required for the Group
- Assess annually the effectiveness of the Board and several key personnel in the Management as a whole;
- Overseeing Board induction and training programmes

The NC meets at least once in each financial year and additional meetings may be arranged at any time when necessary.

The NC held meetings for the review of new nominee(s) proposed to be appointed to the Board, as Executive Director(s) and as Independent Director(s) of the Group during the financial year then ended and also reviewed the existing Directors retiring by rotation pursuant to Clause 123 of the Company's Constitution and those who are eligible for re-election at the forthcoming AGM.

The composition of the Board has been reviewed by the NC and the NC is of the view that the current Board composition is appropriate and effective, taking into account the nature and scope of the Group's operations. The Board is satisfied that the current Board composition fairly reflects the interests of the minority shareholders in the Group and provides the appropriate balance and size to govern the Group effectively. The Board comprises persons who as a group provide the relevant core competencies and mix of skills in the areas of oil and gas, financial, legal and business to meet the Group's requirements. The Directors' objective judgement on corporate affairs and collective experience and knowledge are invaluable to the Group.

The composition of the NC of the Company and the details of attendance of meetings during the financial year under review are as follows:-

Name	Designation/Directorate	Attendance*
Admiral (R) Tan Sri Dato' Seri Panglima Ahmad Kamarulzaman Bin Hj Ahmad Badaruddin *(Appointed on 28 June 2019)*	Chairman Independent Non-Executive Director	N/A
Dato' Sri Wan Ahmad Najmuddin Bin Mohd *(Appointed on 28 June 2019)*	Member Independent Non-Executive Director	N/A
Mohd Noor Bin Setapa *(Appointed on 28 June 2019)*	Member Independent Non-Executive Director	N/A

* *During the financial year ended 31 December 2019, there was one (1) NC Meeting held on 28 February 2019. All the existing NC members were appointed as NC members on 28 June 2019.*

Corporate Governance Overview Statement (cont'd)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

BOARD COMMITTEE (cont'd)

Nomination Committee ("NC") (cont'd)

The summary of activities carried out by the NC during the financial year are as follows:

- Reviewed and assessed the suitability of candidate for appointment as Director;
- Reviewed the current composition of the Board, mix of skills, experience, gender diversity and other qualities of the Board;
- Reviewed the assessment of the effectiveness of the Board as a whole, the Board Committees, the contribution and performance of each individual Directors and the term of office and effectiveness of the Audit Committee as a whole;
- Reviewed and recommended to the Board on the re-election of Directors retiring at the AGM;
- Reviewed the meetings attendance of the Board and members of the Board Committees and the sufficiency of time commitment of the Directors in discharging their roles and responsibilities in the Company;
- Reviewed the training programmes attended by the Board and the training needs of the Directors for the financial year ending 31 December 2019;
- Reviewed the length of service of each Independent Non-Executive Director pursuant to Practice 4.2 of the Code and to assess the independence of the Independent Non-Executive Directors.

The terms of reference of the NC is available for reference on the Company's website at www.t7global.com.my.

Remuneration Committee ("RC")

The Board has established a remuneration policy and procedure to facilitate the RC to review, consider and recommend to the Board the levels and elements of remuneration of Directors with executive functions and the Senior Management. The Board as a whole recommends to shareholders the allowances of the Non-Executive Directors and the Executive Chairman after considering the recommendation of the RC.

The RC meets at least once a year in each financial year and additional meetings may be called any time when necessary.

The composition of the RC of the Company and the details of attendance of meetings during the financial year under review are as follows:-

Name	Designation/Directorate	Attendance
Dato' Sri Wan Ahmad Najmuddin Bin Mohd *(Appointed as member on 28 June 2019 and re-designated to Chairman on 28 August 2019)*	Chairman Independent Non-Executive Director	*N/A
Tan Sam Eng	Member Independent Non-Executive Director	1/1
Mohd Noor Bin Setapa *(Appointed as Chairman on 28 June 2019 and re-designated to member on 28 August 2019)*	Member Independent Non-Executive Director	*N/A

* *During the financial year ended 31 December 2019, there was one (1) RC Meeting held on 28 February 2019. Dato' Sri Wan Ahmad Najmuddin Bin Mohd and Encik Mohd Noor Bin Setapa were only appointed as part of the RC on 28 June 2019.*

The remuneration packages of the Executive Directors are approved by the Board. The Directors' remuneration scheme is structured to attract, retain and motivate them in order to achieve sustainable growth and business success.

The Board reviews the remuneration of the Executive Directors annually subject to their respective service contracts whereby the respective EDs are not allowed to involve in the discussion or contribute to any decision making on their own remuneration package.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

BOARD COMMITTEE (cont'd)

Remuneration Committee ("RC") (cont'd)

The Board believes that appropriate and competitive remuneration is important to attract, retain and motivate Directors of the necessary calibre, expertise and experience to lead the Group. In line with this philosophy, remuneration for the Executive Directors is aligned to individual and corporate performance. For Non-Executive Directors, the fees are set based on the responsibilities shouldered by the respective Directors. Individual Directors do not participate in determining their own remuneration package.

The RC recommends policy for assessing compensation package for Executive Directors. It also reviews and recommends to the Board for approvals, the remuneration packages and other employment conditions for the Executive Directors.

The remuneration of Executive Directors is made up of basic salaries, monetary incentives and fringe benefits; and is linked to the achievement of corporate performance targets. Salaries for Executive Directors consist of both fixed (i.e. base salary) and variable (performance-based incentive) remuneration components. The remuneration levels of Executive Directors are structured to enable the Company to attract and retain the most qualified Executive Directors. The Company may provide competitive benefits to Executive Directors, such as a fully expensed car or cash alternative in lieu of car, company driver, fuel expenses, private medical insurance and life insurance. Allowances relating to business expenses (i.e. entertainment and travel) incurred are reimbursed such that no additional compensation is given to the Executive Directors.

The remuneration of Non-Executive Directors is made up of Directors' fees, meeting allowances and other benefits. The level of remuneration for Non-Executive Directors shall reflect the experience and level of responsibilities undertaken by the Non-Executive Director concerned. The remuneration of a Non-Executive Director shall and is not based on commission, percentage of profits, or turnover. Non-Executive Directors are not entitled to receive performance-based bonuses nor participate in short-term and/or long-term incentive plans. The remuneration of Non-Executive Directors is reviewed by the RC and the Board annually.

The details of the remuneration of Directors during the financial year ended 31 December 2019 are as follows:-

Company

	Total (RM)
Independent Non-Executive Director	
Tan Sam Eng	61,500.00
Mohd Noor Bin Setapa (Appointed on 3 April 2019)	40,500.00
Datuk Sheikh Fahmi Bin Sheikh Jaafar (Resigned on 28 June 2019)	32,250.00
Ir. Abd Rashid Bin Md Sidek (Retired on 26 June 2020)	32,000.00
Admiral (R) Tan Sri Dato' Seri Panglima Ahmad Kamarulzaman Bin Hj Ahmad Badaruddin (Appointed on 15 April 2019)	36,500.00
Dato' Sri Wan Ahmad Najmuddin Bin Mohd (Appointed on 28 June 2019)	28,375.00
Executive Director	
Datuk Seri Dr. Nik Norzrul Thani Bin Nik Hassan Thani	300,000.00
Tan Sri Datuk Seri Tan Kean Soon	1,383,200.00
Tan Kay Vin	676,480.00

Corporate Governance Overview Statement (cont'd)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

BOARD COMMITTEE (cont'd)

Remuneration Committee ("RC") (cont'd)

Group

	Total (RM)
Independent Non-Executive Director	
Tan Sam Eng	61,500.00
Mohd Noor Bin Setapa (Appointed on 3 April 2019)	40,500.00
Datuk Sheikh Fahmi Bin Sheikh Jaafar (Resigned on 28 June 2019)	32,250.00
Ir. Abd Rashid Bin Md Sidek (Retired on 26 June 2019)	32,000.00
Admiral (R) Tan Sri Dato' Seri Panglima Ahmad Kamarulzaman Bin Hj Ahmad Badaruddin (Appointed on 15 April 2019)	36,500.00
Dato' Sri Wan Ahmad Najmuddin Bin Mohd (Appointed on 28 June 2019)	28,375.00
Executive Director	
Datuk Seri Dr. Nik Norzrul Thani Bin Nik Hassan Thani	300,000.00
Tan Sri Datuk Seri Tan Kean Soon	1,383,200.00
Tan Kay Vin	676,480.00

Share Issuance Scheme Committee ("SISC")

The SISC shall be vested with such powers and duties as are conferred upon it by the Board including the following powers:-

- To administer the Share Issuance Scheme ("**SIS**") and to grant share options in accordance to the By-Laws;
- To recommend to the Board to establish, amend, and revoke By-Laws, rules and regulations to facilitate the implementation of the SIS;
- To construct and interpret the provisions hereof in the best interest of the Group; and
- Generally, to exercise such powers and perform such acts as are deemed necessary or expedient to promote the best interest of the Group.

The SISC members are as follows:-

Name	Designation
Datuk Seri Dr. Nik Norzrul Thani Bin Nik Hassan Thani	Member Acting Executive Chairman
Tan Sri Datuk Seri Tan Kean Soon	Member Executive Deputy Chairman

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

Audit and Risk Management Committee

The Audit and Risk Management Committee assists the Board in reviewing and scrutinising the information in terms of the appropriateness, accuracy and completeness of disclosure and in ensuring that the Group's financial statements comply with applicable financial reporting standards. The Audit and Risk Management Committee reviews and monitors the accuracy and integrity of the Group's quarterly and annual financial statements and submits these statements to the Board for approval and release within the stipulated time frame.

Assessment of External Auditors

In line with Practice 8.3 of the MCCG, the Audit and Risk Management Committee has assessed the suitability, objectivity and independence of the External Auditors. The assessment is conducted on yearly basis by the Audit and Risk Management Committee, using the prescribed External Auditors' Evaluation Form, with emphasis of evaluation based on the competence, adequacy of experience and resources, quality of the audit performances, independence and objectivity of the External Auditors, reasonableness of audit fees and comparison of audit and non-audit fees.

The Company's External Auditors are invited to attend the Audit and Risk Management Committee meetings when deemed necessary. The External Auditors are to meet with the AC without the presence of the Management at least twice during the financial year.

The Audit and Risk Management Committee, as part of its review, has obtained assurance from the External Auditors confirming that they have in place policies on rotation for partners of an audit engagement to ensure objectivity, independence and integrity of the audit and declared their independence throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.

Annually, the Audit and Risk Management Committee also reviews the appointment, performance and remuneration of the External Auditors including audit and non-audit services, to ensure that the independence and objectivity of the External Auditors are not compromised, before recommending them to the shareholders for re-appointment in the AGM.

The Audit and Risk Management Committee was satisfied with the performance, suitability and independence of the External Auditors of the Company based on the quality of services and sufficiency of resources they provided to the Group, in terms of the firm and the professional employees assigned to the audit.

Risk Management and Internal Control Framework

The Board acknowledges that risk management is an integral part of good management practices. Risk is inherent in all business activities. It is not the Group's objective to eliminate risk totally, but to review, prioritise and manage risks involved in all the Group's activities and to balance between the cost of managing and treating risks, and the anticipated benefits that will be derived.

The risk management and internal control functions were assumed and overseen by the Audit and Risk Management Committee of the Company. The Management is responsible for implementing Board approved policies and procedures on risk management by identifying and evaluating risks, and monitoring the risks vis-a-vis achievement of business objectives within the risk appetite parameters.

The Board has established an internal audit function which is currently outsourced to a professional firm. Functionally, the Internal Auditors report to the Audit and Risk Management Committee directly and they are responsible for conducting reviews and appraisals of the effectiveness of the governance, internal controls and processes within the Group.

Further details of the Group's state of risk management and internal control systems are reported in the Statement on Risk Management and Internal Control set out in this Annual Report.

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

RELATIONSHIP WITH SHAREHOLDERS

T7 Global values every shareholder. The Board acknowledges it is a need to establish high quality, ongoing dialogue and communication with shareholders and maintain trust. Therefore, the shareholder communication policy was created to serve as a guide and management of shareholder's requirements.

Information is disseminated through the following channels:-

- Annual Report;
- Circulars/Statement to shareholders;
- Various disclosures and announcement to Bursa Securities Malaysia Berhad; and
- Company's website at www.t7global.com.my.

Access to Information

In addition, shareholders and investors can have a channel of communication with the Group Corporate Finance to direct any queries and provide feedback to the Group.
Email : t7@t7global.com.my

The stakeholders may obtain up-to-date information about T7 Global Berhad by assessing the website, http://www.t7global.com.my or by accessing Bursa Malaysia Securities Berhad' website http://www.bursamalaysia.com. Information required by the shareholders such as financial results, board charter, code of ethics and conduct, and so on can be found from the corporate's website. The shareholders are informed of their rights to demand for poll prior to the commencement of each general meeting.

Conduct of General Meetings

The main forum of dialogue with shareholders of the Company is the Company's AGM. The AGM represents the primary platform for interactions between shareholders, Directors and Senior Management of the Company. The Company provides information in the Notice of AGM, which are sent to shareholders at least 28 days prior to the AGM, on the details of general meeting, resolutions to be tabled for approval and shareholders' entitlement to attend general meeting, and their right to appoint proxy(ies) to encourage shareholders' participation at general meeting.

All Directors, Senior Management and the External Auditors will attend the general meetings. During the general meetings, shareholders who attend the general meetings are encouraged and given sufficient opportunity as well as time by the Board to raise questions pertaining to the Annual Report, resolutions being proposed and the business of the Company or the Group in general prior to seeking approval from members and proxies on the resolutions. All Directors and the chair of every Board Committees, as well as Senior Management, where appropriate, will provide feedbacks, answers and clarifications to the questions raised from the shareholders during the general meetings.

In line with Paragraph 8.29A of the Listing Requirements on the requirement for poll voting for any resolution set out in the notice of general meetings, at the Fifteenth AGM held last year, poll voting was used to facilitate the voting process for resolutions tabled. An independent scrutineer was also appointed to scrutinise the polling process.

Statement on Directors' Responsibility for Preparing the Financial Statements

The Directors are responsible for ensuring that the annual financial statements of the Group and of the Company are drawn up in accordance with the applicable approved Malaysian Financial Reporting Standards (MFRS), International Financial Reporting Standards (IFRS) and the provisions of the Companies Act 2016 and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. The annual financial statements are prepared with reasonable accuracy from the accounting records of the Group and Company so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2019, and their financial performance and cash flows for the financial year ended.

In the preparation of the annual financial statements, the Directors have also:-

- Adopted the appropriate and relevant accounting policies and applied them consistently;
- Made judgments and estimates that are reasonable and prudent; and
- Assessed the Group's and the Company's ability to continue as going concern, and confirmed that the annual financial statements are prepared using the going concern basis of accounting.

The Directors are also responsible for:-

- Ensuring that the Group and the Company keep proper accounting and other records to enable the explanation of transactions and preparation of financial statements; and
- Taking the necessary steps to ensure appropriate systems and internal controls are in place to safeguard the assets of the Group and of the Company, as well as to prevent and detect fraud and any other irregularities.

The Directors confirmed that they have complied with the above requirements for the annual financial statements for the financial year ended 31 December 2019.

This statement on Directors' responsibility for preparing the financial statements is made in accordance with a resolution passed by the Directors at the Board of Directors' Meeting held on 15 May 2020.

Additional Compliance Information

a) Audit and Non-Audit Services

For the financial year ended 31 December 2019, Grant Thornton Malaysia PLT, the external auditors has rendered certain audit and non-audit services to the Company and the Group, a breakdown of which is listed as below for information:-

	Company (RM)	Group (RM)
Audit services rendered		
Statutory audit in respect of the financial year ended 31 December 2019	40,000.00	227,800.00
Non-audit services rendered		
Review of the Statement on Risk Management and Internal Control for Annual Report 2019	10,000.00	10,000.00
Perform full scope statutory audit	Nil	25,000.00
Total	50,000.00	262,800.00

b) Material Contracts

There was no material contract entered into by the Group involving the interests of the Directors, Chief Executive who is not a Director or major shareholders, either still subsisting at the end of the financial year ended 31 December 2019 or, if not then subsisting, entered into since the end of the previous financial year.

c) Recurrent Related Party Transactions of a Revenue or Trading Nature ("RRPT")

The information on RRPT for the financial year under review are as follows:-

Transacting Company within T7 Group	Transacting Party	Nature of Transaction	Interested Related Parties (Note)	Aggregate Value of the Transactions conducted pursuant to the shareholder mandate during the FY2019 (RM)
Tanjung Offshore Services Sdn Bhd ("**TOS**")	Crystal ZVS Sdn Bhd	Renting of office space of 5,274 square feet at Lot C-L 16-01, 02, 03 and 3A, KL Trillion. No. 338 Jalan Tun Razak 50400 Kuala Lumpur from Crystal ZVS for a period of 3 years with rental payable on a monthly basis	(a) (b) (e)	494,697.00
TOS	Blue Ocean Sdn Bhd	Renting of office space of 3,424 square feet at Lot C-L 16-05, 06, 07 KL Trillion. No. 338 Jalan Tun Razak 50400 Kuala Lumpur from Blue Ocean for a period of 3 years with rental payable on a monthly basis	(a) (d) (c) (f)	321,174.00
TOS	Blue Ocean Sdn Bhd	Renting of office space of 3,143 square feet at Lot C-L 16-08, KL Trillion. No. 338 Jalan Tun Razak 50400 Kuala Lumpur from Blue Ocean for a period of 3 years with rental payable on a monthly basis	(a) (d) (g)	158,407.20
TOS	CP Energy & Services Sdn Bhd	Selling to CP Energy & Services of industrial equipment, machineries, spare parts and lubricants oil	(a) (b) (d) (g)	15,688,360.00
T7 Kemuncak Sdn. Bhd.	CP Energy & Services Sdn Bhd	Providing services (including but not limited to oil and gas), selling to and purchasing from CP Energy & Services of industrial equipment, machineries, spare parts and lubricants oil	(a) (b) (d) (g)	NIL
T7 Wenmax Sdn Bhd	CP Energy & Services Sdn Bhd	Purchasing from CP Energy & Services of industrial equipment, machineries, spare parts and lubricants oil	(a) (b) (d) (g)	1,159,064.00

c) Recurrent Related Party Transactions of a Revenue or Trading Nature ("RRPT") (cont'd)

Nature of relationship

(a) Tan Sri Datuk Seri Tan Kean Soon ("**Tan Sri Tan**"), a director and major shareholder of T7 Global.
(b) Tan Kay Vin, an executive director of T7 Global and a son of Tan Sri Tan.
(c) Tan Kay Zhuin, a son of Tan Sri Tan.
(d) Puan Sri Shirley Law Siong Hiong, the spouse of Tan Sri Tan.
(e) Crystal ZVS Sdn Bhd, a person connected to Tan Sri Tan by virtue of his and Tan Kay Vin's interest in Crystal ZVS pursuant to Section 8 of the Act.
(f) Blue Ocean Sdn Bhd, a person connected to Tan Sri Tan by virtue of his spouse and Tan Kay Zhuin's interest in Blue Ocean pursuant to Section 8 of the Act.
(g) CP Energy & Services Sdn Bhd, a person connected to Tan Sri Tan by virtue of his and Tan Kay Vin's interest in CP Energy & Services pursuant to Section 8 of the Act.

d) Utilisation of proceeds raised from corporate proposals

The Company had on the following dates announced the private placements of 112,402,242 new ordinary shares ("**Placement Shares**") in total ("**Private Placement**") and the listing of and quotation for the said ordinary shares were approved by Bursa Malaysia Securities Berhad:-

Date of Announcement	No. of Placement Shares	Issue Price per share (RM)	Gross Proceeds Raised (RM)
6 May 2019	41,157,231	0.4504	18,537,216.84
14 June 2019	40,969,211	0.3830	15,691,208.81
5 March 2020	30,275,800	0.4300	13,018,594.00

The details of the status of utilisation of proceeds raised as at the latest practicable date were as follows:

Status of Utilisation	Amount Utilised RM'000	Amount Unutilised RM'000
Cost of setting up a specialised metal treatment plant for the new business	30,000	-
Working capital requirements for the new business	2,316	-
Project working capital for on-going projects	1,712	12,949
Estimated expenses in relation to the Proposals	200	-
Total	34,298	12,949

e) Employees' Share Option Scheme ("ESOS") Options

At the Extraordinary General Meeting held on 22 December 2016, the Company's shareholders approved the establishment of ESOS options for the eligible Directors and employees of the Group. The ESOS shall be in force for a period of ten (10) years commencing from 28 March 2017 and will expire on 27 March 2027.

During the financial year ended 31 December 2019, none of the ESOS options was granted to the eligible Directors and employees of the Group.

Contents

Directors' Report

The Directors have pleasure in submitting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2019.

PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding. The principal activities of its subsidiaries are described in Note 8 to the financial statements.

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

FINANCIAL RESULTS

	Group RM	Company RM
Profit/(Loss) after tax for the financial year	12,507,807	(1,723,927)
Attributable to:-		
Owners of the Company	7,724,904	(1,723,927)
Non-controlling interests	4,782,903	-
	12,507,807	(1,723,927)

RESERVES AND PROVISIONS

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

DIVIDENDS

Dividends paid since the end of the previous financial year are as follows:-

	RM
In respect of the financial year ended 31 December 2019	
First interim single tier dividend of 0.5 cent per ordinary share, paid on 6 August 2019	2,463,793

The Directors do not recommend any final dividend payment for the current financial year.

DIRECTORS

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

Datuk Seri Dr. Nik Norzrul Thani Bin Nik Hassan Thani*
Tan Sri Datuk Seri Tan Kean Soon*
Tan Sam Eng
Tan Kay Vin*
Mohd Noor Bin Setapa (Appointed on 3 April 2019)
Admiral (R) Tan Sri Dato' Seri Panglima Ahmad Kamarulzaman Bin Hj Ahmad Badaruddin (Appointed on 15 April 2019)
Dato' Sri Wan Ahmad Najmuddin Bin Mohd (Appointed on 28 June 2019)
Ir. Abd Rashid Md Sidek (Retired on 26 June 2019)
Datuk Sheikh Fahmi Bin Sheikh Jaafar (Resigned on 28 June 2019)

* Directors of the Company and certain of its subsidiaries.

DIRECTORS (cont'd)

In accordance with Clause 123 of the Company's Constitution, Datuk Seri Dr. Nik Norzrul Thani Bin Nik Hassan Thani and Tan Sri Datuk Seri Tan Kean Soon will retire from the Board by rotation at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

In accordance with Clause 106 of the Company's Constitution, Dato' Sri Wan Ahmad Najmuddin Bin Mohd will retire from the Board by rotation at the forthcoming Annual General Meeting and, being eligible, offer himself for re-election.

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

Ariyathach Vangsiriphajara
Johnathan James Johnson
Julaluck Thapanathamchai
Michael Aziz Eu Peng Weng
Muhamad Azarudin Bin Abdullah
Noor Haniza Binti Zainuddin
Ong Fee Peng
Paula Jose Kilgour
Raymond Kilgour
Sim Wai Han
Tan GuoFu
Tan Kean Seng
Tan Kay Zhuin
Zhang ZhongQing
Tan Kay Shen (Appointed on 21 August 2019)
Muhamad Yani Bin Md Halim (Appointed on 22 November 2019)
Mohd Akram Bin Che Hamat (Appointed on 22 November 2019)
Yong Chong Long (Appointed on 20 February 2020)
Glenn Phillip Triggs (Appointed on 4 March 2020)
Andrew James Dewell (Alternative to Raymond Kilgour) (Resigned on 12 July 2019)
Gong YuJin (Resigned on 27 September 2019)
Dhirendra S/O Shantilal (Resigned on 4 March 2020)

DIRECTORS' INTERESTS

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

	Number of ordinary shares			
Interests in the Company	**At 1.1.2019**	**Bought**	**Sold**	**At 31.12.2019**
Direct Interests:-				
Datuk Seri Dr. Nik Norzrul Thani Bin Nik Hassan Thani	1,000,000	-	-	1,000,000
Tan Sri Datuk Seri Tan Kean Soon	47,297,250	-	-	47,297,250
Dato' Sri Wan Ahmad Najmuddin Bin Mohd	2,772,000	-	-	2,772,000
Admiral (R) Tan Sri Dato' Seri Panglima Ahmad Kamarulzaman Bin Hj Ahmad Badaruddin	540,500	615,000	-	1,155,500
Tan Kay Vin	9,861,500	-	-	9,861,500
Deemed Interests:-				
Datuk Seri Dr. Nik Norzrul Thani Bin Nik Hassan Thani*	20,997,800	5,000	-	21,002,800
Tan Sri Datuk Seri Tan Kean Soon#	13,859,800	7,059,200	-	20,919,000

* Deemed interest by virtue of his shareholdings in Abyssina Resources (M) Sdn. Bhd. pursuant to Section 8 of the Companies Act, 2016.
\# Deemed interest by virtue of shares held by his spouse and children pursuant to Section 59(11)(c) of the Companies Act, 2016.

By virtue of the direct and indirect interest of Datuk Seri Dr. Nik Norzrul Thani Bin Nik Hassan Thani and Tan Sri Datuk Seri Tan Kean Soon in the Company, they are also deemed to have interest in shares of all the subsidiaries to the extent that the Company has an interest under Section 8 of the Companies Act, 2016.

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

DIRECTORS' REMUNERATION AND BENEFITS

During the financial year, the fees and other benefits received and receivables by the Directors of the Group and of the Company are as follows:-

	Incurred by the Company RM	Incurred by the Subsidiaries RM	Total RM
Salaries and other emoluments	1,839,000	635,500	2,474,500
Defined contribution plans	220,680	76,260	296,940
Directors' fees	531,125	-	531,125
	2,590,805	711,760	3,302,565

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

ISSUE OF SHARES AND DEBENTURES

During the financial year, the Company issued:-

(a) 41,157,231 new ordinary shares via a private placement at an issue price of RM0.4504 per ordinary shares for a total cash consideration of RM18,537,217 for working capital purposes on 7 May 2019.

(b) 40,969,211 new ordinary shares via a private placement at an issue price of RM0.3830 per ordinary shares for a total cash consideration of RM15,691,208 for working capital purposes on 17 June 2019.

The new ordinary shares issued during the financial year rank pari passu in all respects with the existing ordinary shares of the Company.

There were no issuance of debentures during the financial year.

TREASURY SHARES

During the financial year ended 31 December 2019, the Company repurchased 1,364,900 of its issued shares from the open market for total consideration of RM662,291. The average price paid for the shares repurchased was approximately RM0.49 per share and was financed by internally generated funds. The shares repurchased are being held as treasury shares and treated in accordance with the requirements of Section 127(6) of the Companies Act, 2016.

As at 31 December 2019, the Company held 8,820,400 treasury shares out of the total 501,579,056 issued ordinary shares. Further relevant details are disclosed in Note 20 to the financial statements.

EMPLOYEES' SHARE OPTION SCHEME ("ESOS")

At an Extraordinary General Meeting held on 22 December 2016, the Company's shareholders approved the establishment of ESOS for the eligible Directors and employees of the Group. The ESOS shall be in force for a period of ten (10) years commencing from 28 March 2017 and will expire on 27 March 2027.

The salient features of the ESOS are disclosed in Note 35 to the financial statements.

However, the ESOS has not been granted as at 31 December 2019.

INDEMNITY AND INSURANCE FOR DIRECTORS AND OFFICERS

The Company maintains Directors' and Officers' liabilities insurance for the purpose of Section 289 of the Companies Act, 2016, throughout the financial year which provides appropriate insurance coverage for the Directors and Officers of the Company and its subsidiaries. The amount of insurance premium paid during the financial year amounted to RM39,230.

OTHER STATUTORY INFORMATION

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

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

(b) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including their values as shown in the accounting records of the Group and of the Company have been written down to an amount which they might be expected so to realise.

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

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

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

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

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

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

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

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

In the opinion of the Directors:-

(a) no contingent liability or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due;

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

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

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

The significant events after the reporting period is disclosed in Note 43 to the financial statements.

AUDITORS

The Auditors' remuneration of the Group and of the Company are disclosed in Note 30 to the financial statements.

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

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

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

....
TAN SRI DATUK SERI TAN KEAN SOON

DIRECTORS

....
DATUK SERI DR. NIK NORZRUL THANI BIN NIK HASSAN THANI

Kuala Lumpur
15 May 2020

Statement by Directors
Pursuant to Section 251 (2) of the Companies Act 2016

In the opinion of the Directors, the financial statements set out on pages 66 to 166 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2019 and of their financial performance and cash flows for the financial year then ended.

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

....
TAN SRI DATUK SERI TAN KEAN SOON

....
DATUK SERI DR. NIK NORZRUL THANI BIN NIK HASSAN THANI

Kuala Lumpur
15 May 2020

Statutory Declaration
Pursuant to Section 251 (1) (b) of the Companies Act 2016

I, Ong Fee Peng, being the Officer primarily responsible for the financial management of T7 Global Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 66 to 166 are correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by]
the abovenamed at Kuala Lumpur in]
the Federal Territory this day of]
15 May 2020]

....
ONG FEE PENG
(MIA NO.: 25668)

Before me:

....
Commissioner for Oaths

Independent Auditors' Report

To the Members of T7 Global Berhad (Incorporated in Malaysia)
Registration No: 200401023809 (662315-U)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of T7 Global Berhad, which comprise the statements of financial position as at 31 December 2019 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 66 to 166.

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 2019, and of their financial performance and 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' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By- Laws and the IESBA Code.

Key Audit Matters

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

Impairment Losses on Trade Receivables

The Risk

Refer to Note 14 to the financial statements. We focused on this area because of the Group has significant trade receivables as at 31 December 2019 and this is subject to credit risk exposure. The key associate risk was the recoverability of billed trade receivables as management judgement is required in determining the completeness of the impairment losses on trade receivables and assessing their adequacy through considering the expected recoverability.

Our Response

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

Inventories - Valuation Net

The risk

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

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

Key Audit Matters (cont'd)

Inventories - Valuation Net (cont'd)

Our Response

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

Revenue Recognition

The Risk

Refer to Note 27 to the financial statements. There are significant accounting judgements involved including determining the stage of completion, the timing of revenue recognition and the calculation under the percentage of completion method made by management in applying the Group's revenue recognition policy to long term contract entered into by the Group. The nature of these judgements may result in them being susceptible to management override.

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

Our Response

We performed a range of audit procedures which include obtaining a sample of contracts or letter of awards, reviewing for change orders or variation orders, reviewing estimated profit and costs to complete and enquiring of key personnel regarding adjustments for job costing and potential contract losses. We also performed testing procedures over routine sales transactions.

Recognition of Deferred Tax Assets

The Risk

Refer to Note 12 to the financial statements. The Group has recognised deferred tax assets for unutilised business losses and unabsorbed capital allowances.

Recognition of deferred tax assets requires significant management judgements and estimates about the future results and the key assumptions applied to profit forecast and projections in determining whether the defer tax assets can be utilised. These key assumptions include forecast growth in future revenue and operating profit margins and growth rates.

Our Response

We have evaluated whether it is probable that the future taxable profits will be available by comparing taxable profit projections against recent performance, as well as assessed and challenged the assumptions used in projecting revenues and operating profit margin, with our own expectations of those assumptions derived from our knowledge of the Group and our understanding obtained during our audit.

Whilst recognising that estimating projection is inherently judgemental, we assessed that the assumptions and methodologies used by the management were within an acceptable range of reasonable estimates.

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

Independent Auditors' Report
To the Members of T7 Global Berhad (Incorporated in Malaysia) (cont'd)
Registration No: 200401023809 (662315-U)

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

Key Audit Matters (cont'd)

Information Other than the Financial Statements and Auditors' Report Thereon

The Directors of the Company are responsible for the other information. The other information comprise the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. As at the date of our report, except for the Directors' Report, the remaining other information has not been made available to us for our reading and accordingly we are unable to report in this regard.

However, if after reading the other information when available and we conclude there is a material misstatement therein, we will communicate same to the Directors of the Company.

Responsibilities of the Directors for the Financial Statements

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

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

Auditor's 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.

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

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

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

- 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 in order to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Report on other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 8 to the financial statements.

Other Matters

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

....
GRANT THORNTON MALAYSIA PLT
(NO: 201906003682 & AF: 0737)
CHARTERED ACCOUNTANTS

....
FOO LEE MENG
(NO: 03069/07/2021(J))
CHARTERED ACCOUNTANT

Kuala Lumpur
15 May 2020

Statements of Financial Position
As at 31 December 2019

	Note	Group 2019 RM	Group 2018 RM	Company 2019 RM	Company 2018 RM
ASSETS					
Non-current assets					
Property, plant and equipment	4	53,980,984	53,070,967	-	-
Right-of-use assets	5	8,924,054	-	-	-
Investment properties	6	1,300,000	1,250,000	-	-
Intangible assets	7	1,863,413	2,136,809	-	-
Investment in subsidiaries	8	-	-	141,190,949	136,558,527
Investment in associate	9	-	-	-	-
Investment in joint ventures	10	-	1,238,976	-	-
Other investments	11	8,657,868	7,306,203	5,346,530	812,804
Amount due from subsidiaries	8	-	-	9,765,424	-
Deferred tax assets	12	16,832,000	7,056,143	-	-
Total non-current assets		91,558,319	72,059,098	156,302,903	137,371,331
Current assets					
Inventories	13	45,120,857	69,632,552	-	-
Trade receivables	14	96,375,640	51,477,959	-	-
Other receivables	15	4,235,493	10,839,511	-	701,589
Contract assets	16	2,142,075	-	-	-
Amount due from subsidiaries	8	-	-	61,799,603	53,178,650
Amount due from a joint venture	10	-	13,180,198	-	20,000
Tax recoverable		325,202	662,960	60,768	183,085
Cash and cash equivalents	17	43,292,121	36,349,123	2,680,928	2,284,809
Total current assets		191,491,388	182,142,303	64,541,299	56,368,133
Assets classified as held-for-sale	18	-	1,284,667	-	-
TOTAL ASSETS		283,049,707	255,486,068	220,844,202	193,739,464
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share capital	19	154,732,927	120,504,502	154,732,927	120,504,502
Treasury shares	20	(6,988,335)	(6,326,044)	(6,988,335)	(6,326,044)
Reserves	21	35,890,585	36,794,784	57,047,983	57,047,983
(Accumulated losses)/Retained earnings		(3,820,041)	(9,081,152)	13,249,395	17,437,115
		179,815,136	141,892,090	218,041,970	188,663,556
Non-controlling interests		19,952,102	16,716,830	-	-
Total equity		199,767,238	158,608,920	218,041,970	188,663,556

Statements of Financial Position
As at 31 December 2019 (cont'd)

	Note	Group 2019 RM	Group 2018 RM	Company 2019 RM	Company 2018 RM
EQUITY AND LIABILITIES (cont'd)					
LIABILITIES					
Non-current liabilities					
Lease liabilities/Finance lease liabilities	22	1,596,259	1,225,760	-	-
Borrowings	23	15,960,612	14,521,147	-	-
Government grants	24	4,378,965	-	-	-
Deferred tax liabilities	12	626,438	860,438	-	-
Total non-current liabilities		22,562,274	16,607,345	-	-
Current liabilities					
Trade payables	25	23,161,079	41,908,214	-	-
Other payables	26	10,827,817	5,838,054	415,752	734,614
Contract liabilities	16	183,639	5,032,251	-	-
Amount due to subsidiaries	8	-	-	2,386,480	4,341,294
Lease liabilities/Finance lease liabilities	22	906,130	1,168,410	-	-
Borrowings	23	23,724,938	24,679,117	-	-
Government grants	24	486,552	-	-	-
Tax payable		1,430,040	1,643,757	-	-
Total current liabilities		60,720,195	80,269,803	2,802,232	5,075,908
TOTAL LIABILITIES		83,282,469	96,877,148	2,802,232	5,075,908
TOTAL EQUITY AND LIABILITIES		283,049,707	255,486,068	220,844,202	193,739,464

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

Statement of Profit or Loss and Other Comprehensive Income
For the Financial Year Ended 31 December 2019

	Note	Group 2019 RM	Group 2018 RM	Company 2019 RM	Company 2018 RM
Revenue	27	233,488,015	209,788,591	2,467,458	26,150
Cost of sales		(191,250,300)	(179,427,189)	-	-
Gross profit		42,237,715	30,361,402	2,467,458	26,150
Other income		3,565,855	10,746,253	4,662,831	32,206,499
Operating expenses		(36,666,745)	(31,785,531)	(8,622,491)	(12,441,535)
Net gain/(loss) on impairment of financial assets		193,796	(2,629,041)	(421,804)	(3,380,542)
Profit/(Loss) from operations		9,330,621	6,693,083	(1,914,006)	16,410,572
Finance incomes	28	855,368	1,925,374	91,633	650,901
Finance costs	29	(2,037,825)	(1,034,785)	-	-
Share of result of joint venture		-	70,531	-	-
Profit/(Loss) before tax	30	8,148,164	7,654,203	(1,822,373)	17,061,473
Tax income	31	4,359,643	2,907,867	98,446	-
Profit/(Loss) for the financial year		12,507,807	10,562,070	(1,723,927)	17,061,473
Other comprehensive, net of tax					
Items that will not be reclassified subsequently to profit or loss					
Net changes in fair value of equity investments designated at fair value through other comprehensive income		(1,313,423)	(2,927,779)	-	-
Tax effect on items that will not be reclassified to profit or loss		410,256	(410,256)	-	-
Items that are or may be reclassified subsequently to profit or loss					
Exchange differences on translating of foreign operations		(2,270)	91	-	-
Other comprehensive loss for the financial year, net of tax		(905,437)	(3,337,944)	-	-
Total comprehensive income/(loss) for the financial year		11,602,370	7,224,126	(1,723,927)	17,061,473

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

Statement of Profit or Loss and Other Comprehensive Income
For the Financial Year Ended 31 December 2019 (cont'd)

		Group		Company	
	Note	**2019 RM**	**2018 RM**	**2019 RM**	**2018 RM**
Profit/(Loss) for the financial year attributable to:					
Owner of the Company		7,724,904	7,015,575	(1,723,927)	17,061,473
Non-controlling interests		4,782,903	3,546,495	-	-
		12,507,807	10,562,070	(1,723,927)	17,061,473
Total comprehensive income/(loss) attributable to:					
Owners of the Company		6,820,705	3,677,631	(1,723,927)	17,061,473
Non-controlling interests		4,781,665	3,546,495	-	-
		11,602,370	7,224,126	(1,723,927)	17,061,473
Earnings per share attributable to owners of the Company:-					
Earnings per share					
- Basic (sen)	33	1.68	1.69		

Statements of Changes in Equity
For the Financial Year Ended 31 December 2019

Group	Share Capital RM	Treasury Shares RM	Capital Reserve RM	Fair Value Reserve RM	Foreign Currency Translation Reserve RM	Reserve Classified as Held For Sale RM	Accumulated Losses RM	Total RM	Non-controlling Interest RM	Total Equity RM
	Attributable to Equity Holders of the Company									
	Non-Distributable						Distributable			
Balance as at 1 January 2018	120,504,502	(4,396,520)	35,474,560	4,658,168	(436,455)	(1,142,366)	(16,096,727)	138,565,162	12,896,281	151,461,443
Transaction with owners:-										
Own shares acquired	-	(1,929,524)	-	-	-	-	-	(1,929,524)	-	(1,929,524)
Foreign currency translation reserve realised on disposal of foreign subsidiaries	-	-	-	-	436,455	1,142,366	-	1,578,821	-	1,578,821
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	274,054	274,054
Profit for the financial year	-	-	-	-	-	-	7,015,575	7,015,575	3,546,495	10,562,070
Other comprehensive loss for the financial year	-	-	-	(3,338,035)	91	-	-	(3,337,944)	-	(3,337,944)
Total comprehensive income for the financial year	-	-	-	(3,338,035)	91	-	7,015,575	3,677,631	3,546,495	7,224,126
Balance as at 31 December 2018	120,504,502	(6,326,044)	35,474,560	1,320,133	91	-	(9,081,152)	141,892,090	16,716,830	158,608,920
Transaction with owners:-										
Own shares acquired	-	(662,291)	-	-	-	-	-	(662,291)	-	(662,291)
Issuance of shares	34,228,425	-	-	-	-	-	-	34,228,425	-	34,228,425
Dividend paid (Note 32)	-	-	-	-	-	-	(2,463,793)	(2,463,793)	(2,940,000)	(5,403,793)
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	1,293,514	1,293,514
Acquisition of non-controlling interest	-	-	-	-	-	-	-	-	(40)	(40)
Deconsolidate of subsidiaries	-	-	-	-	-	-	-	-	100,133	100,133
Profit for the financial year	-	-	-	-	-	-	7,724,904	7,724,904	4,782,903	12,507,807
Other comprehensive loss for the financial year	-	-	-	(903,167)	(1,032)	-	-	(904,199)	(1,238)	(905,437)
Total comprehensive income for the financial year	-	-	-	(903,167)	(1,032)	-	7,724,904	6,820,705	4,781,665	11,602,370
Balance as at 31 December 2019	154,732,927	(6,988,335)	35,474,560	416,966	(941)	-	(3,820,041)	179,815,136	19,952,102	199,767,238

Statements of Changes in Equity
For the Financial Year Ended 31 December 2019 (cont'd)

Company	Attributable to Equity Holders of the Company					
	Non-Distributable				Distributable	
	Share Capital RM	Treasury Shares RM	Capital Reserve RM	Fair Value Reserve RM	Retained Earnings RM	Total Equity RM
Balance as at 1 January 2018	120,504,502	(4,396,520)	57,026,993	20,990	375,642	173,531,607
Transaction with owner:-						
Own shares acquired	-	(1,929,524)	-	-	-	(1,929,524)
Total comprehensive income for the financial year	-	-	-	-	17,061,473	17,061,473
Balance as at 31 December 2018	120,504,502	(6,326,044)	57,026,993	20,990	17,437,115	188,663,556
Transaction with owner:-						
Own shares acquired	-	(662,291)	-	-	-	(662,291)
Issuance of shares	34,228,425	-	-	-	-	34,228,425
Dividend paid (Note 32)	-	-	-	-	(2,463,793)	(2,463,793)
Total comprehensive loss for the financial year	-	-	-	-	(1,723,927)	(1,723,927)
Balance as at 31 December 2019	154,732,927	(6,988,335)	57,026,993	20,990	13,249,395	218,041,970

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

Statements of Cash Flows
For the Financial Year Ended 31 December 2019

	Note	Group 2019 RM	Group 2018 RM	Company 2019 RM	Company 2018 RM
OPERATING ACTIVITIES					
Profit/(Loss) before tax		8,148,164	7,654,203	(1,822,373)	17,061,473
Adjustments for:					
Amortisation of intangible assets		273,396	273,396	-	-
Amortisation of government grant		(1,351,540)	-	-	-
Bad debts written off		484,853	-	121,041	850,437
Depreciation of property, plant and equipment		1,955,108	2,624,878	-	-
Depreciation of right-of-use assets		1,145,948	-	-	-
Dividend income		(67,409)	(58,389)	(67,409)	(24,709)
Fair value gain on investment properties		(50,000)	(150,731)	-	-
Goodwill written off		163,616	-	-	-
Gain on deconsolidation of subsidiaries	8	(111,612)	-	-	-
Gain on disposal of property, plant and equipment		-	(143)	-	-
Gain on disposal of a subsidiary	8	-	(9,028,109)	-	(32,199,998)
Gain on disposal of assets held-for-sale		(563,539)	-	-	-
(Gain)/Loss on disposal of other investments		(575,778)	197,936	-	183,931
Impairment loss on					
- Investment in associate		-	35,000	-	-
- Investment in subsidiaries		-	-	805,280	-
- Slow-moving inventories		9,549	-	-	-
Impairment loss on ECL					
- Trade receivables		169,031	991,807	-	-
- Other receivables		401,320	3,291,198	151,320	3,227,000
- Amount due from subsidiaries		-	-	547,110	5,359
Investment in subsidiaries written off		-	-	-	2
Inventories written off		-	257,332	-	-
Interest expenses		2,037,825	1,034,785	-	-
Interest incomes		(855,368)	(1,925,374)	(91,633)	(650,901)
Net fair value (gain)/loss on other investment		(299,376)	268,183	(276,626)	148,183
Net unrealised loss/(gain) on foreign exchange		103,443	986,162	41,989	(9,749)
Reversal of ECL					
- Trade receivables		(400,573)	(1,732,787)	-	-
- Other receivables		(64,198)	(189,360)	-	-
Property, plant and equipment written off		885	-	-	-
Reversal of impairment loss of investment in subsidiaries		-	-	(5,437,702)	-
Share of result of joint venture		-	(70,531)	-	-
Waiver of debts		(96,069)	(51)	(337)	-
Operating profit/(loss) before changes in working capital		10,457,676	4,459,405	(6,029,340)	(11,408,972)
Inventories		24,745,163	(28,341,405)	-	-
Receivables		(26,223,330)	25,148,513	429,999	11,799
Payables		(22,225,520)	(47,527,152)	(319,676)	(31,799,463)
Joint venture		-	4,639,188	-	-
Contract assets		(1,751,526)	-	-	-
Contract liabilities		(4,659,851)	(21,030,548)	-	-
Banker acceptance		(8,620,504)	6,311,631	-	-
Cash used in operations		(28,277,892)	(56,340,368)	(5,919,017)	(43,196,636)
Interest paid		(232,149)	(137,878)	-	-
Tax paid		(5,757,790)	(4,046,321)	(60,768)	(26,162)
Tax refunded		824,161	656,587	281,531	-
Net cash used in operating activities		(33,443,670)	(59,867,980)	(5,698,254)	(43,222,798)

Statements of Cash Flows
For the Financial Year Ended 31 December 2019 (cont'd)

	Note	Group 2019 RM	Group 2018 RM	Company 2019 RM	Company 2018 RM
INVESTING ACTIVITIES					
Addition of property, plant and equipment	A	(10,760,768)	(26,392,319)	-	-
Addition of right-of-use assets	A	(811,527)	-	-	-
Addition of investment properties		-	(1,099,269)	-	-
Addition of investment in subsidiaries		-	-	-	(9,500,000)
Acquisition of subsidiaries	8	926,327	274,054	-	-
Acquisition of other investment		(4,257,100)	(2,760,000)	(4,257,100)	-
Dividend received		67,409	58,389	67,409	24,709
Interest received		855,368	1,925,374	91,633	650,901
Proceed from disposal of other investment		2,421,667	2,316,864	-	816,069
Proceed from government grant		6,217,057	-	-	-
Proceed from disposal of assets-held-for sales		1,848,206	-	-	-
Proceed from disposal of property, plant and equipment		-	166	-	-
Proceed inflow from disposal of a subsidiary	8	-	32,200,000	-	32,200,000
Reversal of right-of-use assets		126,660	-	-	-
Net cash (used in)/from investing activities		(3,366,701)	6,523,259	(4,098,058)	24,191,679
FINANCING ACTIVITIES					
Advance from/(Repayment to) a joint venture		13,180,198	(9,408,187)	-	-
Dividend paid		(5,403,793)	-	(2,463,793)	-
Drawdown of term loans		627,264	10,384,736	-	-
Drawdown of onshore foreign currency loan		3,760,016	3,544,759	-	-
Drawdown of revolving credit		2,750,000	-	-	-
(Repayment)/Drawdown of invoice financing		(546,676)	5,391,242	-	-
Fixed deposits pledged as security		(27,279)	(845,558)	-	-
Issuance of shares pursuant to private placement		34,228,425	-	34,228,425	-
Interest paid		(1,805,676)	(896,907)	-	-
Repurchase of treasury share		(662,291)	(1,929,524)	(662,291)	(1,929,524)
Repayment to subsidiaries		-	-	(20,909,910)	(21,673,913)
Repayment of lease liabilities/finance lease liabilities		(1,287,581)	(1,073,708)	-	-
Repayment of term loans		(1,084,814)	(380,232)	-	-
Net cash from/(used in) financing activities		43,727,793	4,786,621	10,192,431	(23,603,437)
Net increase/(decrease)		6,917,422	(48,558,100)	396,119	(42,634,556)
Brought forward		34,485,368	83,043,377	2,284,809	44,919,365
Effects on exchange rate changes on cash and cash equivalents		(1,703)	91	-	-
Carried forward	17	41,401,087	34,485,368	2,680,928	2,284,809

NOTES TO THE STATEMENTS OF CASH FLOWS

	Group 2019 RM	Group 2018 RM	Company 2019 RM	Company 2018 RM
A. **PURCHASE OF PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS**				
Total purchase of property, plant and equipment	10,760,768	27,501,319	-	-
Total purchase of right-of-use assets	2,207,327	-	-	-
Less: Financed by lease liabilities/finance lease liabilities	(1,395,800)	(1,109,000)	-	-
	11,572,295	26,392,319	-	-

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

Notes to the Financial Statements
For the Financial Year Ended 31 December 2019

1. GENERAL INFORMATION

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

The registered office is located at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur.

The principal place of business is located at C-16-01, Level 16, KL Trillion Corporate Tower, Block C, 338 Jalan Tun Razak, 50400 Kuala Lumpur.

The Company is principally engaged in investment holding. The principal activities of its subsidiaries are described in Note 8 to the financial statements.

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

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 15 May 2020.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

2.1 Statement of Compliance

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

2.2 Basis of Measurement

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

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

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

The fair value of an asset or a liability is measured on the assumptions that market participants would act in their economic best interest when pricing the asset or liability. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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

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

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

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (cont'd)

2.2 Basis of Measurement (cont'd)

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

The Group and the Company have established control framework in respect of measurement of fair values of financial instruments. The Board of Directors has overall responsibility for overseeing all significant fair value measurements. The Board of Directors regularly reviews significant unobservable inputs and valuation adjustments.

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

2.3 Functional and Presentation Currency

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

2.4 MFRSs

2.4.1 Adoption of New Standards/Amendments/Improvements to MFRSs

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

At the beginning of the current financial year, the Group and the Company adopted new standards/amendments/improvements to MFRSs which are mandatory for the financial periods beginning on or after 1 January 2019.

Initial application of the new standards/amendments/improvements to MFRSs did not have material impact on the financial statements of the Group and of the Company, except for:-

MFRS 16 Leases

MFRS 16 supersedes MFRS 117 Leases, IC Interpretation 4 Determining whether an Arrangement contains a Lease, IC Interpretation 115 Operating Leases-Incentives and IC Interpretation 127 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the statements of financial position.

Lessor accounting under MFRS 16 is substantially unchanged from MFRS 117. Lessors will continue to classify leases as either operating or finance leases using similar principles as in MFRS 117. Therefore, MFRS 16 did not have an impact for leases where the Group and the Company are the lessor.

The Group adopted MFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 January 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application. The Group elected to use the transition practical expedient to not reassess whether a contract is, or contains a lease at 1 January 2019. Instead, the Group applied the standard only to contracts that were previously identified as leases applying MFRS 117 and IC Interpretation 4 at the date of initial application.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (cont'd)

2.4 MFRSs (cont'd)

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

MFRS 16 Leases (cont'd)

The effect of adoption MFRS 16 as at 1 January 2019 increase/(decrease) is, as follows:-

	Group RM
Assets	
Property, plant and equipment	(7,989,335)
Right-of-use assets	7,989,335
Net changes	-

The Group has lease contracts for various items of property, plant and equipment. Before the adoption of MFRS 16, the Group classified each of its leases (as lessee) at the inception date as either a finance lease or an operating lease. The accounting policy for leases prior to 1 January 2019 is disclosed in Note 3.5 to the financial statements.

Upon adoption of MFRS 16, the Group applied a single recognition and measurement approach for all leases except for short-term leases and leases of low-value assets. The accounting policy for leases applied from 1 January 2019 is disclosed in Note 3.5 to the financial statements. The standard provides specific transition requirements and practical expedients, which have been applied by the Group.

<u>Leases Previously Classified as Finance Leases</u>

The Group did not change the initial carrying amounts of recognised assets and liabilities at the date of initial application for leases previously classified as finance leases (i.e., the right-of-use assets and lease liabilities equal the lease assets and liabilities recognised under MFRS 117). The requirements of MFRS 16 were applied to these leases from 1 January 2019.

<u>Leases Previously Accounted for as Operating Leases</u>

The Group recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets for most leases were recognised based on the carrying amount as if the standard had always been applied, apart from the use of incremental borrowing rate at the date of initial application. In some leases, the right-of-use assets were recognised based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognised. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

The Group also applied the available practical expedients wherein it:

- Used a single discount rate to a portfolio of leases with reasonably similar characteristics;
- Relied on its assessment of whether leases are onerous immediately before the date of initial application;
- Applied the short-term leases exemptions to leases with lease term that ends within 12 months of the date of initial application;
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application; or
- Used hindsight in determining the lease term where the contract contained options to extend or terminate the lease.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (cont'd)

2.4 MFRSs (cont'd)

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

MFRS 16 Leases (cont'd)

Leases Previously Accounted for as Operating Leases (cont'd)

Based on the above, as at 1 January 2019:-

(a) Right-of-use assets for the Group of RM7,989,335 were recognised and presented separately in the statements of financial position. This is the lease assets recognised previously under finance lease or operating lease that were classified from property, plant and equipment.

(b) Commitments relating to lease previously classified as finance lease of RM2,394,170 were recognised as lease liabilities in the statements of financial position.

2.5 Standards Issued But Not Yet Effective

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

Amendments to MFRSs and IC Interpretation effective 1 January 2020:-

Amendments to MFRS 3	Definition of Business
Amendments to MFRS 101 and MRFS 108	Definition of Material
Amendments to MFRS 7, MFRS 9 and MFRS 139	Interest Rate Benchmark Reform

Amendments to Reference to Conceptual Framework on MFRS Standards (MFRS 2, 3, 6, 14*, 101, 108, 134*, 137, 138 and IC Interpretation 12*, 19*, 20*, 22 and 132*)

MFRSs effective 1 January 2021:-

MFRS 17*	Insurance Contracts

Amendments to MFRSs - effective date deferred indefinitely

Amendments to MFRS 10 and MFRS 128	Consolidated Financial Statements and Investments in Associate and Joint Ventures - Sale or contribution of Assets between Joint Venture

* Not applicable to the Group's and the Company's operation.

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

2.6 Significant Accounting Estimates and Judgements

Estimates, assumptions concerning the future and judgements are made in the preparation of the financial statements. They affect the application of the Group's and of the Company's accounting policies and reported amounts of assets, liabilities, income and expenses, and disclosures made. Estimates and underlying assumptions are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances. The actual results may differ from the judgements, estimates and assumptions made by management and will seldom equal the estimated results.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (cont'd)

2.6 Significant Accounting Estimates and Judgements (cont'd)

2.6.1 Key Sources of Estimation Uncertainty

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

2.6.1.1 Useful Lives of Depreciable Assets

The management assess that the useful lives represent the expected utility of the assets to the Group. The management estimates the useful lives of the property, plant and equipment to be within 3 to 50 years and reviews the useful lives of the depreciable assets at the end of each reporting year. Actual results, however, may vary due to change in the expected level of usage and technological developments which resulting the adjustment to the Group's assets.

The carrying amount of the Group's property, plant and equipment is disclosed in Note 4 to the financial statements.

2.6.1.2 Amortisation of Intangible Assets

The development costs of gas generators are amortised on a straight-line basis over their useful lives of 15 years. The Group assesses annually the useful lives of the intangible assets and if the expectation differs from the original estimate, such difference will impact the amortisation expenses in the period in which such estimate had been charged.

2.6.1.3 Impairment of Non-Financial Assets

An impairment loss is recognised for the amount by which the assets or cash-generating unit's carrying amount exceeds its recoverable amount. To determine the recoverable amount, management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. In the process of measuring expected future cash flows, management make assumptions about future operating results. The actual results may vary, and may cause significant adjustments to the Group's and the Company's assets within the next financial year.

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

Further details of the carrying values, key assumptions applied in the impairment assessment of non-financial assets are disclosed in Note 7 to financial statements.

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

The Group uses a provision matrix to calculate ECLs for trade receivables and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance).

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the energy sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (cont'd)

2.6 Significant Accounting Estimates and Judgements (cont'd)

2.6.1 Key Sources of Estimation Uncertainty (cont'd)

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

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

2.6.1.5 Inventories

Inventories are measured at the lower of cost and net realisable value. In estimating net realisable values, management takes into account the most reliable evidence available at the time the estimates are made. The realisation of these inventories may be affected by market-driven changes that may occur in the future.

2.6.1.6 Income Taxes

Significant judgement is required in determining the capital allowances and deductibility of certain expenses during the estimation of the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters result is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

2.6.1.7 Deferred Tax Assets

Deferred tax assets are recognised for all deductible temporary differences, unutilised tax losses, unabsorbed capital allowances and unused tax credits to the extent that it is probable that taxable profit will be available against which all the deductible temporary differences, unutilised tax losses and unabsorbed capital allowances 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.

Assumptions about generation of future taxable profits depend on management's estimates of future cash flows. These depend on estimates of future production and sales volume, operating costs, capital expenditure, dividends and other capital management transactions. Judgement is also required about application of income tax legislation. These judgements and assumptions are subject to risks and uncertainty, hence there is a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets recognised in the statements of financial position and the amount of unrecognised tax losses and unrecognised temporary differences.

2.6.1.8 Fair Value Valuation of Investment Properties

The Group measures its investment properties at fair value with any change in fair value being recognised in profit or loss. Significant judgement is required in the determination of fair value which may be derived based on different valuation methods. In making the judgement, the Group evaluates based on past experience and reliance on the work of specialists. The Group engages independent valuation specialists to determine the fair values.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (cont'd)

2.6 Significant Accounting Estimates and Judgements (cont'd)

2.6.2 Significant Management Judgements

The following are significant management judgements made in applying the accounting policies of the Group and of the Company that have the most significant effect on the financial statements.

2.6.2.1 Revenue from Contracts with Customers

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

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

2.6.2.2 Deferred Tax Assets

The assessment of the probability of future taxable income in which deferred tax assets can be utilised is based on the Group's and the Company's latest approved budget forecast, which is adjusted for significant non-taxable income and expenses and specific limits to the use of any unused tax loss or credit. If a positive forecast of taxable income indicates the probable use of a deferred tax asset, especially when it can be utilised without a time limit, that deferred tax asset is usually recognised in full. The recognition of deferred tax assets that are subject to certain legal or economic limits or uncertainties is assessed individually by management based on the specific facts and circumstances.

2.6.2.3 Significant Control Over a Subsidiary

Control exists when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

<u>Interest in T7 Solution Services (Thailand) Co., Ltd. ("T7SST")</u>

Although T7 Gastec Sdn. Bhd. ("T7 Gastec") a wholly-owned subsidiary of the Company own less than half of the ownership interest and less than half of the voting power in T7SST, the Directors have determined that the T7 Gastec controls over T7SST. T7 Gastec controls T7SST by virtue of an agreement with other investors and having majority board representation in T7SST. Consequently, the Group consolidates its investment in the entity.

2.6.2.4 Leases

Significant Management Judgement applies until 31 December 2018:-

In applying the classification of leases in MFRS 117, management considers some of its leases of leasehold land as finance lease arrangements. The lease transaction is not always conclusive, and management uses judgement in determining whether the lease is a finance lease arrangement that transfers substantially all the risks and rewards incidental to ownership, whether the lease term is for the major part of the economic life of the asset even if title is not transferred and others in accordance with MFRS 117 Leases.

3. SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Consolidation

3.1.1 Subsidiaries

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

Investment in subsidiaries is stated at cost less any impairment losses in the Company's financial position, unless the investment is held for sale or distribution. The cost of investments includes transaction costs. Where an indication of impairment exist, the carrying amount of the subsidiaries is assessed and written down immediately to their recoverable amount.

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

3.1.2 Basis of Consolidation

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

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the Group (profits or losses resulting from intragroup transactions that are recognised in asset, such as inventory and property, plant and equipment) are eliminated in full in preparing the consolidated financial statements. Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Temporary differences arising from the elimination of profits and losses resulting from intragroup transactions will be treated in accordance to Note 3.28 of the financial statements.

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

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

3.1.3 Business Combinations

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

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.1 Consolidation (cont'd)

3.1.3 Business Combinations (cont'd)

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If business combinations achieved in stages, previously held equity interests in the acquiree are re-measured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes in the fair value of the contingent consideration which is deemed to be an asset or liability will be recognised in accordance with MFRS 9 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it will not be remeasured. Subsequent settlement is accounted for within equity. In instances where the contingent consideration does not fall within the scope of MFRS 9, it is measured in accordance with the appropriate MFRSs.

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

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

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

3.1.4 Loss of Control

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

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

3.1.5 Non-controlling Interests

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.1 Consolidation (cont'd)

3.1.6 Eliminations on Consolidation

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated on consolidation.

3.1.7 Associates

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

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

The share of the result of an associate is reflected in profit or loss. This is the profit attributable to equity holders of the associate and therefore is the profit after tax and non-controlling interests in the subsidiaries of the associate. When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest including any long-term investment is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the associate.

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

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

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

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

In the Company's separate financial statements, investments in associates are stated at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

3.2 Foreign Currency Translation

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

3.2.1 Foreign Currency Transactions and Balances

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.2 Foreign Currency Translation (cont'd)

3.2.1 Foreign Currency Transactions and Balances (cont'd)

All differences are taken to the profit or loss with the exception of all monetary items that forms part of a net investment in a foreign operation. These are recognised in other comprehensive income until the disposal of the net investment, at which time they are reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income.

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

3.2.2 Foreign Operations

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

Foreign currency differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve in equity. However, if the operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the foreign currency translation reserve related to that foreign operation is reclassified to profit or loss as part of the profit or loss on disposal.

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

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

3.3 Property, Plant and Equipment

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.3 Property, Plant and Equipment (cont'd)

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

Leasehold land and building	Over remaining lease term
Furniture and fittings	10% - 20%
Renovation	10%
Workshop tools	20%
Office equipment	10% - 33 1/3%
Equipment	10% - 20%
Plant and machinery	10% - 33 1/3%

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

Assets under construction consists of property, plant and equipment under construction/installation for intended use. The amount is stated at the cost. Assets under construction is not depreciated until the assets are ready for their intended use.

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

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

3.4 Investment Properties

Investment properties are properties which are owned or right-of-use asset held under a lease contract 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 which are owned are measured initially at cost. Cost includes expenditures that are 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. Right-of-use asset held under a lease contract that meets the definition of investment property is initially measured similarly as other right-of-use assets.

Subsequently, investment properties are measured at fair value with any changes therein 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 its fair value becomes reliably determinable or construction is complete, whichever is earlier.

The fair value of investment properties held by the Group as a right-of-use asset reflects the expected cash flows. Accordingly, where valuation obtained for a property is net of all payments expected to be made. The Group added back any recognised lease liability to arrive at the carrying amount of the investment property using the fair value model.

An investment property is derecognised on its disposal, or when it is permanently withdrawn from use and no future economic benefits are expected from the disposal. The difference between the net disposal proceeds and the carrying amount is recognised in profit or loss in the period in which the item is derecognised.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.5 Leases

As described in Note 2.4.1, the Group has applied MFRS 16 using the modified retrospective approach and therefore comparative information has not been restated. This means comparative information is still reported under MFRS 117 and IC Interpretation 4.

Accounting policies applies from 1 January 2019:-

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

3.5.1 As a Lessee

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

3.5.1.1 Right-of-Use Assets

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

Leasehold land and building	Over remaining lease term
Plant, machinery and equipment	14%
Motor vehicles	20%

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. The accounting policies for impairment of non-financial assets is set out in Note 3.13 to the financial statements.

3.5.1.2 Lease Liabilities

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.5 Leases (cont'd)

Accounting policies applies from 1 January 2019 (cont'd):-

3.5.1 As a Lessee (cont'd)

3.5.1.3 Short-Term Leases and Leases of Low-Value Assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery, equipment and premises (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

3.5.2 As a Lessor

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

Accounting policies applies until 31 December 2018 :-

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date, whether fulfilment of the arrangement is dependent on the use of a specific asset or asset or the arrangement conveys a right to use the asset, even if that right is not explicitly specific in an arrangement.

3.5.3 As a Lessee

A lease is classified at the inception date as an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Group is classified as a finance lease.

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the profit or loss.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

An operating lease is a lease other than a finance lease. Operating lease payments are recognised as an operating expense in the profit or loss on a straight-line basis over the lease term.

3.5.4 As a Lessor

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

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.5 Leases (cont'd)

Accounting policies applies from 1 January 2019 (cont'd):-

3.5.4 As a Lessor (cont'd)

Finance Lease

Management applies judgement in considering the substance of a lease agreement and whether it transfers substantially all the risks and rewards incidental to ownership of the leased asset. Key factors considered include the length of the lease term in relation to the economic life of the asset, the present value of the minimum lease payments in relation to the asset's fair value, and whether the Group obtains ownership of the asset at the end of the lease term.

For lease of land and buildings, the minimum lease payments are first allocated to each component based on the relative fair values of the respective lease interests. Each component is then evaluated separately for possible treatment as a finance lease, taking into consideration the fact the land normally has an indefinite economic life.

Operating Lease

All other leases are treated as operating leases. Where the Group is a lessee, payments on operating lease agreements are recognised as an expense on a straight-line basis over the lease term. Associated costs, such as maintenance and insurance are expensed as incurred.

3.6 Goodwill

Goodwill arising on the acquisition of a subsidiary or a proportionately consolidated jointly-controlled entity, being the excess of the aggregate of the consideration transferred, the amount of any non-controlling interest in the acquiree, and the acquirer's previously held equity interest in the acquiree over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated at the acquisition date to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination. A cash-generating unit to which goodwill has been allocated is tested for impairment annually, and whenever there is an indication that the unit may be impaired, by comparing the carrying amount of the unit, including the goodwill, with the recoverable amount of the unit. An impairment loss is recognised for a cash-generating unit when the recoverable amount of the unit is less than the carrying amount of the unit. Any impairment loss recognised is first allocated to reduce the carrying amount of any goodwill allocated to the unit and then, to the other assets of the unit within the scope of MFRS 136 Impairment of Assets pro rata on the basis of the carrying amount of each applicable asset in the unit. Any impairment loss recognised for goodwill is not reversed.

Goodwill arising on the acquisition of investments in associates is included within the carrying amount of the investments and is assessed for impairment as part of the investment.

If, after reassessment, the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised exceeds the cost of the business combination, the excess is recognised immediately in profit or loss.

On disposal of a subsidiary or a proportionately consolidated jointly-controlled entity, the attributable amount of goodwill is included in the determination of the gain or loss on disposal.

3.7 Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in the profit or loss in the period in which it incurred.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.7 Intangible Assets (cont'd)

The useful life of intangible assets is assessed to be either finite or indefinite. Intangible assets with finite life are amortised on straight-line basis over the estimated economic useful life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by charging the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite useful life is recognised in the profit or loss in the expense category consistent with the function of the intangible asset.

Intangible assets with indefinite useful life are tested for impairment annually or more frequently if the events or changes in circumstances indicate that the carrying value may be impaired either individually or at cash-generating unit level. Such intangibles are not amortised.

The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gain or losses arising from derecognition of an intangible asset is measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the profit or loss when the asset is derecognised.

3.7.1 Patents

Patents were acquired in business combinations and are amortised on a straight-line basis over the useful lives of 10 years.

3.7.2 Research and Development Costs

Research costs are expensed as incurred.

Deferred development costs arising from development expenditures on an individual project are recognised when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete and the ability to measure reliably the expenditures during development. Deferred development costs have a finite useful life and are amortised over the period of 15 years on a straight-line basis.

3.8 Joint Arrangements

Joint arrangements are arrangements of which the Group has joint control, established by contracts requiring unanimous consent for decisions about the activities that significantly affect the arrangements' returns. Joint arrangements are classified as either joint operation or joint venture. A joint arrangement is classified as a joint operation when the Group has rights to the assets and obligations for the liabilities relating to an arrangement. Whilst, a joint arrangement are classified as a joint venture when the Group has rights only to the net assets of the arrangements.

3.8.1 Joint Ventures

Investment in joint ventures is accounted for in the consolidated financial statements using the equity method of accounting. Under the equity method, the investment in joint ventures is carried in the statements of financial position at cost adjusted for post-acquisition changes in the Group's share of net assets of the joint ventures. The Group's share of profit or loss of joint ventures is recognised in the statements of profit or loss. Where there has been a change recognised directly in the equity of the joint ventures, the Group recognises its share of such changes.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.8 Joint Arrangements (cont'd)

3.8.1 Joint Ventures (cont'd)

In applying the equity method, unrealised gains or losses on transactions between the Group and the joint ventures are eliminated to the extent of the Group's interest in the joint ventures. After application of the equity method, the Group determines whether it is necessary to recognise any additional impairment loss with respect to the Group's net investment in the joint ventures. The Group determines at each reporting date whether there is any objective evidence that the investment in the joint ventures is impaired.

If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the joint venture and its carrying value and recognises the amount in statements of profit or loss. The joint ventures are equity accounted for from the date the Group obtains joint control until the date the Group ceases to have joint control over the joint ventures.

Goodwill relating to a joint venture is included in the carrying amount of the investment and is not amortised. Any excess of the Group's share of the net fair value of the joint ventures' identifiable assets, liabilities and contingent liabilities over the cost of the investments is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of the joint ventures' profit or loss in the year in which the investments are acquired.

When the Group's share of losses in joint ventures equals or exceeds its interest in the joint ventures, including any long-term interests that, in substance, form part of the Group's net investment in the joint ventures, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

The most recent available audited financial statements of the joint ventures are used by the Group in applying the equity method. Where the dates of the audited financial statements used are not coterminous with those of the Group, the share of results is arrived at from the last audited financial statements available and management financial statements to the end of the accounting year. Uniform accounting policies are adopted for like transactions and events in similar circumstances.

On disposal of such investment, the difference between net disposal proceeds and their carrying amounts is included in the profit or loss.

3.8.2 Joint Operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Group as a joint operator recognises in relation to its interest in a joint operation:-

(a) its assets, including its share of any assets held jointly;
(b) its liabilities, including its share of any liabilities incurred jointly;
(c) its revenue from the sale of its share of the output arising from the joint operation;
(d) its share of the revenue from the sale of the output by the joint operation;
(e) its expenses, including its share of any expenses incurred jointly.

The Group accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the MFRSs applicable to the particular assets, liabilities, revenues and expenses.

Profits or losses resulting from transactions between the Group and its joint operation are recognised in the Group's financial statements only to the extent of unrelated investors' interests in the joint operation.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.9 Financial Instruments

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

3.9.1 Financial Assets

Initial Recognition and Measurement

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

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

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

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

Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cashflows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

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

Subsequent Measurement

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

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

At the reporting date, the Group and the Company do not have financial assets at fair value through OCI with recycling of cumulative gains and losses.

Financial Assets at Amortised Cost

Financial assets at amortised cost are subsequently measured using the effective interest rate ("EIR") method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. The Group's and the Company's financial assets at amortised cost include trade receivables, most of other receivables, amount due from subsidiaries/joint ventures and cash and cash equivalents.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.9 Financial Instruments (cont'd)

3.9.1 Financial Assets (cont'd)

Subsequent Measurement (cont'd)

Financial Assets Designated at Fair Value Through OCI (Equity Instruments)

Upon initial recognition, the Group and the Company can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under MFRS 9 Financial Instruments. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group and the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Group and the Company elected to classify irrevocably its overseas equity investments under this category.

Financial Assets at Fair Value Through Profit or Loss ("FVTPL")

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

This category includes non-listed equity investments which the Group and the Company had not irrevocably elected to classify at fair value through OCI. Dividends on non-listed equity investments are recognised as other income in the statements of profit or loss when the right of payment has been established. The Group's and the Company's debt instruments at FVTPL includes investments in quoted shares.

Derecognition

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

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

When the Group and the Company have transferred their rights to receive cash flows from an asset or have entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and have rewards of ownership. When they have neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group and the Company continue to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group and the Company also recognise an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group and the Company have retained.

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

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.9 Financial Instruments (cont'd)

3.9.1 Financial Assets (cont'd)

Impairment

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

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECLs). 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 ECLs).

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognise a loss allowance based on lifetime ECLs at each reporting date. The Group has 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.

The Group and the Company consider the probability of default upon initial recognition of the asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group and the Company compare the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. The assessment considers available, reasonable and supportable forward-looking information.

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

To measure ECLs, trade receivables and contract assets are grouped into categories. The categories are differentiated by the different business risks and are subject to different credit assessments. Contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts.

The Group considers the expected credit loss rates for trade receivables as a reasonable approximation of the loss rates for contract assets with similar types of contracts.

Trade receivables, intercompany balances and other receivables which are in default or credit impaired are assessed individually.

3.9.2 Financial Liabilities

Initial Recognition and Measurement

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.9 Financial Instruments (cont'd)

3.9.2 Financial Liabilities (cont'd)

Initial Recognition and Measurement (cont'd)

The Group's and the Company's financial liabilities included trade and most of other payables, amount due to subsidiaries and borrowings.

Subsequent Measurement

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

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

The Group and the Company have not designated any financial liabilities as at fair value through profit or loss.

Financial Liabilities at Amortised cost

Trade payables, most of other payables, amount due to subsidiaries and borrowings are recognised initially at fair value plus transaction costs and thereafter, at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the profit or loss.

Financial liabilities are classified as current liabilities for those having maturity dates of not more than 12 months after the reporting date, and the balance is classified as non-current.

Derecognition

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

3.9.3 Offsetting of Financial Instruments

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

3.9.4 Financial Guarantee Contracts

Financial guarantee contracts issued by the Group and the Company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specific debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount recognised less cumulative amortisation.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.10 Inventories

Inventories are stated at the lower of cost and net realisable value. The cost of inventories is based on weighted average basis and includes invoices of goods purchased and expenditure incurred in acquiring the inventories and bringing them to their existing location and condition.

The cost of work-in-progress comprises the cost of raw materials, direct labour and a proportion of production overheads.

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.

Write-down to net realisable value and inventory losses are recognised as are expense when it occurred and any reversal is recognised in the profit or loss in the period in which it occurs.

3.11 Non-Current Asset Held-for-Sale

Non-current assets, or disposal group comprising assets and liabilities, that are expected to be recovered primarily through sale rather than through continuing use, are classified as held-for-sale.

Classification of the asset (or disposal group) as held-for-sale occurs only when the asset is available for immediate sale in its present condition subject only to terms that are usual and customary and the sale must be highly probable. Management must be committed to a plan to sell the assets which are expected to qualify for recognition as a completed sale within one year from the date of classification. Action required to complete the plan should indicate that it is unlikely that significant changes to the plan will be made or the plan will be withdrawn.

Immediately before classification as held-for-sale (or disposal group), the assets, or components of a disposal group, are remeasured in accordance with the Group's accounting policies. Thereafter generally the assets, or disposal group, are measured at the lower of their carrying amount and fair value less costs to sell.

Liabilities are classified as held-for-sale and presented as such in the statement of financial position if they are directly associated with a disposal group.

Any impairment loss on a disposal group is first allocated to goodwill, and then to remaining assets and liabilities on pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets and investment property, which continue to be measured in accordance with the Group's accounting policies. Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognised in profit or loss. Gains are not recognised in excel of any cumulative impairment loss.

Intangible assets and property, plant and equipment once classified as held-for-sale are not amortised or depreciated.

3.12 Cash and Cash Equivalents

Cash and cash equivalents in statements of cash flows comprise cash in hand, bank balances, deposits with licensed banks and highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value.

For the purpose of the statements of cash flows, cash and cash equivalents are presented net of pledged deposits.

3.13 Impairment of Non-Financial Assets

Further disclosures relating to impairment of non-financial assets are also provided in the following notes to the financial statements:-

Note 2.6 - Significant accounting estimates and judgements
Note 3.3 - Property, plant and equipment
Note 7 - Intangible assets

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.13 Impairment of Non-Financial Assets (cont'd)

The Group and the Company assess at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group and the Company estimate the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's ("CGU") fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

The Group and the Company base their impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Group's and of the Company's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses including impairment on inventories, are recognised in the profit or loss in those expense categories consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group and the Company estimate the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for asset in prior years. Such reversal is recognised in the profit or loss.

Intangible assets with indefinite useful lives are tested for impairment annually as at the end of each reporting period, either individually or at the cash-generating unit level, as appropriate and when circumstances indicate that the carrying value may be impaired.

3.14 Equity, Reserves and Distributions to Owners

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Ordinary shares are equity instruments. Share capital are recorded at the proceeds from ordinary shares issued, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity.

Retained earnings/accumulated losses include all current and prior periods' accumulated profits/losses.

Foreign currency translation differences arising on the translation of the Group's foreign entities are included in the exchange translation reserve. Gains and losses on certain financial instruments are included in reserves for FVOCI financial assets.

Interim dividends are simultaneously proposed and declared, because the articles of association of the Company grants the Directors the authority to declare interim dividends. Consequently, interim dividends are recognised directly as a liability when they are proposed and declared.

Final dividends proposed by the Directors are not accounted for in shareholders' equity as an appropriation of retained earnings, until they have been approved by the shareholders in a general meeting. When these dividends have been approved by the shareholders and declared, they are recognised as a liability.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.14 Equity, Reserves and Distributions to Owners (cont'd)

The distribution of non-cash assets to owners is recognised as dividend payable when the dividend was approved by shareholders. The dividend payable is measured at the fair value of the shares to be distributed. At the end of the financial year and on the settlement date, the Company reviews the carrying amount of the dividend payable, with any changes in the fair value of the dividend payable recognised in equity. When the Company settles the dividend payable, the difference between the carrying amount of the dividend distributed and the carrying amount of the dividend payable is recognised as a separate line item in profit or loss.

All transactions with owners of the Company are recorded separately within equity.

3.15 Treasury Shares

When share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, net of any tax effects, is recognised as a deduction from equity. Repurchased shares that are not subsequently cancelled are classified as treasury shares in the statements of changes in equity.

When treasury shares are sold or reissued subsequently, the difference between the sales consideration net of directly attributable costs and the carrying amount of the treasury shares is recognised in equity.

3.16 Share-Based Payments

The Group operates an equity-settled share-based payments scheme to allow the employees of the Group to acquire ordinary shares of the Company. The grant by the Company of options over its equity instruments to the employees of subsidiary undertakings in the Group is treated as a capital contribution in the subsidiaries' financial statements. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity-settled employee benefits reserve in the Company's financial statements.

The fair value determined at the grant date is recognised as expense in profit or loss in accordance with MFRS 2 Share-based Payment over the periods during which the employees become unconditionally entitled to the options, based on the Group's estimate of the ordinary shares that will eventually vest, and adjusted for the effect of non-market-based vesting conditions. At the end of each reporting period, the Group revises the estimates of the number of options that are expected to become exercisable, and recognises the impact of the revision of the original estimates.

3.17 Government Grants

Government grants are recognised at fair value when there is reasonable assurance that the Group will comply with the conditions attaching to them and the grants will be received.

Government grant are carries in the statements of financial position and allocated to profit or loss over the expected useful lives of 10 years of the related plant and machinery or over the period of the operating expenditure to which the grants are intended to compensate.

3.18 Revenue

Revenue from contracts with customers is recognised when or as a performance obligation in the contract with customer is satisfied, i.e. when the "control" of the services underlying the particular performance obligation is transferred to the customer.

A performance obligation is a promise in a contract with a customer to transfer to the customer either:-

(a) good or service (or a bundle of goods or services) that is distinct; or
(b) a series of distinct goods or services that are substantially the same and that have the same pattern of transfer to the customer.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.18 Revenue (cont'd)

Revenue from contracts with customers is measured at the amount of consideration to which the Group and the Company expect to be entitled in exchange for transferring the promised services to the customers, excluding amounts collected on behalf of third parties such as sales taxes or services taxes. If the amount of consideration varies due to discounts, rebates, refunds, credits, incentives, penalties or other similar items, the Group and the Company estimate the amount of consideration to which it will be entitled based on the expected value or the most likely outcome.

If the contract with customer contains more than one performance obligation, the amount of consideration is allocated to each performance obligation based on the relative standalone selling prices of the goods or services promised in the contract.

The amount of variable consideration is recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainly associated with the variable consideration is subsequently resolved.

The control of the promised goods or services may be transferred over time or at a point in time. The control over the goods or services is transferred over time and revenue is recognised over time if:-

(a) the customer simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs;
(b) the Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
(c) the Company's performance does not create an asset with an alternative use and the Company has an enforceable right to payment for performance completed to date.

Revenue for performance obligation that is not satisfied over time is recognised at the point in time at which the customer obtains control of the promised goods or services.

For performance obligations where any one of the above conditions not met, revenue is recognised at a point in time at which the performance obligation is satisfied.

When the Group and the Company satisfy a performance obligation by delivering the promised goods or service, it creates a contract based on asset on the amount of consideration earned by the performance. Where the amount of consideration received from a customer exceeds the amount of revenue recognised, this gives rise to a contract liability.

3.18.1 Sales of Goods

Revenue relating to sales of goods is recognised net of sales returns and discount upon the transfer of control of the goods to the customers. Revenue is not recognised to extent were there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

3.18.2 Sale of Equipment

Revenue from sale of equipment is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the equipment. The normal credit term is 30 to 90 days upon delivery.

3.18.3 Installation Service

The Group provides installation services that is bundled together with the sale of equipment to customers.

The Group recognises revenue from installation services over time, using revenue method to measure progress towards complete satisfaction of the service, because the customer simultaneously receives and consumes the benefits provided by the Group. Revenue from the sale of the machinery, equipment and generators are recognised at a point in time, generally upon delivery of the equipment.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.18 Revenue (cont'd)

3.18.4 Construction Contract

Revenue from a construction contract can be estimated reliably, contract revenue and contract costs associated with the construction contract are recognised as revenue and expenses respectively by reference to the stage of completion of the contract activity at the reporting date. The stage of completion is measured using the output method, which is based on the level of completion of the development phase of the project as certified by professional engineers or consultants.

Where the outcome of a contract cannot be reasonably estimated, revenue is recognised to the extent of construction contract costs incurred that is probable will be recoverable, and the contract costs shall be recognised as an expense in the year in which they are incurred.

When it is probable that total costs will exceed total revenue, the foreseeable loss is immediately recognised in the profit or loss irrespective of whether construction work has commenced or not, or of the stage of completion of development activity, or of the amounts of profits expected to arise on other unrelated construction contracts.

The excess of revenue recognised in the profit or loss over the billings to customers of contracts is recognised as contract asset.

The excess of billings to customers of contracts over revenue recognised in the profit or loss is recognised as contract liability.

3.18.5 Contract Balances

<u>Contract Assets</u>

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group perform by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

<u>Trade Receivables</u>

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

<u>Contract Liabilities</u>

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfer goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group perform under the contract.

3.18.6 Rendering of Services

Revenue from rendering of services is recognised upon the services completed.

3.18.7 Revenue from Other Sources

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 team on a straight-line basis.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.18 Revenue (cont'd)

3.18.7 Revenue from Other Sources (cont'd)

Interest Income

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit impaired financial assets, the effective interest rate is applied to the net carrying amount of the financial asset.

Dividend Income

Dividend income is recognised in profit or loss on the date that the Group's or the Company's right to receive payment is established, which is in the case of quoted securities is the ex- dividend date.

Management Fee Income

Management fees are recognised when services are rendered.

3.19 Employee Benefits

3.19.1 Short-Term Employment Benefits

Short-term employment benefits, such as wages, salaries, bonuses, allowances and social security contributions, are recognised as expense when the employees have rendered services to the Group and the Company.

The expected cost of bonus payments is recognised when the Group and the Company have a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made. A present obligation exists when the Group and the Company have no realistic alternative but to make the payments.

3.19.2 Defined Contribution Plans

Defined contribution plans are post-employment benefit plan under which the Group and the Company pay fixed contributions into separate entities of funds and will have no legal or constructive obligation to pay further contribution if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years.

Such contributions are recognised as expenses in profit or loss as incurred. As required by law, companies in Malaysia make such contributions to the Employees Provident Fund ("EPF"). Some of the Group's foreign subsidiaries also make contributions to the respective country's statutory pension schemes.

3.20 Borrowing Costs

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalised as part of the cost of the assets when the Group incurs the expenditure for the assets, incur borrowing costs and undertake activities that are necessary to prepare the assets for the intended use or sale.

Capitalisation of borrowing costs is suspended during extended periods in which active development is suspended and ceased when substantially all the activities necessary to prepare the qualifying assets for the intended use or sale are complete.

Other borrowing costs are recognised as expense in profit or loss when they are incurred.

3.21 Tax Expenses

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

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.21 Tax Expenses (cont'd)

3.21.1 Current Tax

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.

Current tax is recognised in the statements of financial position as a liability (or an asset) to the extent that it is unpaid (or refundable).

3.21.2 Deferred Tax

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

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

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.

3.22 Goods and Services Tax ("GST")

GST is a consumption tax based on value-added concept. GST is imposed on goods and services at every production and distribution stage in the supply chain including importation of goods and services, at the applicable tax rate of 6%. Input GST that the Group paid on purchases of business inputs can be deducted from output GST.

Revenues, expenses, assets and liabilities are recognised net of the amount of GST except:

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

The net amount of GST recoverable from, or payable to, the customs is included as part of receivables or payables in the statements of financial position.

During the financial year, GST was reset at standard rate of 0% with effective on 1 June 2018 and sales and services tax ("SST") was enacted with effective on 1 September 2018 to replace GST.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.23 Sales and Services Tax ("SST")

Expenses and assets are recognised net of the amount of SST, except:

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

The amount of SST payable to taxation authority is included as part of payables in the statements of financial position.

3.24 Contingencies

3.24.1 Contingent Liabilities

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is not recognised in the statements of financial position and is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote.

Possible obligations, whose existence will only be confirmed by the occurrence or non- occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

3.24.2 Contingent Assets

When an inflow of economic benefit of an asset is probable where it arises from past events and where existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity, the asset is not recognised in the statements of financial position but is being disclosed as a contingent asset. When the inflow of economic benefit is virtually certain, then the related asset is recognised.

3.25 Provisions

Provisions are recognised when the Group and the Company have a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group and the Company expect some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the profit or loss net of any reimbursement.

If the effect of the time of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

3.26 Operating Segments

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

Segment reporting is presented for enhanced assessment of the Group's risks and returns. Business segments provide products or services that are subject to risks and returns that are different from those of other business segments. Geographical segments provide products or services within a particular economic environment that is subject to risks and returns that are different from those components operating in other economic environments.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.26 Operating Segments (cont'd)

Segment revenue, results, assets and liabilities are those amounts resulting from the operating activities of a segment that are directly attributable to the segment and the relevant portion that can be allocated on a reasonable basis to the segment. Segment revenue, results, assets and liabilities are determined after elimination of intragroup balances and intragroup transactions as part of the consolidation process.

3.27 Earnings per Ordinary Share

The Group presents basic and diluted earnings per share ("EPS") data for its ordinary shares.

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company based on the weighted average number of ordinary shares in issue during the period.

Diluted EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group based on the weighted average number of shares in issue, for the effects of all dilutive potential ordinary shares during the period.

3.28 Related Parties

A related party is a person or entity that is related to the Group and the Company. A related party transaction is a transfer of resources, services or obligations between the Group and the Company and its related party, regardless of whether a price is charged.

(a) A person or a close member of that person's family is related to the Group and the Company if that person:-

- (i) Has control or joint control over the Group and the Company;
- (ii) Has significant influence over the Group and the Company; or
- (iii) Is a member of the key management personnel of the corporate shareholders of the Group or the Company.

(b) An entity is related to the Group and the Company if any of the following conditions applies:-

- (i) The entity and the Group or the Company are members of the same group;
- (ii) The entity is an associate or joint venture of the other entity;
- (iii) Both the Group or the Company and the entities are joint ventures of the same third party;
- (iv) The Group or the Company is a joint venture of a third entity and the other entity is an associate of the same third entity;
- (v) The entity is a post-employment benefit plan for the benefits of employees of either the Group or the Company for an entity related to the Group or the Company;
- (vi) The entity is controlled or jointly-controlled by a person identified in (a) above;
- (vii) A person identified in (a)(i) above has significant influence over the entity or is a member of the key management personnel of the corporate shareholders of the Group or the entity; and
- (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the corporate shareholders of the Group or to the Group.

4. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land and building RM	Leasehold land and building RM	Furniture and fittings RM	Renovation RM	Workshop tools RM	Office equipment RM	Motor vehicles RM	Equipment RM	Plant and machinery RM	Assets under construction RM	Total RM
Cost											
At 1.1.2018	14,154,365	3,717,622	1,172,304	3,204,080	-	7,705,820	1,144,200	15,827,023	38,233,441	4,193,623	89,352,478
Additions	-	2,549,214	29,334	135,542	2,300	390,961	1,397,881	77,188	1,074,827	21,844,072	27,501,319
Transferred to asset held-for-sale	-	(1,750,000)	-	-	-	-	-	-	-	-	(1,750,000)
Disposal	-	-	-	-	-	(51,605)	-	-	-	-	(51,605)
At 31.12.2018	14,154,365	4,516,836	1,201,638	3,339,622	2,300	8,045,176	2,542,081	15,904,211	39,308,268	26,037,695	115,052,192
Adjustment on initial application of MRFS 16	-	(4,516,836)	-	-	-	-	(1,295,501)	(5,211,180)	(381,200)	-	(11,404,717)
At 1 January 2019, restated	14,154,365	-	1,201,638	3,339,622	2,300	8,045,176	1,246,580	10,693,031	38,927,068	26,037,695	103,647,475
Additions	-	-	175,522	822,607	208,196	387,625	-	196,761	456,890	8,513,167	10,760,768
Acquisition of subsidiaries	-	-	134,454	99,524	-	82,351	-	-	-	-	316,329
Written off	-	-	-	-	-	-	-	(2,173,669)	-	-	(2,173,669)
At 31.12.2019	14,154,365	-	1,511,614	4,261,753	210,496	8,515,152	1,246,580	8,716,123	39,383,958	34,550,862	112,550,903
Accumulated depreciation											
At 1.1.2018	1,225,125	542,991	669,740	839,495	-	7,079,891	1,027,403	10,782,060	37,706,557	-	59,873,262
Charge for the financial year	145,316	56,321	154,540	502,953	-	282,836	149,056	1,066,341	267,515	-	2,624,878
Transferred to asset held-for-sale	-	(465,333)	-	-	-	-	-	-	-	-	(465,333)
Disposal	-	-	-	-	-	(51,582)	-	-	-	-	(51,582)
At 31.12.2018	1,370,441	133,979	824,280	1,342,448	-	7,311,145	1,176,459	11,848,401	37,974,072	-	61,981,225
Adjustment on initial application of MRFS 16	-	(133,979)	-	-	-	-	(86,367)	(3,106,089)	(88,947)	-	(3,415,382)
At 1 January 2019, restated	1,370,441	-	824,280	1,342,448	-	7,311,145	1,090,092	8,743,312	37,885,125	-	58,565,843
Acquisition of subsidiaries	-	-	110,401	68,900	-	42,451	-	-	-	-	221,752
Charge for the financial year	145,316	-	165,348	451,334	-	292,610	46,531	495,496	358,473	-	1,955,108
Written off	-	-	-	-	-	-	-	(2,172,784)	-	-	(2,172,784)
At 31.12.2019	1,515,757	-	1,100,029	1,862,682	-	7,646,206	1,136,623	7,065,024	38,243,598	-	58,569,919
Net carrying amount											
At 31.12.2019	12,638,608	-	411,585	2,399,071	210,496	868,946	109,957	1,651,099	1,140,360	34,550,862	53,980,984
At 31.12.2018	12,783,924	4,382,857	377,358	1,997,174	2,300	734,031	1,365,622	4,055,810	1,334,196	26,037,695	53,070,967

The Group's cost and carrying amounts of the freehold land and leasehold land is not segregated from the building as required details are not available and unreasonable expenses would be incurred.

4. PROPERTY, PLANT AND EQUIPMENT (cont'd)

4.1 Equipment subject to operating lease

The Group lease some of its gas generators to third parties. All the leases are cancellable within 3 to 6 months prior written notice or payment of 3 to 6 months fee in lieu of notice.

4.2 Assets held under finance lease

In prior financial year, the net carrying amount of property, plant and equipment of the Group which were under finance lease arrangements amounted to RM3,606,479.

4.3 Assets charged to secure banking facilities

The net carrying amount of property, plant and equipment of the Group that have been charged to secure banking facilities granted to a subsidiary as follow:-

	Group	
	2019 RM	2018 RM
Freehold land and building	9,919,533	9,984,022
Leasehold land	-	2,549,214
Assets under construction	14,041,358	12,217,944
	23,960,891	24,751,180

Included in the above freehold land and building with net carrying amount of RM504,110 (2018: RM528,000), the transfer of register name of title deed is still in progress.

5. RIGHT-OF-USE ASSETS

The Group has leases for leasehold land and building, plant, machinery, equipment and motor vehicles that run between 5 to 99 years.

The Group also have leases of premises, machinery and equipment with lease terms of 12 months or less. The Group apply the 'short-term lease' recognition exemption for these leases.

Set out are the carrying amounts of right-of-use assets recognised and the movements during the financial year:-

Group	Leasehold and and building RM	Equipment RM	Plant and machinery RM	Motor vehicles RM	Total RM
Adjustment on initial application of MFRS 16/At 1 January 2019, restated	4,382,857	2,105,091	292,253	1,209,134	7,989,335
Addition	627,264	-	-	1,580,063	2,207,327
Reversal	-	-	-	(126,660)	(126,660)
Charge for the financial year	(87,534)	(558,341)	(76,240)	(423,833)	(1,145,948)
At 31 December 2019	4,922,587	1,546,750	216,013	2,238,704	8,924,054

5. RIGHT-OF-USE ASSETS (cont'd)

As a lessee

(a) The above plant, machinery, equipment and motor vehicles are under finance lease arrangement.

(b) The net carrying amount of leasehold land and building of the Group amounting to RM3,110,265 have been charged to secure banking facilities granted to a subsidiary.

As a lessor

The Group has entered into operating leases on its investment property portfolio consisting of certain office and factories. These leases have terms of between one and three years. Rental income recognised by the Group during the financial year is RM2,397,525.

The Group has entered into operating lease on the equipment. The lease is cancellable with 3 months prior written notice or payment of 3 to 6 months fee in lieu of notice.

6. INVESTMENT PROPERTIES

	Group	
	2019 RM	2018 RM
Valuation:-		
Leasehold building		
At 1 January	1,250,000	-
Addition	-	1,099,269
Change in fair value	50,000	150,731
At 31 December	1,300,000	1,250,000

Fair Value Basic of Investment Properties

Investment properties are stated at fair value, which has been determined based on valuations at the end of reporting date. As at 31 December 2019 and 31 December 2018, the fair value of investment properties were provided by Ng Shin Lin, a registered valuer of Solid Real Estate Consultants Sdn. Bhd.. The Directors are of the opinion that the prevailing market condition at the reporting date did not significantly change from the date on which the independent valuation was carried out.

Level 2 Fair Value

Fair value measurement of the investment properties were categorised as follows:-

	Group	
	2019 Level 2 RM	2018 Level 2 RM
Recurring fair value measurement:-		
Leasehold building	1,300,000	1,250,000

6. INVESTMENT PROPERTIES (cont'd)

Fair Value Basic of Investment Properties (cont'd)

Level 2 Fair Value (cont'd)

Level 2 fair values of land and buildings have been generally derived using the sales comparison approach. Sales price of comparable properties 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.

At the reporting date, had the revalued buildings of the Group carried under the cost model, the carrying amount would have been RM1,069,153 (2018: RM1,084,211).

7. INTANGIBLE ASSETS

Group	Development costs RM	Patent RM	Goodwill on consolidation RM	Total RM
Cost				
At 1.1.2018/31.12.2018/1.1.2019	4,099,075	15,055	339,253	4,453,383
Acquisition of a subsidiary	-	-	163,616	163,616
Written off	-	-	(163,616)	(163,616)
At 31.12.2019	4,099,075	15,055	339,253	4,453,383
Accumulated amortisation				
At 1.1.2018	2,029,316	13,862	-	2,043,178
Charge for the financial year	273,272	124	-	273,396
At 31.12.2018/1 January 2019	2,302,588	13,986	-	2,316,574
Charge for the financial year	273,272	124	-	273,396
At 31.12.2019	2,575,860	14,110	-	2,589,970
Net carrying amount				
At 31.12.2019	1,523,215	945	339,253	1,863,413
At 31.12.2018	1,796,487	1,069	339,253	2,136,809

The development costs incurred in developing gas generator is amortised on a straight-line basis over their useful lives of 15 years.

The patent is amortised on straight-line basis over their useful life for 10 years.

7. INTANGIBLE ASSETS (cont'd)

Impairment loss review of development costs, patent and goodwill on consolidation

Goodwill acquired in a business combination is allocated, at acquisition date, to the cash- generating unit ("CGU") that is expected to benefit from the business combination.

The Group tests goodwill annually for impairment or more frequently if there are indications that goodwill might be impaired.

Key assumptions made in determining the value-in-use are as follows:

- Cash flows were projected based on actual operating results and the five years business plan;
- The discount rate applied to the cash flows projections are derived from the weighted average cost of capital of the Group plus a reasonable risk premium.

The key assumptions used for determining the value in use, which are determined based on management's past experience and expectation of the future development, are as follows:-

	Group	
	2019 %	2018 %
Profit margin	15	15
Discount rate	1.65	1.65

The projected cash flows from use are derived from the most recent financial budgets approved by management.

With regards to the assessments, management believes that no reasonably possible changes in any of the key assumptions would cause the carrying values of these units to differ materially from their recoverable amounts except for the changes in prevailing operating environment which is not ascertainable.

8. SUBSIDIARIES

Investment in subsidiaries

	Company	
	2019 RM	2018 RM
Unquoted shares, at cost	140,744,452	140,744,452
Redeemable convertible preference shares	2,500,000	2,500,000
SIS granted to employees of the subsidiaries	1,175,158	1,175,158
Less: Accumulated impairment losses	(3,228,661)	(7,861,083)
	141,190,949	136,558,527

Redeemable convertible preference shares ("RCPS")

On 23 February 2018, an amount of RM2,500,000 due from a subsidiary were capitalised by way of investment in RCPS upon the allotment of 2,500,000 units of RCPS by a subsidiary to the Company at an issue price of RM1.00 each.

8. SUBSIDIARIES (cont'd)

Investment in subsidiaries (cont'd)

Investment in subsidiaries that are impaired

Investment in subsidiaries are impaired at reporting date when the net asset of the subsidiary is lower than cost of investment. The reconciliation of the allowance account is as follows:-

	Company	
	2019 RM	2018 RM
Brought forward	7,861,083	81,523,552
Charge for the financial year	805,280	-
Reversal	(5,437,702)	-
Written off	-	(36,967,378)
Disposal of subsidiaries	-	(36,695,091)
Carried forward	3,228,661	7,861,083

Details of the Company's subsidiaries are as follows:-

	Group Effective Interest		Principal Place of Business	Principal Activities
	2019 %	2018 %		
Held by the Company:				
Tanjung Offshore Services Sdn. Bhd.	100	100	Malaysia	Integrated service provider to the oil and gas and related industries.
T7 Gastec Sdn. Bhd.	100	100	Malaysia	Manufacturing and trading of all types of machinery, equipment and generators used for welding, cutting, cooking and other commercial applications.
T7 Marine Sdn. Bhd.	100	100	Malaysia	Owning and leasing offshore vessels to local and international oil industry.
T7 Solutions Sdn. Bhd.	100	100	Malaysia	Dormant.
T7 Resources Sdn. Bhd.	100	100	Malaysia	Mineral trading.
T7 Kemuncak Sdn. Bhd.	100	100	Malaysia	Property, construction and investment holding.
T7 Property Sdn. Bhd.	100	100	Malaysia	Development of building projects for own operation, for renting of space in these buildings and construction.

Notes to the Financial Statements
For the Financial Year Ended 31 December 2019 (cont'd)

8. SUBSIDIARIES (cont'd)

Investment in subsidiaries (cont'd)

Details of the Company's subsidiaries are as follows (cont'd):-

	Group Effective Interest		Principal Place of Business	Principal Activities
	2019 %	2018 %		
Held by the Company (cont'd):				
T7 Aero Sdn. Bhd.	100	100	Malaysia	Precision engineering, manufacturing and trading of products, equipment and machines of all kinds relating to aircraft aerospace and investment holding.
T7 CSI Integrated Sdn. Bhd.	100	100	Malaysia	Supply, design, configure, intergrate, test, install and commission distributed control systems, programmable logic controllers, supervisory control and data acquisitions, safety shutdown systems, fire gas systems, fire addressable systems, liquid and gas analyser systems, control valves, instrumentation and electrical heat tracing systems and to train and supply manpower for after sales services.
T7 Services Australia Pty. Ltd.^	100	100	Australia	Dormant.
Held by Tanjung Offshore Services Sdn. Bhd.:				
T7 Services Sdn. Bhd. *(formerly known as T7 Petroconsult Sdn. Bhd.)*	100	100	Malaysia	Provision for engineering and professional manpower services to the oil and gas and related industries.
T7 Newenergy Sdn. Bhd.	100	100	Malaysia	Project management services to the engineering and energy industries.
Fircroft Tanjung Sdn. Bhd.	51	-	Malaysia	Supplying manpower for the oil and gas industry and petrochemicals industry.
T7 Solutions Services (S) Pte. Ltd.^	100	100	Singapore	Wholesale of general hardware and wholesale trade.
Held by T7 Gastec Sdn. Bhd.:				
Universal Gas Generators (M) Sdn. Bhd.	100	100	Malaysia	Selling and letting of gas generators.

8. **SUBSIDIARIES (cont'd)**

Investment in subsidiaries (cont'd)

Details of the Company's subsidiaries are as follows (cont'd):-

	Group Effective Interest 2019 %	Group Effective Interest 2018 %	Principal Place of Business	Principal Activities
Held by T7 Gastec Sdn. Bhd. (cont'd):				
Gas Generators International Ltd.^@	-	100	Malaysia (Wilayah Persekutuan Labuan)	Marketing gas generator packages.
T7 Wenmax Sdn. Bhd.*	51	51	Malaysia	Supplier of industrial equipment, machineries, spare parts, lubricants oil and also in the business of rental of motor vehicle.
T7 Solutions Services (Thailand) Co., Ltd.*	45	-	Thailand	Manufacture and to market of waste heat recovery unit.
Held by T7 Aero Sdn. Bhd.:				
T7 Kilgour Sdn. Bhd.	60	60	Malaysia	Manufacturing aerospace components and assemblies.
T7 Vector Sdn. Bhd.	100	-	Malaysia	Dormant.
Held by T7 Marine Sdn. Bhd.:				
T7 D'Mega Sdn. Bhd	-	51	Malaysia	Dormant.
T7 Subsea Sdn. Bhd.	55	55	Malaysia	Underwater services involving remote operated vehicle and diving services.
Held by T7 Solutions Sdn. Bhd.:				
T7 Generations Sdn. Bhd.	92.5	72.5	Malaysia	Dormant.
TCM Innovations Sdn. Bhd. *(formerly known as TCM Intelligent System Sdn. Bhd.)*	100	100	Malaysia	Dormant.

Notes to the Financial Statements
For the Financial Year Ended 31 December 2019 (cont'd)

8. SUBSIDIARIES (cont'd)

Investment in subsidiaries (cont'd)

Details of the Company's subsidiaries are as follows (cont'd):-

	Group Effective Interest		Principal Place of Business	Principal Activities
	2019 %	2018 %		
Held by T7 Kemuncak Sdn. Bhd.:				
T7 China Construction Third Engineering Sdn. Bhd.	51	51	Malaysia	Dormant.

* The financial statements of these companies are not audited by Grant Thornton Malaysia PLT.
^ These companies are not required by their local laws to appoint statutory auditors.
@ The Company has been struck-off on 21 October 2019 pursuant to Section 151(4) of the Labuan Companies Act, 1990.

Acquisition of subsidiaries

2019

(a) On 1 January 2019, Tanjung Offshore Services Sdn. Bhd. controlled on Fircroft Tanjung Sdn. Bhd. ("FTSB") by virtue of an agreement with other investors. Consequently, FTSB become subsidiary of the Company.

(b) On 18 June 2019, a wholly-owned subsidiary of the Company, T7 Solutions Sdn. Bhd., had acquired 40 ordinary shares representing 20% equity interest in T7 Generations Sdn. Bhd., for a total cash consideration of RM40.

(c) On 16 August 2019, a wholly-owned subsidiary of the Company, T7 Gastec Sdn. Bhd., had acquired 22,500 ordinary shares representing 45% equity interest in T7 Solutions Services (Thailand) Co. Ltd. ("T7SST"), for a total cash consideration of RM292,500.

(d) On 16 October 2019, a wholly-owned subsidiary of the Company, T7 Aero Sdn. Bhd., incorporated a 100% owned subsidiary, T7 Vector Sdn. Bhd., with cash subscription of RM100.

(e) On 15 November 2019, T7 Vector Sdn. Bhd. issue 2,400 new ordinary shares which was acquired by T7 Aero Sdn. Bhd. for a cash consideration of RM2,400.

8. SUBSIDIARIES (cont'd)

Acquisition of subsidiaries (cont'd)

2019 (cont'd)

The fair value of the identifiable assets and liabilities of the subsidiaries as at date of acquisition were as follows:-

	T7SST RM	FTSB RM	Total RM
Property, plant and equipment	227	94,350	94,577
Deferred tax assets	-	4,000	4,000
Inventories	243,017	-	243,017
Trade receivables	65,278	12,100,353	12,165,631
Other receivables	60,180	681,315	741,495
Contract assets	-	390,549	390,549
Tax recoverable	-	178,289	178,289
Cash and cash equivalents	732,479	486,348	1,218,827
Total assets	1,101,181	13,935,204	15,036,385
Trade payables	(813,571)	(441,630)	(1,255,201)
Other payables	(1,202)	(7,518,608)	(7,519,810)
Borrowings	-	(3,600,000)	(3,600,000)
Total liabilities	(814,773)	(11,560,238)	(12,375,011)
Net assets assumes acquired	286,408	2,374,966	2,661,374
Less: Non-controlling interests	(157,524)	(1,135,990)	(1,293,514)
Less: Investment in a joint venture	-	(1,238,976)	(1,238,976)
Goodwill on acquisition	163,616	-	163,616
Cash consideration	292,500	-	292,500
Less: Cash and cash equivalents	(732,479)	(486,348)	(1,218,827)
Net cash inflow arising from acquisition of subsidiaries	(439,979)	(486,348)	(926,327)

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

From the date of acquisition, T7SST has contributed RM1,107,031 and RM122,209 to the Group's revenue and loss after tax respectively. If the contribution had taken place at the beginning of the financial period, the Group's revenue and the profit after tax contributed by T7SST would have been same amount of contribution for revenue and profit after tax will decreased by RM133,491.

Notes to the Financial Statements
For the Financial Year Ended 31 December 2019 (cont'd)

8. SUBSIDIARIES (cont'd)

Acquisition of subsidiaries (cont'd)

2018

(a) On 12 January 2018, a wholly-owned subsidiary of the Company, T7 Kemuncak Sdn. Bhd., incorporated a 51% owned subsidiary, T7 China Construction Third Engineering Sdn. Bhd., with cash subscription of RM51,000.

(b) On 7 August 2018, a wholly-owned subsidiary of the Company, T7 Marine Sdn. Bhd., incorporated a 55% owned subsidiary, T7 Subsea Sdn. Bhd., with cash subscription of RM275,000.

(c) On 8 October 2018, a wholly-owned subsidiary of the company, T7 Solutions Sdn. Bhd. incorporated a 72.5% owned subsidiary, T7 Generations Sdn. Bhd., with cash subscription of RM145.

(d) On 5 December 2018, a wholly-owned subsidiary, T7 Solution Sdn. Bhd. incorporated 100% owned subsidiary, TCM Intelligent System Sdn. Bhd., with cash subscription of RM100.

Disposal of subsidiaries

2018

On 18 January 2018, the Company disposed of its 100% equity interest in 7 New Market Street Holdings Limited and its subsidiary 7 New Market Street Limited ("7 New Market Group"), for a cash consideration of RM32,200,000. The subsidiary was previously reported as part of the product and services segment.

The effect of disposal of 7 New Market Group, on the financial position of the Group as at the date of disposal was as follows:-

	2018 RM
Investment properties	21,593,070
Foreign currency translation reserve	1,578,821
Net assets disposed	23,171,891
Add: Gain on disposal of subsidiaries	9,028,109
Cash consideration on disposal/Net cash inflow from disposal	32,200,000

8. SUBSIDIARIES (cont'd)

Strike-off of subsidiaries

2019

(a) On 1 January 2019, the Group had strike-off of its 51% equity interest in T7 D'Mega Sdn. Bhd. ("T7DM"). The subsidiary was previously reported as part of the product and services segment.

(b) On 21 October 2019, the Group had strike-off of its 100% equity interest in Gas Generators International Ltd. ("GGI") pursuant to Section 151(4) of the Labuan Companies Act, 1990. The subsidiary was previously reported as part of the product and services segment.

	T7DM RM	GGI RM	Total RM
Current asset			
Other receivables	600	107,732	108,332
Current liability			
Other payables	(204,955)	(115,122)	(320,077)
Net liabilities	(204,355)	(7,390)	(211,745)
Non-controlling interest	100,133	-	100,133
Gain on deconsolidation of subsidiaries	(104,222)	(7,390)	(111,612)

2018

On 25 September 2018, the Company strike-off of its 100% equity interest in Tanjung Citech UK Limited Group and Tanjung HMS Petroleum Sdn. Bhd.. The subsidiary was previously reported as part of the product and services segment.

Non-controlling interest in subsidiaries

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

	T7 Wenmax Sdn. Bhd.	Other individually immaterial subsidiaries	Total
2019			
Percentage of ownership interest and voting interest (%)	49	7.5 – 55	
Carrying amount of non-controlling interest (RM)	18,635,270	1,316,832	19,952,102
Profit/(Loss) allocated to non-controlling interest (RM)	5,077,135	(294,232)	4,782,903
Total comprehensive income/(loss) allocated to non-controlling interest (RM)	5,077,135	(295,470)	4,781,665
Dividend paid to non-controlling interest (RM)	2,940,000	-	2,940,000

Notes to the Financial Statements
For the Financial Year Ended 31 December 2019 (cont'd)

8. SUBSIDIARIES (cont'd)

Non-controlling interest in subsidiaries (cont'd)

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

	T7 Wenmax Sdn. Bhd.	Other individually immaterial subsidiaries	Total
2018			
Percentage of ownership interest and voting interest (%)	49	27.5 – 49	
Carrying amount of non-controlling interest (RM)	16,498,135	218,695	16,716,830
Profit/(Loss) and total comprehensive income/(loss) allocated to non-controlling interest (RM)	3,561,463	(14,968)	3,546,495

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

T7 Wenmax Sdn. Bhd.

	2019 RM	2018 RM
Non-current assets	2,079,188	2,051,230
Current assets	47,016,724	53,982,910
Total assets	49,095,912	56,034,140
Non-current liabilities	85,107	8,438
Current liabilities	10,979,642	22,356,039
Total liabilities	11,064,749	22,364,477
Equity attributable to owners of the Company	38,031,163	33,669,663
Non-controlling interest	18,635,270	16,498,135
Revenue	63,012,337	66,677,004
Expenses	(52,650,837)	(59,408,712)
Profit for the financial year	10,361,500	7,268,292

8. SUBSIDIARIES (cont'd)

Non-controlling interest in subsidiaries (cont'd)

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

T7 Wenmax Sdn. Bhd. (cont'd)

	2019 RM	2018 RM
Profit and other comprehensive income attributable to owners of the company	5,284,365	3,706,829
Profit and other comprehensive income attributable to the non-controlling interest	5,077,135	3,561,463
Profit and other comprehensive income for the financial year	10,361,500	7,268,292
Net cash inflow/(outflow) from operating activities	4,929,929	(327,319)
Net cash (outflow)/inflow from investing activities	(56,683)	280,067
Net cash outflow from financing activities	(2,132,640)	(53,171)
Net cash inflow/(outflow)	2,740,606	(100,423)
Other information		
Dividends paid to non-controlling interest	2,940,000	-

Amount due from/(to) subsidiaries

	Company 2019 RM	Company 2018 RM
Amount due from subsidiaries		
Non-current	10,637,428	-
Less: Allowance for ECL	(872,004)	-
	9,765,424	-
Current	83,022,074	74,726,015
Less: Allowance for ECL	(21,222,471)	(21,547,365)
	61,799,603	53,178,650
	71,565,027	53,178,650
Amount due to subsidiaries	(2,386,480)	(4,341,294)

8. SUBSIDIARIES (cont'd)

Amount due from/(to) subsidiaries (cont'd)

The amount due from/(to) subsidiaries is non-trade related, unsecured, bear no interest and repayable in cash on demand, except for RM9,765,424 (2018: Nil) amount due from subsidiaries subject to interest rate at 4.80% (2018: Nil) per annum.

The movements in the allowance for ECL in respect of amount due from subsidiaries during the financial year were as follows:-

	Company	
	2019 RM	2018 RM
Brought forward	21,547,365	21,563,201
Charge for the financial year	547,110	5,359
Written off	-	(21,195)
Carried forward	22,094,475	21,547,365

The impairment loss was recognised to adjust the carrying amount of amount due from subsidiaries due to recoverable amount is lower than the carrying amount.

9. ASSOCIATE

Investment in associate

	Group	
	2019 RM	2018 RM
Unquoted shares, at cost	35,000	35,000
Share of attributable post acquisition losses after tax	8,730	8,730
	43,730	43,730
Less: Accumulated impairment losses	(43,730)	(43,730)
	-	-

Details of the Group's associate are as follows:-

	Group Effective Interest 2019 %	Group Effective Interest 2018 %	Principal Place of Business	Principal Activities
Held by T7 Gastec Sdn. Bhd.:				
PT. Gas Generators Indonesia*	35	35	Indonesia	Commission agent for the fabrication and supply of industrial equipment.

* The financial statements of this company is not audited by Grant Thornton Malaysia PLT.

9. ASSOCIATE (cont'd)

Investment in associate (cont'd)

The associate is not material to the Group. Therefore, the summarised financial information is not presented.

Impairment loss was recognised for the investment in associate due to irrecoverable cost of investment.

Contingent liability and capital commitment

The associate has no significant contingent liability and capital commitment to which the Group is exposed, nor the Group has any significant contingent liability and capital commitment in relation to its interest in the associate company.

10. JOINT VENTURES

Investment in joint ventures

	Group	
	2019 RM	2018 RM
Unquoted shares, at cost	255,000	255,000
Share of attributable post acquisition profit after tax	983,976	983,976
Transfer to investment in a subsidiary	(1,238,976)	-
	-	1,238,976

Details of the Group's joint ventures are as follows:-

	Group Effective Interest		Principal Place of Business	Principal Activities
	2019 %	2018 %		
Held by Tanjung Offshore Services Sdn. Bhd.:				
Fircroft Tanjung Sdn. Bhd.	-	51	Malaysia	Supply manpower for the oil and gas industry and petrochemicals industry.

The above joint arrangements are structured via separate companies and provide the Group with the rights to the net assets of the companies under the arrangements. Therefore, these companies is classified as joint ventures of the Group. This joint venture has the same reporting period as the Group. No quoted market prices are available for the shares of the Group's joint ventures as these companies are private companies.

10. JOINT VENTURES (cont'd)

Investment in joint ventures (cont'd)

Summarised statement of profit or loss of the material joint ventures are as follows:-

	Group	
	2019 RM	2018 RM
Revenue	-	32,760,507
Net profit for the financial year	-	141,061
Share of results	-	70,531
	-	32,972,099
Total assets	-	13,935,204
Total liabilities	-	(11,505,840)
Net assets	-	2,429,364
Group's share of joint venture's net assets	-	1,238,976

Amount due from a joint venture

In prior financial year the amount due from a joint venture was non-trade related, unsecured, bear no interest, except for RM4,660,447 subject to interest rate at 8.40% per annum.

Contingent liabilities and capital commitments

The joint venture has no significant contingent liabilities and capital commitments to which the Group is exposed, nor has the Group any significant contingent liability and capital commitments in relation to its interest in the joint venture.

11. OTHER INVESTMENTS

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Non-current				
Quoted shares in Malaysia				
At fair value:-				
Financial assets at FVTPL	7,038,680	2,640,000	5,346,530	812,804
Quoted shares in overseas				
At fair value:-				
Financial assets at FVOCI	1,619,188	4,666,203	-	-
	8,657,868	7,306,203	5,346,530	812,804

The Group's quoted investments amounting to RM1,619,188 (2018: RM3,853,399) are held-in-trust by a wholly-owned subsidiary.

12. DEFERRED TAX ASSETS/(LIABILITIES)

	Group	
	2019 RM	2018 RM
Brought forward	6,195,705	(356,686)
Acquisition of a subsidiary	4,000	-
Recognised in profit or loss (Note 31)	9,595,601	6,962,647
Recognised in other comprehensive income (Note 31)	410,256	(410,256)
Carried forward	16,205,562	6,195,705

The above deferred tax assets/(liabilities) are made up of tax effect on temporary differences arising from:-

	Group	
	2019 RM	2018 RM
Property, plant and equipment	1,150,562	(919,438)
Unutilised capital allowance	7,522,000	7,470,399
Unabsorbed business loss	7,567,000	-
Deferred revenue	-	45,000
Real property gain tax	(109,000)	(15,000)
Others	75,000	(385,256)
	16,205,562	6,195,705
Presented as follows:-		
Deferred tax assets	16,832,000	7,056,143
Deferred tax liabilities	(626,438)	(860,438)
	16,205,562	6,195,705

Notes to the Financial Statements
For the Financial Year Ended 31 December 2019 (cont'd)

13. INVENTORIES

	Group	
	2019 RM	2018 RM
Trading goods	18,720,018	23,926,304
Good in transits	2,111,934	4,204,191
Work-in-progress	24,288,905	41,502,057
	45,120,857	69,632,552
Recognised in profit or loss:-		
Inventories recognised as cost of sales	143,733,911	179,359,478
Impairment of slow-moving inventories	9,549	-
Inventories written off	-	257,332

14. TRADE RECEIVABLES

	Group	
	2019 RM	2018 RM
Trade receivables	102,338,599	61,266,905
Retention sum of construction contract	3,594,445	-
	105,933,044	61,266,905
Less: Allowance for ECL	(9,557,404)	(9,788,946)
	96,375,640	51,477,959

Trade receivables are non-interest bearing and are recognised at their original invoice amounts which represent their fair values on initial recognition. Interest is charged on overdue accounts at 1.5% (2018: 1.5%) per month.

The credit term granted by the Group to trade receivables range from 30 to 90 days (2018: 30 to 90 days). Other credit terms are assessed and approved on a case-by-case basis.

Included in the trade receivables are:-

	Group	
	2019 RM	2018 RM
Amount due from a company connected to non-controlling interest	507,101	-
Amount due from non-controlling interest	225,704	-
Amount due from a joint venture	-	21,570

14. TRADE RECEIVABLES (cont'd)

Currency exposure profile of trade receivables is as follows:-

	Group	
	2019 RM	2018 RM
Euro ("EURO")	1,067,130	173,915
Great Britain Pound ("GBP")	1,848,775	1,808,132
Singapore Dollar ("SGD")	1,316,648	151,592
United States Dollar ("USD")	20,348,033	14,419,824

The movements in the allowance for ECL in respect of trade receivables during the financial year were as follows:-

Group	Individual impairments RM	Collective impairments RM	Total RM
At 1 January 2018	10,115,510	428,870	10,544,380
Charge for the financial year	921,815	69,992	991,807
Written off	(14,454)	-	(14,454)
Reversal of ECL	(1,619,347)	(113,440)	(1,732,787)
At 31 December 2018	9,403,524	385,422	9,788,946
Charge for the financial year	124,516	44,515	169,031
Reversal of ECL	(273,514)	(127,059)	(400,573)
At 31 December 2019	9,254,526	302,878	9,557,404

15. OTHER RECEIVABLES

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Non-trade receivables	1,983,869	2,330,827	151,270	153,339
Deposits	1,675,418	2,155,719	-	-
Prepayments	412,109	5,419,815	-	3,910
Proceeds from disposal of a subsidiary	3,227,050	3,771,340	3,227,050	3,771,340
GST receivable	1,202,766	1,340,407	-	-
	8,501,212	15,018,108	3,378,320	3,928,589
Less: Allowance for ECL	(4,265,719)	(4,178,597)	(3,378,320)	(3,227,000)
	4,235,493	10,839,511	-	701,589

Notes to the Financial Statements
For the Financial Year Ended 31 December 2019 (cont'd)

15. OTHER RECEIVABLES (cont'd)

Included in other receivables is as follow:-

	Group	
	2019 RM	2018 RM
Amount due from a company connected to non-controlling interest	173,000	-

Proceeds from disposal of a subsidiary in the previous year

On 29 August 2014, the Company entered into an agreement for the disposal of its entire equity interest in Bumi Wangsa TMS Sdn. Bhd. (formerly known as Tanjung Maintenance Services Sdn. Bhd.) via a management buy-out for a total consideration of RM9,000,000. A deposit of RM900,000 has been paid by the purchasers upon signing the agreement and the remaining consideration of RM8,100,000 will be paid via five equal yearly installments of RM1,620,000 until full settlement.

Other receivables that are impaired

All impaired other receivables are individually determined. The reconciliation of the allowance for ECL is as follows:-

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Brought forward	4,178,597	1,076,759	3,227,000	-
Charge for the financial year	401,320	3,291,198	151,320	3,227,000
Reversal of ECL	(64,198)	(189,360)	-	-
Bad debts written off against impairment	(250,000)	-	-	-
Carried forward	4,265,719	4,178,597	3,378,320	3,227,000

16. CONTRACT ASSETS/(LIABILITIES)

	Group	
	2019 RM	2018 RM
Contract assets	2,142,075	-
Contract liabilities	(183,639)	(5,032,251)

Construction contracts

Contract assets primarily relate to the Group's rights to consideration for work completed on installation services but not yet billed at the reporting date. Typically, the amount will be billed within 30 days and payment is expected within 30 to 90 days.

Contract liabilities include revenue earned from installation services as receipt of consideration and is conditional on successful completion of installation based on the milestone report. Upon completion of installation and acceptance by the customer, the amounts recognised as contract liabilities are reclassified to revenue. The contract liabilities are expected to be recognised as revenue over a period of 90 days.

16. CONTRACT ASSETS/(LIABILITIES) (cont'd)

Contract value yet to be recognised as revenue

As at the reporting date, revenue expected to be recognised in the future relating to performance obligations that are unsatisfied (or partially unsatisfied) of the Group is RM78,309,028 (2018: RM130,113,534). The Group expected to recognised this revenue over the next 12 to 36 months.

No significant changes to contract assets balances during the financial year.

Significant changes to contract liabilities balances during the year are as follow:-

	Group	
	2019 RM	2018 RM
Amount included in contract liabilities at the beginning of the financial year	5,032,251	25,874,038

17. CASH AND CASH EQUIVALENTS

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Cash and bank balances	28,472,483	31,797,613	2,680,928	2,241,968
Deposits with licensed banks	14,819,638	4,551,510	-	42,841
Presented in statements of financial position	43,292,121	36,349,123	2,680,928	2,284,809
Less: Fixed deposits pledged	(1,891,034)	(1,863,755)	-	-
Presented in statements of cash flows	41,401,087	34,485,368	2,680,928	2,284,809

Included in deposits with licensed banks of the Group with carrying amount of RM1,891,034 (2018: RM1,863,755) have been pledged to banks for banking facilities granted to a subsidiary.

The interest rates of the deposits with licensed banks ranged from 2.70% to 3.65% (2018: 2.55% to 3.35%) per annum and matured within a year.

Currency exposure profile of cash and cash equivalents is as follows:-

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Australian Dollar ("AUD")	1,470,711	8,355	1,426,391	-
EURO	1,491,915	1,892,548	-	-
Japanese Yen ("JPY")	41,533	938	-	-
GBP	1,955,658	2,702,776	124,703	910,266
SGD	694,017	120,979	65,101	95,419
USD	6,249,195	4,119,072	110,983	277,510

18. ASSETS CLASSIFIED AS HELD-FOR-SALE

On 22 June 2018, the subsidiary, Tanjung Offshore Services Sdn. Bhd. ("TOS") has announced their proposed disposal of all that two (2) adjoining semi-detached plots of leasehold industrial land together with one and half storey semi-detached duplex factory, measuring approximately 3,516 square metres, with title bearing PN 4114 & PN 4115, Lot NOS. 3790 & 3791, Mukim of Teluk Kalung, District of Kemaman, State of Terengganu to Bumi Wangsa TMS Sdn. Bhd. (formerly known as Tanjung Maintenance Services Sdn. Bhd.) for a total cash consideration of RM1,850,000 upon the terms and conditions as stipulated in the Sales and Purchase Agreement to be executed.

The disposal has been approved by the shareholders of TOS during the Directors' Meeting held on 20 June 2018 and the disposal was completed as at January 2019.

Statements of Financial Position

The major classes of assets of TOS classified as held for sale as at 31 December 2018 are as follows:-

	2018 RM
Assets:	
Property, plant and equipment	1,284,667

19. SHARE CAPITAL

	Group and Company Number of ordinary shares		Group and Company Amounts	
	2019 Unit	2018 Unit	2019 RM	2018 RM
Issued and fully paid up with no par value:-				
Brought forward	419,452,614	419,452,614	120,504,502	120,504,502
Issued during the financial year				
- Private placement	82,126,442	-	34,228,425	-
Carried forward	501,579,056	419,452,614	154,732,927	120,504,502

At the end of the reporting date, 8,820,400 (2018: 7,455,500) ordinary shares are held by the Company as treasury shares (Note 20 to the financial statements), and number of outstanding ordinary shares issued and fully paid (excluding treasury shares) is 492,758,656 (2018: 411,997,114) units.

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company's residual assets. In respect of the Company's treasury shares that are held by the Company, all rights are suspended until those shares are reissued.

20. TREASURY SHARES

During the financial year, the Company purchased 1,364,900 (2018: 4,978,000) of its issued share capital from the open market at the average price paid of RM0.49 (2018: RM0.39) per share. The purchase transactions were financed by internally generated funds.

The shares purchased were retained as treasury shares. The Company has the right to re-issue these shares at a later date. As treasury shares, the rights attached as to voting, dividends and participation in other distribution are suspended.

At the end of the reporting date, the Group held 8,820,400 (2018: 7,455,500) of the Company's shares and number of ordinary shares after setting off against treasury shares is 492,758,656 (2018: 411,997,114).

21. RESERVES

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Non-distributable:-				
Fair value reserve	416,966	1,320,133	20,990	20,990
Capital reserves	35,474,560	35,474,560	57,026,993	57,026,993
Foreign currency translation reserve	(941)	91	-	-
	35,890,585	36,794,784	57,047,983	57,047,983

Fair Value Reserve

The fair value reserve comprises the cumulative net change in the fair value of equity designated at fair value through other comprehensive income until the assets are derecognised or impaired.

Capital Reserves

The capital reserves include all the changes in the Group's ownership interest in a subsidiary that do not result in a loss of control and capital reduction.

Foreign Currency Translation Reserve

The foreign currency translation reserve arose from the exchange differences on the translation of foreign operations.

Notes to the Financial Statements
For the Financial Year Ended 31 December 2019 (cont'd)

22. LEASE LIABILITIES/FINANCE LEASE LIABILITIES

Set out below are the carrying amounts of lease liabilities and the movements during the financial year:-

Group	Equipment RM	Plant and machinery RM	Motor vehicles RM	Total RM
Lease liabilities recognised based on the initial application of MFRS 16, at 1 January 2019, restated	1,204,517	226,452	963,201	2,394,170
Additions	-	-	1,395,800	1,395,800
Accretion of interest	46,676	10,157	73,168	130,001
Payments	(886,788)	(68,196)	(462,598)	(1,417,582)
At 31 December 2019	364,405	168,413	1,969,571	2,502,389
Represented by:-				
Non-current	-	110,040	1,486,219	1,596,259
Current	364,405	58,373	483,352	906,130
	364,405	168,413	1,969,571	2,502,389

The maturity analysis of lease liabilities is disclosed in Note 38.

The effective interest rate of the lease liabilities is 3.45% to 4.42% per annum.

The following are the amounts recognised in profit or loss:-

Group	Leasehold land and building RM	Equipment RM	Plant and machinery RM	Motor vehicles RM	Total RM
Depreciation of right-of-use assets	87,534	558,341	76,240	423,833	1,145,948
Interest expense on lease liabilities	-	46,676	10,157	73,168	130,001
Expenses relating to low value assets	-	13,110	-	-	13,110
Expenses relating to variable lease payments not included in the measurement of lease liabilities	812,809	183,750	-	-	996,559
Total amount recognised in profit or loss	900,343	801,877	86,397	497,001	2,285,618

22. LEASE LIABILITIES/FINANCE LEASE LIABILITIES (cont'd)

Comparative information under MFRS 117

	Group 2018 RM
Minimum lease payment:-	
- Not later than 1 year	1,224,567
- Later than 1 year but not later than 5 years	1,351,480
	2,576,047
Less: Future finance charges	(181,877)
Present value of finance lease payables	2,394,170
Analysed as:	
- Not later than 1 year	1,168,410
- Later than 1 year but not later than 5 years	1,225,760
	2,394,170

In prior financial year, the effective interest rate of finance lease liabilities of the Group was charged at rate ranging from 3.50% to 4.85% per annum.

The Group obtains the above facilities to finance the acquisition of certain motor vehicles, plant and machinery. Implicit interest rates are fixed at the date of the agreements, and the amount of the payments is fixed throughout the period.

23. BORROWINGS

	Group	
	2019 RM	2018 RM
Secured:-		
Non-current		
Term loans	15,960,612	14,521,147
Current		
Term loans	1,153,601	3,050,616
Banker acceptance	4,071,996	9,207,050
Revolving credit	6,350,000	-
Foreign currency translation receipt	-	3,485,450
Onshore foreign currency loan	7,304,775	3,544,759
Invoice financing	4,844,566	5,391,242
	23,724,938	24,679,117
	39,685,550	39,200,264

23. BORROWINGS (cont'd)

Group

The above term loans are secured by means of the following:-

i) A legal charge over the Group's freehold land and building held under the individual title No. H.S. (M) 25643, P.T. 72536, Mukim Kajang, District of Hulu Langat, State of Selangor and having a postal address of at Lot No. 5202-A, Kawasan Perindustrian Balakong Jaya 2, Balakong, Selangor.

ii) Corporate guarantee by the Company.

The term loan is repayable by 180 equal monthly installments commencing after the full release of the loan.

The above borrowings obtained are secured by means of the following:-

i) A legal assignment over the contract proceeds received from contract awarder or such other Government Departments or Ministries.

ii) Corporate guarantee by the Company.

iii) Legal assignment over contract proceeds.

iv) Joint and several guarantees of the Directors of the Company and a subsidiary.

v) Fixed deposit of a subsidiary.

vi) Sinking fund of a subsidiary.

vii) In prior financial year, a legal charge over the Group's freehold land and building held under the individual title No. HSD 49329, 49330, 63184 and 73775, Mukim Setapak, Wilayah Persekutuan Kuala Lumpur and having a postal address of at Lot 25939, 3 storey shop office at No.8-3, Jalan Puncak Setiawangsa 4, Taman Setiawangsa, 54200 Kuala Lumpur.

The borrowings bear interest rate at 1.83% to 6.35% (2018: 4.17% to 8.32%) per annum.

Currency exposure profile of borrowings is as follows:-

	Group	
	2019 RM	2018 RM
EURO	408,476	-
GBP	2,384,169	-
USD	4,512,129	7,030,208

24. GOVERNMENT GRANTS

	Group 2019 RM	2018 RM
At 1 January	-	-
Additions	6,217,057	-
Amortised during the financial year	(1,351,540)	-
At 31 December	4,865,517	-
Non-current		
- amortised after 1 year	4,378,965	-
Current		
- amortised within 1 year	486,552	-
	4,865,517	-

The government grant received is in respect of the purchase of an asset and training expenses incurred under the scheme of Malaysia Investment Development Authority ("MIDA") by the government principal agency for promotion of the Metal Surface Treatment for Aerospace in Malaysia.

25. TRADE PAYABLES

	Group 2019 RM	2018 RM
Trade payables	21,095,658	40,316,433
Retention sum on contract	2,065,421	1,591,781
	23,161,079	41,908,214

The normal trade credit terms granted to the Group range from 30 to 90 days (2018: 30 to 90 days).

Included in trade payables is as follows:-

	Group 2019 RM	2018 RM
Amount due to a joint venture	-	8,656,892
Amount due to non-controlling interest	58,172	-

Currency exposure profile of trade payables is as follows:-

	Group 2019 RM	2018 RM
EURO	-	407,069
GBP	-	5,062,653
USD	7,671,379	15,573,066
SGD	501,716	-

Notes to the Financial Statements
For the Financial Year Ended 31 December 2019 (cont'd)

26. OTHER PAYABLES

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Non-trade payables	1,878,169	3,220,291	211,106	81,800
Accruals of expenses	7,663,924	1,890,681	204,646	652,477
Amount due to a Director	-	337	-	337
Deposits received	441,000	329,340	-	-
SST payable	844,724	397,405	-	-
	10,827,817	5,838,054	415,752	734,614

Included in other payables is as follow:-

	Group	
	2019 RM	2018 RM
Amount due to a company connected to non-controlling interest	99,090	-

27. REVENUE

27.1 Disaggregated Revenue Information

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Revenue from contract with customers:-				
Rendering of services	118,102,905	116,997,371	-	-
Supply of manpower	46,523,664	-	-	-
Repair and maintenance	10,599,003	7,102,603	-	-
Installation services	3,548,855	16,608,720	-	-
Sales of goods	51,248,120	64,901,412	-	-
Other revenue:-				
Dividend income	67,409	24,709	67,409	24,709
Rental income	3,398,010	4,152,335	-	-
Management fee	-	-	2,400,000	-
Sundry income	49	1,441	49	1,441
	233,488,015	209,788,591	2,467,458	26,150
Timing of revenue recognition:				
- At a point in time	111,836,255	76,182,500	2,467,458	26,150
- Over time	121,651,760	133,606,091	-	-
	233,488,015	209,788,591	2,467,458	26,150

27. REVENUE (cont'd)

27.2 Geographical Market

The Group's and the Company's revenue information based on geographical location are as follows:-

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Malaysia	226,950,062	200,966,095	2,467,458	26,150
United Arab Emirates	-	4,802,796	-	-
Southeast Asia other than Malaysia	6,537,953	3,029,966	-	-
Others	-	989,734	-	-
	233,488,015	209,788,591	2,467,458	26,150

27.3 Performance Obligations

Information about the Group's performance obligations are summarised below:-

Sales of goods

The performance obligation is satisfied upon delivery of the goods and payment is generally due within 30 to 90 days from delivery. Some contracts provide customers with a right of return and volume rebates which give rise to variable consideration subject to constraint.

Installation services and rendering of services

The performance obligation is satisfied over-time and payment is generally due upon completion of installation and acceptance of the customer. In some contracts, short-term advances are required before the installation service is provided.

Supply of manpower and repair and maintenance

The performance obligation is satisfied at a point in time and payment is generally due upon completion of services performed.

28. FINANCE INCOMES

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Interest incomes				
- Joint venture	-	278,865	-	-
- Fixed deposit	616,284	1,028,682	78,337	425,130
- Cash at bank	239,084	617,827	13,296	225,771
	855,368	1,925,374	91,633	650,901

Notes to the Financial Statements
For the Financial Year Ended 31 December 2019 (cont'd)

29. FINANCE COSTS

	Group	
	2019 RM	2018 RM
Interest expenses		
- Bankers' acceptance	232,149	137,878
- Revolving credit	281,607	-
- Foreign currency trust receipt	85,130	36,492
- Onshore foreign currency loan	84,567	64,381
- Invoice financing	69,655	88,225
- Term loans	1,002,821	451,254
- Bank guarantee	127,646	17,789
- Letter of credit	24,249	92,835
- Lease liabilities/Finance lease liabilities	130,001	145,931
	2,037,825	1,034,785

30. PROFIT/(LOSS) BEFORE TAX

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

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Auditors' remuneration:-				
Grant Thornton Malaysia PLT:				
- Statutory audit	227,800	164,400	40,000	38,000
- Other services	35,000	22,000	10,000	10,000
- (Over)/Under provision in prior financial year	(13,500)	-	4,000	-
Other external auditors	35,500	29,800	-	-
Amortisation of intangible assets	273,396	273,396	-	-
Amortisaton of government grant	(1,351,540)	-	-	-
Bad debts written off	484,853	-	121,041	850,437
Depreciation of property, plant and equipment	1,955,108	2,624,878	-	-
Depreciation of right-of-use assets	1,145,948	-	-	-
Dividend income	(67,409)	(58,389)	(67,409)	(24,709)
Expenses arising from leases:				
- Expenses relating to short term lease	996,559	-	-	-
- Expenses relating to small value assets	13,110	-	-	-
Fair value gain on investment properties	(50,000)	(150,731)	-	-

30. PROFIT/(LOSS) BEFORE TAX (cont'd)

Profit/(Loss) before tax has been determined after charging/(crediting), amongst other, the following items (cont'd):-

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Goodwill written off	163,616	-	-	-
Gain on disposal of a subsidiary	-	(9,028,109)	-	(32,199,198)
Gain on disposal of property, plant and equipment	-	(143)	-	-
Gain on disposal of assets held-for-sales	(563,539)	-	-	-
(Gain)/Loss on disposal of other investment	(575,778)	197,936	-	183,931
Gain on deconsolidation of subsidiaries	(111,612)	-	-	-
Impairment loss of ECL				
- Trade receivables	169,031	991,807	-	-
- Other receivables	401,320	3,291,198	151,320	3,227,000
- Amount due from subsidiaries	-	-	547,110	5,359
Impairment loss on				
- Investment in subsidiaries	-	-	805,280	-
- Investment in associate	-	35,000	-	-
- Slow-moving inventories	9,549	-	-	-
Inventories written off	-	257,332	-	-
Investment in subsidiaries written off	-	-	-	2
Net fair value (gain)/loss on other investments	(299,376)	268,183	(276,626)	148,183
Net realised loss/(gain) on foreign exchange	576,016	1,877,062	(30,072)	109,584
Net unrealised loss/(gain) on foreign exchange	103,443	986,162	41,989	(9,749)
Property, plant and equipment written off	885	-	-	-
Rental expenses	-	2,768,374	-	186,906
Reversal of ECL				
- Trade receivables	(400,573)	(1,732,787)	-	-
- Other receivables	(64,198)	(189,360)	-	-
Reversal of impairment loss of investment in subsidiaries	-	-	(5,437,702)	-
Share of result of joint venture	-	(70,531)	-	-
Waiver of debts	(96,069)	(51)	(337)	-

Notes to the Financial Statements
For the Financial Year Ended 31 December 2019 (cont'd)

31. TAX (INCOME)/EXPENSE

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Current tax				
- Current financial year	4,927,327	3,825,175	-	-
- Under/(Over) provision in prior financial year	308,631	229,605	(98,446)	-
	5,235,958	4,054,780	(98,446)	-
Deferred tax				
- Current financial year	1,167,013	(7,357,273)	-	-
- (Over)/Under recognised in prior financial year	(10,762,614)	394,626	-	-
	(9,595,601)	(6,962,647)	-	-
Tax income	(4,359,643)	(2,907,867)	(98,446)	-

Malaysian income tax is calculated at the statutory tax rate 24% (2018: 24%) of the estimated taxable profit for the financial year.

The numerical reconciliation between the effective tax rate and the statutory tax rate of the Group and of the Company are as follows:-

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Profit/(Loss) before tax	8,148,164	7,654,203	(1,822,373)	17,061,473
Tax at statutory tax rate of 24% (2018: 24%)	1,955,560	1,837,009	(437,370)	4,094,754
Tax effect in respect of:-				
Expenses not deductible for tax purposes	2,164,768	4,994,022	685,259	3,639,176
Income not subject to tax	(898,558)	(2,667,792)	(1,397,483)	(7,733,930)
Movement of deferred tax assets not recognised	2,872,570	(7,710,337)	1,149,594	-
(Under)/Over recognised of deferred tax in prior financial year	(10,762,614)	394,626	-	-
Under/(Over) provision of tax expense in prior financial year	308,631	229,605	(98,446)	-
Additional deferred tax liabilities on real properties gain tax	-	15,000	-	-
	(4,359,643)	(2,907,867)	(98,446)	-

31. TAX (INCOME)/EXPENSE (cont'd)

Tax recognised in other comprehensive income

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Tax effect on fair value surplus for financial assets at FVOCI	(410,256)	410,256	-	-

Deferred tax assets are not recognised for the following temporary differences:-

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Property, plant and equipment	(219,624)	(106,562)	-	-
Unabsorbed business losses	23,685,878	11,749,034	4,789,976	-
Unutilised capital allowances	259,822	113,562	-	-
Other	1,031,000	1,032,000	-	-
	24,757,076	12,788,034	4,789,976	-

Deferred tax assets are not recognised for the above temporary differences as it is not probable that future taxable profit will be available against which the deductible temporary differences and unabsorbed tax losses can be utilised by the Company and the subsidiaries.

The Group's unabsorbed business losses and unutilised capital allowance which can be carried forward to offset against future taxable profit amounted to approximately RM54,757,000 and RM32,038,000 (2018: RM43,279,000 and RM34,423,000) respectively. The Company's unabsorbed business losses which can be carried forward to offset against future taxable profit amounted to approximately RM4,789,000 (2018: Nil).

The availability of unabsorbed business losses for offsetting against future taxable profits of the Company and subsidiaries in Malaysia is subject to no substantial changes in the shareholding of the subsidiaries under the Income Tax Act, 1967 and guidelines issued by the tax authority. The unabsorbed business losses are allowed to be utilised for 7 consecutive years of assessments ("YA") effective from YA2019, whilst unutilised capital allowances are allowed to be carried forward indefinitely.

32. DIVIDENDS

	Group and Company	
	2019 RM	2018 RM
In respect of the financial year ended 31 December 2019:-		
First interim single tier dividend of 0.5 cent per ordinary share, paid on 6 August 2019	2,463,793	-

The Directors do not recommend any final dividend payment for the current financial year.

Notes to the Financial Statements
For the Financial Year Ended 31 December 2019 (cont'd)

33. EARNINGS PER SHARE

(a) Basic earnings per ordinary shares

Basic earnings per share are calculated by dividing profit for the financial year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the financial year, excluding treasury shares and including mandatorily convertible instruments held by the Company.

Profits attributable to ordinary shares

	Group	
	2019 RM	2018 RM
Profit used for the computation of basic/diluted		
- Profit attributable to equity holders of the Company	7,724,904	7,015,575

Weighted average number of ordinary shares in issue

	Group	
	2019 RM	2018 RM
Weighted average number of ordinary shares after deducting treasury shares used for the computation of basic	460,822,976	415,920,355
Basic earnings per ordinary shares	1.68	1.69

(b) Diluted

There is no diluted earnings per share because the Company does not have any convertible financial instruments as at the end of the year.

34. EMPLOYEE BENEFITS EXPENSES

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Salaries, wages and other emoluments	17,534,236	15,296,110	4,812,514	6,046,465
Defined contribution plans	1,808,229	1,338,280	568,440	445,933
Social security contribution	232,445	75,972	10,564	8,730
Directors' fees	531,125	582,629	531,125	582,629
	20,106,035	17,292,991	5,922,643	7,083,757

34. EMPLOYEE BENEFITS EXPENSES (cont'd)

Included in the employee benefit expenses is the Directors' remuneration as below:-

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Executive Directors:				
Existing Directors of the Company				
Salaries and other emoluments	1,839,000	1,661,089	1,839,000	1,661,089
Defined contribution plans	220,680	201,093	220,680	201,093
	2,059,680	1,862,182	2,059,680	1,862,182
Existing Directors of the subsidiaries				
Salaries and other emoluments	635,500	1,302,120	-	-
Defined contributions plans	76,260	109,696	-	-
	711,760	1,411,816	-	-
Total Executive Directors' remuneration	2,771,440	3,273,998	2,059,680	1,862,182
Non-Executive Directors:				
Existing Directors of the Company				
Directors' fees	466,875	582,629	466,875	582,629
Past Directors of the Company				
Directors' fees	64,250	-	64,250	-
	531,125	582,629	531,125	582,629
	3,302,565	3,856,627	2,590,805	2,444,811

35. EMPLOYEES' SHARE OPTION SCHEME ("ESOS")

At an Extraordinary General Meeting held on 22 December 2016, the Company's shareholders approved the establishment of ESOS for the eligible Directors and employees of the Group. The ESOS shall be in force for a period of ten (10) years commencing from 28 March 2017 and will expire on 27 March 2027.

The salient features of the ESOS are as follows:-

(a) the maximum number of new shares of the Company which may be issued and allotted pursuant to the exercise of the share options shall not in aggregate exceed ten percent (10%) of the issued and paid-up share capital of the Company at any point of time during the duration of the ESOS.

35. EMPLOYEES' SHARE OPTION SCHEME ("ESOS") (cont'd)

The salient features of the ESOS are as follows (cont'd):-

(b) any employee (including Executive Directors) shall be eligible to participate in the ESOS if, as at the date of offer, that person is at least eighteen (18) years of age or above and is employed full time.

(c) not more than ten per centum (10%) (or such percentage as allowable by the relevant authorities) of the shares available under the ESOS should be allocated to any individual director or employee who, either singly or collectively through his/her associates, holds twenty per centum (20%) or more in the issued and paid-up share capital of the Company.

(d) the option price shall be the higher of either the 5-day weighted average market price of the Company's shares at the date of offer, with a discount of not more than 10% as may be permitted by relevant authorities from time to time during the duration of the ESOS or the par value of the Company's share.

(e) options are exercisable, in whole or in part (provided that an Option is exercised in part in respect of 100 shares or any multiple thereof) as follows:-

Maximum Percentage of Options Exercisable from Acceptance Date				
Year 1	**Year 2**	**Year 3**	**Year 4**	**Year 5**
20%	40%	60%	80%	100%
Year 6	**Year 7**	**Year 8**	**Year 9**	**Year 10**
100%	100%	100%	100%	100%

(f) the options shall not carry any voting rights at any general meeting of the Company and shall not be entitled to any dividends, rights and/or other distributions.

(g) the new shares to be allotted and issued upon exercise of any option shall upon allotment rank pari passu in all respects with the existing shares of the Company.

The ESOS has not been granted as at 31 December 2019.

36. RELATED PARTY DISCLOSURES

The Group and the Company has related party relationship with its significant investors, subsidiaries, associates, joint venture, Directors and key management personnel.

36.1 Transactions with Related Parties:-

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Interest income from a joint venture	-	278,865	-	-
Rental expenses paid to companies in which connected to a Director	974,278	636,552	-	-
Management fee charged to subsidiaries	-	-	2,400,000	-
Management fee charged by a company connected to non-controlling interest	63,600	-	-	-
Sales to non-controlling interest	983,984	-	-	-
Sales to a company in which connected to a Director	15,688,360	7,649,826	-	-
Purchase from a company in which connected to a Director	1,159,064	-	-	-
Sales to companies connected to non-controlling interest	1,135,888	-	-	-
Purchase from non-controlling interest	168,704	-	-	-
Acquisition of a subsidiary from a Director of a subsidiary	39,000	-	-	-
Acquisition of a subsidiary from a person connected to the Directors of the Company	253,500	-	-	-

The outstanding balances arising from related party transactions as at the reporting date are disclosed in Notes 8, 10, 14, 15, 25 and 26 to the financial statements.

The Directors are of the opinion that all the transactions above have been entered into the normal course of business and have been established on terms and conditions that are not materially different from that obtainable in transactions with unrelated parties.

36.2 Compensation of Key Management Personnel

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group and the Company either directly or indirectly and entity that provides key management personnel services to the Group and to the Company.

Notes to the Financial Statements
For the Financial Year Ended 31 December 2019 (cont'd)

36. RELATED PARTY DISCLOSURES (cont'd)

36.2 Compensation of Key Management Personnel (cont'd)

Key management includes all the Directors of the Company's and its subsidiaries and retrain members of senior management of the Group and of the Company.

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Directors' remuneration	3,302,565	3,856,627	2,590,805	2,444,811
Key management personnel				
Salaries, wages and other emoluments	420,000	515,000	420,000	515,000
Defined contribution plans	70,200	69,130	70,200	69,130
Other benefits	165,000	54,000	165,000	54,000
	655,200	638,130	655,200	638,130
	3,957,765	4,494,757	3,246,005	3,082,941

37. OPERATING SEGMENTS

General Information

The information reported to the Group's chief operating decision maker to make decisions about resources to be allocated and for assessing their performance is based on the nature of the activities of the Group. The Group's operating segments are as follows:-

(a) Products and services;
(b) Engineered packages – engineering activities; and
(c) Manpower supply

Measurement of Reportable Segments

Segment information is prepared in conformity with the accounting policies adopted for preparing and presenting the consolidated financial statements. Transactions between reportable segments are measured on the basis that is similar to those external customers. Segment results are profit earned or loss incurred by each segment without allocation of finance costs, share of profit/(loss) from joint venture and income tax expense. There are no significant changes from prior financial year in the measurement methods used to determine reported segment results.

All the Group's assets are allocated to reportable segments other than assets used centrally for the Group, associate companies, joint ventures and current and deferred tax assets. Jointly used assets are allocated on the basis of the revenues earned by individual segments.

All the Group's liabilities are allocated to reportable segments other than liabilities incurred centrally for the Group, current and deferred tax liabilities. Jointly incurred liabilities are allocated in proportion to the segment assets.

37. OPERATING SEGMENTS (cont'd)

Analysis of the Group's revenue, results, assets, liabilities and other information by operating segment are shown below:-

Group 2019	Product and services RM	Engineered packages RM	Manpower supply RM	Total RM	Eliminations RM	Note	Consolidated RM
Revenue							
External revenue	172,329,820	14,634,531	46,523,664	233,488,015	-		233,488,015
Intersegment revenue	21,850,704	1,139,990	1,196,125	24,186,819	(24,186,819)	A	-
Total revenue	194,180,524	15,774,521	47,719,789	257,674,834	(24,186,819)		233,488,015
Results							
Segment profit	19,343,260	1,672,395	1,565,583	22,581,238	(8,890,974)	B	13,690,264
Finance incomes	1,400,908	163	-	1,401,071	(545,703)		855,368
Finance costs	(1,863,533)	(449,819)	(714,741)	(3,028,093)	990,268		(2,037,825)
Depreciation and amortisation	(1,041,961)	(2,138,313)	(63,476)	(3,243,750)	(130,702)		(3,374,452)
Tax income/(expenses)	5,047,190	(318,135)	(369,412)	4,359,643	-		4,359,643
Other non-cash income/ (expense)	2,391,296	68,970	(19,154)	2,441,112	(372,736)	C	2,068,376
Assets							
Segment assets	528,734,692	62,475,696	14,290,915	605,501,303	(341,472,211)	D	264,029,092
Additions to non-current assets other than financial instruments	9,596,748	4,284,055	55,853	13,936,656	(968,561)	E	12,968,095
Liabilities							
Segment liabilities	(226,328,315)	(12,206,364)	(4,545,647)	(243,080,326)	208,907,791	F	(34,172,535)

Notes to the Financial Statements
For the Financial Year Ended 31 December 2019 (cont'd)

37. OPERATING SEGMENTS (cont'd)

Analysis of the Group's revenue, results, assets, liabilities and other information by operating segment are shown below (cont'd):-

Group (cont'd) 2018	Product and services RM	Engineered packages RM	Total RM	Eliminations RM	Note	Consolidated RM
Revenue						
External revenue	185,492,571	24,296,020	209,788,591	-		209,788,591
Intersegment revenue	17,750,868	2,769,638	20,520,506	(20,520,506)	A	-
Total revenue	203,243,439	27,065,658	230,309,097	(20,520,506)		209,788,591
Results						
Segment profit	33,200,702	1,437,898	34,638,600	(25,037,650)	B	9,600,950
Finance incomes	1,886,207	39,167	1,925,374	-		1,925,374
Finance costs	(516,828)	(517,957)	(1,034,785)	-		(1,034,785)
Depreciation and amortisation	(898,110)	(2,000,164)	(2,898,274)	-		(2,898,274)
Share of results of joint venture	70,531	-	70,531	-		70,531
Tax income	3,859,417	(951,550)	2,907,867	-		2,907,867
Other non-cash income	4,169,129	904,434	5,073,563	-	C	5,073,563
Assets						
Segment assets	174,988,094	68,118,419	243,106,513	-	D	243,106,513
Investment in joint venture	1,238,976	-	1,238,976	-		1,238,976
Additions to non-current assets other than financial instruments	27,481,107	1,119,481	28,600,588	-	E	28,600,588
Liabilities						
Segment liabilities	(48,381,778)	(4,396,741)	(52,778,519)	-	F	(52,778,519)

Notes to the nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements.

A. Intersegment revenues are eliminated on consolidation.

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

	2019 RM	2018 RM
Segment profit	13,690,264	9,600,950
Interest income	855,368	1,925,374
Finance costs	(2,037,825)	(1,034,785)
Share of results of joint venture	-	70,531
Profit after tax	12,507,807	10,562,070

37. OPERATING SEGMENTS (cont'd)

Notes to the nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements (cont'd).

C. Other major non-cash income/(expenses) consist of the following items as presented in the respective notes to the financial statements:-

	2019 RM	2018 RM
Amortisation of government grant	1,351,540	-
Bad debts written off	(484,853)	-
Fair value gain on investment properties	50,000	150,731
Gain/(Loss) on disposal of other investment	575,778	(197,936)
Gain on disposal of a subsidiary	-	9,028,109
Gain on disposal of assets held-for-sales	563,539	-
Gain on disposal of property, plant and equipment	-	143
Goodwill written off	(163,616)	-
Impairment loss on ECL		
- Trade receivables	(169,031)	(991,807)
- Other receivables	(401,320)	(3,291,198)
Impairment loss on investment in associate	-	(35,000)
Impairment on slow-moving inventories	(9,549)	-
Inventories written off	-	(257,332)
Net fair value gain/(loss) on other investment	299,376	(268,183)
Property, plant and equipment written off	(885)	-
Reversal of ECL		
- Trade receivables	400,573	1,732,787
- Other receivables	64,198	189,360
Unrealised loss on foreign exchange	(103,443)	(986,162)
Waiver of debts	96,069	51
	2,068,376	5,073,563

D. The following items are added to segment assets to arrive at total assets reported in the statements of financial position:-

	2019 RM	2018 RM
Segment assets	264,029,092	243,106,513
Intangible assets	1,863,413	2,136,809
Investment in joint venture	-	1,238,976
Deferred tax assets	16,832,000	7,056,143
Tax recoverable	325,202	662,960
Assets classified as held-for-sale	-	1,284,667
Total assets	283,049,707	255,486,068

Notes to the Financial Statements
For the Financial Year Ended 31 December 2019 (cont'd)

37. OPERATING SEGMENTS (cont'd)

Notes to the nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements (cont'd).

E. Additions to non-current assets other than financial instruments and deferred tax assets consist of:-

	2019 RM	2018 RM
Property, plant and equipment	10,760,768	27,501,319
Right-of-use assets	2,207,327	-
Investment properties	-	1,099,269
	12,968,095	28,600,588

F. The following items are added to segment liabilities to arrive at total liabilities reported in the statements of financial position:-

	2019 RM	2018 RM
Segment liabilities	(34,172,535)	(52,778,519)
Lease liabilities/Finance lease liabilities	(2,502,389)	(2,394,170)
Borrowings	(39,685,550)	(39,200,264)
Government grant	(4,865,517)	-
Tax payable	(1,430,040)	(1,643,757)
Deferred tax liabilities	(626,438)	(860,438)
Total liabilities	(83,282,469)	(96,877,148)

Geographical information

The Group's revenue and non-current assets information based on geographical location are as follows:-

	Revenue		Non-current assets	
	2019 RM	2018 RM	2019 RM	2018 RM
Malaysia*	226,950,062	200,966,095	91,558,319	72,059,098
United Arab Emirates	-	4,802,796	-	-
Southeast Asia other than Malaysia	6,537,953	3,029,966	-	-
Others	-	989,734	-	-
	233,488,015	209,788,591	91,558,319	72,059,098

* Company's home country

37. OPERATING SEGMENTS (cont'd)

Geographical information (cont'd)

Non-current assets information presented above consist of the following items as presented in the statements of financial position:-

	Group	
	2019 RM	2018 RM
Property, plant and equipment	53,980,984	53,070,967
Right-of-use assets	8,924,054	-
Investment properties	1,300,000	1,250,000
Intangible assets	1,863,413	2,136,809
Investment in joint venture	-	1,238,976
Other investments	8,657,868	7,306,203
Deferred tax assets	16,832,000	7,056,143
	91,558,319	72,059,098

Major customers

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

Group	RM	%	Operating Segment
2019			
Customer A	41,093,987	18	Product and services.
2018			
Customer A	54,200,758	26	Product and services.

38. FINANCIAL INSTRUMENTS

38.1 Category of financial instruments

The table below provides an analysis of financial instruments categorised as follows:-

(i) Fair value through other comprehensive income ("FVOCI");
(ii) Fair value through profit or loss designated upon initial recognition ("FVTPL"); and
(iii) Amortised cost ("AC")

2019 Group	Carrying amount RM	FVOCI RM	FVTPL RM	AC RM
Financial assets				
Trade receivables	96,375,640	-	-	96,375,640
Other receivables	2,620,618	-	-	2,620,618
Cash and cash equivalents	43,292,121	-	-	43,292,121
Other investments	8,657,868	1,619,188	7,038,680	-
	150,946,247	1,619,188	7,038,680	142,288,379
Financial liabilities				
Trade payables	23,161,079	-	-	23,161,079
Other payables	9,983,093	-	-	9,983,093
Borrowings	39,685,550	-	-	39,685,550
	72,829,722	-	-	72,829,722
Company				
Financial assets				
Amount due from subsidiaries	71,565,027	-	-	71,565,027
Cash and cash equivalents	2,680,928	-	-	2,680,928
Other investments	5,346,530	-	5,346,530	-
	79,592,485	-	5,346,530	74,245,955
Financial liabilities				
Other payables	415,752	-	-	415,752
Amount due to subsidiaries	2,386,480	-	-	2,386,480
	2,802,232	-	-	2,802,232

38. FINANCIAL INSTRUMENTS (cont'd)

38.1 Category of financial instruments (cont'd)

The table below provides an analysis of financial instruments categorised as follows (cont'd):-

2018 Group	Carrying amount RM	FVOCI RM	FVTPL RM	AC RM
Financial assets				
Trade receivables	51,477,959	-	-	51,477,959
Other receivables	4,079,289	-	-	4,079,289
Amount due from joint venture	13,180,198	-	-	13,180,198
Cash and cash equivalents	36,349,123	-	-	36,349,123
Other investments	7,306,203	4,666,203	2,640,000	-
	112,392,772	4,666,203	2,640,000	105,086,569
Financial liabilities				
Trade payables	41,908,214	-	-	41,908,214
Other payables	5,440,649	-	-	5,440,649
Finance lease liabilities	2,394,170	-	-	2,394,170
Borrowings	39,200,264	-	-	39,200,264
	88,943,297	-	-	88,943,297
Company				
Financial assets				
Other receivables	697,679	-	-	697,679
Amount due from subsidiaries	53,178,650	-	-	53,178,650
Amount due from a joint venture	20,000	-	-	20,000
Cash and cash equivalents	2,284,809	-	-	2,284,809
Other investments	812,804	-	812,804	-
	56,993,942	-	812,804	56,181,138
Financial liabilities				
Other payables	734,614	-	-	734,614
Amount due to subsidiaries	4,341,294	-	-	4,341,294
	5,075,908	-	-	5,075,908

Notes to the Financial Statements
For the Financial Year Ended 31 December 2019 (cont'd)

38. FINANCIAL INSTRUMENTS (cont'd)

38.2 Net gains and losses arising from financial instruments

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Net (losses)/gains on:-				
Financial assets at FVOCI				
- recognised in other comprehensive income	(1,313,423)	(2,927,779)	-	-
Financial assets at FVTPL				
- recognised in profit or loss	299,376	(268,183)	276,626	(148,183)
Financial assets at AC				
- recognised in profit or loss	(105,580)	(2,360,858)	(698,430)	(3,232,359)

38.3 Financial risk management

The Group and the Company are mainly exposed to credit risk, liquidity risk, foreign currency risk, interest rate risk and equity price risk. The Group and the Company has formal risk management policies and guidelines, as approved by the Board of Directors, which set out its overall business strategies, its tolerance for risks and its general risk management philosophy. Such policies are monitored and undertaken by the management.

The following sections explain key risks faced by the Group and the Company and its management. Financial assets and liabilities of the Group and of the Company are summarised in Notes 38.3.1 to the financial statements.

38.3.1 Credit risk

Credit risk refers to the risk that a counterparty will default in its contractual obligations resulting in financial loss to the Group and the Company. For other financial assets, the Company adopts the policy of dealing with reputable institutions.

Following are the areas where the Group and the Company are exposed to credit risk:-

Exposure to credit risk

Maximum exposure of the Group and of the Company to credit risk is represented by the carrying amount of financial assets recognised at reporting date as summarised below:-

	Group	
	2019 RM	2018 RM
Classes of financial assets:-		
Trade receivables	96,375,640	51,477,959
Other receivables	2,620,618	4,079,289
Contract assets	2,142,075	-
Amount due from a joint venture	-	13,180,198
Cash and cash equivalents	43,292,121	36,349,123
	144,430,454	105,086,569

38. FINANCIAL INSTRUMENTS (cont'd)

38.3 Financial risk management (cont'd)

38.3.1 Credit risk (cont'd)

Exposure to credit risk (cont'd)

Maximum exposure of the Group and of the Company to credit risk is represented by the carrying amount of financial assets recognised at reporting date as summarised below (cont'd):-

	Company	
	2019 RM	2018 RM
Classes of financial assets:-		
Other receivables	-	697,679
Amount due from subsidiaries	71,565,027	53,178,650
Amount due from a joint venture	-	20,000
Cash and cash equivalents	2,680,928	2,284,809
	74,245,955	56,181,138

The Group and the Company continuously monitor credit standing of customers and other counterparties, identified either individually or by group, and incorporate this information into its credit risk controls. Where available at reasonable cost, external credit ratings and/or reports on customers and other counterparties are obtained and used.

The Group's and the Company's management consider that all the above financial assets that are not impaired or past due for each of the reporting dates under review are of good credit quality. None of the Group's and the Company's financial assets are secured by collateral or other credit enhancements and none of the carrying amount of financial assets whose terms have been renegotiated that would otherwise be past due or impaired.

Receivables and contract assets

Receivables and contract assets are monitored on an ongoing basis to mitigate risk of bad debts. The Group's and the Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry in which customers operate.

The management has established a credit policy under which each new customer is analysed individually for creditworthiness before the Group's and the Company's standard payment and delivery terms and conditions are offered. Sale limits are established for each customer and reviewed quarterly. Any sales exceeding those limits require approval from the management.

Recognition and measurement of impairment loss

In managing credit risk of trade receivables, the Group manage their debtors and takes appropriate actions (including but not limited to legal actions) to recover long overdue balances. The Group's debt recovery are as follows:-

(a) Above 30 days past due after credit term, the Group will start to initiate together with treasury team a structured debt recovery process which is monitored by the sales management team; and
(b) The Group will commence a legal proceeding against the customers who does not adhere to the restructure of the repayment scheme.

38. FINANCIAL INSTRUMENTS (cont'd)

38.3 Financial risk management (cont'd)

38.3.1 Credit risk (cont'd)

Recognition and measurement of impairment loss (cont'd)

The Group uses provision matrix to measure ECLs for all the past due debts. Credit term which are past due more than 365 days will be considered as credit impaired.

The Group assessed the risk or loss based on the following factors:-

(i) Overall past trend payments of customers;
(ii) Financial performances of each individual customers; and
(iii) Cost of borrowings and interest income rate.

None of the Group's and the Company's financial assets are secured by collateral or other credit enhancements.

The Group and the Company use three categories to reflect its credit risk and how the loss allowance is determined for each of those categories for financial assets other than trade receivables. A summary of the assumptions underpinning the Group's and the Company's expected credit loss model is as follows:-

Category	Definition of categories	Basis of recognising expected credit loss
Performing	Receivables have a low risk of default and a strong capacity to meet contractual cash flows.	12 months expected credit loss
Underperforming	Receivables for which there is a significant increase in credit risk due to actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations.	Lifetime expected credit loss
Non-performing	Receivables which are credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows have occurred.	Lifetime expected credit loss

Based on the above, loss allowance is derived as follows:-

(i) the likelihood that the debtor would not be able to repay during the contractual period;
(ii) the percentage of contractual cash flows that will not be collected if default happens; and
(iii) the outstanding amount that is exposed to default risk.

38. FINANCIAL INSTRUMENTS (cont'd)

38.3 Financial risk management (cont'd)

38.3.1 Credit risk (cont'd)

Recognition and measurement of impairment loss (cont'd)

Credit risk concentration

The credit risk concentration profile by geographical on trade receivables of the Group as at the reporting date is as follows:-

	Group	
	2019 RM	2018 RM
By country:-		
Malaysia	75,746,525	50,050,032
United Arab Emirates	4,802,796	-
Southeast Asia other than Malaysia	15,826,319	1,002,500
Others	-	425,427
	96,375,640	51,477,959

In respect of trade receivables, the Group is not subjected to significant credit risk exposure to a single counterparty or a group of counterparties having similar characteristics.

Intercompany balances

The Group and the Company provide advances to subsidiaries and joint ventures and monitors the ability of the subsidiaries and joint ventures to repay the advances on an individual basis.

Loans and advances provided are not secured by any collateral or supported by any other credit enhancements.

Generally, the Group and the Company consider loans and advances to subsidiaries and joint ventures to have low credit risk. The Group and the Company assume that there is a significant increase in credit risk when the subsidiaries' or joint venture's financial position deteriorates significantly. As the Group and the Company are able to determine the timing of payments of the loans and advances when they are payable, the Group and the Company consider the loans and advances to be in default when the subsidiaries and joint venture are not able to pay when demanded. The Group and the Company consider the loan or advances to be credit impaired when the subsidiaries and joint venture are unlikely to repay their loan or advance to the Group or the Company in full, the loan or advance is overdue for more than a year, or the subsidiaries and joint venture are continuously loss making and having deficit in shareholders' funds.

38. FINANCIAL INSTRUMENTS (cont'd)

38.3 Financial risk management (cont'd)

38.3.1 Credit risk (cont'd)

Intercompany balances (cont'd)

The Group and the Company determine the probability of default for these loans and advances individually using internal information available.

As at the end of the reporting period, there was no indication that the intercompany amounts are not recoverable.

Cash and cash equivalents

The credit risk for cash and cash equivalents is considered negligible, since the counterparties are reputable financial institutions with high quality external credit ratings and have no history of default. Consequently, the Group and the Company are of the view that the allowance is not material and hence, it is not provided for.

Corporate guarantee

The maximum exposure to credit risk of the Group and the Company are amounted to RM7,175,622 and RM31,858,504 (2018: RM15,403,679 and RM34,420,214) respectively, represented by the outstanding banking facilities of a subsidiary and performance guarantee extended to third parties in respect of subcontractors' performance as at the end of the reporting period.

The Group and the Company provide unsecured financial guarantees/unsecured performance guarantee to banks in respect of banking facilities granted to certain subsidiaries and third parties in respect of subcontractors' performance. The Group and the Company monitor on an on- going basis the results of the subsidiaries and third parties and repayments made by the subsidiaries and third parties' performance. As at the end of the reporting period, there was no indication that any subsidiaries and third parties would default on repayment and under perform.

Financial guarantees have not been recognised since the fair value on initial recognition was not material.

38.3.2 Liquidity risk

Liquidity risk refers to the risk that the Group and the Company will encounter difficulty in meeting its obligations as and when they fall due. The Group's and the Company's exposure to liquidity risk arises particularly from payables, loans and borrowings and it maintains a level of cash and cash equivalents deemed adequate by management to ensure it has sufficient liquidity to meets its obligations as and when they fall due.

38. FINANCIAL INSTRUMENTS (cont'd)

38.3 Financial risk management (cont'd)

38.3.2 Liquidity risk (cont'd)

Analysis of financial instruments by remaining contractual maturities

The following financial liabilities of the Group and the Company are subjected to liquidity risk:-

		Contractual cash flows			
			Current	Non-current	
Group	Carrying amount RM	Total RM	On demand/ Within one year RM	2 to 5 years RM	More than 5 years RM
2019					
Non-derivative financial liabilities					
Trade payables	23,161,079	23,161,079	23,161,079	-	-
Other payables	9,983,093	9,983,093	9,983,093	-	-
Lease liabilities	2,502,389	2,708,456	995,195	1,713,261	-
Borrowings	39,685,550	45,416,732	24,689,613	8,174,999	12,552,120
Total disclosures financial liabilities	75,332,111	81,269,360	58,828,980	9,888,260	12,552,120
Financial guarantee*	7,175,622	7,175,622	7,175,622	-	-
2018					
Non-derivative financial liabilities					
Trade payables	41,908,214	41,908,214	41,908,214	-	-
Other payables	5,440,649	5,440,649	5,440,649	-	-
Finance lease liabilities	2,394,170	2,576,047	1,224,567	1,351,480	-
Borrowings	39,200,264	42,593,333	22,690,566	8,249,975	11,652,792
Total disclosures financial liabilities	88,943,297	92,518,243	71,263,996	9,601,455	11,652,792
Financial guarantee*	15,403,679	15,403,679	15,403,679	-	-

Notes to the Financial Statements
For the Financial Year Ended 31 December 2019 (cont'd)

38. FINANCIAL INSTRUMENTS (cont'd)

38.3 Financial risk management (cont'd)

38.3.2 Liquidity risk (cont'd)

Analysis of financial instruments by remaining contractual maturities (cont'd)

The following financial liabilities of the Group and the Company are subjected to liquidity risk (cont'd):-

Company	Carrying amount RM	Contractual cash flows Total RM	Current On demand/ Within one year RM	Non-current 2 to 5 years RM	More than 5 years RM
2019					
Non-derivative financial liabilities					
Other payables	415,752	415,752	415,752	-	-
Amount due to subsidiaries	2,386,480	2,386,480	2,386,480	-	-
Total disclosures financial liabilities	2,802,232	2,802,232	2,802,232	-	-
Financial guarantee*	31,858,504	31,858,504	31,858,504	-	-
2018					
Non-derivative financial liabilities					
Other payables	734,614	734,614	734,614	-	-
Amount due to subsidiaries	4,341,294	4,341,294	4,341,294	-	-
Total disclosures financial liabilities	5,075,908	5,075,908	5,075,908	-	-
Financial guarantee*	34,420,214	34,420,214	34,420,214	-	-

* This exposure is included in liquidity risk for illustration only. No financial guarantee was called upon by the holders as at the end of the reporting period.

The above amounts reflect the contractual undiscounted cash flows, which may differ from the carrying values of the financial liabilities at the reporting date.

38. FINANCIAL INSTRUMENTS (cont'd)

38.3 Financial risk management (cont'd)

38.3.3 Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates

To mitigate the Group's and the Company's exposure to foreign currency risk, the Group and the Company are exposed to foreign currency risk on sales, purchases and investments that are denominated in a currency other than the functional currencies of Company. The currency giving rise to this risk is primarily Australian Dollar ("AUD"), Euro ("EURO"), Great Britain Pound ("GBP"), Japanese Yen ("JPY"), Singapore Dollar ("SGD") and United States Dollar ("USD").

The carrying amount of the Group's and the Company's foreign currency denominated financial assets and financial liabilities at the end of the reporting period are as follows:-

Group	AUD RM	EURO RM	GBP RM	JPY RM	SGD RM	USD RM	Total RM
2019							
Trade receivables	-	1,067,130	1,848,775	-	1,316,648	20,348,033	24,580,586
Cash and cash equivalents	1,470,711	1,491,915	1,955,658	41,533	694,017	6,249,195	11,903,029
Trade payables	-	-	-	-	(501,716)	(7,671,379)	(8,173,095)
Borrowings	-	(408,476)	(2,384,169)	-	-	(4,512,129)	(7,304,774)
Net exposure	1,470,711	2,150,569	1,420,264	41,533	1,508,949	14,413,720	21,005,746
2018							
Trade receivables	-	173,915	1,808,132	-	151,592	14,419,824	16,553,463
Cash and cash equivalents	8,355	1,892,548	2,702,776	938	120,979	4,119,072	8,844,668
Trade payables	-	(407,069)	(5,062,653)	-	-	(15,573,066)	(21,042,788)
Borrowings	-	-	-	-	-	(7,030,208)	(7,030,208)
Net exposure	8,355	1,659,394	(551,745)	938	272,571	(4,064,378)	(2,674,865)

38. FINANCIAL INSTRUMENTS (cont'd)

38.3 Financial risk management (cont'd)

38.3.3 Foreign currency risk (cont'd)

The carrying amount of the Group's and the Company's foreign currency denominated financial assets and financial liabilities at the end of the reporting period are as follows (cont'd):-

Company	AUD RM	GBP RM	SGD RM	USD RM	Total RM
2019					
Cash and cash equivalents/Net exposure	1,462,391	124,703	65,101	110,983	1,763,178
2018					
Cash and cash equivalents/Net exposure	-	910,266	95,419	277,510	1,283,195

Certain of the other foreign currencies are not presented as the amounts are not material.

Foreign currency risk sensitivity

The following table illustrates the sensitivity of profit or loss with regards to the Group's and the Company's financial assets and financial liabilities and the RM/AUD exchange rate, RM/EURO exchange rate, RM/GBP exchange rate, RM/JPY exchange rate, RM/SGD exchange rate and RM/USD exchange rate assuming all other things being equal.

A +/-1% and +/-2% (2018: +/-1% and +/-2%) change in the RM/AUD, RM/EURO, RM/GBP, RM/JPY, RM/SGD and RM/USD exchange rates at the reporting period is deemed possible. Both of these percentages have been determined based on average market volatility in exchange rates in the previous 12 months. The sensitivity analysis is based on the Group's and the Company's foreign currency financial instruments held at each reporting date and also takes into account forward exchange contracts that offset effects from changes in currency exchange rates.

38. FINANCIAL INSTRUMENTS (cont'd)

38.3 Financial risk management (cont'd)

38.3.3 Foreign currency risk (cont'd)

Foreign currency risk sensitivity (cont'd)

If the RM had strengthened/weakened against the AUD, EURO, GBP, JPY, SGD and USD by 1% and 2% (2018: 1% and 2%), then the impact would be as follows:-

	Effect on profit for the years/equity			
	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
RM/AUD				
- Strengthened 1% (2018: 2%)	14,707	167	14,624	-
- Weakened 1% (2018: 2%)	(14,707)	(167)	(14,624)	-
RM/EURO				
- Strengthened 1% (2018: 2%)	21,506	33,188	-	-
- Weakened 1% (2018: 2%)	(21,506)	(33,188)	-	-
RM/GBP				
- Strengthened 2% (2018: 1%)	28,405	(5,517)	2,494	9,103
- Weakened 2% (2018: 1%)	(28,405)	5,517	(2,494)	(9,103)
RM/JPY				
- Strengthened 1% (2018: 1%)	415	9	-	-
- Weakened 1% (2018: 1%)	(415)	(9)	-	-
RM/SGD				
- Strengthened 1% (2018: 1%)	15,089	2,726	651	954
- Weakened 1% (2018: 1%)	(15,089)	(2,726)	(651)	(954)
RM/USD				
- Strengthened 1 % (2018: 1%)	144,137	(40,644)	1,110	2,775
- Weakened 1% (2018: 1%)	(144,137)	40,644	(1,110)	(2,775)

Exposures to foreign exchange rates vary during the financial year depending on the volume of overseas transactions. Nonetheless, the analysis above is considered to be representative of the Group's and the Company's exposure to currency risk.

38. FINANCIAL INSTRUMENTS (cont'd)

38.3 Financial risk management (cont'd)

38.3.4 Interest rate risk

Interest rate risk is caused by changes in market interest rate resulting in fluctuation in fair value or future cash flow of financial instruments of the Group and of the Company. The Group's and the Company's interest rate management objective is to manage interest expenses consistent with maintaining an acceptable level of exposure to interest rate fluctuation.

The Group's borrowing are at fixed interest rates. The exposure to interest rates for the Group's short term placement is considered immaterial.

The carrying amount of the Group's and the Company's financial instruments that are exposed to interest rate risk are as follows:-

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Fixed rate instruments				
Financial assets				
Amount due from subsidiaries	-	-	9,765,424	-
Deposits with licensed banks	14,819,638	4,551,510	-	42,841
Financial liabilities				
Lease liabilities/finance lease liabilities	(2,502,389)	(2,394,170)	-	-
Borrowings	(22,571,337)	(21,628,501)	-	-
	(10,254,088)	(19,471,161)	9,765,424	42,841
Floating rate instrument				
Financial liabilities				
Borrowings	(17,114,213)	(17,571,763)	-	-

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 and does not designate derivatives as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

38. FINANCIAL INSTRUMENTS (cont'd)

38.3 Financial risk management (cont'd)

38.3.4 Interest rate risk (cont'd)

Fair value sensitivity analysis for floating rate instruments

The following table illustrates the sensitivity of profit to a reasonably possible change in interest rates of +/- 25 (2018: +/- 25) basis points ("bp"). These changes are considered to be reasonably possible based on observation of current market conditions. The calculations are based on a change in the average market interest rate for each year, and the financial instruments held at each reporting date that are sensitive to changes in interest rates. All other variables are held constant.

	Effect on profit for the year/equity	
	Group	
	RM	RM
2019 (+/-25bp)	(42,785)	42,785
2018 (+/-25bp)	(43,929)	43,929

Fair value measurement

The carrying amounts of financial assets and liabilities of the Group and of the Company at the reporting date approximate their fair values due to their short-term nature or they are floating rate instruments re-priced to market interest rates on or near the reporting date.

38.3.5 Equity price risk

Equity price risk is the risk that the value of an equity instrument will fluctuate as a result of changes in market prices. The Group and the Company are exposed to equity price risk mainly through the Group's and the Company's investment in quoted shares.

If the unit prices for quoted 'fair value through other comprehensive income' financial assets increased by 10% (2018: 10%), with all other variables being held constant, the Group's profit for the financial year and equity financial assets reserves at the end of the reporting period would increase approximately by RM161,918 (2018: RM385,339) respectively.

If the unit prices quoted 'fair value through profit or loss' financial assets increased by 10% (2018: 10%), with all other variables held constant, the Group's and the Company's profit for the financial year and equity financial assets reserves at the end of the reporting period would increase approximately by RM703,868 and RM534,653 (2018: RM345,280 and RM81,280) respectively.

If the unit prices for quoted 'fair value through other comprehensive income and fair value through profit or loss' financial assets decreased by 10%, with all other variables being held constant, it would have the equal but opposite effect on the amounts shown above.

Notes to the Financial Statements
For the Financial Year Ended 31 December 2019 (cont'd)

38. FINANCIAL INSTRUMENTS (cont'd)

Reconciliation of liabilities arising from financing activities

	1 January 2019 RM	Cash flows RM	Drawdown RM	Others RM	31 December 2019 RM
Group					
Lease liabilities	2,394,170	(1,287,581)	1,395,800	-	2,502,389
Term loans	17,571,763	(1,084,814)	627,264	-	17,114,213
Revolving credit	-	-	2,750,000	3,600,000	6,350,000
Onshore foreign currency loan	3,544,759	-	3,760,016	-	7,304,775
Invoice financing	5,391,242	(546,676)	-	-	4,844,566
Total liabilities from financing activities	28,901,934	(2,919,071)	8,533,080	3,600,000	38,115,943

	1 January 2018 RM	Cash flows RM	Drawdown RM	31 December 2018 RM
Group				
Finance lease liabilities	2,358,878	(1,073,708)	1,109,000	2,394,170
Term loans	7,567,259	(380,232)	10,384,736	17,571,763
Onshore foreign currency loan	-	-	3,544,759	3,544,759
Invoice financing	-	-	5,391,242	5,391,242
Total liabilities from financing activities	9,926,137	(1,453,940)	20,429,737	28,901,934

	1 January 2019 RM	Cash flows RM	Others RM	31 December 2019 RM
Company				
Amount due to subsidiaries/Total liabilities from financing activities	4,341,294	(1,954,814)	-	2,386,480

	1 January 2018 RM	Cash flows RM	Others RM	31 December 2018 RM
Company				
Amount due to subsidiaries/Total liabilities from financing activities	1,780,742	2,560,552	-	4,341,294

39. FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying amounts of financial assets and liabilities of the Group and of the Company at the reporting date approximately their fair values due to their short-term nature, insignificant impact of discounting or that they are floating rate instruments that are re-priced to market interest rates on or near the reporting date.

It was not practicable to estimate the fair value of the Group's and of the Company's investment in unquoted shares due to the lack of comparable quoted prices in active market. In addition, it is impracticable to use valuation technique to estimate the fair value reliably as a result of significant variability in the inputs of the valuation technique. The Group and the Company do not intend to dispose of these investments in the near future.

The fair value is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period. For finance leases that market rate on interest is determined by reference to similar lease agreements. The interest rates used to discount estimated cash flows, when applicable are as follows:-

	Group	
	2019 %	2018 %
Lease liabilities/Finance lease liabilities	3.45 - 4.42	3.50 - 4.85
Borrowings	1.83 - 6.35	4.17 - 8.32

39.1 Fair value hierarchy

The carrying amounts of financial assets and liabilities of the Group and of the Company at the reporting date approximately their fair values because they are floating rate instruments which are re-priced to market rates on or near reporting date or they have a short maturity period.

Fair value measurement of financial instruments

The following table summarises the method used in determining the fair value of financial assets on a recurring basis as at 31 December 2019 and 31 December 2018:-

	Group Fair value as at			
Financial assets	2019 RM	2018 RM	Fair value hierarchy	Valuation techniques and key inputs
Quoted investment - FVOCI	1,619,188	4,666,203	Level 1	Quoted bid prices in an active market.
Quoted investment - FVTPL	7,038,680	3,452,804	Level 1	Quoted bid prices in an active market.

	Company Fair value as at			
Financial assets	2019 RM	2018 RM	Fair value hierarchy	Valuation techniques and key inputs
Quoted investment – FVTPL	5,346,530	812,804	Level 1	Quoted bid prices in an active market.

There were no transfers between Level in 2019 and 2018.

Notes to the Financial Statements
For the Financial Year Ended 31 December 2019 (cont'd)

40. COMMITMENTS

(a) Operating lease commitments

The Group has lease commitments in respect of rented premises which are classified as operating leases. A summary of the non-cancellable long-term commitments is as follows:-

	Group	
	2019 RM	2018 RM
Not later than 1 year	-	340,430
Later than 1 year but not later than 5 years	-	36,000
	-	376,430

(b) Capital commitments

	Group	
	2019 RM	2018 RM
Authorised and contracted for:		
- Acquisition of leasehold building	-	940,896

41. CAPITAL MANAGEMENT

The primary objective of the management of the Group's and of the Company's capital structure is to optimise the balance between debts and equity to achieve a low cost of capital and maximise the return to stakeholders.

The capital structure of the Group and of the Company consists of debts (comprising lease liabilities) and equity (comprising issued ordinary shares, accumulated losses and other reserves). The Group and the Company monitor their capital using a gearing ratio, based on total borrowings divided by total capital. The target gearing ratio is to maintain it at below 20%. The Directors review the capital structure on a quarterly basis, and consider the cost of capital and the risks associated with each class of capital. During the current financial year, no significant changes were made in the objectives, policies or processes for managing capital.

The gearing ratio at the end of the reporting period was as follows:-

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Lease liabilities/Finance lease liabilities (Note 22)	2,502,389	2,394,170	-	-
Borrowings (Note 23)	39,685,550	39,200,264	-	-
	42,187,939	41,594,434	-	-
Equity attributable to owners of the Company	179,815,136	141,892,090	218,041,970	188,663,556
Debt-to-equity ratio	0.2346	0.2931	-	-

Under the requirement of Bursa Malaysia Practice Note No. 17/2005, the Company is required to maintain a consolidated shareholders' equity equal to or not less than the 25% of the issued and paid up capital (excluding treasury shares) and such shareholders' equity is not less than RM40,000,000. The Company has complied with this requirement.

42. COMPARATIVE INFORMATION

Certain comparative figures in the financial statements have been reclassified on the face of statements of financial position, statements of profit or loss and other comprehensive income and statements of cash flows to conform the current year presentation due to change in reclassification.

	Previously stated 31.12.2018 RM	Increase/ (Decrease) RM	As reclassified 31.12.2018 RM
Group			
Statements of financial position			
Current assets			
Inventories	28,130,495	41,502,057	69,632,552
Contract assets	41,502,057	(41,502,057)	-
Equity			
Reserves	38,809,217	(2,014,433)	36,794,784
Accumulated losses	(11,095,585)	2,014,433	(9,081,152)
Statements of profit or loss and other comprehensive income			
Revenue	210,439,492	(650,901)	209,788,591
Operating expenses	(32,053,714)	268,183	(31,785,531)
Net loss on impairment of financial assets	(2,360,858)	(268,183)	(2,629,041)
Finance incomes	1,274,473	650,901	1,925,374
Statements of cash flows			
Operating profit before changes in working capital			
Inventories	(18,693,103)	(9,648,302)	(28,341,405)
Contract assets	(9,648,302)	9,648,302	-
Company			
Statements of financial position			
Equity			
Reserves	59,062,416	(2,014,433)	57,047,983
Retained earnings	15,422,682	2,014,433	17,437,115
Statements of profit or loss and other comprehensive income			
Operating expenses	(12,589,718)	(148,183)	(12,441,535)
Net loss on impairment of financial assets	(3,232,359)	148,183	(3,380,542)

43. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

(a) Subsequent to the statements of financial position date, the Group proposed acquisition by T7 Gastec Sdn. Bhd., a wholly-owned subsidiary, of 490,000 ordinary shares of T7 Wenmax Sdn. Bhd. ("T7 Wenmax") representing 49% equity interest in T7 Wenmax, for a purchase consideration of RM49,000,000 to be satisfied via a combination of cash payment of RM25,000,000 and the remaining purchase consideration of RM24,000,000 to be satisfied via an issuance and allotment of 54,545,455 new ordinary shares of T7 Global Berhad's shares at the issue price of RM0.44 per shares.

The transaction is yet to be completed as at the reporting date.

(b) On 6 March 2020, the Company issued 30,275,800 new ordinary shares via a private placement at an issue price of RM0.4300 per ordinary shares for a total cash consideration of RM13,018,594 for working capital purposes.

43. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD (cont'd)

(c) The recent outbreak of Coronavirus Disease 2019 ("COVID-19") since end 2019 has seen significant cases increased worldwide which prompted the World Health Organisation to declare it as a pandemic on 11 March 2020. A series of precautionary and control measures have been and continued to be implemented across the world. The Malaysian Government imposed the Movement Control Order ("MCO") from 18 March 2020 to 3 May 2020 and Conditional Movement Control Order ("CMCO") from 4 May 2020 to 9 June 2020. Consequently, these restrictions are expected to have material adverse effects on the Malaysia's economy for 2020. The deterioration of world economy has also prompted additional uncertainties to the business of the Group and of the Company in 2020.

As at the date of this report, the management of the Group and of the Company has assessed the overall impact of the situation on the Group's and the Company's operations and financial position, and it is concluded that there are no material effects on the financial statements for the financial year ended 31 December 2019. The management is unable to reliably estimate the financial impact of COVID-19 on the Group's and the Company's financial results for the year ending 31 December 2020 as the pandemic has yet to run its full course hence the current situation is still fluid. The Directors shall continuously assess the impact of COVID-19 on its operations as well as the financial position for the year ending 31 December 2020.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Sixteenth Annual General Meeting of the Company will be conducted fully virtual at the Broadcast Venue at Level 16, KL Trillion Corporate Tower, Block C, 338 Jalan Tun Razak, 50400 Kuala Lumpur, Wilayah Persekutuan via remote participation and voting facilities on Wednesday, 26 August 2020 at 10:00 a.m. for the following purposes:-

AGENDA

Ordinary Business

1. To receive the Audited Financial Statements for the financial year ended 31 December 2019 together with the Reports of the Directors and the Auditors thereon. **[Please refer to Explanatory Note 1]**

2. To approve the payment of Directors' fees of RM225,000/- for the period from 27 August 2020 to the Seventeenth Annual General Meeting of the Company in year 2021. **[Ordinary Resolution 1]**

3. To approve the payment of benefits payable to the Non-Executive Directors up to an amount of RM178,000/- for the period from 27 August 2020 to the Seventeenth Annual General Meeting of the Company in year 2021 pursuant to Section 230(1)(b) of the Companies Act 2016. **[Ordinary Resolution 2]**

4. To re-elect the following Directors who are retiring in accordance with Clause 123 of the Company's Constitution and being eligible, have offered themselves for re-election:-

   (i) YBhg. Datuk Seri Dr. Nik Norzrul Thani Bin Nik Hassan Thani; and **[Ordinary Resolution 3]**

   (ii) YBhg. Tan Sri Datuk Seri Tan Kean Soon. **[Ordinary Resolution 4]**

5. To re-elect YBhg. Dato' Sri Wan Ahmad Najmuddin Bin Mohd, a Director who is retiring in accordance with Clause 106 of the Company's Constitution and being eligible, has offered himself for re-election. **[Ordinary Resolution 5]**

6. To re-appoint Grant Thornton Malaysia PLT as Auditors of the Company until the conclusion of the next Annual General Meeting and to authorise the Directors to fix their remuneration. **[Ordinary Resolution 6]**

<u>Special Business</u>

To consider and if thought fit, with or without any modification, to pass the following as Ordinary Resolutions:-

7. **ORDINARY RESOLUTION NO. 1**
   - AUTHORITY TO ISSUE SHARES PURSUANT TO THE COMPANIES ACT 2016 **[Ordinary Resolution 7]**

   "**THAT** subject always to the Companies Act 2016, the Constitution of the Company and the approvals from the relevant governmental and/or regulatory authorities, the Directors of the Company be and are hereby authorised and empowered pursuant to the Companies Act 2016, to issue and allot shares in the Company, at any time, at such price, to such persons and 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 20% of the total number of issued shares of the Company (excluding Treasury Shares) for the time being **AND THAT** such authority shall commence immediately upon the passing of this resolution and continue to be in force until the conclusion of the next Annual General Meeting of the Company;

   AND THAT the Directors of the Company, whether solely or jointly, be and are hereby empowered to obtain the approval for the listing of and quotation for the additional shares so issued on the Main Market of Bursa Malaysia Securities Berhad; **AND** be hereby authorised to do all such acts and things including executing all relevant documents as he/they may consider expedient or necessary to complete and give full effect to the abovesaid mandate."

8. **ORDINARY RESOLUTION NO. 2**
   - **PROPOSED RENEWAL OF EXISTING SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE** **(Ordinary Resolution 8)**

"**THAT**, subject always to the Companies Act 2016 ("**the Act**"), the Constitution of the Company and the Bursa Malaysia Securities Berhad's Main Market Listing Requirements, approval be and is hereby given to the Company and its subsidiaries to enter into all transactions involving the interests of Directors, major shareholders or persons connected with Directors and/or major shareholders of the Group ("**Related Parties**") as described in the Circular/Statement to Shareholders dated 18 June 2020 ("**Recurrent RPTs**") provided that such transactions are:-

(i) recurrent transactions of a revenue or trading nature;
(ii) necessary for the day-to-day operations;
(iii) carried out in the ordinary course of business and on normal commercial terms which are not more favourable to the Related Parties than those generally available to the public; and
(iv) are not to the detriment of the minority shareholders,

("**RRPT Mandate**").

AND THAT such approval shall continue to be in force until:-

(a) the conclusion of the next Annual General Meeting of the Company, at which time it will lapse, unless by a resolution passed at that meeting, the authority is renewed; or
(b) the expiration of the period within which the next Annual General Meeting of the Company is required to be held pursuant to Section 340 of the Act (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
(c) revoked or varied by a resolution passed by shareholders in a general meeting; or

whichever is earlier; and the aggregate value of the Recurrent RPTs be disclosed in the annual report of the Company.

AND THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things as they may consider expedient or necessary to give full effect to the RRPT Mandate."

9. **ORDINARY RESOLUTION NO. 3**
   - **PROPOSED RENEWAL OF AUTHORITY FOR THE COMPANY TO PURCHASE ITS OWN SHARES ("PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY)** **(Ordinary Resolution 9)**

"**THAT**, subject always to the Companies Act 2016 ("**the Act**"), the provisions of the Company's Constitution, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("**Bursa Malaysia Securities**") and all other applicable laws, guidelines, rules and regulations, the Company be and is hereby authorised to purchase such number of ordinary shares in the Company as may be determined by the Directors of the Company from time to time through Bursa Malaysia Securities, upon such terms and conditions as the Directors in their discretion deem fit and expedient in the best interest of the Company, provided that:-

(i) the aggregate number of ordinary shares to be purchased and/or held by the Company shall not exceed ten percent (10%) of the total number of issued shares of the Company as at the point of purchase(s); and

(ii) the maximum funds to be allocated by the Company for the purpose of purchasing its own shares shall not exceed the aggregate of the retained profits of the Company based on the latest audited financial statements and/or the latest management accounts of the Company (where applicable) available at the time of the purchase(s); and

That upon completion of the purchase by the Company of its own shares, the Directors of the Company be authorised to deal with the shares so purchased in their absolute discretion in the following manner:-

(i) cancel all the shares so purchased; and/or
(ii) retain the shares so purchased in treasury for distribution as dividend to the shareholders and/or resell on the market of Bursa Malaysia Securities; and/or
(iii) retain part thereof a treasury shares and cancel the remainder; and/or

in any other manner as prescribed by the Act, rules, regulations and orders made pursuant to the Act and the requirements of Bursa Malaysia Securities and any other relevant authority for the time being in force.

THAT such authority conferred by this Resolution shall commence immediately upon the passing of this Resolution and shall continue to be in force until:-

(a) the conclusion of the next Annual General Meeting ("**AGM**") of the Company following this AGM at which such resolution was passed, at which time the authority will lapse, unless by an ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions; or

(b) the expiration of the period within which the next AGM of the Company after that date is required by law to be held; or

(c) revoked or varied by an ordinary resolution passed by the shareholders of the Company in a general meeting,

whichever occurs first.

AND FURTHER THAT the Directors of the Company be authorised to do all acts, deeds and things and to take all such steps as they may deem fit, appropriate, expedient or necessary in the best interest of the Company to give full effect to the Proposed Renewal of Share Buy-Back Authority with full powers to assent to any condition, modification, variation and/or amendment as may be required or imposed by the relevant authorities and to take all such steps, and do all such acts and things as they may deem fit and expedient in the interest of the Company."

10. To transact any other ordinary business of which due notice shall have been given.

By Order of the Board

CHUA SIEW CHUAN (SSM PC NO. 201908002648)(MAICSA 0777689)
TAN LOO EE (SSM PC NO. 201908002686)(MAICSA 7063694)

Company Secretaries

Kuala Lumpur
Dated: 18 June 2020

Notice of Annual General Meeting (cont'd)

Explanatory Notes:-

1. Item 1 of the Agenda - Audited Financial Statements for the financial year ended 31 December 2019

This Agenda item is meant for discussion only, as the provision of Section 340(1)(a) of the Companies Act 2016 does not require a formal approval of the shareholders for the Audited Financial Statements. Hence, this Agenda item is not put forward for voting.

2. Items 2 and 3 of the Agenda - Directors' Fees and Benefits

Section 230(1) of the Companies Act 2016 provides amongst others, that the fees of the Directors, and any benefits payable to the Directors of a listed company and its subsidiaries shall be approved at the general meeting.

The proposed Ordinary Resolution 1, if approved, will authorise the payment of Directors' fees to the Non-Executive Directors ("**NEDs**") of the Company for the period from 27 August 2020 to the Seventeenth Annual General Meeting Meeting ("**AGM**") of the Company in year 2021 and to be payable on a monthly basis in arrears after each month of completed service of the Directors. This Resolution is to facilitate payment of Directors' fees on current financial year basis.

The proposed Ordinary Resolution 2, if approved, will authorise the payment of Directors' benefits to the NEDs by the Company. The benefits payable to the NED for the period from 27 August 2020 to the Seventeenth AGM of the Company in year 2021 are derived from the estimated meeting allowance based on the number of scheduled meetings and unscheduled meetings (when necessary) for the Board and Board Committee, and number of NEDs involved in the meetings.

In the event that the Directors' fees and benefits payable proposed are insufficient due to enlarged Board size, approval will be sought at the next AGM for additional Directors' fees and benefits to meet the shortfall.

3. Item 7 of the Agenda - Authority to Issue Shares Pursuant to the Companies Act 2016

The Company wishes to renew the mandate granted to the Directors of the Company at the Fifteenth AGM of the Company held on 26 June 2019 (hereinafter referred to as the "**Previous Mandate**"), to issue and allot shares at any time to such persons in the Directors' absolute discretion without convening a general meeting provided that the aggregate number of the shares issued does not exceed 20% of the total number of issued shares of the Company for the time being (hereinafter referred to as the "**20% General Mandate**").

As part of the initiative from Bursa Malaysia Securities Berhad ("**Bursa Malaysia Securities**") to aid and facilitate listed issuers in sustaining their business or easing their compliance with Bursa Malaysia Securities' rules, amid the unprecedented uncertainty surrounding the recovery of the COVID-19 outbreak and Movement Control Order imposed by the Malaysian Government, Bursa Malaysia Securities had vide their letter dated 16 April 2020 allow a listed issuer to seek a higher general mandate under Paragraph 6.03 of the Main Market Listing Requirements of Bursa Malaysia Securities of not more than 20% of the total number of issued shares (excluding treasury shares) for the general issue of new securities.

The 20% General Mandate will provide flexibility to the Company for allotment of shares for any possible fund-raising activities for the purpose of funding future investment project(s), working capital and/or acquisition(s).

The Board of Directors, having considered the current and prospective financial position, needs and capacity of the Company and its subsidiaries, is of the opinion that the 20% General Mandate is in the best interests of the Company and its shareholders.

As at the date of this Notice, the Company had issued the following new ordinary shares pursuant to the private placement exercise:-

No. of ordinary shares	Per share (RM)
41,157,231	0.4504
40,969,211	0.3830
30,275,800	0.4300

Details of the total proceeds raised from the private placement and its utilisation are disclosed under the Additional Compliance Information section of the Annual Report.

4. Item 8 of the Agenda – Proposed Renewal of Existing Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature

The proposed Ordinary Resolution 8, if passed, will provide a renewed mandate for the Company and/or its subsidiaries to enter into the recurrent related party transactions of a revenue or trading nature which are necessary for the Group's day-to-day operations, subject to the transactions being in the ordinary course of business and on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company. This mandate shall lapse at the conclusion of the next AGM unless authority for the renewal is obtained from the shareholders of the Company at a general meeting.

Please refer to the Circular/Statement to Shareholders dated 18 June 2020 for further information.

5. Item 9 of the Agenda - Proposed Renewal of Share Buy-Back Authority

The proposed Ordinary Resolution 9, if passed, would empower the Directors of the Company to purchase the Company's ordinary shares of up to ten per centum (10%) of the total number of issued shares of the Company by utilising the funds allocated which shall not exceed the Company's retained profits based on the latest audited financial statements and/or the latest management accounts of the Company (where applicable) available at the time of the purchase(s).

Please refer to the Circular/Statement to Shareholders dated 18 June 2020 for further information.

Notes:-

1. The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 and Guidance Note on the Conduct of General Meetings for Listed Issuers issued by the Securities Commission Malaysia on 18 April 2020 (including any amendment that may be made from time to time) which require the Chairperson of the meeting to be present at the main venue of the meeting.

2. Members/proxies **WILL NOT BE ALLOWED** to attend the Sixteenth AGM in person at the Broadcast Venue on the day of the meeting.

3. Members are to attend, speak (including posing questions to the Board via real time submission of typed texts) and vote (collectively, "**participate**") remotely at the Sixteenth AGM via the Remote Participation and Voting facilities ("**RPV**") provided by Tricor Investor & Issuing House Services Sdn. Bhd. ("**Tricor**") via its TIIH Online website at https://tiih.online. Please follow the Procedures for RPV provided in the Administrative Details for the Sixteenth AGM and read the notes below in order to participate remotely via RPV.

4. In respect of deposited securities, only members whose names appear in the Record of Depositors on 19 August 2020 (General Meeting Record of Depositors) shall be eligible to attend the Meeting.

5. A member who is entitled to participate and vote at the Meeting via RPV is entitled to appoint more than one (1) proxy to participate and vote in his stead. Where a member appoints more than one (1) proxy, the appointments shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.

6. A proxy may but does not need to be a member of the Company. Notwithstanding this, a member entitled to participate and vote at the Meeting is entitled to appoint any person as his proxy to participate and vote instead of the member at the Meeting. There shall be no restriction as to the qualification of the proxy. A proxy appointed to participate and vote at the Meeting shall have the same rights as the member to speak at the Meeting.

7. In the case of a corporate member, the instrument appointing a proxy must be either under its common seal or under the hand of an officer or attorney duly authorised.

8. Where a member of the Company is an exempt authorised nominee 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.

9. A member who has appointed a proxy or attorney or authorised representative to participate and vote at the Sixteenth AGM via RPV must request his/her proxy or attorney or authorised representative to register himself/herself for RPV at TIIH Online website at https://tiih.online. Please follow the Procedures for RPV in the Administrative Details for the Sixteenth AGM.

10. The appointment of a proxy may be made by electronic means or in a hard copy form in the following manner and must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the Sixteenth AGM or adjourned general meeting at which the person named in the appointment proposes to vote:

    (i) By electronic form

    The form of proxy can be electronically lodged with the Share Registrar of the Company via TIIH Online website at https://tiih.online (applicable to individual members only). Kindly refer to the Administrative Details on the procedures for electronic lodgement of form of proxy via TIIH Online.

    (ii) In hard copy form

    In the case of an appointment made in hard copy form, the form of proxy must be deposited with the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan or alternatively, the Customer Services Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan.

11. Please ensure ALL the particulars as required in the form of proxy are completed, signed and dated accordingly.

12. Last date and time for lodging the form of proxy is **Monday, 24 August 2020 at 10.00 a.m.**

13. Any authority pursuant to which such an appointment is made by a power of attorney must be deposited with the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan not less than forty-eight (48) hours before the time appointed for holding the Sixteenth AGM or adjourned general meeting at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.

14. A corporate member who has appointed a representative, please deposit the **ORIGINAL** certificate of appointment with the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan. The certificate of appointment should be executed in the following manner:

    (i) If the corporate member has a common seal, the certificate of appointment should be executed under seal in accordance with the constitution of the corporate member.
    (ii) If the corporate member does not have a common seal, the certificate of appointment should be affixed with the rubber stamp of the corporate member (if any) and executed by:

        (a) at least two (2) authorised officers, of whom one shall be a director; or
        (b) any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.

Administrative Details for the Sixteenth Annual General Meeting

In view of the COVID-19 outbreak and as part of the safety measures, the Board of Directors of T7 Global Berhad ("**T7 Global**" or the "**Company**") has decided that the Sixteenth Annual General Meeting of the Company ("**16th AGM**" or "**Meeting**") shall be conducted fully virtual and entirely via remote participation and voting using the Remote Participation and Voting ("**RPV**") Facilities as set out below:-

Date	Time	Broadcast Venue
Wednesday, 26 August 2020	10:00 a.m.	Level 16, KL Trillion Corporate Tower, Block C, 338 Jalan Tun Razak, 50400 Kuala Lumpur, Wilayah Persekutuan

The broadcast venue is strictly for the purpose of compliance with Section 327(2) of the Companies Act 2016 whereby the Chairman will be present at the main venue of the 16th AGM and in accordance with Clause 70 of the Company's Constitution. **Members/Proxies from the public will not be allowed to attend, present nor admitted at the Broadcast Venue on the day of the Meeting, Wednesday, 26 August 2020.**

REMOTE PARTICIPATION AND VOTING FACILITIES

Members are to attend, speak (including posing questions to the Board via real time submission of typed texts) and vote (collectively, "**participate**") remotely at the 16th AGM using RPV provided by Tricor Investor & Issuing House Services Sdn. Bhd. ("**Tricor**") via its TIIH Online website at https://tiih.online.

Members who appoint proxies to participate via RPV in the 16th AGM must ensure that the duly executed forms of proxy are deposited in a hard copy form or by electronic means to Tricor no later than Monday, 24 August 2020 at 10.00 a.m.

A member who has appointed a proxy or representative to attend, participate, speak and vote at this 16th AGM via RPV must request his/her proxy to register himself/herself for RPV at TIIH Online website at https://tiih.online.

As the 16th AGM of T7 Global is a fully virtual AGM, members who are unable to participate in this 16th AGM may appoint the Chairman of the meeting as his/her proxy and indicate the voting instructions in the form of proxy.

PROCEDURES FOR RPV

Procedures	Action
Before the 16th AGM	
1. Register as participant in T7 Global Virtual 16th AGM	• Using your computer, access the website at https://tiih.online. Register as a user under the "e-Services". Refer to the tutorial guide posted on the homepage for assistance. • If you are already a user with TIIH Online, you are not required to register again. You will receive an e-mail to notify you that the remote participation is available for registration at TIIH Online.
2. Submit your request	• Registration for the 16th AGM is open from Thursday, 18 June 2020 until 10:00 a.m. on Monday, 24 August 2020. • Login with your user ID and password and select the corporate event: "(REGISTRATION) T7 GLOBAL 16TH AGM". • Read and agree to the Terms & Conditions and confirm the Declaration. • Select "Register for Remote Participation and Voting". • Review your registration and proceed to register. • System will send an e-mail to notify that your registration for remote participation is received and will be verified. • After verification of your registration against the General Meeting Record of Depositors as at 19 August 2020, the system will send you an e-mail to approve or reject your registration for remote participation. System will send an email to notify that your registration for remote participation is received and pending verification.
On the day of 16th AGM	
3. Login to TIIH Online	Login with your user ID and password for remote participation at the AGM at any time from 9:40 a.m. i.e. 20 minutes before the commencement of the 16th AGM on Wednesday, 26 August 2020 at 10:00 a.m.

Administrative Details for the Sixteenth Annual General Meeting (cont'd)

On the day of 16th AGM		
4.	Participate through Live Streaming	• Select the corporate event: "(LIVE STREAM MEETING) T7 GLOBAL 16TH AGM" to engage in the proceedings of the AGM remotely. • If you have any question for the Chairman/Board, you may use the query box to transmit your question. The Chairman/Board will endeavor to respond to questions submitted by remote participants during the 16th AGM. If there is time constraint, the responses will be e-mailed to you at the earliest possible, after the meeting.
5.	Online Remote Voting	• Voting session commences from 10:00 a.m. on Wednesday, 26 August 2020 until a time when the Chairman announces the completion of the voting session of the 16th AGM. • Select the corporate event: "(REMOTE VOTING) T7 GLOBAL 16TH AGM". • Read and agree to the Terms & Conditions and confirm the Declaration. • Select the CDS account that represents your shareholdings. • Indicate your votes for the resolutions that are tabled for voting. • Confirm and submit your votes.
6.	End of remote participation	Upon the announcement by the Chairman on the closure of the 16th AGM, the live session will end.

Note to users of the RPV:
1. Should your application to join the 16th AGM be approved, we will make available to you the rights to join the live streamed meeting and to vote remotely. Your login to TIIH Online on the day of meeting will indicate your presence at the virtual meeting.
2. The quality of your connection to the live broadcast is dependent on the bandwidth and stability of the internet at your location and the device you use.
3. In the event you encounter any issues with logging-in, connection to the live streamed meeting or online voting, kindly call Tricor Help Line at 011-40805616 / 011-40803168 / 011-40803169 / 011-40803170 for assistance or e-mail to tiih.online@my.tricorglobal.com for assistance.

NO DOOR GIFT/FOOD VOUCHER

There will be no distribution of door gifts or food vouchers for the 16th AGM since the meeting is being conducted on a fully virtual basis.

We would like to thank our members for your kind co-operation and understanding in these challenging times.

RECORD OF DEPOSITORS

The date of Record of Depositors for the 16th AGM is 19 August 2020. As such, only members whose name appears in the Record of Depositors of T7 Global as at 19 August 2020 shall be entitled to attend the 16th AGM and to participate, speak and vote thereat.

ANNUAL REPORT 2019 AND CIRCULAR/STATEMENT TO SHAREHOLDERS

You can now download the following documents at http://www.t7global.com.my/investor-relations/:

- T7 Global's Annual Report 2019; and
- Circular/Statement to Shareholders in relation to Part A – Proposed Renewal of Existing Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature and Part B – Share Buy-Back Statement in relation to the Proposed Renewal of Authority for Share Buy-Back.

If you need a hard copy of the above documents, kindly fill in the request form and please forward the Request Form to our Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd at the address stated above, fax to (603) 2783 9222 or e-mail at is.enquiry@my.tricorglobal.com.

PROXY

- The 16th AGM will be conducted via virtual meeting, if you are unable to attend the meeting via RPV on 26 August 2020, you may appoint the Chairman of the meeting as proxy and indicate the voting instructions in the Form of Proxy.
- You may also submit the Form of Proxy electronically via TIIH Online website at https://tiih.online no later than Monday, 24 August 2020 at 10:00 a.m Please do read and follow the procedures to submit Form of Proxy electronically below.

- You may submit your Form of Proxy to the Share Registrar, Tricor Investor & Issuing House Services Sdn. Bhd. ("**Tricor**") by fax at 03-2783 9222 or e-mail to is.enquiry@my.tricorglobal.com. However, please ensure that the Original Form of Proxy is deposited at Tricor's office at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan or, alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan, not less than forty-eight (48) hours before the time appointed for holding the 16th AGM or any adjournment thereof, otherwise the Form of Proxy shall not be treated as valid.

Poll Voting

- The Voting at the 16th AGM will be conducted by poll in accordance with Paragraph 8.29A of Bursa Malaysia Securities Berhad's Main Market Listing Requirements. The Company has appointed Tricor Investor & Issuing House Services Sdn. Bhd. as Poll Administrator to conduct the poll by way of electronic voting and Scrutineer Solutions Sdn. Bhd. as Scrutineers to verify the poll results.
- Shareholders can proceed to vote on the resolutions at any time from the commencement of the 16th AGM at 10:00 a.m but before the end of the voting session which will be announced by the Chairman of the Meeting. Kindly refer to item(s) of the above procedures for RPV for guidance on how to vote remotely from TIIH Online website at https://tiih.online.
- Upon completion of the voting session for the 16th AGM, the Scrutineers will verify and announce the poll results followed by the Chairman's declaration whether the resolutions are duly passed.

ELECTRONIC LODGEMENT OF PROXY FORM

The procedures to lodge your proxy form electronically via Tricor's TIIH Online website are summarised below:

Procedures	Action
1. Register as a User with TIIH Online	• Using your computer, please access the website at https://tiih.online. Register as a user under the "e-Services". Please do refer to the tutorial guide posted on the homepage for assistance. • If you are already a user with TIIH Online, you are not required to register again.
2. Proceed with submission of Proxy Form	• After the release of the Notice of Meeting by the Company, login with your user name (i.e. email address) and password. • Select the corporate event: "Submission of Proxy Form". • Read and agree to the Terms & Conditions and confirm the Declaration. • Insert your CDS account number and indicate the number of shares for your proxy(s) to vote on your behalf. • Appoint your proxy(s) and insert the required details of your proxy(s) or appoint Chairman as your proxy. • Indicate your voting instructions - FOR or AGAINST, otherwise your proxy will decide your vote. • Review and confirm your proxy(s) appointment. • Print proxy form for your record.

RECORDING OR PHOTOGRAPHY

Strictly **NO** unauthorised recording or photography of the proceedings of the 16th AGM is allowed.

ENQUIRY

If you have any enquiries on the above, please contact the following persons during office hours on Mondays to Fridays from 9:00 a.m. to 5:30 p.m. (except on public holidays):

Tricor Investor & Issuing House Services Sdn. Bhd.
General Line : +603-2783 9299
Fax Number : +603-2783 9222
Email : is.enquiry@my.tricorglobal.com
Contact persons :

No.	Name	Contact No./Email
1.	Encik Mohd Kamal Bin Mohd Din	DID: +6 03-2783 9237 Email: kamal.mohd@my.tricorglobal.com
2.	Ms. Esther Loo	DID: +6 03-2783 9293 Email: Esther.Loo@my.tricorglobal.com
3.	Encik Muhammad Ashraff Bin Mohd Khaizan	DID: +6 03-2783 9276 Email: Muhammad.Ashraff@my.tricorglobal.com

Analysis of Shareholdings

As at 22 May 2020

SHARE CAPITAL

Total number of issued shares (inclusive of treasury shares) : 531,854,856 ordinary shares
Class of Shares : Ordinary Share
Voting rights : One vote per ordinary share
Treasury Shares held as at 22 May 2020 : 17,348,800

DISTRIBUTION OF SHAREHOLDINGS

Size of Holdings	No. of Shareholders	% of Shareholders	No. of Shares	%
1 - 99	159	2.967	4,296	0.000
100 - 1,000	629	11.739	372,723	0.072
1,001 - 10,000	2,596	48.450	14,905,310	2.897
10,001 - 100,000	1,672	31.205	58,271,806	11.325
100,001 - 25,725,301 (*)	301	5.617	393,654,671	76.511
25,725,302 and above (**)	1	0.018	47,297,250	9.192
Total	5,358	100.000	514,506,056	100.000

Remark: * - Less than 5% of issued shares
** - 5% and above of issued shares

Total issued shares as at 22/05/2020 : 531,854,856
Treasury shares as at 22/05/2020 : 17,348,800
'Adjusted' capital after netting treasury shares as at 22/05/2020 : 514,506,056

THIRTY LARGEST SHAREHOLDERS

No.	Name	No. of Shares	% of Issued Share Capital
1	TAN SRI DATUK SERI TAN KEAN SOON	47,297,250	9.193
2	ANUGERAH BAKTI SDN BHD	25,668,600	4.988
3	ABYSSINA RESOURCES (M) SDN BHD	21,002,800	4.082
4	ZVS RESOURCES SDN BHD	18,457,300	3.587
5	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KOH KIN LIP	15,244,524	2.962
6	KVC VALVE (M) SDN BHD	13,994,300	2.719
7	TAN KAY ZHUIN	13,508,000	2.625
8	PTS RESOURCES SDN BHD	12,810,000	2.489
9	MARINE ENERGY SDN. BHD.	12,264,900	2.383
10	TAN KAY SHEN	11,952,700	2.323
11	TAN KAY VIN	11,471,300	2.229
12	NUSA NUSANTARA SDN BHD	10,931,000	2.124
13	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR KOON POH TAT (PB)	10,000,000	1.943
14	LIM SOON GUAN	9,580,000	1.861

No.	Name	No. of Shares	% of Issued Share Capital
15	DATIN LEUNG KIT MAN	9,390,000	1.825
16	MARINE ENERGY SDN. BHD.	8,116,200	1.577
17	CIMB ISLAMIC NOMINEES (TEMPATAN) SDN BHD PMB INVESTMENT BERHAD FOR MAJLIS AMANAH RAKYAT	8,000,000	1.554
18	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR MASNAWI BIN ATON	5,911,400	1.148
19	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT - AMBANK (M) BERHAD FOR DIVINE INVENTIONS SDN.BHD.(SMART)	5,800,000	1.127
20	YOONG KOK WAH	5,428,747	1.055
21	TAN SOH GEK	5,072,600	0.985
22	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN KIM HEUNG (MY1989)	5,000,000	0.971
23	KONG TIAM MING	5,000,000	0.971
24	YICK HOE FERROUS STEEL SDN. BHD.	5,000,000	0.971
25	SOH SWEE SEE	4,710,000	0.915
26	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR MARINE ENERGY SDN BHD	4,262,900	0.828
27	FTG RESOURCES SDN BHD	3,298,700	0.641
28	NG BOO KEAN @ NG BEH KIAN	3,283,900	0.638
29	MEGAXUS RESOURCES SDN BHD	3,267,011	0.634
30	NORLIYAH BINTI JAAFAR	3,187,200	0.619

SUMMARY

TOTAL NO. OF HOLDERS	30
TOTAL HOLDINGS	318,911,332
TOTAL PERCENTAGE (%)	61.983
TOTAL ISSUED SHARES AS AT 22/05/2020	531,854,856
TREASURY SHARES AS AT 22/05/2020	17,348,800
'ADJUSTED' CAPITAL AFTER NETTING TREASURY SHARES AS AT 22/05/2020	514,506,056

Note:-
The analysis of shareholdings is based on the total number of issued shares of the Company as at 22 May 2020 after deducting 17,348,800 ordinary shares bought back by the Company and held as Treasury Shares as at 22 May 2020.

Analysis of Shareholdings (cont'd)

SUBSTANTIAL SHAREHOLDER AS AT 22 MAY 2020
(as per Register of Substantial Shareholders)

The substantial shareholder of T7 Global Berhad (holding 5% or more of the issued shares) based on the Register of Substantial Shareholders of the Company and the shareholdings is as follows:-

		No. of Shares held			
No.	**Name**	**Direct**	**%**	**Indirect**	**%**
1.	Tan Sri Datuk Seri Tan Kean Soon	47,297,250	9.193	*29,860,200	5.804

Note:-
* Deemed interested by virtue of his spouse and sons' shareholding in the Company pursuant to Section 59(11)(c) of the Companies Act 2016.

DIRECTORS' SHAREHOLDINGS AS AT 22 MAY 2020
(as per Register of Directors' Shareholdings)

The respective shareholdings of the Directors of T7 Global Berhad based on the Register of Directors' Shareholdings are as follows:-

		No. of Ordinary Shares held			
No.	**Name**	**Direct**	**%**	**Indirect**	**%**
1.	Tan Sri Datuk Seri Tan Kean Soon	47,297,250	9.193	29,860,200 (a)	5.804
2.	Tan Kay Vin	13,770,300	2.676	-	-
3.	Datuk Seri Dr. Nik Norzrul Bin N. Hassan Thani	1,000,000	0.194	21,002,800 (b)	4.082
4.	Tan Sam Eng	-	-	-	-
5.	Mohd Noor Bin Setapa	-	-	-	-
6.	Admiral (R) Tan Sri Dato' Seri Panglima Ahmad Kamarulzaman Bin Hj Ahmad Badaruddin	1,305,500	0.254	-	-
7.	Dato' Sri Wan Ahmad Najmuddin Bin Mohd	2,772,000	0.539	-	-

Notes:-
(a) Deemed interest by virtue of his spouse and sons' interest pursuant to Section 59 (11) of the Companies Act 2016.
(b) Deemed interest by virtue of his interests in Abyssina Resources (M) Sdn. Bhd. pursuant to Section 8 of the Companies Act 2016

List of Properties

Title Identification/Postal Address	Description and Existing Use/ Ownership	Approximate Age of Building/Tenure/Date of Expire of Lease	Land Area/(Built-Up Area) sq.ft.	Net Book Value as at 31 December 2019 (RM)
GRN 38601 Lot No. 25929 Mukim of Setapak, District and State of Wilayah Persekutuan/No.8-3, Jalan Puncak Setiawangsa 4, 54200 Kuala Lumpur;	3-Storey Shopoffices Owned by TOS	Age of Building: 15 Years Tenure: Freehold	1,760/ (4,634)	416,732.65
GRN 38600 Lot No. 25930 Mukim of Setapak, District and State of Wilayah Persekutuan/No.10, Jalan Puncak Setiawangsa 4, 54200 Kuala Lumpur;	3-Storey Shopoffices Owned by TOS	Age of Building: 15 Years Tenure: Freehold	1,760/ (4,634)	504,110.29
GRN 38599 Lot No. 25931 Mukim of Setapak, District and State of Wilayah Persekutuan/No.12, Jalan Puncak Setiawangsa 4, 54200 Kuala Lumpur;	3-Storey Shopoffices Owned by TOS	Age of Building: 15 Years Tenure: Freehold	1,760/ (4,634)	906,237.79
GRN 38598 Lot No. 25932 Mukim of Setapak, District and State of Wilayah Persekutuan/No.14, Jalan Puncak Setiawangsa 4, 54200 Kuala Lumpur;	3-Storey Shopoffices Owned by TOS	Age of Building: 15 Years Tenure: Freehold	1,760/ (4,634)	891,993.98
Lot 5205-A, Kawasan Perindustrian Balakong Jaya 2, 43300 Balakong, Selangor Darul Ehsan, Malaysia;	One Unit of Single Storey Detached Factory Annexed With 3-Storey Office/ Showroom	Age of Building: 2 Year Tenure: Freehold	45,940/ (32,857)	9,919,533.00
H.S. (D) 97483, PT29669, Mukim Sungai Buloh, Daerah Petaling, Selangor Darul Ehsan	Double Storey Terrace House at Tropica Golf & Country Resort	Tenure: 99 years Leasehold Expiring: 25/10/2090	1,765/ (2,752)	1,300,000.00
Lot 29138 (Plot 8), Seksyen 20, 48200 Bandar Serendah, Daerah Hulu Selangor, Selangor	A factory Lot	Tenure: 99 years Leasehold Expiring: 05/06/2094	87,120	14,041,358.00
Lot 29138 (Plot 8), Seksyen 20, 48200 Bandar Serendah, Daerah Hulu Selangor, Selangor	Land Lot	Tenure: 99 years Leasehold Expiring: 05/06/2094	87,120	3,110,265.00

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T7 GLOBAL BERHAD

[Registration No. 200401023809 (662315-U)]
(Incorporated in Malaysia)

Form of Proxy

CDS Account No.
Number of ordinary shares held

*I/We (full name), ____________________

bearing *NRIC No./Passport No./Company No. ____________________

of (full address) ____________________

____

being a *member/members of T7 Global Berhad ("**the Company**") hereby appoint ____________________

____________________ NRIC/Passport No. ____________________
(FULL NAME IN BLOCK CAPITALS)

of (full address) ____________________

and, ____________________ NRIC/Passport No. ____________________
(FULL NAME IN BLOCK CAPITALS)

of (full address) ____________________

or failing *him/her, the *Chairman of the Meeting as *my/our proxy to vote for *me/us and on *my/our behalf at the Sixteenth Annual General Meeting ("**AGM**") of the Company which will be conducted fully virtual at the Broadcast Venue at Level 16, KL Trillion Corporate Tower, Block C, 338 Jalan Tun Razak, 50400 Kuala Lumpur, Wilayah Persekutuan via remote participation and voting facilities on Wednesday, 26 August 2020 at 10:00 a.m. and at any adjournment thereof.

Please indicate with an "X" in the spaces provided below as to how you wish your votes to be casted. If no specific direction as to voting is given, the proxy will vote or abstain from voting at *his/her discretion.

Ordinary Business		For	Against
Ordinary Resolution 1	Payment of Directors' fees		
Ordinary Resolution 2	Payment of benefits payable to the Non-Executive Directors		
Ordinary Resolution 3	Re-election of YBhg. Datuk Seri Dr. Nik Norzrul Thani Bin Nik Hassan Thani as Director		
Ordinary Resolution 4	Re-election of YBhg. Tan Sri Datuk Seri Tan Kean Soon as Director		
Ordinary Resolution 5	Re-election of YBhg. Dato' Sri Wan Ahmad Najmuddin Bin Mohd as Director		
Ordinary Resolution 6	Re-appointment of Grant Thornton Malaysia PLT as Auditors		
Special Business			
Ordinary Resolution 7	Authority to issue shares		
Ordinary Resolution 8	Proposed renewal of existing shareholders' mandate for recurrent related party transactions of a revenue or trading nature		
Ordinary Resolution 9	Proposed renewal of authority for the Company to purchase its own shares		

Signed this __________ day of __________ , 2020

For appointment of two (2) proxies, percentage of shareholdings to be represented by the proxies

	No. of shares	Percentage
Proxy 1		
Proxy 2		
Total		100%

____
*Signature(s)/Common Seal of Member(s)

**Strike out whichever not applicable*

Notes:-

1. The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 and Guidance Note on the Conduct of General Meetings for Listed Issuers issued by the Securities Commission Malaysia on 18 April 2020 (including any amendment that may be made from time to time) which require the Chairperson of the meeting to be present at the main venue of the meeting.
2. Members/proxies **WILL NOT BE ALLOWED** to attend the Sixteenth AGM in person at the Broadcast Venue on the day of the meeting.
3. Members are to attend, speak (including posing questions to the Board via real time submission of typed texts) and vote (collectively, "**participate**") remotely at the Sixteenth AGM via the Remote Participation and Voting facilities ("**RPV**") provided by Tricor Investor & Issuing House Services Sdn. Bhd. ("**Tricor**") via its TIIH Online website at https://tiih.online. Please follow the Procedures for RPV provided in the Administrative Details for the Sixteenth AGM and read the notes below in order to participate remotely via RPV.
4. In respect of deposited securities, only members whose names appear in the Record of Depositors on 19 August 2020 (General Meeting Record of Depositors) shall be eligible to attend the Meeting.
5. A member who is entitled to participate and vote at the Meeting via RPV is entitled to appoint more than one (1) proxy to participate and vote in his stead. Where a member appoints more than one (1) proxy, the appointments shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.
6. A proxy may but does not need to be a member of the Company. Notwithstanding this, a member entitled to participate and vote at the Meeting is entitled to appoint any person as his proxy to participate and vote instead of the member at the Meeting. There shall be no restriction as to the qualification of the proxy. A proxy appointed to participate and vote at the Meeting shall have the same rights as the member to speak at the Meeting.
7. In the case of a corporate member, the instrument appointing a proxy must be either under its common seal or under the hand of an officer or attorney duly authorised.
8. Where a member of the Company is an exempt authorised nominee 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.
9. A member who has appointed a proxy or attorney or authorised representative to participate and vote at the Sixteenth AGM via RPV must request his/her proxy or attorney or authorised representative to register himself/herself for RPV at TIIH Online website at https://tiih.online. Please follow the Procedures for RPV in the Administrative Details for the Sixteenth AGM.
10. The appointment of a proxy may be made by electronic means or in a hard copy form in the following manner and must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the Sixteenth AGM or adjourned general meeting at which the person named in the appointment proposes to vote:
    (i) By electronic form
    The form of proxy can be electronically lodged with the Share Registrar of the Company via TIIH Online website at https://tiih.online (applicable to individual members only). Kindly refer to the Administrative Details on the procedures for electronic lodgement of form of proxy via TIIH Online.
    (ii) In hard copy form
    In the case of an appointment made in hard copy form, the form of proxy must be deposited with the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan or alternatively, the Customer Services Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan.
11. Please ensure ALL the particulars as required in the form of proxy are completed, signed and dated accordingly.
12. Last date and time for lodging the form of proxy is **Monday, 24 August 2020 at 10.00 a.m.**
13. Any authority pursuant to which such an appointment is made by a power of attorney must be deposited with the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan not less than forty-eight (48) hours before the time appointed for holding the Sixteenth AGM or adjourned general meeting at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.
14. A corporate member who has appointed a representative, please deposit the **ORIGINAL** certificate of appointment with the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan. The certificate of appointment should be executed in the following manner:
    (i) If the corporate member has a common seal, the certificate of appointment should be executed under seal in accordance with the constitution of the corporate member.
    (ii) If the corporate member does not have a common seal, the certificate of appointment should be affixed with the rubber stamp of the corporate member (if any) and executed by:
        (a) at least two (2) authorised officers, of whom one shall be a director; or
        (b) any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.

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STAMP

The Registrar
T7 GLOBAL BERHAD
[Registration No. 200401023809 (662315-U)]

Unit 32-01, Level 32
Tower A, Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur

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www.**t7global**.com.my

T7 Global Berhad
[Registration No. 200401023809 (662315-U)]
C-16-01, Level 16, KL Trillion Corporate Tower, Block C
338, Jalan Tun Razak, 50400, Kuala Lumpur, Malaysia
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