WONG ENGINEERING CORPORATION BERHAD

Registration No.: 199601037606 (409959-W)

DIVERSIFICATION **KEY TO ACCELERATE**

ANNUAL REPORT 2020

CORPORATE VISION

WE *view*

... ourselves as a diversified corporate entity that creates value, wealth and technological advancement for our Customers, Shareholders, Business Partners, Employees and the Community in general wherever we operate, locally, regionally and globally.

CORPORATE MISSION

WE *want*

... to be one step ahead in all technologies we are in.

The way WE are
WE build tomorrow

WE *are Courageous*

In undertaking new business ventures and persevering in facing challenges.

WE *are Innovative*

In creating opportunities for performance and value enhancement through innovation.

WE *are Agile*

In responding to dynamic environments and adapting to best deliver our promise of quality.

WE *are Limitless*

In scaling new heights and going beyond expectations.

CONTENTS

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Twenty-Fourth Annual General Meeting of **WONG ENGINEERING CORPORATION BERHAD** ("WEC" or "the Company") will be conducted fully virtual at the broadcast venue at Tricor Business Centre, Manuka 2 & 3 Meeting Room, Unit 29-01, Level 29, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur on Thursday, 25 March 2021 at 9.30am for the following purposes :

Meeting Platform : https://tiih.online

Mode of Communication :
Shareholders may submit questions to the Board of Directors prior to the AGM via Tricor's TIIH Online website at https://tiih.online by selecting "e-Services" to login, pose questions and submit electronically not later than 9.30 a.m. on Tuesday, 23 March 2021 or to use the query box to transmit questions to Board of Directors via Remote Participation and Voting ("RPV") facilities during live streaming.

AGENDA

As Ordinary Business

1. To receive the Audited Financial Statements for the financial year ended 31 October 2020 together with the Reports of Directors and Auditors thereon. **Please refer to Note 1**

2. To approve a final single tier dividend of 0.50 sen per ordinary share for the financial year ended 31 October 2020. **Ordinary Resolution 1**

3. To approve the payment of Directors' Fees totaling RM300,000 for the period from this Annual General Meeting ("AGM") until the next AGM in 2022. **Ordinary Resolution 2**

4. To approve the payment of benefits payable of up to RM50,000 for the period from this AGM until the next AGM in 2022. **Ordinary Resolution 3**

5. To re-elect the following Directors retiring pursuant to Clause 103 of the Company's Constitution ("Constitution") and being eligible, offer themselves for re-election :
   (a) Yong Loy Huat **Ordinary Resolution 4**
   (b) Eng Teik Hiang **Ordinary Resolution 5**

6. To re-appoint KPMG PLT as Auditors of the Company until the next AGM of the Company and to authorize the Directors to fix their remuneration. **Ordinary Resolution 6**

As Special Business

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

7. **Authority to issue Shares pursuant to Sections 75 and 76 of the Companies Act 2016.** **Ordinary Resolution 7**

   "THAT, subject always to the Companies Act 2016 ("the Act"), the Constitution and the approvals of the relevant government / regulatory authorities, the Directors be and are hereby authorised, pursuant to Sections 75 and 76 of the Act, to allot and issue shares in the Company at any time until the conclusion of the next AGM and to such person or persons, upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion deemed fit, provided that the aggregate number of shares to be issued shall not exceed 10% of total number of issued shares / total number of voting shares of the Company for the time being and that the Directors are also empowered to obtain the approval from the Bursa Malaysia Securities Berhad ("Bursa Securities") for the listing and quotation for the additional shares to be issued on Bursa Securities."

8. **Proposed Renewal of Authority to Buy-Back its Own Shares by the Company.** **Ordinary Resolution 8**

   "THAT, subject always to the Act, provisions of the Constitution and the Main Market Listing Requirements of the Bursa Securities ("Listing Requirements") and any other relevant authorities, the Directors of the Company be hereby unconditionally and generally authorised to purchase ordinary shares in the Company's total number of issued shares ("WEC Shares") through the Bursa Securities at any time and upon such terms and conditions and for such purposes as the Directors may, in their discretion deem fit, subject to the following :

   i) the maximum aggregate number of ordinary shares which may be purchased and / or held by the Company shall not exceed ten per centum (10%) of the WEC Shares for the time being;

As Special Business (Cont'd)

To consider and if thought fit, to pass, with or without modifications, the following resolutions : (Cont'd)

8. **Proposed Renewal of Authority to Buy-Back its Own Shares by the Company.** (Cont'd) **Ordinary Resolution 8**

    ii) the maximum amount of fund to be allocated by the Company for the purpose of purchasing the WEC Shares shall not exceed the audited retained profits of RM9,892,245 of the Company as at 31 October 2020;

    iii) the authority conferred by this resolution will be effective immediately upon the passing of this resolution and shall continue in force until:-

    a) the conclusion of the next AGM of the Company, unless by ordinary resolution passed in the general meeting, the authority is renewed, either unconditionally or subject to conditions;

    b) the expiration of the period within which the next AGM is required by law to be held (unless earlier revoked or varied by ordinary resolution of the shareholders of the Company in a general meeting) but not so as to prejudice the completion of purchase(s) by the Company made before the aforesaid expiry date and, in any event, in accordance with the Listing Requirements or any other relevant authorities;

    iv) upon completion of the purchase(s) of the WEC Shares by the Company, the Directors of the Company be hereby authorised to deal with the WEC Shares in the following manner:-

    a) to cancel the WEC Shares so purchased; or

    b) to retain the WEC Shares so purchased as treasury shares for distribution as dividend to the shareholders and / or resale on the market of Bursa Securities and / or for cancellation subsequently; or

    c) to retain part of the WEC Shares so purchased as treasury shares and cancel the remainder; or

    d) in such other manner as the Bursa Securities and such other relevant authorities may allow from time to time.

    AND THAT the Directors of the Company be and are hereby authorised to take all such actions and steps as are necessary or expedient to implement or to effect the purchase of WEC Shares."

9. **Proposed Renewal of Existing Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature ("Proposed Shareholders' Mandate").** **Ordinary Resolution 9**

    "THAT subject always to the Act, the Constitution, the Listing Requirements and the approvals of the relevant government / regulatory authorities, approval be and is hereby given to the Company and / or its subsidiaries to enter into related party transactions with the Mandated Related Parties, particulars of which are set out in Section 2.4 of the Circular dated 25 February 2021, provided that such transactions are:-

    a) recurrent transaction of a revenue or trading nature;

    b) necessary for the day-to-day operations of the Company and / or its subsidiaries;

    c) carried out in the ordinary course of business of the Company and / or its subsidiaries, made on an arm's length basis and on normal commercial terms with those generally available to the public; and

    d) not detrimental to the interests of the minority shareholders of the Company;

As Special Business (Cont'd)

To consider and if thought fit, to pass, with or without modifications, the following resolutions : (Cont'd)

9. **Proposed Renewal of Existing Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature ("Proposed Shareholders' Mandate").** (Cont'd) **Ordinary Resolution 9**

AND THAT such authority shall continue to be in force until:-

a) the conclusion of the next AGM of the Company following this AGM where the authority is approved, at which time the authority will lapse unless renewed by a resolution passed in the general meeting; or

b) the expiration of the period within which the next AGM after that date is required to be held pursuant to Section 340(2) of the Act (but shall not extend to such extensions as may be allowed pursuant to Section 340(4) of the Act); or

c) revoked or varied by a resolution passed by the shareholders of the Company in a general meeting;

whichever is earlier;

AND THAT the Directors of the Company be authorised to do, carry out and complete all such acts, things and arrangements (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the transactions as contemplated / authorised by the Proposed Shareholders' Mandate in accordance with the Act, provisions of the Constitution, the Listing Requirements and any other regulatory authorities, and other relevant approvals."

10. To transact any other business of which due notice shall have been given.

By Order of the Board

TAI YIT CHAN (MAICSA 7009143) (SSM PC NO. 202008001023)
ONG TZE-EN (MAICSA 7026537) (SSM PC NO. 202008003397)
LAU YOKE LENG (MAICSA 7034778) (SSM PC NO. 202008003368)
Joint Company Secretaries

Penang, 25 February 2021

Notes :

Appointment of Proxy

1. *In light of the COVID-19 pandemic, the AGM of the Company will be conducted entirely on a virtual basis through live streaming and online remote voting via Remote Participation and Voting ("RPV") facilities. The Company has appointed Tricor Investor & Issuing House Services Sdn. Bhd. as the Poll Administrator for the AGM to facilitate the RPV via TIIH Online website at https://tiih.online. The procedures for members to register, participate and vote remotely via the RPV facilities are provided in the Administrative Guide for the AGM.*

   The broadcast venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016, which requires the Chairman of the meeting to be present at the main venue. Members / proxies are NOT to be physically present at the broadcast venue on the day of the AGM.

   A proxy must be of full age. A proxy may but need not be a member.

   For a proxy to be valid, the Proxy Form duly completed must be deposited at the Registered Office of the Company, 170-09-01, Livingston Tower, Jalan Argyll, 10050 George Town, Pulau Pinang, Malaysia. Alternatively, the Proxy Form may also be electronically submitted via TIIH Online website at https://tiih.online. Please refer to the Administrative Guide for further information on electronic submission not less than forty-eight (48) hours before the time for holding the meeting PROVIDED that in the event the member(s) duly executes the proxy form but does not name any proxy, such member(s) shall be deemed to have appointed the Chairman of the meeting as his / their proxy, Provided Always that the rest of the Proxy Form, other than the particulars of the proxy have been duly completed by the member(s).

2. *A member entitled to attend, participate, speak and vote is entitled to appoint not more than two (2) proxies to attend, participate, speak and vote instead of him. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy. A proxy appointed to attend and vote at a meeting of the Company shall have the same rights as the member to speak at the meeting.*

Notes : (Cont'd)

Appointment of Proxy (Cont'd)

3. *Where a member of the Company is an authorized nominee as defined under the Securities Industry (Central Depositories) Act, 1991 ("SICDA"), it may appoint not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.*

4. *Where a member is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds. An Exempt Authorized Nominee refers to an authorized nominee defined under the SICDA which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.*

5. *If the appointor is a corporation the Proxy Form must be executed under the corporation's common seal or under the hand of an officer or attorney duly authorized.*

6. *For purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to make available to the Company, a Record of Depositors ("ROD") as at 18 March 2021 and only a Depositor whose name appears on such ROD shall be eligible to attend this meeting or appoint proxy to attend and / or vote on his / her behalf.*

IMPORTANT NOTE :

*In view of the outbreak of COVID-19, you are required to read and adhere to the **Administrative Guide** issued which is published on the Company's website at **http://www.wec.com.my/**.*

Explanatory Notes :

1. *Agenda 1 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 shareholders of the Company and hence, Agenda 1 is not put forward for voting.*

2. *Under the proposed **Ordinary Resolutions 2 & 3**, the Directors' Fees and benefits payable to the Directors had been reviewed by the Remuneration Committee and the Board of Directors of the Company, which recognise that the Directors' Fees and benefits payable are in the best interest of the Company.*

3. *The proposed **Ordinary Resolution 7**, is for the purpose of granting a renewed general mandate ("General Mandate"), and if passed, will give the Directors of the Company authority to issue shares in the Company up to an amount not exceeding 10% of the total number of issued shares / total number of voting shares of the Company for the time being for such purposes as the Directors consider would be in the best interest of the Company. This authority, unless revoked or varied by the shareholders of the Company in general meeting will expire at the conclusion of the next AGM.*

   As at the date of this Notice, no new shares have been issued pursuant to the General Mandate granted to the Directors at the last AGM held on 22 July 2020 which will lapse at the conclusion of this AGM.

   The renewal of the General Mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for purpose of funding future investment project(s), working capital and / or acquisitions.

4. *The proposed **Ordinary Resolution 8**, if passed, will allow the Company to purchase its own shares. The total number of shares purchased shall not exceed 10% of the total number of issued shares of the Company. This authority will, unless revoked or varied by the Company in general meeting will expire at the next AGM of the Company.*

5. *The proposed **Ordinary Resolution 9**, if passed, will approve the Proposed Shareholders' Mandate and allow the Company and its subsidiaries to enter into the recurrent related party transactions as set out in the Circular dated 25 February 2021. This approval shall continue to be in force until the conclusion of the next AGM of the Company at which time it will lapse unless the authority is renewed by a resolution passed in the general meeting; or the expiration of the period within which the next AGM after the date it is required to be held pursuant to Section 340(2) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or revoked and varied by a resolution passed by the shareholders of the Company in a general meeting; whichever is the earliest.*

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

(Pursuant to Paragraph 8.27(2) of the Listing Requirements of Bursa Malaysia Securities Berhad)

1. No individual is standing for election as a Director at the forthcoming AGM of the Company.

NOTICE OF DIVIDEND ENTITLEMENT

NOTICE IS HEREBY GIVEN THAT, subject to the approval of the shareholders at the Twenty-Fourth Annual General Meeting of the Company, the final single tier dividend of 0.50 sen per ordinary share in respect of the financial year ended 31 October 2020 will be payable on 7 May 2021 to depositors registered in the Records of Depositors at the close of business on 16 April 2021.

A depositor shall qualify for entitlement to the dividend only in respect of:-

(a) shares transferred into the depositor's securities account before 4.30 p.m. on 16 April 2021 in respect of transfers; and

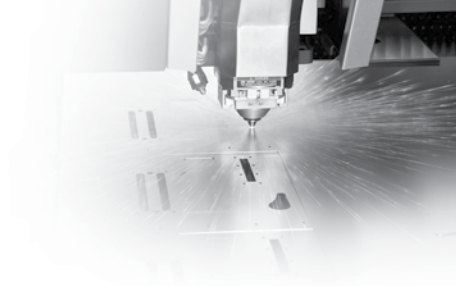
(b) shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of the Bursa Malaysia Securities Berhad.

By Order of the Board

TAI YIT CHAN (MAICSA 7009143) (SSM PC NO. 202008001023)
ONG TZE-EN (MAICSA 7026537) (SSM PC NO. 202008003397)
LAU YOKE LENG (MAICSA 7034778) (SSM PC NO. 202008003368)
Joint Company Secretaries

Penang, 25 February 2021

CORPORATE INFORMATION



Board of Directors

Datuk Haji Muhamad Shapiae Bin Mat Ali	Independent Non-Executive Chairman
Yong Loy Huat	Executive Director & Chief Executive Officer
Chang Joo Huat	Executive Director
Low Seong Chuan	Executive Director
Anstey Yong Lee Teen	Executive Director
Eng Teik Hiang	Non-Independent Non-Executive Director
Lau Chia En	Independent Non-Executive Director

Company Secretaries

Tai Yit Chan (MAICSA 7009143) (SSM PC NO. 202008001023)
Ong Tze-En (MAICSA 7026537) (SSM PC NO. 202008003397)
Lau Yoke Leng (MAICSA 7034778) (SSM PC NO. 202008003368)

Audit Committee

Lau Chia En (Chairman)
Datuk Haji Muhamad Shapiae Bin Mat Ali
Eng Teik Hiang

Remuneration Committee

Lau Chia En (Chairman)
Datuk Haji Muhanad Shapiae Bin Mat Ali
Chang Joo Huat

Nominating Committee

Datuk Haji Muhamad Shapiae Bin Mat Ali (Chairman)
Eng Teik Hiang
Lau Chia En

Risk Management Committee

Chang Joo Huat (Chairman)
Low Seong Chuan
Eng Teik Hiang

Registered Office

170-09-01,
Livingston Tower,
Jalan Argyll,
10050 George Town,
Pulau Pinang, Malaysia.
Tel : 04-229 4390 / 04-227 7762
Fax : 04-226 5860 / 04-227 5901

Principal Place of Business

Lot 24, Jalan Hi-Tech 4,
Kulim Hi-Tech Park (Phase 1),
09000 Kulim, Kedah Darul Aman,
Malaysia.
Tel : 04-427 1788
Fax : 04-427 1799
Email : info@wec.com.my
Website : www.wec.com.my

Auditors

KPMG PLT
Chartered Accountants
Level 18, Hunza Tower,
163E, Jalan Kelawai,
10250 Penang, Malaysia.
Tel : 04-238 2288
Fax : 04-238 2222

Share 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,
Malaysia.
Tel : 03-2783 9299
Fax : 03-2783 9222

Legal Form and Domicile

Public Limited Company
Incorporated and domiciled in
Malaysia

Principal Bankers

CIMB Bank Berhad
Malayan Banking Berhad
United Overseas Bank (Malaysia) Bhd

Stock Exchange Listing

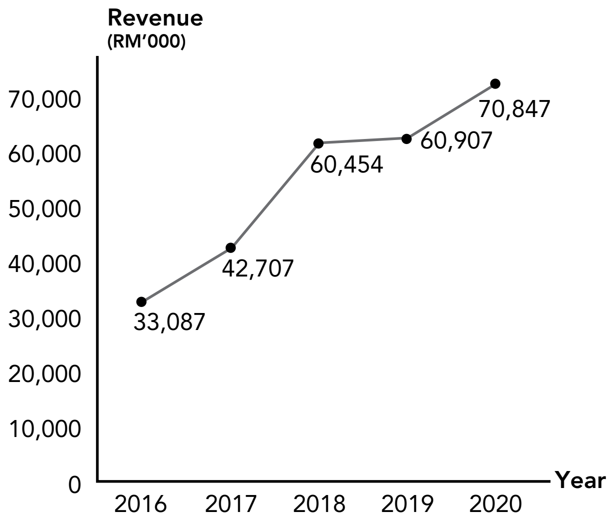
Main Market of Bursa Malaysia
Securities Berhad
Stock Name : WONG
Stock Code : 7050

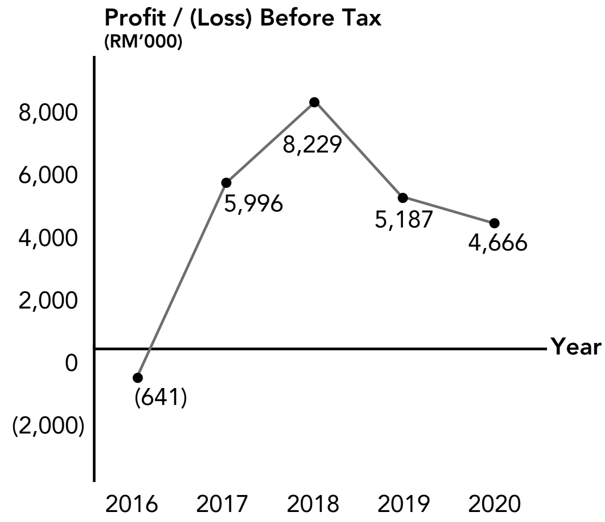
FIVE-YEAR FINANCIAL HIGHLIGHTS

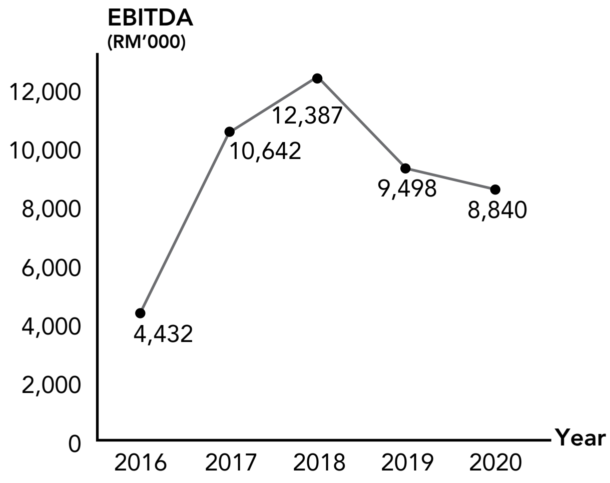
		2020	2019	2018	2017	2016
Revenue	RM'000	**70,847**	60,907	60,454	42,707	33,087
Profit / (Loss) Before Tax	RM'000	**4,666**	5,187	8,229	5,996	(641)
Profit After Tax	RM'000	**3,152**	5,777	8,680	6,140	725
Profit Attributable to Owners of the Company	RM'000	**3,158**	5,787	8,677	6,114	715
Earnings Before Interest, Taxes, Depreciation and Amortisation (EBITDA)	RM'000	**8,840**	9,498	12,387	10,642	4,432
No. of Shares in Issue *	RM'000	**111,728**	113,317	114,170**	114,241**	113,502**
Total Equity Attributable to Owners of the Company	RM'000	**69,172**	68,771	65,364	59,729	53,615
Total Assets	RM'000	**103,291**	99,147	75,211	72,213	65,115
Total Liabilities	RM'000	**34,085**	30,337	9,797	12,408	11,450
Cash & Cash Equivalents and Fixed Deposits placed with Licensed Banks	RM'000	**20,189**	31,591	9,185	4,589	2,113
Basic Earnings / (losses) per Share *	SEN	**2.83**	5.11	7.60**	5.35**	0.63**
Net Assets per Share *	RM	**0.62**	0.61	0.57**	0.52**	0.47**
Return on Equity (ROE)	%	**4.6**	8.4	13.3	10.2	1.3
Return on Assets (ROA)	%	**3.1**	5.8	11.5	8.5	1.1

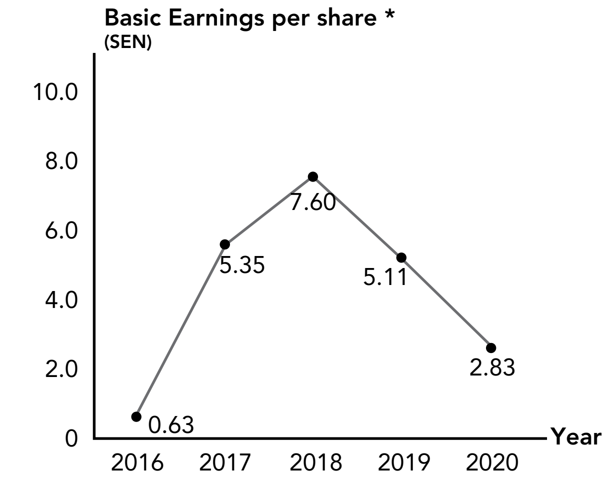
* Based on weighted average number of ordinary shares (excluding treasury shares) as at 31 October

** The comparative figures for No. of shares in issue, Basic earnings / (loss) per share and Net assets per share have been restated to reflect the adjustments arising from the bonus issue completed during the financial year 2019.









GROUP STRUCTURE AND ACTIVITIES

WONG ENGINEERING CORPORATION BERHAD

(Incorporated in Malaysia) Registration No.: 199601037606 (409959-W)

MANUFACTURING

WEE
WONG ENGINEERING ELECTRONICS SDN. BHD.
Registration No. 199001001146 (192707-U)
Manufacture of high precision turned metal components.

WEI
WONG ENGINEERING INDUSTRIES SDN. BHD.
Registration No. 198201011542 (91267-P)
Design and manufacture of high precision metal stamped parts and sheet metals.

WEX
WONG EXERION PRECISION TECHNOLOGY SDN. BHD.
Registration No. 200601013707 (733458-X)
Design, manufacture and supply of complex welded frames structure, related modules and systems.

FWE (51%)
FWE GLOBAL SDN. BHD.
Registration No. 201401041470 (1117625-X)
Design, manufacture and supply of complex welded frames structure, related modules and systems.

ENVIRONMENTAL & HEALTH PRODUCTS

WECM
WEC MARKETING SDN. BHD.
Registration No. 198401008364 (120881-P)
Trading, marketing and retailing of industrial and consumer products.

WEM
WONG ENGINEERING METALS (M) SDN. BHD.
Registration No. 199001004445 (196012-W)
Dormant.

GENERAL CONSTRUCTION & PROPERTY DEVELOPMENT

WECC
WEC CONSTRUCTION SDN. BHD.
Registration No. 201701004056 (1218221-D)
General building construction and infrastructure work.

WECD
WEC DEVELOPMENT SDN. BHD.
Registration No. 201701004080 (1218245-W)
Yet to commence operations in the provision of property development and related business.

BLSB (35%)
BROADWAY LIFESTYLE SDN. BHD.
Registration No. 201301004739 (1034582-T)
Investment holdings and property development.

PROFILE OF DIRECTORS

The Board of Directors of Wong Engineering Corporation Berhad ("WEC") comprises an Independent Non-Executive Chairman, an Executive Director and Chief Executive Officer, three Executive Directors, a Non-Independent Non-Executive Director and an Independent Non-Executive Director. The profile of each of the Directors of the Company is as described as follows :

Datuk Haji Muhamad Shapiae Bin Mat Ali

(Independent and Non-Executive Chairman)

Datuk Haji Muhamad Shapiae Bin Mat Ali, aged 74, Malaysian, male, was appointed to the Board of Director ("Board") on 18 January 2017. Datuk has many years of working experience in property development, lorry transportation, shipping line, advertising as well as life and general insurance.

He is currently the Non-Executive Chairman of Mahajaya Berhad and Chairman of Havana Solaris Sdn. Bhd. which are actively involving in real estate development and construction industry. He also sits on the Board of Directors of Tiong Nam Logistics Holdings Berhad as an Independent Non-Executive Director.

Other than as stated, he does not hold any directorship in other public companies and listed issuers.

Datuk Haji Muhamad Shapiae is the Chairman of the Nominating Committee and a member of the Audit and Remuneration Committees. He attended all five (5) Board meetings held during the financial year ended 31 October 2020.

Yong Loy Huat

(Executive Director & Chief Executive Officer / Key Senior Management)

Mr Yong Loy Huat, aged 66, Malaysian, male, was appointed as Group Managing Director on 16 November 2016. On 25 March 2017, Mr Yong was re-designated as the Chief Executive Officer.

Mr Yong graduated from Tunku Abdul Rahman College in 1978 with a Diploma in Technology (Building).

Mr Yong has at least 40 years of professional experience in general construction and property development. As the Managing Director of Tajukon Sdn. Bhd., he has led projects for the industrial, commercial and residential markets throughout Malaysia. Amongst his notable projects is a RM100 million project involving the conversion of and addition to the existing 23-storey Plaza Artium into 163 units of serviced apartments in Kuala Lumpur.

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

Mr Yong attended all five (5) Board meetings held during the financial year ended 31 October 2020.

Chang Joo Huat

(Executive Director / Key Senior Management)

Mr Chang Joo Huat, aged 56, Malaysian, male, joined the Board of WEC on 1 October 2010 as an Executive Director.

He holds a Master in Business Administration from the Southern Pacific University, USA as well as a Bachelor of Engineering (Mechanical System) from Universiti Putra Malaysia and a Diploma in Engineering (Mechanical) from Universiti of Teknologi Malaysia.

Mr Chang started his career as an Assistant Engineer at Matsushita Electric Motor, Singapore in 1987 and has accumulated at least 33 years of experience in manufacturing industry specializing in automation, research & development and project engineering. He was appointed as a Director of a subsidiary on 1 August 1996 and promoted to Group Technical Director on 1 November 2004.

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

Mr Chang is the Chairman of the Risk Management Committee and a member of the Remuneration Committee. He attended all five (5) Board meetings held during the financial year ended 31 October 2020.

PROFILE OF DIRECTORS (Cont'd)

Low Seong Chuan

(Executive Director / Key Senior Management)

Mr Low Seong Chuan, aged 45, Malaysian, male, was appointed to the Board on 16 November 2016.

Mr Low graduated from Hertfordshire University with a B. Eng (Hons) in Civil Engineering.

He has been involved in the civil engineering industry for 22 years inclusive of 18 years in professional consulting environment.

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

Mr Low is a member of the Risk Management Committee. He attended all five (5) Board meetings held during the financial year ended 31 October 2020.

Anstey Yong Lee Teen

(Executive Director / Key Senior Management)

Ms Anstey Yong Lee Teen, aged 32, Malaysian, female, joined WEC as Senior Manager in 2017 and was appointed as Executive Director on 2 January 2019.

Ms Anstey holds a Bachelor of Science from the Australian National University and a Master of Business in Risk Management from Monash University, Australia.

Ms Anstey oversees the Group's administrative and support functions to ensure smooth running of daily operations. Prior to joining WEC, she was a Finance Analyst with Intel Malaysia for 2 years.

She does not hold any directorships in other public companies and listed issuers.

She attended all five (5) Board meetings held during the financial year ended 31 October 2020.

Eng Teik Hiang

(Non-Independent Non-Executive Director)

Mr Eng Teik Hiang, aged 57, Malaysian, male, was appointed to the Board on 16 November 2016.

Mr Eng graduated from Tunku Abdul Rahman College with a Diploma in Financial Accounting. He commenced his career in audit and left after 5 years as Audit Manager to work in internal audit with a listed company for 4 years. He then joined a construction company as the Finance Manager and spent the next 18 years assuming greater responsibilities and wider scope of duties before assuming his current role as Chief Operating Officer.

Mr Eng does not hold any directorship in other public companies and listed issuers.

Mr Eng is a member of the Audit, Nominating and Risk Management Committees. He attended all five (5) Board meetings held during the financial year ended 31 October 2020.

Lau Chia En

(Independent Non-Executive Director)

Mr Lau Chia En, aged 49, Malaysian, male, was appointed to the Board on 16 November 2016.

Mr Lau graduated from Michigan Technological University with a Bachelor of Science in Electrical Engineering in 1993 and obtained his Master of Science in Business Administration (Finance) from the University of Wisconsin in 1995.

Mr Lau has been involved in the corporate sector for more than 25 years with at least 18 years spent in corporate finance in investment banking and stock broking environment in Malaysia. His longest stint in investment banking was with MIMB Investment Bank Berhad (now known as Hong Leong Investment Bank Berhad) and Aseambankers Malaysia Bhd (now known as Maybank Investment Bank Berhad). His area of expertise is mergers and acquisitions (M&A), initial public offerings, reverse takeover, and general offer. His last position in a formal outfit was as Head of Corporate Finance at SJ Securities Sdn. Bhd., a securities firm in Malaysia.

He is an Independent Non-Executive Director of B.I.G. Industries Berhad, a public company listed on the Main Market of Bursa Malaysia Securities Berhad. He is also director of Tomei Signature Sdn. Bhd. and Leyo Holdings Sdn. Bhd.. Other than as stated, he does not hold any other directorships in other public companies and listed issuers.

Mr Lau is the Chairman of the Audit and Remuneration Committees. He is also a member of the Nominating Committee. He attended all five (5) Board Meetings held during the financial year ended 31 October 2020.

Notes :

1. Family Relationships with any Director and / or Major Shareholder :

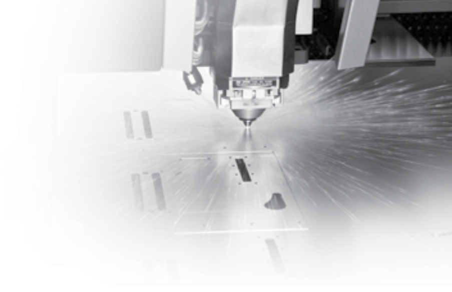
Name of Director	Family Relationships
1. Datuk Haji Muhamad Shapiae Bin Mat Ali	None
2. Yong Loy Huat	Brother in-law of Mr Low Seong Chuan and Mr Ong Yoong Nyock# Brother of Ms Yong Kwee Lian#
3. Chang Joo Huat	None
4. Low Seong Chuan	Brother in-law of Mr Yong Loy Huat
5. Anstey Yong Lee Teen	Daughter of Mr Yong Loy Huat
6. Eng Teik Hiang	None
7. Lau Chia En	None

Mr Ong Yoong Nyock and Ms Yong Kwee Lian are major shareholders of the Company and the Group.

2. None of the Directors has any conflict of interest with the Company and the Group other than as disclosed in the notes to the financial statements.

3. There was no conviction for offences other than traffic offences (if any) within the past 5 years.

4. There was no public sanction or penalty imposed by relevant regulatory bodies during the financial year.



PROFILE OF KEY SENIOR MANAGEMENT
(Other than Executive Board members)

Narayanamoorthy A/L Arjunan *(Senior Engineering Manager)*

Mr Nara, aged 42, Malaysian, male, has been working with WEC Group since 2002. He was appointed as the Production Manager on 1 November 2008.

He graduated from TAFE College with a Diploma in Electro Mechanical Engineering Post graduation, he worked in Quality Assurance with Astec for two (2) years before joining the WEC Group.

Mr Nara does not hold any directorships in other public companies and listed issuers.

Ong Chong Khim *(Senior Finance Manager)*

Mr Ong, aged 32, a Malaysian joined WEC on 3 July 2017 as Finance Manager and was promoted to Senior Finance Manager in 2019.

He graduated from Curtin University with a Bachelor of Commerce in Accounting and Finance in 2011 and obtained his professional accountancy qualification from CPA Australia in 2016. He is also a member with the Malaysian Institute of Accountants ("MIA") since 2017.

Prior to joining WEC, he spent 5 years at Intel Malaysia and his final role there was as Senior Financial Analyst supporting the Assembly, Test & Manufacturing (ATM) operation finance, budgets and planning as well as driving cost improvement strategies and initiatives across virtual factories.

Mr Ong does not hold any directorships in public companies and listed issuers.

Notes :

None of the Key Senior Management :

1. has any family relationship with any Director and / or Major Shareholder of the Company and the Group.
2. has any conflict of interest with the Company and the Group.
3. has any conviction for offences others than traffic offences (if any) within the past 5 years.
4. has any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

CHAIRMAN'S STATEMENT

It is my pleasure, on behalf of the Board of Directors of Wong Engineering Corporation Berhad ("WEC" or "the Company") to present you with the 24th Annual Report and Audited Financial Statements of WEC and its subsidiaries ("the Group") for the financial year ended 31 October 2020 ("FY2020").

Dear esteemed Shareholders,

No doubt, FY2020 has been an arduous journey as the business environment became more challenging than ever before.

To combat the spread of the COVID-19 pandemic, strict lockdown measures were implemented nationwide and across many countries around the world, resulting in a global economic slowdown. The International Monetary Fund ("IMF") has projected a deep recession in 2020 with global gross domestic product ("GDP") and global trade estimated to contract by 4.4% and 10.4% respectively.

Meanwhile in Malaysia, our economy had also been adversely affected. Based on the Economic Outlook 2021 report published by the Ministry of Finance ("MoF"), Malaysia's GDP was expected to contract by 4.5% in 2020. This marked the first GDP decline since the Global Financial Crisis in 2009. Value of gross exports of manufactured goods is expected to drop by 3.8%.

Amidst the uncertainties and volatilities, the Group remained committed to meeting customers' expectations and continued to expand the Group's capabilities to carry out higher value-added activities.

During the year under review, the Group recorded revenue of RM70.85 million and profit before tax of RM4.67 million. In terms of cashflow, the Group managed to generate RM5.80 million net cash from operations. The Group's Manufacturing segment remained as the primary revenue contributor with a slight improvement compared to the year before.

As we anticipate the needs for digital transformation and to stay ahead of the competition, the Manufacturing division invested RM3.04 million during the financial year for the setup of a Class 10k cleanroom, addition of new milling machines, IT hardwares and new production softwares to boost our computer numerical control ("CNC") programming capabilities. The new machines will serve to expand our capacity and capabilities through more efficient machines as well as upgrades to our manufacturing plant and facility for CNC metal fabrication besides superseding some of the older machines in our fleet.

Our decision to diversify into the Construction & Property Development ("PD") segment has proven to be successful. The stronger revenue and profits from this segment have positively contributed to the Group's result and helped offset the weaker performance from Manufacturing. We are committed to expand this segment and will cautiously seek out new opportunities in both residential and non-residential subsectors to further enhance our business stability.

Moving forward, as the world economy starts to recover, IMF expects global GDP growth to bounce back to 5.2% in 2021. However, it warned that the global economy's recovery will be uneven and remains uncertain. Likewise, global trade growth is projected to recover to 8%, consistent with the projected recovery in global activity. On the home front, IMF expects Malaysia's real GDP to rise by 7.8% in 2021.

Given that the pandemic remains volatile with many countries going through a second wave of outbreaks, the global economic and financial climate might continue to deteriorate. Looking ahead, we are cautiously optimistic on the Group's prospects in the foreseeable future as we focus on strengthening our fundamentals to create a resilient business that can overcome the near-term challenges.

With that, I would like to seize this opportunity to convey my sincere appreciation to the Board of Directors, management, and all employees of the Group for their unwavering contribution, commitment and support. I would like to also convey our wholehearted gratitude to our customers, financial institutions, business associates and the regulatory bodies for their support and trust in us. Last but not least, on behalf of the Board, I extend our warmest thanks to all our valued shareholders for your unceasing support towards WEC.

Datuk Haji Muhamad Shapiae Bin Mat Ali
Independent Non-Executive Chairman
25 February 2021

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS OVERVIEW

Established since 1982, Wong Engineering Corporation Berhad ("WEC" or "the Company") and its subsidiaries ("the Group") are principally engaged in the manufacturing of high precision stamped and turned metal parts and components, complex welded frame structure, related modules and systems as well as trading, marketing and retailing of industrial and consumer products.

The Group offers full array service from design to development and produce high precision metal fabricated parts with superior quality assurance. Presently, we support a wide range of prominent multi-national customers worldwide coming from a wide spectrum of industries including the electrical and electronics ("E&E"), Semiconductor, Test Instruments, Telecommunication, Digital Imaging, Healthcare and Oil & Gas.

Today, WEC offers a one-stop value added mechanical solution that encompasses the whole supply chain till the final assembly and delivers them at the right timing, pricing and quality. Our products range from Industrial Frames, Rack, Chassis & Cabinets, Faceplates & Mount Brackets, Valves, Couplings & Machining Components, Shields & Heatsinks to Precision Sleeving and Bushing & Turned Components.

Apart from our manufacturing business, we have also ventured into Construction & Property Development ("PD") since 2017 as part of our diversification strategy to increase our sources of revenue in the pursuit to grow and maximise shareholders' value. This is part of our long-term plan to reduce our dependency on the highly competitive manufacturing business, which is subject to the vagaries of boom-and-bust cycles of the industries our clients operate in.

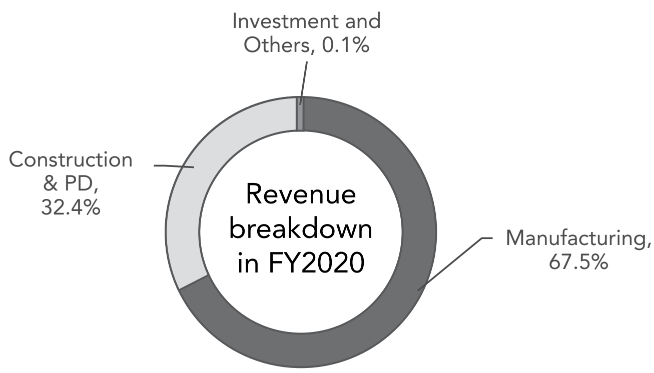
FINANCIAL AND OPERATIONAL REVIEW

During the year under review, despite major disruptions brought by the unprecedented COVID-19 pandemic to the business environment globally, the Group achieved a record high revenue of RM70.85 million, which represented a double-digit growth of 16% year on year ("YoY") compared to RM60.91 million for the financial year ended 31 October 2019 ("FY2019"). This was mainly attributed to the spike in revenue from Construction & PD segment.

Our core Manufacturing segment continues to be the leading revenue contributor, raking in RM47.83 million in FY2020, representing 67.5% of the Group's revenue, followed by Construction & PD (32.4%) and Investment (0.1%).

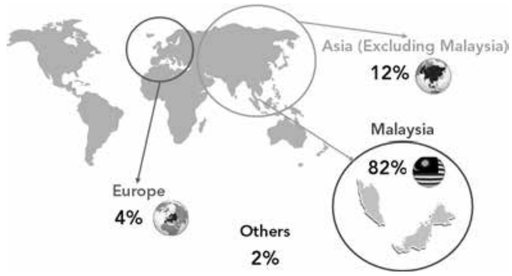
The Group's depreciation charges totaled to RM4.17 million in FY2020, 6.6% higher from RM3.91 million in the previous year. Tax expenses stood at RM1.51 million, as compared to a positive tax charge of RM0.59 million earlier.

In term of profitability, the Group registered Profit Before Tax ("PBT") of RM4.67 million which was a decline of 10% YoY compared to a year ago at RM5.19 million.



Breakdown by geographical location

Geographical location	FY2020 Revenue (RM' million)	%
Malaysia	58.33	82
Asia (Excluding Malaysia)	8.33	12
Europe	2.89	4
Others	1.30	2
Total	70.85	100



Geographically, our domestic market remains strong and contributed approximately 82% to the Group's revenue. The remaining 18% of revenue was contributed from overseas, with 12% coming from other countries within Asia, followed by 4% from Europe and the balance 2% from other regions.

We have a well diversified customer base and are not dependent on any single customer as our top 10 customers contributed approximately 90% of total revenue.

Breakdown by business segment

Segment	Revenue (RM' million)	PBT (RM' million)
Manufacturing	47.83	1.66
Construction & PD	22.95	2.56
Investment and Others	0.07	0.45
Total	**70.85**	**4.67**

Manufacturing

The revenue from our Manufacturing segment recorded a 3% YoY improvement to RM47.83 million in FY2020 as compared to RM46.57 million in FY2019. However, PBT stood 20% lower YoY to RM1.66 million due to changes in product mix.

Construction and Property Development

The Construction & PD segment delivered a strong performance. Revenue from this segment soared 61% YoY to RM22.95 million, while PBT surged 73% YoY to RM2.56 million. The growth in both top line and bottom line was mainly driven by the progress of work completion of our Kuchai Lama construction project. Although work progress at our Kuchai Lama construction project was halted during the MCO period, it resumed in early June 2020 and was subsequently ramped up, thus resulting in higher billings over the full financial year.

With a project value of RM88.2 million, the outstanding order book of the Kuchai Lama construction project stood at approximately RM41.8 million as at 31 October 2020. This project is expected to be completed in the third quarter of the financial year ending 31 October 2021 ("FY2021").

Financial Position and Liquidity

Total equity attributable to shareholders grew marginally from RM68.77 million to RM69.17 million as at 31 October 2020 supported by increase in retained profits and offset by an increase in treasury shares bought back of 1.99 million shares during the year. Net asset per share stood at 62 sen.

Total assets of the Group rose by RM4.14 million to RM103.29 million at the end of FY2020 due to, amongst others, investment in associate. Total liabilities increased by RM3.75 million to RM34.08 million as at FY2020.

As a result of higher billings from the Kuchai Lama construction project during FY2020, trade and other receivables increased by 77% to RM22.74 million while trade and other payables increased by 71% to RM15.78 million. Our receivables are within credit period and we will continue to monitor our collections closely.

In terms of cashflow, the Group generated a positive net cash from operations of RM5.80 million in FY2020. The Group's balance sheet remains strong and in a net cash position, with total cash and cash equivalents and fixed deposits placed with licensed banks of RM20.19 million exceeding total borrowings of RM17.68 million.

As total borrowings decreased by RM3.15 million, the Group's gearing level improved to 0.26 times as compared with 0.30 times in the previous year.

ANTICIPATED OR KNOWN RISKS

Pandemic risk

No doubt, the unprecedented COVID-19 pandemic has brought about various challenges across many aspects, including the global economy, business environment, as well as health and safety. Given that the current situation is still full of uncertainties, the Group has continued to take prudent measures in managing our cash flow to enhance our resiliency to overcome this crisis as it continues.

Operation, competition and business risks

Our business is exposed to various business risks such as pressure of intense competition over costing and pricing, labour and material shortages as well as revision of electricity tariffs. Besides that, we are also subjected to fluctuation of raw material prices which may impact our costing and bottom line. These risks are monitored closely with strategies evaluated and modified from time to time implemented to minimise the negative impact arising therefrom. Some of these strategies include investing in advanced machines as well as training and growing our human capital.

Political, economic and regulatory risk

The Group is also affected by global economic uncertainty and geopolitical events such as trade tension which may affect our multi-national customers' demand for metal fabricated parts which ultimately dampens our revenue growth. Besides, shifts in the political landscape may also bring changes in policies and regulations which may drive higher cost of operation and compliance cost.

Foreign exchange risk

Our core Manufacturing segment is exposed to foreign exchange fluctuation as it has transactions in, amongst others in United States Dollars ("USD"), Euro, Japanese Yen and Singapore Dollar. The USD / RM rate is the primary driver of the Group's currency risk as its exposure to other currencies is minimal. As a countermeasure, a part of the Group's purchases are denominated in USD, which provides a natural hedge to minimise any impact from sudden fluctuations in USD.

Credit Risk

Trade receivables of the Group increased due to the higher billings from Kuchai Lama construction project. Uncertainties in the economic and business conditions might result in slow payment and bad debt from our customers. The management will continue to actively monitor the outstanding trade receivables and ensure collection within credit period to mitigate the risk of bad debts.

CORPORATE DEVELOPMENT

On 1 April 2020, the Company announced a proposed subscription of 875,000 new ordinary shares in Broadway Lifestyle Sdn. Bhd. ("BLSB"), representing 35.0% of the enlarged number of BLSB's shares in issue for RM875,000 and 35% or up to 14,875,000 new redeemable non-cumulative preference shares ("RNCPS") to be issued by BLSB at an issue price of RM1.00 for each RNCPS for an aggregate subscription price of up to RM14,875,000 all to be satisfied entirely via cash ("Proposed Subscription"). The Company has obtained approval from its shareholders at an Extraordinary General Meeting held on 22 July 2020.

On 7 September 2020, BLSB has allotted 875,000 new BLSB's shares to the Company thus, marking the completion of the Proposed Subscription. Subsequently the Group had invested RM7.875 million to subscribe for 7,875,000 RNCPS in BLSB.

DIVIDEND

In line with the Group's performance and as recognition of the continuous support from our loyal shareholders, the Board of Directors has declared a total of 1.25 sen dividend for the financial year ended 31 October 2020. The first single tier interim dividend of 0.75 sen per ordinary share amounting to RM830,991 was paid on 13 October 2020 to the registered shareholders at the close of business on 2 October 2020 while the proposed final single tier dividend of 0.5 sen will be subject to shareholders' approval at the forthcoming 24th AGM. Assuming approval on the proposed final single tier dividend, this would reflect a dividend pay-out ratio of 44% for FY2020.

The Board is of the view that the recommended dividends provide an adequate balance between rewarding the shareholders and investors with appropriate returns while retaining sufficient profits to sustain growth in the future.

PROSPECTS AND GROWTH STRATEGY

Economic and industry outlook

The global electrical and electronics ("E&E") market is estimated to grow at a Compound Annual Growth Rate ("CAGR") of 7% from 2021 to reach US$3,699 billion in 2023 (Source : Report published by The Business Research Company entitled "Electrical And Electronics Global Market Report 2020-30").

On top of that, the US-based Semiconductor Industry Association ("SIA") stated that global sales of semiconductors is projected to increase 5.1% in 2020 to US$433.1 billion, followed by an increase of 8.4% in 2021.

Based on the Ministry of Finance's ("MoF") Economic Outlook 2021 report, The Malaysian economy is expected to grow 6.5% to 7.5% in 2021 after contracting 4.5% in 2020. The strong rebound in Gross Domestic Product ("GDP") growth will be driven by anticipated improvement in global growth and international trade as well as the spill over impact of the stimulus packages implemented by the government to boost the economy on the assumption that the COVID-19 pandemic is contained.

Manufacturing

The E&E industry has been one of the pillars of Malaysia's industrial development for nearly five decades and contributed significantly to GDP growth, export earnings, investment and employment. With the country's vision to move towards Industry 4.0 ("IR 4.0") and deployment of Internet of Things ("IoT"), Artificial Intelligence ("AI") and 5G, these digital transformation would boost the growth of manufacturing sector.

The Group continues to remain focused on building up the Group's capabilities within our core business as well as enhancing our cost efficiencies in order to maintain competitiveness.

We are working towards expanding into higher value-added manufacturing activities by broadening our product offerings to include full assembly of high precision stamped and turned metal parts. Preliminary discussions with existing as well as potential customers to explore opportunities to grow and expand our sales have commenced.

One of these customers which is headquartered in Europe is a global leader, manufacturer and supplier of high-end vacuum valves used in semiconductor, display and solar panel manufacturing as well as in a wide range of industry and research applications. Our aim is to grow and nurture long-term business relationships with customers such as these towards building sustainable revenue streams.

We are also aiming to diversify our customer base across various industries. Currently, our major customers are primarily in the E&E and semiconductor industries and we are targeting to expand our market share in the healthcare sector. In order to be competitive in this market, we believe that continuous capital expenditure is essential to stay ahead of the technological changes. In this respect, the Group had invested RM3.06 million in FY2020. This includes the setup of a Class 10k cleanroom, addition of new milling machines and production softwares to boost our computer numerical control ("CNC") programming capabilities. This represents an upgrade to our existing machine fleet, thus enhancing our overall productivity and efficiency.

Furthermore, the Group is cognizant of the importance to move forward with adoption of IR4.0 and as such has invested in the deployment of our in-house developed manufacturing execution system 2 years ago to better plan and manage our production execution and customer order fulfilment.

At the same time, data captured through this system has also allowed the team to gather and analyse information on yield, cycle time and capacity utilization which feeds our continuous improvement efforts to drive higher productivity and efficiency. Having said that, we will continue to be on the lookout for further improvement opportunities via higher automation and any decisions shall be guided based on appropriate ROI assessment to maximize our shareholders' value.

These efforts are aimed at capitalizing on the emerging business opportunities within the E&E, semiconductor and healthcare sectors. According to the Malaysian Investment Development Authority ("MIDA"), Penang secured RM10.6 billion worth of total approved manufacturing investments in the first nine months of 2020 ("9M20").

Notably, 83% of Penang's 9M20 approved manufacturing investment was contributed by foreign direct investments ("FDI"), making Penang the second highest FDI contributor to Malaysia. Penang's total approved manufacturing investments were dominated by Machinery & Equipment, Scientific & Measuring Equipment (which includes medical devices) and E&E industries.

According to Budget 2021 which has been tabled and passed in Parliament recently, the government will allocate RM1 billion as an incentive for technology and high value-added investments. This allocation is said to support research and development investment in aerospace and electronics cluster in industrial areas in Batu Kawan, Penang, and Kulim, Kedah. Besides, the National Development Scheme worth RM1.4 billion was introduced by Bank Pembangunan Malaysia to support the domestic supply chain development.

Our manufacturing facility in Kulim, Kedah is strategically located within close proximity to the Kulim Hi-Tech Park and Penang's Bayan Lepas Free Industrial Zone, where many of the MNCs are located. This presents a good opportunity for the Group to strengthen our market share and broaden our customer base.

Construction & Property Development

With the Kuchai Lama project nearing completion, the Group will assess the suitability of timing to undertake the development of industrial factories and warehouses in Sepang, Selangor via the 35% associate, BLSB. BLSB has acquired a parcel of land measuring 75.32 acres located Off Jalan Dengkil Banting and to undertake the development of 30 units of 3 storey detached factories / warehouses cum offices.

The Group continues to seek out new projects and opportunities for expansion and growth in this segment to further enhance and maximize shareholders' value.

OUTLOOK

As a whole, premised on the above, the Board is cautiously optimistic that the prospect of our Group shall continue to remain favourable. We are confident that the expansion plans of our Group will yield positive result and contribute satisfactorily to our financial performance.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors ("Board") of Wong Engineering Corporation Berhad ("WEC" or "the Company") is committed to ensuring that good corporate governance is practiced throughout the Company and its subsidiaries ("The Group") as a fundamental part of discharging its responsibilities and for the purpose of safeguarding the interest of its shareholders and stakeholders as well as the assets of the Group.

Following the introduction of the Malaysian Code on Corporate Governance ("Code") by the Securities Commission in 2017, the Board recognises the growing level of expectation by regulators and stakeholders for increased corporate governance and, accordingly has taken necessary steps to ensure strong governance practices are adopted throughout the Group.

The ensuing paragraphs in this Corporate Governance Overview Statement ("Overview Statement") describe the extent of how the Group has applied and complied with the Principles and Practices of the Code for the financial year ended 31 October 2020 ("FY2020") and up to the date of this Overview Statement. This Overview Statement is made pursuant to paragraph 15.25(1) of Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities") with guidance drawn from Practice Note 9 of MMLR and the Corporate Governance Guide (3rd edition) issued by Bursa Securities.

The detailed application for each Practice as set out in the Code is disclosed in the Corporate Governance Report ("CG Report") which is available on the corporate website : www.wec.com.my and through an announcement on the website of Bursa Securities. The CG Report is based on a prescribed format as outlined under para 15.25(2) of the MMLR of Bursa Securities.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

Part I: Board Responsibilities

1. Board's Leadership on Objectives and Goals

1.1 Strategic Aims, Values and Standards

The Board leads and controls the Group. As a collective body, the Board assumes the overall responsibility for the Group : determining strategic direction, overseeing the proper conduct of the Group's business, identifying principal risks and ensuring the implementation of systems to manage risks, succession planning, developing investor relations programme, reviewing the adequacy and integrity of the Group's internal control systems and Management information systems.

As part of the initiative to ensure effective discharge of its leadership role, specific powers are delegated by the Board to the Board Committees, the Chief Executive Officer ("CEO") and the Management as outlined in the Board Charter.

The Board Committees refers to the Audit Committee ("AC"), Remuneration Committee ("RC") and Nominating Committee ("NC"). These Committees are entrusted with the responsibility to oversee specific aspects of the Company's affairs in accordance with their respective terms of reference ("TOR") as approved by the Board, with the aim of improving operational and general management efficiencies. The decision on whether to act on recommendations by Board Committees lies with the Board. The TOR of the Board Committees are published on the corporate website at www.wec.com.my.

Notwithstanding the delegation of specific powers, the Board retains full responsibility for the direction and control of the Company and the Group. The ultimate responsibility for decision-making on all matters lies with the Board. The roles and responsibilities of the Board are clearly set out in the Board Charter and is available on the Company's website at www.wec.com.my.

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

Part I: Board Responsibilities (Cont'd)

1. Board's Leadership on Objectives and Goals (Cont'd)

1.1 Strategic Aims, Values and Standards (Cont'd)

On 16 December 2020, the Board has approved the Annual Budget for FY2021, review of market ecosystem, industry direction and strategies to drive growth. In reviewing the Annual Plan, the Board members had a robust discussion with the executive Board members (representing Management) on their perspectives and assumptions in formulating the Annual Budget for FY2021. This practice is part of the overall improvement plan going forward for better governance. The drive for excellence throughout the Group is driven by tone from the top as enshrined in the Group's Core Values, Mission and Vision Statements.

1.2 Chairman of the Board

The Chairman, who holds an independent position, provides leadership and governance on the Board. He also creates a conducive environment geared towards building and growing Directors' oversight and effectiveness and ensure that appropriate issues are discussed by the Board accordingly.

The Chairman's responsibilities encompass the following :

- Leading the Board in its responsibilities for the business affairs of the Group and its oversight of Management.
- Overseeing the Board in the effective discharge of its supervisory role and ensuring adequacy and integrity of the governance process and issues.
- The efficient organization and conduct of the Board's functions and meetings and setting of the Board meeting agenda.
- Facilitating the effective contribution from all Directors as well as promotion of constructive and respectful relations amongst Board members and between Board and Management.

The Chairman also ensures that no member dominates discussion and that appropriate discussions take place and that relevant opinions among Board members is forthcoming. Other roles of the Chairman include maintaining regular and close dialogue with the CEO over operational matters and seeking opinion of fellow Board members over any matters that give cause for major concerns.

1.3 Separation of the position of Chairman and the Chief Executive Officer

The Board has always made the distinction that the position of the Chairman and Chief Executive Officer ("CEO") does not reside with the same person to ensure organisational check and balance for better governance. There is a clear and separate division of responsibility in the roles and duties of the Chairman and CEO.

Mr Yong Loy Huat is the CEO while Datuk Haji Muhamad Shapiae Bin Mat Ali is the Chairman of the Board. The CEO leads Management and is responsible for the day-to-day business and operational management of the Group. The CEO has overall responsibilities over the daily conduct of operating units, human resource management with respect to key positions in the Group's hierarchy, financial management and business affairs as well as organizational effectiveness and implementation of Board policies and strategies.

The CEO also ensures that the Group's corporate identity, products and services are of high standard and reflective of market environment as well as to ensure that business practices are in compliance with governmental regulations. At each scheduled Board meeting, the CEO briefed on the performance and activities of the Group and specific proposals for capital expenditure, acquisition and disposals, if any.

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

Part I: Board Responsibilities (Cont'd)

1. Board's Leadership on Objectives and Goals (Cont'd)

1.4 Qualified and competent Company Secretary(s)

The Company Secretaries are competent, qualified and capable of providing the needful support to the Board in discharging its fiduciary duties. The Constitution of the Company provides that removal of the Company Secretary is a matter for the Board as a whole.

The Company Secretaries, or their assistant, is present at all meetings to record deliberation, issues discussed and conclusions in discharging her duties and responsibilities and also provide advice in relation to relevant guides and legislations.

Other roles of the Company Secretaries included coordinating the preparation of Board papers with Management, ensure Board procedures and applicable rules are observed and maintaining records of the Board as well as provide timely dissemination of information relevant to the Directors' roles and functions and keeping them updated on evolving regulatory requirements.

1.5 Access to information and advice

The Board has unhindered access to the advice and services of the Company Secretaries who is responsible for ensuring that all Board procedures are followed and that applicable rules and regulations are complied with. The Company Secretaries also acts as the Company Secretaries for most of the Board Committees.

All Directors also have access to all information within the Group and may seek the advice of Management on matters under discussion or request further information on the Group's business activities. Minutes are prepared for all Board and Board Committees' proceedings, circulated to the Board and / or Board Committee Members and will be confirmed and signed by the respective Chairman. The minutes will then be tabled at the subsequent meetings for notation.

The Board, whether as full Board or in their personal capacity, may upon approval from the Board, seek independent professional advice, if so required in furtherance of their duty, at the Group's expense.

The Board of Directors is satisfied that it is supplied, on a timely basis, information in a form and of quality sufficient to enable the Board to discharge its duties. The said information includes, amongst others, the performance report of the Group and major operational, financial and corporate issues. The meeting agenda and board papers for consideration are distributed in advance before each meeting to ensure that the Directors have sufficient time to study them, be properly prepared for discussion and decision-making and / or solicit further explanation and information, where necessary so that deliberation at Board meetings are focused and constructive.

2 Demarcation of responsibilities

2.1 Board Charter

The Board Charter provides reference for Directors in relation to the Board's role, powers, duties and functions. The Board Charter had been revised on 16 December 2020 to enhance governance practices on the Board in line with recommendations from the Code and the MMLR.

The TORs will be reviewed where necessary to enhance governance practices in line with the Code and the MMLR. Other policies will be reviewed from time to time to ensure its relevance.

The Board Charter will be reviewed every 2 years or as and when necessary.

The Board Charter is available on the Company's corporate website at www.wec.com.my.

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

Part I: Board Responsibilities (Cont'd)

3 Good business conduct and corporate culture

3.1 Code of Conduct and Ethics

The Core Values of Courageous, Innovative, Agile and Limitless as observed by all our people from Directors down to employees as integral elements towards achieving wholesome sustainability in the long run.

Thus, the Board has taken the initiative to formalize Code of Conduct and Ethics. It reflects the Board's commitment and underscored tone from the top for proper ethical behaviour expected of the Directors, Management and staff and compliance with applicable laws and regulations.

The Company also has a Code of Conduct for employees which governs the standards for Labor, Health and Safety, Environment, Business Ethics and Management Systems to manage conformity to the Code of Conduct. The policies, practices and procedures of the Code of Conduct for employees are clearly outlined in the Employee Handbook of respective subsidiary under the Group. The Code of Conduct for employees is integrated into the Group management practices and reviewed periodically. These codes provide guidance to all so that right choices can be made in response to any ethical dilemmas in daily work.

3.2 Whistleblowing policy

The Board had adopted a Whistleblowing Policy to facilitate the stakeholders of the Group to report genuine concerns or allegations to a senior or independent member of the management of the Group about alleged unethical behaviour, actual or suspected fraud within the Group, or improper business conduct affecting the Group. All malpractices or wrongdoings reported by the whistleblower are to be directed to the Independent Director of the Company. The Whistleblowing Policy is published on the corporate website at www.wec.com.my.

3.3 Anti-Bribery and Corruption Policy

The Board has adopted an Anti-Bribery and Corruption Policy on 29 May 2020, it outlines the Board's commitment to conduct business to the highest ethical standards as well as act professionally, fairly and with integrity at all times. The Group strictly does not tolerate any bribes given for purposes of obtaining or retaining business for the Group or provides an advantage to the business of the WEC Group. The Group does not tolerate any such acts of bribery even in a personal capacity. Employees who refuse to pay or receive bribes or participate in acts of corruption will not be penalised even if such refusal may result in the Group losing its business or not meeting the targets. A copy of the Anti-Corruption Policy is also available on the Company's website at www.wec.com.my.

Part II: Board Composition

4 Board Objectivity

4.1 Board Composition

The Board presently comprised of seven (7) members with the composition as outlined below :

Directorate	Director(s)
Executive	Yong Loy Huat, Executive Director & CEO Chang Joo Huat, Executive Director Low Seong Chuan, Executive Director Anstey Yong Lee Teen, Executive Director
Non-Independent Non-Executive Director ("NINED")	Eng Teik Hiang, Non-Independent Non-Executive Director
Independent Non-Executive ("INED")	Datuk Haji Muhamad Shapiae Bin Mat Ali, Independent Non-Executive Chairman Lau Chia En, Independent Non-Executive Director

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

Part II: Board Composition (Cont'd)

4 Board Objectivity (Cont'd)

4.1 Board Composition (Cont'd)

Brief profile of each Director is detailed under Profile of Directors in this Annual Report. As all concerns regarding the Group can be conveyed to any one of the Directors and will be deliberated by all Directors during Board meetings (if so deemed necessary), there is no immediate need to consider the appointment of a Senior Independent Non-Executive Director.

The Board is in compliance with Chapter 15.02 of the MMLR of Bursa Securities, which requires that at least two (2) Directors or one-third (1/3) of the Board of the Company, whichever is the higher, are Independent Directors.

The concept of independence as adopted by the Board is consistent with definition of INEDs outlined under para 1.01 and Practice Note 13 of the MMLR. The key elements for fulfilling the criteria are the appointment of Directors who are not members of Management and who are free of any relationship which could interfere with the exercise of independent judgment or the ability to act in the best interest of the Company and the Group.

The Board is mindful that the Board does not comprise at least half of INEDs and is of the view that the present INEDs, with the breadth of professional background, have enabled the Board to exercise objective judgement on various issues through their sharing of impartial, objective and unbiased opinion and viewpoints. The INEDs currently formed more than one-third of the Board composition.

Therefore, the lack of the necessary number of INEDs does not jeopardise the independence of Board deliberations and all decisions have been made in the best interest of the Company and the Group. Nonetheless the Board will address Board succession planning in the near future to ensure that INEDs form 50% of Board composition.

4.2 Tenure of Independent Director

The Board is mindful of the recommendation of the Code for the tenure of an INED not to exceed a cumulative or consecutive term of nine (9) years. However, an INED who had exceeded the prescribed nine (9) years may continue to serve in the Board subject to re-designation as Non-INED. As at to-date, none of the INEDs have served on the Board for a cumulative or consecutive term of nine (9) years.

The INEDs do not participate in daily management of the Group. During meetings, the INEDs participate fully during deliberations and fulfill crucial role in corporate accountability by providing independent, impartial, unbiased and objective views, opinions, advice and judgement in the evaluation of various issues on strategies, performance and resources.

4.3 Policy on Tenure of Independent Director

The Board Charter provides that the tenure of its INEDs shall be nine (9) years. In the event the Board intends to retain a Director as INED after the latter has served a cumulative / consecutive term of nine (9) years, the Board will justify the decision and seek shareholders' approval at the AGM.

If the Board continues to retain the Director as INED after 12 years, the Board will justify their decision and seek shareholders' approval at AGM through a two-tier voting process.

4.4 Diverse Board and Senior Management team

The Board is supportive of diversity on the Board and in Senior Management team. Appointment of members of the Board and Senior Management team is based on objective criteria, merit and also due regard for diversity in experience, skills set, age and cultural background.

The Directors, with their diverse background and professional specialization, collectively, bring with them a wealth of experience and expertise in areas such as general construction, property development, logistics, advertising, life and general insurance, manufacturing (specializing in automation), research & development, project engineering, civil engineering, professional consulting, audit and accounting, corporate finance and corporate restructuring.

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

Part II: Board Composition (Cont'd)

4 Board Objectivity (Cont'd)

4.5 Gender diversity

The Board is supportive of gender diversity on the Board and in Senior Management team. One (1) out of the seven (7) Directors is a female, which testifies to the Group's commitment on gender diversity.

Whilst acknowledging the recommendation of the Code on gender diversity, the Board is of the collective opinion that there was no necessity to adopt a formal gender diversity policy as the Group is committed to provide fair and equal opportunities and nurturing diversity within the Group. The Nominating Committee and the Board will consider gender diversity as part of its future selection process and will look into increasing female board representation going forward.

4.6 Diverse sources for new candidate(s) for Board appointment

The Nominating Committee has leveraged on the Directors' wide network of professional and business contacts in their current search for new female director. The NC is also open to utilise a variety of approaches and independent sources to identify suitably qualified candidate(s) for consideration as a Director and will ensure that the procedures for evaluating and selecting new Director are transparent and formal with the appointment made on merit basis.

4.7 Nominating Committee

The Nominating Committee, comprises solely of NEDs with its present composition as follows :

Chairman	Datuk Haji Muhamad Shapiae Bin Mat Ali
Members	Eng Teik Hiang Lau Chia En

The Nominating Committee would meet at least once (1) annually with additional meetings convened on as and when needed basis. The Nominating Committee chose to meet post financial year to evaluate the performance of Directors for the immediate past financial year.

During the year under review, key activities undertaken by the Nominating Committee are summarized as follows :

(a) assessed the effectiveness of the Board, the Board Committees and the contribution of each individual Director;

(b) reviewed the mix of skills and experience and other qualities, including core competence of the members of the Board;

(c) reviewed the level of independence of Independent Directors;

(d) assessed the training needs of the Directors and collated training information from all Directors;

(e) reviewed the size and composition of the Board of Directors as well as the Audit, Nominating and Remuneration Committees;

(f) discussed the character, experience, integrity and competence of the Directors, chief executive or chief financial officer and to ensure they have the time to discharge their respective roles;

(g) discussed the annual retirement by rotation and re-election of Directors at the forthcoming AGM and recommended the same for re-appointment / re-election by the shareholders;

(h) reviewed the term of office and performance of the Audit Committee and its members pursuant to paragraph 15.20 of the Main Market Listing Requirements of Bursa Securities; and

(i) reviewed the Terms of Reference of the Nominating Committee.

The TOR of the Nominating Committee is available on the corporate website at www.wec.com.my.

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

Part II: Board Composition (Cont'd)

5 Board objectivity

5.1 Overall effectiveness of the Board and individual Directors

The Constitution of the Company provides that an election of Directors shall take place each year and, at the AGM, one-third of the Directors for the time being or, if their number is not three (3) or a multiple of three (3), then the number nearest to one-third shall retire from office and be eligible for re-election. All the Directors shall retire from office once at least in three (3) years but shall be eligible for re-election. The Directors to retire in each year shall be those who have been longest in office since their last election, but as between persons who became Directors on the same day those to retire shall (unless they otherwise agree among themselves) be determined by lot. A retiring Director is eligible for re-appointment. This provides an opportunity for shareholders to renew their mandates. The re-election of each Director is voted on separately.

The director who is subject to re-election and / or re-appointment at next AGM is assessed by the Nominating Committee before recommendation is made to the Board and shareholders for re-election and / or re-appointment. Appropriate assessment and recommendation by the Nominating Committee is based on the annual assessment conducted.

The Company Secretaries will ensure that all appointments are properly effected with the necessary legal and regulatory obligations duly met.

During the FY2020, five (5) Board meetings were held where the Board deliberated upon and considered a variety of matters including the Group's quarterly operations and financial results, major investments and strategic decisions, implementation of investment policy, business plan and any other strategic issues that may affect the Group's businesses.

In the intervals between Board meetings, approvals are obtained via circular resolutions for exceptional matters requiring urgent Board decision-making which are then supported with information necessary for informed decision-making. As a means to facilitate Directors' planning and time management, an annual meeting calendar is prepared and given to Directors before the beginning of each new financial year.

The listing of the Board members and their attendance at Board meetings held during the financial year under review are as tabulated below :

Director(s)	Board
Datuk Haji Muhamad Shapiae Bin Mat Ali Independent Non-Executive Chairman	5/5
Yong Loy Huat Executive Director & CEO	5/5
Chang Joo Huat Executive Director	5/5
Low Seong Chuan Executive Director	5/5
Eng Teik Hiang Non-Independent Non-Executive Director	5/5
Lau Chia En Independent Non-Executive Director	5/5
Anstey Yong Lee Teen Executive Director	5/5

Board meetings are scheduled ahead to enable the Directors to plan and adjust their schedule to ensure good attendance and the expected degree of attention to the Board meeting agenda.

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

Part II: Board Composition (Cont'd)

5 Board objectivity (Cont'd)

5.1 Overall effectiveness of the Board and individual Directors (Cont'd)

Management personnel and external consultants are also invited to attend the Board meetings as and when required in order to present and advise the members with information and clarification on certain meeting agenda item(s) to facilitate informed decision-making.

The Board is satisfied with the time commitment given by the Directors given full attendance by all Directors at all meetings convened. All the Directors do not hold more than 5 directorships as required under paragraph 15.06 of the MMLR of Bursa Securities.

The Board is cognisant of the need to ensure that its members undergo continuous trainings to enhance their knowledge, expertise and professionalism in discharging their duties. As at the date of this Overview Statement, all the Directors have attended and successfully completed the Mandatory Accreditation Programme ("MAP").

The Directors will continue to attend various seminars and training programmes necessary to enhance and keep abreast with relevant changes, development and updates affecting industries that the Group operates in as well as regulatory requirements. The Directors are updated by the Company Secretaries on any changes to new statutory, corporate and regulatory developments relating to Directors' duties and responsibilities or the discharge of their duties as Directors of the Company.

The trainings attended by the Directors during the financial year under review are as follows :

Director(s)	Seminar / Workshop / Course	Date
Datuk Haji Muhamad Shapiae Bin Mat Ali	Webinar Series : Understanding Boardroom Dynamics	12/8/2020
	Briefing – Guidelines on Conduct of Directors of Listed Corporations and their Subsidiaries	17/9/2020
Yong Loy Huat	Briefing – Guidelines on Conduct of Directors of Listed Corporations and their Subsidiaries	17/9/2020
Anstey Yong Lee Teen	Briefing – Preventive Measure Against Covid 19, Infection Outbreak at Workplace	5/5/2020
	Briefing – Guidelines on Conduct of Directors of Listed Corporations and their Subsidiaries	17/9/2020
	ISO 13485 : 2016 Awareness Training	9/10/2020
Chang Joo Huat	Cleanroom Class 10K Control and Monitoring	18/11/2019
	First Aid Training Course - Introduction to First Aid & CPR	5/12/2019
	New 10K clean room	3/1/2020
	Briefing - Preventive measure against Covid 19, infection outbreak at workplace	5/5/2020
	People Management Skills	3/7/2020
	Briefing – Guidelines on Conduct of Directors of Listed Corporations and their Subsidiaries	17/9/2020
	ISO 13485 : 2016 Awareness Training	9/10/2020
	Chapter 4 - The Next Generation Global Bending Solution	27/10/2020
	eTechné@PSDC : The Smart Factory in Precision Engineering	5/11/2020
Low Seong Chuan	Briefing – Guidelines on Conduct of Directors of Listed Corporations and their Subsidiaries.	17/9/2020
Eng Teik Hiang	Webinar Series : Understanding Boardroom Dynamics	12/8/2020
	Anti Bribery & Corruption S.17A Corporate Liability Implementation	3/9/2020
	Briefing – Guidelines on Conduct of Directors of Listed Corporations and their Subsidiaries.	17/9/2020

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

Part II: Board Composition (Cont'd)

5 Board objectivity (Cont'd)

5.1 Overall effectiveness of the Board and individual Directors (Cont'd)

Director(s)	Seminar / Workshop / Course	Date
Lau Chia En	Workshop on Corporate Liability Provision (Section 17A) of the MACC Act 2009	4/11/2019
	Webinar Series : Role of Company Secretaries And Directors In Anti-Money Laundering Compliance	9/7/2020
	Absolute Guide To Adequate Procedures	11/8/2020
	Briefing – Guidelines on Conduct of Directors of Listed Corporations and their Subsidiaries.	17/9/2020

The Board had, through the Nominating Committee, undertaken an assessment of the training needs of the Directors and concluded that the Directors are to determine their training needs as they are in the better position to assess their areas of concern. Nonetheless, the Nominating Committee had recommended for training to enhance financial literary and keep up with changes to financial reporting environment as well as understanding the impact of the changes arising from implementation of any other related laws.

The Company facilitates the organisation of training programs for Directors and maintain a record of the trainings attended by the Directors.

Part III: Part III Remuneration

6 Level and composition of Remuneration

6.1 Remuneration Policy

The objective of the Group's Remuneration Policy is to attract and retain the Directors required to lead and control the Group effectively. In the case of the executive Board members, the components of the remuneration package are linked to individual and corporate performance. As for non-executive Directors, the level of remuneration is reflective of their experience and level of responsibilities and the onerous challenges in discharging their fiduciary duties.

During the year, the Remuneration Committee considered the remuneration package for the executive Board members as well as Directors' fees and benefits payable to all Directors. The Directors' fees reflect the broad based roles and responsibilities as well as time commitment to the Group that go with Board membership.

The Directors' fees and benefits payable to the Directors are reviewed annually. The executive Board members played no part in deciding their own remuneration and the respective Board members abstained from all discussion and decisions pertaining to their remuneration.

6.2 Remuneration Committee

The Remuneration Committee is populated as follows :

Chairman	Lau Chia En
Members	Datuk Haji Muhamad Shapiae Bin Mat Ali Chang Joo Huat

The TOR of the Remuneration Committee and Remuneration Policy are available on the corporate website at www.wec.com.my.

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

Part III: Part III Remuneration (Cont'd)

6 Level and composition of Remuneration (Cont'd)

6.2 Remuneration Committee (Cont'd)

During the year under review, key activities undertaken by the Remuneration Committee are summarized as follows :

(a) Reviewed the remuneration package of the Executive Directors to ensure that rewards are linked to corporate and individual performance, experience and level of responsibilities undertaken by each Executive Director, and that it is sufficient to attract, motivate and retain the Executive Directors;

(b) Discussed and recommended Directors' Fees and benefits payable to Directors under Section 230 of the Companies Act 2016; and

(c) Reviewed the Terms of Reference of the Remuneration Committee.

7 Remuneration of Directors and Senior Management

7.1 Details of Directors' remuneration

The remuneration payable in respect of Directors' fees for FY2020 and FY2021 are categorised as follows :

Type of Fees	FY2020 (RM)	FY2021 (RM)
Executive Board members (per pax)	30,000	30,000
Non-Executive Board members (per pax)	35,000	35,000
Non-executive Board member & Chairman of the Audit Committee	40,000	40,000
Non-Executive Board member & Chairman of the Board	60,000	60,000

The fees and benefits payable for the Directors are endorsed by the Board for approval by the shareholders at the AGM prior to payment.

The remuneration received / receivable by the Directors of the Company for FY2020 is as disclosed in the CG Report.

7.2 Details of top 5 Senior Management's remuneration

Given the confidential and commercial sensitivities associated with remuneration matters and the highly competitive human resource environment and the importance of ensuring stability and continuity of business operations with a competent and experienced Management team in place, the Board takes the view that there is no necessity for the Group to disclose the remuneration of the Company's Senior Management personnel who are not Directors or the CEO.

7.3 Details of top 5 Senior Management's remuneration on named basis

The Board is aware of the need for transparency in the disclosure of its senior management remuneration. Nonetheless, it is of the view that such disclosure could be detrimental to its business interests given the highly competitive human resource environment in which the Group operates where intense headhunting for personnel with the right expertise, knowledge and relevant working experience is the norm. As such, disclosure of specific remuneration information could give rise to recruitment and talent retention issues going forward.

The Board ensures that the remuneration of the Senior Management personnel commensurate with the level of responsibilities, with due consideration in attracting, retaining and motivating Senior Management to lead and run the Company successfully. Excessive remuneration payout is not made to the Senior Management personnel in any instance.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

Part I: Audit Committee

8 Effective and independent Audit Committee

8.1 Chairman of the Audit Committee

The Audit Committee is chaired by Mr Lau Chia En (an INED), who is distinct from the Chairman of the Board. Details on the composition and activities of the Audit Committee are outlined under the Audit Committee Report in this Annual Report.

8.2 Policy requiring former key audit partner to observe 2-year cooling off period

None of the members of the Board were former key audit partners. Hence, no former key audit partner is appointed to the Audit Committee. As such, there was no need to establish such policy presently. The policy will be established when the need arises in future.

8.3 Policy and procedures to assess the suitability, objectivity and independence of the external auditor

The Audit Committee undertakes an annual assessment of the suitability and independence of the external auditors and is satisfied with the technical competency, quality of audit engagement and independence of the external auditors. The Audit Committee meets with the external auditors at least once a year to discuss their audit plan, audit findings and the Company's financial statements.

At least once a year and whenever necessary, the Audit Committee met with the external auditors without the presence of executive Board members or Management personnel, to allow the Audit Committee and the external auditors to exchange independent views on matters which require the Audit Committee's attention. During the year, the Audit Committee met up twice with the external auditors.

The non-audit service provided by the external auditors during FY2020 was for the review of the Statement on Risk Management and Internal Control.

The external auditors have confirmed to the Audit Committee that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the professional and regulatory requirements.

8.4 Composition of the Audit Committee

The Audit Committee comprised of 2 INEDs and 1 NINED.

8.5 Diversity in the skills of the Audit Committee

The Audit Committee currently comprised of members with professional experience in financial, business and economic environment. All members are financially literate and are able to read, interpret and understand the financial statements. The diversity in skills set coupled with their financial literacy gave the Audit Committee the ability to effectively discharge their roles and responsibilities.

Part II: Risk Management & Internal Control Framework

9 Effective risk management and internal control framework

9.1 Establish an effective risk management and internal control framework

The Statement on Risk Management and Internal Controls in this Annual Report provides an overview on the state of internal controls and risk management within the Group.

Continuous reviews are carried out by the internal audit function, Management and the Risk Management Committee are to identify, evaluate, monitor and manage significant risks affecting the business and ensure that adequate and effective controls are in place. The findings of the internal audit function are reported to the AC regularly.

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

Part II: Risk Management & Internal Control Framework (Cont'd)

9 Effective risk management and internal control framework (Cont'd)

9.2 Disclosure on the features of risk Management and internal control framework

The Statement on Risk Management and Internal Control in this Annual Report provides an overview on the state of internal controls and risk management within the Group.

9.3 Establishment of a Risk Management Committee

A management level Risk Management Committee was established on 22 August 2011. Mr Chang Joo Huat, the Head of Risk Management Committee's assumption of the roles and responsibilities is presently to lead from the top and drive the importance of embedding sound practices of risk management throughout the business operations of the Group.

The Risk Management Committee will report on a yearly basis to the Audit Committee.

10 Effective governance, risk management and internal control

10.1 Effectiveness of the internal audit function

The Audit Committee assesses the performance of the Internal Auditors on an annual basis to ensure that they perform their functions effectively and independently.

The Audit Committee ensures that the Internal Audit function carries out their work according to a recognised framework (i.e. International Professional Practices Framework (IPPF) issued by the Institute of Internal Auditors).

10.2 Disclosure on the internal audit function

The internal audit function is independent of the operations of the Group and is outsourced to a competent consulting firm which is sufficiently resourced and is a member of the Institute of the Internal Auditors Malaysia to provide the services that meet with the Group's required service level. The service provider has been able to provide reasonable assurance that the Group's system of internal control and risk management is satisfactory and operating effectively.

The internal auditors adopt a risk-based approach towards the planning and conduct of their audits, and this is consistent with the Group's approach in designing, implementing and monitoring its internal control system.

The activities of the internal auditors during the financial period are set out in the Statement on Risk Management and Internal Controls in this Annual Report.

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

Part I: Part I Communication with stakeholders

11 Continuous Communication between Company and stakeholders

11.1 Effective and transparent and regular communication with stakeholders

The Group recognises the value of transparent, consistent and coherent communications with the investment community consistent with commercial confidentiality and regulatory considerations. The Group aims to build long-term relationships with shareholders and potential investors through appropriate channels for disclosure of information.

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS (Cont'd)

Part I: Part I Communication with stakeholders (Cont'd)

11 Continuous Communication between Company and stakeholders (Cont'd)

11.1 Effective and transparent and regular communication with stakeholders (Cont'd)

The annual reports, press releases, quarterly results and any announcements on material corporate exercises are the primary modes of disseminating information on the Group's business activities and financial performance.

Investors are provided with sufficient business, operational and financial information on the Group to enable them to make informed investment decisions.

All announcements are reviewed and endorsed by the Board prior to release to the public through Bursa Securities. In addition, all financial related announcements are pre-approved by the CEO before these are submitted to the Audit Committee and Board for approval.

The CEO is the designated spokesperson for all matters related to the Group and dedicated personnel are tasked to prepare and verify material information for timely disclosure upon approval by the Board.

The Group maintains a website at www.wec.com.my for shareholders and the public to access information on, amongst others, the Group's background and products, financial performance and updates on its awards and recognitions and promotions. Stakeholders can at any time seek clarification or raise queries through the corporate website. Primary contact details are set out on the Group's website.

11.2 Integrated Reporting

Integrated reporting is not applicable to the Group presently as the Company does not fall within the definition of "Large Companies".

Part II: Conduct of general meetings

12 Encourage Shareholder Participation at General Meetings

12.1 Notice for annual general meeting

The Board encourages shareholders' participation and as such, the AGM is an important event as the Board is given the opportunity to have a dialogue with the shareholders following presentation of annual audited financial results and to address any questions that may arise. The Directors, Company Secretaries and the Group's external auditors are available to respond to any queries raised.

The notice of the 23rd AGM held in 2020 was sent twenty-eight (28) days before meeting date to shareholders and published in a major local newspaper. Items of special business included in the Notice of AGM was accompanied by an explanation of the proposed resolution. Separate resolutions are proposed for substantially separate issues at the meeting. All suggestions and comments put forth by shareholders were noted by the Board for consideration. The Directors attend the AGM to answer any questions that may arise as shareholders may seek more information than what is available in the Annual Report and / or circulars.

All the resolutions set out in the Notice for the 23rd AGM were put to vote by poll with the outcome announced to Bursa Securities on the same day. The Board is satisfied with the current programme at AGM and there have been no major contentious issues noted.

The notice for the upcoming AGM in 2021 will be sent twenty-eight (28) days in advance to enable shareholders to make adequate preparation.

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS (Cont'd)

Part II: Conduct of general meetings (Cont'd)

12 Encourage Shareholder Participation at General Meetings

12.2 All Directors to attend general meetings

All Directors attended the 23rd AGM held on 22 June 2020.

12.3 Leveraging on technology for voting in absentia and remote shareholders' participation

Based on an analysis of the investors, the Company does not have a large number of shareholders. A large majority of investors are Malaysians. As such, the concern over voting in absentia and / or remote shareholders' participation at AGM are not applicable.

As of now, the Company encourages participation of shareholders through the issuance of proxies when there is indication that shareholders are unable to attend and vote in person at general meetings and maintain the same location for the AGM for the past years.

Statement On Compliance

The Board will continue to strive for sound standards of corporate governance throughout the Group. Presently, the Board is of the view that the Company has in all material aspects satisfactory complied with the principles and practices set out in the Code, except for the departures set out in the CG Report.

The Corporate Governance Overview Statement is issued in accordance with a resolution of the Board of Directors dated 18 February 2020.

AUDIT COMMITTEE REPORT

Formation

The objective of the Audit Committee ("AC" or "Committee"), as a Committee of the Board of Directors ("Board") is to assist the Board in the effective discharge of its fiduciary responsibilities for corporate governance, financial reporting and internal control system of Wong Engineering Corporation Berhad and its subsidiaries ("The Group"). The primary functions of the AC, include, among others, the following :

(a) Assess the Group's process relating to its risks and control environment;
(b) Oversee financial reporting; and
(c) Evaluate the internal and external audit process.

The terms of reference of the AC is published on the Company's website at www.wec.com.my.

Composition, Meeting And Attendance

The present AC comprised solely of Non-Executive Directors with a majority of them being independent, in compliance with para 15.09 of the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities") and Practice 8.4 of the Malaysian Code on Corporate Governance ("Code").

The members of the AC and their attendance at the five (5) meetings held during the financial year under review are as tabulated :

Composition | Position in Committee	Attendance
Lau Chia En | Chairman	5/5
Datuk Haji Muhamad Shapiae Bin Mat Ali | Member	5/5
Eng Teik Hiang | Member	5/5

All members of the AC are financially literate and are able to analyse and interpret financial statements in order to effectively discharge their duties and responsibilities as members of the AC. The AC Chairman fulfills such other requirements as prescribed by Bursa on the composition of the AC as he holds a Master Degree in Business Administration and has over 18 years of experience in the corporate finance in investment banking and stock broking environment in Malaysia.

The minutes of each AC meeting were recorded and tabled for confirmation at the following AC meeting. The AC Chairman reported to the Board on the activities undertaken and the key recommendations for the Board's consideration and decision. During the financial year ended 31 October 2020 ("FY2020"), the AC met five (5) times to discuss matters, among others, in relation to the accounting and reporting practices, related party transactions as well as internal and external audits of the Group.

The meetings were appropriately structured through the use of agendas, which were distributed to members with sufficient notification. The Company Secretary or her representative was present at all the meetings. The executive Board members, members of management as well as representatives of the external auditors and internal auditors were also invited to attend the meetings as and when the need arose.

The AC also made arrangements to meet and discuss with the external and internal auditors on any matters relating to the Group and its audit activities. The AC met twice (2) with the external auditors without the presence of the executive Board members and management during the financial year under review.

Summary Of Activities During The Financial Year

1. **Financial Performance and Reporting**

   (a) Reviewed quarterly unaudited financial results of the Group before recommending to the Board for its consideration and approval and subsequent announcement to Bursa Securities.

   (b) Reviewed the Company's compliance, in particular, the quarterly and year-end financial statements, with the Listing Requirements of Bursa Securities, applicable approved accounting standards of the Malaysian Accounting Standards Board and other relevant legal and statutory requirements.

   (c) Reviewed recurrent related party transactions of revenue and trading nature and other related party transactions entered into by the Group.

2. **Internal Audit ("IA")**

   (a) Reviewed and approved the annual IA plan for FY2020.

   (b) Reviewed the internal audit reports, audit recommendations made and management's response to these recommendations and actions taken to improve the system of internal control and procedures.

   Monitored the feedback and reports from the Internal Auditors for matters of non-compliance, weakness in internal control systems or the lack of it as well as recommendations and management's response.

   The Audit Committee has, where appropriate, directed management to rectify and improve control procedures and workflow processes based on the internal auditors' suggestions for improvement.

   (c) Reviewed the implementation of these recommendations through follow up audit reports.

3. **External auditors ("EA")**

   (a) Discussed the audit plan, scope of work / audit and reporting obligations as well as proposed audit fee for the year under review with the external auditors before commencement of audit engagement.

   (b) Reviewed and discussed with the auditors, the findings and results arising from the audit of the FY2020 and management letter (if any) together with management's response and comments.

   (c) Responded to external auditors' enquiries and recommendations, if any, to ensure compliance with the various approved accounting standards in the preparation of the Group's financial statements.

   (d) Reviewed the suitability and performance as well as factors relating to the independence of the external auditors with due consideration to the quality, robustness and timeliness of the audit and report furnished, audit governance, level of understanding demonstrated of the Group's business and communication about new and applicable accounting practices and auditing standards and its impact on the Group's financial statements as well as the quality of the people and service level.

   (e) Reviewed the non-audit services provided by the external auditors, if any.

   (f) Following a review of the performance and independence of the external auditors during FY2020, the Audit Committee recommended the re-appointment of KPMG PLT.

4. **Corporate Governance**

   (a) Reviewed the relevant regulatory changes and ensure compliance by the Company and the Group.

   (b) Reviewed and approved / recommended, as applicable, the Audit Committee Report, Statement of Risk Management and Internal Control, Statement on Corporate Governance and Corporate Governance Report for Board's approval before inclusion in the Annual Report 2020.

   (c) Reviewed, discussed, approved and monitored recurrent related party transactions of a revenue or trading nature and other related party transactions entered into by the Group as reported by the Management.

Internal Audit Function

The Board acknowledges the need for an effective system of internal control covering all aspects of the Group's activities including the mapping and management of risks which the Group may be exposed to.

The Group has engaged an independent professional consulting firm, Finfield Corporate Services Sdn. Bhd. ("Finfield") to provide outsourced internal audit function to carry out internal audit of the Group. This is to assist the Committee in discharging its duties and responsibilities. The cost incurred for the internal audit function of the Group in respect of the financial year under review is RM15,718.00

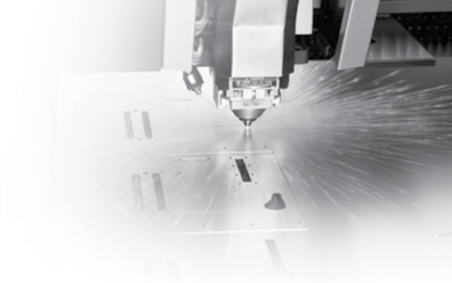
The principal role of the internal audit function is to undertake independent and periodic reviews of the system of internal controls and risk management so as to provide reasonable assurance that such system continues to operate satisfactorily and effectively.

It is the responsibility of the internal audit function to provide the AC with independent and objective reports on the risk management profile as well as the state of internal control of the various operating units within the Group and the extent of compliance of the units with the Group's established policies and procedures as well as relevant statutory requirements. Finfield took the risk based approach in planning the Internal Audit Plan for the approval of the AC.

During FY 2020, the internal audit function carried out 2 cycles of internal audits to test the adequacy and effectiveness of the internal control system for production and preventive maintenance on equipment and quality assurance.

Further information on the internal audit function and its activities are set out in the Statement on Risk Management and Internal Control in this Annual Report.

This report was approved by the AC on 18 February 2021.



STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Board of Directors ("Board") is pleased to present herewith the Statement on Risk Management and Internal Control ("SORMIC") which outlines the nature and scope of internal control and risk management of the Company and its subsidiaries ("Group") during the financial year ended 31 October 2020. This Statement is prepared pursuant to paragraph 15.26 (b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. However, the statement does not cover the Group's associate company, Broadway Lifestyle Sdn. Bhd.

Board Responsibility

The Board recognises the importance of a sound system of internal control and an effective risk management framework for good corporate governance. The Board further affirms its overall responsibility for the Group's system of internal control and risk management and for reviewing the adequacy and integrity of these systems.

However, in view of the limitations underlying any system of risk management and internal control which covers financial, operational and compliance controls, the system is designed mainly to manage, rather than to eliminate risks that may impede the achievement of the Group's objectives. Accordingly, it can only provide reasonable but not absolute assurance against any material misstatement, loss or fraud.

Following the latest publication of the SORMIC : Guidelines for Directors of Listed Issuers (the "Internal Control Guidance"), the Board confirms that there is an on-going process for identifying, evaluating and managing significant risks faced by the Group.

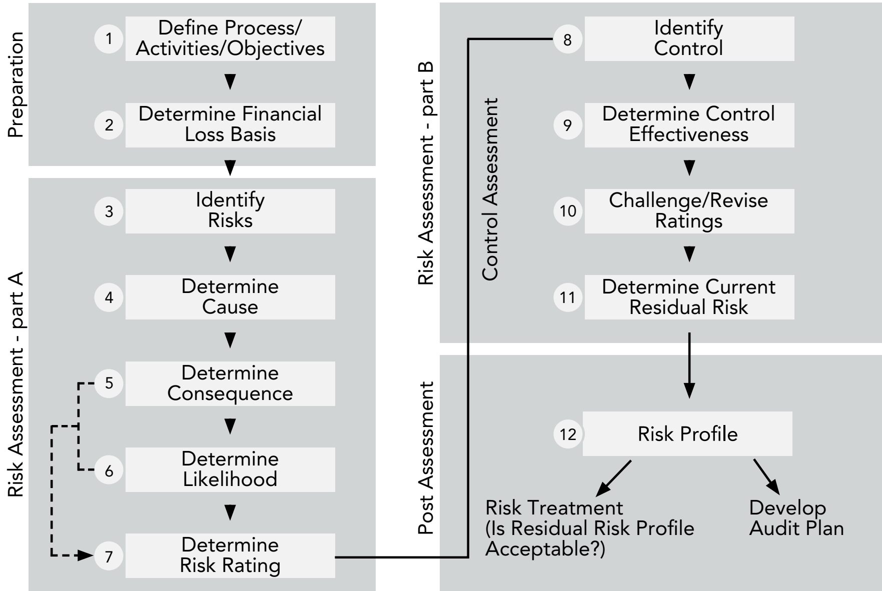
Risk Management Framework

Risk Management Committee ("RMC") was established by the Board with the objective to have an efficient and effective mechanism to bring the transparency, focus and independent judgement needed to oversee the Group risk management framework. The RMC undertakes the responsibility of reviewing the development of risk management framework, align with business and operations requirements which supports the maintenance of a strong control environment. The Group has established an on-going process for identifying, and documenting major risks, evaluating the potential impact and likelihood of occurrence and mitigating controls through the adoption of risk management methodology and approach. This process is reviewed by the RMC and the Audit Committee ("AC") and report to the Board directly.

Operational wise, Risk Management Working Group ("RMWG") is established and members of the RMWG mainly consist of Head of Departments within the Group. In terms of frequency, the RMWG met twice a year to review and update the risk register, and assess status of risk mitigation action plan. The risk governance structure is aligned across business units and subsidiaries of the Group through the streamlining of the risk framework, policies and organisational structures in order to embed and enhance the risk management and risk culture based on the Group's growth and expansion plan.

The risk management process encompasses a 12-step process for the identification, assessment, management and monitoring risks which could impact the objectives of the Group.

The RMC is required to identify major business and compliance risks concerning the respective business units, oversees and ensures integration of risk management into their business processes to safeguard the interest of the Group covering the 11 major areas, namely Commercial Program Management, Supply Chain Management, Engineering, Production, Management Information Systems, Finance, Compliance, Human Resource, Warehouse & Logistics, Facility and Quality Assurance.



Existing controls to mitigate and to manage risks are then re-assessed and strengthened. The Board believes that the Group's risk management framework is integral to maintaining a sound risk management and internal control system through the establishment of RMC with the responsibilities of:-

a) To create and establish high-level risk policies and strategies that are aligned with the strategic business objectives of the Group.
b) To identify the critical risks the Group faces and their changes and the management action plans to manage the risks.
c) To communicate the vision of the Board, strategy, policy, responsibilities and reporting lines to all employees across the Group.
d) To communicate and report to the Audit Committee, on a yearly basis, the significant risks (present or potential), their changes and the action plans of the management to manage the risks.
e) To perform risk management activities of the Group and assist the Audit Committee in discharging its responsibilities for determining significant risks and ensuring the application of appropriate system or action plans to manage the overall risk exposure of the Group.
f) To perform any other function as may be determined by the Audit Committee from time to time.
g) To advise the Audit Committee on areas of high risk and the adequacy of compliance and control procedures throughout the Group.

In short, the RMC is in overall, responsible for maintaining, monitoring and evaluating the effectiveness of the risk management system on an on-going basis.

Internal Audit Function

The Group's internal audit function, which is outsourced to a firm of independent professionals, assists the Board and Audit Committee in providing objective and independent assessment on the adequacy, efficiency and effectiveness of the Group's internal control system. To ensure independence from management, the internal audit is free from any relationship or conflicts of interest with the Group and has direct reporting line to the Audit Committee. Additionally, the Internal Auditor is a Certified Internal Auditor and a member of the Institute of Internal Auditors Malaysia.

Internal Audit Function (Cont'd)

The Audit Plan is approved by the Audit Committee and Audit reports and the status of the audit plan are presented to the Audit Committee. The Audit Plan and audits are carried out on a risk-based approach with its framework defined pursuant to COSO, in cognisance with the Group's objectives and policies in the context of its evolving business and regulatory environment, taking into consideration input of the senior management and the Board. Significant findings and recommendations for improvements are highlighted to the Audit Committee, with periodic follow-up and reviews of action plans.

During the financial year under review, two cycles of internal audit were carried out for Wong Engineering Corporation Berhad, as follows :

(1) Production and preventive maintenance on equipment
(2) Quality assurance

The costs incurred for the internal audit function for the financial year ended 31 October 2020 amounted to RM15,718.

Other Risk and Control Processes

Apart from risk management and internal audit, the Board has initiated the following processes to provide assurance to the Board on the proper conduct of the Group's business operations :

- A process of hierarchical reporting has been established to ensure appropriate segregation of duties and to provide for proper documentation and an auditable trail of accountability.
- A formal and well defined scope of responsibility and delegation of authority has been established through the Board Charter / terms of reference and organisational structures.
- Board and Audit Committee meetings are carried out to assess the overall performance and internal control of the Group.
- The Audit Committee reviews the financial results and evaluates explanations and reasons for any significant and unusual variances.
- The RMWG comprising senior management and head of departments from each subsidiary who review operationally their respective business units and report to RMC in order to assist RMC in discharging their oversight role on the Group's activities.
- The professionalism and competency of staff are being emphasized through continuous training and regular performance evaluation.
- Regular operation and management meetings were held to discuss the financial and operational matters to ensure proper control in all facets.
- The Group uses the SAP system in its operations and financial reporting. The control features embedded in the system enhance the control environment of the Group.

Effectiveness of Internal Control

The review and assurance of the system of internal control is an ongoing process. It is continuously reviewed by the Internal auditors and Audit Committee and weaknesses and incidents of non-compliance with policies and procedures are highlighted to the management for improvement actions to achieve business objectives.

Weaknesses In Risk Management and Internal Controls That Result In Material Losses

The Board remains committed towards establishing a robust system of risk management and internal control and is of the opinion that there were no material losses, contingencies or uncertainties that would require disclosure in the Group's Annual Report during the year resulting from weaknesses in risk management and internal control. Management continues to take measures to strengthen the control environment.

Assurance from Management

The Board has received assurance from the Executive Directors that the Group's system of risk management and internal control systems are operating adequately and effectively, in all material aspects, during the financial year under review and up to the date of this Statement.

The Board is of the view that the system of risk management and internal controls in place are satisfactory to protect the Group's interest and that of its stakeholders, particularly on enhancing shareholders' value.

ADDITIONAL COMPLIANCE INFORMATION

The following information is presented in compliance with the Main Market Listing Requirement ("Listing Requirements") of Bursa Malaysia Securities Berhad.

1. **Utilisation of Proceeds**

   There was no any corporate exercise carried out during the financial year.

2. **Audit Fees and Non-Audit Fees**

   The amount of audit fees and non-audit fees paid to the external auditor or a firm or corporation affiliated to the external auditor by the Group during the financial year ended 31 October 2020 are as follows :

Paid By	Audit Fees (RM)	Non-Audit Fees (RM)
Company	31,000	4,000
Group	134,000	4,000

   The recurring non-audit service was for the annual review of the Statement on Risk Management and Internal Control.

3. **Material Contracts involving Directors and Substantial Shareholders**

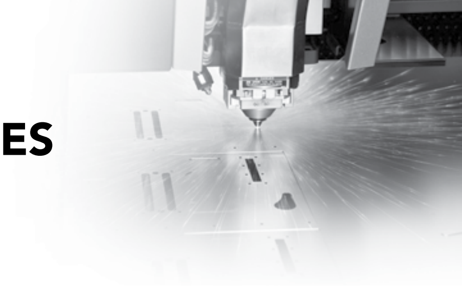
   There were no material contracts entered into by the Company and its subsidiaries, involving the Directors' and substantial shareholders' interests during the financial year ended 31 October 2020.

4. **Recurrent Related Party Transaction of a Revenue or Trading Nature ("RRPT")**

   Details of the RRPT transacted during the financial year ended 31 October 2020 pursuant to the shareholders' mandate obtained by the Company at the AGM held on 22 July 2020 are as tabulated below. The information contained herein, save for the actual value transacted, is extracted from the Circular dated 25 February 2020.

Provider of goods and services	Recipient of goods and services	Nature of transaction	Actual value transacted # (RM)	Related parties
Tajukon Sdn. Bhd. ("Tajukon")	WEC Construction Sdn. Bhd.	Project management services for in relation to earthworks, infrastructure works, building construction works, project supervision, conceptual design, procurement of architectural services, quantity surveying and certification of works, contract documentation including reviewing, coordinating of construction documents, liaising with relevant authorities and consultants and other services.	1,609,456	Yong Loy Huat ("YLH") is the Chief Executive Officer and shareholder of WEC. YLH is also a Director and major shareholder of Tajukon. He holds 72% equity interest in Tajukon. Yong Kwee Lian is a major shareholder of WEC and the sister of YLH. She is also a Director and shareholder of Tajukon. She holds 20% equity interest in Tajukon. Low Siong Chan is a Director and shareholder of Tajukon. He holds 8% equity interest in Tajukon. He is also the brother-in-law of YLH and the brother of Low Seong Chuan.
		Rental of cranes, formworks, machineries and equipment to facilitate the operational works.	201,897	
		Rental of office space located at No. 31-4, Tingkat 3, Jalan SP 2/2, Taman Serdang Perdana Seksyen 2, 43300 Seri Kembangan, Selangor	12,600	

Note :
\# The actual value transacted during the financial year ended 31 October 2020.



STATEMENT ON DIRECTORS' RESPONSIBILITIES

Statement of Directors' Responsibilities in relation to the preparation of audited financial statements pursuant to Paragraph 15.26(a) of the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities").

The Directors are responsible for ensuring that the audited financial statements of the Group and of the Company are prepared in accordance with the requirements of the Malaysian Financial Reporting Standards in Malaysia, the provisions of the Companies Act 2016 and the Listing Requirements of Bursa Securities.

The Directors are also responsible for ensuring that the audited financial statements of the Group and of the Company are prepared with reasonable accuracy from the accounting records which give a true and fair view of the state of affairs of the Group and of the Company as at 31 October 2020 and of the results and the cash flows of the Group and of the Company for the financial year ended on that date.

The Directors are satisfied that in preparing the financial statements of the Group and the Company for the financial year ended 31 October 2020, the Group and the Company have used appropriate accounting policies and applied them consistently and made judgements and estimates that are reasonable.

The Directors are also responsible for taking reasonable steps to safeguard the assets of the Group and of the Company to prevent and detect fraud and other irregularities.

SUSTAINABILITY STATEMENT

Wong Engineering Corporation Berhad ("WEC" or "the Company") recognizes the importance of sustainability as a critical driver for long-term business sustainable growth of WEC and its subsidiaries ("the Group"). As such, the Board of Directors and the management persistently reinforce embedding sustainability into our business strategies and operations to achieve the Group's goals.

This Sustainability Statement is made pursuant to the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities") with guidance drawn from Practice Note 9 of MMLR and the Sustainability Reporting Guide (2nd edition) issued by Bursa Securities.

The scope of this Statement covers the financial year ended 31 October 2020 ("FY2020") for WEC.

1. Sustainability Governance Structure

Although WEC has not formed a separate Sustainability Committee as at the date of this report, our sustainability efforts are overseen by our Board of Directors who are charged with driving our sustainability agenda.

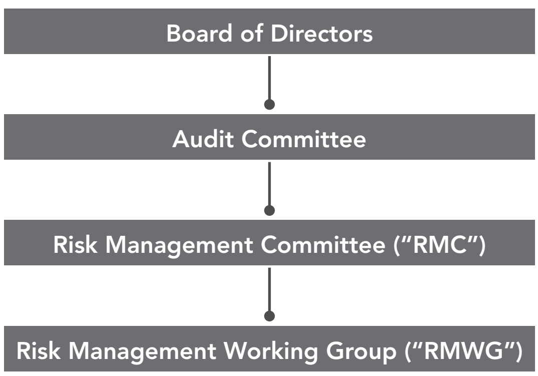
WEC's Enterprise Risk Management ("ERM") framework under the purview of the Risk Management Committee ("RMC") provides the necessary structure, targets and reporting systems to address the material risks and opportunities of WEC. Our RMC is chaired by Mr Chang Joo Huat, an Executive Director who has more than 33 years of experience in manufacturing industry.

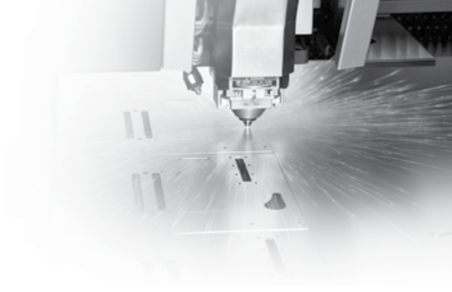
We believe that for a company with strong corporate governance culture, we should bring WEC's governance framework down to the level of roles, responsibilities, reporting lines, and communications to bridge the gap between our governance framework and operational realities.

In FY2020, WEC had engaged an independent professional consulting firm to re-look into our existing Enterprise Risk Management process, including the formation of the Risk Management Working Group ("RMWG"). The RMWG consists of 16 members, they are Senior Management, all Heads of Department from various departments within WEC and Internal Auditors. The sustainability strategies are carried out by RMC and RMWG, they are responsible for identifying, implementing and managing the sustainability action across WEC. The sustainability efforts are focused on the three (3) key areas:-

a. Economic
b. Environment
c. Social

After the formation of our RMWG, the reporting line is as follows:-





2. Stakeholder Engagement

We understand that stakeholder engagement is vital for the success of our business. Hence, we value stakeholders' needs and expectations in relation to WEC's sustainability performance. The following table is the summary of the stakeholder group, areas of concern, and the type of engagement, its frequency and our goals:-

Stakeholder	Areas of concern	Type of engagement	Frequency	Our goals
Employees (They are WEC's important assets, who carry out the daily operations of WEC and ensuring the efficiency of the Group)	• Safety and health • Training and development • Fair compensation • Employee benefits • Equal Employment	• Meetings • Feedback sessions and annual performance appraisal • Trainings, talks and campaigns • Employees' e-Portal • Equal Employment policy • Ethics policy • Whistleblowing policy • Employee handbook • Other employee engagement activities (such as festive celebration and volunteering works)	On-going / Annually	• To provide a safe and healthy workplace with good welfare and equal employment opportunities. • To retain top performers and attract new talent.
Shareholders (Owners of WEC)	• Financial / Business performance review • Operation in compliance with relevant laws and regulations • Shareholder value (dividend and capital gain) • Strategic plans • Sustainable growth	• Annual Reports • Annual / Extraordinary General meetings • Public announcements • Corporate website • Quarterly financial reports	Quarterly / Annually / On-going	To provide reliable and up-to-date disclosures on WEC's material information, to maximise the shareholders relationship with WEC.
Customers (They are the foundation of business' success of WEC)	• Reliable and quality products • Stable supply chain • Sustaining long-term relationship • Competitive pricing • Safety and security	• Website and social media • Regular On-site visits • Meetings • Ethical practices • Customer Satisfaction Survey form	Annually / On-going	To enhance customer's loyalty and to build long-term sustainable relationships with customers.
Suppliers (They are persons / businesses who provide quality products or services to WEC)	• Sustaining long-term relationship • Payment schedule • Business ethics	• Regular On-site visits • Meetings • Transparent procurement process • Ethical practices • Vendor evaluation procedure	Annually / On-going	To build lasting relationship with suppliers.
Regulators (They stipulate and enforce the rules and regulations in the markets where WEC operates)	• Compliance with relevant rules and regulations. • Support country's economy growth	• Participate in training programme organised by government bodies. • Inspections / Inquiries by authorities	On-going	To comply with all relevant rules and regulations.

2. Stakeholder Engagement (Cont'd)

Stakeholder	Areas of concern	Type of engagement	Frequency	Our goals
Community (Local communities include people who reside in the location where WEC operates)	• Sustainability and Corporate Social Responsibility ("CSR") programmes • Environment protection • Job opportunity	• Donation and sponsorship • Participate in CSR programmes • Industrial membership • Creation of employment	On-going	To fulfil WEC's responsibility as a responsible corporate citizen.

3. Materiality Assessment

WEC has identified sustainability matters which are considered material to our operations. The material sustainability matters are managed and categorised into three (3) aspects as follows:-

a. economic;
b. environmental; and
c. social.

3.1 Economic

3.1.1 Quality Management System

To maintain the reputation and credibility of WEC's portfolio of brands, we are committed to maintain high-quality products and services. WEC sees this as a responsibility towards our customers and end-consumers.

WEC was awarded the Quality Management Standard ISO 9001 : 2015 certification from SGS United Kingdom Ltd and SGS (Malaysia) Sdn. Bhd. for the following activities :

Wong Engineering Industries Sdn. Bhd. and Wong Engineering Electronics Sdn. Bhd.
a. Metal Stamping, High Precision Fabrication and Machining Processes include related secondary processes;
b. Manufacturing of Domestic Healthcare Appliances

Wong Exerion Precision Technology Sdn. Bhd.
a. Provision of Mechanical Sub-Assembly Services.

Furthermore, implementing an effective ISO 9001 : 2015 also helps WEC to focus on the important areas of our business and improve efficiency.

3.1.2 Supply Chain Management System

To contributing to the local economy, we always promote to purchase from local suppliers who have been providing high quality and good services. During FY2020, the percentage of purchase from local suppliers is approximately 80%. We committed to continue sourcing our materials locally.

We believe that collaboration with sustainable and responsible suppliers and sub-contractors is the way forward to gain a competitive edge in the global marketplace. All suppliers and sub-contractors must abide by ethical procurement standards and principles stipulated in WEC's procurement policies such as Restriction of Hazardous Substances Procedure and Conflict Mineral Policy. The representatives from our Procurement department and Quality Assurance department shall carry out on-site visits regularly to evaluate the supplier and sub-contractors.

We ensure high-quality control, screening and assessment in all our purchasing, production, and distribution networks. We continue to work closely with our partners to communicate our evolving product and service needs.

3. **Materiality Assessment** (Cont'd)

3.1 **Economic** (Cont'd)

3.1.2 **Supply Chain Management System** (Cont'd)

WEC maintains a healthy and long-term relationship with our suppliers and sub-contractors. WEC believes that an effective supply chain system ensures higher efficiency rates, quality over control and better customer relationship. Unprecedented COVID-19 pandemic has resulted in various challenges to the business environment globally. WEC took several precautions to minimize business disruption and supply chain challenges to mitigate business activities' impact. For example, WEC regularly provides up-to-date information on authorities' SOP and requirements to the business partners.

3.1.3 **Anti-Fraud, Anti-Bribery and Corruption Whistleblowing Policies**

WEC views fraud as significant risks to our business and reputation. The Board of Directors had adopted a Fraud Policy to facilitate the development of controls, which will help detect and prevent fraud against WEC. This policy applies to any fraud, or suspected fraud, involving employees as well as shareholders, consultants, suppliers, contractors, outside agencies doing business with employees of such agencies, and / or any other parties with a business relationship with the Company.

Given the new provision of corporate liability comes into force on 1 June 2020, WEC adopted Anti-Bribery and Corruption Policy on 29 May 2020 and reviewed existing policies and procedures to ensure the WEC's compliance with the requirements. WEC strictly does not compromise any form of bribes given to obtain or retain business advantages for WEC. Employees who disagree with offering or receiving bribes or engaging in corrupt practices will not be penalised even if such refusal may result in WEC losing its business or not meeting the targets.

The Company will carry out the necessary investigation without regard to the suspected wrongdoer's length of service, position / title, or relationship to the Company. All suspicious fraudulent activities or other suspected improper conducts reported by an individual are to be directed to the Senior Management personnel / Managing Director, Independent and Non-Executive Director or his designate immediately.

WEC also adopted a Whistleblowing Policy as a reporting channel for employees to raise genuine concerns about possible improprieties in matters of financial reporting matters, compliance suspicious fraudulent and other malpractices at the earliest opportunity and in an appropriate way.

The Fraud, Anti-Bribery and Corruption and Whistleblowing Policies are reviewed and revised as required to determine its effectiveness in addressing potential fraud and corruption risks. The Policies are available on the WEC's website at www.wec.com.my.

3.2 **Environmental**

3.2.1 **Environment Management System**

WEC is a company which is responsible not only to its stakeholder but also to the environment. WEC was obtained the Environmental Management System Standard ISO 14001 : 2015 certification from SGS United Kingdom Ltd and SGS (Malaysia) Sdn. Bhd. for the following activities:-

<u>Wong Engineering Industries Sdn. Bhd. and Wong Engineering Electronics Sdn. Bhd.</u>

a. Metal Stamping, High Precision Fabrication and Machining Processes include related secondary processes;
b. Manufacturing of Domestic Healthcare Appliances

<u>Wong Exerion Precision Technology Sdn. Bhd.</u>

a. Provision of Mechanical Sub-Assembly Services.

ISO 14001 : 2015 helps WEC to manage our environmental responsibilities in a systematic manner that contributes to the environmental pillar of sustainability.

3. **Materiality Assessment** (Cont'd)

3.2 **Environmental** (Cont'd)

3.2.2 Energy Management

WEC is committed to reducing our energy consumption with the objectives of resource conservation, climate protection and cost savings.

We have initiated a project to replace the conventional fluorescent lights with light-emitting diodes ("LED"). Throughout FY2020, we installed about 480 units of LED lights. Each of the LED lights will save an estimated 23 watt of electricity per unit. Furthermore, we encourage employees to switch off office lights and air conditioning during lunch breaks and non-office hours to avoid wastage.

3.2.3 Waste Management

Our employees are required to wear safety hand gloves when they are working in production plants to prevent injuries. As we recognise the benefits of recycling to reduce our solid waste streams, WEC encourages our employees to recycle and reuse the cotton gloves. We have recycled 16% of gloves in FY2020. Besides, WEC also reduces the amount of waste by reusing and recycling the coolant. The advantages of recycling coolant are remaining environmentally sustainable and providing a safer working environment for employees. Since we have less waste to remove, employees do not have to come in contact with hazardous coolant. By coolant recycling, WEC reduces the cost of waste disposal and the need to purchase new coolant. In FY2020, WEC reduces the total cost of waste disposal by 13% compared to last year.

3.3 Social

3.3.1 Employee Management

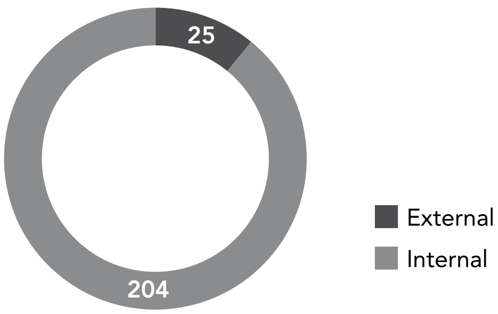
WEC believes that employees are WEC's valuable assets, who carry out the daily operations of WEC and ensure the efficiency. We desire to provide a supportive and healthy workplace. As mentioned in our Ethics Policy, we endeavour to support fair practices in the work place and equal employment opportunities regardless of race, religion and national origin. We have put human resource policies and guidelines in compliance with the relevant labour laws and regulations. Additionally, all employment and promotion decisions will be based solely upon individuals' qualifications, experience, prior contribution and demonstrated capacity.

3.3.2 Employee Training and Development

We believe in continuous training and development to equip employees with the required skills and capacities to effectively perform their work. All new employees will go through the on-job-training programs tailored to their respective roles. Every year, Department Heads will review the training needs of their employees and to recommend the relevant training courses for the employees to enhance their knowledge and skills.

Our employees participated in various types of training in the FY2020 as follows:-

Training Programme Conducted For Year 2020



3. **Materiality Assessment** (Cont'd)

3.3 **Social** (Cont'd)

3.3.3 Occupational Health and Safety

WEC has in place an occupational safety and health policy that highlights our commitment to provide our employees with a safe working environment to minimise occupational-related injuries, and this will be achieved by the following:-

a. Inculcate and encourage the practice of 5S
b. Raise awareness, develop and enforce safe working practices
c. Provide continuous training for all staff
d. Compliance with all applicable safety and health laws and regulations
e. Review the safety and health policy and give recommendation for improvement
f. Evaluate the effectiveness of safety and health measures and carry out corrective action plan
g. Identify workplace risk and implement course of action to lower risks

Our Occupational Health and Safety initiatives are overseen by our Safety and Health Committee which comprises 11 representatives from our management team and our workforce.

We implement 5S workplace organisation method at all the buildings. The principles of the 5S represent **"Sort", "Set in Order", "Shine", "Standardise" and "Sustain"**. WEC has a 5S committee, which consists of 15 members. The 5S audit is conducted four (4) times in a year.

3.3.4 Contribution to the Local Communities

WEC acknowledges our responsibility as a corporate citizen, and WEC has undertaken various efforts to improve our environmental initiatives. We have a Corporate Social Responsibility ("CSR") Committee which comprises of 7 members.

We believe that the value of volunteerism to our community will provide caring character and emphatic among our employees and community. Therefore, WEC encourages our employees to reach out to various communities by allowing them to take time off from their regular duties and to participate in various charitable and community activities.

WEC conducted the following activities during FY2020:-

a. Blood Donation Campaign

One blood donation can save as many as three lives, WEC encourages employees to participate in blood donation campaigns. On annual basis, WEC organizes a blood donation campaign conjointly with the Hospital Kulim, Kedah to save lives. In January 2020, a campaign was conducted at the WEC's premise. Before donating blood, the medical staff provided workers a brief health check-up and told them some important indicators such as blood group, blood pressure, cholesterol level, and more. We had approximately 20% employees who participated in this initiative to donate and contribute their blood to society.

3. **Materiality Assessment** (Cont'd)

3.3 **Social** (Cont'd)

3.3.4 **Contribution to the Local Communities** (Cont'd)

b. **Earth Hour 2020**

Earth Hour is an annual environmental campaign that brings attention to the effects of climate change and greenhouse gas emissions. On 28 March 2020, our factory turned off the non-essential lights and air-conditions for one hour as a symbol of the commitment to the planet. By organizing the earth hour program annually, we not only encourage the community to reduce electricity consumption but also promote positive actions and changes in environmental conservation.

c. **COVID-19 Health and Safety Measures**

In response to COVID-19 pandemic, WEC has formed a COVID-19 Committee with the main objective to safeguard our employees and minimize the impact in the workplace. The COVID-19 Committee has implemented the Standard Operating Procedures (SOP) and enhanced the SOP from time to time. Several measures have been in place, such as daily screening of employees' body temperature before entrance, visitors and suppliers' self-declaration, physical distancing of 1 meter distance, daily disinfection of defined areas and others.

Additionally, the COVID-19 Committee frequently conducts audit in the premises to ensure the employees complied with the SOP at all times. In order to increase the awareness of COVID-19 prevention, WEC regularly conducts briefings on the SOP, messages from the authorities and COVID-19 cases updates to all the employees.

WEC organized COVID-19 swab tests for all the employees. Along with this event, WEC distributed additional facemask to our employees in an effort of supporting the employees to safeguard during the global pandemic.




3. **Materiality Assessment** (Cont'd)

3.3 **Social** (Cont'd)

3.3.4 **Contribution to the Local Communities** (Cont'd)

d. #InilahKitaFrontliners Campaign

15 October 2020 is the Global Handwashing Day. WEC took the opportunity to create awareness on the importance of handwashing with soap or hand sanitizer as the easiest and most effective precautionary behaviour to prevent illness and spreading of COVID-19. The Head of Department took the initiative and show the employees with example.

e. Sports Event Sponsorship

Having an active work-life balance is vital towards achieving a rich socio-economic environment and improve productivity in the workplace. In order to encourage healthy lifestyle and improve spirit de corps among the employees, we encourage our employees to participate in the weekly badminton activities at KHTP Sport Complex, Kulim. The badminton sponsorship has extended for another year to challenge and reward the employees to stay active and healthy through badminton training.

f. Project Sponsorship

WEC also honors our commitment to promote a healthy environment and sustainable living by kicking off project sponsorship this year. We had sponsored a researcher from a local university to further pursue his research work in the areas of ozone treatment, water, and wastewater management. Project sponsorship not only allows the company to contribute to the advancement of the researcher's work but also as a form of corporate social responsibility.

g. Food Donation

The outbreak of COVID-19 has badly affected society, communities, and families. WEC collaborated with the members of Kulim Industrial Tenants Association for food donation activities in helping the communities to overcome these critical challenges.

DIRECTORS' REPORT
for the year ended 31 October 2020

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 October 2020.

Principal activities

The Company is principally engaged in investment holding activities whilst the principal activities of the subsidiaries are as stated in Note 6 to the financial statements. There has been no significant change in the nature of these activities during the financial year.

Subsidiaries

The details of the Company's subsidiaries are disclosed in Note 6 to the financial statements.

Results

	Group RM	Company RM
Profit for the year attributable to :		
Owners of the Company	**3,157,512**	**3,017,080**
Non-controlling interest	**(5,592)**	**-**
	3,151,920	**3,017,080**

Reserves and Provisions

There were no material transfers to or from reserves and provisions during the financial year under review.

Dividends

Since the end of the previous financial year, the amount of dividends paid by the Company were as follows :

i) In respect of the financial year ended 31 October 2019 :

- The final dividend was reclassified as a second interim single tier dividend of 1.0 sen per ordinary shares totalling RM1,112,884 declared on 24 February 2020 and paid on 8 May 2020.

ii) In respect of the financial year ended 31 October 2020 :

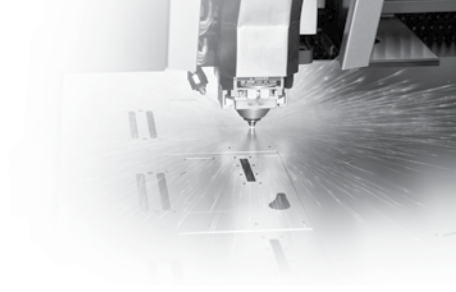
- A first interim single tier dividend of 0.75 sen per ordinary share totalling RM830,991 declared on 17 September 2020 and paid on 13 October 2020.

A final single tier dividend of 0.50 sen per ordinary share has been recommended, in respect of the financial year ended 31 October 2020, subject to the approval of the shareholders at the forthcoming Annual General Meeting.

Directors of the Company

Directors who served during the financial year until the date of this report are :

Datuk Haji Muhamad Shapiae Bin Mat Ali - Independent Non-Executive Chairman
Yong Loy Huat - Chief Executive Officer
Chang Joo Huat - Executive Director
Eng Teik Hiang - Non-Independent Non-Executive Director
Low Seong Chuan - Executive Director
Lau Chia En - Independent Non-Executive Director
Anstey Yong Lee Teen - Executive Director



Directors of subsidiaries

Pursuant to Section 253(2) of the Companies Act 2016, Directors who served in the Company’s subsidiaries during the financial year until the date of this report are as follows :

Yong Hon Choong	
Khoo Boo Inn	
Khoo Teng Jin	
Ong Chong Khim	
Wong Seik Pin	(Resigned on 9 November 2020)

Directors’ interests in shares

The direct and deemed interests in the ordinary shares of the Company and of its related corporations (other than wholly-owned subsidiaries) of those who were Directors at financial year end (including the interests of the spouses or children of the Directors who themselves are not Directors of the Company) as recorded in the Register of Directors’ Shareholdings are as follows :

	Number of ordinary shares			
	At 1.11.2019	Bought	Sold	At 31.10.2020
Eng Teik Hiang Deemed interests in the Company : - others *	248,750	-	(240,000)	8,750
Yong Loy Huat Interests in the Company : - own	22,141,125	350,000	(350,000)	22,141,125
Low Seong Chuan Interests in the Company : - others	12,500	-	-	12,500
Chang Joo Huat Interests in the Company : - own	75,000	-	-	75,000
Anstey Yong Lee Teen Interests in the Company : - own	1,875,000	-	-	1,875,000

* Madam Tan Allis is the spouse of Mr. Eng Teik Hiang. In accordance with Companies Act, the interests of Madam Tan Allis in the shares of the Company and of its related corporations shall be regarded as the interests of Mr. Eng Teik Hiang.

None of the other Directors holding office at 31 October 2020 had any interest in the ordinary shares of the Company and of its related corporations during the financial year.

Directors’ benefits

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than those fees and other benefits included in the aggregate amount of remuneration received or due and receivable by Directors as shown in the financial statements of the Company or of related corporations or the fixed salary as a full time employee of related corporation) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

There were no arrangements during and at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Issue of shares and debentures

There was no change in the issued and paid-up capital of the Company and no debentures were issued during the financial year.

Options granted over unissued shares

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

Indemnity and insurance costs

During the financial year, the total amount of insurance cost effected for Directors of the Company is RM9,000. However, there was no indemnity given to Directors, officers and auditors of the Company during the financial year.

Other statutory information

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

i) all known bad debts have been written off and adequate provision made for doubtful debts, and

ii) any current assets which were unlikely to be realised in the ordinary course of business 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 :

i) that would render the amount written off for bad debts or the amount of the provision for doubtful debts in the Group and in the Company inadequate to any substantial extent, or

ii) that would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading, or

iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate, or

iv) not otherwise dealt with in this report or the financial statements that would render any amount stated in the financial statements of the Group and of the Company misleading.

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

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

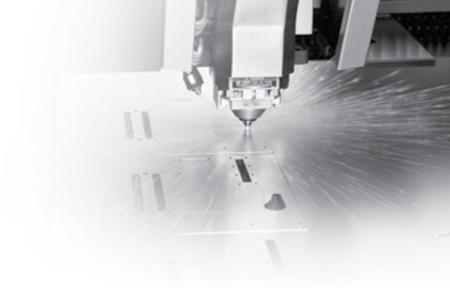
ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year.

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

In the opinion of the Directors, the financial performances of the Group and of the Company for the financial year ended 31 October 2020 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

Significant event during the financial year

The details of such event are disclosed in Note 31 to the financial statements.



Auditors

The auditors, KPMG PLT, have indicated their willingness to accept re-appointment.

The auditors’ remuneration is disclosed in Note 19 to the financial statements.

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

....
Yong Loy Huat
Director

....
Eng Teik Hiang
Director

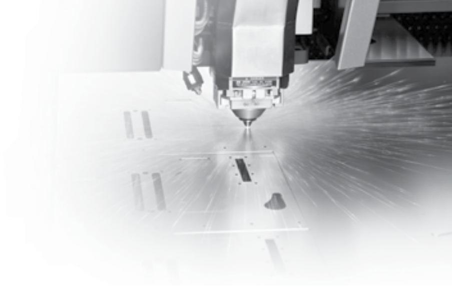
Penang,

Date : 18 February 2021

STATEMENTS OF FINANCIAL POSITIONS
as at 31 October 2020

		Group		Company	
	Note	2020 RM	2019 RM	2020 RM	2019 RM
Assets					
Property, plant and equipment	3	**31,033,986**	35,726,799	**-**	-
Right-of-use assets	4	**3,590,665**	-	**-**	-
Investment properties	5	**496,500**	501,750	**-**	-
Investment in subsidiaries	6	**-**	-	**63,024,853**	63,024,853
Investment in an associate	7	**8,616,236**	-	**8,750,000**	-
Deferred tax assets	8	**3,313,170**	3,907,887	**-**	-
Total non-current assets		**47,050,557**	40,136,436	**71,774,853**	63,024,853
Inventories	9	**10,651,487**	11,608,145	**-**	-
Other investments	10	**2,662,000**	2,945,000	**2,662,000**	2,945,000
Trade and other receivables	11	**22,474,916**	12,704,842	**90,796**	69,940
Current tax assets		**262,539**	161,469	**-**	-
Fixed deposits placed with licensed banks	12	**6,327,717**	10,624,579	**-**	-
Cash and cash equivalents	13	**13,861,544**	20,966,404	**215,360**	860,683
Total current assets		**56,240,203**	59,010,439	**2,968,156**	3,875,623
Total assets		**103,290,760**	99,146,875	**74,743,009**	66,900,476
Equity					
Share capital	14	**57,909,068**	57,909,068	**57,909,068**	57,909,068
Reserves	15	**11,263,398**	10,861,923	**8,030,398**	7,769,355
Total equity attributable to owners of the Company		**69,172,466**	68,770,991	**65,939,466**	65,678,423
Non-controlling interest		**33,672**	39,264	**-**	-
Total equity		**69,206,138**	68,810,255	**65,939,466**	65,678,423
Liabilities					
Loans and borrowings	16	**15,008,118**	17,899,084	**-**	-
Lease liabilities		**32,027**	-	**-**	-
Other payable	17	**-**	-	**-**	926,501
Total non-current liabilities		**15,040,145**	17,899,084	**-**	926,501
Loans and borrowings	16	**2,670,268**	2,930,811	**-**	-
Lease liabilities		**188,671**	-	**-**	-
Current tax liabilities		**406,737**	266,695	**-**	-
Trade and other payables	17	**15,778,801**	9,240,030	**8,803,543**	295,552
Total current liabilities		**19,044,477**	12,437,536	**8,803,543**	295,552
Total liabilities		**34,084,622**	30,336,620	**8,803,543**	1,222,053
Total equity and liabilities		**103,290,760**	99,146,875	**74,743,009**	66,900,476

The notes on pages 61 to 118 are an integral part of these financial statements.



STATEMENTS OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 October 2020

		Group		Company	
	Note	2020 RM	2019 RM	2020 RM	2019 RM
Revenue	18	**70,846,556**	60,906,776	**3,407,849**	4,278,123
Cost of sales		**(59,168,509)**	(49,107,980)	**-**	-
Gross profit		**11,678,047**	11,798,796	**3,407,849**	4,278,123
Other income		**1,288,234**	1,909,901	**502,263**	1,547,243
Distribution expenses		**(1,075,331)**	(925,765)	**-**	-
Administrative expenses		**(7,052,844)**	(6,253,259)	**(786,318)**	(684,481)
Net loss on impairment of financial instruments		**-**	(454,869)	**-**	-
Other expenses		**(32,314)**	(487,839)	**(21,324)**	-
Results from operating activities	19	**4,805,792**	5,586,965	**3,102,470**	5,140,885
Finance income		**857,990**	427,506	**12,979**	21,399
Finance costs	21	**(864,295)**	(827,164)	**(98,369)**	(11,981)
Net finance (costs)/income		**(6,305)**	(399,658)	**(85,390)**	9,418
Share of loss of equity-accounted associate		**(133,764)**	-	**-**	-
Profit before tax		**4,665,723**	5,187,307	**3,017,080**	5,150,303
Income tax	22	**(1,513,803)**	589,510	**-**	-
Profit for the year representing total comprehensive income for the year		**3,151,920**	5,776,817	**3,017,080**	5,150,303
Profit for the year representing total comprehensive income for the year attributable to :					
Owners of the Company		**3,157,512**	5,787,237	**3,017,080**	5,150,303
Non-controlling interest		**(5,592)**	(10,420)	**-**	-
Profit for the year representing total comprehensive income for the year		**3,151,920**	5,776,817	**3,017,080**	5,150,303
Basic earnings per ordinary share (sen)	23	**2.83**	5.11		

The notes on pages 61 to 118 are an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY
for the year ended 31 October 2020

	← Attributable to owners of the Company			→		
	Share capital RM	Treasury shares RM	Retained earnings RM	Total RM	Non-controlling interest RM	Total Equity RM
Group						
At 1 November 2018	57,909,068	(368,330)	7,823,401	65,364,139	49,684	65,413,823
Profit/(Loss) for the year representing total comprehensive income/(expense) for the year	-	-	5,787,237	5,787,237	(10,420)	5,776,817
Contributions by and distributions to owners of the Company						
- Own shares acquired	-	(681,355)	-	(681,355)	-	(681,355)
- Dividends to owners of the Company (Note 24)	-	-	(1,699,030)	(1,699,030)	-	(1,699,030)
Total transactions with owners of the Company	-	(681,355)	(1,699,030)	(2,380,385)	-	(2,380,385)
At 31 October 2019/1 November 2019	57,909,068	(1,049,685)	11,911,608	68,770,991	39,264	68,810,255
Profit/(Loss) for the year representing total comprehensive income/(expense) for the year	-	-	3,157,512	3,157,512	(5,592)	3,151,920
Contributions by and distributions to owners of the Company						
- Own shares acquired	-	(812,162)	-	(812,162)	-	(812,162)
- Dividends to owners of the Company (Note 24)	-	-	(1,943,875)	(1,943,875)	-	(1,943,875)
Total transactions with owners of the Company	-	(812,162)	(1,943,875)	(2,756,037)	-	(2,756,037)
At 31 October 2020	57,909,068	(1,861,847)	13,125,245	69,172,466	33,672	69,206,138
	Note 14	← Note 15 →				

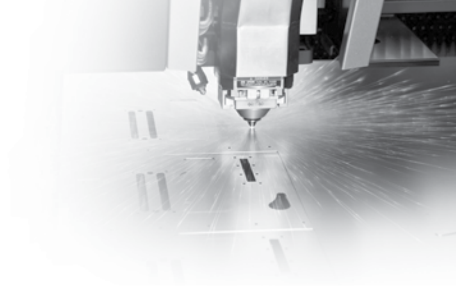
STATEMENTS OF CHANGES IN EQUITY (Cont'd)
for the year ended 31 October 2020

	← Attributable to owners of the Company →			
	Share capital RM	Treasury shares RM	Retained earnings RM	Total equity RM
Company				
At 1 November 2018	57,909,068	(368,330)	5,367,767	62,908,505
Profit for the year representing total comprehensive income for the year	-	-	5,150,303	5,150,303
Contributions by and distributions to owners of the Company				
- Own shares acquired	-	(681,355)	-	(681,355)
- Dividends to owners of the Company (Note 24)	-	-	(1,699,030)	(1,699,030)
Total transactions with owners of the Company	-	(681,355)	(1,699,030)	(2,380,385)
At 31 October 2019/ 1 November 2019	57,909,068	(1,049,685)	8,819,040	65,678,423
Profit for the year representing total comprehensive income for the year	-	-	3,017,080	3,017,080
Contributions by and distributions to owners of the Company				
- Own shares acquired	-	(812,162)	-	(812,162)
- Dividends to owners of the Company (Note 24)	-	-	(1,943,875)	(1,943,875)
Total transactions with owners of the Company	-	(812,162)	(1,943,875)	(2,756,037)
At 31 October 2020	57,909,068	(1,861,847)	9,892,245	65,939,466
	Note 14	← Note 15	→	

The notes on pages 61 to 118 are an integral part of these financial statements.

STATEMENTS OF CASH FLOWS
for the year ended 31 October 2020

		Group		Company	
	Note	2020 RM	2019 RM	2020 RM	2019 RM
Cash flows from operating activities					
Profit before tax		**4,665,723**	5,187,307	**3,017,080**	5,150,303
Adjustments for :					
Fair value loss/(gain) on quoted shares	19	**21,324**	(625,095)	**21,324**	(625,095)
Depreciation of property, plant and equipment	3	**3,978,651**	3,906,804	**-**	-
Depreciation of right-of-use assets	4	**184,391**	-	**-**	-
Depreciation of investment properties	5	**5,250**	5,250	**-**	-
Finance income		**(857,990)**	(427,506)	**(12,979)**	(21,399)
Finance costs	21	**864,295**	827,164	**98,369**	11,981
Gain on disposal of assets	19	**(5,000)**	(203,142)	**-**	-
Plant and equipment written off		**-**	23,006	**-**	-
Gain on disposal of other investments	19	**(502,265)**	(922,148)	**(502,265)**	(922,148)
Impairment loss on trade receivables		**-**	454,869	**-**	-
Share of loss of equity-accounted associate		**133,764**	-	**-**	-
Dividend income	18	**(65,989)**	(106,461)	**(3,131,849)**	(3,950,531)
Operating profit/(loss) before changes in working capital		**8,422,154**	8,120,048	**(510,320)**	(356,889)
Changes in working capital :					
Inventories		**956,658**	1,438,426	**-**	-
Trade and other receivables		**(9,770,074)**	(587,607)	**(20,856)**	(51,420)
Trade and other payables		**7,009,382**	1,106,371	**7,581,490**	121,005
Cash generated from/(used in) operations		**6,618,120**	10,077,238	**7,050,314**	(287,304)
Dividend received		**65,989**	106,461	**3,131,849**	3,950,531
Tax paid		**(880,114)**	(289,664)	**-**	-
Net cash from operating activities		**5,803,995**	9,894,035	**10,182,163**	3,663,227
Cash flows from investing activities					
Acquisition of plant and equipment	A	**(3,060,894)**	(1,461,904)	**-**	-
Proceeds from disposal of assets		**5,000**	328,116	**-**	-
Interest received		**857,990**	427,506	**12,979**	21,399
Withdrawal/(Placement) of fixed deposits		**4,315,704**	(10,104,800)	**-**	-
Placement of fixed deposits pledged with licensed banks		**(18,842)**	(19,779)	**-**	-
Additions of other investments		**(878,324)**	(1,914,905)	**(878,324)**	(1,914,905)
Acquisition of an associate		**(8,750,000)**	-	**(8,750,000)**	-
Proceeds from disposal of other investments		**1,642,265**	1,354,148	**1,642,265**	1,354,148
Net cash used in investing activities		**(5,887,101)**	(11,391,618)	**(7,973,080)**	(539,358)



STATEMENTS OF CASH FLOWS (Cont'd)

for the year ended 31 October 2020

	Note	Group 2020 RM	Group 2019 RM	Company 2020 RM	Company 2019 RM
Cash flows from financing activities					
Dividends paid		**(1,943,875)**	(1,699,030)	**(1,943,875)**	(1,699,030)
Repayment of other payable		**(470,611)**	(343,303)	**-**	-
Repayment of term loan		**(2,000,004)**	(1,333,336)	**-**	-
Drawdown of term loan		**-**	20,000,000	**-**	-
Payment of finance lease liabilities		**-**	(1,337,293)	**-**	-
Payment of hire purchase creditors		**(748,140)**	-	**-**	-
Payment of lease liabilities		**(182,667)**	-	**-**	-
Repurchase of treasury shares		**(812,162)**	(681,355)	**(812,162)**	(681,355)
Interest paid		**(864,295)**	(827,164)	**(98,369)**	(11,981)
Net cash (used in)/from financing activities		**(7,021,754)**	13,778,519	**(2,854,406)**	(2,392,366)
Net (decrease)/increase in cash and cash equivalents		**(7,104,860)**	12,280,936	**(645,323)**	731,503
Cash and cash equivalents at 1 November 2019/2018		**20,966,404**	8,685,468	**860,683**	129,180
Cash and cash equivalents at 31 October	B	**13,861,544**	20,966,404	**215,360**	860,683

Cash outflow for leases as a lessee

	Note	Group 2020 RM	Group 2019 RM
Included in net cash from operating activities			
Payment relating to short-term leases	19	**34,300**	-
Payment relating to leases of low-value assets	19	**31,442**	-
Included in net cash used in financing activities			
Payment of lease liabilities		**182,667**	-
Total cash outflows for leases		**248,409**	-

Notes to statements of cash flows

A. *Acquisition of plant and equipment*

During the previous financial year, the Group acquired plant and equipment with an aggregate cost of RM3,734,321 of which RM1,461,904 was paid by cash. The balance of RM2,272,417 was acquired by means of finance leases.

B. *Cash and cash equivalents*

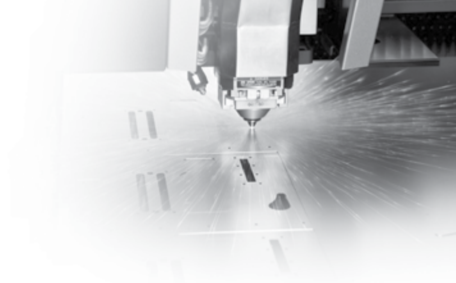
Cash and cash equivalents included in the statements of cash flows comprise the following statements of financial position amounts :

	Note	Group 2020 RM	Group 2019 RM	Company 2020 RM	Company 2019 RM
Short term deposits placed with licensed banks	13	**8,622,324**	12,436,341	**-**	-
Cash and bank balance	13	**5,239,220**	8,530,063	**215,360**	**860,683**
		13,861,544	20,966,404	**215,360**	860,683

Reconciliation of movements of liabilities to cash flows arising from financing activities

	At 1 November 2018 RM	Net changes from financing cash flows RM	Acquisition of new lease RM	At 31 October 2019 RM	Adjustment on initial application of MFRS 16 RM	At 1 November 2019 RM	Net changes from financing cash flows RM	At 31 October 2020 RM
Group								
Term loan	-	18,666,664	-	18,666,664	-	18,666,664	(2,000,004)	16,666,660
Finance lease liabilities	1,228,107	(1,337,293)	2,272,417	2,163,231	(2,163,231)	-	-	-
Hire purchase creditors	-	-	-	-	1,759,866	1,759,866	(748,140)	1,011,726
Lease liabilities	-	-	-	-	403,365	403,365	(182,667)	220,698
Total liabilities from financing activities	1,228,107	17,329,371	2,272,417	20,829,895	-	20,829,895	(2,930,811)	17,899,084

The notes on pages 61 to 118 are an integral part of these financial statements.



Wong Engineering Corporation Berhad is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad. The addresses of the principal place of business and registered office of the Company are as follows :

Principal place of business

Lot 24, Jalan Hi-Tech 4
Kulim Hi-Tech Park (Phase 1)
09000 Kulim
Kedah Darul Aman

Registered office

170-09-01 Livingston Tower
Jalan Argyll
10050 George Town
Pulau Pinang

The consolidated financial statements of the Company as at and for the financial year ended 31 October 2020 comprise the Company and its subsidiaries (together referred to as the "Group" and individually referred to as "Group entities") and the Group's interest in an associate.

The Company is principally engaged in investment holding activities. The principal activities of the subsidiaries are stated in Note 6 to the financial statements.

These financial statements were authorised for issue by the Board of Directors on 18 February 2021.

1. Basis of preparation

(a) Statement of compliance

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

The following are accounting standards, interpretations and amendments that have been issued by the Malaysian Accounting Standards Board ("MASB") but have not been adopted by the Group and the Company :

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2020
- Amendments to MFRS 3, *Business Combinations - Definition of a Business*
- Amendments to MFRS 101, *Presentation of Financial Statements and MFRS 108, Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Material*
- Amendments to MFRS 9, *Financial Instruments,* MFRS 139, *Financial Instruments : Recognition and Measurement* and MFRS 7, *Financial Instruments : Disclosures - Interest Rate Benchmark Reform*

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 June 2020
- Amendment to MFRS 16, *Leases – Covid-19-Related Rent Concessions*

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2021
- Amendments to MFRS 9, *Financial Instruments,* MFRS 139, *Financial Instruments : Recognition and Measurement,* MFRS 7, *Financial Instruments : Disclosures,* MFRS 4, *Insurance Contracts and MFRS 16, Leases – Interest Rate Benchmark Reform – Phase 2*

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2022
- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2018−2020)*
- Amendments to MFRS 3, *Business Combinations – Reference to the Conceptual Framework*
- Amendments to MFRS 9, *Financial Instruments (Annual Improvements to MFRS Standards 2018−2020)*
- Amendments to Illustrative Examples accompanying MFRS 16, *Leases (Annual Improvements to MFRS Standards 2018−2020)*
- Amendments to MFRS 116, *Property, Plant and Equipment − Proceeds before Intended Use*

1. Basis of preparation (Cont'd)

(a) Statement of compliance (Cont'd)

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2022 (Cont'd)
- Amendments to MFRS 137, *Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Cost of Fulfilling a Contract*
- Amendments to MFRS 141, *Agriculture (Annual Improvements to MFRS Standards 2018–2020)*

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2023
- MFRS 17, *Insurance Contracts*
- Amendments to MFRS 101, *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current*

MFRSs, interpretations and amendments effective for annual periods beginning on or after a date yet to be confirmed
- *Amendments to MFRS 10, Consolidated Financial Statements and MFRS 128, Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The Group and the Company plan to apply the abovementioned accounting standards, interpretations and amendments, where applicable, in the respective financial years when the abovementioned accounting standards, interpretations or amendments become effective.

The initial application of the accounting standards, interpretations or amendments are not expected to have any material financial impacts to the current period and prior period financial statements of the Group and the Company.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis other than as disclosed in Note 2 to the financial statements.

(c) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency. All financial information is presented in RM, unless otherwise stated.

(d) Use of estimates and judgements

The preparation of the financial statements in conformity with MFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than those disclosed in the following notes :

(i) Note 8 - Deferred tax assets

Estimating the deferred tax assets to be recognised requires a process that involves determining appropriate tax provisions, forecasting future years' taxable income and assessing our ability to utilise tax benefits through future earnings. The actual utilisation of tax benefit may be different from expected.

(ii) Note 9 - Net realisable value of inventories

The management reviews for obsolescence and decline in net realisable value below cost. This review requires judgement and estimates. Possible changes in these estimates could result in revision to the valuation of inventories.

2. Significant accounting policies

The accounting policies set out below have been applied consistently to the periods presented in these financial statements and have been applied consistently by Group entities, unless otherwise stated.

Arising from the adoption of MFRS 16, *Leases,* there are changes to the accounting policies applied to lease contracts entered into by the Group entities as compared to those applied in previous financial statements. The impacts arising from the adoption of this new accounting standard are disclosed in Note 32 to the financial statements.

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities, including structured entities, controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The Group controls an entity when it 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. The Group also 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.

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs.

(ii) Business combinations

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

For new acquisitions, the Group measures the cost of goodwill at the acquisition date as :

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

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

For each business combination, the Group elects whether it measures the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

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

(iii) Acquisitions of non-controlling interests

The Group accounts for all changes in its ownership interest in a subsidiary that do not result in a loss of control as equity transactions between the Group and its non-controlling interest holders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against Group reserves.

2. Significant accounting policies (Cont'd)

(a) Basis of consolidation (Cont'd)

(iv) Loss of control

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

(v) Associates

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

Investments in associates are accounted for in the consolidated financial statements using the equity method less any impairment losses. The cost of the investment includes transaction costs. The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of the associates, after adjustments if any, to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

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

When the Group ceases to have significant influence over an associate, any retained interest in the former associate at the date when significant influence is lost is measured at fair value and this amount is regarded as the initial carrying amount of a financial asset. The difference between the fair value of any retained interest plus proceeds from the interest disposed of and the carrying amount of the investment at the date when equity method is discontinued is recognised in the profit or loss.

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

Investments in associates are measured in the Company's statement of financial position at cost less any impairment losses. The cost of investment includes transaction costs.

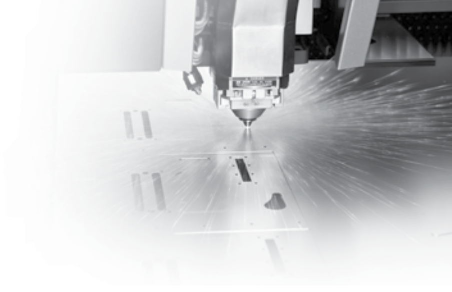
(vi) Non-controlling interests

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 year between non-controlling interests and owners of the Company.

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

(vii) Transactions eliminated on consolidation

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



2. Significant accounting policies (Cont'd)

(a) Basis of consolidation (Cont'd)

(vii) Transactions eliminated on consolidation (Cont'd)

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

(b) Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency of the Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are retranslated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting date, except for those that are measured at fair value which are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on retranslation are recognised in profit or loss.

(c) Financial instruments

(i) Recognition and initial measurement

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without significant financing component) or a financial liability is initially measured at fair value plus or minus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issuance. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) Financial instrument categories and subsequent measurement

Financial assets

Categories of financial assets are determined on initial recognition and are not reclassified subsequent to their initial recognition unless the Group or the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change of the business model.

(a) Amortised cost

Amortised cost category comprises financial assets that are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The financial assets are not designated as fair value through profit or loss.

Subsequent to initial recognition, these financial assets are measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets (see Note 2(i)(i)) where the effective interest rate is applied to the amortised cost.

2. Significant accounting policies (Cont'd)

(c) Financial instruments (Cont'd)

(ii) Financial instrument categories and subsequent measurement (Cont'd)

Financial assets (Cont'd)

(b) Fair value through profit or loss

All financial assets not measured at amortised cost as described above are measured at fair value through profit or loss. This includes derivative financial assets (except for a derivative that is a designated and effective hedging instrument). On initial recognition, the Group or the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at fair value through other comprehensive income as at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets categorised as fair value through profit or loss are subsequently measured at their fair value. Net gains or losses, including any interest or dividend income, are recognised in the profit or loss.

All financial assets, except for those measured at fair value through profit or loss, are subject to impairment assessment (see Note 2(i)(i)).

Financial liabilities

The categories of financial liabilities at initial recognition are as follows :

Amortised cost

Financial liabilities not categorised as fair value through profit or loss are subsequently measured at amortised cost using the effective interest method.

Interest expense and foreign exchange gains and losses are recognised in the profit or loss. Any gains or losses on derecognition are also recognised in the profit or loss.

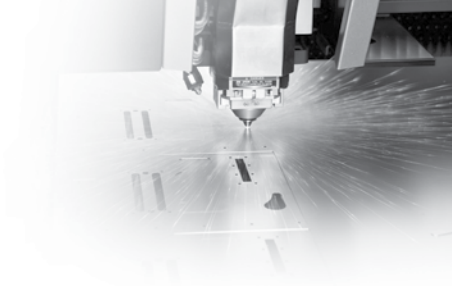
(iii) Financial guarantee contracts

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

Financial guarantees issued are initially measured at fair value. Subsequently, they are measured at higher of :

- the amount of the loss allowance; and
- the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance to the principles of MFRS 15, *Revenue from Contracts with Customers.*

Liabilities arising from financial guarantees are presented together with other provisions.



2. Significant accounting policies (Cont'd)

(c) Financial instruments (Cont'd)

(iv) Regular way purchase or sale of financial assets

A regular way purchase or sale of financial assets is recognised and derecognised, as applicable, using trade date or settlement date accounting in the current year.

Trade date accounting refers to :

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

Settlement date accounting refers to :

(a) the recognition of an asset on the day it is received by the Group or the Company, and
(b) derecognition of an asset and recognition of any gain or loss on disposal on the day that is delivered by the Group or the Company.

Any change in the fair value of the asset to be received during the period between the trade date and the settlement date is accounted in the same way as it accounts for the acquired asset.

Generally, the Group or the Company applies settlement date accounting unless otherwise stated for the specific class of asset.

(v) Derecognition

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

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expires. A financial liability is also derecognised when its terms are modified and the cash flows of the modified liability are substantially different, in which case, a new financial liability based on modified terms is recognised at fair value. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(vi) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group or the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and liability simultaneously.

(d) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less any accumulated depreciation and any accumulated impairment losses.

2. Significant accounting policies (Cont'd)

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

(i) Recognition and measurement (Cont'd)

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs.

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

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

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and is recognised net within "other income" and "other expenses" respectively in profit or loss.

(ii) Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group or the Company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised to profit or loss. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment from the date that they are available for use. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use.

The depreciation rates for the current and comparative periods based on their estimated useful lives are as follows :

	%
Buildings	2
Plant and machinery	10
Furniture, fittings and office equipment	6.67 - 50
Motor vehicles	16

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

(e) Leases

The Group has applied MFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised as an adjustment to retained earnings at 1 November 2019. Accordingly, the comparative information presented for 2019 has not been restated - i.e. it is presented, as previously reported under MFRS 117, Leases and related interpretations.

2. Significant accounting policies (Cont'd)

(e) Leases (Cont'd)

Current financial year

(i) Definition of a lease

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

- the contract involves the use of an identified asset - this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the customer has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the customer has the right to direct the use of the asset. The customer has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the customer has the right to direct the use of the asset if either the customer has the right to operate the asset; or the customer designed the asset in a way that predetermines how and for what purpose it will be used.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices. However, for leases of properties in which the Group is a lessee, it has elected not to separate non-lease components and will instead account for the lease and non-lease components as a single lease component.

(ii) Recognition and initial measurement

(a) As a lessee

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

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the respective Group entities' incremental borrowing rate. Generally, the Group entities use their incremental borrowing rate as the discount rate.

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

- fixed payments, including in-substance fixed payments less any incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- the exercise price under a purchase option that the Group is reasonably certain to exercise; and
- penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The Group excludes variable lease payments that linked to future performance or usage of the underlying asset from the lease liability. Instead, these payments are recognised in profit or loss in the period in which the performance or use occurs.

2. Significant accounting policies (Cont'd)

(e) Leases (Cont'd)

Current financial year (Cont'd)

(ii) Recognition and initial measurement (Cont'd)

(a) As a lessee (Cont'd)

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(b) As a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease.

If an arrangement contains lease and non-lease components, the Group applies MFRS 15 to allocate the consideration in the contract based on the stand-alone selling prices.

(iii) Subsequent measurement

(a) As a lessee

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a revision of in-substance fixed lease payments, or if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

(b) As a lessor

The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of "revenue".

2. Significant accounting policies (Cont'd)

(e) Leases (Cont'd)

Previous financial year

As a lessee

(i) Finance lease

Leases in terms of which the Group or the Company assumed substantially all the risks and rewards of ownership were classified as finance leases. Upon initial recognition, the leased asset was measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset was accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments made under finance leases were apportioned between the finance expense and the reduction of the outstanding liability. The finance expense was allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments were accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment was confirmed.

Leasehold land which in substance was a finance lease was classified as property, plant and equipment, or as investment property if held to earn rental income or for capital appreciation or for both.

(ii) Operating lease

Leases, where the Group or the Company did not assume substantially all the risks and rewards of ownership were classified as operating leases and, except for property interest held under operating lease, the leased assets were not recognised on the statement of financial position. Property interest held under an operating lease, which was held to earn rental income or for capital appreciation or both, was classified as investment property and measured using fair value model.

Payments made under operating leases were recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received were recognised in profit or loss as an integral part of the total lease expense, over the term of the lease. Contingent rentals were charged to profit or loss in the reporting period in which they were incurred.

(f) Investment property

(i) Investment property carried at cost

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 initially and subsequently measured at cost are accounted for similarly property, plant and equipment. These include freehold land and buildings held for a currently undetermined future use.

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

Depreciation for building is charged to the profit or loss on a straight-line basis over the estimated useful lives of 50 years. Freehold land is not depreciated.

An investment property is derecognised on its disposal, or when it is permanently withdrawn from use and no future economic benefits are expected from its 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.

2. Significant accounting policies (Cont'd)

(f) Investment property (Cont'd)

(ii) Reclassification to/from investment property

Transfer between investment property and property, plant and equipment do not change the carrying amount of the property transferred.

(g) Inventories

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

The cost of inventories is calculated using the weighted average method, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of work-in-progress and finished goods, cost includes an appropriate share of production overheads based on normal operating capacity.

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.

(h) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in fair value with original maturities of three months or less, and are used by the Group and the Company in the management of their short term commitments. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts.

(i) Impairment

(i) Financial assets

The Group and the Company recognise loss allowances for expected credit losses on financial assets measured at amortised cost, contract assets and lease receivables. Expected credit losses are a probability-weighted estimate of credit losses.

The Group and the Company measure loss allowances at an amount equal to lifetime expected credit loss, except for cash and bank balance, which are measured at 12-month expected credit loss. Loss allowances for trade receivables, contract assets and lease receivables are always measured at an amount equal to lifetime expected credit loss.

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

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of the asset, while 12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within the 12 months after the reporting date. The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group and the Company are exposed to credit risk.

The Group and the Company estimate the expected credit losses on trade receivables using a provision matrix with reference to historical credit loss experience.

An impairment loss in respect of financial assets measured at amortised cost is recognised in profit or loss and the carrying amount of the asset is reduced through the use of an allowance account.

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

2. Significant accounting policies (Cont'd)

(i) Impairment (Cont'd)

(i) Financial assets (Cont'd)

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

(ii) Other assets

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

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to a cash-generating unit or a group of cash-generating units that are expected to benefit from the synergies of the combination.

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

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its estimated recoverable amount.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (group of cash-generating units) and then to reduce the carrying amounts of the other assets in the cash-generating unit (groups of cash-generating units) on a *pro rata* basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the financial year in which the reversals are recognised.

(j) Equity instruments

Instruments classified as equity are measured at cost on initial recognition and are not remeasured subsequently.

(i) Issue expenses

Costs directly attributable to the issue of instruments classified as equity are recognised as a deduction from equity.

(ii) Ordinary shares

Ordinary shares are classified as equity.

2. Significant accounting policies (Cont'd)

(j) Equity instruments (Cont'd)

(iii) Repurchase, disposal and reissue of share capital (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 statement 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.

(iv) Distributions of assets to owners of the Company

The Group measures a liability to distribute assets as a dividend to the owners of the Company at the fair value of the assets to be distributed. The carrying amount of the dividend is remeasured at each reporting period and at the settlement date, with any changes recognised directly in equity as adjustments to the amount of the distribution. On settlement of the transaction, the Group recognises the difference, if any, between the carrying amount of the assets distributed and the carrying amount of the liability in profit or loss.

(k) Employee benefits

(i) Short-term employee benefits

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

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(ii) State plans

The Group's contributions to statutory pension funds are charged to profit or loss in the financial year to which they relate. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

(l) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

(m) Revenue and other income

(i) Revenue

Revenue is measured based on the consideration specified in a contract with a customer in exchange for transferring goods or services to a customer, excluding amounts collected on behalf of third parties. The Group or the Company recognises revenue when (or as) it transfers control over a product or service to customer. An asset is transferred when (or as) the customer obtains control of the asset.

2. Significant accounting policies (Cont'd)

(m) Revenue and other income (Cont'd)

(i) Revenue (Cont'd)

The Group or the Company transfers control of a good or service at a point in time unless one of the following over time criteria is met :

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

Construction contracts

Contract revenue includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments, to the extent that it is probable that they will result in revenue and can be measured reliably. As soon as the outcome of a construction contract can be estimated reliably, contract revenue and contract cost are recognised in profit or loss in proportion to the stage of completion of the contract. Contract expenses are recognised as incurred unless they create an asset related to future contract activity.

The stage of completion is assessed by reference to the completion of a physical proportion of work-to-date.

(ii) 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 in the case of quoted securities is the ex-dividend date.

(iii) Government grants

Government grants are recognised initially as deferred income at fair value when there is reasonable assurance that they will be received and that the Group will comply with the conditions associated with the grant; they are then recognised in profit or loss as other income on a systematic basis.

Grants that compensate the Group for expenses incurred are recognised in profit or loss as other income on a systematic basis in the same periods in which the expenses are recognised.

(iv) Interest income

Interest income is recognised as it accrues using the effective interest method in profit or loss except for interest income arising from temporary investment of borrowings taken specifically for the purpose of obtaining a qualifying asset which is accounted for in accordance with the accounting policy on borrowing costs.

(n) Borrowing costs

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets.

2. Significant accounting policies (Cont'd)

(n) Borrowing costs (Cont'd)

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

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

(o) Income tax

Income tax expense comprises current 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.

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

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

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are not discounted.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax assets and liabilities 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.

Unutilised reinvestment allowance, being tax incentive that is not a tax base of an asset, is recognised as a deferred tax asset to the extent that it is probable that the future taxable profits will be available against the unutilised tax incentive can be utilised.

(p) Earnings per ordinary share

The Group presents basic earnings per share data for its ordinary shares ("EPS").

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

2. Significant accounting policies (Cont'd)

(q) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. Operating segment results are reviewed regularly by the chief operating decision maker, which in this case is the Chief Executive Officer of the Group, to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

(r) Contingencies

(i) 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.

(ii) 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.

(s) Fair value measurements

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

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

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

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

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

Level 3: unobservable inputs for the asset or liability.

The Group recognises transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

3. Property, plant and equipment - Group

	Leasehold land RM	Buildings RM	Plant and machinery RM	Furniture, fittings and office equipment RM	Motor vehicles RM	Capital expenditure -in-progress RM	Total RM
Cost							
At 1 November 2018	5,262,364	31,301,861	57,762,513	13,598,211	1,621,351	304,400	109,850,700
Additions	-	-	2,391,972	519,068	604,281	219,000	3,734,321
Reclassification	-	-	-	304,400	-	(304,400)	-
Disposals	-	-	(3,138,389)	-	(285,132)	-	(3,423,521)
Write-off	-	-	(580,518)	(132,695)	(23,825)	-	(737,038)
At 31 October 2019, as previously reported	5,262,364	31,301,861	56,435,578	14,288,984	1,916,675	219,000	109,424,462
Adjustment on initial application of MFRS 16	(5,262,364)	-	-	-	(604,281)	-	(5,866,645)
At 1 November 2019, as restated	-	31,301,861	56,435,578	14,288,984	1,312,394	219,000	103,557,817
Additions	-	75,062	2,398,606	539,776	47,450	-	3,060,894
Reclassification	-	-	219,000	-	-	(219,000)	-
Disposals	-	-	-	-	(122,814)	-	(122,814)
At 31 October 2020	**-**	**31,376,923**	**59,053,184**	**14,828,760**	**1,237,030**	**-**	**106,495,897**

3. Property, plant and equipment - Group (Cont'd)

	Leasehold land RM	Buildings RM	Plant and machinery RM	Furniture, fittings and office equipment RM	Motor vehicles RM	Capital expenditure -in-progress RM	Total RM
Depreciation and impairment loss							
At 1 November 2018							
- Accumulated depreciation	1,915,255	12,908,244	46,882,598	10,605,061	1,140,494	-	73,451,652
- Accumulated impairment loss	-	-	351,786	-	-	-	351,786
	1,915,255	12,908,244	47,234,384	10,605,061	1,140,494	-	73,803,438
Depreciation for the year	87,706	617,746	2,415,316	587,207	198,829	-	3,906,804
Disposals	-	-	(3,104,657)	-	(193,890)	-	(3,298,547)
Write-off	-	-	(558,615)	(131,592)	(23,825)	-	(714,032)
At 31 October 2019, as previously reported							
- Accumulated depreciation	2,002,961	13,525,990	45,634,642	11,060,676	1,121,608	-	73,345,877
- Accumulated impairment loss	-	-	351,786	-	-	-	351,786
	2,002,961	13,525,990	45,986,428	11,060,676	1,121,608	-	73,697,663
Adjustment on initial application of MFRS 16	(2,002,961)	-	-	-	(88,628)	-	(2,091,589)
At 1 November 2019, as restated							
- Accumulated depreciation	-	13,525,990	45,634,642	11,060,676	1,032,980	-	71,254,288
- Accumulated impairment loss	-	-	351,786	-	-	-	351,786
	-	13,525,990	45,986,428	11,060,676	1,032,980	-	71,606,074

3. Property, plant and equipment - Group (Cont'd)

	Leasehold land RM	Buildings RM	Plant and machinery RM	Furniture, fittings and office equipment RM	Motor vehicles RM	Capital expenditure -in-progress RM	Total RM
Depreciation and impairment loss (Cont'd)							
Depreciation for the year	-	605,723	1,501,552	1,770,484	100,892	-	3,978,651
Disposals	-	-	-	-	(122,814)	-	(122,814)
At 31 October 2020							
- Accumulated depreciation	-	14,131,713	47,136,194	12,831,160	1,011,058	-	75,110,125
- Accumulated impairment loss	-	-	351,786	-	-	-	351,786
	-	**14,131,713**	**47,487,980**	**12,831,160**	**1,011,058**	**-**	**75,461,911**
Carrying amounts							
At 1 November 2018	3,347,109	18,393,617	10,528,129	2,993,150	480,857	304,400	36,047,262
At 31 October 2019	3,259,403	17,775,871	10,449,150	3,228,308	795,067	219,000	35,726,799
At 1 November 2019, as restated	-	17,775,871	10,449,150	3,228,308	279,414	219,000	31,951,743
At 31 October 2020	**-**	**17,245,210**	**11,565,204**	**1,997,600**	**225,972**	**-**	**31,033,986**

3. Property, plant and equipment - Group (Cont'd)

3.1 Assets under hire purchase/finance lease arrangements

The carrying amounts of plant and equipment of the Group acquired under hire purchase/finance lease arrangements were as follows :

	2020 RM	2019 RM
Furniture, fittings and office equipment	438,945	564,358
Plant and machinery	1,646,328	1,849,500
Motor vehicles	144,400	705,653
	2,229,673	3,119,511

3.2 Security

Plant and equipment of the Group with carrying amount of RM2,229,673 (2019 : RM3,119,511) secures hire purchase creditors (2019 : finance lease liabilities) (see Note 16).

At 31 October 2020, buildings with a carrying amount of RM16,792,730 (2019 : RM20,440,333) are charged to a licensed bank as security for term loan granted to the Group (see Note 16).

4. Right-of-use assets - Group

	Land RM	Motor vehicles RM	Total RM
At 1 November 2019	3,259,403	515,653	3,775,056
Depreciation	(87,706)	(96,685)	(184,391)
At 31 October 2020	3,171,697	418,968	3,590,665

The Group leases a number of land and motor vehicles that run between 3 and 60 years.

4.1 Security

As at 31 October 2020, land with a carrying amount of RM3,171,697 is charged to a licensed bank as security for term loan granted to the Group (see Note 16).

5. Investment properties - Group

	At cost RM	Accumulated depreciation RM	Carrying amount RM
At 1 November 2018	622,500	(115,500)	507,000
Depreciation for the year	-	(5,250)	(5,250)
At 31 October 2019/1 November 2019	622,500	(120,750)	501,750
Depreciation for the year	-	(5,250)	(5,250)
At 31 October 2020	**622,500**	**(126,000)**	**496,500**

5.1 The carrying amounts are represented by :

	2020 RM	2019 RM
Freehold land	**360,000**	360,000
Freehold buildings	**136,500**	141,750
	496,500	501,750

5.2 The following are recognised in profit or loss in respect of investment properties :

	2020 RM	2019 RM
Lease income	**14,400**	13,200
Direct operating expenses :		
- income generating investment properties	**1,197**	1,390
- non-income generating investment properties	**4,553**	4,549

5.3 Operating lease payment receivables

The operating lease payments to be received are as follows :

	2020 RM	2019 RM
Less than one year	**9,600**	9,600

5.4 Fair value

The fair value of the investment properties was based on the Directors' estimation using the latest available market information and recent experience and knowledge in the location and category of property being valued. The fair value of the investment properties of the Group as at 31 October 2020 is classified as Level 3 of the fair value hierarchy and is determined to be approximately RM1,395,000 (2019 : RM1,395,000).

6. Investment in subsidiaries - Company

	2020 RM	2019 RM
Cost of investment	**68,469,745**	68,469,745
Less : Impairment losses	**(5,444,892)**	(5,444,892)
	63,024,853	63,024,853

Details of the subsidiaries are as follows :

Name of entity	Principal activities	Effective ownership interest and voting interest 2020 %	 2019 %
Wong Engineering Industries Sdn. Bhd.	Design and manufacture of high precision metal stamped parts and sheet metals	**100**	100
Wong Engineering Electronics Sdn. Bhd.	Manufacture of high precision turned metal components	**100**	100
WEC Marketing Sdn. Bhd.	Trading, marketing and retailing of industrial and consumer products	**100**	100
Wong Engineering Metals (M) Sdn. Bhd.	Dormant	**100**	100
WEC Construction Sdn. Bhd.	Provision of general building construction and infrastructure work	**100**	100
WEC Development Sdn. Bhd.	Yet to commence operations in the provision of property development and related business	**100**	100
Subsidiaries of Wong Engineering Industries Sdn. Bhd.			
Wong Exerion Precision Technology Sdn. Bhd.	Design, manufacture and supply of complex welded frames structure, related modules and systems	**100**	100
FWE Global Sdn. Bhd. ("FWE")	Design, manufacture and supply of complex welded frames structure, related modules and systems	**51**	51

The principal place of business of all the above subsidiaries are in Malaysia and all the above subsidiaries are incorporated in Malaysia.

6. Investment in subsidiaries - Company (Cont'd)

6.1 Non-controlling interest in a subsidiary

The Group's subsidiary that has material non-controlling interest ("NCI") is as follows :

	FWE	
	2020 RM	2019 RM
NCI percentage of ownership interest and voting interest	**49%**	49%
Carrying amount of NCI	**33,672**	39,264
Loss allocated to NCI	**(5,592)**	(10,420)
Summarised financial information before intra-group elimination:		
As at 31 October		
Current assets	**76,502**	87,330
Current liabilities	**(7,783)**	(7,200)
Net assets	**68,719**	80,130
Year ended 31 October		
Revenue	**-**	-
Loss for the year	**(11,411)**	(21,265)
Total comprehensive expense	**(11,411)**	(21,265)
Cash flows from operating activities	**(7,255)**	(8,730)
Cash flows from investing activity	**2**	4
Net decrease in cash and cash equivalents	**(7,253)**	(8,726)
Dividend paid to NCI	**-**	-

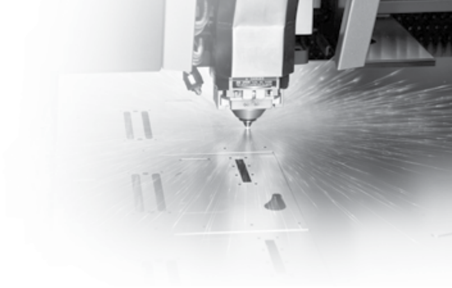
7. Investment in an associate

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Investment in shares	**8,750,000**	-	**8,750,000**	-
Share of post-acquisition reserves	**(133,764)**	-	**-**	-
	8,616,236	-	**8,750,000**	-

Details of the associate are as follows :

Name of entity	Principal place of business/Country of incorporation	Nature of relationship	Effective ownership interest 2020 %	2019 %
Broadway Lifestyle Sdn. Bhd. ("BLSB")*	Malaysia	Providing Group access to property development and building construction activities	**35%**	-

* Associate not audited by KPMG PLT.



7. Investment in an associate (Cont'd)

The following table summarises the information in the Group's associate, adjusted for any differences in accounting policies and reconciled the information to the carrying amount of the Group's interest in the associate :

	BLSB RM
2020	
Group	
Summarised financial information	
As at 31 October	
Non-current assets	91,378,923
Current assets	3,547,913
Non-current liabilities	(70,260,000)
Current liabilities	(461,930)
Net assets	24,204,906
Year ended 31 October	
Loss from continuing operations	(382,183)
Other comprehensive income	-
Total comprehensive expense	(382,183)
Included in the total comprehensive income is :	
Revenue	-
Reconciliation of net assets to carrying amount as at 31 October	
Group's share of net assets	8,471,717
Goodwill	144,519
Carrying amount in the statement of financial position	8,616,236

8. Deferred tax assets

Recognised deferred tax assets/(liabilities)

Deferred tax assets and liabilities are attributable to the following :

	Assets		Liabilities		Net	
	2020 RM	2019 RM	2020 RM	2019 RM	2020 RM	2019 RM
Group						
Property, plant and equipment	**-**	-	**(1,795,316)**	(1,834,464)	**(1,795,316)**	(1,834,464)
Right-of-use assets	**-**	-	**(100,552)**	-	**(100,552)**	-
Lease liabilities	**52,968**	-	**-**	-	**52,968**	-
Tax loss carry-forwards	**290,129**	-	**-**	-	**290,129**	-
Reinvestment allowances carry-forwards	**4,314,741**	5,145,849	**-**	-	**4,314,741**	5,145,849
Provisions	**551,200**	596,502	**-**	-	**551,200**	596,502
Tax assets/(liabilities)	**5,209,038**	5,742,351	**(1,895,868)**	(1,834,464)	**3,313,170**	3,907,887
Set off of tax	**(1,895,868)**	(1,834,464)	**1,895,868**	1,834,464	**-**	-
Net tax assets	**3,313,170**	3,907,887	**-**	-	**3,313,170**	3,907,887

Deferred tax assets and liabilities are offset when there are legally enforceable rights to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same taxation authority.

8. Deferred tax assets (Cont'd)

Movements in temporary differences during the year

	At 1.11.2018 RM	Recognised in profit or loss (Note 22) RM	At 31.10.2019 RM	Adjustment on initial application of MFRS 16 RM	At 1.11.2019 RM	Recognised in profit or loss (Note 22) RM	At 31.10.2020 RM
Group							
Property, plant and equipment	(1,851,801)	17,337	(1,834,464)	26,949	(1,807,515)	12,199	**(1,795,316)**
Right-of-use assets	-	-	-	(123,757)	(123,757)	23,205	**(100,552)**
Lease liabilities	-	-	-	96,808	96,808	(43,840)	**52,968**
Tax loss carry-forwards	740,959	(740,959)	-	-	-	290,129	**290,129**
Reinvestment allowances carry-forwards	3,810,092	1,335,757	5,145,849	-	5,145,849	(831,108)	**4,314,741**
Provisions	-	596,502	596,502	-	596,502	(45,302)	**551,200**
	2,699,250	1,208,637	3,907,887	-	3,907,887	(594,717)	**3,313,170**

8. Deferred tax assets (Cont'd)

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items (stated at gross) :

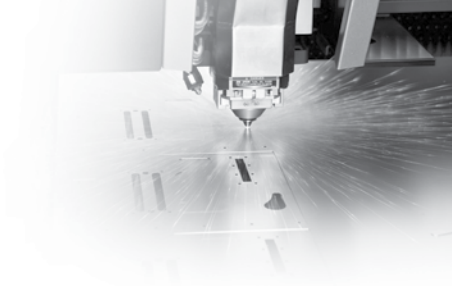
	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Unabsorbed reinvestment allowances carry-forwards	**5,239,000**	5,896,000	**-**	-
Unutilised tax losses carry-forwards	**6,404,000**	5,538,000	**1,018,000**	810,000
Other deductible temporary differences	**77,000**	72,000	**-**	-
	11,720,000	11,506,000	**1,018,000**	810,000

As stipulated under the Finance Act 2018, the unabsorbed reinvestment allowances and unutilised tax losses for year of assessment 2018 and prior years of assessment can be carried forward until year of assessment 2025. Effective from year of assessment 2019 onwards, any unabsorbed reinvestment allowances and unutilised tax losses can only be carried forward for a maximum period of seven (7) consecutive years of assessment. The other deductible temporary differences do not expire under the current tax legislations. Deferred tax assets have not been recognised in respect of the above items because it is not probable that future taxable profits will be available against which the Group and the Company can utilise the benefits therefrom.

The comparative figure has been restated to reflect the unutilised capital allowances available to the Group and the Company.

The unabsorbed reinvestment allowances and unutilised tax losses will expire in the following year of assessments under the tax legislation of Malaysia as shown below :

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Unabsorbed reinvestment allowances				
Expire in YA2025	**5,239,000**	5,896,000	**-**	-
Unutilised tax losses				
Expire in YA2025	**4,673,000**	4,673,000	**708,000**	708,000
Expire in YA2026	**865,000**	865,000	**102,000**	102,000
Expire in YA2027	**866,000**	-	**208,000**	-
	6,404,000	5,538,000	**1,018,000**	810,000



9. Inventories - Group

	2020 RM	2019 RM
Raw materials	**5,337,790**	5,076,120
Work-in-progress	**3,177,299**	3,786,707
Finished goods	**2,136,398**	2,745,318
	10,651,487	11,608,145
Recognised in profit or loss:		
Inventories recognised as cost of sales in relation to the Group's precision engineering segment	**38,915,147**	36,234,840
Inventories written off	**44,348**	79,846
Write-down to net realisable value	**507,092**	508,910
Reversal of inventories written down	**(102,499)**	(22,360)

The write-down and reversal of inventories write-down are included in cost of sales.

10. Other investments

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Current				
Fair value through profit or loss	**2,662,000**	2,945,000	**2,662,000**	2,945,000

11. Trade and other receivables

		Group		Company	
	Note	2020 RM	2019 RM	2020 RM	2019 RM
Trade					
Trade receivables		**21,910,598**	11,806,716	-	-
Non-trade					
Amount due from subsidiaries	11.1	-	-	**89,796**	66,633
Other receivables	11.2	**19,490**	171,282	-	2,307
Deposits		**191,929**	180,099	**1,000**	1,000
Prepayments		**352,899**	546,745	-	-
		564,318	898,126	**90,796**	69,940
		22,474,916	12,704,842	**90,796**	69,940

11. Trade and other receivables (Cont'd)

11.1 Amount due from subsidiaries - Company

The non-trade amount due from subsidiaries is unsecured, interest-free and repayable on demand.

11.2 Other receivables - Group

Included in other receivables is indirect tax refundable of RMNil (2019 : RM150,985).

12. Fixed deposits placed with licensed banks - Group

Included in fixed deposits placed with licensed banks is an amount of RM643,421 (2019 : RM624,579) pledged for bank guarantees granted to the subsidiaries.

13. Cash and cash equivalents

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Short term deposits placed with licensed banks	**8,622,324**	12,436,341	**-**	-
Cash and bank balances	**5,239,220**	8,530,063	**215,360**	860,683
	13,861,544	20,966,404	**215,360**	860,683

14. Share capital - Group/Company

Share capital

	2020		2019	
	Amount RM	Number of shares	Amout RM	Number of shares
Issued and fully paid ordinary shares with no par value classified as equity instruments :				
Ordinary shares At 1 Nov 2019/2018	**57,909,068**	**114,609,993**	57,909,068	91,688,000
Issue of bonus share (Note 14.1)	**-**	**-**	-	22,921,993
At 31 October	**57,909,068**	**114,609,993**	57,909,068	114,609,993

Ordinary shares

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company.

14.1 At the Extraordinary General Meeting held on 19 December 2018, the shareholders approved the Bonus Issue of 22,921,993 ordinary shares credited as fully paid on the basis of one new ordinary share for every four existing ordinary shares. These were allocated to the shareholders on 10 January 2019. As a result, the issued shares of the Company were increased from 91,688,000 to 114,609,993 ordinary shares.

15. Reserves

		Group		Company	
	Note	2020 RM	2019 RM	2020 RM	2019 RM
Treasury shares	15.1	**(1,861,847)**	(1,049,685)	**(1,861,847)**	(1,049,685)
Retained earnings		**13,125,245**	11,911,608	**9,892,245**	8,819,040
		11,263,398	10,861,923	**8,030,398**	7,769,355

The movements of the above reserves are disclosed in the statement of changes in equity.

15.1 Treasury shares

The shareholders of the Company, by a special resolution passed in a general meeting held on 23 March 2018, approved the Company's plan to repurchase its own shares. The Directors of the Company are committed to enhance the value of the Company to its shareholders and believe that the repurchase plan can be applied in the best interests of the Company and its shareholders.

During the financial year, the Company repurchased 1,992,500 (2019 : 1,101,900) of its issued ordinary share from the open market. The average price paid for the shares repurchased was RM0.41 (2019 : RM0.62) per ordinary share, including transaction costs, and the repurchase transactions were financed by internally generated funds. The shares repurchased are held as treasury shares.

As of 31 October 2020, the Company repurchased a total of 3,588,700 (2019 : 1,596,200) of its issued ordinary shares from the open market. The repurchased shares are held as treasury shares and carried at cost. Treasury shares have no rights to voting, dividends and participation in other distribution. The Company also received 222,000 of bonus shares from the bonus issue exercise which was completed on 11 January 2019.

	Group/Company			
	2020		2019	
	Amount RM	Number of shares	Amount RM	Number of shares
Balance at 1 November 2019/2018	**1,049,685**	**1,818,200**	368,330	494,300
Shares repurchased	**812,162**	**1,992,500**	681,355	1,101,900
Bonus shares received	**-**	**-**	-	222,000
Balance at 31 October	**1,861,847**	**3,810,700**	1,049,685	1,818,200

16. Loans and borrowings - Group

	Note	2020 RM	2019 RM
Non-current			
Term loan	16.1	**14,666,656**	16,666,660
Finance lease liabilities	16.2	**-**	1,232,424
Hire purchase creditors		**341,462**	-
		15,008,118	17,899,084
Current			
Term loan	16.1	**2,000,004**	2,000,004
Finance lease liabilities	16.2	**-**	930,807
Hire purchase creditors		**670,264**	-
		2,670,268	2,930,811
		17,678,386	20,829,895

16.1 Term loan

Security

The term loan is secured over land and buildings (see Note 3), right-of-use assets (see Note 4) and the corporate guarantee from the Company.

16.2 Finance lease liabilities

Finance lease liabilities were payable as follows :

	2019		
	Future Minimum lease payments RM	Interest RM	Present value of minimum lease payments RM
Less than one year	1,027,014	96,207	930,807
Between one and five years	1,286,630	54,206	1,232,424
	2,313,644	150,413	2,163,231

16.3 Security

The hire purchase creditor/finance lease liabilities are secured as the rights to the leased assets revert to the lessor in the event of default.

17. Trade and other payables

		Group		Company	
	Note	2020 RM	2019 RM	2020 RM	2019 RM
Non-current					
Non-trade					
Amount due to a subsidiary	17.2	-	-	-	926,501
Current					
Trade					
Trade payables		**11,492,390**	4,855,262	-	-
Non-trade					
Other payables	17.1	**2,290,958**	1,616,756	**40,143**	7,091
Deposit		**6,500**	-	-	-
Amount due to subsidiaries	17.2	-	-	**8,599,850**	-
Accrued expenses		**1,998,953**	2,768,012	**163,550**	288,461
		4,296,411	4,384,768	**8,803,543**	295,552
		15,778,801	9,240,030	**8,803,543**	295,552
		15,778,801	9,240,030	**8,803,543**	1,222,053

17.1 Other payables - Group

Included in the current non-trade other payables of the Group is an amount owing to a supplier of plant and machinery of RMNil (2019 : RM470,611).

17.2 Amount due to subsidiaries - Company

The non-current non-trade amount due to a subsidiary was unsecured and interest-free.

Included in the current non-trade amount due to subsidiaries is an amount of RM7,667,205 (2019 : RMNil) which is unsecured, repayable on demand and bears interest at 3.50% (2019 : Nil%) per annum. Other than as disclosed, the current non-trade amount due from subsidiaries is unsecured, interest-free and repayable on demand.

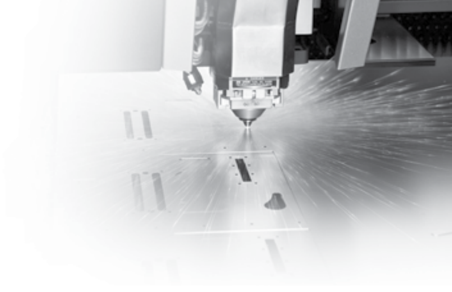
18. Revenue

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Revenue from contracts with customers	**70,780,567**	60,800,315	-	-
Other revenue				
- Dividend income	**65,989**	106,461	**3,131,849**	3,950,531
- Management fee from subsidiaries	-	-	**276,000**	327,592
	65,989	106,461	**3,407,849**	4,278,123
Total revenue	**70,846,556**	60,906,776	**3,407,849**	4,278,123

18. Revenue (Cont'd)

18.1 Disaggregation of revenue

	Reportable segments							
	Precision engineering		Construction and property development		All others segments		Total	
	2020 RM	2019 RM	2020 RM	2019 RM	2020 RM	2019 RM	2020 RM	2019 RM
Group								
Primary geographical markets								
Malaysia	**35,313,070**	34,973,318	**22,947,735**	14,230,119	**-**	-	**58,260,805**	49,203,437
Asia (excluding Malaysia)	**8,324,462**	5,557,832	**-**	-	**-**	-	**8,324,462**	5,557,832
Europe	**2,891,118**	5,230,554	**-**	-	**-**	-	**2,891,118**	5,230,554
Other countries	**1,304,182**	808,492	**-**	-	**-**	-	**1,304,182**	808,492
	47,832,832	46,570,196	**22,947,735**	14,230,119	**-**	-	**70,780,567**	60,800,315
Major products and service line								
Sale of precision metal stamped parts and sheets metals	**47,832,832**	46,570,196	**-**	-	**-**	-	**47,832,832**	46,570,196
Construction contracts	**-**	-	**22,947,735**	14,230,119	**-**	-	**22,947,735**	14,230,119
	47,832,832	46,570,196	**22,947,735**	14,230,119	**-**	-	**70,780,567**	60,800,315
Timing and recognition								
At a point in time	**47,832,832**	46,570,196	**-**	-	**-**	-	**47,832,832**	46,570,196
Over time	**-**	-	**22,947,735**	14,230,119	**-**	-	**22,947,735**	14,230,119
	47,832,832	46,570,196	**22,947,735**	14,230,119	**-**	-	**70,780,567**	60,800,315
Revenue from contracts with customers	**47,832,832**	46,570,196	**22,947,735**	14,230,119	**-**	-	**70,780,567**	60,800,315
Other revenue	**-**	-	**-**	-	**65,989**	106,461	**65,989**	106,461
Total revenue	**47,832,832**	46,570,196	**22,947,735**	14,230,119	**65,989**	106,461	**70,846,556**	60,906,776



18. Revenue (Cont'd)

18.2 Nature of goods and services

The following information reflects the typical transactions of the Group :

Nature of goods or services	Timing of recognition or method used to recognised revenue	Significant payment terms	Variable element in consideration	Obligation for returns or refunds	Warranty
Sale of precision metal stamped parts and sheets metal	Revenue is recognised when the goods are delivered and accepted by the customers at their premises.	Credit period of 30 to 60 days from invoice date.	Not applicable.	Not applicable.	Not applicable.
Construction contract	Revenue is recognised over time using the output method.	Based on agreed milestones, certified by architects.	Not applicable.	Not applicable.	Defect liability period of is given to the customer.

18.3 Transaction price allocated to the remaining performance obligations

The amount of revenue from the Group's construction activities that are expected to be recognised in future relating to performance obligations that are unsatisfied or partially unsatisfied at the reporting date amounted to RM41,833,176 (2019 : RM64,780,911). The Group expects to recognise the revenue progressively over the remaining construction period of approximately 1 to 2 years based on the progress of satisfaction of the performance obligation.

18.4 Significant judgements and assumptions arising from revenue recognition

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

- The Group recognised construction revenue and expenses in profit or loss using the stage of completion method. The stage of completion is determined by reference to the completion of a physical proportion of work-to-date.

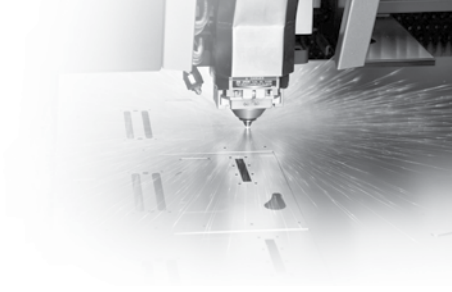
19. Results from operating activities

Results from operating activities are arrived at after charging/(crediting) :

	Note	Group 2020 RM	Group 2019 RM	Company 2020 RM	Company 2019 RM
Auditors' remunerations :					
- Audit fees		**134,000**	134,000	**31,000**	31,000
- Non-audit fees					
- KPMG PLT		**4,000**	4,000	**4,000**	4,000
Material expenses/(income)					
Depreciation of property, plant and equipment	3	**3,978,651**	3,906,804	**-**	-
Depreciation of right-of-use assets	4	**184,391**	-	**-**	-
Depreciation of investment properties	5	**5,250**	5,250	**-**	-
Personnel expenses (including key management personnel)					
- Wages, salaries and others		**11,566,314**	10,660,433	**-**	-
- Contribution to Employees' Provident Fund		**1,022,952**	944,165	**-**	-
Fair value loss/(gain) on quoted shares		**21,324**	(625,095)	**21,324**	(625,095)
Gain on disposal of property, plant and equipment		**(5,000)**	(203,142)	**-**	-
Gain on disposal of other investments		**(502,265)**	(922,148)	**(502,265)**	(922,148)
Rental income on premises		**(59,415)**	(45,600)	**-**	-
Gain on foreign exchange					
- Realised		**(57,658)**	(58,855)	**-**	-
- Unrealised		**(14,477)**	(43,642)	**-**	-
Government grants	a	**(637,800)**	-	**-**	-
Expenses arising from leases :					
Expenses relating to short-term leases	b	**34,300**	-	**-**	-
Expenses relating to leases of low-value assets	b	**31,422**	-	**-**	-
Rental expense		**-**	42,743	**-**	-
Net loss on impairment of financial instruments					
Financial assets at amortised cost		**-**	454,869	**-**	-

Note a
The Group received government grants as wage subsidies to retain local employees during the approved period of economic uncertainty brought about by the Coronavirus (COVID-19) outbreak.

Note b
The Group leases a number of hostels and IT equipment with contract terms of 1 to 3 years. These leases are short-term and/or leases of low-value items. The Group has elected not to recognise right-of-use assets and lease liabilities for these leases.



20. Key management personnel compensation

The key management personnel compensations are as follows :

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Directors				
- Fees	**255,000**	255,000	**255,000**	255,000
- Remuneration	**1,006,042**	884,066	**-**	-
- Other short term employees benefits (including estimated monetary value of benefits-in-kind)	**35,770**	33,477	**21,000**	13,500
	1,296,812	1,172,543	**276,000**	268,500

21. Finance costs

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Interest expense of financial liabilities that are not at fair value through profit or loss	**854,037**	827,164	**98,369**	11,981
Interest expense on lease liabilities	**10,258**	-	**-**	-
	864,295	827,164	**98,369**	11,981

22. Income tax

Recognised in profit or loss

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Current tax expense				
- Current year	**906,741**	645,595	**-**	-
- Prior year	**12,345**	(26,468)	**-**	-
Total current tax recognised in profit or loss	**919,086**	619,127	**-**	-
Deferred tax expense				-
- Origination and reversal of temporary differences	**310,173**	(1,208,637)	**-**	-
- Prior year	**284,544**	-	**-**	-
Total deferred tax recognised in profit or loss	**594,717**	(1,208,637)	**-**	-
Total income tax	**1,513,803**	(589,510)	**-**	-

22. Income tax (Cont'd)

Reconciliation of income tax

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Profit before tax	**4,665,723**	5,187,307	**3,017,080**	5,150,303
Income tax calculated using Malaysian tax rate of 24%	**1,119,774**	1,244,953	**724,099**	1,236,073
Non-deductible expenses	**180,268**	165,213	**93,128**	59,704
Effect of deferred tax assets not recognised	**51,489**	-	**49,842**	23,689
Recognition of previously unrecognised deferred tax assets	**-**	(1,548,180)	**-**	-
Non-taxable income	**(133,855)**	(396,889)	**(867,069)**	(1,319,466)
Others	**(762)**	(28,139)	**-**	-
Under/(Over) provision in prior years	**296,889**	(26,468)	**-**	-
	1,513,803	(589,510)	**-**	-

23. Basic earnings per ordinary share - Group

The calculation of basic earnings per ordinary share was based on the profit attributable to ordinary shareholders of RM3,157,512 (2019 : RM5,787,237) and a weighted average number of ordinary shares outstanding, excluding treasury shares held by the Company, calculated as follows :

	2020	2019
Issued ordinary shares at beginning of year	**112,791,793**	91,193,700
Effect of shares buy back	**(1,063,641)**	(576,814)
Effect of bonus issue in year 2019	**-**	22,699,993
Weighted average number of ordinary shares at 31 October	**111,728,152**	113,316,879

24. Dividends

Dividends recognised by the Company :

	Sen per share	Total amount RM	Date of payment
2020			
Second Interim 2019 single tier	**1.00**	**1,112,884**	**8 May 2020**
First interim 2020 single tier	**0.75**	**830,991**	**13 October 2020**
		1,943,875	
2019			
Final 2018 single tier	1.00	1,133,572	8 May 2019
First interim 2019 single tier	0.50	565,458	19 September 2019
		1,699,030	

24. Dividends (Cont'd)

A final single tier dividend of 0.5 sen per ordinary share has been recommended in respect of the financial year ended 31 October 2020, subject to the approval of the shareholders at the forthcoming Annual General Meeting.

The financial statements do not reflect this final single-tier dividend in relation to the financial year ended 31 October 2020, which will be accounted for as an appropriation of the retained earnings in the financial year ending 31 October 2021.

25. Operating segments

The Group has two (2) reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different products and services, and are managed separately because they require different technology and marketing strategies. For each of the strategic business units, the Group's Chief Executive Officer (the Chief Operating Decision Maker "CODM") reviews internal management reports at least on a quarterly basis. The following summary describes the operations in each of the Group's reportable segments :

Precision engineering	The design and manufacture of high precision metal stamped parts and sheet metals
Construction and property development	Provision of general buildings construction and infrastructure work, and provision of property development and related business
Others	Investment holding

Segment assets

The total of segment asset is measured based on all assets of a segment, as included in the internal management reports that are reviewed by the CODM. Segment total asset is used to measure the return on assets of each segment.

Segment liabilities

Segment liabilities information is neither included in the internal management reports nor provided regularly to the CODM. Hence, no disclosure is made on segment liability.

Segment capital expenditure

Segment capital expenditure is the total cost incurred during the financial year to acquire property, plant and equipment.

	Precision engineering RM	Construction and property development RM	Others RM	Total RM
Group				
2020				
Segment profit	1,547,179	2,590,853	533,996	4,672,028
Included in the measure of segment profit are :				
Revenue from external customers	47,832,832	22,947,735	65,989	70,846,556
Depreciation of property, plant and equipment	(3,967,436)	(11,215)	-	(3,978,651)
Depreciation of investment properties	(5,250)	-	-	(5,250)
Depreciation of right-of-use assets	(184,391)	-	-	(184,391)
Share of loss of an associate	-	(133,764)	-	(133,764)

25. Operating segments (Cont'd)

Segment capital expenditure (Cont'd)

	Precision engineering RM	Construction and property development RM	Others RM	Total RM
Group				
2020				
Not included in the measure of segment profit but provided to CODM :				
Finance costs	**(729,008)**	**(36,918)**	**(98,369)**	**(864,295)**
Finance income	**845,010**	**-**	**12,980**	**857,990**
Tax credit/(expense)	**(862,587)**	**(651,216)**	**-**	**(1,513,803)**
Segment assets	**75,787,124**	**24,819,041**	**2,684,595**	**103,290,760**
Included in the measure of segment assets are :				
Investment in an associate	**-**	**-**	**8,616,236**	**8,616,236**
Additions to property, plant and equipment	**3,038,124**	**22,770**	**-**	**3,060,894**
2019				
Segment profit	2,427,783	1,526,877	1,632,305	5,586,965
Included in the measure of segment profit are :				
Revenue from external customers	46,570,196	14,230,119	106,461	60,906,776
Depreciation of property, plant and equipment	(3,900,143)	(6,661)	-	(3,906,804)
Depreciation of investment properties	(5,250)	-	-	(5,250)
Not included in the measure of segment profit but provided to CODM :				
Finance costs	(766,705)	(48,478)	(11,981)	(827,164)
Finance income	406,107	-	21,399	427,506
Tax credit/(expense)	957,087	(367,577)	-	589,510
Segment assets	88,584,350	6,753,535	3,808,990	99,146,875
Included in the measure of segment assets are :				
Additions to property, plant and equipment	3,704,954	29,367	-	3,734,321

25. Operating segments (Cont'd)

Geographical information

The Group's manufacturing activities are performed in Malaysia while sales are mainly to Asia and Europe apart from domestic sales.

In presenting information on the basis of geographical segments, segment revenue is based on geographical location of customers. Segment assets are based on the geographical location of the assets. The amounts of non-current assets do not include financial instruments (including investment in an associate) and deferred tax assets.

	Group	
	External Revenue RM	Non-current assets RM
2020		
Malaysia	**58,326,794**	**35,121,151**
Asia (excluding Malaysia)	**8,324,462**	**-**
Europe	**2,891,118**	**-**
Others	**1,304,182**	**-**
	70,846,556	**35,121,151**
2019		
Malaysia	49,309,898	36,228,549
Asia (excluding Malaysia)	5,557,832	-
Europe	5,230,554	-
Others	808,492	-
	60,906,776	36,228,549

Major customers

The following are major customers with revenue equal to or more than 10% of the Group's total revenue :

	2020 RM	2019 RM	Segment
Customer A	**22,947,735**	14,230,119	Construction and property development
Customer B	**12,982,727**	15,622,360	Precision engineering
Customer C	**7,885,740**	5,204,853	Precision engineering

26. Financial instruments

26.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows :

(a) Fair value through profit or loss ("FVTPL")
- Designated upon initial recognition ("DUIR")

(b) Amortised cost ("AC")

	Carrying amount RM	AC RM	FVTPL - DUIR RM
2020			
Financial assets			
Group			
Other investments	2,662,000	-	2,662,000
Trade and other receivables (excluding prepayments)	22,122,017	22,122,017	-
Cash and cash equivalents	13,861,544	13,861,544	-
Fixed deposits placed with licensed banks	6,327,717	6,327,717	-
	44,973,278	42,311,278	2,662,000
Company			
Other investments	2,662,000	-	2,662,000
Trade and other receivables	90,796	90,796	-
Cash and cash equivalents	215,360	215,360	-
	2,968,156	306,156	2,662,000

	Carrying amount RM	AC RM
2020		
Financial liabilities		
Group		
Loans and borrowings	17,678,386	17,678,386
Trade and other payables	15,778,801	15,778,801
	33,457,187	33,457,187
Company		
Trade and other payables	8,803,543	8,803,543

26. Financial instruments (Cont'd)

26.1 Categories of financial instruments (Cont'd)

	Carrying amount RM	AC RM	FVTPL - DUIR RM
2019			
Financial assets			
Group			
Other investments	2,945,000	-	2,945,000
Trade and other receivables (excluding indirect tax refundable and prepayments)	12,007,112	12,007,112	-
Fixed deposits placed with licensed banks	10,624,579	10,624,579	-
Cash and cash equivalents	20,966,404	20,966,404	-
	46,543,095	43,598,095	2,945,000
Company			
Other investments	2,945,000	-	2,945,000
Trade and other receivables	69,940	69,940	-
Cash and cash equivalents	860,683	860,683	-
	3,875,623	930,623	2,945,000

	Carrying amount RM	AC RM
2019		
Financial liabilities		
Group		
Loans and borrowings	20,829,895	20,829,895
Trade and other payables	9,240,030	9,240,030
	30,069,925	30,069,925
Company		
Trade and other payables	1,222,053	1,222,053

26. Financial instruments (Cont'd)

26.2 Net gains and losses arising from financial instruments

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Group				
Net gains/(losses) on :				
Financial assets at fair value through profit or loss				
- Designated upon initial recognition	**480,941**	1,547,243	**480,941**	1,547,243
Financial assets at amortised cost	**969,256**	50,045	**12,979**	21,399
Financial liabilities at amortised cost	**(893,168)**	(802,075)	**(98,369)**	(11,981)
	557,029	795,213	**395,551**	1,556,661

26.3 Financial risk management

The Group has exposures to the following risks from its use of financial instruments :

- Credit risk
- Liquidity risk
- Market risk

26.4 Credit risk

Credit risk is the risk of a financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from the individual characteristics of each customer. The Company's exposure to credit risk arises principally from advances to subsidiaries, financial guarantees given to banks for credit facilities granted to subsidiaries and financial guarantees given to vendor supplying to a subsidiary. There are no significant changes as compared to prior periods.

Trade receivables

Risk management objectives, policies and processes for managing the risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Normally, credit evaluations are performed on customers requiring credit over a certain amount.

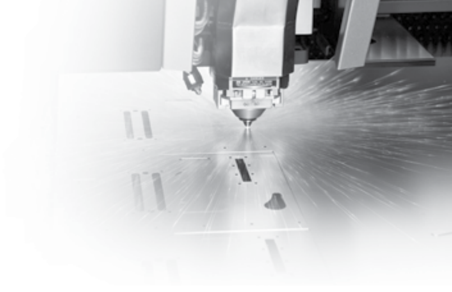
At each reporting date, the Group assesses whether any of the trade receivables are credit impaired.

The gross carrying amounts of credit impaired trade receivables are written off (either partially or full) when there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. Nevertheless, trade receivables that are written off could still be subject to enforcement activities.

There are no significant changes as compared to previous year.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk arising from trade receivables is represented by the carrying amounts in the statements of financial position.



26. Financial instruments (Cont'd)

26.4 Credit risk (Cont'd)

Trade receivables (Cont'd)

Concentration of credit risk

The exposure of credit risk for trade receivables as at the end of the reporting period by geographic region was :

	2020 RM	2019 RM
Group		
Domestic	**20,095,340**	10,655,076
Asia	**1,373,520**	596,096
Europe	**238,106**	372,211
Others	**203,632**	183,333
	21,910,598	11,806,716

Recognition and measurement of impairment losses

In managing credit risk of trade receivables, the Group manages its debtors and takes appropriate actions (including but not limited to legal actions) to recover long overdue balances. Generally, trade receivables will pay within 90 days.

The Group uses an allowance matrix to measure ECLs of trade receivables for all segments except for construction segment. Invoices which are past due 90 days will be considered as credit impaired.

Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency to 90 days past due.

Loss rates are based on actual credit loss experience over the past three years. The Group also considers differences between (a) economic conditions during the period over which the historic data has been collected, (b) current conditions and (c) the Group's view of economic conditions over the expected lives of the receivables. Nevertheless, the Group believes that these factors are immaterial for the purpose of impairment calculation for the year.

For construction contracts, as there is only one customer, the Group assessed the risk of loss of the customer individually based on its financial information and past trend of payments, where applicable. The customer has low risk of default.

26. Financial instruments (Cont'd)

26.4 Credit risk (Cont'd)

Trade receivables (Cont'd)

Recognition and measurement of impairment losses (Cont'd)

The following table provides information about the exposure to credit risk and ECLs for trade receivables.

	Gross Carrying amount RM	Loss allowance RM	Net balance RM
Group			
2020			
Current (not past due)	**17,193,485**	**-**	**17,193,485**
1 - 30 days past due	**4,580,509**	**-**	**4,580,509**
31 - 60 days past due	**123,387**	**-**	**123,387**
61 - 90 days past due	**26,432**	**(13,215)**	**13,217**
	21,923,813	**(13,215)**	**21,910,598**
Credit impaired			
More than 90 days past due	**441,654**	**(441,654)**	**-**
	22,365,467	**(454,869)**	**21,910,598**
2019			
Current (not past due)	10,405,603	-	10,405,603
1 - 30 days past due	726,307	-	726,307
31 - 60 days past due	361,743	-	361,743
61 - 90 days past due	4,502	-	4,502
	11,498,155	-	11,498,155
Credit impaired			
More than 90 days past due	763,430	(454,869)	308,561
	12,261,585	(454,869)	11,806,716

The Group does not have any significant exposure to any individual customer or counterparty nor does it have any major concentration of credit risk other than 2 (2019 : 3) customers who collectively contributed 80% (2019 : 64%) of the Group's trade receivables as at the end of the reporting period.

26. Financial instruments (Cont'd)

26.4 Credit risk (Cont'd)

Cash and cash equivalents

The cash and cash equivalents are held with banks and financial institutions. As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

These banks and financial institutions have low credit risks. In addition, some of the bank balances are insured by government agencies. Consequently, the Group and the Company are of the view that the loss allowance is not material and hence, it is not provided for.

Financial guarantees

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured financial guarantees to banks in respect of banking facilities granted to certain subsidiaries. The Company monitors on an ongoing basis the results of the subsidiaries and repayments made by the subsidiaries.

Exposure to credit risk, credit quality and collateral

The maximum exposure to credit risk amounts to RM17,678,000 (2019 : RM20,382,000) representing the outstanding banking facilities of the subsidiaries as at the end of the reporting period.

As at the end of the reporting period, there was no indication that any subsidiary would default on repayment.

The financial guarantees have not been recognised since the fair value on initial recognition was not material.

Recognition and measurement of impairment loss

The Company assumes that there is a significant increase in credit risk when a subsidiary's financial position deteriorates significantly. The Company considers a financial guarantee to be credit impaired when:

- The subsidiary is unlikely to repay its credit obligation to the bank or vendor in full; or
- The subsidiary is continuously loss making and is having a deficit shareholders' fund.

The Company determines the probability of default of the guaranteed loans individually using internal information available.

Inter company advances

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured advances to subsidiaries. The Company monitors the ability of the subsidiaries to repay the advances on an individual basis.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position.

Advances provided are not secured by any collateral or supported by any other credit enhancements.

26. Financial instruments (Cont'd)

26.4 Credit risk (Cont'd)

Inter company advances (Cont'd)

Recognition and measurement of impairment loss

Generally, the Company considers advances to subsidiaries to be with low credit risk. The Company assumes that there is a significant increase in credit risk when a subsidiary's financial position deteriorates significantly. As the Company is able to determine the timing of payments of the subsidiaries' advances when they are payable, the Company considers the advances to be in default when the subsidiaries are not able to pay when demanded.

The following table provides information about the exposure to credit risk and ECLs for subsidiaries' advances as at year end.

	Gross Carrying amount RM	Impairment Loss allowances RM	Net balance RM
Company			
2020			
Low credit risk	**89,796**	**-**	**89,796**
2019			
Low credit risk	66,633	-	66,633

26.5 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's exposure to liquidity risk arises principally from its various payables, loans and borrowings.

The Group maintains a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

26. Financial instruments (Cont'd)

26.5 Liquidity risk (Cont'd)

Maturity analysis

The table below summarises the maturity profile of the Group's and Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments.

	Carrying amount RM	Contractual interest rate/ Discount rate per annum %	Contractual cash flows RM	Under 1 year RM	1 - 2 years RM	2 - 5 years RM	More than 5 years RM
2020							
Group							
Non-derivative financial liabilities							
Term loan	16,666,660	3.50	18,796,600	2,550,952	2,480,990	7,023,198	6,741,460
Lease liabilities	220,698	1.68	225,076	192,924	32,152	-	-
Hire purchase creditors	1,011,726	2.10 - 3.20	1,061,554	709,798	276,933	74,823	-
Trade and other payables	15,778,801	-	15,778,801	15,778,801	-	-	-
	33,677,885		35,862,031	19,232,475	2,790,075	7,098,021	6,741,460
Company							
Non-derivative financial liabilities							
Trade and other payables	1,136,338	-	1,136,338	1,136,338	-	-	-
Amount due to a subsidiary	7,667,205	3.5	7,667,205	7,667,205	-	-	-
Financial guarantees	-	-	17,678,000	17,678,000	-	-	-
	8,803,543		26,481,543	26,481,543	-	-	-

26. Financial instruments (Cont'd)

26.5 Liquidity risk (Cont'd)

Maturity analysis (Cont'd)

	Carrying amount RM	Contractual interest rate per annum %	Contractual cash flows RM	Under 1 year RM	1 - 2 years RM	2 - 5 years RM	More than 5 years RM
2019							
Group							
Non-derivative financial liabilities							
Term loan	18,666,664	5.12	22,691,409	2,904,710	2,806,392	7,806,177	9,174,130
Finance lease liabilities	2,163,231	1.68 - 3.20	2,313,644	1,027,014	902,722	383,908	-
Trade and other payables	8,769,419	-	8,769,419	8,769,419	-	-	-
Other payables	470,611	3.18	480,000	480,000	-	-	-
	30,069,925		34,254,472	13,181,143	3,709,114	8,190,085	9,174,130
Company							
Non-derivative financial liabilities							
Trade and other payables	1,222,053	-	1,222,053	295,552	926,501	-	-
Financial guarantees	-	-	20,382,000	20,382,000	-	-	-
	1,222,053		21,604,053	20,677,552	926,501	-	-

26. Financial instruments (Cont'd)

26.6 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates that will affect the Group's financial position or cash flows.

26.6.1 Currency risk

The Group is exposed to foreign currency risk on sales and purchases that are denominated in a currency other than the functional currency of the Group entities. The currency giving rise to this risk is primarily U.S. Dollar ("USD").

Risk management objectives, policies and processes for managing the risk

In respect of monetary assets and liabilities held in currencies other than Ringgit Malaysia, the Group does not hedge this exposure. However, the Group keeps this policy under review.

Exposure to foreign currency risk

The Group's exposure to foreign currency (a currency which is other than the functional currency of the Group entities) risk, based on carrying amounts as at the end of the reporting period are as follows :

	Denominated in USD RM
Group	
2020	
Trade receivables	**3,008,343**
Bank balances	**2,825,078**
Trade payables	**(326,974)**
Net exposure	**5,506,447**
2019	
Trade receivables	2,953,220
Bank balances	1,020,073
Trade payables	(501,593)
Net exposure	3,471,700

Currency risk sensitivity analysis

A 5% (2019 : 5%) strengthening of the RM against the following currency at the end of the reporting period would have decreased post-tax profit or loss by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of the reporting period. This analysis assumes that all other variables, in particular interest rates, remained constant and ignores any impact of forecasted sales and purchases.

26. Financial instruments (Cont'd)

26.6 Market risk (Cont'd)

26.6.1 Currency risk (Cont'd)

Currency risk sensitivity analysis (Cont'd)

	Profit or loss	
	2020 RM	2019 RM
Group		
USD	**(209,245)**	(131,925)

A 5% (2019 : 5%) weakening of the RM against the above currency at the end of the reporting period would have had equal but opposite effect on the above currency to the amount shown above, on the basis that all other variables remained constant.

26.6.2 Interest rate risk

The Group's fixed rate borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The Group's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates. Short term receivables and payables are not significantly exposed to interest rate risk.

Risk management objectives, policies and processes for managing the risk

Cash flow interest rate risk is the risk that future cash flows of a financial instrument will fluctuate because of changes in the market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Group's income and operating cash flows are substantially independent of changes in market interest rates.

Exposure to interest rate risk

The interest rate profile of the Group's significant interest-earning and interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period was :

	2020 RM	2019 RM
Group		
Fixed rate instruments		
Financial assets	**14,950,041**	23,060,920
Financial liabilities	**(1,232,424)**	(2,163,231)
	13,717,617	20,897,689
Floating rate instruments		
Financial liabilities	**(16,666,660)**	(18,666,664)

26. Financial instruments (Cont'd)

26.6 Market risk (Cont'd)

26.6.2 Interest rate risk (Cont'd)

Exposure to interest rate risk (Cont'd)

	2020 RM	2019 RM
Company		
Fixed rate instruments		
Financial liabilities	**7,667,205**	-

Interest rate risk sensitivity analysis

(a) *Fair value sensitivity analysis for fixed rate instruments*

The Group does not account for any fixed rate financial assets and financial liabilities at fair value through profit or loss, and the Group 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.

(b) *Cash flow sensitivity analysis for variable rate instruments*

A change of 50 basis points ("bp") in interest rates at the end of the reporting period would have increased/(decreased) equity and post-tax profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remained constant.

	Profit or loss	
	50 bp increase RM	50 bp decrease RM
Group		
2020		
Floating rate instruments	**(63,333)**	**63,333**
2019		
Floating rate instruments	(70,933)	70,933

26. Financial instruments (Cont'd)

26.7 Fair value information

The carrying amounts of cash and cash equivalents, short term receivables and payables, and short term borrowings reasonably approximate their fair values due to relatively short term nature of these financial instruments.

The table below analyses other financial instruments at fair value.

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value					
	Level 1 RM	Level 2 RM	Level 3 RM	Total RM	Level 1 RM	Level 2 RM	Level 3 RM	Total RM	Total fair value RM	Carrying amount RM
Group										
2020										
Financial assets										
Other Investments	**2,662,000**	-	-	**2,662,000**	-	-	-	-	**2,662,000**	**2,662,000**
Financial liabilities										
Term loan	-	-	-	-	-	-	**(16,666,660)**	**(16,666,660)**	**(16,666,660)**	**(16,666,660)**
Hire purchase creditors	-	-	-	-	-	-	**(1,031,631)**	**(1,031,631)**	**(1,031,631)**	**(1,011,726)**
2019										
Financial assets										
Other Investments	2,945,000	-	-	2,945,000	-	-	-	-	2,945,000	2,945,000
Financial liabilities										
Other payables	-	-	-	-	-	-	(470,611)	(470,611)	(470,611)	(470,611)
Term loan	-	-	-	-	-	-	(18,666,664)	(18,666,664)	(18,666,664)	(18,666,664)
Finance lease liabilities	-	-	-	-	-	-	(2,028,219)	(2,028,219)	(2,028,219)	(2,163,231)

26. Financial instruments (Cont'd)

26.7 Fair value information (Cont'd)

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value					
	Level 1 RM	Level 2 RM	Level 3 RM	Total RM	Level 1 RM	Level 2 RM	Level 3 RM	Total RM	Total fair value RM	Carrying amount RM
Company										
2020										
Financial assets										
Other Investments	**2,662,000**	-	-	**2,662,000**	-	-	-	-	**2,662,000**	**2,662,000**
Financial liabilities										
Trade and other payable	-	-	-	-	-	-	-	-	-	-
2019										
Financial assets										
Other Investments	2,945,000	-	-	2,945,000	-	-	-	-	2,945,000	2,945,000
Financial liabilities										
Trade and other payable	-	-	-	-	-	-	(926,501)	(926,501)	(926,501)	(926,501)

26. Financial instruments (Cont'd)

26.7 Fair value information (Cont'd)

Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

There has been no transfer between the fair value levels during the financial year (2019: no transfer in either directions).

Level 1 fair value

Level 1 fair value is derived from quoted price (unadjusted) in active markets for identical financial assets or liabilities that the entity can access at the measurement date.

Level 3 fair value

Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, 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. The fair values were calculated using discounted cash flows where the market rate of interest is determined by reference to similar borrowing arrangements.

27. Capital management

The Group's objectives when managing capital is to maintain a strong capital base and safeguard the Group's ability to continue as a going concern, so as to maintain investor, creditor and market confidence and to sustain future development of the business.

There was no change in the Group's approach to capital management during the financial year.

28. Capital commitment - Group

	2020 RM	2019 RM
Plant and equipment		
Contracted but not provided for	**189,000**	1,733,000

29. Contingent liabilities - Company

The Company has given corporate guarantees of RM34,154,000 (2019 : RM33,754,000) as security for banking facilities granted to certain subsidiaries and vendor supplying to a subsidiary of which of which RM17,678,000 (2019 : RM20,382,000) and RM148,210 (2019 : RMNil) respectively were utilised as at the end of the reporting period.

30. Related parties

Identity of related parties

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

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

30. Related parties (Cont'd)

Identity of related parties (Cont'd)

The Group has related party relationship with the following parties :

i) Subsidiaries of the Company as disclosed in Note 6 to the financial statements.

ii) Associate of the Company as disclosed in Note 7 to the financial statements of which a major shareholder has controlling interests.

iii) The substantial shareholder, TNTT Realty Sdn. Bhd. which holds 32.316% interest in the Company and presumed to exercise significant influence over the Company.

iv) The subsidiaries of TNTT Realty Sdn. Bhd. and the direct and indirect associates of TNTT Realty Sdn. Bhd..

v) The related party, Tajukon Sdn. Bhd. of which a Director has controlling interests.

vi) Key management personnel as defined above.

Significant related party transactions

Related party transactions have been entered into in the normal course of business under negotiated terms. The significant related party transactions of the Group and the Company are shown below. The balances related to the below transactions are shown in Notes 11 and 17 to the financial statements. All the amounts outstanding are unsecured and are expected to be settled in cash.

i) Transactions with a company in which a Director has controlling interests

	2020 RM	2019 RM
Group		
Project management fee	**1,609,456**	1,539,120
Office rental	**12,600**	14,400
Lease of machines and equipment	**201,897**	335,800

ii) Transactions with subsidiaries

	2020 RM	2019 RM
Company		
Dividend income	**3,065,860**	3,844,070
Management fee received	**276,000**	327,592

iii) Transaction with associate of the Company in which a major shareholder has controlling interests

	2020 RM	2019 RM
Company		
Subscription of shares	**8,750,000**	-

iv) Transactions with key management personnel

There were no transactions with key management personnel other than as disclosed in Note 20 to the financial statements.

31. Significant event during the financial year

On 1 April 2020, the Company proposed subscription of 875,000 new ordinary shares in Broadway Lifestyle Sdn. Bhd. ("BLSB") ("BLSB's share(s)"), representing 35% of the enlarged number of BLSB's shares in issue for RM875,000 and 35% and up to 14,875,000 new redeemable non-cumulative preference shares ("RNCPS") to be issued by BLSB at an issue price of RM1 for each RNCPS for an aggregate subscription price of up to RM14,875,000 all to be satisfied entirely via cash ("Proposed Subscription"). The Company has obtained approval from its shareholders in an Extraordinary General Meeting ("EGM") held on 22 July 2020. BLSB had on 7 September 2020 allotted the 875,000 BLSB's shares to the Company thus, marking the completion of the Proposed Subscription.

32. Significant changes in accounting policies

During the financial year, the Group and the Company adopted MFRS16, *Leases*.

As a lessee

Where the Group and the Company are a lessee, the Group and the Company applied the requirements of MFRS 16 retrospectively with the cumulative effect of initial application as an adjustment to the opening balance of retained earnings at 1 November 2019.

The Group and the Company used the practical expedient not to recognise right-of-use assets and liabilities for leases with less than 12 months lease term and leases for low value assets as at 1 November 2019 when applying MFRS 16 to leases previously classified as operating lease under MFRS 117.

For leases that were classified as finance lease under MFRS 117, the carrying amounts of the right-of-use asset and the lease liability at 1 November 2019 are determined to be the same as the carrying amount of the leased asset and lease liability under MFRS 117 immediately before that date.

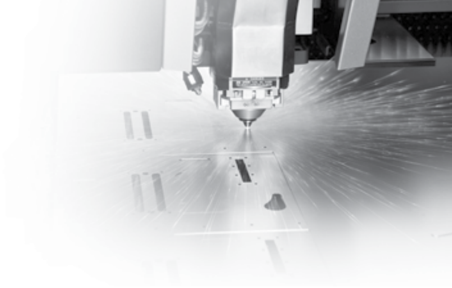
32.1 Impact on financial statements

Since the Group and the Company applied the requirements of MFRS 16 retrospectively with the cumulative effect of initial application at 1 November 2019, there are no adjustments made to the prior period presented.

The following table explains the difference between operating lease commitments disclosed applying MFRS 117 at 31 October 2019, and lease liabilities recognised in the statement of financial position at 1 November 2019.

	RM
Operating lease commitments at 31 October 2019 as disclosed in the Group's financial statements	-
Discounted using the incremental borrowing rate at 1 November 2019	-
Finance lease liabilities recognised at 1 November 2019	403,365
Lease liabilities recognised at 1 November 2019	403,365

There is also reclassification of leasehold land from property, plant and equipment to right-of-use assets and reclassification of finance lease liabilities of RM1,759,866 to hire purchase creditors under loans and borrowings on the initial application of MFRS 16.



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 54 to 118 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 of 31 October 2020 and of their financial performance and cash flows for the financial year then ended.

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

Yong Loy Huat
Director

Eng Teik Hiang
Director

Penang,

Date : 18 February 2021

STATUTORY DECLARATION
pursuant to Section 251(1)(b) of the Companies Act 2016

I, **Yong Loy Huat**, the Director primarily responsible for the financial management of Wong Engineering Corporation Berhad, do solemnly and sincerely declare that the financial statements set out on pages 54 to 118 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the abovenamed **Yong Loy Huat**, NRIC : 540718-01-6085, at George Town in the State of Penang on 18 February 2021.

Yong Loy Huat

Before me :
Goh Suan Bee (No. P125)
Commisioner of Oaths
Penang

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF WONG ENGINEERING CORPORATION BERHAD
Registration No.: 199601037606 (409959-W)
(Incorporated in Malaysia)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Wong Engineering Corporation Berhad, which comprise the statements of financial position as at 31 October 2020 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 year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 54 to 118.

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 October 2020, and of their financial performances and their cash flows for the 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 auditors' report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

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

Key Audit Matters

Key audit matters are those 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 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.

Valuation of inventories

Refer to the accounting policy in Note 1(d)(ii) Basis of preparation - use of estimates and judgements, and Note 9 - Inventories to the financial statements.

The key audit matter

Raw materials, work-in-progress and finished goods are required to be stated at the lower of cost and net realisable value.

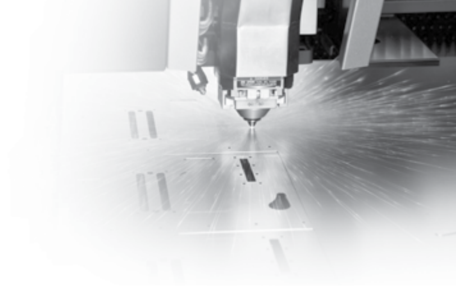
Identifying and determining the appropriate write-down amounts for raw materials, work-in-progress and finished goods require the use of judgement. Factors to consider for write-down by the Directors include among others, overall demand in semiconductors industry, age of the inventories held and the fluctuations in overall metal prices.

This is a key audit matter as the write-down of the inventories is inherently uncertain and Directors' judgement was involved.

How the matter was addressed in our audit

Our audit procedures performed in this area included, among others :

- Inquired the Directors and assessed their process in identifying slow-moving and obsolete inventories;
- Tested whether items in the system generated inventory ageing reports were classified within the appropriate ageing bracket;
- Evaluated the Group's basis of write-down for slow-moving and obsolete inventories as at 31 October 2020 based essentially on the age of the inventory with consideration of consumption history as well as the past and present sales;
- Compared the carrying value of sampled finished goods as at 31 October 2020 to sales made to external customers subsequent to year end to test whether the finished goods were recorded at the lower of costs and net realisable value.



Assessment on recognition of deferred tax assets

Refer to the accounting policy in Note 1(d)(i) Basis of preparation - use of estimates and judgements, and Note 8 - Deferred tax assets to the financial statements.

The key audit matter

Since year of assessment 2018, the Group will no longer be able to recognise deferred tax assets on any unutilised reinvestment allowance and tax losses which are not utilised within seven years.

Hence, the Group performed assessments by forecasting seven years of taxable profits to determine the appropriate amounts of deferred tax assets to be recognised.

This is one of the key audit matters because it requires significant judgements and involvement of our more experienced personnel in assessing the assumptions and judgements applied by the Group to determine the recognition of the deferred tax assets.

How the matter was addressed in our audit

Our audit procedures performed in this area included, among others :

- Evaluated historical forecasting accuracy by comparing the prior year's projected profits to actual results reported;
- Evaluated the key assumptions adopted, in particular, those relating to sales growth and gross profit margin, to determine reasonableness by comparing them with historical performance, and internal and external sources of information; and
- Determined that the Group recognised the carrying amount of deferred tax asset to the extent that it becomes probable that sufficient taxable profits would be available to utilise reinvestment allowances before they expire.

We have determined that there is no key audit matter in the audit of the separate financial statements of the Company to communicate in our auditors' report.

Information Other than the Financial Statements and Auditors' Report Thereon

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

Our opinion on the financial statements of the Group and of the Company does not cover the annual report 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 annual report and, in doing so, consider whether the annual report 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 the annual report, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Group and of the Company.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group or of the Company 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.

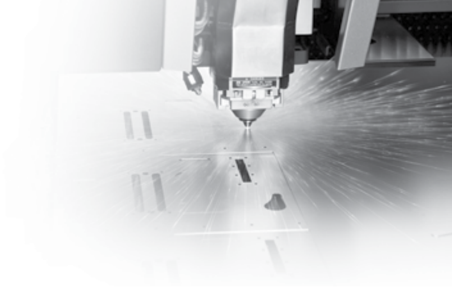
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that gives a true and fair view.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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



INDEPENDENT AUDITORS' REPORT (Cont'd)

TO THE MEMBERS OF WONG ENGINEERING CORPORATION BERHAD
Registration No.: 199601037606 (409959-W)
(Incorporated in Malaysia)

Other Matter

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

KPMG PLT
LLP0010081-LCA & AF 0758
Chartered Accountants

Lee Phaik Im
Approval Number : 03177/05/2021 J
Chartered Accountant

Penang

Date : 18 February 2021

LIST OF GROUP PROPERTIES

Location	Description	Land area/ Built-up Area	Tenure	Age of Building	Carrying amount as at 31 October 2020 RM0'000	Date of Acquisition
H.S (D) 3237 4766, Lorong Permatang Pauh, Off Jalan Permatang Pauh, 13400 Butterworth, Pulau Pinang	Double Storey Semi-Detached Light Industrial (Factory)	4,523 sq.ft./ 5,949 sq.ft.	Freehold	42 years	433	13/11/96
Lot 24, Jalan Hi-Tech 4, Kulim Hi-Tech Park (Phase 1), 09000 Kulim, Kedah Darul Aman	7 units of Industrial Factories and 1 unit of Office Block	7.759 acres/ 245,483 sq.ft.	60 years lease expiring on 17/3/2056	22 years	19,964	Land: 05/12/96 Building: 14/01/99
1759-1769 Taman Mutiara 6, 09700 Karangan, Kulim, Kedah Darul Aman	11 units of Single Storey Terrace House	17,842 sq.ft.	Freehold	17 years	452	19/12/01
4-12A Blk 8, 3-01 & 3-02 Blk 9, R/Pangsa Taman Bagan, Jalan Bagan, 13400 Butterworth, Pulau Pinang	3 units of Flats	1,560 sq.ft.	Freehold	29 years	64	13/11/96

SHAREHOLDINGS STATISTICS
as at 29 January 2021

Issued Share Capital	: 114,609,993 Ordinary Shares (including 3,810,700 treasury shares)
Class of Share	: Ordinary Shares
No. of Shareholders	: 2,126
Voting Rights	: One vote per Ordinary Share

Distribution of Shareholdings

Size of Holdings		No. of Holders	%	No. of Shares	%
1 -	99	118	5.550	5,052	0.004
100 -	1,000	131	6.161	72,334	0.065
1,001 -	10,000	1,190	55.973	5,993,175	5.409
10,001 -	100,000	613	28.833	18,679,225	16.858
100,001 -	5,539,963 (*)	70	3.292	36,290,757	32.753
5,539,963 and above (**)		4	0.188	49,758,750	44.908
Total :		2,126	100.00	110,799,293	100.00

Remark : * - Less than 5% of issued shares
** - 5% and above of issued shares

Substantial Shareholders

Name	No. of Shares Direct	% of Issued Capital	No. of Shares Deemed*	% of Issued Capital
TNTT Realty Sdn. Bhd.	26,693,875	24.09	-	-
Ong Yoong Nyock	10,625,000	9.59	26,693,875*	24.09*
Yong Kwee Lian	-	-	26,693,875*	24.09*
Yong Loy Huat	22,141,125	19.98	-	-

* *Deemed interest pursuant to Section 8 of the Companies Act 2016 held through TNTT Realty Sdn. Bhd.*

Directors' Interest

Name	No. of Shares Direct	% of Issued Capital	No. of Shares Deemed*	% of Issued Capital
Datuk Haji Muhamad Shapiae Bin Mat Ali	-	-	-	-
Yong Loy Huat	22,141,125	19.98	-	-
Chang Joo Huat	75,000	0.07	-	-
Anstey Yong Lee Teen	1,875,000	1.69	-	-
Low Seong Chuan	12,500	0.01	-	-
Eng Teik Hiang	-	-	8,750*	0.01*
Lau Chia En	-	-	-	-

* *Held in the name of spouse and is treated as interest of the Director in accordance with Section 59(11)(c) of the Companies Act 2016.*

SHAREHOLDINGS STATISTICS (Cont'd)
as at 29 January 2021

LIST OF TOP 30 HOLDERS AS AT 29/01/2021

NO.	NAME	HOLDINGS	%
1	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TNTT REALTY SDN BHD	26,633,750	24.037
2	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR YONG LOY HUAT (7000875)	9,125,000	8.235
3	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITES ACCOUNT FOR YONG LOY HUAT	8,375,000	7.558
4	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ONG YOONG NYOCK	5,625,000	5.076
5	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR BANK OF SINGAPORE LIMITED (LOCAL)	5,000,000	4.512
6	AMSEC NOMINEES (TEMPATAN) SDN BHD AMBANK (M) BERHAD (HEDGING)	4,684,600	4.228
7	HLB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR YONG LOY HUAT	4,641,125	4.188
8	ANSTEY YONG LEE TEEN	1,875,000	1.692
9	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR YONG THIAN FOOK (7004124)	1,660,000	1.498
10	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR YONG THIAN FOOK (7000207)	910,000	0.821
11	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KWEE SOW FUN	873,800	0.788
12	TAN PAK NANG	850,000	0.767
13	TEH SAW PIN	800,000	0.722
14	WONG QUIN EE, QUEENIE	755,625	0.681
15	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR YONG THIAN FOOK (MY2065)	739,500	0.667
16	NG SWEE YING @ NG SOOI YING	713,500	0.643
17	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR NG KOK WENG (MY2166)	667,000	0.601
18	WONG KEM CHEW	618,332	0.558
19	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KWEE SOW FUN (6000911)	455,700	0.411
20	LIM HOCK LEONG	448,000	0.404
21	LIEW LEE LIN	427,100	0.385
22	TAN GEOK SWEE @ TAN CHIN HUAT	400,000	0.361
23	TAN SZE LAN	400,000	0.361
24	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHAN SIEW YOON (7006333)	330,000	0.297
25	ENG KONG CHUAN	286,400	0.258
26	UOB KAY HIAN NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TEO SIEW LAI	273,525	0.246
27	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN YI HO	268,300	0.242
28	LOW SIONG CHAN	268,000	0.241
29	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ENG YOW CHOON (E-TSA)	260,000	0.234
30	NG WENG HENG	250,000	0.225

WONG ENGINEERING CORPORATION BERHAD
Registration No.: 199601037606 (409959-W)

PROXY FORM

No. of Shares held	CDS Account No.

*I/We .... *NRIC No./Passport No./Company No. ....
of ....
and telephone no./email address .... being a *member/members of Wong Engineering Corporation Berhad (the "Company"), hereby appoint

Full Name and Address (in Block Letters)	NRIC/Passport No.	No. of Shares	% of Shareholding

*and

Full Name and Address (in Block Letters)	NRIC/Passport No.	No. of Shares	% of Shareholding

or failing *him/her, the CHAIRMAN OF THE MEETING as *my/our *proxy/proxies, to vote for *me/us and on *my/our behalf at the Twenty-Fourth Annual General Meeting of the Company to be held fully virtual on Thursday, 25 March 2021 at 9:30 am at broadcast venue at Tricor Business Centre, Manuka 2 & 3 Meeting Room, Unit 29-01, Level 29, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, or at any adjournment thereof.

Please indicate with an "X" in the appropriate space(s) provided below on how you wish your vote to be cast. If no specific direction as to voting is given, the proxy will vote or abstain from voting at *his/her discretion.

Resolutions	For	Against
1. To approve a final single tier dividend of 0.50 sen per ordinary share for the financial year ended 31 October 2020.		
2. To approve the payment of Directors' Fees totaling RM300,000 for the period from this Annual General Meeting ("AGM") until the next AGM in 2022.		
3. To approve the payment of benefits payable of up to RM50,000 for the period from this AGM until the next AGM in 2022.		
To re-elect the following Directors retiring pursuant to Clause 103 of the Company's Constitution and being eligible, offer themselves for re-election :		
4. (a) Yong Loy Huat		
5. (b) Eng Teik Hiang		
6. To re-appoint KPMG PLT as Auditors of the Company until the next AGM of the Company and to authorize the Directors to fix their remuneration.		
7. Authority to issue Shares pursuant to Sections 75 and 76 of the Companies Act 2016.		
8. Proposed Renewal of Authority to Buy-Back its Own Shares by the Company.		
9. Proposed Renewal of Existing Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature.		

**Strike out whichever is not desired.*

Signed this _____ day of ___________________ , 2021

____
Signature of Member/Common Seal

Notes :

1. *In light of the COVID-19 pandemic, the AGM of the Company will be conducted entirely on a virtual basis through live streaming and online remote voting via Remote Participation and Voting ("RPV") facilities. The Company has appointed Tricor Investor & Issuing House Services Sdn. Bhd. as the Poll Administrator for the AGM to facilitate the RPV via TIIH Online website at https://tiih.online. The procedures for members to register, participate and vote remotely via the RPV facilities are provided in the Administrative Guide for the AGM.*

   The broadcast venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016, which requires the Chairman of the meeting to be present at the main venue. Members/proxies are NOT to be physically present at the broadcast venue on the day of the AGM.

   A proxy must be of full age. A proxy may but need not be a member.

   For a proxy to be valid, the Proxy Form duly completed must be deposited at the Registered Office of the Company, 170-09-01, Livingston Tower, Jalan Argyll, 10050 George Town, Pulau Pinang, Malaysia. Alternatively, the Proxy Form may also be electronically submitted via TIIH Online website at https://tiih.online. Please refer to the Administrative Guide for further information on electronic submission not less than forty-eight (48) hours before the time for holding the meeting PROVIDED that in the event the member(s) duly executes the proxy form but does not name any proxy, such member(s) shall be deemed to have appointed the Chairman of the meeting as his/their proxy, Provided Always that the rest of the Proxy Form, other than the particulars of the proxy have been duly completed by the member(s).
2. *A member entitled to attend, participate, speak and vote is entitled to appoint not more than two (2) proxies to attend, participate, speak and vote instead of him. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy. A proxy appointed to attend and vote at a meeting of the Company shall have the same rights as the member to speak at the meeting.*
3. *Where a member of the Company is an authorized nominee as defined under the Securities Industry (Central Depositories) Act, 1991 ("SICDA"), it may appoint not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.*
4. *Where a member is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds. An exempt authorized nominee refers to an authorized nominee defined under the SICDA which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.*
5. *If the appointor is a corporation the Proxy Form must be executed under the corporation's common seal or under the hand of an officer or attorney duly authorized.*
6. *For purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to make available to the Company, a Record of Depositors ("ROD") as at 18 March 2021 and only a Depositor whose name appears on such ROD shall be eligible to attend this meeting or appoint proxy to attend and/or vote on his/her behalf.*

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STAMP

The Joint Company Secretaries
WONG ENGINEERING CORPORATION BERHAD
Registration No. 199601037606 (409959-W)
170-09-01, Livingston Tower,
Jalan Argyll,
10050 George Town, Pulau Pinang, Malaysia

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WONG ENGINEERING CORPORATION BERHAD
Registration No.: 199601037606 (409959-W)

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